

CORPORATE BYLAWS  
OF  
MILLIKIN UNIVERSITY  
An Illinois Not-For-Profit Corporation

Amended and Restated February 27, 2010.

Article II, Section 2.7 – Amended November 10, 2011

Article XXIV-Conflicts of Interest Policy Removed and – Amended February 23, 2013  
incorporated into Board's Policies and Procedures Document

Article XXV renumbered Article XXIV – Amended February 23, 2013

CORPORATE BYLAWS

OF

MILLIKIN UNIVERSITY

An Illinois Not-For-Profit-Corporation  
Amended and Completely Restated May 19, 2007

ARTICLE I

CORPORATION

SECTION 1.1. Corporate Name. The name of the corporation is Millikin University.

SECTION 1.2. Affairs and Management. These Bylaws may contain provisions for the regulation and management of the affairs of the corporation not inconsistent with law or the articles of incorporation.

SECTION 1.3. Corporate Purposes. The purposes of the corporation are to maintain and operate at the City of Decatur in the County of Macon in the State of Illinois an educational institution of higher learning known as Millikin University (the “University”), composed of one or more schools or departments devoted to instruction of students in general or particular sciences, literature or the arts, and in any or all branches of general, professional and vocational education, and confer degrees for completion of study in such institution, and to promote the cause of education.

SECTION 1.4. Corporate Offices. The corporation shall have and continuously maintain in the State of Illinois a registered office and a registered agent whose office address is identical with such registered office, and may have other offices within or without the State of Illinois as the Board may from time to time determine.

SECTION 1.5. No Members. The corporation has no members.

SECTION 1.6. Corporate Dissolution. In the event of the dissolution of the corporation, the Board shall, after paying or making provision for the payment of all of the liabilities of the corporation, distribute all of the assets of the corporation to such organization or organizations organized and operated exclusively for charitable, educational or scientific purposes as shall at the time qualify as an exempt organization or organizations under §501 (c) (3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law), and as the Board shall determine. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction of the county in the state in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or

organizations, as said court shall determine, organized and operated exclusively for such purposes.

SECTION 1.7. IRC§501 (c) (3). The corporation shall operate exclusively for charitable, scientific or educational purposes within the meaning of §501 (c) (3) of the Internal Revenue Code of 1986, as amended, in the course of which operation:

- (A) No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to, its trustees, officers, or other persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth herein;
- (B) No substantial part of the activities of the corporation shall be carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office except as authorized under the Internal Revenue Code of 1986; and
- (C) Notwithstanding any other provisions of these bylaws, the corporation shall not carry on any other activities not permitted to be carried on by:
  - (i) a corporation exempt from federal income tax under §501 (c) (3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law); or
  - (ii) a corporation, contributions to which are deductible under §170 (c) (2) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law).

## ARTICLE II

### BOARD OF TRUSTEES

SECTION 2.1. Board of Trustees. The number of trustees of the corporation shall not be less than twenty-five (25) nor more than thirty-five (35), the exact number of trustees to be determined from time to time by the Board of Trustees (the “Board”) without further amendment of the bylaws. In the event the number of trustees is increased, the vacancies so resulting shall be filled by the Board. No decrease in the number of trustees shall shorten the term of any incumbent trustee. The president of the corporation shall serve as an ex-officio trustee without vote and shall not be included as one of the number of trustees.

SECTION 2.2. Faculty and Student Representation.

- (A) The Board will annually elect one (1) faculty representative as an advisor to the Board pursuant to Section 2.17 who shall be nominated by the faculty during the spring semester of the academic year through a process established by the faculty. The faculty representative shall serve a maximum of three (3) consecutive one-year terms. Said faculty representative will be presented to the Board for election at its May Commencement meeting, will be invited to attend all meetings of the Board except those conducted in executive session and as otherwise determined by the chair, will not have voting privileges, and shall not be included as one of the number of trustees.
- (B) The Board will annually elect one (1) student representative as an advisor to the Board pursuant to Section 2.17 who shall be nominated by the student body during the spring semester of the academic year through the student government process. The student representative shall serve a one-year term. Said student representative will be presented to the Board for election at its May Commencement meeting, will be invited to attend all meetings of the Board, except those conducted in executive session and as otherwise determined by the chair, will not have voting privileges, and shall not be included as one of the number of trustees.

SECTION 2.3. Trustee Emeritus. A trustee, who has rendered exceptional and distinguished service as a member of the Board, may be nominated by the committee on governance and elected by the Board to the office of trustee emeritus. A trustee emeritus may (a) attend all Board meetings, without vote, and upon request receive notices and copies of minutes of Board meetings; and (b) with his or her consent be appointed to a Board committee, but shall not be chair or vice chair of any committee.

SECTION 2.4. Powers of the Board of Trustees. The policy-making powers of the corporation shall be vested in the Board, which shall have charge, control, and management of the policies, property, affairs, and funds of the corporation; shall approve the employment and compensation of the president and any agreements therefore; shall conduct executive sessions for such matters as the chair of the Board may determine; shall have the power to establish auxiliary or affiliated corporations or other organizations and to approve their bylaws; and shall have the power and authority to do and perform all acts or functions not inconsistent with these bylaws or the corporation's articles of incorporation.

