

MINUTES
MCKNIGHT BRAIN RESEARCH FOUNDATION
BOARD OF TRUSTEES MEETING
April 11, 2012

The Trustee's meeting of the McKnight Brain Research Foundation (MBRF) was called to order at 1:30 p.m. on April 11, 2012 in the Sabino Room of the Loews Ventana Canyon Resort and Spa, Tucson, AZ.

The following members were present:

Dr. J. Lee Dockery, Trustee
Dr. Michael Dockery, Trustee
Dr. Nina Ellenbogen Raim, Trustee
Ms. Melanie Cianciotto, Corporate Trustee
SunTrust Institutional Investment Solutions

Others attending:

Dr. Gene G. Ryerson, guest of the Trustees
Mr. Michael Hill, Managing Director, SunTrust 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).

A. Market Environment

- U.S. stocks closed out the first quarter of 2012 substantially higher, amid signs of a strengthening U.S. economic recovery. The S&P 500 had its best quarter on a total return basis since 1998, up 12.6% while the NASDAQ Composite increased 19% in the first quarter.
- Treasury prices fell for the first time in four quarters, with the benchmark 10-year note's yield up 2.22%. Broad market fixed income index returns were slightly positive for the quarter. High yield bond's returns tracked closer to equity returns as the Barclays US Corporate High Yield Index increased 5.34%.
- Hedge fund performance was positive during the quarter as measured by the broad HFRI Fund of Funds (FOF) Composite index, up 3.6%. Trailing one year returns lag equity and fixed income returns with the HFRI FOF Composite index down 3.41% for the trailing year.

B. Manager Performance

- Active managers across asset classes added significant excess return during the quarter. Federated Large Cap Value lagged the Russell 1000 Value index during the quarter as investors shifted their focus away from high dividend yielding stocks. The high dividend yield was the driver of significant excess returns in 2011.
- The Lighthouse Hedge Fund of Funds, Global Long/Short, Diversified and Credit Opportunities, outperformed the Hedge Fund Research, Inc., Fund of Funds (HFRI FOF) Index during the quarter.
- Fixed income managers positioned themselves correctly to take advantage of higher coupon securities, global diversification and exposure to corporate bonds, mortgages, asset-backed securities and high yield bonds. The Pimco Total Return Fund continues to make up ground from a dismal second quarter in 2011.

Action Item 1: The trustees received the investment review for information (Attachment 1).

2. Approval of Minutes

The minutes of the February 28, 2012 meeting of the McKnight Brain Research Foundation and the March 14, 2012 conference call of the McKnight Brain Research Foundation were reviewed. The minutes were approved as presented (Attachment 2).

Action Item 2: The trustees approved the minutes of the February 28, 2012 meeting and March 14, 2012 conference call as presented (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.

4. Compensation Review

Ms. Cianciotto presented updated compensation information compiled from information obtained from the Association of Small 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 approved annual compensation of \$40,000 per trustee is reasonable and appropriate.

The trustees also approved the continued reimbursement of any out of pocket expenses, and travel costs, associated with MBRF business.

Action Item 4: The trustees received the updated Annual Compensation Survey for information and unanimously approved the current level of compensation at \$40,000 annually and the continued reimbursement of any out of pocket expenses incurred with MBRF business (Attachment 4).

5. Institute of Medicine, Cognitive Aging "White Paper"

The trustees reviewed the updated information provided by Dr. J. Lee Dockery regarding an Institute of Medicine Study on Cognitive Aging (Attachment 5). The trustees have approved the cost of up to \$100,000 to implement Phase One of a two phase study and will evaluate the results after Phase One is complete before approving the implementation of Phase Two.

Action Item 5: The trustees have approved the cost of up to \$100,000 to implement Phase One of a two phase study and will evaluate the results after Phase One is complete and before approving the implementation of Phase Two.

6. Society for Neuroscience Poster Reception Proposal

The trustees reviewed a budget 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 \$18,900 (Attachment 6) in conjunction with the Annual Meeting of the Society for Neuroscience (SfN). 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, October 14, 2013 from 6:30-8:30 p.m. at a

SfN assigned hotel in New Orleans, LA. The event will feature scientific poster displays from each of the four McKnight Brain Institutes.

