

1 **California Dental Association**  
2 **General Operating Principles of the Board of Trustees**

3 Revised November 2011

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5 This document contains the general operating rules and operations of the Board of Trustees (“board”).  
6 Reviewing this with the CDA Bylaws will provide trustees with some detail and some general information  
7 regarding the association.

8  
9 **I. FIDUCIARY RESPONSIBILITIES**

- 10  
11 A. VOLUNTEER DISCLOSURE OF CONFLICTS OF INTEREST: Statements of disclosure  
12 shall be distributed on an annual basis to all members holding elective or appointive office at  
13 the California Dental Association (“CDA” or “association”), its subsidiaries or affiliates. Any  
14 information provided in a statement of disclosure resulting in an actual or potential conflict of  
15 interest shall be reported to the executive director and corresponding council, committee or  
16 chair.
- 17  
18 B. ATTENDANCE AT MEETINGS OF HOUSE OF DELEGATES: All members of the board  
19 are required to attend all meetings of the house. Members of the board should be seated with  
20 their delegations or in the special section provided for them.
- 21  
22 C. ATTENDANCE AT REFERENCE COMMITTEE MEETINGS: All members of the board are  
23 required to attend the reference committees of the house.
- 24  
25 D. MEETING OF COMPONENT DELEGATES: Elected trustees are responsible for attending  
26 any pertinent caucuses to discuss information which will be considered by the house.
- 27  
28 E. FISCAL RESPONSIBILITIES: The board serves as the CDA Board of Directors and has the  
29 same duties and responsibilities as any corporate board of directors has, including the fiduciary  
30 and policy management responsibilities for the association. The association employs a chief  
31 financial officer and staff who work with the Finance Committee and treasurer to maintain the  
32 association’s day-to-day accounting records and implement investment strategies. The board sets  
33 financial policy and is responsible for the association budget, reserves and accounts.
- 34  
35 F. LEGAL RESPONSIBILITIES: In addition to the duties described in the association governing  
36 documents, board, committee and council members are also required to comply with applicable  
37 state and federal law when acting on behalf of the association. CDA purchases insurance to  
38 protect its directors and officers. It is their responsibility to act (1) in good faith, (2) with the  
39 care an ordinary prudent person in a like position would exercise in similar circumstances, and  
40 (3) in the best interest of the corporation and its shareholders. These duties are generally called  
41 the three basic duties of corporate directors: (1) the duty of loyalty, (2) the duty of care, and (3)  
42 the duty of obedience.
- 43  
44 G. DUTIES:
- 45  
46 1. Duty of Loyalty: The duty of loyalty requires directors to exercise their powers in the  
47 interests of the corporation and its shareholders rather than in their own or another's  
48 interest. It includes avoiding conflicts of interest, confidentiality, and not taking  
49 personal advantage of corporate opportunities. A director has the fiduciary obligation  
50 to work solely for the benefit of the corporation. Any activity by a director to the  
51 detriment of a corporation is contrary to this duty. When a director has a material  
52 financial interest in a transaction involving the corporation, all material facts as to the  
53 transaction and the director’s financial interest must be disclosed to the board and the  
54 interested director may not vote on the matter. If a director is a member of a board

55 which is entering into a contract or other transaction with another corporation or  
56 association of which he or she is also member (and which is not a wholly-owned  
57 corporation of a common parent), the material facts of the transaction and the  
58 common directorship must also be disclosed. The contract or transaction must be  
59 approved by a sufficient vote without the common directors.  
60

61 2. Duty of Care: The duty of care requires directors to be informed. Directors are  
62 expected to attend meetings, ask questions, and obtain the information they need to  
63 make reasonable decisions on issues. If a problem arises over a decision made by a  
64 board, ignorance of the facts is not an excuse. California law mandates that directors be  
65 “reasonably” informed about the corporation’s performance. Although the board is  
66 responsible for management of the corporation’s business, many of its functions can be  
67 delegated. A director must be satisfied that the corporation’s information gathering and  
68 reporting system represents a good faith attempt to provide senior management and the  
69 board with information concerning material acts, events or conditions within the  
70 corporation, including compliance with applicable statutes and regulations.  
71

