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## HOUSE BILL NO. 1265

Offered January 19, 2010

A *BILL to amend and reenact § 13.1-553 of the Code of Virginia, relating to professional corporations; board of directors.*

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Patron—Carr

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Referred to Committee on Commerce and Labor

**Be it enacted by the General Assembly of Virginia:****1. That § 13.1-553 of the Code of Virginia is amended and reenacted as follows:**

§ 13.1-553. Board of directors.

A. Except as provided in an agreement adopted pursuant to § 13.1-671.1 *or 13.1-852.1* that is not in conflict with § 13.1-544, a professional corporation organized pursuant to the provisions of this chapter shall be governed by a board of directors, which shall have the full management of the business and affairs of the corporation and continuing exclusive authority to make management decisions on its behalf, including the power and authority to delegate to its agents, officers, and employees, and to delegate by a management agreement or another agreement with, or otherwise to, other persons managerial duties and tasks related to the corporation's operations, and no shareholder *or member* shall have the power to bind the corporation within the scope of its business or profession merely by virtue of his being a shareholder *or member*. To the extent the board of directors is eliminated or its make-up or manner of selection is modified by an agreement adopted pursuant to § 13.1-671.1 *or 13.1-852.1*, only individuals or entities licensed or otherwise legally authorized to render the same professional services within the Commonwealth as the services provided by the professional corporation or its shareholders *or members* shall supervise and direct the provision of professional services of that professional corporation or its shareholders *or members* within the Commonwealth; however, in the case of a corporation rendering the services of architects, professional engineers, land surveyors, ~~or~~ landscape architects, *or interior designers*, or any combination thereof, such supervision and direction may be provided by individuals who are employees of the corporation and are not duly licensed to render such professional services so long as at least two-thirds of the individuals providing such supervision and direction are employees of the corporation and duly licensed to render such professional services.

B. The articles of incorporation may prescribe the manner in which the board of directors shall be chosen and the number thereof, subject to the following provisions: a corporation rendering the services of architects, professional engineers, land surveyors, and landscape architects, ~~or any combination thereof, may elect to its board of directors not more than one-third of its members who are employees of the corporation and are not authorized to render the services of an architect, a professional engineer, land surveyor, or landscape architect.~~ *Provided that no person* ~~No individual~~ not duly licensed or otherwise duly authorized to render the professional services of the corporation shall be a member of the board of directors, except as ~~provided for corporations that the board of directors of a corporation rendering the services of architects, professional engineers, land surveyors, or landscape architects, or interior designers, or any combination thereof, may have as members employees of the corporation who are not authorized to render the professional services of the corporation, provided that such employee-directors do not constitute more than one-third of all of the members of the board of directors.~~

C. The board of directors, including the first board of directors, shall consist of one or more ~~members~~ *individuals*. The number of directors shall be fixed by the bylaws except as to the number of the first board of directors, which shall be fixed by the articles of incorporation. The number of directors may be increased or decreased from time to time by amendment of the bylaws, unless the articles of incorporation provide that a change in the number of directors shall be made only by amendment of the articles of incorporation. In the absence of a bylaw fixing the number of directors, the number shall be the same as that stated in the articles of incorporation.

INTRODUCED

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