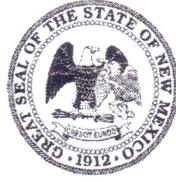


The Education Trust Board of New Mexico

THE HONORABLE MICHELLE LUJAN GRISHAM
GOVERNOR OF NEW MEXICO

STEPHANIE RODRIGUEZ, CABINET SECRETARY
NEW MEXICO HIGHER EDUCATION DEPARTMENT



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

THEODORE MILLER
EXECUTIVE DIRECTOR

Meeting Minutes of
June 3, 2021
1516 Paseo de Peralta
Santa Fe, New Mexico 87501

*Approved
Vera Lyons
Board Secretary
8/5/2021*

Board Members (all remote)

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

ETB Staff (all remote)

Ted Miller, Executive Director
Carolyn Fittipaldi, Marketing Director
Vera Lyons, Board Secretary

HoganLovells (remote)

Helen Atkeson, Partner

SommerUdall (remote)

Kurt Sommer, Partner

Ascensus (remote)

Tom Hewitt, VP Relationship Management (remotely)

Principal (all remote)

Paul Schieber, Managing Director, 529 Distribution
Tracy Bollin, Managing Director – Fund Operations
Jori Horn, 529 Marketing Director

Sunny 505(all remote)

Joanie Griffin, CEO
Jerry Matthews, Senior Account Manager

Esparza(all remote)

Del Esparza, CEO
Jamie-Rushad Gross, President of Innovation

1) CALL TO ORDER

The meeting was called to order at 8:30 AM. There was a quorum and four board members were present. Vice Chair Desiderio chaired the meeting in the absence of Ms. Liggett. Ms. Liggett joined the meeting after Item #4 on the agenda. She then chaired the meeting beginning at Item #7

2) APPROVAL OF AGENDA

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

3) PUBLIC COMMENT

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

4) EXECUTIVE DIRECTOR'S REPORT

a) Ascensus Consent Letter

Mr. Miller then presented the form of the Ascensus consent letter for approval. There is a change of control provision in the program manager agreement. Any change of control requires the consent of the board. He noted that the letter had been reviewed by counsel, Ms. Atkeson, and that the letter matches the requirements of the contract language. In particular, Ascensus is committed to fulfilling in contractual obligations and after the transactions it intends to provide all required services. There will be no substantial changes to key personnel and the business will operate in substantially the same manner. There will be no materials changes in service levels and management and operations will remain in place.

Ms. Atkeson affirmed that these requirements were those laid out in the program manager agreement as considerations for the board with regard to a change in control. Mr. Hewitt was asked by Mr. Miller, as the Ascensus representative, if these things were in fact the case. Mr. Hewitt affirmed that they were. Ms. Atkeson noted that the only other alternative was for the board to terminate the program manager contract.

Mr. Miller asked the board to consent to the acquisition and to authorize his execution of the consent letter on behalf of the board. Mr. Desiderio called for a motion. Mr. Davis so moved. Mr. Green seconded the motion.

Dr. Garcia asked Ms. Atkeson if she was satisfied with this result. She stated that the factors important to the board have been covered in the letter, and that the change in control was resulting in the continuing of the business under new ownership. She stated that she was comfortable with the consent.

Dr. Garcia then asked Ms. Atkeson if there were any risks in doing this. Ms. Atkeson stated that the risk was that Ascensus could not confirm that the factors outlined in the letter would be in place. She noted that several other states that she works with that have Ascensus as a provider are being asked to consent and that they are comfortable with it , and think that Ascensus will have the mission and resources to do the job.

Mr. Davis asked Mr. Miller if he had any reservations. Mr. Miller stated that he did not. Ascensus was privately owned, and had gone through similar transactions in the past. They had made the required representations as to their business and their management remaining in place.

Vice Chair called for a vote on the motion. The vote to approve the motion was unanimous.

5) SCHOLAR'S EDGE FY22 MARKETING PLAN

Ms. Horn noted that they created a condensed joint presentation to cover both marketing and distribution. She began the SE marketing report by turning it over to Paul Schieber to talk about account growth.

