

Arlington Senior High, Harding Senior High, Central Senior, Johnson Senior, Area Learning Center–Secondary, Humboldt Senior, Como Park Senior, Webster Magnet, Como Park Elementary & Special, Hubbs Center, Area Learning Center – Elementary, Highland Park Senior, Battle Creek Middle School, Washington Middle School, Crossroads, Highland Park Junior, Phalen Lake, Frost Lake Magnet, Hancock Magnet, Paul & Sheila Wellstone Elementary, Bruce Vento, Professional Development, Capitol Hill Magnet, Roosevelt Magnet, Murray Junior High, Hazel Park Middle, Battle Creek Elementary, Mississippi Magnet, Expo Magnet, Monroe Community, Highwood Hills Montessori, District Service Facility, Dayton's Bluff Elementary, Parkway, North End Elementary, Cleveland Quality Middle, Ramsey Junior High, Saint Paul College, Maxfield Magnet, Longfellow Magnet, Benjamin Mays Magnet, District Headquarters, Adams Spanish Immersion, Cherokee Heights Magnet, Farnsworth Magnet, Humboldt Junior, John A. Johnson School, Jackson Magnet, Bandana Square Site, Franklin Magnet, Hayden Heights, J J Hill, Montessori Magnet, Nokomis Montessori, Eastern Heights, Bridgeview, Focus Beyond, Galtier Magnet, American Indian Magnet, Chelsea Heights, Groveland Elementary, Riverview Magnet, Open School, World Cultures Magnet, Linwood A+, Museum Magnet, Wilson Middle, Randolph Heights, Homecroft Elementary, Prosperity Heights, St. Anthony Park, Highland Park Elementary, Ames Elementary, Sheridan Elementary, Mann, Four Seasons A+, Student Placement Center, St. Paul French Immersion, AGAPE, Family Education, Wheelock Early Education, Boys Totem Town, Riverside Learning, Eastside Workplace Kindergarten, Bush Memorial, Brown House, Arlington House, Juvenile Detention Center, Creative Arts School, Transition Plus / Focus Beyond, Childrens/Family Service/Riverside, Belwin Project, Frogtown Family Resource Center, Downtown Kindergarten, St. Paul Connections, Payne/Family Resource Center, LEAP English Academy, BESTT Program, Project LEAD

## St. Paul Teachers' Retirement Fund Association

Annual Report of the  
Board of Trustees  
for the  
Fiscal Year Ended  
June 30, 2006

Arlington Senior High, Harding Senior High, Central Senior, Johnson Senior, Area Learning Center–Secondary, Humboldt Senior, Como Park Senior, Webster Magnet, Como Park Elementary & Special, Hubbs Center, Area Learning Center – Elementary, Highland Park Senior, Battle Creek Middle School, Washington Middle School, Crossroads, Highland Park Junior, Phalen Lake, Frost Lake Magnet, Hancock Magnet, Paul & Sheila Wellstone Elementary, Bruce Vento, Professional Development, Capitol Hill Magnet, Roosevelt Magnet, Murray Junior High, Hazel Park Middle, Battle Creek Elementary, Mississippi Magnet, Expo Magnet, Monroe Community, Highwood Hills Montessori, District Service Facility, Dayton's Bluff Elementary, Parkway, North End Elementary, Cleveland Quality Middle, Ramsey Junior High, Saint Paul College, Maxfield Magnet, Longfellow Magnet, Benjamin Mays Magnet, District Headquarters, Adams Spanish Immersion, Cherokee Heights Magnet, Farnsworth Magnet, Humboldt Junior, John A. Johnson School, Jackson Magnet, Bandana Square Site, Franklin Magnet, Hayden Heights, J J Hill, Montessori Magnet, Nokomis Montessori, Eastern Heights, Bridgeview, Focus Beyond, Galtier Magnet, American Indian Magnet, Chelsea Heights, Groveland Elementary, Riverview Magnet, Open School, World Cultures Magnet, Linwood A+, Museum Magnet, Wilson Middle, Randolph Heights, Homecroft Elementary, Prosperity Heights, St. Anthony Park, Highland Park Elementary, Ames Elementary, Sheridan Elementary, Mann, Four Seasons A+, Student Placement Center, St. Paul French Immersion, AGAPE, Family Education, Wheelock Early Education, Boys Totem Town, Riverside Learning, Eastside Workplace Kindergarten, Bush Memorial, Brown House, Arlington House, Juvenile Detention Center, Creative Arts School, Transition Plus / Focus Beyond, Childrens/Family Service/Riverside, Belwin Project, Frogtown Family Resource Center, Downtown Kindergarten, St. Paul Connections, Payne/Family Resource Center, LEAP English Academy, BESTT Program, Project LEAD

## St. Paul Teachers' Retirement Fund Association

Annual Report of the  
Board of Trustees  
for the  
Fiscal Year Ended  
June 30, 2006



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## **Mission Statement**

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

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

# St. Paul Teachers' Retirement Fund Association

## Board of Trustees



**John R. Kunz**  
President

**Feryle W. Borgeson**  
Trustee



**Erma E. McGuire**  
Vice President

**Mike McCollor**  
Trustee



**Eugene R. Waschbusch**  
Secretary-Treasurer

**Karen A. Odegard**  
Trustee



**Carol J. Adams**  
Trustee

**Al Oertwig**  
Ex-Officio Trustee



**Matthew Bogenschultz**  
Trustee

**Chong Thao**  
Trustee



# *St. Paul Teachers' Retirement Fund Association*

## TRUSTEES & OFFICERS

Carol J. Adams	Karen Odegard	John R. Kunz.....	President	1619 Dayton Avenue, Room 309
W. Matthew Bogenschultz	Al Oertwig	Erma E. McGuire.....	Vice President	Saint Paul, MN 55104-6206
Feryle W. Borgeson	Chong Thao	Eugene R. Waschbusch.....	Secretary-Treasurer	Phone (651) 642-2550
Mike McCollor		Phillip Kapler.....	Executive Director	Fax (651) 642-2553

## **Members of This 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, 2006, in accordance with the provisions of Minnesota Statutes 356.20.

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

This is the complete Annual Report of the Association, a copy of which 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 at least on a 40% full-time equivalent basis. All other members not yet retired received a statement of account status, retirement service credit and contributions of record.

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

### **• Introduction**

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

### **• Financial Section**

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

### **• Actuarial Section**

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

### **• Investment Section**

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

### **• Benefits Section**

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

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

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

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

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

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

The Segal Company, Englewood, Colorado, performed the actuarial valuation for the Association this year. Key portions of their valuation, reflecting our funding status and adequacy of contributions over a long-term funding horizon, are included.

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

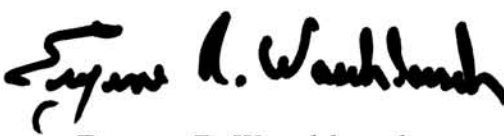
Callan Associates, Chicago, Illinois, serves as our General Investment Consultant. The firm monitors our investments and appraises the trustees and staff of changes in the investment markets or in asset management practices generally. Callan assists with investment policy and asset allocation decisions,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

As the SPTRFA enters its 98<sup>th</sup> year of operation, we pledge on behalf of the trustees and staff to continue to administer the affairs of this Association with the utmost diligence and efficiency.

**Respectfully submitted,**



John R. Kunz  
President



Eugene R. Waschbusch  
Secretary-Treasurer



Phillip G. Kapler  
Executive Director



# St. Paul Teachers' Retirement Fund Association

## MEMBERS: Active, Retired, Survivors & Beneficiaries

**BOARD OF TRUSTEES**

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

Board Committees: Executive, Annuities, Investments, Refunds, Personnel

**ADMINISTRATION**

Phillip G. Kapler, Executive Director  
 James A. Callaway, Assistant Director  
 Christine MacDonald, Benefits & Technology  
 Sean Pfeiffer, Accountant  
 Nancy Langer, Member Records & Accounting  
 Tamara Zielinski, Information Clerk

**BENEFITS ADMINISTRATION**

Active Member Services  
 Retired Member Services  
 Records Management  
 Member Counseling

**OPERATIONS**

Business Administration  
 Accounting/Reporting  
 Investment Mgmt & Reporting  
 Payroll  
 Budget Administration  
 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

# **St. Paul Teachers' Retirement Fund Association**

## **Professional Listing** *(as of June 30, 2006)*

### **Actuaries**

Segal Company  
Gabriel, Roeder, Smith & Company

### **Auditor**

Office of the State Auditor

### **Investment Counsel**

Advantus Capital Management  
Alliance Capital  
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  
UBS Realty Investors, LLC  
Voyageur Asset Management  
Wellington Management Company, LLP

### **Investment Consultant**

Callan Associates

### **Legal Counsel**

Oppenheimer, Wolff & Donnelly, LLP



# Financial Section

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**STATE OF MINNESOTA**  
**OFFICE OF THE STATE AUDITOR**

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525 PARK STREET  
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)  
(651) 296-4755 (Fax)  
state.auditor@state.mn.us (E-mail)  
1-800-627-3529 (Relay Service)

PATRICIA ANDERSON  
STATE AUDITOR

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
St. Paul Teachers' Retirement Fund Association

We have audited the basic financial statements of the St. Paul Teachers' Retirement Fund Association as of and for the year ended June 30, 2006, as listed in the table of contents. These basic financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the plan net assets of the St. Paul Teachers' Retirement Fund Association as of June 30, 2006, and the changes in plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Management's Discussion and Analysis and other required supplementary information referred to in the table of contents are not required parts of the basic financial statements but are required by the Governmental Accounting Standards Board. We have applied certain limited procedures to this information, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

PATRICIA ANDERSON  
STATE AUDITOR

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

End of Fieldwork: October 5, 2006

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2006  
(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, 2006.

The following principle 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, 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. However, 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

Contributions provide the initial capital base of any retirement plan, as a lake or pond is often the origin point for a river. However, most of the water that ultimately flows out to sea comes not from the headwaters; rather, its source is the many tributaries on the long and winding voyage toward the sea.

Retirement funds operate in similar fashion. For every dollar ultimately paid out in benefits, about 30 cents will come from employee and employer contributions. Typically, about 70 cents will come from investment earnings on those contributions over time. Clearly, the adequacy of benefits and the long-term health of the Fund rely heavily on the efficient and prudent investment of contributions from members, employers, and taxpayers. In this regard, the Association has performed very well in recent years.

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*. It is also important to measure how assets are performing in comparison to other public pension funds and to how the assets might have performed if passively invested in index-matching portfolios. To assess *relative* investment performance, we compare returns to those of similar pension funds and the composite benchmark return that would have occurred if the assets had been indexed to matching asset class targets selected by the trustees.

### Comparison of Annualized Returns (%)

	1-Year	3-Year	5-Year
Actual performance (net of fees)	12.6	14.7	8.2
Benchmark	13.1	14.1	7.8
Actuarial target	8.5	8.5	8.5
Actual versus benchmark	- 0.5	+ 0.6	+ 0.4
Actual versus actuarial target	+ 4.1	+ 6.2	- 0.3

The 2006 total Fund return (net of fees) rose to 12.6 percent, or about 4.1 percent more than the absolute actuarial target needed to offset “normal cost,” or the annual rate of liability accumulation. This is very positive news, especially on the heels of an 11.8 percent return in 2005. Despite the gains of recent years, the down market years of 2000 through 2003 is manifested in the five-year return relative to the actuarial target of 8.5 percent. That adverse effect is diminishing with each year of excess performance achieved, and the five-year return is now very nearly adequate relative to the long-term absolute target.

When relative returns are considered, our performance was mixed. Data from Callan Associates, our general investment consultant, indicate that on a net-of-fees basis, the Association narrowly missed its composite benchmark (based on asset allocation) by one-half of one percent as of the close of the fiscal year. On a five-year basis, the Fund outperformed the composite by an equally

(Unaudited)

narrow margin of four-tenths of one percent. However, within the Callan Public Funds Universe, our overall performance in 2005-06 ranked in the top two percent. Together, these statistics reveal that the SPTRFA has an asset allocation that is more aggressive than most public pension funds, which, in absolute terms, served the fund very well. Because one-year return trailed the composite benchmark, it appears that asset allocation, rather than active manager performance, was our strongest ally during the year. When one looks at the three and five-year annualized returns, however, active managers appear to be adding value, (net of fees) even within the more demanding mandates with which they have been assigned.

Compared to most public pension funds, the Association has a large allocation to international equities (25 percent), an overweight to small cap and value-style equity markets, and a real estate allocation that is higher than that for most public plans. The value style tilt of the portfolio will be corrected through rebalancing transactions. The weighting of international equities and real estate reflect long-term commitments that the Trustees and their consultant regard as prudent and necessary strategies. The real estate portfolio is conservative in structure; the goal being to generate equity-like returns with less volatility than stocks. Real estate has supplanted what has, in the past, been a larger allocation to fixed income investments. Bonds (now 19 percent of the targeted allocation overall) are usually employed to dampen portfolio volatility. Substituting real estate is expected to add somewhat to year-over-year volatility.

Each of these strategic allocations is understood to incur more short-term risk (understood as volatility rather than loss of principal). The expectation is that they will also contribute to higher long-term rates of return on fund assets. Recent experience indicates that the strategy is working.

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

- to pre-fund promised benefits,
- to maintain the purchasing power of deferred earnings,
- to offset and reduce long-term program costs,
- to satisfy any historical unfunded liabilities,
- to move the fund toward the full-funding target, and
- to enhance future benefits to members.

The purposes for investing all imply measurable outcomes that should manifest themselves as positive effects on the fiscal status of the organization as a business, and from an actuarial viewpoint as a defined benefit pension program. The annual financial statements and the actuarial valuation provide information that helps to better assess whether, and to what extent, the investment program is contributing toward the goals of the Association.

