

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE CITY OF ST. LOUIS**

MINUTES OF THE BOARD OF TRUSTEES REGULAR MEETING

April 21, 2014

I. ROLL CALL AND ANNOUNCEMENT OF A QUORUM

The April meeting of the Board of Trustees of the Public School Retirement System of the City of St. Louis (PSRSSTL) was called to order at 4:35 p.m., Monday, April 21, 2014. The meeting was conducted in the 2nd floor boardroom of the PSRSSTL office building located at 3641 Olive Street, St. Louis, Missouri. Joseph Clark, Chairman of the Board of Trustees, was the presiding officer.

Roll Call was taken and Trustees Angela Banks, Christina Bennett, Joseph Clark, Sheila Goodwin, Mary Houlihan, Eural Thomas and Janusz Wolynksi were present. The Board of Trustees had a quorum at the meeting. Trustee Charles Shelton joined the meeting in progress. Trustees Yvette Levy and Rick Sullivan were absent.

Executive Director, Andrew Clark, Accounting Specialist, Terry Mayes, PSRSSTL Attorney, Jeff Hartnett, PSRSSTL Actuary, Steve Siepman, PSRSSTL Auditor, Thomas Helm, Anders Representative, Jordan Jones, and a number of interested parties were also in attendance.

II. APPROVAL OF MINUTES FROM LAST MEETING

Angela Banks made a motion, seconded by Sheila Goodwin, to approve the minutes of the Board of Trustees Regular Meeting of December 16, 2013.

By voice vote, motion carried.

Angela Banks made a motion, seconded by Sheila Goodwin, to approve the minutes of the Special Board of Trustees Meeting of March 27, 2014.

By voice vote, motion carried.

III. SEATING OF NEW BOARD MEMBERS

The Chairman announced the election of Janusz Wolynski as an Active Non-Teacher Trustee and welcomed him to the Retirement Board.

IV. READING OF COMMUNICATIONS TO THE BOARD OF TRUSTEES

The Executive Director referred the Trustees to a letter from retired member, Richard Mirkay, to Charles Shelton. In his letter, Mr. Mirkay asks a question regarding SLPS accreditation and the impact on the retirement system. There was discussion between the Trustees and the Attorney. The Attorney assured the Trustees that a change in SLPS accreditation or management would have no affect because both employer and employee contributions must continue to be made by SLPS pursuant to certain mandates in the law governing the retirement system.

V. PRESENTATIONS BY INTERESTED PARTIES

Retiree, Vickie Henderson, expressed concerns over the lack of a COLA. The Chairman explained the reasons and referred the retiree to the state statues for explicit answers.

VI. CONSENT AGENDA

Christina Bennett made a motion, seconded by Sheila Goodwin, to approve the Retirements and Benefits for January through April 2014. The Executive Director explained the process to the Trustees in answer to a question regarding the April retirees.

A roll call vote was taken.

Angela Banks	Yes	Christina Bennett	Yes	Joseph Clark	Yes
Sheila Goodwin	Yes	Mary Houlihan	Yes	Charles Shelton	Yes
Eural Thomas	Yes	Janusz Wolynski	Yes		

With eight yes votes, motion carried.

Christina Bennett made a motion, seconded by Charles Shelton, to approve the Refunds and Bills of December 2013, and January through March 2014.

A roll call vote was taken.

Angela Banks	Yes	Christina Bennett	Yes	Joseph Clark	Yes
Sheila Goodwin	Yes	Mary Houlihan	Yes	Charles Shelton	Yes
Eural Thomas	Yes	Janusz Wolynski	Abstain		

With seven yes votes and one abstention, motion carried.

VII. UNFINISHED BUSINESS

None

VIII. REPORT OF THE CHAIRPERSON

The Chairman informed the Trustees that he will announce formal Committee assignments at the next meeting.

IX. REPORT OF THE EXECUTIVE DIRECTOR

The Executive Director introduced the accounting firm, Anders Minkler Huber & Helm LLP, for a presentation on the retirement system's audited financial statements. The Auditor, Thomas Helm, introduced himself and another representative from his firm, Jordan Jones. The Auditor and Ms. Jones presented the audited financial statements for December 31, 2013 and December 31, 2012, by reviewing and highlighting important information in the pages of the Financial Statements report distributed at the meeting. The Auditor mentioned the award from the Federal Government's finance authority for both the 2012 and 2011 Comprehensive Annual Financial Report (CAFR), and that the retirement system will again pursue the award for its 2013 CAFR. Overall, the Auditor reported on a

good, clean audit by thanking staff for a smooth and efficient audit process. The Trustees thanked the Auditor for the presentation.

The Executive Director then reported on the retirement system's fiduciary liability and crime insurance renewals through Arthur J. Gallagher Risk Management Services, Inc. from a Memorandum to the Board of Trustees. The Executive Director recommended that the Board of Trustees accept the renewals as presented. All questions were answered satisfactorily.

Charles Shelton made a motion, seconded by Sheila Goodwin, to accept the renewal of the fiduciary liability and crime insurance with Travelers as presented by the Executive Director.

A roll call vote was taken.

Angela Banks	Yes	Christina Bennett	Yes	Joseph Clark	Yes
Sheila Goodwin	Yes	Mary Houlihan	Yes	Charles Shelton	Yes
Eural Thomas	Abstain	Janusz Wolynski	Yes		

With seven yes votes and one abstention, motion carried.

