

New Hampshire College Tuition Savings Plan Advisory Commission
Minutes of the Meeting of December 6, 2021

The December 6, 2021 meeting of the New Hampshire College Tuition Savings Plan Advisory Commission (“Advisory Commission”) was called to order at 9:05 a.m. by Dr. Deborah Scire, Advisory Commission Chair. The meeting was held at the University System of New Hampshire’s office located at 4 Chenell Drive, Suite 301, Concord, NH 03301.

Attendance:

Member	Representing	Attendance
Dr. Deborah Scire, Chair	NH College and University Council	Present
Christiana Thornton, Vice Chair	NH Higher Education Assistance Foundation	Present
Monica Mezzapelle*	State Treasurer	Present
Senator Lou D'Allesandro	State Senator	Present, Arrived @ 9:45
Rep. Kenneth Weyler	State Representative	Present
Sr. Paula Buley	NH Higher Education Commission	Present
Catherine Provencher	University System of New Hampshire	Present
Shannon Reid*	Community College System of New Hampshire	Present
Senator Ruth Ward	State Senator	Present
Jay Knower	Public Member appointed by the Governor	Absent
Rep. Robert Lynn	Public Member Appointed by the Governor	Present
Joseph Doiron	Governor Designee	Absent
Rep. Peter Leishman	State Representative	Absent

* These members participated remotely because they had meeting conflicts, as permitted under RSA 91-A:2. As a result, all votes were by roll call.

Also present at the meeting were Anthony Durkan from Fidelity Investments (“Fidelity”) and Kevin Davis from the State Treasury. Ron Hazel, Daniel Terio, and Heather Zakian from Fidelity attended via conference call.

Review of Prior Meeting Minutes

The minutes of the August 30, 2021 meeting and October 20, 2021 special meeting/public hearing, were presented for approval by Dr. Scire. Mr. Davis explained that minor modifications to the August 30 meeting minutes needed to occur to clarify that Senator Ward was attending the meeting as a new Commission member as Senator Kahn had not been reappointed. The change was not known at the time and Senator Kahn participated in the meeting as a Commission member. Hearing no additional comments, Sr. Buley moved to adopt the meeting minutes, as corrected, and Rep. Wyler seconded the motion. Advisory Commission members voted as follows:

Name	Yes	No	Abstained	Absent
Dr. Deborah Scire	X			
Christiana Thornton	X			
Monica Mezzapelle	X			

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Lou D'Allesandro				X
Ruth Ward	X			
Peter Leishman				X
Kenneth Weyler	X			
Catherine Provencher	X			
Shannon Reid	X			
Sr. Paula Buley	X			
Jay Knower				X
Joseph Doiron				X
Rep. Robert Lynn**	X (Aug. 30)		X (Oct. 20)	

** Rep. Lynn voted yes to approve of the August 30th meeting minutes as amended and abstained on the October 20th meeting minutes as he wasn't present at that meeting.

The motion passed.

Overview of the 529 Programs

529 Industry Market Update

The New Hampshire 529 program remains the fourth largest in the country with over \$23 billion in market-value assets, representing 5.5% of the market-share. The New Hampshire plans continue to trail the Virginia (\$95.6 billion in assets), New York (\$44.2 billion in assets) and Nevada plans (\$37.3 billion in assets). 529 industry assets decreased by 1.4% from quarter two 2021 to quarter three 2021 and increased by 19.2% year over year, while New Hampshire assets decreased by 1.5% for the quarter and increased 16.7% year over year. U.S. Equities decreased by 0.1% for the quarter and increased 32.1% year over year. Non-US Developed equities decreased 0.6% for the quarter and increased 26.8% year over year. Investment grade debt increased by 0.1% for the quarter and 0.9% year over year.

Fidelity Advisor 529 Plan Review

Mr. Hazel continued his presentation providing an update of the Advisor-sold industry stating that Virginia remains the top advisor-sold plan in the country. 529 Advisor-sold plan assets decreased by 1.9% from quarter two to quarter three 2021 and increased by 17.1% year over year, while New Hampshire's FA 529 Plan assets decreased by 2.8% for the quarter and increased 11.0% year over year. As of September 30, 2021, the FA 529 plan had \$5.6 billion in market-value assets and 170,000 active participant accounts.

Mr. Hazel reported that in quarter three 2021, new account growth decreased 9% compared to the same quarter in 2020. Year to date new account growth increased 12% compared to year to date 2020. Quarter three contributions increased 21% compared to quarter three in 2020 and year to date contributions increased 18% compared to the same period in 2020. Quarter three distributions increased 24% compared to quarter three 2020, while distributions by New Hampshire residents increased 55% in quarter three compared to the same period in 2020.