72 To satisfy their duty of care, the law permits a board member to rely on information  
73 provided by others as long as the information provided is within the area of expertise of  
74 the person providing the information. For example, a director can rely on information  
75 provided by accountants and lawyers. If a director relies on such information and  
76 advice in making a decision, no liability would attach even if those decisions were  
77 ultimately found to be erroneous. Decisions contrary to such advice may create legal  
78 issues. Directors are cautioned to proceed cautiously when acting contrary to the advice  
79 of experts.  
80

81 The “business judgment rule” protects directors. A court will not second-guess the  
82 decisions of a board which are taken in conformance with the general fiduciary  
83 standards of directors. In other words, the director must exercise reasonable diligence  
84 in obtaining the facts, and rely on the expert advice obtained. If honest and unbiased  
85 judgment is exercised, even decisions later determined to be wrong or injurious to the  
86 corporation, are protected from liability.  
87

88 3. Duty of Obedience: The duty of obedience requires that directors comply with the laws  
89 and governing and policy documents of the association. Trustees are expected to read  
90 and understand the Articles of Incorporation, the CDA Bylaws, and all other  
91 guidelines and manuals of the organization.  
92

93 H. COMMUNICATING WITH COMPONENTS: Trustees and council/committee chairs may  
94 discuss board/council/committee actions at their respective component board or membership  
95 meetings as a means to increase communication unless discussed in closed session. The CDA  
96 Website has all association minutes and policy documents online which can be easily accessed,  
97 printed or reviewed for reference.  
98

## 99 II. ADDITIONAL DUTIES OF THE BOARD

100 The board has the following duties which are not listed in the CDA Bylaws:

- 101 • To be familiar with the CDA Bylaws.
- 102 • To attend meetings of their respective component societies, and to communicate information  
103 between the component and CDA.  
104

## 105 III. ATTENDANCE AT MEETINGS AND CLOSED SESSIONS

106

- 107  
108 A. Standing Guests:  
109  
110 1. The thirteenth district trustee, CDA council and committee chairs, the CalDPAC  
111 chair, invited component representatives, guests of the board, CDA staff, and the staff  
112 and elected officers of CDA subsidiary and affiliated companies may attend and  
113 address meetings of the board.  
114  
115 2. A council or committee chair may request that a representative serve in place of the  
116 chair with the consent of the president.  
117  
118 3. Task forces and workgroups may provide written reports to the board, but chairs do  
119 not attend unless invited by the board or president to a specific meeting.  
120  
121 B. Other Guests:  
122  
123 1. When a trustee from a single-trustee component or both trustees from a two-trustee  
124 component are unable to attend a meeting, the component may make a request to the  
125 president that one named, non-voting guest attend. If approved, expenses will be paid  
126 by CDA for one guest.  
127  
128 2. The president or board may invite other guests to attend a meeting.  
129  
130 3. Other individuals who wish to attend a meeting shall submit a written request to the  
131 president for approval seven days in advance of the meeting.  
132  
133 C. Presentation of New Business: Items of new business not on the agenda of a regular board  
134 meeting shall require approval of a majority of the members present and voting prior to  
135 consideration.  
136  
137 D. Suspension of Rules: The General Operating Principles of the Board of Trustees may be  
138 suspended for a given time but not for longer than the duration of any meeting by a two-thirds  
139 majority vote. This rule shall not be suspended.  
140  
141 E. Closed Session: A closed session is any meeting or portion of a meeting of the board with  
142 limited attendance in order to consider a confidential matter. A closed session will be held  
143 upon a majority vote of the trustees present and voting. In a closed session, attendance is  
144 limited to officers, trustees and general counsel of the association. The board may invite any  
145 other persons to remain during closed session by a majority vote. Any member who breaches  
146 confidentiality shall be in violation of the CDA Code of Ethics and is subject to discipline.  
147