Action Item 6: The trustees approved to sponsor and host the scientific poster/reception in conjunction with the Annual Meeting of the Society for Neuroscience (SfN) at the Tier 2 level for \$18,900.

7. University of Miami Update

Ms. Cianciotto informed the trustees that she had received a letter in response to her March 12, 2012 letter to Dean Goldschmidt, however, the letter was sent by Susan Fox Rosellini, Executive Director of Development, Department of Neurology. Ms. Cianciotto will continue to follow up with the University of Miami to obtain a letter validating the information that was sent by Susan Fox Rosellini regarding the amount of the investment income from the unmatched portion of the MBRF Gift to the University of Miami.

Action Item 7: Ms. Cianciotto will continue to follow up with the University of Miami to obtain a letter validating the information regarding the amount of investment income from the unmatched portion of the MBRF Gift to the University of Miami that was sent by Susan Fox Rosellini.

8. Cost of correcting tax returns

Ms. Cianciotto presented the trustees with the costs of correcting prior year tax returns (Attachment 7). The trustees have asked Ms. Cianciotto to follow up with Legal Counsel to see if KPMG can be billed for the cost incurred by the MBRF, including interest and penalties, in getting the tax returns corrected by another firm.

Action Item 8: Ms. Cianciotto will follow up with Legal Counsel to see if KPMG can be billed for the cost incurred by the MBRF, including interest and penalties, in getting the tax returns corrected by another firm.

9. Electronic Records Update

The trustees received the electronic records update for information. The trustees approved the cost of up to \$1,000 annually to create and maintain a website to be used exclusively by the trustees and have requested implementation be July 1, 2012.

Action Item 9: Ms. Cianciotto will work to implement the trustee website by July 1, 2012 at a cost of up to \$1,000 annually.

10. Cold Harbor Springs Workshop

The trustees received the tentative agenda for the Cold Spring Harbor Laboratory's Workshop in Cognitive Aging for information (Attachment 8).

Action Item 10: The trustees received the tentative agenda for the Cold Spring Harbor Laboratory's Workshop in Cognitive Aging for information.

11. Upcoming Dates & Events

July 2012 Board of Trustees Meeting

The trustees have agreed to hold the July 2012 meeting of the MBRF in Orlando. The trustees will arrive the evening of July 24, 2012. The trustees will meet July 25, 2012 beginning at 8:00 a.m. with breakfast in order to facilitate adjourning at 3:00 p.m.

Society for Neuroscience

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, October 14, 2012 in New Orleans, LA from 6:30 p.m. to 8:30 p.m. and will feature scientific poster displays from each of the four institutions. When the trustees meet in July they will decide which trustees will attend.

October 2012 Board of Trustees Meeting

The trustees have agreed to hold the October 2012 meeting of the MBRF in Orlando. The trustees will arrive the evening of October 23, 2012. The trustees will meet October 24, 2012 beginning at 8:00 a.m. with breakfast in order to facilitate adjourning at 3:00 p.m.

February 2013 Board of Trustees Meeting

The trustees have agreed to hold the February 2013 meeting of the MBRF at the University of Miami. The proposed meeting dates are February 19 – 20, 2013 or February 26 – 27, 2013.

2013 Inter-Institutional Meeting

The sixth annual McKnight Brain Research Foundation Inter-Institutional Meeting will be hosted by the Evelyn F. McKnight Brain Institute at the University of Alabama at Birmingham April 24 – 26, 2013. The trustees will arrive the morning of April 24, 2013 and meet in the afternoon beginning at 12:00 noon. The Inter-Institutional meeting will begin with a reception on the evening of April 24, 2013 followed by the scientific sessions on April 25-26, adjourning at noon on April 26, 2013.

12. Recognition of Dr. Luttge

The trustees discussed ways in which to honor Dr. William G. Luttge the founding Executive Director of the Evelyn F. and William L. McKnight Brain Institute (MBI) at the University of Florida. The trustees approved a gift of up to \$300,000 to the University of Florida for a term professorship or annual lectureship to be named for Dr. Luttge. Dr. J. Lee Dockery will speak with Dr. Luttge's widow, Michaelyn, and Dr. Tetsuo Ashizawa, the Director of the MBI at the University of Florida, to decide on the most appropriate way to honor Dr. Luttge.