X. REPORT OF THE INVESTMENT CONSULTANT

None

XI. REPORT OF THE ACTUARY

The Actuary reported on the status of the 2014 Actuarial Valuation Report and addressed several questions regarding the correlation between employer contributions, fund investment performance and actuarial funding ratios.

XII. REPORTS OF COMMITTEES OF THE BOARD OF TRUSTEES

The Chairman asked for reports from the Committees.

Benefits Committee

None

Trustee Business Committee

None

Investment Committee

Joe Clark, Chair of the Investment Committee, reported on the meetings of January 16, 2014, and March 27, 2014, by referring the Trustees to the meeting minutes in the board packet. The Chair mentioned the April 17th meeting, and reminded the Trustees that several hedge fund money managers will be making presentations on their respective investment product offerings at the next Investment Committee meeting on May 22, 2014, followed by several private equity money managers that will make presentations at a meeting scheduled for June 19, 2014.

Legislative, Rules & Regulations Committee

None

Professional Contracts Committee

None

XIII. NEW BUSINESS

None

XIV. REPORT OF THE ATTORNEY

None

XV. ADJOURNMENT

Christina Bennett made a motion, seconded by Charles Shelton, to adjourn the meeting.

By voice vote, motion carried and the meeting adjourned at 5:45 p.m.

Attachments:

- Letter from Richard Mirkay, dated January 21, 2014
- Retirements for January through April 2014
- Refunds & Bills Paid for December 2013, and January through March 2014
- December 31, 2013 and 2012 Financial Statements
- Memo to the Board of Trustees from the Executive Director, April 17, 2014

January 21, 2014

Richard Mirkay
7047 Grassy Valley Dr.
St. Louis, Missouri 63129
314 846 1084
rmirkay@hotmail.com

Charles Shelton
3126 Somerset Green Ct.
St. Louis, Mo. 63136 2413

Charles:

You have been very involved with the SLPS and having been a member of the retirement board for a long time, I ask you your opinion relative to the viability of the retirement system. The St. Louis Public Schools are currently provisionally accredited, as you know, but there is concern as to whether that classification will endure with the new core standards in place. SLPS may well be in a position similar to Normandy in the near future. The legislature would not cry crocodile tears if the urban districts did not exist and the proposal to disband "failing" districts could well be the plan going forward. What does all this mean for the people who are presently retired? The pension is designed to function with contributions from working members.

I am not asking you to talk out of turn and I don't know what the protocol is relative to retirement board members and spokespeople. But perhaps you can share something.

I thank you in advance regardless.

Sincerely,


Richard Mirkay

To be Authorized and Approved
by the Board of Trustees

APPLICATIONS FOR RETIREMENT

NAME \ POSITION	RETIREMENT DATE	TYPE	CREDITED SERVICE	FINAL AVG SALARY	MONTHLY BENEFIT
Jerome Burke Teacher	Dec. 1, 2013	Normal	6.3500	\$58,776.51	\$622.05
Martha Dickerson Teacher Assistant	Dec. 1, 2013	Normal	17.3056	\$28,830.20	\$831.54
Eleana Waide Teacher Leader	Dec. 1, 2013	Disability	11.4125	\$49,614.48	\$844.48
Robert Wichmann Teacher	Dec. 1, 2013	Early	22.5833	\$69,054.25	\$2,469.15

APPLICATIONS FOR RETIREMENT

NAME \ POSITION	RETIREMENT DATE	TYPE	CREDITED SERVICE	FINAL AVG SALARY	MONTHLY BENEFIT
Lorna Bady Title I AIC	Jan. 1, 2014	Normal	29.0381	\$78,007.26	\$3,775.31
Catherine Burton Teacher	Jan. 1, 2014	Normal	30.0000	\$63,806.79	\$3,190.34
Clement Cann Jr. Manager/Producer/Talent	Jan. 1, 2014	Early	13.7044	\$70,277.33	\$1,203.85
Stephen Driskell Teacher	Jan. 1, 2014	Normal	30.0000	\$72,168.25	\$3,608.41
Marcia Garland Teacher	Jan. 1, 2014	Normal	7.4148	\$64,547.38	\$797.68
Judy Garland Heard Vocational Adjustment Counselor	Jan. 1, 2014	Normal	30.0000	\$61,389.49	\$3,069.47
Carol Horton Counselor	Jan. 1, 2014	Normal	7.0278	\$34,221.48	\$250.52
Loretta Jones-Banks Teacher	Jan. 1, 2014	Disability	18.7191	\$58,017.98	\$1,810.07
Inessa Kostinskaya Teacher	Jan. 1, 2014	Early	8.1839	\$39,217.38	\$439.82
Katha McKinney ISS Monitor	Jan. 1, 2014	Normal	23.0722	\$33,673.00	\$1,022.93
Michelle Northington Teacher	Jan. 1, 2014	Early	11.9778	\$70,135.32	\$1,120.07
Ameenah Reed Student Support Manager	Jan. 1, 2014	Normal	10.5361	\$64,315.99	\$1,129.40

