The Education Trust Board of New Mexico

Meeting Minutes of November 7, 2019
1121 Fourth Street NW, Albuquerque
NM 87102

APPROVED
Board Secretary
Vera Lyons 2/6/2020

Board Members in Attendance
Sandra Liggett – Chair
Dr. Jose Garcia – Member
David Jansen -- Member
Mark Jarmie – Member

Board Staff
Theodore Miller -- Executive Director ETB
Vera Lyons – Board Secretary ETB
Jocelyn Hodes – Marketing Director

Other Individuals in Attendance
Helen Atkeson -- Hogan Lovells US LLP
Kurt Sommer – Sommer Udall
Janet Pacheco-Morton – Morton Accounting Services
Del Esparza – Esparza Advertising
Jamie Rushad-Gros – Esparza Advertising
Joanie Griffin – Sunny505
Desiree Vega-Garcia – Sunny505
Jerry Matthews – Sunny505
Kay Ceserani -- Meketa
Keith Hyland – OppenheimerFunds
Heather Holliday – OppenheimerFunds (by telephone)
Chris Cyr – Ascensus
Tom Hewitt -- Ascensus
Kris Goeden – Principal
Jori Horn – Principal
Michele Nelson -- Court Reporter

1) CALL TO ORDER

Chairwoman Liggett called the meeting to order at 8:30 AM. The roll was called and four board members were present. A quorum existed.

2) APPROVAL OF AGENDA

Ms. Liggett noted the agenda as presented to the Board. She called for a motion to approve the agenda. Mr. Jansen so moved. Dr. Garcia seconded the motion. The motion was approved unanimously.

3) APPROVAL OF MINUTES

Ms. Liggett referenced the minutes of the meetings of 08/01/2019 and 09/09/2019 as presented to the Board and asked for any comments. Mr. Jansen noticed a page numbering error and a typographical error on the eighth page of the minutes. Mr. Miller noted the error and said that it would be corrected. Ms. Liggett called a motion to approve the August minutes as corrected and the September minutes as presented to the board. Mr. Jarmie so moved. Mr. Jensen seconded the motion. The vote to approve the minutes was unanimous.

4) PUBLIC COMMENT

Ms. Liggett asked if there was any public comment. There being none, she moved to the next item.

5) EXECUTIVE DIRECTOR'S REPORT

Mr. Miller asked Ms. Pacheco-Morton to review the quarterly financial reports for the trust and for the administrative fund.

Ms. Pacheco-Morton reviewed the administrative fund. The net position of the fund at quarter end was about $11.5 million. Mr. Miller observed that the substantial increase in the fund was due to two events.

The first was a commitment from OppenheimerFunds to make the full $500,000 contractual amount committed to the board for marketing initiatives immediately available and paid directly to the board for FY2020. This was negotiated with OppenheimerFunds as part of the termination agreement. In addition a prorated amount of $62,500 for grassroots activities will also paid directly to the board as part of the termination agreement. In addition OppenheimerFunds will credit to the board the unexpended amount of any rollover marketing dollars from FY2019 as well as any marketing dollars that the firm is obligated to spend on marketing for FY2020.

The second event was a result of the new program management agreement negotiated with Ascensus. For FY2020 Ascensus paid directly to the board the full $600,000 marketing commitment.

In the future the board will receive a payment from Ascensus of the full marketing commitment for TEP each fiscal year. It will accrue to the program administration fund at the beginning of the year.

Ms. Pacheco-Morton then continued her budget review. She noted that overall for the first quarter revenue and expenses are tracking in line with the budget.

Ms. Pacheco-Morton then moved on to the trust financials. She noted that the trust had assets of about $2.4 billion at quarter end. She then turned to the statement of changes and fiduciary net position. She observed that the plans continue in net distribution. Mr. Miller noted that the third quarter has a high volume of education expense payments across the 529 industry. The entire industry is in net distribution for the quarter. For the quarter there was a$79.6 million decrease in net position. Of this amount $15 million was attributable to a decrease in the value of investments held.

