

MINUTES
MCKNIGHT BRAIN RESEARCH FOUNDATION
BOARD OF TRUSTEES MEETING
October 20, 2011

The Trustee's meeting of the McKnight Brain Research Foundation (MBRF) was called to order at 8:20 a.m. on October 20, 2011 in the Somerset Conference Room at the Hilton Garden Inn Washington, DC/Bethesda.

The following members were present:

- Dr. J. Lee Dockery, Trustee
- Dr. Michael Dockery, Trustee
- Dr. Nina Ellenbogen Raim, Trustee
- Dr. Judith Salerno, Trustee (via conference call)
- 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 Solutions (via conference call)

1. Investment Review

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

A. Market Environment

- Investor expectations and confidence declined significantly during the quarter as demonstrated by a substantial spike in volatility and historic low U.S. Treasury yields.
- Large Cap Growth Domestic equities outperformed domestic mid and small cap stocks along with developed international and emerging market stocks during the quarter.
- In light of a downgrade to U.S. Treasury Bonds, the flight to quality move pushed 10-year U.S. Treasury yields below 2% and the 30-year U.S. Treasury yield declined below 3%.
- Hedge fund performance was not able to avoid the increased volatility and flight to quality. Short bias and macro strategies performed best during the period while equity hedge and fundamental value lagged.

B. Manager Performance

- During the quarter, active managers largely struggled versus their respective benchmarks. The Federated Strategic Value fund was an exception as it benefited from investor flight to quality large cap companies paying dividends.

- The PIMCO Total Return Fund experienced a rare period of underperformance. The fund was positioned with a lower exposure to U.S. Treasuries than the benchmark. This along with the subsequent overweight to spread product resulted in a poor quarter for the strategy.
- The Jensen Large cap Growth Fund was sold during the quarter and the assets were transferred to the existing Harbor Capital Fund. The Legg Mason Emerging Markets fund was removed and the assets were moved to a new emerging markets manager utilizing the Oppenheimer Developing Markets strategy.

C. Investment Policy

The trustees amended Appendix A & B of the Investment Policy Statement to include BRDPI at 2.9% and amended the range from 0-10% to 0-20% for permitted fixed income holdings. It was noted by Mr. Hill that the amended range for the fixed income holdings was not considered when the efficient frontier analysis was performed in July 2011. Mr. Hill will monitor the effects of the amended range in preparation for the next cycle for the efficient frontier analysis and review in the summer of 2012. The Investment Policy Statement consistent with the amendments was approved. Mr. Hill and Mr. Raattama were requested to prepare a revised Investment Policy Statement.

Action Item 1:

- A. The Investment Policy Statement consistent with the amendments was approved (Attachment 1).**
- B. Mr. Hill and Mr. Raattama were requested to prepare a revised Investment Policy Statement.**

2. Approval of Minutes

The minutes of the July 20, 2011 meeting of the McKnight Brain Research Foundation and the August 19, 2011 conference call of the McKnight Brain Research Foundation were reviewed. The minutes were approved (Attachment 2). Corrective action was taken in today's meeting to note that BRDPI is actually 2.9% not 2.8%.

Action Item 2: The trustees approved the minutes, as amended, of the July 20, 2011 meeting of the McKnight Brain Research Foundation and the August 19, 2011 conference call of the McKnight Brain Research Foundation (Attachment 2).

3. University of Miami

The trustees reviewed the investment performance for the Growth Pool and the market analysis for the endowment for the fiscal year end May 31, 2011 (Attachment 3). The trustees would like a report on the status of the match. Ms. Cianciotto will draft a letter to the University of Miami requesting information and provide it to the trustees for their consideration.

Action Item 3: Ms. Cianciotto will draft a letter to the University of Miami requesting this information on the status of the match and provide it to the trustees for their consideration.

4. University of Florida

The trustees reviewed the report regarding the status and the disbursements from the McKnight Brain Research Grant Fund Account through June 30, 2011 (Attachment 4) for information.

Action Item 4: The trustees reviewed the report regarding the status and the disbursements from the McKnight Brain Research Grant Fund Account through June 30, 2011 (Attachment 4) for information.

5. 2011 Inter Institutional Meeting Costs

The trustees reviewed the final costs for the 2011 Inter Institutional Meeting for information (Attachment 5). The trustees would like to acknowledge and thank the University of Miami for keeping the meeting costs within budget.

Action Item 5: The trustees reviewed the final costs for the 2011 Inter Institutional Meeting for information (Attachment 5). Ms. Cianciotto will communicate the appreciation of the trustees for the development of an excellent program within the approved budget.

6. Cognitive Test Battery Costs

The trustees reviewed the final costs of the Cognitive Test Battery August 3 – 4, 2011 meeting in conjunction with the previously approved request to fund another two day meeting in December, 2011 and a one day meeting a day prior to the inter-institutional meeting scheduled for April 2012 (Attachment 6).

Action Item 6: The trustees reviewed the final costs of the Cognitive Test Battery August 3-4, 2011 meeting for information in conjunction with the previously approved request for the additional meetings for December 2011 and April 2012.

