

DRAFT
 New Hampshire College Tuition Savings Plan Advisory Commission
 Minutes of the Meeting of August 26, 2024

The August 26, 2024, meeting of the New Hampshire College Tuition Savings Plan Advisory Commission (“Advisory Commission”), held at the offices of the University System of New Hampshire in Concord, was called to order at 10:05 a.m. by Christiana Thornton, Advisory Commission Chair. The meeting was held at the University System of New Hampshire’s office located at 5 Chenell Drive, Suite 301, Concord, NH 03301.

Attendance:

Member	Representing	Attendance
Christiana Thornton, Chair	NH Higher Education Assistance Foundation	Present
Dr. Deborah Scire	NH College and University Council	Absent
Monica Mezzapelle	State Treasurer	Present
Senator Lou D’Allesandro	State Senator	Absent
Senator Ruth Ward	State Senator	Present
Rep. Kenneth Weyler	State Representative	Present
Dr. Mark Rubinstein	NH Higher Education Commission	Present
Catherine Provencher	University System of New Hampshire	Present
Shannon Reid	Community College System of New Hampshire	Present
Rep. Robert Lynn*	Public Member Appointed by the Governor	Present
Joseph Doiron	Governor Designee	Present
Rep. Marjorie Smith	State Representative	Present (left at 12:00pm)

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

Also present at the meeting were Anthony Durkan, Ron Hazel, Elise Randazzo, and Dan Terio from Fidelity Investments (“Fidelity”). Allison Shablin from the State Treasury. Alex Leclair and Nancy Litwin from Fidelity and Lauren Warner from the State Treasury attended via conference call.

Review of Prior Meeting Minutes

The minutes of the June 18, 2024, meeting were presented for approval by Chair Thornton. Hearing no additional comments or corrections, Rep. Weyler moved to adopt the meeting minutes as presented. Senator Ward seconded the motion. Advisory Commission members voted as follows:

Member	Roll Call
Christiana Thornton, Chair	Yes
Dr. Deborah Scire	Absent
Monica Mezzapelle	Yes
Senator Lou D’Allesandro	Absent

Member	Roll Call
Senator Ruth Ward	Yes
Rep. Kenneth Weyler	Yes
Dr. Mark Rubinstein	Yes
Catherine Provencher	Yes
Shannon Reid	Yes
Rep. Robert Lynn*	Abstain
Joseph Doiron	Abstain
Rep. Marjorie Smith	Yes

The motion passed.

Election of Vice Chair

Following the smooth transition to Chair from Vice Chair, Chair Thornton notified the Commission of the need to have a Vice Chair. After a brief discussion, Treasurer Mezzapelle nominated Chancellor Provencher to Vice Chair of the College Tuition Savings Plan Advisory Commission. Mr. Doiron seconded the nomination.

Member	Roll Call
Christiana Thornton, Chair	Yes
Dr. Deborah Scire	Absent
Monica Mezzapelle	Yes
Senator Lou D'Allesandro	Absent
Senator Ruth Ward	Yes
Rep. Kenneth Weyler	Yes
Dr. Mark Rubinstein	Yes
Catherine Provencher	Yes
Shannon Reid	Yes
Rep. Robert Lynn*	Yes
Joseph Doiron	Yes
Rep. Marjorie Smith	Yes

The motion passed.

Q2 2024 Investment Review

Ms. Randazzo provided an overview of the capital markets as well as an update of the Plan's performance during Q2 2024. She shared that inflation outlook and its effect on expected Fed rate cuts were key drivers of investor sentiment in the second quarter. Treasury yields moved higher in April before retreating to end the quarter at similar levels to where they began the

quarter. U.S. stocks rallied in May and June and posted gains for the quarter. U.S. large cap equities had the most favorable returns, led by information technology. Non-U.S. equities also posted positive returns in aggregate, with diverging results: emerging markets had positive returns while developed markets posted negative returns in aggregate. Interest rates were volatile, and bonds returns were generally flat to negative.

Majority active age-based portfolios and blend age-based portfolios underperformed benchmarks in the second quarter. Asset Allocation served as a detractor driven by underweight to U.S. equities. Manager Selection helped in U.S. equities and investment grade bonds.

Fidelity Index Portfolios performed at par with benchmarks over all periods.

Overview of the 529 Programs

529 Industry Market Update

Mr. Hazel shared that the New Hampshire 529 program remains the fourth largest in the country with \$26.7 billion in market-value assets, representing 5.5% of the market-share. The New Hampshire plans continue to trail the Virginia (\$102.7B in assets), New York (\$51.1B in assets) and Nevada (\$44B in assets) plans. 529 industry assets increased by 2.4% from Q1 2024 to Q2 2024 and by 13.3% year-over-year ending June 30, 2024, while New Hampshire assets increased by 3.3% and 14.6% respectively during the same time periods. U.S. equities were up 3.2% for the quarter and 23.2 % year-over-year. Non-U.S. developed equities decreased by 0.5% for the quarter and increased 11.5% year-over-year. Investment grade debt increased by 0.1% for the quarter and increased 2.6% year-over-year. Mr. Hazel shared that with the Commission's approval, that Fidelity now offers Class 1 shares as an option within the FA 529 Workplace Program and that the FA 529 Plan is now available on the Merrill Lynch brokerage platform (omnibus).

