

BYLAWS

OF

NRail, INC.

A California Nonprofit Public Benefit Corporation

Adopted February 13, 2021

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NRail, INC.
A California Nonprofit Public Benefit Corporation**

ARTICLE 1 — NAME AND OFFICES

SECTION 1. NAME

The name of this nonprofit public benefit corporation is **NRail, INC.**

SECTION 2. PRINCIPAL OFFICE OF THE CORPORATION

The principal office for the transaction of the business of the Corporation may be established at any place or places within or without the State of California by resolution of the Board.

SECTION 3. OTHER OFFICES

The Board may at any time establish branch or subordinate offices at any place or places where this corporation is qualified to conduct its activities.

ARTICLE 2 — PURPOSES

SECTION 1. GENERAL PURPOSE

This Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Corporation Law of California for public and charitable purposes.

This corporation is organized exclusively for charitable, scientific, literary and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

SECTION 2. SPECIFIC PURPOSE

The specific and primary purposes for which this corporation is formed are to foster the quality of life in general, and the hobby of model railroading and modular model railroading in N Scale (1/160) in particular, through a variety of community activities, including exhibits, lectures, workshops, conventions, educational classes and historical displays.

SECTION 3. LIMITATIONS

Section 3.1 Political Activities

The Corporation has been formed under California Nonprofit Corporation Law for the charitable purposes described in Article 3, and it shall be nonprofit and nonpartisan. No substantial part of the activities of the Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene in any political campaign (including the publishing or distribution of statements) on behalf of, or in opposition to, any candidate for public office.

Section 3.2 Prohibited Activities

The Corporation shall not, except in any insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes described in Article 2, Section 1 and 2. The Corporation may not carry on any activity for the profit of its Officers, Directors or other private persons or distribute any gains,

profits or dividends to its Officers, Directors or other persons. Furthermore, nothing in Article 2, Sections 1 and 2 shall be construed as allowing the Corporation to engage in any activity not permitted to be carried on

- (i) by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) or
- (ii) by a corporation, contributions to which are deductible under section 170(c)(2) of the Code.

SECTION 4. DEDICATION OF ASSETS

This corporation’s assets are irrevocably dedicated to public benefit purposes. No part of the net earnings, properties, or assets of the corporation, on dissolution or otherwise, shall inure to the benefit of any private person or individual, or to any director or officer of the corporation. On liquidation or dissolution, all properties and assets remaining after payment, or provision for payment, of all debts and liabilities of the corporation shall be distributed to a nonprofit fund, foundation or corporation that is organized and operated exclusively for charitable purposes and that has established its exempt status under Internal Revenue Code 501(c)(3).

ARTICLE 3 — MEMBERS

SECTION 1. MEMBERS

The corporation shall have no voting members within the meaning of the Nonprofit Corporation Law. The corporation’s Board of Directors may, in its discretion, admit individuals to one or more classes of nonvoting members, referred to as Other Members. Other Members shall have such rights and obligations as the Board finds appropriate.

SECTION 2. NON-VOTING MEMBERS

Persons who embrace the specific purposes of this corporation and meet the requirements set by the Board of Directors may also be designated “members,” but such persons shall not be entitled to exercise any of the other rights of “members” as defined in Section 5056 of the California Corporations Code.

SECTION 3. FEES AND DUES

Each member and other member must pay, within the time and on the conditions set forth by the Board of Directors, the annual dues. The annual dues shall be fixed by the Board of Directors each fiscal year of the corporation. The annual dues so established shall apply for each “Membership Year” commencing during that fiscal year of the corporation.

SECTION 4. MEMBERSHIP YEAR

Each member’s and other member’s Membership Year shall commence on the date that the annual dues are received by the corporation and shall expire one year from such date.

SECTION 5. TRANSFER OF MEMBERSHIPS

No member may transfer a membership or any right arising therefrom.

SECTION 6. LIABILITY

Except as provided by law, no person who is a member or other member of this corporation shall, as such, be personally liable for any debt, liability or obligation of this corporation.