Mr. Jansen moved to approve the Q1 FY2020 financial report. Mr. Jarmie seconded the motion. The vote to approve the motion was unanimous.

At this point Ms. Pacheco-Morton left the meeting.

Mr. Miller then turned to the Open Meetings Resolution. He noted that the regular quarterly meetings of the board were scheduled for February 7, April 30, August6 and November 5 of 2020.

Mr. Jarmie moved to approve the Open Meetings Resolution for 2020. Mr. Jansen seconded the motion. The vote to approve the motion was unanimous.

Mr. Miller noted that agenda items 5(c) and (d) were the draft TEP and Scholar'sEdge plan disclosure documents and the draft website hosting agreement. These documents were not yet ready for board approval, so he asked that these be deferred to a special meeting to be held shortly. Mr. Jarmie moved to defer action on 5(c) and (d). Mr. Jansen seconded. The board vote to approve the motion was unanimous.

Mr. Miller then asked the board to approve the issuance of an RFP for independent audit services. He noted that the three-year term for CLA was ending, and state rules required the RFP. Mr. Jansen made a motion to approve the issuance of an RFP for audit services. Mr. Jarmie seconded the motion. The vote to approve the motion was unanimous.

Mr. Miller then turned to the Hogan Lovells billing matter from June. He noted that the State Purchasing Agent had approved of the manner in which the board had denied payment for hours inadvertently billed in excess of the approved purchase order for legal services. He recognized that the board and ETB staff wanted to determine if there was a way in which the firm could be paid for these necessary and valuable legal services under state rules. Mr. Sommer had been asked to pursue the matter with State Purchasing.

Mr. Sommer said that the counsel for State Purchasing informed him that the amount could be paid if an invoice were presented and if the board received approval to pay the bill. This would require a written determination from the State Purchasing Agent, and would be considered a "process violation" under state rules. He noted that upon audit for FY2020 an auditor might consider such a process violation to be a footnote item. In the worst case it could constitute a finding. He recommended to ETB staff that the board be asked to approve the request for determination from the State Purchasing

Agent if the matter was to be pursued.

Mr. Jansen stated that he thought HoganLovells should be paid for valuable work done, and he made a motion to approve payment of the amount. Mr. Jarmie seconded the motion.

In discussion about the motion Mr. Jarmie asked if the services provided were necessary for the effective operation of the program, and if the amount was reasonable.

Mr. Miller said that the contract negotiations were essential to the appointment of a program manager. He also noted that the hourly rate for the firm's services had not changed since 2012, and was currently well below the level charged by large law firms for their services.

Dr. Garcia asked what sort of finding the auditors might make about the matter. Mr. Sommer suggested that it might be footnoted, but that the amount was not material with regard to the program. Dr. Garcia asked if this would amount to an audit finding. Mr. Sommer said that he did not think so. Mr. Miller agreed.

Dr. Garcia then asked what the impact would be if the auditors did make it a finding. Mr. Miller noted that findings usually require corrective action be taken to prevent such events from occurring in the future.

Mr. Sommer noted that State Purchasing recognized that the services were provided in good faith.

Ms. Liggett asked Mr. Jarmie to repeat the substance of the motion. Mr. Jarmie stated that the board should grant the executive director the authority to take steps reasonable and necessary to insure that the outstanding HoganLovells billing amount be paid, including submission of such a request to the State Purchasing Agent. Mr. Jansen seconded this restated motion.

The vote to approve the motion was unanimous.

Mr. Miller then informed the board that the MOU with the NASSP for the National Junior Honor Society Scholarship awards program had been amended to recognize the replacement of OppenheimerFunds by Ascensus as program manager.

