

**BYLAWS OF
INDIANA EDUCATION SAVINGS AUTHORITY (IESA)
STATE OF INDIANA**

ARTICLE I – ORGANIZATION

Section 1.1. Creation. The Indiana Education Savings Authority (the “Authority”) was created pursuant to the provisions of Indiana Code 21-9-3-1 as a body corporate and politic, and as an instrumentality of the state performing essential governmental functions. The Authority does not have corporate members and is governed by a board of directors (the “Board”).

Section 1.2. Purpose. The purpose of the Board is to establish any number of savings programs to encourage attendance at a college or university, and to help provide the benefits of postsecondary education to the people of Indiana. By providing access to education savings plans, it is the Board’s intent to provide to families additional means of striving for postsecondary education, promote the economic development of the state by creating opportunities for a more highly educated workforce, and increase employment opportunities in Indiana.

Section 1.3. Powers. Indiana Code 21-9-4-7 provides the Board all powers necessary and appropriate to carry out and effectuate its purposes, including, but not limited to, the power to adopt, amend, and repeal Bylaws and rules consistent with the statute to regulate its affairs and to affect the powers and purposes of the Board. The purpose of these Bylaws is to establish guidelines, policies, and procedures of the Board. It is not the intention of these Bylaws to exceed or contradict the statutes governing the creation and operation of the Board or the “Trust.” In any case where these Bylaws are found to contradict the Indiana Code, the Indiana Code shall control.

Section 1.4. Offices. The principal office of the Authority shall be in Indianapolis, IN. The Authority may have such other offices within the state of Indiana as the Board may designate, or as the business may require from time to time.

Section 1.5 Definition of Executive Director. For purposes of this document the term “manager” in IC 21-9-4-4 means the Executive Director of the Authority as hired by the Treasurer of State and approved by the Board.

ARTICLE II - BUDGET & FISCAL MANAGEMENT

Section 2.1. Budget. The Board shall operate on an itemized annual budget of anticipated operating expenses and revenues. The budget shall be presented to the Board with transparency and adopted annually by the Board. Budget information and the entire budget shall be available to any board member at any time. Any increase to the annual budget shall be presented to and adopted by the Board before any additional expense is incurred.

Section 2.2. Fiscal Year. The Board’s fiscal year shall begin July 1 and end June 30.

Section 2.3. Audits. The Board shall ensure that its accounts are audited annually by an independent public accounting firm, with the report therefrom forwarded to the governor and in an electronic format under Indiana Code 5-14-6 to the General Assembly.

ARTICLE III – BOARD OF DIRECTORS

Section 3.1. Functions. The business and affairs of the Authority shall be managed by or under the direction of the Board of the Authority.

Section 3.2. Officers of the Board. The Treasurer of State shall serve as chairperson of the Board. The chairperson shall preside at all meetings of the Board, shall be responsible for implementing policies established by the Board, and shall perform such other duties as the Board may prescribe. The Board shall annually elect one of its *ex officio* board members as a vice-chairperson. The vice-chairperson shall perform the duties usual to such position and such other duties as the Board of Directors or the chairperson may prescribe, from time to time. The vice-chairperson shall perform the duties and exercise the powers of the chairperson during absence or disability of the chairperson. The Board may elect any other officer it so desires.

Section 3.3. Qualifications. A board member must be a citizen of the United States. The number of board members constituting the Board shall be nine (9). The board members shall be elected or appointed in accordance with Indiana Code 21-9-4-1.

Section 3.4. Selection of Board Members. The Board shall consist of four (4) *ex officio* voting board members who shall include the Treasurer of State, the State Superintendent of Public Instruction, the Indiana Commissioner for Higher Education, and the Budget Director, and five (5) appointed board members, all of whom must be appointed by the governor. The five (5) appointed board members must have knowledge, skill, and experience in academic, business, financial, or education fields. A certificate of appointment or reappointment of each board member must be filed with the Board. Not more than three (3) of the appointed members of the Board may belong to the same political party.

Section 3.5. Term of Office. An appointed board member serves a four (4) year term. Each appointed board member holds office for the term of the appointment and serves after the expiration of the appointment until the board member's successor is appointed and qualified. The governor may reappoint an appointed board member. The governor may remove an appointed board member with cause (including misfeasance, malfeasance, or willful neglect of duty) after notice and a public hearing, unless the member expressly waives the notice and hearing in writing.

Section 3.6. Vacancies. A vacancy shall be filled for the balance of an unexpired term in the same manner as the original appointment. The successor board member's term shall continue for the remainder of the unexpired term of his or her predecessor.

Section 3.7. Resignation and Removal of Officers. Any officer may resign at any time by giving notice of his or her resignation in writing to the Board or the Executive Director. Such resignation shall take effect upon receipt of such notice or at any later time specified therein. Any officer may be removed from office at any time, with or without cause, by resolution adopted by a majority of the entire Board. Any officer shall be removed from office without further action of the Board in the event he or she ceases to be a member of the Board.

