

MINUTES
MCKNIGHT BRAIN RESEARCH FOUNDATION
BOARD OF TRUSTEES MEETING
April 17 & 18, 2007

April 17, 2007

The quarterly trustee's meeting of the McKnight Brain Research Foundation (MBRF) was called to order at 8 a.m. on April 17th in Miami, Florida, in the offices of Mr. Hank Raattama.

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. Michael Sebesta, Managing Director, Trusco Capital Management
Mrs. Annette Molenaar, SunTrust Bank Endowment & Foundation Services Group

1. Correspondence from FNIH

Dr. Lee Dockery distributed e-mail correspondence from Julie Wolf-Rodda, Director of Research Development and Research Initiatives of the Foundation for the National Institutes of Health (FNIH) and a letter which was received from Amy McGuire, Executive Director of the FNIH, (Attachments 1 and 2). The letter was an invitation to attend the annual meeting of the Board of Directors of the FNIH which is being held in Washington, DC on May 11th, and to participate in a discussion regarding the Cognitive Aging Summit, supported by the MBRF and the National Institute on Aging (NIA) and funded by the MBRF, scheduled for October 10-12, 2007. Following a discussion, the Trustees requested that Dr. Lee Dockery and Dr. Nina Ellenbogen-Raim represent the MBRF at the meeting; Mr. Raattama suggested that copies of the pages from the MBRF website and the MBRF brochure be distributed at the meeting.

Action: The Trustees received the e-mail correspondence and letter from the FNIH for information (Attachments 1 and 2).

Action: Dr. Lee Dockery and Dr. Nina Ellenbogen-Raim will represent the MBRF at the May 11th FNIH Board Meeting to discuss the Cognitive Aging Summit and distribute MBRF descriptive literature.

2. Discussion regarding meeting with Dean Goldschmidt

The Trustees reviewed the various topics which they wished to discuss with Dr. Pascal Goldschmidt, Senior Vice President and Dean of the University of Miami, Miller School of Medicine, at lunch later in the day. The topics to be addressed are as follows:

1. The Dean's vision for the McKnight Center.
2. The temporary nature of Dr. Maudsley's appointment as the Director of the Evelyn F. McKnight Center for Age Related Memory Loss at the University of Miami.
3. Matching funding.
4. Space allocation.

Dr. Clarkson informed the Trustees of the recent hiring of Dr. Ralph Sacco to head up the Neurology Department. The Trustees also discussed the possibility of elevating the center to an institute, and the director position to an endowed chair. It was suggested that Dr. Lee Dockery lead the discussions with Dean Goldschmidt.

3. Strategic Planning Session

The Trustees discussed the new MBRF grant guidelines in relation to each of the mission statements and the respective strategies for achieving the goals of the MBRF. The strategies were also ranked in order of importance. Mrs. Borcheck indicated that the strategies are flexible, and should be discussed on an annual basis. The Trustees requested that Mrs. Borcheck and Mrs. Molenaar prepare a grid with the ranked strategies. Mrs. Borcheck informed the Trustees that she would also work on developing suggested methods to monitor and update the MBRF Strategic Plan, and distribute this information for discussion by the Trustees at a future meeting.

4. Investment Review

Mr. Sebesta presented the investment review, and commented on the key economic and investment factors for the first quarter (Attachment 3). He also distributed an updated investment review book (Attachment 4). According to Mr. Sebesta, the Trusco forecast is for moderate, positive growth for the calendar year 2007. Current expectations are for overall inflation to moderate. The combination of a slowing economy and lower inflation will allow the Federal Reserve the opportunity to possibly cut rates later in the year.

During the first quarter, mid cap stocks performed best, while small-cap continued to outperform large cap stocks. International stocks continued to do very well, and emerging markets are becoming more stable and therefore better growth prospects. Japan, which last quarter was seen as a detractor, performed much better this quarter allowing the Fidelity Advisors Diversified International fund (overweight in Japan) to outperform. Bonds had a good quarter.

Mr. Sebesta also discussed the portfolio composition which he feels is well diversified. He indicated that the Trusco Investment Policy Group (IPG) has re-evaluated the large cap sector, which did have a bias towards growth style, and is more neutral now relative to the Value style. Despite the fact that Value has outperformed Growth for seven straight calendar years, the IPG believes that valuations, the shape of the yield curve and investor sentiment currently favor the Value style. Therefore, Mr. Sebesta recommended a more neutral position in Growth and Value. Mr. Sebesta will rebalance the style categories over the next week or so, between growth, core and value. There will

be no other changes to the existing allocation with regard to capitalization. Mr. Sebesta indicated that he is very comfortable with the current overweight position in International.

