

PALCI Bylaws

June 2, 2011

ARTICLE I - NAME AND OFFICES

Section 1.1. Name. The name of this Corporation shall be the Pennsylvania Academic Library Consortium, Inc. (which shall be hereinafter referred to as "Corporation").

Section 1.2. Registered Office. The Board of Directors of the Corporation (which shall be hereinafter referred to as the "Board") is responsible for establishing the registered office of the Corporation in Pennsylvania which may change from time to time as circumstances require. Any change in such registered office shall be filed with the Pennsylvania Department of State in the manner provided by law.

Section 1.3. Other Locations. The Corporation may also have offices at such other places as the Board may from time to time appoint or the activities of the Corporation may require.

ARTICLE II - PURPOSE

Section 2.1 Mission Statement. The Corporation's objective is to promote education and research through cooperation and collaborative efforts of academic and research libraries within the Commonwealth of Pennsylvania and contiguous states. The Corporation, a non-stock entity, shall have the power and authority to engage in any activities permitted by law and consistent with the purposes described in Section 2.2 below.

Section 2.2. Purposes. The Corporation shall be operated exclusively for charitable, scientific or educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"), as amended:

- (a) No substantial part of the activities of the Corporation shall be carrying on of propaganda or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of any candidate for public office except as authorized by statute or regulation;
- (b) No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its members, directors, officers or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth herein; and
- (c) Notwithstanding any other provisions set forth herein, or in the Corporation's Articles of Incorporation (which shall be hereinafter referred to as the "Articles"), the Corporation shall not carry on any other activities not permitted to be carried on either: (1) by a corporation exempt from federal income taxation under the Code; or (2) by a corporation, contributions to which are deductible under the Code.

Consistent with the foregoing principles, the Corporation may, subject to the limitations set forth herein and in the Articles: (a) engage in any lawful activity that may be incidental or reasonably necessary to further: (1) the mission statement, as set forth in Section 2.1; and (2) the purposes, as set forth in Section 2.2; and (b) exercise all powers now or hereafter available to corporations organized under the Nonprofit Corporation Law of 1988 (which shall be hereinafter referred to as the "Law"), 15 Pa.C.S. §§5101 et seq.

ARTICLE III - NOTICE AND WAIVERS

Section 3.1. Manner of Giving Notice. Whenever written notice is required to be given to any person under the provisions of the Law, the Articles or these bylaws (which shall be hereinafter referred to as these "Bylaws"), it may be given to the recipient either personally or by sending a copy thereof by first class mail or express mail, postage prepaid, courier service, charges prepaid, or by facsimile transmission, e-mail or other electronic communication method supplied to the Corporation by the recipient for the purpose of notice. Such notice shall specify the day, hour and geographic location, if any, of the meeting. Notice sent pursuant to this Section 3.1 shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or when transmitted.

Section 3.2. Waiver of Notice.

- (a) **Written Waiver.** Whenever any written notice is required to be given under the provisions of the Law, the Articles or these Bylaws, a waiver thereof in writing, signed (including, without limitation, electronically) by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of notice.
- (b) **Waiver by Attendance.** Attendance of an individual at any meeting shall constitute a waiver of notice of the meeting, except where an individual attends a meeting for the express purpose of objection, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

Section 3.3. Modification of Proposal Contained in Notice. Whenever the language of a proposed resolution is included in a written notice of a meeting required to be given under the provisions of the Law, the Articles or these Bylaws, the meeting considering the resolution may, without further notice, adopt it with such amendments as the parties voting thereon shall approve.

Section 3.4. Exception to Requirement of Notice. Whenever any notice or communication is required to be given to any person under the provisions of the Law, the Articles, these Bylaws, the terms of any agreement or other instrument or as a condition precedent to taking any corporate action and communication with that person is then unlawful, the giving of notice or communication to that person shall not be required.

ARTICLE IV - MEMBERS

Section 4.1 Members. The Members of the Corporation (which shall be hereinafter referred to as the "Members") shall be the libraries of not-for-profit, accredited, academic degree-granting institutions and other research libraries in Pennsylvania and contiguous states that are able to contribute resources from their library's collections that are of interest and value to the membership. The method and condition upon which Members shall be accepted shall be as follows: Members may be admitted by a simple majority vote of the existing membership or the Board.

Section 4.2. Dues and Other Fees. Annual dues shall be determined by resolution of the Board. If an institution becomes a Member during the first half of the fiscal year, it shall be required to pay a full year's dues. If an institution becomes a member after six (6) months of the fiscal year of the Corporation have passed, the dues shall be reduced by fifty percent (50%). Payment of annual dues is required for membership to the Corporation, in accordance with the terms printed on the invoice. In addition to annual dues, individual Members may elect to participate in other services or programs provided by the Corporation from time to time and at the discretion of the Corporation. The fees for these optional services will be established by the Board, are wholly separate from annual dues, and Members electing to

participate in these services or programs are expected to pay for them in accordance with the terms printed on the invoice.

