

Lebanon Valley Brethren Home Policies and Procedures

I. ELECTIONS

POLICY: It is the responsibility of the Board of Directors to ensure that Board membership and Officer appointments are in compliance with the Bylaws of Lebanon Valley Brethren Home, herein after referred to as LVBH.

I.A. ELECTION PROCEDURE - BOARD OF DIRECTORS

I.A.1 February

At the February meeting of the Board, the Board Chair, hereinafter referred to as Chair, will announce possible vacancies for the next calendar year and request that the Board begin to consider nominees.

I.A.2 March

At the March meeting of the Board, the Chair will announce specific vacancies for the next calendar year. The Chair will also identify desirable skill sets; e.g. medical, financial, managerial, engineering, etc.

I.A.3 June

At the June Board meeting, the Chair will officially request nominees from the Board and will announce Nominating Committee membership.

I.A.4 July through September

The Nominating Committee will review each Board nominee and his/her skill set, establish the nominee's acceptance of possible Board membership, and also determine his/her interest in serving as an Officer.

I.A.5 October

At the October meeting of the Board, the Nominating Committee will present nominees for vote. Brief biographical information of each nominee will be provided. Each nominee will be voted on individually. In the event that one or more of the candidates does not receive a majority vote, the Nominating Committee shall be prepared to offer an alternative choice, if possible. If not, the position will remain vacant until another candidate can be found and nominated by the Nominating Committee and elected by the Board.

I.B ELECTION PROCEDURE - BOARD OFFICERS

I.B.1 October

At the October Board meeting, after the election of new Directors, the Nominating

Committee will request nominations from the Board for Officers and the Executive Committee at-large member for the next calendar year. Current Board Officers are eligible to participate. Newly elected Directors are acceptable candidates for Officer positions.

I.B.2 November

At the November Board meeting, the Nominating Committee will present nominees for Officers and the Executive Committee at-large member. Each nominee will be voted on individually. In the event that one or more of the candidates does not receive a majority vote, the Nominating Committee shall be prepared to offer an alternative choice, if possible. If not, the incumbent Board Officer shall serve until the Nominating Committee nominates another candidate to fill the vacancy and the vacancy is filled.

I.C. ELECTION PROCEDURE - BOARD VACANCIES DURING TERM

Any vacancies occurring during the term of a Director shall be filled by majority vote of the remaining Directors and each person so elected shall be a Director for the unexpired portion of the term of the Director being replaced.

2. COMMITTEES

2.A. FINANCE COMMITTEE

The Finance Committee shall be responsible for the ongoing review of the Corporation's financial position and for notifying the Board of any areas of concern. With the assistance of the President/CEO, hereinafter referred to as CEO and Vice President of Finance/CFO, hereinafter referred to as CFO, and outside advisors as appropriate, the Finance Committee shall review current and proposed budgets, investment performance, industry trends, and any other factors which may impact the current or future financial position of LVBH. The Finance Committee Chair is responsible for ensuring the annual budget is presented to the Board for approval.

2.B. NOMINATING COMMITTEE

In accordance with LVBH Policies and Procedures, the Nominating Committee shall be responsible for presenting nominees for the elections of Board Directors and Board Officers. The committee shall be appointed annually by the Board Chair and shall be comprised of 3-5 members. Current Directors who are eligible for re-election may not serve as members of the Nominating Committee.

2.C. RESIDENT LIFE AND HEALTH COMMITTEE

The Resident Life and Health Committee shall be responsible for ongoing review of residents' well-being and for notifying the Board of any areas of concern. Areas of interest shall include, but not be limited to: quality of care, safety, security, and recreational opportunities. With the assistance of the LVBH VP of Health Services and the LVBH Director of Residential Services, the Committee shall regularly review any issues, applicable governmental quality assurance reports, and third-party reports, e.g. Peace Church Compliance Program reports. In addition to Board members, the Committee shall include the President of Independent Living, and at least two additional LVBH residents.

