

BOARD FOR DEPOSITORIES STATE OF INDIANA

BY-LAWS

ARTICLE I ORGANIZATION

Section 1. Creation. The Board for Depositories (“Board”) was created by Indiana Code 5-13-12-1 (a) as an independent body politic and corporate, constituting an instrumentality of the State, separate from the State in its corporate and sovereign capacity.

Section 2. Purpose. The purpose of the Board is to insure the safekeeping and prompt payment of all public funds deposited in any depository, to the extent they are not covered by insurance of any federal deposit insurance agency, by maintaining and operating in its own name the public deposit insurance fund.

Section 3. Authority for By-laws. Indiana Code 5-13-12-3 gives the Board all powers necessary, convenient, or appropriate to carry out and effectuate its public and corporate 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 effect the powers and purposes of the Board. The purpose of these By-laws is to establish guidelines, policies, and procedures of the Board. It is not the intention of these By-laws to exceed or contradict the statutes governing the creation and operation of the Board and the Public Deposit Insurance Fund (“Fund”). In any case where these By-laws are found to contradict the Indiana Code, the Indiana Code shall control.

Section 4. Membership; Term. The Board shall consist of the Governor, the Treasurer of State, the Auditor of State, the Chairperson of the Department of Financial Institutions, the Chief Examiner of the State Board of Accounts, and four (4) appointed members, all of whom must be residents of Indiana and be a chief executive officer or a chief financial officer of a depository at the time of the appointment if the depository is domiciled in Indiana. If the depository is not domiciled in Indiana, the appointee must be the most senior corporate officer of the depository with management or operational responsibility, or both, or the person designated to manage public funds for the depository that is located in Indiana. One member is appointed by the Speaker of the Indiana House of Representatives and must be employed by a depository that is not a state chartered credit union and has total deposits of at least one billion dollars (\$1,000,000,000). One member is appointed by the President Pro Tempore of the Indiana Senate and must be employed by a depository that is not a state chartered credit union and has total deposits of at least two hundred fifty million dollars (\$250,000,000) but less than one billion dollars (\$1,000,000,000). One member is appointed by the Governor and must be employed by a depository that is not a state chartered credit union and has total deposits of less than two hundred fifty million dollars (\$250,000,000). One member is appointed by the Governor and must be the chief executive officer or the chief financial

officer of a depository that is a state chartered credit union. The Governor shall assure that no more than two (2) of the four (4) appointees may identify with the same political party and shall provide, to the extent possible through these appointments, for geographic representation of all regions of Indiana, including both urban and rural communities. The terms of the appointed members extend for four (4) year periods. Each appointed member holds office for the term of the appointment and serves after the expiration of the appointment until the member's successor is appointed and qualified. Any appointed member may be removed from office by, and at the pleasure of, the appointing authority.

Section 5. Offices. The offices of the Board for Depositories are located at Room 242, State House, Indianapolis, Indiana, 46204.

ARTICLE II BUDGET & FISCAL MANAGEMENT

Section 1. Budget. The Board shall operate on an itemized annual budget of anticipated operating expenses and revenues.

Section 2. Fiscal Year. The Board's fiscal year shall begin July 1 and end June 30.

Section 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 State Board of Accounts.

Section 4. Cash Management. It is the policy of the Board that the Fund be invested, held, and otherwise managed pursuant to Indiana Code 5-13-12-7.

Section 5. Authorized Signatories. The Chairman and Secretary-Investment Manager or their designees are hereby authorized as signatories for the Board. The Secretary-Investment Manager shall ensure that his or her designee is recognized by the Fund's banking institutions as a duly authorized signatory of the Fund's accounts, and shall inform the Board of the identities of any designees.

Section 6. Officers. Officers of the Board shall consist of a Chairman, a Secretary-Investment Manager, and a Vice Chairman. The Governor shall name a member of the Board to serve as its Chairman. The Treasurer of State shall serve as the Secretary-Investment Manager of the Board. The Vice Chairman shall be elected, by majority vote of the Board, for a one (1) year term in January of each year.

ARTICLE III ETHICS POLICY

Pursuant to Indiana Code 5-13-12-3.1, the Board shall be under the jurisdiction and rules

adopted by the State Ethics Commission.

