



January 17, 2006

To: SVIA Board of Directors

From: Gina Mitchell and Ken Quann

Re: Action Items from January 10, 2006 Meeting

SVIA's Board of Directors met on January 10 at JPMorgan Chase. The following members were in attendance: Ben Allison, John Axtell, Jackie Bell, Don Butt, Tony Camp, Rick Cook, Mark Devine, Nat Duffield, Ralph Egizi, Bret Estep, Bob Fox, Doris Fritz, Aruna Hobbs, Bob Madore, Marc Magnoli, Mike Norman, Vicky Paradis, Ken Quann, and Al Turco. Dylan Tyson was unable to attend.

New and Returning Board Members. The Board recognized new members. They are: Jackie Bell, Tony Camp, Bret Estep and Dylan Tyson. Ralph Egizi and Vicky Paradis were elected to their second-three year term and are returning members.

Past Members. The Board was reminded that four members had retired from the Board. They were Wendy Cupps, Karen Chong Wulff, Laura Dagan and Jill Cuniff.

Outgoing Officer. The Board recognized Al Turco who was stepping down as the ex-officio Secretary. Al has served for more than 10 consecutive years. He was elected for two-three-year terms to the Board and had served two-two-year terms as the Secretary. Past SVIA Chairs are ex-officio members and typically are limited to one term in that capacity.

New Officers. Rick Cook, the new SVIA Chairman introduced new officers. Ken Quann will be the Secretary; Ben Allison will be the Chairman of the Membership and Budget and Treasurer; and Vicky Paradis will be the Chairman of Communications and Education and the past-Chairman of SVIA.

Board Governance. The Board agreed to review the Association's bylaws to ensure that they were up-to-date and the best in class. Additionally, the Board agreed to dissolve the Mission and Environment Subcommittee.

FASB FSP. The group reviewed the FASB December 29 FSP. The Board agreed to develop a working group to thoroughly review the FSP to identify any implementation issues and develop guidance for the membership in how to address those issues. Three issues were discussed: valuation of wraps and GICs; the sensitivity analyses; and templates for disclosures. The following individuals volunteered to be on the Implementation Working Group:

- Ben Allison
- John Axtell

- Jackie Bell
- Bret Estep
- Robin Foley (volunteered by Doris Fritz)
- Aruna Hobbs
- Bob Madore
- Marc Magnoli
- Jim McKay
- Mike Norman

GASB Derivatives Project. The Board was reminded that the Government Accounting Standards Board has a derivative project in the works that will address stable value instruments. The Board was asked for recommendations of consultants to assist the Association in working with the GASB Board to clarify stable value accounting.

Spring Seminar. As of January 6, 21-members had registered for SVIA's first Spring Seminar. Ken Quann agreed to take the lead in organizing a Monday golf scramble. A call of the Value Program Members will be held to get their support and participation and to update them on the seminar.

Best Practices. The Board agreed to develop a stable value best practices/guidelines in response to Circle Trust. The group agreed to review Department of Labor 404(c) safe harbor guidance, 2(a)(7) for investment companies, and the mutual fund best practices work, and model regulation from NAIC. The following individuals agreed to work on the Best Practices Working Group.

- Ben Allison
- John Axtell
- Don Butt
- Tony Camp
- Mark Devine
- Bret Estep
- Doris Fritz
- Aruna Hobbs
- Marc Magnoli
- Ken Quann

Government Relations. Ralph Egizi requested that the Board give him some input on issues that the Government Relations Committee should address. He reminded the group that the Accounting Committee had taken the lead on FASB and GASB related issues.

10<sup>th</sup> Annual Survey. The Board reviewed and approved the 10<sup>th</sup> Annual Stable Value Investment and Policy Survey. The group agreed to call survey participants to encourage their timely and complete participation in the survey. Additionally, the Board agreed that the data supplied by each segment could be released by segment if data is provided in a more timely manner. The following individuals agreed to call the following segments:

- Vicky Paradis on External Managers;
- Jackie Bell on Internal Managers;
- Mike Norman on Pooled Funds;
- Dylan Tyson on Full Service Insurance.

Manager Asset and Return Survey. The Board discussed the four return series that the annual survey requests. The group agreed that the data should be collected as a rolling average. Ideally, the group wanted to collect the book value return gross of fees. After some debate, the group decided to collect just book value returns.

Wrap Balances. The Board discussed adding a question for issuers of wraps, GICs and separate accounts. Jackie Bell volunteered that she surveyed the wrap community annually and collected that data. She agreed to provide a copy of the survey to the Board and to ask survey participants if they would participate in a SVIA survey.

October Forum. It was reported that 148 paid participants came to the October Forum, which resulted in \$185,048.09 in registration revenues. Expenses for the Forum totaled \$98,546.

Audit. Aronson & Company will audit SVIA's 2005 books. Aronson acquired Capron & Associates this past year. SVIA will have the same audit team as last year. Aronson representatives will be in the SVIA offices in early February. We anticipate financial statements in March.

Budget Report. It was reported that SVIA deferred dues collection was up 30% compared to last year. As of December 30, SVIA had over \$1 million, of which, \$315.6 thousand represented deferred dues. SVIA had one major increase in expenses that was anticipated: professional services, which was \$175.3 thousand. Professional services more than doubled from 2004.