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California Dental Association
General Operating Principles of the Board of Trustees
Revised November 2009

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

I. FIDUCIARY RESPONSIBILITIES

A. VOLUNTEER DISCLOSURE OF CONFLICTS OF INTEREST: Statements of disclosure shall be distributed on an annual basis to all members holding elective or appointive office at the California Dental Association (“CDA” or “association”), its subsidiaries or affiliates. Any information provided in a statement of disclosure resulting in an actual or potential conflict of interest shall be reported to the executive director and corresponding council, committee or chair.

B. ATTENDANCE AT MEETINGS OF HOUSE OF DELEGATES: All members of the board are required to attend all meetings of the house. Members of the board should be seated with their delegations or in the special section provided for them.

C. ATTENDANCE AT REFERENCE COMMITTEE MEETINGS: All members of the board are required to attend the reference committees of the house.

D. MEETING OF COMPONENT DELEGATES: Elected trustees are responsible for attending any pertinent caucuses to discuss information which will be considered by the house.

E. FISCAL RESPONSIBILITIES: The board serves as the CDA Board of Directors and has the same duties and responsibilities as any corporate board of directors has, including the fiduciary and policy management responsibilities for the association. The association employs a chief financial officer and staff who work with the Finance Committee and treasurer to maintain the association’s day-to-day accounting records and implement investment strategies. The board sets financial policy and is responsible for the association budget, reserves and accounts.

F. LEGAL RESPONSIBILITIES: In addition to the duties described in the association governing documents, board, committee and council members are also required to comply with applicable state and federal law when acting on behalf of the association. CDA purchases insurance to protect its directors and officers. It is their responsibility to act (1) in good faith, (2) with the care an ordinary prudent person in a like position would exercise in similar circumstances, and (3) in the best interest of the corporation and its shareholders. These duties are generally called the three basic duties of corporate directors: (1) the duty of loyalty, (2) the duty of care, and (3) the duty of obedience.

G. DUTIES:

1. Duty of Loyalty: The duty of loyalty requires directors to exercise their powers in the interests of the corporation and its shareholders rather than in their own or another's interest. It includes avoiding conflicts of interest, confidentiality, and not taking personal advantage of corporate opportunities. A director has the fiduciary obligation to work solely for the benefit of the corporation. Any activity by a director to the detriment of a corporation is contrary to this duty. When a director has a material financial interest in a transaction involving the corporation, all material facts as to the transaction and the director’s financial interest must be disclosed to the board and the interested director may not vote on the matter. If a director is a member of a board which is entering into a contract or other transaction with another corporation or association of which he or she is also member (and which is not a wholly-owned corporation of a common parent), the material facts of the transaction and the common directorship must also be disclosed. The contract or transaction must be approved by a sufficient vote without the common directors.

2. Duty of Care: The duty of care requires directors to be informed. Directors are expected to attend meetings, ask questions, and obtain the information they need to make reasonable decisions on issues. If a problem arises over a decision made by a board, ignorance of the facts is not an excuse. California law mandates that directors be “reasonably” informed about

62 the corporation's performance. Although the board is responsible for management of the
63 corporation's business, many of its functions can be delegated. A director must be satisfied
64 that the corporation's information gathering and reporting system represents a good faith
65 attempt to provide senior management and the board with information concerning material
66 acts, events or conditions within the corporation, including compliance with applicable
67 statutes and regulations.

68
69 To satisfy their duty of care, the law permits a board member to rely on information provided
70 by others as long as the information provided is within the area of expertise of the person
71 providing the information. For example, a director can rely on information provided by
72 accountants and lawyers. If a director relies on such information and advice in making a
73 decision, no liability would attach even if those decisions were ultimately found to be
74 erroneous. Decisions contrary to such advice may create legal issues. Directors are
75 cautioned to proceed cautiously when acting contrary to the advice of experts.

76
77 The "business judgment rule" protects directors. A court will not second-guess the decisions
78 of a board which are taken in conformance with the general fiduciary standards of directors.
79 In other words, the director must exercise reasonable diligence in obtaining the facts, and rely
80 on the expert advice obtained. If honest and unbiased judgment is exercised, even decisions
81 later determined to be wrong or injurious to the corporation, are protected from liability.

