

MINUTES
MCKNIGHT BRAIN RESEARCH FOUNDATION
BOARD OF TRUSTEES MEETING
August 7 & 8, 2007

August 7, 2007

The quarterly trustee's meeting of the McKnight Brain Research Foundation (MBRF) was called to order at 7:30 p.m. on August 7th in Orlando, Florida, following dinner at Ruth's Chris Steakhouse.

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
Mr. John B. Floyd, Managing Director, Trusco Capital Management
Mr. Dan Ledbetter, Product Manager, Lighthouse Partners
Mrs. Annette Molenaar, SunTrust Bank Endowment & Foundation Services Group

1. Approval of the Minutes

The minutes of the April 17 & 18, 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 April 17 & 18, 2007 Trustees meeting, as amended.

2. Update on Cognitive Aging Summit

The Trustees discussed the various items which needed to be clarified.

The Trustees agreed to pay for their own travel and hotel expenses, and not utilize the \$7,200 which was allocated in the original budget. It was also agreed that the Trustees should pay for their own dinner on Thursday evening (October 11). The dinner will be limited to approximately 50 people, and Dr. Lee Dockery suggested that it would be an excellent opportunity to disperse the Trustees at different tables with the opportunity to listen and determine the status of knowledge that exists and research being conducted in age-related memory loss at other institutions. It will be a highly visible and important event, which the Trustees should attend.

The Trustees indicated that they should be listed as Trustee, MBRF, and no other affiliation should be used in the summit materials.

Following a discussion, it was decided that the Trustees should plan to arrive on October 9th, in time for the opening reception that evening. It was determined that there would be no opportunity to break away for a board meeting during the summit, but that the Trustees should attempt to hold a debriefing session at the Ronald Reagan Washington National Airport on the afternoon of Friday, October 12th, following the conclusion of the summit. Mrs. Borcheck indicated that she would reserve a conference room in the Delta Crown Room at the airport which could be used for the meeting. However, if a roundtable session is held on Friday afternoon following the summit, the debriefing session would need to be rescheduled. The Trustees should try to make flight reservations departing after 5 p.m. on Friday, October 12.

There was some discussion regarding the National Public Radio (NPR) program. NPR will not commit until closer to the time, and may still pull out if another topic is deemed more newsworthy on the day. Representatives from the National Institute on Aging (NIA) have indicated that they will do a roundtable discussion of the important topics developed from the Summit, if NPR does not. The Trustees also discussed the possibility of local stations providing coverage. Dr. Dockery informed the other Trustees that he had discussed various options such as live streaming, podcasts/camcasts with the NIA representatives, and they are researching the options and costs. They should be able to at least produce CDs, as that should be relatively inexpensive to do, and they could be distributed around the country.

There was a lengthy discussion on the congressional event. Mrs. Borcheck updated the Trustees on her conversations with Mr. Thomas Pennekamp (Senior Vice President, Government Relations, SunTrust Bank) and Dr. Tamara Jones (Senior Public Health Advisor, NIA). Dr. Jones had forwarded a list of congressional members and staff to Mr. Pennekamp and Mrs. Borcheck for their review. Following an extensive review of this list, it was decided that Mr. Pennekamp will contact the chiefs of staff of four offices (Martinez, Weldon, Nelson and Shelby) as these individuals serve on the Special Committee of Aging. The format of the session will be a poster event, with each poster hosted by the individual MBRF research chairs. A handout will be prepared for the event. Dr. Jones will be responsible for sending out "save the date" cards to invitees; Mrs. Borcheck will follow up with Dr. Jones to establish the timing. Dr. Judy Salerno (Deputy Director of the NIA) will be giving the opening remarks at the start of the summit, as well as the congressional event. The MBRF has been requested to nominate one of the Trustees to also participate in the opening remarks; Dr. Clarkson recommended that Dr. Lee Dockery represent the Trustees and the Trustees were unanimous in their approval.

Action: Mrs. Borcheck to reserve a conference room in the Delta Crown Room at Ronald Reagan Washington National Airport in Washington, D.C., for the afternoon of October 12, 2007.

Action: Mrs. Borcheck to follow up with Dr. Tamara Jones regarding the mailing of the "save the date" cards for the congressional event.

