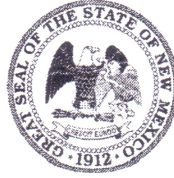


The Education Trust Board of New Mexico

THE HONORABLE MICHELLE LUJAN GRISHAM
GOVERNOR OF NEW MEXICO

DR. KATE O'NEILL, CABINET SECRETARY
NEW MEXICO HIGHER EDUCATION DEPARTMENT



BOARD MEMBERS
SANDRA LIGGETT, CHAIR
ROBERT J. DESIDERIO, VICE-CHAIR
DR. JOSE Z. GARCIA
LAWTON DAVIS
MONT GREEN

THEODORE MILLER
EXECUTIVE DIRECTOR

Meeting Minutes of
November 5, 2020
1516 Paseo de Peralta
Santa Fe, New Mexico 87501

*Approved
Vera Lyons 2/5/21
Board Secretary*

Board Members

Sandra Liggett, Chair (remotely)
Robert Desiderio, Vice-Chair (remotely)
Dr. Jose Garcia, Member (remotely)
Lawton Davis, Member (remotely)
Mont Green, Member (remotely)

ETB Staff (all remote)

Ted Miller, Executive Director (remotely)
Carolyn Fittipaldi, Director of Marketing (remotely)
Vera Lyons, Board Secretary (remotely)

Meketa Investment Group

Kay Ceserani, Managing Principal (remotely)
Eric White, Principal (remotely)

HoganLovells

Helen Atkeson, Partner (remotely)

SommerUdall

Kurt Sommer, Partner (remotely)

Morton Accounting Services

Janet Pacheco-Morton, CPA (remotely)

Ascensus

Tom Hewitt, VP Relationship Management (remotely)
Tom Lowe, VP Investment Management (remotely)

Principal

Paul Schieber, Managing Director, 529 Distribution (remotely)
Randy Welch, Managing Director, Portfolio Manager (remotely)
James Fennessey, Portfolio Manager, Director of Research (remotely)
Tracy Bollin, Managing Director – Fund Operations (remotely)
Jori Horn, 529 Marketing Director (remotely)

Esparza Advertising

Del Esparza, President (remotely)
Jamie Rushad-Rushad-Gros, VP, Experience and Digital (remotely)

Sunny505

Joanie Griffin, CEO (remotely)
Jerry Matthews, Senior Account Manager (remotely)

1) CALL TO ORDER

The meeting was called to order at 8:34 AM. There was a quorum and four board members were present. Mr. Davis lost voice communication early in the meeting and was not able to vote on the motions presented.

2) APPROVAL OF AGENDA

Ms. Liggett called for a motion to approve the agenda. Mr. Green so moved. Dr. Garcia seconded. The vote to approve the motion was unanimous.

3) APPROVAL OF MINUTES

Ms. Liggett called for a motion to approve the minutes of the June 4, 2020 board meeting. Mr. Green so moved. Dr. Garcia seconded the motion. The vote to approve the minutes was unanimous.

4) PUBLIC COMMENT

The Chair then called for any public comment. There being none, she moved to the next item.

5) EXECUTIVE DIRECTOR'S REPORT

Ms. Liggett asked Ms. Pacheco-Morton to give the quarterly financial report. She first reviewed the Board's program administrative fund and the budget. She noted that administrative fee revenue was slightly ahead of budget, interest earnings were below budget due to the COVID induced drop in rates and all marketing dollars committed by Ascensus for TEP for the year had been transferred to the board's control pursuant to the program management agreement.

Expenses were in line with budget for the quarter. The change in net position for the quarter was positive by \$711,000. The net position of the administrative fund at the end of the quarter was increased to \$11.5 million as a result. She noted that spending was in line with or under budget for all major categories in the budget.

