

# Next Door Foundation

## BYLAWS

### ARTICLE I. NAME, SEAL AND OFFICES.

Section 1. Name. The name of this Corporation is Next Door Foundation, Inc., hereinafter "Next Door."

Section 2. Business Offices. Next Door may have such principal and other business offices, either within or without the State-of Wisconsin, as the Board of Directors may designate or as the business of Next Door may require from time to time.

Section 3. Registered Office. The registered office of Next Door may be, but need not be, identical with the principal office in the State of Wisconsin, and the address of the registered office may be changed from time to time by the Board of Directors.

Section 4. Seal. There shall be no seal.

### ARTICLE II. ANNUAL MEETING OF THE BOARD OF DIRECTORS.

Section 1. Annual Meeting. An annual meeting of the Board shall be held in September each year or at such other time as the Directors may agree from time to time, for the purpose of electing Directors and Officers, and for the transaction of such other business as may come before the meeting.

### ARTICLE III. BOARD OF DIRECTORS.

Section 1. General Powers. The affairs of Next Door shall be managed by or under the direction of its Board of Directors.

Section 2. Term. The term of a Director shall be for three years. Directors may not serve more than three consecutive terms, although, upon agreement with the Director concerned and the Executive Committee, a Director's term may be extended on a year-to-year basis.

Section 3. Number, Tenure and Qualifications. The number of Directors shall be 26; with two non-voting parent members. The number of Directors may be increased to any number from time to time by amendment of this Section by action of the Board of Directors. No decrease shall have the effect of shortening the term of an incumbent Director. Each Director shall hold office until a successor Director shall have been elected except in the case of a voluntary withdrawal or removal from office. A Director must be an adult age 18 or older. A majority of the Directors should be of the Lutheran faith. The President shall be a member of the Board and shall be able to vote on all matters except those directly dealing with the President such as, by way of illustration, compensation levels and removal.

Section 4. Advisory Board Members. The Board Chair, Executive Committee or Board, or any combination of them, may appoint one or more individuals to serve in an advisory capacity on the Board of Directors. Such individuals may attend such Board meetings as authorized from time to time by the Board. Any individual who serves in such capacity shall not have any of the powers or authority of a Director and shall not have the right to vote.

Section 5. Removal from Office. A Director may be removed from office by action of the Board of

Directors. A Director shall be automatically removed from office for conviction of a felony or misappropriation of Next Door's assets. A Director may resign at any time by filing a written resignation with the President or Board Chair of Next Door.

Section 6. Vacancies. Any vacancy occurring in the Board of Directors and any directorship position(s) to be filled by reason of an increase in the number of Directors shall be filled by the affirmative vote of a majority of the remaining Directors. Any Director(s) so elected to fill a vacancy shall serve until the end of the term.

Section 7. Quorum. A quorum of the Board shall consist of a simple majority of all Directors then in office. Unless otherwise required by law or by the articles of incorporation or these by-laws, the majority vote of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 8. Board Meetings. Meetings of the Board may be held in person, and the Board may take action(s) by written consent, which consent may be signed and transmitted by facsimile or other form of wire or wireless transmission. Unless otherwise restricted by these by-laws, members of the Board of Directors or any committee designated by the Board may participate in a meeting of such Board or committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other simultaneously, or by which all communication during the meeting is immediately transmitted to each participating director, and each participating director is able to immediately send messages to all other participating directors. Participation in a meeting in this manner shall constitute presence in person at such meetings. No Director may act by proxy in any matter.

Section 9. Regular Meetings. Regular meetings of the Board of Directors shall be held at such time and place as the Board Chair or Executive Committee may provide.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Board Chair, the Executive Committee or any two Directors. Such persons may fix any place, or if such meeting is to be held telephonically or by similar communications equipment, any time, for holding the special meeting called by them. Notice of all calls and meetings of the Board of Directors shall be as provided in Article III, Section 11 of these by-laws.

