

May 1, 2017

To: SVIA Board of Directors
From: Gina Mitchell, SVIA
Re: Action Items from April 23, 2017 Meeting

The SVIA Board of Directors met on April 23 at the Ritz Carlton in Half Moon Bay, California. The following individuals were in attendance.

Board Members Attending:

Bradie Barr, Transamerica Stable Value Solutions Inc.
LeAnn Bickel, Invesco Advisers, Inc.
Cindy Cristello, New York Life Investment Management
Nick Gage, Galliard Capital Management, Inc.
Brett Gorman, PIMCO
Sue Graef, The Vanguard Group
Stephen Kolocotronis, Fidelity Investments
Bob Madore, T. Rowe Price Associates, Inc.
Gina Mitchell, SVIA
Thomas Schuster, Metropolitan Life Insurance Company
Russell Smith, Aetna Inc.
Gary Ward, Prudential Financial
Keith Watson, Textron

Board Members Unable to Attend:

Joe Fazzino, UTC

SVIA Staff:

Zach Gieske, SVIA

SVIA Members Attending:

Gregory Anselmi, Transamerica Stable Value Solutions Inc.
Leonard Aplet, Columbia Threadneedle Investments
John Barrasso, Prudential Financial
Kappie Bogart, Transamerica Stable Value Solutions Inc.
Anthony Camp, Voya Financial
Peter Chabot, BlackRock
Pete Chappellear, JPMorgan Asset Management
Karen Chong-Wulff, ICMA Retirement Corporation
Matthew Collins, Bank of Tokyo-Mitsubishi UFJ Ltd.
David Cruz, New York Life Investment Management LLC
Jordan Culp, DuPont Capital Management
Joe Dionne, JPMorgan Asset Management
Karen Edgerton, RGA
Claudia Farias, State Street Bank
Terence Finan, Jackson National Life
Wayne Gates, Fiduciary Capital Management Inc.
Mark Gilbert, RGA

Jennifer Gilmore, Invesco Advisers, Inc.
Matthew Gleason, GSAM Stable Value, LLC
Justin Goldstein, JPMorgan Asset Management
David Graham, Pacific Life Insurance Company
Jeff Graham, MassMutual Financial Group
Paul Grigely, MassMutual Financial Group
Timothy Grove, Prudential Financial
Elizabeth Heffernan, Fidelity Institutional Retirement Services
Sharon Hoppel, Morley Capital Management
John Hubenschmidt, RGA
Peter Jenks, Metropolitan Life Insurance Company
Shane Johnston, Morley Capital Management
Erik Karpinski, GSAM Stable Value LLC
Mark Ljubich, Metropolitan Life Insurance Company
Marc Magnoli, AIG Institutional Markets
Tom Manente, Great-West Financial
Kenneth Mangini, Voya Financial
Renne Marsjanik, Transamerica Stable Value Solutions Inc.
James McKay, Columbia Threadneedle Investments
William McLaren, Lincoln Financial Group
Antonis Mistras, DuPont Capital Management
Jessica Mohan, Bank of Tokyo-Mitsubishi UFJ Ltd.
Michael Montanez, The Vanguard Group
Jacky Morin, Jackson National Life
John Moroney, Voya Financial
Jeff Nordstrom, RGA
Paul Notte, Metropolitan Life Insurance Company
Robert O'Keefe, Sidley Austin LLP
Gregory Pereiro, Invesco Advisers, Inc.
Mark Pherson, Transamerica Stable Value Solutions Inc.
Dan Riley, NISA Investment Advisors, LLC
Eric Sandquist, Mutual of Omaha
Steven Schaefer, Bank of Tokyo-Mitsubishi UFJ Ltd.
Michael Sipper, New York Life Investment Management LLC
Sara Smithson, Raytheon
Chris Solimine, Voya Financial
Kostas Sophias, JPMorgan Chase Bank, N.A.
Michael Swink, Virginia College Savings Plan
Aziz Syed, Lincoln Financial Group
David Vincent, Voya Financial
Robert Waldo, Voya Financial
Andy Wilkinson, OneAmerica
Robert Windisch, Voya Financial
Jason Wu, Bank of Tokyo-Mitsubishi UFJ Ltd.
Tara Wurdock, Invesco Advisers, Inc.
Xin Zhou, ICMA Retirement Corporation

