

MINUTES
MCKNIGHT BRAIN RESEARCH FOUNDATION
BOARD OF TRUSTEES MEETING
APRIL 16, 17 & 18, 2008

The quarterly trustee's meeting of the McKnight Brain Research Foundation was called to order at 2:05 p.m. on April 16th, at the Arizona Inn, Tucson, Arizona.

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. Mike Hill, Managing Director, Trusco Capital Management

1. Investment Review

Mr. Hill presented the investment review and commented on the key economic and investment factors for the first quarter. (Attachment 1) According to Mr. Hill, the Trusco forecast is for a slowing in earnings growth in 2008. Current expectations are for a recession like environment through the first half of the year, moderate core inflation and continuing rate cuts by the Federal Reserve Board (Fed), however; this is likely to be completed in the near future.

The decline of the markets during the first quarter 2008 was highlighted by, pointing out the S&P 500 was down 10%, the Russell 3000 was down 10.01% and the MSCI EAFE was down 8.6% for the time period. Large cap stocks outperformed both mid-cap and small-cap stocks for the last twelve months as well as the first quarter of this year. The value style outperformed the growth style for the first quarter but growth outperformed value for the last twelve months. International stocks were down during the first quarter but not as much as domestic equity. The international small cap stocks outperformed during this time period. With regard to fixed income, the yield curve continues to steepen, treasuries continue to outperform and widening credit spreads have offset the Fed rate cut benefits. The domestic, investment grade bonds will be the next area to be affected by the widening credit spreads. Mr. Hill reviewed the current asset allocation strategy of Trusco's Investment Policy Group. The previous bias towards growth versus value is shifting more towards neutral, while the bias towards international versus domestic is now neutral.

Mr. Hill informed the trustees of two changes that have been made to the portfolio. The William Blair fund has been replaced with the RidgeWorth Small Cap Growth fund and the Lazard fund has been replaced with both the Dreyfus Premier Midcap fund and the RidgeWorth

Midcap Value fund. The trustees questioned how the additions of these funds would affect fees. Mr. Hill pointed out that the RidgeWorth Aggressive Growth fund is a multi cap fund allowing for further diversification. The portfolio composition does not include private equity. This particular asset class is still slated to be utilized in the portfolio. There is currently cash on hand anticipating its funding. The Strategic Allocation Solutions (SAS) due diligence team is currently screening for the best Private Equity option. Separately, the trustees discussed their desire to have the best managers (funds) for each asset class, and opined the current corporate structure has hindered the use of outside managers. Mr. Hill discussed the due diligence process through SAS and SunTrust Institutional Advisors (STIA) and commented that the process continues to be enhanced and we continue to strive to have the best managers that meet our criteria in each asset class.

Mr. Hill suggested a change to the Investment Policy Statement (IPS). Currently, the IPS does not address cash, Mr. Hill suggested adding a range of 0-5% with a target of 2 ½% to the IPS. After a lengthy discussion by the trustees, it was suggested cash be added to the IPS with a range of 0 – 5% and a target of 1% and to run the Efficient Frontier modeling with and without cash. Motion was made by Dr. Lee Dockery, seconded by Dr. John Clarkson and carried by all to approve the change to the IPS. Mr. Hill then discussed his previous recommendation of adding the Lighthouse Credit Opportunity fund to the portfolio. There was a lengthy discussion by the trustees regarding how to fund the addition of the Lighthouse Credit Opportunity fund. A suggestion was made to trim the Lighthouse Diversified fund, use the proceeds to fund the Lighthouse Credit Opportunity fund keeping the current allocation to alternatives at 25% and to reevaluate whether or not to increase the percentage allocation to alternatives at the July meeting.

Action: The trustees received the Investment Review for information (Attachment 1).

Action: Mr. Hill to provide the trustees with updated manager analysis once the Mobius data is available.

Action: IPS review will take place at the July, 2008; MBRF trustees' meeting at which time the adjustment to the cash asset class will be added.

Action: Mr. Hill will be adding equity to the Lighthouse Credit Opportunity Fund by reducing the amount invested in the Lighthouse Diversified Fund.

Action: The trustees will be provided with information regarding how the addition of the new funds affects fees.

Review of Minutes February 20, 2008

The minutes of the February 19 and 20, 2008 meeting of the McKnight Brain Research Foundation were reviewed. The minutes were approved as amended.

Action: The trustees approved the minutes of the February 19 and 20, 2008 meeting, as amended (Attachment 2).

Minimum Distribution Calculation

The trustees received the Minimum Distribution calculation for information. (Attachment 3)
The trustees were pleased with the addition of the beginning market value and the total box for qualifying distributions, however; the trustees believe the beginning market value of the portfolio was closer to \$70,000,000.

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

Action: Mrs. Borcheck to review historical information to determine the accurate beginning market value of the portfolio.

