



SUMMARY OF WDS BYLAW CHANGES

On November 11, the WDS members overwhelmingly passed a set of bylaw changes to WDS. Under Article X, Section 1 of the bylaws, the Independent Directors have to approve amendments to certain bylaw provisions. On December 15, WDS sent a color-coded sheet to summarize those changes accepted by the Independent Directors and those that were rejected. This is a summary of those changes.

1. Membership meetings. Changes APPROVED. Membership meetings will now play a more prominent role in the WDS governance. The meetings will occur at a location near the WDS headquarters large enough to accommodate 25% of the member dentists. Notice of the meeting, with an agenda, must be mailed to all member dentists in advance and cannot be buried in a different publication.

2. Actions by members. Changes APPROVED. Members may physically attend the meeting and cast a vote or designate a full or limited proxy to vote on the member's behalf. Formerly, proxy voting was not permitted, and as a practical matter, there were not physical meetings. Mail-in ballots or action without a meeting is no longer permitted; for those members unable to attend, they can cast a proxy instead of a mail-in ballot. The key is that the former practice of membership decisions without a meeting for deliberation and debate are no longer permitted.

3. Popular election of member directors. Changes REJECTED. Candidates for member directors are still chosen by a governance and nominating committee of the board rather than nominated from amongst the members.

4. Independent director superpowers. Changes REJECTED. The nomination, election, and removal of Independent Directors is reserved for the Independent Directors, not the entire board. CDWS believes this conflicts with Washington state law, specifically RCW 24.03.115. Nevertheless, the effort to reserve these decisions to the entire board (which is still controlled by the Independent Directors) was rejected.

5. Committee appointments. Changes PARTIALLY APPROVED. Formerly, board committee members were usually appointed by the chair of the board in consultation with the CEO. Now the committee appointments are made by the entire board, with the exception of the Independent Directors on the Provider Compensation Committee.

6. Amendment to bylaws. Changes PARTIALLY APPROVED. Bylaw changes now require 2/3 member vote at a meeting rather than the mail-in ballots formerly used by WDS management. Certain bylaw changes required the approval of Independent Directors. This section was deleted by the members, but the amendment was rejected by the Independent Directors even though it was not one of the sections subject to Independent Director approval.

7. Information. Changes APPROVED. WDS must send a copy of its audited financial statements to its members no later than 7 months after the close of the year. It must include a general discussion about the state of the market and the profession, and provide an analysis of the compensation and incentives it provides to its executives the way public companies do.