(Unaudited)



## SUMMARY OF THE FUND FINANCIAL STATEMENTS AND ACTUARIAL REPORT

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

### Plan Net Assets (In Thousands of Dollars)

	June 30	
	2006	2005
Assets		
Cash	\$ 13,179	\$ 3,179
Receivables	6,396	8,313
Investments at fair value	992,064	933,728
Securities lending collateral	87,924	101,596
Capital assets, less depreciation	27	33
 Total Assets	\$ 1,099,590	\$ 1,046,849
Liabilities		
Accounts payable	\$ 1,119	\$ 737
Securities purchases payable	4,802	9,849
Securities lending collateral	87,924	101,596
 Total Liabilities	\$ 93,845	\$ 112,182
 Net Assets Held in Trust for Pension Benefits	\$ 1,005,745	\$ 934,667

### Changes in Plan Net Assets (In Thousands of Dollars)

	Year Ended June 30	
	2006	2005
Additions		
Employer and employee contributions	\$ 34,068	\$ 34,021
State of Minnesota amortization aids	3,400	3,398
Investment activity, less management fees	113,572	99,268
Net securities lending income	196	156
 Total Additions	\$ 151,236	\$ 136,843
Deductions		
Benefits, withdrawals, and refunds	\$ 79,567	\$ 73,520
Administrative expenses	591	559
 Total Deductions	\$ 80,158	\$ 74,079
 Net Increase (Decrease)	\$ 71,078	\$ 62,764
 Net Assets in Trust for Benefits - Beginning of the Year	934,667	871,903
 Net Assets in Trust for Benefits - End of the Year	\$ 1,005,745	\$ 934,667

(Unaudited)

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

- (1) investment had a very positive effect on the Fund's bottom line, generating approximately \$114 million in additional assets; and
- (2) the SPTRFA manages a mature defined benefit program, for which annual benefit expenditures typically exceed payroll contributions by a significant amount.

These two facts underscore the importance of a sound investment management program. Annual benefit expenditures are about double the level of annual contributions. This is not unusual for a fund such as that administered by the SPTRFA. However, this relationship exposes a certain structural erosion to the asset base. Any year in which the targeted absolute return of 8.5 percent is missed amplifies the effect of this structural budgetary imbalance. The long-term required rate of return then, all else remaining the same, must *exceed* the assumed return by some percentage factor. While we do not know with any precision what that "excess return" is, it most certainly grows by some marginal increment any time the Fund falls short of the actuarial target return. Further, the spread between benefit outlays and contributions must not be allowed to become too large. The importance of monitoring the adequacy of payroll contributions and modifying them when needed is discussed later in this section of the report.

Administrative costs, as can be seen above, are a small part of program expenditures. The Board of Trustees nevertheless must be diligent to monitor and control those costs, since any dollar spent to administer the program affects the total assets available to pay benefits. In a recent report by the Office of the State Auditor<sup>1</sup>, the Association's operating expenditures ranked very low compared to other public plans in the state when measured on a per-member basis. Investment expenses, as a percent of assets, were above average, due in part to a relatively larger allocation to active asset management.

### **Notes to the Basic Financial Statements**

The notes provide supplementary information essential to fully understand the data provided in the basic financial statements. Below is a brief description of the 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.

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<sup>1</sup> "State of Minnesota, Office of the State Auditor, Large Public Pension Plan Investment Report, For the Year Ended December 31, 2004."

(Unaudited)

- (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.

**Actuarial Valuation Summary**

The financial statements can tell the reader whether, on a certain date, a plan is solvent, the general fiscal status of the fund, and how certain elements determining financial health have changed over limited time frames. The reader, hoping to assess whether assets and current financing mechanisms are adequate to satisfy long-term liabilities associated with promised plan benefits, needs more information. Facts about the economy, plan population, investment environment and program features that are, for now, only known in a probabilistic sense. Hence, an actuarial valuation is needed to supplement accounting-based measures of funded status, and an entire section of this report is dedicated to actuarial measures of the Fund’s long-term fiscal health.

The July 1, 2006, valuation is a forecast that shows the projected funded status of the defined benefit plans administered by the Association. This picture is reliable if the model, and key assumptions driving the forecast results, are valid. An experience study is conducted every four or five years in order to test whether important assumptions are consistent with real historical data over time. If the demographic and economic assumptions governing the valuation process are relatively consistent with recent history, then policymakers may use the information in the annual valuation in deciding whether the adjustable factors, contribution rates, and investment performance, are sufficient to make or keep the plan healthy.

In 2002, the Fund adopted a number of changes to demographic, mortality, and salary progression assumptions to facilitate more accurate estimation of plan liabilities over time. No other changes have been solicited or adopted since. There were no changes to assumptions governing the valuation methodology or key valuation economic assumptions in the most recent year. Below are summary comparative statistics from the July 1, 2006, valuation:

**Summary of 2006 Actuarial Valuation  
Plan Year Beginning July 1, 2006**

	2005	2006	Change
Covered payroll	\$ 223,762,071	\$ 226,350,763	+ 1.16%
Statutory contributions (Ch. 354A)	16.49%	16.33%	- 0.16%
Required (Ch. 356)	23.78%	25.03%	+ 1.25%

(Unaudited)

<b>Sufficiency/(Deficiency) to 2021</b>	<b>- 7.29%</b>	<b>- 8.70%</b>	<b>- 1.41%</b>
Market value of assets	\$ 934,667,364	\$ 1,005,745,229	+ 7.60%
Actuarial value of assets	905,292,514	938,919,005	+ 3.71%
Actuarial accrued liability	1,299,831,584	1,358,619,906	+ 4.52%
<b>Unfunded liability</b>	<b>394,539,070</b>	<b>419,700,901</b>	<b>+ 6.38%</b>
<b>Funded ratio</b>	<b>69.65%</b>	<b>69.11%</b>	<b>- 0.54%</b>

The 2006 actuarial valuation reflects a moderate deterioration in overall funded status compared to the previous year, despite significant excess investment gains of 7.6 percent (net of fees) in the most recent fiscal year. A decline in the funded ratio seems counterintuitive. It occurs because the actuary is required to “smooth out” the effect of investment gains and losses over a five-year window, with each year allowed an additional 20 percent in the weighting formula. Hence, while investment gains for the most recent years have been very strong, less weight is given to those gains, while the relative weight for *negative* years (2002-03) *increased* relative to the previous year valuation. As low-return years move out of the asset equation, the funded ratio should reflect greater influence deriving from recent and more positive years.

Distortions introduced by the valuation methodology and the compression of the amortization target period to 15 years are factors that must be taken into consideration. They do not, however, fully explain the deterioration in measured contribution adequacy in the last two valuations. Continuing to expect investment performance to offset the effects of a slowly growing payroll base and an erosion in the adequacy of the contribution stream does not seem wise. It will be necessary to supplement the plan by a significant amount in order to prevent further deterioration in the funded ratio due to insufficient contributions. This amount grows each year that the contributions continue to be deficient.

The annual contribution deficiency, as measured within a fixed (and diminishing) amortization window through June 2021, worsened by 1.4 percent of payroll, or \$3.3 million. The total difference between actuarial and statutory contributions to the fund was 8.7 percent, or \$20.4 million per year. *Ceteris paribus*, this gap will grow and become more volatile each year that it is not addressed.

Fixed amortization windows are an inferior basis for assessing the funding needs of an open pension fund. If the SPTRFA unfunded liability were amortized over a typical full career service cycle, say 30 years, the deficiency would be 2.8 percent per year. That is still a serious deficiency, but it is a funding problem whose solution is quite within reach.

\* \* \* \* \*

(Unaudited)

Collectively, the schedules, accompanying notes, and discussions in this report provide comprehensive information as of June 30, 2006, 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 is intended to conform with generally accepted accounting principles and Governmental Accounting Standards Board Statements 25, 28, 34, and 40. At all times, the objective has been to provide an accurate and balanced picture 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  
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: <http://www.sptrfa.org>  
Email: [info@sptrfa.org](mailto:info@sptrfa.org)

(Unaudited)

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

**STATEMENT OF PLAN NET ASSETS  
JUNE 30, 2006**

<u>Assets</u>	
<b>Cash</b>	<b>\$ 13,179,150</b>
<b>Receivables</b>	
Employer and employee contributions	\$ 1,597,495
Interest	802,965
Dividends	191,381
Sales of securities	3,804,481
	3,804,481
<b>Total receivables</b>	<b>\$ 6,396,322</b>
<b>Investments, at fair value</b>	
Commercial paper	\$ 290,750
U.S. government securities	36,717,587
TBAs	16,574,584
Corporate bonds	33,093,082
Corporate stocks	215,765,996
Commingled investment funds	
Pooled international equity trust	109,461,764
Government/credit bond index fund	80,936,500
Equity index fund	125,676,468
Extended equity index fund	53,894,599
Russell 2000 equity index fund	9,353,081
International emerging markets growth fund	56,830,863
Mutual fund	34,930,699
International corporate stock fund	116,333,653
Money market funds	8,044,258
Limited partnership	4,066,386
Real estate securities	90,093,741
	90,093,741
<b>Total investments, at fair value</b>	<b>\$ 992,064,011</b>
<b>Invested securities lending collateral</b>	<b>\$ 87,924,018</b>
<b>Furniture and fixtures (at cost, less accumulated depreciation of \$111,074)</b>	<b>\$ 26,608</b>
 <b>Total Assets</b>	 <b>\$ 1,099,590,109</b>
<u>Liabilities</u>	
Accounts payable	\$ 1,118,549
Security purchases payable	4,802,313
Securities lending collateral	87,924,018
	87,924,018
<b>Total Liabilities</b>	<b>\$ 93,844,880</b>
<b>Net Assets Held in Trust for Pension Benefits</b>	
(A schedule of funding progress is presented on page 29.)	<b>\$ 1,005,745,229</b>

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

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

**STATEMENT OF CHANGES IN PLAN NET ASSETS  
JUNE 30, 2006**

<b>Additions</b>	
<b>Contributions</b>	
Employer	\$ 20,615,130
Members	13,453,021
Other sources	
State of Minnesota	3,399,761
	<hr/>
<b>Total contributions</b>	<b>\$ 37,467,912</b>
<b>Investment income (loss)</b>	
<b>From investing activity</b>	
Net appreciation (depreciation) in fair value of investments	\$ 104,544,984
Interest	4,721,758
Dividends	4,023,842
Other	4,891,012
	<hr/>
<b>Total investing activity income (loss)</b>	<b>\$ 118,181,596</b>
Less: investing activity expense	
External	\$ (4,461,854)
Internal	(148,083)
	<hr/>
<b>Total less: investing activity expense</b>	<b>\$ (4,609,937)</b>
<b>Net income (loss) from investing activity</b>	<b>\$ 113,571,659</b>
<b>From securities lending activity</b>	
Securities lending income	<b>\$ 4,214,659</b>
Less: securities lending expense	
Borrower rebates	\$ 3,935,481
Management fees	82,949
	<hr/>
<b>Total securities lending expense</b>	<b>\$ 4,018,430</b>
<b>Net income (loss) from securities lending activity</b>	<b>\$ 196,229</b>
<b>Net investment income (loss)</b>	<b>\$ 113,767,888</b>
<b>Total Additions</b>	<b>\$ 151,235,800</b>

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

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

**STATEMENT OF CHANGES IN PLAN NET ASSETS  
JUNE 30, 2006**

<b>Deductions</b>	
Benefits to participants	
Retirement	\$ 70,677,567
Disability	870,563
Survivor	6,814,597
Dependent children	57,495
Withdrawals and refunds	<u>1,146,861</u>
<b>Total benefits, withdrawals, and refunds</b>	<b><u>\$ 79,567,083</u></b>
Administrative expenses	
Staff compensation	\$ 387,142
Professional services	77,009
Office lease and maintenance	39,648
Communication-related expenses	20,180
Other expense	<u>66,873</u>
<b>Total administrative expenses</b>	<b><u>\$ 590,852</u></b>
<b>Total Deductions</b>	<b><u>\$ 80,157,935</u></b>
<b>Net Increase (Decrease)</b>	<b>\$ 71,077,865</b>
<b>Net Assets Held in Trust for Pension Benefits</b>	
Beginning of Year	<u>934,667,364</u>
End of Year	<b><u>\$ 1,005,745,229</u></b>

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



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2006

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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. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and with Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, as amended.

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**

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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**

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1. Summary of Significant Accounting Policies

Derivative Investments (Continued)

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

Investment Income

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

Contributions

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

Benefits and Refunds

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

Furniture and Fixtures

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

2. Description of Plans

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

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

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

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2. Description of Plans (Continued)

General

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

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

Membership

At June 30, 2006, the Association's membership consisted of:

Retirees and beneficiaries currently receiving benefits	2,624
Terminated employees entitled to but not yet receiving benefits	1,447
Terminated, non-vested	1,671
Current active plan members (including members on leave)	<u>4,202</u>
Total Membership	<u>9,944</u>

Pension Benefits

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

Disability Benefits

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

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

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2. Description of Plans (Continued)

Other Benefits

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

3. Deposits and Investments

A. Deposits

Authority

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

Custodial Credit Risk

The custodial credit risk for deposits of the Association describes the potential for partial or total loss of cash or near-cash holdings in the event of a depository failure. Minnesota statutes require that assets held in depository accounts be insured by the Federal Deposit Insurance Corporation (FDIC), or exclusively pledged collateral of 110 percent of the uninsured amount on deposit. Balances in the Associations' checking account at US Bank can vary dramatically over short periods of time, as this account holds short-term deposits and transfers necessary to meet not only general operating expenses, but large monthly benefit payments totaling \$6.9 million or more per month. Association deposits at US Bank are collateralized by pledged U.S. Treasury or federal agency notes on deposit with the Federal Reserve Bank of Boston. The Association's deposits at US Bank on June 30, 2006, were under collateralized by \$3,717,510, exposing the Association to custodial credit risk for those deposits.

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**

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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, 2006, other than that related to the invested securities lending collateral, as described in Note 4.

Interest Rate Risk

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

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

<u>Mandate</u>	<u>Management Firm</u>	<u>Market Value</u>
Active	Voyageur Asset Management	\$ 88,345,019
Indexed	Barclays Global Investors	\$ 80,936,500

The Association has, relative to peers, a small allocation to fixed income assets as part of its investment policy. At June 30, 2006, the targeted allocation was 19 percent of total Fund assets. The actual share of total Fund assets was 17.1 percent.