Section 11. Notice. Notice of any meeting of the Board of Directors shall be given not less than seventy-two (72) hours prior to meeting if by mail, and not less than twenty-four (24) hours prior to meeting if by personal delivery, word of mouth, telephone, facsimile, e-mail, or other form of wire or wireless transmission. Notice shall be given by word of mouth, delivered personally or sent by mail or given by facsimile or other form of wire or wireless transmission to each Director at his/her address as shown on the records of Next Door. If mailed, such notice shall be deemed to be delivered one day after the notice is deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice is given by facsimile, e-mail, or other form of wire or wireless transmission, such notice shall be deemed to be delivered when transmitted. Any Director may waive notice of any meeting in writing, signed by the person entitled to notice, either before or after the time of the meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law. Whenever all of the Directors meet, such meetings shall be valid for all purposes without call or notice, or waiver of call or notice.

Section 12. Presumption of Assent. A Director of Next Door who is present at a meeting of the Board of

Directors at which action on any Foundation matter is taken shall be conclusively presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file his or her written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered or certified mail to the Secretary of Next Door immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 13. Compensation. The Directors shall not be paid compensation for services rendered as a Director. Directors shall not receive any stated salaries for their services, but by resolution of the Board of Directors expenses of attendance and any other out of pocket expenses may be allowed if the circumstances warrant such payment or reimbursement. Nothing contained herein shall be construed to preclude any Director from serving Next Door in any other capacity and receiving reasonable compensation therefore.

#### **ARTICLE IV. OFFICERS.**

Section 1. Officers. The Officers of Next Door shall be a Board Chair, a President, one or more Board Vice Chairs (the number thereof to be determined by the Board of Directors), a Secretary, a Treasurer and such other officers as may be elected in accordance with the provisions of this Article, all of whom shall be members of the Board of Directors. The Board of Directors may elect or appoint such other Officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed, from time to time, by the Board of Directors. Any two or more offices may be held by the same person.

Section 2. President. The President shall be the principal officer of Next Door subject to the control of the Board of Directors. The President, who shall be a full-time employee of Next Door, shall supervise, direct and perform the business and affairs of Next Door, sign contracts in the ordinary course of business and other instruments authorized by the Board of Directors and discharge such other duties as may be prescribed by the Board of Directors from time to time. The President shall be an ex-officio member of all committees. The President shall at least annually brief the Board on the number, status and likelihood of continuance of all significant grants and programs.

Section 3. Election and Term of Office. The Officers of Next Door shall be elected in even-numbered years by the Board of Directors at the Annual Meeting of the Board of Directors. If the election of Officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Officers shall serve for a two year term. The term shall commence as of November 1 of each even-numbered year. 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 shall have qualified. Election of an Officer shall not of itself create contract or employment rights.

Section 4. Removal. Any Officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of Next Door would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, shall be filled by the Board of Directors as soon as practical following the date of the vacancy.

Section 6. Board Chair. The Board Chair shall preside at all meetings of the Board of Directors and shall be ex officio a member of all standing or special committees. The Board Chair may sign, with the Secretary or any other proper Officer of Next Door authorized by the Board of Directors, any 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 by-laws or by statute to some other officer or agent of Next Door. The Board Chair may vote all securities which Next Door is entitled to vote except as and to the extent such authority shall be vested in a different Officer or agent of Next Door by the Board of Directors. The Board Chair shall perform all duties incident to the office of Board Chair and such other duties as may be prescribed by the Board of Directors from time to time.

Section 7. Board Vice Chairs. In the absence of the Board Chair or in the event of the inability or refusal to act, the Board Vice Chair (or in the event there be more than one Board Vice Chair, the Board Vice Chairs in the order of their election) shall perform the duties of the Board Chair, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Board Chair. Any Board Vice Chair shall perform such other duties as from time to time may be assigned by the Board Chair or by the Board of Directors.

