

MINUTES
MCKNIGHT BRAIN RESEARCH FOUNDATION
BOARD OF TRUSTEES MEETING
February 19 & 20, 2008

February 19, 2008

The quarterly trustee's meeting of the McKnight Brain Research Foundation (MBRF) was called to order at 7:30 p.m. on February 19th, in Orlando, Florida, following dinner at Le Coq au Vin restaurant.

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. Mike Hill, Managing Director, Trusco Capital Management

1. Update on Inter-Institutional Meeting – Tucson – April 17-18, 2008

The trustees confirmed a Board Meeting will be held on Wednesday afternoon, April 16th at the Arizona Inn Hotel and a meeting at the hotel on Friday afternoon, April 18th, following the conclusion of the inter-institutional meeting. There continue to be ongoing conversations with Luann Snyder, staff to Dr. Barnes, and the hotel staff regarding the meeting accommodations. Additional information to follow in the near future.

2. University of Arizona Naming Opportunity

The trustees received a request from Dr. Carol Barnes to consider a name for the new memory clinic. After much discussion, the trustees agreed to suggest the name "The Evelyn F. McKnight Memory and Cognitive Assessment Clinic."

3. University of Miami – Miami - July 2008

The trustees will meet at the University of Miami July 22 and 23, 2008. The visit will include a MBRF Board Meeting on the afternoon of July 22nd followed by dinner at the Coral Reef Club. The trustees wish to visit the University of Miami Miller School of Medicine on July 23, 2008 for a scientific program featuring the research activities of the Evelyn F. McKnight Center for Age Related Memory Loss. Mrs. Borcheck will coordinate the meeting arrangements.

4. University of Alabama - Birmingham – October 2008

The trustees will visit the Evelyn F. McKnight Brain Institute at the University of Alabama on October 21 and 22, 2008. Mrs. Borchek will coordinate the meeting arrangements with the University of Alabama. The quarterly meeting of the MBRF will be held in conjunction with the visit. Dr. Clarkson's availability is uncertain for October 22, 2008.

Wednesday, February 20, 2008

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. Investment Review

Mr. Sebesta introduced Mr. Michael Hill as the new investment manager for the MBRF. (Biographical sketch—Attachment 1)

Mr. Hill presented the investment review and key economic and investment factors for the fourth quarter of 2007 (Attachment 2). He highlighted the decline of the markets during the fourth quarter 2007, pointing out the S&P 500 was down 3.3% for the period and the Russell 3000 was down 3.3% for the period. Large-cap stocks outperformed small-cap stocks and the growth style outperformed the value style for the period and the year. With regard to fixed income, US Treasuries outperformed and all other spread products lagged for the period as the flight to quality continued. REITs also experienced negative returns for the period. Trusco continues to emphasize strength, sustainability and quality in their clients' portfolios. The recent FED rate cut action and Trusco's outlook for 2008 was also discussed. The international markets were reviewed by market cap and continue to emphasize large-cap stocks over small-cap in the international space.

Mr. Hill reviewed the current portfolio structure and actual versus target asset allocation. Additionally, the investment performance of the total portfolio and each of the managers was discussed. While some managers outperformed their benchmarks for the period, some did not. However, the overall effects of asset allocation produced returns significantly ahead of the benchmark for the full year ending 2007. As the individual managers were reviewed there was discussion about two of the funds that have underperformed of late, the Lazard Midcap and the William Blair Small Cap fund. Several board members expressed concerns about the funds. Dr. Michael Dockery feels Trusco should replace the Lazard and William Blair positions as the funds continue to under perform. The Trustees requested specific recommendations for replacing the funds be provided at the next trustees' meeting.

There was a discussion regarding the amount of cash that needs to be kept on hand for funding which has historically averaged \$2,500,000 to \$3,000,000 annually with expectations for 2008 to be in line. Mr. Hill suggested an amendment to the Investment Policy Statement to allow for a greater percentage of cash on hand. In addition, the trustees discussed creating a static benchmark policy index.

Mr. Hill recommended the use of the Lighthouse Credit Opportunity Fund to lower volatility in the portfolio.

**Action: The trustees received the Investment Review for information (Attachment 2).
Action: The trustees approved the recommendations to increase the holding in the Lighthouse.**

Action: Trustees discussed cash positions for annual distributions and the need to keep cash reserve in account for distributions. SunTrust/Trusco will continue to manage cash positions on an as needed basis.

Action: Mr. Raattama will revise Appendix B to reflect the inflation figure using the Biomedical Research and Development Price Index (BRDPI) and also include an appropriate foot note of explanation.

Action: Trustees expressed the desire to receive financial updates via email, however, large attachments should be mailed to each Trustee.

6. Approval of the Minutes

The minutes of the September 12, 2007 and October 31, 2007, Trustees conference calls of the McKnight Brain Research Foundation were reviewed. The minutes were approved with two changes to the second page of the September 12, 2007 minutes.

Action: The trustees approved the minutes for the September & October conference calls, as amended (Attachment 3).