SECTION 2.5. Election and Vacancies. The trustees shall be elected at the annual meeting of the Board as provided in Section 2.8 of this article. Vacancies due to death, resignation or other causes may, but need not, be filled for the unexpired term of the predecessor in office through election by the Board from persons nominated by the committee on governance, such successor to serve for the remainder of the term of the vacant trusteeship.

SECTION 2.6. Classification of Terms. The Board has been and will continue to be, divided into three (3) classes as nearly equal in number as may be possible, with the term of

office of one class expiring each year. At each annual election, the successors to the class of trustees whose term shall then expire shall be elected to hold office for a three (3) year term expiring at the third succeeding annual meeting. When the number of trustees is changed, any newly created trusteeships or any decrease in trusteeships shall be so apportioned among the classes as to make all classes as nearly equal in number as possible. When the number of trustees is increased by the Board, there shall be no classification of the additional trustees until the next annual meeting of the Board.

SECTION 2.7. Term Limits and Re-election. A trustee shall serve three (3) consecutive three (3) year terms. The election of a trustee to a new term shall not be automatic. During the third year of each trustee's term, the chair of the Board and the chair of the committee on governance shall conduct a trustee performance review. In the case of a trustee elected to fill an unexpired term, the duration of that term shall be disregarded towards number of years served. A trustee who rises to a Board leadership position as chairman or vice chairman may extend his/her service beyond the three (3) consecutive three (3) year terms until the term as chairman expires.

SECTION 2.8. Annual Meeting of Board of Trustees. The annual meeting of the Board shall be held on a date set by the president, or in the absence of the president, by the chair of the Board, in May of each year at the principal office of the corporation, or at such place and at such hour as may be designated in the notice. The purpose of the annual meeting shall be (a) to elect trustees to the Board of the corporation; (b) to elect the ad hoc nominating committee for the coming year; (c) to elect the chair of the various standing committees; and (d) to transact such other business as may be desirable.

SECTION 2.9. Regular Meetings of Board of Trustees. In addition to the annual meeting described in Section 2.8, the Board shall hold regular meetings at least two (2) times in each calendar year, at times determined by the president, or in the absence of the president by the chair of the Board, at the principal office of the corporation or such other convenient location as directed by the president or by the chair of the Board.

SECTION 2.10. Special Meetings of the Board of Trustees. Special meetings of the Board may be called by (a) the president, (b) the chair, (c) the secretary upon written request of any seven (7) members of the Board or (d) the executive committee, at such time and place designated in the call.

SECTION 2.11. Required Attendance. Any trustee who does not attend a minimum of one Board meeting per year shall be deemed to have resigned from the Board, but such person may appeal to the executive committee for re-instatement to the board.

SECTION 2.12. Voting. Each trustee with vote shall have only one vote on any matter submitted to the Board.

SECTION 2.13. Notice of Board of Trustees Meetings. The secretary shall give notice of the time and place of any special or regular meeting of the Board. Notice of any regular meeting shall be given at least two (2) months prior to the meeting and again ten (10) days prior thereto. Notice of any special meeting shall be given at least ten (10) days prior thereto, except as otherwise provided in Section 2.19, and except that in the event of emergency declared by the executive committee the notice may be given not less than three (3) days prior to the meeting. Notice shall be in writing delivered personally, or mailed to each trustee at his or her address, or by facsimile, telegram or other electronic transmission, except that in the event of emergency declared by the executive committee the notice may be given by telephone. Notice of any special meeting shall state the purpose or purposes for which the meeting is called and the proposed action if any to be taken, and no other business may be taken at the meeting. Any trustee may waive notice of any meeting. The attendance of a trustee at any meeting shall constitute a waiver of notice of such meeting, except where a trustee attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 2.14. Informal Action by the Board of Trustees. Any action required by law to be taken at a meeting of the Board, or any action which may be taken at a meeting of the Board, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the trustees. For the purposes of this section, a signed writing shall include any original written document or photocopy or facsimile copy thereof, or an electronic document.

SECTION 2.15. Quorum For Board of Trustees' Meetings. A majority of the trustees then in office shall constitute a quorum. The act of the majority of the trustees present at a meeting at which a quorum is present shall be the act of the Board. No trustee may act by proxy.

SECTION 2.16. Participation in Board Meetings. Trustees may participate in and act at any meeting of the Board through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can communicate with each other. Participation in such a meeting shall constitute attendance and presence at the meeting by the person or persons so participating.

SECTION 2.17. Advisor to the Board of Trustees. The Board may elect non-voting advisors who shall receive notice of and may attend meetings of the Board and who may express their views, but who shall not be entitled to vote.

SECTION 2.18. Remuneration of Trustees. Trustees and members of committees of the Board shall not receive compensation for any service provided in their capacity as such; provided, however, that nothing contained herein shall be considered to preclude a trustee or Board committee member from receiving reimbursement for expenses actually incurred in connection with service as a trustee or Board committee member or reasonable compensation for services rendered to the corporation in another capacity.