2.D. DEVELOPMENT COMMITTEE

The Development Committee shall be responsible for overseeing the development of long-term growth and financial resources, and for reporting major development plans and strategies to the Board. With the assistance of the LVBH Director of Development and the LVBH Director of Marketing, the Committee shall review, evaluate and assist in the implementation of revenue-generating plans and marketing strategies. Areas of interest shall include, but not be limited to major marketing initiatives, capital campaigns and planned giving, fundraising for operating support, gift acceptance and disposition and special events.

2.E. STRATEGIC PLANNING COMMITTEE

The Strategic Planning Committee shall be responsible for ensuring that a three-year strategic plan, including measurable goals and time targets, has been developed and presented to the Board. With the assistance of outside services as needed, the Committee shall periodically review the Plan to ensure compatibility with LVBH's mission and values, industry and market trends, financial position and core competencies; and at least annually report any recommended revisions to the Board. Additionally, the Strategic Planning Committee shall oversee the progress of any major new projects, programs or services, and report any concerns to the Board.

2.F. GOVERNANCE COMMITTEE

The Governance Committee shall be responsible for ensuring compliance with the legal requirements of the Corporation, including the LVBH Articles of Incorporation, Bylaws, and Policies and Procedures. The Committee shall periodically review the LVBH Articles of Incorporation, Bylaws, and Policies and Procedures and at least annually report any concerns or proposed changes to the Board.

2.G. HUMAN RESOURCES COMMITTEE

The Human Resources Committee shall be responsible for overseeing the overall staffing, training and development, employee engagement, safety, ethics assurance, benefits design and related costing, performance management and merit guidelines as necessary to support the staffing needs of the corporation. Industry trends and any other factors which may affect the current or future staffing needs of LVBH will be used as guidelines to assure competitiveness and consistency. In addition to the Board members, the Committee will include the staff members responsible for Human Resources and Finance. Executive Evaluations Compensation and Benefits will be completed according to Section 4.

3. ANNUAL EVALUATIONS - BOARD MEMBERS

POLICY: Each Board member may be evaluated annually for effectiveness by the Executive Committee.

3.A. EVALUATION PROCEDURE

Consistent with the LVBH Bylaws, the LVBH Executive Committee may meet to do a general evaluation of individual members of the LVBH Board of Directors. Some criteria to be used, but not limited to, in this evaluation process might include the following:

3.A.1. Record of attendance at both scheduled board and committee meetings.

3.A.2. Observed participation in discussion at both board and committee meetings.

3.A.3. Overall perceived willingness to accept assignments as they are presented.

3.A.4. Demonstration of support to LVBH through participation in non-board activities.

3.A.5. General observations noted on the Board Self-Evaluation Form.

3.B. RATING PROCEDURE

It is understood that the overall end result of this evaluation would provide a “rating” of either “ACCEPTABLE” or “WARRANTS FURTHER DISCUSSION.” For those board members who receive a “WARRANTS FURTHER DISCUSSION” rating, an interview would be arranged with the member and a representative(s) of the Executive Committee to discuss the rating.

4. EXECUTIVE EVALUATION AND COMPENSATION

POLICY: The CEO, CFO, and Vice President of Health Services (collectively “executive officers”) of LVBH are the principal operational representatives of the organization. It is

the desire of the Board of Directors to provide competitive compensation for the executive officers.

4A. EVALUATION PROCEDURE

The annual process for determining compensation is as follows:

4.A.1. The Board of LVBH shall empower the Executive Committee in consultation with Board members of the Human Resources Committee to annually evaluate the CEO on his/her performance and ask for the CEO's input regarding such performance. Evaluation of the CFO and Vice President of Health Services shall be completed by the CEO and reviewed by the Executive Committee. The evaluation of all executive officers shall occur during January/February of the following year.

4.A.2. The Executive Committee may obtain research and information to make recommendations to the full board for the compensation (salary and benefits) of the CEO and other executive officers based on a review of comparability data. Comparability data may be obtained from, but not limited to, the following nonexclusive sources of information:

4.A.2.a. Wage and benefit survey data from senior living professional organizations, such as Leading Age PA, or other reliable sources.

4.A.2.b. Benchmarking studies as commissioned by the Board with the help of a consulting organization having expertise in the senior living industry.

4.A.2.c. Information obtained from IRS 990 filings of similar not-for-profit organizations.