As a result of recent underperformance, three current fund holdings are on a "watch list":

1. The STI Classic Large Cap Quantitative Fund: Performance was solid in the first quarter of 2007, as the fund outperformed its benchmark and was in the 15th percentile in its peer group.
2. The STI Classic Aggressive Growth Fund: Fund outperformed benchmark, moved up in rankings.
3. The Fidelity Advisors Diversified International Fund: Fund outperformed benchmark, moved up in rankings.

Mr. Sebesta gave an update on Lighthouse Partners. Five years ago SunTrust Bank bought Lighthouse Partners, giving SunTrust 75% ownership, and Lighthouse 25%. In 2005, Lighthouse Partners approached SunTrust with the desire to earn back equity in the company to give them up to 75% ownership. In 2006, SunTrust agreed to allow senior managers in Lighthouse to regain ownership over a three year period. Earlier this year, SunTrust managers agreed to accelerate this process, as they were concerned that there was a risk that the senior management team might leave. As of March 31, 2007, Lighthouse management owns 75.1% of Lighthouse and SunTrust owns 24.9%. The Trustees asked Mr. Sebesta about the net worth of Lighthouse, and he indicated that he would forward the requested information to them.

Mr. Sebesta also indicated that he would forward the fund fact sheets on the STI funds to the Trustees once they become available. He will be doing an analysis of the efficient frontier during the summer months.

Action: The Trustees received the Investment Review for information (Attachments 3 and 4).

Action: Mr. Sebesta to forward information about the net worth of Lighthouse to the Trustees.

Action: Mr. Sebesta to forward the fund fact sheets on the STI funds to the Trustees.

5. Approval of Minutes

The minutes of the February 20 & 21, 2007 Trustees meeting of the McKnight Brain Research Foundation were reviewed. The minutes were approved as amended.

Action: The Trustees approved the minutes for the February 20 & 21, 2007 Trustees meeting, as amended.

6. UCLA Update

The Trustees reviewed the follow-up letter which was received from Dr. Gary Small at UCLA giving clarification regarding a potential proposal to the MBRF. Following a discussion, the Trustees requested that Dr. Clarkson and Mrs. Borchek conduct a preliminary on-site visit to UCLA for evaluation of the research programs in age related memory loss.

Action: Dr. Clarkson and Mrs. Borcheck to arrange a site visit to UCLA to evaluate the research programs in age related memory loss and report their findings to the other Trustees.

7. Update on Jancy Houck, Yale University

Mrs. Borcheck gave the Trustees an update on a visit from Jancy Houck, who was formerly with the University of Florida Foundation, and is now Vice President for Development and Alumni Affairs with Yale University. Ms. Houck indicated that there were some similarities with the programs at Yale, and the Vision/Mission of the MBRF. The Trustees requested that Mrs. Borcheck communicate with Ms. Houck that if there were opportunities in the future that would be of mutual interest to Yale and the MBRF, they would be happy to receive them.

Action: Mrs. Borcheck to communicate with Jancy Houck requesting that she contact the MBRF if she identifies any opportunities that would be of mutual interest to Yale and the MBRF.

8. Call from Dr. Estelle Toby Goldstein

Mrs. Borcheck advised the Trustees that she had just received a message that Dr. Goldstein in San Diego had called, indicating that she has reviewed the MBRF website and felt that her research interests were aligned with the MBRF. Mrs. Borcheck will follow up with Dr. Goldstein to ascertain the purpose of her call.

Action: Mrs. Borcheck will follow up with Dr. Goldstein to ascertain the purpose of her call.

9. 990 PF Review

Mrs. Borcheck discussed the 990 PF return for the fiscal year ending June 30, 2006. She indicated that Lighthouse had not been able to provide the figures which were requested. Following the discussion, the Trustees agreed that the issue had been resolved to the best of our ability; minor changes will be made to the return, the refund will be accepted, and the return filed.

Action: Mrs. Borcheck to follow up with KPMG to proceed with filing the return, for the tax year ending June 30, 2006.

10. Minimum Distribution Calculation

Mrs. Borcheck discussed the minimum distribution calculation (Attachment 5). It is estimated that there will be approximately \$670,159 excess distribution carried over to the next fiscal year. The Trustees expressed an interest in receiving an estimated projection of the amount available and required for distribution, in the future. Mrs. Borcheck will discuss the possibility of developing tentative projections with Mr. Sebesta. The Trustees also received the grant commitment schedule for information (Attachment 6).

