

Railroad Partners, Inc.

Policy with respect to board compensation and conflict of interest Board Resolution 2009-1

In order to protect the non-profit organizations interests when it is contemplating a transaction or arrangement that might benefit the private interests of an officer or director of the corporation, the Board of Directors of Railroad Partners, Inc. hereby adopts the following policies with respect to board compensation, payments to board members, and conflict of interest.

General Principles

Primary responsibility for making all decisions subject to this policy shall rest with the Board of Directors of Railroad Partners, Inc. The board may delegate decisions subject to this policy to a committee composed of individual board members unrelated to, and not subject to the control of, the person or persons involved in the proposed transaction.

In matters of compensation, no board member or officer may receive compensation from Railroad Partners, Inc., which exceeds the value of the services provided for such compensation. In any other transaction, no board member or officer may receive economic benefits from Railroad Partners, Inc., which exceed the consideration provided for such transaction.

Deliberation, voting, and written documentation of all arrangements subject to this policy shall take place before Railroad Partners, Inc. makes payments of any kind.

Basis for Decision Making

In making decisions subject to this policy, the Board of Directors, or decision making committee, shall, to the best of its ability, obtain and rely upon appropriate data as to comparability, such as: information about compensation paid by similarly situated organizations for similar goods or services, current compensation surveys compiled by independent firms, or actual written offers from similarly situated organizations.

Conflict of Interest

No Board member may vote upon a matter in which he or she has a direct financial interest. No Board member may vote upon a matter in which he or she has a business or family relationship with anyone who has a direct financial interest.

Immediately upon becoming aware that such a conflict may exist, a Board

member must disclose the existence of the potential conflict to the remaining Board members. If, by a vote of the remaining Board members, a conflict of interest is found to exist, the Board member with the conflict shall withdraw from further deliberation and refrain from voting on the matter.

Recordkeeping

The basis for each decision subject to this policy shall be fully documented, including: the terms of the approved transaction and the date approved, the members of the decision-making body who were present during debate on the transaction and those who voted on it, the decision made by each individual who voted, the comparability data that was relied on by the decision-making body and how the data was obtained, and any actions by a member of the decision-making body having a conflict of interest.

Good faith efforts shall be made to operate in a manner that will avoid entering into any "Excess Benefit Transactions" as that term is defined in section 4958 of the Internal Revenue Code, and to comply with any pertinent guidelines issued by the Internal Revenue Service.

Adopted this Seventh day of February, 2009 via Board of Directors
Teleconference

Myron Malone

Secretary, Railroad Partners, Inc.