



St. Louis
MERCANTILE LIBRARY

AT THE UNIVERSITY OF MISSOURI-ST. LOUIS

September 24, 2003

Internal Revenue Service
TE/GE
P.O. Box 2508
Cincinnati, OH 45201

RE: St. Louis Mercantile Library Association
EIN: 43-0694564
Section 507(b)(1)(B) Termination
Of Private Foundation Status

To Whom It May Concern:

Enclosed is a copy of a letter dated October 28, 1998 regarding the termination of the private foundation status of the St. Louis Mercantile Library Association. Pursuant to that letter we are submitting the following information after the close of the 60-month termination period:

- A Schedule D (Form 1023 Rev. 9-98),
- Summary financial statements of the organization for the 60-month period,
- The most recent versions of the Association's constitution and by-laws, and
- A list of the current board of directors.

This exempt organization continues to have the same relationship to the University of Missouri St. Louis as on October 28, 1998. The board is appointed by the chancellor of the university. Investments are held in pooled fund under the control of the university. Also, the undersigned is both Assistant Treasurer to the organization and Assistant to the Dean of the College of Arts and Sciences of the University

Based on the foregoing we request confirmation of the organization's status under section 509(a)(3) of the Internal Revenue Code.

Your cooperation is appreciated.

Sincerely,

John P. Mulderig CPA

John P. Mulderig CPA, Assistant Treasurer
St. Louis Mercantile Library Association
(314) 516-5403



Founded in 1846

510 LOCUST STREET · 6TH FLR · ST. LOUIS, MO 63101-1845
314-621-0670 · FAX 314-621-1782

Under penalties of perjury, I declare that I am authorized to sign this statement on behalf of this organization and that I have examined the accompanying statements and schedules, and to the best of my knowledge and belief they are true, correct, and complete.

Type or Print Name

Signature

(Title or authority of signer)

Date

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **OCT 28 1998**

Employer Identification Number:
43-0694564

DLN:
318300033

ST. LOUIS MERCANTILE LIBRARY
ASSOCIATION

Contact Person:
D. A. DOWNING

C/O UNIVERSITY OF MISSOURI - ST LOUIS
8001 NATURAL BRIDGE ROAD
ST. LOUIS, MO 63121-4499

Contact Telephone Number:
(877) 829-5500

60 Month Period Ends:
June 30, 2003

Addendum Applies:
No

Dear Applicant:

We have received your notification of intent to terminate your private foundation status under section 507(b)(1)(B) of the Internal Revenue Code during a 60 month period beginning July 1, 1998.

The information submitted indicates that you intend to operate as an organization described in section 509(a)(3) of the Code during the 60 month period.

Based on your proposed activities and support, it is held that you can reasonably be expected to terminate your private foundation status under section 507(b)(1)(B) of the Code. Accordingly, you will be treated as a public charity described in section 509(a)(3) of the Code for an advance ruling period of 60 months beginning July 1, 1998.

Within 90 days after the end of your 60 month period, you must establish to the satisfaction of the Internal Revenue Service that you have qualified as an organization which meets the requirements of paragraph (1), (2), or (3) of section 509(a) of the Code for the 60 month period. If you do establish that fact, you will be so classified for all purposes beginning with the first day of the first taxable year of the 60 month period and, thereafter, so long as you continue to meet the requirements of section 509(a)(1), (2), or (3). If, however, you do not meet these requirements for the 60 month period, you will be classified as a private foundation as of the first day of the first taxable year of the 60 month period.

If you satisfy the requirements of section 507(b)(1)(B) of the Code at the end of your 60 month period, you will not be subject to the provisions of section 507(a), (c), or (g) of the Code.

Grantors and donors may rely on the determination that you are not a private foundation until 90 days after the end of your advance ruling period. If you submit the required information within the 90 days, grantors and contributors may continue to rely on the advance determination until the Service makes a final determination of your foundation status.

You are required to file Form 990-PF, Return of Private Foundation or

Letter 2245 (D0/06)

ST. LOUIS MERCANTILE LIBRARY

Section 4947(a)(1) Trust Treated as a Private Foundation, until you complete your 60 month termination and are classified as a section 509(a)(3) organization. Form 990-PF must be filed by the 15th day of the fifth month after the end of your annual accounting period. The law imposes a penalty of \$20 a day, up to a maximum of \$10,000 or 5 percent of your gross receipts (whichever is less), for failure to file a return on time unless there is reasonable cause for the delay. For organizations with gross receipts exceeding \$1,000,000 in any year, the penalty is \$100 per day per return, unless there is reasonable cause for the delay. The maximum penalty for an organization with gross receipts exceeding \$1,000,000 shall not exceed \$50,000. This penalty may also be charged if a return is not complete, so please be sure your return is complete before you file it.

