

MINUTES
MCKNIGHT BRAIN RESEARCH FOUNDATION
BOARD OF TRUSTEES MEETING
May 1 -3, 2011

May 3, 2011

The Trustee's meeting of the McKnight Brain Research Foundation (MBRF) was called to order at 12:25 p.m. on May 3, 2011 in the Miramar North Conference Room at the Miami Beach Hotel and Spa, Miami Beach, FL.

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
Ms. Melanie Cianciotto, 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
Ms. Nicole D'Alessandro, SunTrust Bank Institutional Investment Solutions

1. Investment Review

Mr. Hill presented the investment review and commented on key economic and investment factors for the first quarter (Attachment 1).

- **First Quarter 2011 equity returns impressive in spite of global shocks**
 - The S&P 500 ended its best quarter since 1998 up nearly 6% reflecting the market's collective assessment that recent geopolitical and natural events, while important, will not derail the global recovery.
 - Dollar weakness boosted international stock and bond returns.
 - Interest rates ended the quarter modestly higher, while rising commodity prices abetted inflation concerns.

- **A robust manufacturing sector and accelerating labor momentum give us confidence the recovery's foundation is solid but some risks have come into sharper focus.**
 - Inflation has increased globally, along with a more worrisome rise in inflation expectations, although higher commodity prices, especially oil, may prove to be temporary.

- First quarter earnings reports and management guidance will provide important signals regarding the impact of higher input prices on corporate profits.
- **Recent events have not altered the strategy, but it is recognized that the range of possible outcomes is widening**
 - We are in the third year of the market cycle and expect to gradually move to a more defensive equity posture, although the initiating catalyst remains elusive.

Mr. Hill provided an update on Hall Capital. The Hall Capital Fund V had a final close on March 31, 2011. Funding commitments were just shy of the targeted \$70mm. Funding is greater than Fund IV and less than Fund III. Participation was driven by existing clients "re-upping" interest from previous funds and through an increase in internal and external client participation. The McKnight Brain Research Foundation had \$30,000 called on May 2, 2011. Hall Capital expects to call approximately 90% of the committed capital, with 50-70% of the commitment called in five years. A catch-up call of around 10% is expected later in 2011. Hall Capital will create and distribute detailed Fund V reporting on a quarterly basis and it will typically be available 45-60 days following quarter end.

At this time, there are no recommended changes to the investment policy or asset allocation within the portfolio.

Action Item 1: The trustees received the Investment Review for information (Attachment 1).

2. Approval of Minutes

The minutes of the February 2, 2011 meeting of the McKnight Brain Research Foundation were reviewed. The minutes were approved as amended (Attachment 2).

Action Item 2: The trustees approved the minutes of the February 2, 2011 meeting as amended (Attachment 2).

3. Minimum Distribution Calculation

The trustees reviewed the projected minimum distribution calculation for information (Attachment 3).

Action Item 3: The trustees reviewed the projected minimum distribution calculation for information (Attachment 3).

4. Columbia Site Visit Report Follow Up

Dr. Judith Salerno and Dr. John Clarkson provided an overview of their site visit to Columbia University Medical Center. After a detailed discussion, the trustees did not approve the proposal for funding. Dr. Judith Salerno will draft a letter to Dr. Richard Mayeux, Dr. Lee

Goldman, Dr. Scott Small and Amelia Iverson informing them of the trustees' decision to decline funding.

Action Item 4: Dr. Judith Salerno will draft a letter to Dr. Richard Mayeux, Dr. Lee Goldman, Dr. Scott Small and Amelia Iverson informing them of the trustees' decision to decline funding.

5. University of California, Davis Proposal

The proposal from the University of California, Davis by Dr. Charles DeCarli was reviewed. After discussion the trustees did not approve the proposal for funding. Dr. J. Lee Dockery will draft a letter to Dr. DeCarli informing him of the trustees' decision to decline funding.