Section 8. Treasurer. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his/her duties in such sum and with such surety or sureties as the Board of Directors shall determine, the premium of which shall be paid by Next Door. The Treasurer shall be the principal accounting and financial officer of Next Door. The Treasurer shall have charge and custody of and be responsible for all funds and securities of Next Door; receive and give receipts for monies due and payable to Next Door from any source whatsoever, and deposit all such monies in the name of Next Door in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article VII of these by-laws; and in general perform all the duties incident to the office of the Treasurer and such other duties as from time to time may be assigned by the Board Chair or by the Board of Directors.

Section 9. Secretary. The Secretary shall (a) attend all sessions of the Board and record the minutes of the meetings of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these by-laws or as required by law; (c) be custodian of the corporate records; (d) keep a register of the post office address of each Director which shall be furnished to the Secretary by such Director; and (e) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the Board Chair or the Board of Directors.

Section 10. Assistant Treasurers and Assistant Secretaries. If required by the Board of Directors, the Assistant Treasurers shall give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Treasurers and Assistant Secretaries, in general, shall perform such duties as shall be assigned to them by the Treasurer or the Secretary or by the Board Chair or the Board of Directors.

Section 11. Other Employees. The Board of Directors may engage the services of such other employees as may from time to time be deemed necessary or advisable for the objects and purposes of Next Door.

Section 12. Salaries. The salary of the President shall be fixed from time to time by the Board of Directors or the Executive Committee. The President shall not participate in Board deliberation or voting with respect to the salary of the President.

#### **ARTICLE V. COMMITTEES, COMMISSIONS AND ADVISORY BOARDS.**

Section 1. Committees. In addition to the Standing Committees which are subject to the provisions of this Article, the Board of Directors, by resolution, may designate and appoint one or more committees, each of which shall consist of two or more individuals, which committees, to the extent provided in said

resolution, shall have and exercise the authority of the Board of Directors for the purpose for which such committee is formed, except that no such committee shall have any power to elect officers or fill a vacancy on the Board of Directors or any committee of the Board of Directors. The designation and appointment of any such committee and delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed upon such Director by law. The Chair of each Standing Committee shall be a member of the Board of Directors.

Section 2. Commissions or Advisory Bodies. Commissions or advisory bodies not having and exercising the authority of the Board of Directors in Next Door may be designated or created by the Board of Directors and shall consist of such persons as the Board of Directors designates. A commission or advisory body may or may not have Directors as members, as the Board of Directors determines. The commission or advisory body may not act on behalf of Next Door or bind it to any actions but may make recommendations to the Board of Directors or to the Officers of Next Door.

Section 3. Term of Office. Each member of a committee, advisory board or commission shall continue as such until the next annual meeting of the Board of Directors or until his or her successor is appointed, unless the committee, advisory board or commission shall be sooner terminated, or unless such member be removed from such committee, advisory board or commission by the Board of Directors.

Section 4. Vacancies. Vacancies in the membership of any committee, advisory board or commission shall be filled by appointments made in the same manner as provided in the case of the original appointments.

#### **ARTICLE VI. STANDING COMMITTEES.**

Section 1. Executive Committee. The Executive Committee is to function on behalf on the Board of Directors in routine business matters, matters of emergency and in interim periods between regularly scheduled Board meetings. The Executive Committee shall have and exercise the authority of the Board of Directors provided that such authority shall not operate to circumvent the responsibility and authority vested in the Board of Directors by these By-Laws. The Executive Committee shall be composed of the Board Chair, all Board Vice Chairs, the Secretary, the Treasurer, all chairs of the Standing Committees and the President. All members of the Executive Committee shall be Directors. The Chair of the Executive Committee shall be the Board Chair. The responsibilities shall include but not be limited to (a) develop the necessary subcommittee system to successfully carry out the fundraising events and activities that are a part of the annual fundraising plan, (b) make decisions on behalf of the full Board of Directors as needed, which cannot wait for the full Board of Directors, (c) maintain effective communication with the committees of the organization, (d) coordinate the annual planning and budget process, (e) provide policy recommendations to the Board of Directors, (f) annually review the performance of the President, (g) respond to the call of the Board Chair or President for emergency meetings to deal with special problems, and (h) manage other matters as may be necessary or assigned from time to time.

