

Bylaws of the Carolina Southern Division

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Article I: Name, Status and Purpose

1.1 Name. The name of the organization is the Carolina Southern Division (the "Division"). It is established under the laws of the State of North Carolina, the provisions of the Bylaws of the Mid-Eastern Region (MER), and the Regulations of the National Model Railroad Association (NMRA).

1.2 Status. The Division is incorporated in the State of North Carolina.

The Division is organized exclusively to promote educational, charitable, historical and/or fellowship purposes related to model railroading and rail transportation, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501 (c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law).

No part of the net earnings of the Division shall inure to the benefit of, or be distributable to its members, trustees, officers, board members or other private persons, except that the Division shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth hereafter. No substantial part of the activities of the Division shall be the carrying on of propaganda, or otherwise attempting to intervene in (including the publishing and distribution of statements) any political campaign on behalf of any candidate for political office. Notwithstanding any other provision herein, the Division shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from Federal income tax under Section 501 (c) (3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law) or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law).

1.3 Governing Authority. The organization is governed and operated in accordance with the laws of the State of North Carolina, the Certificate of Incorporation, these bylaws, the provisions of the Bylaws of the MER and the Regulations of the NMRA, and the instructions of the of the Board of Directors and Officers so authorized. [N.C.G.S. § 55A-2-6]

1.4 Purpose. The purposes of the Division are:

1. To expand interest in and publicize the hobby of model railroading.
2. To instruct, aid and assist model railroaders in the fulfillment of their enjoyment of model railroading as a hobby.
3. To inform and educate the general public of the value of railroads and the hobby of model railroading.
4. To sponsor model railroad conventions, meets, clinics, and contests.
5. To promote model railroading throughout the Division's territory.
6. To establish a close relationship with the MER, NMRA.
7. To promote membership in the NMRA.

Such purposes shall not be construed as a limitation; the Division retains the power to engage in any lawful activity as long as such activity will not affect the Division's Exempt Status. [N.C.G.S. § 55A-3-1]

Article II: Offices and Territory

2.1 Principal Office. The Principal Office of the Division shall be located as specified by the Board of Directors.

2.2 Registered Agent and Office. The Registered Agent of the Division shall be a person designated by the Board of Directors. The Registered Office of the Division shall be located as specified by the Board of Directors. The Registered Office may be, but need not be, identical with the Principal Office.

2.3 Other Offices. The Division may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors may designate or as the affairs of the Division may require from time to time.

2.4 Correspondence. All correspondence to the Division not specifically directed to an Officer, Director or Member should be addressed to the Division Superintendent.

2.5 Territory. The Division includes such territory as assigned by the MER.

Article III: Members, Dues and Finances

3.1 Members. The Division shall have members. [N.C.G.S. § 55A-6-1]

3.2 Qualification. Any person who resides in the Division's territory, regardless of age, sex, race, religion, or national origin may become a Member by becoming a member of and paying dues to the NMRA.

3.3 Dues. No dues will be required for Division membership for NMRA members who reside within the Division's territory.

3.4 Participation. Except for voting and holding a Division office, all NMRA members, regardless of residence, are entitled to attend or participate in any activity of the Division.

3.5 Fees. The Division Board of Directors may choose to charge fees for specific activities, services and publications. For such activities the fees will be the same for all NMRA members, regardless of residence.

3.6 Guests. Guest attendance privileges may be granted to model railroaders to introduce them to Division, MER and NMRA activities. However, no one may consistently attend Division activities without joining the NMRA.

3.7 Revocation. Attendance and participation privileges may be revoked for:

1. Making material misrepresentations of fact, or willful or reckless acts which jeopardize the continued lawful existence of the Division,
2. Wrongful allocation of the Division's money, or
3. Continuing to engage in actions of an abusive or disruptive nature after receiving written warning from the Board.

If the Board determines a Member has engaged in an activity that warrants revocation, the Board shall vote to recommend revocation. A majority vote of the Board is required to recommend revocation of a member's attendance at, or participation in, Division activities. The Member's attendance and participation privileges shall then be revoked upon the affirmative vote of two-thirds (2/3rds) of the membership in attendance, or represented by proxy, at the next meeting. A revoked Member may only be re-admitted upon the same procedure. [N.C.G.S. § 55A-6-20]

Article IV: Meetings

4.1 Place of Meetings. All meetings of members shall be held at the principal office of the Division, or at such other place, either within or without the State of North Carolina, as shall in each case be (1) fixed by the Superintendent or the Board of Directors and designated in the notice of the meeting or (2) agreed upon by a majority of the members entitled to vote at the meeting.