Ms. Pacheco-Morton then reviewed the fiduciary funds. She noted that at the end of the quarter Scholar'sEdge had \$1.85 billion in assets and The Education Plan had \$590.5 million in assets. She noted that in SE net position increased by \$13.8 million as a result of market gains. In TEP there was an increase in net position of \$10.2 million. Year over year for the trust funds there was an increase in net position of \$103.6 million. This resulted largely from a decrease in redemptions and an increase in the value of investments.

Ms. Liggett called for a motion to accept the financial report. Mr. Green so moved. Dr. Garcia seconded the motion. The vote to approve the motion was unanimous.

Mr. Miller then presented the Open Meeting Resolution for calendar 2021. Ms. Liggett asked for a motion to approve the resolution. Dr. Garcia so moved. Mr. Green seconded. The motion was approved unanimously.

Mr. Miller then discussed the annual asset allocation process. He noted that each year the program manager prepares an asset allocation review and recommendation with regard to the Portfolios in both plans. This report is reviewed by the board's investment consultant. After review, the report is presented to the board at the February board meeting.

At this point representatives from Meketa and AKF, one of its subcontractors, were asked to temporarily leave the meeting. After this was confirmed by the meeting host Mr. Miller then turned to the request for a six month extension of the Meketa investment consulting contract. He discussed the role of the investment consultant, and noted that the role is defined by the Investment Policy Statement, and reflected in the contract with the consultant as well as in the program management agreement.

He described the role as one of review, reporting and recommendation. Portfolio design and selection of underlying funds are the role of Ascensus Investment Advisors and Principal Global Investments. He was considering whether or not a different model, where the board's investment consultant has a more active role in portfolio design and funds selection might be employed.

He said he had discussed the matter with counsel. Mr. Sommer advised the board that the board had the ability to delegate such authority as long as proper due diligence is conducted with regard to the matter

To that end he asked the board to extend the current Meketa contract for another six months, and for the ability to issue an RFI regarding investment consulting services. He noted that the board had already given him the authority to issue an RFP for investment consulting services, and that he intended to do so in late winter or early spring.

Ha asked the board to approve the six month contract extension for Meketa, as well as to the issuance of an RFI for investment consulting services in his discretion.

The Chair asked the members present if they had any questions for Mr. Miller on the matter. They did not. Ms. Liggett noted that she had discussed the matter with Mr. Miller and believed that it was a wise course of action.

She asked for a motion to approve the contract and the issuance of the RFI at Mr. Miller's discretion. Dr. Garcia so moved. Mr. Green seconded the motion. The vote to approve the motion was unanimous. At this point Meketa and AKF rejoined the meeting.

Mr. Miller then updated the board on the progress of the annual audit. He noted that it had been submitted on time. The Office of the State Auditor had not yet approved release of completed audits so he could not go into more detail.

He then updated the board on several public events in which ETB was included – including a coming presentation to the New Mexico Estate Planning Council, a presentation to the Albuquerque Economic Development Forum and the annual budget presentation to the Legislative Finance Committee.

6) PROGRAM MANAGER'S QUARTERLY OPERATIONS AND INVESTMENT REPORTS

Ms. Liggett then asked Mr. Hewitt to give the program manager's quarterly report. He began with an overview of enrollment and account owner behavior. He observed that enrollment activity across the Ascensus plans had not dropped off as a result of the pandemic economic disruption. With regard to ad hoc contributions there had been about a 12% drop off during the year. The drop off eased during the last two months. With regard to recurring contributions, the contributions had remained steady, but with about a 4.5% decrease in amount.

On the withdrawal side there has been about a 14% decrease in qualified withdrawals – probably due to decreased payments for education expenses including room and board as well as tuition. Call center volume increased dramatically during the crisis and remains at elevated levels.

Dr. Garcia asked Mr. Hewitt if he thought withdrawals might increase with the spring semester. Mr. Hewitt was of the opinion that withdrawals would remain down from normal but perhaps not at the level of the previous semester.

