The June 6, 2022 meeting of the New Hampshire College Tuition Savings Plan Advisory Commission (“Advisory Commission”) was called to order at 10:00 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:

<table>
<thead>
<tr>
<th>Member Representing</th>
<th>Attendance</th>
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<tr>
<td>Dr. Deborah Scire, Chair</td>
<td>NH College and University Council</td>
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<tr>
<td>Christiana Thornton, Vice Chair</td>
<td>NH Higher Education Assistance Foundation</td>
</tr>
<tr>
<td>Monica Mezzapelle*</td>
<td>State Treasurer</td>
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<td>Senator Lou D’Allesandro</td>
<td>State Senator</td>
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<td>Rep. Kenneth Weyler</td>
<td>State Representative</td>
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<td>Sr. Paula Buley</td>
<td>NH Higher Education Commission</td>
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<tr>
<td>Catherine Provencher</td>
<td>University System of New Hampshire</td>
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<tr>
<td>Shannon Reid*</td>
<td>Community College System of New Hampshire</td>
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<td>Senator Ruth Ward</td>
<td>State Senator</td>
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<tr>
<td>Rep. Robert Lynn</td>
<td>Public Member Appointed by the Governor</td>
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<tr>
<td>Joseph Doiron</td>
<td>Governor Designee</td>
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<tr>
<td>Rep. Peter Leishman</td>
<td>State Representative</td>
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Also present at the meeting were Anthony Durkan from Fidelity Investments (“Fidelity”) and Kevin Davis and Allison Shablin from the State Treasury. Ron Hazel, Daniel Terio, Jessica Bialas, and Sarah O’Toole from Fidelity attended via conference call.

**Review of Prior Meeting Minutes**

The minutes of the March 14, 2022 meeting were presented for approval by Dr. Scire. Ms. Mezzapelle pointed out two typographical errors to be corrected. Hearing no additional comments or corrections, Sr. Buley moved to adopt the meeting minutes as corrected, and Rep. Lynn seconded the motion. All Advisory Commission members voted in favor with the exception of Senator D’Allesandro who abstained and the motion passed.

**Q1 2022 Investment Review**

Ms. O’Toole provided an overview of the capital markets as well as an update of the Plan’s performance during Q1 2022.

During the quarter, active and blend age-based portfolios underperformed their benchmarks driven by underlying managers within non-U.S. equities.
Over the one year period, active age-based and blend age-based underperformed their benchmarks, driven by being overweight to and underlying managers within emerging market equities, underweight to and underlying managers of U.S. equities, and were offset by allocation to commodities, underweight to and underlying managers of investment grade debt.

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

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

Ms. O’Toole indicated in their active and blend strategies, they maintain a 5.2% underweight in U.S. equities. In addition, the portfolios maintain a 4.7% underweight in investment grade bonds feeling that they are overvalued. At the other end of the spectrum, they maintain 4.0% overweight to emerging market equities, feeling like there is more value. Lastly, they also maintain a 2.0% overweight in both non-U.S. developed markets equity and commodities.

Mr. Terio reviewed the competitor overview over the 1-, 3- & 5-year timeframes.

**Overview of the 529 Programs**

**529 Industry Market Update**

The New Hampshire 529 program remains the fourth largest in the country with $23.6 billion in market-value assets, representing 5.5% of the market-share. The New Hampshire plans continue to trail the Virginia ($93.7 billion in assets), New York ($44.8 billion in assets) and Nevada ($37.9 billion in assets) plans. 529 industry assets decreased by 4.6% from Q1 2021 to Q2 2022 and increased by 4.7% year-over-year ending March 31, 2022, while New Hampshire assets decreased by 4.0% for the quarter and increased 4.1% year-over-year. Asset decreases were primarily driven by the performance of the capital markets: U.S. equities were down 5.4% for the quarter and increased 11.7% year-over-year. Non-U.S. developed equities decreased 4.7% for the quarter and increased 3.3% year-over-year. Investment grade debt decreased by 5.9% for the quarter and 4.2% 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 6.0% from Q4 2021 to Q1 2022 and increased by 1.6% year-over-year, while New Hampshire’s FA 529 Plan assets decreased by 6.1% for the quarter and by 2.6% year-over-year. As of March 31, 2022, the FA 529 plan had $5.3 billion in market-value assets and 169,100 active participant accounts.

Mr. Hazel reported that in Q1 2022, new account growth was down 9% compared to the same quarter last year. Q1 2022 contributions were down 5% compared to the same quarter last year,
while Q1 2022 distributions were up 4% compared to the same quarter last year. Q1 2022 distributions by NH residents were up 21% compared to the same quarter last year.

Direct-sold (UNIQUE) 529 Plan Review

Mr. Durkin also provided an update on the 529 Direct-sold space, reporting that Direct-sold plan assets decreased 3.7% from Q4 2021 to Q1 2022 and increased 6.8% year-over-year, while the UNIQUE College Investing Plan decreased 3.4% for the quarter and increased 6.2% year-over-year from 2021 to 2022. As of March 31, 2021, the UNIQUE plan had $18.2 billion in market-value assets and 697,000 total active participant accounts. Active participant accounts are defined as accounts with a balance.

