

**NEW MEXICO EDUCATIONAL ASSISTANCE FOUNDATION (NMEAF)
BOARD OF DIRECTORS MEETING
NMEAF BOARD ROOM
MAY 1, 2024
ALBUQUERQUE, NEW MEXICO**

BOARD OF DIRECTORS

Alex Heubeck, Chair
Kevin Powers, Vice Chair
Rosenda Minella, Secretary/Treasurer
Gavin Gillette, Board Member
Jerri Mares Representing:
Laura M. Montoya, Board Member

OFFICERS AND STAFF

Brad Allpass, President & CEO
Grace Tackman, VP of Administrative Service
Tracy Rowe, Asst. VP of Finance
Estevan Martinez, Asst. VP of IT
Reginald Storment, General Counsel
Lois Fort, Director of Operations
Melissa Dale, Director of GC
Anna Smith, Executive Assistant

Charles J. Piechota, Board Counsel

Chair Mr. Heubeck called the meeting to order at 10:34am.

I. Introduction of Visitors

Mr. Allpass introduced the board counsel, Charles Piechota, TJ Cook from Ingenuity Venture Fund and Chip Martin, manager of CUBIT Fund LLC.

II. Roll Call

Anna Smith called roll. Alex Heubeck, Kevin Powers, Rosenda Minella and Jerri Mares representing Laura Montoya were present in person. Gavin Gillette attended via Zoom.

III. Approval of the Agenda

Mr. Allpass stated that an Executive Session is not needed and may be omitted from the agenda. Also, Item VIII. Establish Endowment with Albuquerque Community Foundation was tabled by the NMSLGC Board in the Monday April 29th meeting so today will be a conversation on the subject and not an action item. Ms. Minella moved to approve the agenda with Executive Session omitted and item VIII as a non-action item and Mr. Powers seconded the motion. The motion passed 5-0.

IV. Election of Board Secretary

Mr. Heubeck recommended Ms. Minella as Board Secretary. Mr. Powers moved to elect Ms. Minella as board secretary and Mr. Gillette seconded the motion.
The motion passed 4-0

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V. Approval of January 23, 2024 Board Meeting Minutes

Ms. Minella moved to approve the January 23, 2024 Board Meeting Minutes as presented and Mr. Powers seconded the motion. The motion passed 5-0.

VI. Approval of Investment and Cash Management Policy

Mr. Allpass stated as assets have been accumulated outside of the bond fund and as we are moving towards an endowment, the Investment and Cash Management Policy needed to be updated to be sure proper procedures are being followed. We want to have opportunities to pursue things that align with our mission of training, educating and growing New Mexico's workforce. Ms. Mares asked why NMEAF would go to 20% when we are presently around 4% investments. Mr. Allpass stated that the 20% entered on the policy for investments is changeable, it's not a target just a cap. Mr. Powers stated we are a non-profit tax exempt organization with a charter and a mission, this is more about accomplishing our mission than it is about a financial position of the return on the investments. Ms. Mares noted that the word "be" is missing on the second to last line after the word "must". Mr. Powers moved to approve the policy with stated correction and Mr. Gillette seconded the motion. The motion passed 5-0.

VII. Establish Endowment with Albuquerque Community Foundation

Mr. Allpass stated the funds invested in Cubit would be put into a different investment. As student loans revenue goes away there is a need to find other avenues to support our mission. NMEAF has been meeting with The Albuquerque Community Foundation regarding endowments. The Guarantee Corporation has asked for further review of their cash flow needs as the Department of Education's actions have affected the Guarantee Corporation's cash balances and future activities. Mr. Allpass stated an endowment would be set up with the money that both NMEAF and NMSLGC had originally invested in CUBIT. As previously discussed, there are 2 types of endowments, a permanent and quasi endowment. The money invested stays with a permanent endowment though distributions may be taken, whereas the quasi endowment is set up under terms where at the end of the term all the money can go back to the investor along with distributions. The initial investment would be 5 million (2.5 million from each entity) for 10 years, one scenario could be, leaving the investment in for 5 years at which time a yearly distribution would commence for the remaining 5 years, the board can decide how they want the investment structured. Mr. Allpass stated the benefit of going the endowment route is that we would have an investment advisor, the pool of investment fees would be

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lower than we could get on our own and because of the diversity of the investment pool, risk is managed and minimized. Mr. Allpass stated if one of the two organizations is dissolved the remaining organization will be the beneficiary. If both organizations are dissolved, back in the early 2000's endowed scholarship funds were established for 16 universities in New Mexico, the thought is that these endowed scholarship funds would be the beneficiaries and would split the income distributions equally.

