

**MINUTES**  
**MCKNIGHT BRAIN RESEARCH FOUNDATION**  
**BOARD OF TRUSTEES MEETING**  
**July 31, 2013**

The Trustee's meeting of the McKnight Brain Research Foundation (MBRF) was called to order at 8:15 a.m. on July 31, in Orlando, FL in the Seminole Room of the Park Building.

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 (via conference call)  
Ms. Shelly Simpson, Senior Portfolio Specialist, SunTrust Banks, Inc. (via conference call)

**1. Minutes**

The minutes of the April 24, 2013 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 April 24, 2013 meeting as presented (Attachment 1).**

**2. Minimum Distribution Calculation**

The trustees reviewed the projected minimum distribution calculation for information (Attachment 2).

**Action Item 2: The trustees reviewed the projected minimum distribution calculation for information (Attachment 2).**

**3. Travel Award Program**

The trustees reviewed the travel award program budget for information (Attachment 3).

**Action Item 3: The trustees reviewed the travel award program budget for information.**

#### **4. Seventh Inter-Institutional Meeting**

The trustees reviewed the proposed budget submitted by the University of Florida for the Seventh Inter-Institutional Meeting (Attachment 4). After review and discussion, the trustees approved the budget up to \$100,000.

**Action Item 4: The trustees approved the proposed budget for the Seventh Inter-Institutional Meeting (Attachment 4) up to \$100,000.**

#### **5. Institute of Medicine (IOM) Cognitive Aging Study**

The trustees reviewed a request from Cathy Liverman regarding the transfer of the unspent balance from the Cognitive Aging Planning Meeting Project into the new national cognitive aging study (Attachment 5). The MBRF provided funding for the planning meeting in the amount of \$87,173; however, \$75,989.45 was spent leaving a balance of \$11,183.55. After discussion, the trustees approved that the unspent balance of \$11,183.55 be transferred into the new national cognitive aging study and requested a final statement of the planning meeting expenditures be sent to Ms. Cianciotto.

**Action Item 5: The trustees approved that the unspent balance of \$11,183.55 be transferred into the new national cognitive aging study and requested a final statement of the planning meeting expenditures be sent to Ms. Cianciotto.**

#### **6. University of Arizona EMBI Business Plan**

The trustees reviewed the proposal to create a permanent endowment for the Evelyn F. McKnight Brain Institute at the University of Arizona (Attachment 6). The trustees agreed to conduct a site visit to the Evelyn F. McKnight Brain Institute at the University of Arizona to review the progress and to evaluate the opportunities for the success of a permanent endowment to the Institute in support of research in cognitive aging leading to the understanding and alleviation of age related memory loss through the clinical translation and application of the targeted research initiatives. The trustees have suggested the dates of October 22 – 24, 2013 for the site visit.

**Action Item 6: The trustees agreed to conduct a site visit to the Evelyn F. McKnight Brain Institute at the University of Arizona October 22 – 24, 2014.**

#### **7. University of Miami Update**

The trustees reviewed an email update from Dr. Ralph Sacco regarding the status of the dissolution of the Schoninger Foundation for information (Attachment 7).

**Action Item 7: The trustees reviewed an email update from Dr. Ralph Sacco regarding the status of the dissolution of the Schoninger Foundation for information (Attachment 7).**

### **8. Electronic Records**

Ms. Cianciotto provided the trustees with an update on what content has been uploaded to the secure website hosted by Foundation Center.

### **9. Upcoming Dates & Events**

#### **A. 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.

#### **B. 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.

#### **C. February 2014 Board of Trustees Meeting**

The trustees have agreed to hold the February 2014 meeting of the MBRF in Orlando. The trustees will arrive the evening of February 11, 2014. The trustees meeting will be held February 12, 2014 beginning at 8:00 a.m. with breakfast in order to facilitate adjourning at 3:00 p.m. No social activities will be planned on the evening of the arrival.

#### **D. Seventh Inter-Institutional Meeting**

The seventh annual McKnight Brain Research Foundation Inter-Institutional Meeting will be hosted by the Evelyn F. McKnight Brain Institute at the University of Florida April 23 – 25, 2014. The trustees will arrive the morning of April 23, 2014 and meet in the afternoon beginning at 12:00 noon. The Inter-Institutional meeting will begin with a reception on the evening of April 23, 2014 followed by the scientific sessions on April 24-25, adjourning at noon on April 25, 2014.

