



Denver Public Schools
Professional Compensation System for Teachers

ProComp

ProComp Trust Board of Directors Meeting Minutes

Thursday, May 26th, 2016
Emily Griffith Conference Room 1135
1860 Lincoln St, Denver CO 80203

ATTENDED: Cecilia Miller, Mark Ferrandino, Erik Johnson, Tom Buescher, Mike Johnson

VIA CONFERENCE CALL: Lawrence Garcia, David Hart (5:40 – 6:00 pm), Don Gilmore (5:30 – 6:15 pm)

STAFF IN ATTENDANCE: Chris Kampe, Wendy Scheidegger

OTHERS: Ryan Cunningham (Arnerich & Messina), Mary Brauer

Called to Order: 5:31 pm

Introductory Items (5:30 – 5:35):

- Approval of April 4th, 2016 Meeting Minutes
 1. 1st - Buescher 2nd – E. Johnson
 2. Voice Vote – All: Passes

Action Item: Transition Team FY 2016-17 Proposed Budget (5:35 – 5:50)

- Kampe – Look through attachments which include approved language from the Transition Team, assumptions, and proposed FY16/17 budget.
- Hart – There seems to have been a lot of variability in fund balance projections.
- E. Johnson – FTE increases have caused overspend of budget. Investment rate of return has changed.
- Hart – From discussion with Kampe, we are now needing to draw from the state interest free loan program. My understanding is that has never happened with ProComp before.
- Ferrandino – If we were in single digits, we would still have needed to use the loan program.
- E. Johnson – We've always discussed the end of year balance and have not discussed the annual cash flows of when the money comes in. While it hasn't been vocally discussed, it has been part of our understanding over the last several years.
- Brauer – The interest free loan will be made to the District, not the Trust.
- Hart – The recommendation being presented is to not use any of the three respondents to the Investment Advisory Services bid but to use the ColoTrust Tier I option. I would personally endorse that recommendation. The challenge we have had is the current investment policy may consider only beginning and ending balances. When would we go back to using the policy? May need to add language explaining the policy is suspended while we are relying on the interest free loan program. In a year that we no longer need the program, we should consider reinstating the policy and services that have been

provided historically by Arnerich & Messina. I have been going back and forth to understand how we will go forward with increasing yields. From a budget perspective, I am in favor to suspend the investment policy and rely on a tier I investment strategy. In a future meeting we can draft when the Trust would utilize tiers II – IV.

- Buescher – Are we required to not have fund balance to use the interest free loan program?
 - E. Johnson – I believe so but I'll check
 - Buescher – It would be better to use the interest free loan and leverage the fund balance.
 - Ferrandino – No, we can't do that.
 - Ferrandino – I move to approve the FY17 budget. Buescher – seconds
- Voice Vote: All - Passes

Action Item: Investment Advisory Services – Competitive Bid Selection Process (5:50 – 6:00)

- Kampe – Review the Power Point slide provided in the materials that outlines summary of proposals received and cash flow for FY17.
 - Hart - motion to suspend the investment policy and go with a Tier I investment policy utilizing ColoTrust. Also suggest that we agree to come up with board language stating under what conditions would cause us to reinstate it.
 - Buescher – The Board language is a future discussion item, not part of this vote.
 - Erik seconds
- Voice Votes: All - Passes

Information / Discussion Item (6:00 – 6:15): Arnerich & Messina (via conference call)

- Asset Allocation – Tier III Target Allocation Parameters (discussion only / no vote needed)
- FY16Q3 Quarterly Performance Report

- Cunningham – Starting off with the memo. At last meeting, trustees approved a change for target allocation for tier III. It is shown in the memo and the investment policy statement. The minimum and maximum parameters are updated in the memo and investment policy.

Next, shift to review of performance. Tier II is up 0.5% for the quarter. Tier III is up 1.5% for the quarter. This portfolio benefited from strong performance of bonds. Tier IV is up 0.9% for the quarter. Tier III actually had the better performance because bond returns outperformed equity returns for the quarter.

Additional Time as Needed (6:15 – 6:55): Time is allocated to continue the discussion of the above action items if needed.

- Brauer – We should talk to the need to adjust the Trust Agreement based on the months the Trust can't make monthly payments to the District. Section 3.3 (b) – won't work based on months that will rely on the state interest free loan program on the cash flow chart.
- Buescher – It seems to me that if you could draft something for us, we could do an email vote or wait until the next meeting.
- Brauer – I think it can wait.
- Buescher – My only suggestion would be don't draft it so we have to amend it back. Give flexibility.
- Brauer – Make a future agenda item and I will come up with language

Future Agenda Items (6:55 – 7:00):

- Report on the Financial Performance of the Trust for the Transition Team
 - Kampe – At next meeting we will vote on a draft letter on the Trust's financial performance as required to be provided to the Transition Team by the Trust Board each year.

- Next ProComp Trust Board meetings – tentative dates (scheduling inquiry to follow):

- Tuesday, July 12th, 2016 – Tom can't do July 12th. 1st and 4th Tuesdays work for Ceci.

Kampe – I will send out a “Doodle” scheduling request with a broad range of dates to ensure we find something that works best in everyone’s schedules.

- Tuesday, September 6th, 2016
- Tuesday, November 8th, 2016
- Tuesday, January 10th, 2017
- Tuesday, March 7th, 2017
- Tuesday, May 9th, 2017

Adjourned: 6:21 pm