

February 12, 2002

To: SVIA Board of Directors

From: Gina Mitchell

Re: Action Items from February 7, 2002 Meeting

The Board meeting was attended by Jim Aguilar, Don Butt, Nick Caggia, Karen Chong-Wulff, Rick Cook, Wendy Cupps, Gene Diou, Nat Duffield, Bob Fox, Bill Gardner, Wayne Gates, Aruna Hobbs, Eric Kirsch, Bob Madore, Marc Magnoli, Jim McDevitt, Kim McCarrel, Jim McKay, John Milberg, Gina Mitchell, Steve Schaefer, and Al Turco. Highlights of the meeting are provided below.

Using Diversification Benefits to Define Stable Value. October's discussion of distinguishing stable value from other conservative investment options through its diversification benefits continued. Currently, the Association's focus is limited to stable value products in defined contribution plans. The Board tasked the Environmental Assessment Task Force to re-examine SVIA's mission and scope to determine if other stable value applications outside of SVIA's retirement mandate should be included.

Environmental Assessment Task Force. The Board discussed the many changes that the stable value industry has and continues to experience. Principal's Gene Diou and Jim Aguilar shared their concerns about the role of traditional GICs in stable value and constraints that issuers are facing. The Board 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 Task Force will be composed of members representing the different segments of SVIA's membership.

The Board 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 all antitrust issues in its discussions or deliberations.

Asset Allocation Models. The Board received an update on advice model providers and the recent Sun America advisory opinion. Christopher Jones, Patrick Rowland and Sylvia Kwan updated the Board on recent changes Financial Engines has made to their model of stable value. The Board agreed that SVIA should continue to dialogue with the

advice model providers including Sun America and Ibbotson. Wayne Gates was tasked with continuing this dialogue and asked to update the Board at the next meeting in April.

Budget & Administrative Issues. The Board 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 Board 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.

Stable Value Poll. The Board approved the use of Matt Greenwald and Associates to conduct a stable value poll. The poll would be unique to stable value by focusing on the demand for stable value, terms and descriptions that resonate and distinguish stable value from other conservative options, retirement savings/safety concerns, and poll participant demographics. The Board approved an in depth poll (60 questions) of 800 individuals including active retirees and participants.

Additionally, the Board agreed to conduct interviews of institutional gatekeepers of stable value products. The project includes 20 interviews of gatekeepers that SVIA would help identify.

SVIA Sixth Annual Survey. Steve Schaefer reported that the Stable Value Investment Policy Survey had been sent to the membership the first week in February. A deadline of March 4<sup>th</sup> had been set. Additionally, the survey asked for total defined contribution assets and participants. This data was added to get a better idea on how stable value relates to total asset allocation. However, some managers who do not provide record keeping may be unable to provide that information.

Letter Supporting Boehner-Bush Approved. Jim McKay asked the Board to approve a letter drafted by the Government Relations Committee supporting Congressman Boehner's advice bill. The Bush Administration also adopted the Boehner approach in its pension legislation. The Board approved the letter and the tasked the Committee to use current pension discussions as a way to introduce stable value and its benefits to policymakers.

Media Plan. Kim McCarrel walked the Board through the Communication & Committee's media plan and current outreach efforts. The Board adopted the Media plan

and agreed to use the quarterly meetings as opportunities to educate local/regional press on stable value.

October Minutes. The Board approved the October action items and minutes with one change. The minutes inadvertently left out Wendy Cupps who attended the meeting.

Meetings. The Board 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 Board asked to shorten the Forum meeting time due to attrition on Thursday and hold the Board meeting prior to the beginning of the Forum.