

February 8, 2021

To: SVIA's Board of Directors

From: Gina Mitchell, SVIA

Re: January 26, 2021 Board of Directors' Meeting

SVIA's Board of Directors held a virtual meeting on January 26, 2021 from 11:30 to 2:30 p.m. EST. The following individuals participated in the meeting.

Bradie Barr	Transamerica Stable Value Solutions Inc.	Board Member, Service Firm
David Berg	PIMCO	Board Member, Service Firm
Tom Borghard	Raytheon Technologies	Board Member, Plan Sponsor
Cindy Cristello	New York Life	Board Member, Service Firm
Andrew Erman	Transamerica	SVIA Member
Tashil Fakir	JPMorgan Chase Bank, N.A.	SVIA Member
Nick Gage	Galliard Capital Management, Inc.	Board Member, Service Firm
Bill Gardner	Morley Capital Management, Inc.	SVIA Member
Zach Gieske	SVIA	SVIA
Shane Johnston	Morley Capital Management	Board Member, Service Firm
Steve Kolocotronis	AIG	SVIA Member
Robin Lazarow	Transamerica	SVIA Member
Michael Leonberger	Invesco Advisers, Inc.	Board Member, Service Firm
Lacey Lockward	Prudential Financial	Board Member, Service Firm
Tony Luna	T. Rowe Price Associates, Inc.	Board Member, Service Firm
Paul Miller	Ohio Deferred Compensation	Board Member, Plan Sponsor
Gina Mitchell	SVIA	Board Member, SVIA
Laura Pugliese	Virginia Retirement System	Board Member, Plan Sponsor
Neena Saxena	Vanguard	SVIA Member
Patricia Selim	The Vanguard Group	Board Member, Service Firm
Kostas Sophias	JPMorgan Chase Bank, N.A.	Board Member, Service Firm
Matt Smith	SVIA	SVIA
Keith Watson	Textron	Board Member, Plan Sponsor

New Board Members Welcomed. The nine new Board members were introduced. They were elected for a three-year term beginning January 1, 2021 and concluding December 31, 2023. They are:

- David Berg, PIMCO & Chair, Data and Research (second term)
- Tom Borghard, Raytheon Technologies
- Shane Johnston, Morley Capital Management (second term)
- Michael Leonberger, Invesco
- Lacey Lockward, Prudential
- Tony Luna, T. Rowe Price
- Paul Miller, Ohio Deferred Compensation
- Laura Pugliese, Virginia Retirement System
- Kostas Sophias, JP Morgan Chase Bank (second term)

SVIA Officers. SVIA’s officers who comprise the Association’s Executive Committee were also introduced. They are:

- Bradie Barr, Transamerica, Chair, Government Relations
- David Berg, PIMCO, Chair, Data and Research
- Cindy Cristello, New York Life, Treasurer & Chair, Finance Committee
- Nick Gage, Galliard Capital Management, Chair, Board of Directors
- Gina Mitchell, SVIA, Chair Events
- Patricia Selim, The Vanguard Group, Chair, Communications and Education.

Board Planning. Mitchell reported that the two Board members who stepped down in 2020 had their seats filled in last October’s election. The two are listed below.

- Russell Smith, CVS-Aetna resigned in 2020 and his seat was filled in 2020 election
- Gary Ward, Prudential resigned in 2020 and his seat was filled in 2020 election

Additionally, the term of the Immediate Past Chairman of the Board: AIG’s Steve Kolocotronis (who serves for a year in the subsequent chairman of the Board’s first year) also ended at the end of 2020 but may be extended at the Board’s discretion. The bylaws permit members of the Board to serve by election for two consecutive terms (two three-year terms) and an additional three years or beyond for the Chairman and Past Chairman of the Board.

Looking beyond this year, three Board members’ terms will expire at the end of 2021, all of whom currently serve on the Board’s Executive Committee. The impacted Board seats are:

- Bradie Barr, Transamerica & Chair, Government Relations (second term ends in 2021)
- Nick Gage, Galliard & Chair, Board of Directors (first term as chair ends in 2021)
- Patricia Selim, The Vanguard Group & Chair, Communications & Education (first term ends in 2021)

With the end of Bradie Barr’s term approaching at the end of 2021, the Board can and may want to consider appointing a Committee Chair-Elect to facilitate the transfer of the Government Relations Committee’s responsibilities. With respect to the end of Nick Gage’s first term as Chair, the Chair can and usually serves two two-year terms. Past chairs who have served two terms (four consecutive years) include Marc Magnoli, James King, and Steve Kolocotronis. Nick Gage is finishing the second year of his first term as Chairman of the Board. Should the Board wish to have Gage continue as Chairman for 2022-2023, he is eligible and willing to serve for an additional two years. Similarly, Patricia Selim is approaching the end of her first term in service to the Board and is eligible for re-election to a second term.