Action: The Trustees received the minimum distribution calculation (Attachment 5) and the grant commitment schedule (Attachment 6) for information.

Action: Mrs. Borcheck to follow up with Mr. Sebesta to request a projection of income for required distributions in the future.

11. Annual Compensation Review

The next agenda item was Trustee compensation. The Trustees first discussed and heard from legal counsel as to the applicable IRS rules regarding reasonable compensation, including the information previously provided to the IRS and the IRS "no change" response to that information. Each individual Trustee confirmed that they devote the same or more hours to MBRF business as they have in the past. It was generally recognized the work has become more demanding because of the increased volume and enhanced sophistication of the scientific material required to be reviewed by the Trustees. It was pointed out that in 2000 the MBRF supported one Institute. Today the MBRF supports four Institutes and a national symposium on age-related memory loss. It was also noted that administration expenses including Trustee fees and excluding investment management fees are approximately 4/10 of 1%, which by any measure are extremely low.

Mrs. Borcheck presented the Annual Compensation Survey which is compiled from information obtained from the Association of Small Foundations (Attachment 7). Mrs. Borcheck discussed the efforts to locate comparable compensation data. All known sources, including Council of Foundations, Association of Small Foundations, various national consulting firms, Guidestar Nonprofit Compensation Report and similar resources have been reviewed. No comparable compensation data was identified from any source.

The Trustees discussed their current compensation. The nature of the work continues to emphasize the research grant support relative to the programs funded to date in fulfilling the mission of the MBRF. The scientific research being funded by the MBRF is producing more research outcomes that the Trustees must review and monitor, without any reduction in the time devoted to investments. The funded research projects and the consideration of new grant support include review of scientific reports for each of the MBRF funded programs and the continual general consideration of status and future direction of the research initiatives in learning and memory loss in the aging. This relates to consideration of when and what research grants the MBRF should be funding to fulfill its mission. The Trustees agreed that the \$200 per hour benchmark for Trustee compensation initially agreed to in 2000 is, although low today, certainly within the range of the hourly charge that the MBRF would incur if it retained persons, either as staff or independent contractors, with the necessary scientific knowledge and experience to provide the services to the MBRF provided by the Trustees. It was noted the MBRF has not retained staff or independent contractors for any scientific purpose. Based on the amount of time devoted to the MBRF business and comparable charges for that type of scientific work and other duties and responsibilities, the Trustees unanimously agreed that \$40,000 per Trustee is reasonable and appropriate compensation for the fiscal year beginning July 1, 2007 and ending June 30, 2008.

Action: The Trustees received the Annual Compensation Survey for information (Attachment 7).

Action: The Trustees approved the same rate of compensation for all Trustees, in the amount of \$40,000 annually, effective 7/1/2007, based upon the amount of time each Trustee spends on foundation business and the complexity of the duties and responsibilities of the Trustees.

12. SunTrust Fee Schedule

Mrs. Borcheck discussed the existing SunTrust Bank fee schedule for the MBRF which went into effect July 1, 2004, and was guaranteed for three years. Based on this fee schedule, all individually

managed assets are charged a flat percentage of 30 basis points, exclusive of the STI Classic Funds and Lighthouse funds which are charged at fund level. Mrs. Borcheck, Corporate Trustee on behalf of SunTrust Bank, indicated that she was recommending no change be made to the Trustee/Asset Management fee schedule. SunTrust, as Corporate Trustee, has proposed the same fee schedule for the next three years, to remain in effect until July 1, 2010. In addition to the fee schedule outlined above, Mrs. Borcheck, on behalf of SunTrust as Corporate Trustee, requested that expenses incurred for one person from SunTrust traveling on Foundation business, be reimbursed.

Following an executive session among the individual Trustees, the Trustees approved the motion to pay for the travel expenses incurred for one person from SunTrust Bank traveling on Foundation business. The Trustees asked wherever possible or appropriate, this would cover the travel costs of an administrative staff person from SunTrust.

Action: The Trustees approved the proposal for the SunTrust Bank fee schedule; Mrs. Borcheck to confirm in writing.

Action: The Trustees approved a motion to reimburse travel expenses for one person from SunTrust traveling on Foundation business. Wherever possible or appropriate, the travel costs would be for an administrative staff person from SunTrust.

13. Upcoming Dates

The Trustees discussed the upcoming Cognitive Aging Summit which will be held in Washington, DC from October 10-12. Once the details of the agenda become known, the Trustees will discuss whether they will be able to hold their Board meeting during the Summit.

