

SUNTRUST

Date: September 30, 2014

To: McKnight Brain Research Foundation Trustees
Henry H. Raattama, Jr. Legal Counsel

From: Melanie Cianciotto

Subject: MBRF Meeting: October 13 – 15, 2014 (Miami, FL)

Enclosed you will find the meeting package for the October Trustees meeting to be held in Miami, FL. Included in this package for your review are the following items: the agenda, final draft of the minutes for the August 13, 2014 board meeting, minimum distribution calculation and other supporting material for the agenda items.

The investment book will be sent separately.

There will be no social function on October 13th.

The meeting on October 14th will start at 8:00 a.m. in the 24th Floor Conference Room of the Akerman Senterfitt Office located at One SE 3rd Avenue. In order to gain access to the Conference Room please go the reception desk on the 25th floor.

Reservations have been made at the Hyatt Regency Miami located at 400 Southeast 2nd Avenue. Following are room confirmation numbers:

Dr. J. Lee Dockery	49444240
Dr. Michael Dockery	49444240
Dr. Gene Ryerson	49444053
Dr. Robert Wah	49443811

Dinner on October 14th will be at 6:30 at the Coral Reef Yacht Club.

I look forward to seeing everyone in Miami!

MC/nd

cc: Mike Hill

Enclosures

MCKNIGHT BRAIN RESEARCH FOUNDATION

October 14, 2014

24th Floor Board Room

Akerman Senterfitt

Attorneys at Law Offices

One SE 3rd Ave 24th Floor, Miami, FL

AGENDA

Tuesday, October 14, 2014

8:00 A.M – 3:00 P.M. 1. Strategic Planning Melanie Cianciotto
Separate agenda and package provided

12:00 P.M. – 1:00 P.M. 2. Lunch

3:00 P.M. 3. Approval of Minutes Melanie Cianciotto
August 13, 2014 Board Meeting

4. Minimum Distribution Calculation

5. Travel Award Program
Inter-Institutional Bioinformatics Core Update

6. IOM Cognitive Aging Study

7. Upcoming Dates & Events

❖ Society for Neuroscience
November 16, 2014
Washington, D.C.

❖ February Trustee's Meeting
To be determined

8. Investment Review Michael Hill

5:00 p.m. 9. Adjournment

6:30 p.m. 10. Trustee's Dinner
Coral Reef Yacht Club

Wednesday, October 15, 2014

9:00 a.m. – 1:00 p.m. University of Miami
Scientific Program and Chair Installation

MINUTES
MCKNIGHT BRAIN RESEARCH FOUNDATION
BOARD OF TRUSTEES MEETING
August 13, 2014

The Trustee's meeting of the McKnight Brain Research Foundation (MBRF) was called to order at 12:30 p.m. on August 13, 2014 in Bethesda, Maryland in the Board Room B of the Hyatt Regency Bethesda, Maryland.

The following members were present:

Dr. J. Lee Dockery, Trustee
Dr. Michael Dockery, Trustee
Dr. Nina Ellenbogen Raim, Trustee (via conference call)
Dr. Gene G. Ryerson, 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)

1. Investment Review

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

A. Market Environment

- Equity markets tacked on additional gains in June aided by improving economic trends as well as newly announced stimulus measures from the European Central Bank and dovish comments from U.S. Federal Board Chair Janet Yellen. Emerging markets, bolstered by strong returns in Brazil, India and Russia outperformed, while U.S. stocks set another record high.
- Interest rates rose modestly across the yield curve in June with all U.S. Treasuries from 6-months to 30-years showing a slight increase. Year to date, the Barclays 10-year Treasury Bellwethers Index has returned 6.1%, while the Barclays Aggregate Bond Index rose 3.9%.
- The Hedge Fund Research Inc., (HFRI) Fund Weighted Composite Index underperformed stocks but outpaced core bond returns both during June and the quarter.

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

2. 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 and the addition of International small cap equity. There are no changes within the fixed income class and a slight increase in private equity.

The MBRF proposed asset allocation mix would yield an expected return of 6.98%. Mr. Hill noted that inflation as measured by the Biomedical Research and Development Price Index (BRDPI) has been revised to 2.2 % for the twelve months ending September 30, 2015.

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 6.98%. 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 2.2% inflation rate. The motion passed unanimously. A third motion was made to approve the amendments to the Investment Policy Statement with an effective date of August 13, 2014. The motion passed unanimously.

Action Item 2: The trustees approved the Efficient Frontier Analysis with the mix of asset classes to produce and anticipated yield of 6.98%.

Action Item 3: 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 2.2% inflation rate.

Action Item 4: The trustees approved the amendments to the Investment Policy Statement with an effective date of August 13, 2014.

3. Approval of Minutes

The minutes of the April 23, 2014 meeting of the McKnight Brain Research Foundation were reviewed. The minutes were approved as presented (Attachment 2).

Action Item 5: The trustees approved the minutes of the April 23, 2014 meeting as presented (Attachment 2).

