

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
GARY L. GORDON, CHAIR
LAWTON DAVIS
MONT GREEN
CHAMIZA PACHECO DE ALAS
VALERIE VALLES-PEDROZA

EXECUTIVE DIRECTOR
NATALIE CORDOVA

Meeting Minutes of August 6, 2025 33 Plaza La Prensa Santa Fe, New Mexico 87507

Board Members

Gary L. Gordon, Chair
Mont Green, Member
Lawton Davis, Member

Attending by zoom:

Chamiza Pacheco de Alas, Member

ETB Staff

Natalie Cordova, Executive Director

Meketa Investment Group

Kay Ceserani, Managing Principal
Aysun Kilic, Managing Principal/Consultant
(Remote)
Matthew Parla,

Hogan Lovells

Helen Atkeson, Partner

Sommer, Udall

Kurt A. Sommer, Partner

Ascensus

Tom Lowe, VP Investment Management
Khalel Pritchard, Director, Relationship
Management

Morton Accounting Services

Janet Pacheco-Morton, CPA

Esparza Advertising

Heather Apodaca, VP of Strategy
Lindsey Lubenow, VP of Accounts & Media

Sunny505

Dezaree Vega-Garcia, CEO
Jerry Matthews, Senior Account Executive

Principal

James Fennessey, Portfolio Manager, Director
of Research
Scott Smith, Portfolio Manager
Chad Severin, Asset Allocation Analyst
Jori Horn, 529 Marketing Director
Brandon Miller, Director of Operations

1. CALL TO ORDER:

The meeting was called to order at 8:31 am by Mr. Gordon. Mr. Green and Mr. Davis were present in person. Member Chamiza Pacheco de Alas attended by Zoom. A quorum was present for the meeting.

2. APPROVAL OF THE AGENDA

The Agenda was approved unanimously.

3. APPROVAL OF THE MINUTES 5/7/2025

The Minutes of the meeting on May 7, 2025 were approved unanimously.

4. PUBLIC COMMENT.

Mr. Gordon called for public comment and there was none.

5. EXECUTIVE DIRECTOR'S REPORT

Ms. Natalie Cordova provided her report to the Board. Ms. Cordova reported that the audit was proceeding timely. Ms. Cordova reported that Janet Pacheco-Morton and she were working on the audit together. Ms. Cordova stated that the audit should wrap up near the end of October 2025 and the Audit Report is due to the Office of the State Auditor in early November.

Ms. Cordova stated that the Fiscal Year Budget submission is due to the State on September 2, 2025.

Ms. Cordova then reported on the enhancements in 529 accounts beginning in July 2025 and January 2026. She stated that the enhancements to 529 accounts provided even more flexibility for account owners through expanded qualified expenses.

Ms. Cordova stated that the Morningstar ratings review will take place in September, with rating expected to be announced in early November.

Mr. Gordon asked if anyone had any questions and there were none.

a. **FY 2025 Q4 Financial Report** -- Janet Pacheco-Morton, Morton Accounting Services - Ms. Pacheco-Morton reviewed the administrative fund financial statements for the fourth quarter. She discussed a new GASB standard and its impact to the financial statements related to compensated absences.

Ms. Pacheco-Morton also reviewed the fiduciary fund financial statements. There was a motion to accept the unaudited financial statements. Ms. Pacheco-Morton reported that no reserves had been used during the year, and the Board was within budget. Mr. Green inquired about the interest earning budget and actual amounts. Ms. Cordova provided a response to those amounts.

Ms. Pacheco-Morton then reviewed the Fiscal Year 2024 and Fiscal Year 2025 budget comparison.

Mr. Green moved to approve the financials, and Mr. Davis seconded the motion. The motion was unanimously approved.

b. **ETB Escheatment Policy Update** –

Ms. Cordova reported that she and Helen Atkeson had worked on the escheatment policy and provided a redline comparison of recommended changes. Helen Atkeson reviewed the escheatment policy as modified and stated that it benefits account holders because the funds are placed back in the account owner's accounts instead of being escheated to the states. The new policy is streamlined and provides for less forfeitures.

Khalel Pritchard stated that uncashed checks now show on the statements and letters are now sent to account owners after 100 days if a check remains uncashed.

Mr. Pritchard also reviewed portions of the new escheatment policy on behalf of Ascensus.

