NewCo at cost to NewCo. NewCo will also determine from time to time that it is efficient and advantageous to have certain development activities performed by its own employees and/or by unaffiliated third parties. The arrangements with unaffiliated third parties will be on a fee-for-service negotiated basis at market rates.

III. Formation of EWG Subsidiaries of NewCo

NewCo proposes to acquire securities or interests in the business of one or more EWGs, as the term is defined in the Act (the ''Exempt Subsidiaries''), either directly or indirectly through project companies (''Intermediate Companies'').

Intermediate Companies will be special purpose subsidiaries formed to engage exclusively in activities to facilitate the consummation of investments in EWGs. They may also engage in development activities. Intermediate Companies may acquire interests in, finance the acquisition of and hold the securities of EWGs. Intermediate Companies will enhance the ability of NewCo to respond quickly to investment opportunities. An Intermediate Company may be organized at the time of the making of bids or proposals to acquire an interest in any EWG or at any time thereafter in order to facilitate the bidding and subsequent consummation of an acquisition of an interest in an EWG.

Applicants also propose that an Intermediate Company will issue equity securities and debt securities to persons other than NewCo or Southern (and with respect to which there will be no recourse to Southern), including banks, insurance companies and other financial institutions, exclusively for the purpose of financing (including any refinancing) investments in EWGs.

Applicants state that the Intermediate Companies will issue securities to Southern and/or NewCo, and Southern and/or NewCo will acquire the securities. The investment by Southern or NewCo in the Exempt Subsidiaries will take the form of capital stock or shares, debt securities, trust certificates, capital contributions, open account advances without interest and partnership interests or other equity or participation interests, bid bonds or other credit support to secure obligations incurred by NewCo and/or Intermediate Companies in connection with Exempt Subsidiary investments or of NewCo's undertaking to contribute equity to an Intermediate Company. Southern and NewCo propose, from time to time through June 30, 2005, to (1) guarantee the indebtedness or other obligations of one or more Exempt Subsidiaries; (2) assume the liabilities of one or more Exempt Subsidiaries; and/or (3) enter into guarantees and letters of credit reimbursement agreements in support of equity contribution obligations or otherwise in connection with project development activities for one or more Exempt Subsidiaries.

Investments will be made from Southern to NewCo and/or Intermediate Companies directly or indirectly. Any open account advance made by Southern will have a maturity of not more than one year.

Applicants propose for Southern to enter into reimbursement agreements with banks to support letters of credit delivered as security for Southern's or NewCo's equity contribution obligation to an Intermediate Company or otherwise in connection with an Intermediate Company's or Exempt Subsidiary's project development activities.

The investment in Intermediate Companies and Exempt Subsidiaries is included in the requested $4.2 billion total financing authority.

For the Commission, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00–27975 Filed 10–31–00; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC–24714; File No. 812–12054]

The Variable Annuity Life Insurance Company, et al.

October 26, 2000.

AGENCY: The Securities and Exchange Commission (''Commission'').

ACTION: Notice of application for an order pursuant to Section 26(b) of the Investment Company Act of 1940 (the ''Act'') approving certain substitutions of securities and an order of exemption pursuant to Section 17(b) of the Act from Section 17(a) of the Act.

SUMMARY OF APPLICATION: Applicants request an order to permit a unit investment trust to substitute (a) Shares of North American—Founders Large Cap Growth Fund for shares of Dreyfus Founders Growth Fund; (b) Shares of North American—American Century Income & Growth Fund for shares of Neuberger Berman Guardian Trust and for shares of Scudder Growth and Income Fund; (c) Shares of North American—Founders/T. Rowe Price Small Cap Fund for shares of T. Rowe Price Small-Cap Fund, Inc. and for shares of Dreyfus Variable Investment Fund Small Cap Portfolio (''Dreyfus VIF Small Cap''); (d) Shares of North American—American Century International Growth Fund for shares of Templeton International Securities Fund; (e) Shares of North American—AG Core Bond Fund for shares of American General Domestic Bond Fund; (f) Shares of North American—AG Moderate Growth Lifestyle Fund for shares of American General Balanced Fund; and (g) Shares of North American International Growth Fund for shares of American General International Value Fund. The shares are currently held by that unit investment trust to support certain deferred premium variable annuity contracts (the ''Contracts'').

