

February 10, 1999

To: SVIA Board of Directors

From: Gina Mitchell

A brief summary of the action items from the Board of Directors' meeting follows. Please be advised that some of the items may require your personal attention.

**Proposed DOL Exemption on Synthetic GICs.** The Board of Directors was updated on the status of the Working Group's proposed DOL exemption on synthetic GICs that is under consideration. The Working Group is now comprised of almost ten SVIA members: Aetna, Businessmen's Association of America, John Hancock, Prudential, Principal Group, UBS, New York Life, JP Morgan, and Bankers Trust. The Working Group will fund the development of the proposed exemption and its advancement through the Department if the SVIA Board approves the initiative.

For the Board's consideration and review in April, the Working Group was asked to:

Take MetLife up on their offer to discuss their experience with the Department on a similar exemption request granted last summer.

Prepare a summary of the issues involved in the proposed exemption, which presents a pro/con view. The summary should be as brief as possible and non-technical, while still presenting a full view of the pros/cons.

Set a timetable for working the exemption through the DOL.

Submit the final draft of the proposed exemption request.

**Performance Measurement Standard.** The Board was updated on the Task Force's work and the two approaches the Task Force was considering on performance measurement. Klaus Shigley reported that the Task Force had agreed on the concept of economic/fair market value. However, the Task Force was divided on seeking AIMR compliance which one draft recommends.

The Board asked that the Task Force:

Work with Jim McKay to seek manager input on the draft performance measurement standard. Jim agreed to arrange a meeting or conference call to solicit manager's views on the drafts. Managers' feedback was requested in writing.

Make a recommendation to the Board no later than the April meeting on a proposed measurement standard.

Once the Task Force had a consensus around a draft, the Board will review the draft and the draft will be aired first within the SVIA membership. The membership will be asked for their views and support of the proposed recommendation.

**Asset Allocation Models.** Tami Pearse and Vic Gallo raised the issue of the treatment of stable value in some asset allocation models. The models, they reported did not fairly represent stable value experience. The Board agreed this was a major issue for the Association.

Action Needed: Vic Gallo agreed to draft a survey on the models that will be used by the Association to solicit members' concerns and views. The Executive Committee will review the draft survey in late February or early March.

Process & Communication to the Membership. The Board agreed that SVIA needed to clarify the process under which issues become Association initiatives. Additionally, the Board agreed that Association initiatives should always be communicated first under the Association's banner and within SVIA's house either by letter, email or fax.

Action Needed: Gina Mitchell was tasked with outlining a process that provided transparency and updated the membership on Association initiatives before the end of February.

E-Commerce Survey. The Board of Directors approved a survey of the membership on their use of the Internet to buy, sell and provide information on stable value funds. The survey was distributed to the membership on February 2 and asked to complete and return the survey by February 26. The results from the survey will be presented at the April IRR conference by John Milberg and distributed to the full membership of SVIA by mail at that time.

Budget, Finance & Oversight. The Board of Directors approved a new standing committee called Budget, Finance & Oversight. The new committee was spun-off of the Committee on Membership, Dues and Budget. The Committee on Budget, Finance & Oversight will be charged with developing SVIA's budget, oversight of SVIA finances and administration, and evaluating SVIA's service relationships.

Jim McDevitt has agreed to chair the new committee. Finance & Oversight Task Force members have also agreed to serve on the committee. They are Judy Wilson, David McNiff and Eric Kirsch.

Action Needed: The Committee on Budget, Finance and Oversight was tasked with developing a budget for 1999 and selecting an auditor for 1998 financial statements. These items are due to the Board by the end of February.

Membership & Dues. The Board of Directors approved the spin off of budget from the committee. The Membership and Dues Committee will be responsible for membership retention, recruitment and value program dues.

1999 Dues Update. To date, SVIA has collected \$194,290 in dues for 1999 from its 120 members (\$421,655 billed). Three members have resigned from SVIA: Sun Life of Canada, Safeco and Dresdner Bank. SVIA has one new member, Saint-Gobain, a plan sponsor.

Value Program. Attached is an update on SVIA's value program. Several members volunteered to make follow-up calls to individuals targeted on the list. To date, SVIA has received \$120,000 in pledges. \$90,000 has been collected.

Action Needed: Please call the individuals on the list that you volunteered to call.

Potential Service Firm Outreach. Attached is the list of roughly 50 service firms that SVIA has asked to join the Association. The outreach is on going. Members of the Executive Committee and Board of Directors were asked to urge individuals they knew from the list to join.

Action Needed: Please call the individuals on the list that you volunteered to call at your earliest convenience. Additionally, if there are other individuals and firms that you feel should be part of SVIA, please call Gina Mitchell at 202-955-4362 to add them to the Association's recruitment effort.

Technology & Website. The Executive Committee agreed that a working group on technology and the website should be created to guide SVIA's Internet efforts. The Executive Committee also agreed that the working group should be housed with the Communications and Education Committee.

Web Updates. SVIA's website has been updated. Links to SVIA members were updated. Companies that were not members of SVIA were eliminated.

Additionally, the SVIA glossary of terms is being added to the site. The glossary will be searchable and will be online by February 12.

October Minutes Approved. The Board of Directors approved the attached minutes from the Board meeting on October 26.

Attachments:

Potential Service Firm Member Call List

Value Program Call List

October 1998 Minutes