He pointed out that the selling system in place is a collaborative, cohesive system with Ascensus and Principal teams. He noted that the enhancements to the plan, the extension of the ROI, the rollover piece and enhanced commission all got implemented in November. He pointed out that the plan had some of its best months in a while in December through March. He mentioned that the enhancements made an impact coupled with the ability to connect with advisors which was difficult to do when COVID hit. He noted in April there was a decline typical of the season in the spring and summer months and that Tom sees this seasonal trend with other plans. A third and fourth quarter bump and then a bit of a trail into the spring. He discussed the economics of the plan with the right tail of the plan being a drag on new accounts and account growth because there is more money going out than coming in. He pointed out that in December through March the plan never caught up with the dollars out. He also noted that there is a substantial closure of that gap. The number of accounts out are up and Principal hasn't caught up there yet but as an intermediary-sold plan; they are working with advisors and it's a fewer number of accounts. He noted that the average account size is larger on the new accounts than those going out. He also noted that upwards of 90% of the closed accounts are not within their control since they are scheduled expenses. He pointed out that they have made progress from an account growth standpoint and from AUM in the plan.

He paused for questions. Vice Chair Desiderio asked why such a drastic change in April. Mr. Schieber referenced the seasonality that occurs with these plans. He pointed out in spring and summer, there is a seasonal drop-off and Tom confirms that this is the trend across the 529 landscape. He mentioned he would talk later about some of the things they are doing to wash out some of the seasonality.

Ms. Horn gave an overview of the SE marketing. She pointed out they have been running a strong campaign that ties in with what's happening in the marketplace and what conversations financial professionals are having with their clients as they are talking about education and 529 plans. She referenced the "Doodle Campaign" that has been running which is focused on the learning environment of the last year and how it's equipping children with new skills like technology and time management that are going to help them to succeed in college. She mentioned they continue to run social media, paid advertising, paid search and e-mail through a number of different providers. She pointed out that they are making sure they are targeting financial professionals as well as consumers through a large medium of providers. She mentioned that the creative development continues to go hand in hand with distribution and carries through to the next fiscal year marketing plan. She

pointed out that they have released a lot of creative development in the first six months of the year. The employer plan brochure, playbook newsletter for financial professionals, National 529 Day webinar series, web enhancements, 529 comparison tool, interactive glide path and enrollment page updates. She paused to see if there were any questions and moved on to the FY22 plan.

She went over the budget and pointed out that the contractual spend amount for FY22 has gone up to \$1,266,900. She pointed out this is a brief overview and that she will continue to update in the quarters ahead. She noted that the plans for FY22 will be a continuation of FY21 campaigns as they have been successful both from a marketing web traffic and distribution perspective. She highlighted the campaigns Back to School in Q3, Holiday Gifting in Q4, New Year/Tax Season in Q1 and 529 Day in Q2. She mentioned tying everything to the distribution plan utilizing all the creative with social media, video, static images. She mentioned creating cards and sending promotional items as financial professionals get back to the office. She noted they are making sure they are active in search, advertising and targeting key partnerships. She highlighted partnerships with Yahoo Finance and Wall Street Journal.

She went over the creative development which is designed for the financial professionals. She noted there is a lot of demand for employer plan materials and they have begun work on a full suite of materials to assist the financial professionals who work with employer plans as well as the employers. She mentioned they are also focusing on customized pieces for New York Life and Principal Financial Network and will continue to create custom pieces as needed for specific audiences. She said they are created a new social media library for broker/dealers to allow their wholesalers and financial professionals to use partner social media.

She mentioned development of Spanish materials and turned it over to Mr. Schieber to discuss. He pointed out that Diego who lives in Arizona is fluent in Spanish and will be actively involved in the activation of the Spanish material to be used in New Mexico and other areas. He mentioned that they are willing to accommodate the needs of TEP as well.

Ms. Horn discussed the web enhancements which include launching video on the homepage of the website for the back-to-school campaign; an employer landing page scholarsedge529.com/atwork with FAQ's; expanding animation and auditing and assessing the pages to ensure SEO and site accessibility.

Dr. Garcia asked if they are keeping track of the number of new accounts from employers. Mr. Schieber fielded the question and answered yes. He said they altered the new account forms and added an employer code that they have to fill in so it can easily be tracked. Ms. Horn asked if there were any other questions and then passed it over to Mr. Schieber.

