

**MCKNIGHT BRAIN RESEARCH FOUNDATION
BOARD OF TRUSTEES MINUTES
October 15-16, 2001**

The quarterly trustee's meeting of the McKnight Brain Research Foundation was called to order at 8:30 a.m. In SunTrust Bank's Brickell Avenue office, Miami, Florida

The following members were present:

Dr. J. Lee Dockery, Trustee
Dr. Michael Dockery, Trustee
Dr. Nina Ellenbogen Raim, Trustee
Mr. Henry Raattama, Legal Counsel
Ms. Teresa Borcheck, SunTrust Bank Endowment & Foundation Trust Services Group

Approval of Minutes

The minutes of the August 8, 2001 meeting of the McKnight Brain Research Foundation were reviewed. Corrections were made, and a motion was made to accept the minutes of August 8, 2001 with the noted corrections. The motion was seconded, and approved unanimously.

The minutes of the September 5, 2001 conference call were reviewed. Corrections were made, and a motion was made to accept the minutes of September 5, 2001 with the noted correction. The motion was seconded, and approved unanimously.

The trustees discussed the tardiness in receiving the draft of the minutes, and possible alternatives to how this could be handled. Ms. Borcheck indicated that she would try using her laptop computer to take the minutes at the next meeting. This would allow for input of substantial amounts of the discussion at the time it is taking place, thereby making it easier to convert the notes to minute form once the meeting is completed. Ms. Borcheck also advised the Trustees, that she would have minutes from all future meetings distributed to the Trustees within 10 working days after the meeting.

With regard to the minutes being taken in the future, Dr. Lee Dockery suggested that Ms. Borcheck add a summary action item to each topic that is addressed by the Trustees. This narrative would outline what was discussed, and any action the Trustees had taken. It was also suggested that these action items be summarized at the end of the minutes so that a brief glance at the last page would provide the reader with an overview of what took place at the meeting. After some discussion, all members approved this approach. Ms. Borcheck will insert these items into the final draft of the August 8, 2001 and September 5, 2001 minutes.

Dr. Michael Dockery asked that once the Trustees had approved the minutes, and all corrections had been made, that Ms. Borcheck send each Trustee a corrected copy, marked final as of the date they had been approved.

Dr. Lee Dockery asked that drafts of minutes be double-spaced to allow room for editing. This procedure will be instituted with the minutes for the October 15th and 16th, 2001 meetings. It was further suggested it is unnecessary to record the detailed discussion of all issues, but rather a short summary supporting the action taken.

Brochure and Guidelines for Grant Funding

The Trustees reviewed the August 8, 2001 draft of The McKnight Brain Research Foundation Guidelines for Grant Funding. Several changes were made and approved unanimously. Ms. Borcheck will forward the new draft to the Trustees along with these minutes. A motion was made and seconded that Ms. Borcheck contact a printing company and have several "mock-ups" of the brochure created, and distribute them prior to the January meeting. The Trustees will review the "mock-ups" at the January meeting, when a final decision will be made.

Action – Trustees reviewed and approved the 8/8/01 draft of the Brochure and Guidelines. Ms. Borcheck will made the requested changes, and have a printing company create mock-ups for the

January meeting.

University of Miami School of Medicine Site Visit

The Trustees met with Dr. John G. Clarkson, Sr. Vice President for Medical Affairs and Dean, University of Miami School of Medicine. The visit to the University of Miami campus included a tour of the research facilities, and presentations from the University's research doctors. The presentations are outlined in the attached documentation. Upon returning from the University, the Trustees reconvened, and reviewed the following issues:

University of Miami Grant Request

The Trustees reviewed the proposal made by the University to fund a Center that would be dedicated in Mrs. McKnight's honor, and would be named the Evelyn F. McKnight Center for Age Related Memory Loss. Research at the center would be dedicated to age related memory loss. The Trustees endorsed the concept but identified several issues that will need to be addressed before a decision to fund this project could be made.

