

**MINUTES
MCKNIGHT BRAIN RESEARCH FOUNDATION
BOARD OF TRUSTEES MEETING
JULY 22 & 23, 2008**

The quarterly trustee's meeting of the McKnight Brain Research Foundation (MBRF) was called to order at 1:18 p.m. on July 22nd, in Miami, Florida, at the offices of Mr. Hank Raattama, MBRF legal counsel.

The following members were present:

Dr. J. Lee Dockery, Trustee

Dr. Michael Dockery, Trustee

Dr. Nina Ellenbogen Raim, Trustee

Mrs. Teresa Borcheck, Corporate Trustee

SunTrust Bank Institutional Investment Management Administration

Members not present:

Dr. John Clarkson, Trustee

Others attending:

Mr. Henry H. Raatama, Jr., Legal Counsel

Mr. Michael Hill, Managing Director, Trusco Capital Management

Ms. Shelly R. Simpson, Asset Allocation Specialist, Trusco Capital Management

Mrs. Darlene Moulder, SunTrust Bank, Charitable Services Group

1. Investment Review

Mr. Hill presented the investment review and key economic and investment factors for the second quarter (Attachment 1). Mid-caps outperformed both Large and Small caps for the quarter while Growth continued to out perform Value and International showed signs of slowing. Commodity-linked sectors tended to outperform, while Financials and Consumer Discretionary trailed.

Mr. Hill informed the trustees of two changes that have been made to the portfolio. The Fidelity Advisor Diversified International fund has been replaced with the DWS International fund and the T Rowe Price Growth Stock fund has been replaced with the DWS Investment Trust Cap Growth fund. Mr. Hill discussed the Peer Group Analysis and the Manager vs. Universe comparison noting that there has been an improvement in the managers' contribution to the performance of the portfolio.

**Action: The trustee received the Investment Review for information (Attachment 1).
The Lighthouse investment report will be discussed at the next trustees' meeting.**

2. Efficient Frontier

Ms. Shelly Simpson presented the annual Asset Allocation Analysis/Strategic Allocation Solutions (SAS) update (Attachment 2). Ms. Simpson discussed several changes she recommends making to the portfolio in the next twelve to eighteen months. International equities have outperformed domestic equities over the last six years due to currency gains from a weak U.S. dollar, lower interest rates overseas, and stronger earnings growth. Now the environment is changing and the stabilizing dollar could be a drag on international equity returns. Therefore, Ms. Simpson recommended reducing the portfolio's exposure to international equity. Ms. Simpson also recommended selling the international real estate Exchange Traded Fund currently held in the portfolio as the reasons for investing in the ETF are now reversing and this asset class no longer looks attractive. Unhedged global bonds have currency risk and could be hurt by a rising dollar. It was Ms. Simpson's recommendation to switch the unhedged global bonds to hedged global bonds. Furthermore, Ms. Simpson recommended the proceeds from reducing the international equity exposure and the sale of the international real estate ETF be invested in the hedged global bonds. Although this revised portfolio has a lower three to five year forward return, it also has much lower risk.

The changes discussed by Ms. Simpson would require changes to the Investment Policy Statement, Appendix B. The recommended changes are to decrease the International Equity target to 15.1%, decrease the Real Estate – Non U.S. to zero, increase the Fixed Income - International target to 9.4% and change the Fixed Income-International Benchmark to Citi Hedged and/or Unhedged WGFI.

Action: The trustees unanimously approved the recommended changes to the asset classes and the allocations in the MBRF Portfolio. Amend Investment Policy Statement, Appendix B to reflect the changes.

3. Approval of Minutes

The minutes of the April 16 – 19, 2008 meeting and the June 11, 2008 conference call of the McKnight Brain Research Foundation were reviewed. The minutes were approved as amended.

Action: The trustees approved the minutes of the April 16 – 19, 2008 meeting and June 11, 2008 conference call, as amended. (Attachment 3).

4. Updated Compensation Review

In a follow up, at the request of the trustees, Mrs. Borcheck presented updated compensation information which was compiled from information obtained from the Association of Small Foundations and the Council on Foundations (Attachment 4).

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 which the trustees must review and monitor, without any reduction in the time devoted to investments. The review of currently funded research projects, requests for new grant support, site visits and review of scientific reports for each of the MBRF funded programs are very important functions of the trustees and require continual monitoring. In order to fulfill the purpose and the mission of the MBRF the trustees must continuously educate themselves as to the current status and future direction of the

research initiatives in learning and memory loss in the aging. The trustees continue to expand and develop research partnerships to encourage increased interest and support of research in learning and memory in the aging. The development of the **Research Partnership in Cognitive Aging** between the MBRF and the National Institute on Aging (NIA) through the Foundation for the National Institutes of Health (FNIH) as and outcome of a national Cognitive Aging Summit held in 2007, attended by 250 nationally recognized research scientists, are important initiatives leading to raising the level of public awareness of the importance of cognitive health to society and the development of research proposals leading to the understanding and alleviation of age related memory loss. The trustees discussed the number of hours each spends on Foundation business and confirmed that each spend, 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 updated Annual Compensation Survey for information and agreed to maintain the current level of annual compensation (Attachment 4).

5. Minimum Distribution Calculation

The trustees received the Minimum Distribution Calculation for information (Attachment 5).

Action: The trustees received the Minimum Distribution Calculation for information (Attachment 5).

6. Carol Barnes Summary – McKnight Institution’s Group Research

The trustees reviewed Carol Barnes’ Summary of the McKnight Inter-Institutional Group’s Research Ideas and plans for the future. (Attachment 6). The trustees endorse the concept but will request clarification on the process.

Action: The trustees received Carol Barnes’ Summary of the McKnight Institutional Group’s report for information (Attachment 6).

