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ARTICLE I

NAME AND ADDRESS OF THE CORPORATION

Section 1. The name of the Corporation is PENNSYLVANIA COALITION FOR QUALITY POST-ACUTE CARE, a Pennsylvania non-profit corporation (the "Corporation"). Its principal office is located at 2933 North Front Street, Harrisburg, PA 17110.

ARTICLE II

PURPOSE OF THE CORPORATION

Section 1. GENERAL PURPOSES OF THE CORPORATION. The Corporation may engage in any lawful purpose or purposes that Pennsylvania organized corporations may conduct under Pennsylvania Business Corporation Law, so long as such purpose remains consistent with the Pennsylvania Non-Profit Corporation Law of 1988, codified at 15 Pa C.S § 5301 et seq.

Section 2. SPECIFIC PURPOSE OF THE CORPORATION. Among other purposes, the Corporation shall exist as a non-profit association for post-acute care providers within the Commonwealth of Pennsylvania.

Section 3. POWERS OF THE CORPORATION. The Corporation has all the powers that the Articles of Incorporation for the Corporation provide and all related powers that Pennsylvania organized non-profit corporations may perform under the Pennsylvania Business Corporation Law. The Corporation is hereby empowered to specifically perform, but is not limited to the following acts:

(a) To buy, own, sell, convey, assign, mortgage or lease any interest in real estate and personal property and to construct, maintain and operate improvements thereon necessary or incident to the accomplishment of its purpose.

(b) To borrow money and issue evidence of indebtedness (including tax-exempt financing) in furtherance of any or all of the objects of its business and to secure the same by mortgage, pledge or other lien on the Corporation's property.

(c) To do and perform all acts reasonably necessary to accomplish the purposes of the Corporation including the execution of any instruments and undertakings as may be necessary to enable the corporation to accomplish its stated purposes.

(d) In the event of the dissolution of the Corporation or the winding up of its affairs or other liquidation or conveyance of its assets, the Corporation's property shall not be conveyed to any organization created or operated for profit or to any individual for less than the fair market value of such property, and all



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assets remaining after payment of the Corporation's debts shall be conveyed or distributed only to an organization or organizations created and operated for non-profit purposes similar to those of the Corporation.

Section 5. DIRECTORS OF THE CORPORATION. The Initial Directors of the Corporation shall be named at the organizational meeting. Said Directors shall serve according to the provisions of these By-laws and by any Resolution adopted by the Directors of the Corporation.

Section 6. BY-LAWS OF THE CORPORATION. By-Laws of the Corporation may be adopted by the Directors at the initial meeting, and amended at any subsequent regular meeting or any special meeting called for that purpose, so long as they are not inconsistent with the provisions of the Articles of Incorporation of the Corporation.

Section 7. OFFICERS OF THE CORPORATION. The Officers of the Corporation, as provided by the By-Laws of the Corporation, shall be elected by the Directors of the Corporation in the manner therein set out and shall serve until their successors are elected and have qualified. The directors shall elect the regular officers of the Corporation at the annual meeting for terms of one (1) year. The Secretary and Treasurer may be one and the same person.

ARTICLE III

BOARD OF DIRECTORS OF THE CORPORATION

Section 1. NUMBER AND TERM. There shall be no less than three (3) members of the Board of Directors. The Board of Directors shall be organized into three (3) classes. Class A shall comprise at least 1 member, and serve an initial term of two years. Class B shall comprise at least one member, and serve an initial term of three years. Class C shall comprise at least one member, and serve an initial term of 4 years. At the conclusion of the initial term of each Class of Directors, all subsequent terms for a Director shall be for a two (2) year term. There shall be a limit of two (2) consecutive terms any one individual may serve as a Director, said limitation being waivable in the absence of a willing successor in good standing and eligible for service. Nominations to fill expiring terms of any Director shall be made by the membership at-large, in accordance with the terms set forth in Article III Section 3.1.

Section 2. GOVERNING POWERS. The Board of Directors shall have all the powers and duties necessary or appropriate for the administration of the affairs of the Corporation, and may do all such acts and things as are not prohibited by law, or by the Articles of Incorporation, or by these By-Laws.

Section 3. COMPOSITION. Following the expiration of the initial term of the Directors named to Class C, each classification of Members as outlined in Article V, Section 1, shall have a representative serving on the Board of Directors. This provision is waivable in the event there is no member in good standing for said classification.



