

College Tuition Savings Plan Advisory Commission
Minutes of Meeting Held: May 18, 1998
VIA Conference Call

The fifteenth meeting of the College Tuition Savings Plan Advisory Commission (the Commission) was called to order at 9:04 a.m. The following Commission members were present which resulted in a quorum:

<u>Member</u>	<u>Represents</u>
Sylvia Larsen Mary Milliken	Senator from Concord Business Administrator, Representing Regional Community Technical College System
Edward MacKay	Vice Chancellor for Budget and Planning, University System of New Hampshire
O. Alan Thulander Charles Connor	Representative from Frankestown Budget Director, Office of Governor, Representing the Governor
Georgie A. Thomas Richard A. Gustafson	State Treasurer, Treasury Department President, New Hampshire College, Representing College and University Council
Martha Gooze	Public Member from Durham Appointed by the Governor
Andrew R. Peterson	Representative from Peterborough

The following members were absent:

Edward Gordon Ingrid Lemaire	Senator from Bristol Director of Public Relations, NH Higher Education Assistance Foundation
Hannah M. McCarthy	President, Daniel Webster College, Representing Postsecondary Education Commission
Mike Cryans	Public Member from Hanover Appointed by the Governor

The Commission met by conference call to review the legal issues and get a legal update from David Pearlman of Fidelity and Bill Ardinger of Rath, Young and Pignatelli. David Pearlman went over the Plan's no action letter to the SEC. The SEC is reviewing the marketing materials and they expect to get comments back soon. The MSRB has not determined whether or not the mutual fund portfolios in the college tuition savings program fall under their regulatory responsibility. Fidelity is waiting for responses from both the SEC and the MSRB. David

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Pearlman updated his best and worst case anticipated dates for those responses. For the SEC, best case was June 1, 1998 and worst case was June 30, 1998. For the MSRB, best case would be June 15, 1998 worst case July 15, 1998.

Bill Ardinger of went over the Private Letter Ruling to be filed with the IRS. The core exhibit for submission of that letter is the participation agreement. His opinion was that the IRS private letter ruling is not a critical path item for the program to be able to be launched.

David Pearlman asked where the legislation that made some minor technical modifications to RSA 195-H stood? Joseph B. Riley of Rath, Young and Pignatelli said that the legislation has passed the Senate and has been reconciled in a conference committee with the House. It should be available soon for the Governor's signature.

The Commission then reviewed the rules on the New Hampshire College Tuition Savings Plan. Ed MacKay went over the "maximum permissible investment" as defined in the draft rules and identified that there seemed to be some inconsistencies with the fact sheet. After some discussion the fact sheet was to be changed to reflect the same wording as the rules. It was also highlighted that books and supplies were listed on the fact sheet as a basis for the calculation but not in the rules. After some discussion, it was clarified that the maximum permissible investment does not include costs for books and supplies, however these costs are qualified expenses as defined by the IRS.

Ed MacKay also asked about the fact that unclaimed assets go to the state. Bill Ardinger responded that all assets after a period of dormancy go to the appropriate states as abandoned property. In New Hampshire, those assets are forever available to the owner upon proof of identity. A motion was made to approve the rules and authorize the Treasurer to proceed on the filing of those rules. Martha Gooze made the motion. Ed MacKay seconded the motion. The motion passed unanimously.

Next the Commission went over the fact kit. Richard Gustafson brought up the question of foreign students participating in the Plan. David Pearlman stated that they had not, from a legal perspective, looked into this issue with great detail. Georgie Thomas asked about participants in the Plan that lived overseas. David Pearlman said that they would have to have a US address. Americans living abroad, either through work or military service, and their status as a participant would have to be further researched. Senator Larsen brought up a question on the education IRA that she felt needed to be clarified. The Commission decided to amend the section to include a sentence that stated that there would be no tax penalty if they only participated in the plan. Martha Gooze made the motion to approve the fact kit. Mary Milliken seconded the motion. The motion passed unanimously.

The participation agreement was reviewed. The participation agreement was approved with the

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Treasurer authorized to seek any additional approvals as were necessary. Richard Gustafson made the motion to accept. Martha Gooze seconded the motion. The motion passed unanimously.

The marketing brochure was reviewed. After some discussion, a motion was made to accept the brochure by Martha Gooze. Mary Milliken seconded the motion. The majority of the Commission were in agreement with Georgie Thomas voting not to accept the design of the brochure.

Joseph Riley went over the discussion of a soft launch on June 24th at the Governor and Council meeting. They suggested a gala launch in September at a local school with the Governor. Georgie Thomas said that she would not be able to be in attendance on June 24th. Some discussion ensued about other possibilities, but it would depend on the timing of the SEC and MSRB responses.

Theresa Conway of Fidelity will set up a legal subcommittee meeting by conference call on Friday the 22, 1998 at 1:30 p.m. and a Administrative subcommittee meeting at 2:00 p.m. Other new business included a letter Georgie Thomas proposed to send to members of the State Legislative delegation and to members of a conference committee on current tax reform legislation. The letter was developed by the staff of the National Association of State Treasurers and is designed to lobby congress for support of tax exempt treatment of College Savings Plans. This was responded to very favorably from the group. Ed MacKay made the motion to have the Treasurer's office proceed with the necessary letters lobbying for improved federal tax treatment (tax exemption) of qualified plans. Alan Thulander seconded the motion. The motion passed unanimously. The meeting adjourned at 10:30 a.m.