

Contact: Aimee Clayton

**PROPOSED ACQUISITION OF
IOWA VETERINARY SPECIALTIES, P.C.**

Actions Requested: Consider the following actions requested by Iowa State University related to the acquisition of assets of Animal Emergency Clinic, PC d/b/a Iowa Veterinary Specialties, PC (IVS) for the amount of \$4.56 million, and authorize the operation of IVS through a non-profit entity (Iowa Veterinary Services Corporation) affiliated with the University:

1. Approve the University's request to purchase real estate located at 6110 and 6120 Creston Avenue, Des Moines, Iowa 50321 from IVS at the price of \$1,550,000, and approve the University's proposed financing plan for the purchase of the real estate and business assets (\$3,010,000) of IVS.
2. Approve the Restated Articles of Incorporation and By-laws of Iowa State University Equities Corporation, and authorize the Executive Director of the Board of Regents and Iowa State University to take actions necessary to adopt the restated Articles of Incorporation and By-laws and to execute the Real Estate Lease.
3. Delegate to the University the authority to execute the Asset Purchase Agreement, Affiliation Agreement and Repayment Agreement.

(ROLL CALL VOTE)

Executive Summary: Iowa State University (ISU or University) is requesting approval of a number of actions related to the acquisition of Iowa Veterinary Specialties. Iowa Veterinary Specialties is a modern 7200 square foot private veterinary hospital that is comprised of a 24 hour small animal emergency facility and a surgical and internal medicine specialty practice. The proposed acquisition of IVS includes the real estate, equipment and active veterinary practice.

Background: The purchase of IVS will provide the opportunity for enhancement of clinical and educational experiences for Iowa State University veterinary students and residents. Ownership of IVS will create an avenue for translating clinical research into practice. It also offers a unique venue for the College of Veterinary Medicine to enhance continuing education for the veterinarians, technicians and animal owners of the greater Des Moines community.

IVS is geographically close to the Lloyd Veterinary Medical Center at ISU, enabling collaboration in the provision of comprehensive medical care for both citizens and veterinarians in the greater Des Moines area through diagnostic services and case referrals. As a specialized veterinary hospital IVS serves, rather than competes with, Des Moines veterinary practices.

The University employed the services of Belin McCormick, PC, Simmons and Company and RSM McGladrey as consultants for the proposed acquisition of IVS. The University and its consulting team have completed due diligence. A review of the disclosures indicates IVS's business is in excellent shape and does not have significant outstanding liabilities. The real estate phase 1 environmental scan reveals no known problems. The University has completed a building inspection and finds the built facility to be in sound condition. Real estate and

business appraisals conducted by the consulting team confirm the total purchase price of \$4.56 million to be fair for the assets.

Upon Regent approval, the parties have agreed to close the purchase transaction on January 31, 2011. Individual components of the acquisition are further described below.

Acquisition of Business Assets

Iowa State University proposes the acquisition of substantially all of the business assets of IVS, including real estate, business records, goodwill, equipment, inventory, specified contract rights, intellectual property rights and other property for a total purchase price of \$4.56 million. The real estate will be held by ISU, and the remaining assets will be held by a university-affiliated non-profit entity. Two real estate appraisals were obtained and the real estate purchase price of \$1.55 million is in accordance with Regent Policy Manual. A map showing the location of the real estate is included as Attachment A. The appraisal of the non-real estate assets by Dr. Richard Goebel of Simmons and Company, who has been retained by ISU as an independent veterinary practice consultant, indicates a fair price for the clinic.

The Asset Purchase Agreement provides as follows:

- Detailed descriptions of the acquired and excluded assets.
- A listing of assumed liabilities and contracts, such as equipment leases, and exclusion of the remainder.
- A purchase price allocation agreed to by the Seller and the Buyer as advised by the parties' accountants.
- Usual and necessary representations and warranties of the Seller.
- Usual and necessary representations of the Buyer.
- Closing date deliverables and conditions.
- Seller and Buyer indemnifications, including a deposit in escrow of 10% of the total purchase price, release of which is conditioned upon the Seller meeting the terms of the agreement. The agreement provides for partial release on June 30, 2011 (\$260,000) with the remainder released on March 31, 2012, assuming no claims have been filed.

Reorganization of Iowa State University Equities Corporation (ISU Equities)

Iowa State University proposes reorganization of an existing university-affiliated nonprofit entity, ISU Equities, for the purpose of operating IVS. ISU Equities is expected to retain its IRS status as an exempt organization after reorganization. ISU Equities will be renamed "ISU Veterinary Services Corporation" (ISU-VSC) and reorganized for the purposes of serving Iowa State University's College of Veterinary Medicine. Amended Articles of Incorporation and By-laws are included in Attachment B.

