

BYLAWS
SOUTHBRIDGE NEIGHBORHOOD POOL, INC.

ARTICLE 1--Name and Location

The name of the corporation is Southbridge Neighborhood Pool, Inc., hereinafter referred to as the "Corporation." The principal office of the Corporation shall initially be located at 1216 Lawton Lane, Waunakee, Wisconsin 53597, but meetings of Members and Directors may be held at other places within Dane County, Wisconsin.

ARTICLE 2--Definitions

For purposes of these Bylaws, the following terms shall be defined in the following manner:

2.1. "Corporation" shall mean and refer to the Southbridge Neighborhood Pool, Inc.

2.2. "Board" shall mean and refer to the Board of Directors of the Corporation.

2.3. "Director" shall mean a member of the Board.

2.4. "Member" shall mean and refer only to those persons who have purchased a membership in the Corporation pursuant to the Articles of Incorporation and Bylaws of the Corporation, or are transferees of a membership in the Corporation pursuant to the Articles of Incorporation and Bylaws of the Corporation.

ARTICLE 3—Membership and Dues

3.1 Any person residing in the plat of Southbridge, or any of the Additions thereto, including but not limited to, Blue Ridge Addition to Southbridge and Ashlawn Addition to Southbridge, single family residential lots abutting Emerald Grove Lane, Village of Waunakee, Dane County, Wisconsin, is eligible to become a member.

3.2 The initiation fee for a membership in the Corporation shall be \$1,000.00 payable at or before the time that the membership begins.

3.3 The annual dues for continued membership each year in the Corporation shall be a dollar amount as determined each year by the Board of Directors.

ARTICLE 4--Meeting of Members

4.1. Annual Meetings. The annual meeting of Members shall be held on the first Wednesday of October of each year. At the annual meeting, the Members shall elect directors.

4.2. Special Meetings. Special meetings of the Members may be called at any time by the president of the Corporation, or upon written request of the Members who are entitled to vote one-third (1/3) of all votes of the Corporation.

4.3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the president or person authorized to call the meeting, by delivering written notice, either personally or by mail, at least thirty (30) days before such meeting, to each Member who is an owner of a membership in the Corporation on the business day preceding the day on which notice is given. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

4.4. Quorum. The presence at the meeting of one-fourth (1/4) of the Members entitled to cast, or proxies entitled to cast, votes shall constitute a quorum for any action of the membership and the vote of a majority of the Members present at such meeting shall constitute the act of the membership, except as otherwise provided in the Articles of Incorporation or these Bylaws. If, however, a quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time-to-time without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

4.5. Proxies. At all meetings of Members, each Member shall vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon termination of membership status.

4.6. Voting Entitlement. Each membership shall be entitled to one vote. Memberships registered in the names of two or more persons who are named in the registration as joint tenants may be voted in person or by proxy signed by one or more of the joint tenants if either (1) no other joint tenant or his or her legal representative is present and claims the right to participate in the voting of the membership or before the vote files with the secretary or other officer or agent of the Corporation authorized to

tabulate votes a contrary written voting authorization or direction or written denial of authority of the joint tenant present or signing the proxy appointment proposed to be voted, or (2) all other joint tenants are deceased and the secretary or other officer or agent of the Corporation authorized to tabulate votes has no actual knowledge that the survivor has been adjudicated not to be the successor to the interests of those deceased.

ARTICLE 5--Board of Directors

5.1. General Powers. The Corporation's powers shall be exercised by or under the authority of, and its business and affairs shall be managed under the direction of, its Board of Directors, subject to any limitation set forth in the Articles of Incorporation.

5.2. Number. The initial Directors shall be appointed by the Incorporator, whose terms shall expire at the 2007 annual meeting of the Members. The initial directors appointed by the Incorporator do not need to be members of the Corporation. Thereafter, the Corporation shall be managed by a Board of five (5) Directors, who shall be Members of the Corporation, and elected by the Members at the 2007 annual meeting.

5.3. Term of Office. Each Director shall serve until the next annual Members meeting and until his or her successor shall have been elected by the Members or until his or her prior death, resignation, or removal.

5.4. Resignation. A Director may resign at any time by delivering his or her written resignation that complies with the provisions of chapter 181 to the Board, the president of the Corporation, or the Corporation.

5.5. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Corporation. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his or her predecessor.