Mr. Davis made a motion to approve the new escheatment policy as proposed and Mr. Green seconded the motion. The motion passed unanimously.

c. ETB Admin fee analysis –

Ms. Cordova and Kay Ceserani reviewed the administrative fees with the Board, noting the third year of such review/analysis. Ms. Cesarani provided a reminder that there is a 5 basis point charge for Education Trust Plan and an 8 basis point charge for Scholar's Edge. Ms. Cordova then provided an overview of the use of the administrative fee, and other sources of administrative revenue. Ms. Ceserani also reviewed the account fee structure in depth.

Mr. Gordon asked how any changes would be noticed to account owners. Ms. Atkeson stated that the Board would have to provide notice to account owners of the fees charges and changes, and Ascensus would be providing the notice to account owners 30 days prior to any changes in the fees. As an example, the plan would provide notice to account owners in October 2025 to be effective November 2025.

The Board discussed the fee structure and whether to hold off making changes at this time. The sense of the Board was to hold off making changes at this time. Mr. Gordon thanked everyone for their presentations.

6. SCHOLAR'S EDGE MARKETING, SALES AND DISTRIBUTUION REPORT and FY2026 MARKETING PLAN REVIEW

Mr. Gordon asked Ms. Horn and Mr. Miller to review Scholar's Edge Marketing and sales plan. Ms. Horn reviewed the prior and upcoming marketing campaigns. She highlighted a specific soccer themed campaign, and related marketing communications that were sent to over 1,000 professional investment advisors.

Ms. Horn then reviewed the results from the ad campaigns Principal had run. She reported that the year-over-year metrics and web site activity and noted an increase of 125%.

Ms. Horn reviewed the marketing plan and budget of \$1,398,940. She noted that the budget allowed for integration of branding into every medium.

Ms. Horn noted that all advertising is coded to allow Principal to track sources and collect data to determine what is successful in driving traffic.

Mr. Gordon noted that it would be best to be ready for to deal with the enhancements to 529 accounts due to changes in the recent legislation passed in June, 2026 under the Big Beautiful Bill.

Mr. Miller reviewed the account sales and distribution for the second quarter.

7. THE EDUCATION PLAN MARKETING REPORT and FY 2026 MARKETING PLANREVIEW –

Ms. Dezaree Vega-Garcia and Mr. Jerry Matthews reported on traditional marketing during the quarter. He noted there were positive trends in new accounts and discussed the distribution strategy for 529 Day and upcoming strategy and goals for FY 2026. Mr. Gordon asked about YouTube streaming and costs of ads given viewers can skip.

Ms. Vega-Garcia and Mr. Matthews reported that Sunny won an award for global ad recognition for their The Education Plan ad. They reviewed the goals for Fiscal Year 2026 and Sunny's messaging strategy. Sunny intends to stress that savings is important for education. Sunny is reducing its exposure to cable and increasing streaming in Albuquerque and Las Cruces. They discussed Sunny's sponsorship opportunities with UNM sports and UNM Kids Club and the partnership they have developed. They stated The Education Plan is able to have on-field signage for all sports except basketball, though basketball will show TEP ads on their TVs near concession areas.

Finally, Ms. Vega-Garcia and Mr. Matthews reviewed Sunny's budget and noted that 10% of the budget will go to agency fees, 20% to production, and 70% to media placement.

Mr. Esparza reported on the fiscal year 2025 goals and objectives. He discussed the website enhancements. He also discussed account growth and that there was more engagement with potential account owners. He reported on the new accounts being at 3,249 which was 3% less than fiscal year 2024. Mr. Esparza stated that there was new account growth particularly in California and Texas. New Mexico had 551 accounts with an average balance of \$23,713. He noted that assets under management increased by 8.5%.

Ms. Lindsey Lubenow reported on the website traffic and noted that Google year-over-year showed the greatest increase in traffic. She reported on the email marketing efforts their company had undertaken. She noted that the ETB website had been successfully updated and there was a positive change from the URL of .org to .gov.

Ms. Lubenow covered the Evergreen Campaign they promoted and reviewed options available for 529 account owners. She covered the grandparent campaign Esparaza ran as well. She showed the new videos Esparaza is running in general and in California. Ms. Lubenow also discussed the scholarship flyer Esparaza developed, and she reviewed the fiscal year 2026 strategy and the refreshing of the TEP website.

Mr. Gordon called the Board to a brief recess at 10:14 AM. The meeting was resumed at 10:20 AM.

