

BYLAWS
OF THE
UNIVERSITY OF ILLINOIS FOUNDATION

ARTICLE I

NAME AND INCORPORATION

Section 1. Name. The name of this organization shall be "University of Illinois Foundation." It is hereinafter referred to as the "Foundation."

Section 2. Nature. The Foundation shall be a not-for-profit membership corporation organized under the laws of the State of Illinois, and its purposes shall be charitable and educational.

Section 3. Location. The principal offices of the Foundation shall be at the University of Illinois Urbana-Champaign campus.

Section 4. Objects. The objects of the Foundation as stated in its Certificate of Incorporation, as amended, are:

(a) To assist in developing and increasing the facilities of the University of Illinois for broader educational opportunities for and services to its students and alumni and to the citizens of the State of Illinois, by encouraging gifts of money, property, works of art, historical papers and documents, museum specimens and other material having educational, artistic or historical value, and by such other proper means as may seem advisable.

(b) to receive, hold and administer such gifts with the primary mission of serving purposes other than those for which the State of Illinois ordinarily makes sufficient appropriations; to act without profit as trustee of educational, or charitable trusts; to administer gifts, grants or loans of money or property, real or personal, whether made by or for the benefit of public governmental bodies, state or national, or by or for the benefit of corporations or natural persons, and whether in the form of conventional express trusts or otherwise; to become a party to contracts, trust instruments and agreements of any type or description, and to execute negotiable obligations, as trustee or otherwise; in order to effectuate either the creation or organization of trusts, or the execution of the purposes thereof. Where the terms and conditions imposed by the donors of any forms of gifts or bequests make immediate transfer to the University of Illinois right and proper, the Foundation may transfer absolutely and in full right, title to and interest in such property, real and personal, transferred, assigned or conveyed by any and all persons whatsoever, whether such property be in the form of money, manuscripts, works of art, or otherwise, for the use and benefit of the University of Illinois, subject to said terms and conditions of said donors and subject also to the right of the Board of

Trustees of the University of Illinois to refuse such proffered gifts, if conditions attached there to be deemed unsatisfactory or unacceptable. Whenever such gifts or bequests, when made as memorials, involve maintenance, provision for such maintenance shall be included in the gift unless this requirement is waived by the University Board of Trustees.

(c) To deposit forthwith in the archives or library of the University articles or manuscripts, having scientific or educational value, which may be loaned to the Foundation by the owners or by persons in legal custody thereof, subject to the approval of the Board of Trustees.

(d) To act as the business agent of the Board of Trustees of the University of Illinois in performing any other services for the Board of Trustees not herein specifically mentioned, if said Board of Trustees so desires and so specifies.

(e) To do such other acts and undertake such other enterprises as in the judgment of the Board of Directors shall tend to promote the interests and welfare of the University of Illinois.

ARTICLE II

MEMBERS OF THE FOUNDATION

Section 1. Class of Members. There shall be three classes of members: 1) Honorary Members, who shall be members ex officio and shall consist of the President of the University of Illinois, members of the Board of Trustees of the University of Illinois, Governor of the State of Illinois, Chairman of the University of Illinois Alumni Association, and Chancellors of the campuses; 2) Foundation Members and; 3) Foundation Life Members, who shall be elected as described below.

Section 2. Election of Members.

(a) Honorary Members shall become and remain members ex officio without voting privileges when and so long as they are incumbents of the offices mentioned in Section 1 of this Article.

(b) Foundation Members. Foundation Members, not to exceed one thousand (1,000) in number, shall be elected by the Board of Directors as hereinafter provided to serve for a three (3) year term beginning upon their election at the annual meeting and until the third annual meeting thereafter. At the conclusion of each term, Members shall be considered for renewal for an additional three (3) year term. Members shall be encouraged to attend the Foundation's Annual Meeting. Members shall be eligible to serve on Board committees and have voting membership on Board committees.