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APPLICATIONS FOR RETIREMENT

NAME \ POSITION	RETIREMENT DATE	TYPE	CREDITED SERVICE	FINAL AVG SALARY	MONTHLY BENEFIT
Rosina Brendel Teacher	Feb. 1, 2014	Normal	30.0000	\$65,092.03	\$3,254.60
Monica Harris Teacher	Feb. 1, 2014	Disability	23.7445	\$69,944.85	\$2,236.55
Ronald Harte Teacher	Feb. 1, 2014	Normal	11.4444	\$70,008.58	\$1,335.34
Betty Hudnut Secretary III	Feb. 1, 2014	Normal	30.0000	\$54,064.85	\$2,703.24
Jesse Jost Teacher	Feb. 1, 2014	Normal	28.3555	\$64,269.76	\$3,037.33
Harlon Massey Teacher	Feb. 1, 2014	Normal	11.4278	\$26,873.49	\$319.90
Ava Stegall Teacher	Feb. 1, 2014	Early	14.1111	\$54,798.76	\$873.47
Jeffrey Tedford Teacher	Feb. 1, 2014	Early	14.1333	\$55,985.27	\$879.14
Delores Wallace Bus Driver	Feb. 1, 2014	Normal	4.2932	\$22,051.59	\$157.79

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APPLICATIONS FOR RETIREMENT

NAME \ POSITION	RETIREMENT DATE	TYPE	CREDITED SERVICE	FINAL AVG SALARY	MONTHLY BENEFIT
Ruben Albright Teacher	March 1, 2014	Normal	27.7112	\$69,969.38	\$3,231.56
Darlynn Bosley Principal	March 1, 2014	Normal	26.2857	\$89,608.15	\$3,925.69
Terry Hederman Teacher	March 1, 2014	Normal	17.3208	\$38,652.18	\$1,115.81
Gail Mitchell-Wade Instructional Care Aide	March 1, 2014	Disability	21.8000	\$33,228.95	\$946.54
Shahidur Rahman Teacher	March 1, 2014	Early	19.7500	\$77,907.53	\$2,194.00
Kerry Robinson Teacher	March 1, 2014	Early	5.1834	\$55,817.51	\$479.53
Angela Savage Teacher	March 1, 2014	Normal	26.3556	\$64,846.38	\$2,848.44
Bonnie Worflar Teacher	March 1, 2014	Early	5.9834	\$44,188.49	\$293.76

Distributions - December 2013

CHECK NUMBER	CHECK DATE	LAST NAME	FIRST NAME/MI	GROSS PAY	FEDERAL TAXES W/H	NET PAY	A(ctive) R(etired)	D(eath) S(eparation)	NOTES
068634	10/10/13	PERKINS	BARRY	(49,425.13)	(9,213.15)	(40,211.98)	R	D	DEC: J PERKINS VOID & REISSUE
068644	10/18/13	WYSS	SHAWN F	(4,547.40)		(4,547.40)	A	S	CA - VOID AND REISSUE
068845	12/05/13	BOYD	JOHN	95.24		95.24	A	S	CA
068846	12/05/13	CALLISON	EMILY	8,781.60		8,781.60	A	S	STL
068847	12/05/13	FOURQUREAN	VICKIE	1,007.22	201.44	805.78	A	S	CA
068848	12/05/13	GERBER	TRACY R	1,862.28	372.46	1,489.82	A	S	ICP
068849	12/05/13	LOPEZ	JEAN	1,638.03		1,638.03	A	S	IESM
068850	12/05/13	PATTERSON	NICOLE	3,071.87	614.37	2,457.50	A	S	IACE 1520.82 CA 1551.05
068851	12/05/13	SCHOETTLIN	FANNY	2,424.27		2,424.27	A	S	SILLIS
068852	12/05/13	SHAPIRO	RAND	584.92	116.98	467.94	A	S	LFL
068853	12/05/13	SLACK	COLANDRA	5,072.95		5,072.95	A	S	CA
068854	12/05/13	STRONG	JONATHAN	1,535.81		1,535.81	A	S	CA ADDL FUNDS
068855	12/05/13	GUOBADIA	PATRICIA	4,738.96		4,738.96	A	S	
068856	12/05/13	GRAY	COURTNEY	668.87		668.87	A	S	
068857	12/05/13	HALL	LAURA	598.20	119.64	478.56	A	S	
068858	12/05/13	HAYES	FELICIA	8,708.49	1,741.70	6,966.79	A	S	
068859	12/05/13	HAYTHORNE	MELVA	19,407.29	3,881.46	15,525.83	A	S	
068860	12/05/13	HENDERSON	TERRELL	20,000.00		20,000.00	A	S	
068861	12/05/13	HENDERSON	TERRELL	21,776.05	4,355.21	17,420.84	A	S	
068862	12/05/13	OCONNOR	CHRISTINA	136.61		136.61	A	S	
068863	12/05/13	PEPPERS	SHELITHA	3,106.56		3,106.56	A	D	DEC: REGINA JONES
068864	12/05/13	BROWNRIDGE	ROBERT	59,996.51	5,992.12	54,004.39	A	D	DEC: WANDA BROWNRIDGE
068865	12/05/13	PERKINS	BARRY	49,425.13	9,213.15	40,211.98	R	D	DEC: J PERKINS VOID & REISSUE
068867	12/13/13	CURRAN	ELIZABETH	5,662.37	1,132.47	4,529.90	A	S	CCC
068868	12/13/13	DAVIS	KEVIN	3,449.19	689.84	2,759.35	A	S	GSA
068869	12/13/13	LILLY	JESSICA	5,146.85	1,029.37	4,117.48	A	S	
068870	12/13/13	HICKMAN	ROBERT	2,767.04	553.41	2,213.63	A	S	
068871	12/13/13	HUDSON	KIMETRIA	3,928.65	785.73	3,142.92	A	S	
068872	12/13/13	KLUPE	MICHAEL	1,522.19		1,522.19	A	S	
068873	12/13/13	TICHENOR	SARAH W	7,272.38		7,272.38	A	S	
068874	12/13/13	VONESCHEN	CAROLE	3,144.25		3,144.25	A	S	
068875	12/13/13	YONIS	FADUMO I	13,416.34	2,683.27	10,733.07	A	S	
068876	12/13/13	WYSS	SHAWN F	4,547.40		4,547.40	A	S	CA - VOID AND REISSUE
068877	12/13/13	HOSKINS	MARK S	2,585.78		2,585.78	A	S	CA
TOTAL				\$ 214,106.77	\$ 24,269.47	\$ 189,837.30			

