

BY LAWS:

Valley Hi Operating Board

COUNTY OF MCHENRY

WOODSTOCK, ILLINOIS



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TABLE OF CONTENTS

Introduction	1
ARTICLE I Name and Purposes	1
ARTICLE II Governing Authority	1
ARTICLE III Operating Authority	2
ARTICLE IV Meetings of the Operating Board	3
ARTICLE V Officers	4
ARTICLE VI Committees.....	5
ARTICLE VII Quality of Nursing Services & Related Services	6
ARTICLE VIII Adjunct Organizations.....	8
ARTICLE IX General Provisions	8
ARTICLE X Powers of the McHenry County Board.....	9
ARTICLE XI Action Requiring Approval by The McHenry County Board	9
ARTICLE XII Amendments and Review.....	10

BY LAWS
OF THE
VALLEY HI OPERATING BOARD

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INTRODUCTION

The County of McHenry operates a nursing and rehabilitation facility known as Valley Hi Nursing Home located at 2406 Hartland Road, Woodstock, Illinois. The County operates and maintains Valley Hi according to the Illinois Counties Code, 55 ILCS 5/1-1001, et seq., and applicable State and Federal law. The County of McHenry has elected to carry-out its responsibilities for Valley Hi through an Operating Board. With these Bylaws, the County of McHenry establishes a formal governance process that the Operating Board for Valley Hi is to follow.

ARTICLE I

NAME AND PURPOSES

The name of the nursing and rehabilitation facility shall be Valley Hi Nursing Home, here in after referred to as Valley Hi. The principle purpose of Valley Hi shall be the offering of skilled nursing and rehabilitation services.

ARTICLE II

GOVERNING AUTHORITY

Except as set forth in these Bylaws, the authority and ultimate responsibility for the operation of Valley Hi shall rest with the McHenry County Board. Nothing in these Bylaws shall be interpreted to the contrary.

ARTICLE III

OPERATING AUTHORITY

Section 1. POWERS

Except as otherwise provided by the McHenry County Board, these Bylaws, or applicable law, the activities and affairs of Valley Hi shall be conducted and all powers shall be exercised by or under the direction of the Valley Hi Operating Board, here in after referred to as the Operating Board and the members of the Operating Board, referred to as Directors. It shall be the responsibility of the Operating Board to govern Valley Hi according to all applicable laws and regulations and in such a manner that Valley Hi is self-supporting, operating within its revenues, including the tax levy adopted for Valley Hi, and without County subsidy from the General Fund.

Section 2. NUMBER AND QUALIFICATION

The Operating Board shall consist of seven (7) persons. Directors shall be selected from McHenry County residents who possess the ability to participate effectively in the discharge of the Operating Board's responsibilities. Specific expertise in the healthcare field is desirable but not an exclusive, criterion for qualification as a Director. At least two (2) Directors shall be members of the McHenry County Board.

Section 3. APPOINTMENT

The Directors shall be appointed by the McHenry County Board, except for filling of vacancies as provided in Section 7 below.

Section 4. TERM

Each Director shall hold office for a term of two years. (*The terms shall be staggered at inception for two (2) and three (3) year terms respectively, with three of the seven Directors initially serving a three (3) year term*). Each Director, including a Director appointed to fill a vacancy, shall hold office until expiration of the term for which appointed or until a successor has been appointed and qualified. Directors may be re-appointed to successive terms, provided no Director may serve for more than three (3) consecutive two (2) year terms. Past Directors may be reappointed after one year.

Section 5. RESIGNATION

Any Director may resign at any time, either by oral tender of resignation at any meeting of the Operating Board or by giving written notice to the Chairperson of the McHenry County Board. Such resignation shall take effect at the time specified there for and, unless otherwise specified with respect thereto, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. REMOVAL

A Director may be removed, with or without cause, by action of a majority of the McHenry County Board.

Section 7. VACANCIES

Any vacancy occurring on the Operating Board shall be filled by the McHenry County Board. A Director appointed to fill a vacancy occurring on the Operating Board shall serve for the unexpired term of his or her predecessor in the office.

