



St. Paul Teachers' Retirement Fund Association

Fiscal Year Ended June 30, 2008



Annual Report of the Board of Trustees



St. Paul Teachers' Retirement Fund Association

Fiscal Year Ended June 30, 2008



Annual Report of the Board of Trustees

“Photographs on cover courtesy of Saint Paul Public Schools.”

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Mission Statement

The Mission of St. Paul Teachers' Retirement Fund Association is to:

- Provide our members and their beneficiaries with retirement, survivor and disability benefits as specified in law and the Association Articles and Bylaws.
- Assist our members in planning a secure retirement by providing friendly, high quality, consumer oriented service, pre-retirement education and information in a professional and cost effective manner.
- Invest the assets of the fund to provide the optimum return while preserving principal by controlling the portfolio risk.

St. Paul Teachers' Retirement Fund Association

Board of Trustees



John R. Kunz
President

Feryle W. Borgeson
Trustee



Erma E. McGuire
Vice President

John Brodrick
Ex-Officio Trustee



Eugene R. Waschbusch
Secretary-Treasurer

Mike McCollor
Trustee



Carol J. Adams
Trustee

Karen A. Odegard
Trustee



Matthew Bogenschultz
Trustee

Chong Thao
Trustee



St. Paul Teachers' Retirement Fund Association

TRUSTEES & OFFICERS

Carol J. Adams

W. Matthew Bogenschultz

Feryle W. Borgeson

John Brodrick

Mike McCollor

Karen Odegard

Chong Thao

John R. Kunz..... President

Erma E. McGuire..... Vice President

Eugene R. Waschbusch..... Secretary-Treasurer

Phillip Kapler..... Executive Director

1619 Dayton Avenue, Room 309

Saint Paul, MN 55104-6206

Phone (651) 642-2550

Fax (651) 642-2553

Members of the Association :

The trustees and staff of the St. Paul Teachers' Retirement Fund Association (SPTRFA) submit herewith the Annual Financial Report for the fiscal year ended June 30, 2008, in accordance with the provisions of Minnesota Statutes 356.20.

The purpose of this Report is to provide members, policymakers, regulatory entities, business partners and other interested parties information that accurately depicts the fiscal and actuarial status of the retirement fund as of the report date. Readers will find within sufficient information to make informed assessments of the financial condition, fiscal activities, actuarial status, investment performance, or compliance with laws, regulations, bylaws and policies.

This is the complete Annual Report of the Association. A copy is provided to each school or other facility where members work. This Report is also available to anyone who requests it from the SPTRFA office.

A summary of the information in this report has been mailed to each member, along with detailed individual benefit estimates to each active, vested member over the age of 40, who also work on at least a 40% full-time equivalent basis. All other members not yet retired received a statement of account status, retirement service credit and contributions of record.

Major sections of this report and their content are as follows:

• Introduction

Mission Statement, information on the structure of the organization, the board, staff and professional service relationships

• Financial Section

Independent Auditor's Report, Management's Discussion and Analysis (MD&A), financial statements and associated notes

• Actuarial Section

Actuary's Certification Letter, portions of the actuarial valuation which assess long-term funded status and the adequacy of revenues for the pension fund

• Investment Section

Fund investment returns, portfolio structure, security holdings, and investment advisors under contract with the Association

• Benefits Section

Summary information on the types of benefits offered, calculation of benefits are calculated, and the application process

This Report has been prepared in conformity with standards established by the Governmental Accounting and Standards Board. Internal controls are intended to provide the highest level of assurance within reasonable constraints on cost, that the funds of the Association are secure, and transactions undertaken are at all times consistent with law and general norms of sound, prudent management of the organization.

The SPTRFA Board and staff are responsible for the safekeeping of Association assets, the prudent investment of those assets, making sure benefits are calculated properly and paid timely. Administrative costs are budgeted at a level sufficient to meet service needs of the members. While we strive to be service providers of the first order, our administrative costs remain the lowest of any public pension program in Minnesota.

The Board and staff of the SPTRFA serve as fiduciaries on behalf of our members, survivors and beneficiaries. We endeavor to manage the assets entrusted to our care in concert with the Prudent Person Standard in Minn. Stat. § 356A.04, subd. 2, and within the constraints prescribed in Minn. Stat. § 356A.06, subd. 7.

Fulfilling the SPTRFA's mission requires assistance from a number of valued consultants, advisors and regulators:

The Office of the State Auditor has audited the financial statements of the SPTRFA, and issued an unqualified opinion on the accuracy and reliability of the information provided by the statements contained in this Report. That is the highest assessment that can be obtained from the Auditor.

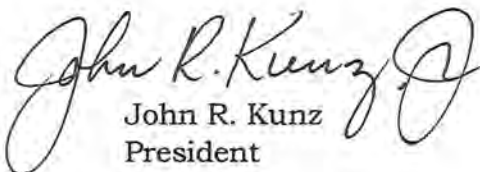
Gabriel Roeder Smith & Company, Southfield, Michigan, performed the actuarial valuation for the Association this year. Key portions of their valuation, reflecting our funding status and adequacy of contributions over a long-term funding horizon, are included.

Oppenheimer Wolff & Donnelly, LLP, Minneapolis, Minnesota, serves as Legal Counsel to the Board and staff, providing advice, representation, and as a monitor of ongoing legal and regulatory developments.

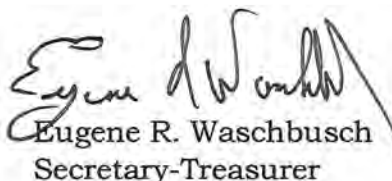
Callan Associates, Chicago, Illinois, serves as our General Investment Consultant. The firm monitors our investments and appraises the trustees and staff of changes in the investment markets or in asset management practices generally. Callan assists with investment policy and asset allocation decisions, and monitors asset performance.

In the coming year, the SPTRFA proudly celebrates its 100th year of operation. As the SPTRFA commences its centennial year of operation, we pledge on behalf of the trustees and staff to continue to administer the affairs of this Association with the utmost diligence and efficiency.

Respectfully submitted,



John R. Kunz
President



Eugene R. Waschbusch
Secretary-Treasurer



Philip G. Kapler
Executive Director

St. Paul Teachers' Retirement Fund Association

Professional Listing *(as of June 30, 2008)*

Actuary

Gabriel Roeder Smith & Company

Auditor

Office of the State Auditor

Investment Counsel

Advantus Capital Management
Barclays Global Investors
Barrow, Hanley, Mewhinney & Strauss, Inc.
The Boston Company Asset Management
Capital Guardian International, Inc.
The Clifton Group
Dimensional Fund Advisors, Inc.
Fifth Third Asset Management
JPMorgan Asset Management
Morgan Stanley Asset Management
RWI Ventures I
RWI Ventures II
UBS Trumbull Property Fund
Voyageur Asset Management
Wellington Management Company, LLP

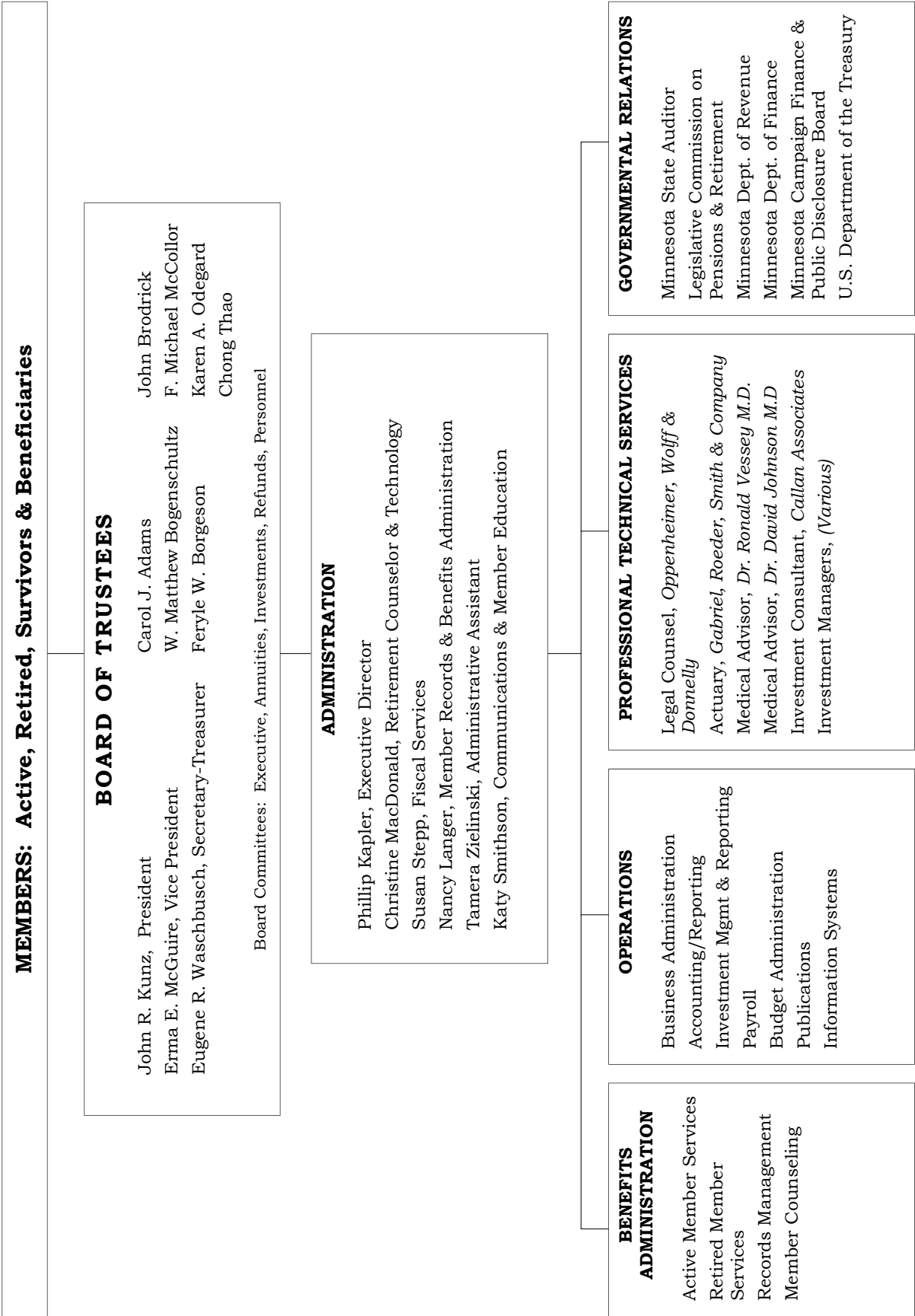
Investment Consultant

Callan Associates

Legal Counsel

Oppenheimer, Wolff & Donnelly, LLP

St. Paul Teachers' Retirement Fund Association



Financial section

**ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008
(Unaudited)**

This section summarizes key information drawn from more detailed sections elsewhere in this report. It includes a brief overview of the financial performance and actuarial status of the St. Paul Teachers' Retirement Fund Association (hereinafter "SPTRFA," "Association," or "Fund") for the fiscal year ended June 30, 2008.

The following principal schedules are referenced throughout:

- (1) Fund basic financial statements
 - (a) Statement of Plan Net Assets
 - (b) Statement of Changes in Plan Net Assets
- (2) Notes to the financial statements
- (3) Required supplementary schedules of contributions and funding progress

ORGANIZATIONAL STRUCTURE

The SPTRFA is a non-profit organization formed in 1909, incorporated under Minn. Stat. Ch. 317A. At the direction and oversight of a ten-member Board of Trustees, Association staff manage two tax-qualified, defined benefit pension programs covering licensed personnel for a single employer, Independent School District (ISD) No. 625, the central administrative body for public schools within the City of St. Paul.

Basic Plan members do not participate in Social Security through their employment with ISD No. 625. The *Coordinated Plan*, commenced in 1978, provides retirement benefits for members who do participate in Social Security.

Under state law, payroll contributions to the Fund are a direct operating obligation of the school district and members. While the Association provides an employment-based benefit, the terms are not collectively negotiated, nor are they administered through the District Benefits Division. The Association is not a component unit of St. Paul Public Schools; neither are the Fund's assets or liabilities included in District financial statements.

INVESTMENT PERFORMANCE

Defined benefit pension plans rely heavily on the performance of invested assets. For every dollar ultimately paid out in benefits, about 30 cents will come from employee and employer contributions; 70 cents will derive from investment earnings on those contributions over time. The level of supportable benefits and the long-term health of the Fund depend on the efficient and prudent investment of contributions from members, employers, and taxpayers.

In order of priority, the goals of investing fund assets are to:

- pre-fund promised benefits,
- maintain the purchasing power of deferred earnings,
- offset long-term program costs,
- reduce any historical unfunded liabilities, and
- accelerate progress against the full-funding target.

The purposes for investing all imply measurable outcomes that should manifest themselves as positive effects on the fiscal and actuarial status of the program. Investment performance alone does not provide a complete picture. Two annual reports, the financial statements and the actuarial valuation, provide a more comprehensive picture of progress in meeting the Association's near and long-term goals, as outlined above.

Our statutory, actuarial assumed return is 8.5 percent per year; an *absolute standard* of investment performance. Over any five-year window, annualized returns below this absolute target will cause unfunded liabilities to increase. Excess returns add to the actuarial balance sheet and reduce the unfunded liabilities of the plan, *ceteris paribus*.

Performance against an absolute target provides a check on whether asset accumulation has, in a sense, avoided falling behind the pace of liability accumulations. That is important information. However, we also want some assurance that the assets are being deployed efficiently, that we have not neglected the opportunity for potential gain (given our risk constraints and prevailing market conditions). To make such assessments, we compare our returns to other public pension funds. Another *relative* investment measure is how returns compare to that of a hypothetical, composite benchmark return; that is, how performance would have looked if (given our asset class allocation targets) the entire fund had been invested through index-matching accounts.

Comparison of Annualized Returns (%)

	1-Year	3-Year	5-Year
Actual performance (net of fees)	-6.6	8.0	11.0
Indexed benchmark	-5.7	8.1	10.7
Actuarial target	8.5	8.5	8.5
Actual versus indexed benchmark	-0.9	-0.1	0.3
Actual versus actuarial target	-15.1	-0.5	2.5

(Unaudited)

Absolute Basis of Assessment

The 2008 total fund return (net of fees) was a negative 6.6 percent, or about 15 percent *less* than the absolute actuarial target required to meet projected “normal cost,” or the annual rate of liability accumulation (assuming no other sources of underfunding). While the five-year rate of return finished well above target, 11 percent, the three-year total return was below target, 8.0 percent versus 8.5 percent. In fiscal terms, the expected return on assets was \$96 million. The fund actually experienced a *loss* of \$75 million. That implies an unadjusted shortfall of \$171 million in 2008. When adjusted for “asset smoothing purposes”, the loss recognized for actuarial forecasting purposes was \$111 million.

Relative Basis of Assessment

Net-of-fees, the Association finished in the bottom quintile of public funds tracked by Callan Associates, our general investment consultant. When compared only to funds with similar asset allocations, the percentile rank was 37, reflecting that the SPTRFA has a more aggressively structured portfolio than the typical public pension fund.

The overall return on fund assets missed the Indexed Benchmark by 1 percent. Attribution analysis of investment performance by our consultant indicates that matters could have been worse had active managers for the fund not done as well as they did. Underperformance is primarily attributable to the implementation of portfolio objectives beneath the broad asset class level, where capitalization and style of management decisions must be made.

It was noted in this report last year that the fund allocation was biased toward small capitalization and value oriented equity vehicles. While marginal progress was achieved in correcting for these tilts, they still persisted through the year. Those biases adversely affected performance, as growth stocks very handily outperformed value while mid and large cap stocks dominated small cap domestic equities.

Subsequent Material Conditions

Significant events occurred immediately after the conclusion of the report year that should be noted in order to put end-of-year data in proper context. Returns for the year were not encouraging, and in the months immediately following the close of the fiscal year were even markedly worse. Pressure from the credit and liquidity crisis that dominated the year persisted. Losses to the market value of most stock indices exceeded 20 percent for the trailing 12 months as of September 30, while bonds were flat to moderately negative. For the third quarter of 2008, losses on the market value of fund assets exceeded those experienced in the 12 months leading up to June 30, 2008.

While these events post-date the report year, they are important in understanding the financial status of the organization in the months immediately following the close of the audit period. Unless the early losses of 2008-09 are substantially recovered, market impacts may have a significant and negative effect on the funded status that will be calculated and reported next year.

(Unaudited)

SUMMARY OF THE FUND FINANCIAL STATEMENTS AND ACTUARIAL REPORT

The next two tables summarize data found later in this report. Detailed information can be found in schedules with corresponding names under the Financial Section of this annual report.

Plan Net Assets (at Market) (In Thousands of Dollars)

	June 30	
	2008	2007
Assets		
Cash	\$ 3,657	\$ 3,606
Receivables	8,261	26,668
Investments at fair value	1,015,135	1,152,208
Securities lending collateral	62,579	76,161
Capital assets, less depreciation	34	18
Total Assets	\$ 1,089,666	\$ 1,258,661
Liabilities		
Accounts payable	\$ 1,155	\$ 1,019
Securities purchases payable	2,292	25,464
Securities lending collateral	62,579	76,161
Total Liabilities	\$ 66,026	\$ 102,644
Net Assets Held in Trust for Pension Benefits	\$ 1,023,640	\$ 1,156,017

Changes in Plan Net Assets (at Market) (In Thousands of Dollars)

	Year Ended June 30	
	2008	2007
Additions		
Employer and employee contributions	\$ 34,418	\$ 33,904
State of Minnesota amortization aids	3,509	3,651
Investment activity, less management fees	(80,138)	197,476
Net securities lending income	336	207
Total Additions	\$ (41,875)	\$ 235,238
Deductions		
Benefits, withdrawals, and refunds	\$ 89,811	\$ 84,271
Administrative expenses	691	695
Total Deductions	\$ 90,502	\$ 84,966
Net Increase (Decrease)	\$ (132,377)	\$ 150,272
Net Assets in Trust for Benefits - Beginning of the Year	1,156,017	1,005,745
Net Assets in Trust for Benefits - End of the Year	\$ 1,023,640	\$ 1,156,017

(Unaudited)

Two important observations can be drawn from the Statement of Changes in Plan Net Assets:

- (1) Investments had a negative effect on the Fund's bottom line, generating a significant loss in both accounting and actuarial terms; and
- (2) the SPTRFA operates a "mature" defined benefit program, for which annual benefit expenditures typically exceed payroll contributions by a significant amount.

Annual benefit expenditures are more than double the level of annual contributions. This is not unusual for a defined benefit plan. The difference between annual benefit outlays and contributions carries a potential "structural erosion" for the asset base, which is exposed bare in any year when the absolute investment return target of 8.5 percent is not achieved. Such years imply that (all else remaining the same) returns in subsequent years must *exceed* the assumed return by some amount of *greater* magnitude than the most recent year's shortfall.

Administrative costs are a small part of program expenditures. Investment expenses, as a percent of assets, were slightly above average, due in part to a relatively larger allocation to active asset management. The Association's operating expenditures are relatively low compared to other public plans in the state.

