This meeting of the Board of Trustees of OCLC Online Computer Library Center, Inc., pursuant to the notice of the Secretary dated May 22, 2002, and in accordance with Article VII, Section I (1) of the Code of Regulations of OCLC Online Computer Library Center, Inc., convened at 1:30 p.m., June 4, 2002 at the Sofitel Hotel, Forum Rive Gauche, 17, Boulevard St. Jacques, Paris, France. Dr. Crowe presided and Mr. Houfek kept the minutes of the meeting.

Trustees present:

Bradley F. Baker
William J. Crowe
Christine Deschamps
Nancy L. Eaton
Maurice Glicksman
Barbara Gubbin
Victoria Hanawalt
Jay Jordan
Myer Kutz
David P. Lauer
Sharon J. Rogers
Jane N. Ryland
Thomas W. Shaughnessy
Lizabeth A. Wilson

Trustees Absent:

Ralph K. Frasier

Also, present for all or portions of the meeting:

James T. Houfek, Vice President, General Counsel and Secretary
Janet Lees, Director, OCLC PICA Northern Europe
Donald J. Muccino, Executive Vice President & Chief Operating Officer
Nick Rawson, Director, OCLC PICA Southern Europe
Rick J. Schwieterman, Vice President, Finance & Human Resources and Treasurer
Phyllis B. Spies, Vice President, Worldwide Library Services
Rein van Chaldorp, Managing Director, OCLC PICA B.V.

To begin the meeting, Dr. Crowe indicated that both Mr. Frasier and Dr. Datema were unable to attend that day's meeting, but sent their respective regrets. Dr. Crowe also requested that special thanks be given to Ms. Deschamps for all of her hard work and dedication in coordinating the Board's visit to Paris for this meeting.

At the request of Dr. Crowe for a motion, and upon motion duly made and seconded, the Board of Trustees unanimously approved the minutes of their April 22, 2002 meeting.
Dr. Crowe then submitted the Chair's report, requesting that the Board refer to his written report which had previously been sent to them. Dr. Crowe then informed the Board of several additional matters as follows: (i) that the recent Members Council meeting went very well, and that the assistance of Jerry Stephens was most appreciated, (ii) that Ian Mowat and Larry Alford had been elected to the Board by the Members Council, (iii) that Robert Seal had been named President-elect of the Members Council, (iv) that Dr. Crowe wished to thank Dr. Glicksman for sitting in for him at the Members Council transition luncheon, and (v) that both Dr. Crowe and Mr. Jordan planned to meet with the Members Council Executive Committee as well as the members of RONDAC at the upcoming American Library Association convention in order to insure that the lines of communication remain open with these very important constituencies. Dr. Glicksman then discussed the possible need for a change in procedure for the nomination and election of Board members by the Members Council, or a change in the Members Council By-Laws, since they were not now in accord. Dr. Crowe took responsibility for discussing this matter with staff and Members Council leadership. They're being no further discussion, that concluded the Chair's report.

Dr. Crowe reported on the meeting of the Executive Committee of the Board, whose agenda included the following items: (i) a discussion regarding planning for the Board retreat to be held in September which will primarily deal with clarifying the focus of OCLC's management, (ii) facilitation and commentary by Carol Mandel, (iii) a discussion with the outgoing members of the Board to elicit their thoughts and reflections that may be of value to the remaining Trustees, (iv) a discussion regarding current matters with Mr. Jordan, and (v) a proposed resolution which was unanimously recommended to the full Board for approval as follows:

WHEREAS, OCLC Online Computer Library Center, Incorporated, through actions initiated by its Board of Trustees, has reviewed its governance structure to ensure that the Corporation can continue to achieve its public purposes, as set forth in its charter, and

WHEREAS, in order to provide for an independent perspective for the most recent phase of this work, OCLC appointed an Ad Hoc Committee on Membership to study certain membership and contribution issues, and then to report its findings and recommendations to the Board of Trustees and to the OCLC Members Council, and
WHEREAS, the Ad Hoc Committee on Membership concluded its study in February of this year, and has subsequently delivered its findings and recommendations to the OCLC Board of Trustees, the Trustee Members, and the OCLC Members Council, and

WHEREAS, the report of the Ad Hoc Committee on Membership (a copy of which is attached hereto and marked as “Appendix 1”), which the Board of Trustees and Trustee Members have received, contains a recommendation that certain definitions and functionalities of the Members Council be as defined in a protocols document, which will be reviewed from time to time by a Standing Joint Committee on Membership which has been created by the action of the OCLC Board of Trustees through an amendment to their By-Laws, and

WHEREAS, the Ad Hoc Committee on Membership has drafted and recommended an initial set of such protocols to the Members Council, and the Members Council has reviewed those recommendations and approved the document titled Membership and Contributions Protocols (the "Protocols", a copy of which is attached and marked as "Appendix 2"), and

WHEREAS, the Ad Hoc Committee has further recommended that the Board of Trustees also approve these initial Protocols;

NOW, THEREFORE, BE IT

RESOLVED, that the initial Protocols as detailed in attached Appendix 2 be, and the same hereby are, approved and adopted as the initial Protocols of the Standing Joint Committee on Membership.

There being no further discussion, and no second being necessary, a vote was taken on the above resolution, and said resolution was unanimously passed and approved by the Board.

