

OCLC ONLINE COMPUTER LIBRARY CENTER, INC.
Meeting of the Board of Trustees
June 12, 2017

This meeting of the Board of Trustees of OCLC Online Computer Library Center, Inc., pursuant to the notice of the Secretary dated June 2, 2017, and in accordance with Article VII, Section I, of the Code of Regulations of OCLC Online Computer Library Center, Inc., convened at 8:28 a.m., local time, on June 12, 2017, at the Ocean I Room of the Fairmont Miramar Hotel and Bungalows, Santa Monica, California. Ms. Yee presided as Chair and Ms. Presas kept the minutes of the meeting.

Trustees present:

Brady Deaton
Berndt Dugall
Cindy Hilsheimer
Kathleen Keane
Madeleine Lefebvre
Barbara Lison
Jacques Malschaert
James Neal
Loretta Parham
John Patrick
Barbara Preece
John Szabo
Ellen Tise
Sandra Yee

Trustees absent:

None

Also, present for all or portions of the meeting:

David ("Skip") Prichard, President & Chief Executive Officer
Julie Presas, General Counsel & Vice President of Legal, Secretary
William Rozek, Chief Financial Officer, Treasurer
Tammi Spayde, Vice President, Human Resources, Marketing, Facilities
Mary Sauer-Games, Vice President, Global Product Management
Scott Livingston, Executive Director, Management Services
Anna Ryan, Programs & Events Manager

The Chair called the meeting to order, and welcomed the Trustees and members of the executive management team in attendance. The Chair then inquired as to whether there were any changes to the meeting agenda, other than a minor change of a date referenced in the agenda, none were suggested. The Chair then inquired as to any changes, objections to, removals from or discussion of the Minutes of the March 27, 2017 Board of Trustees Meeting, and there being none, she 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 Board look to his written report for details, which was previously provided to the Trustees. Mr. Prichard called out the report item noting two members of the EMT who were recently featured in different industry publications. Mr.

Prichard then provided an overview of OCLC's finances for FY17 year to date and the outlook for FY18. He then highlighted several key achievements from FY17 including the launch of Tipasa, the Kilgour building renovation and the acquisitions of Relais and Ifnet. Mr. Prichard then introduced Ms. Sauer-Games and Mr. Livingston to provide a report from Global Product Management. Ms. Sauer-Games provided detail on significant sales wins in North America, EMEA and ANZ. She then introduced Mr. Livingston to present an update on a key initiative in the Management line of business. Mr. Livingston's presentation included a funding request which is part of the Corporate Operating Plan to be presented to the Board later in the meeting. After discussion, Mr. Prichard delivered final remarks and thanked the team for their work. The Chair commended the team for the excellent presentations. This concluded the President's report.

The Chair then called for the report of the Finance and Investment Committee. Ms. Hilsheimer reported that the Committee met with all members present, and had: (i) reviewed the year to date operating results for FY17, (ii) reviewed the forecast for the remainder of FY17, (iii) reviewed the details of the proposed FY18 Corporate Operating Plan (the "COP"), and (iv) reviewed the 3 to 5-year forecast. After discussion by the Board, Ms. Hilsheimer brought forward the following resolution to the Board for their approval:

RESOLUTION

RESOLVED, that the fiscal year 2018 budget of the Corporate Operating Plan, as presented to the OCLC Board of Trustees at this meeting, be and the same hereby is approved.

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

The Chair then called the meeting into executive session at 10:39 a.m. with Mr. Prichard present for the first part. The Board continued in executive session until 11:08 a.m. at which time the meeting was called back into open session and the Chair called for a break.

The Chair reconvened the meeting at 11:20 a.m. and then delivered the Chair's report. She thanked the Trustees for their flexibility so that adjustments could be made to the annual meeting schedule. She also commended the staff for the successful OCLC presentation at the ALA Midwinter Conference. This concluded the Chair's report.