Notes to the Basic Financial Statements

The Notes provide supplementary information essential to understanding the data provided in the basic financial statements. Below is a brief description of those Notes, listed in numerical order:

- (1) Describes accounting policies applied in the development of the basic financial statements.
- (2) Provides a description of the plans administered by the SPTRFA, including coverage, classes of membership, and benefits.
- (3) Describes the laws and policies governing the deposit and investment of Association assets and also describes other common risks, including interest rate risk, concentrations of credit risk, and foreign currency risk.
- (4) Explains the securities lending program which the SPTRFA participates in through its custodian, the Bank of New York. By state law, securities on loan must be at least 100 percent collateralized at all times.
- (5) Describes how funds are accumulated through contributions.
- (6) Describes the risk management policies of the Association with respect to losses related to torts, loss of assets, injuries to employees, and natural disasters.
- (7) Provides the funded ratio for the SPTRFA and discloses the methods and assumptions used in the actuarial reporting process.
- (8) Summarizes the actuarial measurement process.

(Unaudited)

Actuarial Valuation Summary

The financial statements provide information about the fiscal status of the fund as an operating concern over relatively short time frames. To assess whether assets and current financing mechanisms are adequate to satisfy long-term liabilities associated with promised plan benefits, other information is required. An actuarial valuation, modeling the future through deterministic and probabilistic projection methods can supplement accounting-based measures of plan funding.

The July 1, 2008 valuation is a forecast that may be relied upon by policymakers if the model and key assumptions driving the forecast results are valid. An experience study is conducted periodically in order to test whether important assumptions are consistent with recent historical data over time. The Association commissioned such a study by our consulting actuary, Gabriel Roeder Smith & Company, analyzing data for the period 2000 through 2006. Results indicated that several demographic and economic assumptions needed adjustment. Changes recommended by the actuary were reviewed and approved by the 2008 Legislature. Collectively, however, those changes had a relatively small effect on the measured funded status of the plans. Below are summary comparative statistics from the July 1, 2008, valuation:

Summary of Actuarial Valuation Results Plan Year Beginning July 1, 2008

	2007	2008	Percent Change (+ means improvement - means adverse change)
Projected annual earnings	\$ 235,880,000	\$ 247,291,000	+ 5%
Statutory contributions (Ch. 354A)	16.19 %	15.73 %	+ 3%
Required (Ch. 356)	23.40 %	17.63 %	+ 25%
Sufficiency/(Deficiency)	- 7.21 %	- 1.90 %	+ 73%
Market value of assets	\$ 1,156,017,000	\$ 1,023,640,000	- 11%
Actuarial value of assets	1,015,722,000	1,075,951,000	+ 6%
Actuarial accrued liability	1,380,151,000	1,432,040,000	- 4%
Unfunded liability	375,575,884	356,089,000	+ 2%
Funded ratio	73.01 %	75.13%	+ 2%

The 2008 actuarial valuation reflects a solid 2 percent year-over-year improvement in the funded ratio. One factor is the recognition of prior year excess investment earnings. Though the fund had a negative return for the most recent year, the most recent year carries the least weight

(Unaudited)

in the asset smoothing methodology applied by the actuary. Earlier and more positive years are accorded greater weight each year, and therefore help to shift the funded ratio upward despite a down year in 2008. This year's gain would have been greater if contributions to the Association had been sufficient relative to actuarial requirements.

The most significant change in valuation methods adopted by the 2008 Legislature was to convert from a fixed amortization target *date* (June 30, 2021) to a fixed amortization target *period* (25 years). The benefit of this change is that the amortization window within which full funding is targeted will no longer compress each year. The contribution deficiency fell from about 7 percent to about 2 percent due to this conversion from a 14-year window to a 25-year window. Going forward, this should produce a more reliable and stable measure of the adequacy of contributions from year to year, and help to spread the resolution of the unfunded liability more fairly among succeeding cohorts of members and taxpayers.

The change in measurement approach does not change the objective status of the funding picture. Changing the amortization date does not reduce the size of the unfunded liability by so much as a penny, and a 2 percent deficiency over a 25-year window is equivalent to a 7 percent deficiency over a 14-year window. However, if policymakers will take note, a 2 percent deficiency is a much easier problem to resolve in annual budgetary terms than a 7 percent deficiency on a more accelerated and compressing time scale. A resolution to the 2 percent deficiency remains urgent, since every year that contributions remain deficient implies a deterioration in the funding ratio (all else being the same), and increased costs to fix the problem in future years.

In a report issued in 2006, the Legislative Auditor recommended that funding to the SPTRFA be increased as soon as possible. The SPTRFA Board has asked the Minnesota Legislature to provide increased supplemental contributions.

In 2007, the SPTRFA proposed legislation to modify post retirement increases, substituting a more straightforward and less expensive cost-of-living formula similar to that applied by the U.S. Social Security Administration. The Legislature adopted the proposal with several modifications, and put a two-year sunset on the new approach to allow for review and possible modification in the 2009 Legislative Session.

* * * * *

(Unaudited)

Collectively, the schedules, accompanying notes, and discussions in this report provide comprehensive information as of June 30, 2008, regarding the benefit plans administered by the Association, the asset and liability structure of the Fund, the financial and actuarial status of the SPTRFA, and key policies and procedures of the Association.

Information compiled for this report conforms with generally accepted accounting principles and Governmental Accounting Standards Board Statements 25, 28, 34, 40, and 50. At all times the objective has been to provide an accurate and balanced portrayal of the financial and actuarial condition of the retirement program established and administered on behalf of educators in St. Paul. Questions about the information in this report should be directed to:

Phillip Kapler, Executive Director, or
Christine MacDonald, Assistant Director

St. Paul Teachers' Retirement Fund Association
1619 Dayton Avenue, Room 309
St. Paul, Minnesota 55104-6206

Phone(651) 642-2550
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Websitewww.sptrfa.org
Emailinfo@sptrfa.org

(Unaudited)

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

STATEMENT OF PLAN NET ASSETS
JUNE 30, 2008

Assets

Cash	\$ 3,656,588
Receivables	
Employer and employee contributions	\$ 1,174,688
Interest	889,588
Dividends	262,976
Sales of securities	5,934,112
Total receivables	\$ 8,261,364
Investments, at fair value	
U.S. government securities	\$ 52,794,589
TBAs	540,281
Corporate bonds	51,063,287
Corporate stocks	158,436,379
Commingled investment funds	
Pooled international equity trust	112,669,650
Government/credit bond index fund	108,031,528
Equity index fund	172,770,832
Extended equity index fund	71,473,933
Russell 2000 equity index fund	9,117,610
International emerging markets growth fund	40,502,753
Mutual fund	22,422,509
International corporate stock fund	110,146,879
Money market funds	9,032,277
Limited partnership	7,411,946
Real estate securities	88,720,287
Total investments, at fair value	\$ 1,015,134,740
Invested securities lending collateral	\$ 62,579,497
Furniture and fixtures (at cost, less accumulated depreciation of \$81,300)	\$ 34,073
Total Assets	\$ 1,089,666,262
<u>Liabilities</u>	
Accounts payable	\$ 1,155,074
Security purchases payable	2,292,095
Securities lending collateral	62,579,497
Total Liabilities	\$ 66,026,666
Net Assets Held in Trust for Pension Benefits	\$ 1,023,639,596
(A schedule of funding progress is presented on page .)	

The notes to the financial statements are an integral part of this statement.

(unaudited)

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

STATEMENT OF CHANGES IN PLAN NET ASSETS
JUNE 30, 2008

Additions**Contributions**

Employer	\$ 20,775,392
Members	13,642,161
Other sources	
State of Minnesota	<u>3,509,320</u>

Total contributions **\$ 37,926,873**

Investment income (loss)**From investing activity**

Net appreciation (depreciation) in fair value of investments	\$ (92,686,051)
Interest	6,194,504
Dividends	6,614,376
Other	<u>4,506,041</u>

Total investing activity income (loss) **\$ (75,371,130)**

Less: investing activity expense

External	\$ (4,550,929)
Internal	<u>(216,373)</u>

Total investing activity expense **\$ (4,767,302)**

Net income (loss) from investing activity **\$ (80,138,432)**

From securities lending activity

Securities lending income	<u>\$ 3,608,395</u>
---------------------------	---------------------

Less: securities lending expense

Borrower rebates	\$ (3,129,488)
Management fees	<u>(143,003)</u>

Total securities lending expense **\$ (3,272,491)**

Net income from securities lending activity **\$ 335,904**

Net investment income (loss) **\$ (79,802,528)**

Total Additions **\$ (41,875,655)**

The notes to the financial statements are an integral part of this statement.

(unaudited)

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

(Continued)

STATEMENT OF CHANGES IN PLAN NET ASSETS
JUNE 30, 2008

Deductions

Benefits to participants	
Retirement	\$ 79,868,686
Disability	826,364
Survivor	7,550,240
Dependent children	27,931
Withdrawals and refunds	<u>1,537,577</u>

Total benefits, withdrawals, and refunds	<u>\$ 89,810,798</u>
---	-----------------------------

Administrative expenses	
Staff compensation	\$ 332,409
Professional services	168,778
Office lease and maintenance	30,564
Communication-related expenses	23,522
Other expense	<u>135,884</u>

Total administrative expenses	<u>\$ 691,157</u>
--------------------------------------	--------------------------

Total Deductions	<u>\$ 90,501,955</u>
-------------------------	-----------------------------

Net Increase (Decrease)	\$ (132,377,610)
--------------------------------	-------------------------

Net Assets Held in Trust for Pension Benefits

Beginning of Year	<u><u>1,156,017,206</u></u>
End of Year	<u><u>\$ 1,023,639,596</u></u>

The notes to the financial statements are an integral part of this statement.

(unaudited)

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008

1. Summary of Significant Accounting Policies

Reporting Entity

The St. Paul Teachers' Retirement Fund (Fund) is a single-employer defined benefit pension fund administered by the St. Paul Teachers' Retirement Fund Association (Association), pursuant to the Association's bylaws and Minn. Stat. chs. 354A and 356. The Fund's membership consists of eligible employees of Independent School District No. 625, St. Paul, employees formerly employed by Independent School District No. 625, charter schools, and the employees of the Association. The Association is governed by a ten-member Board of Trustees.

Basis of Presentation

The accompanying financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, as amended and GASB Statement No. 50, *Pension Disclosures*.

Basis of Accounting

The basis of accounting is the method by which additions and deductions to plan net assets are recognized in the accounts and reported in the financial statements. The Association uses the accrual basis of accounting. Under the accrual basis of accounting, additions are recognized when they are earned, and deductions are recognized when the liability is incurred.

Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on an exchange are valued at the last reported sales price at current exchange rates. Market values of investments in limited partnerships are determined by reference to published financial information of the partnership. Investments that do not have an established market are reported at estimated fair value.

(unaudited)

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

1. Summary of Significant Accounting Policies

Investments (Continued)

Net appreciation (depreciation) in fair value of investments includes net unrealized and realized gains and losses. Purchases and sales of securities are recorded on a trade-date basis.

The Association participates in a securities lending program. In accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, investments lent under the program are reported as assets on the balance sheet, and collateral received on those investments is reported as an asset and a liability.

Derivative Investments

The Association may invest in futures contracts using a static asset allocation investment strategy.

Upon entering into a futures contract, each party is required to deposit with the broker an amount, referred to as the initial margin, equal to a percentage of the purchase price indicated by the futures contract. In lieu of a cash initial margin, certain investments are held for the broker as collateral. Subsequent deposits, referred to as variation margins, are received or paid each day by each party equal to the daily fluctuations in the fair value of the contract. These amounts are recorded by each party as unrealized gains or losses. When a contract is closed, each party records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

Futures contracts involve, to varying degrees, credit and market risks. The Association may enter into contracts only on exchanges or boards of trade where the exchange or board of trade acts as the counterparty to the transactions. Thus, credit risk on such transactions is limited to the failure of the exchange or board of trade. Losses in value may arise from changes in the value of the underlying instruments or if there is an illiquid secondary market for the contracts.

The Association invests in TBA, or "to-be-announced," mortgage-backed securities. TBA mortgage-backed securities transactions are a basic mechanism for trading federal agency mortgage pass-through securities on a delayed delivery and settlement basis. They do not represent a separate type or class of mortgage-backed securities. A TBA transaction is a purchase or sale of mortgage pass-through securities with settlement agreed upon for some future date. The purchase of pass-throughs on a TBA basis creates a long position in the underlying security on the trade date with associated market risk in the position. The securities

(unaudited)

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

1. Summary of Significant Accounting Policies

Derivative Investments (Continued)

to be delivered are described in general detail at the time of trade but are not specifically identified until shortly prior to settlement. TBA transactions may involve newly-issued or existing agency mortgage pass-throughs.

Investment Income

Interest income is recognized when earned on an accrual basis. Dividend income is recorded on the ex-dividend date.

Contributions

Member employee contributions are recognized when withheld or when paid directly by the member employee. Employer contributions are recognized as a percentage of covered payroll as earned. Direct state-aid and state amortization aid are recognized pursuant to state statute.

Benefits and Refunds

Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Furniture and Fixtures

Furniture and fixtures are carried at cost, less accumulated depreciation. Depreciation has been provided using the straight-line method over estimated useful lives of five years.

2. Description of Plans

The following brief description of the plans is provided for general information purposes only. Participants should refer to the plan agreements for more complete information.

The plans are not subject to the provisions of the Employee Retirement Income Security Act of 1974.

(unaudited)

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

2. Description of Plans (Continued)

General

The Association was created to provide retirement and other specified benefits for its members. The Association maintains two defined benefit pension plans covering teachers in the St. Paul public school system.

Effective July 1, 1978, the Association established a plan, coordinated with Social Security, in accordance with Minnesota statutes (the Coordinated Plan). Teachers who become members of the Association subsequent to June 30, 1978, automatically become members of the Coordinated Plan. Members' contributions and benefits under the Coordinated Plan have been adjusted to reflect contributions to and benefits from Social Security. Teachers who were members of the Association prior to July 1, 1978, are generally covered under the Basic Plan, which provides all retirement benefits for its members.

Membership

At June 30, 2008, the Association's membership consisted of:

Retirees and beneficiaries currently receiving benefits	2,851
Terminated employees entitled to but not yet receiving benefits	1,695
Terminated, non-vested	1,403
Current active plan members (including members on leave)	<u>4,121</u>
Total Membership	<u>10,070</u>

Pension Benefits

Members who satisfy required length-of-service and minimum age requirements are entitled to annual pension benefits equal to a certain percentage of final average salary (as defined in each plan) multiplied by the number of years of accredited service.

Disability Benefits

Active members who become totally and permanently disabled and satisfy required length-of-service requirements are entitled to receive annual disability benefits as calculated under each plan.

(unaudited)

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

2. Description of Plans (Continued)

Other Benefits

Limited service pensions, deferred pensions, survivor benefits, and family benefits are available to qualifying members and their survivors.

3. Deposits and Investments

A. Deposits

Authority

Minn. Stat. § 356A.06 authorizes the Association to deposit its cash in financial institutions designated by the Board of Trustees.

Custodial Credit Risk

The custodial credit risk for deposits of the Association describes the potential for partial or total loss of cash or near-cash holdings in the event of a depository failure. Minnesota statutes require that assets held in depository accounts be insured by the Federal Deposit Insurance Corporation (FDIC), or exclusively pledged collateral of 110 percent of the uninsured amount on deposit. Balances in the Association's checking account at US Bank can vary dramatically over short periods of time, as this account holds short-term deposits and transfers necessary to meet not only general operating expenses, but large monthly benefit payments totaling \$7 million or more per month. Association deposits at US Bank are fully collateralized by pledged U.S. Treasury or federal agency notes on deposit with the Federal Reserve Bank of Boston.

B. Investments

Authority

The Association's investments are authorized by state law and its own investment policy. Permissible investments include, but are not limited to: government and corporate bonds, foreign and domestic common stock, real property, venture capital investments, and notes.

(unaudited)

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

3. Deposits and Investments

B. Investments (Continued)

Custodial Credit Risk

Custodial credit risk for investments is generally defined as an assessment of the potential that loaned securities of the Association may be insufficiently collateralized, or that a counterparty to any loan of Association securities might be either undercollateralized or fail to deliver loaned securities in time to satisfy current security trading needs.

According to Association policy, all securities purchased by the Association are held by a third-party safekeeping agent appointed as a custodian who is also the lending agent/counterparty. The securities lending agreement in place between the Association and its custodian is also consistent with this policy.

The Association has no custodial credit risk for investments at June 30, 2008, other than that related to the invested securities lending collateral, as described in Note 4.

Interest Rate Risk

Interest rate risk for investments consists of assessing the potential for adverse effects on the market value of debt securities held as a result of interest rate changes.

The Association participates in fixed income markets through both "active" and "passive" or indexed investment manager accounts, as listed below.

<u>Mandate</u>	<u>Management Firm</u>	<u>Market Value</u>
Active	Voyageur Asset Management	\$ 106,997,172
Indexed	Barclays Global Investors	\$ 108,031,528

The Association has, relative to peers, a small allocation to fixed income assets as part of its investment policy. At June 30, 2008, the targeted allocation was 19 percent of total Fund assets. The actual share of total Fund assets was 21.2 percent.

The active fixed portfolio has a shorter overall weighted duration than the Lehman Aggregate Index benchmark. All else being equal, this would be expected to reduce the account's risk to adverse effects from rising interest rates.

(unaudited)

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

3. Deposits and Investments

B. Investments

Interest Rate Risk (Continued)

The index account manager, Barclays Global Investors (BGI), has as part of its mandate, the explicit objective of matching, as closely as possible, the overall weighted direction of the Lehman Government/Credit Bond Index. Here, the fixed income strategy is indifferent to changes in the near-term changes in rates of interest.

The following table shows weighted overall durations of each investment account and the associated benchmark as of June 30, 2008:

<u>Account</u>	<u>Average Duration in Years</u>	<u>Average Duration of Benchmark</u>
Voyageur Asset Management	4.87	4.68
BGI	5.18	5.19
Bank of NY - Cash Collateral	0.08	None

Liquidity needs of the Association are not a factor in the structure of the fixed income, or any other asset class in which the Fund participates. The allocation of assets and the structure of investment accounts are optimized relative to long-term investment objectives and capital asset pricing models. The Association attempts to match asset allocations to policy targets and draws down accounts to meet short-term liquidity needs by targeting accounts that are, relative to targets, overfunded. This, in effect, rules out considerations about changes to interest rates, security duration, or portfolio term structures.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minn. Stat. § 356A.06, subd. 7(c), limits fixed income holdings to investment grade securities. Government-issued debt securities, while broadly defined in law, must be backed by the full faith and credit of the issuing domestic government or agency or rated among the top four quality rating categories by a nationally recognized rating agency, with principal and interest payable in U.S. dollars.

Corporate fixed securities are limited to those either issued by companies domiciled in the United States or the Dominion of Canada. In all cases, securities must be rated among the top four categories of a nationally recognized rating agency.