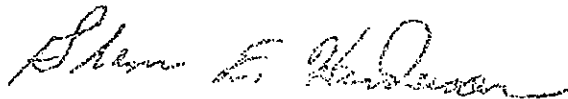
If you do not pay the tax imposed by section 4940 of the Code for any taxable year or years during the 60 month period, and it is subsequently determined that such tax is due for such year or years, you will be liable for interest in accordance with section 6601 of the Code. Since any failure to pay such taxes during the 60 month period is due to reasonable cause, the penalty under section 6651 with respect to the tax imposed by section 4940 shall not apply.

If the heading of this letter indicate that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,



District Director

Enclosure(s):
Form 872

Schedule D. Section 509(a)(3) Supporting Organizations

RE: Section 507 (b) (1) (B) Termination		b Has the supported organization received a ruling or determination letter that it is not a private foundation by reason of section 509(a)(1) or (2)?
1a Organizations supported by the applicant organization:		
Name and address of supported organization		
UNIVERSITY OF MISSOURI - ST. LOUIS		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
8001 NATURAL BRIDGE, ST. LOUIS, MO 63121		
-----		<input type="checkbox"/> Yes <input type="checkbox"/> No
-----		<input type="checkbox"/> Yes <input type="checkbox"/> No
-----		<input type="checkbox"/> Yes <input type="checkbox"/> No
-----		<input type="checkbox"/> Yes <input type="checkbox"/> No
-----		<input type="checkbox"/> Yes <input type="checkbox"/> No

c If "No" for any of the organizations listed in **1a**, explain.
 PART OF STATE OF MISSOURI STATE UNIVERSITY SYSTEM

2 Does the supported organization have tax-exempt status under section 501(c)(4), 501(c)(5), or 501(c)(6)? Yes No
 If "Yes," attach: (a) a copy of its ruling or determination letter, and (b) an analysis of its revenue for the current year and the preceding 3 years. (Provide the financial data using the formats in Part IV-A (lines 1-13) and Part III (lines 11, 12, and 13).)

3 Does your organization's governing document indicate that the majority of its governing board is elected or appointed by the supported organizations? Yes No
 If "Yes," skip to line 9. **BY-LAWS ARTICLE V**
 If "No," you must answer the questions on lines 4 through 9.

4 Does your organization's governing document indicate the common supervision or control that it and the supported organizations share? Yes No
 If "Yes," give the article and paragraph numbers. If "No," explain.

5 To what extent do the supported organizations have a significant voice in your organization's investment policies, in the making and timing of grants, and in otherwise directing the use of your organization's income or assets?

6 Does the mentioning of the supported organizations in your organization's governing instrument make it a trust that the supported organizations can enforce under state law and compel to make an accounting? Yes No
 If "Yes," explain.

7a What percentage of your organization's income does it pay to each supported organization?

b What is the total annual income of each supported organization?

c How much does your organization contribute annually to each supported organization?

Schedule D. Section 509(a)(3) Supporting Organizations (Continued)

8 To what extent does your organization conduct activities that would otherwise be carried on by the supported organizations? Explain why these activities would otherwise be carried on by the supported organizations.

9 Is the applicant organization controlled directly or indirectly by one or more "disqualified persons" (other than one who is a disqualified person solely because he or she is a manager) or by an organization that is not described in section 509(a)(1) or (2)? Yes No
If "Yes," explain.

Instructions

For an explanation of the types of organizations defined in section 509(a)(3) as being excluded from the definition of a private foundation, see Pub. 557, Chapter 3.

Line 1

List each organization that is supported by your organization and indicate in item **1b** if the supported organization has received a letter recognizing exempt status as a section 501(c)(3) public charity as defined in section 509(a)(1) or 509(a)(2). If you answer "No" in **1b** to any of the listed organizations, please explain in **1c**.

Line 3

Your organization's governing document may be articles of incorporation, articles of association, constitution, trust indenture, or trust agreement.

Line 9

For definition of a "disqualified person," see **Specific Instructions**, Part II, Line 4d, on page 3 of the application's instructions.

**St. Louis Mercantile Library Association
A Not-for-Profit Organization Affiliated with the
St. Louis Mercantile Library at the
University of Missouri—St. Louis**

Financial Statements—Modified Cash Basis

For the Five Years Ended June 30, 2003

St. Louis Mercantile Library Association
**Statement of Financial Position—
 Modified Cash Basis (Note 1)**

As of June 30

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
<u>ASSETS</u>					
Cash and equivalents	\$ 1,712	\$ 2,753	\$ 1,919	\$ 15,244	\$ 429
Investments at cost	<u>390,814</u>	<u>413,656</u>	<u>436,926</u>	<u>423,841</u>	<u>401,561</u>
(Note 2)					
	<u>\$ 392,526</u>	<u>\$ 416,409</u>	<u>\$ 438,845</u>	<u>\$ 439,085</u>	<u>\$ 401,990</u>
 <u>LIABILITIES AND NET ASSETS</u>					
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Net assets	<u>392,526</u>	<u>416,409</u>	<u>438,845</u>	<u>439,085</u>	<u>401,990</u>
	<u>\$ 392,526</u>	<u>\$ 416,409</u>	<u>\$ 438,845</u>	<u>\$ 439,085</u>	<u>\$ 401,990</u>

See accompanying notes to financial statements.

