



Board Governance

Version B 26-Oct-2023

Preface

to By-Laws, Registration Rules, Show Rules, Standing Rules,
Uniform Color Descriptions and Standards

The By-Laws take precedence over ALL other Rules, followed by the Registration Rules, Show Rules, Standing Rules, and Uniform Color Descriptions, in that order. The Registration Rules, Show Rules, Standing Rules, and Uniform Color Descriptions shall take precedence over any individual Breed Standard UNLESS that Standard is MORE restrictive than the general rules applying to ALL breeds, in which case the Standard shall take precedence.

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Article One: Committee Charter

The purpose of this committee is:

To infuse a desire for and commitment to best practices in governance within the TICA Board of Directors.

Review and recommend to the full Board governance processes such as agenda design and management, Board action follow up, budget and strategic planning "rhythm", and meeting evaluation.

Oversee development of TICA Board policies, including "Board Ethics."

Solicit recommendations and arrange for Board "educational" sessions about TICA's business and operating processes.

Article Two: Ethics

Confidentiality

Members of the Board of Directors shall use information belonging to or obtained through their affiliation with TICA solely for the purpose of performing services as a Board member for TICA. Members of the Board may not disclose, divulge, or make accessible confidential information to any person, including relatives, friends and business and professional associates, other than to persons who have a legitimate need for such information and to whom TICA has authorized disclosure. Members of the Board must exercise good judgment and care at all times to avoid unauthorized or improper disclosures of confidential information. At the beginning of their term of office, Directors are required to sign a Non-Disclosure Agreement (NDA) reflecting their duty to keep such information confidential.

Members of the Board must exercise good judgment and care at all times to avoid unauthorized or improper disclosures of confidential information.

Conduct

Members of the Board of Directors are expected to abide by the TICA By-Laws, Show Rules, Registration Rules, Judging Program (if applicable), and all Board rulings. While members of the Board of Directors are expected and encouraged to discuss and debate proposals presented during Board meetings, once a decision is made, it is the expectation that the individual Directors will abide by and support the action of the Board, even though the prevailing position might not have been their own.

Members of the Board of Directors are ambassadors for and representatives of TICA at all times and shall conduct themselves accordingly.

Conflict of Interest Policy

Purpose

The purpose of the conflict of interest policy is to protect The International Cat Association's (the Association) (a tax-exempt organization) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Association, might result in a possible excess benefit transaction or may be a non-financial perceived, real or potential conflict which might preclude an interested person in performing impartially their responsibility to the Association. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit organizations.

Definitions

1. **Interested Person**. Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.
2. **Financial Interest**. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family member(s):
 - a. An ownership or investment interest in any entity with which the Association has a transaction or arrangement,
 - b. A compensation arrangement with the Association or with any entity or individual with which the Association has a transaction or arrangement, or
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Association is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

3. **Non-financial conflicts of interest**. Situations and influences which may present the risk that an interested person might decide based on, or affected by, these influences rather than in the best interests of the Association. Voting on judging acceptances and advancements, disciplinary actions, hiring employees or contractors and voting on complaints may give rise to non-financial conflicts of interest.
4. **Family member**. A person is a family member if they are a spouse, domestic partner, parent, sibling, child or grandchild.

Procedures

1. **Duty to Disclose**. In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest or family relationship and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.
2. **Determining Whether a Conflict of Interest Exists**. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, they shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.
3. **Procedures for Addressing the Conflict of Interest**.
 - a. An interested person may make a presentation at the governing board or committee

meeting, but after the presentation, they shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

- b. The chair of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine whether the Association can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Association's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy

- a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Compensation

1. A voting member of the governing board who receives compensation, directly or indirectly, from the Association for services is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Association for services is precluded from voting on matters pertaining to that member's compensation.
3. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Association, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Annual Statements

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

1. Has received a copy of the conflicts of interest policy,
2. Has read and understands the policy,
3. Has agreed to comply with the policy, and
4. Understands the Association is a not for profit entity and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Periodic Reviews

To ensure the Association operates in a manner consistent with tax-exempt purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
2. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Association's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

Use of Outside Experts

When conducting the periodic reviews as provided for in **Article Seven: Publishing Minutes of the Meetings**, the Association may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

Article Three: Action by Board Ballot

The By-Laws of the Association provide that a Director may request a ballot be taken on an issue between formal meetings of the Board. These are to be submitted through the Business Manager. The President and Vice President may request action on an issue directly.

