

GUARANTEED EDUCATION TUITION  
COMMITTEE MEETING

Monday, February 6, 2012

Conference Call  
2:00 p.m. – 3:00 p.m.

~ AGENDA ~

Call to Order

- |  |             |       |
|--|-------------|-------|
| • Approval of January 5, 2012 minutes  | ACTION      | Tab 1 |
| • Approval of the updated committee bylaws   | ACTION      | Tab 2 |
| • Report from the Chair<br>Legislative Update  | INFORMATION |       |
| • Director's report<br>o Program statistics  | INFORMATION | Tab 3 |
| • GET investment update<br>Gary Bruebaker, Investment Officer<br>Washington State Investment Board | DISCUSSION  | Tab 4 |
| • Adjournment  |             |       |

**GUARANTEED EDUCATION TUITION COMMITTEE MEETING**  
**Thursday, January 5, 2012**

**Higher Education Coordinating Board**  
**919 Lakeridge Way SW**  
**Olympia, WA 98502**

**MINUTES**

HECB staff in attendance:

Don Bennett, HECB Executive Director  
Betty Lochner, GET Director  
Larry Lee, GET Deputy Director  
Susan Martensen, Marketing & Communication  
Kim Porter, GET Records & Projects Manager  
Jackie Ferrado, GET Outreach Manager  
Diana Hurley, GET Customer Service Manager  
Betsy Hagen, GET Administrative Manager  
Katie Gross, Special Assistant to the GET Director

Guests in attendance:

Nona Snell, State Treasurer's Office  
Troy Dempsey, State Actuary's Office  
Terry Ryan, AAG  
Darren Painter, State Actuary's Office

**WELCOME**

GET Committee Chair Don Bennett called the meeting to order at 2:03 p.m. Members of the GET Committee in attendance were Don Bennett, James L. McIntire, State Treasurer, Marty Brown, Director of Office of Financial Management, Beth Stecher Berendt, citizen member, and Mooi Lien Wong, citizen member. McIntire, Brown, Berendt, and Wong attended via teleconference. All parties introduced themselves. Bennett briefly went over the agenda.

**APPROVAL OF THE SEPTEMBER 8, 2011 MEETING MINUTES**

Brown moved to adopt the final minutes as presented. Berendt seconded the motion. The motion was approved unanimously. Minutes adopted.

**APPROVAL OF THE 2012 MEETING CALENDAR**

Treasurer McIntire moved to adopt and approve the 2012 meeting calendar. Brown seconded the motion. The motion was approved unanimously. Meeting calendar approved.

**LEGISLATIVE OUTLOOK**

Bennett provided an overview of the current legislative events. The next state revenue forecast is due mid-February. Item of interest: the Higher Education Steering Committee has drafted a bill to create an Office of Student Achievement Council. The executive director would be appointed by the Governor. This option would put Student Financial Assistance and GET under the same agency as the Office of Student Achievement. The HECB Executive Director would serve on the GET Committee until a new director was appointed. The new executive director would then serve as the chair of the GET Committee.

## **DIRECTOR'S REPORT**

GET Director, Betty Lochner, went over the GET enrollment statistics. Enrollment year is November 1 to May 31. Statistics as of January 5, 2012:

- New enrollment are up 7% over last year
- 2,168 new enrollments
- Total contracts since inception: 137,122
- New Annual Report will highlight program information and updates for 2011, including distributions, asset management, enrollment growth, and legislative action. The report will be available online, with a link sent to all customers. Printed copies will also be available for customers, interested parties, and stakeholders. McIntire wants to be sure we appropriately portray price setting changes to new enrollees. GET has included additional language in our enrollment materials and Master Agreement that notes the different factors that make up the unit price.

Martensen added that the full legislative report is on the web site and customers were emailed information about the report, directing them to the web site link. The FAQs included in our Program Details also addresses the breakdown of the unit price. Lochner mentioned that we could add this breakdown in the annual report. Bennett wants to make sure there is clarity, though we do not want to confuse our customers. McIntire wants to make sure customers understand that there is a component in that units price that amortizes program shortfalls over time.

The legislative Work Group continues to meet to address looking at differential tuition and what fees can be included or covered by GET.

Active discussion by Committee Members on issues surrounding differential tuition ensued.

Bennett reminded participants that the next meeting is scheduled for February 6, 2012. This meeting will possibly be convened conference call.

Brown motioned to adjourn the meeting. McIntire seconded this motion. Motion passed.

Meeting adjourned at 2:40 p.m.

## Guaranteed Education Tuition

As of January 31, 2012

<b>2011-12 Enrollment Goals</b>	New accounts	Units sold
	<b>10,000</b>	<b>1.5 million*</b>
Status to date	2,686	175,909
Compared to 2010-11	Up 3%	179,930

\*The State Actuary identified a minimum of 900,000 units should be sold to maintain program solvency.