Mr. Miller then asked Ms. Liggett to comment on the board presentation to the Legislative Finance Committee. She noted that the Committee had responded positively to the presentation, with one exception. She stated that it appeared that the Committee staff had incorrectly informed the Committee that the state had liability for the actions of the board in carrying out its duties under the statute. She noted that Mr. Miller had corrected the record on that point both at the hearing and later with the representative who had raised the question. It also became apparent at the hearing that the staff had led the Committee to think the state had access to the board's program administration fund to use for other purposes such as a scholarship program. Ms. Liggett said that the governor's office had been informed of this matter and understood that the program administration fund was for the purpose of maintaining reserves for the proper operation of the 529 program.

6) PROGRAM MANAGER'S CQUARTERLY INVESTMENT REPORT

Mr. Miller then noted that Chris Werner from OppenheimerFunds normally gives the Program Manager's Quarterly investment Report. Unfortunately his brother passed away suddenly Tuesday night, and Chris was unable to attend the meeting. Ms. Ceserani agreed to cover the matters presented in the report as part of her presentation.

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

Ms. Ceserani began by reviewing the Program Manager's Executive Summary of Investments for the quarter. Mr. Miller then turned briefly to the body of the report to note that with regard to accounts, TEP had grown slightly in total accounts, whereas Scholar'sEdge had continued to lose accounts. Ms. Atkeson asked if the accounts that left had gone to Invesco. Mr. Miller stated that Mr. Werner told him that most of the departures were by financial advisors that did not want to remain with Invesco after the acquisition. Mr. Miller noted that at least with respect to pre-conversion rollovers the loss of accounts had not been as great as he had feared.

He also noted that both plans were in net redemption for the quarter. This was exacerbated by redemptions to pay for education expenses for the second half of the school year. He observed that the entire 529 industry is in net redemption for the quarter as a result.

He also observed that while the average age of Scholar'sEdge beneficiaries continues to increase, the average age of TEP beneficiaries has decreased somewhat.

Dr. Garcia noted that Morningstar had continued to apply a neutral rating to the Scholar'sEdge program and had again not rated TEP. He asked what could be done to change that situation.

Mr. Miller noted the extensive preparation that had gone on for the Morningstar meeting in late August. Both Ascensus and Principal sent representatives, along with board staff and Meketa. Morningstar had five analysts present.

The analyst that wrote the report made a factual error regarding the equity step downs of the year-of-enrollment portfolios. He has responded to that and Morningstar said that the firm would correct the report. He noted that for the first time Morningstar had raised the "People" pillar to positive for Scholar'sEdge due to the board's active over sight of the conversion process. It had also raised the "Fee" pillar from negative to neutral.

Ms. Ceserani noted that Morningstar seems to have been rushed for time in evaluating the information requests it had made of the states. There seemed to be some sloppiness in preparation of the ratings as a result.

Dr. Garcia asked if the Morningstar rating was important. Ms. Ceserani stated that in her view it was not important. She did not think consumers paid that much attention to the ratings. Financial advisors may pay somewhat more attention. But she did not think it was a major consideration for selection of a 529 plan. She regarded a high rating as a nice thing to have, but not essential.

Dr. Garcia noted that he considered the report on New Mexico to be pretty negative. He thought that a consumer who saw the report would not be inclined to pick New Mexico's plan. Ms. Ceserani stated that she thought consumers turned more often to savingforcollege.com for information. It was easier to use than Morningstar. In addition the full Morningstar report on state plans requires a premium subscription that would not be purchased by most consumers.

She also noted that in her review of the Morningstar database, much of the information is not correct, often due to a lack of recent updating by Morningstar.

Mr. Jarmie stated that he agreed with Dr. Garcia's concern about improving the Morningstar rating of the plans. He also noted that his main concern has always been to increase the number of accounts in the program.

Mr. Jarmie then made a motion that the board express its condolences to Mr. Werner for the sudden loss of his brother, and to thank him for his service to the board. Mr. Jansen seconded the motion. The vote to approve the motion was unanimous.

