

**MINUTES**  
**MCKNIGHT BRAIN RESEARCH FOUNDATION**  
**BOARD OF TRUSTEES MEETING**  
**July 20, 2016**

The Trustee's meeting of the McKnight Brain Research Foundation (MBRF) was called to order at 8:20 a.m. on July 20, 2016 in Orlando, Florida in the Tactic Boardroom of the Aloft Orlando Downtown located at 500 S. Orange Avenue.

The following members were present:

- Dr. J. Lee Dockery, Trustee
- Dr. Michael Dockery, Trustee
- Dr. Nina Ellenbogen Raim, Trustee
- Dr. Richard Isaacson, Trustee
- Dr. Gene G. Ryerson, Trustee
- Dr. Madhav Thambisetty, Trustee
- Dr. Robert Wah, Trustee
- Ms. Melanie Cianciotto, Corporate Trustee  
SunTrust Bank Institutional Investment Solutions

Others attending:

- Mr. Henry H. Raattama, Jr., Legal Counsel
- Mr. Mike Hill, SunTrust Bank Institutional Investment Solutions

**1. Approval of Minutes**

The minutes of the April 27, 2016 Board of Trustees Meeting of the McKnight Brain Research Foundation were reviewed (Attachment 1). The minutes were approved as presented.

**Action Item 1: The trustees approved the minutes of the April 27, 2016 Board of Trustees meetings as presented (Attachment 1).**

**2. Investment Review**

Mr. Hill presented the investment review and commented on key economic and investment factors for the second quarter (Attachment 2).

**A. Market Environment**

- U.S. economic data continues to be solid and the dollar remains strong. Expectations continue for slow growth. Value style outpaced growth as investors left higher multiple growth names for dividends.
- U.S. Treasuries continue to perform well as interest rates continue to fall globally and the U.S. is the safest haven. High yield performed poorly.

- Alternative strategies did what they were supposed to do during the global market selloff, muting the losses sustained by the S&P, ACWI, EAFA and other global equity benchmarks.

## **B. Portfolio Review**

**Asset Allocation:** The asset classes of the investments within the portfolio of the MBRF remain within the guidelines established by trustees in the Investment Policy Statement of the Foundation.

**Manager Performance:** The John Hancock Large Cap Value manager was replaced due to persistent underperformance and the position was allocated equally between the Russell 1000 Value ETF and DFA US Large Cap Value. The share class of the Oppenheimer Developing Markets Fund was converted from Y to I.

**Portfolio Performance:** For the quarter ending June 30, 2016 the total return for the portfolio was 1.69% versus 1.55% for the Investment Policy Statement index.

**Action Item 2: The trustees received the investment review for information (Attachment 2).**

## **3. Efficient Frontier Analysis**

Mr. Hill presented the Efficient Frontier Analysis. Mr. Hill explained to the trustees the capital market assumptions for various bond and stock indexes, as well as non-traditional asset classes and 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 equity asset class, the changes are extremely small. There is some tweaking within the sub asset classes of the broad class of equities. There are no changes within the fixed income class; but, an increase in private equity is recommended. The MBRF proposed asset allocation mix would yield an expected return of 6.59%.

After review and discussion, a motion was made to accept the recommended proposed mix of asset classes for the investment portfolio of the MBRF as presented in the asset allocation study with a targeted return of 6.59%. The motion passed unanimously. The corporate trustee in consultation with Mr. Hill recommended that Appendix B of the Investment Policy Statement be revised to be compatible with the recommendations. The motion passed unanimously. A third motion was made to approve the amendments to the Investment Policy Statement with an effective date of July 20, 2016. The motion passed unanimously.

**Action Item 3: The trustees approved the Efficient Frontier Asset Allocation Analysis with the mix of asset classes for the investment portfolio of the MBRF to produce an anticipated yield of 6.59%.**

**Action Item 4: The MBRF corporate trustee in consultation with Mr. Hill recommended that Appendix B of the Investment Policy Statement be revised to be compatible with the implementation of the recommendations.**

**Action Item 5: The trustees approved the amendments to the Investment Policy Statement with an effective date of July 20, 2016.**

**4. Minimum Distribution Calculation**

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

**Action Item 6: The trustees reviewed, for information, the projected minimum distribution calculation for information (Attachment 3).**

**5. Tenth Inter-Institutional Meeting**

The trustees considered postponing the Tenth Inter-Institutional Meeting in favor of hosting a Cognitive Aging Summit III. After discussion, the trustees unanimously approved the Cognitive Aging Summit III in April of 2017 and postponing the Tenth Inter-Institutional Meeting until 2018. Dr. Molly Wagster and Dr. Jonathan King from the National Institute on Aging (NIA) will take the lead in planning and organizing the Cognitive Aging Summit III. The Summit will be managed by contract through the Foundation for the National Institutes of Health and co-sponsored by the MBRF and the NIA. The trustees agreed to provide funding for the Summit in an amount, not to exceed \$300,000, if requested.

**Action Item 7: The trustees unanimously approved the Cognitive Aging Summit III in April of 2017 and postponing the Tenth Inter-Institutional Meeting until 2018.**

**Action Item 8: The trustees unanimously agreed to provide funding for the Summit in an amount, not to exceed \$300,000, if requested.**

**6. Travel Award Program Update**

The trustees reviewed the travel award program payments for information (Attachment 4). The trustees also reviewed the request for travel and meeting funds for a workshop for the Brain and Cognitive Health Working Group (Attachment 5). After considerable discussion, the trustees approved the request. The trustees would like clarification of the wording for Project 2. As it currently reads, the trustees feel it was a surrogate for the detection of Alzheimer's as opposed to the pure concept of evaluating the trajectory of "normal cognitive decline."