7. 990 PF for FY ending 6/30/2007

The trustees received and reviewed the 990 PF for fiscal year ending 6/30/2007 for information. Dr. Lee Dockery questioned the need for the 990-T. Mrs. Borchek responded, the return is required to report the income earned from the Lighthouse investment.

Action: The trustees received the 990 PF for FY ending 6/30/2007 for information (Attachment 4).

8. Minimum Distribution Requirement/Estimated Projection

The trustees received the Minimum Distribution calculation for information (Attachment 5). Mrs. Borchek indicated that there will be an estimated excess distribution carryover of \$448,561 for the fiscal year ending June 30, 2008. Page 12 of the 990 PF illustrates the annual calculation. Distributable amount of \$2,843,725, qualifying distributions of \$3,299,931, carryover from 2004 of \$7,645 leaves a corpus of \$448,561.

Current distributions paid are \$2,875,000, no concerns for 2008 distributions.

Trustees would like a column added showing beginning market value from inception.

Action: The Trustees received the Minimum Distribution calculation for information (Attachment 5).

Action: Add extra column to Minimum Distribution Table to reflect the market value from inception.

9. Grant Commitment Schedule

The trustees received the Grant Commitment Schedule (Attachment 7). All commitments have been paid for fiscal year ending 6/30/2008.

Action: The trustees received the Grant Commitment Schedule (Attachment 6)

10. Annual Compensation Review

Mrs. Borcheck presented the Annual Compensation Survey which is compiled from information obtained from the Association of Small Foundations (Attachment 6). Mrs. Borcheck discussed the efforts to locate comparable compensation data. Mr. Raattama will provide the Council on Foundations Survey.

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 discussed the number of hours each spends on Foundation business, including preparation for and attendance to meetings; review of annual reports from educational institutions to which the Foundation has made grants; monthly review of Foundation investment statements; and regular administrative matters related to the day-to-day Foundation operations. It was pointed out that the trustees review and consult with institutes or centers at the University of Florida, the University of Birmingham, Arizona University and the University of Miami. In addition, the trustees are active participants in the new Foundation NIH partnership, including the MBRF/NIH Summit, held in 2007 with some 200 attendees. The trustees confirmed that each spent, on average, 4 to 8 hours per week on Foundation matters.

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.

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

Action: Mr. Raattama will provide information from the Council on Foundations.

Action: The trustees approved the same rate of compensation for all trustees, in the amount of \$40,000 annually, based upon the amount of time each trustee spends on foundation business and the complexity of the duties and responsibilities of the trustees.

11. Update on Proposal from NIA/FNIH

The trustees reviewed the proposal from the Foundation for the National Institutes of Health (FNIH) to support a research grant program to be conducted by the National Institute on Aging (NIA) in the amount of \$5 million, payable in equal annual installments over five years with the understanding the NIA will match the grant received from the MBRF. The grant was approved subject to the development of a satisfactory letter of understanding.

NIA would establish and coordinate the grant making program through its existing mechanisms, providing in-kind support in the form of staffing and grants management, and would match MBRF's contribution, investing a total of at least \$5 million in grant funding over the five-year period. MBRF would attend public forums, co-sponsor, monitor and attend the Cognitive Aging Summit in 2010. The MBRF trustees declined the option to receive applications for the research grant awards for review prior to funding.

Motion was made by Dr. Clarkson, seconded by Dr. Ellenbogen and carried by all to approve the grant funding.

The MBRF trustees also approved to jointly fund and host the Cognitive Aging Summit in 2010.

Action: Dr. Lee Dockery will contact FNIH to advise the trustees are in agreement. FNIH will send letter of understanding, upon approval, gift agreement will be drafted.

12. Annual Reports

University of Alabama – The trustees reviewed the annual report concerning the Evelyn F. McKnight Brain Institute. The trustees were pleased to see the progress Dr. Sweatt has made as the Evelyn F. McKnight Chair in Learning and Memory in Aging and the Director of the Brain Institute.

Action: Send thank you letter for the report to Dr. Sweatt commending him on the progress of the Institute and his achievements as Director and occupant of the Evelyn F. McKnight Chair of Learning and Memory in Aging.

University of Arizona – The trustees reviewed the annual report concerning the Evelyn F. McKnight Brain Institute

Action: Dr. J. Lee Dockery will contact Carol Barnes regarding naming opportunity.

University of Florida – The trustees reviewed the annual report and update concerning the recruitments for Age-Related Memory Loss (ARML) research. The trustees were pleased to see the recruitment announcements for two new faculty positions and understand filling the positions may be a lengthy process. The trustees would like to receive periodic updates on the filling of the vacant positions for which the trustees approved the reserving some of the funds from the research grant program for recruitment purposes.

Action: Send thank you letter to Dr. Steindler regarding recruitment announcements for new faculty positions and request periodic updates on the recruiting and filling of the positions.

University of Miami – The trustees discussed the report submitted by Dean Goldschmidt. The report was well received by the Trustees. In reviewing the information concerning the matching funds, it was noted the University needs an additional \$3.7 million to meet the match by July 1, 2008. The University provided supplemental information to Mr. Raattama regarding the match which reflected

"promised" match funding by the July 1, 2008 deadline. Mrs. Borcheck to follow up with Dr. Goldschmidt to obtain written confirmation on the university's commitment to complete the match.

