

MINUTES
MCKNIGHT BRAIN RESEARCH FOUNDATION
BOARD OF TRUSTEES MEETING
October 17 & 18, 2006

October 17, 2006

The quarterly trustee's meeting of the McKnight Brain Research Foundation (MBRF) was called to order at 1 p.m. on October 17th in Reynolds Plantation, Georgia, in the Loblolly Room at the Ritz Carlton Lodge.

The following members were present:

Dr. J. Lee Dockery, Trustee
Dr. Michael Dockery, Trustee
Dr. Nina Ellenbogen Raim, Trustee
Dr. John G. Clarkson, Trustee
Mrs. Teresa Borcheck, Corporate Trustee,
SunTrust Bank Endowment & Foundation Services Group

Others Attending:

Mr. Henry H. Raattama, Jr., Legal Counsel
Mr. Robert Moser, Senior Vice President, SunTrust Strategic Risk Management
Mr. Michael Sebesta, Managing Director, Trusco Capital Management (via phone)
Mrs. Annette Molenaar, SunTrust Bank Endowment & Foundation Services Group (via phone)

1. Investment Review

Mr. Sebesta presented the Investment Review for the third quarter, 2006 (Attachment 1). An additional handout with more up-to-date information related to the Investment Review was also presented to the Trustees (Attachment 2). Large cap stocks performed very well, while small cap growth continued to under perform. Value stocks outperformed growth stocks across the board. Investors reacted positively to the pause in raising interest rates by the Federal Reserve Board, and lower oil prices. There is the expectation that the Federal Reserve Board will cut rates, possibly in late spring of 2007, depending on inflation. The housing market gave cause for concern, with record numbers of unsold homes. Lumber prices have fallen to five-year lows. Mr. Sebesta indicated that in contrast to the residential market, the non-residential real estate market is still very healthy. International markets showed positive returns, while emerging markets were volatile.

The recommendation for asset allocation has not changed much since the last quarter. Trusco Capital Management still favors the large cap growth stocks and international equities, while remaining underweight on high yield and bearish on the US dollar.

Mr. Sebesta indicated that the STI Classic Mid Cap Equity fund has under performed in the short and long term. He will replace this fund with the Lazard Asset Management Mid-Cap Blend, which has performed substantially better. Mr. Sebesta also discussed the performance of the STI Classic Small Cap Growth fund. This fund has been monitored closely, but continues to underperform, and Mr.

Sebesta will add the William Blair fund as a replacement. It is a small cap growth fund with higher fees, but substantially better performance. Mr. Sebesta will forward fund sheets to the Trustees giving information on these two funds. He will also be adding Goldman Sachs to the international space shortly.

The Trustees also briefly discussed the Investment Policy. The policy remained unchanged. Appendix B was changed to reflect the increased international allocation range to 5% - 20% (from 5% - 15%). It was requested that Appendix B be correctly dated (7/19/06) corresponding with the last revision.

Mr. Raattama's memorandum, dated August 18, 2006, was also reviewed, received for information and filed. The memorandum related to the observation that the rate of return and standard deviation varied between the current portfolio and the recommended portfolio which was discussed between Mr. Floyd and Mr. Raattama, after the Trustees' meeting July 18-19, 2006. The memorandum explained the variance between the return/standard deviation for the 8/19/05 recommended portfolio and the existing portfolio on 7/15/06. Mr. Raattama suggested that page 54 of the third quarter, 2006, Investment Review be attached to the file copy of his August 18, 2006 memorandum. This page shows a comparison between the recommended and current portfolios.

Action: The Trustees received the third quarter, 2006, Investment Review for information (Attachment 1), and the additional informational handout to the Investment Review. (Attachment 2).

Action: The Trustees received Mr. Raattama's memorandum dated August 18, 2006 for information.

2. Approval of Minutes

The minutes of the July 18 & 19, 2006 Trustees meeting of the McKnight Brain Research Foundation were reviewed. The minutes were approved. The minutes of the August 3, 2006 conference call were approved with one editorial change on page 1.

Action: The Trustees approved the minutes for the July 18 & 19, 2006 Trustees meeting, and the August 3, 2006 conference call.

3. Minimum Distribution Requirement

Mrs. Borcheck discussed the minimum distribution calculation with the Trustees. She indicated that the expense estimate figures used, were actually the existing expenses from the prior fiscal year. The Trustees indicated that the spreadsheet provided was very helpful, and requested that Mrs. Borcheck prepare the distribution spreadsheet on a quarterly basis for all future meetings.

Action: The Trustees received the Minimum Distribution Calculation for information (Attachment 3).

Action: Mrs. Borcheck to prepare the distribution spreadsheet on a quarterly basis for all future meetings.

