



ProComp

Teacher Compensation Trust Board of Directors

MINUTES

April 28, 2010

MEMBERS IN ATTENDANCE: Jerry Graves (Chairman), Donald Gilmore (Vice Chairman), Tom Buescher (Secretary), Suzi DeYoung, Lee White (by phone), Mary Seawell (by phone), Brett Fuhrman and Mark Harmon. STAFF IN ATTENDANCE: Patrick Riordan and Mandy Potts. OTHERS IN ATTENDANCE: Mary Brauer, of Reinhart, Trust Board attorney.

I. Review and Approval of the Agenda

The meeting convened at 4:40pm. Tom Buescher moved to approve the agenda and Brett Fuhrman seconded. Motion passed.

II. Approval of the March 11, 2010 meeting minutes

Brett Fuhrman requested to change "staff" to "members" not in attendance. Mary Brauer requested a spelling correction on information item three "quorem" to "quorum". Don Gilmore motioned to approve as amended, Suzi DeYoung seconded the motion. Tom Buescher abstained. Motion passed.

Action Items:

I. Acknowledge new ProComp Trustee/ Board of Education Treasurer, Mary Seawell (Jerry Graves)

According to the ProComp Trust Agreement, the composition of the Board of Directors includes three representatives of the District, namely Treasurer of the Board of Education, Chief Financial Officer and Executive Director of Budget and Academic Finance. Mary Seawell assumed the role of Treasurer of the Board of Education. Mary Seawell was welcomed to the ProComp Trust Board.

II. Approve changes to the By-Laws regarding yearly meeting requirements (Mary Brauer)

Mary Brauer informed the Board of the meeting requirements set forth in Section 5.2 of the ProComp Trust Agreement. The Agreement requires the Board to meet at least six times a year. Ms. Brauer proposed adding an article to the By-Laws that allows the Investment Committee meetings shall count as a Board meeting. Tom Buescher suggested changing the title to "Meeting Attendance, and Voting by Electronic Medium" and adding a sentence to explain why the article was added. The Investment Committee meetings are open to the entire Board and any significant changes in the Investment Committee meeting would come back to Board for approval. Jerry Graves motioned to accept the changes to the By-Laws. Tom Buescher moved to approve and Mark Harmon seconded. Motion approved.

- III. Motion to approve Arnerich Massena & Associates Investment Advisor contract (Jerry Graves/ Don Gilmore)

The three year contract with Arnerich Massena & Assoc expired in March 2010. At the March 11, 2010 ProComp Board meeting, Don Gilmore had expressed a need to review the contract and to hear from Arnerich Massena & Associates what services they propose to provide to the Board. Mr. Gilmore wanted the Board to evaluate the performance of Arnerich Massena & Associates over the past three years to ensure they are meeting the Board's objectives and expectations. At the request of the Board, Arnerich Massena & Associates provided a letter detailing their performance evaluation and what services they offer in the proposed contract. The Board reviewed the letter and the one year contract extension. Don Gilmore stated he believed Arnerich Massena & Associates meet the goals and objectives of the Trust. Mark Harmon moved to approve the contract and Don Gilmore seconded. Motion passed.

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

Mandy Potts presented the annual fiduciary insurance policy and premium. The contract has not changed since last year. The premium is \$5,800. Jerry Graves asked if this kind of insurance is covered under the district policy. Mary Brauer stated the Trust is a separate legal entity and may not fall under the district coverage. In addition, this policy protects the Board's personal liability. Mark Harmon moved to approve and Tom Buescher seconded. Motion passed.

Information Items:

- I. Presentation of the ProComp Financial Model (Pat Riordan)

Pat Riordan presented the proposed changes to the McKinsey financial model. The fiscal model assumptions are not yet approved by the Transition Team, but Don Gilmore added they are close to approving the changes.

- II. Discuss Process for Identifying ProComp District Trustees as stated in Section 4.1 of the Trust Agreement (Mary Brauer)

Mary Brauer informed the Board, with help from Don Gilmore, that the ProComp Agreement changed the process and requirements for electing members to the ProComp Trust Board. These new changes do not follow the ProComp Trust Agreement. The ProComp Trust Agreement specifies that the members of the district will be the Chief Financial Officer, the Director Budgetary Services and the Board of Education Treasurer. The ProComp Agreement states the members can be any members of the District as appointed by the Superintendent. Ms. Brauer stated if that is the desire of the District, then the ProComp Trust Agreement must be ratified by all parties to incorporate the changes. At the request of the Board at the March 11, 2010 meeting, Mary Brauer sent a letter to the district's legal counsel, John Kechriotis, advising him of the discrepancy. The ProComp Trust Board will continue to follow the ProComp Trust Agreement until further notice.

- III. Discuss Trust Transparency and Public Accountability (Jerry Graves/ Don Gilmore)

Don Gilmore noted that the ProComp Trust budget or current financials are not posted on the ProComp website. In an effort to be transparent, Mr. Gilmore suggested posting these items on the ProComp website. Lee White stated that any financial information posted should be accompanied by a statement that describes the purpose of the Trust and how the funds have specific limitations regarding how it can be spent. Tom Buescher asked if there is a specific compelling reason to post these items to be transparent. Suzi DeYoung added the ProComp Trust budget is incorporated on the DPS and BOE budget website. The Board recommended posting the current budget and June 30, 2009 audit findings on the ProComp website.

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

Mandy Potts reviewed the draft copy of the ProComp Annual Report. Mary Brauer made changes to the annual report to align the report with the duties of the Trust Board. A final copy will be approved at the next Board meeting on June 9, 2010.

V. Review 2010 Audit- Vendor discussion (Mandy Potts)

Previous Trust Board member, Bruce Hoyt, made a request to discuss the audit process and committee and when appropriate, to select a new audit firm. Brett Fuhrman noted that the general practice per audit firm is 4 to 7 years. JDS Professionals has completed three audits for the ProComp Trust Fund. The Board would like to request a letter of engagement from JDS Professionals for the 2010 audit.

VI. February 2010 Financials (Mandy Potts)

Mandy Potts reviewed the February 2010 financials. The Net Revenue of the Trust Fund was - \$14.7M due to the lack of tax revenue. The Trust Fund received a \$10.5M tax deposit in March 2010. The Net Assets of the Trust Fund as of February 2010 were \$50.3M.

XII. Future Agenda Items

1. Approve the letter of engagement of 2010 ProComp audit
2. Approve the FY09-10 adjusted budget
3. Approve Transition Teams DPS Administrative cost budget

The meeting adjourned at 6:18 pm.

The next meeting will be June 9, 2010 at 4:30pm.