



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 May 13, 2021 at 9:00 a.m. as a Virtual Microsoft Teams Meeting.

Treasurer Rachael Eubanks called the meeting to order at 9:03 a.m..

### Members Present:

Treasurer Rachael Eubanks, Present, Clinton County, East Lansing, Michigan  
Robert Bowman, Present, Washington County, Washinton DC  
Virinder Moudgil, Present, Oakland County, Rochester Hills, Michigan  
Maddy Day, Present, Kalamazoo County, Texas Township, Michigan  
Dr. Dale Nesbary, Present, Muskegon County, Muskegon, Michigan  
Ms. Marlin Williams, Present, Dade County, Miami, FL  
Mr. Michael Flynn, Lee County, Cape Coral, FL

### Members Not Present:

Ronald Wisner  
Philomena Mantella

### I. Approval of Minutes of Thursday, February 4, 2021 Meeting

Treasurer Eubanks presented the minutes of the February 4, 2021 meeting to the Board for approval. Dr. Virinder Moudgil, made a motion to approve the minutes, supported by Dr. Dale Nesbary. The minutes were approved unanimously (7-0).

### II. Public Comment

Hara Peruri from Troy, MI discussed his request for MET to pay additional credit hours for his son beyond those permitted by the contract since during a portion of the time his son attended a block rate school. Mr. Peruri stated that in his letter to the Board, he requested 24.5 credit hours but only needs 16.2 credit hours. Treasurer Eubanks stated that there is a resolution related to this matter under Tab L.

### III. Executive Directors Report

Ms. Brewer gave a summary of the Executive Director's report noting that for the 2021 enrollment period as of April 30, 2021, MET sold 576 contracts. Contract sales were down 2.1%. Additional contributions made to PAYG contracts from October 1, 2020 – April 30, 2021 was \$1,242,295.62 in

prepaid tuition.

Ms. Brewer also presented reports on the Marketing Subcommittee as well as the Finance/Investment Subcommittee.

#### IV. Financial Issues

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

Mr. Woodrow Tyler gave an overview on the Finance Committee to investigate if MET can improve the return target of 5.7% and increase the overfunded ratio in MET II to help with contract pricing.

Ms. Lan Chen provided an investment report stating that the MET I's market value was \$116.0 million as of March 31, 2021. She stated that MET I is closed to new contract receipts; correspondingly, assets decline as tuition obligations are met. MET I's estimated income and dividends over the next twelve months is \$2.6 million.

Mr. Tyler provided an investment report stating that MET II's market value was \$1.001 billion as of March 31, 2021. He stated that MET II's estimated income and equity dividends for the next 12 months is \$25.6 million.

##### B. Presentation by Paul Wood of GRS

Mr. Paul Wood of GRS gave a recap of the April 2021 finance committee and a presentation on the objectives, what it means to be fully funded and future pricing considerations from the Finance Committee meetings. Mr. Wood stated that the objectives of the Finance Committee is to protect the current contract holders as well as stimulate sales of new contracts. Mr. Wood stated that currently MET I and MET II are well funded then explained the probability of running out of money using two different scenarios of being 100% funded and 136% funded. Mr. Wood discussed the risk premiums and preliminary pricing analysis results should the Board adopt an age-adjusted pricing.

#### V. Policy and Program Issues

##### A. Tsao Request for Additional Credit Hours – Resolution 2021-2

Ms. Brewer presented Resolution 2021-2 Tsao Request for Additional Credit Hours. Ms. Brewer stated that Chen-chen Tsao, Purchaser of two MET Contracts, is requesting additional credit hours for the Beneficiary.

Ms. Brewer recommended that the Board adopt Resolution 2021-2 to deny the request for additional credit hours. Dr. Moudgil motioned to approve Resolution 2021-2 and was supported by Dr. Nesbary. The resolution was approved unanimously by a roll call vote, 7-0.

Treasurer Eubanks stated that under current law, there is nothing we can do about block rate billing. However, she requested that the Board consider looking into the possibility

of a statutory change. Treasurer Eubanks requested to include this discussion in the August Meeting.

B. Peruri Request for Additional Credit Hours – Resolution 2021-3

Ms. Brewer presented Resolution 2021-3 Peruri Request for Additional Credit Hours. Ms. Brewer stated that Hara Peruri, Purchaser of a MET Contract, is requesting additional credit hours for the Beneficiary.

Ms. Brewer recommended that the Board adopt Resolution 2021-3 to deny the request for additional credit hours. Ms. Maddy Day motioned to approve Resolution 2021-3 and was supported by Dr. Moudgil. The resolution was approved unanimously by a roll call vote, 7-0.

C. Budget Revision – Resolution 2021-4

Ms. Brewer presented Resolution 2021-4 Budget Revision. Ms. Brewer stated that MET is requesting an additional \$78,189.32 in the budget in order to add two FTE's to address staffing needs in the accounting area.

Ms. Brewer recommended that the Board adopt Resolution 2021-4. Mr. Robert Bowman motioned to approve Resolution 2021-4 and was supported by Dr. Nesbary. The resolution was approved unanimously by a roll call vote, 7-0.

D. Appreciation for Cheryl Bartholic – Resolution 2021-5

Ms. Brewer presented Resolution 2021- 5 Appreciation for Cheryl Bartholic. Ms. Brewer recommended that the Board adopt Resolution 2021-5. Mr. Michael Flynn motioned to approve Resolution 2021-5 and was supported by Ms. Marlin Williams. The resolution was approved unanimously by a roll call vote, 7-0.

VI. Marketing and Public Relations

A. Presentation by Jill Holden of Gud Marketing

Ms. Jill Holden, Strategic Planning Director at Gud Marketing, pursuant to the marketing committee's recommendation, presented on progress of their research to understand barriers to enrollment and how the brand resonates with potential MET enrollees. Gud Marketing's research consisted of online focus groups and a state-wide survey. An overview was given on the Online Focus Groups and plans were given for the State-wide Survey that will take place in the next month or so.

VII. Other Business

Treasurer Eubanks suggested adjournment of the May 13, 2021 MET Board Meeting. Mr. Bowman made a motion to adjourn the May 13, 2021 MET Board Meeting, supported by Dr. Moudgil. The meeting adjourned at 11:00 a.m.

Minutes were approved on: August 5, 2021

Michael Oubanks

Chairman

Diane Brewer

Executive Director