APPLICANTS: The Variable Annuity Life Insurance Company (''VALIC''); VALIC Separate Account A (the ''Account''); North American Funds Variable Product Series I (''NAFV I'') and North American Funds Variable Product Series II (''NAFV II'') (VALIC and the Account are the ''Substitution Applicants''; VALIC, the Account, NAFV I and NAFV II are the ''Section 17 Applicants'').

FILING DATE: The application was filed on March 31, 2000; an amendment substantially conforming to this Notice will be filed during the pendencey of the Notice period.

HEARING OF NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Secretary of the Commission and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on November 16, 2000, and should be accompanied by proof of service on Applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Secretary of the Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549–0609. Applicants: Nori Gabert, Esq., The Variable Annuity Life Insurance Company, 2929 Allen Parkway, Houston, Texas 77019, and David C. Mahaffey, Esq., Sullivan & Worcester LLP, 1025 Connecticut Avenue, NW., Washington, DC 20036.

FOR FURTHER INFORMATION CONTACT: Keith Carpenter, Branch Chief, or Rebecca A. Marquigny, Senior Counsel at (202) 942–0670, Office of Insurance Products, Division of Investment Management.

SUPPLEMENTARY INFORMATION: The following is a summary of the application; the complete application may be obtained for a fee from the Public Reference Branch of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549 (tel. (202) 942–8090).

Applicant's Representations

1. VALIC is a stock life insurance company organized under the Texas Insurance Code. VALIC is an indirect wholly-owned subsidiary of American General Corporation.

2. The Account is registered under the Act as a unit investment trust (File No. 811–03240). The assets of the Account support certain Contracts, and interests in the Account offered through such Contracts have been registered under the Securities Act of 1933 (''1933 Act'') on Form N–4.

3. NAFV I and NAFV II are each registered under the Act as open-end management investment companies of the series type (File Nos. 811–03738 and 811–08789). Securities of NAFV I and NAFV II are also registered under the 1933 Act (File Nos. 2–83631 and 333–53589).

4. The Account currently has 53 sub-accounts, each of which reflects the investment performance of a series of NAFV I or NAFV II, or certain other registered management companies advised by advisers not affiliated with VALIC or the Account.

5. Under the Contracts, VALIC reserves the right to substitute shares of one fund for shares of another.

6. VALIC proposes, as applicable, to substitute (a) Shares of North American—Founders Large Cap Growth Fund for shares of Dreyfus Founders Growth Fund; (b) Shares of North American—American Century Income & Growth Fund for shares of Neuberger Berman Guardian Trust and for shares of Scudder Growth and Income Fund; (c) Shares of North American—Founders/T. Rowe Price Small Cap Fund for shares of T. Row Price Small-Cap Stock Fund, Inc. and for shares of Dreyfus VIF Small Cap; (d) Shares of North American—American Century International Growth Fund for shares of Templeton International Securities Fund; (e) Shares of North American—AG Core Bond Fund for shares of American General Domestic Bond Fund; (f) Shares of North American—AG Moderate Growth Lifestyle Fund for shares of American General Balanced Fund; and (g) Shares of North American International Growth Fund for shares of American General International Value Fund.

7. Except for North American—AG Core Bond Fund, North American—AG Moderate Growth Lifestyle Fund, and North American International Growth Fund, each of which is a series of NAFV II, none of the replacement funds has commenced operations. The Applicants have filed an amendment to the registration statement on Form N–1A of NAFV I to reflect the addition of the new funds (the ''New Funds''), which became effective on September 29, 2000.