(unaudited)

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

3. Deposits and Investments

B. Investments

Credit Risk (Continued)

The following table provides the range of security types and credit ratings (where applicable) for the Association's fixed income holdings.

Debt Investment Type	Market Value	Quality Ratings (Standard and Poor's)				
		AAA	AA	A	BBB	Unrated
Asset-backed securites	\$ 25,673,493	\$ -	\$ 1,151,523	\$ 9,672,291	\$ 13,397,821	\$ 1,451,858
BGI - Government/Credit Bond Index Fund	108,031,528	-	-	-	-	108,031,528
Collateralized mortgage obligations	2,770,784	2,770,784	-	-	-	-
Corporate bonds	24,079,236	15,366,261	6,319,268	-	2,393,707	-
Federal Home Loan Mortgage Corporation	7,130,871	7,130,871	-	-	-	-
Federal National Mortgage Association	24,066,543	24,066,543	-	-	-	-
Government bonds	7,074,985	6,992,556	-	-	82,429	-
Government National Mortgage Association	3,034,760	3,034,760	-	-	-	-
Pooled funds and mutual funds	8,517,237	-	-	-	-	8,517,237
Private placement	2,417,316	1,455,668	456,203	444,100	61,345	-
State and local obligations	8,739,742	2,908,604	2,381,289	1,730,819	1,074,025	645,005
TBA's	540,281	540,281	-	-	-	-
Total	\$ 222,076,776	\$ 64,266,328	\$ 10,308,283	\$ 11,847,210	\$ 17,009,327	\$ 118,645,628
	(0)					

Concentration of Credit Risk

Concentration of credit risk relates to the adequacy of policy and practice in limiting the risk of loss due to insufficient diversification of holdings and could be measured on the basis of holdings from several aspects, such as asset class, region, sector, industry, or company size. The Investment Policy of the Association incorporates the Modern Portfolio Theory approach to capital market pricing, which holds that risk is inevitable for the institutional investor, but it can be reasonably estimated from historical return dispersion patterns and "budgeted" in allocating assets in a manner most likely to earn a targeted long-term rate of return on the overall portfolio.

(unaudited)

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

3. Deposits and Investments

B. Investments

Concentration of Credit Risk (Continued)

A good investment policy defines what types of risks will be assumed, how they will be managed, and that each incremental addition to portfolio risk should carry a corresponding and proportional opportunity for gain. The Association's policy is that the standard deviation of quarterly returns should not exceed 120 percent of the same measure for the asset category benchmark. Minn. Stat. § 356A.06, subd. 7, specifies that equity investment holdings may not exceed 5.0 percent of the outstanding shares of any one corporation. Association policy also limits exposure to any one company's securities at 1.5 percent of the total fund. Further, no more than 15.0 percent of the Fund assets may be invested in any one sector, and the maximum allocation to any single active investment manager is 12.5 percent of the total Fund.

The following tables indicate these risk control policies were reflected in portfolio holdings as of June 30, 2008. The investment in the Capital International Emerging Markets account operates like other commingled, unit share portfolios, except that SPTRFA participation in that trust is, technically, that of a shareholder. The account represented 4.0 percent of the investments as of June 30, 2008 (see table, Note 3.B.). While it could be argued that this is an exception to the policy limit, the "security interest" is distinct from, and not subject to the volatility of, any of the genuine securities in the portfolio.

(unaudited)

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

Total Holdings of the Ten Largest Issuers - Percent of Net Assets as of June 30, 2008		
Issuer	Fair Value	Percent of Net Assets %
Federal National Mortgage Association	\$ 23,549,357	2.30%
Federal Home Loan Mortgage Corporation	7,958,586	0.78%
US Treasury	7,532,837	0.74%
Occidental Petroleum Corporation	4,052,686	0.40%
Banc America	3,709,127	0.36%
Government National Mortgage Association	3,034,760	0.30%
Illinois Tool Works, Inc	2,978,877	0.29%
ConocoPhillips	2,841,139	0.28%
Imperial Tobacco Group PLC	2,710,125	0.26%
Burlington Northern Sante Fe Corporation	2,482,099	0.24%
	<u>\$ 60,849,593</u>	<u>5.94%</u>

3. Deposits and Investments

B. Investments

Concentration of Credit Risk (Continued)

(unaudited)

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

Assets by Investment Account as of June 30, 2008

Investment Manager - Account	Total Assets Under Management (Market Value)	Percent of Total (%)
Advantus	\$ 12,795,675	1.3%
Bank of New York - Cash Flow	238,998	0.0%
Barclays - Equity Index Fund	172,770,832	16.9%
Barclays - Extended Equity Market Fd	71,473,933	7.0%
Barclays - Govt/Credit Bond Index Fd	108,031,528	10.6%
Barclays - Russell 2000 Equity Index	9,117,610	0.9%
Barrow Hanley - Large Cap Value	62,579,058	6.1%
Boston Company - Small Value	24,345,995	2.4%
Capital Intl. - Emerging Mkts Gr	40,502,753	4.0%
Clifton Group - Index Futures	1,794,993	0.2%
Dimensional Fund Advisors	22,422,509	2.2%
Fifth Third Advisors - Large Cap	53,114,291	5.2%
JP Morgan - International	110,146,879	10.8%
Morgan Stanley - Intl. Equity	112,669,650	11.0%
RWI Ventures I	1,754,645	0.2%
RWI Ventures II	5,657,301	0.6%
Smith Barney	252,876	0.0%
Turin Networks	1,634,260	0.2%
UBS Realty Investors	76,656,707	7.5%
Unassigned class action settlements	3,965	0.0%
Voyageur - Fixed Income	107,351,480	10.5%
Wellington - Sm/Mid Cap Growth	24,613,383	2.4%
Total Assets by Investment Account	<u>\$ 1,019,929,321</u>	<u>100.0</u>

3. Deposits and Investments

C. Investments

Concentration of Credit Risk (Continued)

The total assets under management at market value are classified as follows on Exhibit 1.

(unaudited)

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

Receivables	
Interest	\$ 889,588
Dividends	262,976
Sales of securities	5,934,112
Investments	1,015,134,740
Less: securities purchases payable	(2,292,095)
	<hr/>
Total Assets Under Management, Market Value	<hr/> \$ 1,019,929,321 <hr/>

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates of foreign currencies relative to the U.S. dollar adversely affects the fair value of an investment or a deposit.

As the U.S. share of global economic output continues to diminish, and the returns to broad U.S. equity markets continue to deliver among the lowest of those for major developed and developing markets globally, it becomes increasingly difficult for any institutional investing entity to justify a fiduciary posture on investments that does not include a significant international component.

However, because the liabilities of any public pension plan are due and payable in U.S. dollars ultimately, all foreign holdings must, at some point, be converted into U.S. dollar liquidity at some point. Owning securities and currencies of other countries, therefore, adds another level and type of risk, which occurs with each movement in the rate of exchange between the U.S. dollar and the relevant currency of trade.

As of June 30, 2008, the Investment Policy of the Association included a dedication of 25 percent of the total Fund as the international equity component of the total portfolio. International positions are held in pooled or commingled investment funds, which render the exposure to foreign currencies to a derivative risk, as the Fund's interest is limited in all cases to a unit valuation expressed in U.S. dollars. The actual allocation was \$254 million, or 25.0 percent, of total invested assets. This allocation resulted in derivative exposures to international markets as detailed in the following chart.

(unaudited)

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

3. Deposits and Investments

B. Investments

Foreign Currency Risk (Continued)

Assets Held in Non-U.S. Securities by Currency as of June 30, 2008

Country	Currency	Equity	Fixed Income	Cash and Cash Equivalents	Total
Argentina	Argentine Peso	\$ 162,011	\$ 243,017	\$	\$ 405,028
Australia	Australian Dollar	6,972,477		243,016	7,215,493
Brazil	Brazilian Real	6,170,127	40,503		6,210,630
Canada	Canadian Dollar	1,282,005		40,503	1,322,508
Chile	Chilean Peso	445,530			445,530
China	Chinese Yuan	4,455,303			4,455,303
Croatia	Kuna	40,503			40,503
Czech Republic	Koruny	40,503		(40,503)	-
Egypt	Egyptian Pound	1,122,369			1,122,369
Europe	Euro	75,603,909		405,028	76,008,937
Hong Kong	Hong Kong Dollar	4,825,474			4,825,474
India	Indian Rupee	2,268,154			2,268,154
Indonesia	Indonesian Rupiah	1,255,585			1,255,585
Israel	Israeli Shekel	1,220,808		(324,022)	896,786
Japan	Japanese Yen	47,732,017			47,732,017
Korea	Korean Won	4,236,138		(243,017)	3,993,121
Malaysia	Malaysian Ringgit	1,255,585			1,255,585
Mexico	Mexican Peso	4,768,399			4,768,399
Morocco	Moroccan Dirham	40,503			40,503
Norway	Norwegian Krone	638,852		81,006	719,858
Pakistan	Pakistani Rupee	40,503			40,503
Peru	Nuevos Soles	40,503			40,503
Philippines	Philippine Peso	324,022			324,022
Poland	Zloty	324,022		(202,514)	121,508
Republic of Columbia	Columbian Peso	162,011			162,011
Russian Federation	Russian Ruble	5,305,861			5,305,861
Singapore	Singapore Dollar	283,519			283,519
South Africa	South African Rand	2,754,187	40,503	(648,044)	2,146,646
Sri Lanka	Sri Lankan Rupee	40,503			40,503
Sultanate of Omani	Omani Rial	121,508			121,508
Sweden	Swedish Krona	709,819			709,819
Switzerland	Swiss Franc	23,235,727			23,235,727
Taiwan	Taiwanese New Dollar	4,320,006			4,320,006
Thailand	Thai Baht	850,558			850,558
Turkey	Turkish New Lira	486,033		(121,508)	364,525
United Arab Emirates	Emirati Dirham	81,006			81,006
United Kingdom	British Pound	50,340,563		162,011	50,502,574
Totals		\$ 253,956,603	\$ 324,023	\$ (648,044)	\$ 253,632,582

(unaudited)

**ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA**

3. Deposits and Investments

B. Investments

Foreign Currency Risk (Continued)

Negative amounts in the Cash and Cash Equivalents represent forward contracts on foreign currencies that have not settled.

Total amount will not reconcile with the combined total for the investment manager reports. US dollars of \$9,686,700 are included in those reports, however, they are not included in this table because they are not relevant for foreign currency disclosure purposes.

4. Securities Lending

The Association participates in a securities lending program. On June 30, 2008, 23 percent of its U.S. government securities, corporate bonds, and corporate stocks were loaned out.

Minn. Stat. § 356A.06, subd. 7, permits the Association to enter into securities lending transactions. These are loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. Loans may be made only to pre-approved borrowers. Qualifications of borrowers and the fiscal status of such entities are monitored on a continuing basis. The Association's securities custodian is the agent in lending the Association's securities for collateral of at least 102 percent of the market value of loaned securities. Loaned investments are marked to market daily. If the collateral provided by the borrower falls below 100 percent of the market value of the loaned investment, the borrower is required to provide additional collateral to bring the collateral to 102 percent of the current market value. Collateral may be provided in securities or cash.

In the event of failure by the borrowing party to deliver the securities at all, the Association should be at least 100 percent collateralized in order to recover the market value equivalent of securities not returned.

The Association's contract with the Bank of New York also specifies that the custodian will indemnify the Association for any "fails," or loss of securities by failure of borrowers to return securities.

4. Securities Lending (Continued)

(unaudited)

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

As of June 30, 2008, the fair value of cash collateral received was \$62,579,497, which is included in the Statement of Plan Net Assets both as an asset and offsetting liability. Of the cash collateral, \$40,090,729 was invested in corporate obligations; \$21,019,815 was invested in certificates of deposit; and \$1,468,952 was invested in repurchase agreements, which have an average weighted maturity of 29 days. The Association had no non-cash collateral. The Association has no credit risk exposure to borrowers because the amounts the Association owes borrowers exceed amounts borrowers owe the Association. The contract with the trust company requires the trust company to indemnify the Association if borrowers fail to return the loaned securities, requiring delivery of collateral up to the market value of the loaned securities to the Association. All securities loans may be terminated on demand by either the Association or the borrower.

5. Contributions

Funding

Benefit and contribution provisions are established by state law and may be amended only by the State of Minnesota Legislature.

Minn. Stat. § 354A.12 sets the rate for employee and employer contributions expressed as a percentage of annual covered payroll. In 2008, Minn. Stat. § 356.215, subd. 11, was amended, and the established date for full funding is now June 30 of the 25th year from the valuation date. As part of the annual actuarial valuation, the actuary determines the sufficiency or deficiency of the statutory contribution rates toward meeting the required full funding deadline. The actuary compares the actual contribution rate to a "required" contribution rate. The required contribution rate consists of: (a) normal costs based on entry age normal cost methods, (b) a supplemental contribution for amortizing any unfunded actuarial accrued liability by the required date for full funding, and (c) an allowance for administrative expenses. At June 30, 2008, the difference between the statutory and actuarially required contributions is a deficiency of 1.90 percent of payroll. Minn. Stat. § 356.215, subd. 11, also required, as part of the annual actuarial valuation, that the actuary determine the funded ratio and the deficiency or sufficiency in annual contributions when comparing liabilities to the market value of the assets of the Fund as of the close of the most recent fiscal year. As of July 1, 2008, there was a contribution deficiency of 3.17 percent between the statutory and required contributions based on the market value of assets.

5. Contributions (Continued)

(unaudited)

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

Employer and Employee Contributions

For the fiscal year ended June 30, 2008, the contribution rates required by statute were as follows:

	Percentage of Members' Salaries	
	Basic Plan	Coordinated Plan
Employee contribution	8.00%	5.50%
Employer contribution	11.64%	8.34%

Other Contributions

Minn. Stat. § 354A.12 requires the state to annually provide the Association with direct aid until it reaches the same funded status as the Minnesota Teachers' Retirement Association. The direct state-aid contribution was \$2,827,000 for fiscal year 2008.

Minn. Stat. § 423A.02, subd. 3, requires the state to annually provide certain aid to the Association until it is fully funded. The state amortization aid contribution was \$682,320 for fiscal year 2008. Beginning in fiscal year 1998, the School District must make an additional annual contribution to the Association in order for the Association to continue receiving state amortization aid. The School District contributed \$800,000 for fiscal year 2008.

Reserve

At June 30, 2008, \$9,117,610 of the net assets is considered reserved as it represents the amount of state amortization aid which, pursuant to legislation, must be separately accounted for and may not be used in determining post-retirement benefit increases. This is considered to be fully funded.

6. Risk Management

The Association is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; and natural disasters. To cover its liabilities, the Association purchases commercial insurance. There were no significant reductions in insurance coverage from coverage in the prior year. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

7. Funded Status and Funding Progress

Effective June 30, 2008, the Association implemented the provisions of GASB Statement No.

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ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

50, *Pension Disclosures*. The disclosures are amendments to GASB Statement No. 25 and present the disclosures of the actuarial methods, assumptions and funded status of the plan in the financial notes. The funded status as of July 1, 2008, the most recent actuarial date, is as follows:

Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (%) (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (%) ((b-a)/c)
\$ 1,075,951	\$ 1,432,040	\$ 356,089	75.13	\$ 235,993	150.89

The net funded ratio increased 2.12 percent. The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents similar information but uses a multi-year format to show trend information. These trends indicate whether the actuarial values of plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liability for benefits. The trend information was obtained from the Association's independent actuary's annual valuation report.

Additional information as of the latest valuation follows:

- Most Recent Actuarial Valuation Date: July 1, 2008
- Actuarial Cost Method: Entry Age Normal
- Amortization Method: Level percent of pay, assuming 5 percent payroll growth
- Amortization Period: 25-year open period
- Remaining Amortization Period at July 1, 2008: 25 years

7. Funded Status and Funding Progress (Continued)

- Asset Valuation Method: 5-year smoothed market

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**ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
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- The actuarial value of assets is determined using market value, adjusted for amortization obligations receivable at the end of each fiscal year, less a percentage of the unrecognized asset return determined at the close of each of the four preceding fiscal years. Unrecognized asset return is the difference between actual net return on market value of assets and the asset return expected during that fiscal year (based on the assumed interest rate employed in the July 1 actuarial valuation of the fiscal year).
- Actuarial Assumptions:
 - Investment rate of return: 8.50 percent pre-retirement and post-retirement
 - Projected salary increases: Inflation and projected salary increases are based on a ten-year select and ultimate rate table 5.00 percent to 9.90 percent; age and service based.
 - Cost-of-living adjustments: Post-retirement cost of living adjustments under a two-year pilot program are 2.7 percent for the years effective for the January 1, 2008, and January 1, 2009, benefit increases, and 2.0 percent for all years thereafter.
 - Pre-retirement mortality assumptions are based on the 1983 Group Annuity Mortality Table with rates set back seven years for males and five years for females.
 - Post-retirement mortality assumptions are based on the 1983 Group Annuity Mortality Table with rates set back four years for males and one year for females.
 - Post-disability mortality assumptions are based on the 1977 Railroad Retirement Board Mortality Table for Disabled Annuitants.

For financial reporting purposes, the projection of benefits does not explicitly incorporate the potential effects of the legal limit on employer contributions disclosed in Note 5.

8. Narrative Description of Actuarial Measurement Process

The actuarial measurement process takes many assumptions, such as estimates, probabilities and techniques, into account. Our actuary, Gabriel Roeder Smith & Company, developed their actuarial assumptions in accordance with the Standards for Actuarial Work established by the Minnesota Legislative Commission on Pensions and Retirement.

8. Narrative Description of Actuarial Measurement Process (Continued)

Actuarial assumptions are used to project future demographic and economic expectations for purposes of valuing the liabilities of the plan. The assumptions should reflect current patterns.

(unaudited)

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

However, their primary orientation is the long-term outlook for each factor affecting the valuation. Thus, while actual experience will fluctuate over the short run, actuarial assumptions are chosen in an attempt to model the future long-term experience.

(unaudited)

**ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA**

Schedule 1

**SCHEDULE OF FUNDING PROGRESS
(IN THOUSANDS OF DOLLARS)**

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (%) (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (%) ((b-a)/c)
2003	\$ 898,760	\$ 1,189,361	\$ 290,601	75.57	\$ 205,655	141.31
2004	898,860	1,251,460	352,600	71.82	221,685	159.05
2005	905,293	1,299,832	394,539	69.65	223,762	176.32
2006	938,919	1,358,620	419,701	69.11	226,351	185.42
2007	1,015,722	1,391,298	375,576	73.01	229,172	163.88
2008	1,075,951	1,432,040	356,089	75.13	235,993	150.89

(Unaudited)

**ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA**

Schedule 2

**SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER
AND OTHER CONTRIBUTING ENTITIES
(IN THOUSANDS OF DOLLARS)**

Fiscal Year	Annual Required Contributions	Employer Contributions	Employer Percentage Contributed (%)	State Contributions	State Percentage Contributed (%)
2003	\$ 23,948	\$ 19,986	83.46	\$ 3,384	14.13
2004	30,828	20,378	66.10	3,393	11.01
2005	34,724	20,435	58.85	3,398	9.79
2006	40,373	20,615	51.06	3,400	8.42
2007	43,924	20,466	46.59	3,651	8.31
2008	41,580	20,775	49.96	3,509	8.44

Note:

The annual required contributions are actuarially determined. The employer and state are required by statute to make contributions, all of which have been made.