Steve Kolocotronis, SVIA's Chairman of the Board of Directors opened the meeting by introducing SVIA's new board member Cindy Cristello from New York Life. Kolocotronis also introduced SVIA's officers:

- Bradie Barr, Transamerica, Chair of Communications and Education.
- LeAnn Bickel, Invesco, Treasurer and Chair of the Finance Subcommittee.
- Nick Gage, Galliard, Chair of Government Relations.
- Sue Graef, Vanguard, Chair of Data and Research.
- Gina Mitchell, SVIA, Chair of Events.

Board Election. SVIA's Gina Mitchell reported that the elections this fall would be impactful to the board since five board seats would be open for election. They are:

- Sue Graef who will be finishing her third year of her second term.
- Brett Gorman who will be finishing his third year of his second term.
- Bob Madore who will be finishing his third year of his first term.
- LeAnn Bickel who will be finishing her third year of her first term.
- Joe Fazzino who is a plan sponsor and can serve as many terms as he wishes.

The number of board seats that will be open as well as potential leadership positions: Treasurer, Chairman of the Board, Chair of Data and Research Committee, also require some succession planning, she reported.

Mitchell reported that the board held a conference call on February 7th to address leadership and succession planning. They voted unanimously for Steve Kolocotronis to serve a second two-year term as Chairman. The board also unanimously voted to appoint Sue Graef and Brett Gorman as ex-officio, non-voting members to the board for up to three years to finish the important projects that they are overseeing.

Mitchell and Kolocotronis encouraged service firm members and plan sponsors to consider running for the board to fill the five open seats. Bob Madore and LeAnn Bickel declared their intention to run for a second term in this election.

Government Relations Committee. Galliard's Nick Gage reported on the Government Relations Committee. He noted that the committee had held a call on stable value litigation for the membership on January 12 that was led by Sidley's Robert O'Keefe, Eric Mattson, and Mark Blocker that was well-received by the membership. He highlighted that a litigation update would also be featured during the Spring Seminar by Sidley's Mark Blocker and Robert O'Keefe.

The Trump Administration on April 7th delayed the implementation or effective date of the fiduciary rules to June 9, 2017, Gage highlighted. He noted that an update on the fiduciary rules would be provided by Carol V. Calhoun, Venable; Gene Paranczak, The Vanguard Group; and Michael Richman, Morgan Lewis and Bockius during the Spring Seminar.

Gage reported that the Association has submitted comments on Form 5500 from a stable value fund perspective and began working with the Department to minimize the disparity in reporting requirements between financial statements and Form 5500 in reporting stable value in employee benefit plans. He noted that while these comments were well received by the Department, the change in Administration as well as staffing up the Department of Labor with the new Administration's appointees had delayed this effort.

Gage also reviewed the Government Relations Committee's disclosure template for the board that had been adopted as well as distributed to SVIA members for their use.

Gage noted that the Trump Administration was planning to rollback many of the provisions of Dodd-Frank. The board discussed the stable value carve out with the CFTC-SEC study. The board agreed that working with the CFTC-SEC to complete the study and determine that stable value is not a swap should be explored.

Gage also reported on the NAIC Risk-Based Capital Factors which impact capital requirements for insurance companies. He said the NAIC had just released a new proposal which was being reviewed by the committee and that Prudential's Gary Ward was taking the lead in reviewing the proposal's impact to SVIA's insurers and would draft a comment letter for the Committee on Government Relations' consideration if necessary.

