

**MINUTES  
MCKNIGHT BRAIN RESEARCH FOUNDATION  
BOARD OF TRUSTEES MEETING  
February 20 & 21, 2007**

**February 20, 2007**

The quarterly trustee's meeting of the McKnight Brain Research Foundation (MBRF) was called to order at 12 noon on February 20th in Gainesville, Florida, in the Board Room of the Hilton Hotel.

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. Paul Robell, Vice President of Development & Alumni Affairs, University of Florida  
Foundation  
Mr. Michael Smith, Chief Investment Officer, UFICO  
Mr. Peter Landauer, Chief Operations Officer, University of Florida Foundation  
Ms. Ann Braun, Senior Director of Development, College of Medicine, University of Florida  
Dr. Dennis Steindler, Executive Director, Evelyn F. and William L. McKnight Brain Institute  
Dr. Thomas Foster, Professor and Evelyn F. and William L. McKnight Brain Institute Chair  
Mrs. Annette Molenaar, SunTrust Bank Endowment & Foundation Services Group

**1. Approval of Minutes**

The minutes of the October 17 & 18, 2006 Trustees meeting of the McKnight Brain Research Foundation were reviewed. The minutes were approved with two changes in the second paragraph on the second page.

**Action: The Trustees approved the minutes for the October 17 & 18, 2006 Trustees meeting, as amended.**

**2. University of California at Los Angeles (UCLA) Proposal**

The Trustees reviewed materials submitted by Dr. Gary Small, the Director at the UCLA Center on Aging and Director of the Semel Institute Memory and Aging Research Center. He was a speaker on aging and memory at a luncheon which was attended by Dr. Nina Ellenbogen-Raim. The Trustees also discussed information received from Dr. Sweatt and Dr. Licinio regarding Dr. Small. Following the discussion, the Trustees indicated that based on the information provided by Dr. Small, they had difficulty understanding the nature of the proposal he had submitted for consideration by the MBRF. The trustees requested Mrs. Borcheck send a letter to Dr. Small indicating that they are requesting

clarification of his proposal, while emphasizing that this was not a request for him to submit a formal proposal.

**Action: Mrs. Borcheck to send a letter to Dr. Small requesting clarification of his proposal to the MBRF.**

### **3. University of Alabama at Birmingham (UAB) Report**

The Trustees discussed the supplemental information submitted by Daphne Powell, major gifts officer at UAB, to the annual report from UAB which was received in December, 2006 (Attachment 1). Dr. Lee Dockery met with Daphne Powell when he attended the Endowed Chairs and Professorships Dinner on February 6. He reviewed the income and distributions for the McKnight gift and matching funds and indicated he was very satisfied with the record keeping and reporting by UAB. Dr. Dockery also gave the Trustees an update of on the February 6, 2007, Endowed Chairs and Professorships Dinner he had attended on behalf of the MBRF, hosted by UAB President, Carol Garrison. He indicated that the event was very impressive with approximately 240 people in attendance. Three individuals spoke at the dinner: Dr. Garrison, Dr. Sweatt and Dr. Dockery. The Trustees thanked Dr. Dockery for representing the MBRF. Mrs. Borcheck distributed copies of the program for this event, as well as copies of the "Maintaining the Momentum" newsletter which featured the dedication of the Evelyn F. McKnight Brain Institute at UAB last April.

**Action: The Trustees received the supplemental materials to the annual report from UAB for information (Attachment 1).**

### **4. University of Miami**

The Trustees discussed the report which was submitted by Dean Goldschmidt in late December, 2006, (Attachment 2). They acknowledged the importance of the report, and the desire to address various outstanding issues. The Trustees discussed the possibility of elevating the University of Miami from a center to an institute, which is more in line with what has been done at other universities receiving grant support from the MBRF. Dr. Lee Dockery opined that perhaps the director should become an endowed chair, and raised the question of whether this would necessitate increasing the contribution to the University of Miami. The question of Dr. Andrew Maudsley's temporary position as Director of the Center for Age related Memory Loss was also discussed. Dr. Clarkson will draft a letter to Dean Goldschmidt covering these issues, and the upcoming visit to the University of Miami, for Mrs. Borcheck's signature.

