

OCLC ONLINE COMPUTER LIBRARY CENTER, INC.
Meeting of the Board of Trustees
April 14, 2008

This meeting of the Board of Trustees of OCLC Online Computer Library Center, Inc., pursuant to the notice of the Secretary dated April 3, 2008, and in accordance with Article VII, Section I, of the Code of Regulations of OCLC Online Computer Library Center, Inc., convened at 9:01 a.m., local time, on April 14, 2008 at OCLC Online Computer Library Center, Inc., 6600 Kilgour Place, Dublin, OH 43017. Mr. Alford presided as Chair and Mr. Houfek kept the minutes of the meeting, except during the executive session.

Trustees present:

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

Trustees Absent:

None

Also, present for all or portions of the meeting:

Karen Calhoun, Vice President, WorldCat and Metadata Services
Bruce Crocco, Vice President, Library Services for the Americas
Cathy De Rosa, Vice President, Marketing and Library Services
James T. Houfek, Vice President, General Counsel and Secretary
Gary R. Houk, Vice President, Corporate Information Technology & Business Integration
James Michalko, Vice President, RLG Programs Development
George Needham, Vice President, Member Services
William Nilges, Vice President, Business Development
Rick J. Schwieterman, Executive Vice President, Chief Financial Officer
Tammi N. Spayde, Vice President, Human Resources
Greg Zick, Vice President, OCLC Digital Services

Mr. Alford called the meeting to order, and inquired as to any changes to the proposed agenda. There being none, he requested a motion to approve the minutes of the meetings of the Board of Trustees held on November 12, 2007, February 10, 2008, and March 31, 2008. Upon separate motion duly made and seconded as to each set of minutes, the Board of Trustees unanimously and separately approved each of the minutes from those meetings.

Mr. Alford then submitted his Chair's report, expressing his gratitude for the work of staff and the Trustees on the governance changes, as well as the participation of staff in the annual COP presentation and review held at the Finance Committee meeting. That concluded the Chair's report.

Mr. Alford then indicated that the Executive Committee of the Board had met, and reviewed and recommended the following two resolutions for approval by the full Board:

2009 MEETING SCHEDULE

RESOLVED, that regular meetings of the Board of Trustees shall be held, in calendar 2009, at the offices of the Corporation or at other locations designated by the Board at 8:30 a.m., local time, on the following dates:

February 8, 2009
April 20, 2009
June 8, 2009

September 21, 2009
November 9, 2009

FURTHER RESOLVED, that the annual meeting of the Board of Trustees shall be held immediately following the annual meeting of the Trustee Members on November 9, 2009.

DUANE WEBSTER TRIBUTE

WHEREAS, Duane Webster served as Executive Director of the Association of Research Libraries from 1988 to 2008; and

WHEREAS, during those two decades of momentous change in libraries he has worked closely with leaders of OCLC Online Computer Library Center to engage ARL and its member libraries in numerous projects involving the OCLC community of more than 60,000 libraries in 112 countries; and

WHEREAS, under his leadership, ARL has worked with OCLC on such valued cooperative ventures as the Japan Journal Access Project, the National Register of Microform Masters Project, the Latin American Studies Materials Project, and the North American Interlibrary Loan and Document Delivery Project; and

WHEREAS he has worked with OCLC to promote continuing education and the development of leadership skills for research library staff through such endeavors as the ARL/OCLC Strategic Issues Forums, 1999-2002; the ARL library leadership programs; and speaking at various OCLC-sponsored forums; and

WHEREAS, he provided sensitive leadership skills to support the coming together of RLG and OCLC, in 2006

NOW, THEREFORE, BE IT

RESOLVED, that on behalf of the membership of the world's largest library cooperative, the Board of Trustees of OCLC hereby thanks Duane Webster for his promotion of the spirit of library cooperation worldwide; commends him for steadfast leadership of the Association of Research Libraries as a primary manifestation of his commitment to advance the practice of librarianship through research, scholarship and education; and wishes him well in his retirement.

There being no further discussion, and no second being necessary, each of the above resolutions was separately moved and unanimously approved by the Trustees.