4.2 Annual Meetings. There shall be at least two (2) meetings per year of the Division. At the annual meeting, the members shall conduct such proper business as is before them, including electing Directors and Officers. The Superintendent and Clerk shall each make a detailed report of the business of the Division for the preceding period to be presented at the annual meeting. The annual meeting shall be the first meeting of the fiscal year. [N.C.G.S. § 55A 7-1]

4.3 Special Meetings. A special meeting of the members may be called at any time by the Superintendent, or by a majority of the Directors, or by a majority of members. Notice of such special meeting shall be the same as that required for regular meetings unless all the members waive notice of meeting. The object of the meeting shall be stated in the notice. [N.C.G.S. § 55A-7-2]

4.4 Order of Business. The order of business at the annual meeting, and so far as possible at all other meetings of the members, shall be as follows:

1. Call of Roll;
2. Proof of due notice of meeting;
3. Reading and disposal of any unapproved minutes
4. Annual reports from the Officers;
5. Election of Directors;
6. Unfinished Business;
7. New Business;
8. Adjournment.

4.5 Notice of Meetings. Written notice stating the date, time and place of the meeting shall be given not less than fifteen (15) nor more than sixty (60) days before the date of any members meeting, either by personal delivery, or by wireless communication, or by email or facsimile, or by mail or private carrier, by or at the direction of the Board of Directors, the Superintendent, the Clerk, or other person calling the meeting, to each member entitled to vote at such meeting. If mailed, such notice shall be deemed to be effective when deposited in the United States mail, correctly addressed to the member at the member's address as it appears on the current record of members of the Division, with postage thereon prepaid. [N.C.G.S. § 55A-7-5]

In the case of a special meeting, the notice of meeting shall include a description of the purpose or purposes for which the meeting is called; but, in the case of an annual or substitute annual meeting, the notice of meeting need not include a description of the purpose or purposes for which the meeting is called unless such a description is required by the provisions of the North Carolina Nonprofit Corporation Act.

When a meeting is adjourned to a different date, time or place, notice need not be given of the new date, time or place if the new date, time or place is announced at the meeting before adjournment and if a new record date is not fixed for the adjourned meeting; but if a new record date is fixed for the adjourned meeting, which must be done if the new date is more than one hundred twenty (120) days after the date of the original meeting, notice of the adjourned meeting must be given as provided in this section to persons who are members as of the new record date.

4.6 Waiver of Notice. Any member may waive notice of any meeting before or after the meeting. The waiver must be in writing, signed by the member and delivered to the Division for inclusion in the minutes or filing with the Division records. A member's attendance, in person or by proxy at a meeting (1) waives objection to lack of notice or defective notice of the meeting, unless the member or his proxy at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; and (2) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the member or his proxy objects to considering the matter before it is voted upon. [N.C.G.S. § 55A-7-6]

4.7 Action by Members Without a Meeting. Any action permitted to be taken at a members meeting may be taken without a meeting if at least 12 members submit responses, and 2/3 of those are in favor, setting forth the action so taken, and are dated and signed by the Members entitled to vote thereon. Any such action taken shall be effective when all such consents have been delivered to the Division, unless the consent specifies a later effective date. [N.C.G.S. § 55A 7 4]

4.8 Record Date. For the purpose of determining members entitled to notice of or to vote at any meeting of members or any adjournment thereof, or members entitled to receive payment of any distribution, or in order to make a determination of members for any other proper purpose, the Board of Directors of the Division may fix in advance a date as the record date for any such determination of members, such date in any case to be not more than seventy (70) days and, in case of a meeting of members, not less than ten (10) days prior to the date on which the particular action requiring such determination of members is to be taken. In the case of a member action without a meeting, the record date shall be the date that the first member signs such consent. If no record date is fixed for the determination of members entitled to notice of or to vote at a meeting of members, or members entitled to receive payment of a distribution, the date on which notice of the meeting is sent or the date on which the resolution of the Board of Directors declaring such distribution is adopted, as the case may be, shall be the record date for such determination of members. When a determination of members entitled to vote at any meeting of members has been made as provided in this section, such determination shall apply to any adjournment thereof unless the Board of Directors fixes a new record date, which it must do if the meeting is adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting. [N.C.G.S. § 55A-7-71]

4.9 Members List for Meeting. After fixing a record date for a meeting, the Division shall prepare an alphabetical list of the names of all members on the record date who are entitled to receive notice of the members meeting. The list shall show the address of each member.