(c) Foundation Life Members. Foundation Members of the University of Illinois Foundation, after exemplary service, may be nominated as a Life Member. Except as provided below, Life Members shall have no voting power, nor shall they be considered in determining a quorum. Life Members shall be encouraged to attend the Foundation's Annual Meeting. Life Members shall be eligible to serve on Board committees and have voting membership on Board committees.

The Membership and Governance Committee, not later than March 1 following its appointment, shall report to the Chairman of the Board of Directors of the Foundation the names of its nominees to be Foundation Members and Foundation Life Members. The names of all nominees (including nominees to be elected for the first time, nominees to be reelected, and nominees to become Life Members) shall be mailed to the directors not later than April 1. Any director may, no later than one (1) month before the spring directors' meeting, submit the names of any other nominees. Foundation Members and Foundation Life Members will be elected by majority vote of the directors present at the spring meeting, or, in the event a spring meeting is not held, at the next meeting of the Board.

No person shall be eligible for election until he or she has been nominated according to the process outlined above.

Section 3. Voting Rights. Each Foundation Member shall be entitled to one vote on each matter submitted to a vote of the members.

Section 4. Termination of Membership. The Board of Directors by affirmative vote of two-thirds of all of the members of the Board may suspend or expel a member for cause after an appropriate hearing.

Section 5. Resignation. Any member may resign by filing a written resignation with the Secretary.

Section 6. Transfer of Membership. Membership in the Foundation is not transferable or assignable.

ARTICLE III

MEETINGS OF THE FOUNDATION

Section 1. Annual Meetings. The regular annual meeting of the members of the Foundation shall be held at a time and place to be designated by the Chairman of the Board of Directors of the Foundation, such meeting to be held for the purpose of electing directors and for the transaction of such other business as may come before the meetings.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the Chairman of the Board of Directors of the Foundation, by resolution adopted by the Board of Directors, or by not less than one-tenth of the members, and should be held at the place within or without the State of Illinois designated in any such call.

Section 3. Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting of members shall be delivered, either personally or by mail, to each member entitled to vote at such meeting, not less than ten (10) days nor more than thirty (30) days before the date of any special meeting and not less than thirty (30) days before the date of the annual meeting, by or at the direction of the Chairman of the Board of Directors, or the Secretary, or the directors or members calling the meeting. In case of a special meeting or when required by statute or by these bylaws, the purpose for

which the meeting is called shall be stated in the notice. If mailed, the notice of a meeting shall be deemed delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of the Foundation, with postage thereon prepaid.

Section 4. Quorum. Ten (10) members of the Foundation present in person shall constitute a quorum at any meeting of the members; provided that if less than ten (10) members are present in person, a majority of the members present may adjourn the meeting from time to time without further notice.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. (a) Directors. The regular membership of the Board of Directors shall consist of not fewer than eighteen (18) and not more than twenty-four (24) persons elected by the membership of the Foundation as hereinafter provided, the person serving as Chairman, the person serving as Immediate Past Chairman, the person serving as Chair-Elect, who shall serve a one-year term, and the following non-voting ex officio members: one or more Vice Chairmen (if not elected to such offices respectively from among the elected members of the Board of Directors), the President of the University of Illinois, the Chair of the Board of Trustees of the University of Illinois (or such other member of the Board of Trustees as the Chair of the Board of Trustees may designate in writing), and the Chairman of the University of Illinois Alumni Association.

(b) Life Directors. All Past Chairmen of the Board of Directors of the University of Illinois Foundation and all members of the Board of Directors of the Foundation whose terms have expired may, after exemplary service, be elected life directors. Life directors shall have no voting power, nor shall they be considered in determining a quorum. Life directors shall be encouraged to attend all meetings of the Board of Directors, with full entitlement under the provisions of Section 8 of this Article IV pertaining to notices. Life directors shall be eligible for voting membership on Board committees.

Section 2. (a) Election of Directors. At each annual meeting of the members of the Foundation there shall be elected from the membership of the Foundation no fewer than six (6) and no more than nine (9) directors, each of whom shall serve as a regular director for a term of three (3) years.

No director elected by the members of the Foundation shall serve more than four three-year terms as an elected regular director.

