

THE UNIVERSITY OF TEXAS AT SAN ANTONIO

Office of Innovation & Strategic Partnerships

Founders Elect

Democratizing Commercialization

Transparent · Aligned · Accessible

Framework & Terms | Spring 2026

About Founders Elect

Founders Elect is UT San Antonio's flagship faculty startup formation program — a structured, faculty-first pathway from invention disclosure to operating company. Modeled on the internationally recognized Founders Choice framework from Imperial College London, Founders Elect brings that global standard to the first truly unified research and health sciences university in San Antonio's history.

The program offers faculty inventors two clearly defined pathways — each with transparent, standardized terms — so that the journey from discovery to company is predictable, fair, and supportive, regardless of where a founder is on their entrepreneurial journey.

"UT San Antonio is the launchpad. For people. For communities. For a new era of learning, discovery and care." — UT San Antonio Brand Promise

Two Pathways to Launch

Founders Elect – Founder Path	Founders Elect – Partnership Path
High Equity • Foundational Support Designed for researchers who are ready to take the wheel. The company retains more control and equity. <i>You take on greater responsibility for your spinout's development. University retains an agreed equity stake, with strategic and operational decisions yours to drive.</i>	Shared Equity • Enhanced Support Designed for researchers who want experienced hands alongside them. The Partnership Path pairs you with the full resources of OISP's commercialization team. <i>Best suited for researchers who want a collaborative route to market with the full weight of OISP's expertise behind them.</i>

Startup Formation Pathways

	Founder Path	Partnership Path
Company Creation	OISP-supported process in collaboration with external legal counsel. <i>OISP incurs costs up-front with reimbursement deferred to a later date.</i>	OISP-supported process in collaboration with external legal counsel. <i>OISP incurs costs up-front with reimbursement deferred to a later date.</i>
Option Agreement	Standard terms, provided for a fixed two-year period	Standard terms, provided for a fixed two-year period
License Agreement	Standard terms and vetted template agreement.	Standard terms and vetted template agreement.

	<i>Included as an Exhibit to the Option Agreement.</i>	<i>Included as an Exhibit to the Option Agreement.</i>
OISP Support Level	Foundational support	Enhanced support
Finding Funding & Investors	All startups benefit from investor introductions through OISP-organized showcases and events. <i>Founder Path startups independently seek and apply/pitch to funding sources and investors.</i>	All startups benefit from investor introductions through OISP-organized showcases and events. <i>Partnership Path startups also receive warm introductions to OISP's investor network, including pitch and negotiation support.</i>
Post-Formation Support	University holds observer and information rights, and the right to elect a board seat.	Early-years post-formation support from OISP. University holds observer and information rights and the right to elect a board seat.

Standard option and technology license terms are designed to eliminate the need for founders to appoint an independent negotiator and to enable a streamlined, efficient timeline from disclosure to agreement execution.

University Equity Terms

The University, through OISP, will receive founding equity in startup companies in exchange for provision of foundational intellectual property, its innovation ecosystem, research facilities, and project funding (as applicable). The following table shows the options for University equity holding.

Company Type	Founder Path	Partnership Path
Pharmaceuticals	5%+ Non-dilute to \$15M cumulative investment++	5%+* Non-dilute to \$20M cumulative investment++
Non-Pharmaceuticals	Election A: 5%+ Non-dilute to \$5M cumulative investment++ Election B: 10%^ (dilutable)	Election A: 5%+* Non-dilute to \$10M cumulative investment++ Election B: 15%* (dilutable)

+ Standard Equity Terms – Non-Dilute (Appendix A) ^ Equity Terms – Dilute (Appendix B)

++ May include dilutive or non-dilutive funding * The equity percentage may represent an increase from baseline in view of support/additional value-add provided by OISP during or after the option period.

