

MINUTES
MCKNIGHT BRAIN RESEARCH FOUNDATION
BOARD OF TRUSTEES MEETING
February 6 & 7, 2006

February 6, 2006

The quarterly trustee's meeting of the McKnight Brain Research Foundation (MBRF) was called to order at 12:00 P.M. on February 6th in Gainesville, Florida, in the Magnolia Room, at the Gainesville Hilton Hotel (See agenda, attachment #1).

The following members were present:

Dr. J. Lee Dockery, Trustee
Dr. Michael Dockery, Trustee
Dr. Nina Ellenbogen Raim, Trustee
Dr. John G. Clarkson, Trustee (attended until 3:30)
Mrs. Teresa Borcheck, Corporate Trustee,
SunTrust Bank Endowment & Foundation Services Group

Others Attending:

Mr. Henry H. Raattama, Jr., Legal Counsel
Mr. Michael Sebesta, Managing Director, Trusco Capital Management
Ms. Karen Hall, SunTrust Bank Endowment and Foundation Services Group

Guests:

Mr. Paul Robell, Vice President of Development & Alumni Affairs, University of Florida Foundation
Mrs. Jancy Houck, Associate Vice President, Health Science Center Development, University of Florida Foundation
Mr. Peter Landauer, Director of Investments, University of Florida Foundation
Ms. Leslie Bram, Associate Vice President and Chief Operating Officer, University of Florida Legal Counsel
Dr. Dennis Steindler, Executive Director at the Evelyn F. and William L. McKnight Brain Institute of the University of Florida
Dr. Thomas Foster, Associate Professor and Evelyn F. & William L. McKnight Brain Institute Chair for Brain Research in Memory Loss

1. Approval of Minutes

The minutes of the September 21, 2005, October 18 & 19, 2005, and November 2, 2005 Trustees meetings of the McKnight Brain Research Foundation were reviewed. After corrections were made the minutes were approved.

Action: The trustees approved the minutes for the September 21, 2005, October 18 & 19, 2005 and November 2, 2005 Trustees meetings with corrections.

2. Investment Review

Dr. Lee Dockery requested that a copy of the revised Investment Policy Statement, dated November 2, 2005, be included in all future investment reports by Trusco Capital Management. For future presentations, the current Investment Policy Statement will be included in the Trusco investment report.

Mr. Sebesta presented an investment review, and commented on the economic and investment environment during the last quarter of 2005 (Attachment #2). A few of the key factors influencing the market during the

period, included the improvement in the equity markets, the hurricane rebuilding efforts, Federal Reserve policy changes and the U.S. Treasury yield curve flattening trend. Within the domestic equity markets, Mr. Sebesta reported that Mid-Cap stocks were the best performing sector, followed by Large-Cap stocks and Small-Cap stocks. International stocks continued to perform well during the quarter, as well as for the past 12 months, with the volatile International Small-Cap and Emerging Markets indices increasing by 26% and 34%, respectively for the entire year.

Dr. Lee Dockery inquired about the countries that comprised the various international indices, such as the EAFE (Europe, Australasia, and Far East) and the Emerging Markets Index, and the merits of investing in these markets. Mr. Sebesta indicated that he would research the markets and provide information regarding his findings at the next trustee's meeting.

In review of the performance of the portfolio, it was noted the total return was 2.91% for the quarter, and 7.71% for the year, outperforming the blended benchmark returns of 2.26% and 6.84%, respectively. Mr. Sebesta stated that he did not see any performance issues with any of the existing funds. With all of the recently implemented allocation changes, all of the funds are performing in line with expectations. Mr. Sebesta discussed the asset allocation for the portfolio, and reported that he did not make any changes during the quarter. Current allocations were within the target ranges as provided for in the Investment Policy Statement.

Finally, Mr. Sebesta reviewed the peer group and manager comparison analysis. There were no issues of concern to report, and he recommended no changes in the investment policy, asset allocation, investments or managers. A suggestion was made to "highlight" more visibly the appropriate funds in the peer group analysis. Mr. Sebesta will try to make the suggested change next quarter.

Action: In the future, the current investment policy will be included in the investment report by Trusco Capital Management.

Action: No changes in the investment policy, asset allocation, investments or managers were recommended.

Action: Mr. Sebesta will research the countries that comprise the various international indices and the emerging markets index and provide information regarding his findings at the next trustee's meeting.

Action: Efforts will be made by Trusco Capital Management to "highlight" more visibly the appropriate funds in the peer group analysis of the investment report.