8. Pursuant to an exemptive order issued to VALIC, NAFV II, and others, *VALIC et al.,* Inv. Co. Act Rel. No. 23429 (Sept. 9, 1998) (the ''Multi-Manager Order''), VALIC is authorized to enter into and amend sub-advisory agreements without shareholder approval under certain conditions.

9. The investment objectives, policies and restrictions of the replacement funds are in each case substantially similar to the investment objectives, policies and restrictions of the respective existing funds. The investment objectives of each existing and the corresponding replacement fund are set forth below:

Existing funds	Investment objective	Replacement funds	Investment objective
Dreyfus Founders Growth Fund	To seek long-term growth of capital. The fund seeks to attain its objective by investing a substantial portion of its assets in common stocks of well-established, high-quality growth companies.	North American-Founders Large Cap Growth Fund.	The same.
Neuberger Berman Guardian Trust	To seek long-term growth of capital; current income is a secondary goal. The fund invests mainly in common stocks of large capitalization companies.	North American-American Century Income & Growth Fund.	To seek dividend growth, current income, and capital appreciation by investing in common stocks.
Scudder Growth and Income Fund	To seek long-term growth of capital, current income and growth of income.	North American-American Century Income & Growth Fund.	To seek dividend growth, current income, and capital appreciation by investing in common stocks.
T. Rowe Price Small-Cap Stock Fund, Inc..	To seek long-term capital growth in investing primarily in stocks in small companies.	North American-Founders/T. Rowe Price Small Cap Fund.	To seek long-term capital growth by investing primarily in stocks of small companies.
Dreyfus VIF Small Cap	To maximize capital appreciation. The fund focuses on common stocks of small-cap companies with market capitalization of less than $1.5 billion.	North American-Founders/T. Rowe price Small Cap Fund.	To seek long-term capital growth by investing primarily in stocks of small companies.
Templeton International Securities Fund.	To seek long-term capital growth. The fund invests primarily in equity securities of companies outside the United States, including emerging markets.	North American-American Century International Growth Fund.	To seek capital growth by investing primarily in equity securities of companies in developed countries other than the United States.

Existing funds	Investment objective	Replacement funds	Investment objective
American General Domestic Bond Fund.	To seek the highest possible total return consistent with conservation of capital through investments primarily in investment grade fixed-income securities and other income producing, securities.	North American-AG Core Bond Fund.	To seek the highest possible total return consistent with conservation of capital through investments in medium to high-quality fixed-income securities.
American General Balanced Fund	To seek balanced accomplishment of (i) conservation of principal and (ii) long-term growth of capital and income through investment in fixed income and equity securities.	North American-AG Moderate Growth Lifestyle Fund.	To seek growth and current income through investments in other series of NAFV I and NAFV II.
American General International Value Fund.	To seek to provide growth of capital and future income through investments primarily in securities of non-U.S. issuers and securities whose principal markets are outside the United States.	North American International Growth Fund.	To seek to provide long-term capital appreciation by investing in equity securities of non-U.S. companies, the majority of which are in developed markets.

10. Applicants assert that the substitutions are expected to provide significant benefits to Contract owners, including improved selection of portfolio managers and simplification of fund offerings through elimination of overlapping offerings. At the same time, Contract owners will continue to be able to select among a large number of funds, with a full range of investment objectives, investment strategies, and managers.

11. The expenses of the existing funds and the pro forma expenses of the replacement funds are set forth below in the Appendix.

12. By supplements to the various prospectus for the Contracts and the Account, VALIC will notify all owners of the Contracts of its intention to take the necessary actions, including seeking the other requested by this Application, to substitute shares of the funds as described therein. The prospectus supplements for the Account will advise Contract owners that from the date of the supplement until the date of the proposed substitution, owners will be permitted to make transfers among sub-accounts as usual. The supplements will also inform Contract owners that VALIC will not exercise any rights reserved under any Contract to impose additional restrictions on transfers until at least 30 days after the proposed substitution.