The Chair then called for the President’s report. Mr. Jordan indicated that the Board should look to his written report for details, but that he wanted to call their attention to the following items: (i) the recent change in management at the netLibrary division to Mr. Rosy has been well received, (ii) revenue projections for netLibrary activities for FY 2002-2003 are $23 million in sales, (iii) the leadership change at OCLC PICA from Mr. Costers to Mr. van Charlrdorp was well received and the OCLC PICA staff deserve a great deal of credit for their support of the change, (iv) OCLC has recently turned down the BioOne request for additional funding through advanced royalties, (v) the contract with the Gates Foundation is expected back shortly, (vi) the Center For Leadership Development has concluded its first two sessions with 110 managers
through the program to date, (vii) there is apparently still some confusion among some employees as to the direction and strategy of the company and Mr. Jordan has prepared and made available to his officers a slide presentation for their use in resolving this confusion, and (viii) the need better to communicate the strategy also exists outside of the OCLC staff. Mr. Jordan then gave a short review of the current MetaText situation. There being no further questions, that concluded Mr. Jordan's comments regarding his President's report.

Mr. Muccino, Mr. van Charldorp and Ms. Lees then made a presentation to the Board regarding the European Business Strategy.

Following a break at 2:53 p.m., the meeting reconvened at 3:10 p.m.

Dr. Crowe then called on Ms. Deschamps for her report from the Nominating Committee. She indicated that the Committee had met and considered the following resolution, which was now being unanimously recommended to the Board for approval:

RESOLVED, that upon the review and recommendation of the Nominating Committee, the following three Trustees are hereby approved and appointed as the initial members of the Joint Committee on Membership from the OCLC Board:

Brad Baker
Maurice Glicksman
Barbara Gubbin

There being no further discussion, and no second being necessary, a vote was taken on the above resolution, and with Dr. Glicksman abstaining, said resolution was unanimously passed and approved by the remainder of the Board.

Ms. Deschamps then related that the Committee had also considered the following issues: (i) the list of nominees for the three Trustee positions which will become vacant in November, (ii) leadership succession concerns on the Board, and (iii) the appropriate content of the orientation materials for new Board members. There being no further discussion and no action items, Ms. Deschamps concluded her report.

Mr. Lauer then reported on behalf of the Finance Committee that they had met and reviewed the following items: (i) corporate operating result for the first ten months of the current
fiscal year, as well as projections for the year end numbers, (ii) the status of the MetaText situation, and (iii) the current status of the LTIP which appears acceptable from a financial standpoint. Mr. Lauer then presented the following resolution, which had been approved by the Finance Committee and recommended for passage by the full Board:

RESOLVED, That in view of the Corporation’s interest in increasing efficiencies of its European operations, the Corporation is hereby authorized to proceed with the merger of certain regions of its OCLC Europe, Middle East and Africa operation with OCLC PICA.

FURTHER RESOLVED, That the officers of this Corporation be and they are each individually authorized to execute and deliver in the name and on behalf of this Corporation such additional documents, and to do such other acts and things as they or any of them individually shall deem necessary or appropriate to carry out the purposes of the foregoing Resolution.

There being no further discussion, and no second being necessary, a vote was taken on the above resolution, and said resolution was unanimously passed and approved by the Board.

Ms. Hanawalt reported on behalf of the Personnel and Compensation Committee that the members had met and discussed the following matters: (i) approval of the amounts of partial awards under the Management Incentive Plan for the Vice Presidents and the President, (ii) the latest draft of the long term incentive plan, (iii) appropriate targets and weightings for the Human Resources corporate metrics, (iv) matters to come before the September Committee meeting, including the final long term incentive plan document, a review of the balance of the Management Incentive Plan awards, and a revised task list and Charter for the Committee. Mr. Schwieterman then briefed the Board on some recent changes in the tax laws that might affect future contributions to the Management Savings Plan. Ms. Hanawalt then indicated that there were two action items that had been discussed in Committee, and that they would be presented to the full Board in the Executive Session, which was scheduled to follow.

This concluded Ms. Hanawalt’s report.
The Chair then called the Board into Executive Session at 3:40 p.m., and subsequently reconvened the meeting in regular session at 4:05 p.m.

The Chair indicated that the Board had taken the following actions in Executive Session: (i) the proposed resolution regarding the performance goals for FY 2002-2003 for the President had been tabled until the September meeting with the concurrence of the President, and (ii) the following two resolutions had each separately been unanimously approved by the Board:

Management Incentive Plan Awards

RESOLVED, that following review by both the Personnel & Compensation Committee and the Board in executive session, the recommendations of the Personnel and Compensation Committee regarding a partial Management Incentive Plan award not to exceed $1,000,000 be approved and the allocation of said funds be directed as follows:

(1) Management Incentive awards to the vice presidents of this Corporation for the fiscal year 2001/2002 not to exceed 60% of their target awards be and the same are hereby approved as determined by the President and Chief Executive Officer, pursuant to the provisions of the Management Incentive Plan.

(2) Management Incentive award to the President and Chief Executive Officer of this Corporation for the fiscal year 2001/2002 equal to 60% of his target award be and the same is hereby approved.

(3) Management Incentive Plan awards to non-executive plan participants of the Corporation to be awarded at no more than 60% of the target awards be and the same are hereby approved as determined by the President and Chief Executive Officer pursuant to the provisions of the Management Incentive Plan.