### CONTRACT STATISTICS: Number of Contracts

Contract Statistics by Plan Year	1998-2010	2011	TOTAL
# of Active Contracts			
Custom Monthly Contracts (CM)	32,032	726	32,758
Lump Sum Contracts (LS)	85,545	1,922	87,467
<b>Total # of Active Contracts</b>	<b>117,577</b>	<b>2,648</b>	<b>120,225</b>
# of Inactive Contracts	8,165	30	8,195
# of Depleted Contracts	9,189	8	9,197
<b>Total # of Contracts</b>	<b>134,931</b>	<b>2,686</b>	<b>137,617</b>

### UNIT STATISTICS: Number of Contracted Units and Purchased LS Units

	1998-2010	2011	TOTAL
Contracted Units (Active Accounts)	5,751,212	83,050	5,834,262
Lump Sum Units (Active Accounts)	18,170,921	92,859	18,263,780
<b>Total Active Accounts</b>	<b>23,922,133</b>	<b>175,909</b>	<b>24,098,042</b>
Contracted Units (Inactive Accounts)			482,956
Lump Sum Units (Inactive Accounts)			2,036,337
<b>Grand Total Contracted and LS Units Purchased</b>			<b>26,617,335</b>

#### Other Unit Facts

Unpaid Contracted Units (Active Accounts)	2,716,401
Total Paid Out Units Since Inception (Active and Inactive Accounts)	4,362,233

### CONTRACT PAYMENTS SINCE INCEPTION

	1998-2010	2011	TOTAL
Total Payments Received (All Accounts)	\$ 1,711,397,131	\$ 14,881,437	\$ 1,726,278,568
Total Fee Payments Received (All Accounts)	\$ 7,003,138	\$ 105,770	\$ 7,108,908
<b>Total Contract-Related Payments Received</b>	<b>\$ 1,718,400,269</b>	<b>\$ 14,987,207</b>	<b>\$ 1,733,387,476</b>

Future Custom Monthly Payments Due (Active Accounts)	\$ 345,261,776	\$ 21,191,640	\$ 366,453,415
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### ITEMS OF INTEREST

#### Since Inception

Number of Students Accounts Used For Benefits	24,851
Benefits Paid	\$ 290,190,500
Refunds Paid	\$ 23,873,728
<b>Total Paid Out In Benefits and Refunds</b>	<b>\$ 314,064,229</b>



## GET Prepaid College Tuition Program

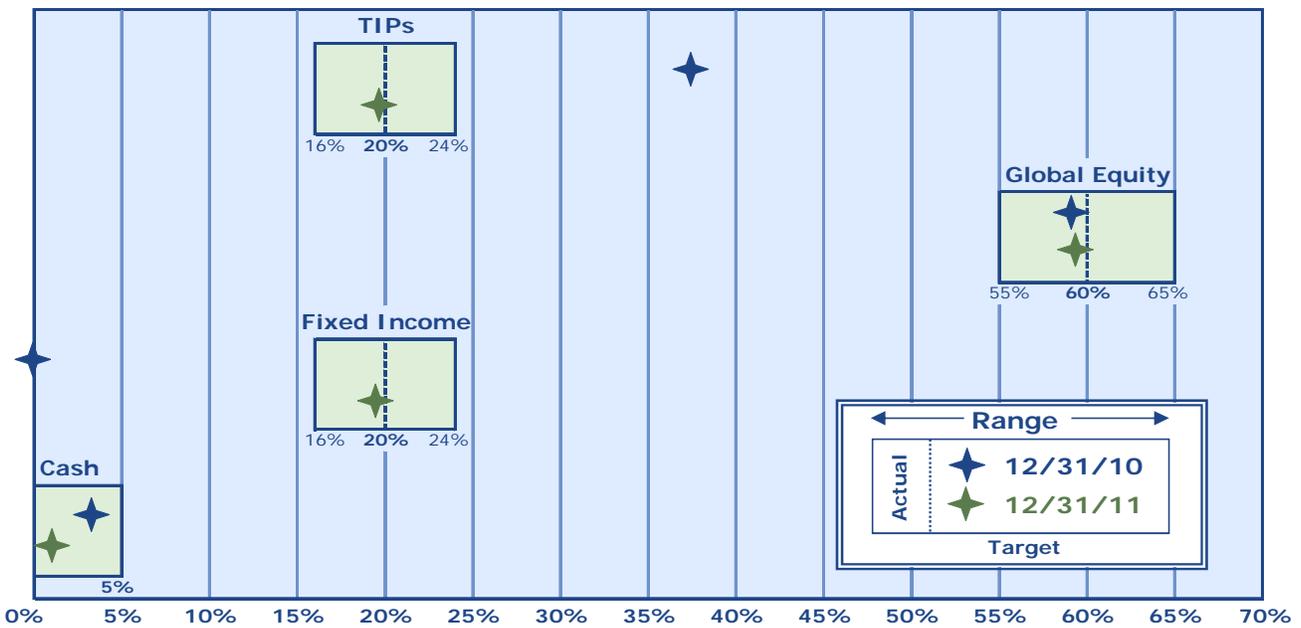
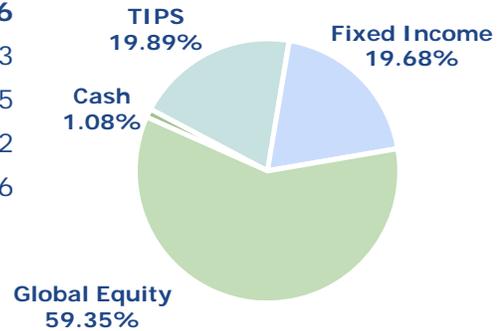
Quarterly Report – December 31, 2011