13. Within five business days after the proposed substitutions, affected Contract owners will also be provided with a prospectus for the replacement funds.

14. The proposed substitutions will take place at relative net assert value with no change in the amount of any Contract owners's Contract value, cash value or death benefit or in the dollar value of his or her investment in any of the Accounts.

15. The process for accomplishing the transfer of assets from an existing fund to its respective replacement fund will be determined on a case-by-case basis. In certain cases, it is expected that the substitutions will be effected by redeeming shares of an existing fund for cash and using the cash to purchase shares of the replacement fund.

16. In certain other cases, it is expected that the substitutions will be effected by redeeming the shares of an existing fund in-kind; these assets will then be contributed in-kind to the corresponding replacement fund to purchase shares of that fund. All in-kind redemptions from an existing fund of which any of the Substitution Applicants is an affiliated person will be effected in accordance with the conditions set forth in the Commission's no-action letter issued to *Signature Financial Group, Inc.* (available Dec. 29, 1999). In-kind purchases of a replacement fund will be conducted as described in the Application.

17. Contract owners will not incur any fees or charges as a result of the substitutions, nor will their rights or VALIC's obligations under the Contracts be altered in any way. All expenses incurred in connection with the proposed substitutions, including brokerage, legal, accounting and other fees and expenses, will be paid by VALIC. In addition, the proposed substitutions will not impose any tax liability on Contract owners. The supplements will also inform Contract owners that VALIC will not exercise any rights reserved under any Contract to impose additional restrictions on transfers until at least 30 days after the proposed substitution.

18. In addition to the prospectus supplements distributed to owners of Contracts, within five business days after the proposed substitutions, any Contract owners who were affected by the proposed substitutions will be sent a written notice informing them that the proposed substitutions were carried out and that they may make one transfer of all Contract value or cash value under a Contract invested in each of the affected sub-accounts to other available sub-account(s) without regard to any limitations on transfers that would otherwise apply and without charge. The notice will also reiterate the fact that VALIC will not exercise any rights reserved by it under the Contracts to impose additional restrictions on transfers until at least 30 days after the proposed substitutions.

19. Before any of the New Funds may rely on the Multi-Manager Order, the operation of the New Fund as a multi-manager fund, as described in the application for the Multi-Manager Order, will be approved, following the substitutions proposed in this Application, by a majority of that New Fund's outstanding voting securities.

20. Each of the New Funds (North American-Founders/T.Rowe Price Small Cap Fund, North American-American Century Income & Growth Fund, North American-American Century International Growth Fund, and North American-Founders Large Cap Growth Fund) have management fees higher than those of existing funds they will replace. Each such replacement fund will hold a shareholder meeting to approve the investment advisory contract pursuant to Section 15 of the Act within 120 after the substitution occurs. The difference between the management fee paid by the existing fund and the fee payable under the new investment advisory contract will be held in escrow pending the shareholder vote. If the shareholders of a New Fund

do not approve the advisory contract, VALIC will return the money held in escrow to the New Fund, and the directors will consider alternatives in the best interests of shareholders.

21. Applicants further agree that for each of the New Funds, proxy materials will disclose, on a pro forma basis, the amount of the proposed management fee, other fund expenses, and total fund expenses. Applicants agree that VALIC will, for two years from the date of the substitution, limit total fund expenses for each New Fund to the percentage levels set forth in the Application and disclosed in the New Fund's proxy materials. Accordingly, annualized total fund expenses of each New Fund during the two-year period will be capped at the following levels.