The University will be the sole corporate member of ISU-VSC, and the Board of Directors will be comprised of three ISU officials or employees and two veterinarians serving the Des Moines Metropolitan area. As the sole corporate member, the University must consent to any action to amend the Articles of Incorporation and the By-laws, to dispose of substantially all of the corporation's assets, to engage in any corporate restructure, to incur long-term debt in excess of \$500,000, and to voluntarily dissolve. Upon dissolution, the assets of ISU-VSC shall be distributed to the University.

ISU-VSC is to be organized exclusively for charitable, scientific and educational purposes, including providing:

- Iowa State University veterinary students and residents with opportunities for experiential learning.
- Faculty and staff of the ISU College of Veterinary Medicine with opportunities to assist in the provision of quality veterinary health care in the greater Des Moines area.
- Researchers at the ISU College of Veterinary Medicine with opportunities to advance the practice of veterinary medicine.
- Support to the ISU College of Veterinary Medicine and a physical location to conduct continuing education programs for veterinarians and their staff in the greater Des Moines area.
- Quality emergency and specialty veterinary care in the greater Des Moines area by serving the greater Des Moines veterinary community and the its clients.

Financing Plan

Iowa State University will purchase the real estate at price of \$1.55 million utilizing the Wells Fargo Master Lease. Wells Fargo has agreed to finance the purchase of the real estate, and ISU is working with the law firm of Ahlers and Cooney, PC to finalize these arrangements. The real estate will then be leased to ISU Veterinary Services Corporation (ISU-VSC) for the operation of the business. ISU-VSC will be responsible for repayment of the purchase price of the real estate, including interest at an estimated rate of 5.4% per annum. ISU-VSC shall make twenty consecutive semi-annual payments, with the first payment due May 1, 2011.

The balance of the purchase price for the non-real estate assets, \$3.01 million, will be financed by a loan from the Iowa State University 1993 Trust. The President of the University is the sole trustee and has the authority to approve investments with no restrictions. The loan and repayment schedule for the non-real estate assets will provide an appropriate rate of return on the Trust. The outstanding principal balance shall bear interest at an estimated rate of 5.4% per annum. Beginning May 1, 2011, ISU-VSC will be responsible for making twenty consecutive semi-annual payments, with the loan set to mature on November 1, 2020.

In order to assist ISU-VSC in meeting its initial business operating needs, the University proposes advancing ISU-VSC working capital in the amount of \$450,000 to be financed through a loan from the Iowa State University 1993 Trust. As indicated in ISU-VSC's cash flow statement, included as Attachment C, it is anticipated that ISU-VSC will begin repayment of the working capital advance plus interest at an estimated rate of 5.4% per annum in 2014.

The financial pro forma and cash flow statements for ISU Veterinary Services Corporation, which have been reviewed by Dr. Goebel, conservatively indicate adequate cash flows and net revenues to meet the clinic's financial obligations. These projections assume modest revenue growth and do not include an adjustment for operating efficiencies anticipated by having a relationship with the Lloyd Veterinary Medical Center. The College of Veterinary Medicine is committed to meeting all of the operating and financial obligations associated with acquiring IVS.

Affiliation Agreement

The relationship between the University and ISU-VSC will be governed by an Affiliation Agreement, which includes the following terms:

- The University will lease the acquired real estate to ISU-VSC.
- ISU-VSC will repay the financial costs of acquisition of both the real estate and business assets of IVS as provided in the financial plan. ISU-VSC shall grant the University a security interest in all assets, including cash accounts, investments, receivables and equipment to assure repayment.
- ISU-VSC and the University shall collaborate in areas of research, continuing veterinary education and improvement of the practice of veterinary medicine.
- IVS shall be available for clinical rotations for ISU students, who shall be under the supervision of IVS staff.
- Upon approval of IVS, ISU faculty may be granted privileges to practice at IVS.
- The University shall provide assistance in recruiting talented specialists and training IVS clinicians and staff in other areas as reasonably requested.
- IVS will refer cases which require care beyond IVS' capability or capacity to ISU Lloyd Medical Center.
- IVS will use the diagnostic services of ISU College of Veterinary Medicine Diagnostics when such services are beyond IVS' capability or capacity.
- IVS shall remain fully responsible for provision of professional veterinary services.

Documents referenced above which are not attached to this memorandum are available from the Board Office.