Dr. Garcia also asked what the impact on plan assets might be if this continued. Mr. Hewitt thought that these assets might increase as a result, but that there were so many options available for dealing with these assets, such as changing the beneficiary, that people would find a way to deal with the extra money. Dr. Garcia asked if the availability of a vaccine and the time it took to distribute it would affect this result. Mr. Hewitt thought that it could be a year to a year and a half before things returned to normal.

Mr. Hewitt then reviewed the account and asset figures for the plans for the quarter. He noted that the fall withdrawals for education expenses showed the negative cash flows typical of the season. He also noted that both plans had increased assets due to market gains. TEP had maintained positive account growth, but SE continued to lose accounts. He noted that new accounts for SE are not at the level necessary to offset account loss, but that new account sales had at least stabilized somewhat compared to the previous two quarters.

Mr. Hewitt then asked Mr. Lowe to give the TEP investment report. He noted that it was generally a good quarter for the markets and that the Year of Enrollment Portfolios, all passive funds, had performed as expected. He then moved on to the static asset allocation portfolios. The passive asset allocation portfolios all [performed as expected. He noted some underperformance in the most aggressive active asset allocation portfolio, but the remaining portfolios either met or exceed their benchmarks.

He then reviewed the individual fund portfolio options as well as the performance of the underlying funds that make up the plans Year of Enrollment and asset allocation portfolios.

He called out the underperformance of the American Funds Fundamental Investors fund for the quarter. The fund was underweight Apple, had tobacco company exposure and suffered from volatility in the biotech sector.

He then called out the DFA International and Emerging Markets funds. He noted the both funds

had long term underperformance issues. The International fund had a good quarter, but the Emerging Markets fund trailed its benchmark. Both funds have a value orientation and a small cap bias. Both of these asset classes have been out of favor for some time. In addition the Emerging Markets fund is underweight China as a matter of policy. That bias is being removed going forward. Mr. Lowe also reviewed the Morningstar fund ratings as well as the Ascensus proprietary ratings. He noted that both the active funds in TEP were largely well-rated in both – the only exceptions being the American Funds fund and DFA fund previously mentioned. He noted that the passive funds in the program were performing as expected relative to their benchmarks, but that in the short-term these funds can perform below their actively managed peers. Over time the passive funds tend to rise in the ratings.

Mr. Welch then reviewed the SE portfolios. (At this point Mr. Lawton left the meeting due to audio communication problems.) Mr. Welch noted that it had been a good quarter for risk assets. In fixed income high-yield did the best. In US equities large cap outperformed small caps and growth led value. Emerging markets outperformed developed markets.

For the quarter all 11 Year of Enrollment Portfolios outperformed their benchmarks. Year to date 8 out of 11 outperformed their benchmarks. For the static asset allocation Portfolios all 4 outperformed their benchmarks for the quarter and 2 of 4 did so. The Core Fixed Income Fund outperformed, as did the Diversified International Fund and the JP Morgan Emerging Markets Fund. While the US Blue Chip Fund underperformed its benchmark it outperformed the S&P. This was due to being underweight Apple and not having Tesla in the fund.

Peer group rankings for the Year of Enrollment Portfolios for the quarter was 25th on average, and for year to date was 36th. The static Portfolios averaged 27th for the quarter and 36th for the year to date. He noted that the most conservative Portfolios were lower in the peer group rankings, but that these are very conservative Portfolios designed for the college years, and Principal was comfortable with the performance for that reason.

He then reviewed the individual fund Portfolios. He noted that most of them were either in the first quartile or second quartile of performance. The ones in lower quartiles were mostly held index funds that tend to slip lower in rankings when there is a strongly rising market.

Mr. Fennessey then reviewed the Principal propriety ratings of the funds in the program. He noted that most were well-rated as represented by green highlighting. The small company fund was yellow rated. Ms. Liggett asked Mr. Fennessey why ratings weren't applied to the Capital Preservation Portfolio. He said that this was a guaranteed contract and not an investment fund so peer ratings and evaluation to an index were not applicable.

He then noted that the Year of Enrollment Portfolios had rolled down to their next level as of September 1, 2020 – making each of them slightly more conservative.