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

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

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3. Deposits and Investments

B. Investments

Interest Rate Risk (Continued)

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

The following table shows weighted overall durations of each investment account and the associated benchmark as of June 30, 2006:

<u>Account</u>	<u>Average Duration in Years</u>	<u>Average Duration of Benchmark</u>
Voyageur Asset Management	4.76	4.80
Barclays Global Investors	4.98	4.98
Bank of NY - Cash Collateral	0.06	None

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

Credit Risk

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

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

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

3. Deposits and Investments

B. Investments

Credit Risk (Continued)

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

Debt Investment Type	Market Value	Quality Ratings (Standard and Poors)				
		AAA	AA	A	BBB	Unrated
Asset Backed Securities	\$ 44,778,556	\$ 42,431,128	\$ 1,105,833	\$ 415,025	\$ 826,570	\$ -
Bank Note	13,478,907	-	6,453,885	7,025,022	-	-
BGI - Government/Credit Bond Index Fund	80,936,500	-	-	-	-	80,936,500
Certificate of Deposit Floating Rate Collateralized Mortgage Obligations	15,621,159	-	12,585,705	-	3,035,454	-
Corporate Bonds	16,870,225	16,870,225	-	-	-	-
Corporate Floating Rate	16,864,032	435,952	1,227,381	7,008,115	7,901,654	290,930
Federal Home Loan Mortgage Corporation	16,138,157	2,024,080	4,538,618	7,566,968	2,008,491	-
Federal National Mortgage Association	1,489,292	1,489,292	-	-	-	-
Government Bonds	12,388,123	12,388,123	-	-	-	-
Government National Mortgage Association	11,256,747	11,256,747	-	-	-	-
Other Fixed Income	544,697	544,697	-	-	-	-
Pooled Funds and Mutual Funds	706,085	706,085	-	-	-	-
Repurchase Agreement	8,044,258	-	-	-	-	8,044,258
State and Local Obligations	17,587,060	-	-	-	-	17,587,060
Totals	<u>\$ 264,037,767</u>	<u>\$ 93,062,559</u>	<u>\$ 27,338,742</u>	<u>\$ 23,005,549</u>	<u>\$ 13,772,169</u>	<u>\$ 106,858,748</u>

Concentration of Credit Risk

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



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

3. Deposits and Investments

B. Investments

Concentration of Credit Risk (Continued)

A good investment policy defines what types of risks will be assumed, how they will be managed, and that each incremental addition to portfolio risk should carry a corresponding and proportional opportunity for gain. The Association's policy is that the standard deviation of quarterly returns should not exceed 120 percent of the same measure for the asset category benchmark. Minn. Stat. § 356A.06, subd. 7, specifies that equity investment holdings may not exceed 5.0 percent of the outstanding shares of any one corporation. Association policy also limits exposure to any one company's securities at 1.5 percent of the total portfolio. 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, 2006.

Total Holdings of the Ten Largest Issuers as of June 30, 2006		
Issuer	Fair Value	Percent of Net Assets (%)
Federal National Mortgage Association	\$ 19,746,649	1.96
U.S. Treasury	15,480,124	1.54
Wellpoint, Inc.	4,562,679	0.45
Government National Mortgage Association	4,250,272	0.42
Small Business Administration	4,108,847	0.41
Cwalt, Inc.	3,356,608	0.33
ConocoPhillips Com	2,699,836	0.27
Merrill Lynch	2,684,977	0.27
Illinois Tool Works, Inc.	2,669,500	0.27
Nokia Corp	2,522,370	0.25
Totals	<u>\$ 62,081,862</u>	

**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, 2006		
Investment Manager - Account	Total Assets Under Management (Market Value)	Percent of Total (%)
Advantus	\$ 17,060,397	1.7
Alliance Capital - Large Cap Growth	32,685,899	3.3
Bank of New York - Cash Flow	63,441	-
Barclays - Equity Index Fund	125,676,468	12.7
Barclays - Extended Equity Market Fd	53,894,599	5.4
Barclays - Govt/Credit Bond Index Fd	80,936,500	8.2
Barclays - Russell 2000 Equity Index	9,353,081	0.9
Barrow Hanley - Large Cap Value	65,824,372	6.6
Boston Company - Small Value	38,143,102	3.8
Capital Intl. - Emerging Mkts Gr	56,830,863	5.7
Clifton Group - Index Futures	1,999,483	0.2
Dimensional Fund Advisors	34,930,699	3.5
Fifth Third Advisors - Large Cap	36,934,537	3.7
JP Morgan - International	116,333,653	11.7
Morgan Stanley - Intl. Equity	109,461,764	11.0
RWI Ventures I	3,115,478	0.3
RWI Ventures II	950,908	0.1
Smith Barney	13,194	-
Turin Networks	1,634,260	0.2
UBS Realty Investors	72,741,246	7.3
Voyageur - Fixed Income	88,034,682	8.9
Wellington - Sm/Mid Cap Growth	45,441,899	4.6
Total Assets by Investment Account	<u>\$ 992,060,525</u>	<u>100.0</u>

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

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3. Deposits and Investments

B. Investments

Concentration of Credit Risk (Continued)

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

Receivables	
Interest	\$ 802,965
Dividends	191,381
Sales of securities	3,804,481
Investments	992,064,011
Less: securities purchases payable	<u>(4,802,313)</u>
Total Assets Under Management, Market Value	<u>\$ 992,060,525</u>

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates of foreign currencies relative to the U.S. dollar adversely affect 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, it is an inescapable fact that ultimately, all foreign holdings must be converted into U.S. dollar liquidity at some point. Owning securities and currencies of other countries, therefore, adds another level and type of risk, which occurs with each movement in the rate of exchange between the U.S. dollar and the relevant currency of trade.

As of June 30, 2006, the Investment Policy of the Association included a dedication of 25 percent of the total Fund as the international equity component of the total portfolio. International positions are held in pooled or commingled investment funds, which render the exposure to foreign currencies to a derivative risk, as the Fund's interest is limited in all cases to a unit valuation expressed in U.S. dollars. The actual allocation was \$277 million, or 27.9 percent of total invested assets. This allocation resulted in derivative exposures to international markets as detailed in the following chart.

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

3. Deposits and Investments

B. Investments

Foreign Currency Risk (Continued)

Assets Held in Non-U.S. Securities by Currency as of June 30, 2006

Country	Currency	Equity	Fixed Income	Cash and Cash Equivalents	Total
Argentina	Argentine Peso	\$ 113,662	\$ 170,492	\$ -	\$ 284,154
Australia	Australian Dollar	2,836,825	-	56,831	2,893,656
Brazil	Brazilian Real	6,879,041	113,662	-	6,992,703
Canada	Canadian Dollar	284,154	-	-	284,154
Chile	Chilean Peso	170,492	-	-	170,492
China	Chinese Yuan	4,091,822	-	-	4,091,822
Croatia	Croatian Kuna	56,831	-	-	56,831
Egypt	Egyptian Pound	1,079,786	-	-	1,079,786
European Union	Euro	73,687,247	-	227,323	73,914,570
Hong Kong	Hong Kong Dollar	6,203,811	-	-	6,203,811
Hungary	Hungarian Forint	56,831	-	-	56,831
India	Indian Rupee	3,125,697	-	-	3,125,697
Indonesia	Indonesian Rupiah	2,386,896	-	-	2,386,896
Israel	Israeli Shekel	1,591,264	-	-	1,591,264
Japan	Japanese Yen	46,858,240	-	-	46,858,240
Kazakhstan	Kazakhstanian Tenge	56,831	-	-	56,831
Korea	Korean Won	11,771,126	-	-	11,771,126
Malaysia	Malaysian Ringgit	1,932,249	-	-	1,932,249
Mexico	Mexican Peso	4,320,872	-	-	4,320,872
Morocco	Moroccan Dirham	56,831	-	-	56,831
New Zealand	New Zealand Dollar	65,677	-	-	65,677
Philippines	Philippine Peso	113,662	-	-	113,662
Republic of Columbia	Columbian Peso	227,323	-	-	227,323
Russian Federation	Russian Ruble	3,182,528	-	-	3,182,528
Singapore	Singapore Dollar	735,494	-	-	735,494
South Africa	South African Rand	5,285,270	-	-	5,285,270
Sultanate of Oman	Omani Rial	56,831	-	-	56,831
Sweden	Swedish Krona	4,824,955	-	-	4,824,955
Switzerland	Swiss Franc	21,980,544	-	-	21,980,544
Taiwan	Taiwanese New Dollar	6,525,049	-	56,831	6,581,880
Thailand	Thai Baht	1,477,602	-	-	1,477,602
Turkey	Turkish New Lira	1,591,264	-	-	1,591,264
United Arab Emirates	Emirati Dirham	56,831	-	-	56,831
United Kingdom	British Pound	61,959,414	-	340,985	62,300,399
Vietnam	Vietnam Dong	113,662	-	-	113,662
Totals		<u>\$ 275,756,614</u>	<u>\$ 284,154</u>	<u>\$ 681,970</u>	<u>\$ 276,722,738</u>

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

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4. Securities Lending

The Association participates in a securities lending program. On June 30, 2006, 30 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, 2006, the fair value of cash collateral received was \$87,924,018, which is included in the Statement of Plan Net Assets both as an asset and offsetting liability. Of the cash collateral, \$54,711,671 was invested in corporate obligations; \$15,622,697 was invested in certificates of deposit; and \$17,589,650 was invested in repurchase agreements, which have an average weighted maturity of 21 days. The Association also received non-cash collateral of \$4,061,394 in US Treasury securities. 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**

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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. The requirement to reach full funding by the year 2021 is set in Minn. Stat. § 356.215, subd. 11. 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, 2006, the difference between the statutory and actuarially required contributions is a deficiency of 8.70 percent of payroll.

Employer and Employee Contributions

For the fiscal year ended June 30, 2006, 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 (TRA). The direct state-aid contribution was \$2,969,000 for fiscal year 2006.

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 \$430,761 for fiscal year 2006. 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 2006.

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

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5. Contributions

Other Contributions (Continued)

Statutes also require active and retired members of the Association to provide contributions for the relative difference (per member) between the administrative expenses incurred by the Association and the state TRA. No additional contributions were required in fiscal year 2006.

Reserve

At June 30, 2006, \$9,353,081 of the net assets is considered reserved as it represents the amount of state amortization aid which, pursuant to legislation, must be separately accounted for and may not be used in determining post-retirement benefit increases. This is considered to be fully funded.

6. Risk Management

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

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

Schedule 1

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Plan Assets (a)</b>	<b>Actuarial Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (%) (a/b)</b>	<b>Annual Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll (%) ((b-a)/c)</b>
2001	\$ 869,045	\$ 1,060,931	\$ 191,886	81.91	\$ 202,915	94.56
2002	899,572	1,141,300	241,728	78.82	201,456	119.99
2003	898,760	1,189,361	290,601	75.57	205,655	141.31
2004	898,860	1,251,460	352,600	71.82	221,685	159.05
2005	905,293	1,299,832	394,539	69.65	223,762	176.32
2006	938,919	1,358,620	419,701	69.11	226,351	185.42

(Unaudited)

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

Schedule 2

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

<b>Fiscal Year</b>	<b>Annual Required Contributions</b>	<b>Employer Contributions</b>	<b>Employer Percentage Contributed (%)</b>	<b>State Contributions</b>	<b>State Percentage Contributed (%)</b>
2001	\$ 20,444	\$ 19,996	97.81	\$ 3,573	17.48
2002	17,382	20,958	120.58	3,258	18.74
2003	23,948	19,986	83.46	3,384	14.13
2004	30,828	20,378	66.10	3,393	11.01
2005	34,724	20,435	58.85	3,398	9.79
2006	40,373	20,615	51.06	3,400	8.42

**Note:**

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

(Unaudited)



**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, 2006  
(Unaudited)

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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, 2006.
- Actuarial cost is determined using the Entry Age Normal Actuarial Cost Method.
- The amortization method assumes a level percentage of payroll each year is used to pay the unfunded actuarial accrued liability.
- The amortization period is determined each year by the legislatively-appointed actuary.
- The remaining amortization period at July 1, 2006, is 15 years.
- The actuarial value of assets is determined using market value, adjusted for amortization obligations receivable at the end of each fiscal year, less a percentage of the unrecognized asset return determined at the close of each of the four preceding fiscal years. Unrecognized asset return is the difference between actual net return on market value of assets and the asset return expected during that fiscal year (based on the assumed interest rate employed in the July 1 actuarial valuation of the fiscal year).
- Actuarial Assumptions:
  - Investment rate of return is 8.5 percent.
  - Inflation and projected salary increases are based on a ten-year select and ultimate rate table with rates ranging from 5.0 to 6.9 percent.
  - Two percent annual post-retirement adjustment.
  - 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.

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

Actuarial Methods and Assumptions (Continued)

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

Significant Plan Provision and Actuarial Methods and Assumption Changes

2000

- Asset valuation method changed to employ a more effective asset-smoothing technique which is market-value based and which eliminates artificial bias related to manager style (effective July 1, 2000).

2001

- The annual lump sum benefits payable to pre-1974 retirees will be paid as monthly installments (effective January 1, 2002).

2002

The following actuarial assumptions changed:

<u>Assumptions</u>	<u>Prior</u>	<u>Revised</u>
Salary increases	Merit table that ranges from 7.25% at age 20 down to 5.25% at age 70	Ten-year select and ultimate table. During the select period, 0.3% x (10-T) where T is completed years of service is added to the ultimate rate. Ultimate table ranges from 6.9% at age 20 down to 5.0% at age 60 and over.
Male Pre-Retirement Mortality	1983 GAM (Male - 5)	1983 GAM (Male - 7)
Female Pre-Retirement Mortality	1983 GAM (Female - 3)	1983 GAM (Female - 5)
Separation Decrement	Graded rates	Select and ultimate table. Ultimate rates are generally lower than prior rates.

(Unaudited)

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

Significant Plan Provision and Actuarial Methods and Assumption Changes

2002 (Continued)

<u>Assumptions</u>	<u>Prior</u>	<u>Revised</u>
Disability Decrement	Graded rates	Graded rates. Revised rates are lower than prior rates.
Form of Annuity Selected - Male	85% married 15% elect 50% J&S option 50% elect 100% J&S option	85% married 10% elect 50% J&S option 45% elect 100% J&S option
Form of Annuity Selected - Female	60% married 10% elect 50% J&S option 10% elect 100% J&S option	60% married 10% elect 50% J&S option 10% elect 100% J&S option
Combined Service Annuity Load Factor	None assumed	7.0% load on liabilities for active members and 30% load on liabilities for former members.

The following plan provisions changed:

- Effective July 1, 2002, 359 charter school teachers are no longer covered by this Fund. Active charter school teachers retain their rights to benefits earned in this Fund through June 30, 2002, as if they were former members with a termination of employment on June 30, 2002. They may not, however, draw a refund of contributions as long as they remain employed by the same school they were employed with on June 30, 2002. Effective July 1, 2002, these 359 charter school members were transferred to the Minnesota Teachers' Retirement Association.
- An administrative expense assessment otherwise payable under law will not be assessed if the administrative expenses of the Fund do not exceed the July 1, 2001, administrative expense amount adjusted for inflation.
- While not a formal change in provisions, a change in the expected amount of state-aid has occurred with the Fund. Since the Duluth Teachers' Retirement Fund accrued liability funding ratio exceeded the Minnesota Teachers' Retirement Fund accrued liability funding ratio as of July 1, 2001, the state-aid normally provided to Duluth shall be re-allocated to the other first class city teachers' funds. This results in a marginal increase in the amount of state-aid for this Fund.