5.6. Compensation. No Director shall receive compensation for any service he may render to the Corporation. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

5.7. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting if one or more written consents, setting forth the action so taken, shall be signed by all of the Directors entitled to vote on the subject matter of the action and retained in the corporate records. Action taken pursuant to written consent shall be effective when the last Director signs

the consent or upon such other effective date as is specified in the consent. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE 6--Meeting of Directors

6.1. Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. One such regular meeting shall occur on the first Wednesday of October annually, immediately following the annual meeting of the Members.

6.2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Corporation, or by any two Directors, after not less than three days' notice to each Director.

6.3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or 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.

ARTICLE 7--Powers and Duties of the Board of Directors

7.1. Powers. The Board of Directors shall have the power to:

(a) Adopt and publish rules and regulations governing the use of the property of the Corporation, including any swimming pool or related facilities purchased or constructed by the Corporation or any other person.

(b) Suspend the voting rights and any and all other rights and privileges of a Member during any period in which such Member shall be in default in the payment of any annual dues or special assessment established by the Corporation.

(c) Exercise for the Corporation all powers, duties and authority vested in and delegated to the Corporation and not reserved to the membership by other provisions of the Bylaws or Articles of Incorporation.

(d) Declare the office of a Director to be vacant in the event such Director shall be absent from three consecutive regular meetings of the Board.

(e) Employ independent contractors or such employees as they deem necessary, and prescribe their duties.

(f) Authorize the issuance of non-voting associate memberships in the Corporation for specified terms, for the purpose of allowing persons other than Members to use the facilities of the Corporation, and to set and collect the dues, fees or charges therefor.

7.2. Duties. It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-third (1/3) of the Members who are entitled to vote.

(b) Supervise all officers, agents and employees of the Corporation, and see that their duties are properly performed.

(c) Annually determine an annual budget and establish the initiation fees and annual dues and make the assessments for the ensuing year, notify members as to the dues and assessments, take appropriate measures to collect dues or assessments which are not paid in a timely fashion, and issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth his or her membership in the Corporation.

(d) Procure and maintain adequate liability and hazard and other insurance on property owned by the Corporation.

(e) Cause the property of the Corporation to be managed and maintained.

ARTICLE 8--Officers and Their Duties

8.1. Enumeration of Officers. The officers of this Corporation shall be a president, vice president, secretary and treasurer, and such other officers as the Board may from time-to-time by resolution create.

8.2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members, except for the initial officers who shall be elected by the directors appointed by the incorporator.

8.3. Term. The officers of the Corporation shall be elected annually by the Board and shall hold office for one year and thereafter until his successor is appointed, unless such officer shall sooner resign, or shall be removed or otherwise be disqualified to serve.

8.4. Special Appointments. The Board may elect such other officers as the affairs of the Corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time-to-time, determine.

8.5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may at any time resign by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

8.6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

8.7. Multiple Offices. One person may hold more than one office in the Corporation, provided that the president and vice president, and the president and secretary shall at all times be separate individuals.

8.8. Duties. The duties of the officers are as follows:

(a) President. The president shall preside at all meetings of the Board and the Members, shall see that orders and resolutions of the Board are carried out, and shall sign all written instruments.

(b) Vice President. The vice president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, serve notice of meetings of the Board and of the Members, keep appropriate current records showing the Members of the Corporation together with their addresses, and perform such other duties as required by the Board.

(d) Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all moneys of the Corporation and shall disburse such funds as directed by

resolution of the Board, keep proper books of account, and shall prepare an annual budget, and a statement of income and expenditures to be presented to the Board at its first meeting of each year.

ARTICLE 9--Books and Records

The books, papers and records of the Corporation shall at all times, during reasonable business hours, be subject to inspection by any Member. The Articles of Incorporation and the Bylaws of the Corporation shall be available for inspection by any Member at the principal office of the Corporation, where copies may be purchased at reasonable cost.

