

**Attachment 5**

**Agreement on Conflicts of Interest**

As an Employee, Officer, National Director, Alternate Director, Regional Vice President, or member of the National Staff, of The National Railway Historical Society, Inc., a Maryland Not-for-Profit Corporation, I understand that I may be presented with information or business of the Society that presents a conflict of interest or that requires my informing the Society of any conflict of interest that I may have. I have received and read the *NRHS Policy on Conflicts of Interest*, and affirm my agreement to abide by the terms of the policy.

Signed,

\_\_\_\_\_

\_\_\_\_\_  
PRINT YOUR NAME HERE

\_\_\_\_\_  
DATE SIGNED

MEMBERSHIP NUMBER \_\_\_\_\_

\_\_\_\_\_  
PRIMARY CHAPTER NAME OR AT-LARGE

**Agreement on Rules**

I also agree that I will at all times comply with and abide by the terms of the NRHS by-laws and constitution as are now in effect, and may be amended from time to time.

Signed,

\_\_\_\_\_

\_\_\_\_\_  
DATE SIGNED

PLEASE RETURN THIS LETTER TO:  
JOSEPH C. MALONEY, JR.  
NATIONAL SECRETARY  
NATIONAL RAILWAY HISTORICAL SOCIETY, INC,  
100 North 20th St., Suite 400  
Philadelphia, PA 19103-1462

NATIONAL RAILWAY HISTORICAL SOCIETY, INC.

Policy on Conflicts of Interest

The effectiveness of THE NATIONAL RAILWAY HISTORICAL SOCIETY, INC., (NRHS) is dependent on its credibility and reputation for objectivity and fairness. At the same time, individual Board members may provide business assistance, volunteer services, or contractor services to NRHS, its vendors and suppliers, or be otherwise involved in NRHS transactions. Therefore, it is appropriate for NRHS to adopt policies that address real or apparent conflicts of interest.

This conflict of interest policy is designed to help directors, officers, contractors and staff members of the NRHS identify situations that present potential conflicts of interest; to outline their responsibilities to the Society; to provide a set of procedures which will allow a transaction to be treated as valid and binding even though a director, officer or contractor or staff member has or may have a conflict of interest with respect to the transaction.

1. Definitions.

A. A "Conflict of Interest" is any circumstance described in Part 2 of this Policy.

B. A "Responsible Person" is any person serving as an officer, employee, contractor, committee member, or member of the Board of Directors, including Alternate Directors and Regional Vice Presidents, of NRHS.

C. A "Family Member" is a spouse, domestic partner recognized by any state or local municipality, parent, child or spouse of a child, brother, sister, or spouse of a brother or sister, of a Responsible Person.

D. A "Material Financial Interest" in an entity is a financial interest of any kind, which, in view of all the circumstances, is substantial enough that it would, or reasonably could, affect a Responsible Person's or Family Member's judgment with respect to transactions to which the entity is a party. This includes all forms of compensation and ownership interests of greater than five percent in aggregate whether direct or indirect.

E. A "Contract or Transaction" is any agreement or relationship involving the sale or purchase of goods, services, or rights of any kind, the providing or receipt of a loan or grant, the establishment of any other type of pecuniary relationship, including land-related transactions and business transactions. Also included are reviews by NRHS of separate and distinct organizations with which NRHS is contemplating transactions or is engaged in business. The making of a gift to NRHS is not a Contract or Transaction.

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### 2. Conflict of Interest Defined.

For purposes of this policy, the following circumstances shall be deemed to create Conflicts of Interest:

#### A. Outside Interest.

(i) A Contract or Transaction between NRHS and a Responsible Person or Family Member.

(ii) A Contract or Transaction between NRHS and an entity in which a Responsible Person or Family Member has a Material Financial Interest or of which such person is a director, officer, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator or other legal representative.

(iii) A conflict between the position of a member of the Board of Directors and the position urged upon that Director by the Chapter from which he or she was nominated

(iv) Any relationship which must be reported to the outside auditors of NRHS, as defined by the auditors from time to time and potentially to any taxing authority having jurisdiction over either NRHS or the members thereof.

#### B. Outside Activity.

(i) A Responsible Person who is (a) competing with NRHS in the rendering of services or in any other Contract or Transaction with a third party or (b) seeking to do business with NRHS.