SECTION 2.19. Resignation and Removal of Trustees. A trustee may resign at any time by written notice to the Board. A trustee may be removed, with or without cause, by the affirmative vote of a majority of the trustees then in office present and voting at a meeting of the Board at which a quorum was present. No special meeting of the Board may remove a trustee unless written notice of the proposed removal is delivered to all trustees at least twenty (20) days prior to such meeting.

### ARTICLE III

#### OFFICERS OF THE BOARD

SECTION 3.1. Designation of Board Officers. The officers of the Board shall be a chair, one or more vice chairs (the number to be determined by the Board), a secretary and a treasurer, and such other officers (including one or more assistant secretaries and assistant treasurers) as may be determined by the Board. The nominating committee shall recommend annually all candidates for chair, vice chairs and other officers for election by the board. The officers of the Board shall be elected by the Board to serve one (1) year terms. Officers other than the chair and the vice-chair need not be members of the Board. Any two (2) or more offices may be held by the same person. The officers of the Board shall be elected annually by the Board at its Winter meeting, or if not, at an adjourned annual meeting, regular or special meeting held as soon thereafter as conveniently may be, but, in any event, officers shall serve until their successors are duly elected and qualified. Officers shall be subject to removal as provided in Section 3.8 below. Vacancies may be filled or new offices created at any meeting of the board.

SECTION 3.2. Duties of the Board Chair. The chair of the Board shall be the principal officer of the Board, and shall have all the duties which that position would customarily require, including chairing all meetings of the Board and all other duties assigned to him or her under these bylaws or by Board resolution.

SECTION 3.3. Duties of the Board Vice Chair. In the absence of the chair or in the event of the chair's inability or refusal to act, the Board vice chair (if more than one, in their order of designation by the Board) shall chair meetings of the Board and shall perform such other duties as may be delegated to him or her from time to time by the Board.

SECTION 3.4. Duties of the Secretary. The secretary shall act as secretary of the corporation and of the Board; shall send appropriate notices or waivers of notice regarding Board meetings, as directed by the president or the chair or by the Board, or as otherwise directed under these bylaws; shall act as official custodian of all records, reports and minutes of the corporation, the Board and committees; shall be responsible for the keeping and reporting of adequate records

of all meetings of the Board and shall perform such other duties as are customarily performed or required of corporate secretaries. The secretary shall also keep a register of the post office address, telephone number and facsimile number of each trustee, which shall be furnished to the secretary by the trustee.

SECTION 3.5. Duties of the Treasurer. The treasurer of the corporation shall have responsibility for and custody of all funds and securities of the corporation; shall maintain the funds of the corporation; shall maintain accurate records of all receipts and expenditures; shall prepare and provide reports to the Board and the chair as to the corporation's finances; shall prepare an annual budget for the president to submit to the Board at its last regular meeting before the end of the corporation's fiscal year, such budget to show anticipated receipts, expenses and income for the ensuing fiscal year of the corporation; and shall perform all other duties incident to the office of treasurer and such other duties as from time to time may be assigned to him or her by the chair or the Board.

SECTION 3.6. Assistant Treasurers and Assistant Secretaries. Assistant treasurers and assistant secretaries shall perform such duties as shall be assigned to them by the treasurer or secretary, respectively, or by the president or by the chair or the Board.

SECTION 3.7. Bond. As required by the Board, any officer or employee of the corporation shall give a bond for the faithful discharge of his or her duties, in such sum and with such surety or sureties as the Board shall determine. The corporation shall pay the premium of any such bond or bonds.

SECTION 3.8. Removal of Officers. Any officer of the Board may be removed, with or without cause, at any time, subject to contract rights, by the Board.

## ARTICLE IV

### COMMITTEES

SECTION 4.1. Committee Membership. Committees of the Board shall be standing or special. The majority of the membership of each committee shall consist of trustees. All standing committees shall have at least five (5) members, except for the executive committee, which shall have at least eight (8) members. Special committees shall have at least three (3) members. Each standing committee shall have a chair and vice chair, or two or more co-chairs. In each committee, the chair or one co-chair shall be a trustee.

SECTION 4.2. Committee Appointments. The chair of the Board shall appoint all committees, other than the executive committee and the nominating committee, and the chair of each committee, other than the nominating committee, shall be elected by the Board. The executive committee shall be appointed by the Board. The nominating committee shall be appointed by the committee on governance. The vice chair of each committee, other than the

nominating committee, shall be appointed by the chair of the Board. All appointments shall be made annually for a term of one (1) year. The chair of the nominating committee shall be appointed by the committee on governance.

SECTION 4.3. Term. All committee members (other than members of the executive committee) shall serve at the pleasure of the executive committee. Members of the executive committee shall serve at the pleasure of the Board.

SECTION 4.4. Vacancies. Except as otherwise provided in these bylaws, any vacancy in any committee (other than the executive committee) shall be filled by the chair of the Board. Any vacancy in the executive committee shall be filled by the Board.

SECTION 4.5. Ex-Officio Members. The chair of the Board and the president shall be ex-officio members of all committees, except as otherwise provided in these bylaws, and shall not be included as one of the number of committee members. The president shall serve without vote.

SECTION 4.6. General Supervision. All committees (other than the executive committee) shall be subject to the general supervision of the executive committee. The executive committee shall be subject to the general supervision of the Board.