The Membership and Governance Committee shall nominate members of the Foundation for election to the Board of Directors. Nominees for Directorships shall be presented to the Board of Directors for comments prior to their election by the membership of the Foundation. The Committee shall also evaluate directors whose three-year terms have expired, and provide orientation for new members.

(b) Election of Life Directors. The Membership and Governance Committee shall nominate life directors as provided in Article IV, Section 1.b for election by the Board of Directors.

Section 3. Powers and Duties. The Board of Directors shall manage the affairs of the Foundation and shall exclusively exercise all of its powers, except the election of directors at the annual meeting of members and such other matters as shall be submitted by the Board of Directors to the members or shall be required by statute to be submitted to the members.

Section 4. Removal of Directors. Any elected director may be removed for cause by a majority vote of the members of the Board of Directors, upon notice of charges against said director given in writing by the Chairman or Secretary, at least twenty (20) days before action on his removal is taken. The resignation of a director for any cause may be accepted by a majority vote of the Board of Directors.

Section 5. Vacancies. Any vacancy occurring in the Board of Directors shall be filled by appointment by the Board of Directors. A director so appointed to fill a vacancy shall be appointed for the predecessor's unexpired term of office.

Section 6. Regular Meetings. There shall be three or more regular meetings of the Board of Directors annually. One of the regular meetings shall be at the time and place of the regular annual meeting of the members of the Foundation. The Board of Directors may provide by resolution the time and place for the holding of regular meetings of the Board without other notice than such resolution.

Section 7. Special Meetings. Special meetings of the Board of Directors may be called in the discretion of the Chairman, and must be called by the Chairman on the written request of three (3) or more members of the Board of Directors. Special meetings shall be called at any reasonable time and place determined by the Chairman, but not later than two (2) weeks after such request for a meeting has been received by the Chairman or within such time as is necessary to receive approval of the date of meeting from the directors.

Section 8. Notice. Notice of any special meeting of the Board of Directors shall be given by written notice delivered personally or sent by mail, telegram, or facsimile of written notice transmitted electronically to each director at the director's address as shown by the records of the Foundation not later than three (3) days prior to the date of any such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. If notice be given by facsimile of written notice transmitted electronically, such notice shall be deemed to be delivered when transmitted. Any director may waive notice of any meeting. Insofar as practicable the subject or subjects to be considered at any special meeting shall be specified in the notice, but subjects not so specified may nevertheless be considered and acted upon at such meetings.

Section 9. Quorum. Except as otherwise provided by the bylaws, all actions of the Board of Directors shall be determined by a majority vote of Directors voting at a meeting at which there is a quorum. A majority of the Board shall constitute a quorum. In the absence of a quorum no legal action can be taken unless such action later is approved by letter or other vote of record by sufficient additional members of the Board to constitute a quorum.

Section 10. Executive Committee. The Board of Directors shall elect from its own body an Executive Committee of five (5) or more which shall have and exercise all of the powers of the Board of Directors while the Board of Directors is not in meeting. The Chairman of the Board of Directors shall serve as chair and shall be a voting member of the Committee. Unless otherwise provided by resolution of the Board of Directors, a majority of the voting members of the Executive Committee shall constitute a quorum, and the act of a majority of the members of the Executive Committee shall be the act of the Committee. Each member of the Executive Committee shall continue as such until the next annual meeting of the Foundation and until a successor is appointed, unless such member shall be sooner removed from such Executive Committee, or unless such member shall cease to qualify as a member thereof.

The Executive Committee may meet through the use of a conference telephone or other communication equipment by means of which all Committee members participating in the meeting can communicate with each other.

Action taken by the Executive Committee shall be made a matter of record and the Secretary of the Foundation shall serve ex officio as Secretary of the Executive Committee. A written report of the action taken by the Executive Committee shall be made at the next meeting of the Board of Directors.

Section 11. Other Standing Committees. With the approval of the Board of Directors, the Chairman shall appoint each member of the Board to one or more of the following standing committees, and shall designate the respective chairs of each committee.

The standing committees may meet through the use of a conference telephone or other communication equipment by means of which all Committee members participating in the meeting can communicate with each other.