ARTICLE IV

MEETINGS OF THE OPERATING BOARD

Section 1. PLACE OF MEETING

All meetings of the Operating Board shall be held at Valley Hi, the County Administration Building, or at such other place as may be designated for that purpose from time to time by the Chairperson of the Operating Board.

Section 2. ORGANIZATIONAL MEETINGS

As soon as reasonably practicable, and within thirty (30) days after the appointment of Directors, and after a special meeting of the McHenry County Board at which Directors have been appointed, the Directors shall meet for the purpose of organizing the Operating Board.

Section 3. REGULAR MEETINGS

Regular meetings of the Operating Board shall be held monthly at such time and place as the Operating Board may fix by resolution from time to time. Notice of all regular meetings of the Operating Board will be given pursuant to Illinois Law.

Section 4. SPECIAL MEETINGS

Special meetings of the Operating Board for any purpose or purposes may be called at any time by the Chairperson or by any three (3) Directors.

Section 5. NOTICE OF MEETINGS

Notice of all meetings shall comply with the Illinois Open Meetings Act, 5 ILCS 120/1 et seq. Notice of the time and place of all meetings shall be delivered personally or by first-class mail to each Director at that Director's address. In case the notice is mailed, it shall be deposited in the United States mail at least seven (7) days before the

time of the holding of the meeting. In case the notice is delivered personally, it shall be delivered at least forty eight (48) hours before the time of the holding of the meeting.

Section 6. QUORUM

A majority of the Operating Board shall constitute a quorum for the transaction of business at any meeting of the Operating Board, but if fewer than a majority thereof is present at the meeting, a majority of the Directors present may adjourn.

Section 7. MINUTES

Minutes of all meetings of the Operating Board shall be kept and approved by the Operating Board in compliance with the Illinois Open Meetings Act. Minutes shall be forwarded to the McHenry County Board upon approval by the Operating Board.

ARTICLE V

OFFICERS

Section 1. OFFICERS

The officers of the Operating Board shall be a Chairperson, a Vice-Chairperson and Treasurer.

Section 2. ELECTION OF OFFICERS

The officers of the Operating Board shall be elected by the Operating Board at its organizational meeting for a term of two years or until he or she resigns, is removed, otherwise disqualified to serve, or his or her successor is elected. Elections shall be by written ballot. Officers shall be limited to two (2) consecutive two (2) year terms in the same office.

Section 3. REMOVAL OF OFFICERS

Any officer may be removed, either with or without cause, by a majority of the Directors then in office at any regular or special meeting of the Operating Board. Should a vacancy occur in any office as a result of death, resignation, removal, disqualification or any other reason, the Operating Board will elect a successor at its next meeting or as soon as practicable thereafter.

Section 4. CHAIRPERSON

The Chairperson shall preside at all meetings of the board, serve as an ex officio member of all standing committees, and report annually to the Operating Board and to the McHenry County Board on the current state of Valley Hi and plans for the future. The Chairperson shall be empowered to call special meetings of the Operating Board

as set forth herein, and shall discharge all other duties as may be required by these Bylaws and from time to time as may be assigned by the Operating Board and McHenry County Board.

Section 5. VICE CHAIRPERSON

In the absence or disability of the Chairperson, the Vice Chairperson shall perform all the duties of the Chairperson and when so acting shall have all the powers of and be subject to all the restrictions upon the Chairperson.

Section 6. ADMINISTRATOR

The Administrator, in accordance with Operating Board policy, shall have the general overall supervision of Valley Hi affairs and shall act as the duly authorized representative of the Operating Board in all matters in which the Operating Board has not formally designated some other person to act. The Administrator may appoint such subordinate administrative individuals as he/she deems necessary or desirable to insure the efficient conduct of the business and operations of Valley Hi.

