

DUNCAN LAKES IMPROVEMENTS ASSOCIATION
2007 BYLAWS

ARTICLE I.

OFFICES

SECTION 1. OFFICES. The Corporation may have such offices as the Board of Directors may designate or as may from time to time be necessary or convenient for the conduct of its affairs.

SECTION 2. REGISTERED OFFICE. The registered office of the Corporation required by the Nebraska Non-profit Corporation Act to be maintained in the State of Nebraska may be, but need not be, identical with the principal office of the Corporation in the State of Nebraska. The registered office of the Corporation and the registered agent of the Corporation, or both, may be changed from time to time by the Board of Directors.

SECTION 3. NAME. The corporation shall be known as the Duncan Lakes Improvements Association.

ARTICLE II.

MEETING OF MEMBERS

SECTION 1. Annual Meetings. The first annual meeting of the members of the Duncan Lakes Improvements Association (the "Association") shall be held on the first Sunday in May, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at such time and place as shall be stated in the notice of the meeting. If such date for the annual meeting of the members is a legal holiday, the meeting will be held on the first Sunday thereafter which is not a legal holiday.

SECTION 2. Special Meetings. Special meetings of the members of the Association may be called at any time by the President or by a majority of the Board of Directors, or upon written request of the members representing at least twenty percent (20%) of the voting power of the Association. Special meetings shall be held at such place and at such date and time as shall be stated in the notice of meeting required with respect thereto.

SECTION 3. Notice of Meetings. Notice of the annual and any special meetings of the members of the Association stating (a) the place, day, and hour of the meeting, (b) items on the agenda, including a description of any conflict of interest transaction, the general nature of any proposed amendment to the Articles of Incorporation of the Association (the "Articles") or these Bylaws, any budget changes, any proposal to remove a director or officer, or any merger, sale of assets or dissolution that must be approved by the members of the Association in accordance with the Nebraska Nonprofit Corporation Act (the "Act"), and (c) in the case of special meetings, the purpose or purposes for which the meeting is called, shall be mailed and/or e-mailed to each member at the last known address of such member (or personally delivered to each member) not less than ten (10) nor more than fifty (50) days prior to the meeting. A member's attendance at a meeting of the members of the Association waives objection to a lack of notice or defective notice of such meeting, unless the member at the beginning of the meeting objects to holding the meeting or transacting the meeting, and waives objection to consideration of a particular matter at the meeting that is not within the purposes described in the meeting notice, unless the member objects to considering the matter when it is presented.

SECTION 4. Quorum. The presence of members entitled to cast, or of proxies entitled to cast, a majority of the votes which may be cast for election of the Board of Directors shall constitute a quorum at any regular or special meeting of the members of the Association, except as otherwise provided in the Articles or these Bylaws. If, however, such 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. All action by the members of the Association shall be taken by affirmative vote of a majority of the members present and voting at a duly called meeting at which a quorum is present, except as otherwise provided in the Articles or these Bylaws.

SECTION 5. Proxies. At all meetings of members, each member may vote in person or proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable.

SECTION 6. Action by Written Ballot. Unless prohibited or limited by the Articles or these Bylaws, any action that may be taken or is required to be taken at any annual, regular, or special meeting of the members of the Association may be taken without a meeting if the Association delivers a written ballot to every member entitled to vote on the matter, either by mail and/or e-mail. The written ballot shall set forth each proposed

action and provide an opportunity to vote for or against each such action, by returning their ballot by either mail and/or e-mail. The written ballot requires a majority of those ballots cast to pass. Approval by written ballot shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. The solicitation for votes by written ballot shall indicate the number of responses needed to meet the quorum requirements, state the percentage of approvals necessary to approve each matter other than election of Directors, and specify the time by which a ballot must be received by the Association in order to be counted. A written ballot may not be revoked.

ARTICLE III.

BOARD OF DIRECTORS

SECTION 1. Number and Qualification. The Business and affairs of Duncan Lakes Improvements Association (the "Association") shall be managed by a Board of Directors consisting of seven (7) Directors. The Directors need not be residents of the State of Nebraska. Although the number and qualifications of the Directors may be changed from time to time by amendment to these Bylaws, no change shall affect the incumbent Directors during the terms for which they were elected. **The board of directors will serve without pay, but may be reimbursed for expenses incurred. These expenses shall be turned into the treasurer for approval and payment.**

SECTION 2. Election and Tenure. All Directors shall be elected by the members at the annual meeting of the members of the Association and shall serve until their successors have been elected and qualified unless their service is earlier terminated because of death, resignation or removal. Directors shall serve for a term of one three (3) year, and may be elected to an unlimited number of successive terms. Upon the election of the first Board of Directors one will serve one (1) year, one will serve two (2) years and two will serve three (3) years. Any Director may serve for unlimited terms.

