

**NEW MEXICO EDUCATIONAL ASSISTANCE FOUNDATION (NMEAF)
BOARD OF DIRECTORS MEETING
NMEAF BOARD ROOM
JULY 26, 2022
ALBUQUERQUE, NEW MEXICO**

BOARD OF DIRECTORS

Dr. Dan Salzwedel, Chair
Gavin Gillette, Vice Chair
Alex Heubeck Board Member
Andrew Jacobson, Board Member

ABSENT

Julie Filatoff, Secretary/Treasurer

OFFICERS AND STAFF

Brad Allpass, President & CEO
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 1:30pm.

I. Introduction of Visitors

Mr. Allpass introduced Chip Martin of DataCom II/Cubit Fund. Mr. Allpass also introduced Scott Kaplanides from NMEAF HR Department who brought in Tara Trafton and Alex Montañó from Yearout Energy.

II. Roll Call

Anna Smith called roll. Dr. Dan Salzwedel was present in person. Attending via zoom were Gavin Gillette, Andrew Jacobson and Alex Heubeck.

III. Approval of the Agenda

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

IV. Approval of April 27, 2022 Board Meeting Minutes

Mr. Gillette moved to approve the April 27, 2022 board meeting minutes and Mr. Heubeck seconded the motion. The motion passed 4-0.

V. Approval of June 28, 2022 Board Budget Meeting Minutes

Mr. Jacobson moved to approve the June 28, 2022 board budget meeting minutes and Mr. Heubeck seconded the motion. The motion passed 4-0.

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VI. Building Energy Update Discussion

Mr. Allpass introduced Tara Trafton and Alex Montañó from Yearout Energy. Ms. Trafton explained the purpose of this presentation is for the board to review the various proposals and determine which scenario is preferred. The Yearout Energy team will work on fine-tuning the chosen option. Ms. Trafton presented three options:

1. No Solar installed: HVAC and transformer replacements, 100% LED switchover. Cost \$2.24 M; \$53,000 annual savings; \$11,000 PNM Rebate
2. Rooftop Solar installation (176kW): HVAC and transformer replacements, 100% LED switchover. Cost \$2.82M; \$60,000 annual savings; \$16,000 PNM Rebate
3. Carport Solar installation (270.48kW) and 1 EV Charger: HVAC and transformer replacements, 100% LED switchover. Cost \$3.37M; \$71,000 annual savings; \$16,000 PNM Rebate

Ms. Trafton explained the transformers are pre-2007, the DOE had lower requirements prior to 2007 which are not efficient by today's standards. Even though the life span averages 25-30 years, there is considerable energy loss. The four large HVAC units have a lifespan of 18 years, those on the roof are 19 years old. Mr. Montañó discussed the concern of the off-peak energy consumption being almost as high as the peak energy consumption. Yearout Energy can help to bring the off-peak energy consumption down considerably.

Mr. Allpass asked how much energy is generated from the rooftop solar options versus the carport solar option. Ms. Trafton stated the carport option would be a 100% off-set of peak energy consumption and the rooftop option would be a 70%-80% offset. The rooftop option offset is lower due to its size, and the heat from the roof itself impedes the energy production a little. Mr. Montañó stated there would be very little penetration of the roof for the rooftop option, it will be a ballasted solar roof mount. The only penetration will be a few small holes for wiring going into the building. Ms. Rowe inquired, if the roof needs resurfacing, what happens to the solar units? Mr. Montañó stated that the whole solar array would need to be taken down, then reassembled. Presently the roof is five years old with 15 years possibly remaining, and rooftop solar panels protect a large part of the roof, actually extending the life. Dr. Salzwedel inquired about the life of the product. Mr. Montañó stated that the modules (70% of the cost for

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rooftop option) and the racking will last around 30 years. The inverters last around 15 years, though they are a very low-cost item compared to the rest of the system.

Dr. Salzwedel requested a projection over 30 years addressing energy savings going with solar versus no solar. Mr. Heubeck suggested a cost/item breakdown of the components for each option. Mr. Montañó said the cost/item breakdown will be addressed on the next step going forward.

The quote for the solar panels was obtained from Positive Energy Solar of New Mexico. Mr. Montañó explained receipt of products can be lengthy; HVAC units are 26 to 28 weeks out. Mr. Storment asked about the utility rebates. Mr. Montañó stated that the utility rebates are a one-time payment from PNM.

Mr. Allpass stated to the board that the question is: Should just the HVAC units be replaced or should a solar option be considered? Dr. Salzwedel's opinion was to look further into all three options. Mr. Gillette stated that the maintenance of older HVAC units can be astronomical, suggesting that at least the first option be strongly considered, though he would like to further consider the solar options as well. Mr. Jacobson wants to keep in mind what the "must-haves" are and consider the organization and its direction. Mr. Heubeck agreed with Mr. Jacobson stating that solar is great to have and an environmental plus though it's not an immediate need. Mr. Heubeck asked what the value is to add a solar option as far as resale of the building. Mr. Montañó said the age of the solar unit would be subtracted from the life span, then that ratio would be taken against the initial cost of the system, and that would be the value added. Mr. Montañó explained that the savings listed on their report of having solar is taking into account the building being fully occupied. Mr. Montañó explained that the PNM rate structure the building is on is "demand rate" which is not necessarily favorable for solar. Demand rate is based on peak time versus "energy-based rate" that is based on overall energy consumption. Solar benefits more on an energy consumption based rate more than the demand component of the building, therefore, solar for this building is not that attractive on its own and should be considered more as an amenity.