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Section 3. COMMITTEES. The Directors shall have the power to form committees, membership of which is to be comprised of no less than three (3) Directors, and not more than five (5) Directors, as determined necessary by a majority vote of the Board of Directors. Each Committee will act in an advisory capacity to the Board of Directors; however, no such Committee will have authority over the Board of Directors in any instance. Such Committee or Committees shall have such name or names as may be determined from time to time by Resolution adopted by the Board of Directors. The Committees shall keep regular minutes of their proceedings and report the same to the Board when required. The creation of such Committees will not relieve the Board of Directors or any individual Director of any responsibility imposed by law.

Section 4. ELECTION AND TERM OF DIRECTORS. The Directors shall be elected by a majority vote of the membership at-large at a meeting where a quorum is present.

Section 5. VACANCIES. Vacancies in the Board of Directors caused by any reason, whether by the removal of a Director, or otherwise, shall be filled by election by a majority vote of the membership at-large at a meeting where a quorum is present, following a nomination from the membership. The newly elected Director shall complete the term of the Director being replaced.

Section 6. REMOVAL OF DIRECTORS. At any annual or special meeting duly called, any one or more of the Directors may be removed with or without cause by a two-thirds vote of the membership at-large, with the required recusal of the Director subject to the vote of removal. A successor Director may then and there be elected to fill the vacancy thus created, in accordance with the procedure set forth in these By-Laws.

Section 7. COMPENSATION. The Board of Directors shall not receive compensation for their services to the Corporation.

Section 8. ANNUAL MEETING. Except as otherwise provided, a meeting of the Board of Directors for the purpose of consideration of business that may be properly brought before it shall be held on such date as the Board of Directors may, from time to time, determine, and at such place as the Board of Directors may, from time to time, determine, and notice shall be given to each Director, personally or by mail, telephone, or e-mail, at least five (5) days prior to the day named for such meeting.

Section 9. REGULAR MEETINGS. Regular meetings of the Board of Directors shall be at the call of the President. Notice of regular meetings of the Board of Directors, shall be given to each Director, personally or by mail, telephone, or e-mail, at least five (5) days prior to the day named for such meeting.

Section 10. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the President on five (5) days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall



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be called by the President or Secretary in like manner and on like notice on the written request of one or more Directors.

Section 11. **WAIVER OF NOTICE.** Before, or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting. To the extent permitted by law, any lawful action of the Board of Directors may be taken without a meeting, if written consent to such action is signed by all Directors and filed with the Minutes of the Board.

Section 12. **QUORUM.** At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of the business, and the acts of the majority of the Directors present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there is less than a quorum present, the Directors present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice at the next regular or special meeting.

Section 13. **VOTING.** Each individual Director of the Board of Directors for the Corporation shall have one (1) vote and the maximum voting and other rights, authority, powers and privileges afforded Directors under applicable Pennsylvania Law.

Section 14. **PROXY VOTING.** Proxy voting shall be permitted under guidelines established by the Board of Directors.

Section 15. **CHAIRPERSON.** The Directors shall elect a Chairperson of the Board of Directors by a majority vote. The Chairperson shall convene, set the agenda, and conduct meetings of the Board of Directors. The Chairperson shall hold all powers customarily conferred to such office.

ARTICLE IV

OFFICERS OF THE CORPORATION

Section 1. **DESIGNATION.** The principal officers of the Corporation shall be a President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may also provide for such Assistant Secretaries and Assistant Treasurers as they shall deem appropriate.

Section 2. **ELECTION OF OFFICERS.** The Officers of the Corporation shall be elected annually by the Board of Directors at its Annual Meeting and, unless sooner removed by the Board, these elected Officers shall serve for a term of one (1) year and until their successors are elected and shall qualify. Any vacancies occurring in offices shall be filled by the Board of Directors, from time to time. The Board of Directors shall



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appoint such temporary or acting Officers as may be necessary during the temporary absence or disability of the regular Officers.

Section 3. REMOVAL. Upon an affirmative vote of a majority of the members of the Board of Directors, any Officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting called for that purpose.

Section 4. PRESIDENT. The President shall be the chief executive officer of the Corporation; shall be responsible for the general management of the business of the Corporation; shall see that all orders and resolutions of the Board of Directors are put into effect and shall have the authority to execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer.

Section 5. RESERVED.