RESTATED ARTICLES OF INCORPORATION
OF
ISU VETERINARY SERVICES CORPORATION

TO THE SECRETARY OF STATE OF THE STATE OF IOWA:

Pursuant to the provisions of the Revised Iowa Non-Profit Corporation Act, Chapter 504 of the Code of Iowa (the "Act"), ISU Veterinary Services Corporation (the "Corporation") adopts the following Restated Articles of Incorporation:

ARTICLE 1. NAME

The name of the Corporation is **ISU Veterinary Services Corporation**. The Corporation was formerly known as Iowa State University Equities Corporation.

ARTICLE 2. CORPORATE EXISTENCE

The corporate existence of the Corporation began on May 4, 1987 and shall continue perpetually hereafter unless dissolved as provided by law.

ARTICLE 3. MEMBERS

The Corporation has one Member: Iowa State University of Science and Technology ("Iowa State University"), an institution of higher education established under the laws of the State of Iowa pursuant to Chapters 262 and 266 of the Iowa Code. Any action or consent undertaken in the name of the Member by the individual then-serving as President of the Member (including in an Acting or Interim capacity) shall constitute action or consent of the Member for all purposes of these Articles.

ARTICLE 4. DIRECTORS

The number of directors and their terms of service shall be as set forth in the Bylaws of the Corporation.

ARTICLE 5. PURPOSES AND POWERS

5(a) General Purposes.

The Corporation is organized exclusively for charitable, scientific and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended from time to time (the "Code").

5(b) Primary Purposes.

The primary purpose of the Corporation is to support and promote the welfare and mission of Iowa State University and of its faculty, staff, residents, graduates, students and former students by:

- (1) Providing Iowa State University veterinary students and residents with opportunities for experiential learning;
- (2) Providing faculty and staff of the Iowa State University College of Veterinary Medicine with opportunities to assist in the provision of quality veterinary health care in the greater Des Moines, Iowa, area;
- (3) Providing researchers at the Iowa State University College of Veterinary Medicine with opportunities to advance the practice of veterinary medicine;
- (4) Providing support to the Iowa State University College of Veterinary Medicine and a physical location to conduct continuing education programs for veterinarians and their staff in the greater Des Moines, Iowa, area; and
- (5) Providing quality emergency and specialty veterinary care in the greater Des Moines, Iowa, area by serving the greater Des Moines veterinary community and their clients.

5(c) Powers.

As a means of accomplishing the foregoing purposes, and except as otherwise provided herein or in the Bylaws of the Corporation, the Corporation shall have all of the general powers set forth in the Act, as amended from time to time. These general powers shall be exercised exclusively for the attainment of the charitable, scientific and educational purposes of the Corporation as set forth in this Article.

ARTICLE 6. LIMITATIONS ON POWERS

6(a) No Private Benefit.

No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, any director or officer of the Corporation or any private individual (except that reasonable compensation may be paid for services rendered to or for the Corporation affecting one or more of its purposes). No director or officer of the Corporation, or any private individual, shall be entitled to share in the distribution of any of the corporate assets on dissolution of the Corporation.

6(b) Propaganda and Lobbying Activities.

No substantial part of the activities of the Corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, except as otherwise may be permitted in Section 501(h) of the Code. The Corporation shall not participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of (or in opposition to) any candidate for public office.

6(c) Impermissible Activities.

Notwithstanding any other provisions of these Articles, the Corporation shall not conduct or carry on activities not permitted to be conducted or carried on by any organization exempt under

Section 501(c)(3) of the Code, or by any organization contributions to which are deductible under Section 170(c)(2) of the Code.

ARTICLE 7. DISSOLUTION PROVISIONS

7(a) Board of Directors.

Upon the dissolution of the Corporation, the board of directors, after paying or making provisions for the payment of all of the liabilities of the Corporation, shall distribute all of the assets of the Corporation to Iowa State University. Provided, however, upon dissolution and at the direction of Iowa State University the board of directors of the Corporation shall distribute such of the assets of the Corporation as Iowa State University may direct to one or more nonprofit organization or organizations which are operated exclusively for charitable, scientific or educational purposes and which are, at the time of such distribution, exempted from Federal income taxation as organizations described in Section 501(c)(3) of the Code.

7(b) Court Order.

Any assets of the Corporation not disposed of or distributed by the board of directors shall be disposed of pursuant to an order of the District Court of the County in which the principal office of the Corporation is then located, exclusively for the charitable and educational purposes of the Corporation or distributed to one or more nonprofit organizations organized and operated exclusively for charitable or educational purposes and which are, at the time of such distribution, exempted from Federal income taxation as an organization described in Section 501(c)(3) of the Code.

ARTICLE 8. REGISTERED AGENT AND REGISTERED OFFICE

The address of the Corporation's registered office in the State of Iowa is:

1350 Beardshear Hall
Ames, Iowa 50011

and the name of the Corporation's registered agent at such address is Warren R. Madden.