ARTICLE VI

COMMITTEES

Section 1. COMMITTEES GENERALLY

Except as otherwise provided by these Bylaws, the Operating Board may, by resolution or resolutions passed by a majority of the Directors thereof, appoint standing or special Committees for any purpose and, if such Committees are comprised solely of Directors, delegate to such Committees any of the powers and authority of the Operating Board, except the power and authority to adopt, amend, or repeal these Bylaws, or such other powers as may be prohibited by law or by these Bylaws. Such Committees shall have power to act only in intervals between meetings of the Operating Board and shall at all times be subject to the control of the Operating Board. The Operating Board, or if the Operating Board does not act, the Committees, shall establish rules and regulations for meetings and shall meet at such times as are deemed necessary, provided the provisions of Section 5, 6, and 7 or Article IV (Meetings of the Operating Board) shall apply to Committee meetings. Committees shall keep regular minutes of proceedings and report the same to the Operating Board from time to time as the State Statute may require. Any Committee not appointed pursuant to the provisions of the first sentence of this Section or composed of persons, one or more of whom are not Directors, may act solely in an advisory capacity to the Operating Board. Except as otherwise provided in these Bylaws, the Chairperson shall appoint Committee Members and designate the Chair of the Committee.

Section 2. NOMINATING COMMITTEE

The Nominating Committee shall consist of at least three (3) persons appointed by the Chairperson of the Operating Board. This Committee shall have the responsibility of maintaining a roster of qualified persons for recommendation to the McHenry County Board to serve as Directors. In the absence of a Nominating Committee, the Operating Board shall have the responsibility of maintaining a roster of qualified persons for recommendation to the McHenry County Board to serve as Directors.

Section 3. Term of Office of Committees

The Chairperson, and each member of any Operating Board committee, shall serve until the next annual election of Directors, and until his or her successor is elected, or until such committee is sooner terminated, or until he or she is removed, resigns, ceases to be a Director of the Operating Board, or otherwise ceases to qualify as a Chairman or Director, as the case may be, of the Operating Board.

Section 4. VACANCIES

Vacancies on any Committee may be filled for the unexpired portion of the term in the same manner as provided in the case of original appointment.

Section 5. EXPENDITURES

Any expenditure of Valley Hi funds by a Committee shall require prior approval of the Operating Board.

ARTICLE VII

QUALITY OF NURSING & RELATED SERVICES

Section 1. OPERATING BOARD'S RESPONSIBILITY

The Operating Board shall require, in accordance with all applicable State and Federal regulation: (a) that the Nursing Staff prepare and maintain adequate and accurate medical records for all patients, and (b) that the person responsible for each basic and supplemental medical service cause written policies and procedures to be developed and maintained and that such policies be approved by the Operating Board. The Operating Board shall further require, after considering the recommendations of Valley Hi Administration, the conduct of specific review and evaluation activities to assess, preserve, insure, and improve the overall quality and efficiency of patient care at Valley Hi and to assure the provision of a single standard of care for patients with the same diagnosis, which assurance is provided by holding the Valley Hi staff accountable

for its delegated responsibilities in areas of utilization review and quality assurance. The Operating Board shall provide whatever administrative assistance is reasonably necessary to support and facilitate the implementation and the ongoing operation of these review and evaluation activities. In addition to ensuring quality care, the Operating Board shall also make certain that Valley Hi is attaining and maintaining a level of fiscal health that will allow Valley Hi to operate without assistance from the County's General Fund.

Section 2. ACCOUNTABILITY TO OPERATING BOARD

The Valley Hi staff shall conduct and be accountable to the Operating Board for activities that contribute to the preservation and improvement of the quality and efficiency of patient care provided in Valley Hi. Without limiting the generality of the foregoing, these activities shall include:

- a) The conduct of periodic meetings at regular intervals to review and evaluate the quality of patient care and the correction of identified problems;
- b) Ongoing monitoring of patient care practices through the defined functions of the Nursing Staff, other professional services and the Valley Hi administration;
- c) Review of utilization of Valley Hi's medical resources to provide for their allocation to meet the needs of the patients;
- d) Financial Performance and cost control; and
- e) Such other measures as the Operating Board may, after considering the advice of the Nursing Staff, other professional services and Valley Hi administration, deem necessary for the preservation and improvement of the quality and efficiency of patient care.
- f) Operating Board is aware of all State and Federal Surveys and results and is responsible corrective action.