4.A.2.d. The performance evaluation for the prior year will be a key consideration when determining the base salary of the officers. These evaluations will include one's self appraisal, objective results and feedback from Board Members.

4.A.3. All data shall be obtained within 12 months of the date on which the full Board votes to approve the Executive Committee's recommendation on a compensation package for the executive officers.

4.A.4. The Executive Committee shall document how it reached its decisions, including the data on which it relied, in the minutes of the meeting during which the recommended compensation package was approved. Documentation shall include:

4.A.4.a. A description of the compensation and benefits and the date it was approved; and

4.A.4.b. The members of the Executive Committee and the other members of the board, if any, who were present during the discussion about compensation and benefits, and the results of the vote; and

4.A.4.c. A description of the comparability data relied upon and how the data was obtained; and

4.A.4.d. Any actions taken including, but not limited to, abstaining from discussion and vote with respect to consideration of the compensation by anyone who is otherwise a member of the executive committee or other member of the board but who had a conflict of interest with respect to the decision on the compensation and benefits.

4B. INDEPENDENCE IN SETTING COMPENSATION

The Board of Directors, who are volunteers and not compensated by LVBH, shall operate independently and without unsolicited or inappropriate influence from the CEO.

4C. LIMITATION ON MEMBERSHIP ON EXECUTIVE COMMITTEE

4.C.1. No member of the Executive Committee may be a staff member, the relative of a staff member, or have any relationship with staff that could present a conflict of interest.

4.C.2. For the purposes of paragraph No. 4.C.1., the term relative shall mean: spouse, brother-in-law, sister-in-law, parent, grandparent, child, grandchild, sibling, aunt, uncle, niece, and nephew.

5. CEO SUCCESSION PLAN FOR SHORT-TERM OR PERMANENT SUCCESSION

5.A. DUTY OF BOARD OF DIRECTORS

The LVBH Board of Directors recognizes its responsibility to make provisions for competent leadership for the organization. In fulfilling this responsibility, the Board also acknowledges that situations may arise which require a need for interim leadership and that future leadership transitions are inevitable.

Accordingly, this short-term CEO Succession Plan is designed to address each of the following issues:

- (1) Leadership during anticipated or unanticipated short-term absences of the CEO.
- (2) Leadership needs during longer absences of the CEO.
- (3) The process for conducting a CEO search in the event of a permanent leadership change.

The LVBH Board of Directors is responsible for the approval, implementation, and any modifications of this policy and its related procedures.

5.B. TEMPORARY ABSENCE OF THE CEO OF 30 DAYS OR LESS

5.B.1. APPOINTMENT OF ACTING CEO.

In the event the CEO is absent temporarily due to illness or leave of absence and is determined to be unable to carry out the CEO responsibilities, the following procedures apply:

- (1) As soon as possible, and not more than five business days after the date of the CEO's absence, the board authorizes the Board Chair, or Vice-Chair in the absence of the Board Chair, to:

Appoint the CFO as Acting CEO to carry out the CEO functions. In the event of the CFO's unavailability, inability, renunciation, or resignation, the board authorizes the appointment of the Vice President of Health Services to serve as Acting CEO.

- (2) In the alternative, the Board of Directors may, at a special meeting called by the Executive Committee of the Board, designate two or more persons to carry out the various functions of the CEO.

5.B.2. DUTY OF BOARD CHAIR.

The Board Chair shall:

- (1) Ensure that interim leadership arrangements are communicated to the Board, staff, and key stakeholders, including licensing agencies; and
- (2) Maintain at least weekly contact with the Acting CEO or other person(s) appointed to provide interim leadership.

5.B.3. TERM OF APPOINTMENTS.

Appointments shall continue until the CEO resumes the CEO responsibilities, an interim CEO is appointed by the Board, or until such time as other appointments are made by the Board or the Executive Committee acting on behalf of the Board. The Board retains the prerogative to appoint or discontinue interim appointments at any time.

5.B.4. EXECUTIVE COMMITTEE.

As soon as possible following the notification of an unplanned absence of the CEO, the Board Chair shall convene an Executive Committee meeting to affirm the procedures in this plan or to modify them as necessary.

