MAINTAINING ADEQUATE FINANCIAL RESERVES:

To ensure that KSURF can fulfill its technology transfer mission to serve Kansas State University in the future, adequate financial reserves must be maintained. Optimally, the “liquid assets” of KSURF, defined as the sum of current cash accounts and the market value of the investment account managed by the KSU Foundation, should remain above “restricted reserves”, defined as a base of two times the sum of the current fiscal year’s budgeted legal, maintenance fee, and operating expenses plus the available balance of Board designated funds, resulting in “excess reserves”. Under such optimal circumstances, the President of KSURF or his/her designee is authorized to take the following actions without prior approval of the KSURF Board of Directors or Executive Committee:

1. Make application for domestic legal protection of intellectual property for which a licensee has committed to covering the costs of such legal protection or for which KSURF deems advisable.
2. Make application for Patent Cooperation Treaty (PCT) protection of intellectual property for which domestic legal protection has been applied. (Nonetheless, National Phase patent applications should not be filed in countries other than the United States unless the intellectual property has been licensed and the licensee has committed to covering the costs of pursuing international legal protection.)
3. Continue international prosecution of previously licensed intellectual property which KSURF deems advisable.
4. License intellectual property to a start-up or other entity under conditions whereby KSURF takes an equity position in the entity in lieu of cash or where KSURF is responsible for funding continuing legal protection without immediate reimbursement.

Under conditions where the optimal financial circumstances are not met, the following operating guidelines will apply:

1. If the liquid assets fall below the base at the end of any quarter of the KSURF fiscal year, prior approval of the KSURF Board of Directors or Executive Committee is required before intellectual property is licensed to a start-up or other entity under conditions whereby KSURF takes an equity position in the entity in lieu of cash or where KSURF is responsible for funding continuing legal protection without immediate reimbursement.
2. If the liquid assets fall below seventy-five percent of the base at the end of any quarter of the KSURF fiscal year, prior approval of the KSURF Board of Directors or Executive Committee is required before new PCT patent applications are filed and prosecution of international patent applications where KSURF is responsible for funding continuing legal protection.
3. If the liquid assets fall below fifty percent of the base at the end of any quarter of the KSURF fiscal year, prior prioritization and approval of the KSURF Board of Directors or Executive Committee is required before new domestic patent applications are filed.

(Enacted by the KSURF Board of Directors on 15 December 1998, last updated 8 December 2011)