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REPRESENTATION ON BOARDS OF START-UP COMPANIES:

Fostering new start-up enterprises derived from research at Kansas State University (KSU) is a key strategy for the development and commercialization of new technologies. The KSU Research Foundation (KSURF) may receive equity interests in such ventures as consideration for the licensing of technologies or the provision of other university-based services to them. In some instances, KSURF may be a substantial shareholder in the venture, and as a result, KSURF's interests on behalf of KSU must be represented.

The nomination and election of directors to represent KSURF on the boards of start-up companies that are fundamentally based upon KSU-related technologies, expertise, and/or other resources shall occur under the following conditions:

1. KSURF can identify individuals willing to serve who have qualifications and experience relevant to the task and the company's needs, and
 - KSURF holds a percentage to be determined at the discretion of the Board, and/or the Executive Committee acting on behalf of the Board, of the voting shares of the company at the time of appointment of the representative directors, or
 - The company offers potential for both (a) deploying the benefits of university research for public use through commercial application, and (b) generating financial and other returns to the institution to assist it in fulfilling its mission, and the company requests such nominations from KSURF.
2. Such appointments will continue until material changes in the company suggest that they are no longer needed or appropriate.
3. All actions by such directors shall be in the best interest of KSURF.

Members of boards of directors of companies incur significant statutory obligations and fiduciary responsibilities. Under circumstances wherein the director represents KSURF, it is anticipated that the representative director might enjoy Tort Claims Act protection by the state for this service on behalf of KSURF and KSU.

When no longer required to serve as a representative of KSURF, directors may remain on the boards, if such action remains compatible with their interests and those of the companies involved. Under such circumstances, they might receive compensation from the company, but they would not continue to enjoy Tort Claims Act protection.

(Enacted by the KSURF Board of Directors on 29 May 2002)