NEW MEXICO EDUCATIONAL ASSISTANCE FOUNDATION (NMEAF) and 
NEW MEXICO STUDENT LOAN GUARANTEE CORPORATION (NMSLGC) 
JOINT BOARD OF DIRECTORS MEETING 
NMSL BOARD ROOM 
OCTOBER 21, 2014 
ALBUQUERQUE, NEW MEXICO

PRESENT
Pauline Garcia, Vice-Chair, NMEAF
Dr. Dan Salzwedel, Board Member, NMEAF
Marilyn Hill, Board Member, NMEAF
Woody Farber, Vice-Chair, NMSLGC

OFFICERS AND STAFF
Michael Nemelka, President
Brad Allpass, CFO/VP of Finance
Lucas Covington, Director of IT
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
Oscar Garcia, Director of Marketing
Tracy Rowe, Internal Audit
Grace Tackman, VP of HR

ABSENT
Eileen Givler, Secretary/Treasurer, NMEAF
Dion Kidd-Johnson, Chair, NMSLGC

Vice-Chair Garcia called the meeting to order at 1:01 PM

I. Roll Call - NMEAF
The following board members answered “yes” to the reading of the NMEAF roll call: Pauline Garcia, Vice-Chair, Dr. Dan Salzwedel, Board Member, Marilyn Hill, Board Member. A quorum was confirmed

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

II. Approval of the Agenda
For NMEAF Marilyn Hill moved to approve the October 21, 2014 Joint Board of Directors Meeting Agenda and Dr. Dan Salzwedel seconded. For NMSLGC Woody moved to approve the agenda and Pauline J. Garcia seconded. The motion passed unanimously.

III. Introduction of Visitors
Michael Nemelka introduced Lisa Todd from Moss Adams and Gavin Gillette.

IV. Approval of July 22, 2014 Joint Board Meeting Minutes
On behalf of NMEAF, Dan Salzwedel moved to approve the minutes and Pauline J. Garcia seconded. For NMSLGC Woody Farber moved to approve the meeting minutes and Pauline J. Garcia seconded. Both motions passed unanimously.

V. Approval of September 30, 2014 NMSLGC Board Budget Meeting Minutes
Woody Farber moved to approve the minutes of the September 30, 214 NMSLGC Board Budget Meeting, and the motion was seconded by Pauline J. Garcia. The motion passed unanimously.
VI. **Approval to Re-Set Board Member Terms of Service to Conform with By-Laws, Articles of Incorporation, and Education Assistance Act, as applicable (NMEAF & NMSLGC)**

After a brief overview by Michael Nemelka, the proposal to reset board terms for both organizations was presented for approval. On behalf of NMEAF Dr. Dan Salzwedel moved to approve and the motion was seconded by Marilyn Hill. For NMSLGC Pauline Garcia moved to approve and Woody Farber seconded. Both motions passed unanimously.

VII. **Appointment of New NMEAF Board Member**

Chair Pauline Garcia introduced Gavin Gillette and nominated him to fill the remaining term of Paul Weaver. Mr. Gillette introduced himself and provided brief summary of his background in the Credit Union industry. It was proposed by Dr. Dan Salzwedel that Gavin Gillette join the NMEAF board and be appointed to fill the remaining term of Paul Weaver, Marilyn Hill seconded the motion. The motion was approved.

VIII. **Election of NMEAF Board Officers**

Dr. Dan Salzwedel nominated Pauline J. Garcia as Chair of the NMEAF board and Marilyn Hill seconded the motion. Pauline Garcia accepted the nomination and the motion passed unanimously.

Marilyn nominated Dr. Dan Salzwedel for Vice Chair. With no more nominations, Pauline Garcia moved to cease the nomination. Dr. Salzwedel seconded the motion. The motion passed unanimously.

Pauline Garcia suggested that in the absence of the current NMEAF Secretary, Eileen Givler, election of the NMEAF Secretary be postponed until the January 2015 board meeting.