- 82
83 3. Duty of Obedience: The duty of obedience requires that directors comply with the laws and
84 governing and policy documents of the association. Trustees are expected to read and
85 understand the Articles of Incorporation, the CDA Bylaws, and all other guidelines and
86 manuals of the organization.

- 87
88 H. COMMUNICATING WITH COMPONENTS: Trustees and council/committee chairs may discuss
89 board/council/committee actions at their respective component board or membership meetings as a
90 means to increase communication unless discussed in closed session. The CDA Web site has all
91 association minutes and policy documents online which can be easily accessed, printed or reviewed for
92 reference.

93
94 **II. ADDITIONAL DUTIES OF THE BOARD**

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

- 97 • To be familiar with the CDA Bylaws.
98 • To attend meetings of their respective component societies, and to communicate information between
99 the component and CDA.

100
101 **III. ATTENDANCE AT MEETINGS AND CLOSED SESSIONS**

102
103 A. Standing Guests:

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105 1. The thirteenth district trustee, CDA council and committee chairs, the CalDPAC chair,
106 invited component representatives, guests of the board, CDA staff, and the staff and elected
107 officers of CDA subsidiary and affiliated companies may attend and address meetings of the
108 board.
109
110 2. A council or committee chair may request that a representative serve in place of the chair
111 with the consent of the president.
112
113 3. Task forces and workgroups may provide written reports to the board, but chairs do not
114 attend unless invited by the board or president to a specific meeting.

115
116 B. Other Guests:

- 117
118 1. When a trustee from a single-trustee component or both trustees from a two-trustee
119 component are unable to attend a meeting, the component may make a request to the

- 120 president that one named, non-voting guest attend. If approved, expenses will be paid by
121 CDA for one guest.
122
123 2. The president or board may invite other guests to attend a meeting.
124
125 3. Other individuals who wish to attend a meeting shall submit a request to the president for
126 approval.
127
128 C. Presentation of New Business: Items of new business not on the agenda of a regular board meeting
129 shall require approval of a majority of the members present and voting prior to consideration.
130
131 D. Suspension of Rules: The General Operating Principles of the Board of Trustees may be suspended
132 for a given time but not for longer than the duration of any meeting by a two-thirds majority vote. This
133 rule shall not be suspended.
134
135 E. Closed Session: A closed session is any meeting or portion of a meeting of the board with limited
136 attendance in order to consider a confidential matter. A closed session will be held upon a majority
137 vote of the trustees present and voting. In a closed session, attendance is limited to officers, trustees
138 and general counsel of the association. The board may invite any other persons to remain during
139 closed session by a majority vote. Any member who breaches confidentiality shall be in violation of
140 the CDA Code of Ethics and is subject to discipline.
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142 **IV. CLOSED SESSION:**

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144 The house has also defined the four subject areas appropriate for a closed session as:
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- 146 1. Legal Matters: Confidential communications between clients and attorneys require closed session in
147 order to maintain attorney-client privilege. Such matters could include litigation, strategy or reports on
148 lawsuits and contract terms.
149
150 2. Personnel Matters: It is appropriate to exclude staff from a discussion of personnel matters when such
151 discussions involve evaluation of performance or other material that would be inappropriate to discuss,
152 with staff members present.
153
154 3. Business Secrets: Discussion of information about business practices (for example, setting insurance
155 product rates, or discussing trade secrets) may require closed sessions.
156
157 4. Other Occasions Calling for Closed Session: The three instances outlined above cover most situations
158 in which a closed session might be necessary. From time to time, however, sensitive material may
159 arise that should not be widely publicized. Boards of directors should be guided by a sense of
160 discretion in determining what information should be made public and what information should remain
161 confidential. Although the general rule is that proceedings should be characterized by openness rather
162 than secrecy, there will always be times in which directors must decide to maintain certain information
163 in confidence.
164

