NEW MEXICO EDUCATIONAL ASSISTANCE FOUNDATION (NMEAF) and
NEW MEXICO STUDENT LOAN GUARANTEE CORPORATION (NMSLGC)
JOINT BOARD OF DIRECTORS MEETING
NMSL BOARD ROOM
JANUARY 27, 2015
ALBUQUERQUE, NEW MEXICO

PRESENT
Pauline Garcia, Chair, NMEAF
Eileen Givler, Secretary/Treasurer, NMEAF
Dr. Dan Salzwedel, Board Member, NMEAF
Gavin Gillette, Board Member, NMEAF
Dion Kidd-Johnson, Chair, NMSLGC
Woody Farber, Vice-Chair, NMSLGC
Tim Eichenberg, NM State Treasurer
Charles J. Plechota, Board Counsel

OFFICERS AND STAFF
Michael Nemelka, President
Brad Allpass, CFO/VP of Finance
Lucas Covington, VP of IT
Grace Tackman, VP of HR
Carolyn Holder, Director of Compliance
Christy Howard, Director, Operations
Dave Roybal, Director of Facilities Mgmt.
Reginald Storment, Esq.
Deena Pierce, Assistant Controller
Mike Servatt, Project Manager
Tracy Rowe, Internal Audit

ABSENT
None

NMEAF Chair Pauline Garcia called the meeting to order at 1:00 PM

I. Roll Call - NMEAF
The following board members answered “yes” to the reading of the NMEAF roll call: Pauline Garcia, Chair, Dr. Dan Salzwedel, Vice-Chair, Eileen Givler, Secretary/Treasurer, and Gavin Gillette, Board Member. A quorum was confirmed

Roll Call - NMSLGC
The following board members answered “yes” to the reading of the NMSLGC roll call: Dion Kidd-Johnson, Chair, Woody Farber, Vice-Chair, and Pauline Garcia, Secretary. A quorum was confirmed.

II. Approval of the Agenda
Michael Nemelka informed Chair Garcia of a change to the agenda allowing for the introduction of visitors. Chair Garcia asked for a motion to approve the agenda as amended. For NMEAF, Eileen Givler moved to approve and Gavin Gillette seconded the motion. For NMSLGC, Dion Kidd-Johnson moved to approve and Woody Farber seconded the motion. Both motions carried unanimously.

III. Introduction of Visitors
Michael Nemelka introduced Lisa Todd, Partner with Moss Adams and Heather Lucerc, Lead Auditor. He also introduced Janet Stygar, Executive Assistant to Chair Dion Kidd-Johnson, and Reggie Storment, attorney.

III. Approval of October 21, 2014 Joint Board Meeting Minutes
Woody Farber, Eileen Givler and Pauline Garcia noted several corrections to the October 21, 2014 Joint Board Meeting Minutes. Pauline Garcia asked for a motion to approve as corrected. Gavin Gillette moved to approve and Dr. Dan Salzwedel seconded. For NMSLGC,
Woody Farber moved to approve the minutes as amended and Dion Kidd-Johnson seconded the motion. Both motions passed unanimously.

IV. **Election of NMEAF Board Officers – Secretary**
Michael Nemelka reminded the NMEAF Board that the election of a NMEAF Board Secretary was moved to this meeting from the Annual Meeting held October 21, 2014. Chair Garcia opened nominations and Gavin Gillette nominated Eileen Givler, the current incumbent, as Secretary for NMEAF. Eileen accepted the nomination. With no other nominations being offered, Chair Garcia asked for a motion to reappoint Eileen as NMEAF Board Secretary. Dan Salzwedel moved to approve and Gavin Gillette seconded. The motion passed unanimously.

V. **Approval of 2014-2015 Collection Services Agreement (NMEAF & NMSLGC)**
Michael Nemelka reviewed for the boards the matter of a collection agreement between NMEAF and NMSLGC as discussed in the October 21, 2014 joint meeting. The Collection Services Agreement was presented under which NMSLGC would retain NMEAF’s Collection Services Group as a collection agent for its defaulted loans. After further discussion, Dion Kidd-Johnson asked that language be added to the agreement requiring NMEAF to adhere to all applicable Federal and State regulations.