(a) A Budget and Finance Committee which shall advise the Board regarding general fiscal policy of the Foundation, including review of the Foundation operating budget and financial transactions between the Foundation and the University. The committee shall include at least three (3) directors and the Treasurer as an ex officio member.

(b) An Investment Policy Committee which shall oversee the management of the Foundation endowment fund and other assets and shall periodically report to the Board on the performance of the funds, including net return, asset allocation strategy, and spending policy. The Committee shall include at least three (3) Directors, and the Treasurer as an ex officio member without voting privileges.

(c) An Audit Committee which shall review Foundation financial statements, methods of reporting, procedures of accounting, and may recommend that audits be conducted. The Chair of the Committee or a designee shall be part of the annual internal audit planning.

(d) A Membership and Governance Committee which shall be responsible for the nomination, orientation, and welcoming of new members as provided in Article II, Section 2 hereof; for the nomination of candidates for the Board of Directors of the Foundation as provided in Article IV, Section 2.a; for the evaluation of members of the Board of Directors as provided in Article IV,

Section 2.a; for the orientation of members of the Board of Directors as provided in Article IV, Section 2.a; for the nomination of candidates for Life Directors as provided in Article IV, Section 2.b; for the nomination of the officers of the Board as provided in Article V, Section 1 hereof; provide ongoing review and recommendation for governance policies and practices; and maintain a manual for the members of the Board and its committees. The Committee shall include at least five (5) directors.

(e) A Development Committee which shall assist the Foundation in executing its responsibilities as the private fund raising arm of the University. The Committee shall include at least five (5) Directors.

(f) A Stewardship Committee which shall provide oversight involving the stewardship of donor funds. The Committee shall serve in a donor advocacy role in reviewing and/or addressing matters of donor intent and shall monitor practices that protect donor intent and confidentiality of donor information. The Committee shall include at least five (5) Directors and the Chairman of the Audit Committee and the Vice President of Academic Affairs serve as ex officio members.

(g) Other Standing Committees. The Board of Directors may from time to time create additional standing committees with such powers and duties as the Board may prescribe.

(h) Ex officio Members. The President of the University, the Chairman of the Board of Trustees of the University of Illinois (or such other member of the Board of Trustees as the Chair of the Board of Trustees may designate in writing), the Chairman of the Board of Directors, the Chair-Elect of the Board of Directors, and the President of the Foundation shall serve as ex officio members of all standing committees of the Board. Unless otherwise provided by these Bylaws or action of the Board of Directors, ex officio members will be non-voting members of standing committees.

Section 12. Special Committees. The Chairman of the Board of Directors may from time to time establish special committees to carry out tasks specifically referred to them. Such committees shall consist of members, including the designation of a chairperson, as appointed by the Chairman. Such committees will automatically terminate upon completion of the specified task(s).

ARTICLE V

OFFICERS

Section 1. Officers. The officers of the Foundation shall consist of a Chairman of the Board of Directors, a Chair-Elect, and one or more Vice Chairmen, such officers to be elected from the membership of the Foundation by the Board of Directors at the first Board of Directors meeting subsequent to the annual meeting of the Foundation; a President and a Secretary, who shall be elected annually by the Board of Directors; a Treasurer, who shall be the Comptroller of the Board of Trustees of the University of Illinois; and one or more Vice Presidents appointed by the President. Nominations for election of officers shall be made by the Membership and Governance Committee. The Board of Directors may elect one or more Assistant Secretaries, and one or more Assistant Treasurers, and such additional officers for the Foundation as it may deem advisable and such officers shall perform such duties as may be determined by the Board of Directors. The elected officers shall assume office at the time of their election. Each officer shall hold office until a successor shall have been duly elected and

shall have qualified.

