

**NEW MEXICO EDUCATIONAL ASSISTANCE FOUNDATION (NMEAF)  
NEW MEXICO STUDENT LOAN GUARANTEE CORP. (NMSLGC)  
BOARD OF DIRECTORS STRATEGIC PLANNING MEETING  
NMEAF CONFERENCE ROOM  
JULY 29, 2024  
ALBUQUERQUE, NEW MEXICO**

**BOARD OF DIRECTORS NMEAF**

Alex Heubeck, Chair  
Kevin Powers, Vice Chair  
Rosenda Minella, Secretary/Treasurer

**ABSENT**

Marsha Majors, Board Member  
Laura Montoya, Board Member

**OFFICERS AND STAFF**

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

*Chair Heubeck called the meeting to order at 10:07 am*

**I. Introduction of Visitors**

Mr. Allpass stated there were no visitors.

**II. Roll Call**

Anna Smith called roll. Present in person from NMEAF: Alex Heubeck, Kevin Powers and Rosenda Minella. Present in person from NMSLGC: Val Alonzo, Robert Gabaldon and Brock Darnell.

**III. Approval of the Agenda**

There were no questions or comments regarding the agenda.

NMEAF:

Mr. Powers moved to approve the agenda as submitted and Ms. Minella seconded the motion. The motion passed 3-0.

NMSLGC:

Mr. Gabaldon moved to approve the agenda as submitted and Mr. Darnell seconded the motion. The motion passed 4-0.

**BOARD OF DIRECTORS NMSLGC**

Val Alonzo, Vice Chair  
Robert Gabaldon, Secretary  
Brock Darnell, Board Member  
Alex Heubeck, NMEAF Chair

**ABSENT**

Ryan Trosper, Board Member

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**IV. Approval of April 29, 2024 NMSLGC Board Meeting Minutes**

Mr. Gabaldon moved to approve the minutes as presented and Mr. Darnell seconded the motion. The motion passed 4-0.

**V. Decision on Future of Guarantor Operations- NMSLGC Board**

Mr. Allpass stated the NMSLGC portfolio is getting smaller due to the stance the Department of Education took during the pandemic. All loans that defaulted during the pandemic were required to be assigned to the Department. This limits the volume on which collection activities can be performed and limits the revenue from those activities. A Voluntary Flexible Arrangement (VFA) is being negotiated with the Department as a way of compensating for the lost revenue. The VFA will provide an avenue to earn revenue for assisting defaulted borrowers to consolidate their loans into direct lending. The VFA will all pay a separate fee, based on net guarantees outstanding, to compensate guaranty agencies for the other services that they provide assisting borrowers. As the portfolio gets smaller with loans being consolidated, the lost revenue payments also get smaller. The revenue payments are not enough now to cover the operating costs. Looking at the company from a cash perspective it looks better to get out of the Guarantee Operations and apply the money to our new mission of post-secondary access and success. The Department controls the process and selects the successor guarantor. This process will take at least 6 months to a year to complete. Mr. Darnell asked what the current workforce is under NMSLGC. Mr. Allpass replied that currently there are 4 employees and that efforts will be made to assign new duties within the new mission, if possible. The guarantee corporation will get back with the board if it is found that further decisions/discussions are needed. Ms. Tackman stated this is not the ending of the entity but the beginning of a new direction, focus and name. Mr. Gabaldon stated that this would then be a process of keeping the entity in place just renaming and transferring the direction/focus to which Mr. Stormont stated that this would be noted in the resolution. NMSLGC is looking today for authorization from the board to start the exiting process with the Department of Education. Mr. Gabaldon moved to start the process of exiting out of the guarantee operations that has formerly been the main focus of NMSLGC and Mr. Darnell seconded the motion. The motion passed 4-0.