4. Minimum Distribution Calculation

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

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

5. Eighth Inter-Institutional Meeting Proposed Budget

The trustees reviewed the proposed budget submitted by the University of Miami for the Eighth Inter-Institutional Meeting (Attachment 4). After review and discussion, the trustees approved the budget not to exceed \$100,000.

Action Item 7: The trustees approved the proposed budget for the Eighth Inter-Institutional Meeting (Attachment 4) not to exceed \$100,000.

6. Travel Award Program Update

The trustees discussed the proposal to establish an Inter-Institutional Neuroimaging Core between the four McKnight Brain Institutes (Attachment 5). After discussion, the trustees approved a block grant for the requested amount of \$931,760 to be spread over three years commencing January 1, 2015 and concluding December 31, 2017. An Inter-Institutional Neuroimaging and Brain Aging Registry 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 Neuroimaging and Brain Aging Registry Account. The MBRF will require periodic progress reports at least annually regarding the status of the Inter-Institutional Neuroimaging Core and Brain Aging Registry.

Action Item 8: The trustees approved a block grant in support of the establishment of an Inter-Institutional Neuroimaging Core and Brain Aging Registry in the requested amount of \$931,760 for three years with defined reporting and monitoring requirements.

7. University of Miami Gift Agreement Update

The gift agreement has been finalized and signed by all of the appropriate parties at the University of Miami. Once the trustees have signed the agreements, Ms. Cianciotto will forward a completely executed copy to the University of Miami for their files. The first payment of \$1,000,000 will be made on September 30, 2014.

Action Item 9: The trustees will execute the gift agreement and Ms. Cianciotto will forward a completely executed copy to the University of Miami for their files.

8. Upcoming Dates & Events

A. October 2014 Board of Trustees Meeting

The trustees have agreed to hold the October 2014 meeting of the MBRF in Miami. The trustees will arrive the evening of October 13, 2014. The trustees will meet October 14, 2014 from 8:00 a.m. to 5:00 p.m. and have dinner at the Coral Reef Yacht Club. The trustees will visit the University of Miami on October 15, 2014 for a scientific program surrounding the installation ceremonies for the occupant of the endowed chair, pending approval of the Gift Agreement.

B. Society for Neuroscience (SfN) 2014 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 16, 2014 at a SfN assigned hotel in Washington, DC. Dr. Gene Ryerson will be attending the reception on behalf of the MBRF Trustees.

9. New Business

Dr. Lee Dockery shared an email proposal he received from Julie Wolf-Rodda, Director of Development, Foundation for the National Institutes of Health (FNIH). The FNIH is interested in funding a second application through the Research Partnership in Cognitive Aging which would require additional funding. The FNIH invites the MBRF to consider an additional commitment of \$1,000,000 per year for five years predicated upon the ability of the National Institute on Aging (NIA) to secure matching funds in the amount of \$1.8 million per year for five years. After a lengthy discussion, the trustees declined to make the additional tentative commitment for funding a second application.

Action Item 10: The trustees declined to make an additional commitment of \$5,000,000 to the FNIH to support the tentative funding of a second application.

10. Old Business

Dr. Lee Dockery provided the trustees with an update on the University of Florida McKnight Brain Institute. Recruitment continues for the open physician scientists positions within the Cognitive Aging and Memory Clinical Translational Program (CAM-CTRP).

There being no further business, the meeting adjourned at 3:45 p.m.

Summary of Action Items:

Respectfully Submitted,

Melanie A. Cianciotto
SunTrust Bank, Corporate Trustee

McKnight Brain Research Foundation

Historical Gifts
Fiscal years 2000 - 2019

	University of Alabama	University of Arizona	University of Florida	University of Miami	FNIH	Cognitive Test Battery Working Group	MRI Standardization Working Group	Epigenetic Working Group	Inter-Institutional Bioinformatics Core	Inter-Institutional Neuroimaging Core	IOM Study
Commitments	\$5,000,000 (5/15/2004) \$1,000,000 (10/19/2005) \$6,000,000 (8/3/2009)	\$5,000,000 (10/17/2006) \$300,000 (7/10/2008) \$5,600,000 (5/1/2014)	\$15,000,000	\$5,000,000 (7/3/2003) \$2,000,000 (date tbd)**	\$5,000,000 (5/6/2008) \$5,000,000 (10/2013)				\$300,000 (9/1/2013) \$300,000 (9/1/2014)	\$339,623 (1/1/2015) \$415,159 (9/1/2016) \$176,977 (1/1/2017)	\$87,713 (7/2012) \$700,000 (2/1/2013)
7/1/99 - 6/30/00			\$15,000,000								
7/1/00 - 06/30/01											
7/1/01 - 06/30/02											
7/1/02 - 6/30/03											
7/1/03 - 6/30/04				\$1,500,000							
7/1/04 - 6/30/05	\$2,000,000			\$875,000							
7/1/05 - 6/30/06	\$1,000,000			\$875,000							
7/1/06 - 6/30/07	\$1,000,000	\$1,000,000		\$875,000							
7/1/07 - 6/30/08	\$1,000,000	\$1,000,000		\$875,000							
7/1/08-6/30/09	\$1,000,000	\$1,300,000									
7/1/09-6/30/10	\$1,500,000	\$1,000,000			\$1,000,000						
7/1/10-6/30/11	\$1,500,000	\$1,000,000			\$1,000,000						
7/1/11-6/30/12	\$1,000,000				\$1,000,000	\$22,756.59					
7/1/12-6/30/13	\$1,000,000				\$1,000,000	\$4,273.80	\$20,403.05	\$18,915.98			\$87,713
7/1/13-6/30/14	\$1,000,000				\$1,000,000		\$1,094.20		\$52,000		
7/1/14-6/30/15		\$200,000		\$1,000,000	\$1,000,000						
7/1/15-6/30/16		\$1,200,000		\$500,000	\$1,000,000						
7/1/16-6/30/17		\$1,200,000		\$500,000	\$1,000,000						
7/1/17-6/30/18		\$1,000,000			\$1,000,000						
7/1/18-6/30/19		\$1,000,000			\$1,000,000						
7/1/19-6/30/20		\$1,000,000									
Total	\$12,000,000	\$14,500,000	\$15,000,000	\$7,000,000	\$10,000,000	\$27,030.39	\$21,497.25	\$18,915.98	\$52,000	\$931,760	\$87,713
Balance	\$0	\$5,400,000	\$0	\$1,000,000	\$4,000,000	\$0	\$0	\$0	\$548,000	\$931,760	\$700,00