Section 4.3. Membership Representation. Each of the Members shall appoint an Official Voting Representative to represent itself in its capacity as a Member of the Corporation. The Official Voting Representative shall be the Chief Librarian of the Member, unless a Member shall identify a representative other than the Chief Librarian by notice to the Corporation in accordance with Section 3.1, Manner of Giving Notice, and such notice shall be filed with the Secretary of the Corporation.

Section 4.4. Membership Proxy. In accordance with Section 5759 of the Law, any Official Voting Representative under Section 4.3 above may appoint an individual to be the proxy of the Official Voting Representative at Members' meetings, and who may represent, vote and act for such Member at such meetings, and in actions taken without a meeting where actions are presented for vote by the membership. Notice of such appointment must be given to the Corporation in accordance with Section 3.1, Manner of Giving Notice, and such notice shall be filed with the Secretary of the Corporation.

Section 4.5. Resignation. Any Member may resign from membership in the Corporation at the end of any fiscal year upon written notification to the Secretary of the Corporation prior to one hundred twenty (120) days before the fiscal year end.

Section 4.6. Removal. A Member may be terminated at any time by majority vote of the Board for any one of the following reasons: (a) Lack of payment of any annual dues or assessments; (b) violation of Corporation policies; (c) the Member no longer meets the general membership requirements; or (d) when deemed necessary for the best interests of the Corporation. Members shall receive a written warning of possible termination with an ability to cure the reason for termination within sixty (60) days from the date of the written warning.

Section 4.7. Member Powers. The Members shall have and may exercise such powers and rights as are vested in them by the Law, the Articles, and these Bylaws, including without limitation the power to elect and remove members of the Board of Directors (individually referred to hereafter as a "Director") and to alter, amend or repeal these Bylaws.

ARTICLE V – MEMBER MEETINGS AND VOTING

Section 5.1. Place and Time. Annual and special meetings of the Members may be held at any place within or outside of the Commonwealth of Pennsylvania, and on any date during the normal work hours as shall be stated in the notice thereof or these Bylaws. Notwithstanding the foregoing, a meeting of the Members need not be held at a particular geographic location if the meeting is conducted by means of conference telephone, the Internet or other electronic or communications technology by which all persons participating in the meeting can hear each other. The presence, participation, including, without limitation, voting and taking other action, by a Member at such a meeting of Members by conference telephone, the Internet or other electronic or communications technology, shall constitute the presence, or vote or action, by such Member at the meeting.

Section 5.2. Annual Meeting. An annual meeting of the Members shall be held at least one (1) time per calendar year for the transaction of any business which may be brought before the meeting. The Secretary shall give all Members at least thirty (30) days prior written notice of the annual meeting in accordance with Sections 3.1 and 5.1.

Section 5.3. Special Meetings. Special meetings may be called by or at the request of the President, the Board, or Official Voting Representatives entitled to cast at least ten percent (10%) of the votes. The Secretary, upon written request of any person entitled to call a special meeting, shall fix the time of the meeting, not more than sixty (60) days after the receipt of the request. The Secretary shall give all Members at least ten (10) days' prior written notice of any such special meeting in accordance with Sections 3.1 and 5.1. The notice shall specify the general nature of the business to be transacted at such special meeting(s).

Section 5.4. Presiding Officer. There shall be a presiding officer at every meeting of the Members. The presiding officer shall be appointed by the Board. If the Board fails to designate a presiding officer, the President shall be the presiding officer. The presiding officer shall determine the order of business and shall have the authority to establish rules of conduct for the meeting. The presiding officer's actions in conducting the meeting shall be fair to all Members.

Section 5.5. Quorum. Except as otherwise required by the Articles or these Bylaws, the presence at any meeting of the Members of twenty-five percent (25%) of Official Voting Representatives shall constitute a quorum for the transaction of business.

Section 5.6. In Lieu of Meetings. Any action which may be taken at a meeting of the Members may be taken without a meeting, if a consent or consents in writing, setting forth the action(s) so taken, shall be signed by all of the Official Voting Representatives who would be entitled to vote at a meeting for such purposes and shall be filed with the Secretary. Such consents may be given electronically including, without limitation, via e-mail.

Section 5.7. Voting. Each Member in good standing shall be entitled to one (1) vote on all matters presented to the membership for vote. Any such vote may be cast by the Official Voting Representative in person, by ballot, by mail, by electronic mail, or by proxy in accordance with Section 4.4. Unless otherwise required by these Bylaws, the manner of voting on any matter, including changes in the Articles or these Bylaws, may be by voice vote, show of hands, or by ballot, as determined by the Members present at a duly called and organized meeting, or by mail or electronic mail if so determined by the Board and a ballot is sent to the Members with notice of the question to be voted upon. A majority of Members voting shall decide questions brought before the Members unless otherwise required by these Bylaws.

ARTICLE VI - BOARD OF DIRECTORS

Section 6.1. Powers; Personal Liability.

