

## **MAINTAINING ADEQUATE FINANCIAL RESERVES:**

To ensure that KSURF can fulfill its mission to serve Kansas State University in the future, adequate financial reserves must be maintained. Optimally, the “restricted reserves” of KSURF should remain above a base of two times the sum of the current year’s budgeted legal, maintenance fee, and operating expenses. Restricted reserves are based on liquid assets measured by the sum of current cash accounts and the market value of the investment account managed by the KSU Foundation. 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 the Intellectual Property Advisory Committee has recommended such protection, for which a licensee has committed to covering the costs of such legal protection, or for which KSURF deems advisable.
2. Make application for PCT Chapter 1 and Chapter 2 protection for any 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. 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 restricted reserves 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 restricted reserves 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 Chapter 1 or Chapter 2 patent applications are filed.
3. If the restricted reserves 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.