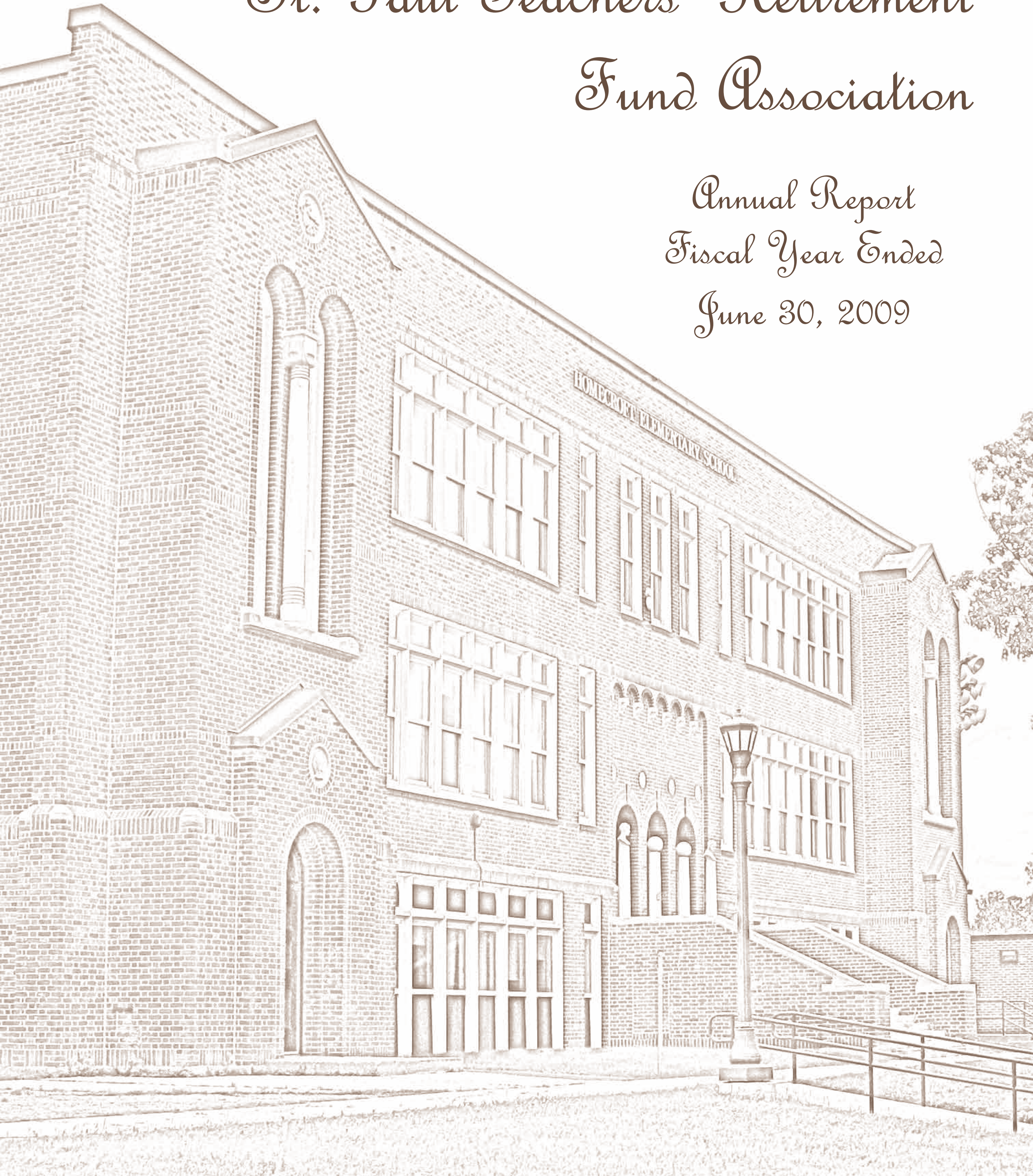
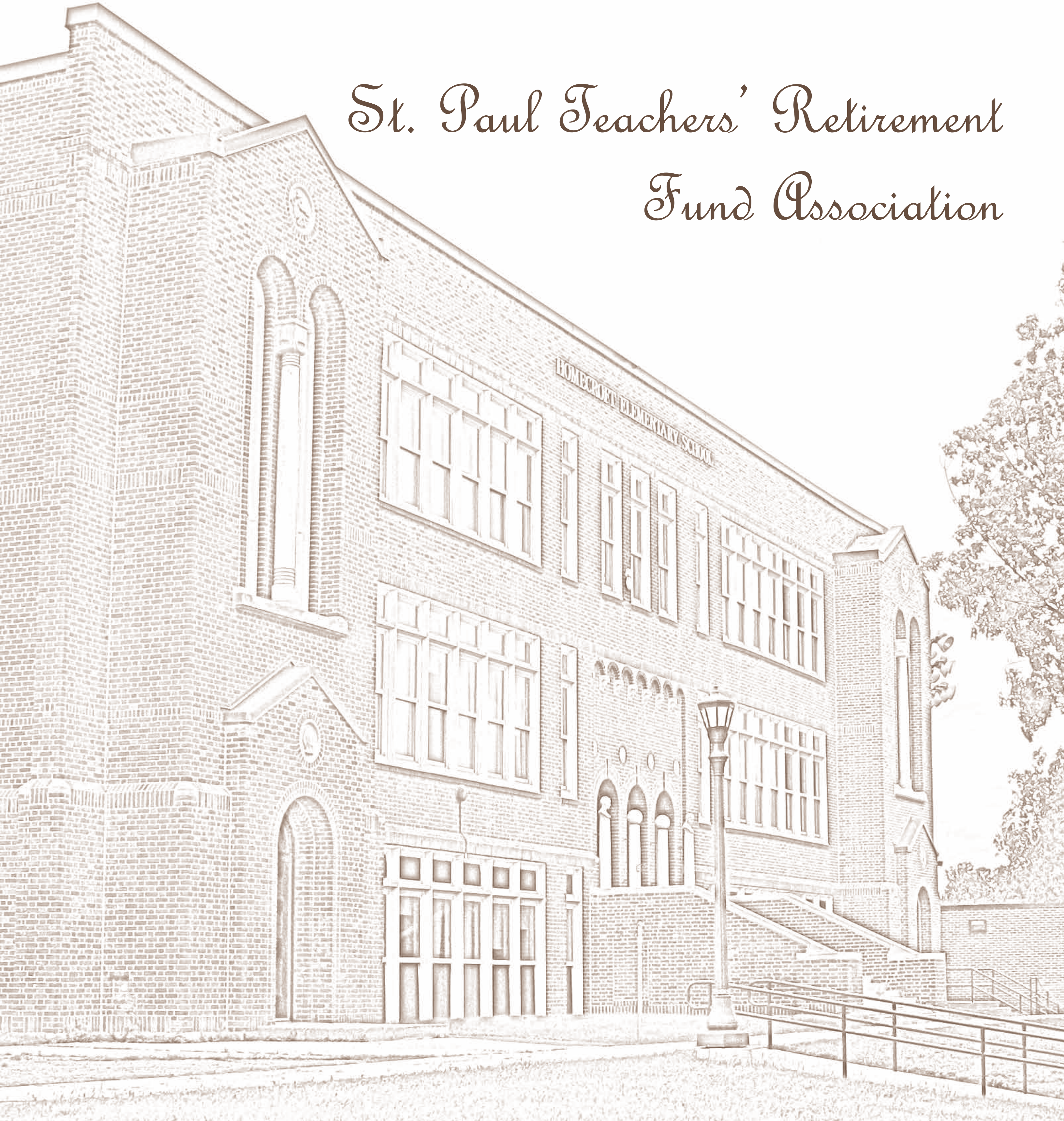
St. Paul Teachers' Retirement Fund Association

Annual Report
Fiscal Year Ended
June 30, 2009



Celebrating 100 Years Serving Saint Paul Educators 1909-2009

St. Paul Teachers' Retirement Fund Association



"Education is the great engine of personal development. It is through education that the daughter of a peasant can become a doctor, that a son of a mine worker can become the head of the mine, that a child of farm workers can become the president."

- Nelson Mandela, President of South Africa

The photographs on pages 15, 67 & 89 are courtesy of Saint Paul Public Schools.

The quote on page 2 was taken from www.nsfas.org.za, the National Student Financial Aid website for South Africa.

The quotes used on pages 14, 48, 66, 78 & 88 were taken from: *A Collection of Memories 1910-1960,* a St. Paul Retired Teachers Association publication.

The story of Florence Rood on page 90 was taken from: *Florence Rood: An Appreciation,* prepared by Flora Smalley and the St. Paul Federation of Women Teachers, 1944.

St. Paul Teachers' Retirement Fund Association

2009 Annual Report Table of Contents

Mission Statement

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

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

St. Paul Teachers' Retirement Fund Association

Board of Trustees

John R. Kunz
President

Erma E. McGuire
Vice President

Eugene R. Waschbusch
Secretary-Treasurer

Carol J. Adams
Trustee

John Brodrick
Ex-Officio Trustee

Matthew Bogenschultz
Trustee

Mike McCollor
Trustee

Feryle W. Borgeson
Trustee

Karen Odegard
Trustee

Chong Thao
Trustee

St. Paul Teachers' Retirement Fund Association

2009 Staff

Phillip G. Kapler, Executive Director
Christine MacDonald, Assistant Director & Counselor
Nancy Langer, Member Records & Accounting
Susan Nystrom, Fiscal Services Specialist
Katy Smithson, Communications Specialist
Tamera Zielinski, Administrative Assistant

St. Paul Teachers' Retirement Fund Association

1619 Dayton Avenue, Room 309
Saint Paul, MN 55104-6206
Phone (651) 642-2550
Fax (651) 642-2553

Members of the Association :

The trustees and staff of the St. Paul Teachers' Retirement Fund Association (SPTRFA) submit herewith the Annual Financial Report for the fiscal year ended June 30, 2009, 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 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. A copy is provided to each school or other facility where members work. This Report is also available to anyone who requests it from the SPTRFA office.

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

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

- **Introduction**
  Mission Statement, information on the structure of the organization, the board, staff and professional service relationships
- **Financial Section**
  Management's Discussion and Analysis, financial statements and associated notes
- **Actuarial Section**
  Actuary's Certification Letter, portions of the actuarial valuation which assess long-term funded status and the adequacy of revenues for the pension fund
- **Investment Section**
  Fund investment returns, portfolio structure, security holdings, and investment advisors under contract with the Association
- **Benefits Section**
  Summary information on the types of benefits offered, the application process and methods of benefit calculation

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

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

The Board and staff of the SPTRFA serve as fiduciaries on behalf of our members, survivors and beneficiaries. We endeavor to manage the assets entrusted to our care in concert with the Prudent Person Standard in Minn. Stat. § 356A.04, subd. 2, and authorities 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. However, their report for the most recent fiscal year was still pending completion at the time this report went to print.

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

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

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

The SPTRFA proudly celebrates its 100th year of operation commencing October 9, 2009. With the arrival of this centennial year, the trustees and staff renew their pledge to continue to administer the affairs of this Association with the utmost diligence and efficiency.

Respectfully submitted,

John R. Kunz	Eugene R. Waschbusch	Phillip G. Kapler
President	Secretary-Treasurer	Executive Director

St. Paul Teachers' Retirement Fund Association

Professional Listing
(as of June 30, 2009)

Actuary
Gabriel Roeder Smith & Company

Auditor
Office of the State Auditor

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

Investment Consultant
Callan Associates

Legal Counsel
Oppenheimer, Wolff & Donnelly, LLP

St. Paul Teachers' Retirement Fund Association

MEMBERS: Active, Retired, Survivors & Beneficiaries

BOARD OF TRUSTEES

John R. Kunz, President
Erma E. McGuire, Vice President
Eugene R. Waschbusch, Secretary-Treasurer
Carol J. Adams
W. Matthew Bogenschultz
Feryle W. Borgeson
John Brodrick
F. Michael McCollor
Karen A. Odegard
Chong Thao

ADMINISTRATION

Phillip Kapler, Executive Director
Christine MacDonald, Assistant Director & Counselor
Nancy Langer, Member Records & Benefits Administration
Susan Nystrom, Fiscal Services
Katy Smithson, Communications & Member Education Specialist
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

Legal Counsel, *Oppenheimer Wolff & Donnelly*
Actuary, *Gabriel, Roeder, Smith & Company*
Medical Advisor, *Dr. Ronald Vessey M.D.*
Medical Advisor, *Dr. David Johnson M.D.*
Investment Consultant, *Callan Associates*
Investment Managers, *(Various)*

GOVERNMENTAL RELATIONS

Minnesota State Auditor
Legislative Commission on Pensions & Retirement
Minnesota Dept. of Revenue
Minnesota Dept. of Finance
Minnesota Campaign Finance & Public Disclosure Board
U.S.Department of the Treasury

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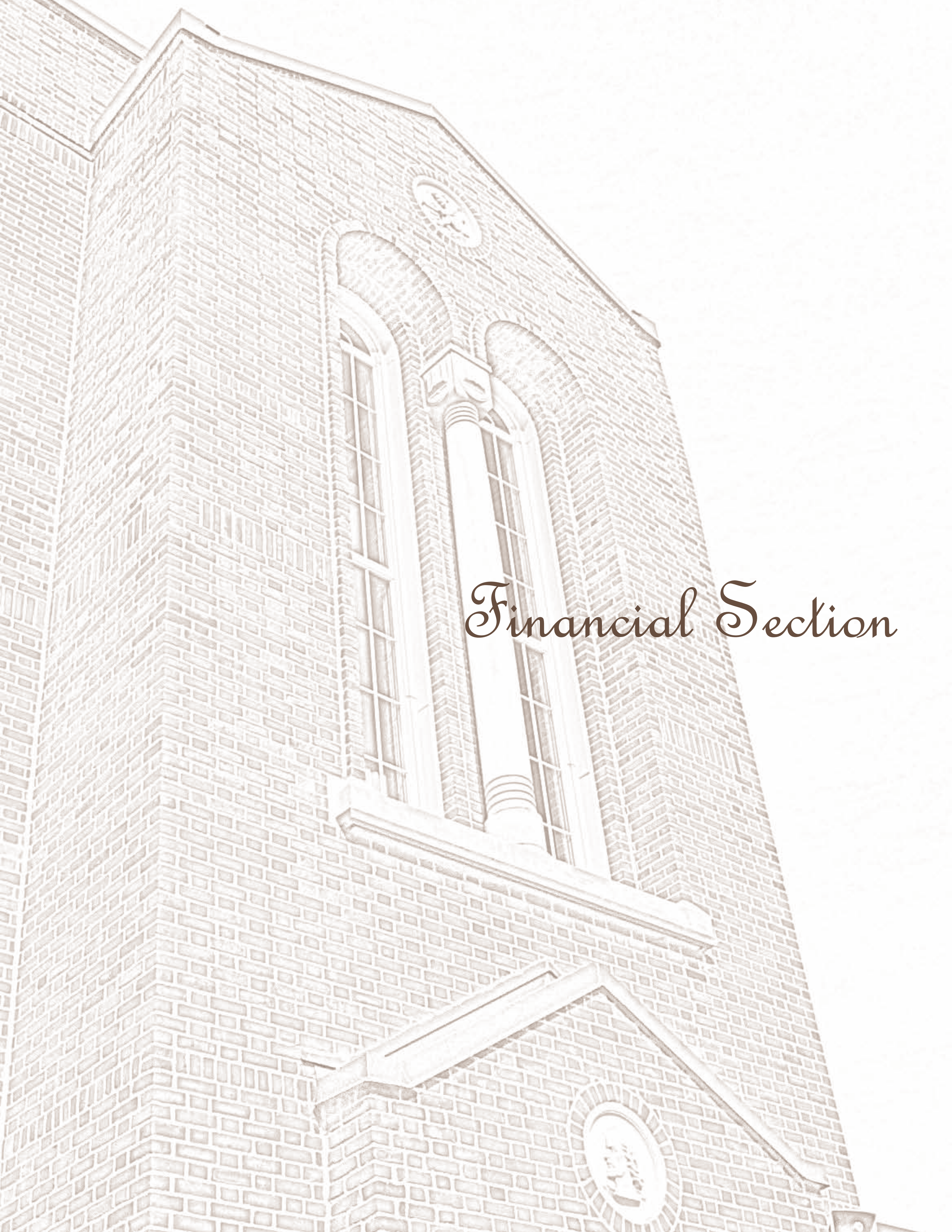
"Parents were very interested. They came to visit us frequently. They would send us food and come over to see programs put on in the auditorium. It was their interest and their drive to teach the children that made education the thing that would open the door to the future, that made it successful, really. They prized it highly."