The members list must be available for inspection by any member, beginning two (2) business days after notice of the meeting is given for which the list is prepared, and continuing through the meeting, at the Division's principal office or at the place identified in the meeting notice in the city where the meeting will be held. Subject to applicable law, a member, the member's agent, or the member's attorney is entitled to inspect the list during business hours at the member's expense at any time during the period it is available for inspection. [N.C.G.S. § 55-7A-20]

4.10 Proxies. Each member may vote in person or by proxy. A member may appoint a proxy to vote or otherwise act for the member for a particular meeting by signing an appointment form, either personally or by the member's attorney-in-fact or agent. The appointment of a proxy is effective when received by the Clerk or other Officer or agent authorized to tabulate votes. An appointment is valid for the meeting stated or any adjournment thereof. An appointment of a proxy is revocable by the member unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest. No proxy may be effectively revoked until notice in writing of such revocation has been given to the Clerk or other Officer or agent authorized to tabulate votes. [N.C.G.S. § 55A-7-24]

4.11 Quorum. A Quorum shall be defined as (12) members present at a meeting. Once a member is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting. In the absence of a quorum at the opening of any meeting of members, such meeting may be adjourned; and, subject to the provisions of Section 4.5 of this Article, at any adjourned meeting any business may be transacted that might have been transacted at the original meeting if a quorum exists with respect to the matter proposed.

4.12 Voting. Subject to the provisions of the articles of incorporation, each voting member shall be entitled to one (1) vote on each matter voted on at a meeting of members. [N.C.G.S. § 55A-7-21] To vote in the Division, members must live within the Division's territory.

4.13 Adjournment. A majority of the members present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

4.14 Parliamentary Rules. Except as may be modified by Board resolution, Robert's Rules of Order (current edition) shall govern the conduct of the Division proceedings when not in conflict with North Carolina law, the Articles of Incorporation, or these by-laws.

Article V: Board of Directors

5.1 General Powers. All Corporate powers shall be exercised by or under the authority of, and the business and affairs of the Division shall be managed under the direction of, the Board of Directors. Notwithstanding anything else in these Bylaws, any expenditure of Division funds in excess of 10% over the approved budget must be approved by a majority of the members. [N.C.G.S. §§ 55A-3-2, 55A-8-1]

5.2 Number, Term, and Qualifications. The number of Directors constituting the Board of Directors shall be seven (7), consisting of the four (4) Officers designated in Article VI, and three (3) others. Each Director shall hold office until the earlier of completion of his term as an Officer, three (3) years, or his death, resignation, or removal. The terms of the Directors who are not Officers shall be staggered such that one Director is elected each year. Directors must be residents of the Division territory and be members of the Division. The Board of Directors may elect to increase the number of Directors. Any such increase by the Board of Directors must be unanimous and by written resolution and shall last for a minimum period of 3 years. [N.C.G.S. §§ 55A-8-2, 53A-8-3, 55A-8-5]

Officers shall be elected for a two (2) year term, and shall hold office until the earlier of two (2) years or death, resignation, or removal.

None of the Officers may serve in the same capacity for more than three full consecutive terms, and none of the Directors may serve in the same capacity for more than two full consecutive terms..

5.3 General Duties of Directors (other than the Officers). Non-Officer Directors are presumed to have a higher level of subject matter knowledge and experience, and therefore are expected to regularly offer advice, suggest policy guidance, and render assistance to the Officers, with the aim of improving Division operations. This advice may be given formally at meetings or privately, but shall not be construed as being criticism of an individual's judgment or performance. Additionally, the Superintendent may occasionally request non-Officer Directors to perform specific tasks or projects, such as chairing committees, organizing tour groups or events, and coordinating specific activities with other organizations.