The Chair then reported that the Executive Committee met with all members present, and had: (i) discussed meeting dates for 2018 and potential locations for an off-site meeting, (ii) received updates from

Committee Chairs, and (iii) received an update on management activities from Mr. Prichard. The Chair then brought forward the following resolution to the Board for their approval:

RESOLUTION

RESOLVED, that regular meetings of the Board of Trustees shall be held, in calendar 2018, at the offices of the Corporation or at other locations designated by the Board at 8:30 a.m., local time or at such time determined by the Board Chair, on the following dates:

- March 26, 2018
- June 4, 2018
- September 24, 2018
- November 12, 2018

FURTHER RESOLVED, that the annual meeting of the Board of Trustees and the annual meeting of the Trustee Members shall be held immediately following the regular meeting on November 12, 2018.

The Chair then requested a motion to approve the resolution. Upon a motion duly made and seconded, the Trustees approved the resolution by a unanimous vote. The Chair then called the meeting into executive session at 11:30 a.m. with Mr. Prichard and Ms. Presas present. The Board continued in executive session until 11:35 a.m. at which time the meeting was called back into open session. 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 efforts it may take to improve the full Board's understanding of Committee operations, (ii) discussed trustee exit survey results, (iii) discussed the self-assessment process, (iv) discussed process and timing to evaluate the transition to 4 meetings, (v) reviewed and approved changes to the Board Governance Committee Guidelines, and (vi) discussed the changes to the By-Laws for Governance. Ms. Lison then brought forward the following resolution to the Board for their approval:

RESOLUTION

WHEREAS, the Board of Trustees (the "Board") of OCLC Online Computer Library Center, Inc. ("OCLC") previously requested that management undertake a review of the scope of delegated authority provided to the Finance and Investment Committee of the Board as set forth in Article VIII, Section B of the Corporation's By-Laws for Governance ("By- Laws"), to ensure that such authority is appropriately aligned with the delegated authority provided to the Board's other standing committees; and

WHEREAS, based upon such review, management has presented to the Board a recommendation to make certain amendments to Article VIII, Section B of the By-Laws; and

WHEREAS, after further consideration, the Board deems it advisable and in the best interests of the Corporation to accept the recommendations of management and amend Article VIII, Section B of the By-Laws as presented.

NOW, THEREFORE, BE IT RESOLVED, that the By-Laws, in such restated form as are attached hereto as Exhibit A, are hereby adopted and approved; and

RESOLVED FURTHER, that, the Chair, Vice Chair, President & CEO, Secretary of the Corporation, or any other such officer designated by any of the foregoing in writing (each, an “Authorized Officer”), each with the full power to act alone, be, and each hereby is, authorized, directed and empowered, in the name and on behalf of the Corporation, to execute and deliver, in the name and on behalf of the Corporation, all appropriate documents, and do such other acts and things as such Authorized Officers may deem necessary and appropriate to carry out the purposes and intent of the foregoing resolutions.

Needing no second, and with no further discussion, the resolution was voted on and approved by a unanimous vote. Ms. Lison also noted that there were 3 additional items discussed by the Committee, which will be reported during executive session. This concluded Ms. Lison’s report.

The Chair then requested the Committee on Technology Planning report. Mr. Dugall reported that the Committee did not hold a meeting in June. The Committee will meet in September when it will receive an update on key technology projects from Mr. Jacobs. Mr. Dugall also reported that he has ongoing contact with Mr. Jacobs. This concluded Mr. Dugall’s report.

The Chair then called for the report of the Membership Committee. Ms. Parham reported that the Committee met in March with all members present, and had developed guidelines for operation of the Committee. The Committee will meet again in August to finalize the guidelines. This concluded Ms. Parham’s report.

The Chair then called for the report of the Audit Committee. Mr. Szabo reported that the Committee did not hold a meeting in June. The Committee will meet in September when it will receive the final report on the financial audit. Mr. Szabo also reported that the onboarding of BDO, USA is going well. This concluded Mr. Szabo’s report.

The Chair then called for the report of the Personnel and Compensation Committee. Mr. Neal indicated that the Committee met with all members present, and had: (i) discussed the engagement of Meridian Compensation Partners to conduct an analysis on executive compensation, (ii) reviewed projections for the Management Incentive Plan (the “MIP”) awards, and (iii) reviewed projections for the

Long-Term Incentive Plan (the “LTIP”) awards. Mr. Neal then brought forward the following resolution to the Board for their approval:

RESOLUTION

RESOLVED, that following review by both the Personnel & Compensation Committee and the Board of Trustees in executive session, the recommendations of the Personnel & Compensation Committee regarding Management Incentive Plan awards as presented be approved and the allocation of said funds be directed as follows:

Management Incentive Plan awards to non-executive plan participants of the Corporation for FY2017 be and the same are hereby approved, as determined by the President and Chief Executive Officer at the time OCLC’s annual financial audit is completed, and further pursuant to the provisions of the Management Incentive Plan.