Mr. Welch then noted that Principal would be working with board staff and Meketa on the annual asset allocation review, and that one recommendation would be to slightly reduce exposure to emerging markets.

Mr. Green asked Mr. Welch if emerging markets were reviewed more frequently than domestic markets. Mr. Welch said they were not. All were reviewed on a monthly basis.

7) INVESTMENT CONSULTANT'S QUARTERLY REPORT AND WATCH LIST RECOMMENDATIONS

Ms. Liggett then asked Ms. Ceserani to begin the Investment Consultant's Quarterly Report.

a) Quarterly Report on GIA Carriers – New York Life and Principal Life

Ms. Ceserani began with the review of the insurance companies that issued the contracts backing the Capital Preservation Portfolios in each plan. She noted that it was unusual to have such access to the managers for these types of assets. Each company responds to an RFI from the board also prepares its own presentation materials. She noted that both firms remain stable from a personnel standpoint as well as being financially strong. The portfolios for each firm remain defensively positioned with no material changes to their structures. Meketa advised the board that no actions were being recommended at this time with regard to either firm.

Ms. Ceserani also noted that the goal was to get information from these firms as close to the board meeting as possible. Meketa and the ETB staff will schedule these presentation as soon as the firms can release numbers and provide the reports to the board between meetings.

b) Quarterly Underlying Funds Credit Quality Report

She then turned to the credit quality report for the quarter. She noted that the holdings of most funds with significant credit exposure had shifted slightly higher in credit quality. The exception was the Mainstay High Yield Fund. This was to be expected because of the nature of the fund.

Ms. Ceserani then turned to the chart representing the percentage of below investment grade securities held by these funds. More or less exposure was represented by shaded grades of red. These funds were all allowed to have BBB exposure as part of their mandates, and used it to enhance returns over their benchmarks. The allocations appeared reasonable, and Meketa recommended no board actions need be taken based upon the review.

c) Quarterly Investment Report and Watch List Recommendations – discussion and possible action

Ms. Ceserani then turned to the quarterly investment report. She also observed that the quarter had been a good one for risk assets, although not quite as good as the second quarter. For the year in the markets large cap outperformed small cap and growth stocks continued the long-term trend of outperforming value stocks. In international markets emerging markets outperformed developed markets. Fixed income has performed well. The so-called "diversifying assets classes" such as REITS and commodities have underperformed.

Moving to the funds in the plans. She noted that most of the funds in the plans have a Morningstar medal rating. In ranking 529 plans Morningstar tends to ignore funds which it has noted rated. In addition Morningstar looks at the asset weightings in each fund. She noted that the report contains the percentages in each fund. 64% of the assets are in medal-rated funds. Morningstar does not rate insurance contracts such as those in the Capital Preservation Portfolios.

With regard to Morningstar star ratings, she noted that 94% of the funds in the plans have a rating of 3 stars or better.

She then turned to the recent Morningstar ratings of 529 plans. She observed that the focus for both plans should be on the "People" and "Process" pillars. Both plans rated Neutral in these areas. With

regard to the “Process” pillar, they look for a process that is systematic, repeatable and well-resourced. They look at the risk management tools used and the risks that are either being targeted or avoided. They want to evaluate the ability to add value as well as to make sure that the products are suitable for different types of investors.

In particular they want to see evidence that the teams putting the glidepaths together are doing their jobs in terms of coming up with capital markets assumptions, running the models and creating something appropriate for investors.

With regard to the “People” pillar Morningstar looks at the people who manage the underlying funds as well as those constructing the glidepaths. The focus is on the experience and quality of the team. Who are the key decision makers? Is there one person making all the decisions? How are they resourced? How do they resolve conflict? What is their workload? How are they compensated?

Ms. Liggett asked if Morningstar offers feedback on their evaluations. Where is the plan strong, and what could be done better. Ms. Ceserani said that they confine their comments to the ratings, and do not offer specific recommendations.

