



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RACHAEL EUBANKS  
STATE TREASURER

## MICHIGAN EDUCATION TRUST MINUTES

The Michigan Education Trust Board held a regular meeting on August 1, 2019 at 10:00 a.m. in the State Treasurers' Board Room, Richard H. Austin Building, Lansing, Michigan.

Members Present: Treasurer Rachael Eubanks  
Mr. Robert Ferrentino (Via Tele-Conference)  
Mr. Michael Flynn  
Dr. Virinder Moudgil  
Mr. Ronald Wiser  
Ms. Kristin Beltzer

Members Not Present: Ms. Cheryl Bartholic  
Mr. Robert Bowman  
Dr. Glen Mroz

Ms. Rachael Eubanks, State Treasurer, called the meeting to order at 10:02 a.m.

### I. Approval of Minutes of Thursday, February 14, 2019 Meeting.

Ms. Eubanks presented the minutes of the February 14, 2019 meeting to the Board for approval. Dr. Virinder Moudgil, made a motion to approve the minutes, supported by Mr. Michael Flynn. The minutes were approved unanimously (5-0). Ms. Eubanks Abstained from voting.

### II. Public Comment

None

### III. Executive Director's Report

Ms. Robin Lott gave a summary of the Executive Director's report noting that for the 2019 enrollment period as of June 30, 2019, MET sold 1,203 contracts, representing \$18,064,951 million in prepaid tuition. The total contracts sold include 584 Pay-As-You-Go contracts representing \$2,483,092 in prepaid tuition. Last year MET sold 1,108 contracts, representing about \$19,966,082 million in prepaid tuition which included 479 Pay-As-You-Go contracts representing \$3,007,459 in prepaid tuition.

### IV. Financial Issues

#### A. Presentation by Woodrow Tyler and Lan Chen, Bureau of Investments

Mr. Woodrow Tyler introduced Ms. Lan Chen from the Bureau of Investments. Ms. Chen presented on MET I and Woodrow Tyler presented on MET II.

Ms. Chen provided an investment report as of August 1, 2019 stating that the MET I's market value was

\$116.0 million as of June 30, 2019. She stated that MET I is closed to new contract receipts; correspondingly, assets decline as tuition obligations are met. MET I has a funded ratio of 195% as of June 30, 2019 and MET I's estimated income and dividends over the next twelve months is \$3.9 million.

Mr. Tyler provided an investment report as of June 30, 2019, stating that MET II's market value was \$953.7 million as of June 30, 2019. He stated that MET II's estimated income and equity dividends for the next 12 months is \$35.3 million.

B. Presentation by Paul Wood and Ken Alberts of GRS

Mr. Ken Alberts of GRS presented the interim results as of June 30, 2019. He stated that MET I Funded Ratio increased from 180.1% to 195.6%. The surplus increased from \$49.5 million to \$56.3 million. MET II Funded Ratio increased slightly from 124.0 to 124.1%. The surplus decreased from \$194.9 million to \$192.0 million due to the assets returns below the investment return.

Mr. Alberts presented recommendations for the actuarial assumptions for soundness for MET with a tuition increase assumption of 6% for one year, 5.5% for year 2, 5% for year 3, and 4.5% thereafter for MET I and MET II and a discounted rate assumption recommendation of 2.89% for MET I; and 5.5% for MET II.

Mr. Paul Wood presented preliminary detailed results of a pricing analysis.

C. Actuarial Soundness Assumptions - Resolution 2019-3

Ms. Lott presented the Resolution for actuarial assumptions for soundness for MET I and MET II.

Mr. Flynn moved that the Board adopt Resolution 2019-3, Actuarial Assumptions for Soundness for MET I and MET II, supported by Ms. Kristin Beltzer. The resolution passed unanimously by a roll call vote (6-0).

D. Contract for Actuarial Services – Resolution 2019-4

Ms. Lott stated that the contract with Gabriel Roeder Smith & Company, was a three-year contract (October 1, 2016 through September 30, 2019) with two, one-year renewal options. The total proposed contract amount to exercise two, one-year renewal options is \$221,760, which includes fixed fee analysis work. This amount is based on a 3.5% increase for both option years and represents \$108,960 for year one and \$112,800 for year two.

Mr. Ronald Wisner moved that the Board adopt Resolution 2019-4, Contract for Actuarial Services, supported by Mr. Flynn. The resolution passed unanimously by a roll call vote (6-0).

E. 2019-20 Budget - Resolution 2019-5

Ms. Lott gave a summary of the proposed fiscal year 2019-20 budget amount of \$5,193,841, which represents 0.47% (.0047 basis points) of the total asset value of MET I and MET II as of June 30, 2019. As a reference, the MET policy allowed up to 1% (100 basis points) to cover administrative costs. She stated that there is a 6.85% increase in the proposed fiscal year 2019-20 budget (approximately

\$332,952) as compared to last year. Most of this increase is reflected in Salaries and Wages, DTMB Support and Database System Design (intuition), and to add the Salesforce software.

Ms. Beltzer moved that the Board adopt Resolution 2019-5, 2019-20 Budget, supported by Dr. Moudgil. The resolution passed unanimously by a roll call vote (6-0).

V. Policy and Program Issues

A. Authorized Signatories – Resolution 2019-6

Ms. Lott presented the Resolution for the Authorized Signatories. Ms. Lott stated that due to the appointment of a new Chief Deputy and Deputy Treasurer, MET must update the names of employees within Treasury that have authority to move funds from the MET checking account.

Mr. Flynn moved that the Board adopt Resolution 2019-6, Authorized Signatories, supported by Ms. Beltzer. The resolution passed unanimously by a roll call vote (6-0).

VI. Marketing and Public Relations

Presentation by Ms. Roni Rucker Waters and Ms. Emmie Musser of Gud Marketing

Ms. Roni Rucker Waters presented on the outreach efforts and meetings with Ms. Lott and the new legislators and Governor.

Emmie Musser presented on the activities and results of the marketing campaign as well as a marketing plan for August – September 2019.

VII. Next Meeting Date - November 14, 2019

Mr. Flynn made a motion to adjourn the August 1, 2019 MET Board Meeting, supported by Dr. Moudgil. The meeting adjourned at 12:16 p.m.

Minutes were approved on: \_\_\_\_\_

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Chairman

\_\_\_\_\_  
Executive Director