

MINUTES
MCKNIGHT BRAIN RESEARCH FOUNDATION
BOARD OF TRUSTEES MEETING
February 17 & 18, 2009

February 17, 2009

The quarterly trustee's meeting of the McKnight Brain Research Foundation (MBRF) was called to order at 5:30 p.m. on February 17th, in Orlando, Florida, following dinner in the private dining room of the Grand Bohemian Hotel.

The following members were present:

Dr. John Clarkson, Trustee
Dr. J. Lee Dockery, Trustee
Dr. Michael Dockery, Trustee
Dr. Nina Ellenbogen Raim, Trustee
Mrs. Teresa Borcheck, Corporate Trustee
SunTrust Bank Institutional Investment Solutions

Others attending:

Mr. Henry H. Raattama, Jr., Legal Counsel
Mr. Michael Hill, Managing Director, SunTrust Institutional Investment Advisors
Mrs. Melanie Cianciotto, SunTrust Bank, Foundations & Endowments Specialty Practice
Mrs. Daphne Agront, SunTrust Bank, Foundations & Endowments Specialty Practice

1. Approval of Minutes

The minutes of the October 21 – 22, 2008 meeting of the McKnight Brain Research Foundation were reviewed. The minutes were approved as presented (Attachment 1).

Action Item 1: The trustees approved the minutes of the October 21 – 22, 2008 meeting as presented (Attachment 1).

2. Update on Inter-Institutional Meeting April 2009

The Inter-Institutional Meeting will be held April 21-23, 2009 at the University of Alabama at Birmingham (UAB). A site visit to the Shelby Building has been added to the meeting agenda. Participation is on track to be around the same number of attendees as the Arizona Inter-Institutional meeting in 2008. The contract has been signed with the Wynfrey Hotel for accommodations and conference space. Mrs. Borcheck is working with Dr. Sweatt and Meredith Burns at UAB. Mrs. Borcheck has scheduled a conference call with Meredith Burns Friday, February 20, 2009 to finalize the details of the event.

3. Inter-Institutional Leadership Council Retreat August 2009

The trustees discussed the Leadership Council Retreat on August 2-4, 2009, and will plan to have the trustees meeting on Monday, August 3, 2009. The trustees have chosen the Grand Bohemian Hotel in Orlando, FL as the location of the Leadership Council Retreat. The trustees will reserve time on their agenda for a meeting with the members of the leadership council on

Monday afternoon, August 3, 2009. In addition, the trustees will host a reception and dinner for the members of the leadership council on the evening of Monday, August 3, 2009. The trustees will plan to arrive on Sunday evening and depart late Tuesday morning, August 4, 2009, in the event there is additional business to discuss after meeting with the leadership council on the previous afternoon.

4. McKnight Brain Research Foundation Travel Award Program

The revised proposal for a McKnight Brain Research Foundation Collaborative Travel Award Program was reviewed and approved as presented (Attachment 2). This will be a two year pilot program which will begin on the approved date of February 17, 2009 with a budget of \$100,000. It is anticipated that a preliminary report could be presented by the Leadership Council at the August 2009 meeting.

Action Item 2: Mrs. Borcheck to notify Dr. John Hablitz at the University of Alabama at Birmingham and Dr. Clinton Wright at the University of Miami regarding the approval of the revised MBRF Travel Award (Attachment 2).

5. National Institute on Aging (NIA), Foundation for the National Institutes of Health (FNIH) & the MBRF- Cognitive Aging Summit II

The trustees have begun planning, in partnership with the NIA and FNIH, for a second Cognitive Aging Summit in the fall of 2010 in Washington, D.C. It has been suggested a date be chosen that is not around the Columbus Day holiday since Congress is normally on recess and therefore limits attendance at the planned Congressional Reception. It was decided the number of attendees be limited to 250- 300 to ensure the intimacy of the event be maintained. A "Save the Date" will be distributed 8-12 months in advance of the chosen date and an online registration site is planned to be launched 6 months in advance of the Summit. Speaker sponsorship is to include travel, hotel and ground transportation with no per diem or honorarium paid to the speakers unless it is a featured presentation. In addition, no registration fee will be charged to the attendees. A group of special attendees from the FNIH Board will be invited to attend the summit. Mrs. Borcheck & Dr. L. Dockery will continue to work with Richard Scarfo from the FNIH and Molly Wagster from the NIA regarding the logistics and details of the meeting (Attachment 3).

Action Item 3: Mrs. Borcheck & Dr. L. Dockery to notify Mr. Richard Scarfo with the FNIH with the Trustees decisions on the logistics of the event (Attachment 3).

6. Advanced Studies in Aging & Geriatric Medicine (IASIA) Conference Request

The trustees reviewed a proposal from the Institute for Advanced Studies in Aging & Geriatric Medicine to sponsor a "Think Tank" Summit and Physician Focus Working Group Meetings (Attachment 4). It was decided by the trustees that the MBRF would not consider the proposal to sponsor the meetings at this time. Mrs. Borcheck will send the IASIA a letter with the trustees' decision to decline.