- Inez Stone, 1913-1954 Marshall High School

Financial Section



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009
(Unaudited)

This section summarizes key information drawn from more detailed sections elsewhere in this report. It includes a brief overview of the financial performance and actuarial status of the St. Paul Teachers' Retirement Fund Association (hereinafter "SPTRFA," "Association," or "Fund") for the fiscal year ended June 30, 2009.

The following principal schedules are referenced throughout:

(1) Fund basic financial statements

 (a) Statement of Plan Net Assets

 (b) Statement of Changes in Plan Net Assets

(2) Notes to the financial statements

(3) Required supplementary schedules of contributions and funding progress

ORGANIZATIONAL STRUCTURE

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

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

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

INVESTMENT PERFORMANCE

There are several ways to finance any pension plan. A "pay-as-you-go" program, like Social Security, pays benefits primarily from current revenues. "Pre-funded" plans, such as those administered by the SPTRFA, accumulate assets in advance of benefit obligations, covering those obligations primarily through part contributions and investments earnings thereon.

The level of supportable benefits and the long-term health of the Fund depend on the efficient and prudent investment of contributions from members, employers, and taxpayers.

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

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

For every dollar ultimately paid out in benefits, about 70 cents will derive not from contributions directly, but from compounded investment earnings. There are cyclical economic, market-driven, and tactical risks associated with deploying plan assets in the capital markets. However, if our benefits were funded on a "pay-as-you-go" basis today, contributions would need to be triple the current level just to make monthly payment obligations.

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

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

Comparison of Annualized Returns (%)

	1-Year	3-Year	5-Year
Actual performance (net of fees)	- 19.1	- 3.3	2.6
Indexed benchmark	- 19.8	- 3.6	2.2
Actuarial target	8.5	8.5	8.5
Actual versus indexed benchmark	0.7	- 0.3	0.4
Actual versus actuarial target	- 27.6	- 12.1	- 5.9

Absolute Basis of Assessment

The 2009 total fund return (net of fees) was a negative 19.1 percent. That is 27.6 percent less than the absolute actuarial target required to meet projected "normal cost," on the annual rate of benefit liability accumulation (assuming no other significant sources of actuarial losses or gains).

Recent losses were nothing short of disastrous, dragging the five-year return of 11 percent from the previous year down to 2.6 percent, 5.9 percent below the 8.5 percent assumed return. In fiscal terms, the expected return for the year was $85 million. The fund actually experienced a loss of $196 million. The unadjusted actuarial shortfall for the year was thus $281 million. "Asset smoothing" for actuarial forecasting purposes yields an adjusted loss of $56 million.

Relative Basis of Assessment

Net-of-fees, the Association finished in the 57th percentile of the Callan Public Fund Universe, placing our performance slightly behind the median. Callan Associates is our general investment consultant.

The overall return exceeded the composite benchmark for the Fund by a fair margin of 0.7 percent. Compared to funds with similar asset allocations, the Association finished in the top quartile. Such results imply that (with isolated exceptions) active managers hired by the Board performed quite well, and that our more aggressive asset allocation, for the year at least, resulted in a slightly lower rate of return than that of the median public fund.

For institutional and individual investors, the most recent two years were severe in the adversities generated for long-term financial planning and retirement funding. Commencing with the liquidity crisis that befell the bond market after the implosion of residential and estate pooled securities, through the collapse in equity prices that followed, we have come through the worst markets since the Great Depression. A strong rally in the final quarter of the fiscal year (the Russell 3000 Index rose 17 percent) rescued the fund from a market value loss that stood at a negative 32 percent on March 31, 2009. Investor enthusiasm in the second and third calendar quarters, however, did not appear to be based on the status of the overall economy, which remained clearly in a recessionary state.

Public defined benefit plans throughout the country were hit hard by the mortgage, bond, financial and equity crises that seemed to roll over us in their turn. A sustained reversal of fortunes would be most welcome in 2010, as any compounding losses of such magnitude in the near future could call into question the sustainability of defined benefit plans such as ours without significant restructuring on the benefit liability side of the funding equation.

The consensus among economists, as of this writing, is that the state of the U.S. economy does not hold much prospect for the level of growth or returns necessary to offset the adverse outcomes of the last two fiscal years. Contributions to the plan should be increased, and benefit liabilities must be conservatively structured, if the Fund is to return to a path toward full funding within any reasonable timeframe.

SUMMARY OF THE FUND FINANCIAL STATEMENTS AND ACTUARIAL REPORT

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

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

	June 30	
	2009	2008
Assets		
Cash	$ 7,946	$ 3,657
Receivables	10,125	8,261
Investments at fair value	763,335	1,015,135
Securities lending collateral	63,110	62,579
Capital assets, less depreciation	27	34
Total Assets	$ 844,543	$ 1,089,666
Liabilities		
Accounts payable	$ 1,032	$ 1,155
Securities purchases payable	7,142	2,292
Securities lending collateral	63,110	62,579
Total Liabilities	$ 71,284	$ 66,026
Net Assets Held in Trust for Pension Benefits	$ 773,259	$ 1,023,640

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

	Year Ended June 30	
	2009	2008
Additions		
Employer and employee contributions	$ 35,365	$ 34,418
State of Minnesota amortization aids	3,343	3,509
Investment activity, less management fees	(195,823)	(80,138)
Net securities lending income	363	336
Total Additions	$ (156,752)	$ (41,875)
Deductions		
Benefits, withdrawals, and refunds	$ 93,024	$ 89,811
Administrative expenses	605	691
Total Deductions	$ 93,629	$ 90,502
Net Increase (Decrease)	$ (250,381)	$ (132,377)
Net Assets in Trust for Benefits - Beginning of the Year	1,023,640	1,156,017
Net Assets in Trust for Benefits - End of the Year	$ 773,259	$ 1,023,640

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

(1) Investments had a negative effect on the Fund's bottom line, generating a significant loss in both accounting and actuarial terms; and

(2) The SPTRFA operates a "mature" defined benefit program, for which annual benefit expenditures typically exceed payroll contributions by a significant amount.

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

Administrative costs, at 6/10^{ths} of one percent of total expenditures are a small part of program costs. Investment expenses, at 4/10^{ths} of one percent of assets, were slightly above the historical level, due to a relatively large allocation to active asset management and a declining overall asset base. The Association's operating expenditures remain low compared to other public plans in the state.

Notes to the Basic Financial Statements

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

(1) describes accounting policies applied in the development of the basic financial statements;

(2) provides a description of the plans administered by the SPTRFA, including coverage, classes of membership, and benefits;

(3) describes the laws and policies governing the deposit and investment of Association assets and also describes other common risks, including concentrations of credit risk, interest rate risk, and foreign currency risk;

(4) explains the securities lending program which the SPTRFA participates in through its custodian, the Bank of New York; by state law, securities on loan must be at least 100 percent collateralized at all times;

(5) describes how funds are accumulated through contributions;

(6) describes the risk management policies of the Association with respect to losses related to torts, loss of assets, injuries to employees, and natural disasters;

(7) provides the funded ratio for the SPTRFA and discloses the methods and assumptions used in the actuarial reporting process; and,

(8) summarizes the actuarial measurement process.

Actuarial Valuation Summary

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

Below are summary comparative statistics from the July 1, 2009, valuation:

Summary of Actuarial Valuation Results
Plan Year Beginning July 1

	2008	2009	Percent Change + means improvement - means adverse change
Covered payroll	$ 247,291,000	$ 252,726,000	+ 2 %
Statutory contributions (Ch. 354A)	15.73 %	15.64 %	na
Required (Ch. 356)	17.63 %	18.40 %	- 4 %
Sufficiency/(Deficiency)	**- 1.90** %	**- 2.76** %	**- 1%**
Market value of assets	$ 1,023,640,000	$ 773,259,000	- 25%
Actuarial value of assets	1,075,951,000	1,049,954,000	- 2%
Actuarial accrued liability	1,432,040,000	1,454,314,000	- 2%
Unfunded liability	**356,089,000**	**404,360,000**	**- 14%**
Funded ratio	**75.13%**	**72.20%**	**- 3%**

The 2009 actuarial valuation reflects both a significant reduction in the funded ratio and a worsening of the deficiency in annual contributions.

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

In 2007, the SPTRFA proposed legislation to modify post retirement increases, substituting a more straightforward and less expensive cost-of-living formula similar to that applied by the U.S. Social Security Administration. The Legislature adopted the proposal with several modifications, and put a two-year sunset on the new approach to allow for review and possible modification in the 2009 Legislative Session. The sunset was extended two more years in 2009, with the investment performance trigger conditions removed from the COLA formula for the January 2010 and January 2011 adjustments.

Collectively, the schedules, accompanying notes, and discussions in this report provide comprehensive information as of June 30, 2009, regarding the benefit plans administered by the Association, the asset and liability structure of the Fund, the financial and actuarial status of the SPTRFA, and key policies and procedures of the Association.

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

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

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

Phone ....(651) 642-2550
Facsimile....................(651) 642-2553
Website ....www.sptrfa.org
Email..........................info@sptrfa.org

ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION

STATEMENT OF IN PLAN NET ASSETS (AT MARKET) - JUNE 30, 2009

Assets		
Cash	$	7,946,033
Total Cash	$	**7,946,033**
Receivables		
Employer contribution	$	1,445,734
Employee contributions		50,415
Service purchases		36,578
Pensions		1,275
State contributions		376,013
Real estate income		17,907
Commission recapture		530
Interest		282,430
Dividends		177,473
Security purchase receivable		145,349
Sales of securities		7,591,204
Total receivables	**$**	**10,124,908**
Investments, at fair value		
U.S. government securities	$	3,593,671
Corporate bonds		20,618,301
Corporate stocks		137,532,998
Commingled investment funds		
Pooled international equity trust		80,980,594
Government/credit bond index fund		67,764,900
US debt index fund		41,581,155
Extended equity index fund		140,866,929
Russell 1000 Growth Fund		32,565,832
International emerging markets growth fund		43,625,156
Mutual fund		33,191,689
International corporate stock fund		84,953,075
Money market funds		8,736,097
Limited partnership		5,575,146
Real estate securities		61,749,546
Total investments, at fair value	**$**	**763,335,089**
Invested securities lending collateral	**$**	**63,110,212**
Furniture and fixtures	**$**	**26,366**
Total Assets	**$**	**844,542,608**
Liabilities		
Accounts payable	$	1,031,492
Security purchases payable		7,141,919
Securities lending collateral		63,110,212
Total Liabilities	**$**	**71,283,623**
Member Reserves		140,907,922
Employer Reserves		632,351,063
Net Assets Held in Trust for Pension Benefits	**$**	**773,258,985**

-

ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION

STATEMENT OF CHANGES IN PLAN NET ASSETS (AT MARKET) - JUNE 30, 2009

Additions		
Contributions		
Employer	$	21,501,237
Members		13,863,565
Other sources		
State of Minnesota		3,343,013
Total contributions	**$**	**38,707,815**
Investment income (loss)		
From investing activity		
Net realized gain/(loss)	$	(2,087,795)
Net change in unrealized gain/(loss)		(203,467,281)
Interest		5,017,773
Dividends		3,829,079
Other		4,521,216
Total investing activity income (loss)	**$**	**(192,187,008)**
Less: investing activity expense		
External		(3,451,858)
Internal		(184,104)
Total less: investing activity expense	**$**	**(3,635,962)**
Net income (loss) from investing activity	**$**	**(195,822,970)**
From securities lending activity		
Securities lending income	**$**	**1,150,226**
Less: securities lending expense		
Borrower rebates	$	(631,989)
Management fees		(154,739)
Total securities lending expense	**$**	**(786,728)**
Net income from securities lending activity	**$**	**363,498**
Net investment income (loss)	**$**	**(195,459,472)**
Total additions	**$**	**(156,751,657)**
Deductions		
Benefits to participants		
Retirement	$	83,373,533
Disability		794,551
Survivor		7,943,219
Dependent children		26,177
Withdrawls and refunds		886,750
Total benefits, withdrawls, and refunds	**$**	**93,024,230**
Administrative expenses		
Staff compensation	$	400,681
Professional services		83,863
Office lease and maintenance		30,513
Communication related expenses		34,436
Other expense		55,231
Total administrative expenses	**$**	**604,724**
Total Deductions	**$**	**93,628,954**
Net Increase (Decrease)	**$**	**(250,380,611)**
Net Assets Held in Trust for Pension Benefits		
Beginning of Year		**1,023,639,596**
End of Year	**$**	**773,258,985**

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

1. Summary of Significant Accounting Policies

Reporting Entity

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

Basis of Presentation

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

Basis of Accounting

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

Investments

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

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

1. Summary of Significant Accounting Policies

Investments (Continued)

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

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

Derivative Investments

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

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

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

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

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

1. Summary of Significant Accounting Policies

Derivative Investments (Continued)

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

Investment Income

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

Contributions

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

Benefits and Refunds

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

Furniture and Fixtures

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

2. Description of Plans

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

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

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

2. Description of Plans (Continued)

General

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

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

Membership

At June 30, 2009, the Association's membership consisted of:

Retirees and beneficiaries currently receiving benefits	2,933
Terminated employees entitled to but not yet receiving benefits	1,823
Terminated, non-vested	1,451
Current active plan members (including members on leave)	3,940
Total Membership	10,147

Pension Benefits

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

Disability Benefits

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

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

2. Description of Plans (Continued)

Other Benefits

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

3. Deposits and Investments

A. Deposits

Authority

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

Custodial Credit Risk

The custodial credit risk for deposits of the Association describes the potential for partial or total loss of cash or near-cash holdings in the event of a depository failure. Minnesota statutes require that assets held in depository accounts be insured by the Federal Deposit Insurance Corporation (FDIC), or exclusively pledged collateral of 110 percent of the uninsured amount on deposit. Association deposits at US Bank above the FDIC limit are fully collateralized by pledged U.S. Treasury or federal agency notes on deposit with the Federal Reserve Bank of Boston.