(Unaudited)

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

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

2006

- While not impacting the results of the July 1, 2006, actuarial valuation, two changes in plan provisions were made since the prior valuation. One change is the cap on the post-retirement benefit increases, 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.

(Unaudited)



# Actuarial Section

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THE SEGAL COMPANY

6300 S. Syracuse Way Suite 750 Englewood, CO 80111-7302  
T 303.714.9900 F 303.714.9990 www.segalco.com

November 8, 2006

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

Dear Mr. Kapler:

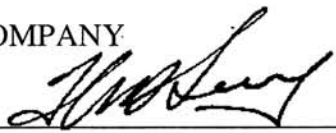
We are pleased to submit this Actuarial Valuation and Review as of July 1, 2006. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2007 and analyzes the preceding year's experience.


The census information on which our calculations were based was prepared by the Fund and the financial information was provided by the Fund. That assistance is gratefully acknowledged. The actuarial calculations were completed under our supervision.


This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion the assumptions used in the valuation are consistent with those in the statute, and reasonably represent the experience of the plan.

Sincerely,

THE SEGAL COMPANY

By:   
Thomas D. Levy, FSA, FCIA, MAAA, EA  
Senior Vice President and Chief Actuary

  
Brad E. Ramirez, FSA, MAAA, EA  
Consulting Actuary

  
Susan M. Hogarth, MAAA, EA  
Consulting Actuary

- cc: Legislative Commission on Pensions and Retirement (3 copies)
- Minnesota Legislative Reference Library (6 copies)
- Minnesota Department of Finance (2 copies)
- Office of the State Auditor (2 copies)

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

**Summary of Key Valuation Results**

	<b>2006</b>	<b>2005</b>
<b>Contributions (% of payroll) for plan year beginning July 1:</b>		
Statutory – Chapter 354A	16.33%	16.49%
Required – Chapter 356	25.03%	23.78%
Sufficiency/(Deficiency)	(8.70%)	(7.29%)
<b>Funding elements for plan year beginning July 1:</b>		
Normal cost	\$ 21,575,645	\$ 21,035,503
Market value of assets	1,005,745,229	934,667,364
Actuarial value of assets (AVA)	938,919,005	905,292,514
Actuarial accrued liability (AAL)	1,358,619,906	1,299,831,584
Unfunded/(Overfunded) actuarial accrued liability	419,700,901	394,539,070
<b>Funded ratios:</b>		
<u>Accrued Benefit Funded Ratio</u>	71.90%	72.49%
Current assets (AVA)	\$ 938,919,005	\$ 905,292,514
Current benefit obligations	1,305,809,497	1,248,867,191
<u>Projected Benefit Funded Ratio</u>	84.22%	85.68%
Current and expected future assets	\$ 1,328,442,124	\$ 1,296,405,105
Current and expected future benefit obligations (Present Value of Benefits)	1,577,289,001	1,513,025,533
<b>GASB 25/27 for plan year beginning July 1:</b>		
Annual required employer contributions	\$ 40,373,190	\$ 34,723,512
Accrued Liability Funded Ratio (AVA/AAL)	69.11%	69.65%
Covered actual payroll	\$ 226,350,763	\$ 223,762,071
<b>Demographic data for plan year beginning July 1:</b>		
Number of pensioners and beneficiaries	2,624	2,505
Number of vested terminated members	1,447	1,368
Number of other non-vested terminated members	1,671	1,687
Number of active members	4,052	4,206
Number of members on leave of absence*	150	143
Total projected payroll**	\$ 234,213,344	\$ 227,818,794
Average annual compensation (projected dollars)**	55,739	52,834

\* *Members on leave of absence treated as active members*

\*\* *Calculated as covered actual payroll, projected one year with salary scale. Also, includes members on leaves of absence.*



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

**FINANCIAL INFORMATION**

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Minnesota Statutes require an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable. The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

Both the actuarial value and market value of assets are representations of the Fund's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the Fund's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

**Determination of Actuarial Value of Assets for Year Ended June 30, 2006**

*The chart shows the determination of the actuarial value of assets as of the valuation date.*

1.	Market value of assets available for benefits		\$ 1,005,745,229		
		<table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="border-bottom: 1px solid black; width: 20%;"></td> <td align="center" style="border-bottom: 1px solid black;">% Not Recognized</td> </tr> </table>		% Not Recognized	
	% Not Recognized				
2.	Calculation of unrecognized return				
	(a) Year ended June 30, 2006	\$ 36,135,488	80% \$ 28,908,390		
	(b) Year ended June 30, 2005	26,860,009	60% 16,116,005		
	(c) Year ended June 30, 2004	82,512,072	40% 33,004,829		
	(d) Year ended June 30, 2003	(56,015,000)	20% (11,203,000)		
	(e) Total unrecognized return		\$ 66,826,224		
3.	Actuarial value of assets: (1) - (2e) ("Current Assets")		\$ 938,919,005		
4.	Actuarial value as a percent of market value		93.36%		

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

**Accounting Balance Sheet for Year Ended June 30, 2006**

	<b>Market Value</b>	<b>Cost Value</b>
<b>Assets</b>		
Cash, equivalents, short-term securities	\$ 13,179,150	\$ 13,179,150
Investments:		
Fixed income	\$ 175,656,761	\$ 147,036,240
Equity	722,247,123	500,650,606
Real estate	90,093,741	76,261,030
Alternative	4,066,386	3,332,494
Other assets*	<u>6,422,930</u>	<u>6,422,930</u>
<b>Total assets</b>	<b>\$ 1,011,666,091</b>	<b>\$ 746,882,450</b>
<b>Amounts currently payable</b>	<b>\$ 5,920,862</b>	<b>\$ 5,920,862</b>
<b>Assets available for benefits</b>		
Member reserves	\$ 130,078,518	\$ 130,078,518
Employer reserves	<u>875,666,711</u>	<u>610,883,070</u>
Total assets available for benefits	\$ 1,005,745,229	\$ 740,961,588
<b>Total amounts currently payable and assets available for benefits</b>	<b><u>\$ 1,011,666,091</u></b>	<b><u>\$ 746,882,450</u></b>
<b>Net assets at Market/Cost value</b>	<b><u>\$ 1,011,666,091</u></b>	<b><u>\$ 746,882,450</u></b>

\* Other Assets:

*Accounts Receivable:*

Employer contribution	\$ 1,500,866
Employee contribution	96,629
Interest receivable	802,965
Dividend receivable	191,381
Sale of securities	<u>3,804,481</u>
Total accounts receivable	\$ 6,396,322
Fixed assets	<u>26,608</u>
Total other assets	\$ 6,422,930

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

**Change in Assets Available for Benefits for Year Ended June 30, 2006**

	<b>Market Value</b>	<b>Cost Value</b>
A. Assets available at beginning of period	\$ 934,667,364	\$ 711,175,543
B. Operating revenues		
1. Member contributions	\$ 13,453,021	\$ 13,453,021
2. Employer contributions	19,815,130	19,815,130
3. Supplemental contributions	4,199,761	4,199,761
4. Investment income	13,832,841	13,832,841
5. Investment expenses	(4,609,937)	(4,609,937)
6. Net realized gain/(loss)	63,253,164	63,253,164
7. Other	-	-
8. Net change in unrealized gain/(loss)	<u>41,291,820</u>	<u>-</u>
9. Total operating revenues	\$ 151,235,800	\$ 109,943,980
C. Operating expenses:		
1. Service retirements	\$ 70,677,567	\$ 70,677,567
2. Disability benefits	870,563	870,563
3. Survivor benefits	6,872,092	6,872,092
4. Refunds	1,146,861	1,146,861
5. Administrative expenses	<u>590,852</u>	<u>590,852</u>
6. Total operating expenses	\$ 80,157,935	\$ 80,157,935
D. Change in accounting method	-	-
E. Assets available at end of period	\$ 1,005,745,229	\$ 740,961,588
F. Determination of current year gross asset return		
1. Average balance:		
(a) Assets available at BOY: (A)		\$ 934,667,364
(b) Assets available at EOY: (E)		1,005,745,229
(c) Average balance [(a) + (b) – Net Investment Income] / 2		913,322,353
[Net Investment Income: (B.4) + (B.5) + (B.6) + (B.7) + (B.8)]		
2. Expected return: 8.50% x (F.1)		\$ 77,632,400
3. Actual return: (B.4) + (B.5) + (B.6) + (B.7) + (B.8)		<u>113,767,888</u>
4. Current year gross asset return: (F.3) – (F.2)		\$ 36,135,488

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

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**Actuarial Balance Sheet**

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A. Current Assets			\$ 938,919,005
B. Expected Future Assets			
1. Present Value of Expected Future Statutory Supplemental Contributions			\$ 170,854,024
2. Present Value of Future Normal Costs			<u>218,669,095</u>
3. Total Expected Future Assets			\$ 389,523,119
C. Total Current and Expected Future Assets			\$ 1,328,442,124
D. Current Benefit Obligations	<b><u>Non-Vested</u></b>	<b><u>Vested</u></b>	<b><u>Total</u></b>
1. Benefit recipients:			
(a) Retirement annuities	-	\$ 781,897,483	\$ 781,897,483
(b) Disability benefits	-	6,841,892	6,841,892
(c) Beneficiaries	-	58,465,593	58,465,593
2. Vested terminated members	-	40,496,860	40,496,860
3. Other non-vested terminated members	-	2,177,543	2,177,543
4. Active members:			
(a) Retirement benefits	\$ 2,126,721	\$ 385,579,239	\$ 387,705,960
(b) Disability benefits	79,276	6,952,406	7,031,682
(c) Death benefits	73,440	6,729,476	6,802,916
(d) Withdrawal benefits	<u>589,737</u>	<u>13,799,831</u>	<u>14,389,568</u>
5. Total Current Benefit Obligations	\$ 2,869,174	\$ 1,302,940,323	\$ 1,305,809,497
E. Expected Future Benefit Obligations			<u>\$ 271,479,504</u>
F. Total Current and Expected Future Benefit Obligations – Present Value of Benefits: (D.5 + E)			\$ 1,577,289,001
G. Current Unfunded Actuarial Liability (D.5 - A)			\$ 366,890,492
H. Current and Future Unfunded Actuarial Liability (F - C)			\$ 248,846,877

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

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**Summary of Actuarial Valuation Results**

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	<b>Actuarial Present Value of Projected Benefits</b>	<b>Actuarial Present Value of Future Normal Costs</b>	<b>Actuarial Accrued Liability</b>
<b>A. Determination of Actuarial Accrued Liability</b>			
1. Active members:			
(a) Retirement benefits	\$ 636,760,322	\$ 185,753,820	\$ 451,006,502
(b) Disability benefits	12,549,007	5,609,675	6,939,332
(c) Death benefits	12,335,609	5,178,299	7,157,310
(d) Withdrawal benefits	<u>25,764,692</u>	<u>22,127,301</u>	<u>3,637,391</u>
(e) Total	\$ 687,409,630	\$ 218,669,095	\$ 468,740,535
2. Vested terminated members	\$ 40,496,860	-	\$ 40,496,860
3. Other non-vested terminated members	2,177,543	-	2,177,543
4. Annuitants	<u>847,204,968</u>	<u>-</u>	<u>847,204,968</u>
5. Total	\$ 1,577,289,001	\$ 218,669,095	\$ 1,358,619,906
<b>B. Determination of Unfunded Actuarial Accrued Liability</b>			
1. Actuarial Accrued Liability		\$ 1,358,619,906	
2. Actuarial Value of Assets		<u>938,919,005</u>	
3. Unfunded Actuarial Accrued Liability: (B.1) – (B.2)		\$ 419,700,901	
<b>C. Determination of Supplemental Contribution Rate (Statutory Amortization Date)</b>			
1. Present value of future payrolls through the amortization date of June 30, 2021		\$ 2,699,486,598	
2. Supplemental contribution rate: (B.3) / (C.1)			15.55%
<b>D. Determination of Supplemental Contribution Rate (Amortization period of 30 years)</b>			
1. Present value of future payrolls through the amortization date of June 30, 2036		\$ 4,350,211,870	
2. Supplemental contribution rate: (B.3) / (D.1)			9.65%

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

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**Development of Unfunded/(Overfunded) Actuarial Accrued Liability  
for Year Ended June 30, 2006**

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1. Unfunded/(Overfunded) actuarial accrued liability at beginning of year		\$ 394,539,070
2. Normal cost at beginning of year, including expenses		21,626,355
3. Total contributions		37,467,912
4. Interest		
(a) For whole year on (1) + (2)	\$ 35,374,061	
(b) For half year on (3)	<u>1,592,386</u>	
(c) Total interest: (4a) – (4b)		<u>33,781,675</u>
5. Expected unfunded/(overfunded) actuarial accrued liability: (1) + (2) – (3) + (4(c))		\$ 412,479,188
6. Changes due to (gain)/loss from:		
(a) Investments	(\$ 1,180,976)	
(b) Demographics*	<u>8,402,689</u>	
(c) Total changes due to (gain)/loss		<u>\$ 7,221,713</u>
7. Unfunded/(Overfunded) actuarial accrued liability at end of year		<u>\$ 419,700,901</u>

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\* Includes (gain)/loss due to age/service retirements, disability, mortality (pre and post-retirement), withdrawal and salary increases.

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

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**Determination of Contribution Sufficiency – Total**

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	<b>July 1, 2006</b>	
<b>A. Statutory Contributions – Chapter 354A</b>	<b>Percent of Payroll</b>	<b>Dollar Amount</b>
1. Employee contributions	5.69%	\$ 13,319,540
2. Employer contributions	8.59	20,111,296
3. Supplemental contributions		
(a) 1996 Legislation	0.79	1,850,000
(b) 1997 Legislation	1.26	2,953,000
4. Administrative expense assessment	<u>-</u>	<u>-</u>
5. Total	<u>16.33%</u>	<u>\$ 38,233,836</u>
<b>B. Required Contributions – Chapter 356</b>		
1. Normal Cost:		
(a) Retirement	7.94%	\$ 18,606,388
(b) Disability	0.23	530,127
(c) Death	0.21	482,343
(d) Withdrawal	<u>0.84</u>	<u>1,956,787</u>
(e) Total	<u>9.22%</u>	<u>\$ 21,575,645</u>
2. Supplemental contribution amortization	15.55%	\$ 36,420,175
3. Allowance for administrative expenses	<u>0.26</u>	<u>608,955</u>
4. Total	<u>25.03%</u>	<u>\$ 58,604,775</u>
<b>C. Contribution Sufficiency / (Deficiency):</b> <b>(A.5) – (B.4)</b>	(8.70%)	(\$ 20,370,939)
<b>Projected annual payroll for fiscal year beginning on the valuation date</b>		<b>\$ 234,213,344</b>

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

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**Actuarial Assumptions and Actuarial Cost Method**

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**Mortality Rates:**

*Healthy Pre-Retirement:*

- Male: 1983 Group Annuity Mortality Table for males set back 7 years
- Female: 1983 Group Annuity Mortality Table for females set back 5 years

*Healthy Post-Retirement:*

- Male: 1983 Group Annuity Mortality Table for males set back 3 years
- Female: 1983 Group Annuity Mortality Table for females set back 1 year

*Disability:*

- Male: 1977 Railroad Retirement Board Mortality Table for Disabled Lives
  - Female: 1977 Railroad Retirement Board Mortality Table for Disabled Lives
- 

**Salary Increases:**

Reported salary for prior fiscal year, with new hires annualized, increased to current fiscal year and annually for each future year according to the ultimate rate table below. During a ten-year select period,  $0.30\% \times (10-T)$  where T is completed years of service is added to the ultimate rate.

