Audit Committee 9/10/08

(1) Minutes approved

(2) KPMG Presentation - see

- Auditors Communication - p. 4
  - Reasonable not absolute assurance
  - Unqualified opinion on FS
  - No changes in Policies
  - FS 57 next yr.
  - Fair value - OK

Audit Agreements / Mgmt Letter

(1) No disagreements
(2) Mgmt, full support
(3) Confirmation of independence
(4) Mgmt letter

2) Gross reconciliations sometimes performed on a not basis.
No effect on assets. SSB more rectified issue. Only about 4-5 days for you.

Classification of interest income as interest.

(2) E & Y (Instructor)

Full year audit for FY ended 11/30/08

Audit procedures cited

p. 10 - Service Fees

p. 13 - Continuous Communications

Fees

engagement letter - to be signed by Management

SSB Conversions

International Accounting Principles Conversions

Disclosure fees
Infect a mutual funds will be significantly less than a corporate.

Time frame for implementation is pretty far out there.

Executive session

Board Meeting

E: Rafael Gonzalez

Rental

Inflation price hikes

No major changes to P

1. Attend WAM about 2 months ago

Fed - probably won't raise

2. Elevated real premium - add more product like BK non-ops - Audit

Agreed products

Q re LIBOR adjustment

FM/FS rescue Q re impact
of Lehman. PL - we have done
Lehman CP that rolls off
in 5-6 lots

Destru... or Bear - not
t a liquidity problem. We're comfortable

A Minutes -
Agreed

B Cancel

C Approved

D Total Assets - Fund & Class
BB - institutions doing more due
diligence on us.

F No comments from Bd

G

H Global Credit - MD T Bank
(Mark to market in third Qtr)
Approved
\( \text{(i) Approved} \)

\( \text{(ii) Presidents Report} \)

\( \ldots \text{To want to hear from sales} \)

\( \text{(iii) Approved} \)

\( \text{(iv) w/r/t 2a-7} \)

\( \text{T Approved} \)

\( \text{Purina II - Congress no not} \)

\( \text{good, Footless - agree to Black Rock;} \)
Acton 9/15/08 8AM 8AM
BB  Vilkland
Mckee U Artinian
D Stuart  Salzer
McKee CMC
R TFD Ledford
McKee Santa A.

Charge from amortized cost.
FV accounting or CP. If this were to go to zero Aug 2000 CP - late October $200
MTN - $200

RTD - Board determines based on advice from adviser.

The half on 1/18 or 1/18 = requires notice to SEC. What action do we expect to take of what action we expect to take.

Lehman - secured debt outstanding
ST $660 M 42 B
Petition indicates

Total assets 6.13B

Total assets 6.30B

Debt

To go from amortized cost to FV, RMC! Cool back up info to bond base on what's going on in market.

No payments other than in ordinary course - employees, etc. Usually I will not allow CP to be good.

Redemptions good up at $5.2B

Will pay up to 7 days but not

Redemptions in kind - permitted

Transfer to off shore fund only if there is a readily available market price. Fiduciary issues.
Since pricing is done over day, we need to go back to BofA to tell them what pricing is.

SEC will compare our pricing to others.

Buy out Lehman paper -?

9:30 call

Viklund ✓ Sean McK ✓
Mont. ✓ Hedford ✓
Santa ✓ BB ✓
Ron ✓ B2 ✓
Kate ✓
Christina ✓
Frank Stalzer ✓
Stuart S. ✓
Joel & Rose ✓

Bids 45-80 at this point. No trades being done now. Recommendation is to value all at par (CP and MTNs). What will we feel
The SEC?

Questions from Montgomery re that
(par value).

Stead - Cannot disregard market
activity. Attorneys - who makes the
decision? Discussion of fair
valuation.

Montgomery -

So is the # we'll recompute.
NAV stuck at 10 AM.
Motion

Board has to conclude that
that securities not be liquidated. Motion made & seconded. Meeting adjourned 10:15
R will enter into credit support agreement with primary or yieldplus. Capital large enough to lend credit support? Stuart Strauss? Not sure make of seconded (Santa)
Geithner

Fed Wire 

Fed Wire 

Fed Wire Opers out of NYC 
(202) 778 - 1614

Pat / Sean McKe - Call re interest

SEC Carl 9/16

- Bradley Donovan
- Fido Aflame
- Joel Goldhaber
- KD 7
- Kate

Mary

Lea Alberti

Tony Wray

Cornell Weber

426 - 3338

NAV - Compute

OIA Confidential Treatment Requested by The Reserve

RF-SEC 00252420
State Street
Refers for govt

Call 9:46 9/16

7 day rule - distinguish swings from institutional investor;

Email to Directors:

Suspend redemptions + new money coming in;

RMC working capital is all in primary fund - can't get it out.

