

MINUTES OF MARCH 8, 2022 SPECIAL MEETING
OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ALABAMA

The Board of Trustees of The University of Alabama held a special meeting by video conference on Tuesday, March 8, 2022. President pro tempore W. Stancil Starnes chaired the meeting. Mark D. Foley, Jr., served as Secretary.

On roll call, the following Trustees were present:

The Honorable Marietta M. Urquhart, Trustee from
the First Congressional District;

The Honorable W. Davis Malone III, Trustee from
the Second Congressional District;

The Honorable Kenneth L. Vandervoort, M.D., Trustee from
the Third Congressional District;

The Honorable James W. Wilson, III, Trustee from
the Third Congressional District;

The Honorable Evelyn VanSant Mauldin, Trustee from
the Fourth Congressional District;

The Honorable Ronald W. Gray, Trustee from
the Fifth Congressional District;

The Honorable William Britt Sexton, Trustee from
the Fifth Congressional District;

The Honorable Vanessa Leonard, Trustee from
the Sixth Congressional District;

The Honorable W. Stancil Starnes, President pro tempore and Trustee
from the Sixth Congressional District;

The Honorable Karen P. Brooks, Trustee from
the Seventh Congressional District;

The Honorable Barbara Humphrey, Trustee from
the Seventh Congressional District

The meeting was also attended by: Chancellor Finis E. St John IV; Senior Vice Chancellor for Finance and Administration Dr. Dana S. Keith; General Counsel and Senior Vice Chancellor Sid Trant; Senior Vice Chancellor for Academic Affairs and Student Affairs Tonjanita Johnson; Chief Audit & Compliance Officer Marvell Bivins, Jr.; Senior Vice Chancellor for External Affairs Clay Ryan; Director of System Communications Lynn Cole; UAB President Ray L. Watts, M.D.; UAB Deputy General Counsel & Chief University Counsel John Daniel; UAB University Counsel Helena Christine; President and CEO of Southern Research Dr. Josh Carpenter; Executive Vice President for Strategy and Finance for Southern Research Allen Bolton; and Southern Research Board Member Dr. Christopher Brown. The Honorable Harris V. Morrissette, Trustee from the First Congressional District; The Honorable Mike Brock, Trustee from the Second Congressional District; The Honorable Scott M. Phelps, Trustee from the Fourth Congressional District; and The Honorable Kenneth Simon, Trustee from the Seventh Congressional District, were unable to attend.

Pro tem Starnes stated that the meeting was called in accordance with Section 16-47-32 of the Code of Alabama and pursuant to a written application, with which he concurred, from Trustees Brock, Phelps, and Gray that read as follows:

March 1, 2022

W. Stancil Starnes
500 University Blvd. E.
Tuscaloosa, AL 35401

President Pro Tempore:

Pursuant to Article II, Section II of the Bylaws of the Board of Trustees of the University of Alabama, we request a virtual meeting on Tuesday, March 8, 2022, at 4:00 p.m. to consider the following item:

- Consideration of a Resolution Approving a Transaction for Southern Research

Respectfully,

The Honorable Mike Brock, Trustee from the Second Congressional District
The Honorable Scott Phelps, Trustee from the Fourth Congressional District
The Honorable Ron Gray, Trustee from the Fifth Congressional District

cc: Chancellor Finis E. St. John IV

Pro tem Starnes said notice of the special meeting was sent to each member of the Board.

Director of System Communications Lynn Cole introduced Tyler Patchen with *The Birmingham Business Journal*; Mark Cobb with *The Tuscaloosa News*, and Steve Diorio with *WUVA*. Mrs. Cole thanked any other members of the media and public that may be viewing by live stream.

Pro tem Starnes welcomed the media and all who were viewing the livestream.

Pro tem Starnes asked if there were any objections to the adoption of the agenda as presented. Hearing none, the agenda was unanimously adopted.