Mr. Miller then turned the board's attention to the revised Investment Policy Statement and Monitoring Procedures and Criteria. He reviewed the proposed changes to each document, and noted that the changes would be effective with the conversion of the program to Ascensus. Ms. Liggett asked that the board vote separately on each document. Dr. Garcia made a motion to approve the Investment Policy Statement in substantially the form presented to the board. Mr. Jansen seconded the motion. Mr. Jarmie asked what the principal changes were to the document. Mr. Miller stated that the changes were to accommodate the replacement of OppenheimerFunds as program manager with Ascensus and its subcontractor Principal. Ms. Atkeson asked if the document would be posted on the board's website. Mr. Miller said that it would be posted on nmetb.org on December 9th, the effective date of the conversion.

Mr. Miller then turned the board's attention to the Monitoring Procedures and Criteria. Ms. Liggett called for a motion to approve the document. Mr. Jansen so moved. Dr. Garcia seconded the motion. The vote to approve the document was unanimous.

Mr. Jarmie asked if his impression that some of the monitoring criteria had been toughened up was true. Ms. Ceserani stated that some of the language had been simplified, the increased number of sub-asset classes had been accommodated and the criteria had been updated somewhat based on the last 10-15 years of data. Ms. Ceserani stated that some of the criteria had changed, and that with regard to tracking some of the bands had been narrowed.

Ms. Atkeson noted that both Ascensus and Principal were required to review and sign off on these two documents. By contract, the firms are obligated to act in accordance with the terms of the two documents.

Ms. Ceserani then began her review of the funds in the program. She noted that this was the last review of the funds from the current program. She noted that there were nine funds on watch at the last meeting. Two funds no longer qualify for watch – the American Century Diversified Bond Fund and the Invesco/Oppenheimer Main Street Mid Cap Fund. She recommended that the other funds already on watch remain on watch status.

Ms. Liggett called for a motion to adopt the recommendations of Meketa with regard to the watch list status of the funds. Mr. Jamie so moved. Mr. Jansen seconded the motion. The vote to approve the motion was unanimous.

Mr. Miller then moved on to the Meketa report with regard to the new funds in the program. He reminded the board that at the last meeting it was decided to follow these funds prior to the conversion. Ms. Ceserani noted that of the new funds only the DFA International Core Equity Fund would qualify for watch status. She observed that the Principal SystematEx International Fund would be on caution status and if it underperformed for another quarter it might qualify for watch status.

Mr. Jarmie asked how investors in the 529 program would know of the performance history of the underlying funds in the program. Mr. Goeden observed that the SystematEX Fund is part of Scholar's Edge, and that a broker would be involved in helping the investor making investment decisions. Mr. Jarmie said that he understood that, but the question was more relevant to TEP. Mr. Cyr noted that the plan disclosure document states what the underlying funds in the plan are, and gives the investor the web address for the fund family. The investor can go to the relevant website to research an underlying fund.

Ms. Atkeson noted that although the plan disclosure documents do not give the performance history of the underlying funds, they do give a detailed description of their investment strategies and risks.

She and Mr. Cyr both noted that the 529 industry generally did not provide this level of underlying fund performance history.

After further discussion Mr. Jarmie asked that the executive director review the matter and be prepared to address it at the next regular meeting of the board.

(At this point Ms. Holliday joined the meeting by telephone.)

8) PROGRAM MANAGEMENT AND CONVERSION PLAN REVIEW

Mr. Cyr then gave an overview of the conversion process to date. He began with the receipt and review of the initial data files in July – the so-called Mock 0 conversion. This was followed by a further receipt of files in week 10 of the process called the Mock 1 conversion. This occurred over about a week. This was followed by a Mock 2 conversion. This occurred over last weekend similar to a real conversion timeline. He noted that the Mock 2 conversion went well enough that if it had been the real conversion, the plans would have been able to open for business on the following Monday morning. He noted that the Ascensus teams had spent 4,750 hours of time on conversion activities at a cost of about $500,000.

