

College Tuition Savings Plan Advisory Commission
Minutes of Meeting Held: October 9, 1998
Fidelity Conference Room, Merrimack, NH

The nineteenth meeting of the College Tuition Savings Plan Advisory Commission (the Commission) was called to order at 9:37 a.m., with Secretary Georgie A. Thomas presiding. The following Commission members were present which resulted in a quorum:

<u>Member</u>	<u>Represents</u>
O. Alan Thulander	Representative from Frankestown
Georgie A. Thomas	State Treasurer, Treasury Department
Richard A. Gustafson	President, New Hampshire College, Representing College and University Council
Mary Milliken	Business Administrator, Representing Regional Community Technical College System
Edward MacKay	Vice Chancellor for Budget and Planning, University System of New Hampshire
Hannah M. McCarthy	President, Daniel Webster College, Representing Postsecondary Education Commission
Sylvia Larsen	Senator from Concord
Andrew R. Peterson	Representative from Peterborough
Michael A. Ablowich	Budget Director, Office of Governor, Representing the Governor

The following members were absent:

Ingrid Lemaire	Director of Public Relations, NH Higher Education Assistance Foundation
Martha Gooze	Public Member from Durham Appointed by the Governor
Edward Gordon	Senator from Bristol
Mike Cryans	Public Member from Hanover Appointed by the Governor

Jim Fadule of Fidelity updated the Commission on the results of the first quarter of activity in the Plan. His review included statistics regarding number of calls received and answered, number of fulfillment kits mailed, and accounts opened. By September 30th 33,584 fact kits had been mailed, 2,119 accounts had been opened, and 5.6 million was being held in assets. Sixty percent were accounts with automatic payments with the majority of assets in the portfolios of younger beneficiaries. Although the accounts were showing a slightly negative variance at quarter ending. There is no reason to panic at this time. The investment manager Ren Cheng was not displeased with results given the current market. It was shown that grandparents opened 210 accounts and parents opened 1,825.

Lori Enos reviewed public relations activities to date. She indicated that 2,500 press packets had been widely distributed to colleges and an internet auditorium was being set up with Neil Godfrey as spokesperson for the Unique Plan. She showed clips of the Unique Plan that were on various news stations and an informative commercial that would be on this Sunday.

Elaine Fazekas reviewed the Marketing efforts of the Unique Plan. She said that the call rate was 500 inquiries a day on the Unique Plan. She showed an advertisement to come out and the advertising schedule. She also handed out a copy of the Fidelity Focus magazine that showed the article on the Unique Plan that generated by far the most responses to date.

The tax structure was discussed on contributions under the gift law. To date the mean account size was \$3,000.00 and once we had an account basis of 5,000 some serious account analysis could begin. It was also discussed that the federal government determined a 10% penalty was adequate for these plans and the Commission put the matter to vote. Richard Gustafson made the motion to reduce the penalty from 15% to 10%, Edward MacKay seconded the motion. The motion passed unanimously. Another motion to be put to vote was the motion to adjust the cap on the plan to \$105,545.00 for calendar year 1999 based upon the new school year tuition costs and incidental costs. This is up \$5,234.00 from calendar years 1998 cap of \$100,311.00. Andrew Peterson made the motion to change the cap on the plan to \$105,545.00, Richard Gustafson seconded the motion. The motion passed unanimously.

Michael A. Ablowich reviewed the endowment legislation. It was determined that the proposed legislation should go to the legislative subcommittee. The members of the subcommittee were the following: Sylvia Larsen, Georgie A. Thomas, Hannah McCarthy, Edward MacKay, Richard Gustafson, and Michael A. Ablowich. The subcommittee would meet on October 30th at 9:00 a.m. Georgie A. Thomas made a motion to approve the minutes, Mary Milliken seconded the motion. The motion passed unanimously. At the November meeting they would go over proposed changes in the participation agreement and the account form.

The next meeting is scheduled for November 13th, to be held at the Rath, Young, and Pignatelli Conference Room in Concord, New Hampshire. The meeting adjourned at 11:28 AM.