3. Grant Request from the University of California at Los Angeles (UCLA)

The Trustees discussed the formal grant proposal which was submitted by Dr. Gary Small (Director, UCLA Center on Aging). The Trustees indicated that they were very impressed with the research that is being undertaken at UCLA with regards to age-related cognitive dysfunction. However, the Trustees felt that it was not clear anywhere in the proposal that a grant from the MBRF would make

any noticeable difference to the future direction of the research in age-related memory loss at UCLA. After a lengthy discussion, it was decided that Dr. Clarkson would formulate a response to Dr. Small on behalf of the MBRF, rejecting the proposal.

Action: Dr. Clarkson to draft a letter to Dr. Gary Small rejecting the proposal.

4. Update on Inter Institute Meeting in Arizona

It was agreed that the Trustees board meeting would be held in the afternoon of April 16, 2008, to allow the Trustees to travel to Tucson that morning.

The Trustees then discussed the format they thought should be followed for the two-day event. It was suggested that on the first day, April 17, the four organizations should give an update (two organizations in the morning and two in the afternoon, i.e. University of Miami, University of Florida, University of Alabama at Birmingham and the University of Arizona). On the second day, April 18, a round table could be held among investigators in the morning to discuss any new developments, with the event adjourning around noon to allow participants to catch flights out of Tucson. It is important to have each institute be aware of what the other institutes are doing, and to promote collaboration among the institutes. Dr. Clarkson also indicated that it would be worthwhile to have the investigators debrief the Trustees on what happened at the Cognitive Aging Summit, and how we ought to move forward together.

The Trustees discussed the various items needing clarification regarding the logistics for the Inter Institute Meeting to be held in Tucson, Arizona on April 17-18, 2008. They agreed that the contract for the accommodation and meeting rooms should be between the Arizona Inn and the MBRF, and the MBRF will pay the Arizona Inn directly. There will be a master account set up for the hotel accommodations, and participants will be asked to submit an expense report to SunTrust Bank for other expenses.

There being no further business, the meeting was adjourned at 9:45 p.m.

Wednesday, August 8, 2007

The meeting of the MBRF Trustees was reconvened at 8 a.m. in the SunRoom on the 3rd floor of the SunTrust Bank Park Building in Orlando.

5. Efficient Frontier

Mr. John Floyd presented the annual Asset Allocation Analysis/Strategic Allocation Solution (SAS) Update (Attachment 1). Mr. Floyd gave an overview of the SAS process, and stressed its importance in achieving long-range investment goals. In looking at the current portfolio, he indicated that it is very well diversified and is already very efficient. Mr. Floyd discussed several small adjustments which would enhance the performance of the existing portfolio, while further reducing the standard deviation (risk) factor. It was proposed to increase the allocation to the Lighthouse Long/Short Fund, add international real estate (SSG DJ Wilshire International REIT) and possibly introduce private equity. Mr. Floyd felt that by increasing the allocation to the long/short hedge fund, it would allow them to take advantage of the market's rising volatility. The portfolio currently holds domestic REITs (T. Rowe Price Real Estate), and with stronger economic growth outside the U.S. and the weak U.S. dollar, Mr. Floyd believes that the addition of international real estate would improve the overall risk/return characteristics of the portfolio. Mr. Floyd indicated that as the REIT structure rolls

out around the world, it is making international real estate more attractive as it offers liquidity and transparency. The addition to international real estate and the Lighthouse Long/Short fund would be offset by reductions in the large cap stocks.

The possibility of also adding private equity to the portfolio was discussed at length. Private equity is a very long-term investment (8-10 years) with good return characteristics, but it can affect liquidity. Mr. Floyd indicated that it is one of the most complex asset classes he has looked at, due to liquidity and lack of transparency. He informed the Trustees that he would provide the Trustees with more details on private equity, and would prepare a revised Risk/Return Study to reflect the inclusion of private equity in the modified portfolio.

The Trustees deferred voting on the proposals made by Mr. Floyd, until after Mr. Sebesta's review and discussion of the Investment Report.

Action: The Trustees received the Asset Allocation Analysis/Strategic Allocation Solution for information (Attachment 1).

6. Investment Review

Mr. Sebesta presented the Investment Review for the second quarter (Attachment 2). He reviewed the market performance, which was strong for the quarter, with large cap stocks outperforming Small- and Mid-Cap stocks and bond prices fell. The quarter also saw high levels of merger and acquisition activity. The economy re-accelerated during the quarter, but housing and sub-prime lending are still causing concerns. The Federal Reserve policy remains unchanged, although they have left the option of cutting interest rates open should the contagion from the housing market spread. Gross Domestic Product (GDP) has accelerated, but is expected to finish the full year at a below-average pace at about 2.25/2.5%. The risk of a recession has recently increased, although it remains a low probability. Even though core inflation moderated in the 2nd quarter, the Federal Reserve still cites inflation as their major concern.