Section 2. Board Development Committee. The Board Development Committee is responsible for matters pertaining to Board of Directors recruitment, nominations, orientation, training and evaluation in accordance with the By-laws of Next Door as well as established policies and practices approved by the Board of Directors. The responsibilities of this Committee shall include but are not limited to (a) study current composition of Board of Directors to determine current skills and experience, (b) identify skills and experience needed on Board, (c) recruit members to run for Board and develop a standing slate of Directors for consideration, (d) develop an orientation and training plan for new Board members, (e) review annually the procedures for the Board recruitment, (f) assist the Executive Committee in an annual Board self evaluation, (g) assist the Board Chair in determining appointments to committee positions, (h) review the attendance of Directors, (i) annually evaluate its work in completing the objectives it has committed itself to and report on the same to Board of Directors, (j) report to the Board of Directors at

regular meetings of the Board, and (k) manage other matters as may be assigned from time to time. The composition of the Board Development Committee shall consist of a chairperson, the President, and four members at large. The Chair may increase or decrease the size of the Committee. Non-Directors may serve in any capacity other than Chair of this Committee.

Section 3. Finance & Administration Committee. The Finance & Administration Committee is responsible for the preparation of the annual budget of Next Door. The Treasurer of the Board of Directors shall serve as Chair of this Committee. The responsibilities of this committee include but are not limited to (a) prepare an annual budget for the organization, (b) develop long-range financial plans, (c) review all grant proposals and when necessary recommend action by the Board of Directors, (d) review all non-budgeted expenditures over \$3,000 and recommend action to the Board of Directors or the Executive Committee, (e) annually submit objectives as part of the planning and budgeting process, (f) annually evaluate its work as a committee and the objectives it has committed itself to and report on the same to the Board of Directors, (g) arrange for an annual audit with submission of the same to the Board of Directors, (h) report to the Board of Directors at regular meetings, (i) insure that proper internal controls are in place, reviews periodic financial reports (balance sheet, income statement, changes in financial position), (j) provide assistance to the Board of Directors in fulfilling its fiduciary responsibilities relating to accounting and reporting practices, (k) ensure that Next Door is capable of rendering prompt, accurate accountings of its activities to the Board of Directors, (l) supervise and review the activities of the Personnel Subcommittee and (m) manage other matters as may be assigned from time to time. The composition of the Finance & Administration Committee shall consist of a chairperson, the President, and three members at large. The Chair may increase or decrease the size of the Committee. Non-Directors may serve in any capacity other than Chair of this Committee.

Section 3(a). Personnel Subcommittee. The Personnel Subcommittee shall be responsible for reviewing, implementing, and following through on employment practices and employee/employer relations. Functions shall include but not be limited to (a) recommendation of changes in personnel policies and guidelines, (b) ensuring that practices, policies and procedures are in accordance with federal, state and local employment laws, (c) review and recommend annual compensation level of the President, (d) annually evaluate the performance of the President, and (e) such other matters as may be assigned from time to time. The composition of the Personnel Subcommittee shall consist of a chairperson, the President, and three members at large. The Chair of the Finance and Administration Committee may increase or decrease the size of the Personnel Subcommittee. Non-Directors may serve in any capacity other than the Chair of this Subcommittee.

