

**Northwestern Michigan College
Board of Trustees**

Questions pertaining to the materials for the October 23, 2017, meeting.

Kennard Weaver questions

Q.1. MPSERS has used an 8-percent assumed rate of return. What has its historical actual rate of return been?

A.1. MPSERS rate of returns from audited financial statements.

2016	7.60%	Pension plan only
2015	2.60%	
2014	15.60%	
2013	12.50%	
2012	13.50%	

2011	6.60%	total system
2010	8.80%	
2009	6.10%	
2008	12.30%	
2007	17.20%	
2006	12.80%	

Average 7.16%

Q.2. When NMC books its calculated OPEB liability, what effect will this have on NMC's ability and costs of issuing bonds?

A.2. The crediting agencies have taken this into consideration already. It should not have an effect on issuing bonds. The rating agencies focused on a balanced budget, along with ability to increase revenue, when determining rating for the 2016 bonds.

Q.3. The Reserve for Strategic Projects has decreased from \$608,000 to \$383,000. How did this occur and what effect will it have on future projects?

A.3. Major expenses in this fund included costs for lobbying for West Hall Capital Outlay and Great Lakes Maritime Harbor, Consultant for portfolios B & C, and international initiatives. Personnel expenses were the implementation of the Foundation business plan and a position in Water Studies.

Q.4. The Reserve for Maintenance and Replacement has decreased from \$4.8 million or \$2.5 million. Is there a plan for restoring the balance to a greater level?

A.4. Plant fund total net position increased (see page 71 of materials pkt). The reserve is net our bond payments for 2018 which we will have revenue to offset that payment.