

OCLC, INC.  
Meeting of the Board of Trustees  
September 21, 2020

This meeting of the Board of Trustees of OCLC, Inc., pursuant to the notice of the Secretary dated September 10, 2020, and in accordance with Article VII, Section I, of the Code of Regulations of OCLC, Inc., convened at 11:15 a.m., local time, on September 21, 2020, via WebEx Meetings. Mr. Szabo presided as Chair and Ms. Presas kept the minutes of the meeting, except during the executive sessions, when Ms. Hilsheimer kept the minutes.

Trustees present:

Craig Anderson  
Brady Deaton  
Bernadette Gray-Little  
Cindy Hilsheimer  
Kathleen Keane  
Madeleine Lefebvre  
Barbara Lison  
Jacques Malschaert  
James Neal  
John Patrick  
Barbara Preece  
Skip Prichard  
Ginny Steel  
John Szabo  
Sarah Thomas

Also, present for all or portions of the meeting:

Andrew Bordas, Vice President, Management and Customer Operations  
Bruce Crocco, Vice President, Library Services for the Americas  
Lorcan Dempsey, Chief Strategist, Vice President Membership & Research  
Barton Murphy, Chief Technology & Information Officer  
William (“Chip”) Nilges, Vice President, Business Development  
Julie Presas, General Counsel & Vice President, Secretary  
William Rozek, Chief Financial Officer, Treasurer  
Tammi Spayde, Vice President, Human Resources, Marketing, Facilities  
Mary Sauer-Games, Vice President, Global Product Management  
Eric van Lubeek, Vice President, Managing Director, EMEA and APAC

Chair Szabo called the meeting to order at 11:16 a.m. and welcomed the Board members and the executive management team. The Chair acknowledged the challenges faced in 2020, including the pandemic, natural disasters and political drama, and thanked the team at OCLC for their thoughtful leadership and for serving our members well through these difficult circumstances. Chair Szabo asked if there were any changes to the meeting agenda, at which time none were suggested. The Chair then inquired as to any changes, objections to, removals from or discussion of the June 8, 2020 meeting minutes, and there being none, he requested a motion to approve the minutes. Upon a motion duly made and seconded, the Trustees approved the minutes by a unanimous vote.

The Chair then called for the President’s report. Mr. Prichard asked that the Trustees look to his written report for details, which was previously provided. Mr. Prichard then provided an overview of the

key themes to discuss today and acknowledged that we are leading through a crisis on many levels. He then reported on some of the ways OCLC is leading through the crisis including steps we have deployed to deal with unexpected challenges. Mr. Prichard delivered an overview of OCLC's COVID-19 response efforts including a people first approach and preparation to stay ahead of the situation. Mr. Prichard then described central objectives for the upcoming year, with the theme of Rise Beyond. Mr. Prichard highlighted the 5 company-wide themes (Contribute, Connect, Create, Compete, and Choose) and provided an overview of the priorities for each line of business. He reminded the Trustees about the strategies which the organization has deployed over the past few years, and how it has put OCLC in a better place to weather the current global crisis. As part of this presentation, Mr. Prichard also reported on the situation and challenges faced by academic and public libraries globally including re-opening plans. Mr. Prichard noted that we are in frequent communication with customers and employees providing updates to listen let them know where things stand. He then asked Mr. Dempsey to provide an overview on community-based activities to address racial justice issues. Mr. Dempsey provided an overview of the discussions within the library community and the developing community agenda to address these issues. Mr. Prichard then asked Ms. Spayde to discuss the work underway internally to better sensitize the organization around issues of diversity and inclusion. Mr. Prichard asked Mr. Dempsey to provide an update on the REALM initiative. Mr. Dempsey reminded the Board that the goal of the IMLS funded initiative is to do a range of work to allow libraries to plan their re-opening with confidence. He noted that we have engaged with Battelle Memorial Institute to conduct the scientific research, and OCLC is developing policy information and generating Toolkits. Mr. Dempsey explained that the program is in the process of expanding and described next steps. Mr. Prichard then invited Ms. Sauer-Games to report on the progress of the library on demand strategy. Ms. Sauer Games described key pillars of the strategy including the personalized experience and smart fulfillment. Mr. Prichard then asked Mr. Murphy to provide an update on technology efforts. Mr. Murphy reported on the status of the projects including the development of API metrics and machine learning modeling. Mr. Prichard asked Messrs. Rozek and Bordas to provide an update on Project Symphony efforts. Mr. Rozek reported on the processes in scope and Mr. Bordas provided an overview of the Zendesk customer support system. Mr. Prichard then asked Messrs. Crocco and van Lubeek to discuss key sales wins in North America, EMEA and APAC. Mr. Crocco provided an update on the growth of Wise in the U.S. and Mr. van Lubeek described sales efforts of Wise in EMEA including in the Netherlands and Belgium. Mr. Prichard and Ms. Spayde then described the results of the Community Engagement Awards which were launched earlier this year. Mr. Prichard reported all of these internal and external efforts have been well received by OCLC members and staff and thanked the team for their efforts.