B. Investments

Authority

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

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

3. Deposits and Investments

   B. Investments (Continued)

      Custodial Credit Risk

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

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

      The Association has no custodial credit risk for investments at June 30, 2009 other than that related to the invested securities lending collateral, as described in Note 4.

      Interest Rate Risk

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

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

Mandate	Account	Market Value
Active	Voyageur - Fixed Income Fund	$ 26,602,877
Indexed	Barclays - Govt/Credit Bond Index Fund	$ 67,764,900
Indexed	Barclays - US Debt Index Fund	$ 41,581,155

      The Association has, relative to peers, a small allocation to fixed income assets as part of its investment policy. At June 30, 2009, the targeted allocation was 19 percent of total Fund invested assets. The actual share of total Fund invested assets was 17.81 percent.

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

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

3. Deposits and Investments

B. Investments

Interest Rate Risk (Continued)

The indexed fixed income accounts have the explicit objective of matching, as closely as possible, the overall weighted composition and duration of their respective unmanaged indices. Here, the fixed income strategy is indifferent to changes in the near-term changes in rates of interest.

The following table shows weighted overall durations of each investment account and the associated benchmark as of June 30, 2009:

Account	Average Duration in Years	Average Duration of Benchmark
BGI - US Debt Index Fund	4.18	4.19
BGI - Government/Credit Bond Index Fund	5.04	5.04
Voyageur Asset Management	2.22	4.19
Bank of NY - Cash Collateral	0.04	NA

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

Credit Risk

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

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

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

3. Deposits and Investments

B. Investments

Credit Risk (Continued)

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

		Quality Ratings (Standard and Poors)						
	Market Value	AAA	AA	A	B	BBB	C	Unrated
Rated Debt Investments								
Asset Backed Securites	$ 8,302,131	$ -	$ 293,299	$ 4,343,091	$ -	$ 2,899,654	$ -	$ 766,087
BGI - Govt/Credit Bond Index Fund	67,764,900	-	-	-	-	-	-	67,764,900
Collateralized Mortgage Obligations	51,033	-	-	-	-	-	-	51,033
Corporate Bonds	11,936,242	7,159,364	1,911,491	727,174	272,385	867,146	204,107	794,575
Federal Home Loan Mortgage Corp.	-	-						-
Federal National Mortgage Assoc.	-	-						-
Government Agency	-	-	-	-	-	-	-	-
Government Bonds	-	-	-	-	-			
Government National Mortgage Assoc.	-	-	-	-	-	-	-	-
Pooled Funds and Mutual Funds	7,873,597	-	-	-	-	-	-	7,873,597
Private Placement	379,928	-	-	331,045	-	48,883	-	
State and Local Obligations	3,542,640	-	-	285,413	-	1,432,325	-	1,824,902
Total Rated Debt Investments	$ 99,850,471	$ 7,159,364	$ 2,204,790	$ 5,686,723	$ 272,385	$ 5,248,008	$ 204,107	$ 79,075,094

Concentration of Risk

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

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

3. Deposits and Investments

B. Investments

Concentration of Risk (Continued)

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

The following tables indicate these risk control policies were reflected in portfolio holdings as of June 30, 2009. The investment in the Capital International Emerging Markets account operates like other commingled, unit share portfolios, except that SPTRFA participation in that trust is, technically, that of a shareholder. The account represented 5.7 percent of the investments as of June 30, 2009 (see table, Note 3.B.). While it could be argued that this is an exception to the policy limit, the "security interest" is distinct from, and not subject to the volatility of, any of the genuine securities in the portfolio.

Total Holdings of the Ten Largest Issuers - Percent of Net Assets as of June 30, 2009

Issuer	Amount	Percent of Net Assets
Occidental Petroleum Corporation	$ 2,099,339	0.27%
Microsoft Corp	1,846,929	0.24%
Illinois Tool Works Inc	1,822,192	0.24%
Force 10 Networks	1,634,183	0.21%
Wellpoint Inc	1,409,653	0.18%
Intel Corporation	1,405,095	0.18%
International Business Machines Corp	1,326,134	0.17%
Wyeth	1,302,693	0.17%
Flowserve Corp	1,297,768	0.17%
Hewlett Packard	1,287,045	0.17%
	$ 15,431,031	2.00%

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

3. Deposits and Investments

B. Investments

Concentration of Credit Risk (Continued)

Assets by Investment Account as of June 30, 2009

Investment Manager - Account	Total Assets Under Management (Market Value)	Percent of Total (%)
Advantus	$ 4,156,193	0.6%
Bank of New York - Cash Flow	143,922	0.0%
Barclays - Equity Index Fund	140,866,929	18.4%
Barclays - US Debt Index Fund	41,581,155	5.4%
Barclays - Govt/Credit Bond Index Fd	67,764,900	8.9%
Barclays - Russell 1000 Equity Index	32,565,832	4.3%
Barrow Hanley - Large Cap Value	35,971,427	4.7%
Boston Company - Small Value	34,122,535	4.5%
Capital Intl. - Emerging Mkts Gr	43,625,156	5.7%
Clifton Group - Index Futures	3,478,833	0.5%
Dimensional Fund Advisors	33,191,689	4.3%
Fifth Third Advisors - Large Cap	34,539,008	4.5%
JP Morgan - International	84,953,075	11.1%
Morgan Stanley - Intl. Equity	80,980,594	10.6%
RWI Ventures I	773,060	0.1%
RWI Ventures II	4,802,086	0.6%
Smith Barney	252,451	0.0%
Turin Networks	1,779,532	0.2%
UBS Realty Investors	57,831,171	7.6%
Voyageur - Fixed Income	27,152,984	3.6%
Wellington - Sm/Mid Cap Growth	33,875,001	4.4%
Total Assets by Investment Account	$ 764,407,533	100.0

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

Receivables	
Real Estate Income	$ 17,907
Interest	282,430
Dividends	177,473
Security purchase	145,349
Sales of securities	7,591,204
Investments	763,335,089
Less: securities purchases payable	(7,141,919)
Total Assets Under Management, Market Value	$ 764,407,533

3. Deposits and Investments

B. Investments (Continued)

Foreign Currency Risk

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

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

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

As of June 30, 2009, the Investment Policy of the Association included a dedication of 25 percent of the total Fund as the international equity component of the total portfolio. International positions are held in pooled or commingled investment funds, which render the exposure to foreign currencies to a derived risk, as the Fund's interest is limited in all cases to a unit valuation expressed in U.S. dollars. The actual allocation was $201 million, or 26.3 percent, of total invested assets. This allocation resulted in derived exposures to international markets as detailed in the following chart.

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ST. PAUL, MINNESOTA

3. Deposits and Investments

B. Investments

Foreign Currency Risk (Continued)

Assets Held in Non-U.S. Securities by Currency as of June 30, 2009

Country	Currency	Equity	Fixed Income	Cash and Cash Equivalents	Total
Argentina	Argentine Peso	$ -	$ 43,625	$ -	$ 43,625
Australia	Australian Dollar	6,084,931	-	-	6,084,931
Brazil	Brazilian Real	6,496,680	349,001	-	6,845,681
United Kingdom	British Pound	42,556,973	43,625	-	42,600,598
Canada	Canadian Dollar	864,664	-	349,001	1,213,665
Chile	Chilean Peso	610,752	-	-	610,752
China	Chinese Yuan	10,082,438	-	-	10,082,438
Republic of Columbia	Columbian Peso	-	87,250	-	87,250
Jamaica	Dollar	-	43,625	-	43,625
Egypt	Egyptian Pound	392,626	-	-	392,626
European Union	Euro	51,335,552	-	698,003	52,033,555
Switzerland	Franc	14,787,652	-	218,126	15,005,778
Hong Kong	Hong Kong Dollar	4,601,249	-	-	4,601,249
Hungary	Hungarian Forint	130,875	-	(43,625)	87,250
India	Indian Rupee	4,275,266	-	(261,751)	4,013,515
Indonesia	Indonesian Rupiah	828,878	87,251	-	916,129
Israel	Israeli Shekel	1,312,417	-	(261,751)	1,050,666
Japan	Japanese Yen	34,638,277	-	-	34,638,277
Czech Republic	Koruna	349,001	-	(43,625)	305,376
Denmark	Kroner	218,647	-	-	218,647
Malaysia	Malaysian Ringgit	1,308,755	-	-	1,308,755
Mexico	Mexican Peso	4,582,461	174,501	(218,126)	4,538,836
Morocco	Moroccan Dirham	43,625	-	-	43,625
Intl Agency Securities	Composite	43,625	-	174,501	218,126
Peru	Nuevo Sole	-	43,625	-	43,625
Sultanate of Oman	Omani Rial	87,250	-	-	87,250
Pakistan	Pakistani Rupee	43,625	-	-	43,625
Philippines	Philippine Peso	479,877	-	-	479,877
Russian Federation	Russian Ruble	2,412,967	87,250		2,500,217
Singapore	Singapore Dollar	305,376	-	-	305,376
South Africa	South African Rand	2,530,259	43,625	(174,501)	2,399,383
Sri Lanka	Sri Lankan Rupee	43,625	-	-	43,625
Sweden	Swedish Krona	772,829	-	-	772,829
Taiwan	Taiwanese New Dollar	3,181,646	-	-	3,181,646
Thailand	Thai Baht	698,003	-	-	698,003
Turkey	Turkish New Lira	654,377	87,251	-	741,628
South Korea	Won	3,929,471	43,625	-	3,973,096
Poland	Zloty	436,252	43,625	-	479,877
		$ 201,120,901	$ 1,177,879	436,252	$ 202,735,032

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

Total amount will not reconcile with the combined total for the investment manager reports. U.S. Dollars are included in those reports, however, they are not included in this table because they are not relevant for foreign currency disclosure purposes.

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

4. Securities Lending

The Association participates in a securities lending program. On June 30, 2009, 39 percent of its U.S. government securities, corporate bonds, and corporate stocks were loaned out.

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

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

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

As of June 30, 2009, the fair value of cash collateral received was $63,110,212, which is included in the Statement of Plan Net Assets both as an asset and offsetting liability. The cash collateral, with an average weighted maturity of 14 days, was invested as follows: $10,911,470 in corporate obligations; $3,683,175 in certificates of deposit; $33,731,329 in repurchase agreements; $5,794,648 in asset backed securities; and $8,989,590 in bank notes. The Association had no non-cash collateral. The Association has no credit risk exposure to borrowers because the amounts the Association owes borrowers exceed amounts borrowers owe the Association. The contract with the trust company requires the trust company to indemnify the Association if borrowers fail to return the loaned securities, requiring delivery of collateral up to the market value of the loaned securities to the Association. All securities loans may be terminated on demand by either the Association or the borrower.

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

5. Contributions

Funding

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

Minn. Stat. § 354A.12 sets the rate for employee and employer contributions expressed as a percentage of annual covered payroll. In 2008, Minn. Stat. § 356.215, subd. 11, was amended, and the established date for full funding is now June 30 of the 25th year from the valuation date. As part of the annual actuarial valuation, the actuary determines the sufficiency or deficiency of the statutory contribution rates toward meeting the required full funding deadline. The actuary compares the actual contribution rate to a "required" contribution rate. The required contribution rate consists of: (a) normal costs based on entry age normal cost methods, (b) a supplemental contribution for amortizing any unfunded actuarial accrued liability by the required date for full funding, and (c) an allowance for administrative expenses. At June 30, 2009, the difference between the statutory and actuarially required contributions is a deficiency of 2.78 percent of payroll. Minn. Stat. § 356.215, subd. 11, also required, as part of the annual actuarial valuation, that the actuary determine the funded ratio and the deficiency or sufficiency in annual contributions when comparing liabilities to the market value of the assets of the Fund as of the close of the most recent fiscal year. As of July 1, 2009, there was a contribution deficiency of 9.36 percent between the statutory and required contributions based on the market value of assets.

Employer and Employee Contributions

For the fiscal year ended June 30, 2009, the contribution rates required by statute were as follows:

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

Other Contributions

Minn. Stat. § 354A.12 requires the state to annually provide the Association with direct aid until it reaches the same funded status as the Minnesota Teachers' Retirement Association. The direct state-aid contribution was $2,967,000 for fiscal year 2009.

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

Minn. Stat. § 423A.02, subd. 3, requires the state to annually provide certain aid to the Association until it is fully funded. The state amortization aid contribution was $376,013 for fiscal year 2009. Beginning in fiscal year 1998, the School District must make an additional annual contribution to the Association in order for the Association to continue receiving state amortization aid. The School District contributed $800,000 for fiscal year 2009.

6. Risk Management

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

7. Funded Status and Funding Progress

Effective June 30, 2008, the Association implemented the provisions of GASB Statement No. 50, *Pension Disclosures*. The disclosures are amendments to GASB Statement 25 and present the disclosures of the actuarial methods, assumptions, and funded status of the plan in the financial notes. The funded status as of July 1, 2009, the most recent actuarial date, is as follows:

Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (%) (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (%) ((b-a)/c)
$ 1,049,954	$ 1,454,314	$ 404,360	72.20	$ 243,166	166.29

(Dollars in Thousands)

The net funded ratio decreased 2.93 percent. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents similar information but uses a multi-year format to show trend information. These trends indicate whether the actuarial values of plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liability for benefits. The trend information was obtained from the Association's independent actuary's annual valuation report.