Finally, the bylaws permit the Board (by a 3/4ths majority) to extend the service of the immediate Past Chairman of the Board beyond the one-year term. Kolocotronis is a lawyer and has helped SVIA in contract negotiations as well as legislative and regulatory work on Dodd-Frank, which included meetings with the CFTC and SEC and responses to the CFTC-SEC RFIs on stable value. Given the impact of the pandemic and the Biden Administration appointments, Kolocotronis would bring a constant and consistent perspective on these efforts, which the Board may wish to continue. The Board agreed to hold a call in February to address these changes.

2021 Budget Approved. New York Life's Cindy Cristello who serves as Chair of the Finance Committee and treasurer asked the Board to approve the two budget scenarios for 2021. She outlined the dual budgets for 2021, which addressed the uncertainty of the pandemic by proposing a virtual meeting scenario, and a virtual and physical meeting scenario. Cindy explained that after the first quarter and even into the second quarter, the Association will be in a better situation to assess the viability of a physical meeting since most member companies as well as members are responding to the effects of the pandemic. The Board approved the 2021 budget.

Finance Report. Cristello reported on the Finance Committee. The Committee is comprised of Cristello, Nick Gage, Steve Kolocotronis, Keith Watson, and Gina Mitchell. The Committee reviews monthly reports to ensure the Association finances are in accordance with the SVIA's objectives as well as the Association's investment policies. The monthly reviews include review of SVIA's nine accounts that are diversified among six financial institutions.

She reported that SVIA had two CDs with United Bank that are detailed below.

- 1165 CD - 7 months 0.5 annual 14-Apr-21 \$172,476.18
- 1175 CD – 7 months 0.25 annual 7-Jul-21 \$105,001.04

SVIA uses two bank accounts for revenue collection. United's checking account is used for dues collection. PNC's merchant account is used for credit card payments, which consists of mostly event registrations. SVIA uses Select Trust for disbursements. The three accounts as well as the other accounts are used to ensure SVIA's resources have the benefit of FDIC protection.

Cristello reported that SVIA had collected 57% or \$338,790 of 2021 dues. The dues are running a little lower than 2020 due to the pandemic as well as the continued backlog of the U.S. mail and the closure of Washington for the Inauguration.

SVIA has hired Rubino and Company to prepare the Association's 2020 audited financial statements and taxes. The field work is scheduled for February 15th with the goal of having draft audited financial statements and taxes for the Board's review prior to the April meeting.

SVIA Data. PIMCO's David Berg who chairs the Committee on Data and Research asked the Board on its interest to streamline the use and/or approval of data for members. Berg reported that the Board had approved four data points: AUM, crediting rate, duration, and credit quality. Currently, this data can be used with approval and with required SVIA disclosures. It can also be used in total, and per market segment but not across market segments. It cannot be used to make comparisons to third parties or for marketing. Requests to use the data can be time consuming and complex when they go beyond these permissions.

The Board was conceptually supportive of liberalizing the use of data by SVIA members. The Board asked that guidance and/or a checklist for use focus on SVIA members as well as site any data that is

prohibited from use, such as the AUM report. Berg agreed to develop an outline for the Board's consideration.

The Board also discussed the use of Association data by non-members. While the Board wishes to encourage the use of data by plan sponsors and those entering the stable value business, they agreed that requests by non-members will continue to require Board approval.

The Board also discussed the timeliness of data since various stable value segments had different reporting constraints. Individually managed and pooled fund data typically can be reported shortly after the end of a quarter. Insurance products data (general accounts and separate accounts) cannot be released until after all state insurance filings have been made, which is a much longer window. Berg noted that the Committee had discussed separating out these segments in recognition of the different constraints. He said the Committee would revisit this and make a recommendation for Board consideration.

Berg shared the Committee's work on creating a template for a monthly stable value composite. The Committee had worked with a couple of its members to provide monthly data by plan that was confidential. The data submitted was by observation and had no identification. Some in the Committee had advised that to providing client data would require the plan's permission to release and participate in the composite. The Committee was developing a consent form and a FAQ to explain the purpose of the composite and how it could be used to facilitate participation.

The Board raised questions about how a composite would address timing, cashflow and demographic issues as well as potential risks in developing a composite. Berg noted that the composite would focus on separate and individual accounts as well as pooled funds. A perennial request from Association members is a stable value benchmark, which the Committee was attempting to address in exploring the composite. He noted that exploring the composite helps messaging on stable value as well as evaluating product type. The Board supported the Committee's exploration of the composite.

Berg reported that the Committee on Data and Research is working to refine its definitions for net crediting rate and gross crediting rate. He said the Committee should have new definitions and instructions for the Board's consideration before the end of the year.