Distributions - January 2014

CHECK NUMBER	CHECK DATE	LAST NAME	FIRST NAME/MI	GROSS PAY	FEDERAL TAXES W/H	NET PAY	A(ctive) R(etired)	D(eath) S(eparation)	NOTES
068925	01/16/14	BISHOP	STEFANIE	5,297.18		5,297.18	A	S	SEF
068926	01/16/14	BOLLINGER	CLARALYN	5,481.89		5,481.89	A	S	CGMCS
068927	01/16/14	IRVING	WENDY	12,664.05	2,532.81	10,131.24	A	S	SLPS 5289.87 PA 7374.18
068928	01/16/14	LARKING	DENISE	20,780.22		20,780.22	A	S	CA
068929	01/16/14	ROBINSON	THURLESTER	620.38	124.08	496.30	A	S	CA
068930	01/16/14	BARNES	COURTNEY	5,158.92		5,158.92	A	S	
068931	01/16/14	BRUECKER	ELLIE	655.88	131.18	524.70	A	S	
068932	01/16/14	COMPANY	SHIRLEY	12,061.61	2,412.32	9,649.29	A	S	
068933	01/16/14	COOKS	TAMMI	5,452.57		5,452.57	A	S	
068934	01/16/14	CROSS	TANYA	2,562.78	512.56	2,050.22	A	S	
068935	01/16/14	EASON	DOUGLAS E	10,795.81	2,159.16	8,636.65	A	S	
068936	01/16/14	GALLUZZO	CECILE	2,838.96	567.79	2,271.17	A	S	
068937	01/16/14	HILL	STEPHANIE	813.29	162.66	650.63	A	S	
068938	01/16/14	KUMAR	NEAL	5,127.15		5,127.15	A	S	
068939	01/16/14	ROBERTS	JULIA R	20,228.98	4,045.80	16,183.18	A	S	
068940	01/16/14	SIMS	MARISSA R	7,407.04		7,407.04	A	S	
068941	01/16/14	VALENTINE	LISA M	606.44		606.44	A	S	
068941	01/16/14	VALENTINE	LISA M	(606.44)		(606.44)	A	S	VOID AND REISSUE
068942	01/16/14	WILLIAMS	DARON	11,048.87	2,209.77	8,839.10	A	S	
068943	01/16/14	TAYLOR	JO ANN	17,962.43		17,962.43	R	D	DEC: M.B Hoehn
068944	01/16/14	CHAPMAN	DEAN	82,655.61	16,531.12	66,124.49	A	D	DEC: N CHAPMAN
068945	01/16/14	JONES	ALFRED	34,041.09	6,808.22	27,232.87	A	D	DEC: M JONES
068946	01/16/14	BRASHEARS	AARON	701.42	140.28	561.14	A	S	
068947	01/16/14	ROJAS	THERESA	611.20	122.24	488.96	A	S	
068948	01/16/14	SAMPLE	SHAWN	2,816.91		2,816.91	A	S	
068969	01/24/14	GION DENGLE	CLAIRE	2,335.59		2,335.59	A	S	CA
068970	01/24/14	GIORDANO	ANGELINA	2,015.90	403.18	1,612.72	A	S	GSA
068971	01/24/14	JAMES-WALLER	MICHELE	4,909.81	981.96	3,927.85	A	S	CA
068972	01/24/14	KRASSO	MICHAEL	1,250.91	250.18	1,000.73	A	S	LLIS
068973	01/24/14	SPENCER	CARRIE	4,099.51	819.90	3,279.61	A	S	STL
068974	01/24/14	BARTEK-DAVIS	KATHRYN	4,620.83		4,620.83	A	S	
068975	01/24/14	BLANTON	KENNETH	80,488.00		80,488.00	A	S	
068976	01/24/14	BLANTON	KENNETH	30,132.30	6,026.46	24,105.84	A	S	
068977	01/24/14	DAVIS	ERICA	26,000.00		26,000.00	A	S	
068978	01/24/14	DAVIS	ERICA	2,141.67	428.33	1,713.34	A	S	
068979	01/24/14	DRAKE	MICHELE L	45,290.84	9,058.17	36,232.67	A	S	

