

**MINUTES**  
**MCKNIGHT BRAIN RESEARCH FOUNDATION**  
**BOARD OF TRUSTEES MEETING**  
**February 2-3, 2010**

**February 2, 2010**

The quarterly Trustee's meeting of the McKnight Brain Research Foundation (MBRF) was called to order at 12:00 p.m. on February 2<sup>nd</sup> in Miami, Florida, in the offices of Akerman Senterfitt, the firm of MBRF legal counsel, Mr. Henry H. Raattama, Jr.

The following members were present:

Dr. John Clarkson, Trustee  
Dr. J. Lee Dockery, Trustee  
Dr. Michael Dockery, Trustee  
Dr. Nina Ellenbogen Raim, Trustee  
Dr. Judith Salerno, 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

Via teleconference:

Ms. Tiffany Ahlfield, SunTrust Bank, Foundations & Endowments Specialty Practice

**1. Approval of Minutes**

The minutes of the October 20-21, 2009 meeting of the McKnight Brain Research Foundation were reviewed. The minutes were approved as amended (Attachment 1).

**Action Item 1: The trustees approved the minutes of the October 20-21, 2009 meeting as amended (Attachment 1).**

**2. Minimum Distribution Calculation**

The trustee reviewed and received the projected Minimum Distribution Calculation for the MBRF for information (Attachment 2).

**Action Item 2: The trustees reviewed and received the projected Minimum Distribution Calculation for the MBRF for information (Attachment 2).**

### **3. Investment Review**

Mr. Hill presented the Investment Review and commented on key economic and investment factors for the fourth quarter (Attachment 3). Global equity markets ended 2009 on a solid note, delivering positive results in the fourth quarter. Investors seemed to gravitate toward larger companies, emerging markets, and inflation-sensitive assets. High-quality companies out gained lower quality for the first time in the recovery. Bond market returns were flat, except for corporate and high-yield bonds, where spreads continued to tighten. U.S. Treasuries lost ground as rates inched up in the face of growing issuance.

Markets continue to show optimism, encouraged by better company results. Cost cutting and productivity gains helped sustain profit margins. Positive fourth quarter earnings reports and signs of renewed revenue growth will be necessary to continue the current market rally. Economic reports reflect a global recovery and that stimulus measures are thought to be working. Trade has improved, inventories are being replenished and unemployment claims are trending lower. Retail sales and manufacturing data are pointing up. Inflation remains restrained, but investors appear to be anticipating future inflation as the recovery solidifies. Real estate, commodities, and gold have shown strong recent returns.

The Federal Open Market Committee (FOMC) has signaled it is committed to supporting the recovery by maintaining its low interest rate policy. Budget deficits across state and federal governments globally are a continuing concern. The federal debt will continue to weigh on the dollar, but recent strength is a sign that the U.S. continues to lead the global recovery. Mr. Hill then reviewed the MBRF portfolio composition, relative performance and performance attribution analysis for the 3 month period ending December 31, 2009.

Mr. Raattama commented on the disparity of returns between the Lighthouse Credit Opportunities Fund On-Shore versus Off-Shore vehicles of investment. Mr. Hill shared with the trustees that he and Mr. Raattama participated in a call with representatives from Lighthouse to discuss this inconsistency in the returns between the two. Lighthouse representatives recognize the disparity and are working on structural changes to improve the return differential. Mr. Hill said that he will continue to be in contact with Lighthouse to monitor the progress.

**Action Item 3: The trustees received the Investment Review for information (Attachment 3).**

### **4. Annual Reports**

**A. University of Alabama** – The trustees reviewed the annual report from the University of Alabama (UAB) and were pleased with the progress Dr. David Sweatt has made as the Evelyn F. McKnight Chair in Learning and Memory in Aging and Director of the Evelyn F. McKnight

Brain Institute at UAB. The trustees feel UAB has demonstrated strong recruiting success and encourage the full utilization of the strong geriatric research program at the university and develop a strong clinical translational program in cognitive aging and age related memory loss (Attachment 4).

**Action Item 4: Send thank you letter for the report to Dr. Shirley Sallaway Kahn commending Dr. Sweatt 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 and Director of the Evelyn F. McKnight Brain Institute at UAB. (Attachment 4).**

**B. University of Arizona** – The trustees reviewed the annual report concerning the Evelyn F. McKnight Brain Institute at the University of Arizona and look forward to additional progress in clinical applications of scientific discoveries in cognitive aging and age related memory loss. The trustees had additional questions regarding Dr. Carol Barnes' response to the question in the annual report concerning modifications to the current Gift Agreement (question 18). Dr. Barnes will be requested to be more specific regarding her concerns that the account will be expended in 2018, rather than 2020 (Attachment 5).