<b>Age</b>	<b>Ultimate Rate of Annual Salary Increases</b>
Less than 22	6.90%
25	6.75
30	6.50
35	6.25
40	6.00
45	5.75
50	5.50
55	5.25
60 & Over	5.00



## ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION

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### Retirement Age:

<i>Active Members:</i>	Active members are assumed to retire according to the graded rates shown in the rate table. Rates are applied beginning at the participant's first early retirement age.
<i>Deferred Members:</i>	Basic members are assumed to retire at age 60. Coordinated members are assumed to retire at age 63. If over the assumed retirement age, one year from valuation date.
<i>Other Non-Vested Members:</i>	Return of contributions is assumed to occur immediately.

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### Unknown Data for Members:

The submitted participant data has been reviewed for reasonableness and consistency with data submitted for prior valuations. We have not audited this data, and the results of this valuation may change based on the accuracy of the underlying data. In cases where submitted data was missing or incomplete, the following assumptions were applied:

Date of Birth:	July 1, 1961 (vested terminated members) July 1, 1935 (pensioners, survivors and beneficiaries)
Deferred Benefit:	Calculate estimate using service at termination date. Salary at termination is estimated based on assumed termination date if not available.

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### Percent Married:

85% of male members and 60% of female members are assumed to be married. Married members are assumed to have two children.

### Age of Spouse:

Female four years younger than male.

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### Net Investment Return:

<i>Pre-Retirement:</i>	8.50% per annum
<i>Post-Retirement:</i>	8.50% per annum

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### Administrative Expenses:

Prior year administrative expenses (excluding investment expenses) expressed as a percentage of prior year payroll.

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### Allowance for Combined Service Annuity:

7.00% load on liabilities for active members and 30.00% load on liabilities for former members.

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### Return of Contributions:

All employees withdrawing after becoming eligible for a deferred benefit were assumed to take the larger of their contributions accumulated with interest or the value of their deferred benefit.

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

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**Special Consideration:** Additional post retirement benefit increase is accounted for by increasing the reserve value for all service retirements, disability retirements and survivors eligible for the increase by an amount that equals the excess of the five year time weighted total rate of return over the assumed interest rate of 8.50% multiplied by the quantity of one minus the rate of contribution deficiency.

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**Benefit Increases After Retirement (COLA):** 2.00% per annum.

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**Optional Benefit Forms:** Married members assumed to elect the following forms of benefit:

	<u>Males</u>	<u>Females</u>
Life Annuity Option	45%	80%
50% J&S Option	10%	10%
100% J&S Option	45%	10%

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**Asset Valuation Method:** 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 the fiscal year (based on the assumed interest rate employed in the July 1 Actuarial Valuation of the fiscal year).

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**Actuarial Cost Method:** Entry Age Normal Cost Method. Entry age is the age at the time the participant commenced employment. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are expressed as a level percentage of payroll, with Normal Cost determined as if the current benefit accrual rate had always been in effect.

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**Payment on the Unfunded Actuarial Accrued Liability:** The Unfunded Actuarial Accrued Liability is amortized as level percentage of payroll each year to the statutory amortization date assuming payroll increases of 5.00% per annum.

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

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**Supplemental Contributions:**

The St. Paul School District and the State of Minnesota are scheduled to make the following supplemental contributions to the plan.

*1996 Legislation:*

Supplemental contributions according to the following schedule:

<u>Year</u>	<u>State</u>	<u>School</u>
06/30/03+	\$1,050,000	\$800,000

*1997 Legislation:*

Annual supplemental contributions of \$2,953,000 made on October 1.

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**Changes in Actuarial Assumptions and Cost Methods:**

There have been no changes made to the actuarial assumptions and cost methods since the prior valuation.

# Investment Section

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**St. Paul Teachers' Retirement Fund Association**  
**Investment Returns**  
**For the Period Ended June 30, 2006**

	<b>Assets Under Management (Market Value)</b>	<b>Investment Performance</b>
<b>Domestic Equity</b>	<b>\$ 442,888,515</b>	<b>11.39%</b>
Alliance Capital	32,689,780	8.34
Barclays Global Investors—S & P 500 Index	125,676,446	8.68
Barclays Global Investors—Russell 2000 Index	9,353,081	14.61
Barclays Global Investors—Extended Market Index	53,894,599	14.50
Barrow, Hanley, Mewhinney & Strauss, Inc.	65,824,372	7.68
The Boston Company Asset Management	38,143,102	9.50
Dimensional Fund Advisors, Inc.	34,930,699	20.03
Fifth Third Asset Management	36,934,537	12.64
Wellington Management Company, LLP	45,441,899	16.97
<b>International Equity</b>	<b>\$ 282,626,281</b>	<b>24.70%</b>
Capital International, Inc.—Emerging Market (Net	56,830,863	37.87
JPMorgan Asset Management—EAFE	116,333,653	25.49
Morgan Stanley Asset Management	109,461,764	18.12
<b>Fixed Income</b>	<b>\$ 168,971,183</b>	<b>(0.96%)</b>
Barclays Global Investors—Government/Corp Index	80,936,500	(1.46)
Voyageur Asset Management	88,034,682	(0.50)
<b>Real Estate</b>	<b>\$ 89,801,643</b>	<b>16.35%</b>
Advantus	17,060,398	19.55
UBS Realty Advisors LLC—RESA	72,741,245	15.63
<b>Alternative</b>	<b>\$ 6,520,043</b>	<b>26.32%</b>
Clifton Group *	1,499,486	12.30
RWI Ventures I (formerly RWI Group)	3,386,297	43.59
Turin Network †	1,634,260	-
<b>Cash</b>	<b>\$ 13,280,370</b>	<b>3.82%</b>
In-House Cash & Cash Equivalents	63,441	4.16
Cash – U.S. Bank	13,216,929	3.81
<b>Total Fund</b>	<b>\$ 1,004,088,033</b>	<b>12.96%</b>

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

\* Management for less than one year.

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

**St. Paul Teachers' Retirement Fund Association**  
**Holdings by Asset Class, Security Type and Issuer**  
as of June 30, 2006

<u>Asset Class / Security Type / Issuer</u>	<u>Quantity Shares or Units</u>	<u>Cost</u>	<u>Market Value</u>	<u>Mkt + Accrued</u>
<b>Alternatives</b>				
RWI Group - Ventures I Capital LP	-	\$ 2,381,586	\$ 3,115,478	\$ 3,115,478
RWI Group - Ventures II Capital LP	-	950,908	950,908	950,908
Turin Networks - Series F Pref Restricted	2,208,459	1,634,260	1,634,260	1,634,260
<b>Subtotal - Alternatives - Venture Priv Equity</b>	<b>2,208,459</b>	<b>\$ 4,966,754</b>	<b>\$ 5,700,646</b>	<b>\$ 5,700,646</b>
<b>Cash or Equivalents</b>				
Imprest Cash	-	\$ 500	\$ 500	\$ 500
U.S. Bank Interest Bearing Checking Acct	-	13,178,650	13,178,650	13,178,650
Custodian Short Term Investment Pool	8,044,258	8,044,258	8,044,258	8,067,937
<b>Subtotal - Cash or Equivalents</b>	<b>8,044,258</b>	<b>\$ 21,223,408</b>	<b>\$ 21,223,408</b>	<b>\$ 21,247,087</b>
<b>Domestic Equity Securities</b>				
Abercrombie & Fitch Co	19,100	1,076,075	1,058,713	1,058,713
Ace Aviation Holdings Inc	6,800	203,176	189,791	189,791
Adtran Inc	7,500	192,484	168,225	168,225
Advanced Micro Devices Inc	32,700	1,143,623	798,534	798,534
Affiliated Managers Group Inc	10,600	1,039,432	921,034	921,034
Airtran Holdings Inc	31,600	399,504	469,576	469,576
Akamai Technologies Inc	6,000	171,831	217,140	217,140
Alberto-Culver Co	11,500	541,743	560,280	560,280
Alcon Inc	9,235	704,763	910,109	910,109
Alliance Data Systems Corp	27,000	1,063,251	1,588,140	1,588,140
Allstate Corp	35,900	1,289,984	1,964,807	1,977,372
Altria Group Inc	29,800	1,080,369	2,188,214	2,212,054
Amedisys Inc	16,200	676,695	613,980	613,980
America Movil	10,900	356,206	362,534	362,534
American Electric Power Co Inc	22,000	869,688	753,500	753,500
American International Group Inc	33,670	2,072,908	1,988,214	1,988,214
American Power Conversion Corp	43,300	734,872	843,917	843,917
Americredit Corp	15,600	391,164	435,552	435,552
Amgen Inc	1,760	103,718	114,805	114,805
Amis Holdings Inc	40,400	403,146	404,000	404,000
Amphenol Corp	17,500	811,334	979,300	979,801
Anadarko Pete Corp	15,400	674,297	734,426	734,426
Anixter International Inc	10,700	544,288	507,822	507,822
Apogee Enterprises Inc	32,200	447,641	473,340	473,340
Apple Computer Inc	25,870	1,193,881	1,477,694	1,477,694
Applera Corp Applied Biosystems Group	-	-	-	638
Applied Micro Circuits Corp	120,100	367,308	327,873	327,873
Archer Daniels Midland Co	14,000	570,610	577,920	577,920
Associated Banc Corp	16,000	454,813	504,480	504,480
Autodesk Inc	20,000	773,148	689,200	689,200
Avid Technology Inc	16,900	767,042	563,277	563,277
Baker Hughes Inc	3,000	220,537	245,550	245,550
Bank Amer Corp	35,228	1,319,893	1,694,467	1,694,467

**St. Paul Teachers' Retirement Fund Association**  
**Holdings by Asset Class, Security Type and Issuer**  
as of June 30, 2006

<u>Asset Class / Security Type / Issuer</u>	<u>Quantity</u> <u>Shares or Units</u>	<u>Cost</u>	<u>Market Value</u>	<u>Mkt + Accrued</u>
Baxter International Inc	40,000	1,072,050	1,470,400	1,470,400
Becton Dickinson and Company	9,000	569,379	550,170	550,170
Benchmark Electronics Inc	17,200	397,952	414,864	414,864
Berkley W R Corp	30,300	992,181	1,034,139	1,034,139
Best Buy Inc	13,000	658,997	712,920	713,960
Biomet Inc	15,600	584,168	488,124	488,124
Biovail Corp	34,200	727,377	800,622	800,622
Boeing Company	23,900	1,819,686	1,957,649	1,957,649
Borg Warner Inc	10,000	643,420	651,000	651,000
Boston Beer Inc	6,000	163,769	175,740	175,740
BP Plc - Sponsored ADR	27,000	1,348,344	1,879,470	1,879,470
Bristol Myers Squibb Co	37,200	1,402,230	961,992	961,992
Broadcom Corp	30,855	752,411	927,193	927,193
Brookfield Property Corp	18,600	453,974	598,362	598,362
Build-A-Bear Workshop Inc	11,600	344,602	249,516	249,516
Burlington Northern Santa Fe Corp	16,100	379,548	1,275,925	1,279,145
C D W Corp	6,700	405,747	366,155	366,155
Calgon Carbon Corp	35,000	255,347	213,150	213,150
Capital One Financial Corp	16,600	1,365,919	1,418,470	1,418,470
Career Education Corp	18,300	642,835	546,987	546,987
Caremark Rx Inc	15,800	782,241	787,946	789,526
Carnival Corp	32,200	898,831	1,344,028	1,344,028
Celgene Corp	8,800	127,231	417,384	417,384
Century Aluminum Co	9,600	352,205	342,624	342,624
Cephalon Inc	19,500	932,734	1,171,950	1,171,950
Ceridian Corp	9,300	224,260	227,292	227,292
Cerner Corp	10,000	373,787	371,100	371,100
Chemed Corp	12,000	648,292	654,360	654,360
Chesapeake Energy Corp	30,400	460,492	919,600	921,424
Chevron Corporation	10,900	365,674	676,454	676,454
China Techfaith Wirelesscomm Tech Ltd	20,300	289,679	299,831	299,831
Circuit City Stores Inc	6,700	192,399	182,374	182,491
Cisco Systems Inc	22,000	438,900	429,660	429,660
Citigroup Inc	43,300	1,965,405	2,088,792	2,088,792
CMS Energy Corp	16,100	201,817	208,334	208,334
CNX Gas Corp	10,100	299,267	303,000	303,000
Coach Inc	7,300	192,501	218,270	218,270
Cogent Communications Group Inc	77,300	731,691	724,301	724,301
Cognizant Technology Solutions Corp	7,800	345,386	525,486	525,486
Cognos Inc	9,400	321,954	267,430	267,430
Coldwater Creek Inc	22,350	503,430	598,086	598,086
Complete Production Services Inc	16,670	408,429	394,079	394,079
Conagra Foods Inc	29,300	699,215	647,823	647,823
Conexant Systems Inc	50,200	124,139	125,500	125,500
Conoco Phillips Com	41,200	1,252,454	2,699,836	2,699,836
Constellation Energy Group Inc	3,500	188,794	190,820	190,820

**St. Paul Teachers' Retirement Fund Association**  
**Holdings by Asset Class, Security Type and Issuer**  
as of June 30, 2006

