

UNIQUE COLLEGE INVESTING PLAN
Minutes of the Meeting of February 3, 2003

The forty-fifth meeting of the NH College Savings Plan Advisory Commission was called to order at 10:10 AM by Sylvia Larsen, Chairman. The meeting was held at the offices of the New Hampshire Higher Education Assistance Foundation. Present were:

Sylvia Larsen	State Senator from Concord
Ingrid Lemaire	Senior Director, Research and State Relations, NH Higher Education Assistance Foundation
Michael Ablowich	State Treasurer
Larry Elliot	State Representative from Hillsborough
Richard Leone	State Representative from Sunapee
Martha Gooze	Public Member from Durham
Ann Weddleton	Grants Coordinator, representing the Community Technical College System
Edward MacKay	Vice Chancellor, representing the University System of New Hampshire
Richard Gustafson	President, Southern New Hampshire University, representing the College and University Council

Absent were:

Father Jonathan DeFelice	President, Saint Anselm, representing the Post Secondary Education Commission
Andrew Peterson	Senator from Peterborough
Michael Cryans	Public Member from Hanover
A representative from Governor Benson's office	

Also present were Ed Nigro, Eric Nottonson, David Pearlman, Meredith Mell and Mary Connors from Fidelity.

On motion of Mr. Gustafson seconded by Ms. Gooze, the minutes of the October 28, 2002 meeting were approved. The motion carried unanimously.

The meeting of November 27, 2002 was held via telephone. The actions taken at that meeting, as reflected in the minutes of that meeting were motioned for approval by Mr. Gustafson and seconded by Ms. Gooze. The motion carried unanimously.

On motion of Ms. Gooze, seconded by Ms. Lemaire, the minutes of the November 27, 2002 telephone meeting were approved.

At this meeting there were two new members of the Commission. For that reason there was a round of introductions. Representatives Larry Elliot and Richard Leone were attending as commission members for the first time as appointees of the Speaker of the House of Representatives representing the finance committees and education committees respectively. Senator Andrew Peterson is also a new member of the commission as an appointee of the President of the Senate but was unable to attend this meeting.

The first order of business was to discuss how the commission and Fidelity Investments might recognize former members of the commission. After some brief discussion there was a motion by Mr. MacKay, which was seconded by Ms. Weddleton to authorize Mr. Ablowich to work with Fidelity to make some decisions about what might be appropriate and report back to the Commission.

The next agenda item was a discussion of the endowment fund status. Mr. Ablowich handed out a memo and a worksheet that discussed the value of the endowment and the projected funds available on April 1st for scholarships for the 2003/2004 school year. The worksheet indicated, using the current methodology, that \$57,000 would be available for scholarships, which would be a \$17,000 increase over the prior year. During the discussion there was some question about whether the \$57,000 was sufficient to allow for existing scholarship recipients to continue to receive a scholarship and to sufficiently fund new students. Mr. Ablowich agreed to ask Judy Knapp of the Post Secondary Education Commission to come to the April board meeting and discuss the amount and use of scholarships.

Mr. Ablowich reported that there was a bill introduced in the State Senate by Senator Larsen, which would provide equal tax treatment for New Hampshire residents who participate in a qualified 529 plan whether or not it was one of New Hampshire's two plans. As of this meeting date there had not been a public hearing scheduled on the bill. Mr. Nottonson of Fidelity discussed generally the efforts in other states to approve similar legislation.

Mr. Nottonson presented an overview of the UNIQUE Plan business results for the past quarter. As of December 31, 2002, UNIQUE had over \$1.2 billion under management and over 172,000 accounts. Cash inflows to the UNIQUE Plan are predominantly dedicated to existing accounts although new accounts continue to be opened although at a slower pace than in prior periods. Mr. Nottonson pointed out that new cash flows to the "Conservative Portfolio" were heavy in the last quarter which is a continued reflection of the volatile market conditions. (The "Conservative Portfolio" had high cash inflows during the month of September, as well.)

Mr. Nottonson then discussed our partnership with Upromise. The agreement with Upromise was set to expire on 3/31/03 and partly in response to the upcoming expiration Fidelity was set to launch a new credit card partnership with MBNA.

Meredith Mell, representing Fidelity, explained the new partnership with MBNA. The new MasterCard would allow cardholders to receive two percent back on all eligible purchases with no limit to the rewards points they can earn. The dollars can then be directed to any one of the three Fidelity-managed 529 plans. There is no annual fee on the card and multiple cards can be linked to one or more accounts. The card was launched on January 30, 2003.

Mr. Nigro presented an overview of the Fidelity Advisor 529 Plan (FA 529 Plan) business results for the fourth quarter of calendar year 2002. As of December 31, 2002, the FA 529 Plan over \$250 million under management and over 38,000 accounts. Cash inflows to the FA 529 Plan are predominantly directed to the aged based portfolios. There continues to be modest growth in new account openings on a year over year basis, although new account openings slowed over the last three months of this quarter compared to the same quarter last year.

Mr. Nigro updated the status of the FA 529 Money Market Fund. As a result of the Commission's action at the November 27th meeting, Fidelity has rebated a portion of the management fee to keep the effective annual yield of the FA 529 Portfolio that invests in Money Market Fund from falling below .1%. Since November, Fidelity has had to rebate less than \$500 to customers to achieve a minimum .1% annual yield.

Mr. Nigro updated the Commission on the "Investment Only" business. In this case other state's 529 Plans include Fidelity's mutual funds as part of their offerings, either as a stand alone offering or as part of an age based portfolio. The states of New Mexico and Nebraska are either using or are contemplating using Fidelity's funds in this manner.

Mr. Nigro described service enhancements that will be available to FA 529 customers in the near future. On-line account access and new account setup will be available in March or April of 2003.

Mr. Nigro updated the commission on Fidelity's efforts to move to "standard" pricing for the advisor sold product that was approved at a previous meeting. Fidelity is working on systems modifications to carry out this effort. Mr. Nigro also discussed a pending proposal from Fidelity to offer new enhancements to the current FA 529 Plan pricing. This new pricing would allow for price breaks for customers as they reach certain assets levels. He generally described how these "breakpoints" would work and handed out a worksheet that outlined this concept. Mr. Nigro mentioned that he would make a formal request for this concept at the next Commission meeting.

Mr. Ablowich presented a letter to the commission requesting payment of \$400 from the trust to pay for a one year membership in the College Savings Plan Network. Ms. Lemaire motioned to approve the payment, which was seconded by Ms. Gooze. The motion was approved unanimously.

The meeting adjourned at 12:15 PM. The next meeting will be April 28, 2003 at 10AM. The meeting will take place at the New Hampshire Higher Education Assistance Foundation.