SECTION 4.7. Records. Each committee shall keep a record of its proceedings. The secretary for the committee shall be the administrative Vice President who serves as Advisor or other such person as the committee may designate.

SECTION 4.8. Notice of Committee Meetings. The secretary of the committee shall give at least ten (10) days notice to each committee member of the time and place of the committee meeting, as directed by the committee chair, except that in the event of an emergency declared by the chair of the executive committee, notice of a meeting of the executive committee may be given not less than three (3) days prior to the meeting. Notice shall be in writing delivered personally, or mailed to each committee member at his or her address or by telegram, facsimile or other electronic transmission, except that in the event of an emergency declared by the chair of the executive committee, notice of the executive committee meeting may be given by telephone. Any committee member may waive notice of any meeting. The attendance of a committee member at any meeting shall constitute a waiver of notice of such meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 4.9. Rules. Each committee may adopt rules for its operation not inconsistent with these bylaws or the policies of the corporation or of the Board.

SECTION 4.10. Quorum of Committee Members. A majority of any committee shall constitute a quorum and a majority of committee members present and voting at a meeting at

which a quorum was present is necessary for committee action. No committee member may act by proxy.

SECTION 4.11. Participation in Committee Meeting. Committee members may participate in and act at any meeting of the committee through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can communicate with each other. Participation in such a meeting shall constitute attendance and presence at the meeting by the person or persons so participating.

SECTION 4.12. Informal Action by a Committee. Any action which may be taken at a meeting of a committee may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all of the committee entitled to vote. For the purposes of this section, a signed writing shall include any original written document or photocopy or facsimile copy thereof, or an electronic document.

SECTION 4.13. Reports. Each committee, other than the executive committee, shall report to the executive committee or to the Board, as the chair of the Board may direct. The executive committee shall report to the Board.

SECTION 4.14. Other Responsibilities. The Board may assign other responsibilities to any committee not inconsistent with other provisions of these bylaws.

SECTION 4.15. Special Committees. Special committees may be created or terminated at any time by resolution of the Board. A special committee shall limit itself to the accomplishment of the tasks for which it is appointed and shall have no power to act except as specifically conferred by action of the Board. Upon completion of the tasks for which it was created, a special committee shall stand discharged.

SECTION 4.16. Standing Committees. The standing committees of the Board shall be an alumni and external development committee, an audit committee, a budget and finance committee, a campaign steering committee, a committee on governance, a committee for trustee and presidential evaluation, a compensation committee, an educational affairs committee, an executive committee, a facilities committee, an investment committee, and a marketing and enrollment management committee. The membership and duties of the standing committees are set forth in articles V, VI, VII, VIII, IX, X, XI, XII, XIII, XIV, XV, and XVI.

SECTION 4.17. Mission Statement for Standing Committees. Each standing committee will have a mission statement which will be reviewed annually with specific attention given to connecting the oversight responsibilities of one or more of the committees to each of the high priority goals and objectives of the corporation.

## ARTICLE V

### ALUMNI AND EXTERNAL DEVELOPMENT COMMITTEE

SECTION 5.1. Membership. The membership shall consist of trustees and non-trustee advisors. Non-trustee advisors may express their views but shall serve without vote.

SECTION 5.2. Responsibilities. The alumni and external development committee shall:

- (A) Review and advise the corporation on all issues related to alumni and legislative affairs.
- (B) Monitor the corporation's progress toward goals in these areas.
- (C) Oversee the planning and coordination of the corporation's efforts in these areas.
- (D) Coordinate trustee involvement in the above areas.

## ARTICLE VI

### AUDIT COMMITTEE

SECTION 6.1. Membership: The membership shall consist of trustees and non-trustee advisors. The chair and at least one (1) other member of the budget and finance committee shall serve on the audit committee, along with at least one (1) trustee who does not serve on the budget and finance committee. The non-trustee advisor(s) includes the University staff who support the committee. Additional non-trustee advisors may include up to two outside financial/audit experts who have no relationship to the University. Non-trustee advisors may express their views but shall serve without vote.

SECTION 6.2. Purpose: The Audit Committee shall assist the Board in the oversight of:

- (A) the integrity of the financial statements of the corporation,
- (B) the effectiveness of the internal control over financial reporting,
- (C) the independent public accounting firm's qualifications and independence,
- (D) the performance of the independent public accounting firm, and
- (E) the corporation's compliance with legal and regulatory requirements.

SECTION 6.3. Responsibilities. The audit committee shall:

- (A) Assure that the corporation's information gathering and reporting systems developed by administration represent a good faith attempt to provide senior management and the Board with information regarding material acts, events, and conditions within the corporation.
- (B) Be directly responsible for the appointment, compensation, retention and oversight of the independent public accounting firm, including resolution of any disagreements between management and the independent accounting firm regarding financial reporting. The independent public accounting firm shall report directly to the committee.
- (C) Maintain free and open communication with the independent public accounting firm and management of the corporation in fulfilling these responsibilities.
- (D) Discuss with the independent public accounting firm the overall scope and plans for their audit including adequacy of staffing, compensation and points of audit emphasis.
- (E) Approve in advance all audit services proposed to be provided by the independent public accounting firm and execute the annual audit engagement letter.
- (F) Report regularly to the Board regarding the effectiveness of the corporation's financial reporting policies and procedures.
- (G) In discharging its oversight role, be empowered to investigate any matter being brought to its attention with full access to all books, records, facilities and personnel of the corporation and the power to retain external counsel or other experts or advisors for this purpose.
- (H) Monitor corporation action on control deficiencies reported by the auditor. Communicate with other Board committees which, on the basis of the annual audit report, may need to take action.
- (I) Keep the Board informed of issues related to auditing standards and practices affecting the corporation.
- (J) Provide oversight for the corporation's Enterprise Risk Management process.

