

MINUTES
MCKNIGHT BRAIN RESEARCH FOUNDATION
BOARD OF TRUSTEES MEETING
April 24, 2013

The Trustee's meeting of the McKnight Brain Research Foundation (MBRF) was called to order at 12:55 p.m. on April 24, in Birmingham, Alabama in the Helena Room of the Renaissance Ross Bridge.

The following members were present:

Dr. J. Lee Dockery, Trustee
Dr. Michael Dockery, Trustee
Dr. Nina Ellenbogen Raim, Trustee
Dr. Gene G. Ryerson, Trustee
Dr. Robert M. Wah, 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 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

- The S&P 500 advanced to a new high at quarter end with its second best start to a year behind 1998. Strong gains were posted by midcap stocks up 13% and small cap stocks up 12.4% for the quarter. Broad international equity indexes lagged U.S. equity returns during the quarter as the MSCI EAFE advanced 5.1% and the MSCI Emerging Market Index lost 1.62%, representing a reversal of strong outperformance during the third and fourth quarter of 2012.
- Fixed Income returns as measured by the Barclays Aggregate Index lost .12%, despite a 35 basis point decline in the 10-year U.S. Treasury yield from its high earlier in the quarter to finish with a yield of 1.86%. High yield and corporate bonds posted stronger gains as the search for yield continues with investors extending maturities and accepting greater credit risk.

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

2. HarbourVest Private Equity Discussion

Mr. Hill and the trustees engaged in a discussion regarding the additional information provided on HarbourVest's SpringHarbour 2013 Private Equity Fund (Attachment 2). Following the discussion, the trustees unanimously agreed to commit \$500,000 to the HarbourVest Spring Harbour 2013 Private Equity Fund by the June 30, 2013 close date of the offering.

Action Item 2: \$500,000 will be committed to the HarbourVest SpringHarbour 2013 Private Equity Fund by the June 30, 2013 close date of the offering.

3. Minutes

The minutes of the February 19, 2013 meeting of the McKnight Brain Research Foundation were reviewed. The minutes were approved as presented (Attachment 3).

Action Item 3: The trustees approved the minutes of the February 19, 2013 meeting as presented (Attachment 3).

4. Minimum Distribution Calculation

The trustees reviewed the projected minimum distribution calculation for information (Attachment 4).

Action Item 4: The trustees reviewed the projected minimum distribution calculation for information (Attachment 4).

5. Travel Award Program

The trustees reviewed the proposed budgets for the Magnetic Resonance Imaging (MRI) Standardization Scanning Project and MRI Standardization Workgroup meeting as well as a Committee Report on the Epigenetics Meetings and an Inter-Institutional Bioinformatics Proposal (Attachment 5) for information. The MRI Standardization Scanning Project and MRI Standardization Workgroup meeting budgets had previously been presented and approved via electronic mail. The trustees formally confirmed the prior approval of these budgets as previously presented.

Action Item 5: The trustees formally approved the MRI Standardization Scanning Project and MRI Standardization Workgroup meeting budgets as previously presented.

6. Evelyn F. McKnight Brain Institutes: Inter-Institutional Bioinformatics Core

The trustees discussed at length the proposal submitted by Dr. Sweatt on behalf of the MBRF epigenetics working group members to establish an inter-institutional epigenetics core. Bioinformatics has been identified by the members of the working group as an emerging scientific discipline which uses a computer to analyze large data-sets and sequences. The members of the epigenetic working group have identified that the bio-informatics capacity is absent in all

four MBI Institutes. The proposal contemplates a budget of \$410,000 per year for two years with budget allocations to personnel, data storage, supercomputer time and "pilot project funds" in support of new initiatives in sequencing which would generate new epigenetics data to be analyzed within the proposed Bio-Informatics Core.

The trustees have encouraged collaboration between the research scientists in each McKnight Brain Institute (MBI). The MBRF has separately supported Leadership Council Retreats, six Inter-Institutional Meetings, two Cognitive Aging Summits and separate working group meetings in support of the MRI, Epigenetics and Cognitive Test Battery initiatives so as to support collaboration and to prevent the expenditure of funds from the resources of each McKnight Brain Institute to develop protocols of collaboration.