148 IV. CLOSED SESSION:  
149

150 The house has also defined the four subject areas appropriate for a closed session as:  
151

- 152 1. Legal Matters: Confidential communications between clients and attorneys require closed  
153 session in order to maintain attorney-client privilege. Such matters could include litigation,  
154 strategy or reports on lawsuits and contract terms.  
155  
156 2. Personnel Matters: It is appropriate to exclude staff from a discussion of personnel matters  
157 when such discussions involve evaluation of performance or other material that would be  
158 inappropriate to discuss, with staff members present.

- 159  
160 3. Business Secrets: Discussion of information about business practices (for example, setting  
161 insurance product rates, or discussing trade secrets) may require closed sessions.  
162  
163 4. Other Occasions Calling for Closed Session: The three instances outlined above cover most  
164 situations in which a closed session might be necessary. From time to time, however, sensitive  
165 material may arise that should not be widely publicized. Boards of directors should be guided by  
166 a sense of discretion in determining what information should be made public and what  
167 information should remain confidential. Although the general rule is that proceedings should  
168 be characterized by openness rather than secrecy, there will always be times in which directors  
169 must decide to maintain certain information in confidence.  
170

171 **V. DEFINITION OF FINANCIAL TERMS**

- 172  
173 A. SURPLUS: Surplus is the excess of receipts (income) over disbursements (expense) at the end  
174 of the fiscal year. The board shall be authorized to draw from surplus as needed to meet the  
175 obligations/liabilities of the association.  
176  
177 B. RESERVES: Reserves are cash or its equivalent maintained to meet obligations/liabilities of  
178 the association for which current surplus funds are not available. An affirmative vote of two-  
179 thirds of the votes cast is required to authorize use of reserves for any purpose.  
180  
181 1. Operating Reserve – The target balance in this fund shall be four months operating  
182 expenses. The purpose of the operating reserve is to provide a stable cushion against  
183 unforeseen events that would impact current year operations. This fund shall be  
184 managed with the primary goals of capital preservation and liquidity, with a secondary  
185 goal of keeping pace with any annual increases in the size of the operating budget.  
186  
187 2. Strategic Fund – When the operating reserve has achieved the target balance, additional  
188 funds shall be placed into the strategic fund. These funds could potentially be used for  
189 any purpose and at any time on approval of the board. The primary goal is capital  
190 preservation with a secondary goal of keeping pace with inflation.  
191  
192 3. Issues Fund – Twenty-five dollars from each dues-paying member is allocated to the  
193 issues fund annually. These funds may be used at any time on approval of the board to  
194 fund public initiatives or matters that are legal, legislative, or regulatory in nature.  
195  
196 C. CAPITAL EXPENDITURES: Capital expenditures are depreciable items with a purchase price  
197 in excess of \$1,000. Purchases are to be submitted to and approved by the board.  
198  
199 D. CONTRACTS: A contract is a formal, written agreement between CDA, its subsidiaries or its  
200 affiliates and a second party. This definition shall not be construed, however, as applying to  
201 memoranda of agreement or routine purchase orders for equipment, supplies and services.  
202

203 **VI. LEADERSHIP APPLICATION AND PLACEMENT**

- 204  
205 A. PROCESS: The following shall govern the leadership application and placement procedure for  
206 the positions of officer, council member, committee member, ADA delegate and alternate  
207 delegate, thirteenth district trustee nominee, boards of directors of affiliated companies, and all  
208 dentist positions on the boards of directors of all subsidiaries:  
209

