490.860 Part definitions.

As used in this part, unless otherwise specified:

- 1. "Control", including the term "controlled by", means any of the following:
- a. Having the power, directly or indirectly, to elect or remove a majority of the members of the board of directors or other governing body of an entity, whether through the ownership of voting shares or interests, by contract, or otherwise.
- b. Being subject to a majority of the risk of loss from the entity's activities or entitled to receive a majority of the entity's residual returns.
- 2. "Director's conflicting interest transaction" means a transaction effected or proposed to be effected by the corporation, or by an entity controlled by the corporation, to which, or respecting which, any of the following applies:
 - α . To which, at the relevant time, the director is a party.
- b. Respecting which, at the relevant time, the director had knowledge and a material financial interest known to the director.
- c. Respecting which, at the relevant time, the director knew that a related person was a party or had a material financial interest.
- 3. "Fair to the corporation" means, for purposes of section 490.861, subsection 2, paragraph "c", that the transaction as a whole was beneficial to the corporation, taking into appropriate account whether it was all of the following:
 - α . Fair in terms of the director's dealings with the corporation.
- b. Comparable to what might have been obtainable in an arm's length transaction, given the consideration paid or received by the corporation.
- 4. "Material financial interest" means a financial interest in a transaction that would reasonably be expected to impair the objectivity of the director's judgment when participating in action on the authorization of the transaction.
 - 5. "Related person" means any of the following:
 - a. The individual's spouse.
- b. A child, stepchild, grandchild, parent, stepparent, grandparent, sibling, stepsibling, half sibling, aunt, uncle, niece, or nephew, or spouse of any such person, of the individual or of the individual's spouse.
 - c. A natural person living in the same home as the individual.
- d. An entity, other than the corporation or an entity controlled by the corporation, controlled by the individual or any person specified in this subsection.
 - e. Any of the following:
- (1) A domestic or foreign business or nonprofit corporation, other than the corporation or an entity controlled by the corporation, of which the individual is a director.
- (2) A domestic or foreign unincorporated entity of which the individual is a general partner or a member of the governing body.
- (3) A domestic or foreign individual, trust, or estate for whom or of which the individual is a trustee, guardian, personal representative, or like fiduciary.
 - f. A person that is, or an entity that is controlled by, an employer of the individual.
 - 6. "Relevant time" means the following:
- a. The time at which directors' action respecting the transaction is taken in compliance with section 490.862.
- b. If the transaction is not brought before the board of directors or a board committee for action under section 490.862, at the time the corporation or an entity controlled by the corporation becomes legally obligated to consummate the transaction.
 - 7. "Required disclosure" means disclosure of all of the following:
 - a. The existence and nature of the director's conflicting interest.
- b. All facts known to the director respecting the subject matter of the transaction that a director free of such conflicting interest would reasonably believe to be material in deciding whether to proceed with the transaction.

2013 Acts, ch $31,\,\$40,\,82;\,2014$ Acts, ch $1092,\,\$106;\,2021$ Acts, ch $165,\,\$119,\,230$ Referred to in $\$490.202,\,490.862,\,490.863,\,490.870,\,491.16A$