

# ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION

## Annual Report

*for the fiscal year ended June 30, 2014*

*St. Paul Teachers' Retirement Fund Association  
1619 Dayton Avenue, Room 309  
Saint Paul, Minnesota 55104-6276*

*Phone 651-642-2550*

*Fax 651-642-2553*

*[www.sptrfa.org](http://www.sptrfa.org)*

**Jill E. Schurtz**

*Executive Director*

**Christine MacDonald**

*Deputy Director*



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## Mission

**P**rovide our members and their beneficiaries with retirement, survivor, and disability benefits as specified in law and the Association Articles and Bylaws.

**A**ssist 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.

**I**nvest the assets of the fund to provide the optimum return while preserving principal by controlling portfolio risk.

## SPTRFA Board of Trustees



### First row

John Brodrick	<i>Ex-Officio</i> Trustee
John R. Kunz Jr.	President
Eugene R. Waschbusch	Secretary-Treasurer
Feryle W. Borgeson	Trustee

### Second row

Karen A. Odegard	Trustee
James Paddock	Trustee
Mike McCollor	Vice President
Matt Bogenschultz	Trustee
Stephanie Pignato	Trustee
Lori Borgeson	Trustee

## Our Staff

Jill E. Schurtz	Executive Director
Christine MacDonald	Deputy Director
Nancy Langer	Member Services and Outreach
Susan Nystrom	Finance and Member Services
Rachel Pastick	Communications and Member Services
Janet Williams	Investments and Member Services
Tamera Zielinski	Administrative Assistant

# St. Paul Teachers' Retirement Fund Association

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## TRUSTEES & OFFICERS

W. Matthew Bogenschultz	Karen Odegard	John R. Kunz, Jr. ....	President	1619 Dayton Avenue, Room 309
Feryle W. Borgeson	James Paddock	Mike McCollor .....	Vice President	Saint Paul, MN 55104-6206
Lori Borgeson	Stephanie Pignato	Eugene R. Waschbusch.....	Secretary-Treasurer	
John Brodrick		Jill E. Schurtz.....	Executive Director	

## Letter of Transmittal

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Members of the Association:

The trustees and staff of the St. Paul Teachers' Retirement Fund Association (SPTRFA) present the Annual Financial Report for the fiscal year ended June 30, 2014, in accordance with the provisions of Minnesota Statutes § 356.20.

This report is intended to provide readers with sufficient information to make informed assessments about the organization's financial condition, fiscal activities, actuarial status, investment performance, and compliance with laws, regulations, bylaws and policies.

This is the complete Annual Report of the Association. This report is also available on the Fund's website at: [www.sptrfa.org](http://www.sptrfa.org), or by request from the SPTRFA office.

A summary of the information in this report has been sent to each member, along with a statement of account status, which includes retirement service credit and contributions of record.

Major sections included in this report and their content are as follows:

- **Introduction**

Mission Statement, Board of Trustees, professional service relationships, and organizational structure.

- **Benefits**

Summary information regarding Plan benefit options, calculation methods, and a history of annual retirements.

- **Investments**

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

- **Actuarial Valuation**

Actuary's Certification Letter and various actuarial valuation sections that assess the Plan's long-term funded status, adequacy of revenues and describe relevant actuarial methods and assumptions.

- **Appendix A – State Auditor's Report**

SPTRFA received an "unmodified opinion" – the highest opinion level possible. The report contains management's discussion and analysis of the financial performance of the Fund and is available on our website at: [www.sptrfa.org](http://www.sptrfa.org), or directly from the Minnesota Office of the State Auditor at: [www.osa.state.mn.us](http://www.osa.state.mn.us)

The audit report was 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 prudent management of the organization.

The SPTRFA Board and staff are responsible for the safekeeping of the Association's assets, the prudent investment of those assets, and for ensuring that benefits are calculated properly and paid timely. Administrative costs are budgeted at a level sufficient to meet service needs of the members. We strive to be service providers of the first order and our administrative costs remain extremely efficient.

The Board and staff of the SPTRFA serve as fiduciaries on behalf of our members and their 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 as specified under 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** audits the financial statements of the SPTRFA.

**Gabriel Roeder Smith & Company**, Minneapolis, Minnesota, performs the actuarial valuation for the Association. Key portions of its valuation, reflecting our funding status and adequacy of contributions over a long-term funding horizon, are included.

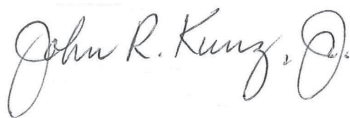
**Oppenheimer Wolff & Donnelly LLP**, Minneapolis, Minnesota, serves as primary Legal Counsel to the Board and staff, providing advice, representation, and monitoring of ongoing legal and regulatory developments.

**Asset Consulting Group**, St Louis, MO, serves as consultant to the Board and staff for investment performance measurement and certain compliance services.

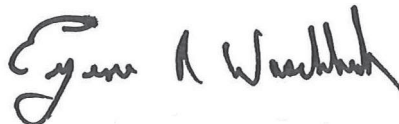
**U.S. Bank Institutional Trust & Custody**, provides Custody services to the Fund.

With over 105 years of service to our members, the SPTRFA Board and staff remain committed to administering the affairs of the Association with the highest degree of diligence and efficiency.

Respectfully submitted,



John R. Kunz, Jr.  
President



Eugene R. Waschbusch  
Secretary-Treasurer



Jill E. Schurtz  
Executive Director

# **Independent Professional Service Providers During the Fiscal Year Ending June 30, 2014**

## **Actuary**

Gabriel Roeder Smith & Company

## **Auditor**

Minnesota Office of the State Auditor

## **Investment Managers**

Advantus Capital Management  
Allianz Global Investors  
BlackRock Institutional Trust Co.  
Barrow, Hanley, Mewhinney & Strauss, Inc.  
The Boston Company Asset Management  
Brandywine Global Investment Mgmt. LLC  
Capital Guardian International, Inc.  
Dimensional Fund Advisors, Inc.  
Dune Real Estate Partners  
Franklin Park  
Guggenheim Partners LLC  
JPMorgan Asset Management  
Lazard Global Thematic Equity Trust  
Morgan Stanley Asset Management  
North Sky Private Equity Partners IV  
Parametric  
RWI Ventures I  
RWI Ventures II  
State Board of Investment  
Tortoise Capital Advisors  
T. Rowe Price  
UBS Trumbull Property Fund  
U.S. Bank  
Venture Investment Advisors  
Waddell & Reed  
Wellington Management Company, LLP

## **Investment Consultant**

Asset Consulting Group

## **Legal Counsel**

Oppenheimer Wolff & Donnelly LLP  
Rice, Michels & Walther, LLP



# Organizational Chart

## MEMBERS

ACTIVE

RETIRED

SURVIVORS

BENEFICIARIES

## BOARD OF TRUSTEES

John R. Kunz Jr., President

Mike McCollor, Vice President

Eugene R. Waschbusch, Secretary-Treasurer

Matt Bogenschultz, Trustee

Feryle W. Borgeson, Trustee

Lori Borgeson, Trustee

John Brodrick, Ex-Officio Trustee

Karen A. Odegard, Trustee

James Paddock, Trustee

Stephanie Pignato, Trustee

## ADMINISTRATION

Jill E. Schurtz, Executive Director

Christine MacDonald, Deputy Director

Nancy Langer, Member Services and Outreach

Susan Nystrom, Finance and Member Services

Janet Williams, Investments and Member Services

Rachel Pastick, Communications and Member Services

Tamera Zielinski, Administrative Assistant

## BENEFITS ADMINISTRATION

Active Member Services

Retired Member Services

Records Management

Member Counseling

Benefit Payments & Reporting

## OPERATIONS

Business Administration

Accounting/Reporting

Office Payroll & Benefits

Budget Administration

Investment Mgmt. &  
Reporting

Publications

Information Systems

## PROFESSIONAL TECHNICAL SERVICES

Actuary,

*Gabriel Roeder Smith & Company*

Custodian

*U.S. Bank*

Investment Managers

Legal Counsel,

*Oppenheimer Wolff & Donnelly LLP*

*Rice, Michels & Walther, LLP*

Medical Advisors,

*Dr. Ronald Vessey M.D.*

*Dr. David Johnson M.D.*

Performance Measurement

*Asset Consulting Group (ACG)*

## GOVERNMENTAL RELATIONS

Minnesota State Auditor

Legislative Commission on  
Pensions & Retirement

Minnesota Department of  
Management and Budget

Minnesota Department of Revenue

Minnesota Campaign Finance  
& Public Disclosure Board

U.S. Department of the Treasury



## **BENEFITS**

## Pre-Retirement Topics

<b>Membership</b>	Membership is mandatory upon employment in any position requiring a license issued by the MN Department of Education for employment with St. Paul Public Schools (SPPS), St. Paul College (SPC) – if employed prior to July 1, 1995, or St. Paul Charter Schools – from July 1, 1995 through June 30, 2002. Hereinafter collectively referred to as “St. Paul Schools.”
<b>Allowable Retirement Service Credit</b>	A full year of retirement service credit is earned after 170 days are worked during each fiscal year. Partial years are calculated based on the ratio of days worked to 170 days. No more than one year of retirement service credit is allowable during any fiscal year.
<b>Definition of Salary</b>	Minnesota Statutes Chapter 354A and the Association Articles and Bylaws define salary. Salary is the entire compensation upon which member contributions are required and made.
<b>Refund of Contributions</b>	In lieu of a monthly retirement benefit, a member who resigns from St. Paul Schools may apply for a refund of employee contributions, plus applicable interest. Coordinated Plan members have access to a refund of contributions at any age. Basic Plan members must be under Age 55 or be ineligible for a pension to receive a refund of contributions.
<b>Repaying a Refund of Contributions</b>	A member who received a refund may reinstate previous retirement service credit 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 retirement service credit since the last refund was taken.
<b>Leaves of Absence</b>	The following St. Paul Schools approved leaves of absence qualify to allow members to purchase retirement service credit for the leave period. The terms and conditions for each leave are different: Sabbatical, Military, Parental, Mobility, Medical, Family Medical
<b>Service Payments</b>	Members may repay refunds or purchase SPTRFA retirement service credit while on leave by using personal savings or by transferring money from their tax-sheltered retirement accounts, such as 403(b), 457, 401(k), IRAs, or from another plan qualified under 401(a).
<b>Beneficiary</b>	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.
<b>Marriage Dissolution</b>	Minnesota Statutes Section 518 covers marriage dissolutions and requires that SPTRFA receive a copy of the petition and summons, including 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 judge signed copy of the domestic relations order is required. All inquiries are kept confidential. Survivor benefit coverage ends at the dissolution of marriage.
<b>Disability Benefit</b>	A disability benefit is available to vested members who become totally and permanently disabled. 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 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 equal to the unreduced pension benefit amount using the member’s years of retirement service credit and final average salary at the time of the disability, less any benefits received from Workers’ Compensation.

## Retirement Topics

<b>Basic Plan Retirement Options</b>	Basic Plan members receive a formula benefit payable for life. An automatic spousal survivor benefit is a percentage of the member's benefit, based on the ages of the member and spouse at the time of retirement. In the Basic Plan the survivor benefit* does not cause a reduction in the member's benefit.
<b>Coordinated Plan Retirement Options</b>	At the time of retirement, Coordinated Plan members select one from the five benefit annuity options below:
<b>C1 Member Life Only</b>	Monthly benefit payable for life to the member, with nothing payable after the member's death. Other annuity option amounts (C2 – C5) are reduced from the C1 amount in an attempt to actuarially cover any financial obligation that the SPTRFA would incur in paying additional benefits after the member's death.
<b>C2 Guaranteed Refund</b>	Reduced monthly benefit payable for life to the member. In exchange for the member's benefit reduction, after the member's death, the SPTRFA pays a refund to a designated beneficiary. The refund is equal to the difference between SPTRFA pre-retirement member contributions less cumulative SPTRFA post-retirement benefits paid to the member prior to death. The refundable amount payable to a beneficiary typically decreases to zero after two to three years after the member begins receiving retirement benefits.
<b>C3 15-Year Certain</b>	Reduced monthly benefit payable for life to the member. In exchange for the member's benefit reduction, the SPTRFA continues monthly payments to a beneficiary if the member's death occurs within 15 years after retirement. The beneficiary payments would end after the balance of the 15 years of SPTRFA benefit payments (member and beneficiary combined) is fulfilled.
<b>C4 100% Joint &amp; Survivor*</b>	Reduced monthly benefit payable for life to the member. In exchange for the member's benefit reduction, after the member's death, the member's spouse receives the same monthly benefit for life. If the spouse precedes the member in death, the member's benefit would bounceback to the full, unreduced benefit amount payable under the C1 option.
<b>C5 50% Joint &amp; Survivor*</b>	Reduced monthly benefit payable for life to the member. In exchange for the member's benefit reduction, after the member's death, the member's spouse receives 50% of the member's benefit as a monthly benefit for life. If the spouse precedes the member in death, the member's benefit would bounceback to the full, unreduced benefit amount payable under the C1 option.