- 210 1. Committee on Volunteer Placement reviews and revises application process, forms and  
211 time deadlines for nomination to elective positions.  
212
- 213 2. Committee on Volunteer Placement develops applications and Leadership  
214 Development Committee recruits candidates for positions.  
215
- 216 3. With the exception of the president, immediate past president, and non-dentist non-  
217 employee subsidiary positions, applicants submit applications to the Committee on  
218 Volunteer Placement. Applicants may utilize past applications by completing the  
219 appropriate form.  
220
- 221 4. A member of the Committee on Volunteer Placement:  
222
  - 223 • Shall not be eligible to apply for any council, committee, or at-large positions  
224 on the affiliate or subsidiary boards of directors during their tenure.
  - 225 • May apply for any officer or board-elected trustee position. Any member  
226 applying for an officer position shall resign from the committee immediately  
227 upon applying.
  - 228 • May apply for positions on the ADA delegation (delegate or alternate) and  
229 ADA councils. Any member doing so shall recuse himself or herself from the  
230 deliberation process related to these positions.
- 231 5. Committee on Volunteer Placement forwards all eligible officer candidates to the  
232 Nominating Committee. Committee on Volunteer Placement suggests and forwards  
233 one candidate per position to the board for all other at-large positions as noted in  
234 Section VI.B.  
235

236 B. NOMINATIONS:  
237

- 238 1. Candidates for the following positions are proposed by the Committee on Volunteer  
239 Placement, nominated by the board and elected by the house:  
240
  - 241 • Members of councils, standing committees of the association (except president-  
242 appointed and board-elected trustee positions)
  - 243 • CDA Presents Board of Managers manager members
  - 244 • ADA delegates and alternate delegates
- 245 2. Candidates for the following positions submit their application to the Committee on  
246 Volunteer Placement for confirmation of eligibility. Eligible candidates are forwarded  
247 to the CDA Presents Board of Managers for selection, nomination by the board, and  
248 election by the house as set forth in section VI.C below:  
249
  - 250 • CDA Presents Board of Managers associate members
  - 251 • Trustee members of standing committees of the board (excluding the  
252 Committee on Reports)
  - 253 • Trustee members of the Committee on Volunteer Placement and Leadership  
254 Development Committee
  - 255 • Trustee directors of the CDA Foundation
- 256 3. Candidates for the following positions are proposed by the Committee on Volunteer  
257 Placement, nominated by the board, selected by the house, and elected by the  
258 shareholder of the subsidiary boards.  
259
  - 260 • At-large members dentist directors of subsidiary boards

- 261 4. Candidates for the following positions do not submit their applications through the  
262 Committee on Volunteer Placement, but are proposed by the subsidiary, nominated by  
263 the board, selected by the house, and elected by the shareholder of the subsidiary  
264 boards.  
265 • Non-dentist non-employee directors of subsidiary boards.  
266
- 267 5. Candidates for the following positions submit their application to the Committee on  
268 Volunteer Placement for confirmation of eligibility. Eligible candidates are forwarded  
269 to the board for nomination, as set forth in section VI.C below, selection by the house,  
270 and elected by the shareholders of the subsidiaries or CDA Holding Company, Inc.  
271 • Trustee directors of subsidiary boards and CDA Holding Company, Inc.  
272
- 273 6. Candidates for the following position submit their application to the Committee on  
274 Volunteer Placement, are selected by the board, are selected by the house, and are  
275 elected by the ADA House of Delegates. No person may be nominated for the position  
276 of thirteenth district trustee if they have previously served in that position. Additional  
277 election and campaign information can be found in section IV.B.8. below, and the  
278 General Operating Principles of the House (Section V. Voting and Election  
279 Procedures).  
280 • Thirteenth District Trustee  
281
- 282 7. Candidates for the following positions submit their application to the Committee on  
283 Volunteer Placement, are selected by the Nominating Committee, and are elected by  
284 the house. Additional election and campaign information can be found in section  
285 IV.B.8. below, and the General Operating Principles of the House (Section V. Voting  
286 and Election Procedures).  
287 • Officers: President-elect, Vice President, Secretary, Treasurer, and Speaker of  
288 the House  
289
- 290 The Nominating Committee shall, preferably, forward only one candidate for an officer  
291 position as its selection to the house.  
292
- 293 8. Campaigning for Officer and Thirteenth District Trustee Positions  
294
- 295 a. Candidates who submit their application to the Committee on Volunteer  
296 Placement may send a letter directly to the CDA president or the executive  
297 director with a copy to the trustees and the Executive Committee summarizing  
298 the basis for the candidate's interest in and qualifications for the position.  
299 Candidates may receive a set of mailing labels by request for the Executive  
300 Committee and trustees.  
301
- 302 b. All candidates who submit their applications within the parameters of the  
303 Committee on Volunteer Placement process will be given the opportunity to  
304 present their platforms and speak to their qualifications at the Nominating  
305 Committee meeting. Each candidate will have five minutes to speak, followed  
306 by a short standardized interview of three questions, and then the candidate  
307 will be given an additional two minutes for closing remarks.  
308
- 309 C. BOARD ELECTION PROCEDURES: The following procedures shall be used for board-  
310 elected trustee positions.  
311