## ARTICLE VII

### BUDGET AND FINANCE COMMITTEE

SECTION 7.1. Membership. The membership shall consist of trustees and non-trustee advisors. The non-trustee advisor(s) is the University staff who support the committee. The

chair of the audit committee and the chair of the investment committee shall serve on the budget and finance committee. Non-trustee advisors may express their views but shall serve without vote.

SECTION 7.2.        Responsibilities. The budget and finance committee shall:

- (A) Review annual operating and capital budgets of the corporation.
- (B) Following the end of each fiscal quarter, review financial reports prepared by the corporation administration showing revenues and expenditures relative to the approved budget for the fiscal year and understand the causes of any significant variances from the approved budget. Also, review the Balance Sheet.
- (C) Provide interpretation to the board of the corporation's financial reports, for the purpose of increasing trustee understanding of the corporation's financial position.
- (D) Understand the impact of corporation policies regarding tuition, housing and food charges, student financial aid, compensation of employees and other policies with significant revenue or expenditures impact. Annually, generally at the Fall Board meeting, approve budgeting parameters for the next fiscal year. These parameters are: tuition, board and room increases; endowment spending draw percentage; and compensation merit increase percentage.
- (E) Consider any and all appropriate means for financing of corporation capital needs and make recommendations to the board of trustees relative thereto.
- (F) Recommend, implement and monitor the corporation's financial policies and guidelines.

## ARTICLE VIII

### CAMPAIGN STEERING COMMITTEE

SECTION 8.1.        Membership. The membership shall consist of trustees and non-trustee advisors. Non-trustee advisors may express their views and shall have voting privileges.

SECTION 8.2.        Responsibilities. The campaign steering committee shall:

- (A) Coordinate the trustees' involvement in fundraising.
- (B) Monitor the corporation's progress toward fundraising goals to ensure the existence of vigorous fundraising programs for the corporation.

- (C) Oversee the planning and coordination of the corporation's development program that includes capital campaigns, annual fund drives, investment giving programs and friend-raising programs.

## ARTICLE IX

### COMMITTEE ON GOVERNANCE

SECTION 9.1. Membership. The membership shall consist of trustees and non-trustee advisors. Non-trustee advisors may express their views but shall serve without vote.

SECTION 9.2. Responsibilities. The committee on governance shall:

- (A) Maintain a list of prospective candidates for trusteeship.
- (B) Present to the Board at its annual meeting nominations for trustees to be elected by the Board, trustees emeriti of the Board, and secretary and treasurer of the Board. Assist the Board chair in presenting nominees for committee chairs and members of the committees.
- (C) Present nominees to fill any vacancies on the Board. Assist the Board chair in presenting nominees to fill any vacancies in Board officers or on the executive committee.
- (D) Develop effective processes for trustee recruitment, selection, orientation, motivation, and evaluation.
- (E) Furnish information relating to the background and qualifications of each nominee to the Board at least fourteen (14) days prior to the Board meeting at which an election is scheduled.
- (F) Oversee the corporation's governance and management organizations, including the Board, the Board officers, Board committee structure, and the administration, and review succession policies of the corporation.
- (G) Oversee the corporation's Conflict of Interest policy.
- (H) Record and maintain Board policies and practices. Monitor and provide oversight for policy implementation.

SECTION 9.3. Committee Chair. The vice chair of the Board shall serve as chair of the committee on governance.

ARTICLE X

COMMITTEE FOR TRUSTEE AND PRESIDENTIAL EVALUATION

SECTION 10.1. Membership. The membership shall consist of trustees and non-trustee advisors. Non-trustee advisors may express their views but shall serve without vote.

SECTION 10.2. Responsibility. The committee for trustee and presidential evaluation shall coordinate the annual evaluation of the president and the trustees and the periodic comprehensive evaluation of the Board in the context of the entire corporation, and shall report its conclusion, as appropriate, to the Board for discussion.

SECTION 10.3. Achievement of Goals and Objectives. The presidential evaluation will evaluate the president's achievement of Board-approved short-term, annual, strategic and operating goals and objectives.

SECTION 10.4. Supplemental Appraisals. The presidential evaluation will be supplemented by confidential appraisals of the president's performance by faculty leadership, all members of the president's cabinet, representatives of the administration and staff, and student leadership. These appraisals will be focused on the presidential performance in furtherance of the Board- approved short-term strategic goals and objectives.