### **10. Evelyn F. McKnight Brain Institutes: Inter-Institutional Bioinformatics Core**

The trustees discussed the proposal to establish an Inter-Institutional Bioinformatics Core between the four McKnight Brain Institutes (Attachment 8). After discussion, the trustees approved a block grant in the amount of \$300,000 annually for two years with the requirement for the submission of annual reports at the end of each year. An Inter-

Institutional Bioinformatics Account will be established. The senior scientists will be required to notify the corporate trustee of the MBRF who among them has the authority to receive funds to be disbursed from the Inter-Institutional Bioinformatics Account. In addition, the epigenetics working group will be required to submit a written project proposal with a business plan identifying how the funds will be spent, by and through, each McKnight Brain Institute.

**Action Item 8: The trustees approved a block grant in support of the establishment of an Inter-Institutional Bioinformatics Core in the amount of \$300,000 annually for two years with defined reporting and monitoring requirements.**

### **11. Investment Review**

Mr. Hill presented the investment review and commented on key economic and investment factors for the second quarter (Attachment 9).

#### **A. Market Environment**

- The S&P 500 advanced 2.91% in a cyclical led rally. Small Cap stocks and the Value style led domestic market gains during the period. Financial and Consumer Discretionary stocks led the advance while Utilities and Materials generated negative returns. International equity markets underperformed U.S. equities. The MSCI EAFE Index lost (-0.98%) for the quarter and emerging markets were hit hard, posting a decline in the MSCI Emerging Market Index of (-8.08%).
- Fixed income returns as measured by the Barclays Aggregate Index lost (-2.32%). The yield on the 10-year US Treasury climbed to 2.49%. Longer duration bonds, global bonds and TIPS performed worst during the quarter. High yield bonds held in reasonably well posting a return of (-1.35%).
- Hedge fund returns were largely flat for the quarter. Managers performed relatively well with the rise in volatility and sell off in the bond markets. For the quarter and year to date the Hedge Fund Research Inc., Fund of Funds Index (HFRI FOF) is outpacing fixed income with returns of (-0.3%) for the quarter and 3.28% year to date.

**Action Item 9: The trustees received the investment review for information.**

### **12. Efficient Frontier Analysis**

Ms. Simpson presented the Efficient Frontier Analysis. Ms. Simpson explained to the trustees the capital market assumptions for various bond and stock indexes, as well as non-traditional asset classes. Bond returns are lower this year. Equity returns are even more attractive relative to bonds. Developed international equity returns are higher this year, but remain below domestic equity returns.

Ms. Simpson then discussed how the estimated investment return is factored into the proposed allocation. The proposed allocation incorporates the changes from the Efficient Frontier Analysis. Within the fixed income asset class, there is an allocation shift to leveraged

loans from corporates. Within the equity asset class, there is an increase to small cap domestic equity and emerging market international equity.

The MBRF proposed asset allocation mix would yield an expected return of 7.11%. Mr. Hill noted that inflation as measured by the Biomedical Research and Development Price Index (BRDPI) has been revised to 2.7% for the twelve months ending September 30, 2013.

After review and discussion, a motion was made to accept the McKnight proposed mix as presented in the asset allocation study with a targeted return of 7.11%. The motion passed unanimously. The corporate trustee in consultation with Mr. Hill and legal counsel recommended that Appendix A and B of the Investment Policy Statement be revised to be compatible with the recommendations and the current 2.7% inflation rate. The motion passed unanimously. A third motion was made to date the amendments to the Investment Policy Statement as of July 31, 2013. The motion passed unanimously.

**Action Item 10: The trustees approved the Efficient Frontier Analysis with the mix of asset classes to produce and anticipated yield of 7.11%.**

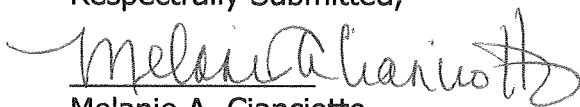
**Action Item 11: The corporate trustee in consultation with Mr. Hill and legal counsel recommended that Appendix A and B of the Investment Policy Statement be revised to be compatible with the recommendations and the current 2.7% inflation rate.**

**Action Item 12: The trustees approved the amendments to the Investment Policy Statement to be dated July 31, 2013.**

There being no further business, the meeting adjourned at 12:25 p.m.

**Summary of Action Items:**

Respectfully Submitted,



Melanie A. Cianciotto  
SunTrust Bank, Corporate Trustee

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