- (a) **General Rule.** Unless otherwise provided by applicable law, all powers vested in the Corporation shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of the Board.
- (b) **Standard of Care; Justifiable Reliance.** A Director shall stand in a fiduciary relation to the Corporation and shall perform his or her duties as a Director, including, without limitation, duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner the Director reasonably believes to be in the best interests of the Corporation and with such care, including reasonable inquiry, skill and diligence, as an individual of ordinary prudence would use under similar circumstances. In performing his or her duties, a Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

- (1) one or more officers or employees of the Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;
- (2) counsel, public accountants or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such person; or
- (3) a committee of the Board upon which the Director does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

A Director shall not be considered to be acting in good faith if the Director has knowledge concerning the matter in question that would cause his or her reliance to be unwarranted.

- (c) **Consideration of Interests and Factors.** In discharging the duties of his or her respective positions, the Board, committees of the Board and individual Directors may, in considering the best interests of the Corporation, consider the effects of any action upon employees, upon suppliers and customers of the Corporation and upon communities in which offices or other establishments of the Corporation are located, and all other pertinent factors. The consideration of those factors shall not constitute a violation of this Section 6.1.
- (d) **Presumption.** Absent breach of a fiduciary duty, lack of good faith or self-dealing, actions taken as a Director or any failure to take any action shall be presumed to be in the best interests of the Corporation.
- (e) **Personal Liability of Directors.**
 - (1) A Director shall not be personally liable, as such, for monetary damages for any action taken, or any failure to take any action, unless:
 - (i) the Director has breached or failed to perform the duties of his or her office under this Article VI; and
 - (ii) the breach of failure to perform constitutes self-dealing, willful misconduct or recklessness.
 - (2) the provisions of Section 6.1(e)(1) shall not apply to the responsibility or liability of a Director pursuant to any criminal statute, or the liability of a Director for the payment of taxes pursuant to local, state or federal law.
- (f) **Notice of Dissent.** A Director who is present at a meeting of the Board, or of a committee of the Board, at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless: (1) his or her dissent is entered in the minutes of the meeting; or (2) the Director files a written dissent to the action with the Secretary of the meeting before the adjournment thereof or transmits the dissent in writing to the Secretary immediately after the adjournment of the meeting. The right of dissent shall not apply to a Director who voted in favor of the action. Nothing in this Section 6.1(f) shall bar a Director from asserting that minutes of the meeting incorrectly omitted his or her dissent if, promptly upon receipt of a copy of such minutes, the Director notifies the Secretary, in writing, of the asserted omission or inaccuracy.

- (g) **Compensation.** No compensation shall be paid to any Director for his or her services as a Director. Said Directors may be reimbursed by the Corporation for reasonable and necessary out-of-pocket expenses incurred in attending meetings of the Board or while rendering necessary services to or on behalf of the Board.

Section 6.2. Election.

- (a) **Number and Qualification.** The number of Directors constituting the Board shall be not less than seven (7) nor more than nine (9), and such number shall be set by the vote of the Board from time to time. Each Director shall be a natural person of full age who need not be a resident of this Commonwealth, and must be an Official Voting Representative.
- (b) **Term.** Each Director shall be elected for a three (3) year term and until his or her successor has been selected and qualified, or until his or her earlier death, resignation or removal. The Directors shall be divided into three (3) groups, with the term of office of one group expiring each year. No Director shall serve more than two (2) consecutive terms. In order to be re-elected to the Board after two (2) consecutive terms, said Director must rotate off of the Board for at least one (1) full year.
- (c) **Manner of Selection.** Except as provided in subsection (d) of this Section 6.2, the Directors shall be elected by the Members annually, by ballot sent to the Members in accordance with Section 5.7.
- (d) **At-Large Directors.** Notwithstanding the remaining subsections of this Section 6.2 (except as provided herein), the Board, at its discretion, may choose to appoint up to two (2) at-large Directors to serve a term of one (1), two (2), or three (3) years, as determined by the needs of the Corporation at the time of appointment. Such at-large Directors shall meet the qualification requirements set forth in subsection (a) of this Section 6.2 and shall be subject to the term limits set forth in subsection (b) of this Section 6.2.

Section 6.3. Vacancies. Any vacancy on the Board, occurring prior to the Members' annual election, may be filled at either a regular or special meeting of the Board by a simple majority vote of the remaining Directors, including, without limitation, a sole remaining Director. Each individual so selected to be a Director shall serve the balance of the unexpired term, and until a successor has been selected and qualified or until his or her earlier death, resignation or removal.

Section 6.4. Resignation of Directors. Any Director may resign at any time upon written notice to the Corporation. The resignation shall be effective upon receipt thereof by the Corporation or at such subsequent time as shall be specified in the notice of resignation. The acceptance of a resignation shall not be necessary to make it effective.

Section 6.5. Removal of Directors. A Director may be removed, without assigning any cause, by a simple majority vote of the Directors present at a meeting.

Section 6.6. Annual Meeting. An annual meeting of the Board will be held each year following completion of Board elections. This annual meeting will serve as the annual organizing meeting for the Board. The Board shall elect officers, designate members of the committees where appropriate, and conduct such other business as may come before the meeting.