Mrs. Borcheck distributed the proposed draft agenda for the April 18, 2007 meeting in Miami which was submitted by Mary Ann Sprinkle for the Trustees' review (Attachment 3). The Trustees indicated that they would like to have a one-on-one meeting, over lunch, with Dean Goldschmidt the day before the scientific program to discuss the goals, objectives, and space allocation for the center. With regards to the draft agenda of the scientific program which had been developed for April 18, the Trustees felt that it should be a symposium open to the broader scientific community, and should not be a closed presentation to the Board of Trustees. Dr. Clarkson will communicate this information to Marsha Kegley and Mary Ann Sprinkle, and also suggest a larger venue where the event can be held to accommodate a larger audience. The program should feature speakers who can give updates on the research which the University of Miami is conducting on age-related memory loss.

After further discussion, the Trustees decided that the next meeting of the Board of Trustees in Miami should start on April 17<sup>th</sup> at 8 a.m. in Mr. Raattama's office to discuss the Strategic Planning process. At approximately 11:30 a.m. a van could shuttle the Trustees to the University of Miami campus, for lunch with Dean Goldschmidt at 12 noon. Following lunch, the Trustees would hold their regular Board of Trustees meeting, in a conference room on campus. Dinner that evening would be for the Trustees only. The following day, April 18<sup>th</sup>, would comprise of the scientific symposium hosted by the University of Miami, starting at 9 a.m. The symposium would conclude with lunch with Donna Shalala, President, University of Miami.

**Action: Dr. Clarkson to draft a letter to Dean Goldschmidt suggesting refinements in the schedule to the University of Miami including a private luncheon with Dean Goldschmidt for Mrs. Borcheck's signature.**

**Action: The Trustees received the draft agenda submitted by Mary Ann Sprinkle for their review (Attachment 3).**

**Action: Dr. Clarkson will communicate with Marsha Kegley and Mary Ann Sprinkle with regards to the agenda and venue for the scientific presentations.**

## **5. Investment Review**

Mr. Sebesta presented the investment review, and commented on the key economic and investment factors for the fourth quarter (Attachment 4). He indicated that one of the biggest concerns is the decline in the housing market and its potential impact on the other sectors of the financial market. Although the housing market is expected to stabilize, it will take some time to work through the existing inventory of unsold homes. On the commercial side of the market, REIT's continue to do very well. The overall economy has benefited from a fairly stable job market, which has helped maintain a steady level of income growth. However, for the first time in history, the national savings rate is negative. If consumers were to decrease spending and increase their savings as a result of the housing slowdown, the economy could experience a significant slowdown. Mr. Sebesta commented that his belief is that the probability of a recession is still low. In other areas of the economy, lower oil prices and a weaker dollar have helped to curb the trade deficit in the fourth quarter. Finally, core inflation still remains above the "comfort zone" of the Federal Reserve Board. Accordingly, the interest rates will not likely drop until core inflation drops below 2%.

During 2006, small cap stocks outperformed both mid- and large-cap stocks, while value outperformed growth. Emerging markets continued to do very well, although Japan was a detractor from returns in part due to the currency conversion of the yen versus the dollar. The overall yield curve shifted higher during the year, as short term interest rates moved higher than long term rates.

The economy is expected to grow between 2.5-3% in 2007. Housing is expected to still be in decline, but the probability of recession is considered relatively low. Federal Reserve policy on core inflation is on hold, but the general consensus is there will be no hesitancy in raising rates, if necessary. In 2007, stocks are expected to return 8-10%, which is lower than 2006, while bonds are expected to give similar returns as in 2006 (4.5%).

Mr. Sebesta reviewed the current asset allocation. He still favors large cap stocks relative to small cap, and growth versus value; he continues to recommend an allocation to the developed

international and emerging markets. When reviewing the account summaries, Mr. Sebesta reported that the portfolio generated almost 16% last year.

In reviewing investment performance, Mr. Sebesta indicated that the STI Classic Aggressive Growth Fund has been disappointing. The Fidelity Advisors Diversified International Fund has been outstanding in the past, but has lagged over the past year, primarily due to the fact that they are overweight in Japan which was one of the weaker markets. The general consensus is that the Fidelity Advisors Diversified International Fund will rebound, and Mr. Sebesta believes that it is too early to make a change at this time. The performance of the Fidelity Advisors Diversified International Fund will continue to be monitored. The STI Classic Large Cap Quantitative Equity Fund has not performed well, due to poor stock selection. This fund has only been in existence for three years. Mr. Sebesta will continue to monitor the performance of this fund closely over the next three months. If relative performance does not improve, both funds will be removed from the allocation.