St. Louis Mercantile Library Association
**Statement of Activities and Changes in Net Assets—
 Modified Cash Basis (Note 1)**
 For the Years Ended June 30

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
<u>REVENUES</u>					
Investment income	\$ (2,908)	\$ (4,236)	\$ 15,460	\$ 38,850	\$ 40,152
<u>EXPENSES</u>					
Transfer to St. Louis Mercantile Library at the University of Missouri - St. Louis	20,000	17,500	15,000	-	-
Professional fees - RBG	975	700	700	1,500	2,600
Professional fees - Principal Group	-	-	-	-	14,901
Pension plan expense	-	-	-	-	471
Other expenses	-	-	-	255	5,052
Total expenses	<u>20,975</u>	<u>18,200</u>	<u>15,700</u>	<u>1,755</u>	<u>23,024</u>
Increase in net assets	(23,883)	(22,436)	(240)	37,095	17,128
NET ASSETS, start of fiscal year	<u>416,409</u>	<u>438,845</u>	<u>439,085</u>	<u>401,990</u>	<u>384,862</u>
NET ASSETS, end of fiscal year	<u>\$ 392,526</u>	<u>\$ 416,409</u>	<u>\$ 438,845</u>	<u>\$ 439,085</u>	<u>\$ 401,990</u>

See accompanying notes to financial statements.

St. Louis Mercantile Library Association
Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Supporting Organization—

Effective April 1, 1997, the St. Louis Mercantile Library Association ("Association") affiliated with the University of Missouri–St. Louis ("University"), which assumed responsibility for the majority of the Association's net assets and the library operations. The purposes of the Association include supporting, contributing to, and advising the University in the operation of the St. Louis Mercantile Library at the University of Missouri–St. Louis.

Income Taxes—

The Association is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

2. INVESTMENTS

Under a contract with the University, the Association receives investment services at no cost. The Association's investments in the UM Balanced Pool are presented at cost. The market value of investments follows:

June 30	Amount
2003	\$ 377,673
2002	\$ 383,737
2001	\$ 426,230
2000	\$ 470,526
1999	\$ 438,455

3. PENSION PLAN

The Association had a defined benefit pension plan covering eleven former employees. The plan called for benefits to be paid to eligible employees at retirement based primarily on average compensation and years of service with the Association. Effective March 31, 1999, the plan was terminated by the Association's Board of Direction. Plan assets in excess of plan liabilities were distributed to plan beneficiaries in calendar 1999.

The undersigned certifies that the accompanying conformed copies of the Constitution and By-laws are complete and accurate.

Type or Print Name

Signature

(Title or authority of signer)

Date

CONSTITUTION OF THE
ST. LOUIS MERCANTILE LIBRARY ASSOCIATION

Originally adopted, 1846, last amendments adopted December 4, 1996.

We, the subscribers, principally engaged in mercantile pursuits in the City of St. Louis--desirous of securing the most efficient means for facilitating mutual intercourse; extending our information upon mercantile and other subjects of general utility; promoting a spirit of useful inquiry; and qualifying ourselves to discharge properly the duties of our profession and the social offices of life—have associated for the purpose of collecting a library and cabinet, establishing a reading-room, and organizing a system of instruction, by lectures, classes, and such other means of mutual improvement as may be found advantageous, and have, for our organization and government, adopted this constitution:

CHAPTER I

NAME: This Association shall be known by the name of the St. Louis Mercantile Library Association.

CHAPTER II

PURPOSES: The purposes for which the Association is formed are exclusively scientific, educational and charitable within the meaning of Section 501©(3) of the Internal Revenue Code of 1986, as amended (the “Code”). (All references to the Code shall include the corresponding provisions of any future Federal income tax law). Such

purposes shall include, but not be limited to, supporting, contributing to, and advising the University of Missouri – St. Louis in the operation of the Saint Louis Mercantile Library at the University of Missouri – St. Louis (the “Library”).

The Board of Direction (1) shall cause the Association’s income for each taxable year to be distributed at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Code, (2) shall not permit the Association to engage in any act of self-dealing as defined in Section 4941(d) of the Code, (3) shall not permit the Association to retain any excess business holdings defined in Section 4943© of the Code, (4) shall not permit the Association to make any investments in such manner as to subject it to tax under Section 4944 of the Code, and (5) shall not permit the Association to make any taxable expenditures as defined in Section 4945(d) of the Code.

