



ProComp

Teacher Compensation Trust Board of Directors

MINUTES

March 18, 2008

MEMBERS IN ATTENDANCE: Andree Hall, chair, Brett Fuhrman, Jerry Graves, Mark Harmon, Bruce Hoyt and Lee White (by phone).

STAFF IN ATTENDANCE: Kathy Kochis, ProComp Director; Bria Cunneen, ProComp Team

I. Review and Approve Agenda

Bruce Hoyt made the motion to approve the agenda. Jerry Graves seconded the motion. Motion carried.

II. Approve February 27, 2008 meeting minutes

Bruce Hoyt made the motion to approve the agenda. Mark Harmon seconded the motion. Motion carried.

Action Items:

I. Board member reappointments (Andree Hall)

DCTA Representation:

Jerry Graves' initial 2 year term expired in January 2008 and DCTA would like to recommend that his position be renewed to January 2011. Mark Harmon filled Doug Tucker's initial 1 year term which expired in January 2007; DCTA would like to recommend that Mark Harmon's position be renewed to expire in January 2010. Bruce Hoyt made the motion to reinstate Jerry and Mark; Brett Fuhrman seconded the motion. Motion carried.

Community Representation:

Lee White's initial 2 year term expired in January 2008 and the Board would like to recommend his position be renewed until January 2011. Bruce Hoyt made the motion to reinstate Lee; Mark Harmon seconded the motion. Motion carried.

II. Appointment of Officers (Andree Hall)

According to the Trust Agreement, officers are to be appointed each January. Currently, Andree Hall is the Trust Board's Chair, Velma Rose is the Board's Vice Chair and Tom Buescher is the Secretary.

Chairperson: Mark Harmon nominated Andree Hall for the office of Chairperson; Jerry Graves seconded the motion and the motion carried.

Vice Chairperson: Andree Hall nominated Velma Rose for the office of Vice Chairperson; Bruce Hoyt seconded the motion and the motion carried.

Secretary: Bruce Hoyt nominated Tom Buescher for the office of Secretary; Brett Fuhrman seconded the motion and the motion carried.

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

Kathy Kochis reviewed the annual costs of administering the ProComp program (\$2.5 million), along with an estimated future cost going forward (\$1.2 million), assuming the correct processes and systems are developed. She also reviewed the costs incurred by the General Fund (\$900K) and the TIF Grant (\$520K) during the 2006-07 fiscal year and proposed payment for a portion of the costs by the Trust Fund for the 2007-08 fiscal year. The proposal includes \$1.2 million covered by the Trust and \$1.3 million paid for (as allowed) by the TIF Grant.

The district representation reiterated that these are incremental costs associated with the program that would not otherwise exist without the implementation of ProComp. In addition, at the inception of the program, it was understood 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. Also, the Trust Board has reviewed the contractual language surrounding the payment of administrative costs from the Trust. According to the January 2008 minutes: After reviewing the ProComp Trust Agreement, the ProComp collective bargaining agreement and the ProComp Ballot language, Mary Brauer concluded that assets of the ProComp Trust may be used for costs of administering the ProComp System, to the extent the administrative costs are "reasonable."

The members expressed concern with the high cost of running the program; this cost is being addressed with the current interest-based bargaining between DCTA and DPS. The simplification of the elements and their associated business rules is part of that discussion.

The additional positions requested by Kathy Kochis and Velma Rose were discussed—1 FTE responsible for the oversight of the investment activity, invoicing and trust board management (Velma's request) and 1 FTE responsible for maintaining and running the fiscal models, analyzing the state of the program and working on predicting behavior going forward (Kathy's position). In addition to more clarification regarding these FTE's, the DCTA representation requested that more details be provided around the incremental costs incurred by DoTS, HR, Finance, Assessment & Research, and Student Services. Kathy will look into breaking these costs down further but cautioned that these are estimates of the additional work done by an entire department to support ProComp, and as such, the level of specificity requested may not be possible to obtain.

Bruce Hoyt suggested that the Board use the independent annual audit requirement to validate the expenses incurred by the Trust outside of the teacher payments. The Board would approve a budget and then the actual expenses would be reviewed annually by an external, neutral firm. The group was generally comfortable with this suggestion but more discussion is necessary around the budget and acceptability of the proposed expenses to be covered by the Trust.

Jerry Graves motioned to postpone the vote on this item and Mark Harmon seconded the motion. The motion to move this item to the next meeting carried.

- A. Oversight of the fiscal model**
- B. Oversight of investment activity**
- C. Support for the Trust Board**
- D. General ProComp program costs**

These items will be discussed at the next Board meeting, along with a more detailed account of the incremental costs associated with administering the ProComp program for the Trust to consider covering.

IV. Representation of the ProComp Trust at the quarterly DPS investment meetings (Velma Rose)

Andree Hall stated that this would be tabled for action at the next Trust Board meeting.

V. Discuss by-laws invoices/expenses issue (Velma Rose)

Andree Hall stated that this would be tabled for action at the next Trust Board meeting.

VI. Approve procedures for the Trust Board (Kathy Kochis)

Andree Hall stated that this would be tabled for action at the next Trust Board meeting.

Information:

I. Update on McKinsey's work (Kathy Kochis)

McKinsey has completed the work on the fiscal model but data is still required on DPS' side to populate cells for the estimation of the movement of teachers between the lanes. The District and DCTA representation have both been impressed by McKinsey's work and look forward to running the model and using the forecasting capabilities during the bargaining procedures.

II. External evaluation requirement and selection discussion (Kathy Kochis)

The RFP for the external evaluation of ProComp was completed earlier this year and bids were accepted until February 22, 2008. Eight complete bids were received and three were chosen as finalists to present to the selection committee last Friday, March 14th and tomorrow, March 18th. The committee consists of ProComp team members (Kathy Kochis, Bria Cunneen, Jeff Buck and Dennis Wolfard) as well as DoTS (Ron Engels) and Purchasing (Michael Thomas) employees. The finalist will be recommended to the Transition Team at their next meeting and then will be reviewed by the Board of Education.

It was also noted that the Trust Agreement requires that an external evaluation of the fiscal model be preformed every three years; this was not included in the RFP for the external evaluation of the ProComp program and will need to be addressed at a subsequent meeting.

III. Discuss funding all ProComp payments out of the Trust (Kathy Kochis)

Currently only general-fund employees' ProComp incentives are paid for out of the ProComp Trust. Approximately 20% of teachers are paid for under other grants and these grants are potentially under pressure to cover the increase in salary that is available under ProComp. Contract language does not exist that would prohibit the trust from covering all employees' incentives. As this change would require significant expenditures from the Trust, the current program and/or assumptions will not allow for the additional cost of adding these employees to the trust. However, as this will unburden other grant funds for the district, this is seen as a funding priority.

IV. Review ProComp Agreement changes and determine impact to the Trust Agreement (Kathy Kochis)

Andree Hall stated that this would be tabled for the next Trust Board meeting.

V. Discuss aspects of the Trust Board By-Laws (Andree Hall)

A. Proxy issue (Mary Brauer)

B. Executive session

C. Quorum

Andree Hall stated that this would be tabled for the next Trust Board meeting.

VI. Investment implementation status: CO/IL state law conflict (Mary Brauer)

Andree Hall stated that this would be tabled for action at the next Trust Board meeting.

VII. January & February 2008 Financial Statements (Velma Rose)

Andree Hall stated that this would be tabled for action at the next Trust Board meeting.

VIII. Future Agenda Items—include those noted above as tabled for the next meeting. *The next board meeting is tentatively set for Wednesday, April 23, 2008.*