1. Encourage or require the University to seek matching funds
2. Consider funding the proposal as an Endowed Chair
3. Research must be specific to age related memory loss
4. Specific Conditions under which we would provide funds:
 - A. How to achieve visible results?
 - B. Visible Focus on age related memory loss?
 - C. How permanent would the program/center be?
 - D. How will the University of Miami develop a plan for collaboration?
 - E. How will the research projects be publicized?
 - F. How will they monitor the results and report them back to the Foundation?
 - G. Will the center be a physical entity or disbursed throughout several locations and what would be the exact location?
 - H. What will happen to the intellectual property? (ownership)
 - I.

Some additional questions that were discussed among the Trustees were; Is the Evelyn F. McKnight Brain Research Foundation ready to fund another project? Should this be an Endowed Chair verses a Directorship? Should that decision be driven at the discretion of the University, based on the candidates they recruit for the position? Could the McKnight Brain Research Foundation realistically fund this program by December 31, 2002?

A motion was made that Mr. Raattama begin informal discussions with Dr. Clarkson specific to the concerns of the Trustees, as outlined in the preceding questions. Once Dr. Clarkson has responded to each of the questions, Mr. Raattama will report the responses to the Trustees. Motion was seconded and approved unanimously.

Action: Trustees discussed site visit to University of Miami School of Medicine, and expressed interest in the proposal for grant funding. Mr. Raattama will begin an informal discussion with Dr. Clarkson regarding several issues the Trustees wish to have clarified. Mr. Raattama will report back to the Trustees after he has had the discussions with Dr. Clarkson. The University of Miami proposal will be discussed at the January 16, 2002 meeting.

Association of Small Foundations

Ms. Borcheck presented the Trustees with an overview of the products and services that are available through the Association of Small Foundations (ASF). ASF is an affinity or sister group of the Council on Foundations, and was designed to meet the needs of Foundations that have few or no staff. Ms. Borcheck advised the Trustees there are a number of services available, but specifically addressed the Associations' access to a cost-effective Director and Officer's (D & O) Liability Insurance coverage. Mr. Raattama and Ms. Borcheck discussed the cost for coverage comparable to what the foundation currently carries, and suggested the Trustees consider a membership in ASF. A motion was made and seconded that Ms. Borcheck make application to the Association of Small Foundations on behalf of The Evelyn F. McKnight Brain Research Foundation. Once membership has been granted, Ms. Borcheck will make application for D & O Liability coverage, on behalf of the Foundation's individual Trustees. When the illustration for the policy is received, Ms. Borcheck will forward all documentation to Mr. Raattama, legal council for the Foundation, for his review. If the proposed coverage is comparable to the coverage currently in place, Ms. Borcheck will issue a check to bind the policy. Once the policy is issued, Ms. Borcheck will work with Mr. Raattama to cancel the prior policy, and secure any refund of premium that is available, insuring that there is no lapse in coverage, and that no additional "gap" coverage would be needed to cover issues prior to the date of the new policy. Ms. Borcheck and Mr. Raattama will also confirm if the new policy is a "claims made" policy, or an "occurrence" policy. Motion was approved unanimously.

Ms. Borcheck asked each Trustee and Mr. Raattama if they wanted to be placed on the mailing list for ASF. This would enable them to receive the periodic mailings sent to members. Mr. Raattama, Dr. J. Lee Dockery and Dr. Nina Ellenbogen Raim declined. Dr. Michael Dockery accepted the offer. Ms. Borcheck was asked to add a review of ASF mailings to the agenda for the Trustee's quarterly meetings so that any items of interest could be shared with the Trustees at that time.

Action – 1. The Trustees approved The Evelyn F. McKnight Brain Research Foundation joining the Association of Small Foundations (ASF). 2. After joining, an application will be made to the ASF for D&O Liability Insurance coverage for the foundation through the organization. 3. Mr. Raattama will review the D & O policy through ASF and if comparable to the existing policy, Ms. Borcheck will bind the coverage and take appropriate action to cancel the existing policy and secure any refund of premium if available.

Individual Trustee Compensation

Ms. Borcheck and Mr. Raattama shared an Association of Small Foundations membership survey that was provided to ASF members in October 2000. The Trustees discussed the compensation levels that were outlined in the report, and how they compared to the McKnight Foundation Trustees compensation. A motion was made and seconded that the current individual Trustee compensation would remain in effect through December 31, 2001. Ms. Borcheck was asked to do a summary of compensation reported in ASF's 2000 survey, as well as the 2001 survey that is due out in late October. This summary will be provided to the Trustees prior to the January 2002 meeting. Ms. Borcheck was asked to include individual trustee compensation as an agenda item at the January 2002 Trustee's meeting and to provide information from the most recent ASF survey for that agenda item. Motion was approved unanimously.