Dr. Salzwedel stated the board will look at all options at this time. Ms. Trafton stated they will present the three options in more detail by the end of August, then upon the board deciding on an option they will deliver a report by the end of September, with that

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approval, a Purchase Order will be drafted in October. The project completion is projected for August 2023. Another option Mr. Montañio spoke of is to rent the solar components. Yearout Energy will complete a PPA (Power Purchase Agreement) analysis as well.

Mr. Heubeck left the meeting 2:31pm

VII. Audit Committee Report

Ms. Rowe presented the Audit Committee report in Mr. Heubeck's absence. The Audit Committee meeting was on July 13. There were two quarters of testing with no findings.

VIII. Annual Leave Policy Revision

Mr. Allpass explained The Annual Leave Policy was revised for the adjustment of the accrual hours to decrease as the Sick Leave Policy required an increase due to the Healthy Work Place Act. Mr. Gillette moved to approve the revision of the Annual Leave Policy and Mr. Jacobson seconded the motion. The motion passed 3-0.

IX. NMEAF/NMSLGC Code of Conduct

Mr. Allpass stated that the entity name was updated on the Code of Conduct from NMSL to NMEAF/NMSLGC. Mr. Gillette moved to approve the update to the Code of Conduct as presented and Mr. Jacobson seconded the motion. The motion passed 3-0.

X. Resolution Establishing Authorities for Bank of Oklahoma Investment Accounts

Ms. Rowe stated the Bank of Oklahoma needed a resolution listing people who have authorization to sign off on investments. Mr. Jacobson moved to approve the resolution and Mr. Gillette seconded the motion. The motion passed 3-0.

XI. Investment and Cash Management Policy

Ms. Rowe stated a separate bullet was added to include the direct purchase of Government securities. Mr. Jacobson moved to approve the update and Mr. Gillette seconded the motion. The motion passed 3-0.

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XII. President's Report

Mr. Allpass presented the President's Report. There are not any updates on the Loan Forgiveness program from the government. The payment pause is set to expire on August 31, 2022 however, there will most likely be an extension of the payment pause through the end of January 2023. The FFELP loans are continuing to be serviced though there is an impact on how the borrowers are reacting, some are taking their own pause. The "Hero's Act" was created to potentially lessen the loan burden for borrows. A waiver can be obtained by consolidating out of the FFELP loan. Borrowers are not able to vet their situation before hand and therefore some are finding that they don't benefit from this waiver. There is also an IDR waiver slated, although start date and end date have not been determined. Another program is "Operation Fresh Start" for defaulted loans which takes the loan out of default, allowing the borrower to reenter repayment in good standing. The details have not yet been revealed from the government as to how this will play out.

Mr. Allpass shared the FAFSA Completion report. New Mexico ranks third in the country for percentage increase of FAFSA Completions compared to last year, with an overall ranking nationwide of 39. The Outreach Department of NMEAF has been working at contacting New Mexico schools, parents and students to aid in FAFSA completions. Mr. Martinez explained FAFSA data is being acquired and then shared with each high school that has signed up to participate with NMEAF as to where they stand in FAFSA completions.

Mr. Jacobson left the meeting 3:02pm

Chip Martin shared the update of DataCom II and the newly created "Cubit" Investment Fund. The investment fund "Cubit" plans to run passively. Mr. Martin shared the Cubit website that is complete and about to go live.

Mr. Allpass spoke about CRI and the streamlining process. Ms. Fort explained that the dialer campaign is running well with an increase in collections. Mr. Martinez explained that CRI was set up with NMEAF's dialer phone system and cyber security was updated.

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Mr. Allpass stated there are a few direct loan servicing companies looking for sub-contracting help. An application has been submitted to MOHELA a direct loan servicer, and grant opportunities are also being researched.

XIII. CFO's Report

Ms. Rowe presented the financials, stating that the cash fund is in good shape. Revenue is at about 96% of projection. The Paycheck Protection Payment was received in June, which was earlier than expected.

XIV. Business Unit Reports

Mr. Allpass explained the consolidation graph from Ms. Fort. Loans are continuing to be consolidated out of the FFELP portfolio. There were no other questions or comments.

XV. Other Matters

The next Board Meeting: October 25, 2022

XVI. Executive Session

There was no executive session held.

XVII. Adjournment

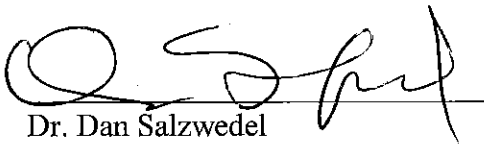
Mr. Gillette moved to adjourn the meeting and Dr. Salzwedel seconded the motion. The motion passed 2-0.

Meeting adjourned 3:29pm.

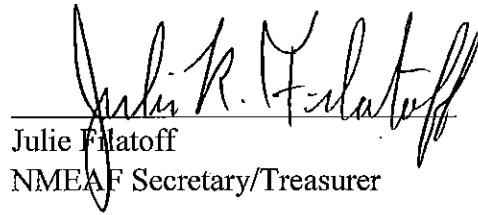
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Dr. Dan Salzwedel
NMEAF Chair



Julie Filatoff
NMEAF Secretary/Treasurer