

OCLC ONLINE COMPUTER LIBRARY CENTER, INC.
MEETING OF THE BOARD OF TRUSTEES
JUNE 11, 2007

This meeting of the Board of Trustees of OCLC Online Computer Library Center, Inc., pursuant to the notice of the Secretary dated May 29, 2007, and in accordance with Article VII, Section I, of the Code of Regulations of OCLC Online Computer Library Center, Inc., convened at 8:30 a.m. local time on June 11, 2007, in the Saxenburgaal Room of the Pulitzer Hotel, Amsterdam, the Netherlands. Ms. Wilson presided as Chair and Mr. Seal kept the minutes of the meeting.

Trustees present:

Larry Alford
Edward W. Barry
William J. Crowe
Maggie Farrell
Ralph K. Frasier
Victoria Johnson
Jay Jordan
David P. Lauer
Bruce Newell
Elisabeth Niggemann
David Roselle
Jane N. Ryland
Robert A. Seal
Jerry Stephens
Betsy Wilson

Trustees absent:

None

Also present for portions of the meeting:

Rick Schwieterman, Vice President, Chief Financial Officer
Rein van Charldorp, Managing Director, OCLC PICA
Robin Murray, Director of Strategy & Marketing, PICA
Paul Harvey, PICA Board of Directors
Norbert Weinberger, PICA Board of Directors
Eric van Lubeek, PICA Board of Directors
Rob Stricker, PICA Board of Directors

Ms. Wilson opened the meeting by welcoming our guests from PICA and thanking Mr. van Charldorp and Ms. Wensveen-de Jong for arranging the dinners and other activities in Amsterdam. She asked if there were any changes in or additions to the agenda; there were none.

The Chair proposed a consent agenda for the following four items: 1) the minutes of the April 16, 2007, Board of Trustees meeting; 2) a recommendation of the Standing Joint Committee on Membership related to designated delegates to Members Council; 3) the revised charter of the Nominating and Board Development Committee; and 4) a proposed resolution on the purchase of a parcel of land adjoining the OCLC campus in Dublin. In introducing the idea of a consent agenda, Ms. Wilson noted that any Trustee could request that any item be taken off the

consent agenda without explanation or debate. Upon being moved and seconded, the Board of Trustees unanimously approved the consent agenda and thus all items on it as follows:

Resolution 2:

**REPORT AND RECOMMENDATIONS OF THE
STANDING JOINT COMMITTEE ON MEMBERSHIP**

Meetings of the OCLC Board of Trustees, Members Council, and RONDAC
May 6, 2007

The Standing Joint Committee on Membership (SJCM) is chartered by the Board of Trustees to review the Membership and Contributions Protocols (“Protocols”), and make recommendations to the Members Council and to the Board for changes as needed.

This report presents the recommendations of the SJCM for action at the May Members Council meeting and the June Board of Trustees meeting. Recommendations approved by both bodies in this time frame would go into effect July 1, 2007, resulting in the seating of designated delegates at the October 2007 Members Council meeting.

BACKGROUND

OCLC has sought to increase representation from outside North America on the Members Council for nearly a decade. In 2001, the first iteration of the Protocols took effect. This document made several major changes in how delegates were allocated to the networks and service centers:

1. The size of Council was increased from 60 to 66 delegates.
2. Six seats were reserved for a period of three years for “transitional delegates” who represented areas in which OCLC had activity, but not enough activity to qualify for a traditional (or “allocated”) delegate.
3. The formula for assigning delegates (formerly known as the “algorithm”) was broadened somewhat to include services other than cataloging and resource sharing. Since that time, the only other major service added to the formula has been FirstSearch. The older services count as two credits in the formula; each FirstSearch transaction counts as one.
4. The definition of membership within the cooperative was changed. Before 2001, membership was defined as an institution agreeing to contribute all of its current, Roman-alphabet cataloging to WorldCat. Since 2001, two levels of membership have existed:
 - “Governing Members” are those institutions that continue to provide all their cataloging records to WorldCat, and
 - “Members” are those institutions that contribute some but not all of their cataloging data to WorldCat, or participate in another contributory service of the cooperative, such as resource sharing.

Members Council delegates may come from Governing Member or Member institutions, but only Governing Member institutions may vote in elections to Members Council.

In 2004, revisions to the Protocols took effect that created a second three-year term for the transitional delegates. Since that time, one of the transitional delegates from Latin America and both delegates from OCLC Pica have moved from transitional to allocated status due to increased OCLC activity in those regions.

At the May 2006 Members Council meeting and June 2006 Board of Trustees meeting, the bodies reviewed and approved a report and resolution from the SJCM which recommended the Protocols be amended to allow the addition of six new delegates to the Council. This recommendation was made in recognition of the continued globalization of the cooperative and the need for broader representation from the regions where participation in OCLC is growing. The revised Protocols state:

The Standing Joint Committee on Membership was charged with working with the Executive Committee of Members Council, the Board, the networks and service centers, and OCLC management to formulate recommendations for the representation of those geographic areas and types of institutions by designated delegates. The Standing Joint Committee recommendation will specify the manner in which the designated delegates will be identified and selected. This recommendation will then be put into the form of a resolution for action by the Members Council and Board of Trustees. Such recommendations will be made no more than annually, and will generally be considered at the May Members Council and June Board meetings.

