

ENNISKNUPP

MEMORANDUM

To: Keith Martin
National Collegiate Athletic Association

From: John Kuethe
Steve Voss

Date: March 24, 2004

Re: Investment Committee Meeting Results

On March 17, 2004, the NCAA Investment Committee, Jim Isch and Keith Martin met with EnnisKnupp in our office. The purpose of the meeting was to determine the goals and objectives for the operating reserves and quasi-endowment, establish target asset allocations, determine program structures within each asset class, and define areas where manager searches are necessary.

The following table illustrates the asset allocations and policy ranges approved by the Investment Committee.

	Quasi-Endowment		Operating Reserves	
	Target	Ranges	Target	Ranges
U.S. Equity	48%	45%-51%	16% or 20%	+/- 3%
Non-U.S. Equity	12%	9%-15%	4% or 0%	+/- 2%
Total Equity	60%	55%-65%	20%	15%-25%
Aggregate Bonds	40%	35%-45%	20%	15%-25%
Intermediate Bonds	0%	--	50%	40%-60%
Short-Term Bonds	0%	--	10%	0%-20%
Total Fixed Income	40%	35%-45%	80%	75%-85%

Quasi-Endowment

The Investment Committee approved an equity allocation of 60% for the quasi-endowment in an attempt to experience growth after inflation. A lesser equity allocation would make it more difficult to experience real growth while a greater allocation would increase the quasi-endowment's risk exposure and could impair its ability to meet its overall objective in times of market volatility.

Operating Reserves

The Investment Committee focused on liquidity and asset stability when approving the operating reserves' policy of 20% equity and 80% fixed income. The asset allocation is more conservative for the operating reserve pool, as it is shorter-term in nature than the quasi-endowment.

The Investment Committee approved the following structures within each asset class.

U.S. Equity

Continue to utilize passive management for 100% of the assets until the program is up and running; at that time, revisit the use of active management. We will compare NCAA's current index fund manager BGI to other index providers to ensure the fees are competitive.

Non-U.S. Equity

Hire one active non-U.S. equity manager for a portion of the assets and continue to utilize passive management for the remainder of the assets. The exact active/passive split will be decided upon after interviewing the manager finalists. The decision of whether to include non-U.S. equity in the operating reserve pool will also be made after the finalist interviews.

Aggregate Bonds

Utilize two firms to actively-manage 100% of the aggregate bond allocation. We will include 3-4 managers from our "approved list" along with NCAA's current manager PIMCO in the search.

Intermediate Bonds

Utilize one or two firms to actively-manage 100% of the intermediate bond allocation. We will include PIMCO and MDL Capital along with managers from our "approved list" in the search.

Short-Term Bonds

Hire one active manager for 100% of the short-term bond allocation. We will also include PIMCO and MDL Capital in our search for a short-term bond manager.

Other Asset Classes

The Investment Committee decided against an investment in any other asset classes such as hedge funds, real estate or private equity at this time. Once the approved structure outlined above is in place, the Investment Committee will revisit other "alternative" asset classes with the assistance of EnnisKnupp and review their appropriateness for the NCAA's circumstances.