No part of the net earnings of the Association shall inure to the benefit of or be distributable to any of its directors, officers, members or other private individuals; provided, however, the Association shall be authorized and empowered to pay reasonable compensation for services rendered. No substantial part of the activities of the Association shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Association shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. The Association shall not carry on any other activities not permitted to be carried on:

1. By a corporation exempt from Federal Income Tax under Code section 501©(3); and
2. By a corporation, contributions to which are deductible under Code section 170©(2).

CHAPTER III

MEMBERS:

Art. 1. This Association shall be composed of persons engaged in mercantile pursuits and of such other persons, firms or corporations, with such classifications and/or such terms and conditions as may be approved by the Board of Direction and The Curators of the University of Missouri, acting through the University of Missouri – St. Louis (the “University”) under the provisions of this constitution.

Art. 2. Any person, firm or corporation may, upon approval by the Board of Direction, become a member of this Association by subscribing to the constitution and paying the dues provided in the By-laws. Membership in the Association shall be open to all without regard to race, creed, color or sex.

Art. 3. Life members: Life membership shall be limited to those issued before December 31, 1986. Life members shall be exempt from the payment of dues, but shall be liable for payment of fees for services.

Art. 4. Perpetual members: Perpetual memberships shall be limited to those issued before the second Tuesday of January, 1925. Perpetual

members shall be exempt from the payment of dues, but shall be liable for payment of fees for services.

Art. 5. Members shall be subject to the rules and regulations adopted for the management of the library and reading room, and for the protection of the property of the Association; and if any member shall violate the afore-mentioned rules and regulations, or shall for three months neglect or refuse to pay his or her dues, the Board of Direction shall have power, by a two-thirds vote, to expel such member.

CHAPTER IV

BOARD OF DIRECTION: Except as provided by Chapter VII of this Constitution, the affairs of this Association shall be managed by a Board of Direction. The Board of Direction shall otherwise have full power to enact By-laws, whereby the Board shall appropriate funds, manage the property, conduct the activities, and regulate the internal affairs of the Association. Upon and after the adoption of this amended constitution the numbers and classes of members of the Board of Direction and the method and manner of electing or appointing members of the Board of Direction shall be provided in the By-laws of the Association, as the same shall be amended from time to time.

CHAPTER V

LIBRARY AND READING ROOM: The Board of Direction shall adopt rules and regulations for the protection and preservation of the property of the Association. The Association shall assist and advise the University in the management of the Library and reading room.

CHAPTER VI

LECTURES AND CLASSES: When the funds of the Association shall warrant such expenditure, and when suitable accommodations can be provided therefor, the Board of Direction may, in coordination with the University, make provision for an organized system of instruction, by means of lectures, classes, and such other means of mutual improvement as may be deemed advantageous.

CHAPTER VII

REAL ESTATE: Any real estate belonging to the Association shall be managed and controlled, except as hereinafter mentioned, by a board of five trustees members of the Association, who shall be elected at any annual meeting, or any meeting specially called for that purpose. Those only are eligible to be elected to said Board of Trustees who have been, and who have ceased to be, president or vice president of the Association, and at the time of their election are residents of the City or County of St. Louis; and said trustees shall not then, nor during their term of office, be members of the Board of Direction of the Association.

No conveyance in fee, mortgage, or deed of trust in the nature of a mortgage, nor lease for a longer period than ten years, shall be made of any real estate belonging to the Association, unless the same shall be ordered to be made by the Board of Direction, three-fourths of the whole number of the members composing said Board voting therefor, nor unless the same shall also be concurred in by at least four of said Board of Trustees, when it shall be the duty of the members composing said Board of Trustees to execute such conveyance, lease, mortgage or deed of trust and affix the seal of said Association thereto: provided, however, that the said Board of Direction, as to all leases of any real estate for a period of less than ten years, shall use and enjoy the same powers that they possessed before the passage of the act to amend an act, entitled "An Act to Incorporate the St. Louis Mercantile Library Association", enacted by the General Assembly of the State of Missouri, and approved on March 28, 1874. The said trustees shall severally hold their offices while they reside in the City or County of St. Louis; and any vacancy caused by death, resignation, removal from the City or County of St. Louis, incapacity to serve as such trustee, shall be filled by the remaining trustees.

CHAPTER VIII

DISSOLUTION: On dissolution of the Association and the satisfaction of its obligations, any remaining funds or other assets shall distributed to The Curators of the University of Missouri, a body politic and state educational institution organized

under the Constitution and laws of the State of Missouri, for use exclusively in support of the Saint Louis Mercantile Library at the University of Missouri – St. Louis, or if such University is no longer in existence as the time of such dissolution, as determined by the Board of Direction to one or more lawfully organized and qualified charitable, educational or scientific organizations, provided that each such distribution shall be authorized under the Missouri Nonprofit Corporation Act, and under the provisions of Section 501©(3) of the Code.