Grant Commitment Schedule

The trustees reviewed the Grant Commitment Schedule (Attachment 4). It was noted that the commitment to the University of Alabama School of Medicine will be completed in September 2008. The grant to the Foundation for the National Institutes of Health (FNIH) will be added to the Grant Commitment Schedule. The first payment to the FNIH will be made on July 1, 2009.

Action: The trustees received the Grant Commitment Schedule for information. (Attachment 4)

Payment History

The trustees received the grant payment history report for information. (Attachment 5)

Annual Compensation Review

Mr. Raattama provided Mrs. Borcheck with the compensation report from the Council on Foundations. Mrs. Borcheck will review the report in further detail for the July meeting.

Action: Mrs. Borcheck to review the compensation report from the Council on Foundations for the July meeting.

University of Miami - July 22 - 23, 2008

The trustees reviewed the proposed agenda for the meeting in July and suggested several modifications. The lunch on July 22nd with the University of Miami should be held on the 23rd following the presentations. The trustees prefer that the presentations on Wednesday be open to a larger group of individuals to be followed by an informal lunch for the tour attendees as outlined on the 22nd. Dr. Clarkson will communicate the changes in the agenda to Dr. Sacco.

The MBRF board meeting will be held July 22nd at Mr. Raattama's office followed by dinner at the Coral Reef Club.

Action: Dr. Clarkson will communicate the suggested changes in the agenda for the July, 2008, meeting at the University of Miami to Dr. Sacco.

Action: Mrs. Borcheck will coordinate with Mr. Raattama's office to make arrangements for the July 22nd trustees' meeting.

University of Alabama – October 21 – 22, 2008

The trustees will visit the Evelyn F. McKnight Brain Institute at the University of Alabama on October 21 and 22, 2008. Mrs. Borcheck will coordinate the meeting arrangements with Dr. Sweatt at the University of Alabama. The quarterly meeting of the MBRF will be held in conjunction with the visit.

National Institute on Aging's (NIA's) National Advisory Council on Aging – May 21, 2008

The trustees have received an inquiry from the Foundation for the National Institutes of Health (FNIH) regarding representation from the MBRF at the NIA's National Advisory Council on Aging to be held May 21, 2008. Dr. Lee Dockery will attend and Dr. Nina Ellenbogen Raim is considering attending.

Action: Mrs. Borcheck to follow up with Dr. Nina Ellenbogen Raim regarding her attendance at the NIA's National Advisory Council on Aging meeting.

Action: Add the meeting of the NIA's National Advisory Council on Aging to the MBRF calendar.

New Trustee discussion (Wednesday & Friday)

The trustees engaged in a lengthy discussion about adding a fifth trustee. In discussing the addition of a new trustee, it was agreed that the original trustees will be called "founding trustees" and they will have a lifetime appointment. The founding trustees are Dr. J. Lee Dockery, Dr. Michael Dockery, Dr. Nina Ellenbogen Raim and Dr. John G. Clarkson. These individuals maintained personal and professional relationships with Mrs. McKnight and provide the foundation with a keen understanding of the mission of the MBRF as envisioned by Mrs. McKnight. It was also decided that any new trustee would be limited to a three year term renewable onetime. Once the "advisory trustee" goes off the board they may not come back, however; the founding trustees reserve the right to extend the term. In considering the criteria of a new trustee, it was agreed that the qualifications for a new trustee that were approved in the minutes of the April 20, 2005 MBRF meeting would be used as a guideline. Those qualifications are:

1. The Board of Trustees must be composed of at least three (3) and not more than five (5) individual trustees and one (1) corporate trustee.
2. A trustee must have either a Medical Degree or a Ph.D. Degree in one of the Basic Sciences or an equivalent degree in science related fields.

3. It is desirable for a trustee to have been an active practitioner, an active research scientist, or have experience in administrative medicine or as a medical educator.
4. An additional trustee or replacement trustee must be elected by a unanimous vote of the current trustees.
5. A trustee must be committed to the Values, Vision, Mission and Code of Ethics of the McKnight Brain Research Foundation.

A desirable candidate would be one with a defensible, national reputation, preferably female. Other suggested characteristics of a possible candidate included someone who is committed to the work of the foundation, compatible with the founding trustees, and trust worthy. An expert in the field of age related memory loss would be an added beneficial credential. It was suggested the candidate be able to represent the importance of the MBRF in their circle of professional colleagues and their role as an MBRF trustee would enhance the visibility and emphasis of the MBRF in the support of research in learning and memory in the aging. No candidates from MBRF funded institutions should be considered.