7. Inter-Institutional Leadership Council Retreat

The trustees discussed the potential of a retreat for the Leadership Council of the McKnight Inter-Institutional sponsored research programs in the summer of 2009. The trustees have tentatively set the July 2009 trustees meeting for July 28 and 29 and can add a day on either side for the retreat. Dr. Lee Dockery will provide Dr. Carol Barnes with these dates.

Action: Dr. Lee Dockery will provide Dr. Carol Barnes with the dates for the July 2009 MBRF trustees meeting.

8. Society for Neuroscience proposal

The trustees reviewed the request for financial support for an Evelyn F. McKnight sponsored social event for graduate students from each of the four institutions for which the MBRF provides fund who are attending the Annual Society for Neuroscience Meeting. (Attachment 7) The trustees approved the Tier 2 proposal of \$13,000. The event will be similar to the Congressional Reception held at the Cognitive Aging Summit and will feature scientific poster sessions from each of the four institutions. The event will be held on November 17, 2008 at the Renaissance Hotel Grand Ballroom. It was agreed that at least one MBRF trustee will attend.

Action: Add the Annual Society for Neuroscience Evelyn F. McKnight Social Event to the MBRF website

One MBRF trustee will attend the graduate student reception Annual Society for Neuroscience meeting, November 17, 2008

9. Inter-Institutional Meeting Actual Costs

Mrs. Borcheck presented the trustees with the spreadsheet of the Inter-Institutional Meeting Costs for information (Attachment 8). The trustees asked Mrs. Borcheck to express their thanks to Mrs. Moulder for her work in creating the spreadsheet.

Action: The trustees received the spreadsheet of the Inter-Institutional Meeting Costs for information (Attachment 8).

10. Association of Small Foundations (ASF) proposal

The trustees reviewed the request from the Association of Small Foundations (ASF) for a grant in the amount of \$500. (Attachment 9). The trustees approved an educational grant in the amount of \$500 to ASF to encourage small foundations to seek resources and continue the mission of ASF.

Action: The trustees approved an educational grant in the amount of \$500 to the Association of Small Foundations.

11. University of Arizona Grant request follow-up

The additional \$300,000 Grant will be matched by the University of Arizona and will be used to recruit a replacement for a departing research scientist. The Amended Gift Agreement was executed by the trustees and the funds will be forwarded on or before November 1, 2008.

Action: The trustees approved and signed the amended gift agreement with the University of Arizona.

12. NIA/NIH update

Dr. Lee Dockery provided the other trustees with the draft language referencing the MBRF and FNIH text in the NIA's Request for Applications (RFA). The language was approved as presented. It was agreed that Dr. Lee Dockery will follow up with the NIA to provide them with the updated language.

Action: Dr. Lee Dockery will transmit to the FNIH and the NIA the approved language for the RFA.

13. University of Florida Recruitment update

Dr. Lee Dockery updated the other trustees on his recent meeting with Dr. Steindler. The University of Florida has announced the hire of a new McKnight Assistant Professor, Dr. Matthew Sarkisian, to join in their mission to better understand and treat age-related memory loss. There is second recruitment effort currently underway and Dr. Steindler hopes to be announcing the next McKnight Assistant or Associate Professor recruit in the near future.

14. Univ. of Miami Miller School of Medicine update

The trustees discussed the status of the match to the \$5 million gift made by the MBRF in 2002 to the University of Miami. The University has secured \$1.4 million in gifts to date and have been assured the remaining \$3.6 million is available to complete the match.

15. New Trustee Discussion

At the April Trustee's meeting it was decided that the process for adding a fifth trustee would be finalized at the July meeting as well as discussing possible candidates, their Curriculum Vitae and any other pertinent information. In this regard, Dr. Lee Dockery nominated Dr. Judith Salerno and Dr. Nina Ellenbogen Raim nominated Dr. Li-Huei Tsai. The nominees will be interviewed during the February 2009 meeting of the MBRF.

16. Upcoming Dates & Events

The next meeting will be October 21- 22, 2008, in Birmingham, Alabama. There being no further business, the meeting adjourned at 5:00 p.m.

Summary of Action Items:

Action: The trustee received the Investment Review for information (Attachment 1). The Lighthouse investment report will be discussed at the next trustees' meeting.

Action: The trustees unanimously approved the recommended changes to the asset classes and the allocations in the MBRF Portfolio. Amend Investment Policy Statement, Appendix B to reflect the changes.

Action: The trustees approved the minutes of the April 16 – 19, 2008 meeting and June 11, 2008 conference call, as amended. (Attachment 3)

Action: The trustees received the updated Annual Compensation Survey for information and agreed to maintain the current level of annual compensation (Attachment 4).

Action: The trustees received the Minimum Distribution Calculation for information (Attachment 5).

Action: The trustees received Carol Barnes' Summary of the McKnight Institutional Group's report for information (Attachment 6).

Action: Dr. Lee Dockery will provide Dr. Carol Barnes with the dates for the July 2009 MBRF trustees meeting.

**Action: Add the Annual Society for Neuroscience Evelyn F. McKnight Social Event to the MBRF website
One MBRF trustee will attend the graduate student reception Annual Society for Neuroscience meeting, November 17, 2008**

Action: The trustees received the spreadsheet of the Inter-Institutional Meeting Costs for information (Attachment 8).

Action: The trustees approved an educational grant in the amount of \$500 to the Association of Small Foundations.

Action: The trustees approved and signed the amended gift agreement with the University of Arizona.

Action: Dr. Lee Dockery will transmit to the FNIH and the NIA the approved language for the RFA.

Signature _____



Mrs. Teresa Borcheck, Corporate Trustee