President & CEO Salary

RESOLVED, that following a review of the individual performance of the President & CEO for FY 2001/2002, as well as the overall financial condition of the Company, the Board in executive session hereby approves the recommendation of
the Personnel and Compensation Committee for the annual base salary for Robert L. Jordan to be effective July 1, 2002.

Dr. Crowe the once again thanked Ms. Deschamps on behalf of the entire Board for her support and hospitality, and Dr. Glicksman, with several members seconding, proposed a resolution to that effect which was moved, seconded and unanimously approved as follows:

RESOLVED, that the Trustees of OCLC Online Computer Library Center, Inc. hereby express their thanks to Ms. Christine Deschamps for her excellent efforts, as well as her support and hospitality in arranging and hosting this Board meeting and the attendant activities in Paris, France during June of 2002.

There being no further business to come before the meeting, it was on motion duly made and seconded, adjourned at approximately 4:10 p.m.

William J. Crowe, Chair

James T. Houfek, Secretary
APPENDIX 1
REPORT OF THE AD HOC COMMITTEE ON MEMBERSHIP

Introduction

Since its founding in 1967, OCLC has grown from an intrastate network of 54 college and university libraries in Ohio to an international cooperative linking more than 40,000 libraries of all types in 82 countries. Resource sharing has been the guiding principle of OCLC membership since its founding. Member libraries and OCLC cooperatively build and maintain WorldCat, an online union catalog of bibliographic information that supports cataloging, interlibrary loan and reference services. In operation since 1971, WorldCat now contains more than 48 million records and 800 million location listings and annually grows by over two million records contributed by member libraries.

From 1967 to 1977, governance of OCLC resided with the libraries in Ohio. In 1977, OCLC's present governance structure was adopted, which extended membership to libraries outside the state of Ohio. The current structure of General Members (libraries and other institutions that agree to contribute all of their current cataloging to WorldCat), Members Council members (networks and service centers), and the Board of Trustees, provides libraries with an institutionalized role in governing the cooperative whereby General Members elect Members Council delegates, who in turn elect six members of the 15-member OCLC Board of Trustees. Currently, the apportionment of delegates is based on contribution of cataloging information to WorldCat and interlibrary loan activity. Until quite recently, technical barriers limited cataloging contribution to roman-alphabet characters, narrowing the utility of the service to libraries using other alphabets or character sets. Only about a quarter of the libraries participating in the OCLC cooperative presently qualify as members.

In December 1999, the OCLC Board of Trustees appointed the Advisory Council on Strategic Directions and OCLC Governance, chaired by Trustee Nancy Eaton and assisted by consultants from the firm of Arthur D. Little, to review this structure. The Council suggested that the definitions of membership and contribution be broadened to allow more participation in the governance of the cooperative.

Charge to Committee

The Board implemented the Advisory Council's recommendation by creating the Ad Hoc Membership Committee in March 2001. This resolution gave the Committee the following charge.

The charge of the Ad Hoc Membership Committee shall be as determined by the President of the Users/Members Council and the Chair of the OCLC Board of Trustees from time to time, and initially shall be to make recommendations to the OCLC Board of Trustees and the Users/Members Council in the following areas:

- The definitions of "membership" in OCLC.
- The definition of "contribution" to OCLC in the context of an environment of networked information resources and in light of OCLC's strategy to extend the cooperative. This may include new means and methods of sharing intellectual content, new sources of this intellectual content and resources sharing beyond traditional interlibrary loan.
- A new formula (algorithm) for allocating representation on Users/Members Council. This would include recommendations for the appropriate size of the Users/Members Council, the cycle for recalculation, the elements to be included in the formula, and the weighting of those elements.
- A structure, such as a Standing Committee on Membership, for keeping membership and contribution definitions and the allocation formula current.

Process

OCLC Board Chair William Crowe and 2000-2001 Members Council President Larry Alford appointed the following Ad Hoc Committee in consultation with RONDAC:

- Mary-Alice Lynch, Executive Director, Nylink (Chair)
- Larry Alford, Deputy University Librarian, University of North Carolina – Chapel Hill
- Maurice Glicksman, Professor of Engineering (Research) and Provost Emeritus, Division of Engineering, Brown University
- Victoria Hanawalt, College Librarian, Reed College
- Ian Mowat, Librarian, Edinburgh University
- Kristin Senecal, Librarian, Dickinson College
- William Crowe, Spencer Librarian, Kenneth Spencer Research Library, The University of Kansas, and OCLC Board of Trustees Chair, ex officio, non-voting
- Jerry Stephens, Librarian and Director, Mervyn H. Sterne Library, University of Alabama – Birmingham and 2001-2002 Members Council President, ex officio, non-voting
George Needham, Vice President, Member Services, OCLC, ex officio, non-voting
Richard Van Orden, Members Council Program Director, staff liaison

Between June and November 2001, the Ad Hoc Committee on Membership met five times. The Committee reported to the Board of Trustees at its June, September, and November 2001 meetings, and to the Members Council in October. The Committee also stayed in close contact with the Members Council’s Task Force on Principles of Membership, meeting together at the ALA Conference in June, and overlapping e-mail discussion lists.