(Unaudited)

(unaudited)

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

NOTES TO SCHEDULE 1 AND SCHEDULE 2
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008
(Unaudited)

Actuarial Methods and Assumptions

The actuarial accrued liability is determined as part of an annual actuarial valuation on July 1. Significant methods and assumptions are as follows:

- The most recent actuarial valuation date is July 1, 2008.
- Actuarial cost is determined using the Entry Age Normal Actuarial Cost Method.
- The amortization method assumes a level percentage of payroll each year, open, and assuming five percent payroll growth to pay the unfunded actuarial accrued liability.
- The amortization period is a 25-year open period.
- The remaining amortization period at July 1, 2008, is 25 years.
- The actuarial value of assets is determined using market value, adjusted for amortization obligations receivable at the end of each fiscal year, less a percentage of the unrecognized asset return determined at the close of each of the four preceding fiscal years. Unrecognized asset return is the difference between actual net return on market value of assets and the asset return expected during that fiscal year (based on the assumed interest rate employed in the July 1 actuarial valuation of the fiscal year).
- Actuarial Assumptions:
 - Investment rate of return is 8.5 percent pre-retirement and post-retirement.
 - Inflation and projected salary increases are based on a ten-year select and ultimate rate table with rates ranging from 5.0 to 9.9 percent, age and service based.
 - Post-retirement cost of living adjustments under a two-year pilot program are 2.7 percent for the years effective for the January 1, 2008, and January 1, 2009, benefit increases, and 2.0 percent for all years thereafter.

Actuarial Methods and Assumptions (Continued)

(unaudited)

**ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA**

- Pre-retirement mortality assumptions are based on the 1983 Group Annuity Mortality Table with rates set back seven years for males and five years for females.
- Post-retirement mortality assumptions are based on the 1983 Group Annuity Mortality Table with rates set back three years for males and one year for females.
- Post-disability mortality assumptions are based on the 1977 Railroad Retirement Board Mortality Table for Disabled Annuitants.

Significant Plan Provision and Actuarial Methods and Assumption Changes

2006

- Post-retirement benefit increases were capped, such that the combination of the guaranteed 2 percent and excess rate of return factors cannot exceed 5 percent, effective July 1, 2010. The other change is the deferred augmentation rate for post-June 30, 2006, hires, which is 2.5 percent for all years.

2007

- Post-retirement benefits were changed in the 2007 Legislative Session. The old increase formula provided a guaranteed 2.0 percent increase each year for any member in pay status for one full year as of June 30 in the calendar year prior to the next January 1st increase. In addition, if the fund net investment return on a five-year annualized basis exceeded 8.5 percent, the difference was added to the 2.0 percent guaranteed increase.
- Under a two-year pilot program, commencing with increases for calendar 2008, the SPTRFA will instead pay a cost-of-living adjustment (COLA) similar to that of the U.S. Social Security Administration. The full COLA amount will be equal to current year average third quarter CPI-w over the same figure for the prior year. Members with less than one full year in pay status will receive a pro-rated COLA based on full calendar quarters.
- The administrative expense assessment process under Minn. Stat. §354A.12, subdivision 3(d) was repealed.

Significant Plan Provision and Actuarial Methods and Assumption Changes (Continued)

(Unaudited)

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

2008

- The period of amortization of the unfunded actuarial accrued liability was revised by the in the 2008 Legislative Session. Previously, the unfunded actuarial accrued liability was required to be amortized by a fixed amortization target date (June 30, 2021). The amortization of the unfunded actuarial accrued liability is now a fixed amortization target period of 25 years.

(Unaudited)

Actuarial section



November 12, 2008

Mr. Phillip Kapler
St. Paul Teachers' Retirement Fund Association
1619 Dayton Avenue, Room 309
St. Paul, MN 55104-6206

Dear Mr. Kapler:

We are pleased to present the report of the actuarial valuation of the St. Paul Teachers' Retirement Fund Association ("Fund") as of July 1, 2008. This report provides among other things, the required annual contribution rate of the Fund for the Plan Year commencing July 1, 2008, and ending on June 30, 2009. The actuarial assumptions and actuarial cost method are those recommended based on an Experience Review for the years 2000 through 2006 and adopted by the Board for first use in this valuation.

The necessary participant and financial data was provided by the Fund's staff. Their efforts in furnishing the materials needed are gratefully acknowledged. Data was checked for internal consistency, but was not otherwise audited.

The report has been prepared in accordance with Section 356.215 of the Minnesota Statutes as well as the Standards for Actuarial Work Established by the State of Minnesota Legislative Commission on Pensions and Retirement. To the best of our knowledge, this report is complete and accurate, and has been prepared in accordance with generally accepted actuarial principles and practice.

Determinations of the liability associated with the benefits described in this report for purposes other than those described above may produce significantly different results. This report may be provided to parties other than the Fund or State oversight entities only in its entirety and only with the permission of the Fund.

The undersigned are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

We will be pleased to review this report with you at your convenience.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "W. James Koss".

W. James Koss, ASA, EA, MAAA

A handwritten signature in black ink, appearing to read "Cathy Nagy".

Cathy Nagy, FSA, EA, MAAA

SUMMARY OF VALUATION RESULTS

(dollars in thousands)

	July 1, 2007	July 1, 2008 Prior to Assumption Changes	July 1, 2008
	<u>Valuation</u>		<u>Valuation Final</u>
A. CONTRIBUTIONS % OF PAYROLL (Table 11)			
1. Statutory Contributions - Chapter 354A	16.19%	15.73%	15.73%
2. Required Contributions - Chapter 356	<u>23.40%</u>	<u>17.53%</u>	<u>17.63%</u>
3. Sufficiency / (Deficiency)	(7.21%)	(1.80%)	(1.90%)
B. FUNDING RATIOS			
1. Accrued Benefit Funding Ratio			
a. Current Assets (Table 1)	\$ 1,015,722	\$ 1,075,951	\$ 1,075,951
b. Current Benefit Obligations (Table 8)	<u>1,337,729</u>	<u>1,376,025</u>	<u>1,384,463</u>
c. Funding Ratio	75.93%	78.19%	77.72%
2. Accrued Liability Funding Ratio			
a. Current Assets (Table 1)	\$ 1,015,722	\$ 1,075,951	\$ 1,075,951
b. Actuarial Accrued Liability (Table 9)	<u>1,380,151</u>	<u>1,419,960</u>	<u>1,432,040</u>
c. Funding Ratio	73.59%	75.77%	75.13%
3. Projected Benefit Funding Ratio (Table 8)			
a. Current and Expected Future Assets	\$ 1,414,512	\$ 1,574,770	\$ 1,565,414
b. Current and Expected Future Benefit Obligations	<u>1,600,163</u>	<u>1,648,710</u>	<u>1,643,226</u>
c. Funding Ratio	88.40%	95.52%	95.26%
C. PLAN PARTICIPANTS			
1. Active Members			
a. Number (Table 3)	3,841		4,019
b. Projected Annual Earnings	\$ 235,880		\$ 247,291
c. Average Annual Earnings (Projected dollars)	\$ 59,236		\$ 60,007
d. Average Age	44.9		44.9
e. Average Service	11.7		11.4
f. Additional Members on Leave of Absence	141		102
2. Others			
a. Service Retirements (Table 4)	2,431		2,535
b. Disability Retirements (Table 5)	24		26
c. Survivors (Table 6)	286		290
d. Deferred Retirements (Table 7)	1,693		1,695
e. Terminated Other Non-Vested (Table 7)	<u>1,533</u>		<u>1,403</u>
f. Total	5,967		5,949

ACCOUNTING BALANCE SHEET
AS OF JUNE 30, 2008
(dollars in thousands)

	Market Value	Cost Value
A. ASSETS		
1. Cash, Equivalents, Short-Term Securities	\$ 3,657	\$ 3,657
2. Investments		
a. Fixed Income	221,462	186,136
b. Equity	697,541	496,539
c. Real Estate	88,720	69,019
d. Alternative	7,412	6,860
3. Other Assets *	<u>8,295</u>	<u>8,295</u>
B. TOTAL ASSETS	<u><u>\$ 1,027,087</u></u>	<u><u>\$ 770,506</u></u>
C. AMOUNTS CURRENTLY PAYABLE	\$ 3,447	\$ 3,447
D. ASSETS AVAILABLE FOR BENEFITS		
1. Member Reserves	\$ 135,589	\$ 135,589
2. Employer Reserves	<u>888,051</u>	<u>631,470</u>
3. Total Assets Available for Benefits	<u><u>\$ 1,023,640</u></u>	<u><u>\$ 767,059</u></u>
E. TOTAL AMOUNTS CURRENTLY PAYABLE AND ASSETS AVAILABLE FOR BENEFITS	<u><u>\$ 1,027,087</u></u>	<u><u>\$ 770,506</u></u>
F. DETERMINATION OF ACTUARIAL VALUE OF ASSETS		
1. Market Value of Assets Available for Benefits (D.3)	\$ 1,023,640	
2. Unrecognized Asset Returns		
a. June 30, 2008	\$ (175,830)	
b. June 30, 2007	114,209	
c. June 30, 2006	36,135	
d. June 30, 2005	<u>26,860</u>	
3. UAR Adjustment: $.80 * 2(a) + .60 * 2(b) + .40 * 2(c) + .20 * 2(d)$		<u>(52,311)</u>
4. Actuarial Value of Assets (F.1 - F.3)		<u><u>\$ 1,075,951</u></u>

*** DERIVATION OF OTHER ASSETS**

	<u>Market Value</u>
Accounts Receivable	
Employer Contribution	\$ 1,053
Employee Contribution	121
Interest Receivable	890
Dividend Receivable	263
Sale of Securities	<u>5,934</u>
Total Accounts Receivable	\$ 8,261
Fixed Assets	<u>34</u>
Total Other Assets	<u><u>\$ 8,295</u></u>

CHANGE IN ASSETS AVAILABLE FOR BENEFITS
AS OF JUNE 30, 2008
(dollars in thousands)

	Market Value	Cost Value
A. ASSETS AVAILABLE AT BEGINNING OF PERIOD	\$ 1,156,017	\$ 771,476
B. OPERATING REVENUES		
1. Member Contributions	\$ 13,642	\$ 13,642
2. Employer Contributions	20,775	20,775
3. Supplemental Contributions	3,509	3,509
4. Investment Income	17,651	17,651
5. Investment Expenses	(4,767)	(4,767)
6. Net Realized Gain / (Loss)	35,274	35,274
7. Other	-	-
8. Net Change in Unrealized Gain / (Loss)	(127,960)	-
9. Total Operating Revenue	\$ (41,876)	\$ 86,084
C. OPERATING EXPENSES		
1. Service retirements	\$ 79,868	\$ 79,868
2. Disability benefits	826	826
3. Survivor benefits	7,578	7,578
4. Refunds	1,538	1,538
5. Administrative expenses	691	691
6. Total operating expenses	\$ 90,501	\$ 90,501
D. OTHER CHANGES IN RESERVES	\$ -	\$ -
E. ASSETS AVAILABLE AT END OF PERIOD	\$ 1,023,640	\$ 767,059
F. DETERMINATION OF CURRENT YEAR UNRECOGNIZED ASSET RETURN		
1. Average Balance		
(a) Assets available at BOY:		\$ 1,156,017
(b) Assets available at EOY:		1,023,640
(c) Average balance $\{[(a) + (b) - \text{Net Investment Income}] / 2\}$		\$ 1,129,730
{Net investment income: B.4+B.5+B.6+B.7+B.8}		
2. Expected Return: $.085 * F.1$		96,027
3. Actual Return		(79,803)
4. Current year gross asset return: $F.3 - F.2$		\$ (175,830)

ACTUARIAL BALANCE SHEET
AS OF JULY 1, 2008
(dollars in thousands)

A. CURRENTS ASSETS (TABLE 1; Line F.4)				\$	1,075,951
B. EXPECTED FUTURE ASSETS					
1. Present Value of Expected Future Statutory Supplemental Contributions				\$	278,277
2. Present Value of Future Normal Costs					211,186
3. Total Expected Future Assets				\$	489,463
C. TOTAL CURRENT AND EXPECTED FUTURE ASSETS				\$	1,565,414
D. CURRENT BENEFIT OBLIGATIONS		Non-Vested	Vested		Total
1. Benefit Recipients					
a. Retirement Annuitants			\$ 864,662	\$	864,662
b. Disability Benefits			7,353		7,353
c. Surviving Spouse and Child Benefits			64,282		64,282
2. Deferred Retirements			42,590		42,590
3. Former Members Without Vested Rights			1,737		1,737
4. Active Members					
a. Retirement Annuitants	\$ 1,696		\$ 375,888	\$	377,584
b. Disability Benefits	34		4,175		4,209
c. Surviving Spouse and Child Benefits	43		5,401		5,444
d. Withdrawals	801		15,801		16,602
5. Total Current Benefit Obligations	\$ 2,573		\$ 1,381,889		1,384,463
E. EXPECTED FUTURE BENEFIT OBLIGATIONS				\$	258,763
F. TOTAL CURRENT AND EXPECTED FUTURE BENEFIT OBLIGATIONS				\$	1,643,226
G. CURRENT UNFUNDED ACTUARIAL LIABILITY (D.5 - A)				\$	308,511
H. CURRENT AND FUTURE UNFUNDED ACTUARIAL LIABILITY (F - C)				\$	77,812

**DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)
AND SUPPLEMENTAL CONTRIBUTION RATE
AS OF JULY 1, 2008
(dollars in thousands)**

	Actuarial Present Value of Projected Benefits	Actuarial Present Value of Future Normal Costs	Actuarial Accrued Liability
A. DETERMINATION OF ACTUARIAL ACCRUED LIABILITY (AAL)			
1. Active Members			
a. Retirement Benefits*	\$ 616,607	\$ 176,253	\$ 440,354
b. Disability Benefits	7,447	3,200	4,247
c. Surviving Spouse and Child Benefits	10,053	4,052	6,001
d. Withdrawals	28,495	27,681	814
e. Total	<u>\$ 662,602</u>	<u>\$ 211,186</u>	<u>\$ 451,416</u>
2. Deferred Retirements	\$ 42,590	-	\$ 42,590
3. Former Members Without Vested Rights	1,737	-	1,737
4. Annuitants	936,297	-	936,297
5. Total	<u><u>\$ 1,643,226</u></u>	<u><u>\$ 211,186</u></u>	<u><u>\$ 1,432,040</u></u>
B. DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)			
1. Actuarial Accrued Liability (A.5)			\$ 1,432,040
2. Current Assets (Table 1; Line F.4)			1,075,951
3. Unfunded Actuarial Accrued Liability (B.1 - B.2)			<u><u>\$ 356,089</u></u>
C. DETERMINATION OF SUPPLEMENTAL CONTRIBUTION RATE			
1. Present Value of Future Payrolls Through the Amortization Date of June 30, 2033 (25-year rolling amortization)			4,104,379
2. Supplemental Contribution Rate (B.3 / C.1)			<u><u>8.68%</u></u>

*Includes members on leave of absence.

CHANGES IN UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)
AS OF JULY 1, 2008
(dollars in thousands)

A. UAAL AT BEGINNING OF YEAR	\$ 364,429
B. CHANGE DUE TO INTEREST REQUIREMENTS AND CURRENT RATE OF FUNDING	
1. Normal Cost and Expenses	\$ 21,806
2. Contributions	(37,927)
3. Interest	31,218
4. Total	<u>\$ 15,097</u>
C. EXPECTED UAAL AT END OF YEAR (A. + B.4)	\$ 379,526
D. INCREASE / (DECREASE) DUE TO ACTUARIAL LOSSES / (GAINS) BECAUSE OF EXPERIENCE DEVIATIONS FROM EXPECTED	
1. Age and Service Retirements	\$ (887)
2. Disability Retirements	55
3. Death-in-Service Benefits	(7)
4. Withdrawals	(1,342)
5. Salary Increases	(4,868)
6. Investment Income	(28,702)
7. Mortality of Annuitants	700
8. Assumed COLA vs. Actual COLA for January 1, 2009	(1,743)
9. Other Items	1,277
10. Total	<u>\$ (35,517)</u>
E. UAAL AT END OF YEAR BEFORE PLAN AMENDMENTS AND CHANGES IN ACTUARIAL ASSUMPTIONS (C + D.10)	\$ 344,009
F. CHANGE IN UAAL DUE TO PLAN AMENDMENTS	-
G. CHANGE IN UAAL DUE TO CHANGES IN ACTUARIAL ASSUMPTIONS	<u>12,080</u>
H. UAAL AT END OF YEAR (E + F + G)	<u>\$ 356,089</u>

DETERMINATION OF CONTRIBUTION SUFFICIENCY
AS OF JULY 1, 2008
(dollars in thousands)

	Percent of Payroll	Dollar Amount
A. STATUTORY CONTRIBUTIONS - CHAPTER 354A		
1. Employee Contributions	5.61%	\$ 13,864
2. Employer Contributions	8.48%	\$ 20,972
3. Supplemental Contribution		
a. 1996 Legislation	0.50%	1,230
b. 1997 Legislation	1.14%	2,827
4. Total	<u>15.73%</u>	<u>\$ 38,893</u>
B. REQUIRED CONTRIBUTIONS - CHAPTER 356		
1. Normal Cost		
a. Retirement Benefits	7.22%	\$ 17,843
b. Disability Benefits	0.14%	336
c. Surviving Spouse and Child Benefits	0.16%	400
d. Withdrawals	1.14%	2,817
e. Total	<u>8.66%</u>	<u>\$ 21,396</u>
2. Supplemental Contribution Amortization	8.68%	21,465
3. Allowance for Administrative Expenses	0.29%	717
4. Total	<u>17.63%</u>	<u>\$ 43,578</u>
C. CONTRIBUTION SUFFICIENCY / (DEFICIENCY) (A.5 - B.4)	(1.90%)	(4,685)
Projected Annual Payroll for Fiscal Year Beginning on the Valuation Date:		\$ 247,291

ACTUARIAL METHODS AND ASSUMPTIONS AS OF JULY 1, 2008

I. ACTUARIAL COST METHOD

An Actuarial Cost Method is a set of techniques used by the actuary to develop contribution levels under a retirement plan. The Actuarial Cost Method used in this valuation for all purposes is the Entry Age Actuarial Cost Method. Under this Method, a Normal Cost is developed by amortizing the actuarial value of benefits expected to be received by each active participant (as a level percentage of pay) over the total working lifetime of that participant, from hire to termination.

To the extent that current assets and future Normal Costs do not support participants' expected future benefits, an Unfunded Actuarial Accrued liability ("UAAL") develops. The UAAL is amortized over the statutory closed amortization period using level percent of payroll assuming payroll increases of 5.00% per annum. The total contribution developed under this method is the sum of the Normal Cost and the payment toward the UAAL.