Fidelity Advisor 529 Plan Review

Mr. Hazel continued his presentation providing an update of the Advisor-sold industry stating that 529 Advisor-sold plan assets increased by 1.8% from Q2 2023 to Q2 2024 and 11% year-over-year, while New Hampshire's FA 529 Plan assets increased by 1.6% for the quarter and by 6.6% year-over-year. As of June 30, 2024, the FA 529 plan had \$5.2 billion in market-value assets and approximately 158,284 active participant accounts.

Mr. Hazel reported that in Q2 2024, new account growth was up 36% compared to the same quarter last year. New account activity year-to-date also increased by 31% from year-to-date 2023. Q2 2024 contributions were up 21% compared to the same quarter last year, while Q2 2024 distributions were up 8% compared to the same quarter last year. Distributions from year-to-date 2024 were up 9% compared to year-to-date 2023.

Year-to-date 2024, there was a 6% increase in total assets compared to year end 2023. New Hampshire ranks 18 in assets and accounts held by state, with 2,726 accounts and \$80.2 million assets.

Direct-sold (UNIQUE) 529 Plan Review

Mr. Durkan provided an update on the 529 Direct-sold space, reporting that Direct-sold plan assets increased 2.8% from Q1 2024 to Q2 2024 and 14.7% year-over-year, while the NH UNIQUE Plan increased by 3.7% and 16.7% respectively during the same time periods. As of June 30, 2024, the UNIQUE plan had approximately \$21.5 billion in market-value assets and approximately 852,000 total active participant accounts. Active participant accounts are defined as accounts with a balance.

Q2 2024 new account growth increased by 44% compared to Q2 2023 and new account contributions increased by 51%. New Hampshire ranked 15 in new account growth at 2%, with California ranking first at 18%. Mr. Durkan also stated that new account contributions by state are consistent with new accounts, except New Hampshire in the 10th spot. Total contributions increased by 40% compared to the same quarter last year while contributions year-to-date are up 28% compared to last year. Overall distributions increased by 10% during the same time period while distributions by New Hampshire residents increased by 4% for Q2 2024 as compared to Q2 2023. Overall assets under management increased 10% from year end 2023. New Hampshire accounts hold 3% of total UNIQUE plan assets.

Maximum Contribution Limit

Mr. Hazel reviewed information regarding the maximum contribution limit, which the Advisory Commission reviews every year. Mr. Durkan shared that New Hampshire's maximum contribution limit is currently at \$596,925, which is highest contribution limit of all 529 plans nationwide. The average 529 Plan contribution limit is \$471,144, the median is \$415,963.

Mr. Hazel shared that New Hampshire has historically used the Dartmouth formula as one proxy to support its contribution limit calculation. This year the Dartmouth formula calculated a maximum contribution amount of \$621,411, which includes undergraduate and graduate study (7 years in total).

Treasurer Mezzapelle reiterated that the Advisory Commission has historically used the Dartmouth formula to support its decision. After an engaged discussion, Rep. Lynn moved to increase the Maximum Contribution Limit to \$621,411. Rep. Weyler seconded the motion. Advisory Commission members voted as follows:

Member	Roll Call
Christiana Thornton, Chair	Yes
Dr. Deborah Scire	Absent
Monica Mezzapelle	Yes
Senator Lou D'Allesandro	Absent
Senator Ruth Ward	Yes
Rep. Kenneth Weyler	Yes
Dr. Mark Rubinstein	Yes

Member	Roll Call
Catherine Provencher	Yes
Shannon Reid	Yes
Rep. Robert Lynn*	Yes
Joseph Doiron	Yes
Rep. Marjorie Smith	Abstain

The motion passed.

Morningstar Annual Review

Treasurer Mezzapelle reported that the annual review by Morningstar will be happening in September. Morningstar’s methodology uses pillars: Process, People, Parent, and Price and those are individually rated according to their criteria.

The UNIQUE College Investing Plan has been awarded the medalist rating of “Bronze” and the Fidelity Advisor 529 Plan has a “Neutral” rating. While those are good ratings, the pillar related to the Plan’s oversight (the work of the Commission) has not met their expectations since 2020.

Treasurer Mezzapelle indicated that Morningstar has updated its methodology and the updated methodology places more weight on the Parent pillar. While both plans continue to succeed and grow despite the medalist ratings assigned by Morningstar, there is no doubt there is room for improvement. Treasurer Mezzapelle highlighted a few of the points Morningstar reviews and how some of them could be beneficial to the Plan. After a robust discussion, Treasurer Mezzapelle indicated that the Treasury will review the feedback and return with recommendations at future meetings.

