

February 12, 2002

To: SVIA Executive Committee

From: Gina Mitchell

Re: Action Items from February 6, 2002 Meeting

The Executive Committee meeting was attended by Eric Kirsch, Jim McDevitt, Kim McCarrel, Al Turco, Bill Gardner, Rick Cook, Jim McKay, Wayne Gates, Nick Caggia and Gina Mitchell. Highlights of the meeting are provided below.

ICMA Dues. The Executive Committee agreed that ICMA was a service provider. As such, ICMA should pay dues and conference participation at the service level. The Committee agreed there should be some transition from their current dues level to the full service level of \$5,000. Two transitional programs were approved: \$3,000 for 2002 dues with three years to (2004) \$5,000 and conference attendance at the full service provider rate; or \$3,000 for 2002 dues (2003 is \$5,000) with conference attendance for 2002 at the plan sponsor rate and at the full service provider rate in 2003. *Gina* was asked to work with Darryl Dennis to resolve ICMA's dues issue.

FCM Dues. The Executive Committee agreed that FCM's dues rate of \$3,000 should be increased to the full service provider rate in 2003. *Gina* was asked to work with Peter Bowles on the dues issue.

Environmental Assessment Task Force. The Executive Committee discussed the many changes that the stable value industry has and continues to experience along with Principal's concerns about the presence of traditional GICs in stable value. The Committee agreed to form an Environment Assessment Task Force to identify the key challenges and opportunities before the stable value industry and Association, rank the issues that should be addressed by the Association, and propose solutions. *John Milberg* was asked to chair the Task Force, which would fall under the Membership and Dues Committee.

The Executive Committee set the following deadlines and deliverables:

April Meeting:	Identify issues
June Meeting:	Rank issues
October Meeting	Propose solutions for Board consideration

*Al Turco* agreed to create a document that would advise members of the Task Force of any antitrust issues to ensure that the Task Force avoided this potential conflict in its discussions or deliberations.

Asset Allocation Models. The Executive Committee received an update on advice model providers and the recent Sun America advisory opinion. The Executive

Committee agreed that SVIA should continue to dialogue with the advice model providers including Sun America and Ibbotson.

Budget & Administrative Issues. The Executive Committee discussed dues payment, the 2001 audit and changing bank signatures.

- Dues. As of the end of January, SVIA had received \$166,120 of membership dues and \$110,000 of Value Program dues. Compared to 2001, prepaid dues were \$68,000 lower. However, firms deciding to delay payment, the aftermath of September 11, and mail delays from Washington's anthrax scare explain this decline. Second notices were sent out in early February.
- Audit of 2001 Financials. Capron & Associates has completed their preliminary audit of SVIA's 2001 financial statements. They have given the Association a fair and unqualified opinion. The Executive Committee agreed to finalize the report and distribute it to the Board.
- Signatures. SVIA signatures for the Merrill Lynch account were updated at the Board meeting to reflect the current SVIA leadership (Kirsch, McDevitt, Turco & Mitchell).
- 401(k) Clarification. As part of the audit, Capron discovered that SVIA's matching contribution, which is limited to base salary may conflict with the Internal Revenue Code's broader definition of compensation. The IRC code includes all W2 payments as part of compensation including bonus. To minimize possible confusion and conflict, Capron recommends that we modify our pension plan documents to clarify that SVIA's match is specifically limited to base compensation, exclusive of bonus.

Meetings. The Executive Committee agreed to the following meeting dates and locations.

- Sunday, April 28 from 3:00 to 5:00 p.m. at the Hotel Monteleone at 214 Rue Royal Street in New Orleans, Louisiana.
- Wed-Thurs., June 5-6 at JP Morgan Fleming Investment Management, 522 Fifth Avenue, 7<sup>th</sup> Floor in New York, New York.
- Tues-Wed., October 15-17 at the Ritz Carlton in Washington, D.C. The Executive Committee asked to shorten the Forum meeting time due to attrition on Thursday and hold the Executive Committee meeting prior to the beginning of the Forum.