The Ad Hoc Committee met with key OCLC managers in the areas of cataloging and metadata, discovery and fulfillment, extended WorldCat development, worldwide library services, and financial management. With figures from OCLC’s Market Research and Analysis unit, the Committee developed and analyzed eleven variations on the current delegate allocation formula, to study how changes would affect representation.

A Preliminary Report was prepared and distributed to Members Council, RONDAC, and the OCLC Board of Trustees in November 2001. Members Council representatives were asked for their initial reaction to the report, and members of the Ad Hoc Committee met with boards or advisory committees of ten networks, one OCLC service center, and with librarians in the UK and South Africa. The purpose of these meetings was to seek member reaction and input regarding the Committee’s draft recommendations.

Following the network and service center meetings, the Ad Hoc Committee met again during the ALA Midwinter Conference in New Orleans in January 2002 to review feedback and to refine the Preliminary Report. Members Council discussed the penultimate report and recommendations at its February 2002 meeting prior to the Ad Hoc Committee on Membership submitting a final report to the Board of Trustees and to Members Council.

The Board, after receiving the report at its February 2002 meeting, will consider these recommendations, take action in April, and then forward any resolutions proposing amendments to the Articles of Incorporation and the Code of Regulations to Members Council for consideration at the May meeting.

Challenge

The recommendations of the Ad Hoc Committee on Membership should provide a framework for the future growth and development of OCLC by encouraging effective and inclusive governance by expanding definitions of membership and contribution. OCLC has embarked upon an ambitious strategy of expanding the cooperative, defined broadly as “Weaving libraries into the Web, and weaving the Web into libraries.” The Ad Hoc Committee recommendations support this strategy and recognize in OCLC membership and governance new opportunities for collaborative activity throughout the world among libraries, art and other museums, archives, historical societies, and other organizations that create and manage information objects.

The Ad Hoc Committee on Membership decided early in its deliberations that its report should provide stability while facilitating regular review of the membership and governance process of the cooperative. The report should avoid tying membership or governance issues to specific technology, products, or platforms. Most importantly, the recommendations of the Committee should clearly protect and enhance the value of the central asset of the cooperative, WorldCat.

Recommendations

The Committee offers the following recommendations to the Board of Trustees and Members Council. Please note that the order presented here differs from the order of the topics as presented in the charge. While the Committee strongly supports these recommendations, it also believes that ongoing review is the key to keeping OCLC’s governance structure relevant over the long term. Therefore, the recommendations and this report begin with the process by which this structure can be reviewed and revised in the future.

Ongoing Review

The Ad Hoc Committee on Membership recommends that the Board and Council establish a Standing Joint Committee on Membership in the Code of Regulations and the Members Council Bylaws. The Standing Joint Committee will be composed of three trustees, three Members Council delegates, and a representative of the executive directors or managers of the “Members Council Members” (networks and service centers) as voting members, and the Vice President, Member Services (or his/her designee) as a non-voting, ex-officio member. The Trustees and Members Council committee members will be appointed in accordance with the procedures of the respective bodies for appointing committees. The representative of the Members Council Members (networks and service centers) will be elected by the executive directors or managers of those organizations. The Ad Hoc Committee recommends strongly that the appointing officers of each group cooperatively consider continuity of membership on the Standing Joint Committee, geographic diversity, and OCLC experience in making their appointments. Terms of office would be one
year, running from September 1 to August 31. Standing Joint Committee members would not be limited to a single term. The Standing Joint Committee will elect its own Chair.

The Ad Hoc Committee on Membership recommends that the Standing Joint Committee be given the following charge:

The Standing Joint Committee will meet at least once a year to determine if there are any new products, services, or cooperative initiatives that should be recognized as contribution, or if there are any such products or services that should no longer be so recognized. The Standing Joint Committee will report the results of this review to the Board of Trustees and Members Council annually. The Standing Joint Committee is also charged with reviewing the definitions of "membership" and "contribution," including levels of relationship, within the OCLC cooperative as often as necessary but at least once every five years.

The Ad Hoc Committee on Membership recommends that the Standing Joint Committee on Membership adopt the following procedures:

- The Standing Joint Committee must approve any recommendations by a simple majority vote with a quorum of at least four members present and voting. If changes are approved, the recommendations are submitted to Members Council for consideration. (If changes to the OCLC Code of Regulations are recommended, they must be submitted to the Board of Trustees for initial consideration and follow the amendment process provided in the Code of Regulations.)

- Members Council considers recommendations of the Standing Joint Committee through normal procedures. However, if any action includes a change to the "Membership and Contribution Protocols," (see page 7 for a description of this document) such action must be passed by a 2/3 majority of Council present and voting. If such approval is forthcoming, the changes are recommended to the Board of Trustees.

- The Board of Trustees considers the resolution from the Members Council. The Board may approve the resolution by a 2/3 vote, or it may reject the resolution. If the Board approves the resolution, it takes effect as specified in the resolution. The Board may also amend the resolution by a 2/3 vote and send the amended resolution back to the Members Council for reconsideration.

- If the Board sends the resolution back to Members Council, the Council may accept the amendment(s) by a 2/3 vote, or it may reject the amendment(s). If it accepts the amendments, the resolution takes effect as specified. If it rejects the amendments, the resolution is no longer available for further revision. However, nothing in this policy shall prevent a new resolution addressing such issues from being introduced by the Standing Joint Committee.