Distributions - January 2014

CHECK NUMBER	CHECK DATE	LAST NAME	FIRST NAME/MI	GROSS PAY	FEDERAL TAXES W/H	NET PAY	A(ctive) R(etired)	D(eath) S(eparation)	NOTES
068980	01/24/14	GALANTOWICZ	THEA	3,282.75	656.55	2,626.20	A	S	
068981	01/24/14	JOHNSON	SANDRA	6,032.52	1,206.50	4,826.02	A	S	
068982	01/24/14	LEONARD	JOSEPH	741.62	148.32	593.30	A	S	
068983	01/24/14	LITTLE	WHITNEY H	3,342.94	668.59	2,674.35	A	S	
068984	01/24/14	MCKINNEY	HILUTE	1,576.11	315.22	1,260.89	A	S	
068985	01/24/14	MERCADO	STEVEN	3,183.99	636.80	2,547.19	A	S	
068986	01/24/14	MORRIS	GENNIE	240.76		240.76	A	S	
068987	01/24/14	WAYNE	KATHERINE	4,055.92		4,055.92	A	S	
068988	01/24/14	ELMS	PAMELA E	13,723.19		13,723.19	A	S	DEC: DONALD BURGIN
068989	01/24/14	BASS	COURTNEY	24,087.99	2,408.80	21,679.19	A	S	DEC: JOYCE BASS
068990	01/24/14	BASS	JASON	24,087.99	2,408.80	21,679.19	A	S	DEC: JOYCE BASS
068991	01/24/14	VALENTINE	LISA M	606.44	121.29	485.15	A	S	VOID AND REISSUE
TOTAL				\$ 556,031.82	\$64,999.04	\$ 491,032.78			

Distributions - February 2014

CHECK NUMBER	CHECK DATE	LAST NAME	FIRST NAME/MI	GROSS PAY	FEDERAL TAXES W/H	NET PAY	A(Active) R(Retired)	D(eath) S(eparation)	NOTES
068872	12/13/13	KLUPE	MICHAEL	(1,522.19)		(1,522.19)	A	S	VOID AND REISSUE
068991	01/24/14	VALENTINE	LISA M	(606.44)	(121.29)	(485.15)	A	S	VOID AND REISSUE
068995	02/03/14	GILES	KAREN	1,034.50	206.90	827.60	A	S	GCAA
068996	02/03/14	HORMAN	KRISTA	2,498.49		2,498.49	A	S	STL
068997	02/03/14	WHITMORE	VIOLA	1,842.20	368.44	1,473.76	A	S	CA
068998	02/03/14	ADDSION	TASIA	725.01		725.01	A	S	
068999	02/03/14	CARLSON	RITA	2,799.81		2,799.81	A	S	
069000	02/03/14	DARST	DAVID	4,092.53		4,092.53	A	S	
069001	02/03/14	DAVIS	ARTEZ	3,409.06	681.81	2,727.25	A	S	
069002	02/03/14	DODD	KATHLEEN	1,000.00		1,000.00	A	S	
069003	02/03/14	DODD	KATHLEEN	1,400.91	280.18	1,120.73	A	S	
069004	02/03/14	JACKSON	CHRISTINA	136.61		136.61	A	S	
069005	02/03/14	LANCASTER	LANCE	24,504.58	4,900.92	19,603.66	A	S	
069006	02/03/14	THOMAS JR	BOOKER	3,962.52	792.50	3,170.02	A	S	
069007	02/03/14	WELLS	STEPHANIE A	11,751.54	2,350.31	9,401.23	A	S	
069008	02/03/14	WELFORD	SAQUETTA	4,495.96	899.19	3,596.77	A	S	
069009	02/03/14	WILLIS	KENYA	582.53	116.51	466.02	A	S	
069010	02/03/14	VALENTINE	LISA M	606.44		606.44	A	S	VOID AND REISSUE
069010	02/03/14	VALENTINE	LISA M	(606.44)		(606.44)	A	S	VOID AND REISSUE
069011	02/03/14	KLUPE	MICHAEL	1,522.19	304.44	1,217.75	A	S	VOID AND REISSUE
069012	02/03/14	LUNDBERG	JILL T	64,248.88		64,248.88	A	S	
069013	02/03/14	LUNDBERG	JILL T	5,234.62		5,234.62	A	S	
069014	02/03/14	WALKER	TONYA	751.83	150.37	601.46	A	S	CA
069046	02/14/14	COVINGTON	JERI L	403.91	80.78	323.13	A	S	SLPS 241.53 ICP 162.38
069047	02/14/14	HOWARD	ANGELA	44,034.90	8,806.98	35,227.92	A	S	ICP 7138.30 IAAS 19300.69 TMA 17595.91
069048	02/14/14	KOENIG	ELEANOR A	4,241.94	848.39	3,393.55	A	S	IACE
069049	02/14/14	NEALON	CASSONDRA	948.92	189.78	759.14	A	S	CCC
069050	02/14/14	ORTON	GLENN	16,580.40		16,580.40	A	S	STL 14064.03 IAESM 2516.37
069051	02/14/14	NICHOLS	LOTTIE B	49,993.37	9,998.67	39,994.70	A	S	
069052	02/14/14	ROSS	AMELIA	506.70	101.34	405.36	A	S	
069053	02/14/14	SWINNEY	SARAH	4,842.99		4,842.99	A	S	
069054	02/14/14	WILLIAMS	NORMAN	595.01	119.00	476.01	A	S	
069055	02/14/14	VALENTINE	LISA M	606.44	121.29	485.15	A	S	VOID AND REISSUE
069085	02/24/14	ARNEZ	SARAH	1,106.21	221.24	884.97	A	S	SLPS 820.79 CA 285.42
069086	02/24/14	GATES	ROCHELLE	8,889.08	1,777.82	7,111.26	A	S	CA
069087	02/24/14	BARNETT	DIANA M	54,410.73		54,410.73	A	S	