ISSUES AND DISCUSSION

There continues to be a strong desire that Members Council remain representative of the more transnational nature of OCLC. In this regard, the Members Council actively supports the Global Discussion Group, frequently receives reports on and discusses issues related to OCLC library activity outside the United States, welcomes speakers from areas of the world being served by OCLC, and has implemented a plan to meet outside the United States on a regular basis.

The committee conducted a simple survey in late February 2007. Members Council delegates, Trustees, and RONDAC Directors were invited to respond. The results of the survey were not definitive due to a low response rate and wide ranging opinions about types of institutions and regions that require representation. There was consistency between the recommendations made by the respondents and those made in Members Council discussions that have occurred over the last year. There was considerable interest in adding school librarians, museum or archives representatives, and representatives from Asia, especially China and India.

Analysis of the membership's current distribution was conducted to ascertain whether internationalization has occurred in representation. The distribution of representation seems to be following contribution as currently defined. While the numbers are not perfect, they seem to be moving toward the goal of internationalization. Certainly progress has been made. In the year 2000, nearly 100% of delegates were from the US; we had one delegate from Canada and one from the UK. There are, of course, still some under-represented groups and as long as the elections follow the current model, this could continue to occur. Methods of election for representation will be addressed in the current Governance Study.

The committee considered a variety of ways to approach its recommendation based on the survey, analysis, and discussions. We agreed that several key issues needed to be considered in making our final recommendation:

- 1) There will be dramatic shift in non-US representation in the coming year with Asia losing two delegates and Latin America losing one as the transitional delegates are phased out. This sudden change in representation is a set back in terms of internationalization on Members Council.
- 2) The Governance Study initiated by the Board of Trustees offers an opportunity for Members Council delegates to provide input regarding representation issues for the future. It is recognized the organization can benefit by hearing from those who already have an understanding of the nature and goals of the cooperative and the challenges it faces.
- 3) The committee agrees it is not necessary to fill all six designated delegate slots in the first year. It is likely the Governance Study will result in recommendations regarding use of the designated delegate positions in the future.
- 4) The committee agrees one-year terms make the most sense when the appointed designated delegate has prior experience on Members Council during the Governance Study year.

- 5) The committee supports having a cultural heritage representative, from an institution such as a museum or archive, as a full-fledged delegate.
- 6) It is the understanding of the committee that the designated delegates can be appointed, with ratification of the appointment by the Members Council's Executive Committee, rather than elected.

Recommendation:

The Standing Joint Committee on Membership recommends the Members Council adopt the following resolution to appoint four designated delegates for terms beginning in October 2007:

STANDING JOINT COMMITTEE ON MEMBERSHIP RESOLUTION
As forwarded to the Council Executive Committee, 23 April 2007

WHEREAS, the Membership and Contribution Protocols authorize the Standing Joint Committee on Membership to make recommendations to the Members Council and the OCLC Board of Trustees regarding "Designated Delegates;" and

WHEREAS, the transitional delegate terms of office end on May 31, 2007, resulting in a sudden loss of experience and talent from the Members Council; and

WHEREAS, the OCLC Board of Trustees has authorized a Governance Study to begin in April 2007, with the stated goal of having results be implemented by July 1, 2008; and

WHEREAS, the results of this study may have an impact on the composition and allocation of delegates to Council;

BE IT THEREFORE RESOLVED, that the Standing Joint Committee on Membership make the following recommendations to the Members Council and Board of Trustees:

1. That OCLC Asia Pacific be allocated two designated delegates with a term of one year, from June 1, 2007 to May 31, 2008;
2. That OCLC Latin America and the Caribbean be allocated one designated delegate with a term of one year, from June 1, 2007 to May 31, 2008;
3. That the management of each of these service centers be encouraged to reappoint the individuals who currently hold the transitional delegate seats to these one year designated delegate seats in order to prevent a "brain drain" from Council, and if for any reason these individuals are not available, to seek individuals who have previous experience as alternates or observers at Council meetings;
4. That one designated delegate be appointed to represent the cultural heritage community, with this delegate selected from the "OCLC family" of such organizations, that is, an organization that is currently part of the broad OCLC community, with a term of three years;
5. That an open nomination process be launched for the cultural heritage delegate, and that the OCLC staff make a recommendation to the Members Council Executive Committee for the individual to be appointed no later than August 15, 2007, for a term that officially extends from June 1, 2007 to May 31, 2010.

BE IT FURTHER RESOLVED, the 2007-2008 Standing Joint Committee on Membership closely follow the work being done by the Governance Study Committee to determine appropriate actions for 2008-2009, as needed.