Additional information as of the latest valuation follows:

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
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- Most Recent Actuarial Valuation Date: July 1, 2009
- Actuarial Cost Method: Entry Age Normal
- Amortization Method: Level percent of pay, assuming five-percent payroll growth
- Amortization Period: 25-year open period
- Remaining Amortization Period at July 1, 2009: 25 years
- Asset Valuation Method: 5-Year Smoothed Market
  - The actuarial value of assets is determined using market value, adjusted for amortization obligations receivable at the end of each fiscal year, less a percentage of the unrecognized asset return determined at the close of each of the four preceding fiscal years. Unrecognized asset return is the difference between actual net return on market value of assets and the asset return expected during that fiscal year (based on the assumed interest rate employed in the July 1 actuarial valuation of the fiscal year).
- Actuarial Assumptions:
  - Investment Rate of Return: 8.50 percent Pre-retirement and Post-retirement
  - Inflation and Projected Salary Increases: Based on a ten-year select and ultimate rate table with rates ranging from 5.00 to 6.90 percent, age and service based.
  - Cost-of-Living Adjustments: 2.00 percent
  - Pre-retirement mortality assumptions are based on the 1983 Group Annuity Mortality Table with rates set back seven years for males and five years for females.
  - Post-retirement mortality assumptions are based on the 1983 Group Annuity Mortality Table with rates set back four years for males and one year for females.
  - Post-disability mortality assumptions are based on the 1977 Railroad Retirement Board Mortality Table for Disabled Annuitants.

8. Narrative Description of Actuarial Measurement Process.

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

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Actuarial assumptions are used to project future demographic and economic expectations for purposes of valuing the liabilities of the plan. The assumptions should reflect current patterns. However, their primary orientation is the long-term outlook for each factor affecting the valuation. Thus, while actual experience will fluctuate over the short run, actuarial assumptions are chosen in an attempt to model the future long-term experience.

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

Schedule 1

SCHEDULE OF FUNDING PROGRESS
(IN THOUSANDS OF DOLLARS)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (%) (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (%) ((b-a)/c)
2004	898,860	1,251,460	352,600	71.82	221,685	159.05
2005	905,293	1,299,832	394,539	69.65	223,762	176.32
2006	938,919	1,358,620	419,701	69.11	226,351	185.42
2007	1,015,722	1,391,298	375,576	73.01	229,172	163.88
2008	1,075,951	1,432,040	356,089	75.13	235,993	150.89
2009	1,049,954	1,454,314	404,360	72.20	243,166	166.29

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

Schedule 2

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

Fiscal Year	Annual Required Contributions	Employer Contributions	Employer Percentage Contributed (%)	State Contributions	State Percentage Contributed (%)
2004	30,828	20,378	66.10	3,393	11.01
2005	34,724	20,435	58.85	3,398	9.79
2006	40,373	20,615	51.06	3,400	8.42
2007	43,924	20,466	46.59	3,651	8.31
2008	41,580	20,775	49.96	3,509	8.44
2009	29,007	21,501	74.12	3,343	11.52

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

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

NOTES TO SCHEDULE 1 AND SCHEDULE 2
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

Actuarial Methods and Assumptions

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

- The most recent actuarial valuation date is July 1, 2009.

- Actuarial cost is determined using the Entry Age Normal Actuarial Cost Method.

- The amortization method assumes a level percentage of payroll each year, open, and assuming five-percent payroll growth to pay the unfunded actuarial accrued liability.

- The amortization period is a 25-year open period.

- The remaining amortization period at July 1, 2009, is 25 years.

- The actuarial value of assets is determined using market value, adjusted for amortization obligations receivable at the end of each fiscal year, less a percentage of the unrecognized asset return determined at the close of each of the four preceding fiscal years. Unrecognized asset return is the difference between actual net return on market value of assets and the asset return expected during that fiscal year (based on the assumed interest rate employed in the July 1 actuarial valuation of the fiscal year).

- Actuarial Assumptions:

    - Investment rate of return: 8.50 percent pre-retirement and post-retirement.

    - Inflation and projected salary increases: Based on a ten-year select and ultimate rate table with rates ranging from 5.00 to 6.90 percent, age and service based.

    - Post-retirement cost of living adjustments: 2.00 percent.

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

Actuarial Methods and Assumptions (Continued)

- Pre-retirement mortality assumptions are based on the 1983 Group Annuity Mortality Table with rates set back seven years for males and five years for females.

- Post-retirement mortality assumptions are based on the 1983 Group Annuity Mortality Table with rates set back four years for males and one year for females.

- Post-disability mortality assumptions are based on the 1977 Railroad Retirement Board Mortality Table for Disabled Annuitants.

Significant Plan Provision and Actuarial Methods and Assumption Changes

2006

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

2007

- Post-retirement benefits were changed in the 2007 Legislative Session. The old increase formula provided a guaranteed 2.0 percent increase each year for any member in pay status for one full year as of June 30 in the calendar year prior to the next January 1 increase. In addition, if the fund net investment return on a five-year annualized basis exceeded 8.5 percent, the difference was added to the 2.0 percent guaranteed increase.

- Under a two-year pilot program, commencing with increases for calendar 2008, the SPTRFA will instead pay a retirement benefit cost-of-living adjustment (COLA) similar to that of the U.S. Social Security Administration up to an initial maximum of 2.5 percent. The maximum increases to 5% if the investment returns of the fund exceed 8.5% on both a one- and five-year basis. The full COLA amount will be equal to current year average third quarter CPI-w over the same figure for the prior year. Members with less than one full year in pay status will receive a pro-rated COLA based on full calendar quarters.

- The administrative expense assessment process under Minn. Stat. § 354A.12, subd. 3(d), was repealed.

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

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

2008

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

2009

- Under a two-year pilot program, commencing with increases for calendar 2010, the SPTRFA will pay a retirement benefit cost-of-living adjustment (COLA) similar to that of the U.S. Social Security Administration up to a maximum of 5 percent. The full COLA amount will be equal to current year average third quarter CPI-w over the same figure for the prior year. Members with less than one full year in pay status will receive a pro-rated COLA based on full calendar quarters.

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"Friends noticed the stacks of papers I brought home in the evenings to work on and said, 'Many teachers don't like to work so hard.' But we were different, our teachers all worked hard."

- Hilda Anderson, 1921-1958 Central High School

Actuarial Section

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November 9, 2009

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

Dear Mr. Kapler:

We are pleased to present the report of the actuarial valuation of the St. Paul Teachers' Retirement Fund Association ("Fund") as of July 1, 2009. This report provides among other things, the required annual contribution rate of the Fund for the Plan Year commencing July 1, 2009, and ending on June 30, 2010. The actuarial assumptions and actuarial cost method are those used in the prior valuation.

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

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

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

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

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

Respectfully submitted,

W. James Koss, ASA, EA, MAAA   Cathy Nagy, FSA, EA, MAAA

WJK/CN:mrb

SUMMARY OF VALUATION RESULTS
(dollars in thousands)

	July 1, 2008 Valuation	July 1, 2009 Valuation Final
A. CONTRIBUTIONS % OF PAYROLL (Table 11)		
1. Statutory Contributions - Chapter 354A	15.73%	15.64%
2. Required Contributions - Chapter 356	17.63%	18.40%
3. Sufficiency / (Deficiency)	(1.90%)	(2.76%)
B. FUNDING RATIOS		
1. Accrued Benefit Funding Ratio		
a. Current Assets (Table 1)	$ 1,075,951	$ 1,049,954
b. Current Benefit Obligations (Table 8)	1,384,463	1,404,677
c. Funding Ratio	77.72%	74.75%
2. Accrued Liability Funding Ratio		
a Current Assets (Table 1)	$ 1,075,951	$ 1,049,954
b. Actuarial Accrued Liability (Table 9)	1,432,040	1,454,314
c. Funding Ratio	75.13%	72.20%
3. Projected Benefit Funding Ratio (Table 8)		
a. Current and Expected Future Assets	$ 1,565,414	$ 1,552,760
b. Current and Expected Future Benefit Obligations	1,643,226	1,668,532
c. Funding Ratio	95.26%	93.06%
C. PLAN PARTICIPANTS		
1. Active Members		
a. Number (Table 3)	4,019	3,860
b. Projected Annual Earnings	$ 247,291	$ 252,726
c. Average Annual Earnings (Projected dollars)	$ 60,007	$ 64,144
d. Average Age	44.9	45.3
e. Average Service	11.4	12.0
f. Additional Members on Leave of Absence	102	80
2. Others		
a. Service Retirements (Table 4)	2,535	2,615
b. Disability Retirements (Table 5)	26	25
c. Survivors (Table 6)	290	293
d. Deferred Retirements (Table 7)	1,695	1,823
e. Terminated Other Non-Vested (Table 7)	1,403	1,451
f. Total	5,949	6,207

ACCOUNTING BALANCE SHEET
AS OF JUNE 30, 2009
(dollars in thousands)

		Market Value	Cost Value
A. ASSETS			
1. Cash, Equivalents, Short-Term Securities		$ 7,946	$ 7,946
2. Investments			
a. Fixed Income		142,294	121,492
b. Equity		553,716	516,953
c. Real Estate		61,750	64,529
d. Alternative		5,575	7,247
3. Other Assets*		10,151	10,151
B. TOTAL ASSETS		$ 781,432	$ 728,318
C. AMOUNTS CURRENTLY PAYABLE		$ 8,173	$ 8,173
D. ASSETS AVAILABLE FOR BENEFITS			
1. Member Reserves		$ 140,908	$ 140,908
2. Employer Reserves		632,351	579,237
3. Total Assets Available for Benefits		$ 773,259	$ 720,145
E. TOTAL AMOUNTS CURRENTLY PAYABLE AND ASSETS AVAILABLE FOR BENEFITS		$ 781,432	$ 728,318
F. DETERMINATION OF ACTUARIAL VALUE OF ASSETS			
1. Market Value of Assets Available for Benefits (D.3)		$ 773,259	
2. Unrecognized Asset Returns			
a. June 30, 2009	$ (280,135)		
b. June 30, 2008	(175,830)		
c. June 30, 2007	114,209		
d. June 30, 2006	36,135		
3. UAR Adjustment: .80 * 2(a) + .60 * 2(b) + .40 * 2(c) + .20 * 2(d)		(276,695)	
4. Actuarial Value of Assets (F.1 - F.3)		$ 1,049,954	

* DERIVATION OF OTHER ASSETS	Market Value
Accounts Receivable	
Employer Contribution	$ 1,446
Employee Contribution	50
Service Purchases Receivable	37
Pensions Receivable	1
State Contributions	376
Real Estate Income receivable	18
Commission Recapture Receivable	1
Interest Receivable	282
Dividend Receivable	178
Security Purchases Receivable	145
Sale of Securities	7,591
Total Accounts Receivable	$ 10,125
Fixed Assets	26
Total Other Assets	$ 10,151

CHANGE IN ASSETS AVAILABLE FOR BENEFITS
AS OF JUNE 30, 2009
(dollars in thousands)

		Market Value	Cost Value
A.	ASSETS AVAILABLE AT BEGINNING OF PERIOD	$ 1,023,640	$ 767,058
B.	OPERATING REVENUES		
1.	Member Contributions	$ 13,864	$ 13,864
2.	Employer Contributions	21,501	21,501
3.	Supplemental Contributions	3,343	3,343
4.	Investment Income	13,732	13,732
5.	Investment Expenses	(3,636)	(3,636)
6.	Net Realized Gain / (Loss)	(2,088)	(2,088)
7.	Other	-	-
8.	Net Change in Unrealized Gain / (Loss)	(203,468)	-
9.	Total Operating Revenue	$ (156,752)	$ 46,716
C.	OPERATING EXPENSES		
1.	Service retirements	$ 83,374	$ 83,374
2.	Disability benefits	794	794
3.	Survivor benefits	7,969	7,969
4.	Refunds	887	887
5.	Administrative expenses	605	605
6.	Total operating expenses	$ 93,629	$ 93,629
D.	OTHER CHANGES IN RESERVES	$ -	$ -
E.	ASSETS AVAILABLE AT END OF PERIOD	$ 773,259	$ 720,145

F.	DETERMINATION OF CURRENT YEAR UNRECOGNIZED ASSET RETURN	
1.	Average Balance	
	(a) Assets available at BOY:	$ 1,023,640
	(b) Assets available at EOY:	773,259
	(c) Average balance {[(a) + (b) - Net Investment Income] / 2}	$ 996,179
	{Net investment income: B.4+B.5+B.6+B.7+B.8}	
2.	Expected Return: .085 * F.1	84,675
3.	Actual Return	(195,459)
4.	Current year gross asset return: F.3 - F.2	$ (280,135)

ACTUARIAL BALANCE SHEET
AS OF JULY 1, 2009
(dollars in thousands)

		Non-Vested	Vested	Total
A.	CURRENTS ASSETS (TABLE 1; Line F.4)			$ 1,049,954
B.	EXPECTED FUTURE ASSETS			
	1. Present Value of Expected Future Statutory Supplemental Contributions			$ 288,588
	2. Present Value of Future Normal Costs			214,218
	3. Total Expected Future Assets			$ 502,806
C.	TOTAL CURRENT AND EXPECTED FUTURE ASSETS			$ 1,552,760
D.	CURRENT BENEFIT OBLIGATIONS	Non-Vested	Vested	Total
	1. Benefit Recipients			
	a. Retirement Annuitants		$ 871,957	$ 871,957
	b. Disability Benefits		6,900	6,900
	c. Surviving Spouse and Child Benefits		63,548	63,548
	2. Deferred Retirements		48,169	48,169
	3. Former Members Without Vested Rights		1,752	1,752
	4. Active Members			
	a. Retirement Annuitants	$ 1,698	$ 383,587	$ 385,285
	b. Disability Benefits	35	4,288	4,323
	c. Surviving Spouse and Child Benefits	42	5,568	5,610
	d. Withdrawals	837	16,296	17,133
	5. Total Current Benefit Obligations	$ 2,612	$ 1,402,065	1,404,677
E.	EXPECTED FUTURE BENEFIT OBLIGATIONS			$ 263,855
F.	TOTAL CURRENT AND EXPECTED FUTURE BENEFIT OBLIGATIONS			$ 1,668,532
G.	CURRENT UNFUNDED ACTUARIAL LIABILITY (D.5 - A)			$ 354,723
H.	CURRENT AND FUTURE UNFUNDED ACTUARIAL LIABILITY (F - C)			$ 115,772

DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL) AND SUPPLEMENTAL CONTRIBUTION RATE AS OF JULY 1, 2009

(dollars in thousands)

	Actuarial Present Value of Projected Benefits	Actuarial Present Value of Future Normal Costs	Actuarial Accrued Liability
A. DETERMINATION OF ACTUARIAL ACCRUED LIABILITY (AAL)			
1. Active Members			
a. Retirement Benefits*	$ 629,257	$ 178,728	$ 450,529
b. Disability Benefits	7,641	3,266	4,375
c. Surviving Spouse and Child Benefits	10,326	4,123	6,203
d. Withdrawals	28,981	28,100	881
e. Total	$ 676,206	$ 214,218	$ 461,988
2. Deferred Retirements	$ 48,169	-	$ 48,169
3. Former Members Without Vested Rights	1,752	-	1,752
4. Annuitants	942,405	-	942,405
5. Total	$ 1,668,532	$ 214,218	$ 1,454,314
B. DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)			
1. Actuarial Accrued Liability (A.5)			$ 1,454,314
2. Current Assets (Table 1; Line F.4)			1,049,954
3. Unfunded Actuarial Accrued Liability (B.1 - B.2)			$ 404,360
C. DETERMINATION OF SUPPLEMENTAL CONTRIBUTION RATE			
1. Present Value of Future Payrolls Through the Amortization Date of June 30, 2034 (25-year rolling amortization)			4,194,590
2. Supplemental Contribution Rate (B.3 / C.1)			9.64%

*Includes members on leave of absence.