Section 6.7. Regular Meetings. Meetings of the Board may be held at such place within or outside of the Commonwealth of Pennsylvania as shall be stated in the notice thereof. Regular meetings of the

Board shall be held at such time and place as shall be designated from time to time by resolution of the Board. Regular meetings of the Board shall be held without other notice than these Bylaws. No notice of such meeting shall be necessary in order to legally constitute the meeting, provided a quorum shall be present.

Section 6.8. Special Meetings. Special meetings of the Board may be called by or at the request of the President or 25% of the Directors then in office. The place of the meeting shall be specified in the notice of the meeting. Written notice of any special meeting of the Board shall be given at least five (5) days prior to the special meeting in accordance with Section 3.1.

Section 6.9. Organization of Meetings. At every meeting of the Board, the President shall act as chairman of the meeting. In the absence of the President, the Board will appoint a chairman for the meeting. The Secretary or, in the absence of the Secretary, any individual appointed by the chairman of the meeting, shall act as secretary of the meeting.

Section 6.10. Quorum and Voting.

- (a) **Board Action.** A simple majority of those Directors in office shall constitute a quorum for the transaction of all business. Every Director shall be entitled to one (1) vote. The affirmative vote of a simple majority of the Directors present at a duly organized meeting shall constitute the act of the Board, except where the act of a greater number of Directors is required by these Bylaws or by Law.
- (b) **Electronic Communication.** Any such vote may be cast in person by the Director, or by conference telephone, the Internet or other electronic or communications technology by means of which all persons participating in the meeting can hear each other. The presence, participation, including, without limitation, voting and taking other action, by a Director at such a meeting of Directors by conference telephone, the Internet or other electronic or communications technology, shall constitute the presence, or vote or action, by such Director at the meeting.

Section 6.11. Action by Written Consent. Any action which may be taken at a meeting of the Board may be taken without a meeting, if a consent or consents in writing setting forth the action so taken shall be signed by all of the Directors in office, and shall be filed with the Secretary. Such consent shall have the same force and effect as a unanimous vote. Such a consent may be signed electronically, including, without limitation, by assent set forth in an e-mail.

ARTICLE VII– OFFICERS

Section 7.1. Officers Generally.

- (a) **Number, Qualification and Designations.** The officers of the Corporation shall be a President, a Vice President, a Treasurer and a Secretary, and such other officers as may be elected in accordance with the provisions of Section 7.1(f) below. Any Director is eligible for any office. Any number of offices may be held by the same individual.
- (b) **Resignations.** Any officer may resign at any time upon written notice to the Corporation. The resignation shall be effective upon receipt thereof by the Corporation or at such subsequent time as may be specified in the notice of resignation.
- (c) **Bonding.** The Corporation may secure the fidelity of any or all of its officers by bond or otherwise.

- (d) **Standard of Care.** An officer shall perform his or her duties as an officer in good faith, in a manner he or she reasonably believes to be in the best interest of the Corporation and with such care, including, without limitation, reasonable inquiry, skill and diligence as an individual of ordinary prudence would use under similar circumstances. A person who so performs his or her duties shall not be liable by reason of having been an officer of the Corporation.
- (e) **Election and Term of Office.** Officers of the Corporation shall be elected annually by the Board and each such officer shall hold office for a term of one (1) year and until a successor has been selected and qualified or until his or her earlier death, resignation or removal. An officer is eligible to succeed himself or herself in office, or to succeed any other officer, without limitation as to the number of terms in a particular office or as an officer. Election to office will be by a simple majority vote of a quorum of the Board.
- (f) **Subordinate Officers, Committees and Agents.** The Board may from time to time elect such other officers and appoint such committees, employees or other agents as the business of the Corporation may require. The Board may delegate to any officer or committee the power to elect subordinate officers and to retain or appoint employees or other agents, or committees thereof and to prescribe the authority and duties of such subordinate officers, committees, employees or other agents.
- (g) **Removal of Officers and Agents.** Any officer or agent of the Corporation may be removed, without assigning any cause, by a simple majority vote of a quorum of the Board.
- (h) **Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification or any other cause, shall be filled by the Board pursuant to these Bylaws, for the unexpired portion of the term.
- (i) **Authority.** All officers of the Corporation, as between themselves and the Corporation, shall have the authority to perform such duties in the management of the Corporation as may be provided by or pursuant to resolutions or orders of the Board or, in the absence of controlling provisions, in the resolutions or orders of the Board, as may be determined by or pursuant to these Bylaws.