Respectfully submitted,

OCLC Standing Joint Committee on Membership

Victoria L. Johnson, Chair, Board of Trustees Representative

Robert A. Seal, Board of Trustees Representative

Jerry Stephens, Board of Trustees Representative

Catherine C. Wilt, RONDAC Representative

Berndt Dugall, OCLC PICA, Members Council Representative

Jan Ison, ILLINET, Members Council Representative

Gladys Maharam, PALINET, Members Council Representative

Resolution 3:

NOMINATING AND BOARD DEVELOPMENT COMMITTEE CHARTER

RESOLVED, that the proposed Nominating and Board Development Committee Charter as presented to this Board be and the same hereby is approved.

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Ms. Wilson referred to Tab 2 of the Board materials for the Chair's report. In addition to the written report, she observed that the November Board meeting will include a special session on Saturday afternoon on the governance study so Trustees will need to arrive earlier than usual. She also urged the Trustees to attend as many Members Council meetings as possible in 2007/08 because of the governance discussions. The Chair also reported on the Executive Committee meeting of the previous day which included setting the consent agenda, a discussion of the governance study, and hearing from the CEO on "matters arising."

Ms. Wilson then called for the President's Report from Mr. Jordan who referred the Board to Tab 3 of the meeting materials. He reported on several items of interest: i) the receipt of the final grant (\$12.2M) from the Gates Foundation for WebJunction; much of the funding will be used to re-write the system's software; ii) an additional \$1.2M grant from Gates for the library advocacy project under the direction of Ms. de Rosa; iii) recent developments with and actions by Google; iv) contractual matters with Recorded Books, LLC; v) meetings with Members Council and RONDAC; vi) upcoming reports by outside consultants on distribution models involving OCLC and the networks; vii) WorldCat Local; viii) the May RLG Partners meeting in Washington, DC; and ix) the OCLC Budget Process Study Group which is considering various cost-cutting measures.

Rein van Charldorp, Manager Director of PICA, gave the Board of Trustees an update on PICA including history, markets, recent developments, and growth strategy. He also provided an overview of the Dutch National Information Infrastructure. Robin Murray, PICA Director of Strategy & Marketing, presented an overview of PICA's Enterprise Produce Strategy. He also addressed a number of FY08 initiative aimed at increasing efficiency and decreasing costs.

Ms. Wilson called on Ms. Johnson, Chair of the Standing Joint Committee on Membership. Other than the item previously on the consent agenda, Ms. Johnson had no report from the Committee.

Ms. Niggemann reported on several matters from the meeting of the Nominating and Board Development Committee: i) a report by Mr. Seal on the evaluation of the recent new Trustee orientation sessions; ii) recommendations for improving the Board of Trustees web site following the survey by Mr. Newell; iii) the Committee's approval of continuing the current Board self-evaluation process; iv) the need to make only minor changes in Committee assignments as this is an "off year;" and v) future discussions of potential candidates for future Trustee slots.

The Chair called for the Personnel and Compensation Committee report. Ms. Johnson, Committee Chair, said that the Committee had reviewed the preliminary MIP and LTIP information, and would have appropriate resolutions for the executive session.

Mr. Barry reported on the following matters from the Finance Committee: i) OCLC's financials which are very positive both for May and year-to-date; ii) FY08 financial projections; iii) approval of OCLC's proposal to set next year's financial contribution goal at two percent; iv) support for PICA's product and competitive strategies in Europe; and v) approval of OCLC's proposed land acquisition (see consent agenda).

The Chair called for a break at 10:40 a.m. and reconvened the meeting at 11:05 in executive session. During the executive session, the following two resolutions, presented by Ms. Johnson on behalf of the Personnel and Compensation Committee, were discussed, moved and seconded, and unanimously approved by the Trustees:

FY2007 MIP Non-Executive Incentive Compensation

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 Management Incentive Plan award as presented in executive session be approved and the allocation of said funds be directed as follows:

- (1) Management Incentive Plan awards to non-executive plan participants of the Corporation 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 Plan awards to terminated non-executive participants be and the same are hereby approved as presented.

FY-2006-FY2009 LONG-TERM INCENTIVE PLAN

WHEREAS, the Corporation has completed an internal audit of the Long-Term Incentive Plan non-financial metrics for FY2006; and

WHEREAS, as a result of said audit the actual Service Demand (Participants count) metric for FY2006 was reset;

NOW THEREFORE, upon appropriate review by the Personnel and Compensation Committee, the following action is recommended:

RESOLVED, that as a result of the actual Service Demand (Participants count) metric being reset for FY2006, the target levels for the metric for FY2007, FY2008 and FY2009 be adjusted as recommended and approved by the Personnel and Compensation Committee.

Following approval of these resolutions, Mr. Jordan was excused and the remaining Trustees discussed and unanimously approved a third resolution related to Mr. Jordan's salary for FY08.

ROBERT L. JORDAN PERFORMANCE

RESOLVED, that following a review of the individual performance of the President & CEO for FY 2006/2007, the Board in executive session hereby approves the annual base salary as recommended by the Personnel and Compensation Committee for Robert L. Jordan to be effective July 1, 2007