Section 6. SECRETARY. The Secretary shall keep the minutes of all meetings of the Board of Directors and a record of all current Directors of the Corporation. The Secretary shall have custody of the seal of the corporation, and of such other books and records of the Corporation as the Board of Directors may require. The Secretary shall perform the duties and functions customarily performed by the Secretary of a corporation, together with such other duties as the Board of Directors may prescribe.

Section 7. TREASURER. The Treasurer shall maintain custody of the Corporation's funds and securities and shall keep a full and accurate account of all receipts and disbursements in books belonging to the Corporation, and shall deposit all monies and other valuable effects in the name of and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements and shall render an account of all his transactions as Treasurer and of the financial condition of the Corporation whenever called upon to do so.

Section 8. COMPENSATION. The Officers may not be compensated for their services to the Corporation.

ARTICLE V **MEMBERSHIP**

Section 1. ELIGIBILITY FOR VOTING MEMBERSHIP. Application for voting membership shall be open to any and all of the following classifications:



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1) any non-profit entity licensed by the Department of Health as a skilled nursing facility in good standing with the Commonwealth of Pennsylvania and holding a 3-5 star rating by Center for Medicare & Medicaid Services at the time of application or during the previous 2 quarterly reporting periods;

2) any for-profit entity licensed by the Department of Health as a skilled nursing facility in good standing with the Commonwealth of Pennsylvania and holding a 3-5 star rating by Center for Medicare & Medicaid Services at the time of application or during the previous 2 quarterly reporting periods;

3) any hospital-owned entity licensed by the Department of Health as a skilled nursing facility in good standing with the Commonwealth of Pennsylvania and holding a 3-5 star rating by Center for Medicare & Medicaid Services at the time of application or during the previous 2 quarterly reporting periods; and,

4) 3) any county-owned entity licensed by the Department of Health as a skilled nursing facility in good standing with the Commonwealth of Pennsylvania and holding a 3-5 star rating by Center for Medicare & Medicaid Services at the time of application or during the previous 2 quarterly reporting periods.

Voting Membership is granted after completion and receipt of a membership application and full payment of annual dues. All memberships shall be granted upon a majority vote of the board.

Section 2. NONVOTING MEMBERS. Any individual or organization with a demonstrated interest in the Corporation may petition the Board of Directors for membership as a Nonvoting Member, and provided with the rights and privileges as determined from time to time by the Board of Directors.

Section 3. ANNUAL DUES. The amount required for annual dues shall be established according to a predetermined dues structure to be approved by a majority vote of the Board of Directors. Continued membership is contingent upon being up-to-date on membership dues.

Section 4. RIGHTS OF MEMBERS. Each Voting Member shall be eligible to cast one vote in any election, resolution, or other matter of business as may, from time to time, be placed before the membership, or to name a proxy, in accordance with guidelines established by the Board of Directors, to cast the vote in the member's place.

Section 5. RESIGNATION AND TERMINATION. Any Voting Member may resign by filing a written resignation with the secretary. Resignation shall not relieve a member of unpaid dues, or other charges previously accrued. A member can have their membership terminated by a majority vote of the membership.



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ARTICLE VI

AMENDMENTS TO THE BY-LAWS OF THE CORPORATION

Section 1. AMENDMENTS. Except as otherwise required by law, or otherwise limited within the Articles of Incorporation for the Corporation, these By-Laws may be amended at any regular meeting of the Board of Directors or at any special meeting called for that purpose, provided that written notice of that proposed Amendment(s) shall have been given at least ten (10) days prior to such meeting. Such Amendment(s) shall require an affirmative vote of the majority of the Membership.

ARTICLE VII

FISCAL MANAGEMENT OF THE CORPORATION

The Corporation shall comply with all federal and state reporting requirements, and shall maintain sufficient financial records in order to comply with same.

ARTICLE VIII

DOCUMENTS

Section 1. EXECUTION OF DOCUMENTS. Except as otherwise provided by law, checks, drafts, promissory notes, orders for the payment of money, and other evidences of indebtedness will be signed by the President or Treasurer. Contracts, leases, or other instruments executed in the name of or on behalf of the Corporation will be signed by the President or Vice President and the Secretary of the Corporation.