After discussion, Mr. Prichard delivered final remarks. The Chair commended Mr. Prichard for the excellent presentation and conveyed the Board's confidence in Mr. Prichard and the executive management team. This concluded the President's report.

The Chair then called for a break at 12:55 p.m.

The Chair reconvened the meeting at 1:20 p.m. and delivered the Chair's report. Chair Szabo noted that he has been in regular communication with Mr. Prichard. He also noted the feedback he's received from Board members on the Diligent tools has been positive. Chair Szabo also reported that he participated, along with management, in a meeting with the ICOLC group in late July. The Chair also noted that the Board self-assessment survey will be sent to the Board following this meeting. This concluded the Chair's report.

The Chair then reported that the Executive Committee met with all members present. The Executive Committee discussed the agendas for the board committee meetings. The Committee Chairs also received a preview of the President's Report presentation. In addition, he noted that there will be a Board continuing education session this November. This concluded the report of the Executive Committee.

The Chair then called for the report of the Board Governance Committee. Ms. Lison reported that the Committee met with all members present, and had: (i) discussed the appointment and reappointment of Trustees in November, (ii) reviewed the process and timeline for Board succession planning, and (iii) received a preview of the Board development session to be held in November. Ms. Lison excused herself from the meeting and Chair Szabo continued the committee report including the discussion on a resolution, which was recommended by the Committee, to approve the Board member appointments. Chair Szabo brought forward the following resolution to the Board for their approval:

### **RESOLUTION**

RESOLVED, that Barbara Lison is hereby elected to a four-year term on the Board of Trustees (the "Board"), which term will commence at the Annual Meeting of the Board of Trustees November 9, 2020 (the "Effective Date") and will end immediately following the Board meeting to occur in November, 2024, or if no such Board meeting is then scheduled, on the four-year anniversary of the Effective Date;

FURTHER RESOLVED, that the Board acknowledges the actions of the Global Council on April 17, 2020, wherein Anja Smit and Shirley Chiu-wing Wong were elected by the Global Council to the Board, for a four-year term, which term will commence at the Annual Meeting of the Board of Trustees on the Effective Date and will end immediately following the Board meeting to occur in November, 2024, or if no such Board meeting is then scheduled, on the four-year anniversary of the Effective Date.

Needing no second, and with no further discussion, the resolution was voted on and approved. Ms. Lison rejoined the meeting. This concluded Ms. Lison's report.

The Chair then called for the report of the Personnel and Compensation Committee. Ms. Keane indicated that the Committee met with all members present, and had: (i) reviewed and discussed the FY20 results for the Management Incentive Plan (the "MIP"), (ii) reviewed and discussed results for the Long Term Incentive Plan (the "LTIP"), (iii) reviewed the goals and targets for the FY2021 MIP and FY2022 LTIP, and (iv) discussed the President & CEO performance appraisal. Each of these items will be reported on further during executive session. This concluded Ms. Keane's report.

