



# ProComp

## Teacher Compensation Trust Board of Directors

### MINUTES

June 9, 2010

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

I. Review and Approval of the Agenda

*The meeting convened at 4:45pm. Don Gilmore moved to approve the agenda and Lee White seconded. Motion passed.*

II. Approval of the April 28, 2010 meeting minutes

*Tom Buescher motioned to approve, Lee White seconded the motion. Motion passed.*

Action Items:

I. Motion to approve Transition Teams DPS administrative cost budget (Deb Cunningham)

*Deb Cunningham reviewed the administrative cost of implementing ProComp at DPS. The Trust's obligation is to approve anything under 5% of revenue. Ms Cunningham noted the TIF Grant expires on 9/30/2011, thus, several expenses currently paid for under the TIF Grant would move to the Trust to fund. Lee White asked for an estimate regarding costs after the TIF Grant expires, Deb Cunningham responded with 5% maximum. Mr White then asked Pat Riordan if the 5% administration cost was accounted for in the current fiscal model. Mr Riordan replied that the 5% administration costs are included in the current model. Lee White moved to approve, Suzi DeYoung seconded. Motion passed.*

II. Motion to approve Asset Allocation (Jerry Graves and Lee White)

*Lee White explained the current Investment Portfolio is less liquid. During the next few years as expenses exceed revenue, the Trust will need to reach into the investment principal to pay the overage. Thus, the Investment Portfolio should change to become more conservative and liquid to meet this demand. Lee White, on behalf of the investment committee and Investment Advisor, recommends changing the current Target Allocations to reduce the Alternative Strategy from 20% to 10%. This equated to a 55% Fixed Strategy and a 45% Equity Strategy in the portfolio. Tom Buescher moved to approve, Mark Harmon seconded. Motion passed.*

III. Motion to accept ProComp Model assumed rate of return (Pat Riordan)

*Pat Riordan presented the fiscal model to reflect a 7% average investment earnings. Suzi DeYoung stated the districts uncollectable tax rate is -1.5%. The Trust noted the difference in the district uncollectable tax rate and the Trust assumed uncollectable tax rate of -1%. In accordance with section 7.1(j) of the ProComp Trust Agreement, the Board directs the Transition Team to use an assumed rate of return of 7%, in the financial model of the ProComp System. Tom Buescher moved to approve, Lee White seconded. Motion passed.*

IV. Approve/ Motion to approve the ProComp annual report (Mary Brauer)

*The Board reviewed the changes that Mary Brauer made to the annual report. Lee White added that it would be sensible to add a section about the decision made earlier in the meeting to change the Asset Allocation in the Investment Portfolio to a 55% fixed and 45% equity position. Mr White wants the change to reflect the Board's cautiousness and to show the Board is very prudent to liquidity. The change should entail the Board's serious effort to reduce risk exposure and increase liquidity, as well as include a conservative return. The Board directed Mandy Potts to make changes to the annual report and send out the final copy to review via email.*

V. Motion to amend 2009- 2010 ProComp budget (Mandy Potts)

*Mandy Potts presented a budget revision that reflects an increase of \$244,651 to property tax revenue. The revenue is being revised to match the district's general fund interfund account. Tom Buescher noted that a discussion was held previously that any changes to the actuals should be shown as a variance, not a change to the budget. Mandy Potts responded that the Trust Fund would be out of balance with the General Fund, thus a budget revision is necessary. Suzi DeYoung stated that it was not an issue to be out of balance with the General Fund. The Trust will not revise the budget to reflect the increase in property tax revenue. Motion denied.*

VI. Motion to approve/ renew audit contract with JDS Professionals (Mandy Potts)

*Mandy Potts presented the audit contract with JDS Professional for FY10. Mary Brauer reviewed and approved the letter of engagement and billing policies. Tom Buescher moved to approve, Mary Seawell seconded. Motion passed.*

VII. Selection of Audit Committee members (Don Gilmore)

*Don Gilmore noted that an audit committee would work with auditors and report to the Board any financial issues. Tom Buescher asked why the Trust would want or need an internal audit committee. Lee White added that most organizations have audit committees, however, he feels that Board as a whole acts as the audit committee and does not believe there is a need to delegate to an audit committee. The Trust Board agrees with Lee White, therefore, motion denied.*

Information Items:

I. Presentation Review Trust Transparency Statement (Don Gilmore and Mary Brauer)

*A request was made to Mary Brauer to create a Transparency Statement. Ms Brauer asked the Board for clarification regarding what this statement would entail. She added the ProComp Trust and District Agreement has this information included. Tom Buescher added that financial information was added to the ProComp website, thus a statement is not necessary.*

II. Q1 Investment Portfolio Performance Review (Jerry Graves and Don Gilmore)

*The Board reviewed the Q1 quarterly performance report. No action item is necessary.*

III. April 2010 Financials (Mandy Potts)

*Mandy Potts reviewed the April 2010 financials. The Net Revenue of the Trust Fund was -\$4.6M due to the lack of tax revenue. The Trust Fund received a \$6.7M tax deposit in May 2010, with an additional \$8M estimated in June 2010. The Net Assets of the Trust Fund as of April 2010 were \$60.3M.*

XII. Future Agenda Items

1. Presentation of the Annual Audit Report

The meeting adjourned at 6:20 pm.

The next meeting will tentatively be October 13, 2010 at 4:30pm.