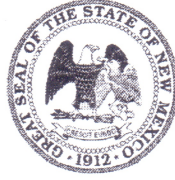


The Education Trust Board of New Mexico

THE HONORABLE MICHELLE LUJAN GRISHAM
GOVERNOR OF NEW MEXICO

STEPHANIE RODRIGUEZ, CABINET SECRETARY
NEW MEXICO HIGHER EDUCATION DEPARTMENT



BOARD MEMBERS
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CAROLYN FITTIPALDI
ACTING EXECUTIVE DIRECTOR

*Approved 2/2/2022
Vera Lyons
Secretary*

Meeting Minutes of
October 7, 2021
1516 Paseo de Peralta
Santa Fe, New Mexico 87501

Board Members (all remote)

Gary L. Gordon, Chair
Dr. Jose Garcia, Member
Lawton Davis, Member
Mont Green, Member

ETB Staff (both remote)

Carolyn Fittipaldi, Acting Executive
Director
Vera Lyons, Board
Secretary

NMHED (both remote)

Stephanie
Rodriguez,
Cabinet Secretary
Mario Suazo,
Chief of Staff

Helen Atkeson, Partner
SommerUdall (remote)
Kurt Sommer, Partner
Ascensus (remote)
Tom Hewitt, VP Relationship Management
Principal (both remote)
Paul Schieber, Managing Director, 529
Distribution
Jori Horn, 529 Marketing Director
Esparza (both remote)
Del Esparza, CEO
Jamie Rushad-Gros, President of Innovation
Sunny 505 (both remote)
Joanie Griffin, CEO
Jerry Matthews, Senior Account Manager

HoganLovells
(remote)

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1) CALL TO ORDER

The meeting was called to order at 8:31 AM. There was a quorum, with three board members present.

2) APPROVAL OF AGENDA

The agenda was approved unanimously

3) APPROVAL OF MINUTES

The minutes of August 5, 2021 were approved unanimously.

4) PUBLIC COMMENT

There were no members of the public present.

5) EXECUTIVE DIRECTOR'S REPORT

Ms. Fittipaldi gave an update on the audit and noted it is on track with no issues. She announced there are 189 new accounts in September compared to 154 accounts last year, which is a 23% increase. The interview with Morningstar was held the 27th of September and the review should be out sometime in October. The LFC hearing was on 9/23 and there was a lot of interest and questions about the plans. She mentioned the Legislative Investments and Pensions Oversight Committee Hearing is October 8th.

She also gave a summary of future outreach events.

6) SCHOLAR'S EDGE MARKETING, SALES AND DISTRIBUTION REPORT

Mr. Schieber pointed out that strategy is still check-and-activation. There have been no Omnibus enhancements for the plan to date. He explained that the focus was to re-engage the folks that went through the post conversion with SE. He explained that certain platforms like Merrill Lynch, Morgan Stanley, UBS are not as competitive for a plan like SE. He pointed out PFN -Principal's captured broker/dealer, has always been positioned as a strategic growth driver and Principal is continuing to activate that system. He explained that a lot of the legacy assets in the plan are with NYLife, MML, quasi broker/dealers, insurance broker/dealers. He explained that a portion of the Principal team is focused on those types of opportunities and that's the target focus.

Mr. Schieber reported that the average age of the beneficiary is 16.1 years, therefore, more accounts and AUM go out of the plan than go in. He stated the importance of growing accounts and AUM as quickly as possible in order to meet commitments to the State, and improve the overall health and economics of the plan. He pointed out that SE has maintained over 300 new accounts.

Mr. Schieber explained that one of the pain points for SE was the rollovers out in both the form of accounts, and AUM. He mentioned that a lot of this money goes out in a qualified distribution because of the average age. He added there were also a lot of rollovers going to other companies, and that net redemptions for AUM were hampering plan economics.

Ms. Horn presented the SE Marketing Report and said that in Q3, their focus was on back-to-school. She explained that they tie the time of year to their campaigns and the campaigns to sales ideas for the financial professionals they are targeting. She explained the way that campaigns typically run, they have a media aspect and a proprietary aspect. Ms. Horn pointed out that they target advisors as well as consumers through a variety of tactics and media partners. They used LinkedIn, Facebook, SavingforCollege.com, Wall Street Journal and Yahoo! Finance.

She commented that marketing and targeting is very specific and they use data as much as possible. She indicated they are able to run Principal CRM lists, to specifically target financial professionals. She explained that when they work through a provider like Facebook, they're able to add in age and gender parameters to target people that would be more likely interested in investing in a 529 plan.

Ms. Horn said she wanted to address the question about grandparents. She explained they have an entire suite of materials and several of them are focused on the "grandparent generation," talking specifically about estate planning, intergenerational wealth transfer, RMDs, accelerated gifting. She pointed out they have that information in a variety of formats including infographics and PowerPoint presentations across a variety of audiences.