5.4 Residence. All Division officers, members of the Board of Directors, and officials must be members of the Division.

5.5 Standard of Conduct. Directors shall act in accordance with the standards set out in the North Carolina Nonprofit Corporation Act. [N.C.G.S. § 55A-8-3(), 55A-8 31]

5.6 Meetings of Directors. A regular meeting of the Board of Directors shall be held immediately after the annual meeting of members. In addition, the Board of Directors may provide, by resolution, the time and place, either within or without the State of North Carolina, for the holding of additional regular meetings. [N.C.G.S. § 55A-8~20]

5.7 Special Meetings. Special meetings of the Board of Directors may also be held on the request of a majority of the members of the Board.

5.8 Notice. Written notice of the date, time, and place of a regular or special meeting of the Board of Directors shall be given at least five (5) days prior to the date set for such meeting. Such notice shall be given in one of the following manners: personally, by mail, by private carrier, by telephone, by teletype, by telephone facsimile, by Email, by other form of wire or wireless communication, or by such other manner as then permitted by the North Carolina Nonprofit Corporation Act. Such notice shall be given by the Clerk or by the person or persons

authorized to call meetings of the Board of Directors. If such notice is in written form, it is deemed effective upon the earliest date of the following:

1. When received;
2. If mailed post prepaid by United States mail and correctly addressed, then five (5) days after it is deposited in the mail, as evidenced by the postmark,
3. If sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee, on the date shown on the return receipt. If such notice is oral, such notice is effective when communicated, if communicated directly to the person to be notified in a comprehensible manner.
4. If sent by Email, then two (2) days after it is electronically transmitted, as evidenced by the time printed in the header of the message. Notice of any Board of Directors meeting may be waived by any Director before or after the date and time of the meeting. Such waiver must be in writing, must be signed by the Director, and must be delivered to the Division for inclusion in the minutes or filing with the Corporate records. The attendance of a Director at a meeting of the Board of Directors shall constitute a waiver of notice of such meeting except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully convened. [N.C.G.S. § 55A 1 41, 55A-8 22, 55A-8-23]

5.9 Quorum. A majority of the number of Directors fixed by these bylaws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. [N.C.G.S. § 35A-8-241]

5.10 Order of Business. The order of business at any regular or special meeting of the Board of Directors, unless otherwise prescribed for any meeting by the Board, shall be as follows:

1. Reading and disposal of any unapproved minutes;
2. Reports of Officers and committees;
3. Unfinished business;
4. New business;
5. Adjournment.

5.11 Manner of Acting. Except as otherwise provided in the articles of incorporation or these bylaws, the affirmative vote of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

5.12 Presumption of Assent. A Director who is present at a meeting of the Board of Directors or a committee of the Board of Directors when corporate action is taken is deemed to have assented to the action taken unless:

1. He objects at the beginning of the meeting, or promptly upon his arrival, to holding it or to transacting business at the meeting or,
2. His dissent or abstention from the action taken is entered in the minutes of the meeting or,
3. He files written notice of his dissent or abstention with the presiding Officer of the meeting before its adjournment or with the Division immediately after the adjournment of the meeting. Such right of dissent or abstention is not available to a Director who votes in favor of the action taken.

5.13 Adjournment. A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

5.14 Informal Action by Directors. Action taken by the majority of the Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

5.15 Action Without Meeting. Action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if the action is taken by all members of the Board. The action must be evidenced by one or more written consents signed by each Director before or after such action, describing the action taken, and included in the minutes or filed with the Corporate records. [N.C.G.S. § 55A-8-211]

5.16 Telephone Meetings. Any Director may participate in a meeting of the Board of Directors by means of communication by which all persons participating in the meeting can hear each other during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting.

5.17 Voting. No member of the Board of Directors will cast a vote, or take part in the final deliberation, on any matter in which he or she, or members of his or her immediate families, have a personal financial or other interest.

