



Denver Public Schools  
Professional Compensation System for Teachers

# ProComp

## ProComp Trust Board of Directors

**January 05, 2015 5:30 p.m.**

**Emily Griffith Conference Room 935**

**1860 Lincoln St, Denver CO 80203**

IN ATTENDANCE: David Hart (Chairman), Kate Kotaska, Mark Ferrandino, Tom Buescher (Secretary), Cecilia Miller, Mike Johnson

ATTENDED VIA CONFERENCE CALL: Lawrence Garcia

STAFF IN ATTENDANCE: Matthew Groves

OTHERS: Stuart Payment, Jake O'Shaughnessy (phone), Ryan Cunningham, Donald Gilmore (Vice Chairman)

### Action Items:

- I. Approval of Agenda
  1. Motion: Ferrandino, Second: Buescher
  2. Vote: Voice, None Opposed.
- II. Approval of September 24, 2014 meeting minutes
  1. Motion: Ferrandino, Second: Kotaska
  2. Vote: Voice, None Opposed; Buescher Abstain.
- III. Approval of December 03, 2014 meeting minutes
  1. Motion: Ferrandino, Second: Kotaska
  2. Vote: Voice, None Opposed (Garcia, Miller Abstain)
  3. Five votes not obtained, motion tabled until next meeting.
  4. Garcia asked if two DTCA members were present at this meeting.
    - A. Two DCTA members are required to obtain a quorum per the Trust Agreement.
    - B. Action items from December meeting will need to be brought back for consideration.
- IV. Approval of Budget Revision and Increased Appropriation Request
  1. Groves spoke to need for appropriation request.
  2. Hart: What were the main drivers? Groves: Increase in number of teachers in the program.
  3. Miller: Is this trend normal? Kotaska: Yes.
  4. Miller: Do we know how many retirees we're anticipating? Kotaska: No.
  5. Hart: We should have a better handle on the prior year's numbers.

6. Motion: Buescher, Second: Kotaska
7. Vote: Voice, None Opposed

Mike Johnson and Donald Gilmore arrived.

Information/Discussion Items:

- I. Continued conversation on delegating responsibilities to investment advisors.
  - a. O'Shaughnessy spoke to the nature of delegating responsibilities to the Trusts investment advisors.
  - b. Buescher: If we didn't approve a specific manager, then would it not happen?  
O'Shaughnessy: Whatever works best for our client, the investment advisor would not change if not approved by the client. Manager changes can be benchmarked to judge successful manager changes.
  - c. Johnson: Who has been doing the approvals?  
Hart: The CFO.
  - d. Miller: Who historically approves transactions?  
Hart: The CFO.
  - e. Hart: Investments weren't being funded historically in tiers, so the approvals weren't required. What is the next level of involvement, what is the appropriate responsibility of the trust?
  - f. O'Shaughnessy: The most valuable resource is the time and attention from the board members. Should it be spent discussing details or higher level issues?
  - g. Johnson: How does DPS overall treat their investments?  
Hart: This has not been an issue since DPS does not have much to invest, and or interest rates were not worthwhile.
  - h. Hart: We have neither the ability to make a decision fast enough, nor do we have the expertise to make a decision other than the recommendation made by our investment advisor.
  - i. Miller: What do the by-laws say about investments?  
Hart: Let us wait for Brauer to return.
  - j. Hart (to O'Shaughnessy): Here are some ideas to help get the discussion moving: What are the administrative, fiduciary and risk management advantages of delegating the authority? Provide language of the contract. What does the delegation of authority not include? Please provide the fee and example of entities that have made a decision one way or another.
  - k. Kotaska: It appears that we are entering into a parameters resolution, which seems like a good thing to explore.
  - l. Miller: I would like counsel from legal.
  - m. Garcia: Brauer has done some research into this.

Future Agenda Items:

- I. Schedule Next ProComp Trust Board meeting.
  - a. March 04: Will discuss next year's budget.
  - b. Possibly May

- c. Possibly: Feb, April or June for sixth meeting.
- d. Additional meeting may be needed to cover December's.

Adjourned

Denver Public Schools  
ProComp Trust Board of Directors  
Agenda Statement

No. IV

Item: Approval of budget revision and increased appropriation request.

Summary: Requesting additional appropriation authority and a budget revision for expense and revenue.

Background:

Based on projections it is anticipated that the ProComp Trust will spend beyond the appropriation approved in the Adopted Budget. The changes are as follows:

8. Increase in the beginning fund balance by \$2.75M to reflect actual FY14 ending balance.
9. Increase in expenses by \$1.0M to reflect additional costs associated with Hard to Serve, Tuition & Loan Reimbursement and Hard to Staff incentives.
10. Year end fund balance will increase by a net of \$1.75M.

These changes are within the normal budgeting timeline for the amended budget, which is approved by the Board of Education.

Exhibits Attached:

1. FY14-15 Adopted Budget vs. Amended Budget Summary
2. ProComp Incentive Variances - FY15 Adopted Budget to Forecast
3. ProComp Trust - Cash Flow Forecast - FY14-15 Adopted Budget Recommended Action:
4. ProComp Trust - Cash Flow Forecast - FY14-15 Amended Budget

Recommended Action:

“I move that the ProComp Trust Board of Directors approve the Denver Public Schools ProComp Trust appropriation request for \$43,311,741.”