Ms. Ceserani stated that she was glad to see the TEP plan get a rating. The important thing is to be a plan that is worthy of being rated by Morningstar. The Bronze rating out of the box was secondary to that. Mr. Miller observed that what he takes away from Morningstar’s analysis are the things that are directional in nature. Where could the plan improve in the future?

Dr. Garcia asked is it was fair to say that the rating improved the reputation of the plan. Mr. Miller agreed. Ms. Ceserani noted that the ratings can be tricky things. Another sate with a Gold rating one year was reduced to a Silver rating the next. It’s difficult to advertise the Gold rating and then be reduced on the next review. The fact that the plan got rated, and is now on the radar for Morningstar was more important in her view.

Dr. Garcia asked is it also indicated that the board had made some good decisions. Mr. Miller agreed. Dr. Garcia asked how the relationship the board has now compared with the Oppenheimer. Mr. Miller stated that the technology, the investments and the pricing of the plans had all improved.

Ms. Ceserani then reviewed the plans’ performance for the board. Her analysis was similar to that provided by the investment managers. She noted the performance of the passive funds as being in line with their benchmarks. She noted that for TEP all active funds produced positive results, but that the American Funds Fundamental fund and the DFA Core International fund underperformed by more than 1%.

For SE, the passive funds also performed within expectations. Of the nine active funds seven outperformed and two underperformed. The underperformers were the Principal Blue Chip fund and the Principal International Small Cap fund. The best performing active fund was the JO Morgan Emerging Markets fund. (At this point Vice-Chair Desiderio joined the meeting.)

Based on Meketa’s proprietary rating system 80% of TEP funds rate Positive or Acceptable. 94% of the SE funds were positive or acceptable.

She then turned to the Watch List Memorandum. She noted that three funds qualify for Watch status due to performance issues – the American Funds Fundamental Investors fund, the DFA International Core Equity fund and the DFA Emerging Markets. She also recommended that the Vanguard International Developed Markets fund remain on Monitor status. She outlined for the board the reasons for these recommendations.

The Chair called for a motion to approve placing the three funds discussed by Meketa on Watch and for keeping the Vanguard International Developed Markets fund on Monitor status. Dr. Garcia so moved. Mr. Green seconded the motion. The vote to approve the motion was unanimous.

8) SCHOLAR'S EDGE DISTRIBUTION REPORT

The Chair then asked Mr. Schieber to give the SE Distribution Report. Referring to his presentation, Mr. Schieber noted that the past year had started off very slowly in terms of sales of new accounts. He then stated that new account activity had leveled off. He observed that the 5 people assigned to 529 account sales had had a difficult time establishing contact with advisors. Everyone was working remotely.

He then noted the rollover strategy to encourage new rollovers into the plan with certain incentives to brokers. He noted that rollovers out of the plan had increased, and that it was being tracked carefully, and attempts were being made to determine the reasons for the activity.

Working with Principal's wholesalers attempts have been made to reach out to existing large relationships. This is a continued focus for the firm.

Internally a data dashboard is nearing completion to organize data from across the firm on 529 activity.

He then discussed enhancements to the enrollment process such as e-signature capability, as well as the ongoing talks with firms such as fidelity that clear for brokers. The goal is to automate sales activity with the clearing firms to better serve the underlying brokerage firms. He then mentioned discussions with Raymond James relative to an omnibus relationship. Discussion have also been held with LPL and Ameriprise.

From the technology side the rollover enhancements and the rights of accumulation modifications have gone live. The lump sum purchase enhancement is under development.

Mr. Miller observed that New York Life and Ameriprise were large relationships for the plan, and that anything to enhance those relationships was important. The PAN network, which is Principal's own brokerage, needs to be activated as well. Second and third tier brokers with Principal relationships were also important. The opportunity to go omnibus with larger brokerage firms will come along from time to time. While important, it means sharing a platform with a number of other 529 plans.

He noted that the strategic direction seemed appropriate for a firm like Principal, but it is dependent upon execution of technology initiatives by Ascensus.