Section 7.2. Officers, Duties and Powers

- (a) **President of the Board.** The President shall preside at all meetings of the Board and shall perform and execute such duties and powers as may be conferred upon or assigned to him or her by the Board or these Bylaws, but who shall not by reason of performing and executing these duties and powers be deemed an employee of the Corporation. The President shall be an ex officio member of all committees.
- (b) **Vice-President.** The Vice President is expected to serve one year as Vice President and the next year as President of the Board. The Vice President shall perform and execute such duties and powers as may be conferred upon or assigned to him or her by the Board or these Bylaws. His or her primary duty is to become fully apprised of the Corporation's business and practices so he or she can be elected President of the Board in the following year.
- (c) **Secretary** The Secretary shall attend all sessions of the Board and act as clerk thereof, and record all the votes of the Corporation and the minutes of all its transactions in a book to be kept for that purpose; and shall perform like duties for all committees of the Board when required. He or she

shall give, or cause to be given, notice of all meetings of the Board, and shall perform such other duties as may be prescribed by the Board under whose supervision he or she shall be. He or she shall keep in safe custody the corporate seal of the Corporation, and when authorized by the Board, affix the same to any instrument requiring it. In the absence of the Secretary the chairperson may appoint a temporary substitute for a specific meeting or task.

- (d) **Treasurer.** It shall be the duty of the Treasurer to report at every Board meeting on the budget and expenditures of the Corporation. The Treasurer and President or Vice President will review the annual audit of the Corporation by the firm or chartered or certified accountants selected by the Board. The Treasurer shall chair the Finance Committee of the Corporation in accordance with Section 8.3. The Treasurer shall perform other such duties as may be assigned by the Board or the President.
- (e) **Executive Director.** The Executive Director shall be appointed by the Board and shall be the Chief Executive Officer of the Corporation and shall be authorized to execute all documents requiring a seal or under a seal of the Corporation. The Executive Director shall have general and active management of the affairs of the Corporation, shall see that all orders and resolutions of the Board are carried into effect, subject, however, to the right of the Board to delegate any specific powers, to any other officer or officers of the Corporation. The Executive Director shall be an *ex officio* member of all committees and shall have the general powers and duties of supervision and management usually vested in the office of President of a corporation.
- (f) **Responsibility of the Executive Director for the Books and Records of the Corporation.** The Executive Director, working with the President, the Secretary, the Treasurer and appropriate staff members of the Corporation, shall be responsible for maintaining all required books and records.
- (g) **Executive Director Salary.** The salary of the Executive Director shall be fixed by the Board or by authority conferred by resolution of the Board. The Executive Director may fix the salaries or other compensation of the remaining employees of the Corporation or independent contractors consistent with the budget of the Corporation.

ARTICLE VIII - COMMITTEES

Section 8.1. Committees of the Board. The Board may, by resolution adopted by a majority of the Directors in office, establish one or more committees to consist of one or more Directors of the Corporation and to serve at the pleasure of the Board. Standing Committees shall be: Nominating, Finance, and Personnel, and such other committees as the Board may from time to time feel necessary to accomplish the work of the Board. The President and the Executive Director shall be *ex officio* members of all Committees.

To the extent provided in the resolution by the Board or in these Bylaws, the Committees shall have and may exercise all of the powers and authority of the Board, except that no such Committee shall have any power or authority as to the following:

- (a) Any action required by statute to be approved by the Board.
- (b) The filling of vacancies in the Board.
- (c) The adoption, amendment or repeal of the Bylaws.

- (d) The amendment or repeal of any resolution of the Board.
- (e) The submission to the Members of any action requiring the approval of the Members.

Section 8.2. The Nominating Committee. The Nominating Committee shall submit Director nominees and their qualifications to the full Board for their consideration in keeping with nominating procedures that the Board shall establish and may amend from time to time to meet the needs of the Corporation.

Section 8.3. The Finance Committee. A Committee consisting of at least three (3) Directors, elected from the Board, shall serve as the Finance Committee. The Treasurer shall serve as the Chair of the Finance Committee. The Finance Committee shall work directly with the Executive Director and the Treasurer on matters related to the financial health and well-being of the Corporation. The Finance Committee shall discuss budget issues and review the annual budget and interim budget reports with the Executive Director, receive the auditor's report, report on finance matters to the Board and Membership, and regularly assess the financial condition of the Corporation.

Section 8.4. The Personnel Committee. A committee consisting of at least three (3) Directors, elected from the Board, shall serve as the Personnel Committee. The Vice President shall serve as Chair of the Personnel Committee. The Personnel Committee shall conduct the annual performance review of the Executive Director and review the annual performance reviews of staff conducted by the Executive Director.

ARTICLE IX – BOOKS AND RECORDS

Section 9.1. Books and Records. The Corporation shall keep minutes of the proceedings of the Members and the Board, a Membership register including the names and addresses of all Members, and appropriate, complete and accurate books or records of account. The records provided for herein shall be kept at either the registered office of the Corporation in this Commonwealth, or at its principal place of business wherever situated.

Section 9.2. Inspections. Every Member shall, upon written demand under oath stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business for any proper purpose, the Membership register, books and records of account, and records of the proceedings of the Members and the Board, and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to the interest of such person as a Member. In every instance where an attorney or other agent shall be the person who seeks the right of inspection, the demand under oath shall be accompanied by a power of attorney, or such other writing which authorizes the attorney or other agent to so act on behalf of the Member. The demand under oath shall be directed to the Corporation at its registered office in this Commonwealth or at its principal place of business wherever situated.