Total Gift Payments*
\$58,500,000
Remaining Balance of Commitments*
\$10,400,000

Total Special Project Payments
\$1,455,156.22
Remaining Balance of Special Project Commitments
\$2,179,760

* through 10/1/2014

McKnight Brain Research Foundation

Minimum Distribution Calculation

Fiscal years 2000 - 2014

<u>Market Value</u> <u>Dec 1999 - \$69,126,583</u>	<u>Tax Year</u>	<u>Distributable Amount</u>	<u>Qualifying</u> <u>Distributions</u>	<u>Excess Distributions</u> <u>Carryover</u>	<u>Undistributed Income</u>
\$51,867,213	7/1/03 - 6/30/04	\$2,352,435	\$1,665,404	\$5,266,241 (last year we could carryover gift to UF)	\$0.00
\$51,898,266	7/1/04 - 6/30/05	\$2,450,345	\$3,026,049	\$575,704	\$0.00
\$55,777,369	7/1/05 - 6/30/06	\$2,620,008	\$2,036,659	\$0	\$7,645.00
\$62,782,831	7/1/06 - 6/30/07	\$2,843,725	\$3,299,931	\$448,561	\$0.00
\$54,753,484	7/1/07 - 6/30/08	\$2,817,569	\$3,110,508	\$292,939	\$0.00
\$39,447,094	7/1/08 - 6/30/09	\$2,016,762	\$2,517,340	\$500,578	\$0.00
\$39,991,364	7/1/09 - 6/30/10	\$1,952,550	\$3,789,616	\$1,837,066	\$0.00
\$44,648,921	7/1/10 - 6/30/11	\$2,058,313	\$3,983,492	\$1,925,179	\$0.00
\$41,206,393	7/1/11 - 6/30/12	\$1,973,938	\$2,615,808	\$641,870	\$0.00
\$43,820,218	7/1/12 - 6/30/13	\$2,020,034	\$2,434,496	\$414,462	\$0.00
\$50,408,385	7/1/13 - 6/30/14	\$2,312,696	\$2,535,053 (estimate)	\$222,356 (estimate)	\$0.00
\$48,896,197	7/1/14 - 6/30/15	\$2,411,863	\$2,735,053 (estimate)	\$323,190 (estimate)	\$0.00
			\$49,347,478	\$3,527,057	(estimated total excess carryover)

McKnight Brain Research Foundation

Projected Minimum Investment Return Calculations

(As of 09/26/2014 for fiscal year ending 6/30/2015)

Average Fair Market Value	\$48,971,838.53
Less:	
Cash held for charitable purposes (1 1/2 %)	<u>(\$734,577.58)</u>
Net value of non-charitable use assets	\$48,237,260.95
Minimum Investment Return (5%)	\$2,411,863.05

Net Minimum Investment Return Calculation:

Minimum investment return	\$2,411,863.05
Less:	
sub total Qualifying Distributions	<u>(\$2,735,053.79)</u>
	<u>(\$323,190.74)</u>
Excess distribution carryover (actual for '10, '11, '12, '13)	\$3,203,867.00
(estimate for '14)	<u>\$323,190.74</u>
	<u>\$3,527,057.74</u>

McKnight Brain Research Foundation
Upcoming Dates/Events (2014 - 2015)

2014

November 2014
<i>Society for Neuroscience</i>
Washington, DC Poster Session/Reception November 16, 2014 6:30 pm. - 8:30 pm.

2015

February 2015	April 2015
<i>MBRF Board of Trustees Meeting</i>	<i>MBRF Board of Trustees Meeting</i> <i>Inter-Institutional Meeting</i>
<i>to be determined</i>	University of Miami April 29 - May 1, 2015