



ProComp

Teacher Compensation Trust Board of Directors

MINUTES

January 26, 2011

MEMBERS IN ATTENDANCE: Jerry Graves (Chairman), Donald Gilmore (Vice Chairman), Suzi DeYoung, Lee White, and Mark Harmon and David Hart (phone). STAFF IN ATTENDANCE: Deb Cunningham, Patrick Riordan and Mandy Potts. OTHERS IN ATTENDANCE: Mary Brauer, of Reinhart, Trust Board attorney. MEMBERS NOT IN ATTENDANCE: Tom Buescher (Secretary) and Mary Seawell.

I. Review and Approval of the Agenda

The meeting convened at 4:38pm. Mark Harmon moved to approve the agenda and Don Gilmore seconded. Motion passed.

II. Approval of the October 13, 2010 meeting minutes

Don Gilmore requested three sentences be removed from the October 13, 2010 meeting minutes. Lee White motioned to approve as amended and Don Gilmore seconded. Motion passed.

Action Items:

I. According to the ProComp Trust Elect ProComp Trust Board Officers (Jerry Graves)

SECTION 3.01. Officers, Elections and Terms of Office. The Board of Trustees shall elect from its membership, at the first regular meeting following each January 1, a Chairperson, Vice Chairperson and a Secretary for terms of one year each. All officers shall be elected by a majority of those present and voting, provided that a quorum is present.

Mark Harmon moved to elect David Hart for ProComp Trust Chairman, Don Gilmore as the ProComp Trust Vice Chairman and Tom Buescher as the ProComp Board Secretary.

Don Gilmore moved to approve the motion and Lee White seconded. Motion passed.

Information Items:

I. Discuss UCD update and TIF Grant funding (Deb Cunningham)

Deb Cunningham reported to the Board that the project is slightly behind schedule due to data issues with the Colorado Department of Education and the district. The contracted timeline was extended with no extra cost to the district through August 31, 2011.

II. Discuss ProComp Trust Fiduciary Responsibilities (Mary Brauer)

Mary Brauer presented a document: Denver Public Schools ProComp Trust Board Responsibilities As Stated In The Investment Policy Statement and Trust Agreement. The document was written to list the overarching themes and responsibilities of the ProComp Trust Board.

Mark Harmon asked for clarification on Section I, B and C regarding rebalancing investments. The Board agreed the Investment Advisor is tracking the asset classes and will alert the Board when the investments need rebalancing if it is outside the normal rebalancing timeline.

Jerry Graves mentioned the 30 year rolling assets provision in Section II, D, part 1. The ProComp Trust Board relies on the Transition Team assumptions and the financial model to qualify if any of the changes would affect the 30 year rolling period.

Mark Harmon asked how the Board is confirming if the assumptions are correct and working. Don Gilmore responded that he looks at the hard data with Pat Riordan to assess the validity and accuracy of the assumptions.

SAS 99 is an accounting standard for consideration of fraud. Under these standards, the ProComp Trust Board is required to be asked about fraud. The Board is questioning if the Trust should have more detailed policy and controls to prevent fraud.

Section II, I, states the Trust should monitor the districts maintenance of records necessary for the proper administration of ProComp (Section 7.1(b)). Mary Brauer suggested inviting the JDS Professionals to give advice on a policy for fraud protection.

III. Discuss Arnerich Massena & Associates Investment Advisor contract (contract ends March 2011)

The Board was presented with the Arnerich Massena & Associates contract for three years. Jerry Graves spoke in support of renewing the contract for three years. Lee White also spoke to support the renewal. The Board is in agreement to renew the contract for three years. The contract will be presented at the next Board meeting for approval.

IV. Discuss Northern Trust Custodial Contract (contract ends February 2011)

The Board was presented with the Northern Trust Custodial Contract. The Board is in agreement to renew the contract for three years. The contract will be presented at the next Board meeting for approval.

V. 3rd Quarter ProComp Trust Investment Committee Report (Jerry Graves)

The Investment Committee presented the 3rd Quarter performance report. As of 9/30/2010, the Trust had long-term investment balance of \$49,975,002 and short-term investment balance of \$18,862,716 for a total asset of \$68,837,718. As of January 2011, the ProComp total assets were \$55,771,032. The large decline in total asset is due to the ProComp Top Performing, High Growth and Exceeds Expectation bonus payments made in October 2010.

VI. Discuss policy transfers between the Long-Term and Short-Term Investment Account- Investment Policy Statement (Mandy Potts)

Based on cash flow projections for the month of February 2011, the Short-term Investment Account could have a deficit account balance and a transfer from the Long-Term Investment Account may be necessary to cover expenses. The deficient is due to the property tax payment for 2011 is made in March 2011. Mandy Potts and David Hart suggested a 5% (plus or minus) policy to cover the floor or the ceiling in the Short-Term Investment Account. For example, if the floor (a zero balance) is projected, a transfer of 100% percent plus 5% percent will be moved from the Long-Term Investment Account to cover expenses until the next property tax revenue can be collected. The Board was in favor of this policy. Mandy Potts will document this policy and present it at the next Board meeting for approval.

VII. December 2010 Financials (Mandy Potts)

Mandy Potts reviewed the December 2010 financials. The Net Assets of the Trust Fund as of December 2010 was \$56.1M.

XII. Future Agenda Items

1. Election of Mark Harmon and Lawrence Garcia
2. Approval of the FY12 ProComp budget
3. Approve Investment Advisor contract
4. Approve Northern Trust Custodial Agreement
5. Fiduciary Insurance renewal
- 6.

The meeting adjourned at 6:40 pm.

The next meeting will tentatively be April 5th, 2011 at 4:30pm.