

UNIQUE COLLEGE INVESTING PLAN
Minutes of the Meeting of July 28, 2003

The forty-seventh meeting of the NH College Savings Plan Advisory Commission was called to order at 10:30 AM by Sylvia Larsen, Chairperson. Preceding the regularly scheduled commission meeting was a meeting of the investment committee. 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
Richard Leone	State Representative from Sunapee
Ann Weddleton	Director of System Research and Grants, representing the Community Technical College System
Thomas Horgan	Executive Director, New Hampshire College and University Council
Michael Cryans	Public Member from Hanover
Father Jonathan DeFelice	President, Saint Anselm, representing the Post Secondary Education Commission
<u>Absent were:</u>	
Larry Elliott	State Representative from Hillsborough
Martha Gooze	Public Member from Durham
Andrew Peterson	Senator from Peterborough
Edward MacKay	Vice Chancellor, representing the University System of New Hampshire
A representative from Governor Benson's office	

Also present were Ed Nigro, David Pearlman, Meredith Mell, Mary Connors, Bob Corcoran, Heidi Siegel, Patrick Waddell, and Jonathan Shelon from Fidelity.

On motion of Rep. Leone and seconded by Michael Cryans, the minutes of the April 28, 2003 meeting were approved. The motion carried unanimously.

Mr. Ablowich updated the Commission on the status of procuring items to recognize the service of former members of the Commission and the idea of a dinner/reception in recognition of the 5th Anniversary of the UNIQUE Plan. Mr. Ablowich suggested that awards to former commission members could be made at a possible dinner reception. After some discussion about the logistics of a dinner, the

consensus of the commission was that a dinner/reception be held on September 17 at the expense of the commission from its approved budget.

Mr. Corcoran presented an overview of the UNIQUE Plan business results for the past quarter. As of June 30, 2003, UNIQUE had over \$1.6 billion under management and over 192,000 accounts. Cash inflows to the UNIQUE Plan are predominantly dedicated to existing accounts. New accounts continue to be opened although at a slower pace than in prior periods. Cash flows to all types of mutual fund products across the industry were quite slow during the quarter; however, improving compared to the first quarter of the calendar year. The cash flows to the age based portfolios remain the dominant choice for customers.

Mr. Corcoran then updated the commission on recent product enhancements. He reviewed the launch of the Fidelity Investments 529 College Reward Credit Card, the updated college cost calculator tool that is on Fidelity's web site and the addition of Dividend Growth Fund to the UNIQUE Plan. He also discussed the recently updated college savings content of its web site and the reduction of off-cycle statements. Mr. Corcoran noted from anecdotal evidence that customers are welcoming these changes with enthusiasm.

Mr. Corcoran discussed other upcoming product enhancements including the ability for customers to maintain more of their account information on line, and the ability for customers to simultaneously use the web to open an account and discuss their application with a phone representative.

Mr. Corcoran reviewed summary marketing information collected from customers that have inquired about and/or opened a 529 account with Fidelity. One of the findings from the information collected was that customers were not completely satisfied with Fidelity's web content concerning college savings. In part, as a response to this research, Fidelity recently upgraded the content of this section of Fidelity's site. Mr. Corcoran also reviewed public relations and advertising plans for the next 12 months.

Mr. Nigro presented an overview of the Fidelity Advisor 529 Plan (FA 529 Plan) business results for the second quarter of calendar year 2003. As of June 30, 2003, the FA 529 Plan had over \$368 million under management and over 43,000 accounts. As with the UNIQUE Plan and the mutual fund industry, cash flows are slow but steady to the FA 529 Plan.

Mr. Nigro described a variety of marketing and public relations initiatives planned for the months of July, August and September.

Mr. Nigro updated the Commission on the "Investment Only" business. Since the prior quarterly meeting the states of New Mexico and Indiana have added Fidelity Advisor Funds to their 529 Plans. State Street Bank through the state of New Mexico has added three Advisor funds and Bank One through the state of Indiana has added one Advisor fund.

Mr. Nigro outlined a proposal to offer an enhancement to the current FA 529 Plan pricing.

He proposed that there be additional circumstances in which the State (as trustee) may waive or reduce the sales charges to "Old" Class A and Class A Units. More specifically, the State should have the ability, at its discretion to waive or reduce sales charges for purchases of Old Class A and Class A Units when they are purchased through a trust institution or bank department for a managed account that is charged an asset-based fee. His proposal did not apply to accounts managed by third parties.

Mr. Nigro also proposed that any front-end sales charges be waived for the following: 1). Purchases made from proceeds from a rollover distribution from a non-Fidelity 529 program on which the customer had previously paid a sales charge, and 2). Purchases with redemption proceeds from Fidelity Advisor Funds or other mutual funds on which the customer had previously paid a sales charge.

In addition, Mr. Nigro also proposed a slight modification to the FA 529 Plan's money market daily fee waiver language to reflect the June 2003 pricing changes and to enable the Trustee to modify the daily fee waiver. The revised language allows the State to discontinue or modify the waiver on a portion of the ongoing daily fee applicable to investments in Old Class B and Class B Units, Class C Units, Class D Units, and Class P Units of the Fidelity Advisor 529 Money Market Portfolio at its discretion.

Father DeFelice made a motion to approve additional waivers as described by Mr. Nigro and contained in the proposal form as submitted by Fidelity. The motion was seconded by Ms. Lemaire. The motion passed unanimously.

Mr. Ablowich reviewed the status of the Endowment Fund. In the second quarter of calendar year 2003 there was over \$570,000 added to the endowment and the market value of the endowment increased by just over \$500,000 due to market conditions. At the end of June there was just over \$3.6 million in the endowment. In addition during the first week of July over \$680,000 in fee income was added to the account.

The meeting adjourned at 11:30 AM. The next meeting will be October 27, 2003 at 10AM. The meeting will take place at the New Hampshire Higher Education Assistance Foundation.