Stable value proposition with data. Vanguard's Patricia Selim reviewed "Who Invests in Stable Value and Why," which used recordkeeper data to report on how often stable value funds were offered as well as who used stable value and the extend stable value was used. The Board unanimously approved the paper with an amendment. The Board asked that statistics on the conservative positive return for stable value be added. The revised paper is attached for the Board's review.

The Board discussed updating the paper with 2020 data. Since this report was the product of a first request and a big ask of SVIA members and their recordkeeping shops, Selim counseled that the Communications and Education as well as the Committee on Data should review the data to ensure that the request was achievable and did not overburden the membership. The Board agreed to this evaluation so that the paper might be updated for 2020.

Low rate or negative rate paper. The Board thanked the Committee on Education and Research and Transamerica's Andrew Erman for drafting a paper on low rates or potential negative rates on stable value. The Board felt the draft was too deep and too specific for the public. The Board asked the Committee to develop a short paper (two to three pages) that discusses the low-rate environment at a high level. The Board encouraged the Committee to frame this discussion using a brief historical

context of the low rates from the financial crisis, noting today's differences, and highlight stable value's flexibility compared to other investment options without going granular. Further, the Board agreed that more discussion should be encouraged within the Association in virtual meetings and webinars.

Website redesign. Zach Gieske reported that SVIA's website was ready to be launched during the first quarter of the year. The Board's direction was needed [on the site](#). Gieske asked that the Board to consider:

- Site segmentation: Is the "info for menu" at the top of each page needed or is there a better way to handle that? Currently, all three pathways: investor, fiduciary, industry professionals link to Resources. If the pathways are kept, they will link to specific Resources for the pathway.
- Main page content: Is this too much? If so, please advise as to what should be cut or adjusted.
- News organization: Is this intuitive for a new user? Should the categories currently listed be used for the new site or revised?

Working Group on Diversity. Tashil Fakir, who chairs SVIA's Working Group on Diversity proposed that SVIA have a session at the Spring Seminar that focuses on the challenges of the pandemic and how to keep up mental health and emotional resilience as the pandemic continues. An emotional well-being expert would outline strategies to strengthen mental health and emotional resilience that addresses common challenges such as working from home, and connectivity, balancing competing responsibilities such as childcare, schooling and work. The session would be followed by a series of webinars that encourage well-being by embracing and sharing strategies that have worked for them. Fakir reported that several diversity groups and corporations have implemented similar approaches since underrepresented groups have disproportionately been affected by the pandemic.

Fakir also asked that the Board dedicate time for virtual networking for those new to the event/SVIA/stable value during the Spring Seminar. The networking opportunity would essentially replicate what SVIA did at the 2019 Fall Forum in a virtual setting. This includes encouraging sign-up for those new to SVIA. A facilitator such as ConnectRShip should be used to encourage relationship building and networking in the virtual environment.

