

16-6a-902 Authority to indemnify directors.

- (1) Except as provided in Subsection (4), a nonprofit corporation may indemnify an individual made a party to a proceeding because the individual is or was a director, against liability incurred in the proceeding if:
 - (a) the individual's conduct was in good faith;
 - (b) the individual reasonably believed that the individual's conduct was in, or not opposed to, the corporation's best interests; and
 - (c) in the case of any criminal proceeding, the individual had no reasonable cause to believe the individual's conduct was unlawful.
- (2) A director's conduct with respect to any employee benefit plan for a purpose the director reasonably believed to be in or not opposed to the interests of the participants in and beneficiaries of the plan is conduct that satisfies the requirement of Subsection (1)(b).
- (3) The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent is not, of itself, determinative that the director did not meet the standard of conduct described in this section.
- (4) A nonprofit corporation may not indemnify a director under this section:
 - (a) in connection with a proceeding by or in the right of the nonprofit corporation in which the director was adjudged liable to the nonprofit corporation; or
 - (b) in connection with any other proceeding charging that the director derived an improper personal benefit, whether or not involving action in the director's official capacity, in which proceeding the director was adjudged liable on the basis that the director derived an improper personal benefit.
- (5) Indemnification permitted under this section in connection with a proceeding by or in the right of the nonprofit corporation is limited to reasonable expenses incurred in connection with the proceeding.

Enacted by Chapter 300, 2000 General Session