

OCLC, INC.
Meeting of the Board of Trustees
March 26, 2018

This meeting of the Board of Trustees of OCLC, Inc., pursuant to the notice of the Secretary dated March 13, 2018, and in accordance with Article VII, Section I, of the Code of Regulations of OCLC, Inc., convened at 8:30 a.m., local time, on March 26, 2018, at the Executive Boardroom at OCLC, 6565 Kilgour Place, Dublin, Ohio. Mr. Szabo presided as Chair and Ms. Presas kept the minutes of the meeting, except during the executive sessions, when Mr. Patrick kept the minutes.

Trustees present:

Brady Deaton
Bernadette Gray-Little
Cindy Hilsheimer
Kathleen Keane
Madeleine Lefebvre
Barbara Lison
Jacques Malschaert
James Neal
John Patrick
Barbara Preece
David (“Skip”) Prichard
John Szabo
Ellen Tise
Sandra Yee

Trustees absent:

None

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
William (“Chip”) Nilges, Vice President, Business Development
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
Eric van Lubeek, Vice President, Managing Director, EMEA & APAC

The Chair called the meeting to order, and welcomed the Trustees and members of the executive management team. The Chair then inquired as to whether there were any changes to the meeting agenda, at which none were suggested. The Chair then noted one minor change to the minutes of the November 13, 2017 Board meeting and inquired as to any changes, objections to, removals from or discussion of the proposed consent agenda, and there being none, he requested a motion to approve the consent agenda. Upon a motion duly made and seconded, the Trustees approved the consent agenda by a unanimous vote. The consent agenda contained the following items:

- Minutes of the November 13, 2017 Annual Board of Trustees Meeting
- Minutes of the November 13, 2017 Meeting of the Board

- Audit Committee Charter Resolution
- Board Governance Committee Charter Resolution
- Committee on Technology Planning Charter Resolution
- Executive Committee Charter Resolution
- Finance & Investment Committee Charter Resolution

The Chair congratulated Mr. Prichard and Mr. Patrick on the recent publication of their books.

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 then provided an overview of OCLC's finances for FY18 year to date. He also provided a status update on significant product and development initiatives for FY18 including investments in back office infrastructure and OCLC services. As part of this presentation, Mr. Prichard also reported on significant sales wins in North America and EMEA, including arrangements for regional bibliographic infrastructures. Mr. Prichard then updated the Trustees on member engagement activities including the regional council meeting in Edinburgh and the Resource Sharing Conference in Jacksonville. Mr. Prichard then introduced Ms. Sauer-Games to speak about OCLC's public library presence and the recent announcement of OCLC Wise into the U.S. market. Ms. Sauer-Games provided an overview of Wise functionality and highlighted OCLC's points of differentiation. She then introduced Ms. Spayde to present an update on the marketing and messaging strategy for OCLC Wise. Mr. Crocco and Mr. van Lubeek also provided remarks on the sales strategy and future markets for OCLC Wise. 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 the meeting into executive session at 9:52 a.m. The Board continued in executive session until 10:26 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 10:44 a.m. and then delivered the Chair's report. He commended the staff for successful OCLC events at the ALA Midwinter Conference and, more recently, the successful announcement of OCLC Wise at the PLA conference. The Chair also thanked the Trustees and staff who attended the EMEA Regional Council in Edinburgh and reported that the event was well organized and attended. The Chair reported that he will be delivering the report from the Board at the Global Council meeting on Tuesday. The Chair then reported that he has regular, ongoing communication with Mr. Prichard. This concluded the Chair's report.

The Chair then reported that the Executive Committee met with all members present.

The Chair reported that, during its meeting on Sunday, the Executive Committee had: (i) discussed plans for the June 2018 board meeting in Amsterdam and noted that logistical information will be sent to Trustees following the meeting, (ii) discussed planning for the 2019 Board meetings and noted that coordination with Trustees to determine the dates will begin following the meeting, (iii) reviewed and approved the revised Charter, which was approved by the Board in the consent agenda, (iv) reviewed the agenda for the upcoming Global Council meeting, (v) received an update on management activities from Mr. Prichard, and (vi) discussed a few items which will be brought before the Board in executive session. This concluded the report of the Executive Committee.