Issues for the trustees:

1. Each McKnight Brain Institute already receives funding in support of research in cognitive aging and age related memory loss. Why aren't existing funds used to support the epigenetics emphasis in each MBI?
2. The MBRF does not have a mechanism to distribute funding in support of Core "Co-operative" programs.
3. The MBRF cannot employ personnel or fund the personnel costs of individuals who are employees of an institution.
4. The institution is responsible for the contractual arrangements with the employee as well as performance review.
5. The MBRF does not have a way to fund a proposed budget in which the cost centers are unequally disbursed among each of the four MBIs.
6. With the emergence of Bio-Informatics and its value to research programs, shouldn't such an important program be under the umbrella of the academic institution in the form of "cores?", "Centers" or institutes?"

The discussion concluded with the decision by the trustees to discuss the concept of the establishment of an Inter-Institutional Bio-Informatics Core with the members of the Leadership Council at the April 26th Leadership Council meeting. With discussion, it is hoped the obstacles to consideration of the proposal can be sufficiently resolved; the proposal can be reconsidered at the July meeting of the trustees.

Action Item 6: The trustees will discuss the concept of the establishment of an Inter-Institutional Bio-Informatics Core with the members of the Leadership Council at the April 26th Leadership Council meeting and reconsider the proposal at the July meeting of the trustees.

6. Compensation Review

Ms. Cianciotto presented updated compensation information compiled from information obtained from the Association of Small Foundations (Attachment 6). 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, low by today's standards. However, the current hourly rate of \$200 is definitely 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 7: 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 6).

7. IOM Study

The trustees received an update on potential partners for "The Public Health Dimensions of Cognitive Health and Aging" and reviewed the funding schedule for the \$700,000 commitment previously made by the MBRF (Attachment 7).

Action Item 8: The trustees received an update on potential partners for "The Public Health Dimensions of Cognitive Health and Aging" and reviewed the funding schedule for the \$700,000 commitment previously made by the MBRF (Attachment 7).

8. University of Miami Proposal

The trustees were provided with information regarding the status of the Schoninger Foundation (SF) and the completion of the match by the University of Miami (UM) of the gift from the MBRF. It is anticipated the SF will be dissolved in the near future and the assets of the SF will be used to complete the UM match. It is anticipated approximately \$2 million will be left in the SF for the distribution after completion of the UM match. Interest has been expressed by the trustees of the SF in contributing the balance of the assets of the Foundation to the University of Miami if the gift could be matched by an organization with mutually compatible goals and objectives of which the MBRF is a favored organization. A draft letter expressing interest by the MBRF in considering a matching gift to the UM by the SF, in excess of the funds to complete the match to UM of the gift from the MBRF, was reviewed by the trustees of the MBRF. It was suggested that if the content of the draft letter was consistent with the intent of the trustees to consider matching the additional gift to the UM from the SF, it should be sent to Mr. Donald B. Paul, President, Bernard and Alexandria Schoninger Foundation, Inc. (Attachment 8). The trustees accepted the proposed draft letter as written with editorial change and approval of MBRF counsel.

The trustees also reviewed the proposal from the University of Miami requesting a \$2 million gift to establish the Evelyn F. McKnight Endowed Chair in the Department of Neurology. After discussion, the trustees deferred making a decision regarding the proposal until the match is resolved.

Action Item 9: The trustees approved the proposed draft letter to Mr. Donald B. Paul, President, Bernard and Alexandria Schoninger Foundation conveying the interest of the MBRF in considering a match of a gift to the UM after review and approval of counsel.

Action Item 10: The trustees deferred making a decision regarding the proposal from the University of Miami for a \$2 million gift to establish the Evelyn F. McKnight Chair in the Department of Neurology until the match is resolved.

9. Electronic Records

Ms. Cianciotto provided the trustees with an update on what content has been uploaded to the secure website hosted by Foundation Center. The trustees suggested Ms. Cianciotto consider hiring someone to assist in uploading the content to the secure MBRF website.

Action Item 11: Ms. Cianciotto will consider hiring someone to assist in uploading content to the secure MBRF website.

