



Denver Public Schools  
Professional Compensation System for Teachers

# ProComp

## ProComp Trust Board of Directors MEETING MINUTES

Wednesday, October 5<sup>th</sup>, 2016  
Emily Griffith Conference Room 1035  
1860 Lincoln St, Denver CO 80203

ATTENDED: Ceci Miller, Erik Johnson, Mark Ferrandino, Tom Buescher, David Hart  
VIA CONFERENCE CALL: Lawrence Garcia  
STAFF IN ATTENDANCE: Chris Kampe  
OTHERS: Mary Brauer

**Called to Order: 5:34 pm**

**Action Item (5:30 – 5:35):** Approval of May 27<sup>th</sup>, 2016 Meeting Minutes

1<sup>st</sup>: Ferrandino

2<sup>nd</sup>: Hart

Voice Vote: All - Passes

**Action Item (5:35 – 5:45):** Financial Performance Report for the Transition Team

Kampe – Explains proposed letter. The letter references the 58 basis points that ProComp Trust funds currently make in Tier I – ColoTrust. It also references the 6/30/2016 Fund Balance (unaudited).

Buescher – Do we need motion or just signature for this letter?

Kampe – Just signatures from chair, vice-chair, and secretary. I will gather these signatures and then provide to the Transition Team.

**Action Item (5:45 – 6:00):** ProComp Trust Agreement – Revisions to Section 3.3 (b) as suggested by Mary Brauer

Brauer – I've proposed the following amendment to address instances when cash flow doesn't allow for monthly payments from the Trust to the District:

Amend the second sentence of Section 3.3 (b) of the Trust to add the words "or on a later date when Trust assets are available for payment" so that section 3.3(b) reads:

(b) To pay to the District amounts the District owes to Teachers in accordance with the terms, provisions and conditions of the ProComp Agreement and this Trust. The Trust shall pay such an amount to the District on the District's monthly payroll date as specified in the District payroll calendar or on a later date when Trust assets are available for payment. If the District receives an

excess payment from the Trust, the District shall repay the excess to the Trust with interest at the Trust's earnings assumption as soon as feasible after the excess is discovered.

Hart – Is this a reality?

E. Johnson – Yes, it is timing based on when the property taxes come in.

Hart – Will we effectively be relying on interest free loan program?

E. Johnson – Yes

Hart – But the Mill Levy is still a District revenue source. Why do we have to take action for the transfer?

E. Johnson – Because the language in the agreement specifies transfers between the Trust and District.

Hart – Ok, that makes sense

1<sup>st</sup>: Buescher

2<sup>nd</sup>: Ferrandino

Voice Vote: All Passes

Miller: Who will bring this to Henry Roman with the Transition Team?

Ferrandino: Chris Kampe will take the lead forwarding it to Henry since it needs approval from Transition Team and BoE.

#### **Discussion Items (6:00 – 6:15):** FY16 Budget Tracking (unaudited) and FY17 Budget Tracking (forecast)

Kampe – Explains FY16 unaudited financials. Very similar results to the forecasts we looked at last May. One change is the loss on investment return. We have eliminated this risk as of July 1, 2016 with the move to keep all funds in Tier I. Explains FY17 forecast financials. These are compared against the original BoE adopted budget and the final budget approved by the Trust Board that was proposed by the Transition Team. The current forecast for FY17 follows suit with this budget including reductions that were made by the Transition Team.

Ferrandino – Why is there Property Tax variance?

Kampe – These were trued up based on actual FY16 revenues that had come in when each budget was developed and then a CPI estimate was added to come to the expected FY17 revenue.

Hart – Why is Board of Ed adopted budget higher? Please explain the timing.

E. Johnson – The Board of Ed budget is an appropriation. The Trust Board budget is more refined. The amended budget with Board of Ed will reflect these changes.

Hart – Please explain the Mill Levy funding.

E. Johnson – These are to be collected in FY17 based on a fixed rate plus CPI. The revenue shown in the FY17 budgets and forecast are amounts that will be collected in spring of 2017.

Miller – I know the Trust is audited, but can we look at all line items and see more detail than the summary provided with the audit?

E. Johnson – Yes, the Transition Team approves line item details and we can provide these and any other transaction details you'd like to see.

Kampe – I will follow up with you after to provide that.

#### **Future Agenda Items (6:15 – 6:20):**

- FY15/16 Financial Audit of ProComp Trust – Presentation and Acceptance by Trust
- Next ProComp Trust Board meetings – tentative dates (scheduling inquiry to follow):
  - Tuesday, November 8<sup>th</sup>, 2016 ***Election Night – need to change***
  - Tuesday, January 10<sup>th</sup>, 2017

- Tuesday, March 7<sup>th</sup>, 2017
- Tuesday, April 4<sup>th</sup>, 2017
- Tuesday, May 9<sup>th</sup>, 2017

Hart – Do we want to meet on election night? Can Chris send around placeholders for all remaining other than election night?

Kampe – Yes, I will update so we are not meeting on Election Night and send placeholders for all future FY17 board meetings.

Hart – On investment policy, we mentioned that we can reinstate at a later time as we see fit. Is it okay just in minutes or should other action be taken?

Brauer – I read the minutes and I recall that the vote was to rely on a Tier I investment policy. Do you agree?

Hart – Yes.

Buescher – The suspension was based on us not having the money.

Hart – It is more than that. It is the need to participate in the interest free loan program that is causing the up and down. For me, by needing to participate, shows that we don't have remaining funds that justify investing in more than Tier I. It wasn't an issue of Fund Balance, it was the issue of participation in interest free loan program.

Buescher – I think we're saying the same thing. The loan program was the solution. We can choose to reinstate at any time.

Hart – Works for me. Anything else we haven't touched on that we should have agenda items for? Nothing comes to mind for me.

Buescher – Not an agenda item but a question. I assume the Board, District, and DCTA are still talking about changes that will be made going forward.

E. Johnson – We are going through an engagement and discovery process with broader groups of DCTA members – 3 different levels including strategic, mid-level, and detail level. This is ongoing.

Ferrandino – Does the 1.1% affect ProComp if Mill passes?

Kampe – No, because it increases both sides of the equation for the ProComp invoice

Ferrandino – Part of why the Trust has been on this decline is looking at hiring. We are wanting to make sure we forecast the effect on ProComp for additional hiring.

E. Johnson – If you look at overall Mill, we are incorporating the full cost of ProComp.

Buescher – I assume both parties (DCTA / District) have gotten whatever they need from us?

Ferrandino – Yes

Hart – I would prefer the meeting currently shown for Nov 8<sup>th</sup> can be after, not before the election. Can the District give a 5 min overview of ramifications if Mill passes for ProComp?

Ferrandino – Might be worth doing the 5 min and bring someone from HR to explain the concepts and progress being made.

Kampe – I will organize this and add to the agenda for the next meeting.

E. Johnson – Goal for 2016 MLO is to have no effect on ProComp. If it passes, we would find some mechanism to cover the added cost to ProComp.

Miller – Should someone from the Transition Team come as well?

Ferrandino – We will talk and find out if someone should attend from the Transition Team.

**Adjourned: 6:05 pm**