SECTION 7. TERMINATION OF MEMBERSHIP

The membership of any member or other member shall terminate upon occurrence of either of the following

events:

- a) The resignation or death of that member; or
- b) The expiration of that member's Membership Year, unless the member sooner renews for a subsequent period on the renewal terms set by the Board of Directors

ARTICLE 4 — BOARD OF DIRECTORS

SECTION 1. GENERAL POWERS

Subject to the provisions and limitations of the California Public Benefit Corporation Law and any other applicable laws, and subject to any limitations of the articles of incorporation or bylaws of this corporation, the activities and affairs of this corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board of Directors.

SECTION 2. SPECIFIC POWERS

Without prejudice to the general powers set forth in Article 4, Section 1 of these bylaws, but subject to the same limitations, the Board of Directors shall have the power to do the following:

- a) Perform any and all duties imposed on them collectively or individually by law, by the Articles of Incorporation of this corporation or by these bylaws.
- b) Appoint and remove, at the pleasure of the Board, all corporate officers, agents and employees, prescribe power and duties for them as are consistent with the law, the articles of incorporation and these bylaws, fix their compensation, supervise their performance and require from them security for faithful service.
- c) Change the principal offices or the principle business office from one location to another; cause the corporation to be qualified to conduct its activities in any other state, territory, dependency, or country; and conduct its activities in or outside California.
- d) Borrow money and incur indebtedness on the corporations' behalf and cause to be executed and delivered for the corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations and other evidences of debt and securities.
- e) Authorize any officer or agent of the corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances. Except for matters pertaining to the ordinary and necessary operation of the business of the corporation and as otherwise provided in Section 5214 of the California Corporations Code, unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement of to pledge its credit or to render it liable monetarily for any purpose or in any amount.
- f) Accept on behalf of the corporation any contribution, gift, bequest, or devise for the charitable or public purposes of this corporation.
- g) Adopt, use and, at will, alter a corporate seal.

SECTION 3. NUMBER OF DIRECTORS

The Board of Directors shall consist of an odd number of directors, at least three (3) but no more than eleven (11) directors unless changed by amendment to these bylaws. The exact number of directors shall be fixed, within those limits, by a resolution adopted by the Board of Directors.

SECTION 4. RESTRICTION ON INTERESTED PERSONS AS DIRECTORS

No more than 49 percent of the persons serving on the Board may be "interested persons." An interest person is:

- a) Any person compensated by the corporation for services rendered to it within the previous 12 months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director as director; and
- b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law or father-in-law of such person

However, any violation of this paragraph shall not affect the validity or enforceability of transaction entered into by the corporation.

SECTION 5. NOMINATION OF DIRECTORS

The Chair of the Board shall appoint a committee to nominate qualified candidates for election to the Board at least 60 days before the date of any election of directors. The nominating committee shall make its report at least 30 days before the date of the election, or at such other time as the Board may set, and the secretary shall forward to each member, with the notice of meeting required by these bylaws, a list of all candidates nominated by the committee.

As required the Chair of the Board may alter the nominating schedule to conform to current requirements of the Board and the corporation.

“Other Members” shall not be permitted to take part in the nominating process.

SECTION 6. ELECTION OF DIRECTORS

Directors shall be elected at the annual meeting of the Board of Directors, or at any other time authorized by the Board, for a term of three (3) years and shall hold office until the expiration of the term for which elected, and until a successor is elected and qualified. The candidate(s) receiving the highest number of votes up to the number of directors to be elected shall be elected. Each director shall cast one vote.

The President, Secretary and Treasurer shall serve as directors for so long as they hold those offices.

SECTION 7. COMPENSATION

Directors shall serve without compensation but may receive reimbursement of expenses as the Board may establish by resolution to be just and reasonable as to the corporation at the time that the resolution is adopted.

SECTION 8. RESIGNATION OF DIRECTORS

Any Director may resign by giving written notice to the Chair of the Board, the President, the Secretary of the corporation or the Board of Directors. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. If a director's resignation is effective at a later time, the Board may elect a successor to take office as of the date when the resignation becomes effective.

Except upon notice to the California Attorney General, no director may resign if the corporation would be left without a duly elected director or directors in charge of its affairs.