Action Item 4: Mrs. Borcheck to send decline letter to the IASIA (Attachment 4).

Wednesday, February 18, 2009

The meeting of the MBRF Trustees was reconvened at 8 a.m. in the Ridgeworth conference room on the 16th floor of the SunTrust Bank Building in Orlando.

Others attending at 1:30 PM:

Dr. Robert A. Rich, Senior Vice President and Dean, University of Alabama at Birmingham
Dr. David Sweatt, The Evelyn F. McKnight Chair in Learning and Memory in the Aging,
Director of The Evelyn F. McKnight Brain Institute, University of
Alabama at Birmingham

7. Investment Review

Mr. Hill presented the investment review and commented on key economic and investment factors for the fourth quarter (Attachment 5). Additional fall out from the credit crisis prompted a steep sell-off in equities and a flight to quality in the fourth quarter. A recession beginning in December 2007 was officially declared. Energy and other commodity prices plunged sending inflation down sharply from the summer cyclical peak. Treasury bond yields fell sharply with the 3-month T-bill plunging near zero and the 10-year Treasury dropping to 2.25%. The Barclay's Capital Aggregate Bond Index soared 4.58%, and Treasury bonds outperformed by a large margin. High Yield bonds fell as credit spreads widened to record levels.

One of the most troubling aspects of the credit crisis has been the extreme levels of volatility in all segments of the market. After reaching a high in November, the volatility index (VIX) has dropped to a more normalized level under 40.

The fixed income market continues to discount to Depression level defaults on investment grade corporate bonds. That default rate would be far beyond what historical averages would indicate, and despite the fact that corporate balance sheets are currently in good shape. As the credit crisis unfolded, banks tightened lending standards and investors liquidated risky assets. These two actions drove the credit spreads dramatically higher. The year-over-year change in Leading Economic Indicators (LEI) is also helpful in assessing the outlook for 2009. We have seen a considerable decline in LEI over the past few years, and the S&P 500 has followed a similar trajectory. As the LEI begin to improve the equity markets should follow suit.

The portfolio holdings were reviewed for performance and attribution. Each asset class and its respective contribution to the overall performance of the portfolio were discussed. In addition there was discussion regarding each manager in the portfolio and their peer group rankings. Following the review, it was agreed that the Ridgeworth Aggressive Growth and the Pimco Global Bond Funds be replaced with a managers performing in the top 1/3 of their peer group according to the Investment Policy guidelines.

Action Item 5: The trustees received the Investment Review for information (Attachment 5).

Action Item 6: Mike Hill will sell the Ridgeworth Aggressive Growth and the Pimco Global Bond Funds, and replace them according to the Investment Policy guidelines, with an investment manager who is performing in the top third of their peer group.

8. 990 PF for FY ending 6/30/2007

The trustees received and reviewed the 990 PF and 990-T for fiscal year ending 6/30/2007 for information (Attachment 6). The returns for fiscal year ending 6/30/2008 have yet to be completed by KPMG and an extension was filed with the IRS. Mrs. Borcheck expressed concerns over the level of service and inconsistencies given by KPMG as the MBRF's tax preparer. Mrs. Borcheck asked for direction from the trustees to begin a search for another tax preparer. Mrs. Borcheck will send a request for proposal (RFP) to 3 accounting firms which specialize in preparing tax returns for corporations similar to the MBRF for presentation to the trustees for consideration at the next meeting.

Action Item 7: Mrs. Borcheck to present 3 standardized requests for proposals for a new tax preparation firm for consideration by the trustees at the next meeting (Attachment 6).

9. Minimum Distribution Calculation

The trustees reviewed the projected Minimum Distribution Calculation required by the Internal Revenue Service (Attachment 7).

Action Item 8: The trustees received the projected Minimum Distribution Calculation for information (Attachment 7).

10. Board Meeting October 20 - 21, 2009

The trustees have agreed to hold the October meeting of the MBRF in Gainesville, FL in conjunction with a site visit at the William L. & Evelyn F. McKnight Brain Institute at The University of Florida. Dr. L. Dockery will begin discussion with the University staff on the timing and details for the site visit.

Action Item 9: Dr. L. Dockery will begin discussion with the University staff on the timing and details for the site visit.

11. 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 (Attachment 8).

Action Item 10: 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 (Attachment 8).

University of Arizona – The trustees reviewed the annual report concerning the Evelyn F. McKnight Brain Institute at the University of Arizona. The trustees were particularly pleased with the presentations by Dr. Barnes listed on the report and would like to send her an additional note congratulating her for favorably representing herself, the University and the MBRF (Attachment 9).

Action Item 11: Send thank you letter for the report to Dr. Barnes commending her on the progress of the Institute and her achievements (Attachment 9).