Section 4. Advancement Committee. The Advancement Committee is responsible for raising non-grant funds to meet the budget of Next Door. The responsibilities of this Committee include but are not limited to (a) develop and provide to the Board an annual fundraising plan that will generate the funds needed to meet the non-grant fundraising and grant fund goals, (b) develop the necessary subcommittee system to successfully carry out the fundraising events and activities that are part of the annual fundraising plan, (c) monitor the grant fundraising activities of Next Door, (d) supervise the functions of the subcommittees, (e) develop a plan for involving Board members in the non-grant fundraising activities of Next Door and grant funding when it is advisable, (f) investigate new fundraising projects, activities and ideas for possible use in the future, (g) annually submit objectives as part of the planning and budgeting process, (h) review annually the feasibility of charging for services provided by Next Door (this shall be coordinated with the Program Committee), (i) annually evaluate its work as a committee and the objectives it has committed to itself, (j) be the principal marketer for Next Door, (k) develop, present for approval and execute a marketing plan, and (l) manage other matters that may be assigned from time to time. The composition of the Advancement Committee shall consist of a chairperson, the President, and four members at large. The Chair may increase or decrease the size of the Committee. Non-Directors may serve in any capacity other than the Chair of this Committee.

Section 5. Program Committee. The Program Committee shall be responsible for recommendation for adoption or termination of programs, monitoring, auditing, checking and inspecting current programs, and the execution of programs conducted by Next Door. In connection therewith, the Program Committee shall (a) review and recommend to the Board of Directors community needs as developed and analyzed by the staff and the Committee, (b) assist the staff in developing systems and procedures for evaluation of programs, (c) assist staff in supervision, review and recommendations to the Board of Directors of an annual program audit, and (d) manage other matters as may be assigned from time to time. The composition of the Program Committee shall consist of a chairperson, the President, and six members at large. The Chair may increase or decrease the size of the Committee. Non-Directors may serve in any capacity other than the Chair of this Committee.

Section 6. Appointments and Vacancies. With the exception of the Executive Committee, the members of which are appointed by virtue of the officer they hold it is anticipated that the Directors shall volunteer to serve as the Chair or members of the other standing committees. In the event that a sufficient number of volunteers is not available the Board Chair shall appoint Directors to serve in such positions. Committee members shall serve until the earlier of the expiration of their term as a Director, resignation or removal. The Chair of each Standing Committee shall have the authority to expand the size of the committee and to include non-Directors as members except in the case of the Executive Committee and the Program Committee. The Board Chair or this Executive Committee shall have the authority to appoint to and remove from, Directors and non-Directors to the Standing Committees. The Chair of such Standing Committees except for the Executive Committee shall have the authority to remove Directors or non-Directors from their Committee. Directors may serve on more than one committee. With the exception of the President, no more than one full-time employee of Next Door shall serve on any particular committee.

#### **ARTICLE VII. CONTRACTS, LOANS, CHECKS, DEPOSITS, SECURITIES AND FUNDS.**

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

Section 2. Loans. No funded indebtedness shall be contracted on behalf of Next Door and no evidence of such indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, etc. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of Next Door, shall be signed by such officer or Officers, agent or agents of Next Door 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 or an Assistant Treasurer and countersigned by the Board Chair or a Board Vice Chair of Next Door.

Section 4. Deposits. All funds of Next Door not otherwise employed shall be deposited from time to time to the credit of Next Door in such banks, trust companies or other depositories as the Board of Directors may select.

Section 5. Securities. The Board Chair is authorized and empowered to receive, acquire, hold, sell, assign, pledge, or hypothecate any and all forms of securities, including but not limited to shares, stocks, bonds, debentures, evidences of indebtedness, interests in stocks, bonds, or other securities, deposit certificates, and warrants or rights to subscribe for securities, and to make and execute to any purchaser or



purchasers, pledges or pledges on behalf and in the name of this Foundation, and assignment of bonds or certificates representing securities owned or held by this Foundation, including deposit certificates, and certificates representing rights to subscribe for securities.

Section 6. Gifts. The Board of Directors may accept on behalf of Next Door any contribution, gift, bequest or devise for the general purpose or for any special purpose of Next Door. The Board may accept any restricted contributions and shall use such funds in accordance with the terms of such restrictions.

#### **ARTICLE VIII. BOOKS AND RECORDS.**

Next Door shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board of Directors. All books and records of Next Door may be inspected by any Director or his/her agent or attorney, for any proper purpose at any reasonable time.

