

NH College Savings Plan Advisory Commission
Minutes of the Meeting of September 18, 2000
State House Room 103

The thirty second annual meeting of the NH College Savings Plan Advisory Commission was called to order at 10:05 am with Vice Chairman Richard Gustafson presiding. The following members were present:

Martha Gooze	Public member from Durham appointed by the Governor
Richard Gustafson	President, Southern New Hampshire University, representing the College and University Council
O. Alan Thulander	Representative from Franconia
Georgie A. Thomas	State Treasurer, Treasury Department

Edward MacKay was present by telephone.

The following members were absent:

Michael Cryans	Public member from Hanover appointed by the Governor
Edward Gordon	Senator from Bristol
Sylvia Larson	Senator from Concord
Ingrid Lemaire	Director of Public Relations, NH Higher Education Assistance Foundation
Hannah McCarthy	President, Daniel Webster College, representing Post Secondary Education Commission
Andrew R. Peterson	Representative from Peterborough

There are two vacancies on the commission, the Governor's designee and the representative from the Regional Community Technical College System.

Also present were Eric Nottonson, Ed Nigro and Katie Roberts from Fidelity.

The meeting began with presentation by Richard Gustafson of certificates for the Mary Milliken Excellence in Higher Education Grants to the three recipients who were present, Angela Dirusso, Cassandra Campbell, and Jennifer Walsh.

On motion by Alan Thulander, seconded by Martha Gooze the minutes of the June 30, 2000 meeting were adopted.

Eric Nottonson presented Ren Chang's review of investment results for the plan, which had been reviewed by the Investment Subcommittee on September 11, 2000. Investment results were positive, exceeding the benchmarks, and the UNIQUE plan has performed as well as the other Fidelity 529 offerings in the market place.

The business results of the plan for the period ending August 31, 2000 were discussed. Through the 8 months of calendar 2000, the plan has achieved 90 per cent of the calendar year's sales goal, posting \$359.5 million of contributions, \$6.4 million of redemptions, market value increase of \$55 million, for a net asset value of \$408.1 million at August 31. Nine per cent of total accounts are New Hampshire residents.

Ed MacKay presented a written Investment Subcommittee report with recommendations for five action items. Four items were adopted in the absence of a quorum, subject to confirming votes by the balance of the membership. The first item, moved by Georgie A. Thomas and seconded by Martha Gooze, was to expand the UNIQUE College Investing Plan (retail) portfolios to include two **fixed pools** as proposed by Fidelity (a 100 per cent equity pool and a 70/30 equity/fixed income pool). The second item, moved by Georgie A. Thomas and seconded by Martha Gooze, was establishment of an Advisor College Investing Plan with portfolios that parallel UNIQUE Plan portfolios, including both the target date and static allocation pools as presented by Fidelity. Ed Nigro also noted that the Advisor Plans will permit an investor to choose which age related portfolio to enter. This also will be an option provided in UNIQUE.

Item three, moved by Georgie A. Thomas and seconded by Martha Gooze, was approval of the proposed Advisor College Investing Plan, customer statement, and confirmation documents.

Item four, moved by Georgie A. Thomas and seconded by Richard Gustafson, authorized the Plan Trustee, the State Treasurer to move all fees and other Commission related earnings not required to meet immediate operating, audit and scholarship payout commitments into longer term investments appropriate for a permanent endowment. The recommended investments were subsequently received from Fidelity. Item five to add "Aggressive Growth" portfolios to both the UNIQUE and Advisor plans was raised and postponed pending further discussion by the Investment Subcommittee.

Ed Nigro reported on progress on the Advisor plan product. A task force of 60 Fidelity personnel is working on the details for implementation. The recent private letter ruling from the IRS for the state of Arizona has confirmed that choice of portfolios on entry into the plan, i.e., at time of contribution meets IRS requirements. Fidelity envisions there eventually will be four marketing channels for 529 plans: wire houses such as

Merrill Lynch; independent financial advisors; banks; and insurance companies. Looking forward, there may be as few as five firms offering plans.

Georgie A. Thomas presented preliminary financial results from the 2000 fiscal year and a proposed budget for fiscal 2001. Noting that the 2000 grants were made in the 2000 fiscal year (ending September 30), Richard Gustafson moved, seconded by Alan Thulander to approve the budget as amended.

Brief discussion took place as to the status of the U Promise proposal. Fidelity reported that a competing proposal has come forward. Fidelity continues to explore the U Promise proposal.

Ingrid Lemaire's report from the College Savings Plan Network annual meeting was distributed to the Commission.

The next meeting is scheduled for November 27, 2000. Fidelity advised that additional meetings may need to be scheduled as the Advisor plan product takes shape.

The meeting adjourned at 11:15.