7. Gordon Conference on the Neurobiology of Cognition

The trustees reviewed a proposal and budget from Dr. Carol Barnes for the Gordon Conference on the Neurobiology of Cognition (Attachment 7). The trustees approved the request with the caveat that the MBRF be listed as a contributor and a small statement describing the MBRF be included.

Action Item 7: The trustees reviewed and approved a proposal and budget from Dr. Carol Barnes for the Gordon Conference on the Neurobiology of Cognition with the caveat that the MBRF be listed as a contributor and a small statement describing the MBRF be included (Attachment 7).

8. ASF Renewal

The trustees reviewed a request from the Association of Small Foundations for donation above the membership dues or a grant to the Association to be used for a designated purpose (Attachment 8). It was noted that because of the MBRF's membership with the Foundation, the MBRF is able to purchase its Directors and Officers (D & O) insurance. Ms. Cianciotto was requested to review the current status of membership dues for the MBRF, the annual renewal date and the premium and level of coverage for the D & O insurance.

Action Item 8: The trustees reviewed a grant from the Association of Small Foundations (Attachment 8). Ms. Cianciotto was requested to review the current status of membership dues for the MBRF, the annual renewal date and the premium and level of coverage for the D & O insurance.

9. Consulting/Long Range Planning

Dr. Molly Wagster, Chief, Behavioral & Systems Neuroscience Branch Division of Neuroscience, National Institute on Aging (NIA), met with the trustees and provided comments on her impressions regarding the success of the Foundation in fulfilling its purpose of supporting research in cognitive aging leading the understanding and alleviation of age related memory loss. Additionally, Dr. Wagster highlighted the value of the Research Partnership in Cognitive Aging between the NIA and the MBRF.

10. Minimum Distribution Calculation

The trustees reviewed the projected minimum distribution calculation for information (Attachment 9).

Action Item 9: The trustees reviewed the projected minimum distribution calculation for information (Attachment 9).

11. Society for Neuroscience 2011 McKnight Poster Reception

The event is an 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 Sunday, November 13, 2011 at the Renaissance Washington DC Hotel, Grand Ballroom South from 6:30 p.m. to 8:30 p.m. and will feature scientific poster displays from each of the four institutions. Dr. Nina Ellenbogen Raim and Dr. J. Lee Dockery will be the trustees in attendance for this event.

12. February 2012 Trustees Meeting

The trustees have agreed to hold the February meeting of the MBRF at the University of Florida on February 28 – 29, 2012. The trustees meeting will be held the afternoon of February 28th. The meeting will conclude on February 29th after the scientific program and lunch.

13. 2012 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.

14. Cold Spring Harbor Laboratory

The trustees reviewed a proposal and budget from Cold Spring Harbor Laboratory (Attachment 10). The trustees approved a sponsorship of \$10,000 with the caveat the MBRF be listed as a contributor and a small statement describing the MBRF be included.

Action Item 10: The trustees reviewed a proposal and budget from Cold Spring Harbor Laboratory (Attachment 10) and approved a sponsorship of \$10,000 with the caveat that the MBRF be listed as a contributor and a small statement describing the MBRF be included.

There being no further business, the meeting adjourned at 1:30 p.m.

Summary of Action Items:

Action Item 1:

- A. The Investment Policy Statement consistent with the amendments was approved (Attachment 1).**
- B. Mr. Hill and Mr. Raattama were requested to prepare a revised Investment Policy Statement.**

Action Item 2: The trustees approved the minutes, as amended, of the July 20, 2011 meeting of the McKnight Brain Research Foundation and the August 19, 2011 conference call of the McKnight Brain Research Foundation (Attachment 2).

Action Item 3: Ms. Cianciotto will draft a letter to the University of Miami requesting this information on the status of the match and provide it to the trustees for their consideration.

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Action Item 6: The trustees reviewed the final costs of the Cognitive Test Battery August 3-4, 2011 meeting for information in conjunction with the previously approved request for the additional meetings for December 2011 and April 2012.

Action Item 7: The trustees reviewed and approved a proposal and budget from Dr. Carol Barnes for the Gordon Conference on the Neurobiology of Cognition with the caveat that the MBRF be listed as a contributor and a small statement describing the MBRF be included (Attachment 7).

Action Item 8: The trustees reviewed a grant from the Association of Small Foundations (Attachment 8). Ms. Cianciotto was requested to review the current status of membership dues for the MBRF, the annual renewal date and the premium and level of coverage for the D & O insurance.

Action Item 9: The trustees reviewed the projected minimum distribution calculation for information (Attachment 9).

Action Item 10: The trustees reviewed a proposal and budget from Cold Spring Harbor Laboratory (Attachment 10) and approved a sponsorship of \$10,000 with the caveat that the MBRF be listed as a contributor and a small statement describing the MBRF be included.

Respectfully Submitted,



Melanie A. Cianciotto
SunTrust Bank, Corporate Trustee