North American—Founders/T. Rowe Price Small Cap Fund—.96%.
North American—American Century Income & Growth Fund—.83%
North American—American Century International Growth Fund—1.06%
North American—Founders Large Cap Growth Fund—1.06%

22. In addition, in any case in which shareholders of a New Fund do not approve the new investment advisory contract, VALIC agrees that it will limit the annualized management fee of the New Fund to the same level as that of the existing fund and the total annualized expenses of the New Fund to that of the existing fund, adjusted to reflect any reductions in separate account charges that take effect in connection with the substitution. Such limitation will apply until shareholders approve a new investment advisory contract. Accordingly, the total annualized fund expenses of each New Fund in such a case would be as follows:

North American—Founders/T. Rowe Price Small Cap Fund—.88%
North American—American Century Income & Growth Fund—.80%
North American—American Century International Growth Fund—1.13%
North American—Founders Large Cap Growth Gund—1.08%

23. North American—AG Core Bond Fund, North American AG Moderate Growth Lifestyle Fund and North American International Growth Fund have advisory fees lower than the existing funds they will replace. VALIC will cap each such replacement fund's total fund expenses at the same level as the total fund expenses of the respective existing fund (net of any waivers or reimbursements) at least until the end of the fiscal year ending August 31, 2002.

Accordingly, annualized total fund expenses will be capped at the following levels for the period ending August 31, 2002.

North American AG Core Bond Fund—.77%
North American AG Moderate Growth Lifestyle Fund—.80%
North American International Growth Fund—1.01%

24. Applicants further agree that VALIC will not increase total separate account charges (net of any waivers or reimbursements) for any of the Contracts involved in the substitution for a period of two years from the date of the substitution. Accordingly, total annualized separate account charges (net of any waivers or reimbursements) during the two year period will not exceed the following levels:

1.00% for North American—Founders/T.Rowe Price Small Cap Fund, North American—American Century Income & Growth Fund, North American—American Century International Growth Fund, and North American—Founders Large Cap Growth Fund.
.75% for North American—AG Core Bond Fund, North American—AG Moderate Growth Lifestyle Fund, and North American International Growth Fund.

Applicants' Legal Analysis

1. Section 26(b) of the Act requires the depositor of a registered unit investment trust holding the securities of a single issuer to obtain Commission approval before substituting the securities held by the trust. Specifically, Section 26(b) states:

> It shall be unlawful for any depositor or trustee of a registered unit investment trust holding the security of a single issuer to substitute another security for such security unless the Commission shall have approved such substitution. The Commission shall issue an order approving such substitution if the evidence establishes that it is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of this title.

2. The Substitution Applicants state that the proposed substitutions appear to involve substitutions of securities within the meaning of Section 26(b) of the Act and request that the Commission issue an order pursuant to Section 26(b) of the Act approving the proposed substitutions.

3. The Contracts expressly reserve for VLAIC the right, subject to Commission approval, to substitute shares of another Management Company for shares of a Management Company held by a sub-account of the Account.

4. The Substitution Applicants request an order of the Commission pursuant to Section 26(b) of the Act approving the proposed substitutions by VALIC. The Substitution Applicants assert that the proposed substitutions are consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

5. The Substitution Applicants assert that each of the proposed substitutions is not the type of substitution which Section 26(b) was designed to prevent. Unlike traditional unit investment trusts where a depositor could only substitute an investment security in a manner which permanently affected all the investors in the trust, the Contracts provide that each Contract owner has the right to exercise his or her own judgment and transfer Contract or cash value into other sub-accounts. Moreover, the Contracts will offer Contract owners the opportunity to transfer amounts out of the affected sub-accounts into any of the remaining sub-accounts without cost or other disadvantage. The Substitution Applicants assert that the proposed substitutions, therefore, will not result in the type of costly forced redemption which Section 26(b) was designed to prevent.

6. The Substitution Applicants assert that proposed substitutions also are unlike the type of substitution which Section 26(b) was designed to prevent in that by purchasing a Contract, Contract owners select much more than a particular investment company in which to invest their account values. They also select the specific type of insurance coverage offered by VALIC under their Contract as well as numerous other rights and privileges set forth in the Contract. Contract owners may also have considered VALIC's size, financial condition, and its reputation for service in selecting their Contract. These factors will not change as a result of the proposed substitutions.