The Trustees reviewed the data, expressed concerns about the STI funds mentioned; and will continue to evaluate the performance.

The Trustees indicated that they would like to continue to receive the Mobius data as well as the Morningstar data.

**Action: The Trustees received the Investment Review for information (Attachment 4).**

## **6. University of Florida Foundation Endowment Report**

Mr. Michael Smith from the University of Florida Investment Corporation (UFICO), Mr. Paul Robell, Mr. Peter Laudauer and Ms. Ann Braun presented the Annual Endowment Report for The University of Florida Foundation, Inc. for year ending 12/31/2006 (Attachment 5). The report included the portfolio structure, and overall performance summary for the Foundation's Endowment. Ms. Braun also distributed the University of Florida Endowment Report (booklet) for 2006 (Attachment 6). Mr. Robell indicated that the MBRF endowment funds have increased in value, and are now above their original book value.

The Trustees requested that information be provided on the Individual Endowment Summaries for the MBRF Grant Program and the Evelyn F. McKnight Chair for Brain Research in Age Related Memory Loss. The representatives from the University of Florida were thanked for their presentation.

**Action: The Trustees received the Annual Endowment Report (Attachment 5), and the University of Florida Report (booklet) (Attachment 6) for information and requested additional information on the endowment summaries for the MBRF Grant Program and the Evelyn F. McKnight Chair .**

## **7. Evelyn F. & William L. McKnight Brain Institute Update**

Dr. Thomas Foster, Professor and the Evelyn F. McKnight Chair for Brain Research in Memory Loss, discussed his report which had been distributed to the Trustees prior to the meeting, and distributed two additional articles for their review (Attachment 7). Dr. Foster informed the Trustees that he will

have seven publications this year, and gave them an update on the seminars he has attended and activities he has directed. He also indicated he is collaborating with three new research scientists who have joined the University of Florida Faculty.

Dr. Dennis L. Steindler, Executive Director at the Evelyn F. & William L. McKnight Brain Institute of the University of Florida, presented the Trustees with Annual Report for the Evelyn F. McKnight Brain Research Grant Program (Attachment 8) which detailed the research presentations scheduled for February 21, 2007. Dr. Steindler also distributed a letter (Attachment 9) which detailed the accomplishments during the past year, and the goals and objectives for the upcoming year. He indicated that he had 12 papers published last year. With regards to the budget, Dr. Steindler informed the Trustees that so far only three grantees have been funded; they are holding the rest of the budget in escrow until such time as a new Dean has been appointed and new faculty recruits have been identified.

**Action: The Trustees received two articles from Dr. Foster (Attachment 7), the Annual Report for the Evelyn F. McKnight Brain Research Grant Program (Attachment 8), and a letter from Dr. Steindler (Attachment 9), for information.**

### **8. Strategic Planning Session – Next Steps**

Mrs. Borcheck informed the Trustees that she had met at length with Mr. Moser to discuss the Strategic Planning Session which was held in Tucson in December. The consensus was that a special meeting needs to be held to rank strategies in importance, and to create a process to monitor and assess performance. At this time new grant guidelines also need to be discussed. It was suggested that each Trustee submit their own ranking and review of the guidelines prior to the meeting. Following the discussion, the Trustees agreed to meet for a half-day on April 17, 2007 prior to the next regularly scheduled Board of Trustees meeting in Miami.

### **9. Upcoming Events/Dates for 2007-2008**

The Trustees discussed the spreadsheet giving the upcoming dates and events for 2007 and 2008. The Cognitive Aging Summit dates have been confirmed as October 10 – 12, 2007 in Washington, D.C. Once the agenda for the summit has been finalized, the regularly scheduled October Board of Trustees meeting will take place during the visit to Washington D.C. Dr. Michael Dockery suggested holding the Board meeting during the evening hours of October 10<sup>th</sup> and 11<sup>th</sup>. A conference call could be scheduled prior to the October meeting to discuss the minutes and other items.

**Action: The Cognitive Aging Summit will be held October 10-12, 2007 in Washington, DC. The trustees will review the agenda when it is finalized to determine if the MBRF can hold the 4<sup>th</sup> quarter, 2007, board meeting in conjunction with the Cognitive Aging Summit.**

### **10. Minimum Distribution Requirement**

Mrs. Borcheck discussed the minimum distribution calculation with the Trustees.