Action – The Trustees reviewed the individual trustee compensation along with the ASF survey. The current compensation will stay in place through 12/31/01. The Trustees will review compensation at the January 2002 meeting, using an analysis of the ASF survey and other materials for each Trustee.

This concluded the meeting of the McKnight Brain Research Foundation for Monday October 15, 2001. The Trustee's meeting will re-convene at 8:30 a.m. Tuesday October 16 in SunTrust Bank's Brickell Avenue office.

October 16, 2001

The meeting was called to order at 8:30 a.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

Ms. Teresa Borcheck, SunTrust Bank Endowment & Foundation Trust Services Group

Others attending:

Mr. Tom Ronchetti, SunTrust Bank, Miami

Mr. Phil Morrissey, SunTrust Bank, Miami

Guests: Ms. Fran Coppersmith, Fund evaluation group

Edward A. Moses, Ph.D., (include Dr. Moses title)

Sean McGould, Lighthouse Partners

Investment Review

Mr. Ronchetti and Mr. Morrissey presented an investment overview that included a market profile as of September 30, 2001. The Trustees were provided with an overview of the business correction that was underway prior to September 11, 2001. The Federal Reserve Board cut the overnight federal funds rate 50 basis points before the stock market reopened on September 17, and again on October 2., raising ~~This raised~~ the number of rate cuts in 2001 to nine for a total of 400 basis points.

Mr. Ronchetti also reported that four of the S & P's eleven sectors have posted gains since the September 11 terrorist attacks.

Mr. Ronchetti shared additional information and comments regarding the performance of the STI Classic Mid-Cap mutual fund. The STI Mid-Cap fund has continued to underperform, relative to its peer group, and falls below limits of acceptability as defined in the MBRF investment policy. It appears that it may stabilize through December 31, 2001. We will watch the trend through the current quarter and reassess. A copy of Mr. Ronchetti and Mr. Morrissey's report is attached to and made apart of these minutes.

Action - For the January 16, 2002 Trustees meeting, the Trustees asked Mr. Ronchetti to address any internal monitoring that is implemented to correct the declines in the performance of the Mid-Cap Fund, and to advise the trustees regarding ways to enhance the overall performance. Mr. Ronchetti was also requested to outline the corrective action, which will be taken if the fund's performance stays below the 75th percentile.

Mr. Ronchetti advised the Trustees that the allocation of assets was in line with the investment policy, and recommended no changes other than further consideration of adding a multi-strategy, multi-manager alternative investment to the portfolio.

Action: The Trustees received the report for information, and took no formal action at this time.

Soft Dollar Report

Mr. Ronchetti provided the Trustees with a Soft Dollar report through August 31, 2001, a copy of which is attached and made a part of these minutes. The report indicated that the McKnight Foundation generated approximately 7.8% of the soft dollars collected in SunTrust's Miami office. From the soft dollars, SunTrust pays \$7,000 for the Mobius service used for the McKnight Foundation. Additional dollars are allocated to cover costs for Bloomberg machines, and performance return software. Mr. Ronchetti re-confirmed that SunTrust uses a best execution mandate when placing trades for trust clients.

Action: In future soft dollar reports, the Trustees asked Mr. Ronchetti to include itemized areas where funds are being spent.

Edward A. Moses, Ph.D.

Dr. Moses provided his analysis of the McKnight Brain Research Foundation portfolio and its location on the "efficient frontier". His analysis was for the period June 1991 through July 2001 and based on the asset allocation of 7/30/01. During that period, the Foundation's portfolio had an expected return (monthly) of 1.04 % and a risk level, as measured by the standard deviation, of 3.71 %. In his analysis, a portfolio on the "efficient frontier" with a risk level of 3.71% would have expected a return of approximately 1.27%. Dr. Moses indicated that this monthly differential of .23% or 2.76% annualized should be improved in the future years to sustain the distribution requirements for the Foundation. He indicated that although the Foundation was slightly below the "efficient frontier" it was not cause for alarm. The "efficient frontier" is used only as a means of measurement. An investor cannot time the market perfectly, and therefore cannot always be positioned exactly on the mark.