Distributions - February 2014

CHECK NUMBER	CHECK DATE	LAST NAME	FIRST NAME/MI	GROSS PAY	FEDERAL TAXES W/H	NET PAY	A(ctive) R(etired)	D(eath) S(eparation)	NOTES
069088	02/24/14	CRAWFORD	BETTYE C	55,741.00	11,148.20	44,592.80	A	S	
069089	02/24/14	EVANS	CERRY	643.70	128.74	514.96	A	S	
069090	02/24/14	FREER	MEGAN	7,599.57	1,519.91	6,079.66	A	S	
069091	02/24/14	PAYNE	CARLOS D	4,004.69	800.94	3,203.75	A	S	
069092	02/24/14	RANDELL	MARIA R	40,081.36	8,016.27	32,065.09	A	S	
069093	02/24/14	SCHMALTZ	AARON	281.84	56.37	225.47	A	S	
069094	02/24/14	SHORT	BARON	4,098.19	819.64	3,278.55	A	S	
069095	02/24/14	WILLIAMS	CREG E	23,105.58	4,621.12	18,484.46	A	S	
TOTAL				\$ 456,581.67	\$60,306.76	\$ 396,274.91			

Distributions - March 2014

CHECK NUMBER	CHECK DATE	LAST NAME	FIRST NAME/MI	GROSS PAY	FEDERAL TAXES W/H	NET PAY	A(ctive) R(etired)	D(eath) S(eparation)	NOTES
069115	03/07/14	TAYLOR	VERNITA C	23,856.69		23,856.69	A	S	
069116	03/07/14	HAGERTY	ALAN	1,966.25		1,966.25	A	S	CCC
069117	03/07/14	HARVEY	ROBERTA L	6,610.62		6,610.62	A	S	CCC
069118	03/07/14	JACKSON	MEIA	1,063.74	212.75	850.99	A	S	CA
069119	03/07/14	SHYE-WOODS	KAREN	10,616.66	2,123.33	8,493.33	A	S	LFL
069120	03/07/14	GATEWOOD	DAMION	7,443.26	1,488.65	5,954.61	A	S	
069121	03/07/14	GOODPASTER	JAMIE A	1,500.12	300.02	1,200.10	A	S	
069122	03/07/14	HANY	KIMBERLY L	9,004.57		9,004.57	A	S	
069123	03/07/14	LUMAS	TAMEKA	7,192.26	1,438.45	5,753.81	A	S	
069124	03/07/14	MURPHY	JEANNA	24,814.82	4,962.96	19,851.86	A	S	
069125	03/07/14	WASHINGTON	ANTONNIA M	3,345.03	669.01	2,676.02	A	S	
069149	03/21/14	BURNETT	LISA M	1,813.47	362.69	1,450.78	A	S	SLLIS
069150	03/21/14	MANOLOPOULOS	STEVE	4,765.65	953.13	3,812.52	A	S	AQS-GC 2680.47 GCAA 2085.18
069151	03/21/14	HAFEZI	BELLA	7,029.62	1,405.92	5,623.70	A	S	AQSGC 3192.30 GCAA 3837.37
069152	03/21/14	BURNETT	HERBERT	6,756.52	1,351.30	5,405.22	A	S	
069153	03/21/14	HAAS	TERESA	1,037.03		1,037.03	A	S	
069154	03/21/14	HARRIS	ELBERT	6,962.53	1,392.51	5,570.02	A	S	
069155	03/21/14	NJIE	NJAMEH	7,384.75	1,476.95	5,907.80	A	S	
069156	03/21/14	SHEPPARD	PETER J	19,536.60		19,536.60	A	S	
069157	03/21/14	SCHMIEMEIER	LESIA	18,713.81	3,742.76	14,971.05	A	S	
TOTAL				\$ 171,414.00	\$21,880.43	\$ 149,533.57			

Public School Retirement System of the City of St. Louis
Checks Written During the Month of December, 2013