Direct-sold (UNIQUE) 529 Plan Review

Mr. Durkan presented the results of the Direct-sold industry stating that the 529 Direct-sold plan assets decreased 1% from quarter two 2021 and increased by 20.7% year over year, while the UNIQUE plan assets decreased 1.1% for the quarter and increased 19.8% year over year. As of September 30, 2021, the UNIQUE plan had \$18.0 billion in market-value assets (up 19% year over year) and 656,000 active participant accounts.

Quarter three new account growth increased by 26% compared to quarter three in 2020 and new account contributions rose 40% to \$3,000 per new account. Total contributions increased by 34% compared to the same quarter last year while overall distributions increased 26%. Distributions by New Hampshire residents also increased 31%. Mr. Durkan also reviewed the “Age Wave” chart noting that the distribution of active accounts and assets under management remain fairly spread out across the age spectrum and accounts for younger beneficiaries remain strong. Contributions through the online gifting platform increased 84% year over year and accounted for just under 1.5% of total contributions into the UNIQUE Plan.

Q3 2021 Investment Review

Ms. Zakian provided an overview of the capital markets as well as an update of the Plan’s performance during Q3 2021. Ms. Zakian reported global economic expansion continued but virus and supply disruptions weighted on momentum with asset prices largely unchanged. Exceptions include commodities which were up 6.6%, while emerging market stocks were down 8.1% for the quarter.

During the quarter, static portfolio performance was mixed while active and blend age-based portfolios underperformed their benchmarks driven by being overweight to and underlying managers of emerging-market equities.

Over the one year period, all of the active age-based, blend age-based and static portfolios outperformed their benchmarks, driven by being underweight to and underlying managers of investment grade debt, underlying managers of U.S. equities, allocation to commodities and being overweight to non-U.S. equities.

Over the three and five-year periods, all but one active age-based and static portfolios outperformed their benchmarks driven by being overweight to and underlying managers on non-U.S. equities, underlying managers of U.S. equities, and being underweight to and underlying managers of investment grade debt.

The Fidelity Index Portfolios performed in line with expectations for the quarter.

Ms. Zakian indicated in their active and blend strategies, they maintain a 6.9% underweight in investment grade debt. In addition, the portfolios maintain a 4.9% underweight in U.S. equities feeling that they are overvalued. At the other end of the spectrum, they maintain 3.8% overweight to emerging market equities feeling like there is more value. Lastly, they also

maintain a 2.8% and 1.9% overweight to commodities and U.S. inflation protected bonds, respectively.

Mr. Terio reviewed the competitor overview over the 1-, 3- & 5-year timeframes where Fidelity continues to add value to their shareholders relative to their peer groups as all Fidelity Fund (active) portfolios are ranked in the top half of Morningstar rankings demonstrating the value of their strategic asset allocation.

Adoption of Administrative Rules Csp 300, Csp 400, and CSP 700

Mr. Davis reported that the final proposal relative to administrative rules Csp 300, Csp 400 and Csp 700 was approved by the Joint Legislative Committee on Administrative Rules (“JLCAR”) and the Advisory Commission can now adopt the rules. Mr. Davis explained that one change was made in Csp 700 which was editorial in nature whereas all references to the New England Association of Schools and Colleges (NEASC) was updated to the New England Commission of Higher Education (NECHE).

Ms. Thornton made a motion to adopt the administrative rules Csp 300, Csp 400, and Csp 700 relative to the establishment, operations and administration of the College Tuition Savings Plan, the Governor’s Scholarship Program, and the UNIQUE Endowment Allocation Program to become effective immediately. Mr. Lynn seconded the motion. Advisory Commission members voted as follows:

Name	Yes	No	Abstained	Absent
Dr. Deborah Scire	X			
Christiana Thornton	X			
Monica Mezzapelle	X			
Lou D’Allesandro (Joined @ 9:45)	X			
Ruth Ward	X			
Peter Leishman				X
Kenneth Weyler	X			
Catherine Provencher	X			
Shannon Reid	X			
Sr. Paula Buley	X			
Jay Knower				X
Joseph Doiron				X
Rep. Robert Lynn	X			

The motion passed.

UNIQUE Endowment Allocation Program Application

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Magdalen College has expressed interest in participating in the UNIQUE Endowment Allocation Program and has submitted an application along with the required documentation to the State Treasury for consideration. Dr. Davis reminded the Commission that in order to participate in this endowment program, an institution needs to be a not-for-profit entity and NECHE accredited. The application/agreement needs to be formally approved by the Advisory Commission and will be maintained at the State Treasurer’s office. The agreement specifies the requirements of the program as directed by the administrative rules Csp 700 (i.e. distribute a minimum payout of 4% of the endowment balance per year, award a minimum of \$1,000 to an eligible student, administrative expenses are not allowed under this program). Dr. Scire requested a motion to approve the application submitted and to accept participation by Magdalen College into the UNIQUE endowment allocation program beginning in the 2022-23 academic year. Dr. Scire asked for a motion and Sister Buley made a motion to approve and sign the participation agreement for Magdalen College to join the UNIQUE Endowment Allocation Program beginning July 2022 and Rep. Lynn seconded. Advisory Commission members voted as follows:

