LETTER OF INTENT

Section 1.
This letter of intent is entered into as of _____, 2009 by and among Missouri Library Network Corporation (MLNC) and MOBIUS Library Consortium (MOBIUS). It confirms our mutual understandings with respect to combining MLNC and MOBIUS into a single, nonprofit, tax-exempt organization serving Missouri libraries.

Section 2. Purposes
The purposes of this letter intent are:

a) To set forth the material terms under which the two organizations would be combined.
b) To outline a vision of the new organization.
c) To define the process by which the new organization will be designed and established.
d) To establish target dates for completion of various aspects of the process.
e) To govern the conduct of the parties during the period between the signing of this letter of intent and the combination completion date.

Section 3. Expiration
This Letter of Intent will expire on the earlier of the completion date of the combination, or December 31, 2009. It may be extended by agreement of the parties. Either party may determine at any time that it does not wish to pursue the combination, and may terminate this letter of intent by written notice to the other party (with the exception of Section 4(a) and Section 5, which shall survive termination).

Section 4. Agreements in Principle Regarding Integration
The parties have reached the following agreements in principle:

a) Expenses. Each party will bear its own expenses incurred in connection with this letter of intent and the combination contemplated hereby.

b) Due Diligence. Each party shall have the right to make a full diligence investigation of the other party and its books and records. Each party will promptly provide the other party with such documents and information as such other party may reasonably request. Each party agrees to provide the other, on a priority basis as soon as possible the following documents:
   (i) Most recent financial statements, including income statement and balance sheet.
   (ii) A list of current Executive Committee/Board members.
   (iii) A description of any and all pending legal actions.
   (iv) A list of current staff, job duties and compensation.
   (v) Copies of all material contracts, including leases and vendor agreements, and any agreements with University of Missouri.
   (vi) Copies of all Bylaws, Memoranda of Understanding, Corporate Charters, and similar documents.

c) Merger of Businesses. The assets, certain specified liabilities, contracts and services of MOBIUS will be combined with those of MLNC under MLNC's corporate charter to create a single 501(c)(3) organization providing efficient, cost effective services to all types of Missouri libraries using the current legal structure and bylaws of MLNC.

d) Vision. We envision a strong, viable library service organization, serving all types of libraries in Missouri and beyond. This single, nimble organization will have a high level of flexibility and be able to create new programs and foster library development. These high-quality services will assist libraries to fulfill the information needs of Missouri citizens, to provide lifelong learning opportunities and aid in economic development. We propose this combining of organizations as we see it as an effective way to achieve greater productivity, efficiency and sustainability.

e) Mission. The mission of the combined organization will be to organize and deliver to its member libraries and other contracting entities, cost-effective information resources and services, to facilitate resource sharing, and to utilize the benefits of scale while retaining the advantages of quality and service.

f) Governance. From the combination completion date through June 30, 2010, all MOBIUS member libraries who are not already MLNC Full members will be granted all the rights and privileges of MLNC Full Membership, including eligibility for membership on the Board and the right to vote in the election of Board members in the spring of 2010.

The existing Board of Directors of MLNC and the existing MOBIUS Executive Committee will initially serve as directors of the combined organization through the end of their current terms. The negotiating committee will determine the best way for ultimately achieving a board size of 11 members. The Board with the assistance of its committees will guide strategic development by determining overall trends, shared values, purpose, future directions and desired outcomes. Implementation of strategic plans will be accomplished by the executive leadership team (see section i).

g) Membership. Current members of MLNC will retain their current membership status through June 30, 2010 at which time they will be free to select from new membership levels in the combined organization. Current MOBIUS members who are not MLNC Full Members will be granted all the rights and privileges of MLNC Full Members from the date of finalization of the combination through June 30, 2010. On this date, a new membership structure will be put in place.

h) Timeline. Each party agrees to devote the necessary resources to complete the combination according to the following timeline:

October 8, 2009	Each party signs this letter of intent and appoints its negotiating committee November 8, 2009 Due diligence is completed and negotiating committee reaches final agreement.
November 30, 2009	Sign definitive agreement, contingent upon approvals
December 11, 2009	Approval by boards and membership of each organization
January 1, 2010	Combination closing date

i) Executive Leadership: In order to ensure a smooth transition, the executive leadership staff currently in place at MLNC and MOBIUS will serve as the executive leadership staff of the new combined organization for at least the full first fiscal year following the integration date. We understand this to be Tracy Byerly, Deb Ehrstein, and Keith Gaertner of MLNC and Donna Bacon and Christopher Gould of MOBIUS.

Section 5. Course of Conduct

During the period between the signing of this letter of intent and the combination closing date, the parties have agreed to comply with the following conditions of conduct, all of which shall survive the expiration or termination for any reason of this letter of intent.

(a)Internal and public announcements.

(i) No public statement to the library community or otherwise will be made by any party without the prior consent of the other party and without agreement on the text and issue date.

(ii) In describing this letter of intent to employees, it is agreed that it will be described as follows: "This letter of intent constitutes an exploration of a possible combined organization."

(iii) It is agreed that each party will designate an official spokesperson that is involved in the negotiations. It is also agreed that Boards, officers, and employees will refer all member inquiries to the official spokespersons.

(b) *Confidentiality*. During the negotiation process and process of partner assessment, the parties will exchange information that is sensitive or proprietary. The parties therefore agree to comply with the following rules of conduct relative to the confidentiality of the materials exchanged.

(i) Each party recognizes that failure to adhere to the confidentiality agreements may result in damage to the other. Thus, each party will keep in strict confidence all nonpublic information and documents obtained from the other party.

(ii) None of the exchanged materials will be used to the detriment of the other party and all who have access to the materials will be instructed as to their confidential nature.

(iii) All material will be returned to their owners and no copies will be kept, even if an agreement is not reached, and upon expiration or termination of this Letter of Intent.

(iv) The parties agree to exempt one another from liability for any inadvertent inaccuracies in the exchanged materials.

(v) Information that becomes generally available to the public by another means is exempted from these provisions.

Section 6. Conditions Precedent

The combination will be contingent upon satisfactory completion of business, legal and accounting due diligence. It will also be contingent upon obtaining all required consents and approvals, including the approval of the Board of Directors and members of MLNC, and the MOBIUS Executive Committee and membership, and the University of Missouri curators. The undersigned shall use good faith efforts to obtain all such approvals and consents as necessary to meet the timeframe set forth above.

Section 7. Binding Agreement

Except for Sections 3, 4(a), 5 and this Section 7 which the parties agree create legal and binding obligations, this letter of intent is not intended to create a binding agreement or require either party to conclude the contemplated combination.

Section 8. Counterparts

This letter of intent may be executed in multiple counterparts each of which will be seen as an original.

Section 9. Governing Law

This letter of intent will be governed and construed by the laws of the State of Missouri.

Section 10. Signatures and Dates

_____ _____

Laura Rein, President , on behalf of the MLNC Board of Directors

_____ _____

Erlene Dudley, Chair, on behalf of the MOBIUS Executive Committee

_____ _____

_____, on behalf of the University of Missouri