II. CURRENT ACTUARIAL ASSUMPTIONS

A. *Demographic Assumptions*

Mortality:

1. Healthy Pre-Retirement:
 - a. Male: 1983 Group Annuity Mortality Table for Males set back 7 years
 - b. Female: 1983 Group Annuity Mortality Table for Females set back 5 years
2. Healthy Post-Retirement
 - a. Male: 1983 Group Annuity Mortality Table for Males set back 4 years
 - b. Female: 1983 Group Annuity Mortality Table for Females set back 1 year
3. Disabled Mortality
 - a. Male: 1977 Railroad Retirement Board Mortality Table for Disabled Lives
 - b. Female: 1977 Railroad Retirement Board Mortality Table for Disabled Lives

ACTUARIAL METHODS AND ASSUMPTIONS AS OF JULY 1, 2008

Deaths Expressed as the Number of Occurrences per 10,000:

<u>Age</u>	Pre-Retirement Mortality		Post-Retirement Mortality		Post-Disability Mortality	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
20	3	1	3	2	57	57
21	3	1	3	2	60	60
22	3	2	4	2	63	63
23	3	2	4	2	66	66
24	3	2	4	2	69	69
25	4	2	4	2	72	72
26	4	2	4	3	75	75
27	4	2	4	3	79	79
28	4	2	4	3	82	82
29	4	2	5	3	87	87
30	4	3	5	3	91	91
31	4	3	5	3	95	95
32	5	3	5	4	99	99
33	5	3	6	4	103	103
34	5	3	6	4	107	107
35	5	3	6	4	273	273
36	6	4	7	5	273	273
37	6	4	7	5	273	273
38	6	4	8	5	273	273
39	7	4	9	6	273	273
40	7	5	9	6	273	273
41	8	5	10	7	273	273
42	9	5	10	7	273	273
43	9	6	11	8	274	274
44	10	6	12	8	274	274

ACTUARIAL METHODS AND ASSUMPTIONS AS OF JULY 1, 2008

Deaths Expressed as the Number of Occurrences per 10,000:

<u>Age</u>	<u>Pre-Retirement Mortality</u>		<u>Post-Retirement Mortality</u>		<u>Post-Disability Mortality</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
45	10	7	14	9	274	274
46	11	7	15	10	275	275
47	12	8	17	11	276	276
48	14	8	19	12	279	279
49	15	9	22	14	283	283
50	17	10	25	15	289	289
51	19	11	28	16	297	297
52	22	12	31	18	310	310
53	25	14	35	19	327	327
54	28	15	39	21	348	348
55	31	16	43	23	371	371
56	35	18	48	25	395	395
57	39	19	52	28	417	417
58	43	21	57	31	437	437
59	48	23	61	34	455	455
60	52	25	66	38	473	473
61	57	28	71	42	494	494
62	61	31	77	47	516	516
63	66	34	84	52	541	541
64	71	38	92	58	569	569
65	77	42	101	64	598	598
66	84	47	111	71	628	628
67	92	52	124	78	658	658
68	101	58	139	87	687	687
69	111	64	156	97	716	716

ACTUARIAL METHODS AND ASSUMPTIONS AS OF JULY 1, 2008

Rates of Disability:

Disability Expressed as the Number of Occurrences per 10,000:

<u>Age</u>	<u>Disability</u>	<u>Age</u>	<u>Disability</u>
20	1	45	4
21	1	46	4
22	1	47	4
23	1	48	4
24	1	49	4
25	1	50	7
26	1	51	7
27	1	52	7
28	1	53	7
29	1	54	7
30	2	55	14
31	2	56	14
32	2	57	14
33	2	58	14
34	2	59	14
35	2	60	29
36	2	61	29
37	2	62	29
38	2	63	29
39	2	64	29
40	2		
41	2		
42	2		
43	2		
44	2		

Rates of Termination:

Years of Service	Number of Terminations per 1,000 Active Members	
	Male	Female
0	400	400
1	180	160
2	110	100
3	90	70
4	44	62
5	41	55
6	38	48
7	35	41
8	32	30
9	29	28
10	26	26
11& Over	16	10

Rates of Retirement:

Retirements Expressed as the Number of Occurrences per 10,000:

Age	Basic Members Eligible for Rule of 90 Provision	Basic Members Not Eligible for Rule of 90 Provision	Coordinated Members Eligible for Rule of 90 Provision	Coordinated Members Not Eligible for Rule of 90 Provision
<55	5,000	0	5,000	0
55	5,000	800	5,000	500
56	5,000	1,300	5,000	500
57	4,000	1,300	4,000	500
58	4,000	1,800	4,000	700
59	3,500	1,800	4,000	700
60	3,500	2,000	4,000	700
61	3,500	2,000	4,500	1,000
62	3,500	4,000	4,500	2,000
63	3,500	4,000	3,000	2,000
64	4,000	4,000	3,000	2,000
65	5,000	5,000	5,000	3,500
66	3,000	5,000	3,000	3,000
67	3,000	5,000	3,000	3,000
68	3,000	5,000	3,000	3,000
69	3,000	5,000	3,000	3,000
70 & Over	10,000	10,000	10,000	10,000

B. Economic Assumptions

Investment Return Rate:	Pre-retirement - 8.50% per annum Post-retirement - 8.50% per annum
Cost of Living Increases:	2.50% at January 1, 2009 (actual); 2.00% per annum thereafter
Future Salary Increases:	In addition to the age-based rates shown below, during a ten-year select period, a service-based component of $0.30\% \times (10 - T)$, where T is completed years of service, is included in the salary increase used.

Annual Salary Increases

Ultimate Rate of Annual Salary Increases		Ultimate Rate of Annual Salary Increases	
Age		Age	
<22	6.90%	45	5.75%
23	6.85	46	5.70
24	6.80	47	5.65
		48	5.60
25	6.75	49	5.55
26	6.70		
27	6.65	50	5.50
28	6.60	51	5.45
29	6.55	52	5.40
		53	5.35
30	6.50	54	5.30
31	6.45		
32	6.40	55	5.25
33	6.35	56	5.20
34	6.30	57	5.15
		58	5.10
35	6.25	59	5.05
36	6.20		
37	6.15	60 & Over	5.00
38	6.10		
39	6.05		
40	6.00		
41	5.95		
42	5.90		
43	5.85		
44	5.80		

Asset Value:	The actuarial value of assets is smoothed by using a five-year average market value.
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C. Other Assumptions

Marital Status:	It is assumed that 85% of male members and 60% of female members have an eligible spouse. The male spouse is assumed four years older than the female spouse. Married members are assumed to have two children.
Deferred Benefit Commencement:	Basic Plan members who terminate vested are assumed to commence benefits at age 60. Coordinated Plan members are assumed to commence benefits at age 63. If the member is already past the assumed deferral age, the member is assumed to commence benefits one year from the valuation date.
Administrative Expenses:	Prior year administrative expenses (excluding investment expenses) expressed as a percentage of prior year payroll.
Allowance for Combined Service Annuity:	7.00% load on liabilities for active members and 30.00% load on liabilities for former members.
Missing Salary and Salary Minimums:	Active members with reported salaries of \$100 or less were assumed to have the average non-zero active salary. Deferred vested members without salary information were valued using accumulated contributions. For members on leave of absence at valuation date who were not on leave at the prior valuation date, the prior year's valuation pay was used. Active members with salaries less than those reported at the prior valuation date are valued using their prior salary amount.
Accelerated Benefit Option:	Retired members who have elected the accelerated benefit option and who have not yet attained the age of 65 are assumed to receive 50 percent of their pre-65 benefit after age 65.
Supplemental Contributions:	According to 1996 legislation, the St. Paul School District and the State of Minnesota are scheduled to make a combined annual supplemental contributions of \$1,230,000. According to 1997 legislation, annual supplemental contributions of \$2,827,000 are scheduled to be paid on October 1.

Investment Section



St. Paul Teachers' Retirement Fund Association
Investment Returns for FYE June 30, 2008

	Assets Under Management (Market Value)	Investment Performance
Domestic Equity	\$ 440,437,594	(13.2 %)
Barclays Global Investors—S & P 500 Index	172,770,832	(13.1)
Barclays Global Investors—Russell 2000 Index	9,117,610	(16.2)
Barclays Global Investors—Extended Market Index	71,473,933	(11.2)
Barrow, Hanley, Mewhinney & Strauss, Inc.	62,579,058	(19.1)
The Boston Company Asset Management	24,345,995	(15.4)
Dimensional Fund Advisors, Inc.	22,422,509	(26.1)
Fifth Third Asset Management	53,114,291	(2.1)
Wellington Management Company, LLP	24,613,366	(12.0)
International Equity	\$ 263,319,282	(6.0%)
Capital International, Inc.—Emerging Market (Net	40,502,753	3.8
JPMorgan Asset Management—EAFE	110,146,879	(9.7)
Morgan Stanley Asset Management	112,669,650	(7.9)
Fixed Income	\$ 215,383,008	4.9%
Barclays Global Investors—Government/Corp Index	108,031,528	7.4
Voyageur Asset Management	107,351,480	2.3
Real Estate	\$ 89,452,374	2.5%
Advantus	12,795,667	(13.0)
UBS Realty Advisors LLC—Trumbull Property Fund	76,656,707	4.1
Alternative	\$ 11,144,097	16.3%
Clifton Group	1,794,993	(37.5)
RWI Ventures I (<i>formerly RWI Group</i>)	2,360,473	(17.2)
RWI Ventures II *	5,354,371	58.4
Turin Network †	1,634,260	-
Cash	\$ 4,010,645	21.8%
In-House Cash & Cash Equivalents	238,998	3.6
Cash – U.S. Bank	3,771,647	4.4
Total Fund	\$ 1,023,747,000	(6.6%)

† Direct equity investment – not publicly traded security: Market = Cost

* Management for less than one year.

** note: values in (parenthesis) are negative.

St. Paul Teachers' Retirement Fund Association
Holdings by Asset Class, Security Type and Issuer
as of June 30, 2008

Asset Class / Security Type / Issuer	Quantity Shares or Units	Cost	Market Value	Accrued Interest or Dividends	Mkt + Accrued
Alternatives					
RWI Group - Ventures I Capital Ltd Partnership	-	\$ 1,627,768	\$ 1,754,645	-	\$ 1,754,645
RWI Group - Ventures II Capital Ltd Partnership	-	5,232,491	5,657,301	-	5,657,301
Turin Networks - Series F Preferred Restricted	2,208,459	1,634,260	1,634,260	-	1,634,260
Subtotal - Venture & Private Equity	<u>2,208,459</u>	<u>\$ 8,494,519</u>	<u>\$ 9,046,206</u>	<u>\$ -</u>	<u>\$ 9,046,206</u>
Cash or Equivalents					
Imprest Cash	-	\$ 500	\$ 500	-	\$ 500
U.S. Bank Interest Bearing Checking Acct	-	3,656,088	3,656,088	-	3,656,088
Custodian Short Term Investment Pool	9,032,237	9,032,237	9,032,237	16,110	9,048,347
Subtotal - Cash or Equivalents	<u>9,032,237</u>	<u>\$ 12,688,825</u>	<u>\$ 12,688,825</u>	<u>\$ 16,110</u>	<u>\$ 12,704,935</u>
Domestic Equity Securities					
Abbott Laboratories	16,000	\$ 773,189	\$ 847,520	-	\$ 847,520
Advance Auto Parts Inc	10,380	379,734	403,055	759	403,814
Aeropostale	5,800	193,247	181,714	-	181,714
Agrium Inc	6,400	472,990	688,256	341	688,597
Akamai Technologies Inc	11,300	423,256	393,127	-	393,127
Alberto-Culver Co	37,000	732,446	971,990	-	971,990
Alberto-Culver Co	8,140	188,843	213,838	-	213,838
Alcoa Inc	22,000	699,307	783,640	-	783,640
Align Technology Inc	5,540	65,512	58,115	-	58,115
Allegheny Energy Inc	7,000	417,983	350,770	-	350,770
Alliant Techsystems Inc	8,500	852,527	864,280	-	864,280
Allstate Corp	35,000	1,257,645	1,595,650	14,350	1,610,000
Allstate Corp	16,000	928,706	729,440	6,560	736,000
Alpharma Inc Cl A	11,930	279,195	268,783	-	268,783
Altria Group Inc	28,700	236,745	590,072	8,323	598,395
Amedisys Inc	6,270	230,026	316,133	-	316,133
American Express Company	41,600	2,406,719	1,567,072	-	1,567,072
American International Group Inc	35,000	2,068,752	926,100	-	926,100
American Med Sys Hldgs	12,300	234,511	183,885	-	183,885
Ameriprise Finl Inc	17,000	1,100,496	691,390	-	691,390
Amphenol Corp Newcl A	7,200	197,209	323,136	108	323,244
Angiodynamics Inc	3,490	72,739	47,534	-	47,534
Anixter Intl Inc	8,500	457,275	505,665	-	505,665
Annaly Capital Mgmt Inc	2,490	42,256	38,620	1,672	40,292
Apple Inc	5,600	410,372	937,664	-	937,664
Applied Micro Circuits Corp	11,442	113,088	97,944	-	97,944
Ariba Inc Newcom New	13,570	128,855	199,615	-	199,615
Arris Group Inc	11,250	87,534	95,063	-	95,063
Asml Holding Nv	7,920	205,802	193,248	-	193,248
Associated Banc Corp	38,000	1,137,811	733,020	-	733,020
Assured Guaranty Ltd	18,400	453,671	331,016	-	331,016
Assured Guaranty Ltd	24,800	595,731	446,152	-	446,152
At&T Inccom	58,300	2,121,126	1,964,127	-	1,964,127
Atheros Communications Inc	3,490	108,707	104,700	-	104,700
Atwood Oceanics Inc	4,300	301,881	534,662	-	534,662
Autodesk Inc	9,700	356,149	327,957	-	327,957
Avon Products Inc	6,600	258,745	237,732	-	237,732
Bank Of Amer Corp	28,028	1,050,129	669,028	-	669,028
Bare Escentuals Inc	26,400	635,870	494,472	-	494,472

St. Paul Teachers' Retirement Fund Association
Holdings by Asset Class, Security Type and Issuer
as of June 30, 2008

Asset Class / Security Type / Issuer	Quantity Shares or Units	Cost	Market Value	Accrued Interest or Dividends	Mkt + Accrued
Barr Pharmaceuticals Inc	7,160	340,390	322,773	-	322,773
Baxter Intl Inc	16,000	428,820	1,023,040	3,698	1,026,738
Baxter Intl Inc	20,000	892,650	1,278,800	4,350	1,283,150
Beckman Coulter Inc	5,100	338,538	344,403	-	344,403
Berkley W R Corp	6,100	201,083	147,376	438	147,814
Best Buy Co Inc	19,100	895,627	756,360	-	756,360
Biovail Corp	21,650	260,180	208,923	-	208,923
Bmc Software Inc	12,300	425,118	442,800	-	442,800
Borg Warner Inc	20,000	884,208	887,600	-	887,600
Bp Plc Spons Adr	23,300	1,163,571	1,620,981	-	1,620,981
Bristol Myers Squibb Co	51,300	1,690,250	1,053,189	-	1,053,189
Buckle Inc	3,100	147,116	141,763	-	141,763
Burlington Northern Santa Fe Corp	19,200	637,538	1,917,888	6,144	1,924,032
C H Robinson Worldwide Inc	16,000	869,387	877,440	3,520	880,960
Cameron Intl Corp	12,000	328,707	664,200	-	664,200
Capital One Finl Corp	16,000	1,316,549	608,160	-	608,160
Carlisle Companies Inc	6,700	231,505	194,300	-	194,300
Carnival Corp	40,200	1,242,225	1,324,992	-	1,324,992
Carter Incomformerly Carter Hldgs	20,100	469,977	277,782	-	277,782
Central European Media Enterprises Ltd	780	81,242	70,613	-	70,613
Cephalon Inc	6,100	386,673	406,809	-	406,809
Champion Enterprise Inc	23,220	256,616	135,837	-	135,837
Chevron Corporation	9,700	325,417	961,561	-	961,561
Chevron Corporation	11,000	724,690	1,090,430	-	1,090,430
Childrens Pl Retail Stores Inc	13,710	330,198	494,931	-	494,931
Cisco Sys Inc	39,000	869,310	907,140	-	907,140
Cit Group Inc New	53,180	593,249	362,156	-	362,156
Citi Trends Inc	7,700	144,271	174,482	-	174,482
Citigroup Inc	41,700	1,904,895	698,892	-	698,892
Cleveland Cliffs Inc	1,700	73,830	202,623	-	202,623
Cms Energy Corp	16,370	240,562	243,913	-	243,913
Cogent Communications	23,600	394,032	316,240	-	316,240
Cognizant Technology Solutions Corp Cl A	12,000	360,629	390,120	-	390,120
Conocophillips	30,100	899,110	2,841,139	-	2,841,139
Coventry Health Care Inc	15,150	655,766	460,863	-	460,863
Cummins Inc	11,500	832,145	753,480	-	753,480
Cvr Energy Inc	10,130	237,045	195,003	-	195,003
Cytec Inds Inc	3,090	180,237	168,590	-	168,590
Darden Restaurants Inc	6,200	151,858	198,028	-	198,028
Dealertrack Hldgs Inc	15,480	322,415	218,423	-	218,423
Deere & Company	12,000	452,138	865,560	3,360	868,920
Devon Energy Corporation	7,000	504,493	841,120	-	841,120
Dexcom	38,404	285,060	231,960	-	231,960
Diageo Plc Spon Adr New	17,600	1,136,510	1,300,112	-	1,300,112
Dollar Tree Inc	4,540	127,132	148,413	-	148,413
Dominion Res Inc Va New	34,900	1,307,337	1,657,401	-	1,657,401
Dpl Inc	16,030	459,404	422,871	-	422,871
Dryships Inc	1,700	159,712	136,306	-	136,306
Duke Energy Corp	40,100	446,907	696,938	-	696,938
E I Du Pont De Nemours	29,700	1,238,867	1,273,833	-	1,273,833
Ecolab Inc	20,000	937,061	859,800	2,210	862,010
Emc Corp(Mass)Mass	37,000	704,728	543,530	-	543,530

St. Paul Teachers' Retirement Fund Association
Holdings by Asset Class, Security Type and Issuer
as of June 30, 2008