Name	Yes	No	Abstained	Absent
Dr. Deborah Scire	X			
Christiana Thornton	X			
Monica Mezzapelle	X			
Lou D’Allesandro	X			
Ruth Ward	X			
Peter Leishman				X
Kenneth Weyler			X	
Catherine Provencher	X			
Shannon Reid	X			
Sr. Paula Buley	X			
Jay Knower				X
Joseph Doiron				X
Rep. Robert Lynn	X			

The motion passed and Dr. Scire will be executing the agreement after the meeting.

UNIQUE Scholarships Report for the 2020-21 Academic Year

Jan Fiderio from the Department of Education Analytics and Resources, previously part of the Higher Education Commission, presented the UNIQUE scholarship results for the 2020-21 academic year which were compiled from the annual reports submitted on or before October 15, 2021 by higher education institutions. The following was highlighted:

- 2021-22 full-time New Hampshire resident student enrollment (all sectors) decreased by 1,198 students (-6.5%) from the previous year to a total of 17,316. 2020-21 part-time New Hampshire resident student enrollment increased by 850 students (6.2%) from the previous year to a total of 14,488.

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- Total endowment dollars maintained by restricted endowments increased by \$41,769,846 to a total of \$179,511,051. This is 30.3% growth, compared to 8.7% growth in the previous year.
- Institutional restricted endowments distributed \$5,306,967 in endowment awards (minimum of \$1,000 each) to 2,646 New Hampshire resident students. This was \$711,616 more in awards to 454 more students compared to last year.
- Institutions distributed \$3,340,556 in UNIQUE Annual Awards (direct scholarships) to 2,201 full-time and 2,565 part-time students, and they expect to distribute \$3,511,175 in UNIQUE Annual Awards in the next academic year to 2,269 full-time and 2,530 part-time students.

Governor’s Scholarship Program - Approval of Award Allocation Amount for the 2021-22 Academic Year

Dr. Scire stated that the Advisory Commission needs to determine the Governor’s Scholarship Program funding and allocation amount for the 2022-23 academic year and asked Mr. Davis to review the materials provided. Ms. Mezzapelle reported the following:

- Preliminary results from invoices received on or before November 30 were not available as many institutions had not yet submitted their reimbursement requests.
- Taking into consideration the yearly funding and commitments to date, as well as the fiscal year 2022 appropriation of \$3 million (reserving some funds for administrative expenses), an uncommitted balance of \$6,300,000 was available to allocate in the upcoming academic year.

Rep. Weyler moved to approve the funding of \$5,465,000 to be allocated to participating institutions, providing the same level of funding as the prior academic year. Any unused funds would revert back to the Governor’s Scholarship Fund. Senator D’Allesandro seconded the motion. Advisory Commission members voted as follows:

Name	Yes	No	Abstained	Absent
Dr. Deborah Scire	X			
Christiana Thornton	X			
Monica Mezzapelle	X			
Lou D’Allesandro	X			
Ruth Ward	X			
Peter Leishman				X
Kenneth Weyler	X			
Catherine Provencher	X			
Shannon Reid	X			
Sr. Paula Buley	X			
Jay Knower				X
Joseph Doiron				X

Rep. Robert Lynn	X			
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The motion passed.

Update of Endowment Trust Fund and Scholarship Disbursements

Ms. Mezzapelle provided an update of the Endowment Trust Fund and Scholarship Disbursements through September 30, 2021, highlighting that the trust fund had received \$4.9 million in assessment revenue from Fidelity and had realized a net market loss of \$7,590.

With respect to scholarship disbursements, Treasury distributed the initial allocation amount of \$1 million to colleges and universities participating in the UNIQUE Annual Allocation program and \$3.9 million in monthly allocations to the restricted endowments of institutions participating in the UNIQUE Endowment Allocation program. Pursuant to administrative rule Csp 702.01(b), 80% of gross proceeds from assessments collected were distributed to participating institutions. Additionally, since program inception, the endowment trust fund had received \$213 million in assessment revenues and had distributed approximately \$169.4 million in scholarship funds through September 30, 2021.

The endowment trust fund had also incurred \$29,297 in administrative expenses through September 30, 2021, consisting of: 1) investment management fees of \$12,176, 2) the first quarterly Treasury overhead allocation of \$11,001, and 3) \$6,120 in membership dues paid to the College Savings Plan Network. The trust fund balance as of September 30, 2021 was approximately \$11.6 million.