Mr. Alford then continued with the Executive Committee report by indicating that the Committee had also discussed the agenda for the June, 2008 Board meeting which will be held in Charleston, SC, and that the Trustees should expect Ms. Ryan to contact them shortly regarding individual travel plans. That concluded Mr. Alford's report.

The Chair then called for the President's report. Mr. Jordan asked that the Board look to his written report for details, a copy of which could be found at Tab 4 of the Board materials, and then called their attention to the following specific items: (i) based on the presentations made by staff at the Finance Committee, OCLC has a significant opportunity to provide services and to lower costs to libraries and memory institutions worldwide over the next two to four years, (ii) a four percent (4%) price increase for FY 2008-2009, (the Trustees will be provided with materials in the next few weeks that would show the value added features to the Company's products and services since the last price increase), (iii) Mr. Jordan's recent trip to the Netherlands and France was fruitful and served to further build relationships with ABES and Bibliothèque Nationale de France, (iv) Mr. Dempsey will be the keynote speaker at an upcoming ABES conference, and (v) OCLC recently entered into an agreement with Google and thanks are due to Mr. Nilges, Ms. Cunningham and Mr. Buzash for their hard work on this matter. That concluded Mr. Jordan's report.

The Chair then called for the report of the Joint Committee on Membership. Mr. Stephens reported that the Committee met following the Members Council meeting in February, 2008, to further consider alternate delegate allocations, and that a proposed resolution was being submitted to Members Council for approval at their May 2008 meeting. That completed Mr. Stephens report.

The Chair then called for the report of the Finance Committee. Mr. Barry reported that the Committee met with all members present and had conducted their meeting in three phases. The first part was the regular Finance Committee business, the second was a joint meeting with the OCLC Strategic Leadership Team (SLT) to review the FY 2008-2009 Corporate Operating Plan, and the third was to review and recommend a resolution, which would be

discussed shortly. During the first phase of the meeting, the Committee discussed in detail existing lease and bond financing, as well as the need for additional financing in order to pay down previous bonds at more favorable rates. Based on those discussions, the Committee approved the following resolution and recommended formal approval of same by the full Board:

LEASING AND BOND FINANCING

RESOLVED, That the Corporation be and it hereby is authorized, subject to acceptable market conditions as it may deem appropriate, to enter into arrangements with the County of Franklin, Ohio (the "County") or the Columbus-Franklin County Finance Authority (the "Authority") and, as necessary, other appropriate parties, for the purpose of financing, with the proceeds of revenue bonds of the County and/or other forms of new debt deemed appropriate by the Corporation in an aggregate principal amount not to exceed Twenty Million Dollars (\$20,000,000) (collectively, the "Debt"), (i) the refunding of all or any portion of the outstanding County of Franklin Revenue Bonds, Series 1998A (OCLC Online Computer Library Center, Incorporated Project), including payment of any premiums due thereon, and (ii) the costs of the Debt transaction; and

FURTHER RESOLVED, That the President, the Executive Vice President, Chief Financial Officer and Treasurer and the Vice President, General Counsel and Secretary of this Corporation be and each of them, acting singly, are hereby authorized, on behalf of the Corporation, to execute and deliver the appropriate and necessary documents each in such form as shall be approved by the officer executing the same, and the issuance, execution and delivery of any such documents by such officer shall be conclusive evidence of the approval thereof by the officer executing the same; and

FURTHER RESOLVED, That the aforesaid officers be and each of them, acting singly, are hereby authorized, on behalf of the Corporation, (i) to approve and execute the preliminary and final Official Statement (if any) relating to the offering and sale of the Debt, and to approve the distribution and use thereof in connection with the sale of the Debt, (ii) to approve the terms and conditions applicable to the Debt, (iii) to approve the maturity schedule of, and the interest rate or rates to be borne by, the Debt, (iv) to approve the purchase price of the Debt (if any), and to approve any other matters, and execute and deliver any other certificates or instruments, required in connection with the issuance, sale and/or incurrence of the Debt, such approvals to be conclusively evidenced by the execution and delivery of the documents, certificates and instruments so executed and delivered; and

FURTHER RESOLVED, That the President, the Executive Vice President, Chief Financial Officer and Treasurer and the Vice President, General Counsel and Secretary of this Corporation, and each of them, acting singly, are hereby authorized and directed to take any and all action, on behalf of the Corporation, necessary or proper for the Corporation to carry out, perform, give effect to, consummate and perform the terms of and the transactions contemplated by the above Resolutions.