Definition of Contribution

The Ad Hoc Committee on Membership recommends that OCLC define contribution as intellectual resources provided and shared by libraries and other institutions through the products and services of OCLC and its affiliates for the benefit of the members of the cooperative.

This definition is intended to allow maximum flexibility to future iterations of Members Council and the Board of Trustees as the world of shared information evolves. How this definition will be applied is discussed below.

Until we fully understand how bibliographic databases that are not under contractual relationship with OCLC or its designated affiliates can be integrated into the collaborative effectively, the Ad Hoc Committee on Membership recommends that participation in such databases not be counted as contribution for membership purposes within the cooperative. This would include regional or national bibliographic databases that are not incorporated into WorldCat or an affiliated database managed by an OCLC-affiliated organization and available to all members of the cooperative. However, this is an issue that will need to be reviewed regularly and expansively by future Standing Joint Committees on Membership.

Definition of Membership

The Ad Hoc Committee on Membership recommends that OCLC define three levels of relationship:

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1 Members Council, the Board of Trustees, and the Regional OCLC Networks Directors Advisory Committee (RONDAC) each have different calendars, and there is no compelling reason to recommend synchronizing them. The September through August time frame allows Members Council, the initiating body for change under these proposals, to match the work of the Standing Joint Committee with its other committee work during the year.
Governing Members are those institutions that fully embrace the OCLC values of commitment to collaboration through contribution of intellectual content and in resource sharing. This commitment is manifested by these institutions’ contractual agreement to contribute metadata, including their current cataloging and holdings as described in “OCLC WorldCat Principles of Cooperation,” to an OCLC-affiliated database, in order to make such information available to and for the benefit of all members of the cooperative.

Examples in the current structure of OCLC would include all institutions that have current member contracts with OCLC or the US regional networks to contribute their current cataloging to WorldCat via batchload or online cataloging. Once the linking of the WorldCat and Pica databases is complete, allowing all members to see and use all content in both databases, contribution to Pica’s database would fulfill this membership requirement.

Differential pricing is a mechanism for supporting the principles of membership and for encouraging full contribution and participation. While it is not in the purview of the Ad Hoc Committee on Membership to tie membership and governance to pricing, the Committee strongly recommends that, in light of the substantial contribution Governing Members make to the cooperative, that these members receive the best prices on all OCLC products and services.

Members also embrace the OCLC values of commitment to collaboration through contribution of intellectual content and in resource sharing. Their commitment is manifested in their contractual agreement to contribute to cooperative products or services of OCLC and/or its affiliates, but they may not necessarily contribute all of their current cataloging to an OCLC-affiliated database.

Institutions that only contribute a portion of their holdings to WorldCat would qualify for this member level. A museum may qualify for this membership level by providing metadata or access to its digitized collections. As OCLC introduces new services and initiatives, this member level might also be gained by participation in a cooperative reference service; contributing limited resources (such as a special collection or a single format of materials) to WorldCat or the digital co-op; or contributing authority files or thesauri.

The Ad Hoc Committee on Membership recommends that Members receive pricing of their purchases of OCLC products and services that recognizes the value of their agreements to contribute within these guidelines.

Participants are those institutions that use OCLC products and services without any responsibility to return any intellectual contribution to the cooperative. While the financial contribution made by these institutions is important to OCLC, financial contribution alone does not qualify one for membership.

Today, such institutions would include those whose OCLC relationship is limited to participation in a Group Access Capability (GAC) arrangement without submitting holdings information to WorldCat, those that license the FirstSearch service, purchase Forest Press publications, contract with Preservation Resources for services which aren’t then shared with the cooperative, or PicaCarta subscribers.

Recognizing that participants seek only to buy OCLC products and services and that they make no representation of contributing shared intellectual content to build the cooperative, the Ad Hoc Committee on Membership recommends that these institutions receive less favorable pricing in comparison to governing members or members.

The examples listed in each relationship category are intended to be illustrative, not comprehensive or definitive.

These membership levels refer to libraries, museums, archives, historical societies, professional associations, and other groups that contribute to or use the intellectual resources of the cooperative. “Members Council Members” are defined in the OCLC Code of Regulations as the networks and service centers that contract with OCLC to provide OCLC services to member institutions.

Members Council delegates may come from Governing Member or Member institutions, but only Governing Member institutions may vote in elections to Members Council. All elected delegates would be full voting members of the Members Council itself. The Members Council may elect any of its delegates to the Board of Trustees.

Delegate Allocation Formula

To ensure continuity of presence among the networks and libraries that developed OCLC to its current level, and to accomplish the goal of encouraging the growing participation and contribution of international institutions in the shared activity of the collaborative, the Ad Hoc Committee on Membership recommends a new formula for allocating delegates to networks and service centers for Members Council:

- Increase the number of delegates on Members Council to 66, regardless of the method of selection.
- Change the basis for delegate allocation. Currently, delegates are allocated on the basis of a weighted formula of contributions to and deletions from WorldCat and interlibrary loans supplied (75%) and number of active
members (25%). The Ad Hoc Committee recommends that this be changed to a count of all activity completed by governing members and members (not by participants) over the past three years. Contribution of intellectual content, initially including cataloging and lending activities, will be weighted in a 2-to-1 ratio to other types of activity. The Standing Joint Committee will review whether other forms of intellectual contribution qualify for the higher weighting as these services are made available by OCLC. The list of activities to be included in this new formula will be included in the “Membership and Contributions Protocols,” which is described below. This allocation formula will need to be phased in as the statistics can be collected by OCLC.