ARTICLE 9. LIMITATIONS ON PERSONAL LIABILITY

9(a) Corporate Debts.

Pursuant to Section 901 of the Act, a Member, director, officer or employee of the Corporation is not liable for the Corporation's debts or obligations.

9(b) Volunteer Liability.

Pursuant to Section 901 of the Act, a Member, director, officer or other volunteer is not personally liable in that capacity to any person for any action taken or failure to take any action in the discharge of the person's duties except liability for any of the following:

- (1) The amount of any financial benefit to which the person is not entitled.
 - (2) An intentional infliction of harm on the Corporation.
 - (3) A violation of the unlawful distribution provisions of Section 835 of the Act.
 - (4) An intentional violation of criminal law.
- 9(c) Expansion of Law.

If the Act is hereafter amended to authorize the further elimination or limitation of liability of the Corporation's Member, directors, officers, employees and volunteers, then the liability of the Corporation's Member, directors, officers, employees and volunteers shall, in addition to the limitation of personal liability provided for herein, be eliminated or limited to the extent of any such amendment, automatically and without any further action, to the fullest extent then permitted by law. Notwithstanding this Article 9, Iowa State University's liability shall not exceed that permitted by Chapter 669 of the Code of Iowa or as otherwise permitted by law.

ARTICLE 10. INDEMNIFICATION

10(a) Mandatory Indemnification.

Pursuant to Section 202(2)(e) of the Act, the Corporation shall be required to indemnify the Corporation's directors (whether or not they are compensated for their services) for liability to a person for any action taken, or any failure to take any action, as a director except liability for any of the following:

- (1) Receipt of a financial benefit to which the director is not entitled.
- (2) Intentional reflection of harm on the Corporation.
- (3) A violation of the unlawful distribution provisions of the Act.
- (4) Intentional violation of criminal law.

10(b) Additional Indemnification.

The Corporation shall exercise all of its permissive indemnification powers under the Act to indemnify and advance expenses to its directors and officers to the fullest extent permitted by law.

10(c) Expansion of Law.

If the Act is hereafter amended to authorize broader indemnification, then the indemnification obligations of the Corporation shall be deemed to be automatically amended without any further action to require the Corporation to indemnify and advance expenses of its directors and officers to the fullest extent then permitted by law.

10(d) No Retroactive Repeal.

Any repeal or modification of this Article shall be prospective only and shall not adversely affect any indemnification obligations of the Corporation with respect to any state of facts existing at or prior to the time of such repeal or modification.

ARTICLE 11. AMENDMENTS

These Articles of Incorporation may be amended at any time and from time to time by the board of directors as provided by the Act with the written approval of the Member. Provided, however that no amendment shall be adopted which disqualifies the Corporation of exemption from Federal income taxation as an organization described in Section 501(c)(3) of the Code.

Dated as of _____, 2010.

ISU VETERINARY SERVICES CORPORATION

By _____
Warren R. Madden, its Secretary

CERTIFICATION REGARDING RESTATED ARTICLES OF INCORPORATION

Pursuant to Section 1006 of the Revised Iowa Non-Profit Corporation Act (the "Act"), the undersigned Corporation hereby certifies that:

- a. The foregoing Restated Articles of Incorporation consolidate all amendments to the Corporation's Articles of Incorporation into a single document.
- b. The Corporation's Board of Directors and sole Member approved all of the amendments contained in the foregoing Restated Articles of Incorporation on _____, 2010 by a sufficient vote and in the manner required by the Act, the Corporation's Articles of Incorporation and the Corporation's Bylaws.
- c. The Restated Articles of Incorporation, and all amendments contained therein, were also approved by the Board of Regents, State of Iowa as required by the Corporation's former Articles of Incorporation and Section 1031 of the Act.

Dated as of _____, 2010

ISU VETERINARY SERVICES CORPORATION

By: _____
Warren R. Madden, its Secretary

BYLAWS
OF
ISU VETERINARY SERVICES CORPORATION

As approved by the Corporation's Board of Directors and sole Member
as of _____, 2010.

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**BYLAWS
OF
ISU VETERINARY SERVICES CORPORATION**

ARTICLE 1. PURPOSES AND OBJECTS

ISU Veterinary Services Corporation (the “Corporation”) will conduct its activities to promote the charitable, scientific and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended from time to time (the “Code”), for which it was organized as set forth in the Articles of Incorporation.

ARTICLE 2. OFFICES

2(a) Principal Office.

The principal office of the Corporation in the State of Iowa shall be located at 6110 Creston, Avenue, Des Moines, Iowa. The Corporation may have such other offices, either within or without the State of Iowa, as the Board of Directors may designate or as the business of the Corporation may require from time to time.