ARTICLE XI

COMPENSATION COMMITTEE

SECTION 11.1. Membership. The membership shall consist of trustees and non-trustee advisors. The non-trustee advisor(s) is the University staff who support the committee. Non-trustee advisors may express their views but shall serve without vote.

SECTION 11.2. Responsibilities. The compensation committee shall:

- (A) Obtain benchmark information on salaries and benefits being paid to presidents and other senior management positions at other colleges and universities of similar size and scope nationally and regionally.
- (B) In consultation with the evaluation committee, develop a recommendation for presidential compensation and benefits.

- (C) Recommend to the Board all presidential compensation proposals, including incentive and fringe benefit plans.
- (D) Review and approve the president's compensation proposals for cabinet members and other individuals reporting directly to the president, and report summary data to the board of trustees in executive session.

SECTION 11.3.       Committee Chair. The chair of the Board shall chair the compensation committee.

## ARTICLE XII

### EDUCATIONAL AFFAIRS COMMITTEE

SECTION 12.1.       Membership. The membership shall consist of trustees and non-trustee advisors. Non-trustee advisors may express their views but shall serve without vote.

SECTION 12.2.       Responsibilities. The educational affairs committee shall:

- (A) Direct the corporation's comprehensive educational philosophy, educational priorities, facilities and resources, college/school and academic programs, faculty affairs including personnel and evaluation policies and governance, student life services, and related support areas such as enrollment management, library and information services.
- (B) Review progress on short-term and long-term planning goals.
- (C) Evaluate and recommend academic proposals for Board approval.
- (D) Provide external perspective and guidance to the corporation's academic leadership.
- (E) Sponsor special sessions designed to inform the Board of important educational issues.
- (F) Contribute to trustee understanding through agenda discussion about topics of strategic significance such as faculty productivity, curricular strengths and weaknesses, and assessments of the leading fields of study.
- (G) Encourage a system of faculty performance assessments that contributes to the strategic goal of faculty quality, including the highest integrity and discipline for the purpose of tenure awards and a process for post tenure review.

### ARTICLE XIII

#### EXECUTIVE COMMITTEE

SECTION 13.1.     Membership. The membership shall consist of trustees. The chair and the vice chair(s) of the Board, and at least one member of each of the other standing committees shall be members of the executive committee.

SECTION 13.2.     Responsibility. Between meetings of the Board, the executive committee shall have general supervision of the administration and property of the corporation, except that, unless specifically empowered by the Board so to do, the executive committee may not award degrees, amend the corporate bylaws, appoint or remove the president of the corporation or take any other action specifically reserved for the Board by law or by resolution of the Board. The executive committee may reinstate trustees pursuant to Section 2.11.

SECTION 13.3.     Emergency calls. The executive committee of the Board shall be vested with the necessary powers to respond to emergency calls for approvals in the interim between formal meetings of the Board. It is expected that these calls for emergency action would be rare and that the schedule of formal meetings shall serve to anticipate all necessary Board actions. All actions taken by the executive committee must be reported to the Board for ratification at the next meeting.

SECTION 13.4     Academic Degrees. The executive committee may award academic degrees to eligible candidates graduating in December of each year or if otherwise specifically empowered to do so by the Board.

SECTION 13.5.     Honorary Degrees. The executive committee shall serve as the committee on honorary degrees. The executive committee shall confer with the president or his or her representatives and shall present its nominations for recipients of honorary degrees to the Board at least thirty (30) days prior to the conferring of the honorary degrees.

### ARTICLE XIV

#### FACILITIES COMMITTEE

SECTION 14.1.     Membership. The membership shall consist of trustees and non-trustee advisors. The non-trustee advisor(s) is the University staff who support the committee. Non-trustee advisors may express their views but shall serve without vote.

SECTION 14.2.     Responsibilities.     The facilities committee shall:

- (A)     Receive annual reports on the status of facilities' operations.

- (B) Annually review deferred maintenance planning.
- (C) Review and recommend for approval of plans and cost estimates of new facilities.
- (D) Oversee the development and implementation of the Campus Master Plan.
- (E) Establish guidelines for property acquisition and purchase prices therefore, and receive regular reports as to property acquisitions, demolitions, and improvements.

## ARTICLE XV

### INVESTMENT COMMITTEE

SECTION 15.1.     Membership. The membership shall consist of trustees and non-trustee advisors. The non-trustee advisor(s) includes the University staff who support the committee. Additional non-trustee advisors may include up to two outside investment experts who have no relationship to the corporation. The chair of the budget and finance committee and the audit committee shall serve on the investment committee. Non-trustee advisors may express their views but shall serve without vote.

SECTION 15.2.     Responsibilities.     The investment committee shall:

- (A) Acting within the scope of investment policy guidelines (Investment Policy Statement – “IPS”) established by the Board, have oversight of all investable funds of the corporation. The committee may employ investment counsel and may delegate authority to purchase or sell securities for the account of the corporation to such investment counsel or to any officer of the corporation, subject to such limitations as the committee may impose.
- (B) See that all endowment and trust funds held and administered by the corporation are properly held, invested and disposed of in accordance with terms of the applicable governing instrument and the IPS.
- (C) Report changes in investment allocations to the Board at their next meeting.
- (D) Review the IPS at least every three years.

