

February 7, 2005

To: Board of Directors

From: Gina Mitchell, SVIA

Re: Action Items from January 19 Board of Directors Meeting

The Board of Directors held a meeting on January 19 at the Ritz Carlton in Washington, D.C. The following individuals attended the meeting: Ben Allison, John Axtell, Don Butt, Karen Chong Wulff, Rick Cook, Jill Cuniff, Laura Dagan, Mark Devine, Nat Duffield, Ralph Egizi, Robert Fox, Doris Fritz, Aruna Hobbs, Bob Madore, Marc Magnoli, Mike Norman, Vicky Paradis, Ken Quann, and Al Turco. Wendy Cupps and Eric Kirsch were unable to attend.

Welcome New Board Members. Vicky Paradis opened the meeting by welcoming the five newly elected Board Members to their first meeting. They were Ben Allison, Doris Fritz, and Ken Quann. Don Butt, Mark Devine and Bob Fox, Bob Madore, Marc Magnoli began their second three-year term with the January meeting.

New Officers Announced. Vicky Paradis announced that Ralph Egizi will chair the Government Relations Committee; Rick Cook will chair the Membership and Budget Committee; and Wendy Cupps will chair the Communications and Education Committee. A brief summary of SVIA's Committees and their chairperson follows.

Committee	Chairperson
Accounting	Aruna Hobbs
Communication & Education	Wendy Cupps
Data & Research	Marc Magnoli
Government Relations	Ralph Egizi
Membership & Budget	Rick Cook

Update on DOL Actions. Reed Smith's Michael Richman gave an overview of the Department of Labor's concerns and priorities in the aftermath of the stock market fall, corporate governance scandals, and mutual fund scandals. He asserted that DOL would continue to focus on issues such as revenue sharing and fees.

Commingled Stable Value Funds. Aruna Hobbs and Gina Mitchell discussed SVIA's December 9th meeting with FASB staff on commingled stable value funds. They provided an overview of all the follow-up questions and information that SVIA had provided the FASB. They reported that staff was trying to put the issue on FASB's agenda in the beginning of this year in an attempt to ward off interpretations by individual auditors. Additionally, staff also explained that should FASB take up the issue, that it would take three to six months to complete the project, which would include the creation of an exposure draft with a 30 to 60 day comment period.

Deutsche and Gartmore Letter. John Axtell and Jill Cuniff informed the Board that they had sent a letter asking for guidance for stable value funds that were participant directed in tax-deferred savings vehicles. John and Jill explained request and asserted that their letter would not harm to the Association's efforts to seek clarity and certainty for commingled stable value funds.

DB Money in Commingled Stable Value Funds. SVIA surveyed its member to respond to FASB's inquiry on defined benefit money in commingled stable value funds. SVIA surveyed 23 commingled stable value funds and found that less than half of those surveyed held defined benefit money. In total, defined benefit assets represented less than two percent of money invested in commingled stable value funds.

GASB. Aruna Hobbs reported that GASB was undertaking its derivatives project. To date, an exposure draft had not been issued. The Board felt it would be worthwhile to reach out to the GASB derivatives project staff to ensure that an exemption for stable value funds was incorporated. The Board was asked for names and contact information of individual and firms that could effectively represent the Association on this issue.

Accounting Seminar. The Board discussed holding a brief half day accounting seminar to bring the membership up to speed on the different regulations governing stable value, the timetable and deliberations of both FASB and GASB. The group agreed to survey the membership to determine if there was sufficient interest in holding the seminar.

Government Relations Committee. Ralph Egizi reported that PBGC funding, the President's lifetime savings and retirement accounts, tax simplification and Social Security reform were issues that the Government Relations would be following this year.

Membership and Budget Committee. Rick Cook reported that membership renewals were positive and ahead of schedule compared to last year despite a dues increase for 2005. He noted that some Value Program members had increased their participation: Prudential became a \$15,000 member; Galliard and MetLife became \$10,000 members.

Rick announced that SVIA had engaged Capron and Associates for the 2004 audit. He anticipated that audited financial statements may be available for the March Board meeting.

Forum Committee. Gina Mitchell reported that SVIA met its profit goals for the 2005 Forum despite a significant drop in revenues due and attendance. Attendance declined due to a couple of significant market participants leaving the business.

Action Items Approved. The Board approved the October 2004 action items.

Next Meeting. The next meeting of the Board will be March 29-30, 2005 at PIMCO's offices in Newport Beach, California.