Mr. Schieber talked about point-of-sale enhancements which include Fidelity 529 Omnibus in partnership with Ascensus, employer payroll direct deposit and lump sum purchase enhancements. He paused to ask if there were any questions.

There being no questions, Mr. Miller pointed out that a motion to approve the FY22 marketing plan for SE was needed. Vice Chair Desiderio called for a motion. Mr. Green so moved. Ms. Liggett

seconded the motion. Vice Chair Desiderio said all in favor say aye. All say aye. Vice Chair Desiderio said motion carries.

6) TEP FY22 MARKETING PLAN

Ms. Fittipaldi gave the marketing and outreach update. She announced 263 new accounts for May which is a 64% increase over last year's 161 new accounts. She noted there are currently 19 employers offering TEP as an optional benefit and 8 of those were added in this fiscal year. She also noted that Sandia Labs has added 184 new accounts since launch and continues to promote TEP with employees. She mentioned that there are about 20 employer prospects currently in the pipeline. She said strong outreach efforts continue statewide with presentations and events online and in person. She also noted that there has been great PR exposure. She said Mr. Miller did a video interview on the Broadcast Retirement Network and she did a third interview on KRQE/Fox and another radio interview on KTRC in Santa Fe. She broke down the budgets for the marketing contracts for Sunny 505 PR \$60,000 plus GRT, Sunny 505 traditional media \$575,000 plus GRT and Esparza digital marketing \$900,000 plus GRT. She passed it to Joanie Griffin with Sunny 505 to give the PR report.

Ms. Griffin noted that PR or "earned media" has a different impact on people than a paid advertisement and it helps with SEO and keep people coming to the website. She mentioned for FY22, that a focus will be on wealth transfer - grandparents putting aside for grandkids and outreach to employers and chambers to offer TEP as a benefit through payroll deduction. She pointed out that continuing to educate the public on saving versus taking out student loans is also important. The goal is a minimum of 12 positive news stories in New Mexico and targeting states monthly. She noted the budget is \$60,000 or \$5,000 per month. She highlighted FY21 results with 861 news stories July through April, 1.2 billion impressions and an ad value of \$11.7 million. She pointed out the ROI is really good on the \$60,000 investment. She paused for questions and turned it over to Jerry Matthews to talk about traditional media.

Mr. Matthews started off by highlighting the FY22 goals which match up to the PR goals of continuing to drive new enrollments and increase contributions to existing accounts. He pointed out the KPI's for FY22 of YOY account growth of 10% and adding at least 5 new employers offering TEP.

He mentioned new creative is in development to communicate the key benefits and drive traffic to the website with a strong call to action to convert them to new accounts. He said they are working on an overall branding campaign as well as Back-to-School, College Savings Month, Gifting, Tax Season and 529 Day/End of School.

He pointed out the FY21 YTD enrollments have exceeded the goal with over 2,400 new accounts and the efforts are driving new traffic to the site with new sessions up nearly 27% versus last year. He shared two maps; one showing new accounts and the other showing media placements statewide. He pointed out the media placement is working because the new accounts are coming in from the areas where the media placement has been. He noted that media placement is statewide focused primarily on broadcast but some print publications are being added based on research.

He noted that the budget is \$575,000 plus GRT and is broken out 26% for advertising and agency expenses, which includes production costs. The bulk of the budget is being used for the advertising buy. He pointed out the media mix is primarily focused on video broadcast and cable as well as radio and adding some new publications. He paused for questions and passed it over to Jamie Rushad-Gros to present the Esparza digital marketing report.

Mr. Rushad-Gros pointed out that the 9% increase goal for the FY was surpassed in March. At the 10-month mark TEP has 2,431 new accounts which does not include the 263 new accounts for May that Carolyn mentioned. He mentioned the website reached 55,000 New Mexicans across the state and 90,000 people across the country. He noted the conversion rate on the website was 3% and the goal was 2%. He mentioned that in Q1 2021, there were 781 new accounts which is 190 more than last year. He pointed out the data which shows FY19 with 1,951 new accounts, FY20 with 2,029, FY21 at 10 months with 2,431 (20% increase). He noted that since the conversion to Ascensus in December 2019, the account growth has been consistent every month. He highlighted the increase in new users to the site from 98,000 in FY20 to 240,000 in FY21 and pointed out that every metric from sessions to display, paid and social were up.