ARTICLE X – TRANSACTION OF BUSINESS

Section 10.1. Real Property. The Corporation shall make no purchase of real property, nor sell, mortgage, lease away or otherwise dispose of its real property, unless authorized by the two-thirds of the Board. If the real property is subject to a trust, the conveyance away shall be free of trust and the trust shall be impinged upon the proceeds of such conveyance.

Section 10.2. Fees. Whenever the lawful activities of the Corporation involve, among other things, the charging of fees or prices for its services or products, it shall have the right to receive such income and, in so doing, may, on occasion, have a surplus or deficit. All such surpluses shall be utilized to offset any

deficits. Any surpluses shall be applied to the maintenance, operation and reduction of the lawful activities of the Corporation, and in no event shall be divided or distributed in any manner whatsoever among the Directors or officers of the Corporation.

Section 10.3. Checks, etc. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as the Board may from time to time designate.

Section 10.4. Contracts. The Board may from time to time authorize any officer or officers, agent or agents of the Corporation, singly or jointly or in any other manner, to enter into any contract or execute and deliver any instrument in its name and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 10.5. Borrowing, etc. No officer, agent or employee of the Corporation shall have any power or authority to borrow money on its behalf, to pledge its credit, or to mortgage or pledge its real or personal property, except upon the approval of the Members.

Section 10.6. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of July.

Section 10.7. Capital Contributions. So long as the Corporation shall continue to be on a non-stock basis, the Board shall have authority to require capital contributions from Members in such amounts and upon such terms as are fixed by the Board in accordance with the provisions of Section 5541 of the Law.

Section 10.8. Subventions. The Board, by resolution, may authorize the Corporation to accept subventions from nonmembers on terms and conditions not inconsistent with the provisions of Section 5542 of the Law, and to issue certificates therefor.

Section 10.9. Dissolution. Upon the dissolution of the Corporation, the Board, after paying or making provision for the payment of all of the liabilities of the Corporation, shall dispose of all of the assets of the Corporation in such manner and to such organization(s) organized and operated exclusively for charitable, educational, religious or scientific purposes as shall at the time qualify as an exempt organization(s) under Section 501(c)(3) of the Code, as the Board shall determine. Any such assets not so disposed of shall be disposed of by the Court of Common Pleas of the county in which the principal office of the Corporation or organization is then located, exclusively for such purposes as such Court shall determine.

ARTICLE XI - ANNUAL REPORT AND AUDIT

Section 11.1. Annual Report. The Executive Director and the Board shall present annually a report to the Members, verified by the Executive Director, Finance Committee and ratified by a simple majority of the Board. The reports shall be written and become a permanent record of the Corporation, and shall be filed with the minutes of the meetings of the Members.

Section 11.2. Annual Audit. The Board shall employ a certified public accountant (or firm thereof) to perform an audit on the annual financial statements of the Corporation in accordance with generally accepted accounting principles, and shall distribute such audited financial statements, together with the accountant's opinion and management letter to the Executive Director, the Finance Committee and to the Board. The Finance Committee shall prepare an annual summary of the audit report, which shall be reviewed and then approved by the Board for inclusion in the annual report or separate distribution to the Members.

Section 11.3. Filing of Taxes, etc. The Board shall employ a certified public accountant (or firm thereof) to file reports each year with the Internal Revenue Service as required under the Code.

ARTICLE XII - INDEMNIFICATION; EXPENSES

Section 12.1. Scope of Indemnification.

- (a) **General Rule.** The Corporation shall indemnify an Indemnified Representative (as defined herein) against any liability incurred in connection with any proceeding in which the Indemnified Representative may be involved as a party or otherwise by reason of the fact that such person is or was serving in an Indemnified Capacity (as defined herein), including, without limitation, liabilities resulting from any actual or alleged breach or neglect of duty, error, misstatement or misleading statement, negligence, gross negligence or act giving rise to strict or products Liability (as defined herein), except:
- (1) Where such indemnification is expressly prohibited by applicable law;
 - (2) Where the conduct of the Indemnified Representative has been finally determined pursuant to Section 12.6 or otherwise:
 - (i) To constitute willful misconduct or recklessness within the meaning of 15 Pa.C.S. §§5713 and 5746(b) or any superseding provision of the Law sufficient in the circumstances to bar indemnification against liabilities from the conduct; or
 - (ii) To be based upon or attributable to the receipt by the Indemnified Representative from the Corporation of a personal benefit to which the Indemnified Representative is not legally entitled;
 - (3) To the extent such indemnification has been finally determined in a final adjudication pursuant to Section 12.6 to be otherwise lawful.
- (b) **Partial Payment.** If an Indemnified Representative is entitled to indemnification in respect to a portion, but not all, of any liabilities to which such person may be subject, the Corporation shall indemnify such Indemnified Representative to the maximum extent for such portion of the liabilities.
- (c) **Presumption.** The termination of a Proceeding (as defined herein) by judgment, order, settlement or conviction or upon a plea of *nolo contendere* or its equivalent shall not of itself create a presumption that the Indemnified Representative is not entitled to indemnification.
- (d) **Definitions.** For purposes of this Article XII:
- (1) “Indemnified Capacity” means any and all past, present and future services by an Indemnified Representative in one (1) or more capacities as a Director, officer, employee or agent of the Corporation, or, at the request of the Corporation, as a member, director, officer, employee, agent, fiduciary or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise;
 - (2) “Indemnified Representative” means any and all Directors and officers of the Corporation and any other person designated as an Indemnified Representative by the Board (which may, but need not, include any person serving at the request of the Corporation as a

director, officer, employee, agent, fiduciary or trustee or another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise);