CHANGES IN UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL) AS OF JULY 1, 2009
(dollars in thousands)

A.	UAAL AT BEGINNING OF YEAR	$	356,089
B.	CHANGE DUE TO INTEREST REQUIREMENTS AND CURRENT RATE OF FUNDING		
	1. Normal Cost and Expenses	$	22,001
	2. Contributions		(38,708)
	3. Interest		30,492
	4. Total	$	13,785
C.	EXPECTED UAAL AT END OF YEAR (A.4 + B.4)	$	369,874
D.	INCREASE / (DECREASE) DUE TO ACTUARIAL LOSSES / (GAINS) BECAUSE OF EXPERIENCE DEVIATIONS FROM EXPECTED		
	1. Age and Service Retirements	$	(2,248)
	2. Disability Retirements		47
	3. Death-in-Service Benefits		75
	4. Withdrawals		(1,064)
	5. Salary Increases		(5,264)
	6. Investment Income		60,198
	7. Mortality of Annuitants		482
	8. Other Items		(379)
	9. Total	$	51,847
E.	UAAL AT END OF YEAR BEFORE PLAN AMENDMENTS AND CHANGES IN ACTUARIAL ASSUMPTIONS (C + D.10)	$	421,721
F.	CHANGE IN UAAL DUE TO PLAN AMENDMENTS		(17,361)
G.	CHANGE IN UAAL DUE TO CHANGES IN ACTUARIAL ASSUMPTIONS		-
H.	UAAL AT END OF YEAR (E + F + G)	$	404,360

DETERMINATION OF CONTRIBUTION SUFFICIENCY AS OF JULY 1, 2009
(dollars in thousands)

	Percent of Payroll	Dollar Amount
A. STATUTORY CONTRIBUTIONS - CHAPTER 354A		
1. Employee Contributions	5.58%	$ 14,108
2. Employer Contributions	8.45%	$ 21,351
3. Supplemental Contribution		
a. 1996 Legislation	0.49%	1,230
b. 1997 Legislation	1.12%	2,827
4. Total	15.64%	$ 39,516
B. REQUIRED CONTRIBUTIONS - CHAPTER 356		
1. Normal Cost		
a. Retirement Benefits	7.11%	$ 17,980
b. Disability Benefits	0.13%	337
c. Surviving Spouse and Child Benefits	0.16%	406
d. Withdrawals	1.12%	2,835
e. Total	8.52%	$ 21,558
2. Supplemental Contribution Amortization	9.64%	24,363
3. Allowance for Administrative Expenses	0.24%	607
4. Total	18.40%	$ 46,528
C. CONTRIBUTION SUFFICIENCY / (DEFICIENCY) (A.4 - B.4)	(2.76%)	(7,012)
Projected Annual Payroll for Fiscal Year Beginning on the Valuation Date:		$ 252,726

ACTUARIAL METHODS AND ASSUMPTIONS
AS OF JULY 1, 2009

I. ACTUARIAL COST METHOD

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

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

II. CURRENT ACTUARIAL ASSUMPTIONS

A. Demographic Assumptions

Mortality:

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

ACTUARIAL METHODS AND ASSUMPTIONS AS OF JULY 1, 2009

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

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

ACTUARIAL METHODS AND ASSUMPTIONS AS OF JULY 1, 2009

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

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

ACTUARIAL METHODS AND ASSUMPTIONS AS OF JULY 1, 2009

Rates of Disability:

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

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

ACTUARIAL METHODS AND ASSUMPTIONS AS OF JULY 1, 2009

Rates of Termination:

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

Rates of Retirement:

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

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

ACTUARIAL METHODS AND ASSUMPTIONS
AS OF JULY 1, 2009

B. Economic Assumptions

Investment Return Rate: Pre-retirement - 8.50% per annum
Post-retirement - 8.50% per annum

Cost of Living Increases: 0.00% at January 1, 2010 (actual); 2.00% per annum thereafter

Future Salary Increases: In addition to the age-based rates shown below, during a ten-year select period, a service-based component of 0.30% x (10-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	6.90%	45	5.75%
23	6.85	46	5.70
24	6.80	47	5.65
		48	5.60
25	6.75	49	5.55
26	6.70		
27	6.65	50	5.50
28	6.60	51	5.45
29	6.55	52	5.40
		53	5.35
30	6.50	54	5.30
31	6.45		
32	6.40	55	5.25
33	6.35	56	5.20
34	6.30	57	5.15
		58	5.10
35	6.25	59	5.05
36	6.20		
37	6.15	60 & Over	5.00
38	6.10		
39	6.05		
40	6.00		
41	5.95		
42	5.90		
43	5.85		
44	5.80		

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

ACTUARIAL METHODS AND ASSUMPTIONS AS OF JULY 1, 2009

C. Other Assumptions

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

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"Our objective was not to hope our students would be academic wizards, but that we could equip them to be wage earners and happy, good citizens. We stressed coming to school every day and to learn something. We had wonderful attendance."

- Ann Covart, 1921-1965 Washington & Crowley

Investment Section

St. Paul Teachers' Retirement Fund Association
Investment Returns for FYE June 30, 2009

	Assets Under Management (Market Value)	Investment Performance
Domestic Equity		
Barclays Global Investors—S & P 500 Index	140,866,928	(26.0)
Barclays Global Investors—Russell 1000 Growth Index *	32,565,832	1.2
Barrow, Hanley, Mewhinney & Strauss, Inc.	35,971,427	(23.7)
The Boston Company Asset Management	34,122,535	(7.4)
Dimensional Fund Advisors, Inc.	33,191,689	(25.8)
Fifth Third Asset Management	34,539,008	(24.4)
Wellington Management Company, LLP	33,875,001	(30.0)
	$ 345,132,421	**(25.4 %)**
International Equity		
Capital International, Inc.—Emerging Market (Net	43,625,156	(23.1)
JPMorgan Asset Management—EAFE	84,953,075	(28.4)
Morgan Stanley Asset Management	80,980,594	(24.8)
	$ 209,558,825	**(25.7%)**
Fixed Income		
Barclays Global Investors—Government/Corp Index	67,764,900	5.4
Barclays Global Investors—US Debt Index *	41,581,155	0.5
Voyageur Asset Management	27,152,984	(0.8)
	$ 136,499,039	**2.6%**
Real Estate		
Advantus	4,156,193	(41.9)
UBS Realty Advisors LLC—Trumbull Property Fund	57,831,171	(23.0)
	$ 61,987,364	**(25.8%)**
Alternative		
Clifton Group	3,478,833	(67.3)
RWI Ventures I	1,062,885	(43.8)
RWI Ventures II	4,323,142	(25.0)
Turin Network †	1,634,260	-
	$ 10,499,120	**(23.7%)**
Cash		
In-House Cash & Cash Equivalents	143,922	0.0
Cash – U.S. Bank	7,971,514	2.4
	$ 8,115,436	**24.5%**
Total Fund	**$ 771,792,204**	**(18.8%)**

† Direct equity investment – not publicly traded security: Market = Cost
* Account inception. Management less than one year.
Note: values in (parenthesis) are negative.

St. Paul Teachers' Retirement Fund Association
Holdings by Asset Class, Security Type and Issuer
as of June 30, 2009

Asset Class / Security Type / Issuer	Quantity Shares or Units	Cost	Market Value	Accrued Interest or Dividends	Mkt + Accrued
Alternatives					
RWI Grp - Vtures I Cap Ltd Ptnr	-	$ 1,634,979	$ 773,060	-	$ 773,060
RWI Grp - Vtures II Cap Ltd Ptnr	-	5,611,716	4,802,086	-	4,802,086
Turin Ntwks - Series F Pfd Restricted	2,208,459	1,634,183	1,634,183	-	1,634,183
	2,208,459	$ 8,880,878	$ 7,209,329	$ -	$ 7,209,329
Cash or Equivalents					
Imprest Cash	-	$ 500	$ 500	-	$ 500
U.S. Bank Int Bearing Cking Acct	-	7,945,533	7,945,533	-	7,945,533
Custodian Short Term Invest Pool	8,736,097	8,736,097	8,736,097	7,711	8,743,808
	8,736,097	$ 16,682,130	$ 16,682,130	$ 7,711	$ 16,689,841
Domestic Equity Securities					
Abbott Laboratories	13,180	$ 645,991	$ 619,987	-	$ 619,987
Abercrombie & Fitch Co Cl A	22,420	579,138	569,244	-	569,244
Actuant Corpactuant Corpcl A New	26,060	349,205	317,932	-	317,932
Aeropostalecom	9,200	296,681	315,284	-	315,284
Afc Enterprises Inc	7,140	42,919	48,195	-	48,195
Aflac Inc	20,000	524,189	621,800	-	621,800
Akamai Technologies Inc	26,200	648,114	502,516	-	502,516
Alberto-Culver Co Newcom	30,120	610,528	765,952	-	765,952
Alcoa Inc	15,100	479,979	155,983	-	155,983
Alliance Data Sys Corp	29,200	1,253,538	1,202,748	-	1,202,748
Alliance Healthcare Services	51,330	426,959	376,249	-	376,249
Alliant Techsystems Inc	6,590	660,959	542,752	-	542,752
Allstate Corp Com	39,060	1,736,530	953,064	7,812	960,876
Altra Hldgs Inc	36,290	302,283	271,812	-	271,812
Altria Group Inc	64,000	1,055,907	1,048,960	20,480	1,069,440
Amdocs Limited	21,600	515,326	463,320	-	463,320
Amedisys Inc	29,640	1,087,568	978,713	-	978,713
American Eagle Outfitters Inc	50,120	673,113	710,200	-	710,200
American Express Company	32,100	1,482,799	746,004	5,778	751,782
Ameriprise Finl Inc	33,440	1,277,204	811,589	-	811,589
Amgen Inc	6,900	392,816	365,286	-	365,286
Amphenol Corp Newcl A	6,500	201,792	205,660	123	205,783
Anadarko Pete Corp	10,360	375,475	470,240	-	470,240
Anntaylor Stores Corp	61,930	473,136	494,201	-	494,201
Apple Inc Com	3,770	286,871	536,961	-	536,961
Applied Micro Circuits Corp	21,672	182,782	176,193	-	176,193
Arvinmeritor Incarvinmeritor Inc	46,600	181,459	204,574	-	204,574
Assured Guaranty Ltd	60,500	694,078	748,990	-	748,990

St. Paul Teachers' Retirement Fund Association
Holdings by Asset Class, Security Type and Issuer
as of June 30, 2009

Asset Class / Security Type / Issuer	Quantity Shares or Units	Cost	Market Value	Accrued Interest or Dividends	Mkt + Accrued
At&T Inc	38,700	1,408,020	961,308	-	961,308
Atheros Communications Inc	14,700	245,986	282,828	-	282,828
Atwood Oceanics Inc	36,700	902,167	914,197	-	914,197
Autoliv Inc Com	16,060	334,757	462,046	-	462,046
Bank Of Amer Corp	19,228	720,418	253,810	-	253,810
Baxter Intl Inc Com	23,920	905,270	1,266,803	6,219	1,273,022
Be Aerospace Inc	19,500	292,169	280,020	-	280,020
Beckman Coulter Inc	4,500	256,298	257,130	-	257,130
Best Buy Co Inc	10,360	457,906	346,956	-	346,956
Biovail Corp	19,940	218,947	268,193	2,415	270,608
Bjs Whsl Club Inc	17,400	579,399	560,802	-	560,802
Blackrock Inc	2,250	431,940	394,695	-	394,695
Bmc Software Inc	10,300	356,496	348,037	-	348,037
Borg Warner Inc	16,000	707,367	546,400	-	546,400
Bp Plc Spons Adr	17,200	841,209	820,096	-	820,096
Brinker Intl Inc	23,090	337,231	393,223	-	393,223
Bristol Myers Squibb Co	48,900	1,441,424	993,159	-	993,159
Broadcom Corp Cl Acom	7,700	167,545	190,883	-	190,883
Brocade Comm Sys Inc	116,290	574,348	909,388	-	909,388
Buckle Inc	23,800	770,873	756,126	-	756,126
Blgtn Nthn Santa Fe Corp	14,200	496,234	1,044,268	5,680	1,049,948
C H Robinson WW Inc	13,180	703,893	687,337	3,163	690,500
Cadence Design Sys Inc	28,470	166,228	167,973	-	167,973
Cameron Intl Corp	15,060	383,818	426,198	-	426,198
Capital One Finl Corp	12,600	1,036,782	275,688	-	275,688
Cardionet Inc	12,220	229,759	199,430	-	199,430
Carnival Corp	20,200	608,090	520,554	-	520,554
Cephalon Inc	10,600	671,927	600,490	-	600,490
Cheesecake Fcty Inc	3,170	28,051	54,841	-	54,841
Chevron Corp	15,700	820,899	1,040,125	-	1,040,125
Chicos Fas Inc	19,940	174,086	194,016	-	194,016
Chimera Invt Corp	266,660	869,599	930,643	21,333	951,976
Cisco Sys Inc	32,950	718,067	614,188	-	614,188
Citi Trends Inc	14,910	306,632	385,871	-	385,871
Cliffs Nat Res Inc	17,700	378,615	433,119	-	433,119
Cme Group Inc	1,350	400,470	419,999	-	419,999
Coach Inc	22,060	497,673	592,973	-	592,973
Cognizant Tech Sol Corp Cl A	19,400	511,964	517,980	-	517,980
Coldwater Creek Inc	101,510	528,831	615,151	-	615,151
Comstock Res Inc	4,210	132,470	139,141	-	139,141
Conocophillipscom	20,700	618,325	870,642	-	870,642

