

**NEW MEXICO EDUCATIONAL ASSISTANCE FOUNDATION (NMEAF)
BOARD OF DIRECTORS MEETING
NMSL BOARD ROOM
OCTOBER 18, 2016
ALBUQUERQUE, NEW MEXICO**

PRESENT

Pauline J. Garcia, Chair
Eileen Givler, Secretary/Treasurer
Dr. Dan Salzwedel, Vice Chair
Gavin Gillette, Board Member
Julie Filatoff, Board Member Designee
Charles J. Piechota, Board Counsel

OFFICERS AND STAFF

Michael Nemelka, President & CEO
Brad Allpass, Vice President & CFO
Grace Tackman, Assistant VP of HR
Lucas Covington, Assistant VP of IT
Reginald Storment, General Counsel
Susie Rodriguez, Loan Servicing Operations
Kerry Gonzalez, Loan Servicing Operations
Carolyn Holder, Director of Compliance
Tracy Rowe, Director of Internal Audit
Justin Sjoblom, Manager of Collections
Oscar Garcia, Director of Marketing & Outreach.
Melissa Dale, Director of Guarantor Operations
Mike Servatt, Director of Project Management
Elizabeth Joy, Supervisor of Collections

ABSENT

None

Chair Pauline J. Garcia called the meeting to order at 1:05PM.

- I. **Roll Call**
The following board members answered “yes” to roll call: Chair Pauline J. Garcia, Dr. Dan Salzwedel, Eileen Givler, Gavin Gillette, and Julie Filatoff. A quorum was confirmed.
- II. **Approval of Agenda**
Chair Garcia asked for a motion to approve the agenda. Dr. Salzwedel moved to approve and Eileen Givler seconded the motion. The motion carried unanimously.
- III. **Introduction of Visitors**
Michael Nemelka introduced Lisa Todd from MossAdams and also recognized Reginald Storment.
- IV. **Approval of July 19, 2016 Board Meeting Minutes**
Michael Nemelka notified the board of a slight change to the minutes. Charles Piechota, Board Counsel, was in attendance and should be added to the minutes. Corrected versions of the minutes were provided. Chair Garcia asked if there were any other changes. Hearing none, Chair Garcia asked for a motion to approve. Dr. Salzwedel moved to approve as amended and Eileen Givler seconded. The motion carried unanimously.
- V. **Re-Appointment of NMEAF Board Member**
Board Member Gavin Gillette’s term of service expired as of the 2016 October meeting. Chair Garcia asked Gavin if he would be willing to accept appointment for another term. He said he would and Chair Garcia asked for a formal nomination and a resolution to approve his

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appointment for another 4-year term. Eileen Givler so moved and Dr. Salzwedel seconded. The motion carried unanimously.

VI. Election of NMEAF Board Officers & Audit Committee Membership

Chair Garcia read the list of board members and their current positions, and asked if there were any board members wishing to change their positions. Hearing none, Chair Garcia asked for a motion to approve slate as read. Dr. Salzwedel so moved and Eileen Givler seconded. The motion carried unanimously.

VII. Approval of Appointments of NMEAF Officers

Chair Garcia read the list of current NMEAF Officers and asked for discussion on changes, if any. Hearing none, Chair Garcia asked for a motion to approve the slate of officers as read. Julie Filatoff moved to approve and Dr. Salzwedel seconded the motion. The motion carried unanimously.

VIII. Audit Committee Report

Dr. Salzwedel provided a brief overview of the meeting of the Audit Committee held the previous week. He noted there were no findings in the outstanding audits performed and commended the staff for their hard work.

Lisa Todd of MossAdams provided a presentation regarding the annual financial audit of NMEAF. Dr. Salzwedel informed that Board that the Audit Committee recommends acceptance of the audit. Chair Garcia asked for a motion and Dr. Salzwedel so moved, with a second by Gavin Gillette. The motion carried unanimously.

IX. Annual Approval of Board Policies

Michael Nemelka reminded the Board that every year in October, the board policies are reviewed and approved. These policies have not changed this year. Chair Garcia entertained a motion to approved these policies. A discussion ensued with Eileen asking a question about the NMEAF Investment and Cash Management Policy. Brad Allpass briefly explained the approval process for investment transactions. Eileen recommended that the administrators be reviewed at least annually. It was decided that modifications to the NMEAF Investment and Cash Management policy will be done in 2017 and presented in the October 2017 meeting. Dr. Salzwedel moved to approve all policies and Eileen Givler seconded. The motion carried unanimously.