SECTION 3. Vacancies. Any vacancy occurring on the Board of Directors, whether as a result of an increase in the number of Directors or for any other cause **must** be filled by the remaining Directors. If the Directors remaining in office constitute fewer than a quorum of the Board of Directors, then the remaining Directors **must** fill the vacancy by the affirmative vote of a majority of all remaining Directors, though less than a quorum of the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office and until his or her successor shall be elected and qualified unless his or her service is earlier terminated by death, resignation or removal.

SECTION 4. Removal. At a meeting of the members of the Association called expressly for that purpose, any Director may be removed with or without cause, by a majority of the members. The notice of the meeting shall expressly state that one of the purposes of is removal of the Director.

SECTION 5. Quorum. Except as otherwise provided in the Act or the Articles, attendance by a majority of all Directors in office immediately before the meeting begins shall constitute a quorum at such meeting, but if less than a majority of such Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice. In no event shall a quorum consist of less than the greater of one-third (1/3) of the number of Directors in office or three (3) Directors.

SECTION 6. Method of Acting. The act of a majority of the Directors present when a vote is taken at a meeting, provided that a quorum is present when the vote is taken, shall be the act of the Board of Directors, unless the act of a greater number is required by the Act, the Articles or these Bylaws.

SECTION 7. Annual Meeting. The annual meeting of the Board of Directors shall be held immediately following the annual meeting of the members of the Association or on such other date as may be fixed by the Board of Directors, for the purpose of transaction of such business as may come before the meeting. Notice of the annual meeting shall be given, setting forth the date, time and place of such meeting.

SECTION 8. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or twenty percent (20%) of the Directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix any place within the State of Nebraska, as the place for such special meeting called by them. Notice of special meetings shall be given, setting forth the date, time and place

of such meeting.

SECTION 9. Notice. Any notice required to be given hereunder shall be given at least ten (10) days before any such meeting, by written notice delivered personally or sent by confirmed telecopy, first class mail, private carrier or any other reasonable form of wire or wireless communication to each Director at his or her address as shown by the records of the Association, unless such notice is waived in accordance with the procedures set forth herein and in the Act. If mailed, such notice shall be deemed to be delivered upon the earlier of when it is actually received or five (5) days after deposit in the United States Mail in a sealed envelope so addressed, with first class postage thereon prepaid. Written notice delivered by any other method permitted hereby is effective when received. Neither the business to be transacted at nor the purpose of any regular or special meeting of the Board of Directors need be specified in the notice unless a purpose of such meeting is to remove a Director or to take any other action which, if the Association had members, would require member approval under the Act. In such case, the notice shall specify removal or such action as one purpose of the meeting.

SECTION 10. Waiver of Notice. Notice of a meeting may be waived by any Director by means of a writing signed by such Director and filed with the minutes or the corporate records of the Association. Attendance at a meeting shall constitute waiver of the notice requirement therefore unless the Director, upon arriving at the meeting or prior to the vote on a matter not noticed in conformity with the Act, the Articles, or these Bylaws, objects to lack of notice and does not thereafter vote for or assent to the objected action.

SECTION 11. Consent to Action without Meetings. Unless otherwise provided by law, any action required to be taken, or which may be taken at any meeting of the Board of Directors, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Directors entitled to vote with respect to such action.

SECTION 12. Conflict of Interest Transactions.

(a) A "Conflict of Interest Transaction" is a transaction with the Association in which one or more Directors of the Association (each, a "Conflicted Director") has a direct or indirect interest in the transaction. For purposes of this section, a Director shall be deemed to have an indirect interest in a transaction if (i) another entity in which the Director has a material interest, or in which the Director is a general partner, is a party to the transaction, or (ii) another entity of which the Director is a director, officer, manager, or trustee is a party to the transaction.

(b) Notwithstanding anything to the contrary set forth herein, any Conflict of Interest Transaction may be approved only by means of the affirmative vote, taken in advance of the Conflict of Interest Transaction, of a majority of the Board of Directors, other than the Conflicted Director(s), who are present at a meeting at which a quorum (including for this purpose the Conflicted Director(s) is present when the vote is taken. Prior to such vote, the material facts of the Conflict of Interest Transaction and each Conflicted Director's interest must be fully disclosed or otherwise known to the members of the Board of Directors or the committee of the Board of Directors, as the case may be. The Directors voting in favor of the Conflict of Interest Transaction must in good faith reasonably believe that the Conflict of Interest Transaction is fair to the Association.