9) SCHOLAR'S EDGE MARKETING REPORT

Mr. Miller asked Ms. Horn to present the SE quarterly marketing report. Ms. Horn did a review of third quarter and plans for fourth quarter. Direct mail was targeted to the Principal Advisor Network (PAN) with a back-to-school campaign mailer to 1,300 financial professionals. Customized moleskin notebooks were sent out with the mailing. Social media, advertising, paid search and e-mails all tied back to the campaign to create an integrated campaign. A campaign was created within the Principal Sales Force system to track activity with the sales team's efforts. A partial report was run from September 1st – October 15th and during that period, 131 of the PAN financial professionals completed just under 1,000 529 transactions bringing assets into the SE program. The campaign worked hand-in-hand with the sales team to drive new revenue to SE.

Mr. Schieber mentioned the increased collaboration efforts between marketing and sales. Mr. Miller mentioned he was hopeful that over the next six months the board would see things develop now that

the sales team is in place and there are coordination efforts with marketing.

Ms. Horn discussed the media tactics from the back-to-school campaign which outperformed other campaigns this year and beat industry benchmarks with above average click-through rates. The top performing channel this quarter was search which was up 56% from the previous quarter. There was an increase in volume across impressions. Non-brand search terms drove the majority of the spending in traffic as well as the traffic to the site. There was an 82% increase in click volumes due to sharper targeting. The 529 calculator was at the top of the list of keywords in terms of search. Traffic and performance with 529 calculator were higher. Direct advertising was the second best-performing channel. In third quarter, LinkedIn was used to target financial professionals. New York Life Securities, New York Life Insurance, Ameriprise and Wells Fargo were top viewers of the ad. Asset TV provided a complimentary e-mail focused on the 529 calculators. It had an open rate of over 20%, and 3,000 clicks to the site. Ms. Horn mentioned several third quarter deliverables. The first was a 529 Master Class for CE credit with Asset TV. Top-viewing firms were Ameriprise, UBS, Wells Fargo, LPL and Northwestern Mutual. The second was SE Playbook e-newsletter which included three e-mail templates for financial professionals to deliver to clients. The third was a speaker series event with psychologist and child behavior specialist, Dr. Sandra Chafouleas. The event was "Navigating the School Year, Maintaining Wellness in a Time of Change". Over 500 financial professionals attended.

Ms. Horn went over website stats which were higher than second quarter numbers and top ten searched states as well as top ten pages visited. The calculator page is at the top of the list. The top source of traffic was direct as well as unpaid search. Ms. Horn mentioned the new Dream, Learn, Save section of the website went live in third quarter. It's an interactive, customizable online presentation that can be viewed and shared on any device.

Ms. Horn went over the third quarter budget and noted that the budgeted amount was spent. She also noted that the budget will be higher in fourth quarter with the holiday campaign, some Back-to-School campaign expenses, interactive glide path and other enhancements to the website. She mentioned that the contractual budget amount will be spent for the fiscal year.

She reviewed fourth quarter plans which include the new education web page that ties back to the event with Dr. Chafouleas. Collateral is also being created to go along with the education page including an article that talks about the lessons learned in this current education environment that prepare kids for college. The SE Playbook for financial professionals will be updated to include additional information to kick off the education conversation with clients. Another focus is a partnership with Strategic Insights with a 529 webinar about generational wealth transfer, gifting and expanding relationships through family referrals.