165 **V. DEFINITION OF FINANCIAL TERMS**

- 166
167 A. SURPLUS: Surplus is the excess of receipts (income) over disbursements (expense) at the end of the
168 fiscal year. The board shall be authorized to draw from surplus as needed to meet the
169 obligations/liabilities of the association.
170
171 B. RESERVES: Reserves are cash or its equivalent maintained to meet obligations/liabilities of the
172 association for which current surplus funds are not available. An affirmative vote of two-thirds of the
173 votes cast is required to authorize use of reserves for any purpose.
174
175 1. Operating Reserve - The target balance in this fund shall be four months operating expenses.
176 The purpose of the operating reserve is to provide a stable cushion against unforeseen events
177 that would impact current year operations. This fund shall be managed with the primary goals
178 of capital preservation and liquidity, with a secondary goal of keeping pace with any annual

- 179 increases in the size of the operating budget.
180
181 2. Strategic Fund - When the operating reserve has achieved the target balance, additional funds
182 shall be placed into the strategic fund. These funds could potentially be used for any purpose
183 and at any time on approval of the board. The primary goal is capital preservation with a
184 secondary goal of keeping pace with inflation.
185
186 3. Issues Fund – Twenty-five dollars from each dues-paying member is allocated to the issues
187 fund annually. These funds may be used at any time on approval of the board to fund public
188 initiatives or matters that are legal, legislative, or regulatory in nature.
189
190 C. CAPITAL EXPENDITURES: Capital expenditures are depreciable items with a purchase price in
191 excess of \$1,000. Purchases are to be submitted to and approved by the board.
192
193 D. CONTRACTS: A contract is a formal, written agreement between CDA, its subsidiaries or its
194 affiliates and a second party. This definition shall not be construed, however, as applying to
195 memoranda of agreement or routine purchase orders for equipment, supplies and services.
196

197 **VI. LEADERSHIP APPLICATION AND PLACEMENT**

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199 A. PROCESS: The following shall govern the leadership application and placement procedure for the
200 positions of officer, council member, committee member, ADA delegate and alternate delegate,
201 thirteenth district trustee nominee, boards of directors of all subsidiary and affiliated companies, and
202 Product Evaluation Committee members:
203
204 1. Committee on Volunteer Placement reviews and revises application process, forms and time
205 deadlines for nomination to elective positions.
206
207 2. Committee on Volunteer Placement develops applications and Leadership Development
208 Committee distributes applications.
209
210 3. With the exception of the president and immediate past president positions, applicants submit
211 applications to the Committee on Volunteer Placement. Applicants may utilize past
212 applications by completing the appropriate form.
213
214 4. A member of the Committee on Volunteer Placement:
215
 - 216 • Shall not be eligible to apply for any council, committee, or at-large positions on the
 - 217 affiliate or subsidiary boards of directors during their tenure.
 - 218 • May apply for any officer or board-elected trustee position. Any member applying
 - 219 for an officer position shall resign from the committee immediately upon applying.
 - 220 • May apply for positions on the ADA delegation (delegate or alternate) and ADA
 - 221 councils. Any member doing so shall recuse himself or herself from the
 - 222 deliberation process related to these positions.
223 5. Committee on Volunteer Placement suggests and forwards one or more candidates per
224 position to the Nominating Committee for officers. Committee on Volunteer Placement
225 suggests and forwards one candidate per position to the board for all other positions.
226
227 6. Members of the Executive Committee, council/committee chairs, subsidiary and affiliate
228 chairs/presidents and CDA staff may attend all candidate addresses to the Nominating
229 Committee, including any question and answer portions of those presentations.
230
231 B. NOMINATIONS:
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233 1. Candidates for the following positions are proposed by the Committee on Volunteer
234 Placement, nominated by the board and elected by the house:
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 - 236 • Members of councils, standing committees of the association (except president-
 - 237 appointed and board-elected trustee positions)
 - CDA Presents Board of Managers members (except associate members)