- (3) “Liability” means any damage, judgment, amount paid in settlement, fine, penalty, punitive damages, excise tax assessed with respect to an employee benefit plan, or cost or expense, of any nature (including, without limitation, attorneys’ fees and disbursement); and
- (4) “Proceeding” means any threatened, pending or completed action, suit, appeal or other proceeding of any nature, whether civil, criminal administrative or investigative, whether formal or informal, and whether brought by or in the right of the Corporation or otherwise.

Section 12.2. Proceedings Initiated by Indemnified Representatives. Notwithstanding any other provision of this Article XII, the Corporation shall not indemnify an Indemnified Representative under this Article XII for any Liability incurred in a Proceeding initiated (which shall not be deemed to include counter-claims or affirmative defenses) or participated in as an intervenor or *amicus curiae* by the person seeking indemnification unless such initiation of or participation in the Proceeding is authorized, either before or after its commencement, by the affirmative vote of a majority of the Directors in office. This Section 12.2 does not apply to reimbursement of expenses incurred in successfully prosecuting or defending an arbitration under Section 12.6 or otherwise successfully prosecuting or defending the rights of an Indemnified Representative granted by or pursuant to this Article XII.

Section 12.3. Advancing Expenses. The Corporation shall pay the expenses (including attorneys’ fees and disbursements) incurred in good faith by an Indemnified Representative in advance of the final disposition of a Proceeding described in Section 12.1 or the initiation of or participation in which is authorized pursuant to Section 12.2 upon receipt of an undertaking by or on behalf of the Indemnified Representative to repay the amount if it is ultimately determined pursuant to Section 12.6 that such person is not entitled to be indemnified by the Corporation pursuant to this Article XII. The financial ability of an Indemnified Representative to repay an advance shall not be a prerequisite to the making of such an advance.

Section 12.4. Securing of Indemnification Obligations. To further effect, satisfy or secure the indemnification obligations provided herein or otherwise, the Corporation may maintain insurance, obtain a letter of credit, act as self-insurer, create a reserve, trust, escrow, cash collateral or other fund or account, enter into indemnification agreements, pledge or grant a security interest in any assets or properties of the Corporation, or use any other mechanism or arrangement whatsoever in such amounts, at such costs, and upon such other terms and conditions as the Board shall deem appropriate. Absent fraud, the determination of the Board with respect to such amounts, costs, terms and conditions shall be conclusively against all security holders, officers and directors and shall not be subject to voidability.

Section 12.5. Payment of Indemnification. An Indemnified Representative shall be entitled to indemnification within thirty (30) days after a written request for indemnification has been delivered to the Secretary.

Section 12.6. Arbitration.

- (a) **General Rule.** Any dispute related to the right to indemnification, contribution or advancement of expenses as provided under this Article XII shall be decided only by arbitration in the metropolitan area in which the principal executive offices of the Corporation are located at the time, in accordance with the commercial arbitration rules then in effect, of the American Arbitration Association (“AAA”), before a panel of three (3) arbitrators, one of whom shall be selected by the Corporation, the second of whom shall be selected by the

- Indemnified Representative and the third of whom shall be selected by the other two (2) arbitrators. In the absence of the AAA, or if for any reason arbitration under the arbitration rules of AAA cannot be initiated, or if one of the parties fails or refuses to select an arbitrator or if the arbitrators selected by the Corporation and the Indemnified Representative cannot agree on the selection of the third arbitrator within thirty (30) days after such time as the Corporation and the Indemnified Representative have each been notified of the selection of the other's arbitrator, the necessary arbitrator or arbitrators shall be selected by the presiding judge of the court of general jurisdiction in such metropolitan area.
- (b) **Burden of Proof.** The party or parties challenging the right of an Indemnified Representative to the benefits of this Article XII shall have the burden of proof.
 - (c) **Expenses.** The Corporation shall reimburse an Indemnified Representative for the expenses (including attorneys' fees and disbursements) incurred in successfully prosecuting or defending such arbitration.
 - (d) **Effect.** Any award entered by the arbitrators shall be final, binding and nonappealable and judgment may be entered thereon by any party in accordance with applicable law in a court of competent jurisdiction, except that the Corporation shall be entitled to interpose as a defense in any such judicial enforcement Proceeding any prior final judicial determination adverse to the Indemnified Representative under Section 12.1(a)(2) in a Proceeding not directly involving indemnification under this Article XII. This arbitration provision shall be specifically enforceable.