Dr. Moses calculated the impact on the Foundation's investment return, if an "alternative asset" class was added. Two alternative assets were used in the equation. The Lighthouse Diversified Fund, and the SunTrust Absolute Return Fund. The monthly return data used for the two funds covered the span of time from August 1996 through July 2001. A Copy of Dr. Moses' reports are attached to and made a part of the original minutes

Dr. Moses and Mr. Ronchetti discussed possible events that could have led to the Foundation's slight under performance relative to the "efficient frontier". It was noted that the performance numbers used by Dr. Moses for analysis purposes were from an index and not actual performance results. Additionally, the position of the Foundation on the "efficient frontier" model is dictated by the asset allocation in the account on a specific date. In this particular instance that date was July 31, 2001. At that time, there was an 8% cash position, which was substantially higher than the account has held historically. Dr. Moses indicated that it was likely the higher than usual percentage of cash, due to market conditions, reduced the risk in the portfolio, but it also reduced the total return.

Dr. Moses' and Mr. Ronchetti's agreed that the return numbers would be more realistic if they were calculated based on where the portfolio would be on the "efficient frontier" if changes were made to the assumptions made regarding the asset allocation. It was suggested that two additional models be created. The first would be using an average cash balance for the preceding twelve months, or the 3% target allocation that the Foundation's Investment Policy suggests. The remaining 5% would be allocated to the large-cap growth component of the allocation. It was also suggested that Dr. Moses and Mr. Ronchetti calculate these models based on a 12-month period ending September 30, 2001. Additionally, Mr. Ronchetti will provide Dr. Moses with the 9/30/01 Mobius numbers as soon as they are available. Dr. Moses agreed to do these additional scenarios at no additional cost to the foundation. Dr. Moses did not recommend any changes to the investment policy or asset allocation.

Action – 1. Dr. Moses and Mr. Ronchetti will develop additional "efficient frontier" models to reflect the historical experience of the asset allocation of the Foundation. 2. The new models will also reflect returns for a one-year period ending 9/30/01. 3. Mr. Ronchetti will provide Dr. Moses with the 9/30/01 Mobius numbers. 4. Once Dr. Moses and Mr. Ronchetti have completed the new calculations, the Trustees will meet via conference call with Dr. Moses and Mr. Ronchetti to review the new models.

Alternative Investment/Hedge Funds

Pursuant to the Trustees request, Ms. Fran Coopersmith of Fund Evaluation Group made a presentation to the Trustees. Ms. Coopersmith's presentation, Implementing an Alternative Strategy, outlined historical trends relative to non-traditional investments, the value of hedge fund investing, and the pros and cons associated with such an investment. Ms. Coopersmith recommended a Fund-of-Fund approach to the McKnight Brain Research Foundation Trustees. She outlined Fund Evaluation Groups approach to reviewing and selecting managers. Ms. Coopersmith indicated that once the RFP was complete, she would present search results for six managers, and the Trustees would then decide which managers they would interview. A copy of Ms. Coopersmith's presentation is attached and made a part of these minutes.

Action – After discussion, the trustees took no action concerning the issue of alternative investments.

Lighthouse Partners Presentation

Mr. Sean McGould of Lighthouse Partners presented an overview of the Company, and it's association with Asset

Management Advisors (AMA), and how Lighthouse Partners function as a part of SunTrust Banks, Inc. Mr. McGould discussed the Lighthouse Diversified Fund, L.P. and the Lighthouse SuperCash Fund, L.P., which are fund-of-fund alternative investment vehicles under the management of Lighthouse Partners. He provided an overview of their approach to the selection of managers, including operational and investment due diligence. Mr. McGould shared performance history for both funds, and discussed the investment environment in which each fund is most appropriate.

