

# 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

THEODORE MILLER  
EXECUTIVE DIRECTOR

## Telephone Meeting Minutes of August 19, 2015

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

### Board Members in Attendance

Dr. Barbara Damron - Chairman  
Robert Desiderio. – Vice Chair (by telephone)  
David Jansen– Member (by telephone)

### Other Individuals in Attendance

Theodore Miller - Executive Director ETB  
David Mathews - HED/ETB Attorney  
Helen Atkeson - Partner, Hogan Lovells US LLP (by telephone)  
Bill Raynor – OppenheimerFunds (by telephone)  
Michele Nelson - Court Reporter

**APPROVED**

*Vera Lyons* 12/2/15  
*Board Secretary*

## AGENDA

### 1) CALL TO ORDER

Chairwoman Damron called the meeting to order at 1:04 PM. The roll was called and three out of five Board members were present. A quorum existed.

### 2) PUBLIC COMMENT

Chairman Damron called for public comment. There was no public comment.

### 3) 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. Mr. Desiderio so moved. Mr. Jansen seconded the motion. All present voted to approve the agenda as presented to the meeting.

#### **4) APPROVAL OF MINUTES**

The Board then turned to the draft minutes of the meeting of July 16, 2015. There being no discussion, Dr. Damron called for a motion to approve the minutes of the meeting. Mr. Jansen so moved. Mr. Desiderio seconded the motion. All present voted to approve the minutes of the July 16, 2015 Board meeting.

#### **5) PING LU LITIGATION SETTLEMENT UPDATE**

Mr. Mathews updated the Board on the background of the Oppenheimer Core Bond litigation matter and the settlement of that litigation with the payment of over \$67 million by OppenheimerFunds to account owners in both The Education Plan and Scholar's Edge 529. He then reviewed for the Board the Ping Lu class action lawsuit against the Board and the settlement of that lawsuit for \$3.75 million. He noted that as a result of the settlement the Board assigned any rights it may have had at the time to the Ping Lu plaintiffs. These plaintiffs sued OppenheimerFunds. He noted that the Ping Lu plaintiffs and Oppenheimer had entered into a settlement agreement that has now been approved the judge in the case. The parties sought the approval of the Board to the settlement with language that had been reviewed and approved by the Board's litigation counsel. Mr. Mathews stated that the Ping Lu matter was now over. Dr. Damron advised that she may be asked by legislators about this matter and that she can now report to them that the matter is completely over.

#### **6) PROJECT PLAN UPDATE**

Dr. Damron then requested Bill Raynor of OppenheimerFunds to provide the Board with a final update on prior to re-launch of the 529 Plans. Mr. Raynor stated that everything was on track for the re-launch date of August 31, 2015.

Over the past weekend the Mainstay and Thornburg mutual funds were removed from the Scholar's Edge individual fund portfolios as planned, and the assets from those funds were mapped to the Oppenheimer Main Street Fund and the Oppenheimer International Growth Fund. All affected account owners were notified of the changes.

Mr. Raynor noted that all other investment changes would be made over the weekend prior to August 31. The websites would be brought down over that weekend to effect some of the changes.

Mr. Raynor mentioned that the implementation team had been doing regression testing of the programming that had been done to implement to revisions to the 529 Program. Dr. Damron noted that, given her background, she understood the term regression analysis in the world of science, but she asked Mr. Raynor what this meant for the financial world. Mr. Raynor said that he was not a systems expert, but that the term referred to the repeated testing of the system to make sure that it functioned properly and that any changes made to correct errors that are discovered during testing are in turn subject to further testing.

He suggested that further explanation could be provided to Board attendees at the operations due diligence visit scheduled for October at the Oppenheimer Denver Operations Center. Dr. Damron indicated that she would like to pursue that at the due diligence visit.

Dr. Damron also noted that she had recently given four radio interviews to New Mexico radio stations regarding the 529 Program, and that she looked forward to doing more interviews around the time of the launch.

Mr. Miller asked Mr. Raynor to update the Board on the six technology tracks that were contained in Oppenheimer's Project Plan Chart. At the previous Board meeting Mr. Raynor had noted that two of the six were complete with four others in stages of partial completion. Mr. Raynor confirmed that all technical projects were complete and the August 31 target date was firm.

#### **7) ADJOURNMENT**

Dr. Damron asked if there were any further questions from the Board. There being none, she called for a motion to adjourn. Mr. Jansen so moved. The motion was seconded by Mr. Desiderio. The vote to adjourn was unanimous. The meeting adjourned at 1:25 PM.