\* *Survivor benefit coverage ends at the dissolution of marriage.*

## Post-Retirement Topics

### Teaching After Retirement

If a retired member of SPTRFA is reemployed by SPPS prior to Social Security normal retirement age, their SPTRFA monthly benefits may be reduced. If the retiree earns more than \$46,000 while working with or at SPPS in any calendar year, the following year's pension will be reduced by one dollar for every three dollars in SPPS earnings over \$46,000. This reduction is forfeited to SPTRFA. After Social Security normal retirement age, retired members have no SPPS re-employment earnings limitation. Retired members may work for any other employer without a reduction in their SPTRFA pension benefits, as long as their work is not performed at or for SPPS.

### Period of Separation

After resignation, members must maintain a 90-day break in service, with or at the District. This includes any contracted employment for or with the District, for example Teachers On Call.

### Post- Retirement Increase

Post-retirement increases may be provided annually in January. If the Accrued Liability Funding Ratio, based on the Actuarial Value of Assets, as determined by the most recent actuarial valuation is:

- Less than 80 percent for two consecutive years, the COLA: 1.00 percent
- At least 80 percent, but less than 90 percent for two consecutive years: 2.00 percent
- If at least 90 percent for two consecutive years, then the subdivisions for the 1 percent and 2 percent provisions above expire and COLAs will be paid as follows:
  - Increases will be equal to the Consumer Price Index urban wage earners and clerical workers all items index as reported by the Bureau of Labor Statistics within the United States Department of Labor each year as part of the determination of annual COLA to recipients of federal old age, survivors, and disability insurance.
  - The COLA is determined by dividing the most recent average of third quarter monthly index values by the same average third quarter index value from the previous year, subtracting the quantity one from the resulting quotient, and expressing the result as a percentage amount, which must be rounded to the nearest one-tenth of one percent. The final amount may not be a negative number and may not exceed 5.0 percent. Partial increases are granted for new retirees in the calendar year immediately preceding the increase on the basis of whole calendar quarters that the benefit recipient has been in pay status, calculated to the third decimal place.

## 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	
<b>Tier 1</b>			
Unreduced	Rule of 90		} FAS x YOS x 2.0%
	60	25	
	65	5	
Reduced	55	5	Reduced for early retirement by 0.25% for each month a member's age is under 65.
	55	25	Reduced for early retirement by 0.25% for each month a member's age is under 60.
<b>Tier 2</b>			
Unreduced	65	5	FAS x YOS x 2.5%
Reduced	55	5	Formula reduced for early retirement by the use of actuarial tables.
<b>Deferred Retirement</b>			
	55	5	Annual Benefit (see above).

**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	Age	Service	Computation of Annual Benefit
<b>Tier 1</b>				
Unreduced	Rule of 90	62	30	$(FAS \times \text{First 10 YOS} \times 1.2\%)$ + $(FAS \times \text{YOS greater than 10} \times 1.7\%)$
		65	3	
Reduced	55		3	Reduced for early retirement by 0.25% for each month a member's age is under 65.
	Any Age		30	Reduced for early retirement by 0.25% for each month a member's age is under 62.

### Tier 2

Unreduced	If first employed before July 1, 1989:		
	65	3	$FAS \times YOS \times 1.7\%$
Unreduced	If first employed on or after July 1, 1989:		
	65-66	3	$FAS \times YOS \times 1.7\%$
Reduced	55	3	Reduced for early retirement by the use of actuarial tables.

### Deferred Retirement

55	3	Annual Benefit (see above) with augmentation <sup>*</sup> .
Any Age	30	
<sup>*</sup> Augmented by 3% per year from date of resignation to January 1 after reaching Age 55, then 5% per year thereafter, if first hired prior to July 1, 2006.		
Augmented by 2.5% for all years if first hired on or after July 1, 2006.		
Augmentation for all members, regardless of hire date, changed to 2% as of July 1, 2012 for the portion of benefit deferral occurring after June 30, 2012.		

#### Formula Key:

FAS: Final Average Salary

YOS: Years of Service

1.2% or 1.7%: Percentage Multiplier



## Retirement History Record

<b>Fiscal Year Ending</b>	<b>Pensions Granted</b>	<b>Benefit Recipients</b>	<b>Benefits Paid (\$)</b>	<b>Fiscal Year Ending</b>	<b>Pensions Granted</b>	<b>Benefit Recipients</b>	<b>Benefits Paid (\$)</b>
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	June 2009	114	2,933	92,137,480
December 1964	33	653	1,545,252	June 2010	166	3,044	95,299,300
December 1965	40	668	1,631,554	June 2011	233	3,212	97,264,937
December 1966	43	676	1,770,083	June 2012	141	3,292	101,989,143
December 1967	36	682	1,862,249	June 2013	166	3,404	103,237,869
December 1968	45	695	1,969,760	June 2014	177	3,529	105,742,221
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				



## **INVESTMENTS**

## Investment Returns for Fiscal Year End June 30, 2014

	2014	Fiscal Year
	<u>Assets Under Management (Market Value)</u>	<u>Investment Performance</u>
<b>Domestic Equity</b>		
Advantus	25,685,583	14.00%
Barrow, Hanley, Mewhinney & Strauss, Inc.	50,565,060	23.80%
The Boston Company Asset Management	61,172,409	25.20%
Dimensional Fund Advisors, Inc.	62,917,316	25.30%
State Board of Investments - Domestic Equity (new in March)	185,821,394	
Wellington Management Company, LLP	54,931,539	30.00%
	<b><u>\$ 441,093,301</u></b>	
<b>International Equity</b>		
State Board of Investments - Int'l Equity (new in March)	106,368,651	
	<b><u>\$ 106,368,651</u></b>	
<b>Global Equity</b>		
Morgan Stanley Global Franchise	53,659,896	16.60%
JP Morgan Focus	57,154,970	27.30%
Lazard Global Discounted Assets	23,935,449	16.30%
	<b><u>\$ 134,750,315</u></b>	
<b>Alternatives</b>		
Waddell & Reed High Yield	27,321,136	12.30%
	<b><u>\$ 27,321,136</u></b>	
<b>Fixed Income</b>		
Brandywine Global Opportunistic Fixed	51,728,918	8.30%
Allianz Cash Overlay	21,007,540	5.00%
T Rowe Price Global Multi-sector Bond	52,372,322	7.30%
Guggenheim Core Plus	83,163,926	9.40%
	<b><u>\$ 208,272,706</u></b>	
<b>Real Assets</b>		
UBS Trumbull Fund	37,684,205	9.20%
UBS Growth & Income Fund	11,749,822	18.60%
Tortoise MLP (new in August 2013)	27,367,653	
Dune Realty Partners (new in April 2014)	2,110,925	
Parametric - TIPS	19,105,463	4.30%
	<b><u>\$ 98,018,068</u></b>	
<b>Private Equity</b>		
Franklin Park	5,498,350	
RWI Ventures I	246,720	
RWI Ventures II	1,941,992	
VIA Energy Partners	450,000	
North Sky	7,635,414	
	<b><u>\$ 15,772,476</u></b>	<b>2.40%</b>
<b>Cash</b>		
Cash - US Bank	5,470,543	0.00%
Parametric Cash Overlay	3,257,670	12.50%
	<b><u>\$ 8,728,214</u></b>	
<b>Total Fund (net of fees)</b>	<b><u>\$ 1,040,324,867</u></b>	<b>18.50%</b>
<b>Total Fund Benchmark</b>		<b>18.60%</b>

NOTE: Investment returns are calculated by Asset Consulting Group (performance measurement consultant)  
The difference from the *total of investments at fair value* which are listed on the Statement of Plan Net Assets is a result of timing of cash inflow and outflow recognition.

# Holdings by Asset Class, Security Type, and Issuer as of June 30, 2014

## St. Paul Teachers' Retirement Fund Association Holdings by Asset Class, Security Type and Issuer as of June 30, 2014

Asset Class / Security Type / Issuer	Quantity Shares or Units	Cost	Market Value	Accrued Interest or Dividends	Mkt + Accrued
<b>Private Equity</b>					
North Sky - PEP IV Fund	-	\$ 5,125,778	\$ 7,635,414	\$ -	\$ 7,635,414
Franklin Park Private Equity Fund	-	4,764,568	5,498,350	-	5,498,350
RWI Group - Ventures I Capital Ltd Ptnr	-	246,001	246,720	-	246,720
RWI Group - Ventures II Capital Ltd Ptnr	-	3,206,224	1,941,992	-	1,941,992
VIA Energy Fund III	-	450,000	450,000	-	450,000
Subtotal - Private Equity	-	\$ 13,792,571	\$ 15,772,476	\$ -	\$ 15,772,476
<b>Cash or Equivalents</b>					
Cash	-	\$ 141,750	\$ 141,750	\$ -	\$ 141,750
U.S. Bank Interest Bearing Checking Acct	-	795,824	795,824	-	795,824
U.S. Bank Commercial Paper Sweep	-	1,803,115	1,803,115	-	1,803,115
Custodian Short Term Investment Pool	-	14,505,081	14,505,081	371	14,505,081
Subtotal - Cash or Equivalents	-	\$ 17,245,770	\$ 17,245,770	\$ 371	\$ 17,245,770
<b>Domestic Equity Securities</b>					
Acadia Healthcare Co Inc	2,200	\$ 96,800	\$ 100,100	\$ -	\$ 100,100
Acadia Rlty Tr	16,169	369,018	454,187	3,719	457,906
Access Midstream Partners Lp	11,876	562,074	754,720	-	754,720
Actavis Plc	3,700	697,267	825,285	-	825,285
Agco Corp	13,800	705,565	775,836	-	775,836
Agribank Fcb	1,000	100,000	106,250	1,719	107,969
Alexandria Real Estate Equities Inc	6,200	456,384	481,368	4,464	485,832
Alliance Data Systems Corp	1,700	199,166	478,125	-	478,125
Altria Group Inc	31,600	527,364	1,325,304	15,168	1,340,472
American Airlines Group Inc	9,400	364,290	403,824	-	403,824
American Express Co	15,900	734,471	1,508,433	-	1,508,433
American Public Education	27,700	1,033,871	952,326	-	952,326
American Residential Propert	22,360	468,098	419,250	-	419,250
American Tower Corp	600	60,000	63,840	-	63,840
Apollo Education Group Inc	31,590	686,961	987,188	-	987,188
Applied Micro Circuits Corp	45,820	369,484	495,314	-	495,314
Arctic Cat Inc	7,800	335,028	307,476	-	307,476
Arrow Electrs Inc	26,150	1,106,477	1,579,722	-	1,579,722
Artisan Partners Asset Manag	7,100	443,745	402,428	-	402,428
Aruba Networks Inc	8,900	156,490	155,928	-	155,928
At&T Inc	16,800	593,862	594,048	-	594,048
Atwood Oceanics Inc	15,500	713,885	813,440	-	813,440
Aurico Gold Inc	114,440	480,927	487,514	-	487,514
Autozone Inc	1,000	386,099	536,240	-	536,240
Avalonbay Cmnty Inc	9,000	1,150,739	1,279,710	10,440	1,290,150
Avnet Inc	31,190	996,199	1,382,029	-	1,382,029
Ball Corp	17,200	786,642	1,078,096	-	1,078,096
Bank Of America Corp	58,966	1,182,204	950,291	689	950,980
Bed Bath & Beyond Inc	8,200	543,250	470,516	-	470,516