CHAPTER IX

AMENDMENTS: Amendments to this Constitution shall be made in the following manner. The Board of Direction shall adopt a resolution setting forth the proposed amendments and directing that it be submitted at a meeting of members entitled to vote thereon, which may be either an annual or a special meeting. Written or printed notice setting forth the proposed amendments or a summary of the changes to be affected thereby shall be given to each member entitled to vote at such meeting not less than five nor more than forty days before the date of the meeting, either personally or by mail. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at the member's address as it appears on the records of the Association, with postage thereon prepaid. The proposed amendment shall be adopted upon receiving at least two-thirds of the votes entitled to be cast by members present at the meeting.

CHAPTER X

EFFECTIVE DATE: This Constitution, as amended herein, shall be effective upon the Closing, as defined in that certain Affiliation Agreement, dated November 7, 1996, by and between the Association and the University.

IN WITNESS WHEREOF, the undersigned Association has caused this Constitution to be approved by the affirmative vote of at least two-thirds of the votes entitled to be cast by members present at a meeting duly held and to be executed by its President this 4th day of December, 1996.

ST. LOUIS MERCANTILE LIBRARY ASSOCIATION

By: _____
President

**THE ST. LOUIS MERCANTILE LIBRARY ASSOCIATION
BYLAWS**

Last Amendments Adopted September 2, 2002

THE ST. LOUIS MERCANTILE LIBRARY ASSOCIATION BYLAWS

Last Amendments Adopted May 10, 1999

ARTICLE I

Name: Purpose

This association shall be known by the name of the St. Louis MERCANTILE LIBRARY ASSOCIATION (the "Association"). The purposes for which the Association is formed, as set forth in the Constitution of the Association, include, but are not limited to, supporting, contributing to, and advising the University of Missouri – St. Louis (the "University") in the operation of the Saint Louis Mercantile Library at the University of Missouri – St. Louis (the "Library").

ARTICLE II

Office

The principal office of the Association shall be located at such place within the City or County of St. Louis, Missouri as the board of direction may determine.

ARTICLE III

Membership

(a) Classes of Members

- (1) Annual Members. Any person, firm or corporation may become a member of this association by subscribing to the constitution and paying the dues provided by the board of direction. Membership in the Association shall be open to all without regard to race, creed, color or sex. The board of direction may establish and change classes of annual membership in the Association. The board of direction shall consult with appropriate officials of the University in establishing and changing membership dues and classes.
- (2) Perpetual Members. Perpetual memberships shall be limited to those issued before the second Tuesday of January, 1925. Perpetual members shall be exempt from payment of annual dues, but shall be liable for payment of fees for services. There are to be transfer fees hereafter of \$150 for perpetual memberships and \$25 transfer fees on change of designees for corporate membership in the perpetual category.
- (3) Life Members. Life membership shall be limited to those issued before December 31, 1986. Life members shall be exempt from payment of annual dues during their lifetimes, but shall be liable for payment of fees for services.
- (4) Honorary Member. The board of direction may elect honorary members, who shall be exempt from payment of annual dues, but shall be liable for payment of fees for services.

(b) Rules and Regulations

Members shall observe the rules and regulations adopted by the board of direction

and/or the University for the management of the library and reading room and for the protection of the property of the Association and the University.

(c) Dues and Fees

Annual members shall pay such dues, and all members shall pay such fees for services rendered to them by the Association and/or the University as the board of direction and/or the University may determine from time to time.

(d) Expulsion

The board of direction may, by two thirds vote, expel any member who violated the rules and regulations of the Association or fails or refuses to pay required dues or fees for services.

(e) Property and Assets

No member of the Association shall have or claim any right or interest in the property or assets of the Association or the University, whether real, personal, tangible or intangible, other than the right to enjoy the use of the library and its services. In the event of dissolution of the Association in whole or in part, the board of direction shall dispose of its assets in accordance with Article XII of these Bylaws.

ARTICLE IV

Meetings of Members

(a) Annual Meeting

There shall be an annual meeting of the members of the Association on a date in the month of July to be selected annually by the President, and at the principal office of the Association, for the purpose of receiving the annual report of the board of direction, and to transact such other business as may come before the meeting.

(b) Notice of Annual Meeting

The secretary shall give at least thirty days written notice of the time and place of the annual meeting by mail addressed to each member of the Association entitled to vote at the meeting at the member's last known address on the books of the Association.

(c) Special Meetings

At the request of the board of direction, or at the written request of twenty-five members, stating the reason therefor, the president shall call a special meeting of the members of the Association, on not less than five days notice of the time, place, and purpose of the meeting, mailed to each member entitled to vote at the meeting. No business not mentioned in the notice shall be transacted at such meeting.

(d) Quorum of Members

Presence in person or by proxy of members representing a majority of the voting rights of the Association shall constitute a quorum at any meeting of the members.

(e) Conduct of Elections

(1) Who Entitled to Vote. Each member shall, at every meeting of the members

be entitled to vote in person or by proxy upon each subject properly submitted to vote. No member shall be entitled to vote who is in arrears for dues, or has been a member for less than three months previous to the election.