University of Florida – The trustees reviewed the annual report on the Institute submitted by Dr. Steindler. After conversations with Dr. Doug Barrett, Senior Vice President of Health Affairs at the University of Florida, and Dr. Marco Pahor, Director of the Institute on Aging at the University of Florida, Dr. L. Dockery presented a new direction for the funds currently being given to the University of Florida for the Evelyn F. and William L. McKnight Brain Institute. Modifications will need to be made to the gift agreement so that the agreement would meet the mutual goals of the University and the MBRF in funding this new project. The trustees unanimously agreed to authorize Dr. Lee Dockery to continue discussions with the University of Florida leadership which would contemplate revising the Gift Agreement to support development of a Cognitive Aging and Memory Clinical Research Center which is aligned perfectly with the Purpose of the MBRF and the Gift to the University of Florida. (Attachment 10).

Action Item 12: Send thank you letter to Dr. Steindler and to Dr. Foster (Attachment 10).

Action Item 13: Authorized Dr. Lee Dockery to continue discussions with the University of Florida leadership which would contemplate revising the Gift Agreement to support development of a Cognitive Aging and Memory Clinical Research Center which is aligned perfectly with the Purpose of the MBRF and the Gift to the University of Florida.

University of Miami – The trustees discussed the report submitted by Dean Goldschmidt. The report was well received by the Trustees. In reviewing the information, the trustees had additional questions on whether space for the Center has been identified or recognized by the University. Mrs. Borcheck will follow up with Dr. Sacco regarding the trustees question on the space (Attachment 11).

Action Item 14 : Send thank you letter to Dean Goldschmidt. An additional letter will be sent to Dr. Sacco and copied to Dr. Goldschmidt, asking whether space for the Center has been identified and recognized with appropriate signage by the University (Attachment 11).

12. New Trustee Interview

Dr. Judith Salerno was the candidate interviewed for the new trustee position. Dr. Salerno's interview began with a set of questions which each trustee submitted prior to the interview (Attachment 12). The trustees continued their interview with Dr. Salerno in an informal setting over lunch. After discussing the interview, the trustees agreed unanimously to appoint Dr. Salerno as trustee of the MBRF for a renewable, three year term. Pursuant to the terms of the Trust Agreement; SunTrust does not have a vote with regards to the addition of a trustee, therefore Mrs. Borcheck was not included in the vote.

Action Item 15: Dr. L. Dockery will notify Dr. Salerno of her appointment as trustee of the McKnight Brain Research Foundation (Attachment 12).

Action Item 16: Mrs. Borcheck will provide Dr. Salerno with a package of information including the minutes from the last 8 years, MBRF Code of Ethics, the MBRF Conflict of Interest Policy and Conflict of Interest Statement for her agreement and signature .

13. UAB Proposal from Dr. Rich and Dr. Sweatt

Dr. Rich and Dr. Sweatt were present at the meeting to provide the trustees with a written proposal to receive continued funding from the MBRF to establish an endowment for the Institute at UAB (Attachment 13). They requested renewed funding for the Institute, the majority of which would be endowed, to continue new initiatives and collaborative pilot projects as well as to continue to recruit new faculty. The proposal committed the UAB as a joint and equal partner in funding the \$12 million endowment over a five year period. The trustees approved the proposal by a majority vote. Dr. L. Dockery will inform Dr. Rich and Dr. Sweatt of the trustees' decision and the conditions for the new funding. Mr. Raattama will review the current gift agreement to determine how the new funding should be captured.

Action Item 16: Dr. L. Dockery will contact Dr. Rich and Dr. Sweatt to inform them of the trustees decision, and the conditions of the approval.

There being no further business, the meeting adjourned at 3:30 p.m.

Summary of Action Items:

Action Item 1: The trustees approved the minutes of the October 21 – 22, 2008 meeting as presented (Attachment 1).

Action Item 2: Mrs. Borcheck to notify Dr. John Hablitz at the University of Alabama at Birmingham and Dr. Clinton Wright at the University of Miami regarding the approval of the revised MBRF Travel Award (Attachment 2).

Action Item 3: Mrs. Borcheck & Dr. L. Dockery to contact Mr. Richard Scarfo with the Trustees decisions on the logistics of the event (Attachment 3).

Action Item 4: Mrs. Borcheck to send decline letter to the IASIA (Attachment 4).

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Action Item 7: Mrs. Borcheck to present 3 standardized requests for proposals for a new tax preparation firm for consideration by the trustees at the next meeting (Attachment 6).

Action Item 8: The trustees received the projected Minimum Distribution Calculation for information (Attachment 7).

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Action Item 10: 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 (Attachment 8).

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Action Item 17: Dr. L. Dockery will contact Dr. Rich and Dr. Sweatt to inform them of the trustees decision, and the conditions of the approval.

Respectfully Submitted,



Teresa W. Borcheck
SunTrust Bank, Corporate Trustee