SECTION 9. REMOVAL OF DIRECTORS

Any director may be removed with or without cause by a majority vote of the members of the entire Board of Directors at a special meeting called for that purpose or at a regular meeting, provided that notice of that meeting and of the removal questions are given as provided in Article 5, Section 6. Any director who has missed three (3) consecutive Board meetings without prior notice of planned absence will be automatically removed from the Board without Board resolution unless

- a) the director requests a leave of absence for a limited amount of time and the leave is approved by the directors at a regular or special meeting (if such leave is granted, the number of Board members will

be reduced by one in determining whether a quorum is or is not present,

- b) the director suffers from an illness or disability that prevents him or her from attending meetings and the Board by resolution waives the automatic removal procedure of this subsection; or
- c) the Board by resolution of the majority of Board members must agree before a director who has missed three (3) meetings may be reinstated.

Any vacancy caused by the removal of a director shall be filled as provided in Article 4, Section 10 of these bylaws.

SECTION 10. VACANCIES

A vacancy or vacancies on the Board of Directors shall occur in the event of

- a) the death, removal, or resignation of any director;
- b) the declaration by resolution of the Board of a vacancy in the office of a director who has been convicted of a felony, declared of unsound mind by a court order, or found by final order or judgment of any court to have breached a duty under California Nonprofit Public Benefit Corporation Law, Chapter 2, Article 3; or
- c) the increase of the authorized number of directors

Vacancies on the Board may be filled by approval of the Board, or, if the number of directors then in office is less than a quorum, by

- 1) the unanimous written consent of the directors then in office,
- 2) the affirmative vote of a majority of the directors then in office at a meeting held pursuant to notice or waivers of notice complying with Corporations Code Section 5211; or
- 3) a sole remaining director.

SECTION 11. NO REMOVAL FOR REDUCTION OF NUMBER OF DIRECTORS

Any reduction in the authorized number of directors shall not result in any director's being removed before his or her term of office expires.

SECTION 12. LIMITED LIABILITY OF DIRECTORS

Subject to the fiduciary responsibilities and standards of conduct for directors including, but not limited to, the duty of care, the duty of loyalty, the duty of inquiry and other duties imposed by law, the directors shall not be personally liable for the debts, liabilities or other obligations of the corporation.

ARTICLE 5 — MEETINGS OF THE BOARD OF DIRECTORS

SECTION 1. PLACE OF BOARD MEETINGS

Meetings of the Board shall be held at the principal office of the corporation unless another location is designated in the notice of the meeting.

SECTION 2. MEETINGS BY TELEPHONE OR OTHER TELECOMMUNICATIONS EQUIPMENT

Any Board meeting may be held by conference telephone, video screen communication, or other communications equipment. Participation in a meeting under this Section shall constitute presence in person at the meeting if all of the following apply

- a) Each member participating in the meeting can communicate concurrently with all other members;
- b) Each member is provided the means of participating in all matters before the Board, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the corporation;

- c) The Board has adopted and implemented a means of verifying both of the following:
 - a. A person participating in the meeting is a director or other person entitled to participate in the Board meeting;
 - b. All actions of or votes by the Board are taken or cast only by the directors and not by persons who are not directors.

SECTION 3. ANNUAL MEETING

The annual meeting of the Board of Directors shall be held within the first month of the new fiscal year, unless such other date is chosen by consensus of the Board. At the annual meeting, directors shall be elected by the Board of Directors in accordance with Article 4, Section 6.

SECTION 4. REGULAR MEETINGS

Regular meetings of the Board may be held at such time and place as the Board may fix from time to time by resolution.

SECTION 5. SPECIAL MEETINGS

Special meetings of the Board of Directors may be called by the Chairperson, or the President, or the Secretary, or any two directors. Such meetings shall be held at the place designated by the person or persons calling the meeting and in the absence of such designation, at the principal or other office of the corporation, or by telephone or other telecommunications equipment as specified in Article 5 Section 2.