**Action Item 9: The trustees reviewed, for information, the travel award program payments.**

**Action Item 10: The trustees approved the funding request for a workshop for the Brain and Cognitive Health Working Group and would like clarification of the wording of Project 2.**

**7. Proposal for Cognitive Aging and Memory Intervention Core**

The trustees reviewed the Cognitive Aging and Memory Intervention Core proposal for information (Attachment 6). After discussion, the proposal was endorsed by the trustees to be

very compatible with the purpose of the MBRF in supporting "...research of brain intended for clinical application". Although, no funding is being requested for the operation of the Core at this time, it can be anticipated future requests for funding can be expected.

**Action Item 11: The trustees reviewed, for information, the Cognitive Aging and Memory Intervention Core proposal and endorsed the implementation.**

### **8. Compensation Review**

Ms. Cianciotto presented updated compensation information compiled from information obtained from Exponent Philanthropy (Attachment 7). The trustees discussed their current level of 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 management of the 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, a minimum of 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 the year 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 recognize the additional time as a metric of value the Chair brings to the Board and recommended the chair's compensation be reflective of the additional time spent performing the duties of the chair. The current chair declined to accept additional compensation, but opined he did not want his personal decision to set a precedent and prejudice consideration for others in the future.

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

In concert with the annual compensation review, the trustees were asked to consider the process of completing the Board Members' Annual Responsibilities and Commitment and Self-Evaluation forms. The forms were developed and approved in April, 2015, as an outcome of the long range planning meeting in the fall of 2014. In absence of a process proposed by the trustees, the chair recommended each trustee who has been in office for one year send the completed forms to the corporate trustee, no later than August 8, 2016, for filing in the office of the corporate trustee. No objection was voiced by the trustees.

**Action Item 12: 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 documented expenses incurred with MBRF business (Attachment 7).**

**Action Item 13: In recognition of the additional time, as a metric of the value the Chair brings to the Board, the trustees recommended the chair's compensation be reflective of the additional time spent performing the duties of the chair.**

**Action Item 14: Without objection from the trustees, the chair requested that all those trustees who had been in office for one year, send the completed forms to the corporate trustee, no later than August 8, 2016, for filing in the office of the corporate trustee.**

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

### **A. Society for Neuroscience (SfN) 2016 McKnight Poster Session**

The poster/reception is an MBRF sponsored and hosted event for graduate students and faculty who will be attending the annual meeting of the SFN 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 13, 2016 at a SfN assigned hotel in San Diego, CA. On November 14, 2016, there will also be a site visit to the California component of the clinical trial grant awarded through the Research Partnership in Cognitive Aging in 2014.

### **B. November 2016 Trustees Meeting**

The trustees have agreed to hold the November 2016 meeting of the MBRF in conjunction with a site visit to the McKnight Brain Institute at the University of Miami. The trustees will arrive the morning of November 29, 2016. The trustees meeting will begin at noon and will be followed by a social function. The scientific program/site visit will be held November 30, 2016 beginning at 8:00 a.m. and concluding with lunch not later than 1:00 p.m.

### **C. February 2017 Trustees Meeting**

The trustees have agreed to hold the February 2017 meeting of the MBRF in Orlando. The trustees will arrive the evening of February 6, 2017. The trustee's strategic planning meeting will begin at 8:00 a.m. on February 7, 2017 and conclude at 5:00 p.m. and be followed by a

social function. The trustees meeting will begin at 8:00 a.m. on February 8, 2017 and conclude at noon.

#### **D. 2017 Cognitive Aging Summit III**

The Cognitive Aging Summit III will be held in Washington, D.C. during the first half of April 2017. An announcement will be distributed to the MBRF constituency and potential attendees as soon as the definite date and location have been identified.

#### **10. Old Business**

Dr. Lee Dockery provided the trustees with an update on the MBI at the University of Alabama at Birmingham. Dr. David Standert is now the interim director and Dr. Erik Roberson is the co-director. A search committee has been established to replace Dr. Sweatt. Dr. Standert and Dr. John Hablitz are co-chairs of the search committee and anticipate the position will be filled within six months.

#### **11. New Business**

Dr. Lee Dockery and Dr. Gene Ryerson provided the trustees with an update on their meeting with Dr. David Guzick (Vice President for Health Affairs and President UF Health) expressing concerns regarding internal conflict within the cognitive aging and memory clinical translational research program (CAM-CTRP) and the status of the search for a new executive director of the McKnight Brain Institute (MBI) at the University of Florida. Dr. Steven DeKosky is the current interim executive director of the MBI and is a candidate for the position. He has been helpful in providing research guidance to the faculty in the CAM-CTRP. The trustees authorized Dr. Ryerson and Dr. Lee Dockery to continue the dialogue with the leadership at the UF in efforts to correct the problems under the current administrative structure of the CAM-CTRP which hamper the development of the program to its fullest potential.

#### **Summary of action items:**

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**Action Item 2: The trustees received the investment review for information (Attachment 2).**

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Respectfully Submitted,



Melanie A. Cianciotto  
SunTrust Bank, Corporate Trustee