

January 16, 2019

To: SVIA Board of Directors

Re: January 8, 2019 Meeting Action Items

From: Gina Mitchell, SVIA

SVIA held a meeting of the Board of Directors on January 8 at the Fairmont Hotel in Washington, D.C. SVIA's Chairman of the Board welcomed the Board and members to the meeting. The following people attended the meeting.

Board Members Attending:

Bradie Barr, Transamerica Stable Value Solutions Inc.

David Berg, PIMCO

LeAnn Bickel, Invesco Advisers, Inc.

Cindy Cristello, New York Life

Shane Johnston, Morley Capital Management

Steve Kolocotronis, AIG Institutional Markets

Robert Madore, T. Rowe Price Associates, Inc.

Gina Mitchell, SVIA

Tom Schuster, Metropolitan Life Insurance Company

Patricia Selim, The Vanguard Group

Russell Smith, Aetna Inc.

Sara Smithson, Raytheon

Kostas Sophias, JPMorgan Chase Bank, N.A.

Gary Ward, Prudential Financial

Keith Watson, Textron

Board Members Unable to Attend:

Nick Gage, Galliard Capital Management, Inc.

SVIA Staff:

Zach Gieske, SVIA

SVIA Members Attending:

Karen Chong-Wulff, ICMA

Terence Finan, Jackson National Life

Angela Montez, ICMA

Strategic Review. The Board agreed to undertake a strategic review of the Association. Three people: Bradie Barr, Kostas Sophias and Patricia Selim volunteered facilitators from their respective organizations to assist in this review. The following Board members agreed to form a working group to oversee and conduct this review with the help of the facilitators. They are Steve Kolocotronis, Tom Schuster, Patricia Selim, Gary Ward, LeAnn Bickel, Cindy Cristello, Bradie Barr. The Board set a deadline of the end of the first quarter for the working group.

Advertising and Marketing. The Board discussed concerns with the marketing and advertising of stable value. They rejected the idea of developing an Association policy around marketing and advertising as well as incorporating this potential policy within the Association's Code of Conduct. However, the Board agreed that misuse of the Association's data in marketing and/or advertising could result in expulsion of the member and/or his/her firm.

Bylaws. The Board was updated on the revision of the Bylaws. The revised Bylaws will be subject to the Board's review before the end of the first quarter.

Officers. Members of the Board were asked to volunteer for two and potentially three leadership positions. The positions are Chairman of the Board, Government Relations as well as Communications and Education. Members interested in serving as an officer were asked to let Steve Kolocotronis and/or Gina Mitchell know by January 18th.

Diversity Initiative. The Board noted that the Association was dependent on company diversity initiatives for the membership. However, they agreed and supported initiatives to bring diversity within the Association. Bradie Barr agreed to work with Zach Gieske to set up a call with Gary Ward, Steve Kolocotronis, LeAnn Bickel, Kostas Sophias and Patricia Selim to develop an actionable plan for the Board's consideration to encourage and support diversity within the Association by the end of the first quarter of this year.

Finance Subcommittee. LeAnn Bickel, who chairs the Finance Subcommittee as well as serves as Treasurer and Secretary asked for members to participate on the Finance since two members could no longer participate. Textron's Keith Watson and Cindy Cristello agreed to serve on the Finance Subcommittee.

2018 Audit and Taxes. Bickel announced that SVIA's auditors were Rubino and they would be conducting the field audit on January 31. She noted that the audited financial statements should be done in advance of the April meeting and that the Association's tax filing should follow the April meeting, which Rubino also prepares.

Bickel also reviewed December financial reports, noting that the Association had collected \$1,171,307.20 in revenue, which is 100.27% of budget or target. Four revenue targets were exceeded. They were Service Firm Dues at 100.53% for \$425,250 and Value Program dues for \$240,000 or 102.13%, Sponsorship for \$41,440.09 or 138.13% and Miscellaneous Income/PayPal Rebates at \$933.39 or 622.26%.

She noted that three revenue targets were missed but thought they would be achievable in 2019. They were Consultants at 20%, Plan Sponsors at 92.32% and Registration at 98.35%.