SECTION 6. NOTICE OF MEETINGS

Notice of time and place of a regular or special meeting shall be given to each director by

- a) Personal delivery of oral or written notice;
- b) First-class mail, postage prepaid;
- c) Telephone, including a voice messaging system or other system or technology designed to record and communicate messages;
- d) Facsimile, electronic mail ("e-mail") or other means of electronic transmission

All such notices shall be given or sent to the Director's address, phone number, facsimile number or e-mail address as shown on the records of the Corporation. Any oral notice given personally or by telephone may be communicated directly to the Director or to a person who would reasonably be expected to promptly communicate such notice to the Director. Notice of regular meetings may be given in the form of a calendar or schedule that sets forth the date, time and place of more than one regular meeting.

The purpose of a special meeting must be included in the meeting notice.

Notices sent by first-class mail shall be deposited into a United States mailbox at least four days before the time set for the meeting. Notices given by personal delivery, telephone, voice messaging system or other system or technology designed to record and communicate messages, facsimile, e-mail or other electronic transmission shall be delivered at least 48 hours before the time set for the meeting.

SECTION 7. QUORUM

A majority of the duly elected directors constitutes a quorum of the Board of Directors for the transaction of business except as hereinafter provided.

Every action taken or decision made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board, subject to the more stringent provisions of the California Nonprofit Public Benefit Corporation Law, including, without limitation, those provisions relating to:

- a) Approval of contracts or transactions in which a director has a direct or indirect material financial interest,

- b) Approval of certain transactions between corporations having common directorships,
- c) Creation of and appointments to committees of the Board, and
- d) Indemnification of directors.

A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of some directors from that meeting, if any action taken is approved by at least a majority of the required quorum for such meeting.

Except as otherwise provided in these bylaws or in the Articles of Incorporation of this corporation, or by law, no business shall be considered by the Board at any meeting at which a quorum is not present and the only motion which the Chair shall entertain as such a meeting is a motion to adjourn.

SECTION 8. WAIVER OF NOTICE AND CONSENT TO HOLDING MEETING

The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, provided a quorum, as above described, is present and provided that either before or after the meeting each director not present at the meeting signs a waiver of notice, a consent to holding the meeting, or an approval of the minutes thereof. The waiver of notice or consent does not need to specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Also, notice of a meeting is not required to be given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

SECTION 9. ADJOURNMENT

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

SECTION 10. CONDUCT OF MEETINGS

Meetings of the Board shall be presided over by the Chairperson, or, if there is no Chairperson or the Chairperson is absent, the President or, if the President and Chairperson are both absent, by the Secretary or, in the absence of each of these persons, by a chairperson of the meeting, chosen by a majority of the Directors present at the meeting. The Secretary shall act as secretary of all meetings of the Board, provided that, if the Secretary is absent, the presiding officer shall appoint another person to act as secretary of the meeting. Meetings shall be governed by rules of procedure as may be determined by the Board from time to time, insofar as such rules are not inconsistent with or in conflict with these Bylaws, with the Articles, or with any provisions of law applicable to the Corporation.

SECTION 11. ACTION WITHOUT A MEETING

Any action required or permitted to be taken by the Board may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to the action. For the purposes of this Article 5 Section 11 only, "all members of the Board" shall not include any "interested Director" as defined in section 5233 of the California Nonprofit Corporation Law. Such written consent shall have the same force and effect as a unanimous vote of the Board taken at a meeting. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

Written consent may be transmitted by first-class mail, messenger, courier, facsimile, e-mail or any other reasonable method satisfactory to the Chairperson or the President.

ARTICLE 6 — COMMITTEES

SECTION 1. COMMITTEES

The Board may, by resolution adopted by a majority of the Directors then in office, create one or more Board

Committees (“Committees”), including an executive committee, each consisting of two or more Directors, to serve at the discretion of the Board. Any Committee, to the extent provided in the resolution of the Board, may be given the authority of the Board except that no Committee may

- a) approve any action for which the California Nonprofit Public Benefit Corporation Law also requires approval of the members or approval of a majority of all members;
- b) fill vacancies on the Board or in any Committee which has the authority of the Board;
- c) fix compensation of the Directors for serving on the Board or on any Committee;
- d) amend or repeal Bylaws or adopt new Bylaws;
- e) amend or repeal any resolution of the Board which by its express terms is not so amendable or repealable;
- f) appoint any other Committees or the members of these Committees;
- g) expend corporate funds to support a nominee for Director after more persons have been nominated than can be elected; or
- h) approve any transaction
 - a. between the Corporation and one or more of its Directors or
 - b. between the Corporation and any entity in which one or more of its Directors have a material financial interest unless the conditions of Article 4 Section 4 are satisfied.