3. University of Arizona Proposal

The trustees reviewed the proposal (Attachment #3) submitted by Dr. Carol Barnes, Professor in Psychology & Neurology and Research Scientist from the University of Arizona (UA) and tentatively approved the grant proposal for funding of her research program in age related memory. The \$5 million grant, payable \$1 million annually for 5 years is contingent upon a matching gift in equal or greater amount by the University of Arizona within the same five year period. The trustees would like the following issues clarified by Dr. Barnes and/or the University of Arizona before final approval. First the endowed chair and the Evelyn F. McKnight Brain Institute (EFMBI) will remain at UA in perpetuity, even if Dr. Barnes retires or relocates. Additionally, the trustees would like to know the location and size of the space to be designated as the EFMBI, information of the governance of the proposed institute and a broader description of how the research funds would be used in years six to fifteen of the grant periods.

It was agreed that Dr. Lee Dockery would compose a letter to Dr. Barnes giving her the Foundation's positive feedback and request her to work out the details to satisfy the Foundation's requirements as well as a timeline of finalization. It was also suggested that Dr. Lee Dockery would call Dr. Barnes first explaining the letter to come so she would be clear on the requests and convey the trustees' excitement about her proposal. Mr. Raattama suggested putting a gift agreement together now with the specifics required.

Action: Dr. Lee Dockery to compose a letter to Dr. Carol Barnes expressing the trustees' tentative approval of the proposal and request clarification of the issues about which the trustees have questions. Further, Dr. Dockery will telephone Dr. Barnes in advance of the letter to convey the favorable response of the trustees to the proposal.

Action: Mr. Raattama will work with counsel designated by UA to prepare the gift agreement with the Foundation's specific requirements when the outstanding issues have been sufficiently clarified.

4. University of Florida Gift Match and Financial Review

Mr. Paul Robell and Ms. Jancy Houck presented the Annual Endowment Report for The University of Florida Foundation, Inc. for fiscal year June 30, 2005. The report included an overall performance summary for the Foundation's Endowment as well as individual Endowment Summaries for the McKnight Brain Research Foundation Grant Program and the Evelyn F. McKnight Chair for Brain Research in Age Related Memory Loss. Mr. Robell verbally reported that the remaining balance of the state match had been received from the State, as well as the internal match by the College of Medicine prior to the time when the state match was completed. This information was also reflected in the written report (Attachment #4).

Ms. Houck indicated that the balance was slightly less due to the liquidation of the in-kind gift of stock. The endowment funds in the research grant fund and the endowed professor fund have increased in value; near to their original book value.

Ms. Leslie Bram reviewed the Market Value and the Investment Value.

Mr. Peter Landauer discussed the operation and management of the University of Florida Foundation Portfolio under the auspices of UFICO (University of Florida Investment Corporation). Information was provided on management structure, investment and spending policies, asset allocation and performance of the portfolio. The Trustees thanked the representatives from the University of Florida for their presentation and expressed their thanks to the University of Florida for its vision and support leading to the successful match by the State of the MBRF's gift, dollar for dollar.

Action: The Trustees received the report from the University of Florida Foundation as information.

5. William L. & Evelyn F. McKnight Brain Institute update

Dr. Thomas Foster, the Evelyn F. McKnight Professor for Brain Research in Memory Loss, has been invited to organize a scientific session at an international meeting on Neural Plasticity. He will have an article published in the *Society of Neuroscience* and provided copies of other published articles (Attachment #5). The trustees expressed they would like for Dr. Foster to take a more active and visible role at the Institute and throughout the University via seminars, colloquia, symposia, and collaboration with other scientists – including other MBRF grant recipients.

Dr. Dennis L. Steindler, Executive Director at the Evelyn F. and William L. McKnight Brain Institute of the University of Florida, provided each of the trustees with a syllabus containing the status of the research grant program and the research presentations scheduled for February 7, 2006. Dr. Steindler also gave a verbal report on the status of the Brain Institute and reaffirmed the McKnight Brain Research Foundation Trustees' goals and objectives for the Institute and its success. Dr. Steindler's request to redistribute and reallocate the monies designated for the research grant program to be used, in part, to recruit additional faculty whose research interest is in the area of learning and memory loss in the aging was previously approved by the trustees at the November 2, 2005 meeting.

Action: The Trustees received the report by Dr. Dennis L. Steindler on the status of the William L. & Evelyn F. McKnight Brain Institute, the research grant program and the report from Dr. Thomas Foster, the Evelyn F. McKnight Professor, for information.

6. 2005-2006 Distribution Calculations

Mrs. Borcheck presented the estimated 2005-2006 tax year minimum distribution calculations for review. The 2005 Internal Revenue Service 990 PF was not available for review at the time of the meeting.