10 AM 9/16

866
527-5844
PW
523297

Berta (3)
Casidy
Madison
Joel
Stuart
Du
Dean McKee

Santa
Rox
Eklund
Mont
Salzer
Viklund
B2 talk w/ SEC

Redemption will be paid in 7 days
will not protect NAV
Seeking a partner to acquire us
(working w/ IB)

Will break the back today
marking down the price to 50%

Primary: $20 b yesterday
Lehman now = 25% of portfolio
Pricing is required if redemptions
are allowed to continue.

Attention -

What changed about Lehman Bros?
since 9/15 IAM meeting

Liquidity was crippled?
Million lost unfunded
Last evening,
BL:

Must approve new price for LB

Why 50.22.80?

more prudent
run in the first
class: 400/80 9/15
40-60 9/16

NAV w/ new LB value -

SEC knows we are going to
break the bank.

Attn: discuss how
did we get from 75 to 80 to 50.

Suspended sales

moved +

Delay in sending + proceed to
for 9 days till all funds but
primary only today
One Trustee authorized to
surrender shares in other funds.

We need approval to
stop accepting purchases

Redemption in kind
established some consistency
in threshold amount; payment
in kind if we don't have
the cash.

$100 million

ATMs
Redemptions w/ checks & credit
Cards up to $10,000 will
be paid.

Sticker the prospectuses

Montgomer - how can we justify

564

*OIA Confidential Treatment Requested by The Reserve
Nov. 4-7th Sustainability Conference

Non Bd call: 9/16/88

Rose Joel
Artinian Santa
Montgoris Vicklund

Farrell

Call w/ IC1 - trying to put together a checklist to buy the out.

Montgovers - going issue. Trustees want to direct request to sell as much of the LB to market as feasible. Write the rest down to zero. Orderly liquidation of rest of portfolio. Yes.
Incremental amount that we gain would be added back to NAV.

RFD:

Valuation is not necessarily a certain price; SEC is linking CP bond to undergo a process.

Leiford:

WS indicates of ultimate value of CP is 45-60 for the dollar.

Monty:

Credit market concerns in general; no bid market.

JG:

Also cannot value the paper too low & screw the redeeming investors.

McKee:

A liquidation value requires consideration of all facts & circumstances.
Stuart:

JG: good faith standard

Bl: write LB paper down to zero
Bail approval of the strike price per day for primary at 5PM.

Stephen Friedman / Fed joined

Patricia Dwyer / the call

Conversation re whether Fed may provide some liquidity.

Fed says that finding will pass it up the chain; not likely to achieve.

Spent all resources.

2 PM - NAV was $1, based on LB priced at $1. Board considered whether Fed intervention allows Board to conclude that value of LB paper need not be zero.

Caution us not to be expected.

Possibility of

4:45 Met meeting

Bail will evaluate appropriate price at 4:45 BD meeting

Once a redemption order is issued, can they still draw? Not if this
already got a juice. Dae via Wellington and re-purchase.

Mixed & recorded

Once a day please tomorrow is Wednesday.

Rose:
Redacted
Privileged

3:45 PM Trustee Meetings

\[
\begin{align*}
\text{Ehlert} & \quad \text{Viklund} \\
\text{Albo} & \quad \text{Stalzer} \\
\text{Montguris} & \\
\text{Artini} & \\
\text{Bruce} & \\
\end{align*}
\]
JG - SEC let word slip to IC at that we broke the bull at 2PM. Need to address

LH = 0 for 4:00 strike price

4:15 meeting

- Review of AIG release
- Discussions of AIG: consideration of pricing, pricing services, potential pricing of AIG at par

Y plus fund: separate press release
5 PM - Directors Mtg.

International Liquid Yield Plus - end of day

P7 to guide NAVs in these two funds