## Holdings by Asset Class, Security Type, and Issuer as of June 30, 2014

Asset Class / Security Type / Issuer	Quantity Shares or Units	<u>Cost</u>	<u>Market Value</u>	Accrued Interest or Dividends	<u>Mkt + Accrued</u>
Belden Inc	21,500	1,137,248	1,680,440	1,285	1,681,725
Biomed Realty Trust Inc	12,800	236,416	279,424	3,200	282,624
Blackstone Group L P	12,490	282,220	417,666	-	417,666
Boston Pptys Inc	9,479	887,510	1,120,228	6,161	1,126,390
Bp Plc Spons A D R	32,500	1,471,860	1,714,375	-	1,714,375
Brookdale Sr Living Inc	5,800	167,353	193,372	-	193,372
Buckeye Partners Lp	21,176	1,476,508	1,758,879	-	1,758,879
Camden Ppty Tr	9,200	535,737	654,580	6,072	660,652
Cameron International Corp	10,000	576,898	677,100	-	677,100
Capital One Financial Corp	13,000	933,190	1,073,800	-	1,073,800
Carbo Ceramics Inc	5,200	772,040	801,424	-	801,424
Cardinal Health Inc	18,200	783,399	1,247,792	6,234	1,254,026
Cardtronics Inc	10,900	305,765	371,472	-	371,472
Carnival Corp	24,900	786,070	937,485	-	937,485
Catamaran Corporation	20,540	871,300	907,046	-	907,046
Cdw Corp De	45,000	1,068,916	1,434,600	-	1,434,600
Chemtura Corp	31,410	839,179	820,743	-	820,743
Chesapeake Energy Corp	9	880	878	-	878
Chevron Corporation	5,600	260,608	731,080	-	731,080
Chicago Bridge Iron Ny Shs	9,500	519,065	647,900	-	647,900
Ciena Corp	99,280	1,800,696	2,150,405	-	2,150,405
Cigna Corp	9,970	537,095	916,941	-	916,941
Citigroup Inc	18,910	782,990	890,661	-	890,661
City National Corp	4,000	100,000	111,120	-	111,120
Columbia Banking System Inc	14,950	368,853	393,335	-	393,335
Comerica Inc	13,640	588,015	684,182	-	684,182
Comstock Resources Inc	6,450	136,193	186,018	-	186,018
Con Way Inc	22,371	665,562	1,127,722	-	1,127,722
Connors Inc	21,700	1,082,157	1,071,763	-	1,071,763
Conocophillips	14,900	380,042	1,277,377	-	1,277,377
Consol Energy Inc	10,610	432,772	488,803	-	488,803
Continental Resources Inc	7,300	736,181	1,153,692	-	1,153,692
Conversant Inc	17,500	420,200	444,500	-	444,500
Corelogic Inc	40,430	1,041,340	1,227,455	-	1,227,455
Cousins Pptys Inc	30,300	368,528	377,235	-	377,235
Covance Inc	8,790	857,601	752,248	-	752,248
Cracker Barrel Old Ctry Store	11,200	1,014,546	1,115,184	-	1,115,184
Crane Co	13,900	822,982	1,033,604	-	1,033,604
Crown Castle Intl Corp	1,630	163,656	166,130	-	166,130
Csg Sys Intl Inc	16,230	331,082	423,765	-	423,765
Cubsmart	16,857	191,640	308,820	2,191	311,012
Cubist Pharmaceuticals Inc	30,010	1,620,516	2,095,298	-	2,095,298
Cvb Finl Corp	39,257	499,310	629,290	-	629,290
D R Horton Inc	68,800	1,346,848	1,691,104	-	1,691,104
Dana Holding Corp	25,000	531,495	610,500	-	610,500
Dcp Midstream Partners Lp	16,110	871,148	918,270	-	918,270
Dct Industrial Trust Inc	59,200	442,589	486,032	-	486,032
Ddr Corp	32,600	543,108	574,738	5,053	579,791

## Holdings by Asset Class, Security Type, and Issuer as of June 30, 2014

Asset Class / Security Type / Issuer	Quantity Shares or Units	<u>Cost</u>	<u>Market Value</u>	Accrued Interest or Dividends	<u>Mkt + Accrued</u>
Dealertrack Technologies Inc	27,260	949,892	1,235,968	-	1,235,968
Dollar Tree Inc	10,600	477,237	577,276	-	577,276
Douglas Emmitt Inc	13,276	341,708	374,649	2,655	377,304
Duke Realty Corporation	36,800	540,635	668,288	-	668,288
E Trade Financial Corp	40,190	389,492	854,439	-	854,439
Eagle Materials Inc	5,900	511,053	556,252	580	556,832
Eastgroup Pptys Inc	5,300	289,225	340,419	-	340,419
Education Realty Trust Inc	25,700	269,602	276,018	-	276,018
Emerson Elec Co	13,900	423,659	922,404	-	922,404
Energy Transfer Equity L P	39,540	1,224,740	2,330,488	-	2,330,488
Energy Transfer Partners L P	7,810	401,709	452,746	-	452,746
Enlink Midstream Partners Lp	6,620	200,721	208,067	-	208,067
Entergy Corporation	6,900	272,390	566,421	-	566,421
Enterprise Prods Partners L P	33,485	2,142,827	2,621,541	-	2,621,541
Envision Healthcare Holdings Inc	15,200	474,964	545,832	-	545,832
Equifax Inc	5,030	304,868	364,876	-	364,876
Equity Residential	13,700	665,649	863,100	6,850	869,950
Essex Ppty Tr Inc	5,694	829,368	1,052,878	7,402	1,060,280
Everbank Financial Corp	72,200	1,369,333	1,455,552	-	1,455,552
Exelon Corp	620	31,000	33,447	-	33,447
Expedia Inc	7,670	556,506	604,089	-	604,089
Extra Space Storage Inc	11,700	529,123	623,025	-	623,025
Federal Rlty Invt Tr	4,700	519,417	568,324	3,666	571,990
Fidelity National Finl A	53,880	1,771,455	1,765,109	-	1,765,109
Fleetcor Technologies Inc	1,400	156,305	184,520	-	184,520
Flir Systems Inc	35,650	1,158,089	1,238,125	-	1,238,125
Flowserve Corp	9,900	440,965	736,065	1,648	737,713
Fossil Group Inc	6,500	703,963	679,380	-	679,380
Francescas Holdings Corp	26,100	576,096	384,714	-	384,714
Fresh Market Inc	18,100	608,453	605,807	-	605,807
Generac Holdings Inc	12,500	646,741	609,250	-	609,250
General Dynamics Corp	7,400	574,168	862,470	-	862,470
General Growth Properties	29,000	549,898	683,240	-	683,240
Genesis Energy Lp	10,945	561,281	613,358	-	613,358
Glimcher Realty Trust	28,400	258,011	307,572	2,840	310,412
Global Payments Inc	4,100	189,868	298,685	-	298,685
Gnc Acquisitions Holdings Inc	13,800	576,575	470,580	-	470,580
Graco Inc	9,510	701,504	742,541	-	742,541
Grand Canyon Education Inc	28,800	1,066,228	1,323,936	-	1,323,936
Greenhill Co Inc	5,690	290,842	280,233	-	280,233
Hanger Inc	16,430	420,568	516,724	-	516,724
Harley Davidson Inc	18,300	948,737	1,278,255	-	1,278,255
Harman International	3,600	385,006	386,748	-	386,748
Hcp Inc	11,800	435,891	488,284	-	488,284
Hd Supply Holdings Inc	9,400	267,494	266,866	-	266,866
Health Care Reit Inc	10,500	550,937	658,035	-	658,035
Heartland Payment Systems Inc	15,300	527,937	630,513	-	630,513
Hewlett Packard Co	22,800	731,471	767,904	3,648	771,552

## Holdings by Asset Class, Security Type, and Issuer as of June 30, 2014

Asset Class / Security Type / Issuer	Quantity Shares or Units	<u>Cost</u>	<u>Market Value</u>	Accrued Interest or Dividends	<u>Mkt + Accrued</u>
Honeywell International Inc	13,900	456,196	1,292,005	-	1,292,005
Host Hotels Resorts Inc	31,310	520,341	689,133	4,697	693,830
Hunt J B Trans Svcs Inc	3,700	225,401	272,986	-	272,986
I B E R I A B A N K Corporation	14,750	972,330	1,020,553	-	1,020,553
I G A T E Capital Corporation	17,100	440,877	622,269	-	622,269
Icon Plc	20,000	809,797	942,200	-	942,200
Ims Health	2,440	62,676	62,659	-	62,659
Infoblox Inc	54,880	903,944	721,672	-	721,672
Ingram Micro Inc Cl A	46,250	1,208,914	1,350,963	-	1,350,963
Intel Corp	46,900	859,253	1,449,210	-	1,449,210
Interface Inc	23,710	448,677	446,696	-	446,696
Interpublic Group Cos Inc	28,700	419,602	559,937	-	559,937
Invesco Ltd	18,300	591,426	690,825	-	690,825
Ishares Russell 2000 Index Etf	2,070	241,659	245,937	-	245,937
J P Morgan Chase Co	26,100	1,015,403	1,503,882	-	1,503,882
Jds Uniphase Corp	129,080	1,590,225	1,609,628	-	1,609,628
Johnson Johnson	12,400	770,693	1,297,288	-	1,297,288
Kansas City Southern	5,500	590,865	591,305	1,680	592,985
Keurig Green Mountain Inc	3,400	206,110	423,674	-	423,674
Key Corp	100	12,775	13,100	-	13,100
Kilroy Rlty Corp	3,900	179,653	242,892	1,365	244,257
Kimco Realty Corp	25	505,013	579,096	-	579,096
Kirby Corp	12,320	835,539	1,443,165	-	1,443,165
Kite Realty	4,100	25,074	25,174	-	25,174
Kroger Co	9,300	366,552	459,699	-	459,699
Landstar Sys Inc	10,600	505,351	678,400	-	678,400
Lasalle Hotel Properties	10,500	310,234	370,545	3,413	373,958
Lattice Semiconductor Corp	27,140	145,635	223,905	-	223,905
Macerich Co	1,745	78,675	116,479	-	116,479
Magellan Midstream Partners Lp	31,671	1,747,917	2,661,631	-	2,661,631
Marathon Oil Corporation	31,400	719,369	1,253,488	-	1,253,488
Markwest Energy Partners Lp	16,810	1,122,965	1,203,260	-	1,203,260
Marriott Intl Inc	3,700	175,708	237,170	-	237,170
Mattel Inc	10,300	442,841	401,391	-	401,391
Mednax Inc	8,230	295,152	478,575	-	478,575
Medtronic Inc	25,200	859,498	1,606,752	-	1,606,752
Mellanox Technologies Ltd A D R	21,160	861,006	737,638	-	737,638
Merck And Co Inc	20,500	865,163	1,185,925	9,020	1,194,945
Michael Kors Holdings Lld	6,800	481,031	602,820	-	602,820
Microsemi Corp	16,760	299,510	448,498	-	448,498
Microsoft Corp	32,800	619,073	1,367,760	-	1,367,760
Mid-Amer Apt Cmnty Inc	7,060	462,344	515,733	-	515,733
Miller Herman Inc	45,260	1,051,728	1,368,662	4,424	1,373,086
Monster Beverage Corp	6,000	346,689	426,180	-	426,180
Morgan Stanley	30,000	750,000	836,100	13,359	849,459
Mplx Lp	12,145	451,233	783,353	-	783,353
Mrc Global Inc	45,440	1,301,570	1,285,498	-	1,285,498
Msc Indl Direct Co Inc Cl A	9,140	753,021	874,150	-	874,150



## Holdings by Asset Class, Security Type, and Issuer as of June 30, 2014

Asset Class / Security Type / Issuer	Quantity Shares or Units	<u>Cost</u>	<u>Market Value</u>	Accrued Interest or Dividends	<u>Mkt + Accrued</u>
Mylan Inc	23,100	736,985	1,191,036	-	1,191,036
Navient Corp W D	46,700	649,734	827,057	-	827,057
Occidental Petroleum Corporation	13,400	381,363	1,375,242	9,648	1,384,890
Office Depot Inc	295,720	1,430,190	1,682,647	-	1,682,647
Oiltanking Partners Lp	6,225	306,977	587,827	-	587,827
Oneok Inc	17,614	988,769	1,199,161	-	1,199,161
Oracle Corporation	37,900	1,557,590	1,536,087	-	1,536,087
P N C Financial Services Group Inc	12,200	719,215	1,086,410	-	1,086,410
Packaging Corp America	21,700	1,140,678	1,551,333	9,000	1,560,333
Parker Hannifin Corp	2,380	193,209	299,237	-	299,237
Pdc Energy Inc	4,400	272,196	277,860	-	277,860
Pebblebrook Hotel Trust	7,800	273,011	288,288	1,403	289,691
Pentair Plc	8,100	634,603	584,172	-	584,172
Pfizer Inc	40,355	1,020,238	1,197,736	-	1,197,736
Philip Morris Intl	17,100	723,867	1,441,701	16,074	1,457,775
Phillips 66	7,550	115,243	607,247	-	607,247
Phillips 66 Partners Lp	5,386	193,440	406,966	-	406,966
Plains All Amer Pipeline Lp	37,732	2,095,808	2,265,807	-	2,265,807
Plains Gp Holdings Lp Cl A	5,979	131,538	191,268	-	191,268
Plexus Corp	8,300	204,260	359,307	-	359,307
Polaris Inds Inc	3,700	345,032	481,888	-	481,888
Popeyes Louisiana Kitchen Inc	12,700	502,482	555,117	-	555,117
Portfolio Recovery Associates	19,800	1,118,493	1,178,694	-	1,178,694
Prologis Inc	20,450	706,738	840,291	-	840,291
Public Storage Inc	5,900	761,931	1,010,965	-	1,010,965
Questcor Pharmaceuticals	15,100	1,016,568	1,396,599	-	1,396,599
Raymond James Finl Inc	11,210	615,600	568,683	-	568,683
Raytheon Company	14,700	687,979	1,356,075	8,894	1,364,969
Realogy Holdings Corp	42,350	1,734,259	1,597,019	-	1,597,019
Regal Beloit Corp	12,457	834,367	978,622	-	978,622
Regency Energy Partners L P	20,245	560,928	652,091	-	652,091
Retail Properties Of Ame A	16,900	225,795	259,922	2,799	262,721
Robert Half Intl Inc	22,900	817,338	1,093,246	-	1,093,246
Ross Stores Inc	5,100	308,729	337,263	-	337,263
Sabra Health Care Reit Inc	8,800	244,571	252,648	-	252,648
Salix Pharmaceuticals Ltd	13,330	893,748	1,644,256	-	1,644,256
Sanofi A D R	26,700	1,013,428	1,419,639	-	1,419,639
Scansource Inc	7,810	217,314	297,405	-	297,405
Seaspan Corp	16,000	400,000	408,800	164	408,964
Simon Property Group Inc	14,965	1,627,984	2,488,380	-	2,488,380
Skyworks Solutions Inc	16,800	384,518	788,928	-	788,928
Sl Green Rlty Corp	8,500	681,631	929,985	4,250	934,235
Slm Corp	46,700	363,891	388,077	-	388,077
Spectra Energy Corp	25,690	909,257	1,091,311	-	1,091,311
St Jude Med Inc	5,900	229,666	408,575	1,647	410,222
State Str Corp	18,700	812,004	1,257,762	5,610	1,263,372
Steelcase Inc Cl A	113,750	1,605,144	1,721,038	-	1,721,038
Sunoco Logistics Partners L P	40,918	1,301,805	1,927,647	-	1,927,647