5.C. TEMPORARY SHORT-TERM ABSENCE OF THE CEO; LONGER THAN 30 DAYS

5.C.1. APPOINTMENT OF ACTING CEO.

If a short-term interim appointment(s) has not been implemented in accordance with 5.B, the appointment(s) shall be made as soon as possible.

5.C.2. EXECUTIVE COMMITTEE.

Within five days of the Chair or Board's awareness that the CEO's absence is anticipated to be longer than 30 total days, the Executive Committee of the Board shall appoint a Transition Committee of no fewer than 5 members of the Board consisting of at least two members of the Executive Committee

5.C.3. TRANSITION COMMITTEE.

The Transition Committee shall select a chair and, at a minimum, shall:

Communicate with key stakeholders, lenders, key contributors, staff, and other persons apprising them of the following:

- (1) That the CEO succession plan has been implemented.
- (2) The arrangements that have been made for interim leadership including the person(s) who have been appointed for these leadership roles.
- (3) Any other arrangements that are being made, such as a request for an interim CEO.

5.C.4. DUTIES OF THE TRANSITION COMMITTEE.

Throughout the absence of the CEO, the transition committee shall consider the need for consulting assistance, including, but not limited to, search assistance in identifying an interim CEO or other consulting needs.

5.C.5. INTERIM CEO.

If the Transition Committee determines that assistance in securing outside interim CEO leadership is needed, the Transition Committee shall:

- (1) Recommend to the Executive Committee that a search firm be engaged to identify an interim CEO who can provide leadership until the CEO is able to return to the CEO responsibilities or until a permanent CEO is selected and available to serve.
- (2) Serve as the primary contact with the search firm and, after reviewing potential interim candidates, recommend a preferred candidate to the Board for appointment.

- (3) If other consulting assistance is deemed to be needed, recommend appropriate consultant(s) to the Executive Committee for engagement.
- (4) Review the organization's status to determine whether any priority issues must be addressed and develop and monitor a plan for addressing any identified issues.
- (5) Continue in at least weekly communication with any appointed interim leaders regarding the status of the organization.

5.C.6. BOARD PREROGATIVE.

The Board maintains the prerogative to appoint or discontinue interim leadership appointments at any time.

5.D. PLANNED OR UNPLANNED PERMANENT ABSENCE OF THE CEO

5.D.1. PERMANENT ABSENCE.

When the CEO is absent and is not able to return due to serious illness, resignation, death, or termination, the procedures for a temporary absence of the CEO provided herein shall be followed except as otherwise provided herein.

5.D.2. EXECUTIVE COMMITTEE.

Within four weeks of a known permanent vacancy in the CEO position, the Executive Committee of the Board shall recommend a Search Committee to the Board which shall appoint the Search Committee members.

5.D.3. APPOINTMENT AND COMPOSITION OF SEARCH COMMITTEE.

The Search Committee shall consist of no fewer than five members including at least two Executive Committee members. A person need not be a Board member to be appointed to serve on the Search Committee.

5.D.4. SEARCH COMMITTEE.

The Search Committee shall communicate to the Executive Committee its recommendation regarding the retention of a CEO search firm to conduct a search for a permanent CEO.

5.D.5. ADDITIONAL DUTIES OF SEARCH COMMITTEE.

The Search Committee shall:

- (1) Assess the status of the organization in order to identify leadership qualities that are needed.

- (2) Develop compensation and benefit guidelines in cooperation with the Finance Committee for prospective candidates.
- (3) Review the desired qualifications and experience of a proposed candidate with the Human Resources Committee and the Board for its input.
- (4) Inform the Board, (and as appropriate, the staff) of its progress at appropriate junctures.
- (5) Recommend a candidate to the Board for consideration or, in the absence of a unanimous recommendation, propose two candidates to the Board for consideration.
- (6) Maintain confidentiality as appropriate.
- (7) Recommend to the Board a transition plan/timetable and any mentoring appropriate for the incoming CEO.
- (8) Subject to the approval of the Executive Committee, take such other actions that it deems necessary or appropriate to carry out its duties in searching for a candidate for CEO.