

**McKnight Brain Research Foundation
Board of Trustees Conference Call Minutes
December 12, 2001**

The McKnight Brain Research Foundation Conference Call was called to order at 3:00 p.m.

The following members were present:

Dr. J. Lee Dockery, Trustee
Dr. Michael Dockery, Trustee
Dr. Nina Ellenbogen Raim, Trustee
Mr. Henry Raattama, Legal Counsel
Mr. Thomas Ronchetti, SunTrust Bank Portfolio Manager
Mr. Philip Morrissey, SunTrust Bank Portfolio Manager
Ms. Teresa W. Borcheck, Corporate Trustee, SunTrust Bank Endowment & Foundation Trust Services

Others Attending:

Dr. Edward A. Moses

Review by Dr. Edward A. Moses

Dr. Moses reviewed his report titled: Additional Report on Various Aspects of the Foundation's Portfolio Performance dated December 3, 2001. A copy of which is attached and made a part of these minutes. (Attachment I).

Dr. Moses' report addressed four issues:

Issue 1 was the portfolio's performance relative to the Efficient Frontier as of July 31, 2001 assuming the percentage of cash in the portfolio was 3% rather than 8%. Dr. Moses' conclusion was that in terms of return per unit of risk, as it related to a 3% vs. 8% cash position was not significantly different. There was discussion regarding the fact that the Foundation's portfolio mix was below an optimal portfolio mix for the estimated efficient frontier. Dr. Moses described the "efficient frontier" as a kind of "Nirvana". A portfolio's ability to be right on the "efficient frontier" at all times is impossible. In reality, you will always be just below the optimum number. Dr. Moses recommended that the Foundation try to keep to a 3% cash position as a target, recognizing that figure could fluctuate as the portfolio manager moves in and out of the market.

Issue 2 was the portfolio's performance relative to the Efficient Frontier as of September 30, 2001 assuming the percentage of cash in the portfolio was 3% rather than 6.18%, which was the actual allocation on that date. Dr. Moses' analysis indicated that while the Portfolio's expected return relative to its risk declined over the two-month period, the expected "efficient frontier" declined relatively more. Therefore, while the Portfolio remains below the expected "efficient frontier" as of September 30, 2001, relative to July 31, 2001 the Portfolio has moved closer to the expected "efficient frontier".

Issue 3 reexamined the Portfolio's position relative to the "efficient frontier" as of July 31, 2001 assuming the asset allocated percentages were 60% Large Cap Growth, 20% Large Cap Value, 5% Mid Cap Growth, 5% Mid Cap Value and 10% International Equity. These percentages represent the "Targets" in the Foundation's Investment Policy adopted July 12, 2000. Dr. Moses' review indicated that the portfolio's asset allocation as of July 31, 2001 was slightly different from the "Target" allocation, and the actual performance results were better than the "Target" results. He did not suggest that the Trustee's modify their Investment Policy to adopt specific targets, but suggested that the current ranges for each asset class were appropriate, and allowed for variation around target allocations as the investment adviser deemed appropriate.

The trustees discussed the current asset allocation targets, and the process currently used by Mr. Ronchetti and Mr. Morrissey when making a decision to adjust the Portfolio's holdings within those targets. Mr. Ronchetti indicated that the Foundation's investment policy provided ranges within the various asset classes, as well as discretionary authority to the investment manager to buy and sell within those ranges. The Trustees re-affirmed the policy, recognizing that reasonable and prudent judgement based on the events affecting the market at the time, for the investment managers to have the discretion to exercise flexibility within the ranges of the target investments. The Trustees also understand that on occasion, with this flexibility, temporary cash positions will be created within the portfolio that exceed the target allocation.

Issue 4 examined the impact on the portfolio's risk and return of adding an "alternative asset", specifically the Lighthouse Diversified Fund, to the portfolio as of July 31, 2001. The analysis used four different models, with 5%, 10%, 15% and 20% of the portfolio allocated to the Lighthouse Diversified Fund. The result of this analysis reflected that adding the Lighthouse Diversified Fund to the Foundation's Portfolio in any proportion from 5% to 20% improved the expected performance of the Portfolio. However, the addition of the Lighthouse Fund to the McKnight "Target" portfolio at a 10% level appeared to be optimal, and was a prudent change to the Foundation's Investment Policy. At the 10% level, the resulting Portfolio has the highest expected return per unit of risk and the smallest deviation from the "efficient frontier's" expected return at that level of risk.

Dr. Moses also advised the Trustees that the models provided in the summary were specific to the use of the Lighthouse Diversified Fund. If a decision were made to use a fund other than Lighthouse, the numbers would have to be calculated to reflect specific performance for the fund selected.

Dr. Moses also shared a professional observation with the Trustees. He congratulated the Trustees, indicating it is very rare that a Board or Group of Trustees would take the time to review this type of information to this degree and detail.

Mr. Ronchetti discussed similar models he had used, and although he carried them out into longer time frames, he had reached the same conclusion as Dr. Moses. The addition of an "alternative investment" balances the total portfolio, improves the return and reduces risk. Mr. Ronchetti created models that included up to 25% of the Portfolio in an "alternative investment", and concluded that a larger allocation slanted the portfolio toward a better return, but agreed that a 10% allocation would be a good place to start.