<u>Payee</u>	<u>Ck. Number</u>	<u>Description</u>	<u>Amount</u>
Date Paid December 5, 2013			
Ameren UE	68818	Electric Service	2,129.74
Longfellow Benefits	68819	Group Insurance Consulting Services	3,320.25
Digital Intersection	68820	Monthly Data Center Housing - November	150.00
Blade Technologies, Inc.	68821	Professional Services	2,688.67
Evault, Inc.	68822	Disaster Recovery Site	1,236.15
Minuetman Press	68823	Member Handbooks	977.17
Access Courier, Inc.	68824	Courier Service	9.01
Purchase Power	68825	Postage	1,000.00
Parking Management Services, LLC	68826	Parking Ticket Validations - November	24.00
Parking Management Services, LLC	68827	November Parking - 4 Employees	240.00
Jupiter Consulting Services, LLC	68828	Programming Consulting	6,174.00
MSD	68829	Sewer Service	41.09
AT&T	68830	U-Verse Internet	160.35
Midwest Elevator Inspection Services	68831	Annual State Inspection - Pressure Test	155.00
Tom Kinealy	68832	Equipment, Tech Services	514.79
Sungard Business Systems LLC	68833	Relius GF 1099/W Renewal	300.00
CBRE-608844	68834	Building Management Fee - November	1,075.60
CBRE-608844	68835	Engineer Services	8.53
Delta Pest Stl. Inc.	68836	Pest Control	60.00
St. Louis Mat & Linen Company	68837	Floor Mats	16.00
OTIS Elevator Company	68838	Service Contract	2,160.00
Chicago Equity Partners, LLC	68839	3rd Quarter 2013 Management Fee	45,029.02
NEPC, LLC	68840	3rd Quarter 2013 Consulting Fee	35,603.52
NEPC, LLC	68841	3rd Quarter 2013 Alt. Investment Mgmt. Fee	12,500.00
Board of Education St. Louis Benefits Trust	68842	Office Employees Insurance - Dental	224.67
Board of Education St. Louis Benefits Trust	68843	Office Employees Insurance - Vision	15.37
Board of Education St. Louis Benefits Trust	68844	Office Employees Insurance - Life	79.75
Date Paid December 13, 2013			
Office Payroll	ACH	Office Payroll	10,853.92
AXA Equitable	ACH	457 Contributions	1,530.00
Date Paid December 20, 2013			
Absopure Water Company	68878	Water Cooler Service	129.95
Buck Consultants, LLC	68879	Actuarial Consulting Services - Nov. & Dec.	9,820.00
Windstream Communications	68880	Telephone, Data	372.70
AT&T	68881	Monthly Service Charge #314 652-1704 033 4	311.34
AT&T Long Distance	68882	Long Distance	1.32
Eazy Business Mailers, Inc.	68883	Postage	180.00
BarnesCare	68884	Loretta E. Jones-Banks	100.00
Cintas Document Management - St. Louis	68885	Cintas Vault Scanning Services	377.45
BuildingStars STL Operations, Inc.	68886	Janitorial Service and Supplies	1,825.94
Konika Minolta Business Solutions USA Inc.	68887	Konika Bizhub C364E	10,583.20
Jupiter Consulting Services, LLC	68888	Programming Consulting	13,230.00
MSD	68889	Sewer Service	46.90
Parking Management Services, LLC	68890	December Parking - 4 Employees	240.00
Hartnett Gladney Hetterman, L.L.C.	68891	Legal Fees	1,272.00
GCI Security, Inc.	68892	Security Guard 12/16/2013	144.00
Gregory F.X. Daly, Collector of Revenue	68893	Water-City	115.66
Andrew Clark	68894	Printing and Office Supplies	21.07
UnitedHealthcare Insurance Company	68895	Michigan 1% Assessment - Sept. and Oct. 2013	11.98
Arthur Gallagher Risk Management Services, Inc.	68896	Public Official Bond-Charles L. Shelton Jr.	1,296.00
The Hartford	68897	Business Owners, Workers Compensation	14,209.00
Progressive Waste Solutions of MO, Inc.	68898	Trash Pick-Up	454.00
CBRE - 608844	68899	Management Fee, December 2013	1,075.60
CBRE - 608844	68900	Engineer Services	1,002.43
St. Louis Mat & Linen Company	68901	Floor Mats	32.00
Missouri Division of Fire Safety	68902	Elevator Certificate	25.00
Delta Pest Stl. Inc.	68903	Pest Control	60.00

Public School Retirement System of the City of St. Louis
Checks Written During the Month of December, 2013

<u>Payee</u>	<u>Ck. Number</u>	<u>Description</u>	<u>Amount</u>
Date Paid December 27, 2013			
Office Payroll	ACH	Office Payroll	10,853.92
AXA Equitable	ACH	457 Contributions	<u>1,530.00</u>
		TOTAL	<u>\$197,598.06</u>

Public School Retirement System of the City of St. Louis
Checks Written During the Month of January, 2014

<u>Payee</u>	<u>Ck. Number</u>	<u>Description</u>	<u>Amount</u>
Date Paid January 7, 2014			
Longfellow Benefits	68905	Group Insurance Consulting Services	3,320.25
Digital Intersection	68906	Monthly Data Center Housing - December	150.00
Access Courier, Inc.	68908	Courier Service	9.11
Purchase Power	68909	Postage	1,066.53
Parking Management Services, LLC	68911	January Parking - 4 Employees	240.00
Jupiter Consulting Services, LLC	68912	Programming Consulting	5,544.00
AT&T	68913	U-Verse Internet	50.00
BuildingStars STL Operations, Inc.	68914	Janitorial Services	1,326.00
Hartnett Gladney Hetterman, L.L.C.	68915	Legal Fees	881.25
Office Essentials	68916	Office Supplies	105.84
Charter Communications	68917	Charter Internet	135.00
Gregory F.X. Daley, Collector of Revenue	68918	City Earnings Tax - 4th Quarter 2013	1,026.84
Tech Electronics, Inc.	68919	Lenel OnGuard Security System	2,184.00
NCTR	68920	Membership Dues - 2014	1,500.00
Systematic Financial Management, LP	68921	4th Quarter 2013 Management Fee	68,234.37
Board of Education St. Louis Benefits Trust	68922	Office Employees Insurance - Dental	213.44
Board of Education St. Louis Benefits Trust	68923	Office Employees Insurance - Vision	14.57
Board of Education St. Louis Benefits Trust	68924	Office Employees Insurance - Life	79.75
Voided check #'s 68904, 68907 & 68910		Reissued as check #'s 68992, 68993 & 68994	
Date Paid January 10, 2014			
Office Payroll	ACH	Office Payroll	11,016.96
AXA Equitable	ACH	457 Contributions	1,580.00
Date Paid January 21, 2014			
Absopure Water Company	68949	Water Cooler Service	81.80
Buck Consultants, LLC	68950	Actuarial Consulting Services - January	7,543.00
Windstream Communications	68951	Telephone, Data	470.52
AT&T	68952	Monthly Service Charge #314 652-1704 033 4	305.46
Eazy Business Mailers, Inc.	68953	Postage	200.00
Cintas Document Management - St. Louis	68954	Cintas Vault Scanning Services	377.45
MSD	68955	Sewer Service	48.59
Parking Management Services, LLC	68956	February Parking - 4 Employees	240.00
Digital Intersection	68957	Monthly Data Center Housing - January	150.00
Evault Inc.	68958	Disaster Recovery Site	1,250.13
Purchase Power	68959	Postage	1,577.74
CBRE - 608844	68960	Engineer Services	806.00
St. Louis Mat & Linen Company	68961	Floor Mats	32.00
SiteStuff, Inc.	68962	Supplies	241.15
Jarrell Mechanical Contractors	68963	HVAC Equipment Inspection	2,127.00
Topcare	68964	Repair Retaining Wall	525.00
EARNEST Partners, LLC	68965	4th Quarter 2013 Management Fee	12,936.37
Pyramis Global Advisors Trust Company	68966	4th Quarter 2013 Management Fee	69,609.77
Holland Capital Management LLC	68697	4th Quarter 2013 Management Fee	51,403.84
Date Paid January 24, 2014			
Office Payroll	ACH	Office Payroll	11,016.96
AXA Equitable	ACH	457 Contributions	1,580.00
Ameren Missouri	68992	Electric Service	2,750.39
Blade Technologies, Inc.	68993	Professional Services	1,814.31
Parking Management Services, LLC	68994	Parking Ticket Validations - December	36.00
		TOTAL	<u>\$265,801.39</u>