IX. **Election of NMSLGC Board Officers**

Woody Farber moved that the Chair and Vice-Chair of NMSLGC remain, respectively, Dion Kidd-Johnson and Woody Farber. Pauline Garcia seconded and the motion carried unanimously.

X. **Ratify Appointment by the President of an Additional Officer (NMEAF & NMSLGC)**

Michael Nemelka discussed briefly the need for an additional officer as detailed in the board report. On behalf of NMEAF, Dr. Dan Salzwedel moved to ratify Mr. Nemelka’s appointment of Lucas Covington as the Assistant Vice President, Information Technology; Marilyn Hill seconded the motion. For NMSLGC, Woody Farber moved to ratify the same appointment and Pauline Garcia seconded. Both motions passed unanimously.

XI. **Approval of Appointments of NMEAF Officers**

Dr. Dan Salzwedel move to approve the re-appointment of the current NMEAF Officers and Gavin Gillette seconded the motion. The motion carried unanimously.

XII. **Approval of Appointments of NMSLGC Officers**

Pauline Garcia moved to approve the re-appointment of the current NMSLGC Officers and Woody Farber seconded the motion. The motion passed unanimously.

XIII. **Audit Committee Report**

Dr. Salzwedel discussed the results of the Audit Committee meeting held previously on October 15, 2014. He reported no findings. At the request of Michael Nemelka, Tracy Rowe provided a brief description of the duties and purposes of the audit committee.
Lisa Todd of Moss Adams reviewed the 2014 financial audit of NMEAF and reported no findings. Dr. Dan Salzwedel move to accept the FY 2014 NMEAF financial audit and Gavin Gillette seconded the motion. The motion passed unanimously.

Tracy Rowe then reviewed proposed changes to the NMEAF Charter of the Audit Committee, primarily consisting of a reduction in the annual meeting requirement from 4 to 3. Dr. Dan Salzwedel and Woody Farber questioned the need for the Internal Auditor to be involved in the Whistleblower Policy as described in the Interact with Management section of the Charter. Woody proposed clarifying Internal Audit’s participation in the handling of specific Whistleblower reports.

Dr. Salzwedel moved to approve the NMEAF Charter of the Audit Committee with the changes as discussed and Marilyn Hill seconded. The motion passed unanimously.

XIV. **2014-2015 Service Agreement (NMEAF & NMSLGC)**
Brad Allpass presented the proposed changes to the 2014-2015 Service Agreement. The Board approved eliminating section 1F and 5B of the Service Agreement and replacing as separate collection agreement between NMEAF and NMSLGC.

For NMEAF, Dr. Salzwedel moved to approve the 2014-2015 Service Agreement without section 1F and 5B and Marilyn seconded the motion.

For the NMSLGC, Woody Farber moved to approve the 2014-2015 Service Agreement without section 1F and 5B and Pauline seconded the motion.

A new 2014-2015 Collection Service Agreement will be presented to the Board at the next board meeting.

XV. **Annual Approval of the Board Policies**
Michael Nemelka reminded the boards that there were no changes to the NMSL Code of Conduct, the NMSL Escheatment Policy and the NMEAF & NMSLGC Travel Reimbursement Procedures. Pauline made the motion to reaffirm the policies and Marilyn seconded for NMEAF. Woody moved to reaffirm the policies and Pauline seconded for NMSLGC. Both motions passed unanimously.

Brad presented the changes to the NMEAF Investment and Cash Management Policy. Dan Salzwedel moved to approve and Gavin seconded. The motion passed unanimously.

Brad presented the changes to the NMSLGC Investment and Cash Management Policy. Pauline moved to approve and Woody Farber seconded the motion. The motion passed unanimously.

The **NMSL Purchasing Policy** changes were presented by Brad. Dan moved to approve and Marilyn seconded the motion.