ARTICLE 10—Membership Transfer, Initiation Fee, Dues and Assessments

Provided the mortgage note from the Corporation to Donald C. Tierney and Joanne K. Tierney in the principal sum of Five Hundred Thousand Dollars (\$500,000.00) is paid in full, Memberships (but not associate memberships) shall be transferable, so long as all dues, assessments and initiation fees are paid in full with respect thereto, provided however, that no membership may be transferred unless the Member proposing the transfer shall first have offered the membership to the Corporation in writing for repurchase, at a cash price equal to ninety percent (90%) of the initiation fee originally paid by the Member first owning such membership, with the Corporation to have a period of sixty (60) days after receipt of written notice of such proposed transfer in which to elect, in writing, to repurchase such membership interest, and the Corporation shall have a period of thirty (30) days after giving written notice of election to purchase within which to make the payment to the Member. If the Corporation does not elect to repurchase such interest within such time period or make such payment within the period provided above, then the Member shall be free to transfer such membership for a period of one (1) year after the giving of the initial written notice to the Corporation, to any other person.

Any initiation fees, dues or assessments which are not paid within the time period specified by the Board of Directors shall be delinquent and shall be subject to enforcement action by the Board of Directors.

ARTICLE 11--Corporate Seal

The Corporation shall have no corporate seal.

ARTICLE 12--Amendments

12.1. These Bylaws shall be amended at a regular or special meeting of the Board of Directors or of the Members.

12.2. In the case of conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control.

ARTICLE 13--Fiscal Year

The fiscal year of the Corporation shall begin on the first day of January and shall end on the last day of December of every year, except that the first fiscal year shall begin on the day of incorporation.

ARTICLE 14--Indemnification

14.1 Persons Indemnified. Each director, officer, employee and agent of this Corporation shall be entitled to indemnification under this Article. Such entitlement shall extend to the heirs, executors and administrators of the director, officer, employee or agent and to former directors, officers, employees and agents.

14.2 Events Requiring Indemnification. Officers, directors, employees and agents are entitled to indemnification in connection with all proceedings in which they are a witness or a party because they were an officer, director, employee or agent of the Corporation. "Proceedings" shall include any threatened, pending or completed civil, criminal, administrative or investigative action, suit, arbitration or other proceeding, whether formal or informal in nature, involving foreign, federal, state or local law and which is brought by or in the right of the Corporation or by any person other than the person entitled to indemnification. Such indemnification shall not extend to any matter for which indemnification is prohibited by section 181.0872(2), Wis. Stats, including the following:

- (a) A wilful failure to deal fairly with the Corporation or its Members in connection with a matter in which the director or officer has a material conflict of interest.
- (b) A violation of criminal law, unless the director or officer had reasonable cause to believe his or her conduct was lawful or no reasonable cause to believe his or her conduct was unlawful.

(c) A transaction from which the director or officer derived an improper personal profit.

(d) Wilful misconduct.


14.3 Amounts Indemnified. Each person entitled to indemnification shall be indemnified for all fees, costs, charges, disbursements, attorneys' fees and other expenses, as well as any liabilities arising from the proceeding, including the obligation to pay a judgment, settlement, penalty, assessment, forfeiture or fine, including excise or other taxes in the nature of penalties or fines. Expenses shall be paid as incurred if the person to be indemnified provides to the Corporation a written affirmation of his or her good faith belief that he or she has not breached or failed to perform his or her duties to the Corporation, and a written undertaking to repay such amounts if it is determined under section 181.0873, Wis. Stats., that indemnification under section 181.0872(2), Wis. Stats., is not required and that indemnification is not ordered by a court under section 181.0879(2)(b), Wis. Stats.

14.4 Determination of Right to Indemnification. Any person seeking indemnification shall first provide notice to the Corporation of the proceeding for which indemnification is sought and request that the Corporation make a determination of the right to indemnification. Such determination shall be made by a majority vote of the Board of Directors of the Corporation except for directors who are parties to the same or related proceedings. If insufficient directors are not parties to the same or related proceedings to constitute a quorum of the Board of Directors, the Board of Directors shall appoint a committee of three (3) persons to make such determination on behalf of the Board of Directors. The determination shall be made within thirty (30) days of the request.

If the Board of Directors determines that indemnification is not allowed under this section, the person seeking indemnification shall then have the right to select any method allowed under section 181.0873, Wis. Stats., for determining his or her right to indemnification.

14.5 Indemnification not to be Limited. Nothing herein shall be construed to limit the persons, events or amounts for which indemnification may extend under applicable Wisconsin law. It is the intention of the Corporation to indemnify its officers, directors, employees and agents to the full extent allowed by law.

IN WITNESS WHEREOF, the undersigned, as President of the Corporation, has hereunto set my hand this 30th day of May, 2007.



Andrea J. Dlugos, President