St. Paul Teachers' Retirement Fund Association
Holdings by Asset Class, Security Type and Issuer
as of June 30, 2009

Asset Class / Security Type / Issuer	Quantity Shares or Units	Cost	Market Value	Accrued Interest or Dividends	Mkt + Accrued
Consol Energy Inc	9,700	321,611	329,412	-	329,412
Con-Way Inc	14,280	303,999	504,227	-	504,227
Cummins Inc	17,000	823,785	598,570	-	598,570
Cytec Inds Inc	15,720	276,595	292,706	-	292,706
Deere & Company	9,410	354,552	375,930	2,635	378,564
Dexcom	38,404	285,060	237,721		237,721
Diageo Plc Spon Adr New	19,000	1,198,273	1,087,750	-	1,087,750
Dominion Res Inc Va Newcom	21,200	794,142	708,504	-	708,504
Duff & Phelps Corp Newcl A	36,930	544,718	656,615	-	656,615
Duke Energy Corp	22,400	249,644	326,816	-	326,816
Dyncorp Intl Inc	31,100	465,625	522,169	-	522,169
E I Du Pont De Nemours & Co	20,400	850,939	522,648	-	522,648
Ecolab Inc	17,890	816,295	697,531	2,505	700,036
Electronic Artscom	11,490	211,357	249,563	-	249,563
Emergent Biosolutions Incebs	22,920	255,232	328,444	-	328,444
Emerson Electric Company	25,000	745,730	810,000	-	810,000
Emulex Corp Com New	18,350	224,563	179,463	-	179,463
Encore Wire Corp	8,490	178,137	181,262	-	181,262
Entergy Corp New Com	11,000	434,246	852,720	-	852,720
Exxon Mobil Corp	12,000	877,295	838,920	-	838,920
F N B Corp Pa	122,270	672,485	756,851	-	756,851
Facet Biotech Corp	16,740	154,798	155,515	-	155,515
Fastenal Co Common	17,890	776,497	593,411	-	593,411
Fbr Cap Mkts Corp	84,080	390,972	395,176	-	395,176
First Cash Fin Svs, Inc.Com	15,500	252,856	271,560	-	271,560
First Horizon Natl Corp	28,922	328,723	347,064	-	347,064
Flowserve Corp	18,590	1,465,421	1,297,768	4,911	1,302,679
Fluor Corp Newcom	6,300	327,440	323,127	-	323,127
Gamestop Corp Newcl A	19,500	547,460	429,195	-	429,195
Glacier Bancorp Inc (New)	4,530	67,234	66,908	-	66,908
Global Crossing Ltd	16,980	140,977	155,876	-	155,876
Google Inccl A	1,500	661,513	632,385	-	632,385
Great Plains Energy Inc	41,190	610,421	640,505	-	640,505
Guess Inc	21,190	546,758	546,278	2,119	548,397
Gymboree Corp	11,400	403,742	404,472	-	404,472
Hanover Ins Group Inc'	16,900	631,464	644,059	-	644,059
Harman Intl Inds Inc New	8,500	169,013	159,800	-	159,800
Heartland Express Inc	8,900	128,064	131,008	178	131,186
Herbalife Ltd	14,100	326,810	444,714	-	444,714
Hewlett Packard Company	33,300	1,171,639	1,287,045	2,664	1,289,709
Home Depot Inc Usd 0.05	21,500	810,647	508,045	-	508,045

St. Paul Teachers' Retirement Fund Association
Holdings by Asset Class, Security Type and Issuer
as of June 30, 2009

Asset Class / Security Type / Issuer	Quantity Shares or Units	Cost	Market Value	Accrued Interest or Dividends	Mkt + Accrued
Honeywell Intl Inc	31,100	1,010,335	976,540	-	976,540
Hospira Inc	18,180	631,198	700,294	-	700,294
Hub Group Inccl A	17,100	441,350	352,944	-	352,944
Humana Inc	21,200	685,233	683,912	-	683,912
Illinois Tool Works Inc	48,800	2,059,486	1,822,192	15,128	1,837,320
Intel Corporation	84,900	1,545,966	1,405,095	-	1,405,095
International Bus Mchns Corp	12,700	1,378,630	1,326,134	-	1,326,134
Intl Paper Co Common	61,420	675,151	929,285	-	929,285
Interpublic Group Of Co Inc	91,510	524,054	462,126	-	462,126
Ipcs Incipcs Inccom New	11,010	169,484	164,710	-	164,710
Itt Edl Svcs Inc	4,900	499,944	493,234	-	493,234
Johnson & Johnson Com	21,900	1,358,612	1,243,920	-	1,243,920
Johnson Controls Inc	25,420	738,519	552,122	3,305	555,427
Joy Global Inc	6,400	234,983	228,608	-	228,608
Jpmorgan Chase & Co	14,000	594,486	477,540	-	477,540
Juniper Networks Inc	16,400	325,958	387,040	-	387,040
Kaman Corp Common	14,040	247,442	234,468	1,439	235,907
Kellogg Co Common	15,000	694,152	698,550	-	698,550
Kennametal Inc	15,510	311,624	297,482	-	297,482
King Pharmaceuticals Inc	69,480	648,207	669,092	-	669,092
Kroger Company Common	21,650	542,749	477,383	-	477,383
L-3 Comm Hldgs Inccom	11,200	885,827	777,056	-	777,056
Lawson Software Inc Newcom	41,670	218,023	232,519	-	232,519
Leap Wireless Intl Inccom New	6,930	240,951	228,205	-	228,205
Lennox Intl Inc	7,460	237,157	239,541	1,044	240,585
Life Technologies Corp	13,400	479,930	559,048	-	559,048
Macrovision Solutions Corp	17,050	282,447	371,861	-	371,861
Mantech Intl Corpcl A	10,200	373,411	439,008	-	439,008
Marathon Oil Corp	25,700	779,225	774,341	-	774,341
Masco Corporation	77,150	565,171	739,097	-	739,097
Maxim Intergrated Prods Inc	53,100	780,528	833,139	-	833,139
Mc Dermott Intl Inc	22,770	304,051	462,459	-	462,459
Mc Donalds Corp Common	14,120	486,193	811,759	-	811,759
Mead Johnson Nutr Cocom Cl A	5,600	166,963	177,912	-	177,912
Medicines Comedicines Cocom	59,340	460,372	497,863	-	497,863
Medtronic Inc	33,170	1,295,711	1,157,301	-	1,157,301
Metropcs Comm Inc	7,100	120,570	94,501	-	94,501
Mettler-Toledo Intl Inc	7,500	719,061	578,625	-	578,625
Micros Sys Inc	7,390	137,572	187,115	-	187,115
Microsoft Corp Com	77,700	1,676,447	1,846,929	-	1,846,929
Miller Herman Inc	28,700	616,145	440,258	601	440,859

St. Paul Teachers' Retirement Fund Association
Holdings by Asset Class, Security Type and Issuer
as of June 30, 2009

Asset Class / Security Type / Issuer	Quantity Shares or Units	Cost	Market Value	Accrued Interest or Dividends	Mkt + Accrued
Mohawk Inds Inc	17,770	760,256	634,034	-	634,034
Monsanto Co New	5,650	316,817	420,021	1,497	421,518
Mosaic Cocom	10,360	463,243	458,948	-	458,948
Motorola Inc	81,680	433,730	541,538	-	541,538
Myers Inds Inc	23,520	189,043	195,686	1,411	197,098
Nash Finch Co	10,560	345,587	285,754	-	285,754
Navigant Consulting Inc	37,560	642,507	485,275	-	485,275
Ncr Corp	33,000	663,265	390,390	-	390,390
Netapp Inc	26,000	512,924	512,720	-	512,720
Noble Corporation	20,400	623,330	617,100	-	617,100
Noble Energy Inc	8,700	526,507	513,039	-	513,039
Nokia Corp Adr-A Shssponsored	28,100	402,728	409,698	-	409,698
Nordstrom Inc	34,300	707,212	682,227	-	682,227
Northern Trust Corp	11,300	517,247	606,584	3,164	609,748
Ntelos Hldgs Corp	30,920	526,360	569,546	8,039	577,586
Nvr Inc Com	850	433,319	427,032	-	427,032
O Reilly Automotive Inc	11,900	399,090	453,152	-	453,152
Occidental Petro Corp Common	31,900	945,356	2,099,339	10,527	2,109,866
Och-Ziff Cap Mgmt Groupcl A	10,680	94,796	95,159	-	95,159
Officemax Inc Delcom	42,430	260,972	266,460	-	266,460
Old Dominion Fght Lines Inc	9,970	247,917	334,693	-	334,693
Oracle Corporation	38,000	605,186	813,960	-	813,960
P F Changs China Bistro Inc	4,500	129,743	144,270	-	144,270
Pactiv Corp	37,700	785,463	818,090	-	818,090
Partner Re Holdings Ltd	9,130	643,079	592,994	-	592,994
Perot Sys Corp Cl A	38,500	585,523	551,705	-	551,705
Perrigo Co	31,440	799,113	873,403	-	873,403
Pfizer Inc	60,000	1,692,846	900,000	-	900,000
Philip Morris Intl Inc	24,300	585,455	1,059,966	13,122	1,073,088
Polycom Inc	25,600	511,125	518,912	-	518,912
Pool Corp	40,100	676,276	664,056	-	664,056
Portfolio Recovery Assocs Inc	6,050	219,334	234,317	-	234,317
Portland Gen Elec Cocom New	39,210	654,468	763,811	9,999	773,809
Precision Castparts Corp Co	9,400	635,764	686,482	-	686,482
Priceline Com Inccom New	3,100	251,229	345,805	-	345,805
Procter & Gamble Co Com	10,360	587,998	529,396	-	529,396
Psychiatric Solutions Inc	17,300	379,861	393,402	-	393,402
Qualcomm Inc	14,120	649,615	638,224	-	638,224
Range Res Corp	3,220	127,752	133,340	-	133,340
Renaissancere Hldgs Ltd	1,710	87,095	79,583	-	79,583
Robbins & Myers Inc	16,500	302,508	317,625	-	317,625

St. Paul Teachers' Retirement Fund Association
Holdings by Asset Class, Security Type and Issuer
as of June 30, 2009

Asset Class / Security Type / Issuer	Quantity Shares or Units	Cost	Market Value	Accrued Interest or Dividends	Mkt + Accrued
Robert Half Intl Inc	7,460	173,911	176,205	-	176,205
Scansource Inc	16,490	337,396	404,335	-	404,335
Scotts Miracle-Gro Co	15,000	516,858	525,750	-	525,750
Simpson Mfg Co Inc	27,350	585,961	591,307	2,735	594,042
Slm Corp	85,300	1,880,396	876,031	-	876,031
Smithtown Bancorp Inc	13,400	134,000	171,386	868	172,254
Snap On Inc	14,000	752,836	402,360	-	402,360
Spectra Energy Corp	15,300	244,181	258,876	-	258,876
Sra Intl Inccl A	16,800	241,251	295,008	-	295,008
St Jude Medical Inc	26,100	1,062,240	1,072,710	-	1,072,710
Stanley Works Common	20,000	656,619	676,800	-	676,800
Stec Inc	7,620	63,077	176,708	-	176,708
Steel Dynamics Inc	28,500	346,872	419,805	2,138	421,943
Steiner Leisure Ltd	6,100	217,055	186,233	-	186,233
Stericycle Inc	10,360	376,643	533,851	-	533,851
Supervalu Inc	8,400	180,324	108,780	-	108,780
Synchronoss Technologies Inccom	21,080	258,128	258,652	-	258,652
Take-Two Interactive Software	10,470	91,471	99,151	-	99,151
Target Corp	15,060	675,272	594,418	-	594,418
Tcf Financial Corporation	35,000	527,565	467,950	-	467,950
Techne Corp	9,410	634,888	600,452	-	600,452
Teledyne Tech Inc Npvcom	13,400	403,650	438,850	-	438,850
Temple Inland Inc	48,720	423,376	639,206	-	639,206
Teradata Corp Delcom	18,000	380,395	421,740	-	421,740
Teradyne Inc	45,930	266,888	315,080	-	315,080
Texas Roadhouse Inccom Cl A	12,690	122,096	138,448	-	138,448
The Hartford Finl Svcs Group Inc	28,600	347,024	339,482	685	340,167
Thomas & Betts Corp Common	23,600	855,722	681,096	-	681,096
Transdigm Group Inc	9,210	322,829	333,402	-	333,402
Travelers Cos Inc	23,000	939,058	943,920	-	943,920
True Religion Apparel Inc	25,170	410,854	561,291	-	561,291
Tyco Electronics Ltd F	22,870	445,688	425,153	-	425,153
Ultra Pete Corp	7,800	405,598	304,200	-	304,200
United Health Group Inc	33,100	1,551,279	826,838	-	826,838
Us Bancorp Delcom New	27,300	693,343	489,216	1,365	490,581
V F Corporation Com	2,770	182,203	153,320	-	153,320
Valmont Industries Inc	9,600	562,087	691,968	1,470	693,438
Valspar Corp Com	19,000	425,634	428,070	2,850	430,920
Verisign Inc	17,300	330,218	319,704	-	319,704
Verizon Communications Inc	32,000	1,109,368	983,360	-	983,360
Viacom Inc Newcl B	7,540	141,445	171,158	-	171,158

St. Paul Teachers' Retirement Fund Association
Holdings by Asset Class, Security Type and Issuer
as of June 30, 2009