Section 2. President. The management of the affairs of the Foundation shall be vested in a President, who shall be elected by the Board of Directors after consultation with the President of the University and the Board of Trustees. The President shall be under the guidance of the Board of Directors and shall carry out all its actions and all the actions of the Board of Trustees affecting the Foundation. The President is authorized to accept or reject gifts on behalf of the Foundation, and shall report such actions to the Board of Directors. The President shall manage all the affairs and operations of the Foundation not specifically assigned to other officers; shall be in charge of the work of all persons employed by the Foundation; and shall submit recommendations to the Board of Directors for programs and activities of the Foundation.

It shall be the duty of the President to confer from time to time with, and to seek the guidance and advice of, the President of the University with reference to the affairs of the Foundation.

Section 3. Vacancies. In the event of the death, disability, resignation, removal or disqualification of any officer of the Foundation, the Board of Directors shall by majority vote elect a successor to serve out the unexpired term.

Section 4. Powers and Duties. Except as otherwise provided by these Bylaws, the officers shall have such powers and duties as usually devolve upon such officers. The Chairman of the Board of Directors shall appoint ad hoc or special committees and members thereto as are deemed necessary or desirable, and those appointed to such committees shall serve at the pleasure of the Chairman during the Chairman's term of office. The appointment of such ad hoc committees will be reported to the Board of Directors. Ad hoc committees may meet through the use of a conference telephone or other communication equipment by means of which all ad hoc committee members participating in the meeting can communicate with each other.

In the absence of the Chairman of the Board of Directors, any past chairman may preside over any Directors' meeting as designated by the Chairman.

All agreements, contracts for goods and services, contracts, leases, titles, deeds, and other instruments to convey real or personal property to which the Foundation is a party shall be executed by the Chairman of the Board of Directors, the President, a Vice Chairman, the Vice President for Development Services, Chief Investment Officer, or the Treasurer or Assistant Treasurer and attested by the Secretary or Assistant Secretary. The President is authorized to act on behalf of the Foundation, to purchase, convey, or transfer title or other interests in real or personal property and with regard to other emergencies that may arise between meetings of the Board of Directors provided that any compensation paid to or received by the Foundation for such real or personal property shall be justified and supported, generally by an appraisal, with consideration to any unique circumstances related to the transaction. The Foundation's Chief Investment Officer is authorized to execute all documents necessary to effectuate transactions consistent with the Investment Policy Statement and Investment Policy Committee Governance Policy Statement, including but not limited to, the selection of and designation of amounts to be invested with, external investment managers and advisors. The Foundation's Legal Counsel or his or her designee is authorized to conduct real estate closings on behalf of the Foundation and to sign all documents that are reasonable and customary at said closings. The President shall report all such actions at the next meeting of the Board of Directors.

All planned giving agreements (charitable remainder trust agreements, charitable gift annuities, pooled income fund transfer instruments, charitable lead trust agreements and other similar documents) to which the Foundation is a party shall be executed by the Chairman, President, a Vice Chairman, Treasurer, or Assistant Treasurer and attested by the Secretary or Assistant Secretary.

Section 5. Removal. Any officer may be removed for cause by a majority vote of the Board of Directors, provided that such officer shall have been notified in writing by the Chairman or Secretary not less than twenty (20) days before such meeting of such charges as may be preferred against such officer by the majority of the Board of Directors.

Section 6. Surety Bonds. All officers and employees of the Foundation who handle Foundation funds shall furnish adequate surety bonds to be approved by the Board of Directors of the Foundation.

The Treasurer shall furnish a surety bond in favor of the Foundation for an amount approved by the Board of Directors. It shall be renewable from year to year on July 1. The cost of all surety bonds shall be paid by the Foundation.

ARTICLE VI

FINANCES

Section 1. Funds of the Foundation. The funds of the Foundation shall be deposited as received to the credit of the Foundation in such banks, trust companies, or other depositories as may be designated from time to time by the Board of Directors. The Board of Directors, by resolution, shall authorize the Foundation to open and maintain such checking or other forms of accounts as deemed appropriate by the Board of Directors. All checks and drafts drawn on Foundation accounts shall be signed by the Treasurer or Assistant Treasurer, or duly authorized deputy, and countersigned by the Secretary or President, or duly authorized deputies.