Mr. Cyr then introduce Tom Hewitt. Mr. Hewitt will be the client relationship manager for the New Mexico program. He reviewed the major conversion work streams and milestones for the board. He notes that all of these were in "Green" status. He noted that the plan disclosure documents are still being drafted for both plans. Mr. Miller thought that they would be ready for board review and approval by mid-month. He also noted that, as is typical with 529 conversions, the conversion agreement between OppenheimerFunds and Ascensus was also still under negotiation, but that it too should be ready for board review and approval shortly.

Mr. Hewitt then reviewed the status of media output and forms such as statements, confirms and tax reports. Image conversion of historical forms was also underway.

Transition communications were underway. Transition websites were established for both plans. A new Scholar'sEdge website was under construction, and the TEP website was being revised to accommodate the new investment program. Letters have gone out to financial advisors for Scholar'sEdge.

He also noted that customer service personnel were being trained for both plans.

The relationship of Ascensus with Bank of New York Mellon was being established for custody, trading and reporting. He noted that OppenheimerFunds has been in contact with the existing portfolio managers to make sure that all current funds will be liquidated in time for the conversion to Ascensus. Ms. Holliday confirmed that the current managers have been contacted, and that OppenheimerFunds will remain in contact with them to ensure that the necessary liquidity is there to effect the conversion.

Dr. Garcia asked Mr. Hewitt to discuss the "mapping" of old portfolios to the new ones. Mr. Hewitt said that this involves moving funds that were in the old investments into the closest version of those funds in the new investment lineup. Mr. Jarmie asked how accounts would be valued for the conversion. Mr. Cyr stated that the accounts would be valued as of the close of business on the Friday night prior to conversion weekend. Mr. Jarmie then asked if there was any cost to account owners for the sale of old investments and the purchase of the new investments. Mr. Cyr stated that there was not. Mr. Hewitt also noted that numerous reports were being created and tested to ensure accurate and timely information reporting for all the parties involved in the 529 program.

Ms. Holliday noted that final statements to account owners would be prepared and sent out after the conversion. Ascensus would follow that with "Welcome Kits" containing account opening statements to show that all account assets were transferred to Ascensus and invested in the new funds.

Mr. Jarmie asked to make a motion to express the board's appreciation for the work done by Mr. Hylind, Ms. Holliday and Mr. Werner, along with best wishes to them for the future. Dr. Garcia seconded the motion. The motion was approved unanimously

8) SCHOLAR'S EDGE MARKETING & DISTRIBUTION UPDATE

Mr. Goeden and Ms. Horn then gave the marketing and distribution update for the

Scholar'sEdge plan. He noted that it was Ms. Horn's first appearance before the board in her new role as head of 529 marketing at Principal. She had been recruited by Principal from Invesco, where she had also been responsible for 529 marketing.

She noted that one focus of 529 marketing would be to give advisors ideas to help build their businesses. However, Principal is also focused on delivering timely and differentiated content to individual investors. Individual investors still generate the largest number of online searches and are the principal decision makers for college savings investment. Principal will deliver content through a number of different channels such as digital advertising, social media, earned media, targeted emails and webcasts.

At Principal Ms. Horn stated that she has had access to dedicated resources for 529 including web developers, an editorial team and project managers.

She then reviewed the transition deliverables, including notices to home offices, financial advisors and a client transition newsletter. Principal has also created a financial advisor transition website. She noted that the plan description is currently being finalized for the plan.

An important effort is to create value added material for both individuals and advisors. These are for awareness at the top end of the purchase funnel. Educational content and business building ideas are important. The presentation also included costs associated with each stage of the process. Materials are being developed around common search terms on the web, such as state tax benefits, financial aid, student loans and qualified withdrawals. Pieces will also be created for timely topics such as changes to the 529 law and what to do with required distributions from IRA accounts.

(At this point Ms. Griffin, Ms. Vega-Garcia and Mr. Matthews joined the meeting.)