<u>Asset Class / Security Type / Issuer</u>	<u>Quantity Shares or Units</u>	<u>Cost</u>	<u>Market Value</u>	<u>Mkt + Accrued</u>
Cooper Companies Inc	14,800	771,780	655,492	655,924
Corning Inc	39,720	609,919	960,827	960,827
Cosi Inc	60,400	493,483	376,292	376,292
Cousins Properties Inc	4,000	116,775	123,720	123,720
Covance Inc	11,000	631,944	673,420	673,420
Coventry Health Care Inc	16,550	567,520	909,257	909,257
CSX Corp	2,500	182,096	176,100	176,100
Cypress Semiconductor Corp	24,800	339,388	360,592	360,592
D R Horton Inc	33,666	684,316	801,924	801,924
Deere & Company	8,000	595,627	667,920	671,040
Del Monte Foods Co	34,400	370,470	386,312	386,312
Dentsply International Inc	10,500	640,397	636,300	637,035
Diageo Plc - Sponsored ADR	11,900	674,447	803,845	803,845
Diamond Foods Inc	5,900	91,480	94,813	94,813
Diane Shipping Inc	24,700	234,767	265,525	265,525
Digitas Inc	41,700	549,602	484,554	484,554
Disney (Walt) Company .	15,000	454,500	450,000	450,000
Dollar General Corp	63,800	952,642	891,924	891,924
Dollar Tree Stores Inc	4,300	106,802	113,950	113,950
Dominion Resources Inc	13,600	1,010,749	1,017,144	1,017,144
DRS Technologies Inc	14,700	789,707	716,625	716,625
DST Systems Inc	12,000	608,860	714,000	714,000
Duke Energy Holdings Corp	41,600	809,257	1,221,792	1,221,792
E Trade Financial Corp	59,600	730,949	1,360,072	1,360,072
Eagle Bulk Shipping	14,500	195,295	206,625	206,625
Ebay Inc	14,700	534,054	430,563	430,563
Ecolab Inc	17,000	617,257	689,860	691,560
El du Pont De Nemours & Co	15,800	648,590	657,280	657,280
Embraer-Empresa Brasileira De aeronautica	16,700	627,729	609,049	611,742
Emdeon Corp	23,200	195,466	287,912	287,912
Emerson Electric Company	18,000	1,144,399	1,508,580	1,508,580
Endurance Speciality Holdings Ltd	14,400	467,718	460,800	460,800
Entergy Corp	24,800	928,710	1,754,600	1,754,600
Exelon Corp	9,500	303,520	539,885	539,885
Fastenal Co	11,100	316,475	447,219	447,219
Fidelity Bankshares Inc	9,600	308,832	305,472	306,168
Fidelity National Financial	9,900	413,683	385,605	385,605
Fidelity National Title Group	24,000	565,567	472,080	472,080
First Indl Realty Trust Inc	5,300	211,885	201,082	204,792
First Marblehead Corp	2,100	116,200	119,574	119,574
Fiserv Inc	15,000	585,607	680,400	680,400
Fisher Scientific International Inc	6,100	266,110	445,605	445,605
Fleetwood Enterprises Inc	26,900	265,269	202,826	202,826
FLIR Systems Inc	25,200	647,146	555,912	555,912
Forest City Enterprises Inc	3,800	112,887	189,658	189,658
Foundry Networks Inc	25,000	382,461	266,500	266,500



**St. Paul Teachers' Retirement Fund Association**  
**Holdings by Asset Class, Security Type and Issuer**  
as of June 30, 2006

<u>Asset Class / Security Type / Issuer</u>	<u>Quantity Shares or Units</u>	<u>Cost</u>	<u>Market Value</u>	<u>Mkt + Accrued</u>
Franklin Resources Inc	8,480	623,403	736,149	737,166
Gannett Co Inc	22,500	1,724,104	1,258,425	1,264,950
Gardner Denver Inc	17,600	412,491	677,600	677,600
Garmin Ltd	500	42,314	52,720	52,720
GATX Corp	21,600	913,839	918,000	918,000
Genentech Inc	15,910	1,100,798	1,301,438	1,301,438
Gentiva Health Services Inc	36,100	603,406	578,683	578,683
Gevity HR Inc	17,100	461,338	454,005	454,005
Gilead Sciences Inc	11,080	406,904	655,493	655,493
Glaxo Smithkline Plc - ADR	8,200	475,602	457,560	457,560
Global SantaFe Corp	8,700	464,844	502,425	504,383
Goldman Sachs Group Inc	3,960	429,992	595,703	595,703
Goodman Global Inc	9,960	197,487	151,193	151,193
Goodrich Pete Corp	34,700	924,908	985,133	985,133
Google Inc	3,940	1,031,987	1,652,160	1,652,160
Graco Inc	16,800	588,652	772,464	772,464
Halliburton Company	27,600	1,552,136	2,048,196	2,048,196
Hartford Financial Services Group	14,500	917,288	1,226,700	1,232,500
Health Net Inc	23,500	907,216	1,061,495	1,061,495
Hilton Hotels Corporation	22,100	535,981	624,988	624,988
Honeywell International Inc	33,200	1,141,997	1,337,960	1,337,960
Hormel Foods Corp	18,000	609,927	668,520	668,520
Hudson Highland Group Inc	18,600	324,273	200,694	200,694
Illinois Tool Works Inc	56,200	2,410,895	2,669,500	2,678,773
Imperial Tob Group Plc Sponsored ADR	37,900	991,110	2,339,946	2,339,946
Interface Inc	45,500	409,165	520,975	520,975
Intuit Inc	14,500	702,330	875,655	875,655
Investment Technology Group	8,800	432,356	447,568	447,568
ITT Educational Services Inc	7,100	303,506	467,251	467,251
J P Morgan Chase & Co	16,300	650,021	684,600	684,600
Jack In The Box Inc	8,100	310,747	317,520	317,520
Johnson & Johnson	9,000	553,070	539,280	539,280
Johnson Controls Inc	9,000	631,935	739,980	739,980
JoS.A. Bank Clothiers Inc	21,700	804,769	519,932	519,932
Joy Global Inc	6,500	125,655	338,585	338,585
Juniper Networks Inc	24,800	621,088	396,552	396,552
Kanbay International Inc	18,200	252,994	264,628	264,628
Kansas City Southern Inc	17,700	424,699	490,290	490,290
Kellogg Company	16,500	757,179	799,095	799,095
Kinetic Concepts Inc	16,000	696,748	706,400	706,400
Knoll Inc	13,800	258,615	253,368	253,368
Lam Resh Corp	13,200	388,823	615,384	615,384
Las Vegas Sands Corp	4,300	223,779	334,798	334,798
Legg Mason Inc	8,800	1,006,478	875,776	877,306
LifePoint Hospitals Inc	5,600	194,197	179,928	179,928
Limited Brands Inc	20,000	547,078	511,800	511,800

**St. Paul Teachers' Retirement Fund Association**  
**Holdings by Asset Class, Security Type and Issuer**  
as of June 30, 2006

<u>Asset Class / Security Type / Issuer</u>	<u>Quantity Shares or Units</u>	<u>Cost</u>	<u>Market Value</u>	<u>Mkt + Accrued</u>
Lincoln National Corp	9,200	543,125	519,248	519,248
Lowes Companies Inc	10,580	505,427	641,889	641,889
Manpower Inc	11,000	692,374	710,600	710,600
Marriott International Inc	5,400	169,176	205,848	206,186
Marshall & Ilsley Corp	12,000	551,263	548,880	548,880
Martin Marietta Materials Inc	4,600	398,618	419,290	419,290
Marvel Entertainment Inc	55,900	1,023,014	1,118,000	1,118,000
Mattel Inc	68,400	1,220,057	1,129,284	1,129,284
Mc Donalds Corporation	35,500	1,173,533	1,192,800	1,192,800
Medco Health Solutions Inc	3,900	215,338	223,392	223,392
Medtronic Inc	9,000	382,750	422,280	422,280
MEMC Electronic Materials Inc	6,400	217,002	240,000	240,000
Meredith Corporation	7,900	433,028	391,366	391,366
Merrill Lynch & Co	7,650	468,182	532,134	532,134
Metrologic Instruments Inc	10,100	207,654	151,601	151,601
MGIC Investment Corp	12,700	847,553	825,500	825,500
Michaels Stores Inc	17,800	446,032	734,072	734,072
Mindspeed Technologies Inc	64,900	214,123	156,409	156,409
Mobility Electronics Inc	47,700	514,772	346,302	346,302
Monsanto Co	6,500	542,142	547,235	547,235
Monster Worldwide Inc	7,800	302,225	332,748	332,748
Motorola Inc	18,000	309,244	362,700	363,600
MSC Software Corpcom	46,700	827,062	835,930	835,930
Nabors Industries Ltd	24,200	601,122	817,718	817,718
NASDAQ Stock Market Inc	24,900	884,573	744,510	744,510
National Instrument Corp	5,400	151,227	147,960	147,960
Navistar International Corp	3,200	120,286	78,752	78,752
Network Appliance Inc	17,000	519,649	600,100	600,100
Neustar Inc	15,500	504,364	523,125	523,125
New York & Co Inc	30,900	575,252	301,893	301,893
Noble Corp	7,500	366,628	558,150	558,150
Noble Energy Inc	27,700	1,150,503	1,298,022	1,298,022
Nokia Corp - Sponsored ADR	124,500	1,966,176	2,522,370	2,522,370
Northern Trust Corp	18,500	723,594	1,023,050	1,027,489
NorthStar Realty Financial Corp	3,200	34,957	38,432	38,432
NTELOS Holdings Corp	65,300	805,576	943,585	943,585
Nuveen Investments Inc	43,500	1,780,210	1,872,675	1,872,675
NVIDIA Corp	5,500	158,707	117,095	117,095
NYSE Group Inc	3,100	203,899	212,288	212,288
O Reilly Automotive Inc	23,600	540,040	736,084	736,084
Occidental Petroleum Corporation	22,000	470,659	2,256,100	2,265,496
Odyssey Healthcare Inc	6,500	83,586	114,205	114,205
Officemax Inc	5,200	211,522	211,900	212,680
Omnicare Inc	27,500	1,225,592	1,304,050	1,304,050
Option Care Inc	15,000	210,684	179,700	179,700
Optionsxpress Holdings Inc	13,100	346,432	305,361	305,361

**St. Paul Teachers' Retirement Fund Association**  
**Holdings by Asset Class, Security Type and Issuer**  
as of June 30, 2006

<u>Asset Class / Security Type / Issuer</u>	<u>Quantity Shares or Units</u>	<u>Cost</u>	<u>Market Value</u>	<u>Mkt + Accrued</u>
Oracle Corporation	40,000	584,306	579,600	579,600
Oshkosh Truck Corp	22,700	851,561	1,078,704	1,078,704
Owens Illinois Inc	23,200	483,015	388,832	388,832
Partner Re Holdings Ltd	4,700	288,807	301,035	301,035
Patterson Companies Inc	12,700	441,338	443,611	443,611
Patterson-UTI Energy Inc	48,400	1,570,048	1,370,204	1,370,204
Peabody Energy Corp	7,500	220,033	418,125	418,125
Penn National Gaming Inc	45,000	1,391,969	1,745,100	1,745,100
Pentair Inc	5,900	194,363	201,721	201,721
Peoples Energy Corp	5,000	201,586	179,550	183,420
Pepsico Inc	9,000	535,602	540,360	540,360
Pfizer Inc	87,300	2,463,468	2,048,931	2,048,931
Photon Dynamics Inc	20,800	438,133	260,416	260,416
Plains Exploration & Production Co	9,100	292,136	368,914	368,914
Platinum Underwriters Holdings Ltd	32,400	968,216	906,552	906,552
Polycom Inc	31,900	599,213	699,248	699,248
Powerwave Technologies Inc	18,000	209,785	164,160	164,160
Precision Castparts Corp	16,200	477,064	968,112	968,562
Priceline.com Inc	12,900	404,441	385,194	385,194
Pride International Inc	30,300	806,213	946,269	946,269
Procter & Gamble Co	36,300	2,004,066	2,018,280	2,018,280
Prudential Financial Inc	6,300	411,882	489,510	489,510
Pulte Homes Inc	4,000	112,107	115,160	115,160
QLogic Corp	38,500	674,261	663,740	663,740
Qualcomm Inc	25,490	963,764	1,021,384	1,021,384
Quidel Corp	63,600	506,371	604,200	604,200
Range Resources Corp	14,700	425,728	399,693	399,693
Rare Hospitality International Inc	21,900	677,149	629,844	629,844
Regal Beloit Corp	12,200	422,085	538,630	540,338
Regeneration Technologies Inc	32,600	296,967	208,640	208,640
Reliance Steel & Aluminum Co	300	23,098	24,885	24,885
RenaissanceRe Holdings Ltd	1,600	69,482	77,536	77,536
Rent-A-Center Inc	20,400	517,778	507,144	507,144
Republic Property Trust	4,600	55,129	45,448	45,448
Resources Connection Inc	18,200	422,533	455,364	455,364
Reynolds & Reynolds Company	6,800	203,780	208,556	208,556
Reynolds American Inc	5,500	574,215	634,150	641,025
Rockwell Automation Inc	10,500	596,920	756,105	756,105
Rockwell Collins Inc	4,400	246,588	245,828	245,828
Royal Caribbean Cruises Ltd	5,000	210,200	191,250	191,250
Sapient Corp	55,300	395,920	293,090	293,090
Savient Pharmaceuticals Inc	27,200	105,127	142,800	142,800
Schering-Plough Corp	35,000	995,530	666,050	666,050
Schlumberger Limited Com	1,300	79,408	84,643	84,806
Scientific Games Corp	11,100	416,883	395,382	395,382
Sector SPDR Trust Fund - Materials	12,500	431,125	401,250	403,832