(2) Inspectors. At any meeting of the board of direction at which a matter shall be presented for a vote of the members of the Association, the board shall appoint two or more inspectors of election to superintend the election.

ARTICLE V

Board of Direction

(a) Powers

"The board of direction shall manage the affairs of the Association. The powers and duties of the board shall include but not be limited to: the engagement of a qualified firm of certified public accountants to perform auditing services for the Association, or, in the Board's discretion, the engagement of the auditing staff of the University of Missouri to perform such auditing services."

- (1) The authority to alter or amend the Bylaws of the Association, including the fixing and altering of the number of directors.
- (2) The election of officers of the Association.
- (3) The establishment of membership dues and setting of fees for services provided directly by the Association or passing on of fees for services provided by the University.
- (4) The designation of depositories of funds of the Association.
- (5) The engagement of a qualified firm of certified public accountants to perform auditing services for the Association.
- (6) To advise the Chancellor of the University of Missouri–St. Louis (the "Chancellor") regarding the operations of the Mercantile Library at UM-St. Louis.

(b) Number, Tenure, Qualifications

The number of Directors which shall constitute the Board of Direction shall be as determined from time to time by the Board of Direction, and shall not be more than thirty-five (35). The term of each director shall be for three years, commencing on the Tuesday next following the appointment of the Director to the Board. The Board shall be divided into three classes, as nearly equal as possible, which shall serve staggered terms.

No one shall serve more than two successive full terms as a Director; provided, however, that notwithstanding this term limitation, the Board, at a regular or special meeting following an appointment of Directors by the members, may appoint the immediate past president to the Association who might otherwise be ineligible for appointment as a director because of this term limitation, to an additional one-year term as a Director, said term to expire at the next annual meeting of members. Any director elected to such a one-year term shall be eligible for appointment thereafter to a full term on the Board as if said Director had not served the one-year term. Any Director elected to the one-year term shall be in addition to any Directors of the Corporation elected to serve three-year terms, provided that the total number of directors shall not exceed thirty-five (35).

In addition, the Board of Direction may have one or more former directors to serve in the honorary role of Director Emeritus in an advisory capacity to be elected for a term of three (3) years in the manner set out in Article VIII, Section (a) (2) hereof. Any Director Emeritus shall be permitted to attend any meeting of the Board of Direction, but shall have no voting rights nor shall be counted for purpose of a quorum.

(c) Appointment of Directors

From and after the date of the transfer of the employees of the Association to the University and the transfer of operation and control of the Library to the University as provided in the Affiliation Agreement, dated November 7, 1996, between the Association and the University, the members of the board of direction shall be appointed by the Chancellor after consideration of the candidates recommended to the Chancellor by the Nominating Committee provided for herein.

(d) Ex Officio Directors

From and after the date of the transfer of the employees of the Association to the University and the transfer of operation and control of the Library to the University as provided in the Affiliation Agreement, dated November 7, 1996, between the Association and the University, the Director of the St Louis Mercantile Library at the University of Missouri-St. Louis shall serve as a member of the Board of Direction of the Association, *ex officio*.

(e) Removal of Directors

When any member of the board of direction shall fail without adequate cause or excuse to attend three consecutive meetings of the board, the remaining members of the board may declare vacant the place of the absent member.

(f) Regular Meetings

The board of direction shall hold at least six regular meetings yearly on the call of the president, and on at least seven days notice. The president may, on five days notice, change the day for such regular meeting.

(g) Special Meetings

The president, or any two members of the board of direction, may call a special meeting of the board of direction at any time, on not less than five days notice stating the time, place, and purpose of the meeting.

(h) Quorum: Participation by Telephone

One third of the members of the board of direction shall constitute a quorum for the transaction of business at any meeting of the board. Members of the Board of Direction may participate in and act at any meeting of the Board of Direction, whether regular or special, through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such a meeting in this manner shall constitute attendance and presence in person at the meeting of the person or persons so participating for all purposes, including fulfilling the requirements of Sections (h) and (i) hereof.

(i) Manner of Acting

The act of a majority of the directors present at a meeting at which a quorum of directors is present shall be the act of the Board of Direction, unless the act of a different number is required by statute, the Constitution or these Bylaws.

(j) Vacancies

The board of direction may fill any vacancy occurring in the board and any directorship to be filled by reason of an increase in number of directors, subject to the approval of the Chancellor. A director appointed to fill a vacancy shall be appointed for the unexpired term of the director's predecessor in office and until the director's successor shall have been appointed and qualified.

ARTICLE VI

Officers

(a) President

The president shall preside at all meetings of the board of direction, and perform other duties as are prescribed by law or these bylaws.

(b) Vice President

The board of direction may elect as many as three vice presidents of equal rank. The vice president with longest tenure on the board shall serve as president in the absence of the president.

