



ProComp

Teacher Compensation Trust Board of Directors

MINUTES

April 29, 2009

MEMBERS IN ATTENDANCE: Lee White, Chairman, Jerry Graves, Vice Chairman, Tom Buescher, Secretary; Brett Fuhrman; Suzi DeYoung, Donald Gilmore, and Mark Harmon. STAFF IN ATTENDANCE: Patrick Riordan, ProComp Data Analyst; Mandy Potts, ProComp Financial Analyst, and Deb Cunningham, ProComp Project Director. OTHERS IN ATTENDANCE: Mary Brauer, of Reinhart, Trust Board attorney.

I. Review and Approval of the Agenda

The meeting convened at 4:40pm. Mandy Potts requested agenda item number IV be removed from the agenda because the contract with JDS Professionals was not ready for review. Tom Buescher moved to approve agenda as amended and Brett Fuhrman seconded. Motion passed.

II. Approval of the February 25, 2009 meeting minutes

Tom Buescher moved to approve the minutes and seconded by Jerry Graves. Motion passed.

Action Items:

I. Approve ProComp Trust Agreement (Mary Brauer)

Mary Brauer reported the ProComp Trust Agreement was submitted to DPS and DCTA, but she has not received any feedback. Ms Brauer states the Transition Team has power to approve expenses involved in administering the ProComp compensation system and the Board has the power to review only if the costs exceed 5 % of mill levy revenue, excluding any costs for maintaining the long term Financial Model and Trust expenses. Jerry Graves discussed possibly sharing cost of the Financial Model because both parties used it during negotiations. Tom Buescher responded the Financial Model is a proper cost to the Trust because it leads to the financial solvency of the Trust not the administering of ProComp. No action was taken.

II. Approve Transition Teams DPS Administrative cost budget (Deb Cunningham)

A proposal was presented and approved by the Transition Team on April 14, 2009 for actual costs incurred by ProComp in FY2008-09. Deb Cunningham presented a spreadsheet detailing costs to support ProComp divided into two columns: the TIF Grant and the Trust (see attached). The actual costs of approximately \$335,000 will be reimbursed from the Trust Fund to the general fund in June 2009. Tom Buescher moved to approve the DPS administrative costs and seconded by Don Gilmore. Motion approved.

III. Approve/renew annual fiduciary insurance policy and premiums (Mandy Potts)

Mandy Potts presented the completed application to the Board. On the applications page 2, section 9, Mary Brauer requested the answer be changed from "yes" to "no". The question relates to the plan conforming to the standards of eligibility, participation, vesting, funding, and other provisions of ERISA. Ms Brauer states the correct answer to the question is "no" because the Trust is not subject to ERISA and is not subject to prohibited transaction and party-in-interest rules. The Trust is tax exempt under Internal Revenue Code Section 115. The form was corrected to reflect "no". Lee White moved to approve the fiduciary insurance policy and seconded by Don Gilmore. Motion passed.

Information Items:

I. Review draft copy of the ProComp Annual Report (Mandy Potts)

Lee White agreed with the overall report but recommended some wording changes. Mr. White referred to the uncertainty regarding the number of teachers opting into ProComp and the consequences of the higher payouts. He also requested to report only conclusions and remove references to exhausting the fund because it was based on inaccurate data. The report should state what the actual tax receipts have been year to date and list what is projected. Mr. White also requested the report includes the amount of cash on hand to show the Trust holds highly safe assets which allow for liquidity to cover monthly expenses.

Attached with the report was a cash flow summary which included the increased administration costs. Mr. White requested removing the variance information and to report tax receipts, expenses and payout projections.

II. Presentation of the February and March 2009 financials (Mandy Potts)

Mandy Potts reviewed the February and March 2009 financials. Ms. Potts noted the large tax receipt for February of \$9.9M. Also noted was the small unrealized gain in March 2009 due to gains in Domestic and International Stock.

IV. Future Agenda Items

1. Review financial assumptions from the Transition Team (compare 2008-09 forecasts to 2008-09 actual results)
2. Verify the financial stability of the Trust (part of the resolution approving the adopted 2009-10 budget)
3. Approve adopted 2009-10 budget
4. Investment Committee Report (2nd Quarter 2009)

The meeting adjourned at 5:52 pm.