Action: Send thank you letter to Dean Goldschmidt and request letter confirming the match funding will be met by July 1, 2008. The letter should be received by the trustees no later than May 1, 2008.

13: David Eidson, Chairman and CEO of Trusco Capital Management and President SunTrust's Institutional Investment Management.

Mr. Eidson discussed the rebranding of Trusco Capital Management. Effective March 31, 2008, Trusco Capital Management will become RidgeWorth Capital Management. RidgeWorth Capital Management will be the holding company for the institutional investment management boutiques. The boutiques will offer equity, alternative, fixed income and liquidity management investment disciplines to clients.

Mr. Eidson discussed the creation of SunTrust Investment Advisors (STIA) in conjunction with the formation of Ridgeworth Capital Management. STIA will provide asset allocation and administrative support to Institutional clients.

Mr. Eidson discussed the promotion of Mrs. Borcheck. Mrs. Borcheck is now responsible for Institutional Investment Management Administration in Florida. In this role, Mrs. Borcheck has assumed responsibility for Retirement Services and Institutional Asset Services in addition to Endowment and Foundations. Mr. Eidson indicated his awareness of the departure of Mrs. Borcheck's assistant. Mrs. Borcheck is in the process of filling the vacant position.

Mr. Edison informed the trustees that SunTrust will be hosting a client event in the fall. The event will be held at either the Homestead in Virginia or the Greenbriar in West Virginia. The trustees will be kept informed of the event as planning moves forward.

Action: Provide Trustees organizational charts for SunTrust, Ridgeworth Capital Management and STIA.

14: New trustee

Dr. Lee Dockery would like the trustees to consider the appointment of an additional trustee. Possibly a qualified female neurologist in order to provide balanced interaction with the MBRF constituency and to provide for a planned and orderly succession. A discussion ensued regarding the recruitment process. It was noted representatives from schools currently receiving funding from the MBRF should not be considered. Due to the complexity of the operations of the MBRF, the hiring of a program officer to assist with administrative support of the MBRF was mentioned. The trustees decided these topics are important and should be discussed in greater detail at the April meeting.

Action: All trustees be prepared to discuss the needs of the MBRF and how these needs might be accomplished at next meeting.

15: New Business

Yale University – In advance of the meeting, the trustees reviewed the proposal submitted by Yale University. After an extensive discussion, the trustees concluded to decline the request.

Action: Send decline letter

16. Date of Next Meeting

The next meeting will be held April 16 – 19, 2008, Arizona Inn Hotel in Tucson, Arizona.

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

Summary of action items:

- 1. Action: The trustees received the Investment Review for information (Attachment 2)**
- 2. Action: The trustees approved the recommendations to increase the holding in the Lighthouse.**
- 3. Action: Trustees discussed cash positions for annual distributions and the need to keep cash reserve in account for distributions. SunTrust/Trusco will continue to manage cash positions on an as needed basis.**
- 4. Action: Mr. Raattama will revise Appendix B to reflect the inflation figure using the Biomedical Research and Development Price Index (BRDPI and also include an appropriate foot note of explanation.**
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- 6. Action: The trustees approved the minutes for the September & October conference calls, as amended (Attachment 3).**
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- 8. Action: The Trustees received the Minimum Distribution calculation for information (Attachment 5).**
- 9. Action: Add extra column to Minimum Distribution Table to reflect the market value from inception.**
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- 11. Action: The trustees received the Annual Compensation Survey for information (Attachment 7).**
- 12. Action: Mr. Raattama will provide information from the Council on Foundations.**
- 13. Action: The trustees approved the same rate of compensation for all trustees, in the amount of \$40,000 annually, based upon the amount of time each trustee spends on foundation business and the complexity of the duties and responsibilities of the trustees.**

14. Action: Dr. Lee Dockery will contact FNIH to advise the trustees are in agreement. FNIH will send letter of understanding, upon approval, gift agreement will be drafted.

15. Action: Send thank you letter for the report to Dr. Sweatt commending him on the progress of the Institute and his achievements as Director and occupant of the Evelyn F. McKnight Chair of Learning and Memory in Aging.

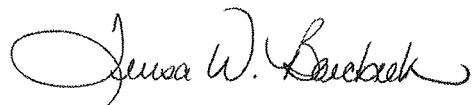
16. Action: Dr. J. Lee Dockery will contact Carol Barnes regarding naming opportunity.

17. Action: Send thank you letter to Dr. Steindler regarding recruitment announcements for new faculty positions and request periodic updates on the recruiting and filling of the positions.

18. Action: Send decline letter

19. Action: Provide Trustees organizational charts for SunTrust, Ridgeworth Capital Management and STIA.

Respectfully Submitted,

A handwritten signature in cursive script, reading "Teresa W. Borcheck".

Teresa W. Borcheck

SunTrust Bank, Corporate Trustee