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SENATE BILL NO. 1259
AMENDMENT IN THE NATURE OF A SUBSTITUTE
 (Proposed by the Governor
 on March 24, 2025)

(Patron Prior to Substitute—Senator Bagby)

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.

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~~ 17 members that consists of ~~19~~ 15 appointed members and two ex officio members. The ~~19~~ 15 appointed members shall consist of ~~six~~ four 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~~ two members to be appointed by the Senate Committee on Rules, of whom one shall be a physician-faculty member; and five nonlegislative citizen members 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 shall be members of the board of visitors of the University at all times while serving on the board. The President of the University and the ~~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,~~ chief executive officer of the Authority shall serve ex officio with 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.*

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 appointed from the board of visitors of the University nor the ~~ex officio members~~ chief executive officer of the Authority 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 to serve as the chairman of the board.* The board shall also elect a secretary and treasurer and such assistant secretaries and assistant treasurers as the board may authorize for terms determined by the board, each of whom may or may not be a member of the board. The same individual may serve as both secretary and treasurer.

H. The board may appoint an executive committee and other standing or special committees and prescribe their duties and powers, and any executive committee may exercise all such powers and duties of the board

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60 under this chapter as the board may delegate.

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

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

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

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

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

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

78 **§ 23.1-2403. Chief executive officer of the Authority.**

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

91 B. In the event that a majority of the members of each board do not agree upon the selection, removal, or
92 conditions of appointment, including salary, of the chief executive officer as provided in subsection A, then
93 each board shall appoint a committee of three members of its respective board to consider the matter upon
94 which the boards disagree. *No more than one member of the committee appointed by the board may be an*
95 *employee of the University or a member of the board of visitors of the University.* The selection, removal, or
96 conditions of appointment shall be made jointly by the two committees at a joint meeting of the committees
97 upon a vote by a majority of the members of each committee present and voting at the joint meeting. In the
98 event that a majority of the members of each committee agree upon the selection, removal, or conditions of
99 appointment of the chief executive officer, then the decision shall be reported to the board and the board of
100 visitors of the University, each of which shall be bound by the decision of the committees.

101 In the event that a majority of the members of each committee do not agree on the selection, removal, or
102 conditions of appointment of the chief executive officer within 30 days of the appointment of the committees
103 by each board, then the president of the University shall decide upon the matter upon which the committees
104 disagree. The president of the University shall report his decision to both boards, each of which shall be
105 bound by the decision of the president.

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

108 D. The chief executive officer shall supervise and administer the operation of the Authority in accordance
109 with the provisions of this chapter.

110 **2. That the provisions of this act that amend subsection D of § 23.1-2402 of the Code of Virginia shall**
111 **apply to each individual who is appointed as a member of the board of directors of the Virginia**
112 **Commonwealth University Health System Authority on or after July 1, 2025.**

113 **3. That notwithstanding the provisions of subsection A of § 23.1-2403 of the Code of Virginia, as**
114 **amended by this act, the individual who serves in the role of chief executive officer of the Virginia**
115 **Commonwealth University Health System Authority (the Authority) as of June 30, 2025, shall continue**
116 **in such role until the date on which the board of directors of the Authority appoints such individual's**
117 **successor in accordance with the provisions of this act.**