Dr. Moses Summary

Upon completion of Mr. McGould's formal presentation, Dr. Moses was asked to provide a summary of his observations and suggestions. Dr. Moses expressed concerns about the level of participation Ms. Coopersmith will have in the asset allocation process as it relates to the addition of an Alternative Investment to the Foundation's portfolio. He opined that she should be asked to review the asset allocation, and provide direction as to the appropriate percentage to be considered. He also agreed that further analysis of the impact of an alternative investment on the portfolio would be helpful to the Trustees. He indicated that the proposed \$8,000 cost associated with Fund Evaluation Group's alternative manager search was minimal, and he thought the data it would provide would be very informative for the Trustees in this decision making process. He also indicated some dissatisfaction that Ms. Coopersmith's presentation did not consider the impact of adding alternative investments to the asset allocation, but understood that the scope of her presentation had been limited at the direction of the Trustees. Dr. Moses indicated that he thought that overall, SunTrust, as investment manager for the Foundation had done a good job. He confirmed he would work with Mr. Ronchetti to calculate the adjusted return numbers, and provide the Trustees with additional models for consideration. He also agreed to do four additional models that would use an alternative investment allocation at 5%, 10%, 15% and 20%, at no additional charge. Because of Dr. Moses' travel schedule, he was not present for the balance of Mr. McGould's presentation.

Sean McGould – Lighthouse Partners

Mr. McGould returned to the meeting to address several questions. Mr. McGould was asked to address the terms and conditions regarding deposits and withdrawals for the funds. Mr. McGould indicated that the SuperCash Fund allowed purchases or additions on the first working day of each month, and withdrawals require 30 day notice, and funds are available for distribution at month end. He also advised the Trustees that there is a small hold back on the distribution, which is refunded once the annual audit of the Fund is completed. Mr. McGould indicated that the Diversified Fund is available for liquidation or withdrawals on a quarterly basis, and is also subject to a hold back until the annual Fund audit is completed. Mr. McGould re-confirmed that there are no exit and/or termination fees associated with either fund. Mr. McGould and Mr. Ronchetti also indicated they could provide historical analysis on the Foundation's performance, and how the introduction of the Lighthouse Partners SuperCash Fund and Diversified Fund would have affected that performance over time.

Alternative Investments Actions

Action – After lengthy discussions with Mr. McGould and Mr. Ronchetti, the following motion was made: Transfer the available cash in the Foundation's portfolio to the Lighthouse Partners SuperCash Fund, with the intent of this being a short-term (3 months) investment. Ms. Borcheck will work with Mr. Ronchetti to determine the cash available from the Foundation account, which is to include the addition to be transferred from the Evelyn F. McKnight Estate and the Evelyn F. McKnight Trust. It is estimated that a total of \$4,000,000 will be transferred to the Lighthouse Partners SuperCash Fund at this time. The motion was seconded and approved unanimously.

Action – A motion was made to delay making a final decision regarding Fund Evaluation Group, and Ms. Coopersmith until the following analysis was completed: 1. Dr. Moses' modified and additional "efficient frontier" analysis. 2. Mr. Ronchetti's and Mr. McGould's analysis of performance including the Lighthouse Partners products in the asset allocation models. The motion was seconded and approved unanimously.

Action – A motion was made that once the investment analysis is complete, Ms. Borcheck will schedule a conference call for the trustees, Mr. Ronchetti, and Dr. Moses to review and discuss the new models of analysis. The motion was seconded and approved unanimously.

Action – Mr. Raattama was asked to review the Foundation's current Investment Policy, the asset allocation, and the performance objective to determine what changes will need to be made to allow for an investment in an alternative investment.

Conference Call Agenda

The agenda for the conference call will include the following: A Review of the Foundation's Investment Policy, A review of the Performance Objectives, and A discussion and vote regarding hiring a Consultant to initiate a search for an alternative investment manager.

Trusco Capital Management

During the weeks following the August 8, 2001 Trustees meeting, Mr. Ronchetti and Mr. Morrissey contacted the Trustees to discuss the ongoing role he would play in the investment process should the Trustees agree to have the large-cap core portion of the portfolio managed by Trusco Capital Management in Orlando. Mr. Ronchetti advised the Trustees that although the individual management would take place at Trusco, he would remain as the "Portfolio Manager" for the account. Mr. Ronchetti's new role would include recommendations on asset allocation, monthly updates on account performance as well as market updates, and attendance at the quarterly Trustees meetings. The Trustees expressed their appreciation for the good job Mr. Ronchetti and Mr. Morrissey have done in helping them understand the investment process, and for being responsive to their questions and concerns especially in light of the market turmoil following the September 11, 2001 crisis. A motion was made and seconded that Mr. Ronchetti make arrangements to transfer the management of the large-cap core portion of the McKnight Brain Research Foundation's portfolio to Trusco Capital Management in Orlando. Mr. Ronchetti will remain as the portfolio manager for the McKnight Brain Research Foundation. The trustees will be notified when Trusco Capital Management assumes management responsibility for the large cap core portion of the portfolio. The motion was approved unanimously.

