

The Education Trust Board of New Mexico

THE HONORABLE SUSANA MARTINEZ
GOVERNOR OF NEW MEXICO



DR. BARBARA DAMRON, CABINET SECRETARY
NEW MEXICO HIGHER EDUCATION DEPARTMENT

BOARD MEMBERS
DR. BARBARA DAMRON, CHAIR
ROBERT J. DESIDERIO, VICE-CHAIR
DR. JOSE Z. GARCIA
DAVID JANSEN
MARK JARMIE

EXECUTIVE DIRECTOR
THEODORE MILLER

Telephone Meeting Minutes of July 16, 2015

2044 Galisteo Street, Suite 4, Santa Fe, New Mexico 87505

Board Members in Attendance

Dr. Barbara Damron - Chairman
Dr. Jose Z. Garcia—Member (by telephone)
David Jansen – Member (by telephone)
Mark Jarmie – Member (by telephone)

Other Individuals in Attendance

Theodore Miller - Executive Director ETB
Helen Atkeson - Partner, Hogan Lovells US LLP (by telephone)
Bill Raynor – OppenheimerFunds (by telephone)
Molly Hausmann – OppenheimerFunds (by telephone)
Heather Holliday – OppenheimerFunds (by telephone)
Andrea Pash – OppenheimerFunds (by telephone)
Michele Nelson - Court Reporter

APPROVED

Vera Lyons
Board Secretary
8-19-15

1) CALL TO ORDER

Chairwoman Damron called the meeting to order at 1:03 PM. The role was called and four out of five Board members were present. A quorum existed.

2) INTRODUCTION OF BOARD MEMBER DAVID JANSEN

Dr. Damron next introduced Mr. David Jansen as the newest member of the Board, appointed by Governor Martinez for a 6-year term effective July 1, 2015. Mr. Jansen is the CFO of Nusenda Federal Credit Union. Dr. Damron noted Mr. Jansen's extensive background in finance and banking. She welcomed him to the Board.

3) PUBLIC COMMENT

Dr. Damron asked if there were any public comments. There were no public comments.

4) APPROVAL OF AGENDA

Chairman Damron turned to the agenda and asked if there was any discussion. There being no discussion she called for a motion to approve the agenda. Dr. Garcia so moved. Mr. Jarmie seconded the motion. All present voted to approve the agenda as presented to the meeting.

5) APPROVAL OF MINUTES

The Board then turned to the draft minutes of the meetings of June 4 and June 25, 2015. Chairman Damron asked if there was any discussion relative to the minutes. There being no discussion, she called for a motion to approve the minutes of the meetings. Dr. Garcia so moved. Mr. Jarmie seconded the motion. Mr. Jansen abstained from voting because he was not present at these meetings. All present, with the exception of Mr. Jansen, voted to approve the minutes of the June 4 and June 25, 2015 Board meetings.

6) PROJECT PLAN UPDATE

Dr. Damron made reference to the Project Plan Flowchart prepared by OppenheimerFunds. She asked Mr. Raynor of OppenheimerFunds to update the Board on the progress of the re-launch activities. Mr. Raynor reported that the Program Manager was still on target for the August 31, 2015 date. He noted that considerable effort had gone into the incorporation of the new investment tracks into the Program. The goal is to make the information about these new investment options clear and easy to understand for account owners. He noted that of the six technical goals, two were 100% complete and the remaining four were 10%-40% complete, but still on track.

He noted that the marketing materials and forms were approved by counsel for the Board and by OppenheimerFunds counsel. They were scheduled to go to print by July 27. He said that printed materials that would be seen by account owners had been sent to Mr. Miller, and that they had been forwarded to the Board members for their information. Any further materials would go through the same process.

With regard to investment changes he reminded the Board that the Thornburg and MainStay funds would be removed the weekend of August 15th. All the remaining investment changes will be in place by the weekend prior to re-launch. The normal quarterly rebalancing of Investment Portfolios will take place at the end of September as usual.

7) RFP FOR INVESTMENT CONSULTING SERVICES

Mr. Miller then addressed the need for the Board to approve the issuance of an RFP for Investment Consulting Services. He noted that at the June 25, 2015 meeting the Board had approved an amendment to the Investment Consulting contract with PCA. This amendment was subject to review by a contract analyst for the Department of Finance and Administration. In the course of this review the analyst had noted that the RFP for the original contract had a strict four-year term limit. Despite the fact that professional service contracts for the Education Trust Board are not subject to this time limit by statute, the analyst determined that the strict language of the RFP was controlling. In this event the contract with PCA expires December 22, 2015.

Dr. Garcia raised the issue of whether or not the Board should review and comment on the draft RFP prior to its issuance. Mr. Miller noted that the RFP was on a very tight timeline for issuance, and that he would prefer that the Board allow him to issue the RFP without this review.

Dr. Damron inquired if Mr. Miller would be presenting the draft RFP to counsel for review prior to issuance. He stated that he would be doing so.

Dr. Damron then put two options before the Board for consideration. The first was to allow Mr. Miller to draft and issue the RFP directly. The second was to require Mr. Miller to present the draft RFP to the Board for review and approval prior to issuance. She asked for a motion on one or the other option.

Mr. Jansen moved to adopt the first option of allowing Mr. Miller to issue the RFP without prior Board review and approval. Mr. Jarmie seconded the motion. Dr. Damron asked if there was any further discussion on the matter.

The motion to allow Mr. Miller to draft and issue an RFP for Investment Consulting Services was unanimously approved.

8) TRIBAL SUMMIT AND \$200,000 NATIVE AMERICAN GRANT

Dr. Damron reported on her attendance at the tribal Summit. She stated that Secretary Zuni had asked that the Native American Grant not be discussed directly at the Summit. Rather, Secretary Zuni proposed that further discussions be held with her before a decision is made on the best way to address the matter.

Dr. Damron stated that Secretary Zuni noted that the educational funding circumstances of the various tribes were different. She wanted to make sure that parameters were established to put the money to most effective use. Dr. Damron committed to following up with Secretary Zuni and to report back to the Board for further action.

9) ADJOURNMENT

Dr. Damron called for a motion to adjourn. Dr. Garcia so moved. The motion was seconded by Mr. Jansen. The vote to adjourn was unanimous. The meeting adjourned at 1:35 PM.

