



January 27, 2005

Letter of Comment No: 17
File Reference: AICPA ICG

Mr. Lawrence W. Smith
Director of Technical Application and Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Dear Mr. Smith:

The City of Spearman has learned that the AICPA Investment Companies Expert Panel and Accounting Standards Executive Committee recently provided you with an issues paper requesting guidance on generally accepted accounting principal for valuing fully benefit responsive investment contracts held by non-registered investment companies (commingled stable value funds).

We would like for your to consider the impact that your decision will have on thousands of small and medium plan investors nationwide who are only able to realize the full benefits of stable value by investing through commingled stable value funds. Stable value funds are an integral component of our retirement programs for hard-working public sector employees.

Stable value has and continues to be a popular investment option for our plan participants as it provides them with returns that are similar to an intermediate bond fund with risk levels comparable to a money market fund. The funds provide an essential balance against the risk of equity funds in long-term portfolios. Stable value's attractiveness as an investment option stems from returns that average 2%-4% greater than money market instruments, without a corresponding increase in risk. Currently, our plan's stable value assets are invested in the Vantage Trust PLUS Fund managed by the ICMA Retirement Corporation.

It is imperative to preserve the current commingled stable value fund accounting treatment for fully benefit responsive investment contracts as commingled funds are the

only vehicle that will allow small plans to realize the diversification and portfolio efficiency, in other words lower risk and higher return, of large plans.

The City of Spearman believes, as well as I'm sure many other investors, that a change would severely impact the small and large defined contribution plans. Such differences by unequal performance, risk and cost profiles for large and small plans.

It is important to note that stable value funds have a history of being an efficient and beneficial investment for defined contribution investors. No investor has ever experienced a loss from a stable value investment. There is no reason to change the investment accounting standards for these funds.

As a public sector employer, the City of Spearman encourages the FASB to consider the public policy and social impact of their decision. An unfavorable ruling will lower the retirement investment returns of thousands of workers serving small towns, like Spearman, counties and other public sector entities throughout America.

Remember, public sector employees aren't paid enough to begin with, don't rule to lower any retirement they try to and have for themselves.

Sincerely,



Cheryl Gibson-Salgado
Assistant Finance Officer
City of Spearman TX