ENROLLED

Senate Bill No. 82
(By Mr. Davis)

(Passed February 8, 1966; in effect from passage.)

AN ACT to amend and reenact section sixteen, article one, chapter thirty-one of the code of West Virginia, one thousand nine hundred thirty-one, as amended, relating to boards of directors of corporations; powers, number, qualifications, terms, quorum, and classes of directors; committees; designation, composition, appointment, powers and action of committees; and protections extended to directors.

Be it enacted by the Legislature of West Virginia:

That section sixteen, article one, chapter thirty-one of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted to read as follows:
Section 16. Board of Directors; Committees.—(a) The business of every corporation organized under the provisions of this chapter, or existing under the laws of this state, shall be managed by a board of directors, except as hereinafter or in its charter otherwise provided.

(b) The number of directors which shall constitute the whole board shall be such as from time to time shall be fixed by, or in the manner provided in, the by-laws, but in no case shall the number be less than three: Provided, That when all the shares of a corporation are owned beneficially and of record by either one or two stockholders, the number of directors may be less than three but not less than the number of stockholders. Directors need not be stockholders unless so required by the charter or the by-laws. The directors shall hold office until their successors are respectively elected and qualified, and a majority of them shall constitute a quorum for the trans- action of business, unless the by-laws shall provide that a different number shall constitute a quorum, which in no case shall be less than one-third of the total number of directors nor less than two directors: Provided, how-
ever, That when a board of one director is authorized under the provisions of this section, then one director shall constitute a quorum.

(c) The board of directors may, by resolution or resolutions passed by a majority of the whole board, designate one or more committees, each committee to consist of two or more of the directors of the corporation. Any such committee, to the extent provided in the resolution or resolutions or in the by-laws, shall have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it. The by-laws may provide that, in the absence or disqualification of any member of any such committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Such committee or committees shall have such name or names as may be stated in the by-laws or as may
be determined from time to time by resolution adopted by
the board of directors. Unless otherwise provided in the
by-laws or ordered by the board, any such committee
may act by a majority of its members at a meeting or
by a writing signed by all of its members and filed with
the minutes of proceedings of the board.

d) The directors of any corporation may, by the char-
ter or any amendment thereto, or by a vote of the stock-
holders, be divided into one, two or three classes; the
term of office of those of the first class to expire at the
annual meeting next ensuing; of the second class one year
thereafter; of the third class two years thereafter; and
at each annual election held after such classification and
election, directors shall be chosen for a full term, as the
case may be, to succeed those whose terms expire.

e) A director of any corporation, or a member of any
committee designated by the board of directors pursuant
to this section, shall, in the performance of his duties, be
fully protected in relying in good faith upon the books
of account or reports made to the corporation by any of
its officials, or by an independent certified public ac-
countant, or by an appraiser selected with reasonable
care by the board of directors or by any such committee,
or in relying in good faith upon other records of the
corporation.
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

O. Roy Parker  
Chairman Senate Committee  

James W. Hoop  
Chairman House Committee

Originated in the Senate.

Takes effect ___________________________ Passage.

Joshua Hayes  
Clerk of the Senate  

O. A. Blanchenship  
Clerk of the House of Delegates

Howard Kamez  
President of the Senate

N. J. Jamarah  
Speaker House of Delegates

The within ___________________________ Approved this the 15th
day of ___________________________ February, 1966.

Hulet C. Smith  
Governor