

NH College Savings Plan Advisory Commission
Minutes of the Meeting of November 27, 2000
State House, Room 103

The thirty third meeting of the NH College Savings Plan Advisory Commission was called to order at 10:05 am by Chairman Sylvia Larsen. The following members were present:

Richard Gustafson	President, Southern New Hampshire University, representing the College and University Council
Linda Hodgdon	Budget director, representing the Governor
Sylvia Larsen	Senator from Concord
Ingrid Lemaire	Director of Public Relations, NH Higher Education Assistance Foundation
O. Alan Thulander	Representative from Frankestown
Georgie A. Thomas	State Treasurer
Ann Weddleton	Grants Coordinator, representing the Community Technical College System

The following members were absent:

Michael Cryans	Public member from Hanover appointed by the Governor
Martha Gooze	Public member from Durham appointed by the Governor
Edward Gordon	Senator from Bristol
Edward MacKay	Vice Chancellor, representing the University System
Hannah McCarthy	President, Daniel Webster College, representing the Post Secondary Education Commission
Andrew R. Peterson	Representative from Peterborough

Also present were Eric Nottonson, Ed Nigro, David Pearlman, and Andy Pollinger from Fidelity.

The meeting began with introduction and welcome of new members, Ms. Hodgdon and Ms. Weddleton.

Eric Nottonson presented the investment review for fund performance and tracking error since inception. All funds have exceeded their benchmarks for the period

under review. Several funds have tracking errors greater than 5 per cent on the plus side and will remain on the watch list. Ren Chang will be available to present the performance review at the next Commission meeting.

Eric Nottonson presented a memorandum outlining a proposed "revenue sharing agreement" among the States of New Hampshire, Delaware and Massachusetts in conjunction with the Advisor Product. Ed Nigro discussed the number of Massachusetts and Delaware residents who currently participate in the UNIQUE plan. While it is impossible to predict the numbers for the advisor product, revenue to NH after distribution to Delaware and Massachusetts should be significantly increased. On motion by Richard Gustafson, seconded by Ingrid Lemaire, the Commission voted unanimously to accept the proposal for advisor fee sharing.

Ed Nigro updated the Commission on the status of the Advisor program. Since the last meeting, Putnam and Alliance have entered the market with the states of Ohio and Rhode Island. Both plans have larger contribution caps than UNIQUE, both are advisor type products and both have a form of industry standard advisor compensation rather than the fixed amounts of earlier plans. Both offer fixed allocation portfolios as well as age based portfolios. Ed Nigro commented that the advent of the Ohio and Rhode Island plans have changed the market place for advisor products, particularly for compensation structure. Fidelity currently is engaged in the necessary systems work for the advisor product and will bring forward a recommendation to the Commission in January.

Richard Gustafson asked if NH and Fidelity are missing a marketing opportunity with the delayed launch. Ed Nigro responded that Putnam and Alliance are educating the market place and UNIQUE and Fidelity should benefit from being a fast follower. Also Putnam's and Alliance's pricing structure for non 529 products is similar to that of Fidelity for the same class of products. Compared with Merrill Lynch, both Alliance and Putnam are lower cost options for the purchaser.

Choice between fixed and age based portfolios is on line for introduction in the first quarter of 2001. Application forms will be changed to provide lines and instructions for contribution allocations.

David Pearlman addressed the issue of contribution caps. Newly released regulations permit setting the cap to cover education at any school at which plan assets may be used as opposed to UNIQUE's Dartmouth/UNH average method. Massachusetts for instance sets its cap at 5 times the annual cost of Harvard. After discussion, Richard Gustafson moved, seconded by Ingrid Lemaire to set the contribution cap for UNIQUE at 5 times the annual cost to attend Dartmouth, effective for calendar 2001.

Eric Nottonson advised the Commission of new plans entering the market. Michigan and Mississippi have selected TIA-CREF. Alaska has chosen T Rowe Price and State Street Global Advisors has been selected by New Mexico. The Commission was directed to www.savingforcollege.com to track the providers for each state.

Eric Nottonson reported that U Promise negotiations are still under way and that Fidelity hopes to have concrete results to report in the next 3 to 4 weeks.

Discussion took place regarding investment of the endowment. Georgie Thomas reported that the funds were invested in the vehicles and at the percentages recommended by Ren Chang.

On motion made by Alan Thulander, seconded by Richard Gustafson, the minutes of the prior meeting were accepted as amended for Senator Larsen's name and the fact that it was not an annual meeting. Ingrid Lemaire moved, seconded by Richard Gustafson to accept the Investment Committee report and ratify the votes made at the previous meeting.

The Commission set meeting dates for fiscal 2001. Georgie Thomas will distribute the calendar, a committee signup sheet and investment reports for the endowment.

On motion by Alan Thulander, seconded by Richard Gustafson, the meeting adjourned at 11:40.