2(b) Registered Office.

The registered office of the Corporation is the office of the Corporation’s registered agent, located at 1350 Beardshear Hall, Ames Iowa.

ARTICLE 3. MEMBERS

The Corporation has one Member: Iowa State University of Science and Technology (“Iowa State University”), an institution of higher education established under the laws of the State of Iowa pursuant to Chapters 262 and 266 of the Iowa Code. Any action or consent undertaken in the name of the Member by the individual then-serving as President of the Member (including in an Acting or Interim capacity) shall constitute action or consent of the Member for all purposes of these Bylaws.

ARTICLE 4. BOARD OF DIRECTORS

4(a) General Powers.

The business and affairs of the Corporation, including the control and disposition of its property and funds, shall be managed by its Board of Directors. The Board of Directors shall have sole authority to establish methods of contributions, accept or reject contributions, or to provide for any other restrictions, qualifications or levels relating to contributions which it in its sole discretion deems necessary, subject to applicable legal requirements.

In accepting gifts, bequests, and devises it is the intention that the directors will manage the affairs in such a manner so as to comply with the meaning of the terms and limitations of the Articles of Incorporation and these Bylaws so that such actions will not jeopardize the Federal

income tax exemption of the Corporation pursuant to the provisions of Section 501(c)(3) of the Code.

4(b) Limitations on Board Powers.

The following actions may not be taken by the Corporation without first receiving the approval of the Corporation's sole Member.

- (1) The voluntary dissolution of the Corporation.
- (2) The sale, conveyance, leasing, transfer or other disposition of substantially all of the Corporation's assets.
- (3) Any merger, consolidation or other corporate restructuring transaction of any kind.
- (4) The authorization of the Corporation to incur long-term debt to a bank or another financial institution or any other entity in excess of Five Hundred Thousand Dollars (\$500,000).
- (5) The amendment of the Corporation's Articles of Incorporation.
- (6) The amendment of the Corporation's Bylaws.

4(c) Director Classes.

The Board of Directors shall be comprised of three (3) ISU Directors and two (2) Community Directors as provided by this Article.

4(d) ISU Directors.

The number of the ISU Directors shall be three (3). The ISU Directors shall be as follows:

- (1) The individual then-serving (including in an Acting or Interim capacity) as the Executive Vice President and Provost of Iowa State University or an alternate individual designated in writing by the Executive Vice President and Provost of Iowa State University as having the power to attend and vote at meetings of the Corporation's Board of Directors in the place of the Executive Vice President and Provost of Iowa State University. The Executive Vice President and Provost of Iowa State University may revoke the designation at any time by giving written notice to the alternate individual.
- (2) The individual then-serving (including in an Acting or Interim capacity) as the Vice President of Business and Finance of Iowa State University or an alternate individual designated in writing by the Vice President of Business and Finance of Iowa State University as having the power to attend and vote at meetings of the Corporation's Board of Directors in the place of the Vice President of Business and Finance of Iowa State University. The Vice President of Business and Finance of Iowa State University may revoke the designation at any time by giving written notice to the alternate individual.

- (3) The individual then-serving (including in an Acting or Interim capacity) as Dean of the College of Veterinary Medicine of Iowa State University or an alternate individual designated in writing by the Dean of the College of Veterinary Medicine of Iowa State University as having the power to attend and vote at meetings of the Corporation's Board of Directors in the place of the Dean of the College of Veterinary Medicine of Iowa State University. The Dean of the College of Veterinary Medicine of Iowa State University may revoke the designation at any time by giving written notice to the alternate individual.

Any written designation or notice of revocation issued by an ISU Director shall be provided to the alternate individual and to the President of the Board of Directors.

4(e) Community Directors.

The number of Community Directors shall be two (2). Community Directors shall be licensed veterinarians who are or who have practiced veterinary medicine in Polk County, Dallas County or Warren County in the State of Iowa. Each Community Director shall be appointed by the individual then-serving as President (including in an Acting or Interim capacity) of Iowa State University for a term of two (2) years or such shorter or longer term as such appointing President may designate, and shall hold office until the expiration of their term or until their respective successors are elected and qualified. Any Community Director may at any time resign by serving written notice thereof on the Corporation's President, or may be removed by the President of Iowa State University when, in the judgment of the President of Iowa State University, the best interests of the Corporation would be served by such Community Director's removal. Community Directors may be appointed to successive terms.

4(f) Ex-Officio Non-Voting Board Meeting Attendees.

