

College Tuition Savings Plan Advisory Commission  
Minutes of Meeting Held: December 3, 1997  
Legislative Office Building, Room 207

The fourth meeting of the College Tuition Savings Plan Advisory Commission (the Commission) was called to order at 9:10 a.m. The following Commission members were present which resulted in a quorum:

<u>Member</u>	<u>Represents</u>
O. Alan Thulander	Representative from Francestown
Andrew R. Peterson	Representative from Peterborough
Sylvia Larsen	Senator from Concord
Mike Cryans	Public Member from Hanover Appointed by the Governor
Martha Gooze	Public Member from Durham Appointed by the Governor
Mary Milliken	Business Administrator, Representing Regional Community Technical College System
Richard A Gustafson	President, New Hampshire College, Representing College and University Council
Edward MacKay	Vice Chancellor for Budget and Planning, University System of New Hampshire
Hannah M. McCarthy	President, Daniel Webster College, Representing Postsecondary Education Commission
Georgie A. Thomas	State Treasurer, Treasury Department
Edward Gordon	Senator from Bristol

The following members were absent:

Charles Connor	Budget Director, Office of Governor, Representing the Governor
Ingrid Lemaire	Director of Public Relations, NH Higher Education Assistance Foundation

The minutes of the October 31st meeting were handed out but not reviewed. The RFP committee had met on Tuesday November 25th at 4:00 p.m. The committee reviewed the 8 responses and had chosen to invite 3 to make a presentation. The selected three had responded

to all the requirements of the RFP. The selected interviews were Fidelity, Granite State Management and Resources and Collegiate Capital. The three firms would have forty minutes to make a presentation and twenty minutes to respond to questions. A worksheet was prepared to assist the Commission members in their deliberations. The commission planned on meeting Monday December 8th to make a final decision based on the written response and today's presentation, however; the Commission did not rule out the possibility that if conditions warranted that a decision could be made at the end of today's presentations.

Fidelity Investments Group Presentation - 10:00 a.m. - 11:00 a.m.

Main Presenters: James J. Fadule, VP  
Scott D. Stewart, Senior VP, Portfolio Structured Equities Group  
Jane Truelove, Senior VP

Presentation Fidelity Investments Overview  
Handouts & Fidelity Business Development in NH  
Outlines: Marketing Plan Overview  
Communications and Advertising Plan  
Product Offering is Priced Favorably Within Fidelity  
Product Offering is Designed to Broaden Participation  
Projected Participation and Endowment Funding  
Fidelity Tax Advantaged Mutual Funds Can Beat College Inflation  
Fidelity Asset Allocation Model  
Fidelity Model for Managing Investment Risk  
Fidelity Asset Allocation Path  
Benefits Summary

The cost of Fidelity's program was approximately 100 basis points. Fifteen basis points was the fee for Strategic Advisors, a Fidelity Company that would select the asset allocation for the participants. Another fifteen basis points would be returned to the State of New Hampshire for Administrative Fees and a possible future endowment. Seventy basis points was the average management fee for Fidelity Funds that would be used in the proposed asset allocations. Participants would also be charged a \$30 yearly account maintenance fee, which would be waived if the participant chose to make recurring electronic payments.

Fidelity Questions:

The most significant question for Fidelity was the issue of exclusivity. Fidelity agreed not to charge a higher fee for Strategic Advisors in New Hampshire than for any other State in which Fidelity eventually decides to do business. Also, for those States in which Fidelity does not operate a qualified Tuition Savings Plan, Fidelity agreed to make the NH plan the plan of

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choice or the default plan for those customers.

Granite State Management & Resources Presentation 11:00 a.m. - 12:00 a.m.

Main Presenters: Diane Kelley - Director of Marketing, NH Higher Education Loan Corp.  
Ray Martin - Vice President of Charter Trust Company

Presentation	Granite State Management & Resources 1996 Annual Report
Handouts &	NH Higher Education Loan Corporation 1996 Annual Report
Outlines	NH Higher Education Assistance Foundation 1996 Annual Report
	The NHHEAF Network That Works For Students
	NHHELCO Referral Lender List
	Charter Equity Fund
	Charter Trust Company vs. Lipper Equity Income
	Asset Allocation by Holding Period
	Fixed Income Performance
	Sector Weighting for Charter Equity Fund

Diane Kelley stated that GSM&R was dedicated to New Hampshire. They have the software system in place for full reporting capabilities. They would work with the Commission in setting up an asset allocation that would preserve capital and provide a reasonable opportunity for growth but initially suggested no more than 30% be allocated to equities. The fund would be placed in the Charter Equity Fund until which time the fund grew to over \$500,000.00 then it would be placed in a separately managed account.

GSM&R Questions:

Pricing Structure: There would be a \$25.00 application fee to cover the cost of marketing and promotion of the plan. Fifty basis points to Charter for Management Services and 50 basis points to GSMR. Term of the Contract: At least 2 years to recover costs of the program. Asset Allocation: There would be no differentiation in the asset mix for participants in the plan, despite the fact that they would have different investment horizons.

Collegiate Capital Group, Inc. Presentation - 1:00 p.m. to 2:00 p.m.

Main Presenters: Chris A. Stack, President, Collegiate Capital  
Warren J. Olsen, Chairman, Collegiate Capital  
Mark Bodice  
Nancy Grady, State Street Bank  
Barry C. Toothaker, Executive VP, Retail Banking, Citizens Bank

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Presentation                      No Presentation Package Given  
Handouts and  
Outlines:

Collegiate Capital was founded for the purpose of administering "qualified" College Tuition Plans. Collegiate Capitals strategy is to subcontract with State Street Bank and Citizens Bank. Nancy Grady discussed State Street Bank's role as record keeper for the plan and their experience as one of the largest such services providers in the world. Barry Toothaker of Citizens Bank discussed how their role as retail distributor of the College Savings Plan product, through their branch network of over 75 branches. Mark Bodice of a New Hampshire marketing firm briefly discussed general marketing strategies.

Collegiate Capital Group, Inc. Questions:

Statement Frequency: Semi-annually. Investment Managers: would be up to Treasurer's Office to work with Collegiate Capital to select managers. Term of Contract and Price: A longer contract would mean some reduction in fees. History of Company: Founded in 1997 with the intent of serving State qualified Tuition Savings and Prepaid Tuition plans with currently 4 employees in New York.

#### Other New Business

After a brief discussion about the presentations, Representative Peterson made a motion to accept Fidelity as the contractor as long as the contract can be worked out and approved. Representative Thulander second the motion. The motion passed by a unanimous vote. The meeting was adjourned at 2:38 p.m., on a motion by Representative Peterson, seconded by Mike Cryans, which passed unanimously.