Section 12.7. Contribution. If the indemnification provided for in this **Article XII** or otherwise is unavailable for any reason in respect to any Liability or portion thereof, the Corporation shall contribute to the Liabilities to which the Indemnified Representative may be subject in such proportion as is appropriate to reflect the intent of this Article XII or otherwise.

Section 12.8. Mandatory Indemnification of Directors, Officers, Etc. To the extent that an authorized representative of the Corporation has been successful on the merits or otherwise in defense of any action or Proceeding referred to in 15 Pa.C.S. §§5741 or 5742, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees and disbursements) actually and reasonably incurred by such person in connection therewith.

Section 12.9. Contract Rights; Amendment or Repeal. All rights under this Article XII shall be deemed a contract between the Corporation and the Indemnified Representative pursuant to which the Corporation and each Indemnified Representative intend to be legally bound. Any repeal, amendment or modification hereof shall be prospective only and shall not affect any rights or obligations then existing.

Section 12.10. Scope of Article. The rights granted by this Article XII shall not be deemed exclusive of any other rights to which those seeking indemnification, contribution or advancement of expenses may be entitled under any statute, agreement, vote or disinterested directors or otherwise both as to action in an Indemnified Capacity and as to action in any other capacity. The indemnification, contribution and advancement of expenses provided by or granted pursuant to this Article XII shall continue as to a person who has ceased to be an Indemnified Representative in respect to matters arising prior to such time, and shall inure to the benefit of the heirs, executors, administrators and personal representatives of such a person.

Section 12.11. Reliance on Provision. Each person who shall act as an Indemnified Representative of the Corporation shall be deemed to be doing so in reliance upon the rights provided by this Article XII.

Section 12.12. Interpretation. The provisions of this Article XII are intended to constitute bylaws authorized by 15 Pa.C.S. §§5713 and 5746.

ARTICLE XIII - INSURANCE; FIDELITY BONDS

Section 13.1. Insurance. The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is, was or shall be a Director, officer or employee of the Corporation against any liability asserted against him or her in any capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under application of law.

Section 13.2. Fidelity Bonds. The Board may acquire, at the Corporation's expense, fidelity bonds or similar insurance upon Directors, officers, employees and agents of the Corporation, regarding the faithful performance of their duties, in such amounts and by such surety companies as the Board may determine. Any bonds so furnished shall be in the custody of the Secretary.

ARTICLE XIV - CONFLICT OF INTEREST

Section 14.1. Interested Directors or Officers; Quorum. No contract or transaction between the Corporation and one (1) or more of its Directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one (1) or more of the Corporation's Directors or officers are member(s), directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the Director or officer is present at or participates in the meeting of the Board or any committee thereof which authorizes the contract or transaction, or solely because his or her votes are counted for such purpose, if:

- (a) The material facts as to his or her relationship or interest as to the contract or transaction are disclosed to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or
- (b) The contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board or committee thereof.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of the committee which authorizes the contract or transaction.

ARTICLE XV – AMENDMENTS OF BYLAWS

Section 15.1. General Procedures and Provisions. These Bylaws may be added to, amended or repealed, in whole or in part, in the manner set forth in Section 5.7, provided that notice of the proposed addition, amendment or repeal shall be delivered to the Members at least thirty (30) days prior to the vote of the Members. No amendment shall violate the Articles or be contrary to any law of the Commonwealth of Pennsylvania.

Section 15 .2. Board-Initiated Action to Amend the Bylaws. The Board may propose amendments to these Bylaws to the Members by a majority vote at any Board meeting at which a quorum of Board

members is present. Notice of the proposed addition, amendment or repeal shall be given in the notice of the meeting to each Director, or shall be waived in writing by each Director either before or after the meeting. Board-endorsed amendments shall be submitted to the Members for their approval in accordance with Section 5.7 and Section 15.1.

Section 15.3 Member-Initiated Action to Amend the Bylaws.

- (a) **Submission of Amendment Proposals to the Board.** A Member may initiate amendments to the Bylaws by sending a proposed amendment in writing to the Secretary at least thirty (30) days prior to a Board meeting for inclusion on the Board's agenda. Notice of the proposed addition, amendment or repeal shall be given in the notice of the meeting to each Director, or shall be waived in writing by each Director either before or after the meeting. Board-endorsed amendments shall be submitted to the Members for their approval in accordance with Section 5.7 and Section 15.1.

- (b) **Submission of Amendment Proposals to the Membership .** If the Board fails to endorse a Member's proposed amendment in accordance with Section 15.3(a), the Member may propose the amendment directly to the other Members by any reasonable means, including without limitation, mail or electronic mail, provided that voting on such direct Member proposals must take place by ballot at the annual meeting of the Members or at a special meeting of the Members called for that purpose, and, provided further, that such Member shall provide notice to all Members, the President and the Secretary of such proposal at least thirty (30) days prior to such meeting of the Members and such notice must include an exact statement of the amendment(s) so proposed.

Approved by unanimous ballot of 64 PALCI Chief Librarians and Official Voting Members at Pennsylvania State University, Harrisburg, June 2, 2011.