**Action Item 5: Send thank you letter for the report to Dr. Barnes commending her on the progress of the Institute. In addition, the letter will be requesting Dr. Barnes to be more specific regarding her answer to question 18 regarding her concerns that the account will be expended in 2018, rather than 2020 (Attachment 5).**

**C. University of Florida** – The trustees reviewed the annual report concerning the Evelyn F. McKnight Brain Institute at the University of Florida. The trustees were pleased to see the progress Dr. Dennis Steindler, Dr. Thomas Foster (Age Related Memory Loss Program) and Dr. Marco Pahor (Cognitive Aging and Memory Clinical Translation Research Program) have made and look forward to periodic updates on the continued progress and the successful recruitment of additional research scientists (Attachment 6).

**Action Item 6: Send thank you letter to Dr. Steindler, Dr. Foster and Dr. Pahor acknowledging the report (Attachment 6).**

**D. University of Miami** – The trustees reviewed the annual report concerning the Evelyn F. McKnight Brain Institute at the University of Miami submitted by Dean Goldschmidt. The report was well received. The trustees were pleased to note the collaboration between Dr. Clinton Wright and Dr. Gene Alexander from the University of Arizona's Brain Institute. The trustees look forward to receiving periodic updates on the progress in developing the success of the program (Attachment 7).

**Action Item 7: Send thank you letter to Dean Goldschmidt, Dr. Sacco and Dr. Wright acknowledging the report (Attachment 7).**

**5. Trustees' meeting and the Inter-Institutional Meeting April 28-30, 2010**

The Board of Trustees will meet in conjunction with the Inter-Institutional Meeting April 28-30, 2010, in Gainesville, FL. The trustees will meet at the Hilton hotel from 12:00-5:00pm on April 28, 2010. The inter-institutional meeting will begin with a reception on the evening of April 28th and conclude by noon on April 30, 2010. The trustees approved the tentative budget presented by Mrs. Borcheck and request that there be a list of attendees finalized within a month of the event. She will continue to work directly with Dr. Thomas Foster, the Evelyn F. McKnight Chair for Age Related Memory Loss at the University of Florida, to further coordinate program and meeting arrangements.

**Action Item 8: Mrs. Borcheck will work directly with individuals at the Hilton Hotel and Dr. Thomas Foster to coordinate and finalize the program and meeting arrangements for the April 28-30, 2010, Trustees' and Inter-Institutional Meetings at the University of Florida.**

**6. Trustees' Board Meeting August 10-11, 2010**

The trustees have agreed to hold the August meeting of the MBRF on August 10-11, 2010 in Orlando, FL. The trustees will arrive on the morning of August 10, 2010 and meet in the afternoon, beginning with lunch. The trustees' meeting will continue in the morning of August 11, 2010, to review and update the strategic plan of the MBRF with Mr. Robert Moser (Chief Client Service Officer and President, Laird Norton Tyee). The meeting on Wednesday, August 11, 2010, will adjourn at 12:00 noon.

**7. Cognitive Aging Summit II**

The Second Cognitive Aging Summit will be held on October 3-5, 2010 at the JW Marriott in Washington, DC. Dr. Dockery informed the trustees that a draft of the "Save the Date" reminder would be available for review by February 12, 2010 and finalized by February 16, 2010. The trustees anticipate a preliminary agenda of the summit will be available at the trustees' meeting in April, 2010.

**8. Society for Neuroscience 2010 McKnight Poster Session**

The trustees reviewed a proposal from the staff of the Evelyn F. McKnight Brain Institute at the University of Alabama in Birmingham and agreed to sponsor and host the scientific poster/reception at the Tier 2 level for \$16,740 (Attachment 8) in conjunction with the Annual Meeting of the Society for Neuroscience. The event is a MBRF sponsored and hosted event for graduate students and faculty who will be attending the meeting from each of the four institutions to which the MBRF provides funding. The trustees are invited to attend the event, which will be held on Sunday, November 14, 2010 from 6:30-9:00pm at the San Diego

Marriott Ballroom in San Diego, CA and will feature scientific poster displays from each of the four institutions.