14. Correspondence with Dr. Carol Barnes

Dr. Lee Dockery shared his e-mail correspondence with Dr. Carol Barnes with the Trustees (Attachment 8). Dr. Barnes had requested clarification on whether the MBRF planned to cover some of the costs of the Inter-Institute meeting of the McKnight Brain Institutes which is scheduled for April 2008. The Trustees requested that Dr. Barnes submit a budget and a plan for the meeting for review by the Trustees. This will be considered at the July meeting in Orlando.

Action: The Trustees received the e-mail correspondence from Dr. Carol Barnes for information (Attachment 8).

Action: Dr. Lee Dockery will communicate with Dr. Barnes, and request a budget and plan for the Inter-Institute meeting scheduled in April 2008.

15. 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 Orlando on July 16, 2007.

There being no further business, the meeting was adjourned at 4:45 p.m.

April 18, 2007

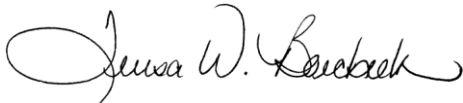
The MBRF Trustees and legal counsel convened at 8:30 a.m. for breakfast at the Lois Pope LIFE Center Auditorium at the University of Miami, Miller School of Medicine with members of the faculty and staff. The breakfast was followed by a scientific program which was introduced by Dr. Pascal Goldschmidt, Senior Vice President for Medical Affairs and Dean of the Miller School of Medicine. A copy of the scientific presentations is attached and made a part of these minutes (Attachment 9). A buffet lunch was served prior to the afternoon presentations which concluded at 2:45 p.m. with remarks by Dr. Julio Licinio, Professor and Chairman of the Department of Psychiatry and Behavioral Sciences. On behalf of the MBRF, Dr. Lee Dockery thanked the staff and faculty who participated in the scientific program and announced representatives of the Evelyn F. McKnight Center for Age Related Memory Loss at the University of Miami will receive invitations to attend the Cognitive Aging Summit, October 10-12, 2007 and the Inter-Institutional meeting of the Center and the McKnight Brain Institutes, April 17-18, 2008.

Summary of action items:

- 1. The Trustees received the e-mail correspondence and letter from the FNIH for information (Attachments 1 and 2).**
- 2. Dr. Lee Dockery and Dr. Nina Ellenbogen-Raim will represent the MBRF at the May 11th FNIH Board Meeting to discuss the Cognitive Aging Summit and distribute MBRF descriptive literature.**
- 3. The Trustees received the Investment Review for information (Attachments 3 and 4).**
- 4. Mr. Sebesta to forward information about the net worth of Lighthouse to the Trustees.**
- 5. Mr. Sebesta to forward the fund fact sheets on the STI funds to the Trustees.**
- 6. The Trustees approved the minutes for the February 20 & 21, 2007 Trustees meeting, as amended.**
- 7. Dr. Clarkson and Mrs. Borcheck to arrange a site visit to UCLA to evaluate the research programs in age related memory loss and report their findings to the other Trustees.**
- 8. Mrs. Borcheck to communicate with Jancy Houck requesting that she contact the MBRF if she identifies any opportunities that would be of mutual interest to Yale and the MBRF.**
- 9. Mrs. Borcheck will follow up with Dr. Goldstein to ascertain the purpose of her call.**
- 10. Mrs. Borcheck to follow up with KPMG to proceed with filing the return, for the tax year ending June 30, 2006.**
- 11. The Trustees received the minimum distribution calculation (Attachment 5) and the grant commitment schedule (Attachment 6) for information.**
- 12. Mrs. Borcheck to follow up with Mr. Sebesta to request a projection of income for required distributions in the future.**
- 13. The Trustees received the Annual Compensation Survey for information (Attachment 7).**
- 14. The Trustees approved the same rate of compensation for all Trustees, in the amount of \$40,000 annually, effective 7/1/2007, based upon the amount of time each Trustee spends on foundation business and the complexity of the duties and responsibilities of the Trustees.**
- 15. The Trustees approved the proposal for the SunTrust Bank fee schedule; Mrs. Borcheck to confirm in writing.**

- 16. The Trustees approved a motion to reimburse travel expenses for one person from SunTrust traveling on Foundation business. Wherever possible or appropriate, the travel costs would be for an administrative staff person from SunTrust.**
- 17. The Trustees received the e-mail correspondence from Dr. Carol Barnes for information (Attachment 8).**
- 18. Dr. Lee Dockery will communicate with Dr. Barnes, and request a budget and plan for the Inter-Institute meeting scheduled in April 2008.**

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.

Teresa W. Borcheck
SunTrust Bank, Corporate Trustee