- Lower the minimum activity for a Members Council Member to qualify for a delegate from the current 0.5% of the total qualified weighted activity to 0.25%.
- Continue the transitional international delegates through 2007. The terms of the current delegates end at the conclusion of the May 2004 Members Council meeting. Charge the Standing Joint Committee with developing recommendations by January 2004 on how to allocate these six delegates to the various countries and regions outside the US participating in OCLC. This second transition period, September 2004 to May 2007, will allow for the full implementation of OCLC’s global strategies and plans. In the event that an area already represented by a transitional delegate earns one or more regular delegates through increased contribution and activity during the second transition period, one or more transitional delegates from the area will be designated as an allocated delegate of the service center for the remainder of his/her/three-year term. In this case, the allocation of regular delegates would be recalculated based on the current number of regular delegates, with the total number of both transitional and regular delegates to equal 66.

- Through May 2007, allocate delegates to Members Council as follows:
  Delegates allocated according to the amount of activity each generator within the cooperative
  Delegates representing countries or regions outside the US, to be allocated on a formula proposed by the Standing Joint Committee and approved by the Members Council and the Board.

  Total Members Council delegates

In this approach, all sixteen US regional networks, OCLC Western Service Center, and the OCLC service centers in Canada; Europe, the Middle East, and Africa; and Asia Pacific qualify for allocated delegates on Members Council. Under the 25% threshold, OCLC Latin America does not qualify at this time. Additionally, six countries or regions from outside the US will also have representatives. If any combination of Members Council Members (networks or service centers) merges, the three-year cumulative activity of the pre-existing units will be combined to determine the representation of the merged entity.

The Ad Hoc Committee on Membership recommends that the Board and Council take action to remove the algorithm from the OCLC Code of Regulations and the Members Council Bylaws. Instead, include language in the OCLC Code of Regulations and the Members Council bylaws that refers to the “Membership and Contribution Protocols.” This document encompasses the Ad Hoc Committee’s recommendations and lists the OCLC products and services that qualify as contribution for membership purposes and as activity for delegate allocation purposes under these recommendations. The Standing Joint Committee on Membership will be charged with reviewing the “Membership and Contribution Protocols” document annually to ensure its currency and relevance. Changes in the Protocols will require approval by the OCLC Board of Trustees and Members Council as outlined above in the section “Ongoing Review.”

The Ad Hoc Committee on Membership sat as the initial Standing Joint Committee on Membership to prepare the attached first iteration of the Protocols (Appendix). The Ad Hoc Committee on Membership recommends that the Board of Trustees and the Members Council approve the adoption of the first iteration of “The Membership and Contribution Protocols.” The Protocols, including the decreased threshold for participation by networks and service centers and the new methods for counting activity and for allocating delegates for US networks and OCLC service centers, would take effect July 1, 2002. OCLC’s Market Research and Analysis unit and the Member Services Division will work closely with the network and service center directors to ensure that the proper forms of activity are being counted and weighted properly as the transition is implemented.
APPENDIX

MEMBERSHIP AND CONTRIBUTIONS PROTOCOLS
As recommended by the Ad Hoc Committee on Membership, February 2002

MEMBERSHIP
An institution may choose one of three relationships with the OCLC cooperative:

- **Governing Members** are those institutions that fully embrace the OCLC values of commitment to collaboration through contribution of intellectual content and in resource sharing. This commitment is manifested by these institutions’ contractual agreement to contribute metadata, including their current cataloging and holdings as described in “OCLC WorldCat Principles of Cooperation,” to an OCLC-affiliated database, in order to make such information available to and for the benefit of all members of the cooperative.

  Contribution to WorldCat is the basis of “Governing Member” status in OCLC. Once the linking of the WorldCat and Pica databases is complete, allowing all members to see and use all content in both databases, contribution to Pica’s database would fulfill this membership requirement.

- **Members** also embrace the OCLC values of commitment to collaboration through contribution of intellectual content and in resource sharing. Their commitment is manifested in their contractual agreement to contribute to cooperative products or services of OCLC and/or its affiliates, but they may not necessarily contribute all of their current cataloging to an OCLC-affiliated database.

  Institutions qualify for “Member” status in OCLC by contractually agreeing to be involved in one or more cooperative programs or services of OCLC. These would include “Partial Users” under OCLC’s previous rules, as well as ILL only (lending) participants.

- **Participants** are those institutions that use OCLC products and services without any responsibility to return any intellectual contribution to the cooperative. While the financial contribution made by these institutions is important to OCLC, financial contribution alone does not qualify one for membership.

These membership levels refer to libraries, museums, archives, historical societies, professional associations, and other groups that contribute to or use the intellectual resources of the cooperative. “Members Council Members” are defined in the OCLC Code of Regulations as the networks and service centers that contract with OCLC to provide OCLC services to member institutions.

Members Council delegates may come from Governing Member or Member institutions, but only Governing Member institutions may vote in elections to Members Council. All elected delegates would be full voting members of the Members Council itself. The Members Council may elect any of its delegates to the Board of Trustees.