### **9. Southern Vermont College**

The proposal from Dr. Barry Flanary at Southern Vermont College was reviewed and it was decided that the trustees are not currently able to consider the program because the research is outside the scope and the purpose of the McKnight Brain Research Foundation. Mrs. Borcheck will send Dr. Flanary a letter with the trustees' decision to decline funding the proposal.

**Action Item 9: Mrs. Borcheck will send Dr. Flanary at Southern Vermont College a letter with the trustees' decision to decline funding the proposal (Attachment 8).**

### **10. Trademark Update**

Mrs. Borcheck presented a copy of the letter from Akerman Senterfitt stating the combined declaration of use and incontestability document filed for the Evelyn F. McKnight Brain Research Foundation Trademark has been accepted and acknowledged (Attachment 10). Registration must be renewed on or before the ten year anniversary (August 31, 2014). Mrs. Borcheck informed the trustees that SunTrust keeps active reminders for follow up on both trademarks.

### **11. 990 PF Request for Proposals**

The trustees reviewed the proposals from five CPA firms regarding preparation of the MBRF 990-T and 990-PF tax returns. The trustees narrowed the selection down to two firms: Batts, Morrison, Wales & Lee, PA and Shinn and Company. Mrs. Borcheck will personally interview each of the firms to gauge accountability, proactivity, additional costs, availability for meetings and any other areas of concern. The trustees have authorized Mrs. Borcheck to make the final decision between the two firms based on her interviews with each.

**Action Item 10: Mrs. Borcheck will interview Batts, Morrison, Wales & Lee, PA and Shinn and Company and make the final decision between the two firms based upon the interviews (Attachment 9).**

### **12. Annual Compensation Review**

Mrs. Borcheck presented updated compensation information compiled from information obtained from the Association of Small Foundations and the Council on Foundations (Attachment 10). 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, on site visits by the trustees 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 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. 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 agreed that \$40,000 per trustee is reasonable and appropriate compensation. Because of Dr. Salerno's position with the Institute of Medicine (IOM), she is not permitted to accept compensation from the MBRF. However, she is permitted to direct the compensation to a non-profit organization and has chosen the IOM. Her quarterly donation is currently helping fund their summer intern program for graduate students.

The trustees also agreed to continue to be reimbursed for any out of pocket expenses incurred, such as traveling costs, associated with MBRF business.

**Action 11: The trustees received the updated Annual Compensation Survey for information and agreed to maintain the current level of annual compensation (Attachment 10).**

## **12. SunTrust Fees**

Mrs. Borcheck advised the trustees that the SunTrust fee management agreement expires in July 2010. She will provide an updated fee analysis and contract for review at the board meeting April.

There being no further business, the meeting adjourned at 5:00 p.m.

## **February 3, 2010**

The trustees met for a scientific program and dedication of the Evelyn F. McKnight Center on Age Related Memory Loss on the campus of the University of Miami Miller School of Medicine, Miami, Florida. The scientific program began at 9:00 AM hosted by Ralph Sacco, M.D.,

executive director of the Center and moderated by Clinton Wright, M.D., scientific director. The scientific program was concluded at noon and was immediately followed by the dedication of the Evelyn F. McKnight Center on age Related Memory Loss. Dean Pascal J. Goldschmidt, M.D., and Dr. Sacco presided over the dedication ceremonies and the unveiling of the wall designating the Center on which the portrait of Mrs. McKnight and pictures of the trustees of the McKnight Brain Research Foundation are displayed. Following the scientific program and the dedication ceremonies of the Center, Dean Goldschmidt hosted a luncheon for the trustees and faculty of Evelyn F. McKnight Center on age Related Memory Loss the commemorating the events of the day. The proceedings were concluded at 1:45 PM.

### **Summary of Action Items:**

**Action Item 1: The trustees approved the minutes of the October 20-21, 2009 meeting as amended (Attachment 1).**

**Action Item 2: The trustees reviewed and received the projected Minimum Distribution Calculation for the MBRF for information (Attachment 2).**

**Action Item 3: The trustees received the Investment Review for information (Attachment 3).**

**Action Item 4: Send thank you letter for the report to Dr. Shirley Sallaway Kahn commending Dr. Sweatt 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 and Director of the Evelyn F. McKnight Brain Institute at UAB (Attachment 4).**

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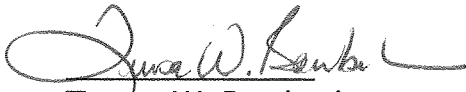
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Respectfully Submitted,



Teresa W. Borcheck  
SunTrust Bank, Corporate Trustee