

UNIQUE COLLEGE INVESTING PLAN
Minutes of the Meeting of July 18, 2005

The fifty-sixth meeting of the NH College Savings Plan Advisory Commission was called to order at 9:40 AM by Senator 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
Ann Weddleton	Director of System Research and Grants, representing the Community Technical College System
Edward MacKay	Vice Chancellor, representing the University System of New Hampshire
Thomas Horgan	Executive Director, New Hampshire College and University Council
Martha Gooze	Public Member from Durham
Michael Cryans	Public Member from Hanover

Absent were:

Kathryn Dodge	Executive Director, Post Secondary Education Commission
John Ward	State Representative from Littleton
Peter Bragdon	Senator from Milford

A representative from the House, representing the Finance Committee (A vacancy for this representation currently exists.)
A representative from Governor Lynch's office

Also present were Jeff Troutman, Bob Corcoran, Heidi Siegal and Mary Connors from Fidelity. Also attending was Judy Knapp of the Post Secondary Education Commission.

The minutes of the meeting of June 27, 2005 were reviewed. The minutes were motioned for approval by Mr. MacKay and seconded by Ms. Weddleton. The minutes were approved unanimously.

Mr. Ablowich handed out to every member of the Commission in attendance a copy of the "Statement of Financial Interests for Members of Executive Branch Boards and Commissions". Under RSA 21-G:5-a each member of the Commission is to file this report with the Secretary of State's office.

Mr. Corcoran provided an overview of the 529 Plan market place. New Hampshire continues to maintain a strong share of the 529 market but the overall market continues to grow at a slower pace than it has in the past. The existing growth in assets is attributable to customers making contributions to existing accounts but new account openings are quite modest compared to the history of both the UNIQUE Plan and the FA 529 Plan. Parallel to the growth in the 529 assets the program revenue has also grown albeit at a slower pace than in the recent past.

The number customers who have acquired an MBNA College Rewards credit card continues to increase on a quarter to quarter basis. Mr. Corcoran indicated that at this point it was unclear what the ultimate effect the MBNA merger with the Bank of America would have on the College Rewards card program. He did indicate that Fidelity was in on-going discussions MBNA and that he would update the Commission on the progress of these discussions.

Ms. Connors summarized for the Commission the work of the College Savings Plan Network and the College Savings Foundation in Washington DC to make the tax preferred treatment of 529 Plans permanent.

Mr. Corcoran reviewed with the Commission business results for the 2nd quarter of calendar year 2005 for the UNIQUE Plan. At the end of the quarter the UNIQUE Plan had assets of over \$3.2 billion.

Mr. Corcoran described a number of marketing and distribution initiatives and product and service enhancements designed to counter the trend of declining account openings and continue to raise awareness of the product for customers and internal Fidelity staff (customer service representatives, in particular). Mr. Corcoran noted that while new account openings have slowed considerably compared to historic levels the more recent trend of account openings and contributions to existing accounts appears to be moving in a positive direction.

Mr. Troutman reviewed with the Commission business results for the 2nd quarter of calendar year 2005 for the Fidelity Advisor 529 Plan (FA 529 Plan). At the end of the quarter the FA 529 Plan had assets of over \$1.3 billion. As with the UNIQUE Plan and the rest of the 529 market, new account openings have slowed as well as incoming contributions to existing accounts. Mr. Troutman highlighted the rollover activity of accounts being transferred from competing 529 plans to the FA 529 Plan. Rollover activity has leveled out to approximately \$10 – \$15 million dollars per quarter which accounts for about 10% of sales activity in the same period.

Mr. Troutman described a number of marketing initiatives designed to both make the FA 529 Plan easier to use on the part of customers and easier to introduce to customers by financial intermediaries. One major initiative on the part of the FA 529 Plan is to boost the number of investors with systematic investment plans. In the

UNIQUE Plan more than 60% of customers contribute to their accounts via routine contributions whereas in the FA 529 Plan the current participation rate is just over 50%.

Mr. Troutman provided an update to the Commission on the request for information issued by the state of Wyoming as part of their deliberations as to whether they should terminate their 529 Plan. Although Fidelity responded to the RFP, Wyoming's focus was on working with 529 Plans sponsored by states in the western part of the country. While no decision has been made, the process of working with Wyoming and their consultants was an important one in order to think about future opportunities in the event that other states conclude that sponsoring a 529 Plan was not providing the benefits they may have originally envisioned for their customers.

Mr. Ablowich briefly updated the Commission on the status of the endowment fund. At the end of the 2nd quarter the balance in the endowment was nearly \$15 million, and the calculated funds available for scholarships was \$287,000 for the 2005-2006 school year.

Mr. MacKay and Ms. Knapp of the Post Secondary Commission updated the Commission on the results of the work of the Endowment Subcommittee to update the rules for the Commission's traditional scholarship program. Mr. MacKay described the changes to the existing rules ("600 series") that will change the method by which these scholarships are allocated to eligible students. The changes to the existing rules will allow for future fund distributions from the Endowment Fund to be made directly to postsecondary education institutions in New Hampshire for exclusive use by New Hampshire students and in accordance with prevailing policies as established by the New Hampshire College Tuition Advisory Commission. After some discussion about a variety of topics and issues within the rules, Ms. Gooze motioned to approve a series of amendments to them. Ms. Lemaire seconded the motion. The amendments were adopted unanimously by the Commission. Mr. MacKay motioned to approve the revised "600 series" rules as amended. The motion was seconded by Ms. Lemaire. The amended rules were approved unanimously. A copy of the rules before and after amendment is available upon request at the Treasury.

Mr. MacKay and Ms. Knapp presented and discussed proposed rules establishing a new policy of distributions of annual revenue to qualified institutions for the purpose of establishing endowments that would support eligible New Hampshire students attending New Hampshire institutions. These new rules ("700 series") have been discussed at prior meetings and have been amended at different times over a period of six months during the discussion and drafting process. The Commission discussed this proposal for some time. After some discussion about a variety of topics and issues concerning the rules, Mr. MacKay motioned to approve a series of amendments to them. Mr. Horgan seconded the motion. The amendments were adopted unanimously by the Commission. Mr. MacKay motioned to approve the revised "700 series" rules as amended. The motion was seconded by Mr. Horgan. The amended rules were approved unanimously. A copy of the rules before and after amendment is available upon request at the Treasury.

Ms. Knapp agreed to work on behalf of the Commission to shepherd the rules through the rule making process.

The meeting adjourned at 11:00 A.M. The next meeting is scheduled for October 31st, 2005 and is planned to take place in Merrimack at the site of Fidelity Investments.