Asset Class / Security Type / Issuer	Quantity Shares or Units	Cost	Market Value	Accrued Interest or Dividends	Mkt + Accrued
Emerson Electric Company	29,300	874,980	1,448,885	-	1,448,885
Emulex Corp	27,290	378,290	317,929	-	317,929
Entergy Corp	14,800	554,230	1,783,104	-	1,783,104
Fairpoint Communications Inc/fairport	903	7,302	6,511	233	6,743
Federal Home Ln Mtg Corp	16,800	1,074,182	275,520	-	275,520
First Advantage Corp/cl A	6,230	134,056	98,746	-	98,746
First Cash Financial Services	17,100	319,497	256,329	-	256,329
Flir Sys Inc	6,400	101,207	259,648	-	259,648
Flowserve Corp	7,000	729,226	956,900	1,750	958,650
Foster Wheeler Ltd	4,600	328,194	336,490	-	336,490
Foundry Networks Inc	29,700	442,540	351,054	-	351,054
Freds Inc Class 'A' Npv	10,160	106,700	114,198	-	114,198
Gannett Co Inc	21,700	1,662,803	470,239	8,680	478,919
Gardner Denver Inc	12,500	686,286	710,000	-	710,000
General Cable Inc	2,390	160,974	145,432	-	145,432
Geo Group Inc	10,180	248,587	229,050	-	229,050
Google Inc/cl A	1,775	815,815	934,396	-	934,396
Graco Inc	12,000	457,626	456,840	-	456,840
Great Atlantic & Pacific Tea	3,500	93,697	79,870	-	79,870
Green Mountain Coffee Roasters	2,210	86,714	83,030	-	83,030
Guess Inc	5,700	228,438	213,465	456	213,921
Gymboree Corp	15,000	577,414	601,050	-	601,050
Hanesbrands Inc	5,100	126,901	138,414	-	138,414
Hanover Ins Group Inc	9,100	418,491	386,750	-	386,750
Hansen Nat Corp	2,800	121,641	80,696	-	80,696
Health Net Inc	11,100	419,510	267,066	-	267,066
Heartland Express Inc	11,060	156,066	164,905	270	165,174
Helmerich & Payne Inc	2,800	166,769	201,656	-	201,656
Herbalife Ltd	10,000	437,366	387,500	-	387,500
Herbalife Ltd	4,960	213,567	192,200	-	192,200
Hercules Offshore Inc	10,900	320,899	414,418	-	414,418
Hercules Offshore Inc	11,760	404,005	447,115	-	447,115
Hhgregg Inc	7,090	86,258	70,900	-	70,900
Holly Corporation New Par \$0.01	2,580	119,004	95,254	875	96,128
Home Depot Inc Usd 0.05	31,300	1,180,151	733,046	-	733,046
Honeywell Intl Inc	32,000	1,100,720	1,608,960	-	1,608,960
Hospira Inc	6,200	231,657	248,682	-	248,682
Hospira Inc	8,100	324,931	324,891	-	324,891
Hub Group Inc/cl A	12,200	372,112	416,386	-	416,386
Huntington Bancshares Inc	43,000	379,093	248,110	3,273	251,383
Hutchinson Tech Inc	10,270	164,147	138,029	-	138,029
Illinois Tool Works Inc	45,700	1,890,552	2,171,207	12,796	2,184,003
Illinois Tool Works Inc	17,000	821,979	807,670	4,760	812,430
Imperial Tob Group Plc Sponsored Adr	36,500	954,499	2,710,125	34,726	2,744,851
Intel Corporation	37,176	920,911	798,540	-	798,540
Interline Brands Inc	19,900	345,200	317,007	-	317,007
International Business	7,825	996,801	927,497	-	927,497
Intersil Corporation Cl A	3,850	103,610	93,632	-	93,632
Intrepid Potash Inc	2,080	103,477	136,822	-	136,822
Invesco Ltd.	21,300	536,200	510,774	-	510,774
Invitrogen Corp	9,500	346,193	372,970	-	372,970
Johnson & Johnson	18,800	1,164,737	1,209,592	-	1,209,592

St. Paul Teachers' Retirement Fund Association
Holdings by Asset Class, Security Type and Issuer
as of June 30, 2008

Asset Class / Security Type / Issuer	Quantity Shares or Units	Cost	Market Value	Accrued Interest or Dividends	Mkt + Accrued
Johnson & Johnson	14,225	889,474	915,237	-	915,237
Johnson Controls Inc	28,500	881,386	817,380	3,705	821,085
Jos A Bank Clothiers Inc	11,500	392,010	307,625	-	307,625
Joy Global Inc	7,000	596,809	530,810	-	530,810
Jpmorgan Chase & Co	22,300	1,006,252	765,113	-	765,113
Kbw Inc	6,880	147,328	141,590	-	141,590
Kellogg Company	21,000	990,665	1,008,420	-	1,008,420
Kemet Corp	22,790	151,772	73,840	-	73,840
Key Energy Services Inc.	5,530	108,616	107,393	-	107,393
Kkr Finl Hlds Llc	32,000	387,861	336,000	-	336,000
Kla Tencor Corp	2,670	99,943	108,696	-	108,696
Kroger Company	36,000	921,638	1,039,320	-	1,039,320
L-3 Communications Hldgs	15,100	1,213,522	1,372,137	-	1,372,137
Lam Resh Corp	8,100	329,618	292,815	-	292,815
Longs Drug Stores Corp	7,850	372,217	330,564	1,340	331,903
Manpower Inc Wis	11,000	726,223	640,640	-	640,640
Marshall & Ilsley Corp	27,000	927,286	413,910	-	413,910
Masco Corporation	9,650	174,495	151,795	-	151,795
Maxim Intergrated Prods	19,340	419,063	409,041	-	409,041
Mbia Inc	18,300	491,215	80,337	-	80,337
Mc Donalds Corporation	22,000	711,260	1,236,840	-	1,236,840
Medtronic Inc	19,250	933,352	996,188	-	996,188
Mettler-Toledo Intl Inc	8,000	834,692	758,880	-	758,880
Mfa Mtg Invts Inc	15,990	137,134	104,255	-	104,255
Micron Technology Inc	12,730	85,228	76,380	-	76,380
Microsoft Corp	34,000	986,754	935,340	-	935,340
Miller Herman Inc	21,200	652,007	527,668	1,857	529,525
Monsanto Co New	6,000	312,699	758,640	-	758,640
Moodys Corp	9,710	367,143	334,412	-	334,412
Mosaic Co	7,640	364,081	1,105,508	-	1,105,508
Msc Software Corp	16,310	208,570	179,084	-	179,084
Nabors Industries Ltd	21,000	749,431	1,033,830	-	1,033,830
National Oilwell Varco	6,800	471,153	603,296	-	603,296
Navigant Consulting	15,570	296,282	304,549	-	304,549
Ncr Corp	29,525	740,657	744,030	-	744,030
Netapp Inc	15,900	425,555	344,394	-	344,394
Nii Hldgs Inccl B New	9,700	513,677	460,653	-	460,653
Noble Corp	11,200	483,481	727,552	-	727,552
Noble Energy Inc	6,700	473,148	673,752	-	673,752
Nokia Corp Adr-A Shssponsored	31,600	499,045	774,200	-	774,200
Northern Trust Corp	17,000	662,475	1,165,690	4,760	1,170,450
O Reilly Automotive Inc	10,300	283,403	230,205	-	230,205
Occidental Petroleum Corporation	35,100	375,457	3,154,086	11,232	3,165,318
Occidental Petroleum Corporation	10,000	803,018	898,600	3,200	901,800
Oceaneering International Inc	2,610	202,670	201,101	-	201,101
Office Depot Inc	23,500	797,842	257,090	-	257,090
Omnicell Inc	3,900	51,473	51,402	-	51,402
Oracle Corporation	53,000	829,439	1,113,000	-	1,113,000
Oshkosh Corp	10,300	467,839	213,107	-	213,107
Owens Ill Inc	13,000	733,452	541,970	-	541,970
P F Changs China Bistro	6,730	182,905	150,348	-	150,348
Paccar Inc	2,500	131,028	104,575	-	104,575

St. Paul Teachers' Retirement Fund Association
Holdings by Asset Class, Security Type and Issuer
as of June 30, 2008

Asset Class / Security Type / Issuer	Quantity Shares or Units	Cost	Market Value	Accrued Interest or Dividends	Mkt + Accrued
Packaging Corp Amer	16,080	409,556	345,881	5,883	351,764
Partner Re Holdings Ltd	2,600	191,540	179,738	-	179,738
Perot Sys Corp Cl A	30,800	514,464	462,308	-	462,308
Perot Sys Corp Cl A	11,000	144,473	165,110	-	165,110
Petrohawk Energy	11,550	179,913	534,881	-	534,881
Pfizer Inc	87,400	2,465,912	1,526,878	-	1,526,878
Philip Morris Intl	28,700	543,891	1,417,493	13,202	1,430,695
Pilgrims Pride Corp.	2,720	63,762	35,333	-	35,333
Polycom Inc	16,400	393,772	399,504	-	399,504
Portland Gen Elec	22,750	568,951	512,330	5,390	517,720
Precision Castparts Corp	2,900	159,493	279,473	-	279,473
Priceline	2,400	111,450	277,104	-	277,104
Principal Finl Group	13,000	885,021	545,610	-	545,610
Procter & Gamble Co	19,000	1,086,416	1,155,390	-	1,155,390
Psychiatric Solutions	12,900	454,291	488,136	-	488,136
Pulte Homes Inc	9,390	101,043	90,426	-	90,426
Qualcomm Inc	16,000	758,534	709,920	-	709,920
Range Res	8,090	357,404	530,219	-	530,219
Robert Half Intl Inc	14,770	458,469	354,037	-	354,037
Rogers Corp	2,800	108,634	105,252	-	105,252
Sciele Pharma	16,220	373,530	313,857	-	313,857
Scotts Miracle-Gro	4,870	148,852	85,566	-	85,566
Slm Corp	92,100	2,622,414	1,782,135	-	1,782,135
Smithfield Foods Inc	2,990	94,526	59,441	-	59,441
Smurfit-Stone Container	23,280	223,841	94,750	-	94,750
Snap On Inc	15,200	868,333	790,552	-	790,552
Sonosite	7,300	219,354	204,473	-	204,473
Sothebys (Delaware)	12,600	410,416	332,262	-	332,262
Spectra Energy	20,800	345,633	597,792	-	597,792
St Jude Medical Inc	18,800	817,554	768,544	-	768,544
St Jude Medical Inc	4,700	206,863	192,136	-	192,136
St Mary Ld & Expl Co	11,700	449,967	756,288	-	756,288
Stanley Works	38,400	1,260,709	1,721,472	-	1,721,472
Steel Dynamics	20,000	677,648	781,400	2,000	783,400
Steiner Leisure Ltd	9,100	371,146	257,985	-	257,985
Stericycle	15,000	493,254	775,500	-	775,500
Supervalu Inc	8,100	277,467	250,209	-	250,209
Synchronoss Technologies	6,610	86,262	59,688	-	59,688
Target Corp	16,000	748,802	743,840	-	743,840
Techne Corp	10,400	730,768	804,856	-	804,856
Teck Cominco Ltd Cl B Comvtg	2,800	122,441	134,260	1,377	135,637
Temple Inland Inc	13,270	172,290	149,553	-	149,553
Terex Corp	10,600	587,520	544,522	-	544,522
Terra Inds Inc	2,000	108,625	98,700	-	98,700
The Hartford Finl Svcs Group	12,500	790,766	807,125	6,625	813,750
Thomas & Betts Corporation	14,000	717,615	529,900	-	529,900
Thomas & Betts Corporation	2,270	84,777	85,920	-	85,920
Transocean Ordinary Shares	4,650	704,853	708,614	-	708,614
True Religion Apparel	9,300	173,496	247,845	-	247,845
True Religion Apparel	9,510	193,843	253,442	-	253,442
Tween Brands	8,180	176,854	134,643	-	134,643
Ultra Pete Corp	6,200	421,173	608,840	-	608,840

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United Health Group	48,200	2,258,961	1,265,250	-	1,265,250
Us Bancorp Del	38,000	1,211,554	1,059,820	16,150	1,075,970
Ust Inc	17,900	449,708	977,519	-	977,519
Uti Worldwide Inc	13,770	232,378	274,712	-	274,712
V F Corporation	1,460	103,679	103,923	-	103,923
Varian Semiconductor Equip Assoc	7,725	263,511	268,985	-	268,985
Verizon Communications	47,900	1,660,585	1,695,660	-	1,695,660
Vimicro	7,365	74,387	20,917	-	20,917
Volcano Corp	22,150	326,895	270,230	-	270,230
Volcom Inc	3,300	87,001	78,969	-	78,969
Volcom Inc	3,940	108,333	94,284	-	94,284
Wal Mart Stores Inc	29,500	1,340,586	1,657,900	-	1,657,900
Waters Corp	6,000	309,082	387,000	-	387,000
Watts Water Technologies	7,820	219,042	194,718	-	194,718
Weatherford Intl Ltd Bermuda	20,000	764,226	991,800	-	991,800
Wellpoint Inc	40,300	1,486,146	1,920,698	-	1,920,698
Wells Fargo & Co New	48,600	1,321,323	1,154,250	-	1,154,250
Western Un Co	15,200	341,815	375,744	-	375,744
Whiting Pete Corp New	3,220	207,568	341,578	-	341,578
Winn Dixie Stores Inc	24,860	495,305	398,257	-	398,257
Wisconsin Energy	22,300	921,387	1,008,406	-	1,008,406
Wms Industries Inc	20,000	563,136	595,400	-	595,400
Wyeth	36,000	1,620,557	1,726,560	-	1,726,560
Xcel Energy Inc	40,800	971,601	818,856	8,788	827,644
Xl Capital Ltd Cl A	18,300	1,376,765	376,248	-	376,248
Yamana Gold Inc	20,100	312,187	332,454	603	333,057
Subtotal - Domestic Equity Securities	4,467,133	\$ 149,819,995	\$ 156,802,119	\$ 209,761	\$ 157,011,881
Domestic Equity Commingled Accounts					
BGI - Equity Index Fund	467,040	\$ 115,035,121	\$ 172,770,832	-	\$ 172,770,832
BGI - Extended Equity Market Fd	366,082	42,590,748	71,473,933	-	71,473,933
BGI - Russell 2000 Equity Index Fund	458,362	5,726,000	9,117,610	-	9,117,610
Dimensional Fund Advisors	23,249	7,757,061	22,422,509	-	22,422,509
Subtotal - Domestic Equity Commingled	1,314,733	\$ 171,108,931	\$ 275,784,882	\$ -	\$ 275,784,882
Fixed Income Securities					
Alternative Ln Tr 2007-16Cbmgt	940,000	\$ 737,096	\$ 708,247	4,205	\$ 712,452
Ametek Inc Newsr Nt	495,000	510,934	495,624	16,434	512,058
Archer Daniels Midland Cont	940,000	939,981	917,102	16,650	933,751
At&T Incglobal Nt Dtd 05/08/2008	490,000	488,118	469,067	4,181	473,249
Banc Amer Fdg 2006-J Trmtg	1,130,000	1,154,827	792,989	5,560	798,549
Banc Amer Fdg 2007-5 Trmtg	1,400,000	1,284,270	1,296,422	6,906	1,303,327
Banc Amer Mtg Secs Inc V/R2004-F Mtg	1,035,000	575,802	569,843	1,990	571,833
Banc Amer Mtg Secs Inc2004-D Mtg	500,000	423,555	326,574	1,544	328,118
Banc Amer Mtg Secs Incfor Future Issues	796,000	470,668	406,306	1,852	408,158
Banc Amer Mtg Secs Incfor Future Issues	635,000	366,579	316,993	1,452	318,446
Bank Amer Fdg Corp *Pp*2005-D Mtg	280,000	261,385	181,410	946	182,356
Barclays Bk Plcadr Ser 1 Repstg Pref Shs Ser1	218,000	216,027	179,466	608	180,074
Bb&T Cap Tr Ivcap Secs	395,000	385,255	335,639	1,422	337,061
Bear Stearns Arm Tr2003-9 Mtg	1,640,000	624,978	608,955	2,623	611,577
Bensenville Illtaxable-Ltd Tax-Debt Ctfis-A	340,000	340,000	344,253	4,718	348,971
Boardwalk Pipelines Lp	349,000	348,372	335,061	2,620	337,681

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Brazos Tex Higher Ed Auth Inc Student In	1,000,000	999,550	1,000,000	559	1,000,559
Burlington Northn Santa Fecor Dtd 05/15/2001	538,000	560,865	564,211	16,745	580,957
Caterpillar Finl Svcs Corp M/T/Nmedium	520,000	519,886	532,568	10,140	542,708
Cba Cap Tr I *Pp*Tr Pfd Secs144A	371,000	359,562	333,344	60	333,403
Chase Cap Iicap Secs Ser B Fltg Rate	282,000	274,129	217,250	3,151	220,401
Chase Cap Iii V/Rcap Secs Ser C Fltg Rate	233,000	229,719	184,507	607	185,113
Chase Mtg Fin Tr Ser 2006-A1Mtg	570,000	575,477	518,095	2,850	520,945
Citigroup Cap Xxienhanced Tr Pfd Secs Fixed	750,000	740,625	708,248	1,729	709,977
Citigroup Mtg Ln Tr2005-3 Mtg Ctf Cl 2A2	440,000	301,267	277,288	1,199	278,487
Cook Cnty Ill Sch Dist No 089Maywoodtaxable	1,115,000	621,557	632,829	-	632,829
Cook Cnty Ill Sch Dist No 104Argo Summit	800,000	788,656	812,232	4,083	816,315
Corn Prods Intl Incsr Nt	219,000	218,660	224,228	2,774	227,002
Credit Suisse First Boston Mtg2004-7 Cl-5A1 144A	395,000	210,189	201,804	903	202,706
Credit Suisse Guernsey Brhcap Nt Tier 1	312,000	312,354	260,099	2,336	262,435
Cvs Caremark Corpsr Ntformerly Cvs Corp	475,000	480,143	467,186	2,276	469,462
Cwalt Inc2005-73Cb Mtg Ctf Cl-1A1	750,000	492,409	478,475	2,252	480,726
Cwalt Inc2005-J4 Mtg Ctf Clrate	1,013,000	1,008,282	886,683	4,174	890,857
Cwheq Home Equity Ln Tr Ser2007-S2Mtg	1,000,000	1,003,086	535,985	4,809	540,793
Cwheq Inc2005-K Revolving Home Equity	1,250,000	896,454	691,079	1,126	692,204
Cwheq Inc2006-S1 Revolving Home Equityln	300,000	299,992	207,745	1,399	209,144
Cwmbs Inc2003-58 Mtg Ctf Clser	1,140,000	288,280	275,769	1,141	276,911
Cwmbs Incfor Future Issues See 12669Eb-1	1,075,000	796,065	826,609	3,857	830,466
Cwmbs Incfor Future Issues See 12669Fb-2	1,386,000	426,782	317,012	1,747	318,760
Diageo Fin Bvgttd Nt	342,000	341,641	346,268	4,703	350,971
Duke Cap Corpsr Nt	261,000	272,484	266,176	4,894	271,069
Duke Rlty Ltd Partnership Newpartnership	380,000	378,917	368,912	8,075	376,987
Energy East Corp	538,000	545,019	513,144	16,745	529,890
Equifax Incsr Nt	251,000	250,445	238,613	7,907	246,520
Federal Home Ln Mtg Corpcmo/Ser 2707 Cl-0d	544,000	528,275	552,195	2,267	554,462
Federal Home Ln Mtg Corpcmo/Ser 3151 Cl Ue	955,000	703,314	729,474	3,270	732,745
Federal Natl Mtg Assn Gtdremic Pass Thru	870,000	960,263	904,944	4,727	909,671
Federal Natl Mtg Assn Gtdremic Pass Thru	1,100,000	559,762	571,742	1,826	573,568
Federal Natl Mtg Assn Gtdremic Pass Thru	930,000	23,734	23,095	10	23,106
Federal Natl Mtg Assn Gtdremic Pass Thru	460,000	464,708	429,493	2,074	431,566
Federal Natl Mtg Assn Gtdremic Pass Thru	890,000	732,868	678,857	2,579	681,435
Federal Natl Mtg Assn Remic Trremic	1,050,000	746,219	769,008	3,460	772,468
Federal Nat'L Mtge Assn Pool # 254764	2,205,000	835,085	818,660	3,755	822,415
Federal Nat'L Mtge Assn Pool # 256219	860,000	659,765	671,234	3,146	674,380
Federal Nat'L Mtge Assn Pool # 256576	1,300,000	1,120,955	1,138,914	5,338	1,144,252
Federal Nat'L Mtge Assn Pool # 256776	1,200,000	1,096,472	1,114,039	5,221	1,119,260
Federal Nat'L Mtge Assn Pool # 501210	896,160	55,247	60,140	313	60,453
Federal Nat'L Mtge Assn Pool # 576329	400,000	4,510	3,965	24	3,989
Federal Nat'L Mtge Assn Pool # 608780	4,185,000	371,569	376,534	1,830	378,364
Federal Nat'L Mtge Assn Pool # 620407	1,911,688	136,549	137,328	797	138,125
Federal Nat'L Mtge Assn Pool # 625030	2,650,899	319,602	327,023	1,705	328,729
Federal Nat'L Mtge Assn Pool # 641093	1,771,652	376,303	383,736	1,731	385,467
Federal Nat'L Mtge Assn Pool # 708870	551,221	275,953	268,064	1,028	269,092
Federal Nat'L Mtge Assn Pool # 724254	1,780,000	499,369	503,745	1,620	505,366
Federal Nat'L Mtge Assn Pool # 725187	1,155,000	363,691	358,843	1,371	360,214
Federal Nat'L Mtge Assn Pool # 735023	570,000	230,917	232,812	878	233,690
Federal Nat'L Mtge Assn Pool # 796610	6,500,000	4,220,353	4,141,168	19,178	4,160,347