## Holdings by Asset Class, Security Type, and Issuer as of June 30, 2014

Asset Class / Security Type / Issuer	Quantity Shares or Units	<u>Cost</u>	<u>Market Value</u>	Accrued Interest or Dividends	<u>Mkt + Accrued</u>
Sunstone Hotel Invs Inc	12,852	156,364	191,880	858	192,738
Svb Finl Group	16,510	1,293,271	1,925,396	-	1,925,396
Targa Resourcres Lp	8,280	436,013	595,498	-	595,498
Target Corp	17,600	1,027,352	1,019,920	-	1,019,920
Taubman Centers Inc	4,300	299,253	325,983	-	325,983
Tesoro Corporation	5,390	285,629	316,231	-	316,231
Tesoro Logistics Lp	13,510	761,067	991,634	-	991,634
Teva Pharmaceutical Inds Ltd A D R	16,700	633,740	875,414	-	875,414
Texas Instruments Inc	22,700	564,137	1,084,833	-	1,084,833
Textron Inc	14,400	560,957	551,376	280	551,656
Travelers Cos Inc	13,800	567,708	1,298,166	-	1,298,166
Trueblue Inc	9,570	150,578	263,845	-	263,845
Trw Automotive Holdings Corp	5,380	341,130	481,618	-	481,618
Udr Inc	16,500	429,681	472,395	-	472,395
Umb Finl Corp	23,610	1,361,686	1,496,638	-	1,496,638
United Health Group Inc	17,900	798,147	1,463,325	-	1,463,325
United Technologies Cor Unit	3,650	222,468	237,944	-	237,944
Universal Health Svcs Inc	7,500	557,366	718,200	-	718,200
Urban Outfitters Inc	13,700	504,634	463,882	-	463,882
Valero Energy Partners Lp	7,139	220,484	359,163	-	359,163
Valspar Corp	9,670	651,216	736,757	-	736,757
Vantiv Inc	23,000	692,534	773,260	-	773,260
Varian Med Sys Inc	8,770	693,628	729,138	-	729,138
Veeco Instrs Inc Del	15,320	539,731	570,823	-	570,823
Ventas Inc	16,961	942,943	1,087,200	-	1,087,200
Verint Systems Inc	8,900	432,862	436,545	-	436,545
Verizon Communications Inc	18,396	694,115	900,116	-	900,116
Vodafone Group Plc A D R	13,472	688,470	449,830	16,669	466,499
Vornado Realty Trust	11,542	998,559	1,231,878	-	1,231,878
Voya Financial Inc	32,510	976,592	1,181,413	-	1,181,413
Waddell & Reed Financial Inc	32,300	1,624,950	2,021,657	-	2,021,657
Wal Mart Stores Inc	13,400	768,345	1,005,938	-	1,005,938
Walgreen Co	13,900	444,517	1,030,407	-	1,030,407
Watts Water Technologies Cl A	4,980	205,112	307,415	-	307,415
Web Com Group Inc	57,300	1,480,513	1,654,251	-	1,654,251
Wellpoint Inc	4,800	179,060	516,528	-	516,528
Wells Fargo Co	54,500	1,415,089	2,332,120	-	2,332,120
Wesco Intl Inc	6,700	418,645	578,746	-	578,746
Western Gas Equity Partners Lp	6,215	258,186	389,681	-	389,681
Western Gas Partners Lp	13,815	869,157	1,056,571	-	1,056,571
Western Refining Inc	14,300	576,860	536,965	-	536,965
Wex Inc	5,100	358,054	535,347	-	535,347
Whiting Petroleum Corp	16,980	830,764	1,362,645	-	1,362,645
Williams Cos Inc	13,769	508,570	801,493	-	801,493
Woodward Inc	4,810	201,569	241,366	-	241,366
Xilinx Inc	18,560	803,852	878,074	-	878,074
Yamana Gold Inc	141,188	1,303,331	1,160,565	-	1,160,565
Subtotal - Domestic Equity	<u>5,375,021</u>	<u>\$ 172,032,969</u>	<u>\$ 219,967,514</u>	<u>\$ 210,936</u>	<u>\$ 220,178,450</u>

## Holdings by Asset Class, Security Type, and Issuer as of June 30, 2014

Asset Class / Security Type / Issuer	Quantity Shares or Units	Cost	Market Value	Accrued Interest or Dividends	Mkt + Accrued
<b>Domestic Equity Commingled Accounts</b>					
SBI Domestic Index Stock	4,985,056	\$ 175,000,000	\$ 185,821,394	\$ -	\$ 62,917,316
Dimensional Fund Advisors	29,217	16,832,759	62,917,316	-	185,821,394
Subtotal - Domestic Equity Commingled	<u>5,014,273</u>	<u>\$ 191,832,759</u>	<u>\$ 248,738,710</u>	<u>\$ -</u>	<u>\$ 248,738,710</u>
<b>International Equity Commingled Accounts</b>					
SBI International Share Account	12,738,657	\$ 101,377,305	\$ 106,368,651	\$ -	\$ 57,154,970
JPMorgan Global Focus	2,601,473	41,184,817	57,154,970	-	106,368,651
Subtotal - International Equity Commingled	<u>15,340,130</u>	<u>\$ 142,562,122</u>	<u>\$ 163,523,621</u>	<u>\$ -</u>	<u>\$ 163,523,621</u>
<b>International Equity Mutual Funds</b>					
Morgan Stanley Ins Glb Fra	2,447,988	\$ 41,578,316	\$ 53,659,896	\$ -	\$ 53,659,896
Subtotal - Int'l Equity Mutual Fund	<u>2,447,988</u>	<u>\$ 41,578,316</u>	<u>\$ 53,659,896</u>	<u>\$ -</u>	<u>\$ 53,659,896</u>
<b>Global Equity Commingled Accounts</b>					
Lazard Global Discounted Assets	1,998,775	\$ 19,776,755	\$ 23,935,449	\$ -	\$ 23,935,449
Subtotal - Global Equity Commintled	<u>1,998,775</u>	<u>\$ 19,776,755</u>	<u>\$ 23,935,449</u>	<u>\$ -</u>	<u>\$ 23,935,449</u>
<b>Fixed Income Commingled Accounts</b>					
Allianz Global Investors	20,000,000	\$ 20,000,000	\$ 21,007,540	\$ -	\$ 21,007,540
Brandywine Global Opportunistic	1,208,120	49,808,558	51,728,918	-	51,728,918
Subtotal - Fixed Income Commingled	<u>21,208,120</u>	<u>\$ 69,808,558</u>	<u>\$ 72,736,458</u>	<u>\$ -</u>	<u>\$ 72,736,458</u>
<b>Fixed Income Securities</b>					
Acc Group Housing Llc	400,000	\$ 400,000	\$ 400,000	\$ 1,368	\$ 401,368
Acis Clo Ltd	1,200,000	1,169,400	1,199,106	10,299	1,209,405
Acs Pass Through Trust	849,575	772,317	824,088	250	824,338
Adt Corp	500,000	500,000	530,000	6,597	536,597
Aes Corp Va	400,000	399,000	403,000	-	403,000
Aircraft Lease Securitisation Limit	747,695	715,918	727,133	222	727,356
Airtran Holdings Inc	17,000	24,650	35,998	149	36,146
Allstate Corp	700,000	692,500	751,842	15,206	767,048
Ally Auto Recievables Trust	30,000	31,064	30,968	42	31,010
Alm Loan Funding	1,100,000	1,050,500	1,078,805	5,889	1,084,694
Alza Corp	21,000	29,558	30,201	-	30,201
Americredit Automobile Receivables	155,000	154,966	157,356	220	157,576
Amtrust Financial Servic	750,000	750,000	864,998	17,354	882,352
Anchorage Capital Clo Ltd	500,000	494,375	500,000	861	500,861
Ares Clo Funds	700,000	677,600	694,344	3,494	697,838
Argentina Bonos	25,000	22,421	23,475	360	23,835
Aspen Insurance Hldg Ltd	32,000	807,894	796,800	11,901	808,701
Assured Guaranty Us Hldg	150,000	149,693	149,106	229	149,335
Atlas Energy Hldgs Oper Co Llc	100,000	99,297	108,000	1,696	109,696
Atlas Pipeline Lp	250,000	254,063	265,625	4,141	269,766
Atwood Oceanics Inc	300,000	319,500	319,875	8,125	328,000
Avaya Inc	250,000	248,750	250,000	4,375	254,375
Avis Budget Rental Car Funding Aesop	425,000	425,052	428,053	372	428,425
Babcock Brown Air Funding Ltd	1,198,296	1,018,552	1,018,552	302	1,018,853
Banc Amer Coml Mtg	45,000	48,241	48,384	204	48,589

## Holdings by Asset Class, Security Type, and Issuer as of June 30, 2014

Asset Class / Security Type / Issuer	Quantity Shares or Units	<u>Cost</u>	<u>Market Value</u>	Accrued Interest or Dividends	<u>Mkt + Accrued</u>
Banc America Commercial Mortgage	120,000	127,448	127,356	566	127,922
Banc Of America Commercial Mortgage	687,850	721,814	715,334	3,419	718,753
Banc Of America Mortgage Securities	168,850	160,196	155,931	-	155,931
Bank Of America Corp	800,000	752,474	775,688	2,882	778,569
Barclays Capital Inc Repo	(636,755)	(636,755)	(636,755)	-	(636,755)
Barclays Commercial Mortgage Securit	650,000	575,245	622,856	1,741	624,597
Barclays Repo	(742,698)	(742,698)	(742,698)	-	(742,698)
Bcap Llc Trust	-	-	-	19	19
Bear Stearns Alt A Trust	192,230	150,180	161,248	20	161,268
Black Diamond Clo Ltd	750,000	745,313	750,000	4,284	754,284
Blade Engine Securitization Ltd	832,676	569,082	582,873	441	583,314
Boca Hotel Portfolio Trust	750,000	750,000	752,145	1,067	753,212
Brazil Federative Rep	400,000	363,076	369,680	5,133	374,813
British Airways Plc	746,718	755,131	797,121	1,283	798,405
British Columbia Prov Of	270,000	247,828	256,073	1,020	257,093
Capital Auto Reveivables Asset Trust	95,000	94,996	97,048	77	97,125
Capmark Military Housing Trust	830,000	910,925	1,212,721	3,862	1,216,583
Carlyle Global Market Strategies	500,000	493,000	500,000	601	500,601
Cerberus Offshore Levered I Lp	500,000	498,750	500,000	5,326	505,326
Cerberus Onshore Ii Clo Llc	250,000	247,493	250,000	1,565	251,565
Cgbam Coml Mortgage	500,000	500,000	500,825	271	501,096
Chicago Il Cabs City Colleges Agm Cr	100,000	48,872	48,007	-	48,007
Chicago Il Ref Ser A	300,000	300,570	304,509	7,500	312,009
Churchill Financial Cayman Ltd	1,000,000	897,500	969,820	3,522	973,342
Cifc Funding Ltd	250,000	249,375	247,393	828	248,220
Citigroup Deutsche Bank Commercial	170,000	176,892	179,282	760	180,042
Citigroup Inc	800,000	731,070	767,504	5,469	772,973
Cke Restaurants Holdings Inc	1,300,156	1,305,898	1,335,416	1,777	1,337,194
Coa Summit Clo Ltd	500,000	497,500	491,550	4,723	496,273
Codelco Inc	280,000	251,104	271,174	3,827	275,001
Comm Mortgage	1,200,000	1,200,000	1,200,000	-	1,200,000
Comm Mortgage Trust	50,000	49,932	53,017	199	53,216
Commonwealth Of The Ba	400,000	398,400	428,000	10,733	438,733
Contl Airlines	694,304	695,101	725,548	6,577	732,124
Cook Cnty Il Build Amer Bonds	650,000	699,072	752,375	5,174	757,549
Copper River Clo Ltd	1,000,000	909,219	954,800	786	955,586
Countrywide Alternative Loan Trust	1,209,972	1,206,408	1,230,743	4,495	1,235,239
Countrywide Home Loans	190,475	165,951	175,180	25	175,205
Credit Acceptanc	250,000	256,250	261,250	6,763	268,013
Credit Suisse Commercial Mortgage	750,000	720,938	727,935	184	728,119
Credit Suisse Group Ag	750,000	751,875	832,500	19,365	851,865
Credit Suisse Mtg Capital Cert	105,000	122,596	117,641	540	118,181
Csmc Tr	800,000	800,000	803,040	833	803,873
Danaher Corp	100,000	186,574	228,875	-	228,875
Detroit Mi City Sch Dist Build	370,000	380,175	453,394	4,777	458,172
Detroit Mi City Sch Dist Qualified	300,000	296,250	306,738	3,323	310,061
Detroit Mi Swr Disp Sys Revenue	300,000	293,642	300,666	7,500	308,166
Detroit Mi Wtr Sply Sys Revenue	300,000	300,600	300,102	7,875	307,977
Detroit Mi Wtr Sply Sys Revenue Ref	200,000	199,500	204,188	5,000	209,188
Detroit Mi Wtr Supply Sys Sr Lien	50,000	48,875	49,998	1,250	51,248
Deutsche Alt A Securities Inc Mtg	167,396	144,902	149,994	15	150,009

