

College Tuition Savings Plan Advisory Commission
Minutes of Meeting Held: December 8, 1997
Legislative Office Building, Room 207

The fifth meeting of the College Tuition Savings Plan Advisory Commission (the Commission) was called to order at 1:33 p.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
Edward Gordon	Senator from Bristol
Charles Connor	Budget Director, Office of Governor, Representing the Governor
Ingrid Lemaire	Director of Public Relations, NH Higher Education Assistance Foundation

The following member was absent:

Georgie A. Thomas State Treasurer, Treasury Department

The minutes of the October 31st meeting were handed out and reviewed. Representative Thulander motioned to accept the minutes. Marty Gooze seconded the motion. The minutes were approved. Michael Ablowich of the Treasury Department highlighted the contracts under review. They were the 1) Declaration of Trust 2) Investment Management Agreement and 3) Management and Administrative Service Agreement. A lengthy discussion ensued regarding the

AG's office reading of the authority in the law and the fact that the State Treasurer's Office has a general grant of power to negotiate contracts with financial institutions.

Highlights of Contract Issues - The Declaration of Trust

- 4.2 Participation Agreement - Participation Agreement needs some work
- 4.4 Fees - Trustee establishment of fees
- 4.5 Distribution from Accounts - penalty determination
- 4.6 Manner of Investment - Massachusetts business trusts for investments
- 4.8 Registration - Securities holdings under trustee name
- 4.9 Recordkeeping - The Trustee shall keep accurate records include "or designee"
- 4.10 Spendthrift Provision - Protection of Trust against State of NH
- 5.1 Designated Beneficiary Eligibility - age restrictions

Highlights of Contract Issues - Investment Management Agreement

- 1st Paragraph - Did not use full name of the Advisory Commission and referred to them as trustee instead of the State Treasurer.
- VII. Limitation of Liability and Indemnification - Needs extensive review by AG's Office
- VIII. NH Trust Protection - Fees need to be included and clear
- IX. Audits, Inspections and Visits - Is this at the expense of the trust
- XI. Compensation - Time to Time fee arrangement should refer to schedule A.
- XII. Appointment of Agents - Needs extensive review by AG's Office
- XIV. Applicable Law - Should be State of NH not Commonwealth of Massachusetts
- XV. Termination - Term of contract and term of appointment

Schedule A:

- I. Investment Objectives - Level of disclosure required
- Exhibit A - Fee Schedule - Should include extra 15 basis points to State of NH. Also does not state the waiving of the fee for automatic deductions. Review of per year fee structure required.

Highlights of Contract Issues - Management and Administrative Services Agreement

- Introduction - Allow Corporations to Donate to a beneficiary
- II. Representation and Warranties - Need extensive AG's Office review
- IV. Costs and Expenses - Compensation of Trustees, Errors and Admissions, and capping of fees of underlying mutual funds.
- V. Exclusivity - Needs extensive AG's Office review.
- 7.2 Change Date from December 31st to include G&C approval.

7.5 Give at least a six month notice for cancellation and allow for the transfer of accounts. This section needs extensive AG's Office review.

8.4 Needs extensive review of AG's Office.

Highlights of Contract Issues - Participation Agreement

- (a) Minimum Initial Contribution - Fill in \$1,000.00.
- (d) Form of Contribution - Fill in \$50.00.
- 2. Designation of Beneficiary - 14 years old, 2 years in plan before withdrawal.
- (c) Distributions with Penalty - 10% Tax Penalty and 10% withholding from IRS spell out the penalties more specifically
- 4. Participant's Representations and Acknowledgements - No State Guarantees, No FDIC insurance, no State guarantee of solvency, no guarantee of college admission, etc.
- 7. Audit - should just say independent audit will be selected by Trustee
- 8. Reporting - Quarterly reports to participants Annual Reports on Fund

Other New Business

Marty Gooze made the motion to adjourn the meeting. Thulander seconded the motion. The meeting adjourned at 4:38 p.m., after a unanimous vote.