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Federal Nat'L Mtge Assn Pool # 800165	480,000	267,265	267,153	1,108	268,261
Federal Nat'L Mtge Assn Pool # 898644	135,000	119,039	121,971	641	122,612
Federal Nat'L Mtge Assn Pool # 898682	85,000	73,618	75,431	396	75,827
Federal Nat'L Mtge Assn Pool # 898684	100,000	99,211	101,654	534	102,189
Federal Nat'L Mtge Assn Pool # 907600	325,000	269,326	276,014	1,450	277,465
Federal Nat'L Mtge Assn Pool # 912523	776,500	701,403	712,582	3,708	716,290
Federal Nat'L Mtge Assn Pool # 916843	85,000	84,395	86,473	454	86,928
Federal Nat'L Mtge Assn Pool # 917113	415,000	399,037	408,947	2,149	411,096
Federal Nat'L Mtge Assn Pool # 919201	610,000	577,911	590,766	3,105	593,871
Federal Nat'L Mtge Assn Pool # 922123	350,000	335,757	344,025	1,808	345,833
Federal Nat'L Mtge Assn Pool # 933554	1,349,795	1,364,005	1,344,427	6,656	1,351,082
Federal Nat'L Mtge Assn Pool # 936193	865,000	770,086	789,051	4,147	793,197
Federal Nat'L Mtge Assn Pool # 960143	375,000	352,563	350,163	1,733	351,896
Federal Nat'L Mtge Assn Pool # 961560	3,450,000	3,494,225	3,451,703	17,088	3,468,791
Federal Nat'L Mtge Assn Pool# 580982	3,500,000	169,630	176,342	920	177,261
Federal Nat'L Mtge Assn Pool#575832	500,000	12,653	13,207	69	13,276
Federal Nat'L Mtge Assnmtg Pass Thru	570,000	529,388	526,103	1,900	528,003
Federal Realty Invs Trst	87,000	87,000	82,429	392	82,821
Fed'L Home Loan Mtge Corp Grp # A58102	725,000	498,122	503,914	2,645	506,559
Fed'L Home Loan Mtge Corp Grp # A70853	1,366,974	1,360,303	1,337,136	6,611	1,343,747
Fed'L Home Loan Mtge Corp Grp # A70902	787,071	751,477	738,230	3,650	741,880
Fed'L Home Loan Mtge Corp Grp # A75810	904,399	929,173	912,933	4,514	917,447
Fed'L Home Loan Mtge Corp Grp # G11771	1,300,000	581,168	590,231	2,880	593,111
Fed'L Home Loan Mtge Corp Grp # 1B2721	950,000	511,895	514,523	1,859	516,382
Fed'L Home Loan Mtge Corp Grp # C01050	3,070,001	24,205	26,399	153	26,552
Fed'L Home Loan Mtge Corp Grp # C01197	2,715,000	92,429	97,553	508	98,061
Fed'L Home Loan Mtge Corp Grp # C41471	3,000,000	24,449	26,807	155	26,962
Fed'L Home Loan Mtge Corp Grp # C50907	1,300,000	33,646	35,567	206	35,773
Fed'L Home Loan Mtge Corp Grp # G00541	2,192,682	43,146	44,792	247	45,039
Fed'L Home Loan Mtge Corp Grp # G00853	2,387,999	62,846	65,333	360	65,693
Fed'L Home Loan Mtge Corp Grp # G12045	341,000	181,808	185,640	966	186,606
Fed'L Home Loan Mtge Corp Grp # J03251	1,113,000	860,938	869,212	4,234	873,446
Fed'L Home Loan Mtge Corp Grp # J06070	680,000	448,206	453,127	2,050	455,177
Fiserv Incsr Nt	604,000	603,716	607,050	4,213	611,264
Flagstar Home Equity Ln Tr Restr2007-1Asset Bkd	730,000	729,987	644,868	3,507	648,375
Fnma Tba 30Yr Sfm 05.00% Aug	565,000	537,920	540,281	942	541,223
Frost National Bank	245,000	269,233	262,344	7,018	269,362
General Elec Cap Corp M/T/Nterm # Tr 00551	700,000	734,048	723,373	1,867	725,240
Glaxosmithkline Cap Incgtd Nt	489,000	488,702	487,132	3,684	490,816
Govmnt Natl Mtg Assn Gtd Remicmtg Passthru	645,000	648,729	635,772	2,584	638,356
Govmnt Natl Mtg Assn Gtd Remicmtg Passthru	630,000	625,013	601,540	2,702	604,242
Govmnt Natl Mtg Assn Gtd Remicmultifamily	545,000	553,345	541,164	1,925	543,089
Govmnt Natl Mtg Assn Gtd V/Rpass	475,000	143,276	138,616	590	139,206
Govmnt Natl Mtg Assn Remicmtg Passthru	805,000	821,100	796,685	3,307	799,992
Gov'T Nat'L Mtge Assn Pool # 491145	2,483,000	115,926	119,681	624	120,305
Gov'T Nat'L Mtge Assn Pool # 557300	700,939	30,985	32,398	169	32,567
Gov'T Nat'L Mtge Assn Pool # 781176	3,338,512	125,818	131,027	717	131,744
Gov'T Nat'L Mtge Assn Pool # 781231	887,739	36,392	37,878	207	38,085
Gs Mtg Secs Corp2005-Ar6 Mtg Passthru	1,000,000	958,765	717,113	3,769	720,882
Gsr Mtg Ln Tr2004-2F Mtg Passthru	427,000	199,284	212,150	1,066	213,216
Home Equity Ln Tr 2006-Hsa4Home Equity Ln bkd	400,000	190,310	108,390	83	108,473

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Home Equity Ln Tr 2007-Hsa1Home Equity Ln	685,000	448,382	302,138	194	302,332
Homebanc Mtg Tr2006-1 Mtg Passthru Ctf 3-A-2	845,000	844,845	501,853	4,170	506,023
Hudson Cnty N J Impt Authlease Revtaxable	280,000	272,706	267,520	7,350	274,870
Indymac Mbs Inc2005-Ar1 Mtg Passthru	917,000	373,589	311,174	1,649	312,823
Ing Cap Fdg Tr Iii Callabl @100 12/31/10	555,000	630,292	560,772	130	560,902
JPMorgan Mtg Tr *Pp*2005-A5 Mtg Passthru	575,000	568,172	523,277	2,486	525,763
JPMorgan Mtg Tr2004-A4 Mtg Passthru Ctf Cl 2A2	440,000	255,835	246,099	1,014	247,114
JPMorgan Mtg Tr2004-S1 Mtg Passthru Ctf Cl-1A7	509,000	292,756	296,781	1,257	298,038
Joy Global Incsr Nt	446,000	451,694	442,209	3,419	445,628
Kentucky St Mun Pwr Agy	780,000	788,338	775,921	14,014	789,935
La Vista Neb Economic Dev Fd	510,000	510,000	521,526	8,323	529,849
Laboratory Corp Amer Hldgssr Nt	276,000	265,975	267,427	6,325	273,752
Los Angeles Calif Cmnty Redevagy Cmnty	660,000	619,306	552,499	12,100	564,599
Los Angeles Calif Cmnty Redevagytax	415,000	414,793	354,709	8,162	362,870
Luna Cnty N Mex Gross Rcptstax	70,000	69,993	70,293	1,995	72,288
M & I Marshall & Ilsley Bkmilwaukee	1,134,000	1,122,660	1,131,414	467	1,131,882
Manchester N H Arpt Revref-Multi-Modal-Ser B	500,000	513,260	505,725	11,528	517,253
Mercantile Bankshares Corpsub Nt	500,000	470,665	476,090	4,882	480,972
Merrill Lynch Mtg Invs Inc2005-A1 Mtg Passthru	1,940,000	1,059,838	1,048,226	4,033	1,052,259
Merrill Lynch Mtg Invs Inc2005-A5 Mtg Passthru	1,090,000	1,049,027	842,220	4,423	846,643
Merrill Lynch Mtg Invs Incser 2003-D Cl-A	1,300,000	159,783	158,501	74	158,576
Metlife Incjr Sub Deb Fxd To Fltg Rate	420,000	398,877	366,713	1,195	367,907
Missouri St Dev Fin Brdinfrastucture Facs	465,000	465,000	456,230	8,913	465,143
Missouri St Dev Fin Brdinfrastucture Facs	300,000	288,000	296,391	6,000	302,391
Morgan Stanley Mtg Ln Tr2007-13Mtg Passthru	1,400,000	1,301,706	1,071,128	6,668	1,077,797
Msccl Heloc Tr 2007-1Asset Backed Nt Cl A	1,420,000	1,177,911	864,013	507	864,520
Navigators Group Incsr Nt	361,000	361,734	341,991	4,212	346,203
Nb Cap Tr Iii V/Rcap Secs	671,000	636,624	525,829	4,683	530,512
New Jersey Economic Dev Authrevtaxable	175,000	175,000	175,338	1,510	176,848
News Amer Hldgs Inc Sr Deb	329,000	361,414	357,301	4,293	361,593
Nlv Finl Corp *Pp*Sr Nt 144A	65,000	62,481	61,345	1,842	63,187
Nomura Asset Accep Corp2004-Ar4 Mtg Passthru	578,000	36,314	30,605	17	30,622
Nucor Corpnt	546,000	555,741	546,753	2,616	549,370
Oneamerica Finl Partners Inc *Pp*Sr Nt 144A	425,000	404,723	444,100	6,281	450,380
Origen Manufactured Hsgcontract Tr 2007	1,070,000	812,263	711,665	1,026	712,691
Pemex Fin Ltdnt	566,000	148,292	145,755	1,752	147,507
Pemex Fin Ltdnt	412,000	251,474	242,834	2,615	245,448
Peoples Bk Bridgeport Connpeoples Bk Bridgeport	457,000	524,270	518,997	15,043	534,040
Popular North Amer Inc Mediumterm Nts Book	417,000	418,049	412,963	4,974	417,937
Potash Corp Sask Incnt	298,000	326,233	320,443	1,989	322,432
Potomac Elec Pwr Copotomac Elec Pwr Cosr	341,000	340,151	332,983	2,832	335,815
Prospect Heights Illtaxable-Debt Ctf	215,000	182,991	211,917	-	211,917
Public Svc Co Oklasr Nt Ser F	275,000	274,908	272,778	7,047	279,825
Rabobank Cap Fdg Tr Ii *Pp*Gtd Tr Pfd Secs	498,000	494,145	456,203	73	456,276
Rbs Cap Tr Iii Pfd Secstr Pfd Secs	511,000	521,594	444,110	7,120	451,230
Realty Income Corpnt	448,000	446,942	403,187	7,849	411,035
Regions Fing Tr Ii	578,000	398,820	395,063	4,893	399,956
Residential Accredit Lns Incmtg Pass Thru	1,900,000	177,721	163,943	871	164,814
Residential Asset Mtg Prods *Pp*Inc2005-Sl2	180,000	78,379	66,219	456	66,675
Residential Fdg Mtg Secs I Incmtg Pass Thru	1,116,000	651,473	622,929	2,578	625,506
Revolving Home Equity Ln Tr2005-1 Asset Bkd	4,000,000	699,831	490,226	884	491,110

St. Paul Teachers' Retirement Fund Association
Holdings by Asset Class, Security Type and Issuer
as of June 30, 2008

Asset Class / Security Type / Issuer	Quantity Shares or Units	Cost	Market Value	Accrued Interest or Dividends	Mkt + Accrued
Rialto Calif Redev Agy Taxallocationtaxable	295,000	291,460	279,235	4,523	283,759
Rio Tinto Fin Usa Ltd 5.875 15Jul13	659,000	656,529	662,651	430	663,081
Riverdale Illtaxable-Corp Purp	440,000	440,000	433,088	21,286	454,374
Rockwell Automation Incntformerly Rockwell Intl	631,000	630,047	620,589	2,971	623,559
Rogers Cable Incsr Secd 2Nd Priority Nt	284,000	311,398	308,330	3,728	312,058
San Antonio Tex Convention Ctrhotel Fin	800,000	779,564	740,712	18,813	759,525
Selective Ins Group Incsr Nt	391,000	381,676	364,209	4,366	368,575
Sequoia Mtg Tr 2004-12004-11 Mtg Passthru Ctf A1	785,000	149,202	138,848	110	138,959
Sequoia Mtg Trfor Future Issues	420,000	172,951	129,023	939	129,963
Small Bus Admin Gtd Devpartn Ctf2004-20K -1	328,000	238,422	232,522	1,938	234,460
Small Bus Admin Gtd Devpartn Ctf2005-20	737,000	580,318	573,427	7,414	580,840
Small Bus Admin Gtd Devpartn Ctfser 2005-20	355,000	279,025	273,619	6,780	280,399
Small Bus Admin Gtd Partnctfsser Sbic 2005	685,000	631,484	624,183	10,605	634,788
Small Bus Admin Gtd Partnctfsser Sbic-Ps 2005	750,000	504,620	491,743	3,879	495,622
Starwood Coml Mtg Tr *Pp*Coml Mtg	1,100,000	1,126,469	1,122,324	6,343	1,128,668
Structured Asset Secs Corpreverse Mtg	700,000	607,112	613,451	282	613,733
Suntrust Acquisition Closed-End	995,000	775,475	776,662	362	777,024
Tele Communications Inc Deb	425,000	529,447	479,069	17,354	496,423
Texas Eastn Transmission Corpnt	401,000	432,006	428,088	2,439	430,527
Thermo Electron Corpsr Nt	476,000	466,417	447,435	1,983	449,419
Thornburg Mtg Secs Tr 2006-5Mtg	815,000	583,687	562,756	253	563,010
Transcanada Pipelines Ltdfor Future Issues	400,000	379,372	366,664	5,236	371,900
Trenton N J Pkg Auth Pkg Revref-Taxable	125,000	125,000	125,730	1,703	127,433
Tucson Ariz Ctfs Partntaxable-Ser A	90,000	90,131	89,406	1,935	91,341
Tucson Ariz Ctfs Partntaxable-Ser A	95,000	95,266	94,188	2,161	96,349
U S Treasury Bonds00205	3,000,000	2,804,531	2,924,063	49,399	2,973,462
Union Pac Corpnt Dtd 01/17/2002	363,000	367,149	374,503	10,252	384,756
United States Treas Nts	3,750,000	4,019,304	3,944,813	63,513	4,008,326
United States Treas Ntsdtd 00176	650,000	661,629	663,962	3,528	667,490
Unitrin Incsr Nt Dtd 11/03/2003	474,000	466,063	448,314	3,851	452,165
Valspar Corp	157,000	156,818	154,904	1,472	156,376
Wachovia Cap Tr li V/R	647,000	630,412	476,541	4,447	480,988
Wamu Mtg Pass-Through Ctfs2004-Ar7 Mtg	441,000	421,742	275,376	1,394	276,770
Washington Mut Mtg Secs Corp2005-8 Mtg	1,000,000	754,703	731,574	3,438	735,012
Wells Fargo & Co Newsub Nt	453,000	434,432	439,858	4,423	444,282
Wells Fargo Mtg Backed Secscorpb-1	600,000	568,384	482,038	2,093	484,131
Willis North Amer Incgtd Sr Nt	440,000	441,524	388,806	7,047	395,853
Xerox Corpsr Nt	373,000	392,239	386,547	9,688	396,235
Subtotal - Fixed Income Securities	176,980,231	\$ 110,059,669	\$ 104,398,197	\$ 873,478	\$ 105,271,675
Fixed Commingled Accounts					
BGI - Govt/Credit Bond Index Fund	423,564	\$ 67,043,611	\$ 108,031,528	-	\$ 108,031,528
Subtotal - Fixed Commingled	423,564	\$ 67,043,611	\$ 108,031,528	\$ -	\$ 108,031,528
International Equity Commingled Accounts					
Capital Intl Emerging Mkts Growth Fund	3,127,626	\$ 40,651,724	\$ 40,502,753	-	\$ 40,502,753
J P Morgan Chase EAFE Plus	5,463,635	80,591,201	110,146,879	-	110,146,879
Morgan Stanley - International Equity Trust	574,804	52,733,053	112,669,650	-	112,669,650
Subtotal - International Equity Commingled	9,166,065	\$ 173,975,978	\$ 263,319,281	\$ -	\$ 263,319,281
Real Estate Securities					

St. Paul Teachers' Retirement Fund Association
Holdings by Asset Class, Security Type and Issuer
as of June 30, 2008