7. Section 17(a)(1) of the Act, in relevant part, prohibits any affiliated person of a registered investment company, or any affiliated person of such person, acting as principal, from knowingly selling any security or other property to that company. Section 17(a)(2) of the Act generally prohibits the persons described above, acting as principals, from knowingly purchasing any security or other property form the registered company.

8. Section 2(a)(3) of the Act defines the term "affiliated person of another person" in relevant part as:

(A) any person directly or indirectly owning, controlling, or holding with power to vote, 5 per centum or more of the outstanding voting securities of such person; (B) any person 5 per centum or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such person; (C) any person directly or indirectly controlling, controlled by, or under common control with, such other person; * * * (E) if such other person is an investment company, any investment adviser thereof * * *.

Section 2(a)(9) of the Act states that any person who owns beneficially, either directly or through one or more controlled companies, more than 25% of the voting securities of a company shall be presumed to control such company.

9. Because shares held by a separate account of an insurance company are legally owned by the insurance company, VALIC owns of record substantially all of the shares of NAFV I and NAFV II. Therefore, NAFV I and NAFV II and their respective funds are arguably under the control of VALIC notwithstanding the fact that Contract owners may be considered the beneficial owners of those shares held in the Account. If NAFV I and NAFV II and their respective funds are under VALIC control, then VALIC is an affiliated person of NAFV I and NAFV II and their respective funds. If NAFV I and NAFV II and their respective funds are under VALIC control, then NAFV I and NAFV II and their respective funds are affiliated person of each other.

10. Regardless of whether or not VALIC can be considered to control NAFV I and NAFV II and their respective funds, because VALIC owns of record more than 5% of the shares of each of them and is each replacement fund's investment adviser, VALIC is an affiliated person of both NAFV I and NAFV II and their respective Funds. Likewise, their respective funds are each an affiliated person of an affiliated person of each other.

11. Because the substitutions may be effected, in whole or in part, by means of in-kind redemptions and purchases, the substitutions may be deemed to involve one or more purchases or sales of securities or property between affiliated persons or between affiliated persons of affiliated persons. The proposed transactions may involve a transfer of portfolio securities by the existing funds to the Account; immediately thereafter, the Account would purchase shares of the replacement funds with the portfolio securities received from the existing funds. Accordingly, as the Account and the replacement funds could be viewed as affiliated persons of one another under Section 2(a)(3) of the Act, it is conceivable that this aspect of the substitutions could be viewed as being prohibited by Section 17(a). Accordingly, the Section 17 Applicants have determined that it is prudent to seek relief from Section 17(a) in the context of this Application for the in-kind purchases and sales of the replacement fund shares.[1]

12. Section 17(b) of the Act provides that the Commission may, upon application, grant an order exempting any transaction from the prohibitions of Section 17(a) if the evidence establishes that: (a) The terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned; (b) the proposed transaction is consistent with the policy of each registered investment company concerned, as recited in its registration statement and records filed under the Act, and (c) the proposed transaction is consistent with the general purposes of the Act.

13. The Section 17 Applicants submit that the terms of the proposed in-kind purchases of shares of the replacement funds by the Account, including the consideration to be paid and received, as described in this Application, are reasonable and fair and do not involve overreaching on the part of any person concerned. The Section 17 Applicants also submit that the proposed in-kind purchases by VALIC are consistent with the policies of each of the replacement funds. Finally, the Section 17 Applicants submit that the proposed substitutions are consistent with the general purposes of the Act.

Conclusion

Applicants assert that, for the reasons summarized above, the proposed substitutions and related transactions meet the standards of Section 26(b) of the Act and are consistent with the standards of Section 17(b) of the Act and that the requested orders should be granted.

For the Commission, by the Division of Investment Management pursuant to delegated authority.