Action – The Trustees agreed to transfer management of the large-cap core portion of the McKnight Brain Research Foundation to Trusco Capital Management in Orlando, Florida. Mr. Ronchetti will remain on the account as the portfolio manager.

Old Business

Status of Registration (Copyright) – Time did not allow for an update on the Foundation's Copyright application. This item will be moved to the January agenda.

Mr. Rip Rapson, President – The McKnight Foundation

A motion was made that Ms. Borcheck would contact Mr. Rapson to discuss his availability to attend the Quarterly Trustees meeting in January. Ms. Borcheck was asked to advise Mr. Rapson that the Trustees would welcome a one-hour presentation, preferably during lunch at the January 16th meeting. Due to the limited time available for this presentation, and in light of the fact that this is a preliminary visit, Ms. Borcheck is to advise Mr. Rapson that the Trustees are asking that he limit the number of attendees to himself and Dr. Goodman, or Dr. Goodman's designee. Motion was seconded and approved unanimously.

Action – The Trustees agreed to extend another invitation to Mr. Rip Rapson and Dr. Goodman or his designee to make a presentation to the McKnight Brain Research Foundation at their meeting in January on research initiatives of the brain and age related memory loss funded by the McKnight Foundation. Ms. Borcheck will extend the invitation to Mr. Rapson, and Dr. Goodman or his designee, for lunch on January 16, 2002.

Next Meeting

The next meeting of the McKnight Brain Research Foundation Trustees will be held at the SunTrust Bank offices in Orlando, Florida on January 16, 2002.

Summary of Action Items

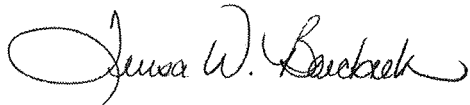
Comment: Action items should be verbatim without the preamble or modifiers and numbered for easy reference. See example below.

- 1. Action** – Modified and approved the 8/8/01 draft of the Brochure and Guidelines for Grant Funding (page two).
- 2. Action** – Visited the University of Miami School of Medicine, and reviewed a grant proposal for a Memory Disorders Center in honor of Mrs. Evelyn F. McKnight (page four)
- 3. Action** – Approved ASF membership for the Evelyn F. McKnight Brain Research Foundation (page five)

4. **Action** – Reviewed individual compensation survey from ASF and agreed to maintain current compensation through 12/31/01 (page 5-6)
5. **Action** – Reviewed investment performance for the portfolio, and addressed concerns about STI Classic Mid-Cap Fund performance (page 8)
6. **Action** – Mr. Ronchetti recommended no changes to the asset allocation at this time (page 8)
7. **Action** – Dr. Moses and Mr. Ronchetti will present additional “efficient frontier” models in a conference call in November (page 10)
8. **Action** – Approved approximately \$4,000,000 investment in the Lighthouse SuperCash Fund (page 12)
9. **Action** – A final decision regarding hiring a Consultant to handle an Alternative Investment Search was postponed (page 12)
10. **Action** – A conference call will be scheduled for November to review additional investment material (page 12)
11. **Action** – Mr. Raattama will review the current Investment Policy, asset allocation and performance objectives to determine recommended changes (page 13)
12. **Action** – Agreed to have Trusco Capital Management assume responsibility for managing the Large-Cap Core portion of the portfolio (page 13)
13. **Action** – Agreed to extend an invitation to Rip Rapson and Dr. Goodman of the McKnight Foundation (page 14)

There being no further business, the meeting was adjourned at 5:30 p.m.

Respectfully Submitted,



Teresa W. Borcheck
SunTrust Bank, Corporate Trustee