X. Approval of New Mexico Education Council Governance Committee Members

Michael Nemelka informed the Board of a recommendation from the NMEC Governance Committee to combine two of the committee positions into a single position. Originally, the Governance Committee was to have 6 members, two of which were an Event Coordinator and a Marketing Coordinator. The committee believes those two positions are one in the same and should be combined into a new position called Travel Coordinator. He furthered asked the

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Board to ratify the selection of Deborah Vigil-Kieltyka of UNM, as the Travel Coordinator. Chair Garcia asked for a motion to approve the committee change and ratify the selection of the new member. Dr. Salzwedel moved to approve and Eileen Givler seconded the motion. The motion carried unanimously.

XI. President's Report

Mr. Nemelka provided the board with updates on the reauthorization of the Higher Education Act and NMEAF's private education loan program. He noted recent new loan originations at the Burrell College of Osteopathic Medicine at NMSU, and informed the board that NMEAF is working on two new loan programs, one tailored to medical school students and the other a refinance program. He described the refinance program's use of a "firm offer of credit" using data purchased from TransUnion. Mr. Nemelka estimated that the total volume of refinance loans would likely be under \$10 million, but could be as high as \$30 million.

Mr. Nemelka commended Lois Fort and her Loan Servicing Operations team for reducing the late-stage delinquency to less than \$2 million. He also informed the board of an internal restructuring in the Collection Services Group. The manager of this group, Justin Sjoblom, was responsible for both system operations and personnel management. This proved to be unwieldy and the job was split into a system operations role, which Justin Sjoblom kept, and a separate supervisory role, which was given to Elizabeth Joy.

XII. CFO's Report

Brad Allpass presented the 2016-2017 Service agreement between NMSLGC and NMEAF. He noted the only changes from last year were the effective dates and the amount NMSLGC will pay NMEAF. Mr. Allpass informed the Board that in its board budget meeting, the NMSLGC Board approved the payment amount of \$1,068,168. Michael Nemelka informed the Board that Reginald Storment has suggested the agreement be updated because some of the language is outdated. Mr. Nemelka further told the Board that he has asked Mr. Storment to suggest updated language, which will be provided to Board Counsel, Charles Piechota, for his further approval. Chair Garcia entertained a motion to approve the 2016-2017 service agreement as presented. Dr. Salzwedel moved to approve and Julie Filatoff seconded the motion. The motion carried unanimously.

Mr. Allpass then presented to the Board a request that it approve opening a new bank account at Los Alamos National Bank. The Board previously approved opening a line of credit with Los Alamos to hold private loans. As part of rate negotiations, NMEAF has agreed to open a savings account and deposit \$300,000, which is the size of the line of credit. Dr. Salzwedel moved to approve and Eileen Givler seconded the motion. The motion passed unanimously.

Mr. Allpass provided the Board with an update on progress on the tax-exempt financing transaction NMEAF will close later in 2016. He reminded the board NMEAF will move into the financing New Mexico rehabilitated loans purchased from NMSLGC. He noted these loans

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are currently in the Bank of American Line of Credit, with a few held directly by NMEAF on its Balance Sheet. He further noted the transaction will be in the amount of \$16.5 million.

Mr. Allpass then provided an update of the NMEAF financial reports as of September 30, 2016.

XIII. Organization & Department Reports

Organization reports were provided to the board in the meeting information packet. No additional discussion occurred.

XIV. Other Matters

Michael Nemelka informed the next Board of the next regularly scheduled board meeting on January 24, 2016 at 1:00 pm in the NMSL board room. He further noted the Audit Committee would meet on Tuesday January 17, 2017 at 3:00 also in the NMSL board room.

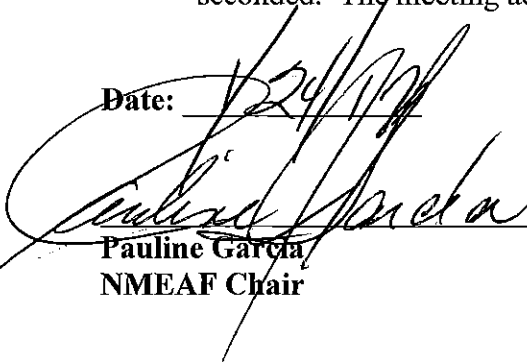
XV. Executive Session

No Executive session was held.

XVI. Adjournment

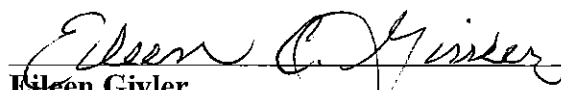
Chair Garcia asked for a motion to adjourn. Dr. Salzwedel moved to approve and Eileen Givler seconded. The meeting adjourned at 2:18 p.m.

Date: _____



Pauline Garcia
NMEAF Chair

Date: _____



Eileen Givler
NMEAF Secretary/Treasurer