Jonathan G. Katz,

Secretary.

APPENDIX—COMPARISON OF EXPENSES OF EXISTING AND REPLACEMENT FUNDS

Current fund and separate account expenses (percent of net asset value)								Replacement fund and separate account expenses (percent of net asset value)					
Existing fund	Total fund assets (in millions)	Total fund assets held by the account (in millions)	Mgmt. fee	Other fund expenses	M&E and A&D expenses	Separate account reimb.[1]	Total expenses	Replacement fund	Mgmt. fee	Other fund expenses	M&E and A&D expenses	Separate account reimb.[1]	Total expenses
Dreyfus VIF Small Cap.	$1,611.6	$906.8	0.75	0.03	1.25	(0.15)	1.88	North American—Founders/T. Rowe Price Small Cap Stock Fund.	0.90	0.06	1.00	0	1.96
T.Rowe Price Small Cap Stock Fund.	2,084.2	14.8	0.77	0.19	1.25	0	2.21	Same as above.					
Scudder Growth and Income Fund.	6,079.2	236.7	0.45	0.35	1.25	(0.25)	1.80	North American—American Century Income & Growth Fund.	0.77	0.06	1.00	0	1.83
Neuberger Berman Guardian Trust.	1,094.7	59.4	0.84	0.04	1.25	(0.25)	1.88	Same as above.					

[1] With respect to the in-kind redemptions of any shares of the Existing Funds, as previously stated above, Applicants will make any such in-kind redemptions only in accordance with the conditions set out in the *Signature* no-action letter. In light of this fact, the Section 17 Applicants are not requesting relief with respect to those in-kind redemptions.

APPENDIX—COMPARISON OF EXPENSES OF EXISTING AND REPLACEMENT FUNDS—Continued

Current fund and separate account expenses (percent of net asset value)								Replacement fund and separate account expenses (percent of net asset value)					
Existing fund	Total fund assets (in millions)	Total fund assets held by the account (in millions)	Mgmt. fee	Other fund expenses	M&E and A&D expenses	Separate account reimb.[1]	Total expenses	Replacement fund	Mgmt. fee	Other fund expenses	M&E and A&D expenses	Separate account reimb.[1]	Total expenses
Templeton International Securities Fund.	1,756.8	737.6	0.69	0.19	1.25	0	2.13	North American—American Century International Growth Fund.	1.00	0.06	1.00	0	2.06
Dreyfus Founders Growth Fund.	3,480.0	1,069.1	0.67	0.41	1.25	(0.25)	2.08	North American—Founders Large Cap Growth Fund.	1.00	0.60	1.00	0	2.06
American General Domestic Bond Fund.	14.5	14.5	0.59	0.18	1.00	(0.25)	1.52	North American—AG Core Bond Fund.	0.50	0.25	1.00	(0.25)	1.50
American General Balanced Fund.	12.8	12.8	0.78	[2] 0.02	1.00	(0.25)	1.55	North American—AG Moderate Growth Lifestyle Fund.	0.10	[3] 0.88	1.00	(0.25)	1.73
American General International Value Fund.	13.2	13.2	0.97	[4] 0.04	1.00	(0.25)	1.76	North American International Growth Fund.	0.88	[5] 0.25	1.00	(0.25)	1.88

[1] VALIC reimburses a subaccount for fees it receives from a fund or its affiliate or distributor for providing the fund administrative or shareholder services.

[2] VALIC currently waives or reimburses certain fees and expenses of American General Balanced Fund. During the fiscal year ended August 31, 1999, these waivers and reimbursements equaled 0.98% of net assets of the fund. Without these waivers and reimbursements, the total Other Fund Expenses of American General Balanced Fund would have been 1.00% of net assets.

[3] These expenses are those of the underlying funds in which the North American—AG Moderate Growth Lifestyle Fund invests.