## ARTICLE XVI

### MARKETING AND ENROLLMENT MANAGEMENT COMMITTEE

SECTION 16.1. Membership. The membership shall consist of trustees and non-trustee advisors. Non-trustee advisors may express their views but shall serve without vote.

SECTION 16.2. Responsibilities. The marketing and enrollment management committee shall:

- (A) Review and advise the corporation on all issues related to marketing the corporation and issues pertaining to enrollment management.
- (B) Monitor the corporation's progress toward goals in these areas.
- (C) Oversee the planning and coordination of the corporation's efforts in these areas.
- (D) Coordinate trustee involvement in the above-stated areas.

## ARTICLE XVII

### NOMINATING COMMITTEE

SECTION 17.1 Membership. The membership shall consist of trustees and non-trustee advisors elected by the committee on governance. Non-trustee advisors may express their views but shall serve without vote.

SECTION 17.2 Responsibilities. The nominating committee shall:

- (A) Solicit nominations for officers from members of the Board.
- (B) Recommend annually all candidates for chair, vice chairs and other officers of the Board for election by the Board.
- (C) Maintain a list of prospective candidates for officers and their qualifications.
- (D) Review the management organization and succession policies of the corporation.

## ARTICLE XVIII

### PRESIDENT AND VICE PRESIDENTS

SECTION 18.1. President's Election and Term. The president of the corporation shall be elected by the Board. The Board shall approve all contracts with respect to the president's

employment and the president shall serve at the Board's pleasure. Any employment contract with the president shall be in writing.

SECTION 18.2. President's Responsibilities. The president shall:

- (A) Be the chief executive officer of the corporation and be charged with the activities of the corporation, including the oversight and coordination of the curriculum, the maintenance of order and discipline of the academic community and the general promotion of the interests of the corporation.
- (B) Appoint, terminate and promote members of the faculty of the corporation, recommend faculty for tenure; and grant sabbaticals.
- (C) Be responsible for the employment, promotion and termination of corporation staff and salaried personnel.
- (D) Preside on all public academic occasions and represent the corporation before the public generally.
- (E) In the absence of special provisions to the contrary, be the official medium of communication between the Board and corporation personnel.
- (F) Cause annual operating and capital budgets of the corporation to be prepared and submitted to the budget and finance committee for review.

SECTION 18.3. President's Goals and Objectives. The annual responsibility of developing strategic goals and objectives shall be an expectation of presidential performance. These goals and objectives shall be quantifiable and measurable and bear a specific connection to the corporation's strategic plan, and shall be subject to the approval of the Board. The goals and objectives will be the result of consultation and dialogue with the vice presidents, president's cabinet, faculty leadership, and the faculty at-large so as to serve the objectives of:

- (A) The corporation as a whole working from a common strategic agenda.
- (B) Bringing greater clarity to strategic decision-making.
- (C) Bringing greater clarity to the responsibilities for making those decisions.

SECTION 18.4. Vacancy in the Office of the President. In the event of a vacancy in the office of the president, the executive committee shall assign the president's duties until such time as either an acting or a new president is elected by the Board.

SECTION 18.5. Vice Presidents. The corporation shall have one or more vice presidents as may be appointed by the president upon prior notice to the board and who shall serve at the

pleasure of the president. The vice presidents shall perform such duties and have such responsibilities as may be prescribed from time to time by the president and shall be considered as members of the president's staff. The vice presidents may be removed, at any time, with or without cause, by the president who then shall so notify the board of such removal.

## ARTICLE XIX

### FACULTY

SECTION 19.1. Responsibilities. The faculty shall, subject to the approval of the Board:

- (A) Sit as a legislative body and adopt rules and regulations governing the academic requirements of the student body consistent with the educational philosophy of the corporation.
- (B) Recommend to the president the academic programs to be established and the degrees to be granted by the corporation.

SECTION 19.2. Standards of Corporation Social Conduct. Standards of social conduct are subject to consecutive review by appropriate corporation committees, the president and the Board.

SECTION 19.3. Faculty Tenure. The granting and termination of faculty tenure is subject to approval by the Board and/or executive committee upon recommendation of the president.

## ARTICLE XX

### CORPORATE SEAL

SECTION 20.1. Corporate Seal. The corporate seal shall be in the form of a circle and shall have inscribed thereon the name of the corporation and the words "Corporate Seal of Illinois." The affixing of the corporate seal to an instrument shall not give the instrument additional force or effect or change the construction thereof and the use of the corporate seal is not mandatory.

## ARTICLE XXI

### FISCAL MATTERS

SECTION 21.1. Fiscal Year. The fiscal year of the corporation shall begin on July 1st of each year and end on June 30th of each year.

SECTION 21.2. Contracts. The Board authorizes the president or a vice president or their express designees to execute contracts on behalf of the corporation. However, no contract requiring an annual expenditure in excess of Two Hundred Fifty Thousand Dollars (\$250,000.00) which was not included in an annual budget approved by the Board may be contracted on behalf of the corporation without the prior approval of the Board.