Dashboard Review as of June 30, 2024

Treasurer Mezzapelle presented the semi-annual update of the Dashboard Report as of June 30, 2024, including the following:

- Revenue estimates were updated by Fidelity projecting that revenues would reach \$19.1 million, \$18.8 million, and \$18.9 million in calendar years 2024, 2025, and 2026, respectively.
- Ending plan assets were also updated projecting \$24.3 billion, \$24.6 billion, and \$24.9 billion in 2024, 2025, and 2026, respectively. Note: Commission revenue is derived from average plan assets.

Update of Endowment Trust Fund, and Scholarship Disbursements

Treasurer Mezzapelle provided an update of the Endowment Trust Fund and Scholarship Disbursements for fiscal year 2024, highlighting that the trust fund had received \$18.2 million in assessment revenue from Fidelity and generated nearly \$1.7 million in investment earnings.

Additionally, the endowment trust fund incurred \$565,136 in administrative expenses consisting of: 1) investment management fees of \$80,650, 2) the first, second, third and fourth quarterly Treasury overhead allocation of \$75,758, 3) \$6,455 in membership dues paid to the College Savings Plan Network and College Savings Plan Network, 4) \$2,500 in membership dues paid to the College Savings Foundation, 5) \$399,664 paid to PwC for the audits of the UNIQUE and FA529 Plans and 6) \$109 in supplies. Since program inception, the endowment trust fund has collected \$244.1 million in assessment revenue and has disbursed over \$247.2 million in scholarship funds. As of June 30, 2024, the Endowment Trust Fund had a balance of \$22.9 million.

Update of Governor’s Scholarship Program

Treasurer Mezzapelle provided an update of the Governor’s Scholarship Program and reviewed the Statement of Revenues, Expenditures, and Changes in Fund Balance as of June 30, 2024. At the beginning of fiscal year 2024, the fund had approximately \$13.1 million, and we ended the year with a balance of \$14.3 million. Of the \$14.3 million, approximately \$6.5 million is unrestricted and the remaining \$7.8 million is restricted as it has already been awarded to students in prior academic years. Final scholarship results were also reviewed, indicating that a total of \$2.3 million for 1,749 Governor’s Scholarship recipients were disbursed to participating institutions in fiscal year 2024. Commission members discussed opportunities to solicit feedback from financial aid professionals to determine what improvements can be made to the Program to enhance eligibility for New Hampshire students.

2026-2027 State’s Operating Budget

Treasurer Mezzapelle informed the Commission given current State revenue projections, no General Funds will be available to fund the Governor’s Scholarship Program, which has historically been funded with General Funds. Treasurer Mezzapelle presented the budget of the Governor Scholarship Program and included three projections, whereby Trust Funds would be utilized to fund the Program. She reminded the Commission prior legislation changed the law to allow transfers between the Trust Fund to the Governor Scholarship Fund. Treasurer Mezzapelle proposed the question to the Commission on whether they want to choose to fund the program with Trust Fund dollars. Trust Fund monies would be utilized only after exhausting funds available in the Governor’s Scholarship Fund. Representative Weyler moved to use Trust Fund dollars to fund the Governors Scholarship Program in 2026-2027, Representative Lynn seconded.

Member	Roll Call
Christiana Thornton, Chair	Yes
Dr. Deborah Scire	Absent
Monica Mezzapelle	Yes
Senator Lou D’Allesandro	Absent
Senator Ruth Ward	Yes

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Member	Roll Call
Rep. Kenneth Weyler	Yes
Dr. Mark Rubinstein	Yes
Catherine Provencher	Yes
Shannon Reid	Yes
Rep. Robert Lynn*	Yes
Joseph Doiron	Yes
Rep. Marjorie Smith	Absent

State Legislation Update

Treasurer Mezzapelle reported there were no legislative updates at this time.

Proposed 2025 Meeting Dates

Chair Thornton presented the proposed 2025 meeting dates: March 10, 2025, June 2, 2025, August 25, 2025, and December 8, 2025. Mr. Doiron moved to approve the proposed meeting dates, and Rep. Weyler seconded the motion. Advisory Commission members voted as follows:

Member	Roll Call
Christiana Thornton, Chair	Yes
Dr. Deborah Scire	Absent
Monica Mezzapelle	Yes
Senator Lou D'Allesandro	Absent
Senator Ruth Ward	Yes
Rep. Kenneth Weyler	Yes
Dr. Mark Rubinstein	Yes
Catherine Provencher	Yes
Shannon Reid	Yes
Rep. Robert Lynn*	Yes
Joseph Doiron	Yes
Rep. Marjorie Smith	Absent

The motion passed.

Other Business

Hearing no other business, Chair Thornton adjourned the meeting at 12:12 p.m.

Note: The next regular meeting is scheduled for Monday, December 9, 2024.