Asset Class / Security Type / Issuer	Quantity Shares or Units	Cost	Market Value	Accrued Interest or Dividends	Mkt + Accrued
Vimicro	7,365	74,387	14,730		14,730
Vishay Intertechnology Inc	52,560	373,542	356,882	-	356,882
Wabco Hldgs Inc	21,650	335,361	383,205	-	383,205
Wal Mart Stores Inc	18,700	849,795	905,828	-	905,828
Walgreen Company Common	15,000	451,263	441,000	-	441,000
Warnaco Group Inccl A New	10,220	262,255	331,128	-	331,128
Waters Corp	10,100	466,090	519,847	-	519,847
Weatherford Intntl Ltd New	26,360	676,865	515,602	-	515,602
Websense Inc	3,300	66,985	58,872	-	58,872
Wellpoint Inc Com	27,700	1,021,495	1,409,653	-	1,409,653
Wells Fargo & Co Newcom	28,000	761,256	679,280	-	679,280
Wesco Intl Inc	29,100	737,648	728,664	-	728,664
Western Un Co	40,900	734,736	670,760	-	670,760
Whiting Pete Corp Newcom	12,700	399,307	446,532	-	446,532
Winn Dixie Stores Inccom New	48,620	650,378	609,695	-	609,695
Wisconsin Energy Corp	18,830	782,108	766,569	-	766,569
Wms Industries Inc	16,940	465,019	533,779	-	533,779
Wyeth	28,700	1,256,418	1,302,693	-	1,302,693
Xcel Energy Inc	32,950	780,021	606,610	8,073	614,682
Yum Brands Inc	11,200	349,767	373,408	-	373,408
	6,212,171	$ 139,301,606	$ 135,898,815	$ 177,473	$ 136,076,289
Domestic Equity Commingled Accounts					
BGI - Equity Index Fund	514,567	$ 127,075,849	$ 140,866,929	-	$ 140,866,929
BGI - Russell 1000 Growth Fund	4,029,854	30,000,000	32,565,832	-	32,565,832
Dimensional Fund Advisors	46,401	23,708,426	33,191,689	-	33,191,689
	4,590,822	$ 180,784,275	$ 206,624,451	$ -	$ 206,624,451
Fixed Income Securities					
Alternative Ln Tr 2007-16Cbmtg	940,000	$ 681,384	$ 404,231	3,887	$ 408,118
Archer Daniels Midland Cont	425,000	424,992	446,879	6,820	453,699
Asset Backed Secs Corp Homeequity	832,000	359,840	447,224	141	447,365
At&T Incglobal Nt Dtd 05/08/2008	250,000	249,040	244,727	2,044	246,771
Banc Amer Mtg Secs Incfor Future	796,000	320,739	73,494	1,396	74,891
Banc Amer Mtg Secs Incfor Future	635,000	240,905	175,523	1,062	176,585
Bank Amer Fdg Corp *Pp*2005-D Mtg	280,000	259,535	46,011	864	46,875
Boardwalk Pipelines Lp	349,000	348,372	331,292	2,620	333,912
Brazos Tex Higher Ed Auth Inc Student	1,000,000	999,550	981,630	447	982,077
Caterpillar Finl Svcs Corp	350,000	349,923	356,370	6,825	363,195
Citigroup Mtg Ln Tr2005-3 Mtg	440,000	258,543	194,710	1,026	195,736
Credit Suisse First Boston Mtg	395,000	171,564	166,431	737	167,168

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Cvs Caremark Corpsr	325,000	328,519	326,680	1,557	328,238
Cwabs Inc2003-5 Asset Bkd	1,749,000	624,158	559,800	4,954	564,754
Cwalt Inc2004-29Cb Mtg Passthru	825,000	614,625	649,729	3,695	653,424
Cwalt Inc2005-J4 Mtg Passthru	1,013,000	909,979	825,600	3,767	829,368
Cwheq Inc2005-K Rvlvg home equity	1,250,000	317,445	204,107	80	204,187
Cwmbs Inc2003-58 Mtg Passthru	1,140,000	194,819	161,059	771	161,830
Energy East Corp	538,000	545,019	530,559	16,745	547,305
Equifax Incsr Nt	251,000	250,445	245,315	7,907	253,221
Fiserv Incsr Nt	270,000	269,873	280,260	1,883	282,143
Flagstar Home Equity Ln	730,000	729,987	539,662	3,507	543,169
Fpl Group Cap Incjr Sub Deb Ser B	207,000	109,710	161,460	3,286	164,746
Glaxosmithkline Cap Incgtd Nt	250,000	249,848	264,800	1,805	266,605
Government Natl Mtg Assn Gtd	475,000	52,705	51,033	217	51,250
Gs Mtg Secs Corp Restrgsaa	175,000	140,000	139,607	712	140,319
Gs Mtg Secs Corp2005-Ar6 Mtg Passthru	1,000,000	951,059	205,642	3,551	209,192
Gsr Mtg Ln Tr2004-2F Mtg Passthru	427,000	169,563	167,656	855	168,511
Home Equity Ln Tr 2006-Has	400,000	138,511	43,913	10	43,923
Home Equity Ln Tr 2007-Hsa1	685,000	311,944	125,627	21	125,648
Homebanc Mtg Tr2006-1 Mtg Passthru	845,000	844,845	400,800	4,170	404,970
Independence Cmnty Bk Corpsr Nt	305,000	271,450	297,909	4,068	301,977
Indymac Mbs Inc2005-Ar1 Mtg Passthru	917,000	332,471	214,038	1,468	215,505
J P Morgan Mtg Tr *Pp*2005-A5	575,000	568,172	320,729	2,488	323,218
J P Morgan Mtg Tr2004-A4 Mtg Passthru	440,000	212,204	189,984	841	190,826
La Vista Neb Economic Dev Fd	510,000	510,000	506,042	8,323	514,365
Laboratory Corp Amer Hldgssr Nt	167,000	160,934	163,897	3,827	167,724
Los Angeles Calif Cmnty Redevagy	660,000	619,306	449,328	12,100	461,428
Los Angeles Calif Cmnty Redevagytax	415,000	414,793	278,573	8,162	286,735
Mastr Alt Ln Tr2005-2 Mtg Passthru	2,260,000	993,894	990,198	6,079	996,277
Mastr Asset Backed Secs Tr2006-Wmc1	2,230,000	331,633	330,284	24	330,308
Mercantile Bankshares Corpsub Nt	500,000	470,665	450,985	4,882	455,867
Merrill Lynch Mtg Invs Inc2005-A	1,940,000	869,979	757,663	3,089	760,753
Merrill Lynch Mtg Invs Inc2005-A5	1,090,000	1,047,862	226,374	4,418	230,792
Merrill Lynch Mtg Invs Incser 2003-D	1,300,000	138,715	87,470	14	87,485
Morgan Stanley Mtg Ln Tr2007-13	1,400,000	1,208,161	780,669	6,189	786,858
Mscc Heloc Tr 2007-1Asset Backed	1,420,000	1,154,105	322,943	76	323,019
News Amer Hldgs Inc Sr Deb	329,000	361,414	309,977	4,293	314,270
Nlv Finl Corp *Pp*Sr Nt 144A	65,000	62,481	48,883	1,842	50,725
Nomura Asset Accep Corp2004-Ar4	578,000	22,899	17,790	2	17,793
Nucor Corpnt	250,000	254,460	259,768	1,198	260,965
Oneamerica Finl Partners Inc	425,000	404,723	331,045	6,281	337,326
Origen Manufactured Hsgcontract	1,070,000	622,406	407,169	150	407,319

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Asset Class / Security Type / Issuer	Quantity Shares or Units	Cost	Market Value	Accrued Interest or Dividends	Mkt + Accrued
Pemex Fin Ltdnt	566,000	29,658	28,487	350	28,837
Pemex Fin Ltdnt	412,000	160,029	149,927	1,664	151,591
Peoples Bk Bridgeport Connpeoples	457,000	524,270	443,071	15,043	458,114
Potomac Elec Pwr Copotomac	341,000	340,151	356,277	2,832	359,109
Residential Accredit Lns Incmtg	1,900,000	133,194	122,507	653	123,159
Residential Asset Mtg Prods	2,560,000	795,323	800,836	5,279	806,115
Revolving Home Equity Ln	4,000,000	597,219	157,945	155	158,100
Rialto Calif Redev	295,000	291,460	285,413	4,523	289,936
Riverdale Illtaxable-Corp Purp	440,000	440,000	337,229	21,168	358,398
Rockwell Automation Incntformery	350,000	349,472	358,918	1,648	360,566
San Antonio Tex Convention	800,000	779,564	704,424	18,813	723,237
Sequoia Mtg Tr 2004-12004-11	785,000	137,835	92,402	102	92,504
Sequoia Mtg Trfor Future Issues	420,000	159,164	90,367	864	91,231
Statoilhydro Asant	285,000	288,202	293,299	2,826	296,125
Structured Asset Secs Corpreverse	700,000	583,939	276,745	56	276,801
Tele Communications Inc Deb	250,000	311,439	281,425	10,208	291,633
Transcanada Pipelines	350,000	331,951	358,323	4,581	362,904
United Technologies Corp	200,000	200,682	217,084	5,649	222,733
Verizon Communications Incverizon	250,000	252,842	296,120	3,646	299,766
Wamu Asset-Backed Ctfs Wamuser	890,000	336,848	200,896	24	200,920
Wamu Mtg Pass-Through	441,000	420,271	264,944	1,193	266,138
Wells Fargo & Co Newsub Nt	453,000	434,432	441,154	4,423	445,577
Wells Fargo Mtg Backed	600,000	504,042	160,631	1,838	162,469
	55,838,000	$ 31,852,149	$ 24,211,973	$ 274,718	$ 24,486,691
Fixed Commingled Accounts					
BGI - Govt/Credit Bond Index Fund	252,104	$ 39,904,125	$ 67,764,900	-	$ 67,764,900
BGI - Us Debt Index Fund	823,163	41,000,000	41,581,155		41,581,155
	1,075,266	$ 80,904,125	$ 109,346,055	$ -	$ 109,346,055
International Equity Commingled Accounts					
Capital Intl Emerging Mkts Growth Fund	6,491,838	$ 56,907,816	$ 43,625,156	-	$ 43,625,156
J P Morgan Chase Eafe Plus	5,887,254	86,052,756	84,953,075	-	84,953,075
Morgan Stanley - Intl Equity Trust	549,174	52,272,754	80,980,594	-	80,980,594
	12,928,266	$ 195,233,326	$ 209,558,825	$ -	$ 209,558,825
Real Estate Securities					
Acadia Rlty Trcom	4,569	$ 83,144	$ 59,625	822	$ 60,448
Alexandria Real Estateequities Inc	900	56,747	32,211	315	32,526
Amb Ppty Corpcom	2,600	83,340	48,906	-	48,906
American Campus Cmntys Inc	1,900	41,360	42,142	-	42,142

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Holdings by Asset Class, Security Type and Issuer
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Asset Class / Security Type / Issuer	Quantity Shares or Units	Cost	Market Value	Accrued Interest or Dividends	Mkt + Accrued
American Tower Corp Cl A	300	8,868	9,459	-	9,459
Avalonbay Cmntys Inc	2,039	159,544	114,062	1,820	115,881
Biomed Rlty Tr Inccom	4,200	43,358	42,966	462	43,428
Boston Pptys Inccom	4,279	311,299	204,108	2,140	206,248
Brandywine Rlty Trsh Ben Int New	3,400	21,542	25,330	340	25,670
Bre Pptys Inc	2,700	115,341	64,152	-	64,152
Cbl + Associates Properties Inc Com	7,000	41,950	37,730	770	38,500
Cb Richard Ellis Group Inccl A	1,000	4,144	9,360	-	9,360
Camden Ppty Tr Sbi	1,600	49,541	44,160	720	44,880
Colonial Pptys Tr Sbi	1,500	10,095	11,100	-	11,100
Corporate Office Pptys Trcom	2,900	116,833	85,057	1,080	86,137
Cousins Pptys Inc Com	2,137	34,329	18,165	-	18,165
Dct Indl Tr Inccom	10,900	46,447	44,472	-	44,472
Diamondrock Hospitality Cocom	2,300	12,179	14,398	-	14,398
Digital Rlty Tr Inccom	3,900	142,326	139,815	-	139,815
Douglas Emmett Inccom	7,200	132,703	64,728	720	65,448
Duke Realty Corp	2,500	21,199	21,925	-	21,925
Eastgroup Pptys Inccom	1,700	66,214	56,134	-	56,134
Entertainment Pptys Trcom Sh Ben Int	700	17,602	14,420	455	14,875
Equity Residential	6,700	227,129	148,941	3,233	152,174
Equity Lifestyle Pptys Inccom	700	24,604	26,026	175	26,201
Essex Ppty Tr	1,700	173,282	105,791	1,751	107,542
Federal Rlty Inv Trbene Int	1,900	140,878	97,888	1,235	99,123
Hcp Inccom	9,400	257,014	199,186	-	199,186
Health Care Reit Inc	3,400	132,645	115,940	-	115,940
Hersha Hospitality Trpriority	-	-	-	5	5
Highwoods Pptys Inc	2,900	63,408	64,873	-	64,873
Home Pptys Inccom	1,500	51,188	51,150	-	51,150
Host Hotels & Resorts Inccom	12,907	155,084	108,290	-	108,290
Jones Lang Lasalle Inccom	300	10,397	9,819	-	9,819
Kilroy Rlty Corpcom	1,600	84,740	32,864	560	33,424
Kimco Rlty Corp	4,800	111,338	48,240	-	48,240
Lasalle Hotel Pptyscom Sh Ben Int	900	21,828	11,106	9	11,115
Liberty Property Trust	2,600	64,981	59,904	1,235	61,139
Macerich Co	1,158	70,521	20,392	-	20,392
Mack Cali Rlty Corpcom	1,900	47,522	43,320	-	43,320
Mid-Amer Apt Cmntys Inc	1,700	75,371	62,407	-	62,407
National Retail Pptys Inccom	3,000	60,996	52,050	-	52,050
Nationwide Health Pptys Inc	3,100	87,333	79,794	-	79,794
Prologis Sh Ben Int	6,800	240,960	54,808	-	54,808
Proshares Ultrashort Real Estate	300	5,985	5,904	-	5,904

St. Paul Teachers' Retirement Fund Association
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as of June 30, 2009

Asset Class / Security Type / Issuer	Quantity Shares or Units	Cost	Market Value	Accrued Interest or Dividends	Mkt + Accrued
Ps Business Pks Inc Califcom	800	45,508	38,752	-	38,752
Public Storage	3,600	253,497	235,728	-	235,728
Regency Ctrs Corpcom	2,900	139,140	101,239	-	101,239
Saul Ctrs Inc Com	900	36,033	26,613	-	26,613
Simon Ppty Group Inc Newcom	6,718	393,955	345,507	-	345,507
Sl Green Rlty Corpcom	600	12,450	13,764	60	13,824
Tanger Factory Outlet Ctrs Inc Com	1,400	51,939	45,402	-	45,402
Taubman Ctrs Inc Com	1,200	52,354	32,232	-	32,232
Udr Inccom	1,900	19,709	19,627	-	19,627
Ventas Inccom	5,000	164,676	149,300	-	149,300
Vornado Rlty Tr Com	5,081	375,686	228,797	-	228,797
Washington Real Estate Invt Tr Sbi	3,500	105,550	78,295	-	78,295
	175,088	$ 5,377,805	$ 3,918,374	$ 17,907	$ 3,936,281
Real Estate Commingled					
UBS Investors - Commingled	7,911	$ 59,150,877	$ 57,831,171	-	$ 57,831,171
	7,911	$ 59,150,877	$ 57,831,171	$ -	$ 57,831,171
Total Fund	91,772,080	$ 718,167,171	$ 771,281,123	$ 477,809	$ 771,758,932

"Since I was in the last years of my career, I wanted to leave something permanent behind. With the help of government funding, we started a library at Linwood. Many mothers helped give time, and when I left Linwood the library had over six-thousand five hundred titles!"

