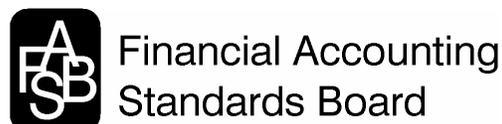


MINUTES



To: Board Members
From: Miller (ext. 276)
Subject: Minutes of the November 19, 2003 CON VIE Board Meeting **Date:** November 19, 2003
cc: Bielstein, Smith, Petrone, Leisenring, Project Team, Thompson, Sutay, Gabriele, Swift, Polley, FASB Intranet, Allen, Bean

Topic: Discussion of an FSP on Exclusion of Certain Decision Maker Fees from Paragraph 8(c) of FASB Interpretation No. 46, *Consolidation of Variable Interest Entities*

Basis for Discussion: Board memorandums dated November 14, 2003 and November 18, 2003

Length of Discussion: 1:10 p.m. to 1:20 p.m.

Attendance:

| | |
|-----------------------------|--|
| Board members present: | Herz, Crooch, Batavick, Schipper, Schieneman, Seidman, and Trott |
| Board members absent: | None |
| Staff in charge of topic: | McIntosh, Lott |
| Other staff at Board table: | Smith, Miller |
| Outside participants: | None |

Summary for ACTION ALERT:

The Board decided to defer discussion of an FASB Staff Position (FSP) on the exclusion of certain decision maker fees from paragraph 8(c) of FASB Interpretation No. 46, *Consolidation of Variable Interest Entities*, until the November 25, 2003 Board meeting. The Board decided not to finalize that FSP until the staff and Board have had time to consider comments received on this matter.

Matters Discussed and Decisions Reached:

The Board decided to defer discussion of the draft FSP to provide time to fully consider comments received from the FIN 46 Implementation Resource Group. Mr. Trott asked the Board to consider for discussion at the November 25 Board meeting whether the draft FSP's requirements that the fees excluded from paragraph 8(c) be based on a fixed amount or calculate based on a fixed rate and that they not be based on net income are consistent with the concept of an employee-like decision maker. He suggested that those two conditions may not be necessary to describe the Board's intended exception as long as the fees are commensurate with the level of effort to provide the services and are at least as senior as other operating liabilities of the entity.

Mr. Trott commented that at the FEI Conference in New York City on Monday, November 17, 2003, the Incoming Chief Accountant of the SEC, Don Nicholaisen, was asked whether the SEC objected to the FASB meeting in private with the Big 4 accounting firms to decide matters relating to FIN 46 implementation. Mr. Nicholaisen appropriately responded that the FASB was not holding such private meetings. Mr. Trott wanted to publicly underscore and elaborate on Mr. Nicholaisen's response to that question. He stated that the FASB had formed a resource group composed of knowledgeable persons from the large accounting firms and preparer enterprises. Mr. Trott said the FASB due process guidelines require decision making meetings of the Board to be held in public and limit the number of Board members (no more than three) who can be

present at a meeting that is not conducted in public. Mr. Trott said that meetings with the FIN 46 Implementation Resource Group were not decision making meetings of the Board, but were meetings of no more than three Board members with resource group members and FASB staff for the purpose of obtaining information related to the implementation of FIN 46. He said that the FASB regularly forms and consults members of resource groups to obtain information in order to produce high quality accounting standards for its constituents.

Follow-up Items:

The Board will discuss the revised draft FSP, including its effective date provisions, at the meeting on November 25, 2003.

General Announcements:

None.