Action: After review and discussion of Dr. Moses' presentation, and confirmation of those projections by Mr. Ronchetti, the Trustees agreed that a 10% allocation to an "alternative investment" was a valid conservative position for the Foundation's Portfolio.

Investment Policy Change

A motion was made and seconded that changes to the McKnight Brain Research Foundation Investment Policy be made to reflect the Trustees decision to allocate 10% of the Foundation's portfolio to an Alternative Investment Class. Motion carried.

Ms. Borcheck was requested to draft these changes, and will make them available for the Trustee's review at the January 16th meeting.

Choice of an Alternative Investment Manager

The trustees discussed the October 16th presentation from Ms. Fran Coopersmith of Fund Evaluation Group. Specific areas reviewed were the criteria to be used in selecting a manager, the time frame the Foundation should establish a valid evaluation cycle of the performance of the "alternative investment", and the process by which the Trustees would evaluate the manager on a regular basis.

After a thorough discussion, it was agreed that a search should be initiated for an "alternative investment" manager that would include the Lighthouse Diversified Fund. A motion was made, and seconded, to engage Ms. Fran Coopersmith of Fund Evaluation Group pursuant to her response to the Foundation's request for proposal dated August 24, 2001, a copy of which is attached. (Attachment II). Motion carried.

Alternative Investment Manager Search Criteria

The Trustees agreed to the following as the minimum criteria to be used by Ms. Coopersmith in evaluating a Fund of Funds manager:

1. Rate of return & risk measures for trailing 5 years
2. Stability of the management team
3. Ability to validate the information provided by the manager
4. Scope of internal audit, and level of protection from fraud
5. Target return and target risk (Target return of no less than 10%)
6. Total fees
7. Manager in business for at least 5-10 years
8. Who are their clients; do any clients that represent more than 20% of the fund's dollars of the managers funds in the percentage of investor's funds under management
9. Profile of the owner(s) of the company and the financial statements.
10. Liquidity subscription and redemption policies.
11. Assets under management.

Action: A motion was made and seconded that Mr. Raattama, Mr. Ronchetti and Ms. Borcheck proceed with engaging Ms. Coopersmith and Fund Evaluation Group to complete a search pursuant to her response of August 24, 2001. Ms. Coopersmith will be given the minimum selection criteria as outlined within these minutes, and asked to present her findings to the Trustees at the quarterly meeting in January 2002 if possible. Ms. Coopersmith will also be advised that the final presentation should consist of four Fund-of-Funds managers, including the Lighthouse Diversified Fund, L.P. Motion carried.

SunTrust Due Diligence re: AMA and Lighthouse Partners

The Trustees asked Mr. Ronchetti and Ms. Borcheck to provide them with a summary of why SunTrust chose to purchase AMA and Lighthouse. Mr. Ronchetti indicated that SunTrust wanted to have the opportunity to provide a Family Office group that dealt with mega-wealthy individuals and the Planning and Asset Management challenges this group presents. AMA and Lighthouse provided those types of services. Neither Mr. Ronchetti nor Ms. Borcheck was able to speak to the specifics associated with this purchase, as they were not intimately involved in the process. The Trustees asked that someone from SunTrust or AMA attend the next quarterly Trustees meeting to address these questions. Mr. Ronchetti will make these arrangements.

Unrelated Business Income Tax (UBIT) and the use of On-Shore vs. Off-Shore Funds

Mr. Raattama was asked to obtain a legal opinion to the Trustees for review at the January 16th, 2002 meeting that addresses the advantages and/or disadvantages of using on-shore vs. offshore "alternative investments" in the Foundation's Portfolio.

Investment Update

Mr. Ronchetti and Mr. Morrisey provided a brief update on the market. November performance was stellar, and they continue to see good variables that look right for a recovery. As of December 11th, the Foundation's Portfolio was up slightly over month end. Retail sales continue to be strong, while retailers offer great deals as an opportunity to clear out inventory. They continue to feel inflation will not be a factor as it continues a downward trend. Mr. Ronchetti also indicated that recent changes in the MSCI EAFE Indices would be reported in the January 16th meeting.

Summary of Action Items

Action: Reviewed Dr. Moses' presentation, approved a 10% allocation to and "alternative investment" (page 3)

Action: Approved changes to Investment Policy to add 10% allocation to "alternative investment" draft to be ready for review at 1/16/02 meeting .

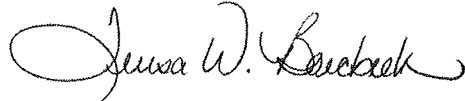
Action: Approved the engagement of Fran Coopersmith of Fund Evaluation Group pursuant to her August 24, 2001 proposal. Authorized Mr. Ronchetti, Mr. Raattama, and Ms. Borcheck to provide Ms. Coopersmith with the Trustees criteria for the search.

Action: Asked Mr. Ronchetti and Ms. Borcheck to provide summary of why SunTrust chose AMA and Lighthouse Partners at the 1/16/02 meeting

Action: Asked Mr. Raattama to obtain legal opinion re: UBIT and On-shore vs. Off-Shore Funds for review at 1/16/02 meeting

There being no further business, the meeting was adjourned at 5:00 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Teresa W. Borcheck". The signature is written in dark ink and is positioned above the printed name.

Teresa W. Borcheck
SunTrust Bank, Corporate Trustee