Action: Trustees reviewed the 2005-2006 Minimum Distribution Calculations for information.

7. University of Alabama Progress Report

The trustees reviewed the second progress report (Attachment #6) on the Evelyn F. McKnight Brain Institute at the University of Alabama (UAB) at Birmingham. It was pointed out there was no mention in the article announcing Dr. Sweatt's appointment that he also occupies the Evelyn F. McKnight Chair for Learning and Memory in Aging. Dr. Lee Dockery is to compose a letter to UAB suggesting the recommended changes. The trustees would also like to know Dr. Sweatt's plans for developing the research programs in age related memory loss at the UAB and the spending plan. Dr. Lee Dockery is to compose a letter to Dr. Rich requesting information concerning the research program and the spending plan which was suspended until the recruitment of a new chair.

Action: Dr. Lee Dockery is to compose a letter to Dr. Rich regarding requesting information concerning the research program in age related memory loss and the spending plan which was suspended until the recruitment of a new chair.

8. Date, Time and Location of Next Quarterly Meeting

The next quarterly meeting of the MBRF will be held at either SunTrust and Trusco offices in Orlando Florida or the University of Alabama Birmingham in late April 2006. Dr. Lee Dockery will inquire regarding the dedication of the EFMBRI at the University of Alabama at Birmingham to determine if the trustees' meeting should be held in conjunction with the dedication ceremonies and a meeting with Dr. Sweatt at the same time.

Action: Dr. Lee Dockery was requested to communicate and coordinate with Dr. Rich at the University of Alabama (UAB) to determine if it would be possible to have the next meeting of the trustees in Birmingham to coincide with the dedication ceremony of the EFMBI.

There being no further business, the meeting was adjourned at 5:30 P.M.

February 7, 2006

Evelyn F. and William L. McKnight Brain Institute of the University of Florida Presentations

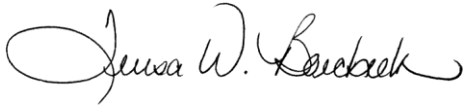
The MBRF trustees and legal counsel convened at 8:30 A.M. for a continental breakfast at the Evelyn F. and William L. McKnight Brain Institute of the University of Florida with members of the faculty and previous research grant award recipients followed by presentations by five research scientists who have been funded by the Evelyn F. McKnight Brain Research Foundation Grant to the University. Dr. Dennis Steindler, Executive Director at the Evelyn F. and William L. McKnight Brain Institute of the University of Florida hosted the MBRF Trustees for presentations and moderated the scientific sessions (See agenda and notebook, attachment #7). The meeting concluded at 2:00 P.M.

Summary of Action Items:

- 1. The Trustees approved the minutes for the September 21, 2005, October 18 & 19, 2005 and November 2, 2005 Trustees meetings with corrections.**
- 2. In the future, the current investment policy will be included in the investment report by Trusco Capital Management.**
- 3. No changes in the investment policy, asset allocation, investments or managers were recommended.**
- 4. Mr. Sebesta will research the countries that comprise the various international indices and the emerging markets index and provide information regarding his findings at the next trustee's meeting.**

5. Efforts will be made by Trusco Capital Management to "highlight" more visibly the appropriate funds in the peer group analysis of the investment report.
6. Dr. Lee Dockery to compose a letter to Dr. Carol Barnes expressing the trustees' tentative approval of the proposal and request clarification of the issues about which the trustees have questions. Further, Dr. Dockery will telephone Dr. Barnes in advance of the letter to convey the favorable response of the trustees to the proposal.
7. Mr. Raattama will work with counsel designated by UA to prepare the gift agreement with the Foundation's specific requirements when the outstanding issues have been sufficiently clarified.
8. The Trustees received the report from the University of Florida Foundation as information.
9. The Trustees received the report by Dr. Dennis L. Steindler on the status of the William L. & Evelyn F. McKnight Brain Institute, the research grant program and the report from Dr. Thomas Foster, the Evelyn F. McKnight Professor, for information.
10. The Trustees reviewed the 2005-2006 Minimum Distribution Calculations for information.
11. Dr. Lee Dockery is to compose a letter to Dr. Rich regarding requesting information concerning the research program in age related memory loss and the spending plan which was suspended until the recruitment of a new chair.
12. Dr. Lee Dockery was requested to communicate and coordinate with Dr. Rich at the University of Alabama (UAB) to determine if it would be possible to have the next meeting of the trustees in Birmingham to coincide with the dedication ceremony of the EFMBI.

Respectfully Submitted,



Teresa W. Borcheck
SunTrust Bank, Corporate Trustee