It is the policy of the Board that ballots submitted between meetings be kept to a minimum and, generally, be limited to items for which action must be taken prior to the next regularly-scheduled Board Meeting or those items of a routine nature which do not require extensive debate.

Ballot Issues Initiated by a Regional Director.

Issues which come to the attention of a Regional Director, and for which they feel a Board vote is necessary, must first be submitted to the full Board for discussion.

A period for discussion will be set by that Director.

At the conclusion of the discussion period, that Director (or any other) may decide to submit the issue for a formal ballot.

The motion and an explanation must be submitted to the Business Manager who will submit the formal ballot for vote.

As each individual Board Member votes, their vote shall be made known to the remaining members of the Board.

Use of Board Ballots for Consent Agenda Items.

The President should consider the use of a Board Ballot prior to the actual meeting of the Board for those items which are of a more routine nature, require little discussion or are generally for information only purposes.

These items might require a “receipt be noted” action by the Board.

It will be the responsibility of individual Board Members to read these items, ask appropriate questions and then vote on those items.

If there is an individual item that a Board Member feels deserves debate and discussion, rather than the answering of simple questions, it may be pulled from the Consent Agenda Board Ballot and placed on the regular meeting agenda for discussion and action.

Article Four: Meeting Agenda Management

It is the policy of the Board that the agenda be efficiently managed in order to engage the Board in the most important business facing the Association and reflect the discussions necessary for the highest and best use of the Board of Directors.

Time Management. The agenda items should be assigned suggested time limits. The Board finds this useful in managing discussions. Additionally, when there are items and reports that do not need to take up meeting time for discussion, they should be placed on a consent agenda. This would include items that the Board needs to take action on but could easily be read by the Board Members, questions asked ahead of the meeting, and passed without discussion or debate. If a particular item is felt to need discussion or debate (not just a simple question answered), it can be pulled off the consent agenda and added into the regular agenda, at the request of a Director.

Agenda Management. There are at least three major categories of agenda items which are recurring and components of which might be presented to the Board in cycles. They include the Budget, Legislative (Rules changes), and the Committee reporting.

Winter Meeting	Spring Meeting	Annual Meeting
<u>Budget Cycle</u>		
Review and accept prior year's audit report; Mid-year budget review; Review mid-year indicator reports	Strategic planning (review of business plan); Adopt budget for new fiscal year	Review wrap up of prior year budget; Review results of prior year's indicators (in business plan)
<u>Legislative Cycle</u>		
Proposals which require no membership vote	Proposals which require no membership vote	Priority given to proposals which, if passed, require membership vote; Proposals which require no membership vote
<u>Committee Cycle</u>		
Report on progress of goals		Report on prior year's accomplishments; Receive and approve recommendations for new goals

Follow Up Report: A follow up report will accompany each set of meeting minutes. Follow up items will be reported on or included in the next meeting agenda. The follow up report will list any action that the Board had requested during the prior meeting, the person assigned the task, a time frame for accomplishment, and status. Part of every agenda would be the review of the follow up report.

Article Five: Governance Cycle and Alignment

In accordance with Article 12 of the By-Laws, The Board of Directors is empowered to establish Regions as needed and economically feasible and identify the area comprising each region.

It is the policy of the Board to conduct a review of the makeup and viability of regionals at the Winter Meeting, every 3 years.

Article Six: Travel Reimbursement: President/Vice President (Officers) and Regional Directors

Policy: It is the policy of the Board that the travel expenses of the Officers and Directors to attend Board meetings are to be reimbursed by the Association, if funds are available.

Travel Expense: If Officers or Directors choose to travel by car to a meeting, they may be reimbursed mileage at the prevailing rate allowed by the Internal Revenue Service **OR** the lowest reasonable airfare available, including any additional ground transportation required. It must be demonstrated that the cost of travel by car is the lesser by submitting a brief analysis, comparing the two. Officers or Directors judging a show in conjunction with a meeting or those using mileage award tickets will not be reimbursed.