- 312 1. Applicants submit applications to the Committee on Volunteer Placement for  
313 verification of eligibility, as described in Chapter V, Section 120, of the CDA Bylaws.  
314 Applicants may utilize past applications by completing the appropriate form.  
315
- 316 For each applicant who applies by the application deadline, the following material shall  
317 be submitted to the board of review prior to the election:
- 318 • Description of the open positions
  - 319 • List of all eligible applicants
  - 320 • Applications and curriculum vitae for each eligible candidate  
321
- 322 2. Trustees may be nominated on the floor of the board. Eligibility will be verified prior to  
323 a vote on the applicable position. Candidates may submit their application and  
324 curriculum vitae for distribution to the board. Candidates shall recuse themselves from  
325 voting for the positions to which they are seeking election.  
326
- 327 3. The CDA secretary shall oversee the election in accordance with the following  
328 procedures:
- 329 a. When the number of candidates equals the number of positions available, such  
330 candidates shall be declared elected by the secretary.  
331  
332
  - 333 b. When the number of candidates is greater than the number of positions  
334 available, the secretary shall conduct an election by ballot. Candidates must  
335 receive a majority of the votes cast to be elected.  
336
  - 337 c. In the event no candidates for such positions receive a majority of the votes  
338 cast on the first ballot, the candidate receiving the fewest votes shall be  
339 removed from consideration. Balloting will be repeated until the appropriate  
340 number of candidates has received a majority of the votes cast.  
341
  - 342 d. If the open positions on a committee are for different terms or if a newly  
343 created committee calls for staggered terms for the trustee member(s), the  
344 candidate with the greatest number of votes shall serve the longest term for  
345 which he or she is eligible. If successful candidates receive an equal number of  
346 votes on the same ballot, those candidates shall draw lots to determine the  
347 order in which their terms are assigned.  
348
  - 349 e. The results of each vote taken shall be revealed to the board during the voting  
350 process.  
351
- 352 D. NOMINATING COMMITTEE SELECTION PROCEDURES: The following procedures shall  
353 be used for selections of officer candidates made by the Nominating Committee.  
354
- 355 1. Applicants submit applications to the Committee on Volunteer Placement for  
356 verification of eligibility.  
357
- 358 2. The following material for each open position shall be submitted to the Nominating  
359 Committee for selection:
- 360 • Description of the open position(s)
  - 361 • List of all eligible applicants
  - 362 • Application and curriculum vitae for each eligible candidate  
363