Section 3. DOCUMENTATION

The Operating Board shall require, receive, consider, and act upon the findings and recommendations emanating from the activities required by Section 2 of this Article. All such findings and recommendations shall be in writing, assigned by the persons

responsible for conducting the review activities, and supported and accompanied by appropriate documentation.

ARTICLE VIII

ADJUNCT ORGANIZATIONS

From time to time the Operating Board may coordinate with and encourage adjunct organizations, including advisory bodies, foundations, and auxiliaries. Each such group shall establish its own Bylaws and rules and regulations and present them to the Operating Board for approval, and all amendments thereto shall also be subject to the approval of the Operating Board. The Bylaws of the Operating Board shall prevail and govern over the documents and actions of such adjunct and subordinate groups.

ARTICLE IX

GENERAL PROVISIONS

Section 1. EXECUTION OF CONTRACTS

The Operating Board except as in these Bylaws or otherwise provided, may authorize an officer or officers, agent or agents, to enter into any contract or execute an instrument in the name of and on behalf of Valley Hi, if the expenditure necessitated by such a contract has been approved by the County Board in Valley Hi's budget for the fiscal year in question or such expenditure is specifically authorized by the County Board. Such authority may be general or confined to specific instances, and unless so authorized by the Operating Board, no officer, agent or employee shall have any power or authority to bind Valley Hi by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount. The execution of any contract is subject to the McHenry County Purchasing Ordinance and any applicable State law.

Section 2. COMPENSATION OF DIRECTORS

The members of the Operating Board shall serve without compensation. Directors may be compensated for reasonable expenses incurred in the fulfillment of their responsibilities to Valley Hi, in accordance with the McHenry County Travel and Business Policy.

Section 3. INSPECTION OF RECORDS

The records of Valley Hi are subject to the Freedom of Information Act 5 ILCS140/1 et seq. Consistent with the requirements, rules, and procedures contained in the ILCS FOIA, the books of account of Valley Hi and minutes of proceedings of the

Operating Board shall be open pursuant State law. Such inspection may be made in person or by an agent or attorney and shall include the right to make extracts. Demand of inspection shall be made according to State law.

Section 4. ANNUAL REPORT

The Operating Board shall cause an annual report to be sent to the McHenry County Board no later than 120 days after the close of the fiscal year.

ARTICLE X

POWERS OF THE MCHENRY COUNTY BOARD

The powers listed below are reserved exclusively to the McHenry County Board, and any attempted exercise of any such powers by any entity other than the McHenry County Board shall not be valid or of any force or effect whatsoever. This list is not exclusive and these powers include but are not limited to:

1. To change the mission and purposes of Valley Hi for which it was and is formed and exists,
2. To appoint the members of the Operating Board and to remove the same without cause,
3. To amend, alter, modify or repeal these Bylaws,
4. To merge, consolidate, or affiliate Valley Hi with another corporation or program,
5. To dissolve or terminate the existence of Valley Hi and to determine the distribution of assets upon such termination or dissolution,
6. To require a certified audit of Valley Hi at any time and to appoint the fiscal auditor,
7. To borrow money, sell lease or transfer property,
8. To pay off bonds,

ARTICLE XI

ACTION REQUIRING APPROVAL BY THE MCHENRY COUNTY BOARD

Actions initiated by the Operating Board on the following matters can be authorized by and shall be effective only upon the prior written assent of a statutory majority of the McHenry County Board.

1. The acquisition, purchase, sale, lease, transfer or encumbrance of any real estate or of any substantial part of other assets of Valley Hi,
2. Any increment or additions to the capital debt or to renegotiate modify or otherwise change the existing capital debt obligations of Valley Hi.

3. Any borrowing not indicated in the capital or operating budget of Valley Hi,
4. The adoption of the annual operating and capital budgets of Valley Hi or any changes thereto.
5. Establishing the annual property tax levy.
6. Changing Personnel Policy and Employee Benefits.

ARTICLE XII

AMENDMENTS AND REVIEW

These Bylaws, or any part thereof, may be amended, modified or repealed, or new Bylaws may be adopted by the vote or written assent of a majority of the McHenry County Board.