The next set of materials focused on the consideration area of the purchase funnel. These are foundational core content, the value proposition, the benefits of a 529 plan and the key differentiators of the Scholar'sEdge plan. These will be developed for both the financial advisor and the investor. The final pieces will be presentations such as "Introduction to 529 Plans" and "Why Scholar'sEdge" for both advisors and the public.

Ms. Horn then discussed the new Scholar'sEdge website. It will be a single website with as much common content as possible, and an advisor login section for financial advisors. She also noted that several calculators were being developed for the site.

She observed that there will be analytic capabilities to measure site activities.

Ms. Horn then noted that Principal would create quarterly campaigns targeted to current advisors who use Scholar'sEdge, and advisors in the Principal network, as well as geo-targeting of tax parity states and tax neutral states.

She then reviewed the holiday campaign, with physical materials delivered to 3,000 top advisors, as well as more general LinkedIn and Facebook ads. For the top advisors the Dr. Seuss book "Oh, The Places You Go" will be sent. It should be a good conversation starter with clients.

There will also be a savingforcollege.com email campaign to 16,000 advisors.

She noted that there will be a major post-launch campaign beginning in January.

This will be directed at current Scholar'sEdge advisors, the Principal Advisor Network (PAN) and Principal's top producers.

(At this point Ms. Ceserani left the meeting.)

Mr. Goeden noted that a 529 solution from Principal itself had been missing from the investment lineup offered to Principal's advisors. The wholesalers will meet during the first quarter with around 1,500 Principal advisors.

Ms. Horn noted that the second quarter will see a continuation of the first quarter activities plus a campaign based around 529 Day. The attempt will be to drive advisor traffic to the Scholar'sEdge website.

She also noted continuing efforts to inform current advisors and account owners of the enhancements to the plan, in order to maximize retention. Providing advisors with business building ideas around 529 will be an important aspect of this.

Ms. Horn also reviewed the budget spend through December and for the first two quarters of 2020. She noted that metrics will be developed to measure the effectiveness of the budgeted activities. Strategy will be modified along the way on the basis of the effectiveness of each tactic.

Mr. Goeden then turned to the distribution plan. He noted that the 529 team was beginning to take shape. Ms. Horn had been brought over from Invesco to head 529 marketing. A dedicated 529 compliance person was in place. Information about the 529 plan has been disseminated throughout the Principal business units.

A point of focus will be the institutional space where Principal has a large retirement plan business. Employers should be a good source of 529 business. The newly created RIA class of shares increases the distribution opportunities for the plan. The Knowledge Hub team has two individuals that will focus on 529 training of advisors.

He noted that video training is available to the Principal wholesalers. The 529 plan will be featured at the national sales conference in San Diego. It will be a main stage presentation, the only one for a product.

Mr. Goeden noted that there was a 93% overlap of firms between Oppenheimer and Principal, so those advisors will be a point of focus. The national accounts team has pushed to enter into selling agreements with 465 firms. Of these 377 firms are already under agreement.

A head of distribution for the 529 program will be hired.

(A break was taken from 11:59until 12:15.)

9) THE EDUCATION PLAN Q3 MARKETING REPORT AND PROPOSED FY20 MARKETING PLAN

Mr. Esparza began the TEP marketing report by noting that the goal is to reach the right people with the right channel at the right time with the right content.

He compared growth in new accounts between Q3 2018 and Q3 2019. He noted that TEP accounts grew 4% and new assets by .1%. For Scholar'sEdge new assets grew by 27% but new accounts declined by 21%.

He noted that major activities for the past quarter included the creation of a transition website where account owners can get information about the new plan design. Account owners were contacted by email and by postcard, and directed to the new site.

For Scholar'sEdge he noted that a transition site was created by Principal and could be linked from the current Scholar'sEdge website. In addition a physical mailing of the transition documents had be sent.