8. INVESTMENT CONSULTANT’S ECONOMIC AND MARKET UPDATE --informational

Ms. Kilic and Ms. Ceserani presented the review of the financial markets and economy. They discussed the volatility in the markets during the first quarter of the year and the improvement in the market over the last several months.

9. PROGRAM MANAGER’S QUARTERLY OPERATIONS AND INVESTMENT REPORTS

Khalel Pritchard and Tom Lowe presented the quarterly reports. They noted that there were favorable market conditions and that fund account balances were up. They discussed the favorable enhancements to account-owners as a result of recent legislation. Mr. Pritchard discussed the 2nd phase of increased rate blend in the NY Life product.

Mr. Lowe stated that the plans are in line with their benchmarks, and that markets seem to have recovered well. He discussed the bond market and noted that yields were flat, and in the international market bond yields were actually down. Mr. Lowe reviewed the various funds and noted that the year of enrollment funds were in the top quartile of funds. He stated that they were ahead of indexes and benchmarks. The funds are generally doing well in performance versus their peers.

Mr. Smith, Fennessey and Severin discussed the quarterly report and investment results for the quarter for Scholar’s Edge. They reviewed the economics of the market and discussed peers and benchmarks performance. They reviewed the year of enrollment portfolios. They stated that they did not have any concerns about any of the glide paths. Mr. Green asked about the Glidepath chart and peer group comparison presented.

a. Nuveen Real Estate Security Institutional Funds-

Ms. Ceserani and Mr. Lowe lead the discussion on the Nuveen Real Estate Security Institutional Funds. Ms. Ceserani noted that the funds underperformed in the 2nd quarter and she discussed the five year performance of the funds. Ms. Ceserani reviewed other funds the Board might consider one was the Cohen & Steers Fund and stated that these funds are good.

Ms. Ceserani reported that the Nuveen was moving in the right direction and compared the fund to four other funds. She recommended waiting until year end and evaluating further during the annual review. Mr. Green recommended waiting, while Mr. Gordon was willing to move the funds from Nuveen. They discussed the need for diversity in the accounts. The Board decided to wait until the annual review process by Meketa is complete before making any changes.

Mr. Green moved to remain in the Nuveen Fund and Mr. Gordon seconded the motion. The motion passed unanimously.

- b. Principal Equity Income Fund Review –
Scott Smith presented the material with James Fennessey and Chad Severin.

James Fennessey and Kay Ceserani discussed the equity funds and performance. They noted that there was an improved performance overall on a three-year basis. They noted that the fund now matches the index and they recommended retaining the Principal Equity Income Fund.

Mr. Green moved to retain the funds. Mr. Davis seconded the motion. The motion passed unanimously.

10. INVESTMENT CONSULTANT’S QUARTERLY REPORT AND WATCH LIST RECOMMENDATIONS --

Meketa representatives, Kay Ceserani and Aysun Kilic, reviewed the watch list for the quarter.

Mr. Gordon moved to adopt the watch list. Mr. Davis seconded the motion. The motion passed unanimously.

11. FY 2027 BUDGET APPROPRIATION REQUEST

Ms. Cordova led the budget discussion. Mr. Gordon noted how the budget process worked for the Board. Ms. Cordova stated that she prepared the budget for 2027 with the assistance of Ms. Pacheco-Morton and Ms. Natalie Zamora. She compared the budget request and use of balances with the current year. She explained the revenue projections to the Board. Ms. Cordova reviewed her budget assumptions and increased revenue projections. The budget proposes budgeted use of the reserves. Mr. Gordon noted that this was a very conservative budget. Ms. Cordova stated that there was a small decrease in overall expenditures, and a decrease to budgeted reserves.

There were no comments from the Board. Mr. Gordon expressed his appreciation for the work by Ms. Cordova.

Mr. Davis moved to approve the budget for 2027 as presented. Mr. Green seconded the motion. The motion passed unanimously.

12. Executive Session Pursuant to NMSA (1978) 10-15-1(h)(7)

A motion was made to go into closed executive session at 12:00pm. The motion passed unanimously. Mr. Gordon called roll. All members agreed to be in closed session.

13. ADJOURNMENT

All members were polled and agreed to return to open session at 12:05 pm and Mr. Gordon noted that no matters other than legal matters were discussed and no action was taken.

The Board adjourned at 12:05 pm.