5.18 Resignation. A Director may resign at any time by communicating his resignation to the Division, orally or in writing. A resignation is effective when communicated unless it specifies in writing a later effective date. An Officer's resignation does not affect the Division's contract rights, if any, with the Officer. [N.C.G.S. § 55A-8-7]

5.19 Removal. Any Director may be removed at anytime with or without cause by a vote of the members if the number of votes cast to remove such Director exceeds the number of votes cast not to remove him. If a Director is elected by a voting group of members, only the members within that group may participate in the vote to remove him. A Director may not be removed by the members at a meeting unless the notice of the meeting states the purpose, or one of the purposes, of the meeting is the removal of the Director. If any Director(s) are so removed, new Directors may be elected at the same meeting. [N.C.G.S. § 55A-8-8-10]

5.20 Vacancies. Any vacancy occurring in the Board of Directors, including without limitation a vacancy resulting from an increase in the number of Directors or from the failure of the members to elect the full authorized number of Directors, may be filled by the members or by the Board of Directors, whichever group shall act first. If the Directors remaining in office do not constitute a quorum, the Directors fill the vacancy by an affirmative vote of the majority of the remaining Directors. [N.C.G.S. § 55A-8 111]

5.21 Compensation. No member of the Board of Directors will receive any remuneration of any kind for his or her services. The Board of Directors may provide for the reimbursement of Officers and Directors for any and all reasonable expenses incurred by them in connection with such services, as approved by the Board and upon presentation of a written request. [N.C.G.S. § 55A 8 12]

5.22 Chairman of the Board. There may be a Chairman of the Board of Directors elected by the Directors from their number at any meeting of the Board. The Chairman of the Board of Directors shall preside at all meetings of the Board of Directors and perform other such duties as may be directed by the Board. In the event the Board does not elect a Chairman of the Board, then the Superintendent will act as the Chairman of the Board.

Article VI: Officers

6.1 Officers of the Division. The Officers of the Division shall consist of a Superintendent, an Assistant Superintendent, a Clerk, a Paymaster, and such other Officers as may from time to time be appointed by or under the authority of the Board of Directors. No Officer may act in more than one capacity at the same time, nor be a non-Officer Director of the Division. [N.C.G.S.. § 55A-8-40]

6.2 Election of Officers. During an annual meeting of the Association, the members shall meet and elect the Officers. Said Officers shall hold office until their successors are elected and qualified; provided, however, that the Board of Directors shall at all times have and retain the right to declare any office vacant and elect a successor to hold office until the next annual meeting and thereafter until his successor is elected and qualified. The Board of Directors shall also at all times have the right to fill, for the unexpired term, any vacancy on their own Board.

6.3 Superintendent. The Superintendent shall be the principal executive officer of the Division and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Division. When present, the Superintendent shall preside at all meetings of the members in the absence of the chair of the Board. The Superintendent is the only Officer of the Association authorized by the Board of Directors to make commitments for the Association. The Superintendent is an ex-officio member of all committees except the Nominating and Audit Committees. In general, the Superintendent shall perform all duties incident to the office of Superintendent and such other duties as may be prescribed by the Board of Directors from time to time. The Superintendent shall present a general report at each meeting of the members.

6.4 The Assistant Superintendent. In the absence of the Superintendent or in the event of the Superintendent's death, inability or refusal to act, the Assistant Superintendent shall perform the duties of the Superintendent, and when so acting shall have all the powers of and be subject to all the restrictions upon the Superintendent; and shall perform such other duties as from time to time may be assigned to the Assistant Superintendent by the Superintendent or by the Board of Directors.

6.5 The Clerk. The Clerk shall:

1. Prepare the minutes of the members and Board of Directors meetings and keep them in one or more books provided for that purpose;
2. Authenticate such records of the Division as shall from time to time be required;
3. See that all notices are duly given in accordance with the provisions of these bylaws or as required by law;
4. Be custodian of the Corporate records and of the seal of the Division, and see that the seal of the Division, is affixed to all documents the execution of which on behalf of the Division under its seal is duly authorized;
5. Keep a register of the address of each member;
6. In general, perform all duties incident to the office of Clerk and such other duties as from time to time may be assigned to the Clerk by the Superintendent or the Board of Directors.

6.6 The Paymaster. The Paymaster shall have charge and custody of and be responsible for all funds of the Division and in general perform all of the duties incident to the office of Paymaster and such other duties as from time to time may be assigned to the Paymaster by the Superintendent or the Board of Directors. Specifically the Paymaster shall:

1. Receive and give receipts for money due and payable to the Division from any source whatsoever, and deposit all such money in the name of the Division in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these bylaws and
2. Be responsible for paying the bills of the Division, as approved by the Superintendent or the Board of Directors. The Paymaster shall present a financial report at each meeting of the members.