There being no further discussion, and no second being necessary, the above resolution was moved and unanimously approved by the Trustees. Mr. Barry then asked Mr. Crocco to advise the Board on his marketing plans during the upcoming fiscal year. Following that report, Mr. Barry

indicated that the Committee reviewed and recommended the following resolution to the full Board for approval:

CORPORATE OPERATING PLAN

RESOLVED, that the fiscal year 2008/2009 budget of the Corporate Operating Plan, as presented to this meeting, be and the same hereby is approved.

There being no further discussion, and no second being necessary, the above resolution was moved and unanimously approved by the Trustees. This concluded Mr. Barry's report.

The Chair then called for the report of the Personnel and Compensation Committee. Ms. Johnson reported that the Committee met with all members present and: (i) considered and been briefed on a new structure for the FY 2008-2009 Management Incentive Plan, which would be further discussed at the June Committee meeting, (ii) heard a presentation from Ms. Dove regarding talent management and succession plans within the company, (iii) heard a presentation and update regarding the corporate inclusion efforts from Ms. Houston, (iv) discussed the global strategy for the Human Relations Department, and (v) discussed two items that will be referred to later today during the executive session. Finally, Ms. Johnson indicated that Ms. Houston will be leaving OCLC, and Ms. Johnson and the Committee expressed their sincere thanks to Ms. Houston for her excellent work while she was employed with OCLC. That concluded Ms. Johnson's report.

The Chair then called for the report of the Nominating and Board Development Committee. Ms. Wilson reported that the Committee met yesterday with all members present and: (i) reviewed the effect the proposed changes to the governance documents would have on the election process for new Trustees including the transition timeline and sequencing of terms, (ii) discussed the possibility of retaining outside consultants to better identify potential Trustee candidates so as to better fill future global competency needs, (iii) reviewed the 2009 Committee assignments, (iv) reviewed the new Trustee orientation process and the plans for the 2008 retreat, and (v) reviewed and approved the following two resolutions which the Committee recommended to the full Board for passage:

JOINT COMMITTEE ON MEMBERSHIP

RESOLVED, that upon the review and recommendation of the Nominating and Board Development Committee, the following three Trustees are hereby approved and appointed as the new representatives to the Joint Committee on Membership from the OCLC Board for fiscal year 2008/2009:

1. Victoria Johnson
2. Robert Seal
3. Jerry Stephens

RLG COMMITTEE

RESOLVED, that effective July 1, 2008, the following OCLC Trustees are appointed to the RLG Committee for fiscal year 2008/09:

RLG Committee:

1. Elisabeth Niggemann
2. Jane Ryland
3. Lizabeth Wilson

There being no further discussion, and no second being necessary, each of the above resolutions was separately moved and unanimously approved by the Trustees.

The Chair then called for the report of the Audit Committee. Mr. Seal indicated that the Committee met with all members present and: (i) reviewed the risk assessment report recently generated by KPMG, which resulted from interviews with some members of the SLT and the Board, (ii) noted that the risks identified would be monitored carefully and addressed over the next three years, (iii) reviewed the annual insurance renewal and noted that there was a decrease of nineteen percent (19%) in premium cost of the insurance from last year, (iv) discussed EMEA insurance coverage, (v) reviewed the enterprise-wide legal structure, and (vi) discussed the auditor rotation with the decision to retain Ms. Devine for a sixth year so that she can complete the current audit engagement with Deloitte and Touche. That completed Mr. Seal's report.

The Chair then asked for the RLG Committee report. Ms. Ryland reported on behalf of the RLG Committee, and indicated that the Committee met and: (i) discussed a recent meeting in San Mateo, CA with programs and research staff, hosted by Mr. Michalko and Ms.