By a majority vote of its members then in office, the Board may at any time revoke or modify any or all of the authority so delegated, increase or decrease but not below two (2) the number of its members, and fill vacancies therein from the members of the Board.

SECTION 2. MEETINGS AND ACTIONS OF COMMITTEES

Meetings and action of Committees shall be governed by, and held and taken in accordance with, the provisions of these bylaws concerning meetings of Directors, except that the time for general meetings of such committees may be determined by resolution of the Board, and special meetings of Committees may also be called by resolution of the Board.

Minutes shall be kept of each meeting of any Committee and shall be filed with the corporate records. The Committee shall report to the Board from time to time as the Board may require. The Board may adopt rules for the governance of any Committee not inconsistent with the provisions by these Bylaws. In the absence of rules adopted by the Board, the Committee may adopt such rules.

SECTION 3. ADVISORY COMMITTEES

The Board of Directors may from time to time appoint such advisory committees as it deems appropriate, consisting of directors and/or persons who are not directors, but such advisory committees shall not be deemed committees of the Board and shall not exercise any power of the Board.

ARTICLE 7 — OFFICERS

SECTION 1. OFFICERS

The officers of the corporation (“Officers”) shall consist of a President, a Secretary, and a Treasurer. These persons must be selected from among the Directors. The Board shall have the power to designate additional Officers with such duties, powers, titles, and privileges as the Board may fix. Any number of offices may be held by the same person, except that the Secretary and the Treasurer may not serve concurrently as either the President.

SECTION 2. ELECTION OF OFFICERS

The officers of this corporation shall be elected annually at the annual meeting of the corporation for a term of one year, and each shall serve at the discretion of the Board until his or her successor shall be elected, or at his or her earlier resignation or removal. There are no term limits for Officers.

SECTION 3. REMOVAL OF OFFICERS

Subject to the rights, if any, of an Officer under any contract of employment, any Officer may be removed, with or without cause,

- a) by the Board, at any regular or special meeting of the Board, or at the annual meeting of the Corporation, or
- b) by an Officer on whom such power of removal may be conferred by the Board.

SECTION 4. RESIGNATION OF OFFICERS

Any Officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any of the Corporation under any contract to which the Officer is a party.

SECTION 5. VACANCIES IN OFFICES

Any vacancy in an office because of death, resignation, removal, disqualification, or any other cause shall be filled as it occurs by the Board of Directors.

SECTION 6. RESPONSIBILITIES OF OFFICERS

Section 6.1 President

The President shall report to the Board of Directors, shall be the chief executive officer and general manager of the corporation, and shall be responsible, subject to the control of and supervision by the Board of Directors, for the general supervision, direction and control of the business and affairs of the corporation. The President shall be a member of all committees, shall appoint the chairs of standing committees, and shall have such other powers and duties as may be prescribed from time to time by the Board of Directors.

Except as otherwise expressly provided by law, by the Articles of Incorporation or by these bylaws, he or she shall, in the name of the corporation, execute, or cause to be executed, such deeds, mortgages, bonds, contracts, checks or other instruments which may from time to time be authorized by the Board of Directors.