Financial Terms

Term	Founder Path Amount	Details	Partnership Path Amount	Details
Licensing Fee	Execution Fee: \$5,000* Milestone Fee: \$20,000 <i>*OISP will issue a one-time credit of \$500 against the Execution Fee if Founder participates in an eligible OISP workshop.</i>	Execution Fee: due within 30 days of license effective date Milestone Fee: due upon cumulative raise of \$500,000	\$50,000	One-time payment due on the second anniversary of the license effective date
Royalty	0.5% net sales – Low margin 1.0% net sales – Medium margin 2.0% net sales – High margin	No royalty due in first year of sales (up to \$1M cumulative net sales)	0.5% net sales – Low margin 1.0% net sales – Medium margin 2.0% net sales – High margin	No royalty due in first year of sales (up to \$1M cumulative net sales)
Sublicensing Fee	10% (pharmaceuticals) 5% (non-pharmaceuticals)	Of any non-royalty consideration	15% (pharmaceuticals) 10% (non-pharmaceuticals)	Of any non-royalty consideration <i>Rate for pharmaceuticals may be tiered.</i>
Legal Expenses	Ongoing legal expenses: payable Reimbursement of past legal expenses	Ongoing: within 30 days of invoice Past expenses: 5 equal annual installments, first payment due on 1st anniversary of license	Ongoing legal expenses: payable Reimbursement of past legal expenses	Ongoing: within 30 days of invoice Past expenses: 5 equal annual installments, first payment due on 1st anniversary of license

Royalty Margin Examples:

Low margin businesses (typical net profit margin <10%): bulk supply of commodity chemicals or materials, mass manufacture, grocery stores, transportation & logistics

High margin businesses (typical net profit margin >15%): medtech, biotech, pharmaceuticals, software-as-a-service, financial services

Other Terms

On a case-by-case basis, market-based milestone payments or assignment fees may be required. For negotiation of non-standard terms, the startup may nominate a company representative to negotiate on behalf of the company (must be an employee, director, shareholder, or have contractual rights to invest; may not be a current University employee or company attorney/consultant).

While OISP welcomes reasonable, data-driven negotiations, it reserves the right to discontinue any negotiation process that becomes unduly prolonged or that appears to lack good faith. Following license execution, the startup may elect to formalize a strategic partnership relationship with the University via a MOU.

Improvements

For a period of two years following license execution, option agreements covering eligible non-severable improvements to the licensed technology will be available for a small up-front administrative fee. Such improvements shall be disclosed and

managed under standard University processes and policies. To be eligible for an option, a non-severable improvement must include the identical inventor listing as the licensed technology.

OISP Provided Assistance & Support

Service	Founder Path	Partnership Path
Up-front market opportunity assessment, competitive landscape analysis and research reports	✓	✓
Access to OISP seminars and educational workshops	✓	✓
Launch support package (company formation, template incorporation documents and filing)	✓	✓
Standard option and technology license terms eliminating need for independent negotiator	✓	✓
IP maintenance (patent applications) on foundational technology to agreed level and period	✓	✓
Introduction to OISP incubator space (office or virtual tenancy)	✓	✓
OISP-led licensing / spinout process	—	✓
Deal management	—	✓
OISP team works the market and supports company development	—	✓
Access to Mentors	—	✓
Access to Entrepreneurs in Residence (EIRs)	—	✓
Introductions to OISP strategic partners; flag/develop collaboration opportunities	—	✓
Ability to enter into MOU as a Strategic Alliance partner	—	✓

Legal Fee Deferral During Option Period

For Option Agreements only, OISP will allow startups to defer reimbursement of certain legal fees and expenses during the first year of the Option Period.

For legal fees related to patent expenses, OISP may allow the startup to defer fees and expenses related to filing, prosecution, and maintenance of provisional applications and any PCT or United States non-provisional application that claims priority to it.

Fees and expenses related to filing, prosecution, and maintenance of any foreign (non-U.S.) application will not be eligible for fee deferral. In the event that PCT national/regional stage filing decisions fall within the Option Period and the company elects to pursue foreign application(s), the fees and expenses amount estimated must be pre-paid in advance and no later than sixty (60) days before the filing deadline.

Except where expressly noted, any deferred past fees and expenses will be captured in the definitive license agreement and payable thirty (30) days after receipt of an invoice.

