

January 9, 2008

To: SVIA Board of Directors

Re: Action Items from January 8, 2008 Meeting

From: Gina Mitchell, SVIA

The Board of Directors met on January 8<sup>th</sup> at Pacific Life's offices located in Newport Beach, California. The meeting was hosted by Richard Taube of Pacific Life. The following members attended the meeting.

Edward Adams	IBM Retirement Funds
Anthony Camp	ING
Richard Cook	Genworth Financial
Ralph Egizi	Eastman Chemical Company
Bret Estep	Pacific Investment Management Company
Doris Fritz	Fidelity Institutional Retirement Services Company
Warren Howe	Metropolitan Life Insurance Company
Marc Magnoli	JPMorgan Chase Bank, N.A.
Brian Murphy	AEGON Institutional Markets
Victoria Paradis	JPMorgan Asset Management
Sharon Parkes	Halliburton Company
Laura Powers	BlackRock Investment Management, LLC
David Starr	Dwight Asset Management Company
Richard Taube	Pacific Life Insurance Company
Dylan Tyson	Prudential Financial
Michael Wyatt	T. Rowe Price Associates, Inc.

Board Officers. The new officers, who were approved by the new Board in December, were introduced. They are listed below.

- Marc Magnoli, Chairman
- Richard Cook, Secretary & Past Chairman
- Doris Fritz, Treasurer & Chairman, Membership, Dues & Budget
- Laura Powers, Chairman, Data & Research
- Ralph Egizi, Chairman, Government Relations
- Vicky Paradis, Chairman, Communications & Education

Board Responsibilities, Participation & Outreach. The Board reviewed SVIA's governing documents: the Bylaws, Code of Conduct and Committees. The Board affirmed the current committee structure and asked that each member of the board become actively involved in at least one of the standing committees. Additionally, the Board asked that each Committee Chair reach out to his or her committee members to ensure that members were interested and able to work on committee issues.

Promotion of Stable Value. The Board of Directors agreed that a major goal this year was to educate and promote stable value. The Board agreed that the CRAI study should be updated to include 2007 data. Additionally, the Board felt that the study should be used to promote and educate key decision makers—plan sponsors and consultants—and the press on stable value. Additionally, the Board was asked to identify key consultants that the Association should target on stable value. Doris Fritz and Vicky Paradis agreed to develop a list of key consultants for outreach.

The group also identified key publications that plan sponsors and consultants read as critical to get SVIA's message out. They included *Plan Sponsor, Pension & Investments* and *Institutional Investors*.

Vicky Paradis reported that the Media Team had developed a short summary of the CRAI study. The summary and study are available on SVIA's website. Additionally, the summary was published in the January issue of the 401(k) Profit Sharing Council newsletter.

Media Team. The following Board members volunteered for the Media Team. They were Doris Fritz, Brian Murphy, Tony Camp, Richard Taube, David Starr and Dylan Tyson.

Stable Value in a Mutual Fund Format. The Board agreed to put together a working group to see if it could develop a framework for a stable value mutual fund that satisfies SEC concerns and FASB's accounting guidance.

Concerns on SVIA Annuity Safe Harbor Comments. Rick Cook reported that Prudential has expressed concerns about the comments SVIA filed on safe harbor annuity selection for plan sponsors. He reported that Prudential felt that the comments could be interpreted as raising the fiduciary standard for all stable value products to the standard for annuities. He reported that he had discussed the issue with Sandy Koeppel who raised the issue along with SVIA's Executive Committee and Counsel. The group appreciated the concern, however determined that a correction was not necessary.

Additionally, Cook noted that all SVIA positions are vetted by a committee. Each committee member is called upon to bring his or her firm's expertise to the process to best represent the stable value industry. He urged the Board and its membership to fully participate in the process.

Sub Prime Questions. The Board discussed surveying the membership on sub-prime issues. The Board approved surveying the membership on sub-prime in a 17 to 1 vote. Laura Powers asked that the Board review the draft survey and provide any comments and suggested clarifications to her. Ed Adams agreed to work with Laura on the final survey.

Proposed Regulation for Service Firm Fee and Conflict of Interest Disclosures. The Board was asked to review and provide their thoughts on the Department of Labor's

proposed regulations for service firm fees and conflicts of interest. Comments are due by February 11. The issue was assigned to the Government Relations Committee and its Chairman, Ralph Egizi.

QDIA Safe Harbor. It was reported that the clarification of the grandfather provision in the QDIA regulations would be part of the Department of Labor's implementation guide. The guide is anticipated in the end of January or early February.

12<sup>th</sup> Annual Stable Value Policy & Investment Survey. SVIA's 12<sup>th</sup> annual survey, which covers 2007 assets, will go out the first week in February with a deadline of February 29<sup>th</sup> for plan sponsors, commingled funds and external managers. This year's survey will be sent out in an excel spreadsheet that contains last year's response in order to minimize questions. The insurance component will go out at the end of March with a due date at the end of April.

Membership, Budget & Dues. It was reported that SVIA had collected 51% of membership dues or \$219,645; 66% of value program dues or \$135,000; and almost \$30,000 for the Third Spring Seminar.

2007 Audit & Resolutions. The Board was advised that SVIA's auditors, Stokes, LLC were scheduled to audit the Association's books on January 22-23. Additionally, because of Sarbanes-Oxley, the Board adopted a Whistleblower's policy for staff and formal document retention and destruction policy. The Board adopted both policies along with a resolution to change SVIA's signatories for the Merrill Lynch and PNC to reflect the new auditors.

Spring Seminar. It was reported that SVIA had solicitations for the Third Spring Seminar before the end of year. As of the end of the year 23 people had registered and SVIA had collected roughly \$30,000 in deferred registrations. Additionally, SVIA had hired Jackie Goodhart to provide on site support and supervision for the logistics of the seminar. Ortman's Production will continue to provide audio-visual support.

2009 Spring Seminar. The Board approved SVIA holding a fourth Spring Seminar. Additionally, Jackie Goodhart has been hired for site selection and to successfully negotiate a contract for the 2009 event. It is anticipated that SVIA will have proposals to review by the end of February and a site for the Board's consideration in early March.

FASB Implementation Issues. Laura Powers reported that SVIA was surveying membership on wrap valuation & evergreen group annuity valuation issues. The results will be used to shape SVIA's policy and work with the AICPA on implementation issues.

Additionally, it was reported that the AICPA Employee Benefits Plan Panel is exploring another valuation methodology for evergreen group annuity methodology. The panel was not satisfied with termination/discontinuance methodology since it did not reflect a going concern in their view.

GASB Synthetic GICs. The Board was advised that GASB had agreed to provide guidance on synthetic GICs in its final exposure draft for derivatives. However, SVIA needs to work closely with the GASB staff and Board to ensure technical corrections that were promised are achieved.

Action Items Approved. The Board approved the October and December action items, the whistleblower resolution, the document retention and destruction policy and the 2009 meeting dates, which are: January 26-27, April 5-7 or April 19-21 (April dates depend on site availability), June 8-9, and October 12-15 (October date depends on site availability).

Attachments: Action Items from October 2007 (includes Code of Conduct & Bylaws)  
Whistle Blower Policy  
Document Retention & Destruction Policy