Section 6.2 Secretary

The Secretary of the Corporation (the "Secretary") shall attend to the following:

- a. Certify and keep or cause to be kept at the principal office of the Corporation the original or a copy of these Bylaws as amended or otherwise altered to date.
- b. Keep or cause to be kept at the corporation's principal office or such other place as the Board may direct, a book of minutes of all meetings, proceedings and actions of the Board and of committees of the Board. The minutes of meetings shall include the time and place that the meeting was held; whether the meeting was annual, general or special and, if special, how authorized; the notice given and names of persons present at Board and committee meetings.
- c. Give, or cause to be given, notice of all meetings of the Board and of committees of the Board in accordance with these Bylaws.
- d. Be custodian of the seal of the corporation and see that the seal is affixed to all duly executed documents, the execution of which on behalf of the corporation under seal is authorized by law or these

bylaws. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

- e. Exhibit or cause to be exhibited at all reasonable times to any director of the corporation, or to his or her agent or attorney on request thereof, the bylaws and the minutes of the proceedings of the directors of the corporation.
- f. Be responsible for the publications of the corporation, specifically, but not limited to the corporation's website, social media pages, the Newsletter and any other publications approved by the Board. With approval from the Board, the Secretary may appoint specific people to be responsible for all or each of these publications.
- g. Perform all duties incident to the office of Secretary and such other duties as may be required by law, by the Articles of Incorporation of this corporation, or by these bylaws, or which may be assigned to him or her from time to time by the Board of Directors..

Section 6.3 Treasurer

The Treasurer of the Corporation (the "Treasurer") shall attend to the following:

- a) Have charge and custody of, and be responsible for, all funds and securities of the corporation and deposit, or cause to be deposited, all such funds in the name of the corporation in such banks, trust companies, or other depositories as shall be selected by the Board of Directors.
- b) Disburse, or cause to be disbursed, the funds of the corporation as may be directed by the Board of Directors, taking proper vouchers for such disbursements as the Board may order. Except as otherwise specifically determined by resolution of the Board of Directors, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the corporation shall be signed by the Treasurer, an officer, or by such individuals as are authorized by the Board of Directors.
- c) Oversee receipt of monies due and payable to the corporation from any source whatsoever
- d) Keep and maintain adequate and correct accounts of the corporation's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains and losses.
- e) Exhibit at all reasonable times the books of account and financial records to any director of the corporation, or to his or her agent or attorney, on request thereof.
- f) Render to the Chair and directors, whenever requested, an account of any or all transactions and of the financial condition of the corporation
- g) Prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included with any required reports.
- h) In general, perform all duties incident to the office of Treasurer and such other duties as may be required by law, by the Articles of Incorporation, or by these bylaws, or which may be assigned to him or her from time to time by the Board of Directors

ARTICLE 8 — CONTRACTS AND LOANS WITH DIRECTORS AND OFFICERS

SECTION 1. CONTRACTS WITH DIRECTORS AND OFFICERS

No director of this corporation nor any other corporation, firm, association, or other entity in which one or more of this corporation's directors are directors or have a mutual financial interest, shall be interested, directly or indirectly, in any contract or transaction with this corporation, unless

- a) The material facts regarding that director's financial interest in such contract or transaction or regarding such common directorship, officership, or financial interest are fully disclosed in good faith and noted in the minutes, or are known to all members of the Board prior to the Board's consideration

of such contract or transaction;

- b) Such contract or transaction is authorized in good faith by a majority of the Board by a vote sufficient for that purpose without counting the votes of the interested directors;
- c) Before authorizing or approving the transaction, the Board considers and in good faith decides that after reasonable effort under the corporation could not obtain a more advantageous arrangement with reasonable effort under the circumstances; and
- d) The corporation for its own benefit enters into the transaction, which is fair and reasonable to the corporation at the time the transaction is entered into.

This Section does not apply to a transaction that is part of an educational or charitable program of this corporation if it:

- a) Is approved or authorized by the corporation in good faith and without unjustified favoritism and
- b) Results in a benefit to one or more directors or their families because they are in the class of persons intended to be benefited by the educational or charitable program of this corporation.

SECTION 2. LOANS WITH DIRECTORS AND OFFICERS

This corporation shall not lend any money or property to guarantee the obligation of any director or officer without the approval of the California Attorney General, provided, however, that the corporation may advance money to a director or officer of the corporation for expenses reasonably anticipated to be incurred in the performance of his or her duties if that director or officer would be entitled to reimbursement for such expenses by the corporation.

