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SENATE BILL NO. 1259

Offered January 8, 2025

Prefiled January 8, 2025

A BILL to amend and reenact §§ 23.1-2402 and 23.1-2403 of the Code of Virginia, relating to Virginia Commonwealth University Health System Authority; board of directors; chief executive officer.

Patron—Bagby

Referred to Committee on Education and Health

Be it enacted by the General Assembly of Virginia:

1. That §§ 23.1-2402 and 23.1-2403 of the Code of Virginia are amended and reenacted as follows:

§ 23.1-2402. Board of directors; membership; meetings; officers; employees.

A. The Authority shall be governed by a board of directors with a total of ~~24~~ 16 members that consists of ~~19~~ 13 appointed members and ~~two~~ three ex officio members. The ~~19~~ 13 appointed members shall consist of ~~six~~ five nonlegislative citizen members to be appointed by the Governor, of whom ~~two~~ one shall be a physician-faculty ~~members member~~; ~~five~~ four members to be appointed by the Speaker of the House of Delegates, of whom ~~two~~ one shall be a physician-faculty ~~members member~~; three members to be appointed by the Senate Committee on Rules, of whom one shall be a physician-faculty member; and ~~five~~ one nonlegislative citizen ~~members member~~ of the board of visitors of the University to be appointed by the rector of the board of visitors of the University; ~~all of whom who~~ shall be ~~members a member~~ of the board of visitors of the University at all times while serving on the board. The ~~President of the University and the Senior Vice-President for Health Sciences of the University, or the individual who holds such other title as subsequently may be established by the board of visitors of the University for the chief academic and administrative officer for the Health Sciences Schools of the University, and the chief executive officer of the Authority~~ shall serve ex officio with voting privileges. ~~The President of the University shall serve ex officio without voting privileges.~~

All appointed members except those who are members of the board of visitors of the University shall have demonstrated experience or expertise in business, commercial real estate, finance, health care system management, or legal affairs. Each such area of demonstrated experience or expertise shall be represented amongst such appointed members at any given time.

A majority of the 16 total members of the board shall have no direct affiliation with the University or the Authority outside of such members' service on the board.

B. The ~~five~~ three appointed physician-faculty members shall be faculty members of the University with hospital privileges at MCV Hospitals at all times while serving on the board.

C. The Governor, the Speaker of the House of Delegates, and the Senate Committee on Rules shall each appoint a physician-faculty ~~members member~~ as required pursuant to subsection A after consideration of names from ~~lists a list~~ submitted by the faculty physicians of the School of Medicine of the University through the Senior Vice-President for Health Sciences of the University, or the individual who holds such other title as subsequently may be established by the board of visitors of the University for the chief academic and administrative officer for the Health Sciences Schools of the University. The list shall contain at least two names for each vacancy.

D. Members shall serve for terms of ~~three~~ four years. Vacancies occurring other than by expiration of a term shall be filled for the unexpired term. No member shall serve for more than two consecutive ~~three-year~~ four-year terms; however, a member appointed to serve an unexpired term is eligible to serve two consecutive ~~three-year~~ four-year terms. Members who serve two consecutive ~~three-year~~ four-year terms are eligible for reappointment one year after the expiration of their second term. All appointments are subject to confirmation by the General Assembly. Members shall continue to hold office until their successors have been appointed and confirmed. Ex officio members shall serve a term coincident with their term of office.

E. Neither the board ~~members member~~ appointed from the board of visitors of the University nor the ex officio members with voting privileges shall vote on matters that require them to breach their fiduciary duties to the University or to the Authority.

F. Any member may be removed for malfeasance, misfeasance, incompetence, or gross neglect of duty by the individual or entity that appointed him or, if such appointing individual no longer holds the office creating the right of appointment, by the current holder of that office.

G. ~~The president of the University shall serve as the chairman of the board.~~ The board shall elect annually biennially a chairman and vice-chairman from among its membership and who have served for at least two years on the board. Neither the President of the University nor any other employee of the University, employee of the Authority, member of the board of visitors of the University, or legislative member is eligible

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59 *to serve as the chairman of the board.* The board shall also elect a secretary and treasurer and such assistant
 60 secretaries and assistant treasurers as the board may authorize for terms determined by the board, each of
 61 whom may or may not be a member of the board. The same individual may serve as both secretary and
 62 treasurer.

63 H. The board may appoint an executive committee and other standing or special committees and prescribe
 64 their duties and powers, and any executive committee may exercise all such powers and duties of the board
 65 under this chapter as the board may delegate.

66 I. The board may provide for the appointment, employment, term, compensation, and removal of officers,
 67 employees, and agents of the Authority, including engineers, consultants, lawyers, and accountants, as the
 68 board deems appropriate.