Mr. Hylind then reviewed the budget for the quarter as well as the anticipated budget for the period prior to conversion in early December. He noted that for the five-month period from July through November the budget amount was about $2 million. In the third quarter about $816,000 was spent – including full payment to ETB of the annual $500,000 amount for marketing committed by OppenheimerFunds by contract for FY2020.

That leaves about $1.2 million. Of this about $620,000 will be spent before conversion. This will leave about $560,000 to be paid over to ETB by OppenheimerFunds after conversion.

Ms. Hodes then discussed the TEP marketing plan for the remainder of the fiscal year. The goal is to increase new accounts by 15%, and to add 10 new employers for payroll direct deposit.

She noted headwinds in New Mexico such as the relatively small population and high poverty rate. She also expressed concern that people might misinterpret the governor's free tuition proposal for New Mexico state schools to be broader than the proposed coverage of tuition and fees. It is necessary to educate people that tuition is often less than half the total cost of higher education. It is also important to stress the value of saving even small amounts for education. Reducing the minimum contribution amount from $25 to $1 helps to further that message.

She noted that it is important to stress the use of 529 plans for non-traditional education such as vocational and trade schools. Similarly it is important to stress the reduction of student loan debt made possible by education savings. She expressed the need to partner with current employers that offer the 529 plan to their employees as well as to expand the employer base offering the plan. She described the work underway with Sandia Labs to offer the 529 plan to its employees. Development of a customized landing page for Sandia employees is one of the ways that the 529 plan can encourage participation.

She noted conversations with the state personnel office about offering the 529 plan to state employees.

She then introduced Joanie Griffin of Sunny505 to discuss traditional media marketing efforts. Ms. Griffin noted that the target areas for her firm are New Mexico and border states such as Texas. She discussed making approaches to estate planning organizations and other organizations catering to financial professionals.

She observed that marketing activities for the holiday season would focus on a gifting campaign with TV, radio, print and billboard advertising. For the remainder of the fiscal year the campaign would have broader themes including student debt reduction and tax advantages. There will also be a campaign directed at 529 Day, May 29th.

Mr. Esparza then discussed digital marketing efforts. He noted that new account growth for TEP for 2017 and 2018 was positive, but that through the first three quarters of 2019 new account growth was in line with 2018. Cost of acquisition had dropped. He reiterated that for calendar 2020 the target is 15% new account growth for TEP.

Mr. Rushad Gros noted some site statistics. About 65% of site visitors are current account owners and about 30% are new site visitors. Of that 30% about 66% are from New Mexico and 34% from out of state. He reviewed with the board how the content management system for the site captures a great deal of information about site usage by visitors. It can also measure the effects of various campaigns and tactics, both digital and traditional. He went over the use of Google organic and paid search, programmatic ad buys, and "native" ads that appear as a form of sponsored content on various websites. He noted the importance of Google, Facebook and LinkedIn to driving visitors to the site. He also mentioned the importance of email follow up with site visitors. He then went over various examples of how the overall marketing plan, both traditional and digital, were focused on delivering to the right people with the right channel at the right time with the right content.

Dr. Garcia asked about efforts to target Hispanic and Native American communities. Ms. Hodes mentioned the partnering with organizations that already have access to and are engaging with those communities. She also mentioned partnering with PED and HED on their outreach efforts. Ms. Griffin mentioned the production of advertising in Spanish.

Dr. Garcia also asked about outreach to rural communities. Ms. Griffin mentioned the use of rural radio stations, TV interviews and local print media in those communities.

Ms. Hodes noted that she had met with the Indian Pueblo Cultural Center about connecting with Native American communities. She also mentioned reaching out to tribal councils and development corporations.

At this point Ms. Liggett called for a motion to approve the TEP marketing plan. Dr. Garcia so moved. Mr. Jansen seconded the motion. The vote to approve the motion was unanimous.

10) ADJOURNMENT.

Ms. Liggett then called for a motion to adjourn. Dr. Garcia so moved. Mr. Jarmie seconded the motion. The vote to adjourn was unanimous.

(The meeting concluded at 1:59 PM.)