SECTION 21.3. Loans. No loan in excess of Two Hundred Fifty Thousand Dollars (\$250,000.00) shall be contracted on behalf of the corporation and no loan in excess of Two Hundred Fifty Thousand Dollars (\$250,000.00) shall be issued in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances. No loan shall be granted to an officer of the corporation or to a member of the Board.

SECTION 21.4. Maintenance of Records. The corporation shall keep correct and complete books and records of account and other records of the activities of the corporation in accordance with commonly accepted good business standards or necessary for compliance with legal requirements. All such records shall be open to inspection upon demand of the Board, the executive committee, the budget and finance committee or the audit committee.

SECTION 21.5. Deposits. All funds of the corporation not otherwise employed shall be managed in accordance with the University Cash Management Policy.

SECTION 21.6. Gifts. The Board may accept or reject, on behalf of the corporation, any contribution, gift, grant, bequest or devise for the general purposes, or for any special purpose of the corporation, but the corporation shall have no power to divert the same from the specific purpose designated by the donor.

## ARTICLE XXII

### DEGREES

SECTION 22.1. Granting of Academic Degrees. The Board, acting upon the recommendation of the president and the faculty shall authorize the granting of academic degrees.

SECTION 22.2. Standards for Academic Degrees. All academic degrees granted or awarded by the Board or the executive committee shall be such college degrees or diplomas as are recognized or approved by The Higher Learning Commission.

SECTION 22.3. Honorary Degrees. Honorary degrees may be awarded by the Board, or by the executive committee if authorized by the Board, from nominations made by the executive committee.

ARTICLE XXIII

## INDEMNIFICATION

SECTION 23.1. Indemnification in Actions Other Than by or in the Right of the Corporation. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the corporation) by reason of the fact that he or she is or was a trustee, trustee or non-trustee member of a Board committee or an officer or is or was serving at the request of the corporation as a director, member of a Board committee or an officer of another corporation, partnership, joint venture or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit, or proceeding, if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, or conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation or, with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his or her conduct was unlawful.

SECTION 23.2. Indemnification in Actions by or in the Right of the Corporation. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person is or was a trustee, a trustee or non-trustee member of a Board committee or an officer or is or was serving at the request of the corporation as a director, member of a Board committee or officer of another corporation, partnership, joint venture or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, provided that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the corporation, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

SECTION 23.3. Right to Payment of Expenses. To the extent that a trustee, a trustee or non-trustee member of a Board committee or an officer has been successful, on the merits or otherwise, in the defense of any action, suit, or proceeding referred to in Sections 23.1 and 23.2 of this article, or in defense of any claim, issue, or matter therein, such person shall be

indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

SECTION 23.4. Determination of Conduct. Any indemnification under Section 23.1 and 22.2 of this article (unless ordered by a court) shall be made by the corporation only as authorized in the specific case, upon a determination that indemnification of the trustee, trustee or non-trustee member of a Board or officer is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Sections 23.1 or 23.2 of this article. Such determination shall be made (a) by the Board by a majority vote of a quorum consisting of trustees who were not parties to such action, suit, or proceeding or (b) if such a quorum is not obtainable, or even if obtainable, if a quorum of disinterested trustees directs, by independent legal counsel in a written opinion.

SECTION 23.5. Payment of Expenses in Advance. Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by the corporation in advance of the final disposition of such action, suit, or proceeding as authorized by the trustees in the specific case, upon receipt of a written undertaking by or on behalf of the trustee, trustee or non-trustee member of a Board committee or officer to repay such amount, unless it shall ultimately be determined that he or she is not entitled to be indemnified by the corporation as authorized in this article.

SECTION 23.6. Indemnification not Exclusive. The indemnification provided by this article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of disinterested trustee, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a trustee, a trustee or non-trustee member of a Board committee or an officer and shall inure to the benefit of the heirs, executors, and administrators of such a person.

SECTION 23.7. Insurance. The corporation shall purchase and maintain insurance on behalf of any person who is or was a trustee, a trustee or non-trustee member of a Board committee or an officer or is or was serving at the request of the corporation as a director, member of a Board committee or officer of another corporation, partnership, joint venture or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of this article.

SECTION 23.8. Notice to Board of Trustees. If the corporation has paid indemnity or has advanced expenses under this article to a trustee, trustee or non-trustee member of a Board committee or an officer, or one who is or was serving at the request of the corporation as a director, member of a Board committee or officer of another corporation, partnership, joint venture or other enterprise, the corporation shall report the indemnification or advance in writing to the members of the Board before the next meeting of the Board.

SECTION 23.9. References. For purposes of this article, references to “other enterprises” shall include employee benefit plans; references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the corporation” shall include any service as a trustee, director, officer, employee or agent of the corporation that imposes duties on or involves services by such trustee, director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries. A person who acted in good faith and in a manner he or she reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the corporation” as referred to in this article.

#### ARTICLE XXIV

#### AMENDMENTS

SECTION 24.1. Amendments. The power to alter, amend, or repeal the bylaws or adopt new bylaws shall be vested in the Board unless otherwise provided in the articles of incorporation or the bylaws. Such action may be taken at a regular or special meeting for which written notice of the purpose shall be given.

ADOPTED by the board of trustees this 23<sup>th</sup> day of February, 2013 at Decatur, Illinois.

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Secretary