Woody Farber and Pauline Garcia noted other small corrections to the agreement. NMEAF Chair Pauline Garcia asked for a motion to approve the 2014-2015 Collection Service Agreement with the corrections as discussed. Eileen Givler moved to approve and Gavin Gillette seconded. NMSLGC Chair Dion Kidd-Johnson asked for a motion to approve the agreement on behalf of NMSLGC and Woody Farber moved with a second from Pauline Garcia. Both motions passed unanimously.

VI. **Audit Committee Report**
**Accept Annual NMSLGC Financial Audit by Moss Adams**
Dr. Dan Salzwedel briefly reviewed the results of the meeting of the Joint Audit Committee, held January 21, 2015. Lisa Todd and Heather Lucero of Moss Adams then presented the NMSLGC Financial Audit to the NMSLGC Board. Chair Kidd-Johnson asked for a motion to accept the NMSLGC Financial Audit. Woody Farber moved to approve and Pauline Garcia seconded the motion. The motion passed unanimously.

**Appointment of Additional Audit Committee Member**
Michael Nemelka discussed with the boards the need for a third member of the Audit Committee and advised that the NMEAF Chair had the authority under the Charter of the Audit Committee to appoint members. Dr. Salzwedel confirmed his support for another member from the NMEAF board to join the committee. Mr. Nemelka proposed that Gavin Gillette be considered as a committee member and, if he is agreeable, be so appointed. Gavin Gillette accepted the nomination and Chair Garcia then formally made the appointment. The Audit Committee will thus consist of Dr. Dan Salzwedel, NMEAF Board member as Chair, with Dion Kidd-Johnson of the NMSLGC Board, and Gavin Gillette from the NMEAF Board as members.

VII. **President’s Report**
Michael Nemelka informed the Boards of an error in one of the assumptions underlying the FY2015 NMEAF budget regarding the amount of revenue that would be earned from the collection of defaulted NMSLGC student loans by the NMEAF Collection Services Group.
Originally, it was assumed all of the accounts, including those on which borrowers were making payments, would be moved to the NMEAF Collection Services Group. That assumption was incorrect because under the terms of the collection agreements with the three former collection agencies, those agencies had the right to retain all accounts on which borrowers had made payments within a prior period of 90 days. This resulted in only non-performing defaulted accounts transferring to the Collection Services Group, dramatically reducing the amount of collection revenue it would generate in FY 2015. This error resulted in overstating NMEAF revenue by approximately $600,000.

Mr. Nemelka then provided a brief update on events in Washington, DC relating to the reauthorization of the Higher Education Act, and informed the Boards of recent discussions between NMSI and several members of the state legislature concerning state sponsorship of a private loan program. He also updated both boards on changes he has made to the oversight of both organizations at the executive level; delegating more authority to the other three officers to make decisions and oversee operations.

VIII. CFO’s Report
Brad Allpass provided an overview of the financial performance of both organizations and provided additional reports to the Board Members.

IX. Business Unit Presentations
Each department then provided a brief overview of business unit organization, operations, and performance. The presentations were briefly suspended at 2:37 PM in order to introduce Board Member State Treasurer Tim Eichenberg. Also, Eileen Givler was excused from the meeting at 3:40 PM for another engagement.

X. Other Matters
NMEAF Chair Pauline Garcia asked for schedule of meetings for the rest of the year. Michael Nemelka informed the boards that separate board meetings would be held on Monday, April 20, 2015 for NMSLGC and Tuesday, April 21, 2015 for NMEAF for annual strategic planning. He further noted that the remaining Joint Board Meetings will be held on July 21, 2015 and October 20, 2015 completing the year.

XI. Executive Session
An Executive Session was not required.

XII. Adjournment
The meeting adjourned at 4:30pm