- 364 3. The Nominating Committee chair shall oversee the selection in accordance with the  
365 following procedure.  
366  
367 a. Candidates shall recuse themselves from all voting on positions to which they  
368 are seeking nomination.  
369  
370 b. Members of the Executive Committee, council/committee chairs, subsidiary  
371 and affiliate chairs/presidents, guests and CDA staff may attend all candidate  
372 presentation to the Nominating Committee. Following any candidate  
373 presentations, a closed session selection process shall be conducted.  
374  
375 c. The chair shall conduct the selection by vote (written, ballot, electronic or  
376 otherwise, as consistent with voting practices of the board). Candidates must  
377 receive a majority of the votes cast to be nominated for consideration by the  
378 House of Delegates.  
379  
380 d. In the event no candidate for a position receives a majority of the votes cast on  
381 the first ballot, the candidate receiving the fewest votes shall be removed from  
382 consideration. Balloting will be repeated until a single candidate has received a  
383 majority of the votes cast for each position selected by the Nominating  
384 Committee. If no candidate receives a required majority of the votes cast nor  
385 can a candidate be removed from the ballot, each candidate will be allowed to  
386 address the Nominating Committee once for an additional three minutes, and  
387 the ballot will be repeated. Balloting will be repeated until a single candidate  
388 has received a majority of the votes cast. If there is no change to the vote after a  
389 subsequent ballot, the names of all remaining candidates will be forwarded to  
390 the house for a contested election.  
391  
392 e. The results of each vote taken shall be revealed to the Nominating Committee  
393 during the voting process, and the final vote shall be included in the published  
394 election report to the House of Delegates.  
395  
396 E. COMMITTEE ON VOLUNTEER PLACEMENT CHAIR: The chair of the Committee on  
397 Volunteer Placement shall be a trustee serving in his or her second year on the committee  
398 unless there is no trustee who meets this requirement, in which case the chair shall be a trustee  
399 member of the committee.  
400  
401 F. NOMINATING COMMITTEE CHAIR: The chair of the Nominating Committee shall be a  
402 trustee serving in his or her second year on the Committee on Volunteer Placement unless  
403 there is no trustee who meets this requirement, in which case the chair shall be a trustee  
404 member of the Committee on Volunteer Placement.  
405

406 VII. REMOVAL FROM OFFICE

- 407  
408 A. TRUSTEES: Trustees may be removed from office by a majority vote of the board at a properly  
409 noticed meeting for reasons as described in the CDA Bylaws, Chapter V, Section 50.  
410  
411 1. The secretary shall review attendance records and qualifications of office for trustees,  
412 and shall begin the removal as necessary.  
413  
414 2. The secretary of the association shall notify the trustee, component executive director,  
415 and the Executive Committee when removal proceedings have been initiated, including

- 416 the reason for consideration of removal and the date on which the board will consider  
417 such action.
- 418
- 419 B. OFFICERS: Removal of officers may only be done by the CDA House of Delegates as  
420 described in the CDA Bylaws, Chapter VI, Section 80.
- 421
- 422 C. COUNCIL, COMMITTEE, BOARD OF MANAGERS, AND ADA DELEGATES: Members  
423 of councils, standing committees, boards of managers, and ADA delegates may be removed  
424 from office as described in the CDA Bylaws, Chapter VIII, Section 70.
- 425
- 426 1. Councils, committees, boards of managers, and the ADA Delegation shall submit an  
427 attendance report to the secretary following each regular or special meeting.
- 428
- 429 2. The secretary of the association shall review attendance and qualification records of  
430 councils, committees, boards of managers, and ADA delegations, and shall initiate  
431 removal procedures as necessary through the notification of the Executive Committee  
432 of the reason for removal consideration.
- 433
- 434 a. In cases in which the member failed or ceased to meet the qualifications of  
435 office, the president shall declare the office vacant.
- 436
- 437 b. In cases in which removal is being considered for cause, the Executive  
438 Committee shall advise the council member of the reason for removal and the  
439 date in which the proceedings will be considered by the board. The member  
440 shall be given an opportunity to submit a written or oral statement to the  
441 board, and shall leave the meeting prior to the discussion and vote on the  
442 matter, which shall be conducted in closed session.
- 443