The Chair then called for the report of the Membership Committee. Ms. Lefebvre reported that the Committee had met September 15<sup>th</sup> with all but 1 member present, and had: (i) discussed the Committee process for Board nominations, and (ii) continued work on identifying potential candidates for the Global Council elected trustee position. This concluded Ms. Lefebvre's report.

The Chair then called for the report of the Audit Committee. Ms. Gray-Little reported that the Committee met with all members present, and had: (i) reviewed OCLC's audited financial statements, (ii) discussed the findings of the auditors, (iii) reviewed the letter of required communications to the Audit Committee, (iv) spent time with the auditors in executive session without management present, (v) reviewed the language to be included in OCLC's Annual Report, (vi) received an update from BDO representatives on new accounting standards impacting OCLC, and (vii) reviewed the results from an internal audit conducted by the firm Schneider Downs. Ms. Gray-Little thanked Mr. Rozek and his team for their work on the financial audit. Ms. Gray-Little introduced a resolution, which was recommended by the Committee, to approve the results of the audit. Chair Szabo brought forward the following resolution to the Board for their approval:

#### **RESOLUTION**

RESOLVED, that the BDO audit report for the year ended June 30, 2020, be and the same is hereby accepted.

Needing no second, and with no further discussion, the resolution was voted on and approved by a unanimous vote. This concluded Ms. Gray-Little's report.

The Chair then requested the Technology Committee report. Ms. Steel reported that the Committee met with all members present and had: (i) discussed progress on Project Symphony involving upgrading certain back office systems, (ii) received an update from Mr. Murphy on cyber security measures, and (iii) received an update from Ms. Presas on OCLC's privacy program. This concluded Ms. Steel's report.

The Chair then called for the report of the Finance and Investment Committee. Mr. Deaton reported that the Committee met with all members present and had: (i) reviewed financial performance for FY21 to date, (ii) discussed financial plans for FY21, and (iii) reviewed the details of the tax-exempt financing transaction. After discussion by the Board, Mr. Deaton brought forward the following resolutions to the Board for their approval:

### **RESOLUTION**

WHEREAS, based upon a review by the Finance and Investment Committee of the Board of OCLC, Inc.'s (the "Corporation") current financial position and financing needs, and based further upon its recommendation, the Board deems it advisable and in the best interests of the Corporation to authorize the borrowing set forth below and issuance of the Obligations (as defined herein);

NOW, THEREFORE, be it

RESOLVED, that OCLC, Inc. (the "Corporation") be and it hereby is authorized, subject to market conditions acceptable in the judgment of one or more of the officers listed below, to enter into arrangements with the County of Franklin, Ohio, the Columbus-Franklin County Finance Authority, or another public financing entity, as a public body issuer (the "Issuer") and, as necessary, other appropriate parties, for the purpose of financing, with the proceeds of certain tax-exempt revenue obligations of the Issuer in an aggregate principal amount not to exceed Thirty Million Dollars (\$30,000,000) (the "Obligations"), all or any portion of (i) the costs of certain real and/or personal property, including without limitation, building renovations and improvements, computer, telecommunications and other equipment, furnishings, software programs, bibliographic and other information databases used in connection with or support of the Corporation's services, and other capital expenditures and appurtenances related thereto (collectively referred to hereinafter as the "Project") to be used by the Corporation, and (ii) the costs of issuance of the Obligations; and

FURTHER RESOLVED, that the financing contemplated by this Resolution be carried out pursuant to the terms and conditions to be set forth in certain appropriate documents including a Loan Agreement or Purchase Agreement and/or a Master Lease Purchase Agreement as appropriate, between the Issuer as lender (or lessor) and the Corporation as borrower (or lessee or sublessee) to be assigned by the Issuer to a suitable financing institution, including any equipment or financing schedules, and/or a Supplemental Master Trust Indenture and Master Note (collectively, the "Financing Agreement"), as well as certain other necessary supportive documents; and