**VI. Establish Endowment with Albuquerque Community Foundation- NMSLGC Board**

Mr. Allpass reminded the board that this subject was temporarily tabled in the last meeting. The concern was regarding the future cash flow requirements. Mr. Allpass displayed the cash balances without the endowment investment for fiscal year 2025. Ms. Rowe reminded the board most of the cash balance to be used to establish the endowment is from the CUBIT investment. The 2.5 million dollars would be moving from CUBIT to the Endowment Fund. Mr. Allpass then showed the endowment investment's approximate earnings (taking the endowment's average return over the past 20 years) which would result in a slightly higher increase over a three year period, looking further, a 10 year period shows a significant increase in earnings over T-bills. Mr. Allpass reviewed the two options, as discussed in

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previous board meetings, a Permanent Endowment and a Quasi Endowment. The \$5 million originally put into CUBIT: \$2.5 million from NMSLGC and \$2.5 million from NMEAF would be put into the endowment. The favored option is the Quasi Endowment with the ability to set a term, an example would be a term of ten years then at the end of that term the total investment comes back to the organization, with distributions of earnings being scheduled and agreed upon by the boards. The fees are slightly higher on the Quasi Endowment but not significantly. The endowment would be structured to grow for the first 5 years, after which a 4% distribution annually would be set up. Distributions can be left in the endowment, subject to the board's discretion annually. Mr. Storment questioned if both boards would need to approve any action taken on the endowment or would each entity be able to act separately on their portion of investment, he thought the agreement document was written as one entity. Mr. Darnell inquired as to the benefit of keeping two entities. Mr. Allpass stated having the 501(c)3 with the Guarantee Corporation may be beneficial for future programs. The endowment will have a secondary beneficiary aspect that in the event one of the two organizations ceases to exist the remaining organization would become the sole beneficiary of the endowment and if neither of the organizations exist then the endowed scholarship funds that were set up about 20 years ago with 16 colleges will receive an equally divided portion of the endowment earnings. Mr. Gabaldon moved to adopt the Resolution as presented and move forward as a joint venture with Albuquerque Community Foundation with allowance of staff to negotiate terms of the endowment agreement and Mr. Darnell seconded the motion. The motion passed 4-0.

**VII. Code of Conduct- NMSLGC Board**

Mr. Gabaldon moved to reaffirm the Code of Conduct Policy and Mr. Darnell seconded the motion. The motion passed 4-0.

**VIII. Approval of May 1, 2024 NMEAF Board Meeting Minutes**

Mr. Powers moved to approve the minutes as presented and Ms. Minella seconded the motion. The motion passed 3-0.

**IX. Approval of June 26, 2024 NMEAF Board Meeting Minutes**

Mr. Powers moved to approve the minutes as presented and Ms. Minella seconded the motion. The motion passed 3-0.

**X. Establish Endowment with Albuquerque Community Foundation- NMEAF Board**

Mr. Powers moved to adopt the Resolution as presented and move forward as a joint venture with Albuquerque Community Foundation with allowance of staff to negotiate terms of the endowment agreement and Ms. Minella seconded the motion. The motion passed 3-0.

**XI. Code of Conduct – NMEAF Board**

Mr. Powers moved to reaffirm the Code of Conduct Policy and Ms. Minella seconded the motion. The motion passed 3-0.

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**XII. Audit Committee Report**

Mr. Powers stated the Audit Committee met on July 10<sup>th</sup>. The external auditors presented the Entrance Conference for the NMEAF June 30, 2024 fiscal year end. The Audit Charters were reapproved for both entities. Summaries of the audits for the previous quarters were presented for both entities. Audit plans were adopted for the coming year.

**XIII. Executive Session**

There was no Executive Session held.

**XIV. Strategic Planning- Executive Team**

The two boards along with the leadership team went into discussion of strategic planning for the future of both NMEAF and NMSLGC.

**XV. Other Matters**

1. NMSLGC Budget Meeting: September 26, 2024, 10:00am
2. Next NMSLGC Board Meeting: October 21, 2024, 1:30pm
3. Next NMEAF Board Meeting: October 22, 2024, 1:30pm

**XVI. Adjournment**

NMSLGC:

Mr. Gabaldon moved to adjourn the meeting and Mr. Darnell seconded the motion. The motion passed 4-0.

*NMSLGC adjourned at 3:04pm*

NMEAF:

Mr. Powers moved to adjourn the meeting and Ms. Minella seconded the motion. The motion passed 3-0.

*NMEAF adjourned at 3:04pm*

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**Date:** 10/25/2024

*A. HEUBECK*

**Alex Heubeck  
NMEAF Chair**

**Date:** 10/25/2024

*Rosenda B. Minella*

**Rosenda Minella  
NMEAF Secretary/Treasurer**

**Date:** 10/27/2024

*Val Alonzo*

**Val Alonzo  
NMSLGC Interim Chair**

**Date:** 10/25/2024

*R. Gabaldon*

**Robert Gabaldon  
NMSLGC Secretary**