ARTICLE IV – MEETINGS OF THE BOARD OF DIRECTORS

Section 4.1. Number of Meetings. The Board shall meet at least four times per calendar year, and at other times upon the call of the chairperson.

Section 4.2. Notice of Meetings. Public notice of the date, time, and place of any meetings, executive sessions, or of any rescheduled meeting, shall be given at least forty-eight (48) hours (excluding Saturdays, Sundays, and legal holidays) before the meeting. This requirement does not apply to reconvened meetings (not including executive sessions) where announcement of the date, time, and place of the reconvened meeting is made at the original meeting and recorded in the memoranda and minutes thereof, and there is no change in the agenda. The Board shall give public notice by posting a copy of the notice at the principal office of the agency. The Board shall give public notice by delivering notice to all news media which deliver an annual written request for the notices not later than December 31 for the next succeeding calendar year and notice shall be delivered by electronic mail. The Executive Director, in concert with the chairperson, shall prepare all necessary agendas and notices and post in accordance with Indiana Code 5-14-1.5, and these Bylaws.

Section 4.3. Waiver of Notice. Notice of any meeting may be waived before or after the date of such meeting, if such waiver is in writing, is signed by the board member entitled to notice, and is filed with the minutes of the meeting or the Board's records. A board member's attendance at any meeting shall constitute a waiver of notice unless the board member attends the meeting only for the purpose of objecting to the meeting on the ground it was not properly called or convened and such board member does not vote for or assent to any action taken in the meeting.

Section 4.4. Special Meetings. Additional or special meetings of the Board may be called by the chairperson or vice-chairperson at their own discretion or by written petition signed by not less than five (5) board members of the Board. Such specially called meeting will be held within thirty (30) days of the request by the five (5) board members, unless such board members agree to a later date. Notice of the time and place of special meetings shall be given pursuant to Indiana Code 5-14-1.5-5.

Section 4.5. Quorum. The majority of the members of the Board, whether present or communicating by alternative means as allowed under section 4.8, shall constitute a quorum for the purposes of conducting the Board's business and exercising the Board's powers and for all other purposes if the greater of: (A) two (2) members; or (B) one-third (1/3) of the members are physically present at the place where the meeting is conducted. The affirmative vote of a majority of all participating members is necessary for the Board to take action. A vacancy on the Board will not be counted when establishing a quorum and does not impair the right of a quorum to exercise all the rights and perform all the duties of the Authority.

Section 4.6. Location. Unless otherwise agreed by a majority of the Board, all business meetings of the Board shall be convened and held in Indianapolis, Indiana, at a specific location selected by the chairperson or vice-chairperson.

Section 4.7. Substitution of Board Members. The *ex officio* members of the Board may be represented by a designee, so long as the designee is appointed in writing and notice of the appointment is given to all board members prior to the representation taking effect. Such designees must be employees of or appointees under the control of the designating board member. A designee has all powers and authority to act on behalf of the *ex officio* board member.

Section 4.8. Participation at Board Meetings by Alternative Means of Communication. So long as a quorum is established under section 4.5, members of the Board may participate in a meeting by using a means of communication that permits all other board members participating in the meeting and all members of the public physically present at the place where the meeting is conducted to

simultaneously communicate with each other during the meeting. Such participation through electronic communication must be reflected in the memoranda of the meeting and must not violate Indiana Code 5-14-1.5-3.6. A board member who participates in a meeting by such means of communication is considered to be present at the meeting and may vote. All votes taken during a meeting where a member is participating by an alternative means of communication must be taken by roll call vote. Each member of the Board (or his/her designee) should physically attend at least two (2) meetings of the Board annually. Reasonable accommodations shall be made to allow a board member to participate by an alternative means of communication. A technical failure will not stop the proceeding of the meeting unless a quorum cannot be established.

ARTICLE V – BOARD COMMITTEES

Section 5.1. Standing or Special Committees. The Board may from time to time establish standing or special committees to convene for the purposes of making and developing recommendations to present to the Board. Subject to the approval of the Board, the chairperson shall appoint the chairperson of each such standing or special committee. The Executive Director may be an *ex officio*, non-voting member of a committee. Members of the standing and special committees shall be appointed by the Board from among the members of the Board.

Section 5.2. Meetings of Committees. Meetings of each committee of the Board shall be held upon call by the committee chairperson or by the chairperson of the Board. Notice of time and place of committee meetings shall be given pursuant to Indiana Code 5-14-1.5-5 and these Bylaws.

Section 5.3. Reports. Each standing or special committee shall prepare and submit a written report of its activities during the quarterly meeting of the Board, and shall submit such additional or more frequent reports as may be requested by the Board.