6.7 Standard of Conduct. Officers shall act in accordance with the standards set out in the North Carolina Business Corporation Act. [N.C.G.S. § 55-8-42]

6.8 Resignation. An Officer may resign at any time by communicating his resignation to the Division, orally or in writing. A resignation is effective when communicated unless it specifies in writing a later effective date. If a resignation is made effective at a later date that is accepted by the Division, the Board of Directors may fill the vacancy before the effective date if the Board provides that such successor does not take office until such effective date. An Officer's resignation does not affect the Division's contract rights, if any, with the Officer. [N.C.G.S. § 55A-8-43]

6.9 Removal. Any Officer may be removed at anytime with or without cause by a vote of the Board of Directors if the number of votes cast to remove such Officer exceeds the number of votes cast not to remove him. If an Officer is removed, a new Officer may be elected immediately at the same meeting. [N.C.G.S. §55A-8-43]

Article VII: Committees and Officials

7.1 Appointment. The Board of Directors, by resolution adopted by a majority of the full Board, may designate one or more of its members to constitute an executive committee or any other committee, or to appoint officials responsible for specific tasks. Each committee shall have two or more members, who serve at the pleasure of the Board of Directors. The designation of such a committee and the delegation to it of authority shall not operate to relieve the Board of Directors, or any member of it, of any responsibility imposed by law. [N.C.G.S. § 55A-8 25]

7.2 Authority of Executive Committee. If the Board of Directors appoints an executive committee, the executive committee shall have and may exercise all of the authority of the Board of Directors when the Board of Directors is not in session except as set forth in Section 7.3 herein.

7.3 Standing Committees. The Board of Directors will ensure the following committees are constituted on an ongoing basis:

1. A **Nominating Committee** of three or more members, one of which must be a Director, and the others must not be Board members.

In preparation for each year's Annual Meeting and election, the Nominating Committee will solicit candidates, explaining the requirements of the position. In addition, any three members may nominate someone via a written notice to the Nominating Committee or verbally at a Division meeting. Such nominations may be made at any time up to the closing of nominations at the Annual Meeting.

The names of candidates for office will be communicated to the membership as they are received.

If contested, the election will be conducted by the Nominating Committee Chair at the Annual Meeting via secret ballot. Ballots will be counted and results announced before the end of the meeting. Positions will be filled by a simple plurality of votes.

2. An **Audit Committee** of two or more members, at least one of which shall be a Director. This committee will conduct an annual financial audit of the Division's books at the end of each fiscal year, and whenever a new Paymaster takes office, reporting the results to the membership at a membership meeting and/or in the Division's official publication.

7.4 Limits on Authority of Committees. No committee, including the executive committee, may do any of the following:

1. Authorize distributions;
2. Approve or propose to the membership action required by law to be approved by the membership;
3. Fill vacancies on the Board of Directors or on any of its committees;
4. Amend articles of incorporation pursuant to N.C.G.S. § 55A-10-2
5. Adopt, amend, or repeal bylaws.

7.5 Tenure. Each member of a committee shall serve at the pleasure of the Board of Directors.

7.6 Meetings and Notice. Regular meetings of a committee may be held without notice at such times and places as the committee may fix from time to time by resolution. Special meetings of a committee may be called by any member of it upon not fewer than five days notice stating the place, date, and hour of the meeting. Notice of special meetings shall be given in the same manner as is notice of special Board of Director meetings and as specified in Section 5.5 hereof. Any member of a committee may waive notice of any meeting, and no notice of any meeting need be given to any member of it who attends in person. The notice of a meeting of a committee need not state the business proposed to be transacted at the meeting. Any regular or special meeting may be by means of conference telephone or other device permitted under Section 5.14 of these bylaws.

7.7 Quorum. A majority of the members of committee shall constitute a quorum for the transaction of business at any meeting of that committee, and action of the committee must be authorized by the affirmative vote of a majority of the members present at a meeting at which a quorum is present.

7.8 Action Without a Meeting. Any action that may be taken by a committee at a meeting may be taken without a meeting by one or more written consents, setting forth the action so taken, signed by all members of that committee.

