



Denver Public Schools  
Professional Compensation System for Teachers

# ProComp

## Teacher Compensation Trust Board of Directors

### MINUTES

June 13, 2007

MEMBERS IN ATTENDANCE: Andree Hall, chair, Velma Rose, vice chair, Tom Buescher, Secretary, Brett Fuhrman, Jerry Graves, and Mark Harmon. STAFF IN ATTENDANCE: Brad Jupp. OTHERS IN ATTENDANCE: Mary Brauer, Trust Board attorney, and Howard Biggs, Trust Board investment advisor.

Meeting convened at 4:41 PM.

- I. Review and Approve Agenda
  - Members of the Board identified three typos in the agenda. Tom Buescher made the motion to approve. Brett Fuhrman seconded the motion. Motion carried.
- II. Review and Approve Minutes for May 23, 2007 meeting
  - Members of the Board identified one typo in the minutes; thus the need to delete "Tom" at the end of the line under agenda item V. Tom Buescher made the motion to approve the amended minutes. Mark Harmon seconded the motion. Motion carried
- III. Investment Advisor – *Information (Howard Biggs, Arnerich, Massena & Associates)*
  - a. Finalizing Investment Policy.
  - b. Finalizing Asset Allocation.
  - c. Update Plan Cash Flow Analysis with Revised Assumptions
  - d. Revisit Discussion on Alternative Investment

Everyone present reviewed, discussed and suggested modifications to the language in the draft Investment Policy document. A lot of discussion centered around how many years before the cross over (when current year expenditures exceed current year revenues in the Trust Fund) was projected to occur under various model portfolios for assumed annual payroll increases. To illustrate, portfolio model C's estimated investment return of 8% would cause the cross over to occur in 88 years if the annual payroll increases were 7%. After further discussion on the various portfolio models, the consensus of the Board members present was to recommend portfolio model D, wherein 50% of the assets are invested in equity and 50% in fixed income security products, to generate a yield of 8.2%, with a standard deviation (risk) of 8.5%, recognizing that the Trust is likely to need to move to a more conservative allocation in coming years.

- IV. Adopt Investment Policy – *Action (Velma Rose)*
  - The Board chose to postpone action on the Investment Policy until its August 29, 2007, after review of the edited Policy document.

- V. Adjust 2006-2007 ProComp Trust Budget - *Action (Velma Rose)*
- Velma Rose reviewed the adjustments to the previously adopted budget of the Trust, namely that of netting County Treasure Property Tax Collection Fees against Property Tax Revenues based on the 2005-2006 audit report, and to align the expenditure budget to projected expenditures for the year. Tom Buescher made the motion to approve. Jerry Graves seconded the motion. Motion carried.
- VI. Adopt 2007-2008 ProComp Trust Budget - *Action (Velma Rose)*
- Adjustments were made to the Proposed 2007-2008 Budget in response to the suggestions made at the May meeting of the Trust Board. In addition, a typo was pointed out in the document presented; thus the payroll benefits expenditure was changed to \$625,742 resulting in an unallocated amount of \$70,664,059. Velma Rose made the motion to approve the corrected budget. Tom Buescher seconded the motion. Motion carried.
- VII. May 2007 Financial Statement – *Information (Velma Rose)*
- Velma Rose presented the May 2007 financial statement.
- VIII. Miscellaneous and Future Agenda Items
- a. Proposed Meeting Schedule
    - 1) August 29, to start at 4:30pm, with food to be ordered in light of the lengthy planned meeting
    - 2) September 26, to start at 4:30pm
    - 3) To determine October and November meeting dates later
  - b. August 29 meeting topics
    - 1) Adopt the Investment Policy
    - 2) Howard Biggs to deliver the Fund Search Report, to include active and passive products
    - 3) Howard Biggs to make a presentation on Trustee Pricing
    - 4) Trust Investment in ProComp Internal Program Evaluation