Mr. Sebesta distributed additional year-to-date investment performance comparisons (Attachment 3). The overall portfolio has outperformed the blended benchmark by 1.28% YTD. Most funds have outperformed the benchmark, with the exception of the Large Cap Quantitative Equity Fund. Mr. Sebesta indicated that he would like to remove this fund from the portfolio as it has not met its benchmark. The Goldman Sachs Emerging Market Fund has also under-performed in comparison to the benchmark, but is a solid performer. The Fidelity Advisors Diversified International Fund has also caused concern in the past, but recently has been outperforming. The performance of the STI Large Cap Value Fund has also been monitored; however, it has shown very good recent performance.

Following Mr. Sebesta's presentation, the Trustees discussed the proposals suggested by Mr. Floyd. A motion was made by Dr. Clarkson to create a new asset class for private equity that has a target of 5%, with a range of 0-10%. To accommodate this addition, the existing large cap asset class range will be reduced from 52% to 47%, with the range remaining the same. Dr. Ellenbogen-Raim seconded the motion; the motion passed unanimously. Dr. Lee Dockery proposed a motion to accept and implement the recommendation to add international real estate and increase the holding in the Lighthouse Long/Short Fund, as provided by the report on the Efficient Frontier. Dr. Clarkson seconded the motion. The motion carried unanimously. Mr. Raattama will develop a revised Appendix B to the Investment Policy.

Mr. Floyd will provide the various private equity options to the Trustees, and give his recommendations on the most suitable choice, after which the Trustees can give input prior to a decision being made on the most appropriate vehicle for investment.

Action: The Trustees received the Investment Review for information (Attachment 2), and additional Investment Performance data (Attachment 3).

Action: The Trustees approved the recommendations to add a new asset class for private equity; add international real estate to the portfolio and increase the holding in the Lighthouse Long/Short Fund.

Action: Mr. Raattama will develop a revised Appendix B to the Investment Policy to reflect the changes.

Action: Mr. Floyd will provide various private equity options to the Trustees consideration prior to the final decision on the most appropriate vehicle for investment.

7. Lighthouse Partners Update

Mr. Ledbetter (Product Manager, Lighthouse Partners) presented an update on the two Lighthouse funds in the MBRF current portfolio (Attachment 4). The Diversified Fund has lower volatility and lower drawdown, and a low correlation to stocks and bonds. The fund has performed very well, showing growth of 8.99% through June 2007.

The Global Long/Short Fund has more volatility. The goal is to keep the standard deviation about half of other equities. This fund performed very well in February and March, but lost 30 bps in the last month. However, relative to other similar funds, it has performed well. It is a well diversified fund, geographically as well as by style. This fund showed growth of 12.28% through June 2007. Mr. Ledbetter also discussed recent developments at Lighthouse Partners. HFA Holdings is a company in Australia which has partnered with Lighthouse for the last eight years. HFA Holdings is in the process of buying Lighthouse, although Lighthouse will still retain much of the control with Sean McGould holding the position of Chairman in the new firm. The existing 24.9% holding by SunTrust Bank will be sold; however, the way Lighthouse works with SunTrust will not change. The existing arrangements/fees that are in place will continue and will not change.

The Trustees thanked Mr. Ledbetter for his report on Lighthouse Partners, and requested that he return next year to give an update at the July/August meeting.

Action: The Trustees received the Lighthouse Partners report for information (Attachment 4).

8. 990 PF for FY ending 6/30/2006

The Trustees reviewed and received the 990 PF for fiscal year ending 6/30/2006 for information.

Action: The Trustees received the 990 PF for FY ending 6/30/2006 for information (Attachment 5).

9. Minimum Distribution Requirement/Estimated Projection

The Trustees received the Minimum Distribution calculation for information (Attachment 6). Mrs. Borcheck indicated that there will be an estimated excess distribution carryover of \$589,173 for the fiscal year ending June 30, 2007. As requested at the previous Board meeting, Mrs. Borcheck presented a "Crystal Ball" Projection, which will be known as an estimated projection in the future (Attachment 7). In conjunction with this Mr. Sebesta prepared a bar chart showing historical market values and projected market values for the MBRF portfolio from June, 2000 through June, 2012 (Attachment 8). The projection showed that without any additional grants being made, there is a possibility that the foundation will have undistributed income in the fiscal year which starts on July 1, 2009. The Trustees requested that Mrs. Borcheck provide this estimated projection at future board meetings. In addition, it was suggested that an annual and cumulative total of distributions by the MBRF be included on all future reports.