## Holdings by Asset Class, Security Type, and Issuer as of June 30, 2014

Asset Class / Security Type / Issuer	Quantity Shares or Units	<u>Cost</u>	<u>Market Value</u>	Accrued Interest or Dividends	<u>Mkt + Accrued</u>
Divcore Clo	250,000	248,975	250,000	465	250,465
Dominos Pizza Master Issuer Llc	159,431	177,268	171,328	139	171,467
Drug Royalty Ii Lp 1	250,000	250,000	250,000	128	250,128
Dsla Mortgage Loan Trust	593,063	502,340	537,408	123	537,531
Eagle Rock Ener Part Fin	250,000	271,875	270,000	1,745	271,745
Emerald Aviation Finance Limited	1,581,250	1,589,074	1,603,411	2,639	1,606,051
Entertainment Properties	750,000	762,995	814,845	16,292	831,137
Export Import Bank	700,000	643,795	696,077	10,296	706,373
Fed Republic Of Brazil	200,000	198,950	215,520	5,438	220,958
Fifth Third Bancorp	600,000	567,000	576,450	85	576,535
Fifth Third Bank	400,000	400,000	397,820	1,416	399,236
Figueroa Clo Ltd	250,000	246,000	243,270	861	244,131
First Franklin Mtg Loan Asset Backed	500,000	436,250	436,515	39	436,554
Ford Credit Auto Lease Trust	110,000	109,988	110,053	66	110,119
Fortress Credit Opportunities Clo Lp	450,000	439,905	450,000	2,449	452,449
Fremf Mortgage Trust	300,000	310,148	307,791	902	308,693
Fti Consulting Inc	200,000	204,000	205,750	1,533	207,283
Gallatin Funding Ltd	250,000	250,000	250,000	565	250,565
Garrison Funding Ltd	750,000	746,250	750,000	3,145	753,145
General Elec Cap Corp	750,000	699,375	758,438	1,750	760,188
Genesis Funding Ltd	747,191	667,727	717,304	108	717,412
Gibson Energy Inc	500,000	492,380	541,250	15,563	556,813
Gmac Commercial Mortgage Asset Corp	388,346	369,939	388,346	1,414	389,760
Golub Capital Partners Clo Ltd	500,000	499,238	502,690	4,530	507,220
Govt Of Bermuda	460,000	451,290	470,600	9,230	479,830
Govt Of Ukraine	100,000	88,230	95,500	731	96,231
Great Lakes Clo Ltd	1,000,000	1,000,000	1,001,695	8,792	1,010,487
Halcyon Loan Advisors Funding Ltd	250,000	249,063	251,523	370	251,892
Harbinger Group Inc	257,000	253,750	275,144	9,174	284,317
Harborview Mortgage Loan Trust	196,622	173,027	176,659	48	176,707
Hawaiian Airlines	600,000	569,000	597,000	10,790	607,790
Hilton Grand Vacations Trust	145,000	144,980	145,073	93	145,165
Hilton Usa Trust	850,000	857,294	880,184	2,705	882,889
Homebanc Mortgage Trust	187,485	152,800	168,045	13	168,058
Hp Communities Llc	460,628	487,399	460,628	7,148	467,775
Hsi Asset Securitization Corporation	159,031	146,706	147,685	9	147,694
Icahn Enterprises Fin	900,000	916,863	946,688	20,861	967,549
Icon Brand Holdings Llc	470,477	473,216	470,477	5,176	475,653
Illinois St Build America Bonds Agm	125,000	127,711	142,283	3,453	145,736
Illinois St Ser B Agm Cr	300,000	283,557	315,540	8,025	323,565
Illumina Inc	18,000	19,418	38,689	13	38,702
Indonesia Government	200,000	172,900	185,760	1,425	187,185
Infinity Property Casualty Corp	350,000	348,182	365,890	4,958	370,848
Inland Vly Ca Dev Agy Successor Agy	150,000	147,000	154,409	1,054	155,463
Invitation Homes Trust	224,140	224,140	224,800	110	224,910
Ivy Hill Middle Market Credit Fd Ltd	1,300,000	1,291,825	1,303,964	9,317	1,313,280
J P Morgan Chase Coml Mtg Secs Tr	340,000	369,795	369,399	972	370,370
Jefferson Cnty Al Swr Revenue	450,000	141,020	149,762	-	149,762
Jp Morgan Chase Co	1,450,000	1,341,300	1,405,204	10,235	1,415,438
Kaiser Aluminum Corporat	500,000	566,250	562,500	3,438	565,938
Kazmunaygas National Co	200,000	222,000	222,380	2,904	225,284

## Holdings by Asset Class, Security Type, and Issuer as of June 30, 2014

Asset Class / Security Type / Issuer	Quantity Shares or Units	<u>Cost</u>	<u>Market Value</u>	Accrued Interest or <u>Dividends</u>	<u>Mkt + Accrued</u>
Kehe Distributors Llc Fi	250,000	252,569	272,500	7,201	279,701
Kennedy Wilson Inc	250,000	273,125	270,475	5,469	275,944
Kkr Financial Clo Ltd	2,500,000	2,465,000	2,477,580	13,754	2,491,334
Kvk Clo Ltd	250,000	244,181	250,000	1,806	251,806
Lancashire Holdings Ltd	600,000	645,870	674,046	8,550	682,596
Lancer Fin Spv Ltd	591,850	599,248	591,850	2,885	594,735
Lb-Ubs Commercial Mortgage Trust	140,000	149,844	150,459	427	150,887
Leaf Ii Receivables Funding Llc	750,000	750,469	769,650	944	770,594
Leucadia National Corp	350,000	345,244	371,777	3,903	375,680
M T Bank Corporation	120,000	120,000	127,950	3,010	130,960
Manitoba Province Of	270,000	247,747	257,855	1,818	259,673
Mastr Adjustable Rate Mortgage Trust	166,561	159,066	158,027	351	158,378
Mcf Clo Llc	350,000	334,600	350,000	5,433	355,433
Mercadolibre Inc	22,000	22,000	23,018	1	23,019
Merrill Lynch Mortgage Investors Tr	180,000	170,100	173,774	378	174,151
Mid State Trust	467,163	479,426	485,345	2,725	488,070
Mongolia Govt	400,000	336,000	346,040	1,481	347,521
Morgan Stanley Capital I	562,506	566,549	565,870	2,485	568,355
Motel 6 Trust	350,000	353,527	355,373	956	356,328
Mvw Owner Trust	76,828	76,825	77,504	50	77,555
N Star Real Estate Cdo Ltd	757,908	687,802	739,870	279	740,149
Natl Life Insurance Vrmt	200,000	287,332	287,652	6,183	293,835
Navigators Group Inc	750,000	750,000	824,265	9,104	833,369
Newstar Arlington Senior Loan	250,000	243,827	250,000	123	250,123
Newstar Commercial Loan Funding Frn	250,000	243,438	252,148	2,243	254,391
Newstar Trust	1,150,000	1,104,000	1,137,044	1,913	1,138,957
Nomura Resecuritization Trust	381,766	353,090	381,766	25	381,791
Northern Group Housing	400,000	400,000	439,524	1,209	440,733
Ontario Providence	255,000	251,331	253,261	1,149	254,409
Pacific Northwest Commun	300,000	300,000	303,582	1,429	305,011
Pacifica Cdo Ltd	500,000	500,500	501,030	5,246	506,276
Park Place Securities Inc	850,000	698,594	790,118	87	790,204
Perusahaan Penerbit Sbsn	485,000	384,350	444,988	1,778	446,766
Petroleos De Venezuela	250,000	233,085	232,713	3,483	236,195
Pnc Financial Services	500,000	459,065	480,625	2,021	482,646
Province Of Quebec	255,000	249,589	257,540	2,421	259,961
Prudential Financial Inc	750,000	681,250	765,000	11,483	776,483
Quebec Province	185,000	251,208	263,138	4,085	267,224
Qvc Inc	200,000	216,250	214,686	3,114	217,800
Race Point Clo Ltd	500,000	500,000	500,365	650	501,015
Rait Cre Cdo Ltd	1,281,200	1,024,960	1,281,200	197	1,281,397
Raspro Trust	308,632	286,256	297,830	61	297,891
Republic Of Argentina	170,000	154,910	157,675	2,231	159,906
Republic Of Armenia	200,000	197,200	210,760	3,033	213,793
Republic Of Iceland	200,000	214,295	215,526	1,019	216,545
Republic Of Serbia	200,000	223,000	228,720	3,746	232,466
Republic Of Slovenia	400,000	395,156	426,220	6,927	433,147
Republic Of South Africa	700,000	715,888	778,530	10,787	789,317
Republic Of Turkey	100,000	122,000	115,140	2,139	117,279
Republic Of Venezuela	100,000	110,350	103,390	4,533	107,923
Rockwall Cdo	1,397,031	1,295,709	1,331,187	1,311	1,332,498

## Holdings by Asset Class, Security Type, and Issuer as of June 30, 2014

Asset Class / Security Type / Issuer	Quantity Shares or Units	Cost	Market Value	Accrued Interest or Dividends	Mkt + Accrued
Royal Bk Scotlnd Grp Plc	250,000	248,033	253,850	1,174	255,024
Russian Federation	337,000	321,649	390,785	3,792	394,577
Sacramento Cnty Ca Pensn Oblg	100,000	98,053	114,227	4,853	119,080
Salesforce.Com Sr Cpfld	15,000	14,975	17,222	9	17,231
Salus Clo Ltd	750,000	750,000	750,000	2,162	752,162
Sammons Financial Group	750,000	750,000	915,885	11,083	926,968
San Diego Ca Unif Sch Dist Prem Cap	2,200,000	449,218	462,946	-	462,946
Sba Communications Corporation	10,000	24,938	33,463	100	33,563
Scott Trade Financial	150,000	155,328	155,714	-	155,714
Sequoia Mortgage Trust	283,978	263,981	265,653	118	265,771
Sierra Receivables Funding Co Llc	56,687	56,685	57,445	39	57,484
Spf Cdo Ltd	500,000	460,000	494,990	620	495,610
Spirit Master Fdg Llc Spirit Master	81,722	83,125	90,353	392	90,746
Spirit Master Funding Llc	223,316	229,772	223,316	1,068	224,384
Springleaf Mortgage Loan Trust	-	-	-	370	370
Srers Funding Ltd	1,492,630	1,325,687	1,408,879	366	1,409,245
Stancorp Financial Group	750,000	751,063	800,123	14,167	814,289
Stockton Ca Public Fing Auth Wtr	150,000	159,626	171,140	2,344	173,483
Stockton Ca Unif Sch Dist Cap Apprec	2,355,000	737,270	737,621	-	737,621
Store Master Funding Llc	738,401	727,721	759,692	860	760,553
T Rowe Price Emerging Market Bond	502,417	5,320,555	5,400,987	-	5,400,987
T Rowe Price Emerging Markets Local	1,459,201	13,556,122	13,045,253	-	13,045,253
T Rowe Price High Yield Multi-Sector	683,918	7,272,189	7,311,081	-	7,311,081
T Rowe Price Investment-Grade	302,614	3,085,808	3,153,242	-	3,153,242
T Rowe Price Mortgage Backed	213,251	2,053,029	2,047,207	-	2,047,207
T Rowe Price Reserve Investment Fund	4,319,466	5,319,466	5,319,466	-	5,319,466
Telos Clo Ltd	250,000	242,500	250,555	2,331	252,886
The Priceline Group Inc	13,000	15,054	18,419	38	18,458
Ticc Clo Llc	250,000	251,000	250,918	1,295	252,213
Tpc Group Inc	200,000	210,500	221,500	778	222,278
Triton Container Finance Llc	316,667	318,535	316,667	462	317,128
Trw Automotive Inc	3,000	6,686	9,113	9	9,121
Turbine Engine Securitization Ltd	791,652	788,422	791,652	1,336	792,988
Turkey Rep	200,000	196,000	187,500	2,031	189,531
U S Treasury	18,756,588	19,593,892	19,635,414	101,763	19,737,177
Ukraine Government	150,000	148,875	142,500	1,322	143,822
Unit Corp	500,000	528,750	533,750	4,233	537,983
Vector Group Ltd	200,000	208,500	213,000	5,856	218,856
Venture Cdo Ltd	250,000	245,938	242,660	713	243,373
Verisign Inc	17,000	24,650	25,787	209	25,996
Wells Repo 00101Jak2	(425,000)	(425,000)	(425,000)	-	(425,000)
Westside Ca Union Sch Dist Cap	350,000	72,380	76,549	-	76,549
Willis Engine	463,463	462,305	463,463	-	463,463
Wilton Re Finance Llc	625,000	634,063	651,563	9,282	660,844
Wintrust Financial Corp	600,000	600,000	625,488	1,500	626,988
Yamana Gold Inc	250,000	249,738	251,645	34	251,679
<b>Subtotal - Fixed Income</b>	<b>121,428,822</b>	<b>\$ 145,838,936</b>	<b>\$ 149,303,800</b>	<b>\$ 768,134</b>	<b>\$ 150,071,934</b>
<b>Alternatives</b>					
A S Co Iss Sub Inc Mer	268,000	\$ 271,077	\$ 283,075	\$ 938	\$ 284,013



