

New Hampshire College Tuition Savings Plan Advisory Commission
Minutes of the Meeting of September 29, 2022

The September 29, 2022 meeting of the New Hampshire College Tuition Savings Plan Advisory Commission (“Advisory Commission”) was called to order at 1:05 p.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	Absent
Rep. Kenneth Weyler	State Representative	Present
Sr. Paula Buley	NH Higher Education Commission	Absent
Catherine Provencher	University System of New Hampshire	Present, Arrived at 2:00 p.m.
Shannon Reid	Community College System of New Hampshire	Present
Senator Ruth Ward	State Senator	Present
Rep. Robert Lynn	Public Member Appointed by the Governor	Present
Joseph Doiron	Governor Designee	Present
Rep. Peter Leishman	State Representative	Absent

Also present at the meeting were Anthony Durkan, Ronald Hazel, Andrew Dierdorf, Elise Randazzo, Daniel Terio, Nancy Litwin, and Alex Leclair from Fidelity Investments (“Fidelity”) and Kevin Davis and Allison Shablin from the State Treasury.

Dr. Scire began the meeting by welcoming all attendees. Treasurer Mezzapelle stated the contract with the current Program Administrator, Fidelity Investments, will expire on December 31, 2023 and if the State decided to no longer partner with Fidelity regarding the administration of the NH 529 College Savings Program, the State would have the obligation to notify Fidelity six months prior to the expiration of the contract. Therefore, due to the timing needed for the procurement process, this special meeting was required.

Treasurer Mezzapelle highlighted that the purpose of the special meeting was to determine whether to exercise a 5-year renewal option included in the existing agreement between the State of New Hampshire and Fidelity, which has been the Program Administrator since 1998, or to re-bid program administration through a competitive procurement.

Fidelity Investments Presentation

Mr. Dierdorf, 529 Portfolio Manager, began the presentation thanking the Advisory Commission for the opportunity to highlight some of the milestones achieved by the partnership between the State of New Hampshire and Fidelity for almost 25 years. New Hampshire and Fidelity's strategic partnership has helped over one million participants achieve their education savings goals, with total assets in the top decile of all 529 plans. Fidelity's dedicated national distribution combined with strong brand and expansive advisor relationships has driven growth and revenues for the plan. Channel-specific marketing efforts have contributed to account growth that exceeds national averages. A differentiated participant experience including zero minimums, thought leadership, gifting tools, and a streamlined web experience has aided higher contribution rates relative to peers. An innovative product line has provided choice, value and expertise to participants and advisors with varying needs and preferences. A well-resourced investment team, whose focus and goals are aligned with participants, designed an offering to deliver positive value and outcomes by applying unique insights and skill.

Mr. Hazel continued the presentation stating that the New Hampshire Fidelity Advisor 529 Plan (advisor-sold) has approximately \$4.9 billion in assets under management and 167,000 active accounts. Mr. Durkan then mentioned that the New Hampshire UNIQUE College Investing Plan (retail-sold) has approximately \$16.7 billion in assets under management and approximately 716,000 participant accounts. Together, they are the 4th largest plan in the country. Mr. Hazel and Mr. Durkan also highlighted that during the partnership with Fidelity, \$144 million has been provided in UNIQUE Annual scholarships and \$38 million to New Hampshire Colleges and Universities through the UNIQUE Endowment program. Over one million participants have been helped saving for college by the UNIQUE Plan since 1998. Mr. Durkan shared that while capital and equity markets have recently declined, account openings and contributions rates continue to remain steady when compared to other states. Mr. Durkan outlined the benefits of partnering with Fidelity including the tools, resources, website, etc., but stated the major benefit being their branch network. Participants throughout the country have access to a brick and mortar building where they can go and speak to a person physically on-site. Mr. Hazel and Mr. Durkan, both shared additional planned enhancements that intend to continue to support the growth of both plans.

Mr. Terio, representing the investment product side, stated that what separates Fidelity's investment product is their commitment to offering choice, value and investment expertise. Secondly, their long-standing history of executing on that commitment and the number of enhancements they have made to existing products, including the addition of innovative and new products and reduction of pricing. Mr. Terio stressed that they have cut into prices that result in savings to plan participants. Enhancements implemented over the last few years include updates to glide path, increase diversification, refined inflation-protected securities exposure, the addition of sustainable multi-asset product and the mapping of money market funds to stable value offering.