At the July, 2008, meeting, the trustees will finalize the process for adding a fifth trustee. Each trustee needs to identify a name, have had a conversation with that individual and provide the remaining trustees with the candidates Curriculum Vitae and other information they wish to share. The trustees will consider the candidates and reduce the list to two. These final candidates should be interviewed during the February 2009 meeting. The first candidate would be interviewed on Tuesday afternoon and then invited to dinner. The second candidate would be interviewed on Wednesday morning and invited to lunch. This would allow the trustees to interact equally with the candidates in both a professional and social setting.

Action: Each trustee to identify a possible candidate for consideration at the July, 2008, meeting.

Friday, April 18, 2008

The meeting of the MBRF trustees was reconvened at 1:00 p.m. at the Arizona Inn.

Review of the inter-institutional meeting and future directions

The trustees reviewed the pros and cons of the inter-institutional meeting. All were in agreement that the goals of the meeting had been exceeded. The trustees opined there were several positive outcomes. During the discussion with the Directors of the McKnight Brain Institutes and Center, it was suggested that a strategic planning meeting would be helpful. The MBRF has agreed to consider sponsoring a strategic planning meeting for all McKnight Brain Institutes and Center Directors. The goal of the meeting will be to develop an understanding of learning and memory on aging and cognitive health and strategies for a cure, a delay, or treatments that would modify the effects. Follow up regarding the strategic planning meeting will be the responsibility of the McKnight Brain Institutes and Center Directors.

A participant at the meeting suggested the trustees discuss the possibility of hosting a social event at the Society for Neuroscience National Conference. Possibly a poster session/ reception hosted by the MBRF with presentations by the four Institutions. The trustees will

discuss this suggestion with Dr. Barnes, as past president of the Society of Neuroscience, to develop a better understanding of the proposed sponsorship and the budget plan for future consideration.

The 2009 inter-institutional meeting will be held at the University of Alabama in April possibly over the three days of April 21, 22, and 23, 2009. It was suggested consideration be given to sending a save the date email. Mrs. Borcheck will follow up.

Action: Mrs. Borcheck to follow up with the trustees about sending a save the date email for April 21, 22, 23 for the 2009 inter-institutional meeting.

Update on Proposal from NIA/FNIH

Three original Letters of Agreement outlining the terms under which the MBRF will provide funding in support of a Research Partnership in Cognitive Aging to be conducted by the National Institute on Aging (NIA) and coordinated through a partnership with the Foundation for the National Institutes of Health (FNIH) were executed by the trustees. Mrs. Borcheck will forward the executed letters and supporting documentation to Dr. Charles A. Sanders, Chair of the FNIH.

Action: Mrs. Borcheck will forward the executed Letters of Agreement to Dr. Charles A. Sanders, Chair of the FNIH.

Date of Next Meeting

The next meeting will be held July 22-23, 2008, in Miami, Florida.

There being no further business, the meeting adjourned at 2:30 p.m.

Summary of action items:

Action: The trustees received the Investment Review for information. (Attachment 1)

Action: Mr. Hill to provide the trustees with updated manager analysis once the Mobius data is available.

Action: IPS review will take place at the July, 2008; MBRF trustees' meeting at which time the adjustment to the cash asset class will be added.

Action: Mr. Hill will be adding equity to the Lighthouse Credit Opportunity Fund by reducing the amount invested in the Lighthouse Diversified Fund.

Action: The trustees will be provided with information regarding how the addition of the new funds affects fees.

Action: The trustees approved the minutes of the February 19 and 20, 2008 meeting, as amended. (Attachment 2)

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

Action: Mrs. Borcheck to review historical information to determine the accurate beginning market value of the portfolio.

Action: The trustees received the Grant Commitment Schedule for information. (Attachment 4)

Action: Mrs. Borcheck to review the compensation report from the Council on Foundations for the July meeting.

Action: Dr. Clarkson will communicate the suggested changes in the agenda for the July, 2008, meeting at the University of Miami to Dr. Sacco.

Action: Mrs. Borcheck will coordinate with Mr. Raattama's office to make arrangements for the July 22nd trustees' meeting.

Action: Mrs. Borcheck to follow up with Dr. Nina Ellenbogen Raim regarding her attendance at the NIA's National Advisory Council on Aging meeting.

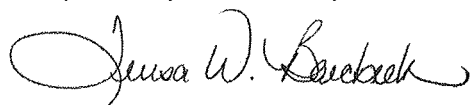
Action: Add the meeting of the NIA's National Advisory Council on Aging to the MBRF calendar.

Action: Each trustee to identify a possible candidate for consideration at the July, 2008, meeting.

Action: Mrs. Borcheck to follow up with the trustees about sending a save the date email for April 21, 22, 23 for the 2009 inter-institutional meeting.

Action: Mrs. Borcheck will forward the executed Letters of Agreement to Dr. Charles A. Sanders, Chair of the FNIH.

Respectfully submitted,



Teresa W. Borcheck

SunTrust Bank, Corporate Trustee