## Holdings by Asset Class, Security Type, and Issuer as of June 30, 2014

Asset Class / Security Type / Issuer	Quantity Shares or Units	<u>Cost</u>	<u>Market Value</u>	Accrued Interest or Dividends	<u>Mkt + Accrued</u>
Aaf Hlg Fin	53,000	53,000	54,391	-	54,391
Acadia Healthcare	9,000	9,000	9,023	-	9,023
Aci Worldwide Inc	50,000	50,313	52,625	1,204	53,829
Aircastle Ltd	89,000	89,890	92,115	1,204	93,319
Alliance Data Systems Co	500,000	522,500	522,500	2,188	524,688
Amc Entertainment Inc	29,000	29,000	30,160	682	30,842
American Seafoods Grp Llc	186,000	196,230	185,535	2,555	188,090
Amsurg Corp	28,000	28,391	28,280	136	28,416
Athlon Hlds Lp Fin Cor	13,000	13,000	13,455	130	13,585
Bakercorp Intl Inc	566,000	579,518	584,395	3,891	588,286
Barclays Bank Plc	10,000	9,999	10,600	37	10,637
Bcp Singapore Vi Caymn	22,000	22,000	22,495	460	22,955
Bluescope Steel Ltd Fin	82,000	83,208	88,048	974	89,021
Boe Intermediate Hldng C	250,000	262,500	262,188	3,750	265,938
Brand Energy Infrastru	103,000	104,020	109,953	730	110,682
Cablevision Systems Corp	1,116,000	1,124,555	1,136,925	19,305	1,156,230
Catamaran Corp	36,000	36,000	36,360	518	36,878
Cbs Out Amer Cap Llc Cor	40,000	40,000	41,200	278	41,478
Cco Hldgs Llc Cap Corp	606,000	609,125	619,635	16,067	635,702
Central Garden Pet Co	36,000	35,779	37,350	990	38,340
Centurylink Inc	553,000	559,618	576,540	9,284	585,824
Chesapeake Energy Corp	106,000	106,000	108,665	852	109,517
Chesapeake Oilfield Op	21,000	21,000	21,525	19	21,544
Chinos Intermed Hldgs A	41,000	41,705	41,103	530	41,632
Chs Community Health Sys	64,000	64,878	67,840	1,833	69,673
Cinemark Usa Inc	112,000	103,554	112,429	407	112,836
Clear Channel Worldwide	28,000	30,135	30,144	629	30,772
Cnl Lifestyle Properties	750,000	753,750	788,438	11,479	799,917
Compass Investor Inc	871,000	879,234	894,953	31,126	926,079
Compass Minerals Interna	81,000	81,171	81,000	88	81,088
Cons Cnt Co Cons Cnt Cap	212,000	223,660	213,060	9,898	222,958
Constellation Brands Inc	74,000	74,000	74,008	502	74,509
Constellium Nv	250,000	250,000	262,500	2,156	264,656
Cpg Merger Sub Llc	56,000	56,000	58,940	1,120	60,060
Creditcorp	122,000	120,997	128,100	6,751	134,851
Crown Castle Intl Corp	21,000	20,895	21,709	216	21,925
Cumulus Media Holdings	250,000	264,688	263,438	3,229	266,667
Davita Healthcare Partne	52,000	52,000	52,325	133	52,458
Diamond Foods Inc	39,000	39,958	40,853	1,001	41,854
Digitalglobe Inc	76,000	75,910	75,240	1,663	76,903
Dish Dbs Corp	12,000	12,000	12,615	103	12,718
Dynacast Intl Llc Fin In	43,000	47,015	47,300	1,834	49,134
Eagle Midco Inc	356,000	355,545	367,570	1,424	368,994
Elizabeth Arden Inc	69,000	73,759	72,968	1,498	74,466
Energy Xxi Gulf Coast In	38,000	38,000	38,760	247	39,007
Envision Healthcare Corp	26,000	26,000	26,228	48	26,276
Flexi Van Leasng	83,000	82,914	89,640	2,469	92,109
Florida East Coast Hldgs	122,000	122,000	128,863	1,760	130,622
Fmg Resources Aug 2006	296,000	317,533	318,099	4,967	323,066
Foresight Energy Llc Corp	107,000	106,225	114,490	3,183	117,673
Greentown Holdings Llc M	110,000	111,319	112,200	2,902	115,102



## Holdings by Asset Class, Security Type, and Issuer as of June 30, 2014

Asset Class / Security Type / Issuer	Quantity Shares or Units	<u>Cost</u>	<u>Market Value</u>	Accrued Interest or Dividends	<u>Mkt + Accrued</u>
Group 1 Automotive Inc	21,000	21,000	21,000	85	21,085
Gymboree Corp	65,000	57,519	43,388	494	43,882
Hca Inc	45,000	45,000	45,622	650	46,272
Hd Supply Inc	772,000	818,768	870,910	14,334	885,244
Headwaters Inc	35,000	35,199	37,013	1,417	38,429
Hillman Group Inc	189,000	195,939	195,125	922	196,047
Hilton Worldwide Finance	150,000	150,270	159,375	1,781	161,156
Icahn Enterprises Fin	294,000	295,860	306,625	6,529	313,154
Idq Holdings Inc	7,000	7,420	7,718	201	7,919
Igate Corp	292,000	294,488	297,110	3,429	300,539
Infor Software Parent	109,000	110,188	111,453	1,791	113,243
Jbs Usa Llc Jbs Usa Fina	122,000	122,024	121,695	119	121,814
Jo Ann Stores Hlds Inc	264,000	277,223	269,940	5,434	275,374
Kemet Corp	28,000	25,459	29,610	490	30,100
Lamar Media Corp	53,000	53,446	54,855	1,353	56,208
Lansing Trade Group Fin	70,000	70,000	68,600	2,500	71,100
Laureate Education Inc	700,000	764,750	721,000	21,583	742,583
Magnetation Llc Fin Corp	145,000	145,000	158,413	2,038	160,451
Mariposa Bor Merg Sub	108,000	112,985	116,370	1,824	118,194
Mce Finance Ltd	250,000	251,250	252,500	4,722	257,222
Medimpact Holdings Inc	68,000	71,400	73,780	2,975	76,755
Michaels Finco Hldg Inc	246,000	248,366	251,228	7,688	258,915
Michaels Store Inc	14,000	14,280	14,315	37	14,352
Micron Technology Inc	95,000	95,581	101,888	2,186	104,073
Mph Acquisition Holdings	50,000	50,423	52,375	837	53,212
Navistar Intl Corp	70,000	72,740	73,063	963	74,025
Ncr Escrow Corp	126,000	127,008	134,850	343	135,193
Needle Merger Sub Corp	3,000	3,060	3,075	72	3,147
New Acad Fin Co Fin Corp	15,000	15,506	15,319	53	15,372
Nexeo Solutions Llc Corp	500,000	490,625	505,000	13,958	518,958
Nielsen Co Lux Sarl The	72,000	72,000	74,340	990	75,330
Nielsen Finance Llc Co	154,000	154,165	155,155	1,711	156,866
Nine West Holdin	149,000	151,788	149,745	2,322	152,067
Offshore Drilling Hlding	200,000	198,702	221,500	4,699	226,199
Offshore Group Invst Ltd	580,000	590,610	588,700	10,331	599,031
Orion Engineered Carb Fi	500,000	504,583	521,500	19,271	540,771
Ortho Clinical Diagnosti	115,000	115,398	114,138	952	115,090
Patriot Merger Corp	228,000	228,734	248,520	9,462	257,982
Pinnacle Entertainment I	45,000	45,000	47,475	1,195	48,670
Pinnacle Operating Corp	200,000	205,029	217,000	2,300	219,300
Ply Gem Industries Inc	79,000	79,258	76,433	2,154	78,586
Prestige Brands Inc	92,000	92,544	93,840	220	94,060
Prince Mineral Hold Corp	550,000	610,938	620,125	2,811	622,936
Provident Fdg Pfg Fin	110,000	110,666	111,375	330	111,705
Quicksilver Inc Qs Wholes	61,000	60,431	61,565	2,311	63,876
Rayonier Am Prod Inc	27,000	27,000	27,473	161	27,633
Regal Entertainment Grp	615,000	606,038	622,688	14,734	637,422
Roofing Supply Finance	53,000	56,945	56,445	442	56,887
Salix Pharmaceuticals Lt	254,000	260,505	272,415	7,789	280,204
Schaeffler Hldg Fin Bv	301,000	305,358	317,179	7,818	324,997
Serius Xm Radio Inc	1,078,000	1,069,641	1,032,185	6,371	1,038,556

## Holdings by Asset Class, Security Type, and Issuer as of June 30, 2014

Asset Class / Security Type / Issuer	Quantity Shares or Units	<u>Cost</u>	<u>Market Value</u>	Accrued Interest or Dividends	<u>Mkt + Accrued</u>
Shelf Drill Hold Ltd	281,000	300,905	300,670	4,039	304,709
Signode Industrial Group	114,000	114,990	115,425	1,252	116,677
Sil Ii Bo Sil Ii Us Hold	42,000	43,365	44,940	145	45,085
Simmons Foods Inc	245,000	256,250	262,456	4,288	266,744
Sirius Xm Radio Inc	70,000	70,000	72,386	815	73,201
Sonic Automotive Inc	698,000	708,175	685,785	4,459	690,244
Sophia Holding Fin Lp In	56,000	55,755	58,240	449	58,689
Sophia Lp Fin Inc	307,000	340,770	337,700	13,802	351,502
Spanish Broadcasting Sys	14,000	15,510	15,575	369	15,944
Speedy Cash Inc	350,000	375,375	355,250	4,808	360,058
Spencer Spirit Holdings	66,000	65,530	67,624	990	68,614
Sprint Corp	510,000	510,000	564,645	11,323	575,968
Stearns Holdings Inc	71,000	71,935	74,373	2,515	76,887
Sun Merger Sub Inc	40,000	40,000	42,300	979	43,279
T Mobile Usa Inc	150,000	150,968	160,550	4,592	165,142
Tenet Healthcare Corp	482,000	464,201	509,121	6,865	515,986
The Escrow Corp	82,000	82,000	88,970	1,285	90,255
Tms International Corp	20,000	20,000	21,350	322	21,672
Tmx Fin Llc Titlemax Fin	260,000	261,033	275,600	6,507	282,107
Trac Intermodal Llc Corp	92,000	100,780	105,340	3,823	109,163
Transdigm Inc	364,000	365,183	384,691	5,026	389,718
Us Foods Inc	151,000	159,263	161,646	36	161,681
Verisign Inc	1,035,000	1,051,250	1,022,477	7,978	1,030,455
Wave Holdco Llc Corp	17,000	17,000	17,446	23	17,470
Westmoreland Coal Co	54,000	58,155	57,983	1,016	58,998
Whiting Petroleum Corp	99,000	99,000	106,238	1,564	107,801
Wideopenwest Fin Capital	58,000	65,655	65,178	2,482	67,659
Williams Companies Inc	40,000	39,895	40,396	35	40,431
Windstream Corp	4,000	4,275	4,335	65	4,400
Wise Hldg Fin Corp	97,000	96,030	98,940	420	99,360
Wise Metals Group Llc Wi	63,000	63,090	68,355	245	68,600
Wmg Acquisition Corp	36,000	36,000	36,056	530	36,587
Wynn Macau Ltd	67,000	67,000	68,843	743	69,585
Subtotal - Alternatives	<u>25,537,000</u>	<u>\$ 26,038,005</u>	<u>\$ 26,495,730</u>	<u>\$ 452,358</u>	<u>\$ 26,948,088</u>
<b>Real Estate Commingled Fund</b>					
Dune Real Estate Partners	2,110,925	\$ 2,110,925	\$ 2,110,925	\$ -	\$ 2,110,925
UBS Growth & Income Fund	734	10,212,216	11,749,822	-	11,749,822
UBS Trumbull Property Fund	4,052	28,944,268	37,684,205	-	37,684,205
Subtotal - Real Estate Commingled	<u>2,110,925</u>	<u>\$ 41,267,409</u>	<u>\$ 51,544,952</u>	<u>\$ -</u>	<u>\$ 51,544,952</u>
<b>TOTAL FUND</b>	<u>200,461,053</u>	<u>\$ 881,774,170</u>	<u>\$ 1,042,924,376</u>	<u>\$ 1,431,800</u>	<u>\$ 1,044,355,804</u>

