



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 March 9, 2022 at 2:30 p.m. in the State Treasurers' Board Room, Richard H. Austin Building, Lansing, Michigan.

Treasurer Rachael Eubanks called the meeting to order at 2:29 p.m..

Members Present:

Treasurer Rachael Eubanks
Mr. Michael Flynn
Dr. Dale Nesbary
Mrs. Maddy Day
Mr. Robert Bowman, Washington, DC
Ms. Marlin Williams

Members Not Present:

Dr. Virinder Moudgil
Mr. Ronald Wiser
Dr. Philomena Mantella, Detroit, Michigan

I. Approval of Minutes of Tuesday, November 16, 2021 Meeting

Treasurer Eubanks presented the minutes of the November 16, 2021 meeting to the Board for approval. The minutes were approved unanimously by voice vote.

II. Public Comment

There were three individuals who made public comments:
Mr. Steven Sheng, Mr. Czechowski and Dr. Rahas, each reiterated sentiments expressed in their written appeal letters.

III. Executive Director's Report

Ms. Diane Brewer gave a summary of the Executive Director's report noting that for the 2022 enrollment period as of February 28, 2022, MET sold 384 contracts. At December 31, 2022, Contracts representing \$20,483,214.23 in prepaid tuition was up 1.5%. The total contracts sold include additional contributions made to Pay-As-You-Go (PAYG) contracts representing \$690,683.91 in prepaid tuition.

Ms. Brewer reported that as of December 31, 2021, Michigan Education Saving Program (MESP) had 27,434 new accounts for a total of 293,104 account (up 5.3% YOY) representing \$7,721,391,215.40 in assets (up 12.5%). An average account size is \$26,344.

Ms. Brewer reported that as of December 31, 2021, MI 529 Advisor Plan (MAP) had 5,188 new accounts for a total of 53,251 account (up 5.4% YOY) representing \$1,049,477,281.61 in assets (up 18.7%). An average account size is \$19,708.

IV. Marketing and Public Relations

A. Presentation by Ms. Brooke Geiber of GUD Marketing

Ms. Brooke Geiber presented the marketing campaign details for planning and implementation of the MET 35th Anniversary Million Dollar Giveaway. This statewide campaign will have a primary focus of Michigan parents with young children ages birth-5 years old. The giveaway will award 100 prepaid-tuition contracts for a total of 1.5 million awarded statewide. Ms. Geiber also discussed potential partnerships as well as the communications strategy for implementation and timing of the giveaway.

V. Financial Issues

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

Ms. Lan Chen provided an investment report as of December 31, 2021 stating that the MET I's market value was \$109.9 million as of December 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 \$2.7 million. The MET I portfolio returned 0.5% for the one-year period ending September 30, 2021.

Mr. Woodrow Tyler provided an investment report as of December 31, 2021, stating that MET II's market value was \$1.053 billion as of December 31, 2021. He stated that the MET II portfolio is expected to earn investment income of approximately \$25.6 million over the next 12 months.

B. Presentation by Mr. Paul Wood and Mr. James Sparks of GRS

Mr. Paul Wood of GRS presented an update on the actuarial review of the financial position of MET as of September 30, 2021. He stated that MET I actuarial surplus decreased from \$63.3 million to \$59.2 million and is 227.0% funded. MET II actuarial surplus increased from \$261.2 million to a surplus of \$376.8 million and is 153.5% funded.

Mr. Wood presented on the impact of the new pricing on current contract holders. Mr. Wood stated the board moved to age adjusted pricing as well as a set risk premium to

establish pricing for the current year. Mr. Wood also stated the new pricing structure resulted in a lower price for some age cohorts relative to the prior year's pricing going back to contracts purchased in 2010. He stated that there have been multiple inquiries from current contract holders received by MET regarding the potential for refunds. As a result, MET Staff and Intuition have estimated the cost of providing refunds to eligible current contract holders. Mr. Wood presented on the potential risk factors related to potential refunds.

Due to the presentation by Mr. Wood and the number of concerns brought up by purchasers, Treasurer Eubanks proposed to postpone Resolutions 2022-3, 2022-4, 2022-5, and 2022-6 until the next Board meeting in May to have the MET staff prepare options for the Board to discuss in order to come up with a workable solution as well as prepare a letter authorized by the Board to send the issue to contract holders who express their concerns on the matter. This will allow time for the Board to discuss the potential of providing refunds, cancellations, or additional college credits. A motion was made by Mr. Michael Flynn motioned to approve the proposed postponement of Resolutions 2022-3, 2022-4, 2022-5, and 2022-6 until the next Board meeting in May and was supported by Mrs. Williams. The motion was approved unanimously by a roll call vote (6-0).

C. Contract Extensions for Intuition Services - Resolution 2022-1

Ms. Brewer presented Resolution 2022-1 for Contract Extensions for Intuition Services

Ms. Brewer recommended that the Board adopt Resolution 2022-1. Mrs. Maddy Day moved to approve Resolution 2022-1 and was supported by Dr. Dale Nesbary. The resolution was approved unanimously by a roll call vote (6-0).

D. Budget Revision – Resolution 2022-2

Ms. Brewer presented the Resolution 2022-2 budget revisions.

Ms. Brewer recommended that the Board adopt Resolution 2022-2. Mr. Michael Flynn moved to approve Resolution 2022-2 and was supported by Mrs. Day. The resolution was approved unanimously by a roll call vote (6-0).

Michael Flynn mentioned he wanted the board to have oversight with the launch of the giveaway. He proposed a subcommittee meeting with GUD prior to the legislature, the Governor, and to announce the winners.

VI. Policy and Program Issues

A. Resolutions 2022-3 through 2022-6 were postponed until the May 11, 2022 MET Board Meeting for further discussion and review.

B. Appreciation for Dr. David Eisler – Resolution 2022-7

Ms. Brewer presented Resolution 2022-7, Appreciation for Dr. David Eisler

Ms. Brewer recommended that the Board adopt Resolution 2022-7. Mr. Flynn moved to approve Resolution 2022-7 and was supported by Mrs. Marlin Williams. The resolution was approved unanimously by a roll call vote (6-0).

Treasurer Eubanks suggested adjournment of the March 9, 2022 MET Board Meeting. Mrs. Day made a motion to adjourn the March 9, 2022 MET Board Meeting, supported by Mr. Flynn. The meeting adjourned at 4:38 p.m.

Minutes were approved on: May 11, 2022

Rachel Eubanks
Chairman

James Brewer
Executive Director