VIII. Investment in Ingenuity Venture Fund

Mr. Allpass introduced TJ Cook from Ingenuity Venture Fund. Mr. Cook explained that Ingenuity is a non-profit part of CNM, founded in 2015. The fund investment decisions are made under a five member investment committee, who are seasoned investors, and is then ratified by the CNM Ingenuity Finance Committee with yearly audits performed by a 3rd party. The mission of this venture is to make money for the college with 20% earnings going back to CNM. The investments are 100% local. The current fund is focused on Aerospace, media/entertainment and life science. The 10 year term investment is scheduled to close this fall, with all investments up front and returns coming in around the 5th year. Ms. Minella recused herself due to her association with CNM. Mr. Piechota stated the resolution is structured in such a way to explore the possibility of an amount "subject to further approval by management and legal counsel". Ms. Mares, representing State Treasurer Laura Montoya stated she will not be voting for the approval of the Ingenuity Venture Fund. Mr. Powers moved to approve the Ingenuity Venture investment fund up to \$500,000 subject to due diligence and Mr. Gillette seconded the motion. The motion passed 3-1-1. (Treasurer's Office: Ms. Mares- nay and Ms. Minella recused due to her association with CNM) Ms. Mares explained the State Treasurer is concerned about investing for education at such a high risk.

IX. Credit Card Program Change and Credit Limit Increase

Ms. Rowe stated that the company we have credit cards with is not changing just the credit limit is increasing from \$35,000 to \$80,000 with a 1% card program. (Pending \$80,000 bank approval) Mr. Powers moved to approve the update of the Credit Card Program and Ms. Minella seconded the motion. The motion passed 4-0-1 Mr. Heubeck recused himself due to association with BMO.

X. Appointment of Marsha Majors to Board Term through 2024

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Mr. Gillette stated he is stepping down from the board and is recommending Marsha Majors for the board. Ms. Majors is the President/CEO at U.S. Eagle Federal Credit Union with 30+ years of credit union experience. Her work aligns well with the mission of NMEAF. Mr. Gillette moved to appoint Marsha Majors to the NMEAF Board effective today May 1, 2024 and Mr. Powers seconded the motion. The motion passed 5-0.

XI. Project Lift Update

Ms. Tackman shared an update on the project. We have named this project “Lift and (L)earn”. The project will be working with various partners like Workforce Solutions, Saranam, Jobs for Americas Graduates and others, receiving their referrals. A contract will be signed between the referral and Project Lift. Project Lift will function similar to a temp agency, though more extensive. We want to reach those that wouldn’t ordinarily get into secondary education/trades due to various obstacles. A goal will be set with steps on what it takes to meet that goal, like an education plan if needed, training to be licensed, connections to employers and externships. The basic fundamentals may be where the program begins for some: acquiring housing, learning about good character, work ethics and financial literacy, for others it might be going right into earning a license/degree. We will be focusing on the areas with highest needs for employees, presently healthcare and trades.

XII. President’s Report

a. Washington Update

Mr. Allpass stated that FAFSA application issues continue since the new application was made available January 2024. NMEAF will modify their work from last year to help with the ongoing issues this coming October. The latest loan forgiveness under the higher education act has gone through negotiated rule making and is out for comment, it will have some impact on the guaranteed portfolio. The loans commercially held Federal Family Education Loan Program loans (our loans) forgiven are those in repayment for 25+ years and also some public service forgiveness. The Department of Education will decide which loans qualify for this forgiveness. There are law suits coming out in response to the latest loan forgiveness.

b. Collection Resources, Inc. Update

Mr. Allpass stated that March was a good month with a positive net income and April is looking good as well. However, there are still significant challenges for CRI and continued profitability.

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XIII. CFO's Report

Ms. Rowe presented the financials, stating the organization is doing well compared to budget. Funds are doing well due to the increase in interest rates. An application was submitted for the employee retention tax credit (ERTC) a year ago, Ms. Rowe stated she verified the IRS has received the application, though the 1.2 million dollar payment is still outstanding as the application has not been processed.

XIV. Business Unit Reports

Mr. Stormont stated that Item c. The Wind-Down of the Litigation FFELP Portfolio is complete, it has been wound all the way down, no more borrowers having active litigation.

XIV. Other Matters

Next Board Meeting: July 29, 2024 Strategic Planning Meeting

XV. Adjournment

Mr. Powers moved to adjourn and Ms. Minella seconded the motion.
The motion passed 5-0.

Meeting adjourned 12:34pm.

Date 07/30/2024

A. Heubeck

Alexander Heubeck, Chair

Date 07/30/2024

Rosenda B. Minella

Rosenda Minella, Secretary