



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 6, 2020 at 1:00 p.m. as a Virtual Microsoft Teams Meeting.

Members Present: Treasurer Rachael Eubanks  
Dr. Virinder Moudgil  
Mr. Robert Bowman  
Ms. Cheryl Bartholic  
Mr. Michael Flynn  
Dr. Philomena Mantella  
Dr. Dale Nesbary  
Mrs. Marlin Williams

Members Not Present: Mr. Ronald Wiser

Ms. Rachael Eubanks, State Treasurer, called the meeting to order at 1:03 p.m.

I. Approval of Minutes of Thursday, November 14, 2019 Meeting.

Ms. Eubanks presented the minutes of the November 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 (8-0).

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 2020 enrollment period as of June 30, 2020, MET sold 711 contracts, representing \$11,294,323 million in prepaid tuition. Contract sales were down 40%. The total contracts sold include 342 Pay-As-You-Go contracts representing \$1,408,462 in prepaid tuition. Additional contributions made to PAYG contracts during the 2020 enrollment period was \$4,313,010 in prepaid tuition which was down 3% from last year.

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 stating that the MET I's market value was \$115.6 million as of June 30, 2020. 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 \$2.3 million.

Mr. Tyler provided an investment report as of June 30, 2020, stating that MET II's market value was \$922.0 million as of June 30, 2020. He stated that MET II's estimated income and equity dividends for the next 12 months is \$29.7 million.

B. Presentation by Paul Wood of GRS

Mr. Paul Wood of GRS presented the interim results as of June 30, 2020. He stated that MET I Funded Ratio increased from 201.4% to 208.4%. The surplus increased from \$57.8 million to \$59.5 million. MET II Funded Ratio decreased slightly from 128.3% to 125.5%. The surplus decreased from \$221.4 million to \$194.1 million due to the assets returns below the investment return.

Mr. Wood presented recommendations for the actuarial assumptions for soundness for MET with a tuition increase assumption of 5.5% for one year, 5.0% for year 2, and 4.5% thereafter for MET I and MET II and a discount rate assumption recommendation of 2.89% for MET I; and 5.5% for MET II.

C. Actuarial Soundness Assumptions - Resolution 2020-1

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

Mr. Robert Bowman moved that the Board adopt Resolution 2020-1, Actuarial Assumptions for Soundness for MET I and MET II, supported by Mr. Dale Nesbary. The resolution passed unanimously by a roll call vote (8-0).

D. 2020-21 Budget - Resolution 2020-2

Ms. Lott gave a summary of the proposed fiscal year 2020-21 budget amount of \$4,859,092, which represents 0.45% (.0045 basis points) of the total asset value of MET I and MET II as of June 30, 2020. As a reference, the MET policy allowed up to 1% (100 basis points) to cover administrative costs. She stated that there is a 6.44% decrease in the proposed fiscal year 2020-21 budget (approximately \$334,749.00) as compared to last year. Most of this decrease is reflected in Salaries and Wages, DTMB Support and Database System Design (intuition), and to Salesforce software.

Dr. Moudgil moved that the Board adopt Resolution 2020-2, 2020-21 Budget, supported by Dr. Mantella. The resolution passed unanimously by a roll call vote (8-0).

A. Authorized Signatories – Resolution 2020-3

Ms. Lott presented the Resolution for the Authorized Signatories. Ms. Lott stated that due to a reorganization of staff by the State Treasurer, MET must update the names of employees within Treasury that have authority to move funds from the MET checking account.

Mr. Bowman moved that the Board adopt Resolution 2020-3, Authorized Signatories, supported by Mr. Flynn. The resolution passed unanimously by a roll call vote (8-0).

V. Policy and Program Issues

A. Appreciation for Glenn Mroz – Resolution 2020-4

Ms. Lott presented Resolution 2020-4, Appreciation for Mr. Glenn Mroz. Mr. Flynn moved that the Board adopt Resolution 2020-4, supported by Mr. Nesbary. The resolution was approved unanimously by a roll call vote, 8-0.

B. Appreciation for Bob Ferrentino – Resolution 2020-5

Ms. Lott presented Resolution 2020-5, Appreciation for Mr. Bob Ferrentino. Mr. Flynn moved that the Board adopt Resolution 2020-5, supported by Mr. Nesbary. The resolution was approved unanimously by a roll call vote, 8-0.

C. Appreciation for Kristen Beltzer – Resolution 2020-6

Ms. Lott presented Resolution 2020-6, Appreciation for Ms. Kristen Beltzer. Mr. Flynn moved that the Board adopt Resolution 2020-6, supported by Mr. Nesbary. The resolution was approved unanimously by a roll call vote, 8-0.

VI. Marketing and Public Relations

Presentation by Ms. Molly Tipton and Ms. Jill Holden of Gud Marketing

Ms. Molly Tipton presented on the 2020 Communications. The goal was to increase MET enrollment by building brand awareness and informing people of the opportunities with MET.

Ms. Jill Holden presented on the 2021 Strategy and Marketing plan. The strategy is to increase online presence, support the MET employer strategy and expand partnerships.

VII. Next Meeting Date - November 18, 2020

The meeting adjourned by Ms. Eubanks at 3:01 p.m.

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

\_\_\_\_\_  
Chairman

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Executive Director