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- ADA Delegates and Alternate Delegates
2. Candidates for the following positions submit their application to the Committee on Volunteer Placement for confirmation of eligibility. Eligible candidates are forwarded to the board for election as set forth in Section VI.C below:
 - Trustee members of standing committees of the board (excluding the Committee on Reports)
 - Trustee members of the Committee on Volunteer Placement and Leadership Development Committee
 - Trustee directors of the CDA Foundation
 3. Candidates for the following positions are proposed by the Committee on Volunteer Placement, nominated by the board, selected by the house, and elected by the shareholder of the subsidiary boards.
 - At-large members of subsidiary boards
 4. Candidates for the following positions submit their application to the Committee on Volunteer Placement for confirmation of eligibility. Eligible candidates are forwarded to the board for nomination, as set forth in section VI.C below, selection by the house, and elected by the shareholders of the subsidiaries or CDA Holding Company, Inc.
 - Trustee members of subsidiary boards and CDA Holding Company, Inc.
 5. Candidates for the following positions submit their application to the Committee on Volunteer Placement for confirmation of eligibility. Eligible candidates are forwarded to the CDA Foundation Board of Directors for selection, and elected by the board as set forth in section VI.C below:
 - At-large directors of the CDA Foundation
 6. Candidates for the following position submit their application to the Committee on Volunteer Placement, are selected by the board, are selected by the house, and are elected by the ADA House of Delegates. No person may be nominated for the position of thirteenth district trustee if they have previously served in that position. Additional election and campaign information can be found in section IV.B.8. below, and the General Operating Principles of the House (Section V. Voting and Election Procedures).
 - Thirteenth District Trustee
 7. Candidates for the following positions submit their application to the Committee on Volunteer Placement, are selected by the Nominating Committee, and are elected by the house. Additional election and campaign information can be found in section IV.B.8. below, and the General Operating Principles of the House (Section V. Voting and Election Procedures).
 - Officers: President-elect, Vice President, Secretary, Treasurer, and Speaker of the House
- The Nominating Committee shall, preferably, forward only one candidate for an officer position as its selection to the house.
8. Campaigning for Officer and Thirteenth District Trustee Positions
 - a. Candidates who submit their application to the Committee on Volunteer Placement may send a letter directly to the CDA president or the executive director with a copy to the trustees and the Executive Committee summarizing the basis for the candidate's interest in and qualifications for the position. Candidates may receive a set of mailing labels by request for the Executive Committee and trustees.
 - b. All candidates who submit their applications within the parameters of the Committee on Volunteer Placement process will be given the opportunity to present their platforms and speak to their qualifications at the Nominating Committee

297 meeting. Each candidate will have five minutes to speak, followed by a short
298 standardized interview of three questions, and then the candidate will be given an
299 additional two minutes for closing remarks.

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301 C. BOARD ELECTION PROCEDURES: The following procedures shall be used for board-elected
302 trustee positions.

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304 1. Applicants submit applications to the Committee on Volunteer Placement for verification of
305 eligibility, as described in Chapter V, Section 120, of the CDA Bylaws. Applicants may
306 utilize past applications by completing the appropriate form.

307
308 For each applicant who applies by the application deadline, the following material shall be
309 submitted to the board of review prior to the election:

- 310 • Description of the open positions
- 311 • List of all eligible applicants
- 312 • Applications and curriculum vitae for each eligible candidate

313
314 2. Trustees may be nominated on the floor of the board. Eligibility will be verified prior to a
315 vote on the applicable position. Candidates may submit their application and curriculum
316 vitae for distribution to the board. Candidates shall recuse themselves from voting for the
317 positions to which they are seeking election.

318
319 3. The CDA secretary shall oversee the election in accordance with the following procedures:

320
321 a. When the number of candidates equals the number of positions available, such
322 candidates shall be declared elected by the secretary.

323
324 b. When the number of candidates is greater than the number of positions available,
325 the secretary shall conduct an election by ballot. Candidates must receive a
326 majority of the votes cast to be elected.

327
328 c. In the event no candidates for such positions receive a majority of the votes cast on
329 the first ballot, the candidate receiving the fewest votes shall be removed from
330 consideration. Balloting will be repeated until the appropriate number of candidates
331 has received a majority of the votes cast.

332
333 d. If the open positions on a committee are for different terms or if a newly created
334 committee calls for staggered terms for the trustee member(s), the candidate with
335 the greatest number of votes shall serve the longest term for which he or she is
336 eligible. If successful candidates receive an equal number of votes on the same
337 ballot, those candidates shall draw lots to determine the order in which their terms
338 are assigned.

339
340 e. The results of each vote taken shall be revealed to the board during the voting
341 process.