FURTHER RESOLVED, that David A. ("Skip") Prichard, President and CEO, William J. Rozek, Chief Financial Officer and Treasurer, Julie Presas, General Counsel, Vice President and Secretary of the Corporation, and any such officers appointed by any of them in writing be, and each of them, acting singly, is hereby authorized, on behalf of the Corporation, to execute and deliver the Financing Agreement and the other supportive documents that may be necessary to effect the transaction contemplated herein, each in such form as shall be approved by the officer executing the same, and issuance, execution and delivery of any such documents or instruments by such officer shall be conclusive evidence of the approval thereof by the officer executing the same and of the Corporation; and

FURTHER RESOLVED, that the aforesaid officers, be and each of them, acting singly, is hereby authorized, on behalf of the Corporation, to (i) approve the terms and conditions of the Financing Agreement and other necessary supportive documents, (ii) approve any other matters related to the Obligations consistent with these Resolutions, and (iii) execute and deliver any other agreements, certificates or instruments required in connection with the issuance of the Obligations, such approvals to be conclusively evidenced by the execution and delivery of the Financing Agreement, and any other certificates, documents and instruments so executed and delivered; and

FURTHER RESOLVED, that the aforesaid officers be and each of them, acting singly, is hereby authorized and directed to take any and all actions, 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 said documents and the rules and regulations associated therewith and to provide for the operation and management of the Project.

Needing no second, and with no further discussion, the resolution was voted on and approved by a unanimous vote.

Mr. Deaton then brought forward the following resolution to the Board for their approval:

### **RESOLUTION**

WHEREAS, United States Treasury Regulations §1.150-2 (the “Reimbursement Regulations”) prescribe conditions under which proceeds of bonds, notes or other obligations (“Obligations”) used to reimburse advances made for capital and certain other expenditures (“Original Expenditures”) paid before the issuance of such Obligations, will be deemed to be expended (or properly allocated to expenditures) for purposes of Sections 103 and 141-150 of the Internal Revenue Code of 1986 (the “Code”), upon such reimbursement so that the proceeds so used will no longer be subject to requirements or restrictions under those sections of the Code; and

WHEREAS, certain provisions of those Reimbursement Regulations require that there be a Declaration of Official Intent not later than 60 days following payment of the Original Expenditures expected to be reimbursed from proceeds of Obligations, and that the reimbursement occur within certain prescribed time periods after the Original Expenditure is paid or after the property resulting from that Original Expenditure is placed in service; and

WHEREAS, the Board of OCLC, Inc. (the “Corporation”) wishes to take steps for compliance with those Reimbursement Regulations;

NOW, THEREFORE, be it

RESOLVED, that this Board declares that the Corporation reasonably expects that the costs of certain real and/or personal property, including without limitation, building renovations and improvements, computer, telecommunications and other equipment, furnishings, software programs, bibliographic and other information databases used in connection with or in

support of the Corporation's services, and other capital expenditures and appurtenances related thereto will be reimbursed with the proceeds of Obligations and the maximum principal amount of Obligations expected to be issued for the project is \$30,000,000; and

FURTHER RESOLVED, that this Board expects such Original Expenditures to which the Reimbursement Regulations apply, to be made from money temporarily advanced and that is reasonably expected to be reimbursed (in accordance with applicable authorizations, policies and practices) from the proceeds of Obligations, to make appropriate reimbursement and timely allocations from the proceeds of the Obligations to reimburse such Original Expenditures, and to take any other actions as may be appropriate, all at the times and in the manner required under the Reimbursement Regulations in order for the reimbursement to be treated as an expenditure of such proceeds for purposes of Sections 103 and 141 to 150 of the Code; and

FURTHER RESOLVED, that this Board determines that this action shall constitute a Declaration of Official Intent for purposes of Sections 103 and 141 to 150 of the Code.

Needing no second, and with no further discussion, the resolution was voted on and approved by a unanimous vote. This concluded Mr. Deaton's report.