XVI. **President’s report**
Michael Nemelka updated the board on the status of the private loan program and reviewed the status of the re-authorization of HEA scheduled for early 2015.
XVII. Resolution Delegating the Authority to Approve Annual Red Flag Rules (NMEAF & NMSLGC)
Michael Nemelka requested approval from both Boards to allow the President to approve changes to the annual Red Flag Rules. For NMEAF, Dr. Salzwedel moved to approve and Gavin seconded the motion. For NMSLGC, Pauline moved to approve and Woody seconded. The motions passed unanimously.

XVIII. Resolution Delegating the Authority to Approve Annual Service Resumption Plan (NMEAF & NMSLGC)
Michael Nemelka requested approval from both Boards to delegate authority to the President to review and approve the Service Resumption Plan on an annual basis. For NMEAF, Dr. Dan Salzwedel moved to approve and Marilyn Hill seconded. On behalf of NMSLGC, Pauline Garcia moved to approve the motion, and Woody Farber seconded. Both motions passed unanimously.

XIX. CFO’s Report
Brad Allpass discussed the need for NMEAF to issue notice of the future intent to use tax-exempt financing to reimburse itself for loan purchases, and asked the board to ratify issuing a formal letter to that effect. He reminded the board that NMEAF purchases rehabilitated loans from NMSLGC each month. When a sufficient quantity has been accumulated, NMEAF will issue a tax exempt Student Loan Revenue Bond to reimburse itself. Dr. Dan Salzwedel moved to approve the proposal and Gavin seconded. The motion passed unanimously.

Mr. Allpass then presented to the board with a request to allow NMSLGC to invest in rehabilitated loans purchased by NMEAF. Dan Salzwedel move to approve and Marilyn seconded. NMSLGC, Pauline moved to approve and Woody Farber seconded. Both motions carried unanimously.

Mr. Allpass also informed the board of the new SEC Municipal Continuing Disclosure Compliance program, or MCDC, and an upcoming December 1, 2014 deadline for disclosing any instances of non-compliance. All issuers of municipal bonds (the Student Loan Revenue Bonds issued by NMEAF are considered municipal bonds), and all underwriters of such bonds must conform to a new set of continuing disclosure requirements. The SEC has given issuers and underwriters a voluntary notice period in which they could report any instances of non-compliance and that the period expires December 1, 2014. Mr. Allpass informed the board that NMEAF is working with its Bond Counsel, Blake Wade, and its Bond Underwriters, Bank of America/Merrill Lynch, to determine if it has any non-compliance items. Preliminary indications are that NMEAF has materially complied with all disclosure requirements. An update on the final disposition of this matter will be provided to the NMEAF board in the January 2015 board meeting.

XX. Organization & Department Reports
Pauline Garcia commented on the benefits to board members of detailed department reports and suggested that time be given in future board meetings to in-depth reviews of business units. Michael Nemelka suggested the annual joint board meeting held in January 2015 would be a good time to provide overviews of all operational business units. He also commended staff for their hard work and dedication to the organization.

XXI. Other Matters
The next Joint Board Meeting will be held January 20, 2015 @1:00 PM in the NMSL Board Room.
Marilyn Hill advised the board that she would be leaving the State Treasurer’s office along with the outgoing Treasurer James Lewis. She did not know who the new designee would be but stated that she was working on a transition plan which will include information about all boards on which the Treasurer or a designee serves. On behalf of both NMEAF and NMSLGC, Pauline Garcia expressed appreciation for Marilyn’s diligent and effective service.

XXII. Executive Session
An Executive Session was not needed.

XXIII. Adjournment
Chair Pauline Garcia adjourned the meeting at 3:35pm

Date: ___________________________
Pauline Garcia
NMEAF Chair

Date: 4-20-15
Dion Kidd-Johnson
NMSLGC Chair

Date: ___________________________
Eileen Givler
NMEAF Secretary

Date: ___________________________
Pauline Garcia
NMSLGC Secretary