342
343 D. NOMINATING COMMITTEE SELECTION PROCEDURES: The following procedures shall be
344 used for selections of candidates made by the Nominating Committee.

345
346 1. Applicants submit applications to the Committee on Volunteer Placement for verification of
347 eligibility.

348
349 2. The following material for each open position shall be submitted to the Nominating
350 Committee for selection:

- 351 • Description of the open position(s)
- 352 • List of all eligible applicants
- 353 • Application and curriculum vitae for each eligible candidate

354

- 355 3. The Nominating Committee chair shall oversee the selection in accordance with the
356 following procedure.
357
358 a. Candidates shall recuse themselves from all voting on positions to which they are
359 seeking nomination.
360
361 b. Following any candidate presentations as described in Sections VI.B.8, a closed
362 session discussion and selection process shall be conducted.
363
364 c. The chair shall conduct the selection by vote (written, ballot, electronic or
365 otherwise, as consistent with voting practices of the board). Candidates must
366 receive a majority of the votes cast to be nominated for consideration by the House
367 of Delegates.
368
369 d. In the event no candidate for a position receives a majority of the votes cast on the
370 first ballot, the candidate receiving the fewest votes shall be removed from
371 consideration. Balloting will be repeated until a single candidate has received a
372 majority of the votes cast for each position selected by the Nominating Committee.
373 If no candidate receives a required majority of the votes cast nor can a candidate be
374 removed from the ballot, each candidate will be allowed to address the Nominating
375 Committee once for an additional three minutes, and the ballot will be repeated.
376 Balloting will be repeated until a single candidate has received a majority of the
377 votes cast. If there is no change to the vote after a subsequent ballot, the names of
378 all remaining candidates will be forwarded to the house for a contested election.
379
380 e. The results of each vote taken shall be revealed to the Nominating Committee
381 during the voting process, and the final vote shall be included in the published
382 election report to the House of Delegates.
383
384 E. COMMITTEE ON VOLUNTEER PLACEMENT CHAIR: The chair of the Committee on Volunteer
385 Placement shall be a trustee serving in his or her second year on the committee unless there is no
386 trustee who meets this requirement, in which case the chair shall be a trustee member of the committee.
387
388 F. NOMINATING COMMITTEE CHAIR: The chair of the Nominating Committee shall be a trustee
389 serving in his or her second year on the Committee on Volunteer Placement unless there is no trustee
390 who meets this requirement, in which case the chair shall be a trustee member of the Committee on
391 Volunteer Placement.
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393 VII. REMOVAL FROM OFFICE

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395 A. TRUSTEES: Trustees may be removed from office by a majority vote of the board at a properly
396 noticed meeting for reasons as described in the CDA Bylaws, Chapter V, Section 50.
397
398 1. The secretary shall review attendance records and qualifications of office for trustees, and
399 shall begin the removal as necessary.
400
401 2. The secretary of the association shall notify the trustee, component executive director, and
402 the Executive Committee when removal proceedings have been initiated, including the reason
403 for consideration of removal and the date on which the board will consider such action.
404
405 B. OFFICERS: Removal of officers may only be done by the CDA House of Delegates as described in
406 the CDA Bylaws, Chapter VI, Section 80.
407
408 C. COUNCIL, COMMITTEE, BOARD OF MANAGERS, AND ADA DELEGATES: Members of
409 councils, standing committees, boards of managers, and ADA delegates may be removed from office
410 as described in the CDA Bylaws, Chapter VIII, Section 70.
411
412 1. Councils, committees, boards of managers, and the ADA Delegation shall submit an
413 attendance report to the secretary following each regular or special meeting.

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2. The secretary of the association shall review attendance and qualification records of councils, committees, boards of managers, and ADA delegations, and shall initiate removal procedures as necessary through the notification of the Executive Committee of the reason for removal consideration.
 - a. In cases in which the member failed or ceased to meet the qualifications of office, the president shall declare the office vacant.
 - b. In cases in which removal is being considered for cause, the Executive Committee shall advise the council member of the reason for removal and the date in which the proceedings will be considered by the board. The member shall be given an opportunity to submit a written or oral statement to the board, and shall leave the meeting prior to the discussion and vote on the matter, which shall be conducted in closed session.