



State of Connecticut

Office of the Treasurer

DENISE L. NAPPIER
Treasurer

Jonathan A. Harris
Deputy Treasurer

Connecticut Higher Education Trust (CHET) Advisory Board Annual Meeting

Minutes of Meeting
December 8, 2011
1:30 p.m.

Members Present:

Senator Antoneietta "Toni" Boucher, Ranking Member, Education Committee
Representative Jason Rojas, Representing Representative Patricia Widlitz, Chair, Finance Revenue, Bonding Committee
Bernard Kavalier, Representing Dr. Robert Kennedy, President, Board of Regents
Julie Savino, Dean of Student Financial Assistance, Sacred Heart University
Brian Durand, Undersecretary for OPM, Representing Benjamin Barnes, Secretary of OPM
Jonathan A. Harris, Deputy Treasurer, Office of the State Treasurer, Representing Treasurer Denise L. Nappier

Members Absent:

The Honorable Denise L. Nappier, Connecticut State Treasurer
Senator Eileen Daily, Chair, Finance Revenue and Bonding Committee
Senator Andrea Stillman, Chair, Education Committee
Rep. Andrew Fleischmann, House Chairman, Education Committee
Representative Marilyn Guiliano, Ranking Member, Education Committee
Representative Sean Williams, Ranking Member Finance Revenue and Bonding Committee
Senator Andrew Roraback, Senate Ranking Member, Finance, Revenue & Bonding Committee
Margret Malaspina, Director of Financial Aid, Capitol Community College
James Blake, Executive Vice President of Finance, Southern Connecticut State University

Others Present:

Lee Ann Palladino, CIO, Office of the State Treasurer
Joanne Dombrosky, Principal Investment Officer, Office of the State Treasurer
Shelagh McClure, Director of Compliance, Office of the State Treasurer
Don Kirshbaum, Investment Officer, Office of the State Treasurer
Pamela Bartol, Assistant Investment Officer, Office of the State Treasurer
Marlene Woodman, Executive Secretary, Office of the State Treasurer
Jeffrey Cohan, Assistant Vice President and Director, 529 Plans, The Hartford Financial Services Group, Inc.
Mike Myers, Assistant Director Marketing, The Hartford 529 Plan
Stephen Browne, Product Manager, The Hartford 529 Plan
Pamela McNulty, Senior Director, TIAA-CREF Tuition Financing, Inc.

Ed Mihalho, Investment and Product Strategist, TIAA-CREF Tuition Financing, Inc.
Kevin Vandolder, CFA, Principal, Hewitt EnnisKnupp, Inc.
Claire Shaughnessy, Senior Investment Consultant, Hewitt EnnisKnupp, Inc.

Call to Order

At 1:45 p.m. Deputy Treasurer Jonathan A. Harris called the meeting to order, announcing that State Treasurer Denise L. Nappier could not attend due to a conflict in her schedule.

Welcoming Remarks and Introductions

Mr. Harris welcomed everyone to the CHET Annual Meeting and followed by asking everybody at the table to introduce themselves. Following that guests introduced themselves.

Mr. Harris asked the members to confirm receipt of the Financial and Annual Reports. All members acknowledged that the reports had been received.

Mr. Harris announced that Hewitt EnnisKnupp (“HEK”) recently was appointed by Treasurer Nappier to be general investment consultant to CHET.

Approval of 2010 Minutes

Without objection, Mr. Harris deferred approval of the 2010 CHET Advisory Minutes until later in the meeting.

Presentation by TIAA-CREF

Pamela McNulty, Director of Tuition Financing, Inc. presented a financial overview of the CHET Direct Sold plan, including 2011 statistics, investment performance, investment option usage, online transactions, and average annual returns. Ms. McNulty reported that last year the program manager fee was 20 basis points. This year’s program management fee will be reduced to 18 basis points. Ms. McNulty also presented an overview of the 2012 marketing initiatives and the newly enhanced website.

Mr. Ed Mihalho, Investment and Product Strategist for TIAA-CREF provided a more in-depth synopsis about the market turbulence and its impact on CHET, the conservative managed allocation, moderate managed allocation and aggressive managed allocation, as well as the investment options available to clients.

Lastly, Ms. McNulty noted that the plan is being reviewed by Hewitt EnnisKnupp and the Treasurer’s office.

Presentation by The Hartford

Mr. Harris introduced Jeff Cohan, Assistant Vice President and Director of 529 Programs at The Hartford, to provide an overview about the CHET Advisor Sold program which began last year.

Mr. Cohan reported that the new 529 Advisor Sold program was launched in October 2010. The Hartford has managed the same type of program in West Virginia for over ten years. Mr. Cohan noted that the Advisor plan differed from the Director Sold plan in that it is offered only through financial advisors, and is not marketed directly to potential investors.

Mr. Cohan reported that The Hartford's goal for the first year of the program was \$30 million. Thus far, The Hartford has \$46.9 million with almost 4,000 accounts. Over 900 financial advisors are actively selling the plan. These include Merrill Lynch, Edward Jones, Morgan Stanley Smith Barney, LLC, ING Financial, Lincoln Financial, among others.

Mr. Cohan noted that the 529 Advisor Sold program is very similar to the Direct Sold plan, with the exception of the age based portfolio. There are three share classes (Class A, Class C and Class E shares) and compensation is provided to the financial advisors. Mr. Cohan explained the Class shares and the fees associated with each.

Mr. Cohan commented that the marketing strategy for 2012 includes initiatives to increase expectations with financial advisors, pursuing Advisors outside of Connecticut with in-state clients, and efforts in the employer channel. The sales goal in 2012 is \$75 million.

Comments

Upon conclusion of the presentations, members and guests discussed ideas to further market CHET (to new mothers/fathers as well as in early childhood centers), tactics to assure that clients continue steadfast re-contributions during these turbulent economic times, and monitoring of withdrawals begin to rise given the increase in public and private postsecondary education costs.

Mr. Harris announced that the date for the 2012 CHET Annual Advisory Meeting is set for December 6, 2012.

Acceptance of the 2010 Minutes

Mr. Harris asked for a motion to accept the Minutes of the December 2, 2010 meeting.

On a motion made by Senator Boucher and seconded by Representative Rojas, the members accepted the Minutes of December 2, 2010.

Adjournment

Having no further questions, Mr. Harris asked for a motion to adjourn.

At 3 p.m., on a motion made by Senator Boucher and seconded by Representative Rojas, the CHET Advisory Board meeting adjourned.