(c) Secretary

The secretary shall record the minutes of meetings of the board of direction, and perform such other duties as are prescribe by law or these bylaws.

(d) Treasurer

The treasurer shall render to the president and board of direction at the regular meetings of the board, and whenever requested by them, an account of the financial condition of the Association. If required by the board, the treasurer shall deliver to the president, and keep in force, a bond in form, amount and with a surety or securities satisfactory to the board, conditions for faithful performance of the duties of the treasurer's office.

(e) Election of Officers

At the first regular meeting of the board of direction following the Annual Meeting of the Association, the board shall elect from its membership a president, an executive vice president, up to three additional vice presidents, a secretary, and a treasurer, who shall serve for one year and until their successors are elected.

(f) Additional Officers

The board of direction may from time to time by resolution appoint an assistant secretary and an assistant treasurer, who may but need not be members of the board and provide for their duties. Any person appointed as an assistant secretary or assistant treasurer shall hold office at the pleasure of the board, and may be removed at the discretion of the board.

(g) Required Signatures

All checks, drafts and orders for payment of money shall be signed by the president and such other officers of the Association, if any, as the board of direction may designate for that purpose.

ARTICLE VII

Compensation and Expenses

Members of the board of direction and officers of the Association shall serve without compensation for their services to the Association.

ARTICLE VIII

Committees

(a) Standing Committees

(1) Executive Committee. The executive committee of the board of direction shall consist of the offices of the board, the Director of the St. Louis Mercantile Library at the University of Missouri – St. Louis and a member of the board selected by the president. The executive committee shall have the power to act for the board, between meetings of the board subject to the approval of the board at its next meeting.

2) Nominating Committee.

On or before March 15 of each year, the president, with the approval of the Board of Direction, shall appoint a nominating committee consisting of four members of the Board of Direction and shall designate its chairman. The president shall serve ex officio as a member of the Nominating Committee. The Nominating Committee shall deliver to the Chancellor on or before May 1 of each year a slate of candidates to succeed the directors whose terms are expiring, as well as the names of any former directors recommended for the position of director emeritus. The Chancellor shall appoint persons to succeed the directors whose terms are expiring and any persons to the position of director emeritus, after consideration of the candidates recommended to the Chancellor by the Nominating Committee.

(3) Development Committee. The development committee shall consist of the president, the treasurer, the Director of the St. Louis Mercantile Library at the University of Missouri – St. Louis, and not more than five members at large appointed by the president from the membership of the board of direction. The development committee shall seek to increase the endowment and other resources of the Association.

(4) Finance Committee. The finance committee shall consist of the president, the treasurer, the Director of the St. Louis Mercantile Library at the University of Missouri – St. Louis, and not more than five members at large appointed by the president from the membership of the board of direction. The committee shall supervise the investments and financial condition of the Association and shall annually prepare and submit to the board of direction a proposed budget for the operations of the Association for the next succeeding year.

(5) Special Committees. The president may, with approval of the board of direction, designate special committees, and appoint as members of such special committees, such persons, whether members of the Association or not, as the president deems appropriate.

(b) Term of Office: Reports: Meetings

(1) Term of Office. The terms of office of all members of standing and special committees shall expire upon the election of officers at the first regular meeting of the board of direction following the annual meeting of the Association.

(2) Reports. Standing and special committees shall report to the board of direction as instructed, but in no event less often than once a calendar year.

(3) Meetings. The chairman of a committee, or the president, may call a meeting of any standing or special committee on 24 hours notice, and a majority of the members of any standing or special committee shall constitute a quorum.

ARTICLE IX

Budget Procedure

On or before May 15 of each year, the finance committee shall prepare a proposed annual budget of the Association for the next succeeding fiscal year. The committee shall review the proposed budget, make any revisions it deems appropriate and submit the proposed budget to the board of direction on or before the last meeting of the board for the year. At the last meeting, the board of direction shall adopt a budget for the next fiscal year. The board of direction may amend the budget from time to time thereafter, upon recommendation of the finance committee or otherwise.

ARTICLE X

Fiscal Year

The fiscal year of the Association shall begin July 1 and end on June 30.

ARTICLE XI

Indemnification of Directors and Officers

Each director or officer, or former director or officer, of the Association and his legal representatives, shall be indemnified by the Association against liabilities, expenses, counsel fees and costs reasonably incurred by him or his estate in connection with, or arising out of, any action, suit, proceeding or claim in which he is made a party by reason of his being, or having been, such director or officer; provided, that the Association shall not indemnify such director or officer with respect to any matters as to which he shall be finally adjudged in any such action, suit or proceeding to have been liable for negligence or misconduct in the performance of his duties as such director or officer. The indemnification herein provided for, however, shall apply also in respect of any amount paid in compromise of any such action, suit, proceeding or claim asserted against such director or officer (including expenses, counsel fees and costs reasonably incurred in connection therewith), provided the board of direction of the Association shall have first approved such proposed compromise settlement and determined that the director or officer involved was not guilty of negligence or misconduct; but in taking such action, any director involved shall not be qualified to vote thereon.