Ms. Litwin, representing the UNIQUE Plan Marketing team, highlighted various initiatives which are part of the marketing strategy for the UNIQUE plan. Some of the marketing initiatives mentioned include the newborn network at hospitals and maternity wards, providing product brochures, fact sheets and other educational materials, as well as

broadcasting a 30 second video that plays in the maternity ward. Ms. Litwin explained the importance of the timing for advertising to specific demographics, how the paid search and savingforcollege.com strategies are major business drivers, and the continued interest in re-investing in those markets. Another major focus was promoting the UNIQUE Plan locally by partnering with the Ski NH program and the Children's Museum in Dover, NH. These sponsorships include UNIQUE Plan signage and educational materials as well as hosting in-person events.

Ms. Leclair, representing the Advisor Plan Marketing team, spoke about the Fidelity Advisor marketing plan including the strategy to promote new account growth by encouraging advisors to distribute the NH 529 Plan as part of a complete financial plan. Ms. Leclair mentioned that digital advertisement is part of the Advisor-sold marketing strategy and that Fidelity is able to optimize content based on customer engagement.

Discussion, Deliberation and Decision by Advisory Commission

Dr. Scire opened the floor for discussion by Advisory Commission members. Treasurer Mezzapelle reiterated the goal of the special meeting and mentioned that the Restated Management and Administrative Services Agreement with relevant highlighted sections was shared with everyone in advance. Providing additional context, Treasurer Mezzapelle mentioned that the partnership is represented by three documents, the Management and Administrative Services Agreement, the Investment Management Agreement, and the Trust Agreement and they all have had multiple amendments since 1998. The initial contract was for 15 years and the renewal option had been exercised on two occasions. Most recently in 2017, the Advisory Commission followed a similar process and at the end the contract was extended through December 31, 2023.

Rep. Wyler made a motion to renew the contract with Fidelity, Rep. Lynn seconded the motion. Dr. Scire asked for any additional discussion. Ms. Provencher added that she supported the motion and explained it is important to document why we are not entering into a bidding process. In addition, she said it is important to review the fees the participants pay in comparison to other plans. In response to the comment, Mr. Terio responded in relation to the investment product fees and stated that Fidelity is very confident of the competitive level of their fees. He explained that they offer a spectrum of investment options that includes an age-based, active, blend and index. They are all very competitive in comparison to competitors. The index option, both the aged-based and stand-alone offerings, are amongst the lowest in the country. Although the fees are higher for blend and active, the value the participants receive and the performance of those offerings provides a strong value proposition. Rep. Weyler added that Fidelity came to the Advisory Commission two times in the past few years and offered on their own to lower their fees without being asked by the Advisory Commission. Additionally, Rep. Weyler pointed out that investors would remain loyal to Fidelity and we may lose many Fidelity Advisor accounts which could have an impact on the overall plan, if we did not renew the contract. Ms. Provencher asked if other plan sponsors have changed plan managers and what the result of the change was. Mr. Hazel shared that Fidelity was the program manager for California's plan at one point when they decided to put the plan out to bid. Fidelity decided to

not bid on the RFP and the plan converted to TIAA. Upon that conversion, the Fidelity Advisor side retained over half of the total assets of the plan. Ms. Thornton expressed her concern and felt there was not enough performance data, detail on fees over time, and a list of enhancements to support the contract extension. Ms. Reid also expressed her concern with regard to not having the opportunity to hear presentations from other providers. Ms. Reid stated that she was in support of continuing with Fidelity, however, she stressed the importance to show the competitive fee structure, overall financial performance, support for scholarships, comprehensive national network and profile Fidelity uses to sell this program when we present the request for approval to the Governor and Executive Council.

After an engaged discussion, Dr. Scire asked Advisory Commission members to clarify the motion. Rep. Wyler restated his motion to renew the contract with Fidelity 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			
Senator Lou D'Allesandro				X
Rep. Kenneth Weyler	X			
Sr. Paula Buley				X
Catherine Provencher	X			
Shannon Reid	X			
Senator Ruth Ward	X			
Rep. Robert Lynn	X			
Joseph Doiron	X			
Rep. Peter Leishman				X

The motion passed.

Treasurer Mezzapelle informed the Advisory Commission that Treasury will work with Fidelity to update the contract language and bring the recommendation to the Governor and Executive Council meeting as soon as practical.

Hearing no additional new business. Dr. Scire adjourned the meeting at 3:05 p.m.

Next meeting: The next regular meeting is scheduled for Monday, December 5, 2022.