

**NEW MEXICO EDUCATIONAL ASSISTANCE FOUNDATION (NMEAF)
BOARD OF DIRECTORS MEETING
NMSL BOARD ROOM
January 25, 2022
ALBUQUERQUE, NEW MEXICO**

BOARD OF DIRECTORS

Dr. Dan Salzwedel, Chair
Gavin Gillette, Vice Chair
Julie Filatoff, Secretary/Treasurer
Alex Heubeck, Board Member
Andrew Jacobson, Board Member

Charles Piechota, Board Counsel

OFFICERS AND STAFF

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

Chair Dr. Dan Salzwedel called the meeting to order at 1:01pm.

I. Roll Call

Anna Smith called roll. Attending via Zoom were: Dr. Dan Salzwedel, Gavin Gillette, Julie Filatoff, Alex Heubeck and Andrew Jacobson.

II. Introduction of Visitors

Mr. Allpass introduced Chip Martin from DataCom Ind. LLC and prospective new board member Andrew Jacobson.

III. Approval of the Agenda

Ms. Filatoff moved to approve the agenda and Mr. Gillette seconded the motion. The motion passed 4-0.

IV. Approval of October 19, 2021 Board Meeting Minutes

Ms. Filatoff stated there is one spelling correction needed. Ms. Filatoff moved to approve the minutes with correction submitted and Mr. Gillette seconded the motion. The motion passed 4-0.

V. Approval of Board Member Andrew Jacobson

Mr. Allpass introduced Mr. Jacobson. Mr. Jacobson gave a brief summary of his experience and stated he is employed at CNM as Associate Vice President of Budget, Finance and Planning. Mr. Gillette moved to approve Mr. Jacobson's membership on the

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NMEAF Board of Directors and Mr. Heubeck seconded the motion. The motion passed 4-0.

VI. Shareholder's Ratification of the Members of the Board of Directors of Collection Resources, Inc.

Mr. Allpass presented the current slate of Board of Directors for Collection Resources, Inc:

1. Chip Martin
2. Kathy Teston
3. Bobby Moedl

NMEAF management recommended the current Board of Directors. Mr. Gillette moved to accept the recommendation and approve the slate of Board of Directors as presented and Ms. Filatoff seconded the motion. The motion passed 5-0.

VII. Collection Resources, Inc. Update

Mr. Heubeck attended the CRI meeting on January 20, 2022 and gave a brief summary. The meeting included a presentation of top clients, a financial discussion and employee performance. CRI's net income continues to be negative.

VIII. Approval and Funding of Investment Fund

Mr. Allpass stated that in the last meeting with the board, the concept was discussed of forming a shared Investment Fund with our sister agency the New Mexico Student Loan Guarantee Corporation (NMSLGC). The working group consists of: Ms. Johnson- NMSLGC Board Chair, Mr. Gabaldon- NMSLGC Board Member and Mr. Heubeck- NMEAF Board Member. The group discussed the Operating Agreement, the Management Agreement and policy standards of the Investment Fund then came up with a set of documents. Mr. Piechota explained the Investment Fund is formed as a separate legal entity with two owners, the Guarantee Corporation and the Foundation, each owning 50%. There are 3 primary documents: a management agreement that states what the entity wants to do and why, an operating agreement that states how to run the entity day to day and an investment policy that lays out what types of investments will be permissible.

Mr. Allpass informed the board of a modification to the Operating Agreement on page 24 of the board packet, the third "Whereas" now includes "as set forth in Section 2 of this

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Agreement.” The modification in Section 2 states the chair of the Guarantee Corporation and the chair of the Foundation will each designate one member for the joint investment committee (either themselves or another board member) and give due consideration to the financial and investment experience of the appointee. The appointee’s primary role is to observe and report back to their respective boards along with approval/veto power. Mr. Allpass stated that Mr. Martin will act as the Investment Manager and is available to answer any questions regarding the Investment Policy. Mr. Jacobson inquired about some of the tables on the policy being blank, to which Mr. Allpass explained that once the specialized expertise is acquired, the detail will be set up and brought back to the board for its final approval. Mr. Jacobson pointed out a minor typo on page 10, item 10 of the Investment Policy Restrictions. Mr. Jacobson moved to approve the documents as amended and Mr. Gillette seconded the motion. The motion passed 5-0.

IX. Audit Committee Report

Mr. Heubeck chaired the Audit Committee meeting on January 18, 2022. The financial report for the quarter ending September 30, 2021 was presented at the meeting. The audits were clean with no findings.

X. President’s Report

Mr. Allpass stated the collection pause for Federal Student Loans has been extended to May 1, 2022. This impacts the Foundation under the 180 Resolution unit that was focused on working with the Guarantee Corporation’s defaulted loans. The loans that were defaulted from March 13, 202 through May 1, 2022 will be assigned to the Department of Education for servicing, thus impacting the revenue for the Foundation. Mr. Storment explained that there is a guarantor industry movement to litigate against the Department of Education regarding the special mandatory assignment, stating that the Department of Education acted without lawful authority. The Department of Education gave a legal waiver back in the 1980s that intertwines the Guarantee Corporation and the Foundation as servicing of the pre-default loans was impacted for litigated loans. The special mandatory assignment process could put financial strains on the guarantors leading to guarantors exiting the guarantor business. If the Guarantee Corporation is not in place, it’s uncertain, at this time, how the pre-default loans that have been litigated might be viewed by a successor guarantor or the Department of Education.

XI. CFO’s Report

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Ms. Rowe presented the Debt Fund Statement and explained that the Debt Restructure will be transferred to the General Fund for Operations of NMEAF. Ms. Rowe pointed out on the "Excess of Revenues Over Expenses" line, the variant number should be \$4 million. Ms. Rowe stated that on the Consolidated Balance Sheet, the Unrestricted cash line item will be increased by \$11.7 million because that entry was in transition between the Debt Fund and the General Fund.

XII. Business Unit Reports

Mr. Stormont explained the Pending FFELP Litigation Report. If the Guarantor goes away, all the accounts in litigation will have to be explained because the Guarantee Corporation and the Foundation are intertwined under the Department of Education's legal waiver granted in the late 1980s. There were no other comments/questions.

XIII. Executive Session

Executive Session was held to update the board of the Collection Resource's potential litigation. Ms. Filatoff moved for the Board to enter into the Executive Session and Mr. Gillette seconded the motion. The motion passed 5-0.

Ms. Filatoff moved to come out of Executive Session and Mr. Gillette seconded the motion. The motion passed 5-0.

XIV. Other Matters

Next Board Meeting: April 19, 2022 Strategic Planning Meeting.

XV. Adjournment

Mr. Jacobson moved to adjourn the meeting and Mr. Heubeck seconded the motion. The motion passed 5-0.

Meeting adjourned 3:40pm.

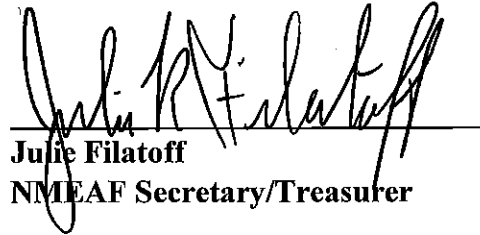
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Date _____

Date 4/27/22



Dr. Dan Salzwedel
NMEAF Chair



Julie Filatoff
NMEAF Secretary/Treasurer