10. Upcoming Dates & Events

A. July 2013 Board of Trustees Meeting

MBRF April 24, 2013
1st Draft May 9, 2013
2nd Draft June 10, 2013
Final July 31, 2013

The trustees have agreed to hold the July 2013 meeting of the MBRF in Orlando. The trustees will arrive the evening of July 30, 2013. The trustees will meet July 31, 2013 beginning at 8:00 a.m. in order to facilitate adjourning at 3:00 p.m. No social activities will be planned on the evening of arrival.

B. October 2013 Board of Trustees Meeting

The trustees have agreed to hold the October 2013 meeting of the MBRF in Arizona. The trustees will arrive the morning of October 22, 2013 and meet from 12:00 noon – 5:00 p.m. The scientific program will be held October 23 – 24, 2013 adjourning at noon on October 24, 2013.

C. Society for Neuroscience 2013 McKnight Poster Session

The poster/reception 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 reception will feature scientific poster displays from each of the four McKnight Brain Institutes. The trustees are invited to attend the event, which will be held on Sunday, November 10, 2013 at a SfN assigned hotel in San Diego, CA.

11. Old Business

The trustees received a copy of a letter from Dr. Leslie P. Tolbert, Senior Vice President for Research, at the University of Arizona for information (Attachment 9). Dr. J. Lee Dockery will acknowledge the letter from Dr. Tolbert.

Action Item 12: Dr. J. Lee Dockery will acknowledge the letter from Dr. Tolbert.

12. New Business

Dr. J. Lee Dockery presented the trustees with copies of correspondence between himself and Dr. David Guzick (Senior Vice President for Health Affairs and President of UF Health) relating to the endorsement of the Press Release by the MBRF announcing support of the national brain study, for information (Attachment 10).

Action Item 13: Dr. J. Lee Dockery presented the trustees with copies of correspondence between himself and Dr. David Guzick (Senior Vice President for Health Affairs and President of UF Health) relating to the endorsement of the Press Release by the MBRF announcing support of the national brain study, for information (Attachment 10).

There being no further business, the meeting adjourned at 5:25 p.m.

Summary of Action Items:

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

Action Item 2: \$500,000 will be committed to the HarbourVest SpringHarbour 2013 Private Equity Fund by the June 30, 2013 close date of the offering.

Action Item 3: The trustees approved the minutes of the February 19, 2013 meeting as presented (Attachment 3).

Action Item 4: The trustees reviewed the projected minimum distribution calculation for information (Attachment 4).

Action Item 5: The trustees formally approved the MRI Standardization Scanning Project and MRI Standardization Workgroup meeting budgets as previously presented.

Action Item 6: The trustees will discuss the concept of the establishment of an Inter-Institutional Bio-Informatics Core with the members of the Leadership Council at the April 26th Leadership Council meeting and reconsider the proposal at the July meeting of the trustees.

Action Item 7: 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 6).

Action Item 8: The trustees received an update on potential partners for "The Public Health Dimensions of Cognitive Health and Aging" and reviewed the funding schedule for the \$700,000 commitment previously made by the MBRF (Attachment 7).

Action Item 9: The trustees approved the proposed draft letter to Mr. Donald B. Paul, President, Bernard and Alexandria Schoninger Foundation conveying the interest of the MBRF in considering a match of a gift to the UM after review and approval of counsel.

Action Item 10: The trustees deferred making a decision regarding the proposal from the University of Miami for a \$2 million gift to establish the Evelyn F. McKnight Chair in the Department of Neurology until the match is resolved.

Action Item 11: Ms. Cianciotto will consider hiring someone to assist in uploading content to the secure MBRF website.

Action Item 12: Dr. J. Lee Dockery will acknowledge the letter from Dr. Tolbert.

Action Item 13: Dr. J. Lee Dockery presented the trustees with copies of correspondence between himself and Dr. David Guzik (Senior Vice President for Health Affairs and President of UF Health) relating to the endorsement of the Press Release by the MBRF announcing support of the national brain study, for information (Attachment 10).

Respectfully Submitted,



Melanie A. Cianciotto

SunTrust Bank, Corporate Trustee