Committee on Data and Research. Vanguard's Sue Graef reported that the committee had made much progress on refining its terminology so that the data collected was consistent across all product types. She reported that the quarterly survey had expanded its data point beyond market to book ratios, crediting rate, assets under management, duration to include the rate of return of the underlying portfolio as well as the expense ratio. However, newer questions did not yet enjoy 100% participation.

Graef reported that the Committee on Data and Research had recirculated with the membership a summary of the data points that stable value managers had identified as important in evaluating and creating stable value fund fact sheets. Graef reported there was agreement on the data points that should be disclosed in fact sheets. Further, she reported that the committee had begun a conversation with Morningstar to determine how receptive they would be to SVIA's input as well as how SVIA could increase their understanding of stable value.

Graef reported that at the request of SVIA manager members who participated in SVIA's surveys, SVIA had created a quarterly manager AUM report. Graef noted that most managers elected to participate in this report and that it was now available on a quarterly basis to those who participate. The AUM report requires the express permission of the Association to be used for external purposes. Graef emphasized this is a universal requirement for all SVIA's surveys and reports.

Finance Subcommittee Report. Invesco's LeAnn Bickel as the Chair of the Subcommittee and Association's Treasurer reported on membership and finances. Bickel reported at the board meeting that 100% of 2017 dues had been collected as of March 31, 2017. She noted that the subcommittee had reviewed SVIA's Investment and Policy Statement as well as SVIA's investments and reserves. SVIA had reinvested reserves in 1-year CD at Synchrony (\$140,000 at 1.05%, which expires September 8, 2017), at Cardinal (\$100,986.68 at 0.65%, which expires August 8, 2017) at United Bank (\$60,000 at 0.20%, which expires November 1, 2017).

Bickel reported that the work of Rogers and Company, who was hired in April of 2016 as SVIA's accounting firm had undergone its first audit. SVIA received an unqualified opinion on audited financial statements for 2016. SVIA's audit and tax firm is now Rubino and Company. Rubino and Company also prepared SVIA's 990 federal non-profit income tax, which must be filed by May 15. Bickel noted that Rogers and Company had prepared and filed DC Property, DC Foreign Entity and DC Sales and Internet Reports.

Communications and Education Committee. Transamerica's Bradie Barr gave a brief report on the committee. Barr detailed the committee's efforts to create an informational graphic that outlined the key characteristics and differences of stable value structures in one place. The fact sheet will be used to help advisors, consultants and sales people familiarize themselves with stable value products: individually managed, pooled funds and life insurance directly sold.

Barr reported that the committee had sent out a survey to the membership on the website. To date 31 responses had been received and that comments were generally positive. She noted that the surveys and data were identified as the most important information followed by government relations and stable value news. Barr concluded that the results of the survey would be used to guide the committee's work on the website.

Barr reported that a quarterly update from all committee chairs had been launched. The quarterly update is written by SVIA Chairs and highlights the work that the committees have undertaken. The first issue was well-received by the membership noted Barr.

Committee on Events. SVIA's Gina Mitchell reported on the Events Committee. She noted that the committee membership includes Matt Gleason, GSAM; Gary Ward, Prudential Financial; Bradie Barr, Transamerica; Robert Waldo, Voya; Nick Gage, Galliard; Tom Shuster, MetLife; Cindy Cristello, New York Life; Aruna Hobbs, MassMutual; and LeAnn Bickel, Invesco. Mitchell thanked the Committee on Events for their many contributions and good work on this year's Spring Seminar.

Mitchell reported that attendance at this year's Spring Seminar at Half Moon Bay was equal to last year's event in Palm Springs. Both events took place in California and had 154 attendees. The 2018 Spring Seminar will be held April 29 – May 1 at the Four Seasons Orlando at Walt Disney.

Mitchell also noted that SVIA's meetings: Spring Seminars, Fall Forums, and board meetings had been scheduled through 2020. Mitchell invited suggestions for future meeting locations from the membership.