**St. Paul Teachers' Retirement Fund Association**  
**Holdings by Asset Class, Security Type and Issuer**  
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<u>Asset Class / Security Type / Issuer</u>	<u>Quantity Shares or Units</u>	<u>Cost</u>	<u>Market Value</u>	<u>Mkt + Accrued</u>
Shaw Group Inc	13,700	408,786	380,860	380,860
Shuffle Master Inc	9,700	252,913	317,966	317,966
SLM Corp	38,200	1,209,071	2,021,544	2,021,544
Southwestern Energy Co	12,300	435,206	383,268	383,268
Stanley Works	39,300	1,212,181	1,855,746	1,855,746
Starwood Hotels & Resortsworldwide Inc	13,700	677,583	826,658	826,658
State Street Corp	10,700	629,040	621,563	623,703
Steelcase Inc	22,700	393,474	373,415	373,415
Steiner Leisure Ltd	12,900	516,656	509,937	509,937
Stericycle Inc	10,000	654,382	651,000	651,000
Stride Rite Corp	12,300	154,298	162,237	162,237
Sunstone Hotel Investors Inc	8,300	207,949	241,198	243,688
Syniverse Holdings Inc	8,500	146,066	124,950	124,950
Take-Two Interactive Software Inc	49,600	669,429	528,736	528,736
Target Corp	23,000	977,190	1,124,010	1,124,010
Tekelec Com	16,200	190,633	200,070	200,070
Tellabs Inc	32,500	292,539	432,575	432,575
Tempur-Pedic International Inc	25,300	376,985	341,803	341,803
Teradyne Inc	39,800	626,873	554,414	554,414
Terex Corp	9,200	750,596	908,040	908,040
Tetra Tech Inc	25,200	391,384	447,048	447,048
Teva Pharmaceutical Industries - ADR	26,620	827,007	840,926	840,926
Texas Instruments	13,700	491,145	414,973	414,973
Textron Incorporated	2,200	209,110	202,796	203,649
Thermo Electron Corp	5,600	205,478	202,944	202,944
U S Airways Group Inc	9,900	196,462	500,346	500,346
U S Bancorp	16,900	530,474	521,872	527,449
UBS AG	6,200	613,709	680,140	680,140
UIL Holdings Corp	5,000	264,923	281,450	285,050
United Fire & Casualty Co	6,300	193,602	189,819	189,819
United Health Group Inc	35,060	1,330,925	1,569,987	1,569,987
United Technologies Corp	2,500	161,270	158,550	158,550
Universal Health Services Inc	13,800	675,975	693,588	693,588
Unumprovident Corp	10,500	211,698	190,365	190,365
USI Holdings Corp	26,900	391,313	360,729	360,729
UST Inc	29,200	733,602	1,319,548	1,319,548
Varian Inc	7,900	298,221	327,929	327,929
Varian Semiconductor Equip Assoc Inc	47,750	1,308,937	1,557,128	1,557,128
Verizon Communications Inc	49,600	1,792,867	1,661,104	1,661,104
Wabash National Corp	37,800	770,037	580,608	582,309
Wal Mart Stores Inc	30,600	1,390,574	1,474,002	1,474,002
Walgreen Company	4,700	214,064	210,748	210,748
Washington Mutual Inc	35,000	1,119,515	1,595,300	1,595,300
Waters Corp	14,100	594,700	626,040	626,040
Weatherford International Ltd	15,000	447,726	744,300	744,300
Wellpoint Inc	62,700	2,870,072	4,562,679	4,562,679

**St. Paul Teachers' Retirement Fund Association**  
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<u>Asset Class / Security Type / Issuer</u>	<u>Quantity</u> <u>Shares or Units</u>	<u>Cost</u>	<u>Market Value</u>	<u>Mkt + Accrued</u>
Wells Fargo & Co	29,300	1,648,837	1,965,444	1,965,444
Whitney Holding Corporation	17,700	613,426	626,049	631,827
Whole Foods Market Inc	3,500	182,620	226,240	226,240
Wisconsin Energy Corp	13,500	539,045	544,050	544,050
Wyeth	21,300	872,307	945,933	945,933
XL Capital Ltd	19,000	1,429,429	1,164,700	1,164,700
Yahoo Inc	31,900	864,827	1,052,700	1,052,700
Zions Bancorp Com	4,700	382,441	366,318	366,318
Zumiez Inc	6,200	140,552	232,934	232,934
<b>Subtotal - Domestic Equity Securities</b>	<b>6,459,954</b>	<b>\$ 190,709,469</b>	<b>\$ 216,828,731</b>	<b>\$ 216,966,883</b>
<b>Domestic Equity Commingled Accounts</b>				
BGI - Equity Index Fund	356,290	65,091,611	125,676,468	125,676,468
BGI - Extended Equity Market Fd	292,731	28,076,598	53,894,599	53,894,599
BGI - Russell 2000 Equity Index Fund	458,620	5,729,223	9,353,081	9,353,081
Dimensional Fund Advisors	31,866	10,632,271	34,930,699	34,930,699
<b>Subtotal - Domestic Equity Commingled</b>	<b>1,139,507</b>	<b>\$ 109,529,703</b>	<b>\$ 223,854,847</b>	<b>\$ 223,854,847</b>
<b>Fixed Income Securities</b>				
Ace Ltd	215,000	214,966	215,204	218,429
Air Products & Chemicals Inc	723,000	742,629	727,902	730,039
Alameda County California	460,000	380,461	379,675	379,675
American General Financial Services Corp	206,000	195,566	194,890	199,521
American General Financial Services Corp	235,000	234,514	232,967	233,693
Ametek Inc	250,000	261,959	254,315	262,615
Arch Capital Group Ltd	299,000	315,687	297,936	301,598
Atlantic Richfield Corp	422,000	516,739	480,557	489,524
Banc Amer	1,035,000	762,880	735,839	738,480
Banc Amer	540,000	490,763	490,763	492,525
Bank of America Funding Corp	240,000	226,093	228,239	229,058
Bear Stearns	1,640,000	837,637	826,570	830,102
Bear Stearns	399,000	399,247	399,249	403,048
Bensenville Illinois	650,000	650,000	647,498	650,604
Brandywine Operating Partnership Ltd	236,000	236,288	231,086	231,676
Bunge Ltd Fin Corp	340,000	345,189	327,991	328,652
Central Hudson Gas & Electric Corp	291,000	297,437	290,750	299,291
Citigroup Mortgage Loan Trust	220,000	192,621	190,957	191,726
Countrywide Cr Inds Inc	289,000	288,217	283,260	285,518
CPG Partners Limited Partnership	239,000	225,915	225,903	228,366
Credit Suisse First Boston	395,000	283,637	286,270	287,489
Cwabs Inc	470,000	97,207	97,652	97,881
Cwalt Inc	1,835,000	1,202,533	1,148,056	1,153,015
Cwalt Inc	750,000	695,136	684,431	687,609
Cwalt Inc	1,013,000	1,012,965	963,533	967,726
Cwalt Inc	580,000	566,124	560,589	563,300
Cwheq Inc	300,000	299,992	293,722	295,121

**St. Paul Teachers' Retirement Fund Association**  
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<u>Asset Class / Security Type / Issuer</u>	<u>Quantity Shares or Units</u>	<u>Cost</u>	<u>Market Value</u>	<u>Mkt + Accrued</u>
Cwmbs Inc	1,140,000	458,179	451,617	453,434
Daimlerchrysler North America	361,000	359,567	357,538	360,075
Detroit Michigan	360,000	360,479	359,914	360,591
Diageo Fin Bvgt	331,000	330,563	322,169	326,771
DLJ Commerical Mortgage Corp	775,000	120,991	107,453	108,090
ERP Operating Ltd Partnership	257,000	281,659	265,995	271,008
Evangelical Lutheran Goodsamaritan Soc	291,000	291,000	290,930	292,699
Fanniema Grantor Trust	565,000	550,698	531,886	534,000
Fed Natl Mortgage Assn Pool # 254764	2,205,000	1,150,143	1,098,457	1,103,629
Fed Natl Mortgage Assn Pool # 256219	860,000	814,993	826,075	829,961
Fed Natl Mortgage Assn Pool # 387285	690,000	674,121	643,291	645,778
Fed Natl Mortgage Assn Pool # 501210	896,160	70,848	74,914	75,315
Fed Natl Mortgage Assn Pool # 575832	500,000	26,734	27,110	27,256
Fed Natl Mortgage Assn Pool # 576329	400,000	7,898	6,748	6,790
Fed Natl Mortgage Assn Pool # 580982	3,500,000	233,917	236,241	237,509
Fed Natl Mortgage Assn Pool # 608780	4,185,000	548,184	541,876	544,576
Fed Natl Mortgage Assn Pool # 620407	1,911,688	278,545	269,146	270,773
Fed Natl Mortgage Assn Pool # 625030	2,650,899	433,218	430,642	432,953
Fed Natl Mortgage Assn Pool # 641093	1,771,652	492,474	486,146	488,412
Fed Natl Mortgage Assn Pool # 658481	1,015,000	847,808	822,374	825,395
Fed Natl Mortgage Assn Pool # 708870	551,221	362,414	341,056	342,406
Fed Natl Mortgage Assn Pool # 724254	1,780,000	892,208	859,476	862,348
Fed Natl Mortgage Assn Pool # 725187	1,155,000	557,981	532,415	534,530
Fed Natl Mortgage Assn Pool # 735023	570,000	395,552	385,740	387,244
Fed Natl Mortgage Assn Pool # 760657	1,795,000	1,774,845	1,679,675	1,686,695
Fed Natl Mortgage Assn Pool # 760762	975,000	1,008,097	931,632	935,605
Fed Natl Mortgage Assn Pool # 800165	480,000	365,611	349,240	350,758
Fed Natl Mortgage Assn Pool # 810896	920,000	631,235	609,144	611,662
Fed Natl Mortgage Assn Pool # 841068	1,505,000	1,228,550	1,236,724	1,241,078
Fed Home Loan Mortg Corp	800,000	802,781	786,133	789,729
Federal Home Loan Mortg Corp	955,000	936,052	945,111	949,488
Fed Home Loan Mtge Corp Grp # 1B2721	950,000	763,900	737,600	740,380
Fed Home Loan Mtge Corp Grp # C01050	3,070,001	40,565	42,397	42,653
Fed Home Loan Mtge Corp Grp # C01197	2,715,000	138,063	141,480	142,238
Fed Home Loan Mtge Corp Grp # C41471	3,000,000	32,750	34,411	34,619
Fed Home Loan Mtge Corp Grp # C50907	1,300,000	34,930	35,385	35,598
Fed Home Loan Mtge Corp Grp # G00541	2,192,682	71,435	71,824	72,233
Fed Home Loan Mtge Corp Grp # G00853	2,387,999	90,530	91,133	91,650
Fed Home Loan Mtge Corp Grp # G12045	341,000	337,701	335,064	336,858
Fed Natl Mortgage Association	570,000	529,388	490,902	492,802
Fed Nat Mortgage Association Gtd	1,312,000	1,410,913	1,322,654	1,328,955
Fed Natl Mortgage Association Gtd	870,000	960,263	894,890	899,617
Fed Natl Mortgage Association Gtd	1,100,000	768,872	748,341	750,849
Fed Natl Mortgage Association Gtd	460,000	464,708	428,252	430,326
Fed Natl Mortgage Association Gtd	890,000	878,875	872,922	876,015
Federal Natl Mtg Assn Gtd	930,000	336,777	337,435	337,742

**St. Paul Teachers' Retirement Fund Association**  
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Federal Realty Investment Trust	252,000	282,613	273,629	275,467
FISERV Inc	176,000	175,406	169,998	171,485
Frost National Bank	217,000	240,011	226,935	233,151
General Elec Cap Corp	431,000	440,891	435,952	437,102
Gov Natl Mortg Assn Gtd	645,000	648,729	612,535	615,118
Govt National Mortgage Assn Gtd	545,000	547,065	510,816	513,153
Govt National Mortgage Assn Gtd	545,000	553,345	521,641	523,566
Govt National Mortgage Assn Gtd	475,000	495,781	470,320	472,362
Govt National Mortgage Assn Remic	805,000	821,100	768,837	772,144
Govt National Mtge Assn Pool # 485453	1,299,131	64,602	65,931	66,283
Govt National Mtge Assn Pool # 491145	2,483,000	176,861	178,399	179,351
Govt National Mtge Assn Pool # 557300	700,939	45,222	46,157	46,403
Govt National Mtge Assn Pool # 781176	3,338,512	196,930	198,475	199,596
Govt National Mtge Assn Pool # 781231	887,739	55,332	55,735	56,050
GS Mortgage Securities Corp	900,000	829,163	821,426	824,640
Harrahs Operating Company Inc	186,000	187,628	187,667	188,771
Health Management Associates Inc	459,000	458,091	438,978	444,445
Healthcare Realty Trust Inc	193,000	212,779	207,301	209,915
Homebanc Mortgage Trust	705,000	704,670	696,264	696,959
Hospira Inc	303,000	306,766	295,831	296,498
Hudson County New Jersey	280,000	272,706	256,164	262,942
Iindex Corp	262,000	277,086	263,782	270,586
Illinois Student Assistance Commission	500,000	500,000	500,000	501,989
Indiana Bd Bk	225,000	225,000	213,089	218,546
Indymac MBS Inc	917,000	632,017	611,891	614,681
ING Capital Funding Trust	505,000	575,120	552,576	552,694
International Lease Finance Corp	235,000	234,697	233,273	233,948
J P Morgan Chase & Co	331,000	374,109	342,717	349,174
J P Morgan Mortgage Trust	440,000	318,632	304,792	306,056
J P Morgan Mortgage Trust	509,000	378,161	371,703	373,328
Laboratory Corporation of America	262,000	252,216	249,473	255,477
LB-UBS Commercial Mortgage Trust	435,000	437,149	395,143	396,199
Lennar Corp	248,000	247,757	247,665	248,173
Los Angeles California Comm Redev Agency	415,000	414,793	381,070	389,231
McDonnell Douglas Corp	348,000	443,836	412,857	421,339
Medical Univ S C Hospital Authority	715,000	715,000	676,319	690,445
Merrill Lynch Mortgage Investors Inc	1,940,000	1,466,056	1,443,889	1,449,353
Merrill Lynch Mortgage Investors Inc	910,000	877,594	877,594	881,294
Merrill Lynch Mortgage Investors Inc	1,085,000	362,760	363,494	363,834
Metlife Inc	467,000	510,233	475,014	477,397
Missouri St Development Finance Board	465,000	465,000	450,576	458,448
National Westminster Bank Plc	485,000	512,412	513,552	522,494
Navigators Group Inc	319,000	317,781	314,499	319,089
NB Capital Trust	511,000	495,832	492,860	498,761
New Jersey Economic Devel Authority	225,000	225,000	219,719	221,661
New York New York	715,000	704,339	700,586	702,969