Ms. Horn shared the holiday campaign and played the commercial which will run on financial sites and social media. The theme is "focus on what matters, celebrate family and the little things that mean the mist". She also mentioned that SE promotional items will be sent out to wholesalers to share with financial professionals at in-person meetings and the activity/sales will be tracked in the Sales Force CRM

10) THE EDUCATION PLAN QUARTERLY MARKETING REPORT

Mr. Miller asked Ms. Fittipaldi to give an update on outreach efforts. She noted the number of new accounts for October is 2020 increased 51% over last October. She mentioned that presentations were recently made to several employers including CNM, APS and City of Albuquerque. New employers that have agreed to include TEP for employees are The Water Authority, Lovelace Health Systems and Families & Youth Inc. She gave an update on the progress with outreach to the State of New Mexico. The State

invited TEP to present at their monthly HR meeting for state and local public body HR administrators and will include information about TEP in their monthly employee benefits newsletter that goes out to all state employees. She mentioned regular articles are also published in the Round the Roundhouse newspaper that is delivered to all state employees. She gave an update on Sandia Labs who have added 94 new accounts since the June launch. She noted the importance of working with the employers to educate their employees year-round which will help grow the new accounts. She mentioned several recent presentations including; a presentation to NM Society of Enrolled Agents, a national panel presentation and discussion about "Paying for College" with NASSP/NJHS, the NMSAE Growing Leaders Academy sponsorship which included presentations and The Economic Forum presentation. She pointed out that the Morningstar bronze rating that TEP received is not just about the rating but about being recognized as a result of TEP's stewardship and low cost. She noted local media exposure that included, two radio interviews which are posted on the TEP website in the media section.

Ms. Fittipaldi asked Ms. Griffin to begin the TEP marketing update for the quarter. She started with an update on PR efforts. She mentioned that at least one press release is sent out each month. One version goes to the NM media and the other is sent nationally. There were 300 news clips in third quarter with more than 296 million impressions, the ad value is \$2.7 million. She noted that the budget for PR is \$5,000 per month, so \$15,000 has generated the equivalent of \$2.7 million worth of advertising. Yahoo Finance is one of the larger publications as well as Markets Insiders and Morningstar. All the press releases are posted on the TEP website. Mr. Green asked about Google Finance and wondered if it was on the list. Ms. Griffin said Google Finance hasn't picked up any of the releases yet but they'll continue to work on it.

Ms. Griffin asked Mr. Matthews to continue with the traditional media update. Mr. Griffin discussed the new creative launched in third quarter with TV, radio, print, outdoor and digital. He shared the creative and played the TV and radio commercials. He noted the majority of the budget was spent on broadcast TV in the Albuquerque, Santa Fe metro. Overall TV has delivered 7.5 million impressions for the quarter. Radio continues statewide and into the rural markets, outdoor is targeted in the Albuquerque area and print ads statewide. The call to action in the ads is driving traffic to the TEP website. Mr. Matthews asked if there were any questions. Dr. Garcia asked about the demographics. He noted that Hispanics are 50% of the population in the state and with Native Americans it's over 60%. He noted that the images in his view didn't match the demographic composition of the state and questioned why there didn't seem to be a visual outreach to Hispanics and Natives. Mr. Matthews stated that we try to make sure that we find images with people of color that are representative of that audience. Mr. Garcia mentioned he hasn't seen representation of Hispanics or Native Americans in any of the images presented, and questioned whether we're visually missing 60% of the population in terms of outreach. He suggested we might catch the attention of a much underserved population if we were more sensitive to that. Ms. Griffin assured Dr. Garcia that we will work harder on using imagery that better represents the population.

Mr. Matthews concluded and passed it on to Mr. Esparza to continue with the digital and web update. Mr. Esparza recognized Mr. Rushad-Rushad-Gros for his work coordinating the technology and logistics for the meeting. Mr. Esparza gave an executive summary of activities for the quarter. He noted a 69% increase in new accounts compared to third quarter 2019. He also noted the increase in new accounts was achieved with about 60% less budget. Mr. Esparza pointed out that goals and metrics moving forward will be based on the relevant FY. He mentioned that the website experienced 60,000 user sessions with almost half new users. He pointed out that having almost half of the users on the site as new users means that the messaging and advertising is working to drive new traffic to the site. Mr. Esparza outlined the new marketing initiatives which include; a bi-weekly welcome e-mail to new account

owners and a Saver's Success Story to current account owners to stay top-of-mind with new and current account owners. He showed a map of the states we are strategically targeting with ads. Mr. Esparza passed it on to Mr. Rushad-Gros to go over the third quarter digital marketing and website report.