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## **ACTUARIAL SECTION**

December 23, 2014

Ms. Jill E. Schurtz  
Executive Director  
St. Paul Teachers' Retirement Fund Association  
1619 Dayton Avenue, Room 309  
St. Paul, MN 55104-6206

Dear Ms. Schurtz:

We are pleased to present the report of the actuarial valuation of the St. Paul Teachers' Retirement Fund Association ("Fund") as of July 1, 2014. This report provides among other things, the required annual contribution rate of the Fund for the Plan Year commencing July 1, 2014, and ending on June 30, 2015.

The valuation was based upon information furnished by the Fund staff, concerning Retirement Fund benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. Their efforts in furnishing the materials needed are gratefully acknowledged. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Fund.

The report has been prepared at the request of the Fund's Board of Trustees 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. This report is intended for use by the Fund and those determined or approved by the Fund's Board of Trustees. This report may be provided to parties other than the Fund only in its entirety and only with the permission of the Board.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

Ms. Jill E. Schurtz  
December 23, 2014  
Page 2

Actuarial assumptions, including discount rates, mortality tables and others identified in this report, are prescribed by Minnesota Statutes Section 356.215, the Legislative Commission on Pensions and Retirement (LCPR), and the Board of Trustees. These parties are responsible for selecting the plan's funding policy, actuarial valuation methods, asset valuation methods, and assumptions. The policies, methods and assumptions used in this valuation are those that have been so prescribed and are described in the Actuarial Basis of this report. The Fund is solely responsible for communicating to GRS any changes required thereto.

This report should not be relied on for any purpose other than the purpose described herein. Determinations of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

Bonita J. Wurst and James D. Anderson 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. The signing actuaries are independent of the plan sponsor.

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

Respectfully submitted,



Bonita J. Wurst, ASA, EA, MAAA



James D. Anderson, FSA, EA, MAAA

BJW/JDA:ah

## SUMMARY OF VALUATION RESULTS

(dollars in thousands)

	<b>July 1, 2013</b>	<b>July 1, 2014</b>
	<b>Valuation</b>	<b>Valuation</b>
<b>A. CONTRIBUTIONS % OF PAYROLL</b>		
1. Statutory Contributions - Chapter 354A	19.33%	19.75%
2. Required Contributions - Chapter 356	22.13%	21.94%
3. Sufficiency / (Deficiency)	(2.80%)	(2.19%)
<b>B. FUNDING RATIOS</b>		
1. Accrued Liability Funding Ratio		
a. Current Assets	\$ 886,296	\$ 947,972
b. Actuarial Accrued Liability	1,467,350	1,533,603
c. Funding Ratio	60.40%	61.81%
2. Projected Benefit Funding Ratio		
a. Current and Expected Future Assets	\$ 1,529,540	\$ 1,683,810
b. Current and Expected Future Benefit Obligations	1,655,608	1,745,155
c. Funding Ratio	92.39%	96.48%
<b>C. PLAN PARTICIPANTS</b>		
1. Active Members		
a. Number	3,941	3,876
b. Projected Annual Earnings	\$ 270,395	\$ 273,990
c. Average Annual Earnings (Projected dollars)	\$ 65,989	\$ 68,316
d. Average Age	44.8	44.7
e. Average Service	11.5	11.4
f. Additional Members on Leave of Absence	120	83
2. Others		
a. Service Retirements	3,047	3,156
b. Disability Retirements	30	34
c. Survivors	327	339
d. Deferred Retirements	1,788	1,829
e. Terminated Other Non-Vested	1,435	1,616
f. Total - Others	6,627	6,974
3. Grand Total (1.a + 1.f + 2.f)	10,688	10,933



**ACCOUNTING BALANCE SHEET**  
**AS OF JUNE 30, 2014**  
(dollars in thousands)

	<b>Market Value</b>	<b>Cost Value</b>
<b>A. ASSETS</b>		
1. Cash, Equivalents, Short-Term Securities	\$ 14,216	\$ 14,216
2. Investments		
a. Fixed Income	262,961	249,390
b. Equity	682,212	546,841
c. Real Estate	70,650	60,422
d. Alternative	15,773	13,793
3. Other Assets*	5,516	5,516
<b>B. TOTAL ASSETS</b>	<b>\$ 1,051,328</b>	<b>\$ 890,178</b>
<b>C. AMOUNTS CURRENTLY PAYABLE</b>	\$ 5,893	\$ 5,885
<b>D. ASSETS AVAILABLE FOR BENEFITS</b>		
1. Member Reserves	\$ 161,417	\$ 161,417
2. Employer Reserves	884,018	722,876
3. Total Assets Available for Benefits	<b>\$ 1,045,435</b>	<b>\$ 884,293</b>
<b>E. TOTAL AMOUNTS CURRENTLY PAYABLE AND ASSETS AVAILABLE FOR BENEFITS</b>	<b>\$ 1,051,328</b>	<b>\$ 890,178</b>
<b>F. DETERMINATION OF ACTUARIAL VALUE OF ASSETS</b>		
1. Market Value of Assets Available for Benefits (D.3)	\$ 1,045,435	
2. Unrecognized Asset Returns		
a. June 30, 2014	\$ 95,762	
b. June 30, 2013	46,697	
c. June 30, 2012	(82,006)	
d. June 30, 2011	128,185	
3. UAR Adjustment: $.80 * 2(a) + .60 * 2(b) + .40 * 2(c) + .20 * 2(d)$	97,463	
4. Actuarial Value of Assets: (F.1 - F.3)	<b>\$ 947,972</b>	

**\* DERIVATION OF OTHER ASSETS**

	<b>Market Value</b>
<b>Accounts Receivable</b>	
Employer Contribution	\$ 22
Employee Contribution	15
Service Purchases Receivable	13
Pensions Receivable	2
State Contributions	838
Real Estate Income Receivable	-
Commission Recapture Receivable	2
Interest Receivable	1,237
Dividend Receivable	195
Misc. Receivable	8
Security Purchases Receivable	-
Sale of Securities	3,000
Total Accounts Receivable	\$ 5,332
<b>Fixed Assets</b>	184
<b>Total Other Assets</b>	<b>\$ 5,516</b>

\*Numbers may not add due to rounding.

**CHANGE(S) IN ASSETS AVAILABLE FOR BENEFITS  
AS OF JUNE 30, 2014  
(dollars in thousands)**

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	<u>Market Value</u>	<u>Cost Value</u>
A. ASSETS AVAILABLE AT BEGINNING OF PERIOD	\$ 933,082	\$ 723,218
B. OPERATING REVENUES		
1. Member Contributions	\$ 16,564	\$ 16,564
2. Employer Contributions	24,532	24,532
3. Supplemental Contributions	10,665	10,665
4. Investment Income	15,119	15,119
5. Investment Expenses	(4,523)	(4,523)
6. Net Realized Gain / (Loss)	206,331	206,303
7. Other	-	-
8. Net Change in Unrealized Gain / (Loss)	<u>(48,751)</u>	<u>-</u>
9. Total Operating Revenue	\$ 219,937	\$ 268,660
C. OPERATING EXPENSES		
1. Service Retirements	\$ 94,935	\$ 94,935
2. Disability Benefits	665	665
3. Survivor Benefits	10,142	10,142
4. Refunds	1,103	1,103
5. Administrative Expenses	<u>739</u>	<u>739</u>
6. Total Operating Expenses	\$ 107,584	\$ 107,584
D. OTHER CHANGES IN RESERVES	\$ -	\$ -
E. ASSETS AVAILABLE AT END OF PERIOD	<u>\$ 1,045,435</u>	<u>\$ 884,293</u>
F. DETERMINATION OF CURRENT YEAR UNRECOGNIZED ASSET RETURN		
1. Average Balance		
(a) Assets available at BOY:		\$ 933,082
(b) Assets available at EOY:		1,045,435
(c) Average balance $\{[(a) + (b) - \text{Net Investment Income}] / 2\}$ {Net investment income: B.4+B.5+B.6+B.8}		\$ 905,171
2. Expected Return: $.080 * F.1$		72,414
3. Actual Return		168,176
4. Current Year Gross Asset Gain/(Loss): F.3 - F.2		\$ 95,762

**ACTUARIAL BALANCE SHEET**  
**AS OF JULY 1, 2014**  
**(dollars in thousands)**

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A. CURRENT ASSETS	\$ 947,972
B. EXPECTED FUTURE ASSETS	
1. Present Value of Expected Future Statutory Supplemental Contributions*	\$ 524,286
2. Present Value of Future Normal Costs	211,552
3. Total Expected Future Assets	<u>\$ 735,838</u>
C. TOTAL CURRENT AND EXPECTED FUTURE ASSETS	<u>\$ 1,683,810</u>
D. TOTAL CURRENT AND EXPECTED FUTURE BENEFIT OBLIGATIONS	<u>\$ 1,745,155</u>
E. CURRENT AND FUTURE UNFUNDED ACTUARIAL LIABILITY (D - C)	\$ 61,345

\* Includes the effect of scheduled employee and employer contribution increases of 1.00% each, and \$7 million annual state contributions.

**DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)  
AND SUPPLEMENTAL CONTRIBUTION RATE  
AS OF JULY 1, 2014  
(dollars in thousands)**

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	<b>Actuarial Present Value of Projected Benefits</b>	<b>Actuarial Present Value of Future Normal Costs</b>	<b>Actuarial Accrued Liability</b>
<b>A. DETERMINATION OF ACTUARIAL ACCRUED LIABILITY (AAL)</b>			
1. Active Members*			
a. Retirement Benefits	\$ 598,139	\$ 153,082	\$ 445,057
b. Disability Benefits	12,597	4,757	7,840
c. Surviving Spouse and Child Benefits	8,506	2,851	5,655
d. Vested Withdrawals	33,924	35,749	(1,825)
e. Refund Liability Due to Death or Withdrawal	2,963	15,113	(12,150)
f. Total	656,129	211,552	444,577
2. Deferred Retirements	\$ 69,181	-	\$ 69,181
3. Former Members without Vested Rights	4,228	-	4,228
4. Annuitants	1,015,617	-	1,015,617
5. Total	\$ 1,745,155	\$ 211,552	\$ 1,533,603
<b>B. DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)</b>			
1. Actuarial Accrued Liability (A.5)			\$ 1,533,603
2. Current Assets			\$ 947,972
3. Unfunded Actuarial Accrued Liability (B.1 - B.2)			\$ 585,631
<b>C. DETERMINATION OF SUPPLEMENTAL CONTRIBUTION RATE</b>			
1. Present Value of Future Payrolls Through the Amortization Date of June 30, 2042 <sup>#</sup>			\$ 4,454,657
2. Supplemental Contribution Rate (B.3 / C.1)			13.15%

\*Includes members on leave of absence.

<sup>#</sup>Calculated using 8.0% select and 8.5% ultimate annual investment return rate.

