

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION

Annual Report

for the fiscal year ended June 30, 2015

*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

Jill E. Schurtz

Executive Director

Christine MacDonald

Deputy Director

Table of Contents

Introduction

Mission Statement	4
SPTRFA Board of Trustees and Staff	5
Transmittal Letter	6
Independent Professional Service Providers	8
Organizational Chart.....	9

Benefits

Pre-Retirement Topics.....	11
Retirement Topics	12
Post-Retirement Topics.....	13
Basic Plan Summary of Benefits.....	14
Coordinated Plan Summary of Benefits	15
Retirement History Record	16

Investments

Investment Returns	18
Holdings.....	19

Actuarial Section

Actuarial Certification Letter	31
Summary of Valuation Results	33
Accounting Balance Sheet	34
Changes in Assets Available for Benefits	35
Actuarial Balance Sheet	36
UAAL and Supplemental Contribution Rate	37
Changes in Unfunded Actuarial Accrued Liability.....	38
Determination of Contribution Sufficiency.....	39
Actuarial Methods & Assumptions	40

Appendix – State Auditor’s Report.....	49
---	-----------

Mission

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

Assist our members in planning a secure retirement by providing friendly, high quality, consumer oriented service, pre-retirement education and information in a professional and cost effective manner.

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

SPTRFA Board of Trustees

John R. Kunz, Jr.	President
Mike McCollor	Vice President
Eugene R. Waschbusch	Secretary-Treasurer
Jean O'Connell	<i>Ex-Officio</i> Trustee
W. Matt Bogenschultz	Trustee
Feryle W. Borgeson	Trustee
Lori Borgeson	Trustee
Karen A. Odegard	Trustee
James Paddock	Trustee
Stephanie Pignato	Trustee

SPTRFA 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	Operations and Member Services
Tamera Zielinski	Administrative Assistant

St. Paul Teachers' Retirement Fund Association

TRUSTEES & OFFICERS

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

Letter of Transmittal

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, 2015, 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, or by request from the SPTRFA office.

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 and 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, or directly from the Minnesota Office of the State Auditor at: 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 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.

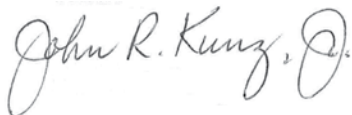
Oppenheimer Wolff & Donnelly LLP, Minneapolis, Minnesota, serves as primary Legal Counsel to the Board and staff, providing advice, representation, and monitoring of ongoing legal and regulatory developments.

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 106 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.



Eugene R. Waschbusch



Jill E. Schurtz

Independent Professional Service Providers During the Fiscal Year Ending June 30, 2015

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, LLC
The Boston Company Asset Management, LLC
Brandywine Global Investment Management, LLC
Corvex Management, LP
Dimensional Fund Advisors, Inc.
Dune Real Estate Partners
EnTrust Capital
Franklin Park
Guggenheim Partners Investment Management, LLC
JPMorgan Investment Management, Inc.
Morgan Stanley Investment Management, Inc.
North Sky Private Equity Partners IV
Parametric Portfolio Associates
RWI Ventures I
RWI Ventures II
State Board of Investment
TCW Asset Management Co.
Tortoise Capital Advisors
T. Rowe Price
UBS Realty Investors, LLC
U.S. Bank
Venture Investment Advisors
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

W. Matt Bogenschultz, Trustee

Feryle W. Borgeson, Trustee

Lori Borgeson, Trustee

Jean O'Connell, 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

Rachel Pastick, Communications and Member Services

Janet Williams, Operations and Member Services

Tamera Zielinski, Administrative Assistant

BENEFITS ADMINISTRATION

Active Member Services

Retired Member Services

Records Management

Member Counseling

Benefit Payments & Reporting

OPERATIONS & FINANCE

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