

College Tuition Savings Plan Advisory Commission
Minutes of Meeting Held: October 17, 1997
Legislative Office Building, Room 207

The meeting of the College Tuition Savings Plan Advisory Commission (the Commission) was called to order at 1:40 p.m. The following Commission members were present:

<u>Member</u>	<u>Represents</u>
Georgie A. Thomas	State Treasurer, Treasury Department
Andrew R. Peterson	Representative from Peterborough
Edward Gordon	Senator from Bristol
Sylvia Larsen	Senator from Concord
Charles Connor	Budget Director, Office of Governor, Representing the Governor
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
Ingrid Lemaire	Director of Public Relations, NH Higher Education Assistance Foundation
Edward MacKay	Vice Chancellor for Budget and Planning, University System of New Hampshire
Hannah M. McCarthy	President, Daniel Webster College, Representing Postsecondary Education Commission

The following member was absent:

O. Alan Thulander	Representative from Francistown
-------------------	---------------------------------

Senator Sylvia Larsen, Chairman of the Commission, declared that a quorum was present.

Minutes

The minutes of the meeting were distributed and reviewed briefly. No comments or changes were proposed. The minutes were adopted without amendment.

Request for Proposal (RFP)

Mike Ablowich from the State Treasurer's office highlighted the subcommittee meeting and the resulting changes in the RFP. The revised RFP was distributed and changes were underlined or bolded. Mr. MacKay had submitted comments after the subcommittee had met and his comments were outlined in bold and discussed with the committee. President Gustafson stated that he felt it was a very productive meeting. Senator Larsen discussed names and one acronym was N.H.E.S.T. or New Hampshire Education Savings Trust. A brief discussion ensued but no consensus was reached. It was reported that the RFP process and the rules process could be run parallel to each other. The Treasury Department staff suggested that the rules must be in place before the plan can take its first contribution. The goal is to have the rules submitted by the end of the year.

Timeline for Implementing the Plan

The RFP review process was discussed. Every member will get a copy of the responses to the RFP. A decision would be made later on the process for evaluating the responses and who, specifically would participate in that process. A draft timeline was handed out. It was decided that the responses should be moved up to November 19th to give time for the Treasury Department to circulate those responses to members of the committee. It was also decided that the Treasury Department staff will conduct their own review of the responses and make a technical review insuring that all responses conform to the standards set forth in the RFP. Senator Larsen reminded everyone that once the RFP is released you can not have any discussions regarding it with any potential bidders. Richard Gustafson made a motion to accept the RFP as it is. Martha Gooze seconded the motion. The motion passed unanimously.

Rulemaking

Senator Larsen discussed what happened at the rules committee meeting held on Oct 17 prior to the full committee meeting. The rules committee did not complete reviewing the draft. Significant areas of discussion were:

1) Early Withdrawal Deterrent. The law allows for a deterrent for early withdrawals. The draft rules proposes a 5% penalty, an IRA early withdrawal penalty is 10%. A discussion ensued on what level is appropriate to set this penalty, given the fact that the IRS has not proposed and guidance on the penalty level they require. The State's interest and dividends tax was also briefly discussed as part of that penalty.

2) Contribution Limits. A discussion ensued on the limitations of contributions. No consensus was reached about the appropriate levels that should be set for limiting contributions to keep the plan in compliance with IRS requirement that some level be set to keep participants from using the plan as a tax shelter. The relationship between the contribution limit and

College Tuition Savings Plan Advisory Commission
Minutes of Meeting Held: October 17, 1997
Legislative Office Building, Room 207
Page 3 of 3

penalties was also discussed as a means of limiting contributions without a cap on contributions that may be judged to be not stringent enough by the IRS.

3). Administrative Fees. It was suggested that perhaps if the cost of operating the fund is minimal, as is anticipated then some sort of scholarship fund could be set up from the accumulated, unspent fees. There was some discussion about this idea, however, it was pointed out that it may not be permissible under the law or outside the legislative intent for the plan.

Other New Business

There was no other new business to discuss. The next meeting is scheduled for October 31, 1997 at 1:30 PM in room 207 of the LOB. The meeting adjourned at 2:33 p.m.