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INVESTING IN START-UP COMPANIES:

Supporting university start-up companies once they have been established is essential to the success of the enterprise. Much of the funding for early stage start-up companies is via grants and other similar instruments that are targeted for specific purposes. As the licensed technologies continue to develop, additional intellectual property may be discovered in which KSU has no ownership interest, i.e. the company wholly owns the intellectual property. The company's lack of discretionary financial resources may make it impracticable for the new discoveries to be protected properly. In these cases, KSURF may provide funding to protect the intellectual property, thereby protecting its interest on behalf of KSU.

Financing may be made available only to start-up companies that are fundamentally based upon KSU-related technologies, expertise, and/or other resources. Requests for financing will be reviewed and approved or denied by the Finance Committee. Actions will be reported to the Executive Committee and/or Board of Directors. The financing may only be used for the protection of intellectual property, e.g., patent protection. The financing is expected to be short-term in nature with the expectation of repayment. Financing may take the form of a convertible note, conventional loan, equity, or other instrument as appropriate. The amount to be financed by KSURF may be up to two and one-half percent (2.5%) of the restricted reserves for the current year not to exceed \$25,000 in any one year.

(Enacted by the KSURF Board of Directors 15 May 2007)