

January 27, 2011

To: SVIA Board of Directors

From: Gina Mitchell, SVIA

Re: Action Items from January 25th Meeting

The SVIA Board of Directors' met on January 25th at the Morrison House in Alexandria, Virginia. The following Board members attended the meeting: Ed Adams, Anthony Camp, Peter Chappellear, Terry Finan, Aruna Hobbs, Warren Howe, James King, Steve Kolocotronis, Marc Magnoli, Sharon Parkes, Marijn Smit, and Bob Whiteford. LeAnn Bickel attended the meeting on behalf of Steve LeLaurin. Jordan Culp, Doris Fritz and Steve LeLaurin were unable to attend the meeting.

New Board Members. The Board of Directors welcomed new Board members: Aruna Hobbs, Steve Kolocotronis, and Bob Whiteford; and members returning for a second term: Warren Howe and Sharon Parkes. All new Board members were asked to be active in at least one SVIA Committee. Aruna Hobbs agreed to participate in the Government Relations Committee. The other four members currently serve on committees.

Executive Committee. The Board reviewed SVIA's officers who serve on SVIA's Executive Committee for the benefit of new members.

- Tony Camp, ING, Chairman, Government Relations Committee,
- Doris Fritz, Fidelity, former Treasurer and now Ex-Officio for one year to transition the Treasurer & Secretary position to Sharon Parkes,
- James King, Prudential, Chairman, Education & Communications Committee,
- Steve LeLaurin, INVESCO, Chairman, Data & Research Committee,
- Marc Magnoli, JPMorgan Chase, Chairman,
- Gina Mitchell, SVIA, Chairwoman, Events Committee, and
- Sharon Parkes, Halliburton, Treasurer /Secretary and Chairwoman, Membership & Budget.

Meeting Dates. The Board reviewed the proposed meeting dates and indicated they preferred the earlier 2012 dates of January 23-24 and March 25-27 and June 4-5th. The Board also wanted to hold the Washington based meetings at the Morrison House as long as the room rate and meeting functions remained competitive. The group indicated that they preferred to hold the Fall Forum in October and that once an opportunity to bid out and negotiate new contracts became available the Association should try to move the meeting back into that time frame.

Communications and Education. James King reported that the Committee's work was now focused on Senator Herb Kohl's review of stable value funds. Senator Kohl chairs the Senate Special Committee on Aging, which has investigative authority on retirement issues. The Committee developed a FAQ that broadly responded to Senator Kohl's request for information from issuers, managers and plan sponsors. The FAQ was made available to the membership in mid-December and submitted to Senator Kohl on January 6th.

The Committee was also working on two basic informational stable value pieces—one for plan sponsors and the other for participants—that focused on what those two distinct groups needed to know about stable value funds.

In addition, the Stable Times Editorial Board has published the second issue of Stable Times for 2010, which focused on the Fall Forum. Stable Times, along with other website changes are in process of being posted and made available to the membership on the website.

Government Relations. Tony Camp reported that the Committee had divided its attention between Senator Kohl's review of stable value and the CFTC-SEC study. He asked that the Board invite and use their Washington representatives to ensure that the Special Committee on Aging was well-informed on stable value. The Board agreed that the Committee should hold a conference call that included Washington representatives so that they could be utilized on this issue.

Camp reminded the Board that progress on the CFTC-SEC had stalled since the Commission had not yet agreed on the definition of a swap or derivative. Once the definition is proposed, the study team can proceed on the stable value project. SVIA has two working groups, one focusing on banks and the other focusing on insurance. The working groups are addressing regulations, capital requirements and reserve requirements for synthetic issuers. Once the regulatory framework is flushed out, SVIA will reach out to the study team. As of this Board meeting, the study team had not met with any of the bank regulators: OCC or the Federal Reserve.

Data and Research. Gina Mitchell reported for Steve LeLaurin that SVIA had two surveys underway. The Stable Value Funds' Quarterly Characteristics Survey, which covers wrapped-assets of \$437 billion, was out and data was requested for the last quarter of 2010. The Quarterly Characteristics Survey covers 23 managers and 11 responses were in. The deadline for the survey is January 31st.

The Stable Value Sales & Assets Survey, which SVIA does jointly with LIMRA. Only issuers participate in this survey. SVIA surveys and supplies six bank members for the Sales & Assets Survey. To date, only four banks had responded to the Sales & Assets Survey and responses were due on January 24th.

Mitchell reported that the Committee would be reviewing and potentially streamlining the Annual Policy and Investment Survey to encourage a more robust and timely response. The survey will go out to the membership in February and request a quick turnaround of data once the Committee has concluded its review of the survey.

Membership and Budget. Sharon Parkes reported that SVIA audit and tax preparation for 2010 was already underway. The Membership and Budget Committee met on Monday with Yung Hee Gillinaro, the auditor from Larsen Allen, to discuss the audit and governance issues as required by GAAP. All documentation that the auditor has requested was submitted prior to the January 24th deadline. The audit field work will take place on January 31st. It is anticipated that draft statements will be available for the Committee's review in the middle of February and that the 990 federal tax filing will be ready in early March. Parkes explained that SVIA had two tax filings: the 990 tax filing, which is due by May 15th and an administrative filing for DC property tax, which was due by June 15th.

Parkes reported that SVIA had met its profit goal by netting \$37,000 despite increased expenses due to Dodd-Frank. She pointed out that SVIA was rebuilding its operating reserves, with the goal of having at

least one year of Association expenses as reserves. At the end of the 2010 SVIA's operating reserve (net equity) was roughly \$167,000.

Parkes also updated the Board on membership. SVIA had collected \$417,340 (72% of total dues requested) by January 19th, which is on target compared to last year. She reported that one plan sponsor: Federal Reserve and one manager: State Street Global Asset Management had decided not to renew their membership. Additionally, Great West, Principal, Hartford and Blackrock were asked to rejoin the Association. To date, Hartford is the only service firm that has.

The Board discussed ways to recruit more members. Jim King suggested purchasing the plan sponsor mailing lists from P&I and/or Plan Sponsor to solicit plan sponsor members. There was also some discussion about targeting consultants. The group concluded that consultants would find it hard to join the Association since their time in the Association would not produce billable hours.

Events. Gina Mitchell reported that SVIA's Spring Seminar will be held at the Fairmont Princess in Scottsdale, Arizona on April 3-5, 2011. The room rate is \$239. The Planning Committee was meeting to set the agenda and theme shortly, which means that SVIA should begin promoting the meeting no later than mid-February.

The Board indicated that they wanted to consider both the East Coast and Arizona for 2012 Spring Seminar sites. Additionally, when SVIA starts to bid out the Fall Forum, the group prefers an October meeting date.

Minutes. The Board unanimously approved the October 2010 action items.