**CHANGES IN UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)**  
**AS OF JULY 1, 2014**  
(dollars in thousands)

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A. UAAL AT BEGINNING OF YEAR	\$	581,054
B. CHANGE DUE TO INTEREST REQUIREMENTS AND CURRENT RATE OF FUNDING		
1. Normal Cost and Expenses	\$	21,907
2. Contributions		(51,761)
3. Interest*		50,561
4. Total	\$	<u>20,707</u>
C. EXPECTED UAAL AT END OF YEAR (A + B.4)	\$	601,761
D. INCREASE / (DECREASE) DUE TO ACTUARIAL LOSSES / (GAINS) BECAUSE OF EXPERIENCE DEVIATIONS FROM EXPECTED		
1. Age and Service Retirements	\$	(909)
2. Disability Retirements		57
3. Death-in-Service Benefits		(155)
4. Withdrawals		(1,886)
5. Salary Increases		(6,763)
6. Investment Income		(48,829)
7. Mortality of Annuitants		1,132
8. Other Items		(11,141)
9. Total	\$	<u>(68,494)</u>
E. UAAL AT END OF YEAR BEFORE PLAN AMENDMENTS AND CHANGES IN ACTUARIAL ASSUMPTIONS (C + D.9)	\$	533,267
F. CHANGE IN UAAL DUE TO PLAN AMENDMENTS		-
G. CHANGE IN UAAL DUE TO CHANGES IN ACTUARIAL ASSUMPTIONS		<u>52,364</u>
H. UAAL AT END OF YEAR (E + F + G)	\$	<u><u>585,631</u></u>

*\*Interest on assets determined at 8.00%; interest on liability determined at 8.37%.*

**DETERMINATION OF CONTRIBUTION SUFFICIENCY  
AS OF JULY 1, 2014  
(dollars in thousands)**

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	<b>Percent of Payroll</b>	<b>Dollar Amount</b>
<b>A. STATUTORY CONTRIBUTIONS - CHAPTER 354A</b>		
1. Employee Contributions	6.51%	\$ 17,827
2. Employer Contributions	9.35%	25,613
3. Supplemental Contribution		
a. 1996 Legislation	0.31%	838
b. 1997 Legislation	1.03%	2,827
c. 2014 Legislation	2.55%	7,000
4. Total	19.75%	\$ 54,105
<b>B. REQUIRED CONTRIBUTIONS - CHAPTER 356</b>		
1. Normal Cost		
a. Retirement Benefits	6.27%	\$ 17,171
b. Disability Benefits	0.18%	491
c. Surviving Spouse and Child Benefits	0.11%	302
d. Vested Withdrawals	1.33%	3,639
e. Refund Liability Due to Death or Withdrawal	0.63%	1,720
f. Total	8.52%	\$ 23,323
2. Supplemental Contribution Amortization	13.15%	36,030
3. Allowance for Administrative Expenses	0.27%	740
4. Total	21.94%	\$ 60,093
<b>C. CONTRIBUTION SUFFICIENCY / (DEFICIENCY) (A.4 - B.4)</b>	(2.19%)	(5,988)
Projected Annual Payroll for Fiscal Year Beginning on the Valuation Date:		\$ 273,990

# ACTUARIAL METHODS AND ASSUMPTIONS AS OF JULY 1, 2014

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## 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. Years of Service for valuation purposes was provided by the Retirement Fund. Age as of the valuation date was calculated based on the dates of birth provided by the Retirement Fund. Entry Age for valuation purposes was calculated as the age on the valuation date minus the years of service on the valuation date.

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 closed statutory amortization period ending June 30, 2042 using level percent of payroll assuming payroll increases of 4.00% per annum. (In prior valuations, a 25 - year open amortization period was used.) The total contribution developed under this method is the sum of the Normal Cost and the payment toward the UAAL.

## II. CURRENT ACTUARIAL ASSUMPTIONS

The assumptions were last updated for the July 1, 2013 valuation as a result of an experience study during the five-year period of July 1, 2006 to June 30, 2011, as well as a legislated change to the investment return assumption in 2012.

### A. *Demographic Assumptions*

Mortality:

1. Healthy Mortality\*:

- a. Male: RP-2000 Combined Mortality Table for males projected with Scale AA to 2020 set back 1 year
- b. Female: RP-2000 Combined Mortality Table for females projected with Scale AA to 2020 set back 3 years

2. Disabled Mortality:

- i. Male: RP-2000 Disabled Life Mortality Table for males
- ii. Female: RP-2000 Disabled Life Mortality Table for females

\* *Mortality rates were adjusted to include margin for future mortality improvement as described in the table name above.*

## ACTUARIAL METHODS AND ASSUMPTIONS AS OF JULY 1, 2014

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

<u>Age</u>	<u>Healthy Mortality</u>		<u>Disabled Mortality</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
20	2	1	226	75
21	2	1	226	75
22	2	1	226	75
23	3	1	226	75
24	3	1	226	75
25	3	1	226	75
26	3	1	226	75
27	3	1	226	75
28	3	2	226	75
29	4	2	226	75
30	4	2	226	75
31	4	2	226	75
32	5	2	226	75
33	5	2	226	75
34	6	3	226	75
35	6	3	226	75
36	7	3	226	75
37	8	4	226	75
38	8	4	226	75
39	9	4	226	75
40	9	4	226	75
41	9	5	226	75
42	10	5	226	75
43	10	5	226	75
44	10	6	226	75



## ACTUARIAL METHODS AND ASSUMPTIONS AS OF JULY 1, 2014

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

<u>Age</u>	<u>Healthy Mortality</u>		<u>Disabled Mortality</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
45	11	6	226	75
46	12	7	238	82
47	12	8	251	90
48	13	8	264	98
49	13	9	277	106
50	14	9	290	115
51	15	10	303	125
52	17	11	316	135
53	18	12	329	145
54	19	13	342	155
55	21	15	354	165
56	25	17	367	176
57	29	20	380	187
58	33	23	393	197
59	38	27	407	208
60	43	31	420	218
61	49	35	435	229
62	57	40	450	241
63	65	46	466	253
64	76	53	483	266
65	85	60	502	280
66	96	69	522	296
67	111	78	545	313
68	124	88	569	332
69	135	99	596	353

## ACTUARIAL METHODS AND ASSUMPTIONS AS OF JULY 1, 2014

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Rates of Disability:

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

Age	Disability	Age	Disability
20	2	45	5
21	2	46	5
22	2	47	5
23	2	48	5
24	2	49	5
25	2	50	10
26	2	51	10
27	2	52	10
28	2	53	10
29	2	54	10
30	3	55	20
31	3	56	20
32	3	57	20
33	3	58	20
34	3	59	20
35	3	60	40
36	3	61	40
37	3	62	40
38	3	63	40
39	3	64	40
40	3		
41	3		
42	3		
43	3		
44	3		

## ACTUARIAL METHODS AND ASSUMPTIONS AS OF JULY 1, 2014

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Rates of Termination:

<u>Years of Service</u>	<u>Number of Terminations per 1,000 Active Members</u>	
	<u>Male</u>	<u>Female</u>
0	400	400
1	180	180
2	140	140
3	100	100
4	60	67
5	50	59
6	45	51
7	41	43
8	37	35
9	33	31
10	29	27
11	25	23
12	20	19
13	20	15
14	20	13
15 & Over	20	13

Rates of Retirement:

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

<u>Age</u>	<u>Basic Members Eligible for Rule of 90 Provision</u>	<u>Basic Members Not Eligible for Rule of 90 Provision</u>	<u>Male Coordinated Members Eligible for Rule of 90 Provision</u>	<u>Female Coordinated Members Eligible for Rule of 90</u>	<u>Male Coordinated Members Not Eligible for Rule of 90 Provision</u>	<u>Female Coordinated Members Not Eligible for Rule of 90 Provision</u>
55	5,000	800	3,500	3,500	700	500
56	5,000	1,300	3,500	3,500	700	500
57	4,000	1,300	3,500	3,500	700	500
58	4,000	1,800	3,500	3,500	700	500
59	3,500	1,800	3,500	3,500	700	500
60	3,500	2,000	3,500	3,500	1,100	800
61	3,500	2,000	3,500	3,500	1,500	1,100
62	3,500	4,000	3,500	3,500	1,900	1,400
63	3,500	4,000	3,500	3,500	2,300	1,900
64	4,000	4,000	3,500	4,000	2,700	2,400
65	5,000	5,000	3,500	5,000	3,100	3,500
66	3,000	5,000	3,500	5,000	3,500	3,500
67	3,000	5,000	3,500	5,000	3,500	3,500
68	3,000	5,000	3,500	5,000	3,500	3,500
69	3,000	5,000	3,500	5,000	3,500	3,500
70 & Over	10,000	10,000	10,000	10,000	10,000	10,000

**ACTUARIAL METHODS AND ASSUMPTIONS  
AS OF JULY 1, 2014**

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***B. Economic Assumptions***

Investment Return Rate: Select and Ultimate Rates:  
 8.00% for the period July 1, 2014 to June 30, 2017  
 8.50% thereafter  
 8.40% Equivalent Discount Rate – Present Value of Benefits Determination

Cost of Living Increases: 1.00% per annum through 2028; 2.00% through 2037; 3.00% thereafter.

Wage Inflation: 4.00% per annum

Future Salary Increases: In addition to the age-based rates shown below, during the first 15 years of employment, a service-based component of 0.20% x (15-T), where T is completed years of service, is included in the salary increase used.

*Annual Salary Increases*

Age	Ultimate Rate of Annual Salary Increases	Age	Ultimate Rate of Annual Salary Increases
<22	5.90%	45	4.75%
23	5.85	46	4.70
24	5.80	47	4.65
		48	4.60
25	5.75	49	4.55
26	5.70		
27	5.65	50	4.50
28	5.60	51	4.45
29	5.55	52	4.40
		53	4.35
30	5.50	54	4.30
31	5.45		
32	5.40	55	4.25
33	5.35	56	4.20
34	5.30	57	4.15
		58	4.10
35	5.25	59	4.05
36	5.20		
37	5.15	60 & Over	4.00
38	5.10		
39	5.05		
40	5.00		
41	4.95		
42	4.90		
43	4.85		
44	4.80		

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

## ACTUARIAL METHODS AND ASSUMPTIONS AS OF JULY 1, 2014

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### *C. Other Assumptions*

Marital Status:	It is assumed that 75% of male members and 60% of female members have an eligible spouse. The male spouse is assumed to be two years older than the female spouse. Married members are assumed to have two dependent children.
Deferred Benefit Commencement:	Basic Plan members who terminate vested are assumed to commence benefits at age 61. Coordinated Plan members are assumed to commence benefits at age 62. 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) are expressed as a percentage of payroll and then applied to current projected payroll.
Allowance for Combined Service Annuity:	7.00% load on liabilities for active members hired before July 1, 1989; 2.00% load on liabilities for active members hired after June 30, 1989; 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. Active members with salaries less than those reported at the prior valuation date are valued using their prior salary amount. Active members who have been hired within one year of the valuation date have had their pay annualized by dividing by months of service credited, not to exceed the average non-zero active salary. 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. Deferred vested members without salary information were valued using accumulated contributions.
Supplemental Contributions:	1996 legislation provides for a variable amortization aid contribution paid annually on July 15. We assumed the annual amortization aid contribution will equal \$838,000, which was the actual contribution for the most recent fiscal year. Additionally, according to 1997 legislation, annual additional supplemental contributions currently equal to \$2,827,000 are scheduled to be paid on October 1. The contributions described herein will continue until the plan is 100% funded or until June 30, 2037, whichever occurs earlier. According to 2014 legislation, the State of Minnesota will make annual supplemental contributions of \$7,000,000 on October 1 until the plan is 100% funded or June 30, 2042, whichever occurs earlier.

## ACTUARIAL METHODS AND ASSUMPTIONS AS OF JULY 1, 2014

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Decrement Timing:	Retirement and Termination: end of valuation year – consistent with retirements and terminations occurring at the end of the school year.  Death and Disability: middle of valuation year.
Valuation of Future Post-Retirement Benefit Increases:	If the plan has reached the funding ratio threshold required to pay a different benefit increase, Minnesota Statutes require the benefit increase rate to be reflected in the liability calculations. If the plan has not yet reached the funding ratio threshold required to pay a benefit increase, Minnesota Statutes require a projection to be performed to determine the expected attainment of the funding ratio thresholds, and the expected payment of benefit increases must be reflected in the liability calculations.
Projected Annual Payroll Calculation:	The census data as of July 1, 2014 reflects retirements and terminations occurring during the months of May and June; however, it does not necessarily reflect the replacements hired to fill their positions who may have hire dates in August and September. We assumed that May and June retirements are replaced by members coming in at the B.A. Step 1 salary level of \$43,021; and the Projected Annual Payroll for the fiscal year ending June 30, 2015 includes this replacement salary amount.

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## **APPENDIX A – *State Auditor’s Report***



# STATE OF MINNESOTA

## Office of the State Auditor



**Rebecca Otto**  
**State Auditor**

The SPTRFA received the highest possible audit opinion for its fiscal year ended June 30, 2014 financial statements. We invite you to read the full report on the website of the Minnesota Office of the State Auditor <http://www.osa.state.mn.us>

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

**FOR THE YEAR ENDED JUNE 30, 2014**