(c) Notwithstanding the foregoing, no Conflict of Interest Transaction may be authorized, approved or ratified under this policy by a single Director. In the event that all, or all but one (1), of the Directors are Conflicted Directors with respect to a Conflict of Interest Transaction under consideration by the Board of Directors, then all Directors may participate in the discussion and vote with respect to the Conflict of Interest Transaction. However, implementation of the Conflict of Interest Transaction, once approved by the Directors, shall be subject to receipt by the Association of one of the following:

(i) A reasoned opinion of competent legal counsel to the effect that the Conflict of Interest Transaction was fair at the time it was entered into;

(ii) The approval of the Attorney General of the State of Nebraska with respect to the Conflict of Interest Transaction; or

(iii) The approval of a district court of the State of Nebraska in an action in which the Attorney General of the State of Nebraska is joined as a party.

SECTION 13. Meeting Attendance. **Members of the Board of Directors may participate in a regular or special meeting of the Board of Directors or conduct such meeting through the use of any means of**

communication by which all Directors participating may simultaneously 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.

SECTION 14. Committees. The Board of Directors may, by resolution or resolutions passed by a majority of the whole Board of Directors, appoint one or more committees, each committee to consist of **one** Director of the Association **and as many members of the association willing to serve on the committee**, which committees shall, to the extent permitted by the Act, have and may exercise such powers of the Board of Directors in the management of the business and affairs of the Association as shall be delegated to them.

SECTION 15. Expenditures. The Board of Directors shall have the authority to make expenditures of up to **\$3,000.00** without a vote of the members.

ARTICLE IV OFFICERS

SECTION 1. Number and Qualification. The officers of the Association shall be a President, one or more Vice Presidents (as the Board of Directors shall determine), a Secretary and a Treasurer and such other officers and agents as may be deemed necessary by the Board of Directors. Any two or more offices may be held by the same person except President and Vice President.

SECTION 2. Election and Tenure. The officers of the Association shall be elected from among the Directors by the Board of Directors at the annual meeting, or as soon thereafter as is convenient. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and qualified or, if earlier, until such officer's death, resignation or removal. Any officer may resign at any time by delivering notice to the Association. The terms of each office shall be unlimited.

SECTION 3. Removal. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors at any time with or without cause.

SECTION 4. Vacancies. Any vacancy occurring in one of the offices of the President, Vice President, Secretary or Treasurer shall be filled by the Board of Directors for the remainder of the unexpired term.

SECTION 5. Duties and Authority of Officers.

(a) President. The President shall be the principal executive officer of the Association and shall in general supervise and control all of the business and affairs of the Association. The President shall preside at all meetings of the Board of Directors. The President may sign all deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws or by statute to some other officer or agent of the Association; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed from time to time by the Board of Directors.

(b) Vice President. During the absence or inability of the President, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such other duties as from time to time may be prescribed by the President or the Board of Directors.

(c) Treasurer. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Association in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these Bylaws. The Treasurer shall keep full and accurate accounts of all moneys received and shall promptly deposit the same in the name and to the credit of the Association in such depository as shall be authorized by the Board of Directors, and shall disburse money at the direction of the Board of Directors. The Treasurer shall present at each annual meeting of the Board of Directors, or whenever requested by the Board of Directors, a written report of the finances of the Association, and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be prescribed by the President or the Board of Directors.

(d) Secretary. The Secretary shall keep the minutes of the meetings of the Board of Directors in a book provided for that purpose. The Secretary shall give and serve all notices of meetings. The Secretary shall have charge of all correspondence and documents of the Association. The Secretary shall authenticate the records of the

Association. The Secretary shall present at each annual meeting of the Association a report on all matters pertaining to the Association and in general perform all duties incident to the office of the Secretary and such other duties as from time to time may be prescribed by the President or the Board of Directors.

ARTICLE V

STANDARD OF CONDUCT FOR DIRECTORS AND OFFICERS

SECTION 1. A Director or Officer of the Association shall discharge his or her duties as a Director or Officer, in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner he or she reasonably believes to be in the best interests of the Association.

SECTION 2. In discharging his or her duties, a Director or Officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:

(a) One or more officers or employees of the Association whom the Director or Officer reasonably believes to be reliable and competent in the matters presented;

(b) Legal counsel, public accountants, or other persons as to matters the Director or Officer reasonably believes are within the person's professional or expert competence; or

(c) A committee of the Board of Directors of which the Director is not a member as to matters within its jurisdiction if the Director reasonably believes the committee merits confidence.