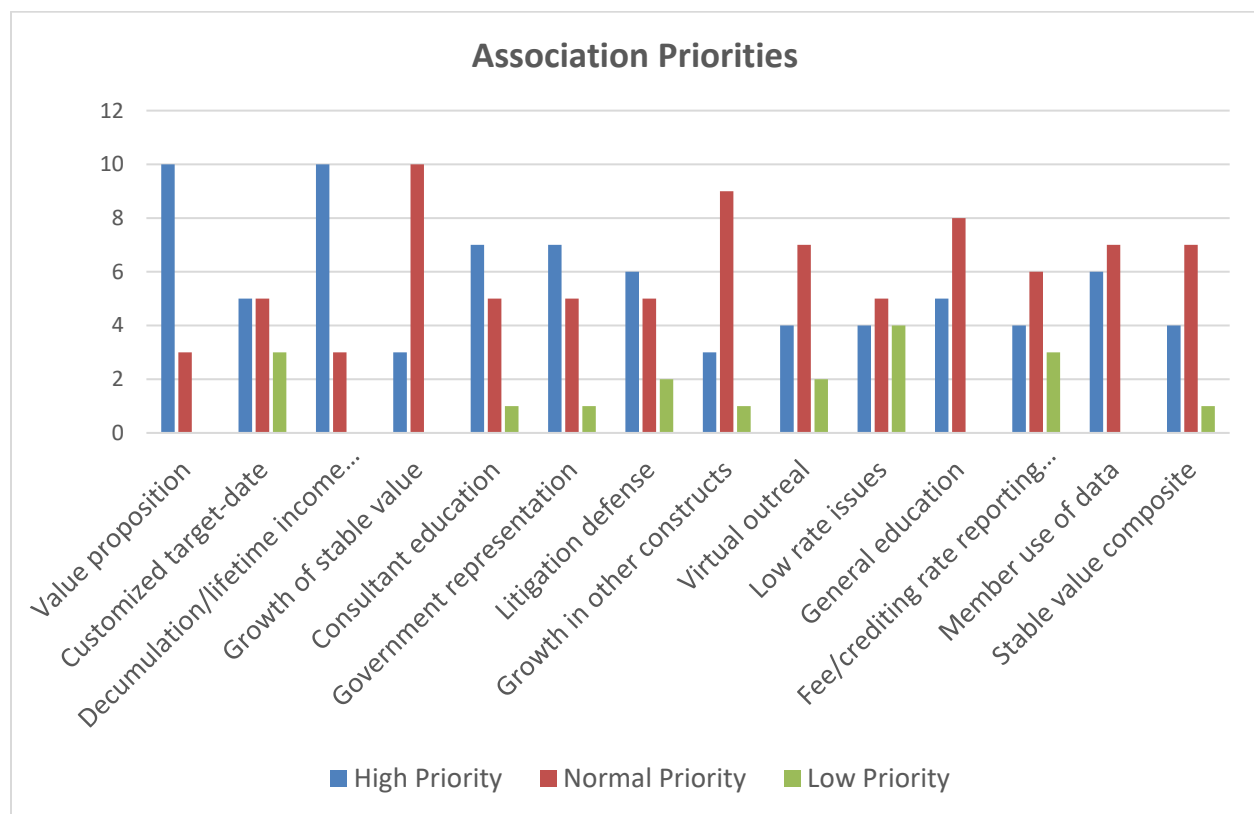
Government Relations. Transamerica's Bradie Barr and Chair of the Committee on Government Relations noted that many of the issues before stable value and defined contribution plans will be on hold before the new Congress and Administration as Congress vets President Biden's cabinet appointments, advances the second impeachment of President Trump, moves a relief package to address many aspects of the pandemic, and responds to the pandemic itself. Barr noted that the Committee is monitoring and will be working on the Secure Act 2.0, which includes the language that encourages the use of commingled funds by 403(b) plans; the potential impact of the CARES Act as well as additional relief that may affect defined contribution plans and stable value; legislation that pushes back the Rizo decision; and a revisiting of the best interest rules to fiduciary rules more like the Obama Administration's. Barr said that the NAIC's setting of a minimum rate of 0.15% for separate accounts also encouraged stable value's use in 403(b) plans but that final approval by "compact" states had been delayed until April 2021.

Events. SVIA's Gina Mitchell reported that the virtual Spring Seminar 2021 date had changed to April 21-22 to give the Events Committee more time to plan and promote the event. She reported that the Committee had eight topics/issues they wished to explore for the program but would appreciate the Board's input. A summary of the Committee's work and a template that incorporates the breaks and flow of the two-day meeting is attached for the Board's review and input. The Committee has also provided opportunities for sponsorship and networking throughout the two days. The Committee has

recommended vendors such as ConnectRShip and Chief Experience Officer for consideration as well as to spur your thoughts on other relationships that you and/or your company may have used and wish to consider.

January 13 Webinar. Mitchell reported that the Committee on Events held a webinar on January 13th with Whit Ayres from NorthStar Opinion Research to discuss what the results and issues raised from the 2020 election as well as the Georgia run-off meant. Over seventy people participated in the webinar, which is now available for playback in Members Only at www.stablevalue.org. To date, 151 members have used the recording.

SVIA Board Priorities. The Board was polled immediately after the Zoom meeting on priorities. 13 members provided a response to the poll. The response is summarized in a graph as well as a table. The Board is asked to review the priorities and volunteer to work on those priorities that are most meaningful to them.



Association Priorities	Short Name	High Priority	Normal Priority	Low Priority
Education on value proposition of stable value	Value proposition	10	3	0
Use of stable value in customized target date funds	Customized target-date	5	5	3
Education and promotion of stable value's role within decumulation/lifetime income options	Decumulation/lifetime income options	10	3	0
Growth and health of stable value investment option	Growth of stable value	3	10	0
Education of consultants on stable value funds	Consultant education	7	5	1
Continue to represent stable value before Congress and regulators	Government representation	7	5	1
Defend the stable value asset class from potentially harmful litigation (Rozo v. Principal)	Litigation defense	6	5	2
Growth of stable value in other constructs	Growth in other constructs	3	9	1
Taking advantage of virtual format for outreach and education of key constituencies	Virtual outreach	4	7	2
Proactively anticipate issues and possible solutions to a continued low (or even negative) interest rate environment	Low rate issues	4	5	4
Using the Association platform to educate	General education	5	8	0
Develop SVIA standards/guidance for reporting fees and gross/net crediting rates	Fee/crediting rate reporting guidance	4	6	3
Use of SVIA data: usage policy, faster turnaround time, continued quality refinement and increased data points	Member use of data	6	7	0
Construction of stable value composite by product type	Stable value composite	4	7	1

Next Board meeting. SVIA's next regularly scheduled Board meeting is April 20th.