Asset Class / Security Type / Issuer	Quantity Shares or Units	Cost	Market Value	Accrued Interest or Dividends	Mkt + Accrued
Acadia Rlty Trcom	4,400	\$ 104,345	\$ 101,860	\$ 903	\$ 102,763
Alexandria Real Estateequities	2,300	184,009	223,882	1,840	225,722
Amb Ppty Corp	5,100	280,742	256,938	-	256,938
American Campus Cmnty Inc	3,800	87,598	105,792	-	105,792
American Tower Corp Cl A	700	31,645	29,575	-	29,575
Apartment Invst & Mgmt Co Cl A	3,638	132,336	123,910	-	123,910
Avalonbay Cmnty Inc	3,700	332,996	329,892	3,302	333,194
Biomed Rlty Tr Inc	4,673	110,918	114,629	1,565	116,194
Boston Pptys Inc	5,879	513,979	530,403	3,998	534,401
Bre Pptys Inc	3,500	179,704	151,480	-	151,480
Brookfield Pptys Corp	10,550	176,179	187,685	-	187,685
Camden Ppty Tr Sbi	1,700	83,002	75,242	1,190	76,432
Corporate Office Pptys Tr	6,500	279,920	223,145	2,210	225,355
Cousins Pptys Inc	2,400	57,047	55,440	-	55,440
Developers Diversified Rlty Corp	6,400	280,810	222,144	4,416	226,560
Digital Rlty Tr Inc	7,100	270,125	290,461	-	290,461
Douglas Emmett Inc	9,800	224,888	215,306	1,838	217,144
Duke Realty Corp	3,700	90,849	83,065	-	83,065
Dupont Fabros Technology	3,700	72,395	68,968	694	69,662
Eastgroup Pptys Inc	1,800	86,027	77,220	-	77,220
Entertainment Pptys	700	33,726	34,608	588	35,196
Equity Residential	9,100	363,851	348,257	4,391	352,648
Essex Ppty Tr	3,300	374,371	351,450	3,366	354,816
Extra Space Storage Inc	3,086	55,386	47,401	-	47,401
Federal Rlty Inv Trbene Int	3,300	279,807	227,700	2,013	229,713
Gaylord Entmt Co New	2,000	57,571	47,920	-	47,920
General Growth Pptys Inc	9,900	364,150	346,797	-	346,797
Gramercy Cap Corp	2,800	67,033	32,452	1,827	34,279
Hcp Inccom	9,300	310,016	295,833	-	295,833
Health Care Reit Inc	3,500	143,137	155,750	-	155,750
Healthcare Rlty Tr Inc	3,100	81,072	73,687	-	73,687
Hersha Hospitality Trpriority	9,400	101,750	70,970	1,656	72,626
Host Hotels & Resorts Inc	19,107	375,265	260,811	3,821	264,632
Istar Finl Inc	2,400	65,678	31,704	-	31,704
Kilroy Rlty Corp	4,400	280,453	206,932	2,552	209,484
Kimco Rlty Corp	11,300	346,399	390,076	-	390,076
Lasalle Hotel Pptyscom Sh Ben Int	3,600	139,141	90,468	612	91,080
Liberty Property Trust	2,900	117,965	96,135	1,813	97,948
Macerich Co	5,400	411,679	335,502	-	335,502
Maguire Pptys Inc	2,800	80,698	34,076	-	34,076
Marriott International Inc Cl A	3,300	116,118	86,592	289	86,881
Mid-Amer Apt Cmnty Inc	2,000	104,823	102,080	-	102,080
National Retail Pptys Inc	4,600	105,908	96,140	-	96,140
Nationwide Health Pptys Inc	5,200	151,045	163,748	-	163,748
Prologis Sh Ben Int	15,900	659,269	864,165	-	864,165
Ps Business Pks Inc Calif	2,900	181,327	149,640	-	149,640
Public Storage	6,600	479,723	533,214	-	533,214
Regency Ctrs Corp	4,100	236,924	242,392	-	242,392
Saul Ctrs Inc Com	1,900	88,350	89,281	-	89,281
Simon Ppty Group Inc New	11,600	835,363	1,042,724	-	1,042,724
Sl Green Rlty Corp	3,100	335,611	256,432	2,441	258,873
Strategic Hotels & Resorts	-	-	-	240	240

St. Paul Teachers' Retirement Fund Association
Holdings by Asset Class, Security Type and Issuer
as of June 30, 2008

Asset Class / Security Type / Issuer	Quantity Shares or Units	<u>Cost</u>	<u>Market Value</u>	<u>Accrued Interest or Dividends</u>	<u>Mkt + Accrued</u>
Sun Healthcare Group Inc	3,500	53,399	46,905	-	46,905
Tanger Factory Outlet Ctrs Inc	2,700	108,428	97,011	-	97,011
Taubman Ctrs Inc	4,000	180,592	194,600	1,660	196,260
Udr Inc	3,900	90,857	87,282	-	87,282
Ventas Inc	6,700	219,517	285,219	-	285,219
Vornado Rlty Tr	7,300	713,314	642,400	-	642,400
Washington Real Estate Invt Tr Sbi	4,600	150,636	138,230	-	138,230
Subtotal - Real Estate Securities	<u>296,633</u>	<u>\$ 12,439,866</u>	<u>\$ 12,063,620</u>	<u>\$ 49,224</u>	<u>\$ 12,112,845</u>
Real Estate Commingled					
UBS Investors - Commingled	7,740	\$ 56,578,700	\$ 76,656,707	-	\$ 76,656,707
Subtotal - Real Estate - Commingled	<u>7,740</u>	<u>\$ 56,578,700</u>	<u>\$ 76,656,707</u>	<u>\$ -</u>	<u>\$ 76,656,707</u>
 Total Fund	 <u><u>\$ 203,896,795</u></u>	 <u><u>\$ 762,210,094</u></u>	 <u><u>\$ 1,018,791,366</u></u>	 <u><u>\$ 1,148,573</u></u>	 <u><u>\$ 1,019,939,939</u></u>

Benefits section

Pre-Retirement Topics

Allowable Service Credit	A full year of retirement service credit is earned after 170 days are worked. Partial years are calculated based on the ratio of days worked to 170 days. No more than one year of service credit is allowable during any fiscal year.
Definition of Salary	Minnesota Statutes Section 354A and the Association Articles and Bylaws define salary. Salary is the entire compensation upon which member contributions are required and made.
Refund of Contributions	In lieu of a monthly retirement benefit, a member who resigns from the place of their employment may apply for a refund of employee contributions, plus interest of 6% compounded annually. Coordinated Plan members have access to a refund of contributions at any age. Basic Plan members must be ineligible for a pension to receive a refund of contributions.
Repaying a Refund of Contributions	A member who received a refund may reinstate previous Saint Paul service by repaying the amount refunded plus 8.5% interest compounded annually from the date the refund was taken. The repayment can only be made after the member has accumulated at least two years of allowable service since the last refund was taken.
Leaves of Absence & Purchasing Service	<p>The following Saint Paul Public Schools approved leaves of absence qualify to allow members to purchase retirement service credit for the leave period:</p> <ul style="list-style-type: none"> • Sabbatical • Parental • Medical • Military • Mobility • Family Medical <p>The terms and conditions for each are different. Members are allowed to use tax-sheltered money to purchase retirement service credit in SPTRFA from their 403(b) Tax Shelter Account, 457 Deferred Compensation Account, 401(k) Account, Individual Retirement Account (IRA), or from another plan qualified under 401(a).</p>
Beneficiary	A beneficiary is the person or persons designated to receive a refund of employee contributions plus applicable interest, upon the death of the member if no survivor or family benefit is payable. If no valid beneficiary designation form is on file for a member, a refund of contributions plus applicable interest will be paid to the member's estate.
Marriage Dissolution	Minnesota Statutes Section 518 covers marriage dissolutions and requires that SPTRFA receive a copy of the petition and summons, as well as a copy of the affidavit of service before information will be released. In the event that the court orders that future pension benefits be divided, a formula for splitting the benefit should be put into the dissolution order(s). All inquiries are kept confidential.

Retirement Topics

Basic and Coordinated Plans

Basic Plan members are those hired prior to July 1, 1978, who do not contribute to Social Security. Basic Plan members are vested once they have five years of retirement service credit.

Coordinated Plan members are those hired since July 1, 1978 and contribute both to SPTRFA and Social Security. Coordinated Plan members are vested once they have three years of retirement service credit.

Steps to Retirement

When planning to retire, members should contact SPTRFA to set up an appointment to apply for pension benefits. All inquiries are kept confidential.

A member may apply for retirement benefits up to 90 days after the last date of employment provided that the member has not returned to employment. The retirement benefits would be retroactive to the first eligible retirement date after the termination of employment.

Deferred Pension

A deferred pension is available to vested members who terminate employment. A deferred benefit may begin to be paid at age 55.

The benefit is computed by applying the normal retirement formula at the time of termination. For members first hired prior to July 1, 2006, the benefit will be augmented by 3% each year until the member is age 55 and augmented by 5% each year thereafter starting from the January 1 after age 55. For members hired on or after July 1, 2006, augmentation is 2.5% for all years. This augmentation continues until the member chooses to begin receiving his/her monthly benefit. If the member begins to receive a benefit before normal retirement age, applicable discounts will apply.

Combined Service

The Combined Service Law provides for the combination of a member's service in most public funds in Minnesota to determine benefits at the time of retirement, as long as the member has at least one half of one year of retirement service credit with each eligible retirement fund and at least three years retirement service credit overall.

The total credited years of service in all funds will be considered when determining eligibility for benefits. Benefit payments will be made by each fund in which the member has credited service. Benefits are, in most aspects, calculated as if all service had been rendered under one plan.

Retirement Topics, Continued

Disability Benefit

A disability benefit is payable to members who become totally and permanently disabled. Members must be vested to be eligible for a disability benefit. Members may not have more than 60 sick days remaining at the time of application for the benefit, and they must have used all sick days prior to beginning the benefit.

A Basic Plan member's disability benefit is calculated to be 75% of the member's earnings for the last full year of service, less any benefits received from Workers' Compensation or Social Security.

In the Coordinated Plan, the disability benefit is calculated as the unreduced pension benefit amount using the member's years of service and final average salary at the time of the disability, less any benefits received from Workers' Compensation. The member may also apply for a disability benefit from Social Security.

Basic Plan Retirement Options

Basic Plan members receive a formula benefit payable for life. An automatic survivor benefit is based on the ages of the member and spouse at the time of retirement. The survivor benefit does not cause a reduction in the member's benefit.

Coordinated Plan Retirement Options

At the time of retirement, Coordinated Plan members select one from the five benefit annuity options below:

- | | | |
|------------|----------------------------------|--|
| C-1 | No Refund | Monthly benefit payable for life to the member with no refund payable to a beneficiary. |
| C-2 | Guaranteed Refund | Monthly benefit payable for life to the member that is reduced by use of actuarial tables to provide reduced benefit payments to the member and a guaranteed refund of the remaining balance plus interest to the designated beneficiary (or if none, their estate). |
| C-3 | 15-Year Certain | Monthly benefit reduced by use of actuarial tables to provide reduced benefit payments payable for life to the member with the guarantee that payments will be made for at least 15 years. If the member dies before receiving payments for the guaranteed 15 years, the designated beneficiary (or if none, their estate) will be paid the same monthly annuity for the remaining years of the guarantee. |
| C-4 | 100% Joint & Survivor | Monthly benefit payable for life to the member that is reduced by use of actuarial tables to provide the same monthly benefit amount payable to the survivor for life with no refund. |
| C-5 | 50% Joint & Survivor | Monthly benefit payable for life to the member that is reduced by use of actuarial tables to provide reduced payments for life to the member and 50% of the reduced amount payable to the survivor for life with no refund. |

If a Coordinated Member elects a joint and survivor option, and the spouse dies before the member, the member benefit will be increased to the C-1 amount.

Post-Retirement Topics

Teaching After Retirement

Prior to age 65, if a retired member of SPTRFA is reemployed by Saint Paul Public Schools (SPPS), earnings are limited to \$46,000 for each calendar year. If the retiree earns more than the allowable amount, the following year's pension will be reduced by one dollar for every three dollars the member earns over the limit. The amount of the reduction will be placed into a savings account for the retiree, earning 6% interest compounded annually. When the retiree has terminated SPPS re-employment service for one year, the retiree may apply to receive the amount in the savings account, including interest.

After age 65, retired members can be reemployed by SPPS without an earnings limitation.

Retired members can work for any other employer without losing pension benefits.

Period of Separation

A member of SPTRFA shall not be considered to be retired until there exists a complete and continuous separation from employment for a covered employer as a "Teacher" for a period of not less than 30 calendar days.

Post- Retirement Increase

Post-retirement increases are provided to offset the effects of inflation. Benefits were changed in the 2007 Legislative Session. The old increase formula provided a guaranteed 2.0% increase each year for any member receiving a benefit for one full year as of June 30 in the calendar year prior to the next January 1st increase. In addition, if the fund net investment return on a five-year annualized basis exceeded 8.5%, the difference was added to a 2.0% guaranteed increase.

Under a two-year pilot program, the SPTRFA will instead pay a cost-of-living adjustment (COLA) similar to that of the U.S. Social Security Administration. The full COLA amount will be equal to current year average third quarter using the Consumer Price Index for Urban Wage Earners.

Members must be receiving a benefit for at least one full calendar year to receive a full COLA increase on January 1, 2008 and 2009. Members who have been in pay status for only part of the most recent calendar year receive a pro rata COLA based on full calendar quarters in benefit payment status.

Basic Plan – Summary of Tier Benefits

Vested members of the Basic Plan are eligible to receive a lifetime monthly pension based on the member's Final Average Salary (**FAS**), Years of Service (**YOS**) and a Percentage Multiplier.

The following chart provides an overview of the Tier 1 and Tier 2 retirement benefits:

Normal Benefit	Minimum		Computation of Annual Benefit
	Age	Service	
Tier 1			
Unreduced	Rule of 90		
	60	25	FAS x YOS x 2.0%
Reduced	55	5	Reduced by 0.25% for each month a member's age is under 65.
	55	25	Reduced by 0.25% for each month a member's age is under 60.
Tier 2			
Unreduced	65	5	FAS x YOS x 2.5%
Reduced	55	5	Formula reduced by the use of actuarial tables.
Deferred Retirement			
	55	5	Annual Benefit (see above). Augmented by 3% per year from date of resignation to age 55, then 5% per year starting from the January 1 after age 55 to date of retirement.

Formula Key:

FAS: Final Average Salary

YOS: Years of Service

2.0% or 2.5%: Percentage Multiplier

Coordinated Plan – Summary of Tier Benefits

Vested members of the Coordinated Plan are eligible to receive a lifetime monthly pension based on the member's Final Average Salary (**FAS**), Years of Service (**YOS**) and a Percentage Multiplier. Members first hired after June 30, 1989 are only eligible for Tier II benefits.

The following chart provides an overview of the Tier 1 and Tier 2 retirement benefits:

Normal Benefit	Minimum		Computation of Annual Benefit
	Age	Service	
Tier 1			
Unreduced	Rule of 90		
	62	30	(FAS x First 10 YOS x 1.2%)
	65	3	+ (FAS x YOS greater than 10 x 1.7%)
Reduced	55	3	Reduced by a 0.25% discount for each month a member's age is under 65.
	Any Age	30	Reduced by a 0.25% discount for each month a member's age is under 62.

Tier 2

Unreduced	If first employed before July 1, 1989:		
	65	3	FAS x YOS x 1.7%
	If first employed on or after July 1, 1989:		
	65-66	3	FAS x YOS x 1.7%
Reduced	55	3	Reduced by the use of actuarial tables.
	Any Age	30	Reduced by the use of actuarial tables.

Deferred Retirement

	55	3	Annual Benefit (see above).
	Any Age	30	Augmented by 3% per year from date of resignation to age 55, then 5% per year starting from the January 1 after age 55 to date of retirement, if hired prior to July 1, 2006. Augmented by 2.5% if hired on or after July 1, 2006.

Formula Key:

FAS: Final Average Salary

YOS: Years of Service

1.2% or 1.7%: Percentage Multiplier

Retirement History Record

Fiscal Year Ending	Pensions Granted	Persons On Payroll	Benefits Paid (\$)	Fiscal Year Ending	Pensions Granted	Persons On Payroll	Benefits Paid (\$)
June 1910	15	13	\$ 4,860	December 1975	52	778	\$ 3,765,322
June 1931	8	125	69,024	December 1976	77	883	4,393,513
June 1932	8	130	72,961	December 1977	63	919	5,050,507
June 1933	2	126	74,190	December 1978	48	946	5,523,548
June 1934	6	127	74,120	December 1979	40	946	6,240,309
June 1935	9	131	74,001	December 1980	47	963	6,623,804
June 1936	14	135	75,864	December 1981	47	981	7,139,037
June 1937	19	151	80,747	December 1982	61	996	7,725,617
June 1938	17	160	89,709	December 1983	72	1,042	8,555,099
June 1939	11	161	93,184	December 1984	64	1,061	9,466,664
June 1939 to				January 1985 to			
December 1939	0	158	23,870	June 1985	59	1,103	5,324,727
December 1940	71	222	170,685	June 1986	66	1,134	11,267,144
December 1941	35	246	210,257	June 1987	117	1,191	12,478,180
December 1942	27	266	234,217	June 1988	70	1,210	14,690,455
December 1943	38	286	253,031	June 1989	67	1,236	15,506,957
December 1944	34	311	282,299	June 1990	67	1,270	17,382,410
December 1945	56	350	308,113	June 1991	80	1,309	18,811,677
December 1946	51	378	337,512	June 1992	83	1,357	20,509,335
December 1947	28	387	360,571	June 1993	120	1,426	22,763,806
December 1948	42	413	375,912	June 1994	92	1,469	25,044,494
December 1949	42	441	419,618	June 1995	113	1,539	26,792,534
December 1950	30	461	450,641	June 1996	119	1,595	29,446,215
December 1951	27	476	472,670	June 1997	179	1,720	32,056,967
December 1952	28	486	508,923	June 1998	129	1,789	37,852,099
December 1953	32	487	525,959	June 1999	114	1,861	41,724,751
December 1954	10	482	529,429	June 2000	144	1,964	47,121,179
December 1955	38	509	666,994	June 2001	130	2,050	53,851,893
December 1956	46	529	750,146	June 2002	127	2,136	58,738,724
December 1957	59	560	840,883	June 2003	126	2,248	63,357,052
December 1958	41	579	1,019,502	June 2004	141	2,361	67,941,921
December 1959	30	585	1,084,506	June 2005	192	2,505	72,448,201
December 1960	38	600	1,144,380	June 2006	146	2,624	78,420,222
December 1961	39	611	1,230,715	June 2007	138	2,744	82,809,201
December 1962	49	624	1,352,779	June 2008	122	2,851	88,273,233
December 1963	42	647	1,467,461				
December 1964	33	653	1,545,252				
December 1965	40	668	1,631,554				
December 1966	43	676	1,770,083				
December 1967	36	682	1,862,249				
December 1968	45	695	1,969,760				
December 1969	53	726	2,319,186				
December 1970	31	719	2,385,868				
December 1971	47	731	2,522,350				
December 1972	51	745	2,742,660				
December 1973	36	744	3,039,253				
December 1974	46	754	3,372,453				

St. Paul Teachers' Retirement Fund Association

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