**St. Paul Teachers' Retirement Fund Association**  
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News America Holdings Inc	235,000	257,819	250,863	253,929
Nomura Asset Acceptance Corp	578,000	237,312	237,655	237,880
North Fork Bancorporation Inc	517,000	526,067	512,140	521,906
Oakland California	880,000	913,836	896,201	898,903
Pemex Fin Ltd	412,000	434,365	415,025	419,541
Prospect Heights Illinois	625,000	531,950	539,844	539,844
Pulte Homes Inc	265,000	308,428	278,128	286,823
RBS Capital Trust	411,000	421,175	383,171	388,898
Realty Income Corp	424,000	449,275	430,296	435,317
Residential Accredit Loans Inc	1,900,000	318,997	310,140	311,703
Residential Funding Mortgage Securities I Inc	1,116,000	816,598	825,900	829,131
Revolving Home Equity Loan Trust	1,400,000	586,476	586,308	587,726
Rialto California Redevelopment Agency	295,000	291,460	272,863	277,387
San Antonio Tex Convention Center	450,000	450,000	417,924	428,507
San Diego California Metro Transit Dev Board	135,000	135,000	125,946	126,426
Selective Insurance Group Inc	322,000	318,405	299,821	303,416
Sequoia Mortgage Trust	785,000	323,676	320,948	321,188
Small Business Admin Gtd Devpartn	328,000	303,074	286,216	288,681
Small Business Admin Gtd Devpartn	737,000	689,649	660,124	668,934
Small Business Admin Gtd Devpartn	355,000	336,522	317,382	325,560
Small Business Admin Gtd Devpartn	800,000	767,223	706,085	709,007
Small Business Admin Gtd Partn	750,000	703,034	662,610	668,044
Small Business Admin Gtd Dev	337,000	324,554	304,776	307,394
Small Business Admin Gtd Devpartn	684,000	671,607	626,904	642,854
Small Business Admin Gtd Partn	685,000	681,655	647,786	650,647
Small Business Admin Pool # 507311	610,000	509,914	512,173	514,377
Small Business Admin Pool # 507363V	785,000	695,078	695,188	698,112
Southtrust Corp	209,000	208,551	205,571	206,110
St Paul Companies Inc	253,000	264,380	256,150	258,474
Staples Inc	393,000	405,835	397,830	408,408
Tanger Properties Ltd Partnership	293,000	315,703	305,690	315,790
Tele-Communications Inc	271,000	348,864	312,626	323,691
Thermo Electron Corp	330,000	329,979	305,540	306,915
Time Warner Companies Inc	124,000	163,529	147,048	151,775
Transamerica Capital Inc	276,000	321,268	293,394	296,083
Trenton New Jersey Parking Authority	125,000	125,000	121,178	123,335
Tucson Arizona	90,000	90,131	85,409	87,344
Tucson Arizona	95,000	95,266	89,999	92,160
US Treasury Bonds	400,000	394,610	394,049	398,438
US Treasury Bonds	1,361,000	1,448,324	1,384,504	1,411,988
US Treasury Bonds	1,615,000	1,606,730	1,607,430	1,618,259
US Treasury Bonds	1,525,000	1,692,319	1,651,880	1,686,256
US Treasury Bonds	1,319,000	1,785,982	1,669,880	1,710,143
US Treasury Bonds	1,647,000	1,931,028	1,816,460	1,855,132
US Treasury Inflation Index	1,343,000	1,424,670	1,415,060	1,427,805
US Treasury Inflation Index	1,343,000	1,367,327	1,382,145	1,395,391



**St. Paul Teachers' Retirement Fund Association**  
**Holdings by Asset Class, Security Type and Issuer**  
as of June 30, 2006

<u>Asset Class / Security Type / Issuer</u>	<u>Quantity Shares or Units</u>	<u>Cost</u>	<u>Market Value</u>	<u>Mkt + Accrued</u>
U S Treasury Inflation Index	1,750,000	1,832,085	1,820,220	1,840,717
U S Treasury Notes	325,000	313,320	312,634	317,976
U S Treasury Notes	344,000	330,690	316,989	322,159
U S Treasury Notes	445,000	440,341	437,960	445,483
U S Treasury Notes	1,750,000	1,677,266	1,664,961	1,694,547
Unitrin Inc	144,000	146,390	143,376	147,516
Unitrin Inc	194,000	194,210	185,402	186,978
Wachovia Capital Trust	442,000	427,815	423,785	428,913
Washington Mutual Mortgage	820,000	339,688	339,311	340,218
Washington Mutual Mortg Securites Corp	1,000,000	1,006,016	989,615	994,198
<b>Subtotal - Fixed Income Securities</b>	<b>138,854,623</b>	<b>89,828,149</b>	<b>87,132,993</b>	<b>87,912,279</b>
<b>Fixed Commingled Accounts</b>				
BGI - Govt/Credit Bond Index Fund	361,714	49,626,036	80,936,500	80,936,500
<b>Subtotal - Fixed Commingled</b>	<b>361,714</b>	<b>49,626,036</b>	<b>80,936,500</b>	<b>80,936,500</b>
<b>International Equity Commingled Accounts</b>				
Capital Intl Emerging Mkts Growth Fund	747,381	45,371,695	56,830,863	56,830,863
J P Morgan Chase EAFE Plus	6,491,833	95,757,615	116,333,653	116,333,653
Morgan Stanley - International Equity Trust	652,179	59,831,520	109,461,764	109,461,764
<b>Subtotal - International Equity Commingled</b>	<b>7,891,394</b>	<b>200,960,830</b>	<b>282,626,281</b>	<b>282,626,281</b>
<b>Real Estate Securities</b>				
Acadia Realty Trust	2,100	45,898	49,665	50,054
Alexandria Real Estate Equities Inc	2,600	192,804	230,568	232,388
AMB Property Corp	4,100	214,686	207,255	207,255
American Campus Communitis Inc	7,600	164,566	188,860	188,860
Annaly Capital Management Inc	0	0	0	247
Archstone-Smith Trust	8,600	336,247	437,482	437,482
AvalonBay Communities Inc	4,100	309,071	453,542	456,740
BioMed Realty Trust Inc	11,573	245,778	346,496	349,852
Boston Properties Inc	4,200	269,610	379,680	382,536
Brandywine Realty Trust	12,300	350,740	395,691	395,691
Camden Property Trust	7,000	338,886	514,850	519,470
CBL and Associates Properties Inc	4,900	200,008	190,757	192,999
Colonial Properties Trust	1,900	88,430	93,860	93,860
Columbia Equity Trust Inc	4,900	73,368	75,264	75,264
Corporate Office Properties Trust	2,100	87,054	88,368	88,900
Developers Diversified Rlty Corp	9,300	393,199	485,274	490,820
DiamondRock Hospitality Co	1,000	10,527	14,810	14,810
Duke Realty Corp	7,800	276,749	274,170	274,170
Equity Lifestyle Ppty's Incomm	2,600	110,841	113,958	114,153
Equity One Inc	2,700	58,633	56,430	56,430
Equity Residential	16,000	582,363	715,680	722,760
Essex Property Trust	900	66,637	100,494	101,250
First Potomac Realty Trust	2,300	50,374	68,517	68,517

**St. Paul Teachers' Retirement Fund Association**  
**Holdings by Asset Class, Security Type and Issuer**  
as of June 30, 2006

<u>Asset Class / Security Type / Issuer</u>	<u>Quantity Shares or Units</u>	<u>Cost</u>	<u>Market Value</u>	<u>Mkt + Accrued</u>
General Growth Properties Inc	12,200	419,691	549,732	549,732
Gramercy Capital Corp	1,900	38,563	49,210	50,230
Hersha Hospitality Trust	0	0	0	162
Home Properties Inc	3,000	124,051	166,530	166,530
Host Hotels & Resorts Inc	22,807	418,103	498,789	502,649
Innkeepers USA Trust	5,000	79,827	86,400	87,150
Kilroy Realty Corp	2,100	140,400	151,725	152,838
Kimco Realty Corp	14,900	416,284	543,701	543,701
Kite Realty Group Trust	16,100	243,770	250,999	250,999
Liberty Property Trust	4,900	205,906	216,580	219,594
Macerich Co	4,100	285,228	287,820	287,820
Mack Cali Realty Corp	3,700	171,881	169,904	169,904
Maguire Properties Inc	6,500	169,347	228,605	231,205
Mid-America Apartment Communities Inc	1,800	94,559	100,350	100,350
Mills Corp	4,400	256,799	117,700	117,700
Newcastle Investment Corp	3,800	111,737	96,216	98,686
Pan Pac Retail Properties Inc	1,500	90,810	104,055	104,055
Parkway Properties Inc	1,000	42,256	45,500	45,500
Prologis Sh Ben Int	21,100	849,125	1,099,732	1,099,732
Public Storage Inc	5,800	373,452	440,220	440,220
Reckson Associates Realty Corp	5,600	235,341	231,728	231,728
Regency Centers Corp	3,200	168,755	198,880	198,880
Simon Property Group Inc	12,100	769,846	1,003,574	1,003,574
SL Green Realty Corp	1,700	145,012	186,099	187,119
Spirit Finance Corp	7,400	89,747	83,324	83,324
Strategic Hotels & Resorts Inc	9,500	154,808	197,030	199,215
Trizec Properties Inc	10,700	224,280	306,448	308,648
United Dominion Realty Trust	12,428	288,186	348,108	348,108
U-Store-It Trust	7,100	143,568	133,906	133,906
Ventas Inc	5,000	129,556	169,400	169,400
Vornado Realty Trust Com	6,200	529,883	604,810	604,810
Weingarten Realty Investors	1,300	51,521	49,764	49,764
<b>Subtotal - Real Estate Securities</b>	<b>339,408</b>	<b>11,928,759</b>	<b>14,198,510</b>	<b>14,251,740</b>
<b>Real Estate Commingled</b>				
UBS Investors - Commingled	61,686,411	61,686,411	72,741,246	72,741,246
<b>Subtotal - Real Estate - Commingled</b>	<b>61,686,411</b>	<b>61,686,411</b>	<b>72,741,246</b>	<b>72,741,246</b>
<b>Total Fund</b>	<b>226,985,728</b>	<b>740,459,520</b>	<b>1,005,243,161</b>	<b>1,006,237,508</b>



# Benefits Section

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## Pre-Retirement Topics

<b>Allowable Service Credit</b>	A full year's service credit equals 170 days worked. Partial years are calculated based on the ratio of days worked to 170 days. No more than one year of service credit is allowable during any fiscal year.
<b>Definition of Salary</b>	Minnesota Statutes Section 354A and the Association Articles and Bylaws define salary. Salary is the entire compensation upon which member contributions are required and made.
<b>Refund of Contributions</b>	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.
<b>Repaying a Refund of Contributions</b>	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.
<b>Purchasing Service</b>	Members may purchase military service during a "window period" scheduled to expire on May 16, 2007. The cost to purchase service is actuarially calculated. As of January 1, 2002, active members are allowed to use tax-sheltered money to purchase service credit in SPTRFA.
<b>Beneficiary</b>	A beneficiary is the person or persons designated to receive a refund of employee contributions plus 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 interest, if applicable, will be paid to the member's estate.
<b>Marriage Dissolution</b>	Minnesota Statutes Section 518 covers marriage dissolutions and requires that SPTRFA receive a copy of the petition and summons, as well as a copy of the affidavit of service before information will be released. In the event that the court orders that future pension benefits be divided, a formula for splitting the benefit should be put into the dissolution decree. All inquiries are kept confidential.

## Retirement Topics

### **Basic and Coordinated Plans**

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

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

### **Steps to Retirement**

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

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

### **Deferred Pension**

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

The benefit is computed by applying the normal retirement formula at the time of termination. It will be augmented by 3% each year until the member is age 55 and augmented by 5% each year thereafter starting from the January 1 after age 55. This augmentation continues until the member chooses to begin receiving his/her monthly benefit. If the member begins to receive a benefit before normal retirement age, applicable discounts will apply.

### **Combined Service**

The Combined Service Law provides for the combination of a member's service in all public funds in Minnesota to determine benefits at the time of retirement, as long as the member has at least six months of retirement credit with each eligible retirement fund.

The total credited years of service in all funds will be considered when determining eligibility for benefits. Benefit payments will be made by each fund in which the member has credited service.

## Retirement Topics, Continued

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

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

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

### **Basic Plan Retirement Options**

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

### **Coordinated Plan Retirement Options**

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

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

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

## Post-Retirement Topics

### **Teaching After Retirement**

Prior to age 65, if a retired member of SPTRFA is reemployed by Saint Paul Public Schools (SPPS) or by Saint Paul College (SPC), earnings are limited to the amount that causes a reduction in the primary Social Security benefit for that calendar year. If the retiree earns more than the allowable amount, the following year's pension will be reduced by one dollar for every three dollars the member earns over the limit. The amount of the reduction will be placed into a savings account for the retiree, earning 6% interest compounded annually. When the retiree has terminated service for one year or reaches age 65, whichever is later, the retiree will receive the amount in the savings account, including interest.

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

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

### **Period of Separation**

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

### **Post-Retirement Increase**

The post-retirement increase is an annual guaranteed 2% compounding increase. An "excess investment earnings increase" will be paid in addition to the guaranteed 2% increase in years when SPTRFA's five year annualized rate of return exceeds 8.5%.

Members must be receiving a benefit for one full year at the end of SPTRFA's fiscal year (July 1 – June 30) to qualify for the post-retirement increase. Eligible members receive adjustments on January 1<sup>st</sup> of each year.

### **Pre-78 Supplemental Bonus Incorporated into Monthly Benefit in 2002**

The annual supplemental bonus payment paid to retirees who retired before July 1, 1978 is no longer paid as an annual lump sum but is divided by 12 (months) and incorporated into the monthly payments of eligible members as of January 1, 2002.



## Basic Plan - Summary of Tier Benefits

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

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

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

Formula Key:

FAS: Final Average Salary

YOS: Years of Service

2.0% or 2.5%: Percentage Multiplier

## Coordinated Plan - Summary of Tier Benefits

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

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

Normal Benefit	Minimum		Computation of Annual Benefit
	Age	Service	
<b>Tier 1</b>			
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 by a 0.25% discount for each month a member's age is under 65.
	Any Age	30	Reduced by a 0.25% discount for each month a member's age is under 62.
<b>Tier 2</b>			
Unreduced	If first employed before July 1, 1989:		
	65	3	FAS x YOS x 1.7%
	If first employed on or after July 1, 1989:		
	65-66	3	FAS x YOS x 1.7%
Reduced	55	3	Reduced by the use of actuarial tables.
	Any Age	30	Reduced by the use of actuarial tables.
<b>Deferred Retirement</b>			
	55	3	Annual Benefit (see above).
	Any Age	30	Augmented by 3% per year from date of resignation to age 55, then 5% per year starting from the January 1 after age 55 to date of retirement.

Formula Key:

FAS: Final Average Salary

YOS: Years of Service

1.2% or 1.7%: Percentage Multiplier

## **2007 Administrative Service Charge Test**

As part of the 1993 increased funding package, all SPTRFA members may be required to pay an "administrative service charge" to be applied to the fund's administrative expenses.

The Administrative Service Charge applies if expenses increase at a rate higher than CPI *and* expenses as a percent of payroll are greater than the comparable expense return for the State of Minnesota Teachers Retirement Association (TRA).

Again this year, members will not be assessed any additional service charge because our administrative expenses for the fiscal year 2005-06 remained well below the trigger points set in State law.

## Retirement History Record

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

**St. Paul Teachers'  
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