ARTICLE IV MEETINGS OF THE BOARD

Section 1. Regular Meetings. The Board shall meet at least once semi-annually, before or as soon as practicable after July 1 and January 1, or other date established by the Board. The Board shall determine the assessment of depositories and the size of the loss reserve fund. Two (2) days notice of the time and place of all meetings to determine and fix the assessment rate to be paid by depositories on account of insurance or public funds or the established or redetermination of the reserve for losses of the insurance fund shall be given by one (1) publication in a newspaper of general circulation printed and published in the city of Indianapolis.

Section 2. Special Meetings. Additional or special meetings of the Board may be called by the Chairman or Secretary-Investment Manager at their own discretion or at the request of three (3) other Board members. Such specially called meeting will be held within thirty (30) days of the request by the three (3) members, unless such 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 3. Executive Sessions. In addition to those purposes set forth in Indiana Code 5-14-1.5-6.1, the Board shall meet in executive session to discuss the financial strength of a particular financial institution, the collateral requirements of a particular financial institution, and any other matters concerning a particular financial institution. All laws governing notice for and records of executive sessions are applicable to the Board.

Section 4. Quorum. Five (5) members of the Board constitute a quorum for the transaction of business, and all actions of the Board must be approved by at least a simple majority of those members voting on each individual business issue.

Section 5. Location. Unless otherwise agreed by a majority of the Board, all business meetings of the Board shall be convened and held in Marion County, Indiana, at a specific location selected by the Chairman or Secretary-Investment Manager.

Section 6. Substitution of 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.

Section 7. Participation by Alternative Means of Communication. So long as at least five (5) members of the Board are physically present at the place where the meeting is conducted, a member of the Board may participate in a meeting of the Board by using a means of communication that permits all other 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 must be reflected in the memoranda of the meeting and the

member is considered to be present at the meeting. A member who participates in a meeting by such means of communication may act as a voting member on official action only if that official action is voted upon by at least five (5) members of the Board physically present at the place where the meeting is being conducted and such member may not cast the deciding vote on any official action. Each member of the Board is required to physically attend at least one (1) meeting of the Board annually.

ARTICLE V CONTRACTS & OBLIGATIONS

Section 1. Reservation of Authority. Unless provided in these By-laws, 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 2. Authorization. Contracts, agreements, and other instruments properly authorized by the Board may be signed, executed, and delivered by the Chairman or Secretary-Investment Manager. The Vice Chairman may act in the absence or unavailability of the Chairman, as a Deputy State Treasurer may act in lieu of the Secretary-Investment Manager, as agents for the executions under this section.

Section 3. Expenditures. The Secretary-Investment Manager may appoint one or more employees to be authorized to make expenditures for daily operating expenses of the Board and its staff. Such expenses shall be provided for in the annual itemized budget of the Board.

ARTICLE VI CONFLICT OF INTEREST

Section 1. Loans. No member of the Board shall vote in any decision regarding a loan or guarantee if the member or any bank of which the 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 2. Assessments and Collateralization. Any decision to fix or adjust an assessment and any decision concerning collateralization shall be voted upon only by the non-appointed, *ex officio* members.

Section 3. Disclosure. Any member, officer, employee, or agent of the Board shall disclose to the Board, in a public meeting, any conflicting or suspect interest or relationship prior to deliberation and final action by the Board.

Section 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 VII IMMUNITY

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 members are acting within the scope of their authority.

ARTICLE VIII CIVIL RIGHTS

Section 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 because of race, color, religion, sex, national origin, ancestry, age, disability or veterans status.

Section 2. Sexual Harassment. The Board herein adopts the State of Indiana's policy regarding sexual harassment.

ARTICLE IX AMENDMENT

These By-laws may be amended by a majority vote of the Board.

ARTICLE X IMPLEMENTATION

Section 1. Previous Editions Superseded. These By-laws are adopted wholly and entirely as a re-statement of the By-laws of this Board and are not promulgated as an amendment of any previous By-laws. All By-laws in effect prior to the effective date of this instrument are repealed and superseded as of the effective date of this instrument.

Section 2. Effective Date. These By-laws shall become effective immediately following their adoption by the Board which shall be signified by their signature affixed hereto.

Adopted at Indianapolis, Indiana, at the regular meeting of the Board for Depositories,
_____, 2012, with the following members present and approving:

Cristopher R. Johnston for
Mitch Daniels, Governor, Chairman

Michael C. Marhenke

Tim Berry, Auditor

Morris Maurer

Richard Mourdock, Treasurer,
Secretary-Investment Manager

Paul R. Sweeney

Bruce A. Hartman, State Examiner

Gordon Wells

Richard J. Rice, Chairman,
Department of Financial Institutions