Portfolio size, Allocation, and Assets Under Management.....	1
Performance .....	2

Dated: January 30, 2012

**Portfolio Size      Actual Asset Allocation**

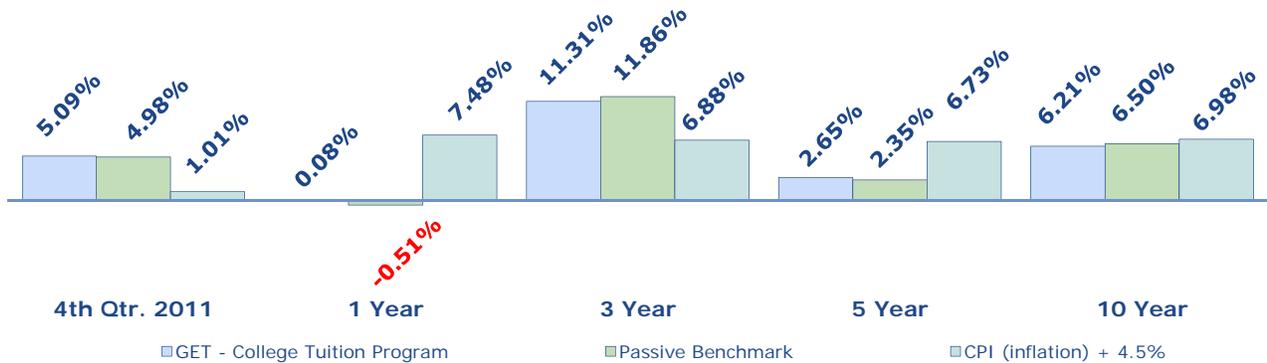
<b>Total</b>	<b>\$1,806,812,006</b>
Cash	19,480,923
Treasury Inflation Index Note (TIPS)	359,306,265
Fixed Income	355,657,802
Global Equity	1,072,367,016



**Assets Under Management**



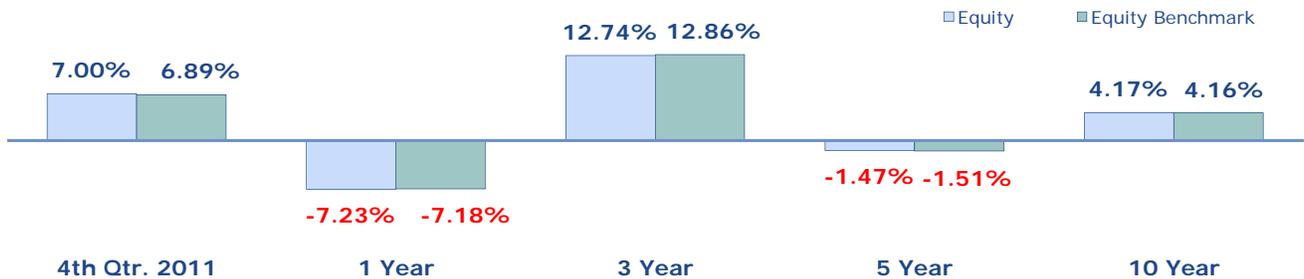
**Total Return \***



**Return Breakdown**

**Equity Return \***

Benchmark: Dow Jones Global TSMI and a historical blended return



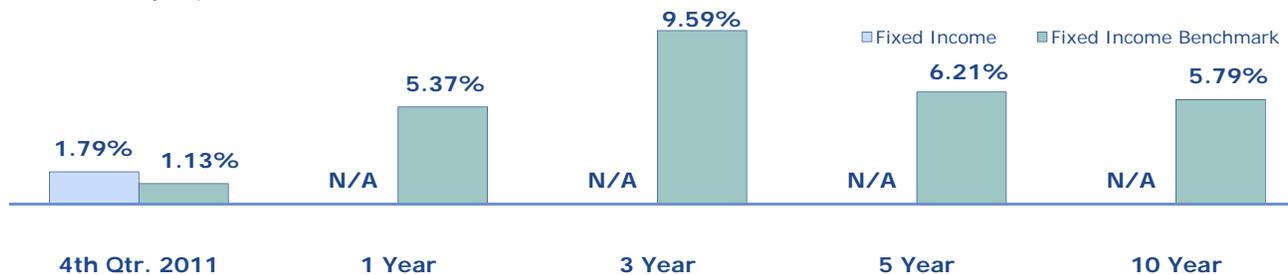
**Treasury Inflation Index Note Return \***

Benchmark: Barclays Capital Custom TIPS Index



**Fixed Income Return \***

Benchmark: Barclays Capital Intermediate Credit



\* The return numbers above are net of manager fees and other expenses that can be directly debited from the account for portfolio management but do not include the WSIB management fee.