

June 6, 2019

To: Board of Directors

From: Gina Mitchell, SVIA

Re: Action Items from June 4, 2019 Meeting

The Board of Directors met on June 4th at the Fairmont Hotel in Washington, D.C. The following individuals attended the meeting.

Board of Directors Attending:

Bradie Barr, Transamerica Stable Value Solutions

David Berg, PIMCO

LeAnn Bickel, Invesco Advisers, Inc.

Cindy Cristello, New York Life

Nick Gage, Galliard Capital Management, Inc.

Shane Johnston, Morley Capital Management

Steve Kolocotronis, AIG Institutional Markets

Robert Madore, T. Rowe Price Associates, Inc.

Gina Mitchell, SVIA

Thomas Schuster, Metropolitan Life Insurance Company

Patricia Selim, The Vanguard Group

Russell Smith, Aetna Inc.

Sara Smithson, Raytheon

Kostas Sophias, JPMorgan Chase Bank, N.A.

SVIA Members Attending:

Tashil Fakir, JPMorgan Chase Bank, N.A.

Terence Finan, Jackson National Life

SVIA Staff:

Zach Gieske, SVIA

Board Members Unable to Attend:

Gary Ward, Prudential Financial

Keith Watson, Textron

The following reports or actions were discussed at the meeting:

Communications and Education. Vanguard Group's Patricia Selim who chairs the committee, reported that the committee had selected as a topic for a white paper, "Retirement Income and the Role of Stable Value." She reported that the Committee would break out the topic and various committee members would write sections for the report.

Selim also reported that the first issue of Stable Times would be released soon. Stable Times highlighted much of the Spring Seminar as well as the work of all SVIA Committees. She noted that Stable Times

would also highlight the Committee's two most recent white papers when completed on exit provisions as well as the finalized rising rates. She thanked David Berg for his work on both papers as well as Nick Gage on the rising rate paper. The Board was asked to provide final comments on the exit provision draft.

SVIA's Zach Gieske reported on the committee's website revision. Gieske told the group that SVIA had changed developers and that the wire frames had been completed. The website was now in the design phase. The new website will feature a new search tool that is quicker and more robust. Additionally, the new website will optimize events and SVIA data.

Value Proposition of Stable Value. The Board agreed to better define the value proposition of stable value. Specifically, the group agreed to remove the comparison to money markets and intermediate bonds in stating the value proposition of stable value. Further, the Board asked to develop an inventory of names for stable value funds. A working group to lead this effort was formed comprised of Nick Gage, Tom Schuster, Steve Kolocotonis, Patricia Selim and Terry Finan.

Diversity Working Group. JPMorgan Chase Bank's Tashil Fakir who leads the Diversity Working Group reported on the group's efforts. He said the group had set goals of expanding the bench for new leaders in stable value as well as expanding participation. Fakir reported that several SVIA members were surveyed at the Spring Seminar to gather data about SVIA's membership on such issues as their tenure in stable value, the Association as well as diversity.

To encourage new members for the Association, the Working Group recommended offering a reduced registration fee for newcomers to the Association at its meetings. The group also recommended that these first-time attendees should be paired with a seasoned SVIA member to help a new attendee navigate the conference.

The Board unanimously agreed to this idea and charged the Committee on Events to work out the details and logistics of the reduced fee for new attendees. The Board agreed that the success of this effort would be measured by the number of first-time attendees and their participation in Association activities.

Finances. Invesco Adviser's LeAnn Bickel who serves as SVIA's Treasurer, Secretary and Chair of the Finance Subcommittee, reported that all taxes had been filed: 990, DC Property Tax and Foreign Entity Tax. She stated that SVIA had received an unqualified opinion on the audited 2018 financial statements. Bickel noted that SVIA had collected 73% of revenue by the end of April. She said that 95% of the dues had also been collected by April. She concluded by reported that 32% of budgeted expenses had been paid by April.

Data and Research. PIMCO's David Berg who chairs the committee, briefly reviewed the committee's refinements to the Quarterly Stable Value Characteristics Survey for the FQ2019. He noted that the committee was constantly reviewing the data and questions and asked the Board for their input on the various data points to get consistent and comparable data that is useful to all the industry. He highlighted that insurance information for separate account and general account products had been added.

Berg also highlighted the committee's work on expense ratio survey. He asked for the Board's participation and thoughts on this survey also.

Berg updated the Board on the committee's work with Morningstar on the Morningstar Fact Sheets. He noted that Morningstar had been very open and receptive to SVIA's templates for stable value funds. However, this project had been delayed since Morningstar was revising its overall data collection efforts and had some staff changes.

Berg also updated the Board on the annual survey. He reported that it was in process and should be finalized after the committee's review.

Government Relations. Transamerica's Bradie Barr, who chairs the committee reported on Government Relations. She reported that the House had passed the SECURE Act, which permits different employers to pool together to establish 401(k) plans and moves the mandatory distribution rule from age 70 ½ to age 72. However, Barr noted that the SECURE Act did not contain the commingled fund provisions. It was likely that the Senate would take up the bipartisan bill shortly. Barr also reported that Senators Portman and Cardin were planning to reintroduce RSSA, which contains the commingled fund provisions that SVIA had been working on, sometime this summer. However, it was unclear how the RSSA and the SECURE Act would relate to each other. Lastly, Barr reported that the Supreme Court had denied the Chevron case.

Events. SVIA's Gina Mitchell, who chairs the committee reported on Spring Seminar. She noted that the survey of Spring Seminar participants was highly favorable. The session that received the strongest feedback was the consultants' roundtable. She observed that attendees appreciated the dialogue with the consultants. The consultants' roundtable, which was scheduled as the last session on the last day also enjoyed the highest attendance because attendees stayed to hear what the four consultants had to say. Mitchell noted the consultant roundtable and client/team breakfast meetings in the conference mornings were very well received.

While most reported that they enjoyed Dove Mountain, they also reported that the lack of direct flights as well as the remoteness of the location (not much to do outside of the resort) outweighed their desire to return to the hotel for a future seminar. The Ritz Carlton also made a universal error that charged all attendees a higher resort fee than the contract permitted. This had to be called to their attention and the Ritz failed to consistently credit everyone's hotel bill for this error. Additionally, almost all the senior staff changed within the last two weeks of the event. These events eliminated Dove Mountain as a host for future SVIA events.

Use of SVIA Data. The Board discussed the Association's policy that limits the use of data from various surveys to the membership. Moreover, the Board has specified specific data points that the membership can use without seeking approval from the Board. An incident occurred where a firm that was not a SVIA member or a survey participant had been given an SVIA survey. The individual contacted the SVIA for updated data. The Board reviewed SVIA's policies on this and agreed to re-emphasize the exclusive nature of the surveys and that outside use of this data required the express permission by the Board of Directors.

The Board of Directors approved the action items from the April 7th Board of Directors' meeting. The next meeting of the Board of Directors will be held on October 14th at the Fairmont Hotel in Washington, D.C.