The individuals then-serving as (i) the Chief Executive Officer of the Corporation and (ii) the Executive Director of the Lloyd Veterinary Medical Center of the Iowa State University College of Veterinary Medicine shall, whenever able, attend all meetings of the Corporation's Board of Directors, but these individuals will not be an actual Director of the Corporation and may not cast any votes at any meetings of the Corporation's Board of Directors.

4(g) Annual Meeting.

The Annual Meeting of the Board of Directors shall be held, either within or without the State of Iowa, during the month of June of each year at a time and place designated by resolution of the Board of Directors.

4(h) Regular Meetings.

Regular Meetings of the Board of Directors shall be held, either within or without the State of Iowa, no less frequently than once each calendar quarter at a time and place designated by resolution of the Board of Directors. The Board of Directors may designate by resolution the time and place, either within or without the State of Iowa, for the holding of additional regular meetings without other notice than such resolution.

4(i) Special Meetings.

Special Meetings of the Board of Directors may be called by or at the request of the Chair or a majority of the directors. The person or persons authorized to call Special Meetings of the Board of Directors may fix any place, either within or without the State of Iowa, as the place for holding any Special Meeting of the Board of Directors called by them.

4(j) Attendance by Communicating Equipment.

Any director may participate in any meeting of the Board of Directors through communication equipment permitting all participants to communicate with each other, and such participation shall constitute attendance at such meeting.

4(k) Notice.

Notice of any Special Meeting shall be given at least ten (10) days previously thereto by written notice delivered personally or mailed to each director at his or her personal or business address or by such other means as provided for under law, including the use of an electronic notice. Such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid, or when sent electronically. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except when a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Except as otherwise provided in these Bylaws, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

4(l) Quorum and Voting.

- (1) As long as at least two ISU Directors are in attendance (in person or by telephone), a majority of the total number of directors (and not a majority of each class of directors) shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting without further notice. Consistent with the prior sentence, a quorum for the transaction of business at any meeting of the Board of Directors will not be established unless at least two (2) ISU Directors attend a meeting of the Board of Directors.
- (2) Except as otherwise provided in the Articles of Incorporation or these Bylaws, at any meeting where a quorum is present approval of a majority of the directors (and not a majority of each class of voting directors) shall be sufficient to constitute approval by the Board of Directors.

4(m) Rules of Procedure.

Except as otherwise provided by the laws of the State of Iowa, the Articles of Incorporation, these Bylaws or a resolution of the Board of Directors, the rules of procedure at meetings of the

Board of Directors shall be the rules contained in Robert's Rules of Order, newly revised from time to time.

4(n) Presumption of Assent.

A director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file his or her written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

4(o) Informal Action by Directors.

Any action required to be taken at a meeting of the directors, or any other action which may be taken at a meeting of the directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof. For purposes hereof, facsimile signatures shall be adequate to show consent.

4(p) Compensation.

Directors shall serve without compensation, except reasonable expenses may be paid.

ARTICLE 5. OFFICERS

5(a) Officers Appointment.

The officers of the Corporation shall be a President, a Vice President, a Secretary, a Treasurer and a Chief Executive Officer.

5(b) President.

One director of the Corporation shall be elected by the Board of Directors at the Annual Meeting to serve as President for a one (1) year term, or until his or her successor is elected and qualified. The President shall, when present, preside as chair of all meetings of the Board of Directors. The President may sign, with the Secretary or any other proper officer of the Corporation authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

5(c) Vice President.

One director of the Corporation shall be elected by the Board of Directors at the Annual Meeting to serve as Vice President for a one (1) year term, or until his or her successor is elected and

qualified. In the absence of the President or in the event of the President's death, inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

5(d) Secretary.

The individual then-serving (including in an Acting or Interim capacity) as the Vice President for Business and Finance of Iowa State University shall serve as Secretary of the Corporation.

The Secretary shall:

- (1) keep the minutes of the Board of Directors' meetings in one or more books provided for that purpose;
- (2) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law;
- (3) be custodian of the corporate records;
- (4) keep a register of the post office and electronic mail addresses of each member of the Board of Directors which shall be furnished to the Secretary by such member; and
- (5) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

5(e) Treasurer.

The individual then-serving (including in an Acting or Interim capacity) as the Vice President for Business and Finance of Iowa State University shall serve as Treasurer of the Corporation.

The Treasurer shall:

- (1) oversee the financial affairs of the Corporation and cause to be maintained regular books of account;
- (2) oversee the compilation and distribution to each director an annual report of the activities of the Corporation, including a statement of receipts and expenditures and cause to be prepared such other financial reports as the Board of Directors may request from time to time; and
- (3) in general perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

5(f) Chief Executive Officer.