Action Item 5: Dr. Lee Dockery will draft a letter to Dr. DeCarli informing him of the trustees' decision to decline funding.

6. Research Partnership in Cognitive Aging Update

Dr. J. Lee Dockery updated the trustees on the Research Partnership in Cognitive Aging and shared an Open Letter from the NIA Director to the Research Community, detailing the expectations of a sharp decline in funding.

7. Travel Award Program - Update

Ms. Cianciotto informed the trustees that no more requests have been received at this time.

8. IRS Update Report/Status of 990 PF

Ms. Cianciotto provided the trustees an update regarding the status of the 990 PF and 990 T for the tax year ending June 30, 2010. The returns were put on extension and drafts have just been received from Batts, Morrison, Wales and Lee. The returns will be forward to Mr. Henry H. Raattama, Jr. to review. Ms. Cianciotto will provide copies of the 990 PF and 990 T to the trustees for their records.

Action Item 6: Ms. Cianciotto will provide copies of the 990 PF and 990 T to the trustees for their records.

9. Trustees Compensation

Ms. Cianciotto presented updated compensation information 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, 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 the IOM's 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 Item 7: The trustees received the updated Annual Compensation Survey for information and unanimously agreed to maintain the current level of annual compensation (Attachment 4).

10. Trustees' Board Meeting July 19 – 20, 2011

The trustees have agreed to hold the July meeting of the MBRF on July 19 – 20, 2011 in Orlando, FL. The trustees will arrive the morning of July 19th and meet in the afternoon, beginning with lunch at 12:00 noon. The trustees meeting will continue on the morning of July 20th and conclude at 12:00 noon.

11. Trustees Board Meeting October 25 – 26, 2011

The trustees have agreed to hold the October meeting of the MBRF on October 25 – 26, 2011 in Gainesville, FL. The trustees will arrive the morning of October 25th and meet in the afternoon, beginning with lunch at 12:00 noon. The meeting will conclude at 12:00 noon on October 26th after the scientific presentations.

12. Society for Neuroscience 2011 McKnight Poster Session

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 event will be held November 13, 2011 in Washington, DC and will feature scientific poster displays from each of the four institutions. Dr. Nina Ellenbogen Raim and Dr. Judith Salerno will be the trustees in attendance for this event.

13. Inter-Institutional Meeting

The fifth annual McKnight Brain Research Foundation Inter-Institutional meeting will be held in Arizona April 11 – 13, 2012. The trustees will arrive the morning of April 11, 2012 and meet in the afternoon beginning at 12:00 noon. The Inter-Institutional meeting will begin with a reception on the evening of April 11, 2012 followed by the scientific sessions on April 12-13, adjourning at noon on April 13, 2012.

There being no further business, the meeting adjourned at 3:35 p.m.

Summary of Action Items:

Action Item 1: The trustees received the Investment Review for information (Attachment 1).

Action Item 2: The trustees approved the minutes of the February 2, 2011 meeting as amended (Attachment 2).

Action Item 3: The trustees reviewed the projected minimum distribution calculation for information (Attachment 3).

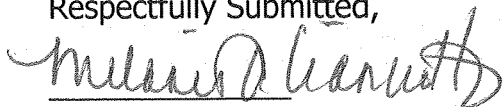
Action Item 4: Dr. Judith Salerno will draft a letter to Dr. Richard Mayeux, Dr. Lee Goldman, Dr. Scott Small and Amelia Iverson informing them of the trustees' decision to decline funding.

Action Item 5: Dr. Lee Dockery will draft a letter to Dr. DeCarli informing him of the trustees' decision to decline funding.

Action Item 6: Ms. Cianciotto will provide copies of the 990 PF and 990 T to the trustees for their records.

Action Item 7: The trustees received the updated Annual Compensation Survey for information and agreed to maintain the current level of annual compensation (Attachment 4).

Respectfully Submitted,



Melanie A. Cianciotto
SunTrust Bank, Corporate Trustee