Per Diem: The Board may set per diem reimbursement rates based upon the published rates and guidelines of the United States Government Services Administration. The applicable rate is classified as M& IE (meals and incidental expense). “Incidental expense” is defined as fees and tips given to porters, baggage carriers, and hotel staff. Per diem may be claimed for the day prior to, the duration and the day following a meeting, unless otherwise approved by the Board. Travel days are paid at the rate of 75% of the approved rate. Any meals paid on behalf of a Director shall be deducted from per diem. The Board may authorize a per diem rate to adjust for the increased cost of the TICA Annual banquet.

Lodging: The Association is responsible for the payment of hotel accommodations for the day prior to, the duration, and the day following a meeting, unless otherwise approved by the Board.

Claiming Reimbursement: Officers or Directors may claim reimbursement under this policy by completing and submitting the TICA Official Expense Report. All receipts must be attached for any expenses claimed which are not directly paid by the Association or included in the per diem.

Article Seven: Publishing Minutes of the Meetings

General and Executive Session:

Article Nine of the TICA By-Laws provide that the Board of Directors may go into closed session if the matter under discussion concerns personnel matters, contract negotiations or is of such a nature that it may be embarrassing, derogatory or humiliating to an individual. The article further makes public to the membership the results of all actions by the Board, other than those relating to pending contract negotiations or those relating to changes, complaints or protests which have been found to be groundless.

It is the policy of the Board that the minutes of its meetings are reported consistent with provisions of the By-Laws and in a uniform manner. Therefore, the Board adopts the following guidelines for publishing minutes of its Executive Session meetings.

Reporting Executive Sessions:

It is expected that the published minutes of the General Board Meeting record that the Board went into Executive Session, the purpose of the session and the outcome of the discussion. For example, the general minutes of the meeting may record that, “the Board went into Executive Session to consider advancement and re-licensing of judges.”

The general minutes would then record the outcome of that consideration, including the name of the maker and second of the motion. The general minutes will include the individual vote of each board member by name.

Article Eight: Decorum during Discussion and Debate

In following the guidelines of Roberts Rules of Order it should be noted that rules are provided for appropriate conduct during discussions and debate. The rules stress that in debate a member must confine remarks to the question, be courteous in language and deportment, avoid all personalities, not arraign the motives of a member, and emphasize that it is not the man but the measure that is the subject of debate. It is the duty of the Chair to enforce these behavioral guidelines.

The same rules regarding behavior necessary for “decorum during debates” are essential for group e-mail communications. Robert’s Rules were drafted before the arrival of e-mail, but it is clear that group e-mail communications are now common and can invite debate. Consequently, the same guidelines for civility, particularly the absence of attacks on personalities, apply to official group e-mail communications.

Policy Statement. Directors are obligated to act with proper decorum. Although they may disagree with the opinions of others on the board, they must act with respect and dignity and not make personal attacks on others. Accordingly, directors must focus on issues, not personalities and conduct themselves with courtesy toward each other and toward employees, appointed officials, contractors and members of the association.

Article Nine: Discipline and Penalties

The Board of Directors of The International Cat Association has adopted policies in regard to its expectation of the appropriate behavior for conducting both its business as a body and for individual members of the Board. Many of these expectations are specifically enumerated with this Board Governance document while additional expectations are set out in By-Laws governing the duties and responsibilities of a director in the nonprofit business sector.

Policy: In following with Roberts Rules of Order, the Board Chair cannot impose a penalty on a Board Member for misbehavior; only the Board, itself, can do so. Any member of the Board can make a motion proposing a penalty. Following are possible motions that can be made for deliberation:

1. A motion that the Board Member must apologize.
2. A motion that the Board Member must leave the room during the remainder of the meeting.
3. A motion to censure the Board Member.
4. In accordance with TICA By Law 122.6.3, a motion to suspend the Board Member's rights for a designated period of time.
5. The member may be asked to leave the meeting while a penalty is discussed. This requires a motion and a simple majority to adopt. If the Board elects to allow the member to remain during discussion, the member should be allowed to speak briefly in their defense.
6. Any penalty (other than suspension under By Law 122.6.3) requires a majority vote of the Board Members in attendance to adopt.