CONTRIBUTION
For purposes of this document, “contribution” is defined as intellectual resources provided and shared by libraries and other institutions through the products and services of OCLC and its affiliates for the benefit of the members of the cooperative. The activities listed below are included in this definition:

1.) Adding records, content, and holdings, regardless of format or platform of entry

- Original cataloging
- Adding local holdings information
- Union listing
- Materials submitted for archiving and made available to all members and participants of the cooperative through Digital and Preservation Resources

2.) Maintaining records and holdings regardless of platform of entry

- Enhance
- Database enrichment
- Minimal level upgrades
- Deletion of holdings information

3.) Resource sharing (interlibrary loans provided)
4.) Contribution of authority files or thesauri

WEIGHTING OF INTELLECTUAL CONTENT
In recognition of the importance of keeping WorldCat a relevant, current tool for the benefit of the members of the cooperative, contribution of intellectual content, initially including cataloging and lending activities, will be weighted in a 2-to-1 ratio to other types of activity. The Standing Joint Committee will review whether other forms of intellectual contribution qualify for the higher weighting as these services are made available by OCLC.

DELEGATE ALLOCATION
Delegates will be allocated to the Members Council Members (the networks and service centers, as defined in the OCLC Code of Regulations and the Members Council Bylaws) on the basis of a count of all transactions by Governing Members or Members represented by each Member Council Member over the past three years.

DELEGATE ALLOCATION FORMULA
There shall be sixty-six (66) total votes (and delegates) in the Members Council. The number of votes (and delegates) to which each Members Council Member shall be entitled, from time to time, shall be determined by means of the following formula.

\[ V = \frac{L}{T} \times N \]

Where "V" represents the number of votes to which a Members Council Member will be entitled; and

Where "T" represents the number of transactions, weighted according to the standards established in the most recently approved statement of Membership and Contribution Protocols by all Governing Members and Members over the most recently completed three (3) fiscal years of the Corporation; and

Where "L" represents the subset of "T" that is accounted for by the Governing Members and Members represented by each Members Council Member (network or service center) during that same three year period; and

Where "N" represents the total number of elected delegates on Members Council.

At the adoption of this document, N equals 60. The remaining six (6) votes (and delegates) will represent the six (6) nations or regions, other than the United States of America, allocated according to the method adopted by Members Council and the Board of Trustees in May 2001. The Standing Joint Committee will recommend by January 2004 how these six delegates will be allocated to the various countries and regions outside the US participating in OCLC for a second transition period, September 2004 to May 2007. This will allow for the full implementation of OCLC's global strategies and plans. Such recommendations will require action by the Board of Trustees and the Members Council, as outlined in the OCLC Code of Regulations. In the event that an area already represented by a transitional delegate earns one or more regular delegates through increased contribution and activity during the second transition period, one or more transitional delegates from the area will be designated as an allocated delegate of the service center for the remainder of his/her/three-year term. In this case, the allocation of regular delegates would be recalculated based on the current number of regular delegates, with the total number of both transitional and regular delegates to equal 66.

OCLC will begin counting transactions under these new rules at the beginning of FY 2002-2003. The results of these transactions will be reported to the networks and service centers in December 2003 to manage their elections in the winter or spring of 2004. The first Members Council to be seated under the new rules will take office in the fall, 2004.

CERTIFICATION
Approved by the OCLC Members Council on ____________________________, 200__.
Approved by the OCLC Board of Trustees on ____________________________, 200__.
Effective July 1, 200__.
APPENDIX 2
MEMBERSHIP AND CONTRIBUTIONS PROTOCOLS

MEMBERSHIP
An institution may become a member of OCLC in one of two ways:

- **Governing Members** are those institutions that fully embrace the OCLC values of commitment to collaboration through contribution of intellectual content and in resource sharing. This commitment is manifested by these institutions’ contractual agreement to contribute metadata, including their current cataloging and holdings as described in “OCLC WorldCat Principles of Cooperation,” to an OCLC affiliated database, in order to make such information available to and for the benefit of all members of the cooperative.

  Contribution to WorldCat is the basis of “Governing Member” status in OCLC. Once the linking of the WorldCat and Pica databases is complete, allowing all members to see and use all content in both databases, contribution to Pica’s database would fulfill this membership requirement.

- **Members** also embrace the OCLC values of commitment to collaboration through contribution of intellectual content and in resource sharing. Their commitment is manifested in their contractual agreement to contribute to cooperative products or services of OCLC and/or its affiliates, but they may not necessarily contribute all of their current cataloging to an OCLC-affiliated database.

  Institutions qualify for “Member” status in OCLC by contractually agreeing to be involved in one or more cooperative programs or services of OCLC. These would include “Partial Users” under OCLC’s previous rules, as well as ILL only (lending) participants.

These membership levels refer to libraries, museums, archives, historical societies, professional associations, and other groups that contribute to or use the intellectual resources of the cooperative. “Members Council Members” are the networks and service centers that contract with OCLC to provide OCLC services to member institutions.

Members Council delegates may come from Governing Member or Member institutions, but only Governing Member institutions may vote in elections to Members Council. All elected delegates would be full voting members of the Members Council itself. The Members Council may elect any of its delegates to the Board of Trustees.

Voting rights for Governing Members and Members are as set forth in the OCLC Code of Regulations from time to time.

