

501.416 Determination and authorization of indemnification.

1. A cooperative shall not indemnify a director under section 501.412 unless authorized for a specific proceeding after a determination has been made that indemnification of the director is permissible because the director has met the relevant standard of conduct set forth in section 501.412.

2. The determination shall be made by one of the following:

a. If there are two or more disinterested directors, by the board of directors by a majority vote of all the disinterested directors, a majority of whom shall for such purpose constitute a quorum, or by a majority of the members of a committee of two or more disinterested directors appointed by such a vote.

b. By special legal counsel.

(1) The special legal counsel shall be selected in the manner described in paragraph "a".

(2) If there are fewer than two disinterested directors, special legal counsel shall be selected by the board of directors, in which selection directors who do not qualify as disinterested directors may participate.

c. By the members, but voting interests owned by or voted under the control of a director who at the time does not qualify as a disinterested director shall not be voted on the determination.

3. Authorization of indemnification shall be made in the same manner as the determination that indemnification is permissible, except that if there are fewer than two disinterested directors or if the determination is made by special legal counsel, authorization of indemnification shall be made by those entitled under subsection 2, paragraph "b", to select special legal counsel.

98 Acts, ch 1152, §25, 69; 2003 Acts, ch 66, §21

Referred to in §501.411, 501.419