Ms. Horn noted this quarter, they released video capabilities on the home page to be able to run media campaigns on the SE home page. In addition, they launched the landing page for At Work, which is a resource for employers and employees. She continued that they have a contractual spend, and they will hit the required spend for the remainder of the year. She pointed out the holiday campaign will launch in the coming weeks as well as some marketing materials that she and Carolyn have been working on. She noted that an infographic with the benefits of a 529 across generations should be out in the next week and touches on accelerated gifting, RMDs, estate planning, et cetera.

7) THE EDUCATION PLAN MARKETING REPORT

Ms. Griffin explained that PR is a key tactic to help with paid advertising to drive people to the website. She pointed out they use those news stories on the website, in electronic newsletters, in social media posts, and it helps with the overall SEO.

She reported every month they send news releases throughout New Mexico and the country. The goal is to get at least 12 positive news stories monthly. The objectives are to increase awareness about TEP, increase the number of new accounts and the amounts of contributions to the accounts.

Ms. Griffin reported they typically send out 2 news releases a month and those news releases generated 1,151 news clips. The readership or the viewership of those news clips was 1.5 billion impressions. The advertising value was \$13.9 million. She stated the PR value was \$138.4 million. The budget for PR is \$60,000.

Mr. Davis asked if the articles are run by the attorney before they are published. Ms. Griffin answered she runs them by Carolyn. Ms. Fittipaldi replied that she sends to Kurt or Helen for review if there is content in the press release that needs review.

Chairman Gordon clarified with Ms. Griffin that they never talk about investment returns, which Ms. Griffin confirmed. Chairman Gordon agreed with Mr. Davis that the Board needed to be mindful and careful of making any sort of claim, but the main goal is to get people to go website, which is full of disclaimers and start a plan.

Mr. Matthews presented the traditional media report. He stated the objectives are to drive new account enrollments and remind people to contribute to their accounts. He pointed out the goal for this year is a 10 percent increase in new accounts year-over-year and adding five new employers in New Mexico.

He stated the budget is \$575,000 and 26 percent of that is allocated to agency fees. He pointed out everything they do is to drive traffic to theeducationplan.com and convert those visitors to new accounts.

Mr. Matthews discussed the messaging cycles which include, overall branding, a back-to-school campaign, a gifting campaign, tax season and 529 Day.

Mr. Matthews continued his presentation showing performance to date for July through the end of August. He shared that broadcast TV had 2.37 million impressions; cable had 580,000 impressions; outdoor in Albuquerque had 2.7 million impressions; newsprint/publications, the circulation was 258,000; and radio had 887 spots.

Mr. Esparza began his digital marketing presentation. He commented there was a 14% increase in new accounts in FY20 YOY and a 44% increase in FY21 YOY. He stated that the goal for FY22 is a 10% increase and TEP is trending at about 10% growth so far. He added they do a lot of work on the back end with SEO to capture as many key words as possible so that "The Education Plan" comes up when people are searching. He reported they have increased their search keyword terms by almost double year over year.

Dr. Garcia asked if they are keeping track of the ethnicity of the people who are getting new accounts by surname. Mr. Rushad-Gros answered they have done that initial research with Ascensus, they are continuing to look at where folks are coming from. He added they have upped the creative with diversity and inclusivity, so in terms of the growth within those categories, they have data for it. Mr. Esparza stated about three months ago, they worked with Ascensus to pull surnames, and were very pleasantly surprised that the number of LatinX surnames is above the national average.

He discussed the next phases in development are the TEP 3.0 website redesign and implementation of the CRM. He also pointed out they are tracking interactions with employers and customers with a "net promoter score." They will receive real-time feedback on a scale of one to 10. He mentioned they are boosting the things they have been doing around SEO and digital content and promoting the ReadySave mobile app that Ascensus recently launched.

8) EXECUTIVE DIRECTOR SEARCH UPDATE

Chairman Gordon gave a brief update on the Executive Director search. He stated he and Mr. Desiderio have been in communication with the search firm. He commented they have in no way limited the pool of potential candidates and are still accepting applications.

9) CLOSED SESSION PURSUANT TO SECTION 10-15-1(h) OF THE OPEN MEETINGSS ACT TO DISCUSS CONTRACT PERSONNEL MATTERS

Each member was polled and all agreed to be in closed session to discuss personnel matters relating to the Executive Director search. The Board entered closed session at 9:55 AM.

The Board entered open session at 10:14 AM. Chairman Gordon stated that only matters pertaining to the Executive Director Search had been discussed, and that no action was taken in closed session.

10) ADJOURNMENT

The Board unanimously agreed to adjourn the meeting at 10:16