

**MINUTES**  
**MCKNIGHT BRAIN RESEARCH FOUNDATION**  
**BOARD OF TRUSTEES MEETING**  
**October 25-26, 2010**

**October 26, 2010**

The Trustee's meeting of the McKnight Brain Research Foundation (MBRF) was called to order at 7:00 a.m. on October 26, 2010 in the Flandrau and Gardens Room at the Arizona Inn, Tucson, AZ.

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

Guest: Carol A. Barnes, PhD, The Evelyn F. McKnight (EFM) Chair for Learning and Memory in Aging and Director of the EFM Brain Institute at the UA

**1. Report from the Director of the Evelyn F. McKnight Brain Institute at the UA**

Dr. Carol Barnes met with trustees over breakfast and briefed the trustees on the status of the budget and the recruitment activities of faculty at the Evelyn F. McKnight Brain Institute (EFMBI). Dr. Barnes highlighted budget constraints at the University of Arizona (UA) which have hampered recruitment activities not only at the UA but throughout the country. The trustees thanked Dr. Barnes for organizing the scientific program the preceding day highlighting the research activities in Cognitive aging and associated memory loss at the UA and between research scientists at the other McKnight Brain Institutes. The trustees also thanked Dr. Barnes for her valuable contributions to the planning and participation in the Cognitive Aging Summit II, which was held on October 3-5, 2010, in Washington, DC

**2. Approval of Minutes**

The minutes of the October 3-5, 2010 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 3-5, 2010 meeting as presented (Attachment 1).**

**3. Investment Review**

Mr. Hill presented the investment review and commented on key economic and investment factors for the third quarter (Attachment 2). Stocks posted the strongest gains in September since 1939 as investors increased risk positions following the Federal Reserve announcement of additional stimulus in the form of Quantitative Easing. With the Federal Funds interest rate at effectively zero, the only way to accomplish additional easing is through the renewed expansion of the Federal Reserve balance sheet through US Treasury Bond purchases. Domestic equities saw strong gains across style and market capitalization in the third quarter. The S&P 500 index posted gains of 11.3%.

Bolstered by a weak US dollar, the developed international markets sector outperformed domestic equities. Emerging international markets posted an 18% quarterly gain, and continue to benefit from strong economic prospects and lower debt ratios relative to developed countries.

Bonds rallied during the quarter with 2 and 3 year notes trading to all time low in yields. Investors continue the flight to quality as volatility remains high in other asset classes. Corporate bond and high yield bond spreads continue to tighten relative to US Treasuries pushing their prices higher. The Barclays Aggregate Index returned 2.48% for the quarter.

Hedge fund investments posted strong gains for the quarter and appear to be performing more in line with expectations regarding volatility and correlation to equities. The Hedge Fund Research Incorporated (HFRI) Fund of Funds Index was up 3.36% for the quarter.

In my opinion the value of the portfolio should not be a part of the minutes in the event they should be publicly disseminated

The portfolio posted a strong gain of 8.5% to begin the new fiscal year. Equities in aggregate were up 12.6%, alternatives were positive by 0.6% and the fixed income assets in the portfolio returned a very impressive 6.9%. As of September 30<sup>th</sup>, all of the managers are in the top 1/3 of their peer group when reviewing the 3 and/or 5 year periods. The only exception is the Seix High Yield fund but continues to show impressive improvements with a 13<sup>th</sup> and 22<sup>nd</sup> ranking for the quarter and year-to-date.

Partial redemption requests have been made for the three Lighthouse Fund of Funds to facilitate the rebalancing that was discussed during the mid-year review and efficient frontier analysis provided by Ms. Shelly Simpson.