ARTICLE 9 — INDEMNIFICATION AND INSURANCE

SECTION 1. INDEMNIFICATION

To the fullest extent permitted by law, this corporation shall indemnify its directors, officers, employees, and other persons described in Corporations Code Section 5238(a), including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any “proceeding”, as that term is used in that section, and including an action by or in the right of the corporation, by reason of the fact that the person is or was a person described in that section. “Expenses”, as used in this bylaw, shall have the same meaning as in that section of the Corporations Code.

On written request to the Board by any person seeking indemnification under Corporations Code Section 5238(b) or Section 5238(c), the Board shall promptly decide under Corporations Code Section 5238(e) whether the applicable standard of conduct set forth in Corporations Code Section 5238(b) or Section 5238(c) has been met and, if so, the Board shall authorize indemnification.

To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under Article 10, Section 1 of these bylaws in defending any proceeding covered by this Section shall be advanced by the corporation before final disposition of the proceeding, on receipt by the corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately found that the person is entitled to be indemnified by the corporation for those expenses.

SECTION 2. INSURANCE

This corporation shall have the right, and shall use its best efforts, to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, directors, employees, and other agents, to cover any liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising from the officer’s, director’s, employee’s or agent’s status as such.

ARTICLE 10 — CORPORATE RECORDS AND REPORTS

SECTION 1. MAINTENANCE OF CORPORATE RECORDS

The corporation shall keep at its principal office:

- a. Minutes of all meetings of directors and committees of the Board, indicating the time and place of holding such meetings, whether regular or special, how called, the notice given, and the names of those present and the proceedings thereof.
- b. Adequate and correct books and records of account including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains and losses.
- c. A copy of the corporation's Articles of Incorporation and Bylaws as amended to date, which shall be open to inspection by the directors of the corporation at all reasonable times.

SECTION 2. DIRECTORS' INSPECTION RIGHTS

Every director shall have the absolute right at any reasonable time to inspect the corporation's books, records, documents of every kind, physical properties, and the records of each subsidiary. The inspection may be made in person or by the director's agent or attorney. The right of inspection includes the right to copy and make extracts of documents

SECTION 3. ANNUAL REPORT

The Board shall cause an annual report to be furnished not later than one hundred and twenty (120) days after the close of the corporation's fiscal year to all directors of the corporation, which report shall contain the following information in appropriate detail:

- a. The assets and liabilities, including the trust funds, of the corporation as of the end of the fiscal year;
- b. The principal changes in assets and liabilities, including trust funds, during the fiscal year;
- c. The revenue or receipts of the corporation, both unrestricted and restricted to particular purposes for the fiscal year;
- d. The expenses or disbursements of the corporation, for both general and restricted purposes, during the fiscal year;
- e. An independent accountants' report or, if none, the certificate of an authorized officer of the corporation that such statements were prepared without audit from the corporation's books and records.

ARTICLE 11 — FISCAL YEAR

SECTION 1. FISCAL YEAR

The fiscal year of the corporation for tax and financial accounting purposes shall be the calendar year unless another period is approved by the Board of Directors. The Tax Year shall be identical to the Fiscal Year.

ARTICLE 12 — AMENDMENT OF BYLAWS

SECTION 1. AMENDMENT OF BYLAWS

Subject to any provision of law applicable to the amendment of bylaws of public benefit nonprofit corporations, these bylaws, or any of them, may be altered, amended, or repealed and new bylaws adopted by a two-thirds (2/3) vote of the entire Board of Directors elected pursuant to these bylaws.

These bylaws may not be amended to include any provision that conflicts with law or with the corporation's Articles of Incorporation.

CERTIFICATE OF THE SECRETARY

I certify that I am the duly elected and acting Secretary of **NRail, Inc.**, a California nonprofit public benefit corporation; that these bylaws, consisting of 14 pages, are the bylaws of this corporation as adopted by the Board of Directors on day/month/year; and that these bylaws have not been amended or modified since that date.

Executed on 13 February 2021 in Tuttle Oklahoma, state.

Bruce Alcock

Signature

Bruce Alcock, Secretary

Typed Name