(ii) A Responsible Person who has a Material Financial Interest in, or serves as a director, officer, employee, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator or other legal representative of, or consultant to an entity or individual that (a) competes with NRHS in the provision of services or in any other Contract or Transaction with a third party or (b) seeks to do business with NRHS.

#### C. Gifts, Gratuities and Entertainment.

Under circumstances where it might be inferred that the actions in (i-ii) might were intended to influence or possibly would influence a Responsible Person in the performance of his/her duties, a Responsible Person shall not accept gifts, entertainment or other favors from any individual or entity that

(i) does or is seeking to do business with, or is a competitor of NRHS, or any of its chapters; or

(ii) has received, is receiving or is seeking to receive a loan or grant, or to secure other financial commitments from NRHS.

This provision does not preclude the acceptance of items of nominal or insignificant value or entertainment of nominal or insignificant value that are not related to any particular transaction or activity of NRHS.

(iii) notwithstanding the above (i-ii), this policy does not preclude a chapter from reimbursing its National Director or Alternate Director for the cost of travel to meetings of the Board of Directors, including reasonable amounts for meals and lodging.

3. Procedures.

A. Prior to the Board of Directors, or any Committee of the NRHS taking action on any Contract or Transaction involving a Conflict of Interest, a Responsible Person, who has a Conflict of Interest and who is in attendance at the meeting, or is submitting an absentee ballot, shall disclose all facts material to the Conflict of Interest. Such disclosure shall be reflected in the minutes of the meeting.

B. A Responsible Person who has a Conflict of Interest may be present and participate in the Board's or committee's discussion of the Contract or Transaction, but shall not vote on those matters and must leave the room when the vote is taken. Such Responsible Person's ineligibility to vote shall be reflected in the minutes of the meeting.

C. Responsible Persons who are not members of the Board of Directors of NRHS and who have a Conflict of Interest with respect to a Contract or Transaction that is not the subject of Board or committee action, shall disclose to the President or the President's designee any Conflict of Interest that such Responsible Person has with respect to a Contract or Transaction. Such disclosure shall be made as soon as the Responsible Person knows of the Conflict of Interest.

D. Where the Contract or Transaction constitutes a provision of services to NRHS, approval of such a transaction shall occur only if the Board, or its Executive Committee, makes specific findings that (A) the transaction or contract (i) is fair and benefits NRHS and its objectives and (ii) is approved with the full knowledge of the economic benefit to the Responsible Person involved in the conflict of interest and (iii) a good faith effort was made to review the range of options and costs for the provision of said services; and (B) that the affected Responsible Person did not participate in the vote approving the transaction or project and was in fact absent at the time of the Board or Executive Committee vote on this issue.

E. If requested by the Board, a Responsible Person believed to have, or who has declared a conflict of interest, shall take a temporary leave of absence from the Board of Directors until completion of the Contract or Transaction in which the Responsible Person has a conflict of

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interest. Normal by-law provisions as to Alternate Directors shall be used to fill the temporary vacancy.

F. In the event that it is not entirely clear that a Conflict of Interest exists, the Responsible Person with the potential conflict shall disclose the circumstances to the General Counsel or the General Counsel's designee, who shall determine whether there exists a Conflict of Interest that is subject to this policy.

G. The minutes of formal meetings of the NRHS Board of Directors shall reflect all instances when a Responsible Person has stated a Conflict of Interest, refrained from participating in the discussion of an item of business and refrained from voting on an item of business.

### 4. Review of Policy.

A. Each Responsible Person shall review a copy of this policy and abide by its terms. Each Responsible Person shall execute the letter attached hereto on a tri-annual basis. Each letter shall be valid for three calendar years after its execution by a Responsible Person.

B. Any changes to the policy shall be communicated immediately to all Responsible Persons.

### 5. Compliance

A. Each Responsible Person shall review a copy of this policy and abide by its terms. Each Responsible Person shall, once each three years, execute a letter confirming agreement to abide by the policy.

B. Every third year, subsequent to the annual membership meeting, NRHS shall mail or email a copy of the conflict of interest policy to each Responsible Person, and annually to the president of each active chapter, and all Directors representing At-Large Members, so that the policy may be provided to those appointed as Alternate Directors prior to their participation

C. Refusal to sign the agreement attached to this policy, or the willful refusal to reveal relevant information as to any potential conflict of interest as defined herein, shall serve to disqualify the individual from serving as an officer, staff, or National Director of the NRHS.

D. Failure to comply with the terms of this Conflict of Interest Policy shall be handled under the By-Laws of the NRHS.