Action Item 11: The trustees approved a gift up to \$300,000 to the University of Florida for a term professorship or annual lectureship to honor Dr. William G. Luttge.

Action Item 12: Dr. J. Lee Dockery will speak with Dr. Luttge's widow, Michaelyn, and Dr. Tetsuo Ashizawa, the Director of the MBI at the University of Florida, to decide on the most appropriate way to honor Dr. Luttge.

13. New Trustee Discussion

Dr. J. Lee Dockery presented the trustees with the resume of Dr. Robert Wah as a potential new trustee (Attachment 9). After discussion, the trustees agreed to invite Dr. Wah to the July meeting of the MBRF.

Action Item 13: Dr. J. Lee Dockery will invite Dr. Robert Wah to attend the July meeting of the MBRF.

14. Executive Session

In executive session, the trustees considered the nomination of Dr. Gene G. Ryerson as trustee of the MBRF. Dr. Judith Salerno's three year term had expired April 1, 2012. Dr. Ryerson was an invited guest to attend the Fifth Inter-Institutional meeting and had interacted in a very positive way with the representatives from each of the four McKnight Brain Institutes. The trustees voted unanimously to invite Dr. Ryerson to accept a three year term as trustee of the MBRF. Dr. Ryerson was informed of the trustees' decision and expressed his gratitude for favorable action on his nomination and indicated he would consider the invitation carefully and would inform the trustees of his decision within a short period of time.

Action Item 14: The trustees voted unanimously to invite Gene G. Ryerson, MD, to accept a position as trustee of the MBRF. Dr. Ryerson thanked the trustees for their favorable action on his nomination and indicated he would inform the trustee of his decision within a short period of time.

There being no further business, the meeting adjourned at 5:00 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 28, 2012 meeting and March 14, 2012 conference call as presented (Attachment 2).

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

Action Item 4: The trustees received the updated Annual Compensation Survey for information and unanimously approved the current level of compensation at \$40,000 annually and the continued reimbursement of any out of pocket expenses incurred with MBRF business (Attachment 4).

Action Item 5: The trustees have approved the cost of up to \$100,000 to implement Phase One of a two phase study and will evaluate the results after Phase One is complete and before approving the implementation of Phase Two.

Action Item 6: The trustees approved to sponsor and host the scientific poster/reception in conjunction with the Annual Meeting of the Society for Neuroscience (SfN) at the Tier 2 level for \$18,900.

Action Item 7: Ms. Cianciotto will continue to follow up with the University of Miami to obtain a letter validating the information regarding the amount of investment income from the unmatched portion of the MBRF Gift to the University of Miami that was sent by Susan Fox Rosellini.

Action Item 8: Ms. Cianciotto will follow up with Legal Counsel to see if KMPG can be billed for the cost incurred by the MBRF, including interest and penalties, in getting the tax returns corrected by another firm.

Action Item 9: Ms. Cianciotto will work to implement the trustee website by July 1, 2012 at a cost of up to \$1,000 annually.

Action Item 10: The trustees received the tentative agenda for the Cold Spring Harbor Laboratory's Workshop in Cognitive Aging for information.

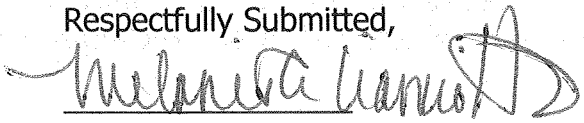
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Action Item 12: Dr. J. Lee Dockery will speak with Dr. Luttge's widow, Michaelyn, and Dr. Tetsuo Ashizawa, the Director of the MBI at the University of Florida, to decide on the most appropriate way to honor Dr. Luttge.

Action Item 13: Dr. J. Lee Dockery will invite Dr. Robert Wah to attend the July meeting of the MBRF.

Action Item 14: The trustees voted unanimously to invite Gene G. Ryerson, MD, to accept a position as trustee of the MBRF. Dr. Ryerson thanked the trustees for their favorable action on his nomination and indicated he would inform the trustee of his decision within a short period of time.

Respectfully Submitted,



Melanie A. Cianciotto
SunTrust Bank, Corporate Trustee