Q1 2022 new account growth decreased by 24% compared to Q1 2021 and new account contributions declined 15%. Total contributions decreased by 2% compared to the same quarter last year while overall distributions increased by 9% compared to the same quarter last year. Distributions by New Hampshire residents also rose by 21% for Q1 2022 as compared to Q1 2021. Mr. Durkin also reviewed the “Age Wave” chart, noting that the distribution of active accounts and assets under management remain healthy as they are fairly spread out across the age spectrum and accounts for younger beneficiaries remain strong. Contributions through the online gifting platform and the rewards card continue to be positive. Year-over-year, contributions via the Online Gifting tool are up 29% in Q1 2022 compared to Q1 2021 and accounted for just under 1.5% of total contributions into the UNIQUE Plan for the year. Despite less household spending nation-wide, participants continued to take advantage of the Fidelity rewards card as an alternative method for contributions.

Department of Education, Division of Higher Education – Memorandum of Understanding

Ms. Mezzapelle explained the Memorandum of Understanding (MOU) between the Department of Education (DOE), Division of Higher Education – Higher Education Commission and the State Treasury for support services to the UNIQUE Scholarship Program. Ms. Mezzapelle recommended the advisory commission review the MOU to determine if we continue to require the services being rendered by the DOE as the Treasury is now able to be completed this work. Prior to terminating the MOU, the commission asked the Treasury reach out to the commissioner of the DOE to discuss the MOU and ensure terminating it would be appropriate.

Update of Endowment Trust Fund, Scholarship Disbursements and the FY2023 Budget

Ms. Mezzapelle provided an update of the Endowment Trust Fund and Scholarship Disbursements through Q3 of FY22, highlighting that the trust fund had received nearly $14.6 million in assessment revenue from Fidelity and generated net market losses of $449,293.

With respect to scholarship disbursements, in July 2021, Treasury distributed an initial allocation amount of $1 million to colleges and universities participating in the UNIQUE Annual Allocation program and, as authorized in the administrative rules, institutions have submitted an additional $2.0 million in reimbursement requests for awards granted in excess of the initial allocation amount of $1 million. Treasury is working on disbursing these funds. In addition,
$11.8 million in monthly allocations were distributed 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 $222.4 million in assessment revenues and had distributed approximately $177.3 million in scholarship funds through March 31, 2022.

The endowment trust fund had also incurred $487,608 in administrative expenses through March 31, 2022, consisting of: 1) investment management fees of $39,040, 2) the first, second, and third quarterly Treasury overhead allocation of $31,606, 3) $6,120 in membership dues paid to the College Savings Plan Network, 4) $2,500 in membership dues paid to the College Savings Foundation, 5) $36,000 paid to the Division of Higher Education for support services, and 6) $372,342 paid to PwC for the audits of the UNIQUE and FA529 plans. The trust fund balance as of March 31, 2022 was approximately $12.5 million.

Ms. Mezzapelle presented the fiscal year 2023 NH College Tuitions Savings Plan Advisory Commission budget. Revenues are based on the projections that Fidelity provided us in the last quarterly meeting and reported in the semi-annual Dashboard Report. Fidelity anticipate $21.1 million in revenue coming to the trust fund. Ms. Mezzapelle noted the UNIQUE Endowment Allocation disbursement of $6.3 million reflects the allocation percentage change of assessment revenue to the UNIQUE Endowment Allocation program to 30% for FY23 from the current percentage of 80% for FY22 approved by Advisory Commission on March 14, 2022. The current trust fund balance is approximately $12.5 million, which will allow us to maintain the eligibility criteria the Advisory Commission approved last December for the UNIQUE Annual Allocation Program (EFC will be capped at $5,846 and the individual award amount will be $1,300). Administrative expenses include amounts the advisory commission pays for audits, fund management fees, association dues, and other miscellaneous.

Hearing no additional comments, Sr. Buley moved to adopt the fiscal year 2023 budget, Rep. Lynn seconded the motion. All commission members voted in favor and the motion passed.

**Update of Governor’s Scholarship Program**

Ms. Mezzapelle provided an update of the Governor’s Scholarship Program. She explained that state law and the rules require participating institutions to submit an invoice to be reimbursed for awards they have granted to students. For the 2018-19 award year, OSI had allocated approximately $4 million and we will have paid approximately $1.2 million through the fourth year. For the 2019-20 award year, OSI had allocated approximately $4.8 million and we will have paid approximately $1.3 million through the third of four years. For the 2020-21 award year, the program was transferred to the commission which allocated approximately $4.5 million and we will have paid approximately $1.7 million through the second of four years. For the 2021-22 award year, the commission allocated approximately $5.4 million and we will have paid $936 thousand through the first of four years.
Ms. Mezzapelle reviewed the proposed fiscal year 2023 budget for the Governor’s Scholarship Program and explained that the proposed budget mirrored the prior year’s budget and that the Treasury would provide a more formal budget at the August meeting.

**State Legislation Update**

Ms. Mezzapelle reported there were no state legislative updates at this time for the commission.

**Other Business**

Hearing no additional new business, the meeting adjourned at 11:55 a.m.

**NOTE**: The next regular meeting is scheduled for Monday, August 22, 2022.