4. The University of Arizona

The Trustees discussed the Gift Agreement between the McKnight Brain Research Foundation and the University of Arizona. Dr. Ellenbogen expressed gratitude to Dr. Lee Dockery and Mr. Hank Raattama for their efforts on behalf of the MBRF to reach an agreement with the University of Arizona. Dr. Lee Dockery formally moved to approve and sign the agreement and prepare to make the first distribution on or before November 1, 2006. Dr. Ellenbogen seconded the motion; the motion passed unanimously. Mrs. Borcheck will forward an original signed copy to the University of Arizona, and send a copy to each Trustee.

Action: The Trustees discussed and signed the original Gift Agreements with the University of Arizona.

5. NIA Update

Dr. Lee Dockery shared the three proposals for funding of research in age related memory loss which had been received from Amy McGuire, Executive Director of the Foundation for the National Institutes of Health and recommended by the National Institute on Aging. The three proposals are: a Cognitive Aging Summit, Studies in the Neuroeconomics of Aging, and Testing the Effect of Exercise on Cognitive Health in a Large-Scale Randomized Control Clinical Trial. The Trustees discussed the three proposals, and concluded that of the three, the Cognitive Aging Summit was the most appropriate for the MBRF. Dr. Lee Dockery proposed a motion that a response be drafted indicating support for the Summit, with the outcome of the Summit providing topics for further exploration. The understanding should be that the goal is finding areas where the MBRF can collaborate with the National Institute on Aging (NIA) which reflect the goals and values of the McKnight Brain Research Foundation and develop research opportunities that would be jointly funded by the NIA and the MBRF. The MBRF proposed funding the Summit, not to exceed \$250,000.00. The motion was seconded by Dr. Mike Dockery; the motion passed unanimously. Dr. Lee Dockery will formally communicate the decision to Amy McGuire.

Action: The Trustees received the three proposals from the NIA for information (Attachment 4).

Action: Dr. Lee Dockery will formally communicate with Amy McGuire (FNIH) to inform her that the MBRF will support the Cognitive Aging Summit, not to exceed \$250,000.00.

6. University of Miami

The Trustees discussed the recent correspondence with Dean Goldschmidt at the University of Miami. There has been no response from Dean Goldschmidt to the original August 9, 2006 letter. It was decided that a duplicate copy of that letter be sent by overnight delivery, with signature of receipt, requesting response to the items outlined in the letter.

Action: A copy of the original letter to Dean Goldschmidt, dated August 9, 2006, will be sent via overnight mail, with signature of receipt, requesting a response to the items outlined in the letter.

7. Conflict of Interest Statement

The Trustees each signed the annual Conflict of Interest Statement.

Action: The Trustees signed the annual Conflict of Interest Statement.

8. Date, Time and Location of Next Quarterly Meeting

The next quarterly meeting of the Board of Trustees of the McKnight Brain Research Foundation will be held in Gainesville on February 20 and 21, 2007.

October 18, 2006

The meeting of the MBRF Trustees was reconvened at 8 a.m. in the Loblolly Room at the Ritz Carlton Lodge.

Strategic Planning Session

Mr. Robert Moser facilitated the Strategic Planning Session. The objective of this session was to review and refine the topics discussed at the previous Strategic Planning Session, namely the Vision, Value and Mission Statement of the Foundation. It was decided to reconvene the Strategic Planning Session by the end of 2006, at which time the revised Vision, Value and Mission Statements will be further discussed.

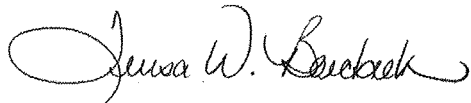
There being no further business, the meeting was adjourned at 10:30 a.m.

Summary of action items:

- 1. The Trustees received the third quarter, 2006, Investment Review for information (Attachment 1), and the additional informational handout to the Investment Review. (Attachment 2).**
- 2. The Trustees received Mr. Raattama's memorandum dated August 18, 2006 for information.**
- 3. The Trustees approved the minutes for the July 18 & 19, 2006 Trustees meeting, and the August 3, 2006 conference call.**
- 4. The Trustees received the Minimum Distribution Calculation for information (Attachment 3).**
- 5. Mrs. Borcheck to prepare the distribution spreadsheet on a quarterly basis for all future meetings.**
- 6. The Trustees discussed and signed the original Gift Agreements with the University of Arizona.**
- 7. The Trustees received the three proposals from the NIA for information (Attachment 4).**
- 8. Dr. Lee Dockery will formally communicate with Amy McGuire (FNIH) to inform her that the MBRF will support the Cognitive Aging Summit, not to exceed \$250,000.00.**

9. A copy of the original letter to Dean Goldschmidt, dated August 9, 2006, will be sent via overnight mail, with signature of receipt, requesting a response to the items outlined in the letter.
10. The Trustees signed the annual Conflict of Interest Statement.

Respectfully Submitted,

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

Teresa W. Borcheck
SunTrust Bank, Corporate Trustee