He outlined the website and digital marketing plan for FY22. He pointed out the goals which include an increase of 10% in new accounts, having the best 529 direct-sold website in the industry, growing contributions and nurturing existing accounts, improving institutional advocacy with New Mexico employers and large organizations and increasing awareness in tax-parity states.

He mentioned the new digital campaign that will focus on inclusivity and diversity and will promote TEP as something that is available for all New Mexicans. This messaging will be consistent on the website, email and every touchpoint to reinforce inclusivity. He pointed out that nurturing existing accounts with a series of emails and relevant content has been a key to growth. He mentioned collecting first-party data directly from people as they are interacting with TEP on the website in response to the restrictions being placed on third-party data from big tech companies. TEP will own the data and not have to rely on big tech to collect it.

He mentioned the roadmap and pointed out from July to August the focus will be on major website improvements and moving to a content management system that is aligned more with SE and can be shared. In September, the new website content material functionality will launch aligning digital with PR and traditional media. In October through December, the net promoter score will be implemented (Ascensus and Principal are currently using). He explained that it uses a scale of 1 to 10 "Would you recommend us to a friend, family or colleague" with an open comments field. He pointed out this will be implemented right after conversion to give TEP the data needed to improve conversions on the website. He talked about next year and the new content (press releases, articles, videos) that will help with search engine optimization. He mentioned that there are different things highlighted each month. He pointed out February and the plan to put charts and data on the page to redo the website in a more global way to be shared on social media.

He discussed the growth goals and budget. The cost per acquisition goal is in the high \$200s to \$300s with the industry average of about \$1,000 per acquisition. He pointed out that with an increased budget of \$100,00, the cost per acquisition has stayed the same. He shared a high-level breakdown of the budget and how the dollars are being spent. He asked if there were any questions.

Chairman Liggett asked about the Web Update and Development Transfer to Drupal. Mr. Rushad-Gros explained that Drupal is the content management system that SE uses that TEP is going to migrate towards (the backbone of the site). Chairman Liggett asked if it's already been purchased and being used. Mr. Rushad-Gros confirmed it is part of the normal budget and that's why it is zero dollar. Chairman Liggett

asked if it brings additional functionality. Mr. Rushad-Gros answered yes and pointed out that Drupal has Headless CMS which means the content can be shared anywhere and it broadens the TEP content. This will also allow TEP to align with SE content. Ms. Horn confirmed that Principal uses Drupal for SE.

Mr. Miller pointed out that a vote to approve the TEP marketing plan for FY22 was needed. Vice Chair Desiderio called for a motion to approve. Chairman Liggett so moved. Mr. Green seconded the motion. Vice Chair Desiderio said all in favor say aye. All say aye. Vice Chair Desiderio said the motion carried.

7) CLOSED SESSION PURSUANT TO SECTION 10-15-1(H) OF THE OPEN MEETINGS ACT TO DISCUSS CONTRACT MATTERS

The Vice Chair called for a motion to go into closed session to discuss contract matters. Mr. Davis so moved. Ms. Liggett seconded the motion. Each of the board members was separately polled as to the vote to go into closed session. Each of them responded "Aye". The board was in closed session from 9:32 AM until 10:12 AM

Ms. Liggett called for a motion to leave closed session. Mr. Davis so moved. Dr. Garcia seconded the motion. Each of the board members was separately polled as to the vote to leave closed session. Each of them responded "Aye". Ms. Liggett stated that only contract matters were discussed in closed session and that no action was taken.

8) INVESTMENT CONSULTANT CONTRACT

Ms. Liggett asked for a motion to approve a contract with Meketa Investment Group as investment consultant to the board. Mr. Davis so moved. Vice Chair Desiderio seconded the motion. The vote to approve the motion was unanimous.

9) ADJOURNMENT

Ms. Liggett called for a motion to adjourn. Mr. Desiderio so moved. Mr. Davis seconded the motion. The vote to approve the motion was unanimous. The meeting adjourned at 10:15 AM.