[4] VALIC currently waives or reimburses certain fees and expenses of American General International Value Fund. During the fiscal year ended August 31, 1999, those waivers and reimbursements equaled 0.96% of net assets of the fund. Without these waivers and reimbursements, the total Other Fund Expenses of American General International Fund would have been 1.00% of net assets.

[5] VALIC currently waives or reimburses certain fees and expenses of North American International Growth Fund. During the fiscal year ended August 31, 1999, those waivers and reimbursements equaled 0.77% of net assets of the fund. Without these waivers and reimbursements, the total Other Fund Expenses of North American International Growth Fund would have been 1.02% of net assets.

[FR Doc. 00–28049 Filed 10–31–00; 8:45 am]
BILLING CODE 8010–01–M

TENNESSEE VALLEY AUTHORITY

Environmental Impact Statement—Montana Land Company Land Exchange—Hardin County, Tennessee

AGENCY: Tennessee Valley Authority (TVA).

ACTION: Notice of Intent.

SUMMARY: This notice is provided in accordance with the Council on Environmental Quality's regulations (40 CFR Parts 1500 to 1508) and TVA's procedures implementing the National Environmental Policy Act. TVA will prepare an Environmental Impact Statement (EIS) on alternatives for a requested land exchange by Montana Land Company, L. L. C. (MLC) involving 22 acres of TVA land on Pickwick Reservoir, which is proposed to be exchanged for 164 acres of property, also on Pickwick Reservoir, in Hardin County, Tennessee.

DATES: Comments on the scope of the EIS must be received on or before November 30, 2000.

ADDRESSES: Written comments should be sent to Jon M. Loney, Manager, NEPA Administration, Environmental Policy and Planning, Tennessee Valley Authority, 400 West Summit Hill Drive, Knoxville, Tennessee 37902–1499.

FOR FURTHER INFORMATION CONTACT: Harold M. Draper, NEPA Specialist, Environmental Policy and Planning, Tennessee Valley Authority, 400 West Summit Hill Drive, WT 8C, Knoxville, Tennessee 37902–1499; telephone (865) 632–6889 or e-mail hmdraper@tva.gov.

SUPPLEMENTARY INFORMATION: Pickwick Reservoir is an impoundment of the Tennessee River formed by Pickwick Landing Dam, which is located at Tennessee River Mile (TRM) 206.7 in Hardin County, Tennessee. Pickwick Reservoir is located in parts of three States—Alabama, Mississippi, and Tennessee. The Tennessee Valley Authority (TVA) originally acquired 63,625 acres of land for construction of the reservoir, which was begun in December 1934 and completed in February 1938. TVA has retained 17,358 acres of land lying above full pool elevation. At full pool, the reservoir is 52.7 miles long, shoreline length is 490.6 miles, and surface area is 43,100 acres.

In the late 1980s, private developers began construction on a residential and resort subdivision consisting of 3,000 acres and extending for 11.5 miles along the shoreline of lower Pickwick Reservoir. This development was named Points of Pickwick. The project features waterfront lots, waterview lots, interior single family lots, zero lot line developments, condominium residences, an 18-hole championship golf course, underground utilities, a community marina, and nature trails. In 1995, MLC acquired the property and has continued subdivision development. TVA owns land along two embayments, Lower Anderson Branch and Haw Branch, which extend into this development. No private shoreline access rights exist across the TVA parcels. Shoreline access rights exist across a narrow TVA-owned shoreline band adjoining MLC properties, including the parcel proposed to be exchanged with TVA.

In 1999, TVA completed an EIS on residential shoreline development impacts throughout the Tennessee Valley. The Record of Decision (ROD) was published at 64 FR 30092–30094. In order to limit the eventual development of shoreline and accompanying impacts to aquatic ecology, water quality, scenic beauty, and other valuable resources, the ROD indicated that TVA would adopt a strategy of ''maintaining and gaining'' public shoreline. Under this strategy, TVA agreed to consider