Chair Szabo then convened the meeting in executive session at 2:02 p.m. with Mr. Prichard and Ms. Spayde present for certain portions of the session. The Board continued in executive session until 2:14 p.m., at which time the Chair re-convened the Board in open session.

During the executive session, the Board separately moved and approved the following 2 resolutions by unanimous vote of Board Members voting, with Mr. Prichard abstaining from voting on the 2<sup>nd</sup> resolution:

### **RESOLUTION**

WHEREAS, the Personnel & Compensation Committee (the "Committee") of OCLC, Inc. (the "Corporation") has completed its review and recommendations regarding certain compensation matters related to the Corporation's officers as identified by the Committee and presented to the Board (each, a Corporate officer"), including (i) fiscal year 2020 incentive compensation payout awards under the Corporation's Long-Term Incentive Plan ("LTIP") and Management Incentive Plan ("MIP"), and (ii) MIP performance objectives for fiscal year 2021 and (iii) LTIP objectives for fiscal year 2022;

WHEREAS, there are no recommended changes to base salary and target compensation levels from fiscal year 2020 to fiscal year 2021 with the exception of one officer;

WHEREAS, the Committee has presented its recommendations regarding such compensation matters to the Board, and the Board deems it advisable and in the best interests of the Corporation to adopt such recommendations as presented;

NOW THEREFORE, BE IT RESOLVED, that the recommendations of the Committee regarding fiscal year 2020 LTIP and MIP payout awards for specified Corporate Officers who are eligible to receive LTIP and MIP payout awards (as identified by the Committee and presented to the Board) be and the same hereby are approved as presented;

FURTHER RESOLVED, that the recommendations of the Committee regarding the fiscal year 2021 base salary remains unchanged except in the case of one officer, MIP performance objectives for fiscal year 2021, and LTIP performance objectives for fiscal year 2022 for those who are eligible to participate in the LTIP and MIP (as identified by the Committee and presented to the Board) are hereby approved as presented; and

FURTHER RESOLVED, that the Corporation's President and CEO, CFO and Vice President Human Resources be, and they hereby are, each authorized to do such acts and things as they or any of them individually shall deem necessary or appropriate to carry out the purposes of the foregoing Resolution.

### **RESOLUTION**

WHEREAS, the Personnel & Compensation Committee (the "Committee") of OCLC, Inc. (the "Corporation") has completed its review and recommendations regarding certain compensation matters related to the Corporation's President and CEO, including (i) fiscal year 2020 incentive compensation payout awards under the Corporation's Long-Term Incentive Plan ("LTIP") and Management Incentive Plan ("MIP"), and (ii) MIP performance objectives for fiscal year 2021 and (iii) LTIP objectives for fiscal year 2022;

WHEREAS, there are no recommended changes to base salary and target compensation levels from fiscal year 2020 to fiscal year 2021;

WHEREAS, the Committee has presented its recommendations regarding such compensation matters to the Board, and the Board deems it advisable and in the best interests of the Corporation to adopt such recommendations as presented;

NOW THEREFORE, BE IT RESOLVED, that the recommendations of the Committee regarding the President and CEO's LTIP and MIP payout awards for fiscal year 2020 are hereby approved as presented;

FURTHER RESOLVED, that the recommendations of the Committee regarding the President and CEO's fiscal year 2021 base salary remains unchanged and MIP and LTIP performance objectives for fiscal year 2021 and 2022 respectively are hereby approved as presented; and

FURTHER RESOLVED, that the appropriate officers of the Corporation from Human Resources and Finance be, and they hereby are, each authorized to do such acts and things as they or any of them individually shall deem necessary or appropriate to carry out the purposes of the foregoing Resolution.

The Chair then inquired if there was any further business. There being no further business to come before the Board at this time, a motion to adjourn was moved, seconded and unanimously approved by all Trustees present at 2:15 p.m.



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John Szabo, Chair



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Julie Presas, Secretary