

- (3) A committee of the Board of Directors of which he is not a member if the Director believes, in good faith, the committee merits confidence. (Only for Directors).

VCA § 13.1-870.

2. CONFLICT OF INTEREST TRANSACTION.

(a) Conflict of Interest Transaction. A conflict of interest transaction is not voidable by the Corporation solely because of a Director's or Officer's interest in the transaction if any one (1) of the following is true:

- (1) The material facts of the transaction and the Director's or Officer's interest were disclosed or known to the Board of Directors or committee of the Board of Directors and the Board or committee authorized, approved, or ratified the transaction; or
- (2) The transaction was fair to the Corporation.

(b) Indirect Interest. A Director or Officer of the Corporation has an indirect personal interest in the transaction if, but not only if, another entity in which the Director or Officer has a material financial interest in is a party to the transaction; another entity in which the Director or Officer is a general partner is a party to the transaction; or another entity of which the Director or Officer is a governor, director, manager, officer, or trustee is a party to the transaction. All such interests should be disclosed to and be considered by the Board of Directors.

(c) Authorization, Approval, and Ratification Under Subsection (a)(1). A conflict of interest transaction is authorized, approved or ratified if it receives the affirmative vote of a majority of the Directors on the Board, or on the committee, who have no direct or indirect personal interest in the transaction, but a transaction may not be authorized, approved, or ratified by a single Director. If a majority of the Directors who have no direct or indirect personal interest in the transaction vote to authorize, approve or ratify the transaction, a quorum is present for the purpose of taking action under this provision. The presence of, or a vote cast by, a Director with direct or indirect personal interest in the transaction does not affect the validity of any action taken under subsection (a)(1) if the transaction is otherwise authorized, approved or ratified as provided in that subsection.

VCA § 13.1-871.