**Action: The Trustees received the Minimum Distribution Calculation for information (Attachment 10).**

### **11. 990 PF for fiscal year end 6/30/2006**

Mrs. Borcheck explained that the 990PF for the fiscal year ending 6/30/2006 has been put on extension, as additional analysis has been requested to see if an adjustment can be made to the tax being paid. She will bring an update to the next meeting.

### **12. University of Arizona**

Dr. Lee Dockery shared e-mail correspondence between him and Dr. Barnes, regarding possible consideration for funding of a potential faculty member at the University of Arizona, and the concept for providing support for senior research scientists who could mentor younger research investigators in their transition to retirement. The Trustees took no action since there was not an official request from the University of Arizona and the proposals for consideration were informal and the concepts not fully developed. Dr. Dockery indicated he would communicate with Dr. Barnes as appropriate. In addition, the trustees were advised that the University of Arizona would host the first Inter-institution McKnight Brain Institute scientific meeting early in the spring of 2008. The Trustees suggested Ms. Molenaar coordinate with Ms. Luann Snyder at the University of Arizona for mutually satisfactory dates any time during the month of February; and thereafter, through the third week of April, 2008, for a mutually satisfactory time. If in April, the trustees could consider the possibility of holding the 2<sup>nd</sup> quarter, 2008, meeting of the MBRF in conjunction with the inter-institution meeting.

### **13. 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 Miami on April 17 and 18, 2007. The dates of July 17-18, 2008, were also selected for the third quarter meeting.

There being no further business, the meeting was adjourned at 6:00 p.m.

### **February 21, 2007**

#### **Evelyn F. McKnight Brain Institute of the University of Florida Presentations**

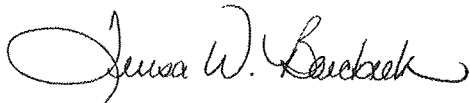
The MBRF trustees and legal counsel convened at 8:30 a.m. for a breakfast buffet at the Evelyn F. and William L. McKnight Brain Institute of the University of Florida with members of the faculty and previous research grant award recipients. The buffet breakfast program was followed by a scientific program consisting of presentations by five research scientists who have been funded by the McKnight Brain Research Foundation Grant Program 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 the presentations and moderated the scientific sessions. A copy of the scientific presentations is attached and made a part of these minutes as Attachment 11. Following the morning presentations, was a seminar entitled "Epigenetic Mechanisms in Memory and Memory Disorders" presented by Dr. J. David Sweatt, Evelyn F. McKnight Endowed Chair, Evelyn F. McKnight Brain Institute, University of Alabama – Birmingham.

The scientific program adjourned at 1:15 p.m., after which a buffet lunch was attended by the trustees with the faculty and research grant award recipients.

**Summary of action items:**

- 1. The Trustees approved the minutes for the October 17 & 18, 2006 Trustees meeting, as amended.**
- 2. Mrs. Borcheck to send a letter to Dr. Small requesting clarification of his proposal to the MBRF.**
- 3. The Trustees received the supplemental materials to the annual report from UAB for information (Attachment 1).**
- 4. Action: Dr. Clarkson to draft a letter to Dean Goldschmidt suggesting refinements in the schedule to the University of Miami including a private luncheon with Dean Goldschmidt for Mrs. Borcheck's signature.**
- 5. Action: The Trustees received the draft agenda submitted by Mary Ann Sprinkle for their review (Attachment 3).**
- 6. Action: Dr. Clarkson will communicate with Marsha Kegley and Mary Ann Sprinkle with regards to the agenda and venue for the scientific presentations.**
- 7. The Trustees received the Investment Review for information (Attachment 4).**
- 8. The Trustees received the Annual Endowment Report (Attachment 5), and the University of Florida Report (booklet) (Attachment 6) for information and requested additional information on the endowment summaries for the MBRF Grant Program and the Evelyn F. McKnight Chair .**
- 9. The Trustees received two articles from Dr. Foster (Attachment 7), the Annual Report for the Evelyn F. McKnight Brain Research Grant Program (Attachment 8), and a letter from Dr. Steindler (Attachment 9), for information.**
- 10. The Cognitive Aging Summit will be held October 10-12, 2007 in Washington, DC. The trustees will review the agenda when it is finalized to determine if the MBRF can hold the 4<sup>th</sup> quarter, 2007, board meeting in conjunction with the Cognitive Aging Summit.**
- 11. The Trustees received the Minimum Distribution Calculation for information (Attachment 10).**

Respectfully Submitted,



Teresa W. Borcheck  
SunTrust Bank, Corporate Trustee