Nancy Elkington, (ii) discussed a recent meeting between Mr. Dempsey and Mr. Michalko with Deanna Marcum of the Library of Congress regarding the future of bibliographic control, (iii) discussed the issue of the U.S.-centric concentration of research related publications and works and the need to involve non-U.S. institutions in future projects, (iv) considered issues of management of research data, (v) discussed the need to reposition the RLG Partners' efforts in order to expand the circle of involvement beyond just the institutional directors, (vi) reviewed the budget for the next three years, and (vii) discussed the need to re-populate the RLG Committee and Program Council for FY 2008-2009. That concluded the RLG Committee report.

The Chair then called for a break at 10:20 a.m.

The meeting was reconvened at 10:35 a.m., and began with a presentation by Ms. Calhoun on the topic of *"Worldcat and Metadata Before & After Web 2.0: We Are All Connected"*. Following some discussion, the Chair recessed the meeting at 11:42 a.m. for purposes of convening a special meeting of the Trustee Members.

Following the special meeting of the Trustee Members, the Trustee meeting was reconvened. Ms. Farrell then updated the Board on the latest suggested changes to the By-Laws for governance of the Board of Trustees of OCLC as determined by the proposed changes in OCLC's Articles of Incorporation and the Code of Regulations. Ms. Farrell indicated that while the Board did not have to seek approval from the Members Council for changes to the By-Laws, in the spirit of full transparency, the intent was to share those changes with Members Council as part of its review of the proposed changes to the other governance documents. After a discussion regarding changes to Article VIII (E) of the By-Laws regarding the Membership Committee, the following resolution was considered by the full Board for approval:

BY-LAWS

WHEREAS, OCLC Online Computer Library Center, Inc., 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 achieve those public purposes into the future in a manner consistent with the best interests of the Corporation and its Members, the Board has recommended certain amendments to the By-Laws for Governance of the Board of Trustees of OCLC ("By-Laws"), and

WHEREAS, amendments to the By-Laws require an affirmative vote of two-thirds of the Board of Trustees present at a meeting (and do not require ratification or other action by the Members Council), and

WHEREAS, the adoption of these amendments to the By-Laws are only necessary provided certain amendments to the Articles of Incorporation and the Code of Regulations are first approved by the Trustee Members and then ratified by the Members Council,

NOW THEREFORE BE IT

RESOLVED, that subject to and contingent upon approval of the Trustee Members and the ratification by the Members Council of the resolution of even date regarding amendments to the Articles of Incorporation and Code of Regulations, that the By-Laws for Governance of the Board of Trustees of OCLC be restated in their entirety as detailed in attached "Appendix 1", but that failing said approval by the Trustee Members and ratification by Members Council, this resolution will become immediately null and void.

FURTHER RESOLVED, that the Governance Transition Committee and the Vice President, General Counsel be authorized to amend the language of the attached document marked as Appendix 1 to conform with discussions in this Trustee meeting, or in order to correct typographical or grammatical errors, or wherever the language used requires clarification in order to properly express the intent of the Trustees.

There being no further discussion, the above resolution was moved, seconded and unanimously approved by the Trustees.

The Chair then called for a break at 12:08 p.m. and reconvened the meeting in executive session at 12:10 p.m.

During the executive session, and following the departure of Mr. Jordan, the following resolutions were separately discussed, moved and seconded, and were separately each unanimously approved by the Trustees present:

ROBERT L. JORDAN AMENDMENT

RESOLVED, that after review and discussion, the Fifth Amendment to the Agreement to Extend and Amend the Employment Agreement between OCLC and Robert L. Jordan is hereby approved.