Article Ten: Investment Policy Statement

The fiduciary responsibility of the Board of Directors shall include establishing policy for the investment of funds and ensuring investment activity is in accordance with that policy. Following are the policies established by the Board for the investment of funds.

These policies should be periodically reviewed but it is expected that they will not change frequently.

General Guidelines

- The assets of TICA will be invested in accordance with all applicable laws.
- Invested funds should be maintained in an established investment bank and/or brokerage firm maintaining a high credit rating.
- The Board of Directors shall be advised by a qualified Financial Advisor.
- All decisions pertaining to changes in this Investment Policy will be made by the Board of Directors.

Primary Financial Objective

The primary objective of the Association's investment portfolio is to preserve and augment purchasing power while providing support for the stability and growth of The International Cat Association.

Asset Allocation Targets

Funds are diversified across multiple markets, including the global equity markets (US and Foreign Stocks), in an effort to diversify some of the risk effects of varying geopolitical, economic, and social developments. The asset allocation established by this Investment Policy Statement represents a long-term perspective. As such, rapid unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside of the policy range.

The Association's overall asset allocation target is as follows

	Minimum %	Target %	Maximum %
Equity (US)	20	30	50
Fixed Income	40	60	80
Foreign Equity (Non US)	0	10	30

Established Funds and Investment Guidelines

Fixed Income Funds. Provide operational stability and source of cash reserves when needed.

- **Cash Management Portfolio** – provide return on excess cash, easily transferring funds to and from TICA's general banking accounts in order to provide operational cash flow when required. Investments include Treasury notes, CD's (Certificates of Deposit), and bonds, with very short maturities so as to ensure access to cash when needed.
- **Bond Portfolio** – An Advisory account, comprised of Investment-grade bonds with competitive market rates, and laddered maturities for a period of no more than 10 years. This portfolio provides a source of interest income which is either available for operations or reinvested. The intent of laddering the maturities is to provide a predictable return of

principal each year which can be used for operations, special projects, or reinvested. As bonds mature, if the principal is not needed for operations, the proceeds will be re-invested back into the long-end of the ladder (10 years). This is referred to as “rolling the bond ladder”.

Equity Funds Investments that seek to provide long-term capital appreciation while potentially recognizing substantial fluctuations in year-to-year performance. The equity portion of the portfolio will be managed by outside Investment Managers recommended by the Financial Advisor. The Board of Director will approve all Investment Managers, and their allocation allotment. Allowable investments and strategies include:

- **US Equities** – Investment Managers may invest in stocks of companies domiciled in the United States.
- **Foreign Equities** – Investment Managers may invest in stocks of companies domiciled outside of the United States. Foreign equities may offer diversification to a well-diversified portfolio. Foreign equities may contain additional risks and added volatility.
- **Value Equities** – Value stocks tend to be lower-volatility stocks, having lower Price-to-Earnings ratios, Price-to-Book ratios, and a focus on higher dividend yields.
- **Growth Equities** – Growth stocks tend to be more volatile, higher Price-to-Earnings stocks with a main focus on capital appreciation, and little or no focus on dividend yield.

Risk Tolerance

The Association’s risk level is currently defined by the Financial Advisor as Moderate Risk. The portfolio may include exposure to both low volatility and growth/higher volatility assets and is considered as having a moderate risk tolerance and a medium-term investment time horizon.

Review of Investment Performance

The Board will seek reports from the Financial Advisor on a periodic basis and review investment portfolio performance at least annually with a focus on:

- Adherence to this Investment Policy
- Change in investment philosophy
- Review Portfolio Managers
- Asset allocation in line with goals or should the portfolio be rebalanced
- Long-term investment results in line with appropriate benchmarks and market returns

Index of Changes to Board Governance

<u>Meeting</u>		<u>Action</u>
<u>October 26, 2023</u>	TICA Logo update	Corrected
<u>May 19, 2023</u>		
Article 10	Investment Policy Statement	Added
Article 4, 5 & 6	Agenda Management, Governance Cycles and Expenses	Amended
<u>September 1, 2022</u>		
Article 2	Gender Neutrality	Amended
Article 9	Gender Neutrality	Amended
<u>January 26, 2022</u>		
Article 2	Confidentiality – added statement requiring new Directors to sign a Non-Disclosure Agreement	Added