The Chief Executive Officer shall be a salaried employee of the Corporation hired by the President with the consent of the Board of Directors. The Chief Executive Officer shall not be a voting member of the Board of Directors. The Chief Executive Officer shall:

- (1) assist the President in his or her duties;
- (2) attend all meetings of the Board of Directors, except as such Board may require to privately discuss the Chief Executive Officer's performance, retention or compensation;
- (3) be the principal executive officer of the Corporation and, subject to the control of the Board of Directors, shall in general supervise and control the business operations and affairs of the Corporation;
- (4) retain and oversee all other employees of the Corporation;
- (5) be responsible for implementing the policies of the Board of Directors;
- (6) serve as a nonvoting member of all committees of the Corporation, except as may be provided by the Board of Directors; and
- (7) perform such other duties as may be specifically designated by the Board of Directors or the Chair or specified in the Chief Executive Officer's employment contract (if any).

5(g) Resignation and Removal.

Any officer may at any time resign by serving written notice thereof on the Board of Directors. Such resignation shall take effect upon receipt thereof or at any later time specified therein; and, unless otherwise specified therein, acceptance thereof shall not be necessary to make it effective. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby. The President, Vice President, Secretary and Treasurer shall automatically be removed if the individual holding the subject office is no longer a member of the Board of Directors due to death, resignation or removal. The Chief Executive Officer shall be removed automatically if such person ceases employment with the Corporation due to death, resignation or removal.

5(h) Vacancies.

A vacancy in any office because of death, resignation, removal, disqualification or otherwise shall be filled in accordance with the provisions of these Bylaws with respect to the original appointment to such office.

5(i) Bond.

Except as otherwise required by the Board of Directors, the officers of the Corporation shall serve without bond.

5(j) Assistants and Acting Officers.

The Board of Directors or any officer, duly authorized by the Board of Directors, may appoint any person to act as assistant to any officer, or to perform the duties of such officer whenever it is impractical for such officer to act personally, and such assistant or acting officer may perform all the duties of the office to which appointed as assistant, except as such power may otherwise be defined or restricted by the Board or the appointing officer.

5(k) Compensation.

The President, Vice President, Secretary and Treasurer shall serve without compensation, except reasonable expenses may be paid. The salaries of the Chief Executive Officer and all assistant and acting officers shall be fixed from time to time by the Board of Directors.

ARTICLE 6. COMMITTEES OF THE BOARD OF DIRECTORS

6(a) General.

The President, with the Board of Directors' concurrence, may establish and appoint such standing and special committees as shall be deemed desirable for the endeavors of the Corporation. A standing or special committee shall limit its activities to the accomplishment of those tasks for which it was appointed and shall have no powers, except those specifically conferred by action of the Board of Directors. Upon the completion of the task(s) assigned to any special committee, the special committee shall be discharged.

6(b) Committee Membership.

Subject to the limitations of this Article and any resolution of the Board of Directors, persons may be appointed to serve on standing or special committees whether or not they are officers or directors of the Corporation. All standing or special committee members shall serve at the pleasure of the Board of Directors. The Board of Directors shall review and reappoint persons to membership on all standing and special committees at the Board of Directors' Annual Meeting.

6(c) Reports.

Except as otherwise provided in the Board of Directors' resolution approving the establishment and appointment of a standing or special committee, all committees shall maintain written minutes of their meetings which shall be available to the Board of Directors. Each committee shall report in writing to the Board of Directors as necessary and shall, at a minimum, submit a written report of the committee's activities at the Board of Directors' annual meeting.

6(d) Meetings.

All committees shall meet at such time and place as designated by the chairperson of the committee and as often as necessary to accomplish their duties.

6(e) Limitations on Delegation.

Notwithstanding any other provision of this Article, no standing or special committee shall possess the authority of the Board of Directors in reference to amending, altering or repealing any resolution of the Board of Directors or recommending to the Member any of the actions set forth in Article 4(b).

ARTICLE 7. LIMITATIONS ON CORPORATE POWERS

7(a) No Private Benefit.

No part of the net earnings of the Corporation shall inure to the benefit of or be distributable to any director or officer of the Corporation or any private individual (except that reasonable compensation may be paid for services rendered to or for the Corporation affecting one or more of its purposes). No director or officer of the Corporation, or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the Corporation.

7(b) Propaganda and Lobbying Activities.

No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, except as otherwise may be permitted in Section 501(h) of the Code. The Corporation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of (or in opposition to) any candidate for public office.

7(c) Impermissible Activities.

Notwithstanding any other provisions of these Bylaws, the Corporation shall not carry on any activities not permitted to be carried on (1) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code or (2) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

ARTICLE 8. CONFLICTS OF INTEREST

The Board of Directors shall maintain a conflict of interest policy for the Corporation's directors, officers, and staff and other interested persons with respect to the Corporation.