**Action Item 2: The trustees received the Investment Review for information (Attachment 2).**

#### **4. Private Equity and additional Hedge Fund of Funds**

Mr. Hill and the Trustees engaged in an extensive discussion of hedge funds including the time period for investing and investment returns (the so called J curve). Mr. Hill presented the Hammond Access Fund of Funds, Aurora and Corbin Fund of Funds as possible investments. Mr. Hill pointed out that Hammond has been retained by SunTrust to consult on investment matters and to provide due diligence on managers and hedge funds. It was noted that the Access Funds are Hammond products and Hammond is advising SunTrust as to the appropriateness of the Access Funds. The Trustees concluded, with the advice of legal counsel, that the conflict does not preclude investing in the Hammond Access Fund if the Access Fund is the best available alternative. The discussion of the hedge funds will be continued at the February Trustee meeting. Dr. Salerno requested that the Private Equity Cash Flow Model on page 28 of the Investment Review Book be revisited and updated at future meetings.

#### **5. Debrief of Cognitive Aging Summit II**

The trustees discussed the Cognitive Aging Summit II (CAS II) and agreed it was an overall success; the only stated concerns were how to encourage the right attendees. The trustees encourage the Foundation for the National Institutes of Health (FNIH) to focus on this area for Cognitive Aging Summit III (CAS III). The trustees also expressed interest in renewing the Research Partnership in Cognitive Aging grant with the National Institute on Aging (NIA) at the expiration of the current five year agreement in 2013. The trustees authorized Dr. Lee Dockery to contact Dr. Richard Hodes, Director of the National Institute on Aging (NIA) to inform him of the interest of the MBRF in the possibility of renewing the partnership so that his consideration can coincide with the budget cycle of the NIA prior to the expiration of the current grant cycle.

**Action Item 3: Dr. Lee Dockery will contact Dr. Richard Hodes at the FNIH to discuss the possibility of a joint partnership for a CAS III in October of 2012 and the renewal of the Research Partnership in Cognitive Aging grant with the NIA due to expire in 2013.**

#### **6. Columbia University**

The trustees discussed the recent proposal submitted by Dr. Scott Small for establishment of the Evelyn F. McKnight Brain Center and an active research program in cognitive aging and associated memory loss at the Columbia University Medical Center (CUMC). Following a discussion, the trustees agreed the research proposal was worthy for the trustees to request a site visit to CUMC. Dr. Clarkson, Dr. Salerno and Mrs. Borcheck were requested to represent the MBRF to conduct a preliminary on-site visit to CUMC to evaluate the current status of the research programs in cognitive aging and age related memory loss. The proposed site visit will allow the trustees to learn more about the opportunities and the commitment by the respective individuals in the institution, and the potential for success of the partnership between the MBRF and the CUMC.

**Action Item 4: Mrs. Borcheck will work with Dr. Scott Small and Ms. Amelia Alverson at CUMC to identify individuals with whom the trustees wish to meet and potential dates for a site visit.**

**7. Trademark Registration**

Mrs. Borcheck and Mr. Raattama updated the trustees on the progress of the trademark registration of the "Preserving Memory, Enhancing Life" tag line. The trustees have agreed to pay the \$150-\$250 fee to have a scan done to ensure the tag line or something similar is not already being used. The trustees also have agreed to pay the \$1500 for the application service fees. If the application is challenged, the trustees will do a more in depth evaluation to determine if additional expense is warranted.

**Action Item 5: The trustees approved fees to determine current usage of the proposed modification to the MBRF letterhead as well an application fee to register the modified MBRF logo with the new "tag line".**

There being no further business, the meeting adjourned at 10:30 a.m.

**Summary of Action Items:**

**Action Item 1: The trustees approved the minutes of the October 3-5, 2010 meeting as presented (Attachment 1).**

**Action Item 2: The trustees received the Investment Review for information (Attachment 2).**

**Action Item 3: Dr. Lee Dockery will contact Dr. Richard Hodes at the FNIIH to discuss the possibility of a joint partnership for a CAS III in October of 2012 and the renewal of the Research Partnership in Cognitive Aging grant with the NIA due to expire in 2013.**

**Action Item 4: Mrs. Borcheck will work with Dr. Scott Small and Ms. Amelia Alverson at CUMC to identify individuals with whom the trustees wish to meet and potential dates for a site visit.**

**Action Item 5: The trustees approved fees to determine current usage of the proposed modification to the MBRF letterhead as well an application fee to register the modified MBRF logo with the new "tag line".**

Respectfully Submitted,



Teresa W. Borcheck  
SunTrust Bank, Corporate Trustee