She reported that expenses were \$1,135,857.74 or 97.36% of budgeted expenses. SVIA has spent 9% on the Board, 5% on Communications, 6% on Data and Research, 10% on Government Relations, 20% on the National Forum, 22% on Operations, 20% on the Spring Forum, 1% on Spring Seminar for 2019, 5% on Stable Times, and 2% on the Website.

How SVIA Compares to Other Associations. Bickel asked Gina Mitchell to overview how SVIA compared financially to other similar Associations. Mitchell noted that the comparison was based on 990 tax filings for 2016, which were the latest available. The comparison was divided among organizations that

had less than \$5.2 million in revenues and those with over \$5.2 million in revenues. Mitchell noted that SVIA had the least in revenues that came from three sources: dues, registration and interest and that dues were set by the Board. Associations with over \$5.2 million had dues based on assets under management. SVIA compared favorably with other Associations based as percentage of their expenses.

Data and Research. PIMCO's David Berg who serves as the Chair of the Committee on Data and Research asked for the Board to review and move forward on two papers he drafted as well as updated from an industry perspective: stable value in a rising rate as well as stable value exit provisions.

Stable Value and Rising Rates. The Board provided comments after the meeting and asked Nick Gage and Tom Schuster to incorporate the comments into a final draft for the Board's consideration. The final draft is targeted for review by the Board before the end of February.

Stable Value Exit Provisions. The Board provided comments after the meeting and asked Patricia Selim, LeAnn Bickel and Bob Madore to incorporate the comments into a final draft for the Board's consideration before the end of February.

Updating Disclosure. Berg asked the Board for their thoughts in updating and emphasizing the exclusive nature of the Association's data as well as how it can be used in the disclosures on the respective surveys. The Board approved the proposed language. The disclosure will clarify that using the data with exiting clients is permissible. The Board endorsed this idea and Berg noted the enhanced disclosure would be used in the next cycle of the Quarterly Survey.

Quarterly Survey on Expense Ratios and Fees. Berg asked for the board's thoughts on collecting data on expense ratios and fees on existing stable value products. He asked for the Board to review a draft survey that would be sent to the membership on how this information can be collected for the respective stable value products. The Board provided comments before the close of week of January 7th. The expense ratio and fee survey will be sent to the membership before the end of January.

General Accounts. Berg asked for the Board's input on data that would be relevant to collect on general accounts. He explained that the annual survey looked at stable value products from pooled funds, individually managed, separate accounts and general accounts. All comments must be received before the end of January for the annual survey.

Morningstar. Berg reported that SVIA was waiting for Morningstar to staff up and build out its stable value collections efforts. SVIA had provided two templates for Morningstar's review. Berg asked for the Board's thoughts on what is the expense ratio for stable value as well as how it should be collected to further the dialogue with Morningstar.

Website. Zach Gieske gave an update on the revision of the website. He asked for the Board to provide their comments on the mock-ups of the wire frames before the end of the week on January 7. The Board comments will be incorporated in the Website Working Group's review of the website and this comprehensive direction will be given to our contractor before the end of January.

Spring Seminar. Gina Mitchell reported that SVIA's Spring Seminar will be held on April 7-9 at the Ritz Carlton in Dove Mountain in Marana, Arizona. The Board directed that the Board meeting should start at 4 p.m. and that the receptions should run from 6 to 7:30 p.m. Further, the Board wanted to incorporate and reserve private tables/spaces for the two group breakfasts from 7:30 to 9:30 a.m. The

Board asked that the meeting start at 9:30 a.m. to permit networking and private breakfast meetings. Finally, the Board asked that the membership be made aware of air travel options for those attending the seminar.

Washington Update. Angela Montez, who is the Senior Vice President and General Counsel and Chief Legal Officer as well as Secretary for ICMA RE gave an update on issues impacting stable value. Her presentation is attached for your consideration.

The Board agreed to get involved in the CIT legislation to ensure that stable value would be permissible in these vehicles for 403(b) plans.

Action Items. The Board unanimously approved the action items from the October meeting.

SVIA Board Meeting. SVIA's next Board of Directors' meeting will be April 7, 2019 at the Ritz Carlton Dove Mountain in Marana, AZ from 4:00 to 5:30 p.m.

Attachments: ICMA Re Presentation
How SVIA Compares to Other Associations