ARTICLE VI - CONTRACTS & OBLIGATIONS

Section 6.1. Reservation of Authority. Unless provided in these Bylaws, or independently authorized by statute, regulation, rule, or vote of the Board, no officer, agent, or employee of the Board has either the power or authority to bind the Board by any contract, agreement, or other obligation, or to pledge the Board's credit, or to render the Board pecuniarily liable for any purpose or amount. Any obligation incurred in violation of this Article and Section shall be voidable at the sole discretion of the Board.

Section 6.2. Authorization. Contracts, agreements, and other instruments properly authorized by the Board may be signed, executed, and delivered by the chairperson or vice-chairperson. The vice-chairperson may act in the absence or unavailability of the chairperson, and a Deputy State Treasurer may act in lieu of the chairperson, as agents for the executions under this section.

Section 6.3. Expenditures. In accordance with Article VII, the Executive Director is authorized to make expenditures for daily operating expenses of the Authority and its staff. Such expenses shall be provided for in the annual itemized budget of the Board.

Sections 6.4. Disbursement of Funds. All disbursements of funds by the Board shall be made by check, draft, or other written or recorded evidence of indebtedness; and all such instruments shall be signed by the chairperson or vice-chairperson. The vice-chairperson may act in the absence or

unavailability of the chairperson, and a Deputy State Treasurer may act in lieu of the chairperson, as agents for the executions under this section.

ARTICLE VII - MANAGEMENT

The Board of Directors may employ an Executive Director, who is not a member of the Board. The Board may delegate necessary and appropriate functions and authority to the Executive Director. The Executive Director may be compensated in such amount as the Board of Directors may determine from time to time to be responsible and proper. The Executive Director may designate the duties directed to him or her by the Board to members of his or her staff, but shall retain responsibility for each of the designated tasks.

The affairs of the Authority shall be managed by the Executive Director, subject to the direction of the Board.

ARTICLE VIII - ETHICS POLICY

Pursuant to Indiana Code 4-2-6, the Board shall be under the jurisdiction and subject to rules adopted by the State Ethics Commission.

ARTICLE IX - CONFLICTS OF INTEREST

Section 9.1. Loans. No member of the Board shall vote in any decision regarding a loan or guarantee if the board member or any financial institution of which the board member is an officer or director, has any interest or relationship, direct or indirect, with any individual, firm, partnership, corporation, or association which would be a party involved in the loan or guarantee. A correspondent relationship with the lender shall not be deemed such a relationship.

Section 9.2. Disclosure. Any board member, officer, employee, or agent of the Board shall disclose to the Board, prior to the public meeting, by the filing of proper disclosure forms as required by statute, any conflicting or suspect interest or relationship prior to deliberation and final action by the Board as required and in a manner provided by Indiana Code 35-44.1-1-4.

Section 9.3. Interest of a Board Member in a Contract. The Board may enter into any contract or transaction with any organization, association, or corporate entity of which one or more of the members of the Board are a member, director, officer, manager or employee, and no such contract shall be invalid, provided such contract or transaction is entered into in good faith. Any board member with an interest in such a contract, whenever necessary to avoid an actual or apparent conflict of interest, shall recuse himself or herself from any vote or other action by the Board with respect to such contract.

Section 9.4. Violations. Any action taken in violation of this Article or the Indiana Code with regard to conflicts of interest may void the action of the Board.

ARTICLE X – IMMUNITY FROM CIVIL LIABILITY

As an instrumentality of the State, the Board is protected from loss by the immunity provided by Indiana Code 34-13-3-3, so long as its board members are acting within the scope of their authority.

ARTICLE XI - CIVIL RIGHTS

Section 11.1. General Provision. The Board herein adopts the state of Indiana's policy to provide equal employment opportunity to all people in all aspects of employer-employee relations without discrimination based on race, color, sex, disability, ancestry, religion, national origin, or status as a veteran as outlined under Indiana Code 22-9-1-2.

Section 11.2. Sexual Harassment. The Board herein adopts the state of Indiana's policy regarding sexual harassment.

ARTICLE XII - AMENDMENT

These Bylaws may be amended, repealed or altered in whole or in part by a majority vote of the Board. All board members must be given prior notice of a proposed change to the Bylaws; including: a) the current Bylaws, b) the proposed amendment, and c) the Bylaws as it will read if the amendment is adopted. Any change to the Bylaws must occur in two (2) consecutive meetings. Proposed changes must be discussed in one meeting with a vote held separately – either at the next regular meeting or a special meeting.

ARTICLE XIII - IMPLEMENTATION

Section 13.1. Adoption of Bylaws. These Bylaws are adopted wholly and entirely as the Bylaws of this Board.

Section 13.2. Effective Date. These Bylaws shall become effective immediately following their adoption by the Board.