- Lillian Wright, 1924-1970 Linwood

Benefits Section

Pre-Retirement Topics

Allowable Service Credit

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 service credit is allowable during any fiscal year.

Definition of Salary

Minnesota Statutes Section 354A, the Association Articles and Bylaws define salary. Salary is the entire compensation upon which member contributions are required and made.

Refund of Contributions

In lieu of a monthly retirement benefit, a member who resigns from the place of their employment may apply for a refund of employee contributions, plus interest of 6% compounded annually. Coordinated Plan members have access to a refund of contributions at any age. Basic Plan members must be ineligible for a pension to receive a refund of contributions.

Repaying a Refund of Contributions

A member who received a refund may reinstate previous Saint Paul service by repaying the amount refunded plus 8.5% interest compounded annually from the date the refund was taken. The repayment can only be made after the member has accumulated at least two years of allowable service since the last refund was taken.

Leaves of Absence & Purchasing Service

The following Saint Paul Public Schools approved leaves of absence qualify to allow members to purchase retirement service credit for the leave period:

- Sabbatical
- Parental
- Medical
- Military
- Mobility
- Family Medical

The terms and conditions for each are different. Members are allowed to use tax-sheltered money to purchase retirement service credit in SPTRFA from their 403(b) Tax Shelter Account, 457 Deferred Compensation Account, 401(k) Account, Individual Retirement Account (IRA), or from another plan qualified under 401(a).

Beneficiary

A beneficiary is the person or persons designated to receive a refund of employee contributions plus applicable interest, upon the death of the member if no survivor or family benefit is payable. If no valid beneficiary designation form is on file for a member, a refund of contributions plus applicable interest will be paid to the member's estate.

Marriage Dissolution

Minnesota Statutes Section 518 covers marriage dissolutions and requires that SPTRFA receive a copy of the petition and summons, 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 formula for splitting the benefit should be put into the dissolution order(s). All inquires are kept confidential.

Retirement Topics

Disability Benefit

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

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

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

Basic Plan Retirement Options

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

Coordinated Plan Retirement Options

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

C1	**Member Life Only**	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.
C2	**Guaranteed Refund**	Reduced monthly benefit payable for life to the member. In exchange for the member's benefit reduction, the SPTRFA pays a refund to a designated beneficiary of the difference between SPTRFA member contributions less cumulative SPTRFA 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 of the member receiving retirement benefits.
C3	**15-Year Certain**	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 for a period of time that is determined after the member's death. Payments to a beneficiary would only occur in the event of the member's death within 15 years after retirement and would end after the balance of the 15 years of SPTRFA benefit payments (member and beneficiary combined) is fulfilled.

C4	**100% Joint & Survivor**	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 your spouse precedes the member in death, the member's benefit would bounceback to the full, unreduced benefit amount payable under the C1 option.
C5	**50% Joint & Survivor**	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.

Post-Retirement Topics

Teaching After Retirement

If a retired member of SPTRFA is reemployed by Saint Paul Public Schools (SPPS) prior to Age 65, their SPTRFA monthly benefits may be reduced. If the retiree earns more than $46,000 from 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. The amount of the reduction will be placed into an account for the retiree, earning 6% interest compounded annually. When the retiree has had no excess earnings deductions from their pension for one year, the retiree may apply to receive the amount in the account, including interest.

After age 65, retired members have no SPPS re-employment earnings limitation. Retired members can work for any other employer without a reduction in their SPTRFA pension benefits.

Period of Separation

A member of the SPTRFA is not considered retired until there is a complete and continuous separation from employment as a "teacher" for an SPTRFA-covered employer for a period of not less than 30 calendar days.

Post-Retirement Increase

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

Under a pilot program in effect through January 2011, the SPTRFA will instead pay a cost-of-living adjustment (COLA) very similar to that of the U.S. Social Security Administration. The full COLA amount will be equal to change in third quarter average index values of the current year over the prior year for the U.S. Dept. of Labor Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

To be eligible a full COLA, members must be in retirement benefit pay status for a full calendar year as of December 31st. Members in retirement benefit pay status for less than one full calendar year will be eligible for a pro rata COLA based on full calendar quarters in benefit payment status.

This pilot program may be modified by the Minnesota Legislature after the 2011 COLA adjustment.

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 Age	Minimum Service	Computation of Annual Benefit
Tier 1			
Unreduced	Rule of 90		
	60	25	FAS x YOS x 2.0%
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.
Tier 2			
Unreduced	65	5	FAS x YOS x 2.5%
Reduced	55	5	Formula reduced for early retirement by the use of actuarial tables.
Deferred Retirement			
	55	5	Annual Benefit (see above). Augmented by 3% per year from date of resignation to January 1 after reaching Age 55, then 5% per year thereafter.

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	Minimum Service	Computation of Annual Benefit
Tier 1			
Unreduced	Rule of 90		(FAS x First 10 YOS x 1.2%)
	62	30	+
	65	3	(FAS x YOS greater than 10 x 1.7%)
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 x YOS x 1.7%
	If first employed on or after July 1, 1989:		
	65-66	3	FAS x YOS x 1.7%
Reduced	55	3	Reduced for early retirement by the use of actuarial tables.
	Any Age	30	Reduced for early retirement by the use of actuarial tables.
Deferred Retirement			
	55	3	Annual Benefit (see above).
	Any Age	30	Augmented by 3% per year from date of resignation to 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.

<u>Formula Key:</u>
FAS: Final Average Salary
YOS: Years of Service
1.2% or 1.7%: Percentage Multiplier

St. Paul Teachers' Retirement Fund Association
Retirement History Record

Fiscal Year Ending	Pensions Granted	Persons On Payroll	Benefits Paid ($)	Fiscal Year Ending	Pensions Granted	Persons On Payroll	Benefits Paid ($)
June 1910	15	13	$ 4,860	December 1975	52	778	$ 3,765,322
June 1931	8	125	69,024	December 1976	77	883	4,393,513
June 1932	8	130	72,961	December 1977	63	919	5,050,507
June 1933	2	126	74,190	December 1978	48	946	5,523,548
June 1934	6	127	74,120	December 1979	40	946	6,240,309
June 1935	9	131	74,001	December 1980	47	963	6,623,804
June 1936	14	135	75,864	December 1981	47	981	7,139,037
June 1937	19	151	80,747	December 1982	61	996	7,725,617
June 1938	17	160	89,709	December 1983	72	1,042	8,555,099
June 1939	11	161	93,184	December 1984	64	1,061	9,466,664
June 1939 to December 1939	0	158	23,870	January 1985 to 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				
December 1965	40	668	1,631,554				
December 1966	43	676	1,770,083				
December 1967	36	682	1,862,249				
December 1968	45	695	1,969,760				
December 1969	53	726	2,319,186				
December 1970	31	719	2,385,868				
December 1971	47	731	2,522,350				
December 1972	51	745	2,742,660				
December 1973	36	744	3,039,253				
December 1974	46	754	3,372,453				

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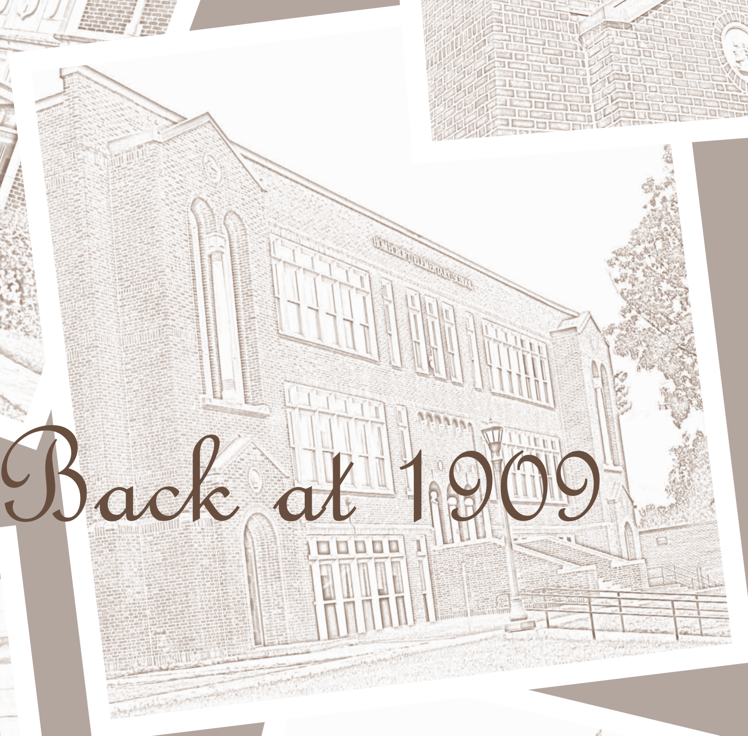
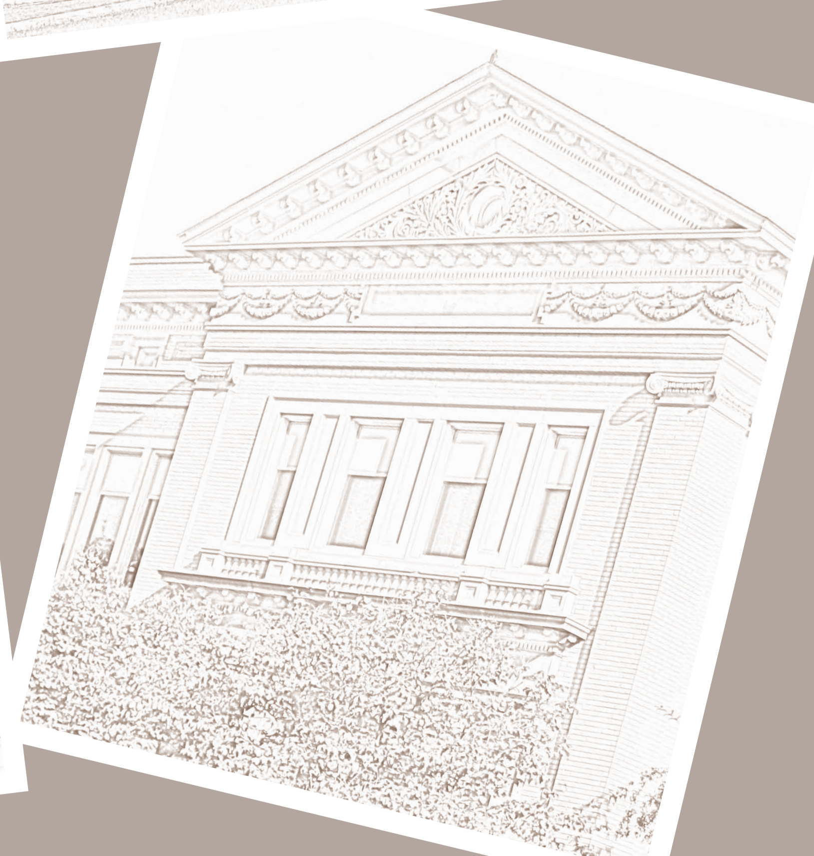
"The students supplied their own text books when I was teaching. I insisted that their papers handed to me were to be done with pen and ink. In the event they came without a pen, I had pens I would rent them for a penny and that money went to refinishing the desks."

- Nellie Heyd, 1908-1948 Central High School



A Look Back at 1909



Florence Rood

Educator, Teachers' Adovcate, and first
Executive Secretary of the Association

Florence Rood was born in 1873, just outside of Osage, Iowa, where her first fifteen years were spent tilling both the prairie and her intellect with equal rigor. She became convinced at an early age that she would be happiest as a teacher. Her family moved to St. Paul, and she graduated from the Teachers' Training School in 1894.

Her first teaching job was kindergarten instruction at the Webster School, where she taught for 19 years. Her classroom was visited by many educators and students from "normal" schools who came to observe her renowned methods and skills as an early childhood instructor. Like her peers, she was not well-compensated, and securing better pay, working conditions, tenure and benefits for educators became a cause to which she devoted much of her career in various capacities.

It is impossible to consider the matter of St. Paul Teachers' Pensions without also considering Florence Rood, the member of the pioneer group that set up the first plan in St. Paul. After the Minnesota Legislature of 1909 passed an enabling act for the establishment of teachers' pension funds, a group of men and women led by Miss Rood set up a plan that first paid benefits in 1910. It was a simple, workable plan made possible by contributions from both the city and the teachers. The faith and credit of the City of St. Paul stood behind it, and Florence Rood managed it successfully through the first full period of incorporation (1909-1939).

Those who knew Florence came to know her many-sided interests, her inexhaustible reservoir of energy, her resourcefulness, and her faith in the ultimate triumph of truth and right. They have testified to her courage and enterprise far beyond the call of professional duty or personal advantage. We who are not as fortunate, are nevertheless heirs of her creative efforts to improve the professional conditions and economic security of those who must depend on their daily toil for their food, clothing and shelter, while pursuing the betterment of others.

Her "monument" is embodied in the records of the teachers' organizations of Minnesota and the Nation, in the archives of the Farmer-Labor Party of Minnesota, in the ordinances of St. Paul, in the statutes of Minnesota, in the files of the Union Advocate, in the lives of the children and teachers whom she taught, in the standards of living she helped raise and the added security in work and in retirement that she won for members of her profession.

In 1909...

Abraham Lincoln's profile replaces the Indian head on the U.S. pennies.

The North Pole is reached by American explorers Robert E. Peary and Matthew Henson.

French aviator Louis Bleriot is the first to fly across the English Channel. He accomplishes the feat in a wooden plane tied together with piano strings.

National Association for the Advancement of Colored People (NAACP) initiated in New York.

The New York Times publishes the first movie review, a report on D. W. Griffiths's "Pippa Passes."

President: William Taft
Unemployment: 5.1%
First-Class Stamp: 2 cents
Average Income: $844/Year
Car: $500
House: $4,500

Briton George Smith launches the first commercially made color film.

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