JAY JORDAN TRIBUTE

Whereas Jay Jordan and the OCLC collaborative will celebrate his tenth anniversary as President and CEO of OCLC on May 11, 2008;

Whereas in the last ten years the information landscape has changed dramatically resulting in equally dramatic changes in libraries regardless of type;

Whereas under the transformative leadership of Jay Jordan OCLC has moved in new and exciting directions to fulfill its public purpose of "furthering ease of access to and use of the ever-expanding body of worldwide scientific, literary, and educational knowledge and information;"

Whereas the OCLC collaborative has expanded globally in ten years, more than doubling the number of libraries outside the United States participating, and operating in 110 countries;

Whereas Jay Jordan has become a tireless advocate for the OCLC collaborative traveling many thousands of miles each year to develop partnership agreements on behalf of OCLC and to promote libraries and information access;

Whereas among the many successful programs to promote global librarianship, Jay Jordan established the IFLA/OCLC Early Career Development Fellowship Program to bring promising librarians from developing nations to OCLC for training and interaction with OCLC staff and librarians in the United States;

Be it Resolved that the OCLC Board of Trustees on behalf of the members of OCLC around the world congratulate Jay Jordan on his ten years of service to the OCLC collaborative;

Be it resolved that the OCLC Board of Trustees authorizes the establishment of an additional IFLA Fellow in honor of Jay Jordan to express its appreciation for the leadership Mr. Jordan has provided OCLC and its member libraries over the past ten years;

Be it further resolved that the IFLA/OCLC Early Career Development Fellowship Program shall be named and here-in-after known as the Jay Jordan IFLA Fellows Program to recognize and honor Jay Jordan's commitment to and leadership of the OCLC collaborative and global information access.

There being no further business to come before the meeting, upon motion duly made and seconded, the meeting was adjourned at approximately 1:10 p.m.

/s/
Larry Alford, Chair

/s/
James T. Houfek, Secretary

APPENDIX 1

Revised _____, 2008

**BY-LAWS FOR GOVERNANCE
OF
Board of Trustees of OCLC Online Computer Library Center, Inc.****ARTICLE I
PURPOSE**

These By-Laws are approved and adopted by the Board of Trustees for the governance of its internal affairs as the Board of Trustees of OCLC Online Computer Library Center, Inc. If these By-Laws or any portion thereof conflict with either the Articles of Incorporation or the Code of Regulations of OCLC Online Computer Library Center, Inc., the Articles of Incorporation or the Code of Regulations shall be controlling.

**ARTICLE II
DEFINITIONS**

As used in these By-Laws, the word "Corporation" and "OCLC" mean OCLC Online Computer Library Center, Inc., and the terms "Trustees", "Board of Trustees" and "Board" mean the Trustees of OCLC Online Computer Library Center, Inc. as provided for by law and by the Articles of Incorporation of OCLC Online Computer Library Center, Inc.

**ARTICLE III
MEETINGS****Section A. Schedule of Meetings.**

(1) **Annual Meeting.** The Board shall meet immediately following the annual meeting of the Trustee Members.

(2) **Regular Meetings.** The Board shall meet at least four (4) times each year (in addition to the Annual Meeting) at dates and times to be determined by the Board. The meetings shall be held at the business offices of the Corporation or at a place or places as the Board determines. The Secretary of the Corporation shall notify each Trustee of each such meeting at least ten (10) days prior to the day named for such meeting by any

reasonable means, including, but not limited to, personal delivery, telegram, telecopy, electronic mail transmission, or United States regular mail, express mail, or courier service with postage or fees prepaid.

(3) Special Meeting. The Chair, a Vice-Chair, or three (3) or more of the Trustees may call a special meeting of the Board. The Secretary shall give notice of said meeting to each Trustee at least three (3) days prior to the day named for such meeting. The Secretary shall give notice to the Trustees in the same manner as set forth in Section A (2), of this Article. The time, place and purpose for the special meetings shall be determined by the person or persons requesting such meeting and shall be given to the Secretary for inclusion in the notice required under this Section A(3).

Section B. Quorum. At all meetings of the Board, a majority of the Trustees shall constitute a quorum for the transaction of business. If, at any meeting of the Board there are fewer than a quorum present, the majority of those present may adjourn the meeting from time to time. In the event a quorum is subsequently achieved after such adjournment of the meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

ARTICLE IV OFFICERS

Section A. Selection. The officers of the Corporation shall consist of a Chair of the Board of Trustees, a Vice-Chair or Vice-Chairs of the Board of Trustees, a President, a Secretary, a Treasurer, and such other officers as the Board of Trustees shall from time to time determine.