#### **ARTICLE IX. FISCAL YEAR.**

The fiscal year of Next Door shall begin on the first day of July and end on the last day of June in each year.

#### **ARTICLE X. PROHIBITION AGAINST SHARING IN CORPORATE EARNINGS.**

No Director, Officer, or employee of or member of a committee of or person connected with Next Door, or any other private individual shall receive at any time any of the net earnings or pecuniary profit from the operations of Next Door, provided that this shall not prevent the payment to any such person of such reasonable compensation for services rendered to or for Next Door in effecting any of its purposes as shall be fixed by the Board of Directors; and no such person or persons shall be entitled to share in the distribution of any of Next Door assets upon the dissolution of Next Door. All members of Next Door shall be deemed to have expressly consented and agreed that upon such dissolution or winding up of the affairs of Next Door, whether voluntary or involuntary, the assets of Next Door, after all debts have been satisfied, then remaining in the hands of the Board of Directors shall be distributed in such amounts as the Board of Directors may determine or as may be determined by a court of competent jurisdiction upon application of the Board of Directors, exclusively to charitable, religious, scientific, testing for public safety, literary, or educational organizations which would then qualify under the provisions of Section 501(c)(3) of the Internal Revenue Code and its Regulations as they now exist or as they may be amended.

#### **ARTICLE XI. INVESTMENTS.**

Next Door shall have the right to retain all or any part of any securities or property acquired by it in whatever manner, and to invest and reinvest any funds held by it, according to the judgment of the Board of Directors, without being restricted to the class of investments which a trustee is or may be permitted by law to make or any similar restriction, provided, however, that no action shall be taken by or on behalf of Next Door if such action is a prohibited transaction or would result in the denial of the tax exemption under Section 503 or Section 507 of the Internal Revenue Code and the regulations promulgated there under as they now exist or as they may be amended.

#### **ARTICLE XII. EXEMPT ACTIVITIES.**

Notwithstanding any other provision of these By-Laws, no Director, officer, employee, or representative of this Foundation shall take any action or carry on any activity by or on behalf of Next Door not permitted to be taken or carried on by an organization exempt under Section 501(c)(3) of the Internal Revenue Code and the regulations promulgated there under as they now exist or as they may be amended, or by an



organization contributions to which are deductible under Section 170(c)(2) of such Code and Regulations as they now exist or as they may be amended.

**ARTICLE XIII. CONTRACTS BETWEEN FOUNDATION AND DISQUALIFIED PERSONS.**

Any contract or other transaction between Next Door and one or more of its Directors, or between Next Door and any firm of which one or more of its Directors are members or employees, or in which they are interested, or between Next Door and any Foundation or association of which one or more of its Directors are shareholders, members, Directors, officers or employees, or in which they are interested, shall be valid for all purposes, notwithstanding the presence of such Director or Directors at the meeting of the Board of Directors of Next Door which acts upon, or in reference to, such contract or transaction, and notwithstanding their participation in such action, if the fact of such interest shall be disclosed or known to the Board of Directors and the Board of Directors shall, nevertheless, authorize, approve and ratify such contract or transaction by a vote sufficient for that purpose without counting twelve of the interested Director or Directors. This section shall not be construed to invalidate any contract or other transaction which would otherwise be valid under common and statutory law applicable thereto.

**ARTICLE XIV. LIABILITY AND INDEMNITY OF OFFICERS AND DIRECTORS.**

Section 1. Liability of Directors and Officers. Except as otherwise provided by law, no Director or officer shall be liable to Next Door, or any person asserting rights on behalf of Next Door, its creditors, or any other person, for damages, settlements, fees, fines, penalties or other monetary liabilities arising from a breach of, or failure to perform, any duty resulting solely from his or her status as a Director or officer, unless the person asserting liability proves that the breach or failure to perform constitutes (a) a willful failure to deal fairly with Next Door 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 or benefit, or (d) willful misconduct.

