



ProComp

Teacher Compensation Trust Board of Directors

MINUTES

November 19, 2008

MEMBERS IN ATTENDANCE: Lee White, chair (by phone), Velma Rose, vice chair; Tom Buescher, secretary; Bruce Hoyt (by phone), Brett Fuhrman; Mark Harmon; and Jerry Graves. STAFF IN ATTENDANCE: Patrick Riordan, ProComp Data Analyst; Mandy Potts, and ProComp Financial Analyst. OTHERS IN ATTENDANCE: Mary Brauer, of Reinhart, Trust Board attorney.

I. Review and Approval of the Agenda

The meeting convened at 4:33pm. Lee White proposed to amend the agenda to include recognition of Velma Rose for her dedication and support of ProComp as action item number six. Tom Buescher requested the addition of the word "Trust" to action item number four.

Tom Buescher moved to approve the agenda as amended, Lee White seconded. Motion passed.

II. Approval of the October 22, 2008 meeting minutes

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

Action Items:

III. Approval of Amendments to the ProComp Investment Policy Statement (Velma Rose)

Velma Rose reviewed the recommended changes made by Howard Biggs of Arnerich Massena & Associates, Inc. to the Trust's Investment Policy Statement, in regards to the timing of rebalancing and the treatment of the cash account. Ms. Rose also thanked Mary Brauer for her input on the Investment Policy Statement additions and clarification items. The Trust assets will be rebalanced at least once a year and the Board will give instructions to rebalance the Trust assets within 90 days following receipt of the calendar year end investment report. The Board will not include the cash in the separate cash account, to be held to meet monthly payroll and address the timing of property tax revenue collections. The Investment Policy Statement will also include wording that the Trust contributions and investment earnings are intended to be sufficient to fund the ProComp System in order for it to be solvent over a rolling 30 year period.

Tom Buescher motioned to approve the ProComp Investment Policy Statement as amended and Mark Harmon seconded. Motion carried.

IV. Affirm changes to the ProComp Trust Agreement (Mary Brauer)

Mary Brauer stated the goal of the proposed changes to the ProComp Trust Agreement was to incorporate changes included in the collective bargaining agreement between DCTA and DPS that affected the Trust Board's role. The ProComp Trust Agreement was amended to include a definition of the Transition Team and the Board will use the assumptions of the Transition Team for the Financial Model. Tom Buescher noted an inconsistency in the language of the DCTA and ProComp Trust Agreement in regards to approving Trust's expenditures. The Board requested Mary Brauer write a letter to clarify sections 4.1.3.6 and 4.1.3.12 detailing who has the ability to approve the Trust's expenditures.

V. Amend 2008-09 ProComp budget to reflect increased benefit rate (Velma Rose)

Velma Rose requested to amend the budget to include the impact of the increased pcops variable rate interest cost in the benefits rate. Currently the benefits rate includes this pcops cost at a rate of 11.62%. The 2008-09 rate was based on the pcops payment remaining as scheduled; however, in the current market, this is not the case and an increase is necessary to cover the additional expenditure. Ms Rose requested the budgeted benefits be increased by 1.1% to increase the pcops portion of the benefit rate to 12.72% effective 12/1/08; thus increasing the total benefits rate of 21.2% to 22.3%.

Tom Buescher motions to approve the amendment to the budget, Brett Fuhrman seconded the motion. Motion carried.

VI. Recognition of Velma Rose for her dedication and support of ProComp (Lee White)

Lee White acknowledged Velma Rose for her dedication and her tireless effort to support ProComp and Denver Public Schools throughout her career. Mr. White spoke of her integrity and confidence she provided to the financial matters of the Board and her commitment to public education.

Lee White moved to acknowledge Velma Rose; Tom Buescher seconded. Motion carried.

Information Items:

VII. Presentation of the October financials (Mandy Potts)

Mandy Potts reviewed the October financials. Special note was made on the October financials of the significant unrealized investment loss and the timing of property tax income both of which contributed to the negative net revenues through October 31, 2008.

VIII. Summary of ProComp window 4.5, opt-ins and opt-outs (Pat Riordan)

Pat Riordan summarized the ProComp Opt-in summary for window 4.5 through a one page data report (see page 3). The 4.5 window closed on November 14, 2008 and was the third largest window. The report detailed 337 teachers opted-in and 40 teachers opted-out bringing the total amount of teachers in ProComp to 3,050 or 66 percent of all DCTA teachers. Mr. Riordan explained that the report showed the financial impact on teacher's pay not necessarily the impact on the Trust Fund. Mr. Riordan will provide statistical information and a cash flow summary from the fiscal model in the near future to be sent out with the monthly reporting package. Window 5 will open January 1, 2009.

IX. Update on the External Evaluation Activities and Timelines

Deb Cunningham was not present at the meeting but gave an update to Mandy Potts. Ms. Potts relayed that the UCD external evaluation is on hold until the scope of work was reviewed. Due to the changes resulting from the recent DCTA negotiations, there are internal questions about evaluating ProComp under two versions (version one prior to September changes and version two after September changes). The Transition Team is involved in the UCD evaluation process. Deb Cunningham will give an update on the activities and timelines at the next Trust Board meeting or in the monthly reporting package if available.

X. Future Agenda Items

1. Update on the External Evaluation Activities and Timelines (Deb Cunningham)
2. Presentation of the administrative cost

The meeting adjourned at 6:11 pm.