Appendix A — Standard Equity Terms: Non-Dilute

The definitive license agreement will contain the following equity provisions and terms:

Shares in an amount equal to [X]% of Licensee's Fully-Diluted Capitalization shall be issued to the University (the "Anti-dilution Threshold"). Such Anti-dilution Threshold shall be held by University with Licensee required to issue additional shares to maintain such Anti-dilution Threshold, through completion of the Funding Amount.

Company Type	Founder Path [X]%	Founder Path \$[Y]M	Partnership Path [X]%
Pharmaceutical	5%	\$15M	5%
Non-Pharmaceutical	5%	\$5M	5%

Note: Partnership Path non-dilute thresholds are \$20M (pharmaceutical) and \$10M (non-pharmaceutical).

Shares will be:

- Common shares, fully paid and non-assessable.
- Calculated after issuance of shares to the University and on a fully diluted and as-converted basis (including conversion or exercise of any convertible securities or unissued but reserved shares).
- Subject to anti-dilution protection through completion of the Funding Amount, and subject to ordinary dilution thereafter.

Additional Provisions:

- If before Licensee has completed the Funding Amount the University's percentage ownership falls below the Anti-dilution Threshold of 5%, Licensee shall promptly issue University additional shares ("True-Up Shares") so that total University ownership represents no less than the Anti-dilution Threshold.
- Pursuant to a concurrently executed Equity Letter Agreement, the University will have piggy-back registration rights, participation rights, tag-along rights and anti-dilution rights, if applicable.
- The Licensee will provide detailed copies of its capitalization table on a pre- and post-issuance basis, immediately prior to execution of the License, and thereafter upon request.
- The University will have information and board observer rights at all times. University will reserve the right to appoint one (1) board member at its discretion, so long as the University's equity holdings is at least 5% of the Fully-Diluted Capitalization.

Founder Equity and MOU:

It is expected that inventors/creators of the foundational intellectual property being licensed to the Company will receive founding equity or options (up and to a potentially significant percentage) and will participate in the Company ("Founding Shareholding Inventors"). Founders will own and/or control a majority of Company equity.

Consequently, no distribution of consideration arising from University Equity will be made to Founding Shareholding Inventors. This will be recorded in an MOU signed by the Founding Shareholding Inventors indicating their agreement with waiving their rights to consideration arising from University Equity, to be signed in conjunction with execution of the Option Agreement or License Agreement (whichever is executed first).

Appendix B — Standard Equity Terms: Dilute

The definitive license agreement will contain the following equity provisions and terms:

Shares in an amount equal to [X]% of Licensee's Fully-Diluted Capitalization shall be issued to the University (dilutable — no anti-dilution threshold applies after issuance).

Company Type	Founder Path [X]%	Partnership Path [X]%
Pharmaceutical	N/A	N/A
Non-Pharmaceutical	10%	15%

Shares will be:

- Common shares, fully paid and non-assessable.
- Calculated after issuance of shares to the University and on a fully diluted and as-converted basis.
- Dilutable from time of issuance (no anti-dilution threshold).

Additional Provisions:

- Pursuant to a concurrently executed Equity Letter Agreement, the University will have information rights, piggy-back registration rights, participation rights, tag-along rights and anti-dilution protection, if applicable.
- The Licensee will provide detailed copies of its capitalization table on a pre- and post-issuance basis, immediately prior to execution of the License, and thereafter upon request.
- The University will have information and board observer rights at all times. University will reserve the right to appoint one (1) board member at its discretion, so long as the University's equity holdings is at least 5% of the Fully-Diluted Capitalization.

Founder Equity and MOU:

As with the Non-Dilute terms, it is expected that inventors/creators of the foundational IP will receive founding equity or options and will participate in the Company. Founders will own and/or control a majority of Company equity.

No distribution of consideration arising from University Equity will be made to Founding Shareholding Inventors. This will be recorded in an MOU signed by the Founding Shareholding Inventors, to be signed in conjunction with execution of the Option Agreement or License Agreement (whichever is executed first).