Section 2. Indemnity of Directors and Officers. Next Door shall indemnify a Director or officer, to the extent he or she has been successful on the merits or otherwise in the defense of any threatened, pending or completed civil, criminal, administrative or investigative action, suit, arbitration or other proceeding, whether formal or informal, which involves foreign, federal, state or local law and which is brought by or in the right of Next Door or by any other person, for all reasonable expenses, including fees, costs, charges, disbursements and attorney fees, incurred in the proceeding, provided the Director or officer was a party because he or she is a Director or officer of Next Door, and in all other cases, Next Door shall indemnify a Director or officer against liability, including judgments, settlements, penalties, assessment, forfeitures, fines, including any excise tax assessed with respect to an employee benefit plan, and reasonable expenses, incurred by the Director or officer in the proceeding, provided the Director or officer was a party because he or she is a Director or officer of Next Door, unless the liability was incurred because the Director or officer breached or failed to perform a duty he or she owes to Next Door and the breach or failure to perform constitutes (a) a willful failure to deal fairly with Next Door in connection with the 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 that his or her conduct was lawful or no reasonable cause to believe that his or her conduct was unlawful, (c) a transaction from which the Director or officer derived an improper personal profit or benefit, or (d) willful misconduct.

The termination of a proceeding by judgment, order, settlement or conviction, or upon a plea of no contest or an equivalent plea, shall not, by itself, create a presumption that indemnification of the Director or officer is not required under this by-law. No indemnification is required under this by-law to

the extent the officer or Director has previously received indemnification, reimbursement or allowance of expenses from any person, including Next Door, in connection with the same proceeding. Determination of whether indemnification is required under this by-law shall be made by the means provided pursuant to Section 181.0873 of the Wisconsin Statutes.

Next Door, by its Board of Directors, may indemnify in a like manner, or with any limitations, any employee or agent of Next Door who is not a Director or officer with respect to any action taken or not taken in his or her capacity as such employee or agent. The foregoing rights of indemnification shall be in addition to all rights to which Directors, officers, employees or agents may be entitled as a matter of law, by resolution of the Board of Directors, or by written agreement with Next Door. All terms used in this Section 5.02 for which a definition is provided in Section 181.0871 of the Wisconsin Statutes and not otherwise herein defined shall have the meaning set forth in said statute.

Section 3. Maintenance of Insurance. The Board of Directors may, but shall not be required to, cause Next Door to purchase and maintain insurance on behalf of any person who is a Director, officer, employee or agent of Next Door against liability asserted against and incurred by the person in his or her capacity as a Director, officer, employee or agent, or arising from his/her status as a Director, officer, employee or agent, regardless of whether Next Door is required or authorized to indemnify the person against the same liability.

#### **ARTICLE XV. LIMITATIONS/RESTRICTIONS ON ACTIVITIES.**

Next Door shall not:

- (a) devote more than an insubstantial part of Next Door's activities to attempting to influence legislation by propaganda or otherwise;
- (b) directly or indirectly participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of or in opposition to any candidate for public office;
- (c) have objectives or engage in activities which characterize Next Door as an "action" organization as defined in Income Tax Regulations Section 1.501(c)(3)-1(3);
- (d) nor shall any dividends be paid or net earnings of Next Door inure, in whole or in part, to the benefit of any private individual;
- (e) notwithstanding any other provisions of these By-laws, Next Door shall not conduct nor carry on any activities not permitted to be carried on:
  - (1) by an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986 and its Regulations, or as amended from time to time or any successor thereto; or
  - (2) by an organization, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986 and its Regulations, as may hereafter be amended or any successor thereto;
- (f) fail to distribute its income for each taxable year at such time and in such manner so as to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws;
- (g) engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws;
- (h) retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws;
- (i) make any investments in such manner as to subject it to tax under Section 4944 of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws.

#### **ARTICLE XVI. AMENDMENTS TO BY-LAWS.**

These by-laws may be altered, amended or repealed and new by-laws may be adopted by a majority vote of a quorum of the Directors unless a By-Law requires a greater number of consenting Directors.