Pro tem Starnes said there was one item of business today: the consideration of a resolution approving a transaction for Southern Research. Prior to opening the floor for discussion, Pro tem Starnes called for a motion to consider the item. On the motion of Trustee Brooks, seconded by Trustee Malone, the Board opened discussion on the item.

Pro tem Starnes recognized President and CEO of Southern Research Dr. Josh Carpenter to present the item and respond to any questions.

Dr. Carpenter explained that the resolution before the Board considers the sale of Southern Research's Engineering Division to Kratos, a publicly traded company. Dr. Carpenter then made the following remarks:

Over the last year, Southern Research has undergone a strategic planning process. Key goals of that process were to first, focus on where we could be truly best, and second, determine how we might best align with UAB.

This transaction is the outcome of that process and it serves both aims. First, it enables us to narrow our focus to life sciences, an abiding strength of UAB. Second, it will provide us with an infusion of cash to invest in capabilities that will make Birmingham and Alabama more competitive. Furthermore, this will allow our Engineering division to grow with a capital

investment from a nationally prominent aerospace company while retaining and expanding jobs in Alabama so that they continue their critical work for the nation's security. That charge seems particularly important at this time of global instability.

On behalf of the Southern Research leadership team, we are excited for what this means for us, UAB, the System, Jefferson County, and the State of Alabama.

The resolution in front of you was drafted by the UA System Office of Counsel, and it lays out this transaction for your consideration in greater detail. With that, I will turn it back over to Pro Tem Starnes and remain here to answer any questions.

President Ray L. Watts, M.D. gave the following comments:

I would like to say I am very excited about the future of Southern Research as well. This aligns with Birmingham and Alabama becoming the biotech commercialization center for the southeastern US and one of the most competitive going forward in the country. It also strengthens our engineering group. All along we want to make sure we keep these jobs here and allow them to grow. This publicly trading company, who is a leader in this area, has committed to all of this. Thank you for your consideration.

Pro tem Starnes thanked Dr. Carpenter and asked if there were any questions or comments from the Board. There were none.

Pro tem Starnes then called for a vote, and the Board unanimously approved the following resolution:

Approving a Transaction for Southern Research

RESOLUTION

WHEREAS, Southern Research Institute ("SR"), an Alabama nonprofit corporation, has been affiliated with The Board of Trustees of The University of Alabama on behalf of its operating division The University of Alabama at Birmingham ("UAB") since 1999 (the "Board"); and

WHEREAS, as a result of a strategic planning process conducted in the spring of 2021, SR determined that it was in its best interests (i) to realign its core business with UAB, focusing its future development on life sciences and business lines that complement those of UAB Medicine, and (ii) to divest itself of assets and lines of business that did not align with that strategy; and

WHEREAS, SR engaged in a competitive process for the potential sale of all or substantially all of SR's assets related to its engineering division (the "Division"); and


WHEREAS, the Board believes it to be in the best interests of SR to enter into a transaction (the "Asset Transaction") by and between SR and Kratos Defense and Security Solutions, Inc., a Delaware corporation ("Buyer"), whereby, Buyer (or a subsidiary) will purchase from SR substantially all of the Division's assets for an initial aggregate amount equal to \$80,000,000.00 (the "Aggregate Purchase Price"), which consists of approximately \$75,000,000.00 in cash and \$5,000,000.00 in stock of the Buyer, together with an earnout provision relating to potential future sales of one of the Division's products which is in development; and

WHEREAS, the Board desires to approve the Asset Transaction, to authorize the execution and delivery of the agreements and all actions necessary to complete the Asset Transaction;

NOW, THEREFORE, BE IT RESOLVED, that The Board of Trustees of The University of Alabama hereby authorizes, adopts, ratifies, accepts and approves the Asset Transaction.

BE IT FURTHER RESOLVED, that the SR Officers are hereby authorized and directed to take and complete any and all actions necessary to complete the Asset Transaction and to give effect to the resolution set forth above.

There being no further business to come before the Board, the meeting was adjourned.



Mark D. Foley, Jr.
Secretary of The Board of Trustees