Section 2. Auditing of Accounts. The Board shall appoint independent Certified Public Accountants to perform the annual financial audit of the Foundation.

Section 3. Annual Report. The Treasurer shall keep, or supervise the keeping of, the accounts of the Foundation in such form as shall be deemed advisable, and shall submit an annual report to the members at the annual meeting, as well as such other reports as may be required by the Board of Directors or Executive Committee from time to time.

Section 4. Operating Finances. An annual budget shall be prepared by the President, reviewed and concurred with by the President of the University and the Treasurer of the Foundation prior to submission to the Budget and Finance Committee of the Foundation, and recommended to the Board of Directors for authorization. The President of the Foundation shall make all purchases and contractual expenditures for the Foundation, in accord with the budget as approved, except as otherwise specifically directed by the Board of Directors. While the Foundation is specifically exempted from state laws that relate to procurement of goods and services, the Foundation will

generally follow the business practices of the University of Illinois.

ARTICLE VII

AMENDMENTS AND BYLAWS

Section 1. Amendments. The Bylaws of the Foundation may be amended by a majority vote of directors of the Foundation present and voting at any regular or special meeting of the Board, provided notice of the character of the proposed amendment shall have been given to the directors at least twenty (20) days before such amendment is voted upon.

Section 2. Copy of Bylaws. The Secretary of the Foundation shall at all times keep in the office of the Foundation a true and correct copy of the Bylaws.

ARTICLE VIII

FUNDS AND INVESTMENTS

Section 1. Investments. The funds of the Foundation shall be invested in accordance with the Investment Policy Statement adopted by the Board of Directors and based on the recommendations of the Investment Policy Committee. There may be additional investment policy statements applicable to each specific asset pool or fund, such as Farmland, Annuity and Life Income Funds, and Short-Term Investment Pool, which shall be reviewed and approved by the Investment Policy Committee.

The Board of Directors has delegated to the Chief Investment Officer (CIO) of the Foundation, reporting to the President of the Foundation, all such duties and responsibilities as it deems necessary to implement successfully the investment policy of the Foundation, including but not limited to the hiring and termination of external investment managers, consultants, and advisors, as well as the day to day management of the investment office and staff. The CIO will report on a regular basis orally and/or in writing to the Investment Policy Committee as to the actions taken and their results within the various investment pools or funds. The CIO will consult with the Investment Policy Committee and the Board of Directors on a regular basis and make recommendations on those strategic issues as described in the Investment Policy Committee's Governance Policy Statement.

Section 2. Safekeeping of Securities. Except as provided in Section 3 of this article, all securities owned by the Foundation or held under its control shall be deposited with banks, trust companies, or other depositories as authorized by the Board of Directors. Securities may be registered in the name of the Foundation or in the name of one or more nominees as authorized by the Board of Directors.

Section 3. Securities or Commodities Received as Gifts. For the purpose of facilitating the receipt of gifts of securities or commodities, the President, or duly authorized deputy, or the Treasurer may open Foundation accounts with brokerage firms which are members of the New York Stock Exchange and/or other major security or commodity exchanges.

ARTICLE IX

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The directors and officers, whether or not then in office, and by their heirs, executors, administrators and assigns, shall be indemnified by the Foundation against all costs and expenses reasonably incurred by or imposed upon them or their estates in connection with or resulting from any action, suit or proceedings, whether civil, criminal, administrative or investigative, or any settlement thereof, to which they or their estates shall or may be made a party, or with which they shall or may be threatened by reason, directly or indirectly, of their being or having been a director or officer of the Foundation, to the fullest extent permitted by applicable law or public policy of the State of Illinois. The costs and expense against which any such director or officer shall be so indemnified shall be those actually paid or for which liability is actually incurred, irrespective of whether such costs or expenses are taxable costs as defined or allowed by statute or rule of court. Said rights of indemnification shall be in addition to any other rights with respect to any such costs and expenses to which such director or officer may otherwise be entitled against the Foundation or any other persons. By accepting the position of director or officer of the Foundation, the indemnification shall be considered and treated as a contractual commitment between the individual officer or director and the Foundation.