69 J. The board shall meet at least four times each year and may hold such special meetings as it deems
 70 appropriate.

71 K. The board may adopt, amend, and repeal such policies, regulations, procedures, and bylaws not
 72 contrary to law or inconsistent with this chapter as it deems expedient for its own governance and for the
 73 governance and management of the Authority.

74 L. A majority of the board shall constitute a quorum for meetings, and the board may act by a majority of
 75 those present at any meeting.

76 M. Legislative board members are entitled to such compensation as provided in § 30-19.12 and
 77 nonlegislative citizen board members are entitled to such compensation for the performance of their duties as
 78 provided in § 2.2-2813. All members are entitled to reimbursement for all reasonable and necessary expenses
 79 incurred in the performance of their duties as provided in §§ 2.2-2813 and 2.2-2825. Funding for the costs of
 80 compensation and expenses of the members shall be provided by the Authority.

81 N. The provisions of the State and Local Government Conflict of Interests Act (§ 2.2-3100 et seq.) shall
 82 apply to the members of the board and the employees of the Authority.

83 **§ 23.1-2403. Chief executive officer of the Authority.**

84 A. The Authority shall be under the immediate supervision and direction of a chief executive officer,
 85 subject to the policies and direction established by the board. The ~~chief executive officer may be the~~
 86 individual who holds the title of *Senior Vice-President for Health Sciences of Virginia Commonwealth*
 87 *University, or such other title as subsequently may be established by the board of visitors of the University*
 88 *for the chief academic and administrative officer for the Health Sciences Schools of the University, is not*
 89 *eligible to serve as chief executive officer of the Authority but shall regularly communicate and collaborate*
 90 *with such chief executive officer to support the mutual interests and success of the University and the*
 91 *Authority. Notwithstanding any other provision of law to the contrary, the selection and removal of the chief*
 92 *executive officer, and the conditions of appointment, including salary, shall be made jointly by the board and*
 93 *the board of visitors of the University at a joint meeting of the board and the board of visitors of the*
 94 *University upon a vote of a majority of the members of each board present and voting at the aforementioned*
 95 *joint meeting, acting separately in accordance with applicable provisions of law.*

96 B. In the event that a majority of the members of each board do not agree upon the selection, removal, or
 97 conditions of appointment, including salary, of the chief executive officer as provided in subsection A, then
 98 each board shall appoint a committee of three members of its respective board to consider the matter upon
 99 which the boards disagree. *The individual who is appointed to both the board of visitors of the University*
 100 *pursuant to subsection A of § 23.1-2303 and the board pursuant to subsection A of § 23.1-2402 is not eligible*
 101 *to serve as a member of either such committee.* The selection, removal, or conditions of appointment shall be
 102 made jointly by the two committees at a joint meeting of the committees upon a vote by a majority of the
 103 members of each committee present and voting at the joint meeting. In the event that a majority of the
 104 members of each committee agree upon the selection, removal, or conditions of appointment of the chief
 105 executive officer, then the decision shall be reported to the board and the board of visitors of the University,
 106 each of which shall be bound by the decision of the committees.

107 C. In the event that a majority of the members of each committee do not agree on the ~~selection, removal,~~
 108 ~~or conditions of appointment~~ of the chief executive officer within 30 days of the appointment of the
 109 committees by each board, then ~~the president of the University shall decide upon the matter upon which the~~
 110 ~~committees disagree. The president of the University shall report his decision to both boards, each of which~~
 111 ~~shall be bound by the decision of the president no further action shall be taken.~~

112 D. *In the event that a majority of the members of each committee do not agree on the selection or*
 113 *conditions of appointment of the chief executive officer within 30 days of the appointment of the committees*
 114 *by each board, then the process set forth in subsection A and, if necessary, subsection B shall be repeated*
 115 *until such selection has been made or such conditions of appointment have been determined.*

116 E. The chief executive officer shall devote his full time to the performance of his official duties and
 117 shall not be engaged in any other profession or occupation.

118 ~~D.~~ F. The chief executive officer shall supervise and administer the operation of the Authority in
 119 accordance with the provisions of this chapter.

120 **2. That the provisions of this act that amend subsection D of § 23.1-2402 of the Code of Virginia shall**

121 apply to each individual who is appointed as a member of the board of directors of the Virginia
122 Commonwealth University Health System Authority on or after July 1, 2025.
123 3. That notwithstanding the provisions of subsection A of § 23.1-2402 of the Code of Virginia, as
124 amended by this act, any physician-faculty member who is serving a term on the board of directors of
125 the Virginia Commonwealth University Health Authority as of June 30, 2025, is eligible to serve the
126 remainder of such term.

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