

June 18, 1999

Washington, D.C.

The meeting of the Board of Directors of The Stable Value Investment Association was called to order at 9:15 a.m. on June 18, 1999.

Board members in attendance: Bill Gardner, Vic Gallo, Kelli Hueler, Dan Libby, Kim McCarrel, Jim McDevitt, Jim McKay, John Milberg, Gina Mitchell, Jeff Norris, Tami Pearse, Klaus Shigley, Al Turco, Karen Watson, David Wray and Mike Wyatt.

Board members not in attendance: Jim Curry, Rudy Gernet, Robert Krebs, Eric Kirsch and Tom Obsitnik.

John Milberg opened the meeting with an overview of the day. He described the purpose of the afternoon session as dedicated to the proposed DOL Class Prohibited Transaction Exemption For Synthetic GICs. The process to be followed for the Class Exemption session was discussed. The Board agreed to adopt a rule that would require 16 affirmative notes of Board members to proceed with a Class Exemption, with the Association as applicant.

Kelli Hueler and Kim McCarrel gave a report of the activities of the several sub-committees which comprise the Communications and Education Committee. Among other items, it was noted that -

- (i) Stable Times has a new format, reduced production time and improved quality control, and
- (ii) The Media Group achieved noticeable success during 1999 in reaching a diverse audience.

John Milberg then reviewed the Association's draft Organization, Governance and Approval Process document. Board members were asked to provide comments to John by July 15, with particular attention paid to the mission of each Board Committee.

John Milberg next introduced the topic of nominations for the Board. Based on Hal Morley's comments at the October, 1998 Board meeting, John expressed an interest in pursuing a nomination process that is more open to Association members. A draft proposal will be circulated to the full Board by August 1.

The Board received reports for the Membership and Dues Committee. Member dues received to date were approximately \$310,000.00. Together with the success of the Value Program, projected revenues for the current calendar year will exceed budget. The Committee will continue to examine fine points, such as a separate membership category for law firms and refinements to the Value Program. As well, other revenue sources (e.g. the sale of sites to vendors) will continue to be studied.

Gina Mitchell reviewed the Association's 1999 budget document. Results to date exceed projections, with net income higher than projected. Gina reported a smooth transaction to a new office location and the benefits to the Association of disengaging from SAG.

The Board next received reports with respect to -

- (i) Asset Allocation Models,
- (ii) Performance Measurement, and
- (iii) The Non-Domestic Stable Value Market.

With regard to asset allocation, the Board expressed an interest in gathering an inventory of models, primarily for the purpose of understanding the composition of each model and its biases. There was some suggestion to explore a “partnership” with the Profit Sharing (401(k)) Council to evaluate models.

To advance consensus on Association supported performance measurement the Board agreed that the Performance Measurement Task Force should expand its membership and develop another draft position paper.

Finally, it was noted that the Non-Domestic Stable Value Market Task Force was somewhat at a standstill. Ken Walker would like to proceed, but it is unlikely that a report will be available for the National Forum. John and Gina reported concern expressed by some members that the development of non-traditional markets should be viewed as proprietary. This view raises the policy question – Whether the Association should undertake to research a market and provide an market entry template, as a service to its Members.

Discussion of the status of Non-Domestic Stable Value Market Task Force led to some discussion of the Association mission – namely, the role of the Association in promoting stable value product applications in the non-retirement plan (i.e. participant oriented) market. The Board agreed that the policy implications of reviewing the Association’s mission were significant. It was the consensus view that all stable value market developments should be monitored, significant events in the non-retirement markets should be reported to members and that the Board should address the question of the Association’s role in non-traditional markets at a future meeting.

Upon motion duly made by John Milberg and seconded by Kim McCarrell, Gina Mitchell’s May 20, 1999 memo to the Board were treated as the minutes of the Board meeting of April 27, 1999 and unanimously adopted.

The meeting was recessed at 11:50 a.m. The meeting was reconvened at 1:15 p.m. to discuss the Class Prohibited Exemption proposal. The discussion was moderated by John Milberg, Gina Mitchell, Al Turco and Steve Saxon, special counsel to the Association.

The results of the discussion and vote of the Board are recorded in Gina Mitchell’s July 8, 1999 memo to SVIA voting members, a copy of which is attached.

The meeting was adjourned at approximately 5:00 p.m.

Respectfully submitted,

Alfred A. Turco,

Secretary