SECTION 3. A Director or Officer of the Association is not acting in good faith if such Director or Officer has knowledge concerning the matter in question that makes reliance otherwise permitted by this section unwarranted.

SECTION 4. A Director or Officer of the Association is not liable to the Association or any other person for any action taken or not taken as a Director or Officer, if such Director or Officer acted in compliance with this section. A Director or Officer of the Association shall not be deemed to be a trustee with respect to the Association or any property held or administered by the Association, including without limitation, property that may be subject to restrictions imposed by the donor or transferor of such property.

ARTICLE VI

CONTRACTS, CHECKS, DEPOSITS AND FUNDS

SECTION 1. Contracts. The Board of Directors may authorize any officers, agent or agents of the Association, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

SECTION 2. Checks, Drafts, Etc. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by such duly authorized officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Treasurer and countersigned by the President of the Association.

SECTION 3. Gifts. The Board of Directors may accept on behalf of the Association any contribution, gift, bequest or device for the general purposes or for any special purpose of the Association.

ARTICLE VII

BOOKS AND RECORDS

The Association shall keep correct and complete books and records of account and shall also keep minutes of the meetings of the Board of Directors and committees having any of the authority of the Board of Directors.

ARTICLE VIII

FISCAL YEAR

The fiscal year of the Association shall begin on January 1 and end on December 31 in each year, and books of account shall be maintained on this basis.

ARTICLE IX

INDEMNIFICATION OF DIRECTORS AND OFFICERS

SECTION 1. Discretionary Indemnification. To the fullest extent permitted by law, the Association may indemnify any individual made a party to a proceeding because he or she is or was a Director or Officer of the Association against liability incurred in the proceeding if: (i) he or she conducted himself or herself in good

faith; (ii) he or she reasonably believed (a) in the case of his or her official capacity, that his or her conduct was in the best interests of the Association, and (b) in all other cases that his or her conduct was at least not opposed to the best interests of the Association; and (iii) in the case of any criminal proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful.

SECTION 2. Advance Payment of Expenses. The Association may pay for or reimburse the reasonable expenses incurred by a Director or Officer who is a party to a proceeding in advance of final disposition of the proceeding if: (a) the Director or Officer furnishes the Association with a written affirmation of his or her good faith belief that he or she has met the standard of conduct for Directors set forth herein and in the Act; (b) the Director or Officer furnishes the Association with a written undertaking, executed personally or on the Director's or Officer's behalf, to repay the advance if it is ultimately determined that the Director or Officer did not meet the standard of conduct; and (c) a determination is made that the facts then known to those making the determination would not preclude indemnification under Section 4 below and the Act.

SECTION 3. Mandatory Indemnification. The Association shall indemnify a Director or Officer who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the Director or Officer was a party because he or she was a Director or Officer of the Association against reasonable expenses actually incurred by the Director or Officer in connection with the proceeding

SECTION 4. Proscribed Indemnification. The Association shall not indemnify a Director or Officer in connection with a proceeding by or in the right of the Association in which the Director or Officer was adjudged liable to the Association, or in connection with any other proceeding charging improper personal benefit to the Director or Officer, whether or not involving action in his or her official capacity, in which the Director or Officer was adjudged liable on the basis that personal benefit was improperly received by the Director or Officer.

The indemnity provided for by this Article IX shall not be deemed to be exclusive of any other rights to which those indemnified may be otherwise entitled, nor shall the provisions of this Article IX be deemed to prohibit the Association from extending its indemnification to cover other persons or activities to the extent permitted by law or pursuant to any provision in these Bylaws. Any indemnification shall be made in strict conformance with the procedures set forth in the Act.

ARTICLE X **AMENDMENTS**

These Bylaws may be amended by affirmative vote of a majority of the Directors in office at the time the amendment is adopted. The Association shall provide notice to the Directors of any meeting at which an amendment to the Bylaws is to be approved. The notice must state that one of the purposes of the meeting is to consider a proposed amendment to the Bylaws and contain or be accompanied by a copy or summary of the amendment or state the general nature of the amendment.

ARTICLE XI.

ROBERT'S RULES OF ORDER

"Robert's Rules of Order" will govern all Membership and Board of Director meetings and such meetings shall be conducted in accordance therewith.

DATED this day of , 2007.

Secretary of the Corporation