ARTICLE IX

INDEMNIFICATION BY CORPORATION OF ITS DIRECTORS, OFFICERS, EMPLOYEES, AND VOLUNTEERS

Section 1. INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND VOLUNTEERS. The Corporation shall indemnify any person and/or organization who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that such person and/or organization is or was a Director, Officer, Employee, or Volunteer of the Corporation or is or was serving at the request of the Corporation as a Director, Officer, Employee or Volunteer of another Corporation, domestic or foreign, non-profit, partnership, joint venture, trust or other enterprise against expenses including attorney's fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by such persons and/or organization in connection with such action, suit or proceeding, to the extent and under the circumstances permitted by the applicable Corporation Law of the Commonwealth of Pennsylvania. Such indemnification (unless ordered by a court) shall be made as authorized in a specific case upon a determination that indemnification of the



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Director, Officer, Employee, or Volunteer is proper in the circumstances because such person and/or organization has met the applicable standards of conduct set forth in the applicable Corporation Law of the Commonwealth of Pennsylvania. Such determination shall be made:

- a) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not, and are not, parties to or threatened with any such action, suit, or proceeding; or
- b) if such a quorum is not attainable, or if a majority vote of a quorum of disinterested Directors so directs, in a written opinion by independent legal counsel meeting the requirements of independence required by the applicable Corporation Law of Pennsylvania; or
- c) by the court in which such action, suit or proceeding was brought.

Section 2. OTHER RIGHTS. The foregoing rights of indemnification shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the Corporation's Articles of Incorporation, these By-Laws, any agreement, vote of the disinterested Directors or otherwise, and shall continue as to a person who has ceased to be a Director, Officer, Employee, or Volunteer and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 3. ADVANCE PAYMENT OF EXPENSES. The Corporation may pay expenses, including attorney's fees, incurred in defending any action, suit, or proceeding referred to in Section 1 of Article XIII of these By-Laws in advance of final disposition of such action, suit or proceeding as authorized by the Directors in the specific case, upon a receipt of an undertaking by or on behalf of the Director, Officer, Employee or Volunteer to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation.

Section 4. INSURANCE. The Corporation shall purchase and maintain insurance on behalf of any person and/or organization who is or was a Director, Officer, Employee or Volunteer of the Corporation, or is or was serving at the request of the Corporation as a Director, Trustee, Officer, Employee, or Volunteer of another corporation, domestic or foreign, non-profit or for profit, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability.

Section 5. PERSONAL LIABILITY OF DIRECTORS. Pursuant to Title 42 of the Pennsylvania Consolidated Statutes, Section 8364, as added by Act No. 145 of November 28, 1986, effective January 27, 1987, a Director of the Corporation shall not be personally liable for monetary damages for any action taken, or any failure to take any action, unless:



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1. The Director has breached or failed to perform the duties of his office, as set forth in Section 8363 of Title 42 of the Pennsylvania Consolidated Statutes, as added by Act No. 145 of November 28, 1986, including his duties as a member of any committee of the Board of Directors upon which he may serve, in good faith, in a manner he reasonably believes to be in the best interests of the Corporation, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances; and

2. The breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

In performing his duties, a Director may rely in good faith upon information, opinions, reports or statements, including financial statements and other financial data, prepared or presented by (i) one or more officers or employees of the Corporation whom the Director reasonably believes to be reliable and competent in the matters presented, or (ii) counsel, public accountants or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such person, or (iii) a committee of the Board of Directors upon which the Director does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence. A Director shall not be considered to be acting in good faith, however, if he has knowledge concerning a matter which would cause his reliance of any of the foregoing to be unwarranted. In discharging the duties of their respective positions, the Board of Directors, committees of the Board of Directors and individual Directors may, in considering the best interests of the Corporation, consider the effects of any action upon employees, upon suppliers of the Corporation and upon communities in which offices or other establishments of the Corporation are located, and all other pertinent factors. The consideration of those factors shall not constitute a violation of such persons' fiduciary standard of care. In addition, absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken by a Director or any failure to take any action shall be presumed to be in the best interests of the Corporation.

This Section 5 of Article XI shall not apply to a Director's responsibility or liability under any criminal statute or a Director's liability for payment of taxes under any local, State or Federal law.

ARTICLE X

FINANCIAL REPORT TO DIRECTORS

Section 1. FINANCIAL REPORT. Except as otherwise agreed in a writing (that is separate from the Articles of Incorporation and these Bylaws), the Corporation shall furnish to its Directors annual financial statements, including at least a balance sheet as of the end of the fiscal year and a statement of income and expenses for the fiscal year.