7.9 Officials. The Board of Directors may appoint officials for specific duties. Irrespective of any other officials the Board of Directors will appoint an Achievement Program Coordinator for the Division. This appointment will be made with the advice and counsel of the MER Achievement Program Manager.

7.10 Resignation and Removal. Any member of a committee or an official may be removed at any time, with or without cause, by resolution adopted by a majority of the full Board of Directors. Any member of a committee may resign from the committee at any time by giving written notice to the Superintendent or Clerk of the Association, and unless otherwise specified in the notice, the acceptance of such resignation shall not be necessary to make it effective.

7.11 Vacancies. Any vacancy in a committee or official position may be filled by a resolution adopted by a majority of the full Board of Directors.

7.12 Procedure. A committee shall elect a presiding Officer from its members and may fix its own rules of procedure, which shall not be inconsistent with these bylaws. A committee shall keep regular minutes of its proceedings, and report the same to the Board of Directors for the Board's information at the meeting thereof held next after the proceedings shall have occurred.

Article VIII: Contracts, Loans, Checks, Deposits

8.1 Contracts. The Board of Directors may authorize any Officer or Officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Division, and such authority may be general or confined to specific instances.

A Director of the Division shall not be disqualified by his office from dealing or contracting with the Division either as a vendor, purchaser, or otherwise. The fact that any Director, or any firm of which any Director of the Division is a member, Director or Officer, is in any way interested in any transaction of the Division shall not make such transaction void or voidable, or require such Director of the Division to account to the Division for any profits there from, provided that (1) the material facts of such transaction and the Director's interest are disclosed to or known by the Board of Directors or committee of the Board of Directors at the time that the Board of Directors or committee authorizes, ratifies, or approves the transaction; (2) the material facts of such transaction and the Director's interest are disclosed to or known by the members entitled to vote and they authorize, ratify, or approve the transaction; or (3) the transaction is fair to the Division. [N.C.G.S. § 55A-8-31]

8.2 Loans. No loans shall be made, or accepted, on behalf of the Division, and no evidences of indebtedness shall be issued in the Division's name, unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instants. [N.C.G.S. § 55A 8-331]

8.3 Checks, Drafts, Notes. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Division shall be signed by such Officer or Officers, agent or agents of the Division and in such manner as shall from time to time be determined by resolution of the Board of Directors.

8.4 Deposits. All funds of the Division not otherwise employed shall be deposited from time to time to the credit of the Division in such banks, trust companies, or other depositories as the Board of Directors may select.

8.5 Bank Accounts. The signing of checks, drafts, and orders for the payment of money shall be performed by an Officer of the Division or such other person or persons singularly or collectively as may from time to time be designated and appointed by the Superintendent of the Division.

Article IX: Indemnification

Any person who at any time serves or has served as a Director of the Division, or who, while serving as Director of the Division, serves or has served at the request of the Division, as a Director, Officer, partner, trustee, employee, shall have the right to be indemnified by the Division to the fullest extent permitted by law against (1) reasonable expenses, including attorneys fees, incurred in connection with any threatened, pending or completed civil, criminal, administrative, investigative, or arbitrate action, suit, or proceeding (and any appeal therein), whether or not brought by or on behalf of the Division, seeking to hold him liable by reason of the fact that he is or was acting in such a capacity and (2) reasonable payments made by him in satisfaction of any judgment, money decree, fine (including an excise tax) assessed in accordance with an employee benefit plan, penalty or settlement for which he may have become liable in any such action, suit or proceeding.

On written request to the Board of Directors by any person seeking indemnification, the Board of Directors shall promptly determine whether such person is entitled to indemnification, and if so, the Board of Directors shall authorize indemnification. The Board of Directors shall take all such action as may be necessary and appropriate to authorize the Division to pay the indemnification required by this bylaw, including, without limitation making a determination that the indemnification is permissible in the circumstances and a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him. The Board of Directors may appoint a committee or special counsel to make such determination and evaluation. To the extent needed, the Board shall give notice to and obtain approval by the members of the Division for any decision to indemnify.

Any person who at any time after the adoption of this bylaw served or has served in the aforesaid capacity, for or on behalf of the Division shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification as provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this bylaw.

To the fullest extent permitted by law, and except where otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under these bylaws in defending any legal proceeding shall be advanced by the Division before final disposition of the legal proceeding, on receipt by the Division of an undertaking or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Division for those expenses.