The Chair and the Vice-Chair or Vice-Chairs of the Board shall be elected from and by the Board at a meeting called for that purpose, or at the annual meeting following the election of successor Trustees. They shall serve for those terms set by the Board as specified in the Code of Regulations and until their successors are elected and qualified and may succeed themselves.

The President, the Secretary, the Treasurer, and such other officers shall be appointed by the Board and shall serve at the pleasure of the Board.

Upon appointment, the President shall become a member of the Board of Trustees by reason of his office, equal in status to all Trustees for all purposes, including voting and determination of quorum. The Secretary, the Treasurer, and other Board-designated officers need not be members of the Board of Trustees.

The officers of the Corporation shall have those duties and powers, responsibilities and authority to act for or on behalf of the Corporation as are normally incident to such office or which are designated by the Board.

Section B. Removal and Vacancies. Officers may be removed for cause by a majority vote of the Board present at a meeting at which a quorum is present, after notice to such officer provided by the Secretary and stating the cause(s). Such notice shall be given at least three (3) days prior to the meeting at which the Board will vote upon removal.

Vacancies occurring in an office of the Corporation shall be filled by appointment in accordance with this Article.

ARTICLE V COMPENSATION AND RETIREMENT AGE

Section A. Compensation. Compensation of officers designated by the Board, members of the Board and committee members shall be such as is determined by the Board from time to time.

Section B. Retirement Age. There shall be no mandatory retirement age for either the Trustees or the officers of the Corporation.

ARTICLE VI TRUSTEES UNEXPIRED TERMS

Section A. Vacancies. Vacancies occurring on the Board, by reason of removal, death, disability, resignation or other reason, shall be filled by a majority vote of the Trustee Members present at a meeting at which a quorum is present, and the successor

Trustee shall serve for the unexpired term of his or her predecessor, except that a successor Trustee for one (1) of the six (6) Trustees elected by the Member Delegates shall serve until appropriate action by the Member Delegates_ regarding succession.

Section B. Removal. A Trustee may be removed by the two-thirds (2/3) vote of the Trustee Members present at any annual or special meeting duly called at which a quorum is present, and the vacancy thus created shall be filled in accordance with this Article.

ARTICLE VII FINANCIAL RESPONSIBILITY

Section A. Budget. The Board shall approve the annual budget plan after receiving the recommendation of the Finance Committee and shall, when deemed appropriate, approve broad changes in the pricing philosophy of the Corporation.

Section B. Loans. The Board shall review and act upon all loans in excess of Two Hundred Fifty Thousand Dollars (\$250,000.00) after receiving the recommendations of the Finance Committee.

Section C. Capital Expenditures. The Board shall review and act upon special capital expenditures in excess of Three Hundred Fifty Thousand Dollars (\$350,000.00) and expenditures in excess of Two Hundred Fifty Thousand Dollars (\$250,000.00) on contracts for acquisition or sale of real estate, for construction of a facility and for research investment, after receiving the recommendation of the Finance Committee.

Section D. Disposition of Corporate Assets. The Board shall review and act upon actions disposing of assets of the Corporation which have a book value, or would generate gross proceeds, in excess of Two Hundred Fifty Thousand Dollars (\$250,000.00), after receiving the recommendations of the Finance Committee.

Section E. Donations and Contributions. The Board shall review and act upon donations and contributions by the Corporation in excess of Ten Thousand Dollars (\$10,000.00).

Section F. Financial Ratios. The Board shall establish financial ratios to assess the financial soundness of the Corporation.

Section G. Special Expenditures. The Board shall review and act upon expenditures for special projects which the Board feels are important to carry out the tax-exempt purposes of the Corporation as a tax exempt organization.

Section H. Outside Auditors. The Board shall review and act upon the recommendations of the Audit Committee for the appointment of outside auditors for the Corporation.

Section I. Employee Benefits. The Board shall review and act upon employee benefit and insurance plans recommended by the Personnel and Compensation Committee.

ARTICLE VIII STANDING COMMITTEES

Section A. Executive Committee. The Board of Trustees may designate three (3) or more Trustees, including the President and the Chair of the Board, to constitute an Executive Committee, which Committee shall have and exercise the authority of the Board of Trustees in the management of the affairs of the Corporation when the Board of Trustees is not in session.