Action: The Trustees received the Minimum Distribution calculation for information (Attachment 6).

Action: The Trustees received the estimated projection of minimum distribution for information (Attachment 7), and the bar chart showing market values for the MBRF portfolio (Attachment 8).

Action: Annual and cumulative totals of distributions by the MBRF be included in all future reports.

10. Renewal of D&O Insurance

The Trustees approved the renewal of the Directors & Officers Liability Insurance policy, payment of which is due prior to October 17, 2007.

11. Date of Next Meeting

The next meeting will be held via conference call on October 31st at 2 p.m. Mrs. Borcheck will provide the call-in information to the Trustees. The call will be one hour in duration, with an abbreviated Investment Review discussion with Mr. Sebesta.

12. Strategic Planning Session

The Trustees reviewed the ranked strategies which had been prepared following the previous meeting. They also reviewed the Mission Statement bullet points. Under the bullet point: "Promote collaboration and communication among research scientists, institutions, and organizations engaged in research in age-related memory loss", the strategy, **Annual Inter-Institute Research Symposium**, was added.

After reviewing multiple ways that this could be accomplished, the Trustees determined seven priorities to monitor progress:

1. Standardize the annual report received from grantees. Dr. Clarkson to draft a template.
2. Annual Inter-Institute Research Symposium – serve as a catalyst for being a leader.

3. Annual Board self-assessment; Mrs. Borcheck to provide samples of various self-assessment templates and modify to match the requirements of the MBRF. It was agreed that this self-assessment should take place at the April meeting when the annual compensation review occurs.
4. Evaluate the outcome of the Cognitive Aging Summit (short term), and determine the availability of strategic partnerships with the NIA/Foundation for the National Institutes of Health (FNIH).
5. Review and analyze the recommendations from NIA/FNIH for \$1 million grant to fund agencies in conjunction with age-related memory loss.
6. On-going management of the Foundation's assets to ensure sufficient funds to accomplish the goals of the foundation.
7. Publicity; continue efforts to increase awareness of the issue of age-related memory loss.

Action: Dr. Clarkson to draft template for annual report from grant recipients.

Action: Mrs. Borcheck to provide samples of self-assessment templates of similar organizations.

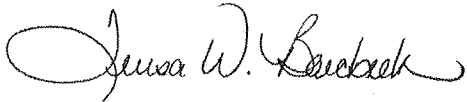
There being no further business, the meeting adjourned at 1:35 p.m.

Summary of action items:

1. **The Trustees approved the minutes for the April 17 & 18, 2007 Trustees meeting, as amended.**
2. **Mrs. Borcheck to reserve a conference room in the Delta Crown Room at Ronald Reagan Washington National Airport in Washington, D.C., for the afternoon of October 12, 2007.**
3. **Mrs. Borcheck to follow up with Dr. Tamara Jones regarding the mailing of the "save the date" cards for the congressional event.**
4. **Dr. Clarkson to draft a letter to Dr. Gary Small rejecting the proposal.**
5. **The Trustees received the Asset Allocation Analysis/Strategic Allocation Solution for information (Attachment 1).**
6. **The Trustees received the Investment Review for information (Attachment 2), and additional Investment Performance data (Attachment 3).**
7. **The Trustees approved the recommendations to add a new asset class for private equity; add international real estate to the portfolio and increase the holding in the Lighthouse Long/Short Fund.**
8. **Mr. Raattama will develop a revised Appendix B to the Investment Policy to reflect the changes.**
9. **Mr. Floyd will provide various private equity options to the Trustees consideration prior to the final decision on the most appropriate vehicle for investment.**
10. **The Trustees received the Lighthouse Partners report for information (Attachment 4).**
11. **The Trustees received the 990 PF for FY ending 6/30/2006 for information (Attachment 5).**
12. **The Trustees received the Minimum Distribution calculation for information (Attachment 6).**

- 13. The Trustees received the estimated projection of minimum distribution for information (Attachment 7), and the bar chart showing market values for the MBRF portfolio (Attachment 8).**
- 14. Annual and cumulative totals of distributions by the MBRF be included in all future reports.**
- 15. Dr. Clarkson to draft template for annual report from grant recipients.**
- 16. Mrs. Borcheck to provide samples of self-assessment templates of similar organizations.**

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "Teresa W. Borcheck".

Teresa W. Borcheck
SunTrust Bank, Corporate Trustee