Mr. Rushad-Gros discussed website improvements. These included a new search bar with more tags, every page of the enrollment funnel was tagged to track traffic through the enrollment process and enhanced content on key pages (homepage, tax page, FAQs, media page and landing pages). He mentioned hosting, recording and editing of webinars for new and established employer partners and creating a general webinar to post on the website. He went over the new account holder nurture sequence which includes a welcome e-mail every two weeks with relevant links to helpful information.

He talked about the importance of SEO and how there was a huge spike from 800 keywords people are searching for to 2,300 keywords because of all the new content on the site that's driving organic traffic to the site. Third quarter showed a tremendous increase in activity on the Employer page and the Sandia page. Year-to-date 20 different posts, articles and interviews have been added to Media page.

He noted that email has been a powerful channel with a consistent 50% open rate, TEP videos played on Facebook more than 100,000 times and native ads, video display ads, social ads and paid search were used to get people to the website. He noted that retargeting was used to get people back in the funnel. He observed that we converted more users on the site than the previous quarter with one of the highest conversion rates we have had so far. The goal was 2% and TEP hit 2.7%.

Mr. Rushad-Gros went over website sessions by source and noted that direct traffic to the site was 47.9%. He mentioned that social media will be a big area in the next quarter. Ms. Liggett asked why email doesn't appear on the chart. Mr. Rushad-Gros explained since it's smaller than the social channel, email is just not showing up. He added, we are collecting emails from people who don't have accounts yet and using email to convert them. Mr. Esparza explained that with 60,000 people visiting the site, email attracted fewer people so it's not showing up on the pie chart.

Mr. Rushad-Gros pointed out that there has been heavy focus on content, SEO, introducing email and automation. Social media will be next focus. Mr. Rushad-Gros discussed the three areas of focus for Q3 and Q4; web development, campaigns and social and organic. He mentioned finalizing web updates on new landing pages for RIA's and optimizing the employer, tax and media pages. The gifting campaign with gifting coupons and Ugift messaging is rolling out. To build more engagement on social media, mini animation infographics are in the works. Mr. Rushad-Gros paused for questions.

Dr. Garcia made a comment directed at Mr. Esparza. He noted he has been very impressed with what Esparza has been doing with the exception of the visual footprint not looking like New Mexico should look like demographically. Dr. Garcia asked if we could keep track of Hispanic surnames of new accounts to track progress in reaching that population. He noted that in order to have the future workforce we need in New Mexico; we need to get Hispanics and Natives into and out of college. Mr. Esparza noted that the TEP digital campaign is not New Mexico specific but all over the country. Dr. Garcia noted that most of the states we are targeting have large Hispanic populations yet the visual footprint doesn't look like that.

Mr. Esparza acknowledged that we can work with Ascensus to gather that data. Ms. Fittipaldi explained that she has access to the names of each of the new account holders each month and makes note of the data in the monthly report. She noted that there are quite a number of Hispanic surnames on the new account list each month. She also noted that the images in the presentations are not a full representation of the images we're using with our ads. Many of the images mentioned are merely part of the presentation documents. Mr. Matthews stated that Sunny 505 is aware of the diversity in our images we're using for all our marketing materials and does take note. Ms. Fittipaldi mentioned the TV

commercial may not look as representative as we would like. The family of the actress from last year's ads was used in order to keep COVID safe with production. All other ads are taking note of how they represent New Mexico demographically.

11) ADJOURNMENT

Ms. Liggett asked if there were any other questions. There being none, Ms. Liggett thanked everyone for the excellent presentations and thanked Dr. Garcia for his comments and observations. Ms. Liggett motioned to adjourn. Mr. Green so moved. Mr. Desiderio seconded the motion. Vote to approve the motion was unanimous. Meeting adjourned at 12:39 pm.