ARTICLE 9. INDEMNIFICATION

In addition to the indemnifications required of the Corporation pursuant to the Corporation's Articles of Incorporation, the Corporation shall have the power, in the discretion of the Board of Directors, to indemnify, advance defense expenses to and provide liability insurance for its directors, officers, employees, committee members, agents and volunteers to the fullest extent allowed by the Revised Iowa Nonprofit Corporation Act, as amended from time to time. It is hereby acknowledged that those serving as directors, officers, employees, committee members, agents and volunteers of the Corporation have agreed to serve in their respective capacities in part upon reliance on this provision and in reliance on the limitation of liability and indemnification provisions set forth in the corporation's Restated Articles of Incorporation.

ARTICLE 10. CONTRACTS, LOANS, CHECKS AND DEPOSITS

10(a) Contracts.

The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

10(b) Loans.

No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances. The Corporation shall make no loan to any officer or director of the Corporation.

10(c) Checks, Drafts, etc.

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by the Treasurer or such other officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

10(d) Deposits.

All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE 11. WAIVER OF NOTICE

Whenever any notice is required to be given to any Member or director of the Corporation under the provisions of the Articles of Incorporation or under the provisions of the Iowa Nonprofit Corporation Act, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. For purposes hereof, facsimile signatures shall be adequate to show consent for such waiver.

ARTICLE 12. FISCAL YEAR

The fiscal year of the Corporation shall begin on the first day of July in each year and end on the last day of June in the following year.

ARTICLE 13. SEAL

The Corporation shall have no corporate seal.

ARTICLE 14. NO EMPLOYMENT CONTRACT

Nothing in these Bylaws shall constitute an employment contract with any director, committee member or employee.

ARTICLE 15. AMENDMENTS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by (i) a majority vote of all members of the Board of Directors, at any regular or special meeting of the Board of Directors provided that a minimum of fourteen (14) days' advance notice in writing of the character of the proposed alteration, amendment or repeal is given to all Directors and (ii) the approval of the Member.

CERTIFICATION

These Bylaws were duly approved and adopted by the Board of Directors of the Corporation at a meeting on _____, 2010, to be effective immediately.

ISU VETERINARY SERVICES
CORPORATION

By _____
Warren R. Madden, its Secretary

ISU Veterinary Services Cash Flow

ISU IVS	Pre	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Cash on Hand*	450,000	450,000	298,265	242,565	294,546	311,462	448,289	554,313	1,011,031	1,561,600	2,212,167	2,969,562
Cash receipts	-	4,727,003	4,963,354	5,211,521	5,472,097	5,745,702	6,032,987	6,334,637	6,651,368	6,983,937	7,333,134	7,699,790
Cash available	450,000	5,177,003	5,261,618	5,454,087	5,766,643	6,057,165	6,481,276	6,888,950	7,662,400	8,545,537	9,545,300	10,669,353
Cash Payments												
G&A Expenses**	3,618,415	3,757,070	3,832,298	3,832,298	3,909,735	3,991,715	4,121,724	4,256,076	4,395,587	4,540,493	4,690,739	4,854,436
Principal 1 -	270,553	243,317	257,050	271,118	285,956	301,350	318,099	318,099	335,508	353,870	373,180	-
\$3,010,000												
Principal 2 -	139,119	125,482	132,350	139,593	147,233	155,291	163,790	163,790	172,754	182,208	192,180	-
\$1,550,000												
Cost of Goods Sold	850,651	893,184	937,843	984,735	1,033,972	1,085,670	1,139,954	1,196,952	1,256,799	1,319,639	1,385,621	
Repay ISU 1993 Trust**					150,000	150,000	262,928					
Total cash out	4,878,739	5,019,053	5,159,540	5,455,181	5,608,876	5,926,963	5,877,918	5,877,918	6,100,800	6,333,370	6,575,738	6,240,057
Cash available	450,000	298,265	242,565	294,546	311,462	448,289	554,313	1,011,031	1,561,600	2,212,167	2,969,562	4,429,295
Cash forward	450,000	298,265	242,565	294,546	311,462	448,289	554,313	1,011,031	1,561,600	2,212,167	2,969,562	4,429,295

*Working capital to be provided as a short term loan from ISU 1993 Trust to be repaid including interest

**General and Administrative expenses; includes interest expense

Assumptions: 5.4% interest; 10 years; 5% revenue growth; 3% CPI (2011-2015); 4% CPI (2016-2021); 5% MCPI (2011-2021)

Does not include earnings on bank deposits