

HOUSE BILL NO. 1178

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on General Laws

on \_\_\_\_\_)

(Patron Prior to Substitute--Delegate Sickles)

A BILL to amend and reenact § 2.2-2353 of the Code of Virginia, relating to Commonwealth of Virginia Innovation Partnership Authority; board of directors; membership.

**Be it enacted by the General Assembly of Virginia:**

**1. That § 2.2-2353 of the Code of Virginia is amended and reenacted as follows:**

**§ 2.2-2353. Board of directors; members; president.**

A. The Authority shall be governed by a board of directors consisting of ~~11~~ 15 voting members as follows: (i) the Secretary of Commerce and Trade, or his designee; (ii) six nonlegislative citizen members appointed by the Governor; (iii) ~~three~~ five nonlegislative citizen members appointed by the ~~Joint Rules Committee~~ Speaker of the House of Delegates; and (iv) ~~one director of technology transfer office or equivalent position from a major research public institution of higher education,~~ three nonlegislative citizen members appointed by the ~~Joint Rules~~ Senate Committee on Rules.

B. Of the nonlegislative citizen members appointed by the Governor, (i) two nonlegislative citizen members shall be from the investor community with experience as a partner in a venture capital fund with a minimum of \$35 million under management or experience qualifying as an accredited investor, as defined by the federal Securities and Exchange Commission, who have experience investing, as an individual or as part of an angel group, in 10 or more early stage companies; (ii) two nonlegislative citizen members shall be from the technology sector with experience (a) as a founder of a science-based or technology-based business and who have raised equity capital or (b) as a senior executive in a science or technology company with operations in Virginia and with annual revenues in excess of \$100 million; and (iii) two nonlegislative citizen members shall have experience acquiring or commercializing intellectual property through private research or experience acquiring or commercializing intellectual property from

27 a university or other research institution. ~~Of~~ Each of the nonlegislative citizen members appointed by the  
28 ~~Joint Rules Committee, two nonlegislative citizen members~~ Speaker of the House of Delegates and the  
29 Senate Committee on Rules shall have experience (i) as a director of technology transfer office or  
30 equivalent experience from a major research public institution of higher education or (ii) have experience  
31 in at least one of the following areas: entrepreneurial development~~or,~~ entrepreneurial community and  
32 network development, venture capitalism, information technology, scientific research, or technology-  
33 based economic development. In making the appointments, the Governor, the Speaker of the House of  
34 Delegates, and the ~~Joint Rules~~ Senate Committee on Rules shall consider the geographic and demographic  
35 diversity of the Board.

36 In no case shall a member of the Board invest such member's personal funds in (i) any direct or  
37 indirect venture capital activities supported by the Authority at the time of the investment or (ii) any grant,  
38 loan, or investment program administered by the Authority.

39 C. 1. After an initial staggering of terms, members of the Board shall serve terms of four years. No  
40 member shall be eligible to serve more than two terms. Any appointment to fill a vacancy shall be for the  
41 unexpired term. A person appointed to fill a vacancy may be appointed to serve two additional terms.  
42 Nonlegislative citizen members shall be citizens of the Commonwealth.

43 2. Ex officio members shall serve terms coincident with their terms of office.

44 D. Members of the Board shall receive such compensation for the performance of their duties as  
45 provided in § 2.2-2813. Members shall be reimbursed for all reasonable and necessary expenses incurred  
46 in the performance of their duties as provided in §§ 2.2-2813 and 2.2-2825. Funding for the costs of  
47 compensation and expenses of the members shall be provided by the Authority.

48 E. The Board shall elect a chairman from the nonlegislative citizen members of the Board, and the  
49 Secretary of Commerce and Trade shall serve as the vice-chairman. The Board shall elect a secretary and  
50 a treasurer, who need not be members of the Board, and may also elect other subordinate officers, who  
51 need not be members of the Board. The Board may also form advisory committees, which may include  
52 representatives who are not members of the Board, to undertake more extensive study on issues before  
53 the Board.

54 F. A majority of the members shall constitute a quorum for the transaction of the Authority's  
55 business, and no vacancy in the membership shall impair the right of a quorum to exercise the rights and  
56 perform all duties of the Authority. The Board shall meet at least quarterly or at the call of the chairman.

57 G. The Board shall appoint a president of the Authority, who shall not be a member of the Board  
58 who shall serve at the pleasure of the Board and carry out such powers and duties conferred upon him by  
59 the Board.

60 **2. That the terms of persons appointed to serve as nonlegislative citizen members and as a director**  
61 **of a technology transfer office or equivalent position from a major research public institution of**  
62 **higher education serving on the board of directors of the Commonwealth of Virginia Innovation**  
63 **Partnership Authority shall expire on the effective date of this act.**

64 **3. That the initial appointments of nonlegislative citizen members to the Commonwealth of Virginia**  
65 **Innovation Partnership Authority made in accordance with the provisions of this act shall be**  
66 **staggered as follows: (i) one nonlegislative citizen member appointed by the Governor, two**  
67 **nonlegislative citizen members appointed by the Speaker of the House of Delegates, and one**  
68 **nonlegislative citizen member appointed by the Senate Committee on Rules shall be appointed for**  
69 **a term of one year; (ii) one nonlegislative citizen member appointed by the Governor, one**  
70 **nonlegislative citizen member appointed by the Speaker of the House of Delegates, and one**  
71 **nonlegislative citizen member appointed by the Senate Committee on Rules shall be appointed for**  
72 **a term of two years; (iii) one nonlegislative citizen member appointed by the Governor, two**  
73 **nonlegislative citizen members appointed by the Speaker of the House of Delegates, and one**  
74 **nonlegislative citizen member appointed by the Senate Committee on Rules shall be appointed for**  
75 **a term of three years; and (iv) three nonlegislative citizen members appointed by the Governor shall**  
76 **be appointed for a term of four years. Any member appointed to an initial term of less than four**  
77 **years shall be eligible to serve two additional full four-year-terms.**

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