The Division shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its current and former Officers, Directors, employees and other agents, against any liability asserted against or incurred by any such person arising out of the person's status or out of the performance of the person's Corporate duties. [N.C.G.S. § 55A-8-50 *et seq.*]

Article X: General Provisions

10.1 Definitions. Unless the context otherwise requires, terms used in these bylaws shall have the meanings assigned to them in the North Carolina Business Corporation Act to the extent defined therein. To the extent terms are not defined in the North Carolina Nonprofit Corporation Act, they shall have their ordinary meaning. [N.C.G.S. § 55A-1 40]

10.2 Seal. The Corporate seal of the Division shall consist of two concentric circles between which is the name of the Division and in the center of which is inscribed SEAL; and such seal, as impressed or affixed on the margin hereof, is hereby adopted as the Corporate seal of the Division.

10.3 Corporate Records. The Division shall maintain records in accordance with Article 16 of the North Carolina Nonprofit Corporation Act. [N.C.G.S. §§55-16-1 *et seq.*]

10.4 Fiscal Year. The fiscal year of the Division shall be fixed by the Board of Directors.

10.5 Annual Report. An annual report shall be prepared after the end of the Division's fiscal year and prior to the Annual Meeting, and placed in the corporate record book. The annual report shall contain the following information in reasonable detail:

1. A balance sheet as of the end of the fiscal year;
2. A statement of revenues and expenses and statement of changes in financial position for the fiscal year, accompanied by any report on them by independent accounts, or if there is no such report, by the certificate of the Paymaster that they were prepared without audit from the books and records of the Division.

The Division shall also file an annual report with the Secretary of State if required by the North Carolina Nonprofit Corporation Act. [N.C.G.S. § 55A-16 22]

10.6 Distributions. The Board of Directors may from time to time authorize, and the Division may grant distributions pursuant to law and subject to the provisions of its articles of incorporation. [N.C.G.S. §§ 55A-13-1, 2]

10.7 Mergers. Mergers of this Division shall be performed in accordance with Article 11 of the North Carolina Nonprofit Corporation Act. [N.C.G.S. § 55A-11-1 *et seq.*]

10.8 Dissolution. The Division will be considered dissolved when any one of the following events occurs:

1. A motion for dissolution is adopted in the same manner as is provided for amendment of the Bylaws, or
2. No meetings of the Division are held or scheduled for twelve months, or
3. The Division charter is revoked by the MER. Dissolution of this Division shall be performed in accordance with Article 14 of the North Carolina Nonprofit Corporation Act. [N.C.G.S. § 55A-14-1 *et seq.*]

Upon the dissolution of the Division, the Board of Directors shall, after paying or making provision for the payment of all liabilities of the Division, dispose of all of the assets of the Division exclusively for the purposes of the Division in such manner, or to such organization or organizations organized and operated exclusively for charitable, religious, educational, and/or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501 (c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law), as the Board of Directors shall determine. Any such assets not so disposed of shall be disposed of by the Court in the county in which the

principal office of the Division is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

10.9 Amendments. Except as otherwise provided by the articles of incorporation or by law, these bylaws may be amended or repealed and new bylaws may be adopted by the Board of Directors. Any change in these bylaws must be ratified by a two-thirds vote of the members present at a meeting, provided there is a quorum. At least fifteen days notice must be given to members of a vote to amend the bylaws.

10.10 Statutes. The statutes referred to in these bylaws are incorporated to the extent that they are in harmony with the terms and purposes of these bylaws.

10.11 Accounting. Accounting and controls should conform to generally accepted accounting principles.

10.12 Conflicts. If there are conflicts between North Carolina law, the Articles of Incorporation, the bylaws of the MER, the Regulations of the NMRA and these bylaws, then the provisions of North Carolina law, the Articles of Incorporation, these bylaws, the bylaws of the MER and the Regulations of the NMRA (in that order) shall prevail. For purposes of this paragraph, a conflict does not exist where a statute allows a corporation to determine an issue but specifies a default rule.

I, _____ as Clerk of the Association, hereby certify that the foregoing constitute the bylaws of this Association as adopted on this xx day of XXX, 20XX, and in full force and effect from the First day of xx 20xx.

Original signed by: _____