The Chair then called for the report of the Membership Committee. Ms. Preece reported that the Committee met two times in the month of January and had (i) decided on criteria for identifying candidates for Global Council elected Trustee positions, (ii) developed a list of potential candidates, (iii) arrived at a consensus of candidates, and (iv) delivered the suggestions to the Global Council Nominating Committee. The Committee will be meeting March 28 to determine next steps for providing potential candidates for the vacant Global Council elected Trustee position. This concluded Ms. Preece's report.

The Chair then requested the Committee on Technology Planning report. Mr. Neal reported that the Committee met with all members present, and had: (i) reviewed and approved the revised Charter, which was approved by the Board in the consent agenda, (ii) received an update from interim CIO Mr. Rhoades and Mr. Rozek about OCLC's technology initiatives, (iii) received a report from Ms. Presas about the General Data Protection Regulation (GDPR), (iv) received an assessment of OCLC's global technology function from Mr. Rhoades, and (v) discussed items to be on future Committee agendas. This concluded Mr. Neal's report.

The Chair then called for the report of the Audit Committee. Mr. Deaton reported that the Committee met with all members present, and had: (i) received an update from OCLC's outside audit firm BDO on audit planning and updated accounting standards impacting OCLC, (ii) received an update by Mr. Bordas on OCLC's Enterprise Risk Management process and strategy, (iii) received an update about insurance including details about OCLC's Directors and Officers liability insurance, (iv) received a report from Ms. Presas about the Trustees and EMT conflict of interest disclosures, and (v) reviewed and approved the revised Charter, which was approved by the Board in the consent agenda. Mr. Deaton then brought forward the following resolution to the Board for their approval:

RESOLUTION

RESOLVED, that BDO USA LLP be engaged to perform the annual audit of the Corporation for the year ending June 30, 2018.

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.

The Chair then called for the report of the Personnel and Compensation Committee. Ms. Yee indicated that the Committee met with all members present, and had: (i) reviewed and discussed the Executive Compensation assessment with outside consultants from Meridian Compensation Partners, with the full report to be forthcoming in June, (ii) reviewed the Committee Charter, with no changes needed, and (iii) reviewed the timeline for the CEO performance assessment. Ms. Yee also noted that there was another item discussed by the Committee, which will be reported during executive session. This concluded Ms. Yee's report.

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) reviewed and approved the revised Charter, which was approved by the Board in the consent agenda, (ii) discussed the new Trustee mentoring program and changes to the program guidelines, and (iii) received an overview of exit survey results, which will be further considered during the next Committee meeting. Ms. Lison also noted that there was an additional item discussed by the Committee, which will be reported during executive session. This concluded Ms. Lison'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 FY18 and future projections, (ii) received an update on OCLC's investment portfolio from Highland Consulting, (iii) reviewed and approved the revised Charter, which was approved by the Board in the consent agenda, and (iv) reviewed the details of the tax exempt financing transaction. After discussion by the Board, Ms. Hilsheimer brought forward the following resolution 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 and Vice President of Legal Services 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.

Ms. Hilsheimer 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 Bonds, to make appropriate reimbursement and timely allocations from the proceeds of the Bonds 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 Ms. Hilsheimer’s report.

The Chair then convened the meeting in executive session at 11:22 a.m. Ms. Presas was 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 11:49 a.m., at which time the Chair re-convened the Board in open session.

During the executive session, the Board moved and approved the following resolution with Mr. Prichard abstaining:

RESOLUTION

WHEREAS, in connection with the appointment of Mr. Prichard to the Board of Trustees, the Board deems it advisable and in the best interests of OCLC to appoint Mr. Prichard to serve on various committees of OCLC


NOW, THEREFORE, be it

RESOLVED, that Mr. Prichard is hereby appointed to serve on all standing committees of the Board of OCLC as a voting member, except for the Audit Committee and the Personnel and Finance Committee (“P&C Committee”);


FURTHER RESOLVED, that with respect to the Audit Committee and the P&C Committee, Mr. Prichard will serve as a non-voting guest, and

FURTHER RESOLVED, that Mr. Prichard’s role with respect to certain of the Board committees shall be reflected in the Board Governance Committee Guidelines;

The Chair then asked 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 at 11:49 a.m.



John Szabo, Chair



Julie Presas, Secretary