In determining whether or not a director or officer was guilty of negligence or misconduct in relation to any such matters, the board of direction may rely conclusively upon an opinion of

Independent legal counsel selected by the board of direction. Unless otherwise provided by law, settlement authorized herein shall be effective without the approval of any court. The right to indemnification herein provided shall not be exclusive of any other rights to which such director or officer may be lawfully entitled.

No director or officer of the Association shall be liable to any other director or officer or other person for any action taken or refused to be taken by him as director or officer with respect to any matter within the scope of his official duties, except such action or neglect or failure to act as shall constitute negligence or misconduct in the performance of his duties as director or officer.

ARTICLE XII

Dissolution

On dissolution of the Association and the satisfaction of its obligations, any remaining funds or other assets shall be distributed to The Curators of the University of Missouri, a body politic and state educational institution organized under the Constitution and laws of the State of Missouri, for use exclusively in support of the Saint Louis Mercantile Library at the University of Missouri – St. Louis, or if such University is no longer in existence at the time of such dissolution, as determined by the Board of Direction to one or more lawfully organized and qualified charitable, educational or scientific organizations, provided that each such distribution shall be authorized under the Missouri Nonprofit Corporation Act, and under the provision of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). (All references to the Code shall include the corresponding provisions of any future Federal income tax law).

ARTICLE XIII

Amendment of Bylaws

These bylaws may be amended at any regular meeting of the board of direction with the approval of a majority of the membership of the board, provided that the proposed amendment was submitted at the preceding meeting of the board, and circulated to all members of the board in writing at least two weeks prior to the meeting at which the vote is taken.

ARTICLE XIV

John W. Barriger III Memorial Railroad Library

(a) Nature and Purpose

The John W. Barriger III Railroad Library is an integral part of the St. Louis Mercantile Library Association, created to preserve as a memorial to John W. Barriger III his private papers, and the railroad library and photographs he collected, and to continue collecting such materials in order to make available basic information to the public for extensive research by scholars and others interested in the railroad industry in the United States.

(b) Trustees

(1) The John W. Barriger III Railroad Library shall be managed by a board of trustees, all of whom shall be elected by the board of direction of this Association. At least three trustees shall be elected from past presidents of the Association, three from the descendants of John W. Barriger III and three from the persons who are or have been active in the railroad industry.

(2) The trustees shall direct the management of the John W. Barriger III Library, and the spending of contributions, including the income therefrom, to it, and may request additional funds from the Association to maintain, operate and expand it.

(3) The trustees may elect their own officers, adopt bylaws for their own government not inconsistent with law, or with the constitution and bylaws of this association, and provide for their own procedures.

(4) The trustees shall annually render written report of their activities with the secretary of the Association.

(c) Barriger Descendant a Director of Association

The board of direction shall annually appoint a descendant of John W. Barriger III as a member of the board of direction, to serve for a term of one year. Such descendant shall otherwise have all the rights, privileges and duties of any other member except that in determining the members from which a majority or any fraction of the board is computed, such descendant shall not be added to the number of elected directors and such descendant shall not be counted in the determination of whether a quorum is present at a meeting of the board of direction.

ARTICLE XV

National Inland Waterways Collection

- (1) There shall be an advisory board of governors for the National Inland Waterways Collection of the Association. At least two members of the board of governors shall be members of the board of direction of the Association, at least two shall be persons with long-standing knowledge of inland river history and at least two shall be currently associated with the waterways industry.
- (2) Upon approval by the board of direction of the Association, members of the board of governors shall serve for three years and until their successors are elected by the board of direction. The president of the Association shall name the chairman of the board of governors. No member of the board of governors shall serve more than two successive terms.
- (3) The board of governor shall advise the board of direction and the Chancellor concerning the acquisition, cataloging, preservation and accessibility of the national inland waterways collection and under the supervision of the development committee shall raise funds for the maintenance and development the national inland waterways collection.
- (4) The board of governors shall meet at least once annually and render an annual report in writing to the president of the Association at least one month prior to the annual meeting of the members of the Association.
- (5) The University and/or the Association shall provide reasonable clerical services and stationery to the board of governors.

ARTICLE XVI

Gender References

All gender references in these bylaws shall be construed as masculine or feminine as the content may require.

ARTICLE XVII

Effective Date

These Bylaws, as amended herein, shall be effective from and after the date of the transfer of the employees of the Association to the University and the transfer of operation and control of the Library to the University as provided in the Affiliation Agreement, dated November 7, 1996, between the Association and the University.

FEDERAL FOOTNOTES

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FORM 990 LINE 8

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SHARE OF BALANCED POOL REALIZED LOSS

(\$12,813)