Needing no second, and with no further discussion, the resolution was voted on and approved by a unanimous vote. Mr. Neal also noted that there was another item discussed by the Committee, which will be reported during executive session. This concluded Mr. Neal’s report.

The Chair then convened the meeting in executive session at 11:51 a.m. with Mr. Prichard, Ms. Spayde and Ms. Presas present for certain portions of the discussion. Messrs. Patrick and Neal were present for some of the executive session but stepped out of the room for a portion of the discussion. The Board continued in executive session until 12:44 p.m., at which time the Chair re-convened the Board in open session. During executive session, the Board moved, seconded and approved the following resolution by unanimous vote:

RESOLUTION

WHEREAS, the OCLC Board of Trustees (the “Board”) has transitioned its regular meeting schedule from five to four meetings per year without reducing its responsibilities and volume of work; and

WHEREAS, the Board Governance Committee has reviewed the OCLC Board-Approved Compensation for OCLC Trustees (the “Compensation Schedule”) to ensure that such amounts remain consistent and aligned with the work activities of the Board and its respective Committees; and

WHEREAS, based upon such review, the Board Governance Committee recommends certain adjustments to the Compensation Schedule; and

WHEREAS, the Board believes it to be advisable and in the best interests of the Corporation to accept the recommendation of the Board Governance Committee and amend the Compensation Schedule as presented;

NOW, THEREFORE, BE IT


RESOLVED, that the Board Compensation Schedule, in such form as presented to the OCLC Board of Trustees at this meeting, shall be approved effective as of the September 2017 Board meeting.

The Chair then invited Ms. Ryan into the meeting room to thank her for her efforts in planning the meeting. She also thanked Mr. Szabo for his work in planning the meeting.

The Chair then asked if there was any other business for the Board at this time. There being no further business to come before the Board at this time, a motion to adjourn was moved, seconded and unanimously approved at 12:48 p.m.



Sandra Yee, Chair



Julie Presas, Secretary

EXHIBIT A
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. At no time may an employee of OCLC become a Trustee during his or her term of employment.

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 a 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 and Investment 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 One Million Dollars (\$1,000,000.00), after receiving the recommendations of the Finance and Investment Committee.

Section C. Capital Expenditures. The Board shall review and act upon an unbudgeted capital expenditure in excess of One Million Dollars (\$1,000,000.00) that results in exceeding the total approved capital budget in excess of One Million Dollars (\$1,000,000) in the Annual Corporate Operating Plan, after receiving the recommendation of the Finance and Investment Committee. The Board shall review and act upon any expenditure in excess of One Million Dollars (\$1,000,000.00) related to the acquisition or sale of real estate, for construction of a facility and for research investment if not already included in the Annual Corporate Operating Plan, after receiving the recommendation of the Finance and Investment 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 Five Hundred Thousand Dollars (\$500,000.00), after receiving the recommendations of the Finance and Investment Committee.

Section E. Donations and Contributions. The Board shall review and act upon donations and contributions by the Corporation which are individually in excess of Twenty Thousand Dollars (\$20,000.00).

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 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 and Investment Committee. The Board of Trustees may designate three (3) or more Trustees to constitute a Finance and Investment Committee, which shall oversee development of the corporate operating plan; monitor interim and actual financial results, review long-term investment policy and results and make recommendations to the Board with respect to loans, capital expenditures, mergers, acquisitions, dispositions and special expenditures.

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, and six (6) Member Delegates, and such additional non-voting Trustee or non-Trustee participants as the Board may determine from time to time. The Global Council shall nominate potential Member Delegates to fill the Member Delegate positions to the Committee, and the Board shall confirm the Delegate Committee members from those potential candidates. The Board shall elect the Chair of the Committee, and said Committee shall be further governed by the Membership and Governance Protocols as created and amended by the Joint 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.