



Denver Public Schools
Professional Compensation System for Teachers

ProComp

Teacher Compensation Trust Board of Directors

MINUTES

December 5, 2007

MEMBERS IN ATTENDANCE: Andree Hall, chair, Velma Rose, vice chair, Tom Buescher, Brett Fuhrman, Mark Harmon and Jerry Graves. STAFF IN ATTENDANCE: Kathy Kochis, Pro Comp Director. OTHERS IN ATTENDANCE: Mary Brauer of Reinhart, Trust Board attorney, Bria Cunneen, ProComp Team and Don Gilmore, DPS Employee.

Action Items:

I. Review and Approve Agenda

Velma Rose made the motion to approve the agenda. Tom Buescher seconded the motion. Motion carried.

II. Approve October 29, 2007 meeting minutes

Tom Buescher made the motion to approve the minutes. Mark Harmon seconded the motion. Motion carried.

III. Discussion on ProComp administration costs and funding issues (Kathy Kochis)

The current cost to administer ProComp is \$2.6 million/year, a portion of which is covered by the TIF grant. However, currently no funding source exists for program management employees, the internal evaluation and the external evaluation. In addition, \$165,000 was charged to the TIF grant in 2006/2007 that will need to be reversed and funded from another source. In response to a question from Tom Buescher, Kathy estimated that going forward over the long term, these cost are still likely to be about \$1.8M per year. It is her understanding that when the Plan was developed the parties believed that any cost increases would be offset by cost saving with a net effect of no significant additional administrative costs occurring. Tom Buescher expressed his surprise and displeasure that those estimates were so far off.

The high cost of administration of the program is being addressed with the ProComp Transition Team and simplification of the elements and their associated business rules is currently being discussed.

Kathy asked that the Board consider covering a portion of the currently unfunded costs (\$465,000) and the cost which was charged to the TIF grant in error (\$165,000) from the Trust. Mary will look into the legal issues surrounding charging the trust and Kathy will breakdown the \$465,000 into more detail for the next meeting.

IV. Discussion on Board duties relevant to collective bargaining decisions affecting ProComp Trust (Mary Brauer)

Mary reviewed her memorandum to the group regarding the DPS and DCTA document titled "Protocol for Making Adjustments to the Professional Compensation System for Teachers." Her findings included that the Trustees are not legally bound to follow the Protocol and the Protocol

assigns duties to the Trustees that the Trust Agreement does not specify, but the Protocol is a helpful starting point for the Trustees to move forward with establishing their own procedures.

- V. Discussion on next steps to “establish procedures” in accordance with section 7.1(i) of the Trust Agreement

In connection with the discussion of Item IV, the group will look at both the intent of the Protocol to establish procedures and also look at the current state of the program to establish procedures for the Trust Board. A committee was recommended to meet prior to the next meeting on January 23rd, 2008 to develop a draft. The committee will consist of Kathy Kochis, either Velma Rose or Brett Fuhrman and either Andree Hall, Mark Harmon or Jerry Graves.

- VI. Discussion on ProComp Agreement language changes and impact on Trust Agreement (Kathy Kochis)

- a. *The revised ProComp Agreement language, if ratified, will give the district more flexibility in the composition of the Trust Board (Section 4.1). Upon ratification, the Trust Agreement will need to be reviewed to possibly include compatible language.*
- b. *The ProComp Agreement may be modified to remove the requirement of a technical paper and would be replaced by a single sentence which captures the intent of this paper. The intent of the paper is to prevent one pay system from being favored over another pay system (i.e., allocating a bargained percentage increase disproportionately to the teachers on the traditional pay schedule versus the teachers in ProComp). This possible change to the ProComp Agreement does not impact the Trust Agreement but may require procedures to be established.*

- VII. Discussion on MOU and Technical Paper

Related to the discussion regarding Item VI(b), the MOU and technical paper’s intent were discussed and illuminated the Board’s confusion over its own responsibility and role. The technical paper and MOU address issues outside the scope of this board. However, it is within the board’s responsibility to provide information to the bargaining teams through the financial model. The responsibilities and procedures will be discussed as part of the committee established in Item V.

Information:

- VIII. Investment implementation status (Velma Rose)

Velma Rose has received the documentation related to our investments and we are currently waiting on the signatures of the contract. The investments have not been started. Velma will be following up on this item and including Kathy Kochis in the discussion. The board has decided to address this item at the next meeting.

- IX. November 2007 Financial Statements (Velma Rose)

Velma Rose presented the November ProComp Trust financial report and noted that the yield attributed to the Colorado Trust has decreased from 5.40% to 5.00%.

- X. Future Agenda Items—Next meeting January 23rd, 2008

- a. *Investment implementation status*
- b. *Investment oversight and cash flow management*
- c. *Committee recommendation of procedures for the Trust Board*
- d. *Discussion on ProComp administration costs and funding issues*
- e. *Required 12/31 Financial Stability report discussion*
- f. *Update on TM1 model—accuracy & accessibility*