UNIQUE 2022-23 Percentage of Gross Proceeds Allocated to the Endowment Allocation Program

With the adoption of the of the Administrative Rules of Csp 700 earlier in the meeting, Csp 702.01(c) requires the commission to determine annually the total amount available for endowment allocations to participating institutions which shall be a percentage of gross proceeds from assessments collected. The commission is required to set a percentage to maximize the number of scholarships for New Hampshire needy students by applying the following factors including, (1) annual assessments collected, (2) projected cost of operating the UNIQUE Annual Allocation Program and Governor’s Scholarship Program, and (3) the cumulative balance of the restricted endowments of institutions participating in the UEAP. After a discussion, Ms. Provencher moved to set the allocation percentage of assessment revenue to the UNIQUE Endowment Allocation program to 30% for FY23 from the current percentage of 80%. Rep. Wyler seconded the motion. Advisory Commission members voted as follows:

Name	Yes	No	Abstained	Absent
Dr. Deborah Scire	X			
Christiana Thornton	X			
Monica Mezzapelle	X			
Lou D’Allesandro	X			

Ruth Ward	X			
Peter Leishman				X
Kenneth Weyler	X			
Catherine Provencher	X			
Shannon Reid	X			
Sr. Paula Buley	X			
Jay Knower				X
Joseph Doiron				X
Rep. Robert Lynn	X			

The motion passed.

UNIQUE 2022-23 Annual Allocation Program Scholarship Award Decisions

Dr. Scire began the discussion by indicating that the Advisory Commission needed to make the yearly determination regarding the 2022-23 eligibility criteria for the UNIQUE Annual Allocation (Award) program, which currently provides individual awards of \$1,000 (\$500 for part-time students) to New Hampshire resident students with an Expected Family Contribution (“EFC”) of \$1,000.

Mr. Davis presented sensitivity analyses with multi-year projections based on raising the EFC level to \$5,846 with award amounts of \$1,300 and \$1,500. Additionally, he indicated that due to the estimates provided by higher education institutions relative to Annual Awards being granted in the current academic year, as well as the projected trust fund balance at the end of the fiscal year, the Advisory Commission could raise the EFC level to \$5,846 and the award amount to \$1,300 for the upcoming academic year and be able to sustain those levels at least through FY30 based on the sensitivity analysis. These changes would increase the population eligible to participate in the program about approximately three times while increasing the award amount by 30%.

Rep. Weyler moved to approve and EFC amount of \$5,846 and an annual award amount of \$1,300 with a FASFA reporting deadline of December 31, 2022 for the 2022-23 academic year. Rep. Lynn seconded the motion. Advisory Commission members voted as follows:

Name	Yes	No	Abstained	Absent
Dr. Deborah Scire	X			
Christiana Thornton	X			
Monica Mezzapelle	X			
Lou D’Allesandro	X			
Ruth Ward	X			
Peter Leishman				X
Kenneth Weyler	X			
Catherine Provencher	X			
Shannon Reid	X			

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Sr. Paula Buley	X			
Jay Knower				X
Joseph Doiron				X
Rep. Robert Lynn	X			

The motion passed.

The UNIQUE Annual Allocation Program eligibility criteria for 2022-23 academic year will be as follows:

- Initial allocation amount of \$1 million to be distributed to participating institutions in July 2022 and subsequent payout to reimburse institutions for all scholarships paid to eligible students;
- A maximum EFC of \$5,846;
- An annual maximum award of \$1,300 for a full-time student, prorated for part-time; and
- A FAFSA filing deadline of December 31, 2022.

Annual financial disclosures due to Secretary of State on or before January 21, 2022

Dr. Scire reminded Commission members of the obligation to file financial disclosures with the Secretary of State’s office pursuant to RSA 15-A by the third Friday in January (January 21, 2022). This year, the Secretary of State’s office is implementing a new database to file electronically and more details will be provided in the coming weeks. An email reminder will be distributed to all Advisory Commission members with specific instructions once the online filing site and updated 2022 form are finalized.

State Legislation Update

Senator D’Allesandro reported there were no state legislative updates at this time for the commission.

Other Business

No other new business was raised.

Hearing no new business, Dr. Scire requested a motion to adjourn the meeting. Rep. Wyler moved, Rep. Lynn seconded the motion. Advisory Commission members voted as follows:

Name	Yes	No	Abstained	Absent
Dr. Deborah Scire	X			
Christiana Thornton	X			
Monica Mezzapelle	X			
Lou D’Allesandro	X			

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Ruth Ward	X			
Peter Leishman				X
Kenneth Weyler	X			
Catherine Provencher	X			
Shannon Reid	X			
Sr. Paula Buley	X			
Jay Knower				X
Joseph Doiron				X
Rep. Robert Lynn	X			

The meeting adjourned at 11:28 A.M.

NOTE: The next regular meeting is scheduled for Monday, March 14, 2022.