PARTICIPANTS
Participants are those institutions that choose to use OCLC products and services without any responsibility to return any intellectual contribution to the cooperative. While the financial contribution made by these institutions is important to OCLC, financial contribution alone does not qualify one for membership or for voting rights.

CONTRIBUTION
For purposes of this document, “contribution” is as defined from time to time by the Standing Joint Committee on Membership. Initially, “contribution” shall be defined as intellectual resources provided and shared by libraries and other institutions through the products and services of OCLC and its affiliates for the benefit of the members of the cooperative. The activities listed below are currently included in this definition:

1.) Adding records, content, and holdings, regardless of format or platform of entry
   - Original cataloging
   - Adding local holdings information
   - Union listing
   - Materials submitted for archiving and made available to all members and participants of the cooperative through Digital and Preservation Resources

2.) Maintaining records and holdings regardless of platform of entry
   - Enhance
Meeting of the Board of Trustees – June 4, 2002

- Database enrichment
- Minimal level upgrades
- Deletion of holdings information

3.) Resource sharing (interlibrary loans provided)
4.) Contribution of authority files or thesauri

WEIGHTING OF INTELLECTUAL CONTENT

In recognition of the importance of keeping WorldCat a relevant, current tool for the benefit of the members of the cooperative, contribution of intellectual content, initially including cataloging and lending activities, will be weighted in a 2-to-1 ratio to other types of activity. The Standing Joint Committee will review whether other forms of intellectual contribution qualify for the higher weighting, as these services are made available by OCLC.

DELEGATE ALLOCATION

Delegates shall be allocated to and shall be elected by the Members Council Members (the networks and service centers) on the basis of a count of all transactions by Governing Members and Members represented by each Member Council Member over the past three years. Members Council Member delegate allocations shall be determined each January on an annual basis for the following year of the Members Council.

The minimum activity for a Members Council Member to qualify for a delegate is 0.25% (one quarter of one percent) of the total weighted activity of the cooperative.

DELEGATE ALLOCATION FORMULA

There shall be sixty-six (66) total votes (and delegates) in the Members Council. The number of votes (and delegates) to which each Members Council Member shall be entitled, from time to time, shall be determined by means of the following formula.

\[ V = \frac{1}{T} \times N \]

Where “V” represents the number of votes to which a Members Council Member will be entitled; and

Where “T” represents the number of transactions, weighted according to the standards established in the most recently approved statement of Membership and Contribution Protocols by all Governing Members and Members over the most recently completed three (3) fiscal years of the Corporation; and

Where “N” represents the subset of “T” that is accounted for by the Governing Members and Members represented by each Members Council Member (network or service center) during that same three year period; and

Where “N” represents the total number of elected delegates on Members Council.

At the adoption of this document, N equals 60. The remaining six (6) votes (and delegates) will represent the six (6) nations or regions, other than the United States of America, allocated according to the method adopted by Members Council and the Board of Trustees in May 2001. The Standing Joint Committee on Membership will recommend by January 2004 how these six delegates will be allocated to the various countries and regions outside the US participating in OCLC for a second transition period, September 2004 to May 2007. This will allow for the full implementation of OCLC’s global strategies and plans. Such recommendations will require action by the Board of Trustees and the Members Council, as outlined in the OCLC Code of Regulations. In the event that an area already represented by a transitional delegate earns one or more regular delegates through increased contribution and activity during the second transition period, one or more transitional delegates from the area will be designated as an allocated delegate of the service center for the remainder of his/her/their three-year term. In this case, the allocation of regular delegates would be recalculated based on the current number of regular delegates, with the total number of both transitional and regular delegates to equal 66.

OCLC will begin counting transactions under these new rules at the beginning of FY 2002-2003. The results of these transactions will be reported to the networks and service centers in December 2003 to manage their elections in the winter or spring of 2004. The first Members Council to be seated under the new rules will take office in the fall, 2004.
PROCEDURES FOR CHANGING THIS DOCUMENT

- The Standing Joint Committee on Membership must approve any recommendations by a simple majority vote with a quorum of at least four members present and voting. If changes are approved, the recommendations are submitted to Members Council for consideration. (If changes to the OCLC Code of Regulations are recommended, they must be submitted to the Board of Trustees for initial consideration and follow the amendment process provided in the Code of Regulations.)

- Members Council may consider recommendations of the Standing Joint Committee on Membership through its normal procedures. However, if any action includes a change to the "Membership and Contribution Protocols," such action must be approved by a 2/3 majority of Council delegates present and voting. If such approval is forthcoming, the changes are recommended to the Board of Trustees.

- The Board of Trustees shall consider such resolutions from the Members Council. The Board may approve a resolution by a 2/3 vote, or it may reject the resolution. If the Board approves the resolution, it takes effect as specified in the resolution. The Board may also amend the resolution by a 2/3 vote and send the amended resolution back to the Members Council for reconsideration.

- If the Board sends the resolution back to Members Council, the Council may accept the amendment(s) by a 2/3 vote, or it may reject the amendment(s). If it accepts the amendment(s), the resolution takes effect as specified. If it rejects the amendment(s), the resolution is no longer available for further revision. However, nothing in this procedure shall prevent a new resolution addressing such issues from being introduced by the Standing Joint Committee on Membership.

CERTIFICATION

Approved by the OCLC Members Council on ________________, 200__.
Approved by the OCLC Board of Trustees on ________________, 200__.

Effective July 1, 200__.