Section B. Finance Committee. The Board of Trustees may designate one (1) or more Trustees, including the President, to constitute a Finance Committee, which to the fullest extent permitted by law, the Articles of Incorporation and the Code of Regulations of the Corporation, during the intervals between meetings of the Board of Trustees, shall possess and may exercise every power, right, and privilege conferred by law, the Articles of Incorporation or the Code of Regulations upon the Board of Trustees in the purchase, sale, conveyance, transfer, delivery, hypothecation, investment, reinvestment, and deinvestment of all real, personal, mixed, tangible and intangible property of the Corporation, and in the making and negotiating of loans on behalf of the Corporation as its needs from time to time may require.

The Committee shall conduct a preliminary review of the annual budget plan, shall review proposed financial plans and programs, and shall recommend action to the full Board.

The Committee shall keep a record of its action and transmit such record to the Board to become a part of its legally approved minutes at the next regular meeting.

Section C. Personnel and Compensation Committee. The Board of Trustees may designate three (3) or more Trustees to constitute a Personnel and Compensation Committee to be responsible for review of the Corporation's personnel, compensation, and benefits policies as well as working conditions to insure the highest possible quality of life for the Corporation's employees. No Trustee who is an employee of the Corporation, or former employee of the Corporation receiving retirement benefits, shall serve on the Personnel and Compensation Committee.

Section D. Audit Committee. The Board of Trustees may establish an Audit Committee composed of not fewer than five (5) nor more than seven (7) Trustees that shall select an independent, certified auditor and recommend to the Board the appointment of that auditor. The Audit Committee shall meet at least two (2) times annually for the following purposes: review the planned audit scope; review the results of the independent auditor's examination of financial statements, the auditor's opinion thereon, and the auditor's recommendations with respect to accounting, internal control and other matters; review the Corporation's internal auditing procedures; examine conflict of interest reports of Trustees and members of management; and review such other methods of financial and compliance controls as may be appropriate. The Audit Committee shall be subject to the Audit Committee Charter, as that document may be amended from time to time, in the performance of its duties and obligations.

Section E. Membership Committee. The Board of Trustees shall establish a Membership Committee. The Membership Committee shall be composed of three (3) or more Trustees, an equal number of Member Delegates, and such additional non-voting Trustee or non-Trustee participants as the Board and the Committee may determine from time to time.

The Global Council shall designate Member Delegates to fill the Member Delegate positions to the Committee, and the Board shall confirm the Delegate Committee members. The Board shall appoint the Chair of the Committee, and said Committee shall be further governed by the Membership and Governance Protocols as created and amended by the Membership Committee and as approved by a majority of the Member Delegates and a majority of the Board of Trustees from time to time.

Section F. Other Standing Committees. The Board of Trustees may establish other standing committees which the Board may determine at any time and from time to time to be necessary or desirable. The Board of Trustees may designate the number of members of such standing committees; and the members may be from among the Trustees or may be any other persons as determined by the Board. The Board shall name committee members, create the charge of the committee and grant authority to the committee which is permitted by law, the Articles of Incorporation and the Code of Regulations of the Corporation and which the Trustees shall deem appropriate.

Section G. Committee Chairs. The Chair of the Board shall be Chair of the Executive Committee. Except as otherwise provided in this Article VIII above, the Board shall appoint other Committee Chairs, who shall serve at the pleasure of the Board.

ARTICLE IX AD HOC COMMITTEES

Section A. Committee Composition. The Board of Trustees may designate three (3) or more persons, including at least one (1) Trustee, to serve upon ad hoc committees as the Board from time to time creates.

Section B. Committee Chairs. The Board of Trustees shall appoint Ad Hoc Committee Chairs, who are not required to be Trustees, and who shall serve at the pleasure of the Board.

ARTICLE X AMENDMENTS

Except as otherwise required by law, the Articles of Incorporation or the Code of Regulations, these By-Laws may be amended by the Board at any meeting, by an affirmative vote of two-thirds (2/3) of those Trustees present.