Public School Retirement System of the City of St. Louis
Checks Written During the Month of February, 2014

Payee	Ck. Number	Description	Amount
Date Paid February 5, 2014			
Ameren UE	69015	Electric Service	3,062.85
Longfellow Benefits	69016	Group Insurance Consulting Services	3,320.25
Blade Technologies, Inc.	69017	Professional Services	1,077.50
Access Courier, Inc.	69018	Courier Service	18.33
AT&T	69019	U-Verse Internet	50.00
BuildingStars STL Operations, Inc.	69020	Janitorial Services and Carpet Cleaning	1,551.00
Office Essentials	69021	Office Supplies	815.53
Charter Communications	69022	Charter Internet	135.00
Eazy Business Mailers, Inc.	69023	Service & Postage-Election Notice, Ins. Letters	6,700.66
Evault, Inc.	69024	Disaster Recovery Site	1,283.34
Anders CPAs & Advisors	69025	Audit of Financial Staments, Election Notice	5,125.00
Tom Kinealy	69026	Laptop Battery	22.27
Progressive Waste Solutions of MO, Inc.	69027	Trash Pick-Up	227.00
Delta Pest Stl. Inc.	69028	Pest Control	60.00
CBRE-60884	69029	Building Management - January 2014	1,075.60
CBRE-60884	69030	Engineer Services	918.00
Tech Electronics, Inc.	69031	Central Monitoring of Fire Alarm System	87.00
BSR Services, Inc.	69032	Snow and Ice Management/Removal	2,933.75
Batterymarch Financial Management, Inc.	69033	4th Quarter 2013 Management Fee	30,430.67
Causeway Capital Management LLC	69034	4th Quarter 2013 Management Fee	77,543.32
The Edgar Lomax Company	69035	4th Quarter 2013 Management Fee	45,676.13
INTECH Investment Management LLC	69036	4th Quarter 2013 Management Fee	33,591.05
Loomis, Sayles & Company, L.P.	69037	4th Quarter 2013 Management Fee	57,212.86
Mondrian Investment Partners Limited	69038	4th Quarter 2013 Management Fee	46,830.84
New Amsterdam Partners, LLC	69039	4th Quarter 2013 Management Fee	25,805.52
TCW Asset Management Company	69040	4th Quarter 2013 Management Fee	52,372.55
Westfield Capital Management Company, LP	69041	4th Quarter 2013 Management Fee	63,626.22
US Bank	69042	4th Quarter 2013 Custodial Fees	37,717.34
Board of Education St. Louis Benefits Trust	69043	Office Employees Insurance - Dental	213.44
Board of Education St. Louis Benefits Trust	69044	Office Employees Insurance - Vision	14.57
Board of Education St. Louis Benefits Trust	69045	Office Employees Insurance - Life	79.75
Date Paid February 7, 2014			
Office Payroll	ACH	Office Payroll	11,013.01
AXA Equitable	ACH	457 Contributions	1,585.00
Date Paid February 20, 2014			
Absopure Water Company	69056	Water Cooler Service	53.85
Buck Consultants, LLC	69057	Actuarial Consulting Services - Jan. & Feb.	9,809.00
Windstream Communications	69058	Telephone, Data	471.65
AT&T	69059	Monthly Service Charge #314 652-1704 033 4	305.43
Eazy Business Mailers, Inc.	69060	Postage & Service - 1099 Tax Forms, Newsletter	6,834.87
Cintas Document Management - St. Louis	69061	Cintas Vault Scanning Services	377.45
Parking Management Services, LLC	69062	March Parking - 4 Employees	240.00
Parking Management Services, LLC	69063	Parking Ticket Validations - January 2014	77.00
Digital Intersection	69064	Monthly Data Center Housing - February 2014	150.00
Blade Technologies, Inc.	69065	Professional Services	13.23
Access Courier, Inc.	69066	Courier Service	17.58
Minuteman Press	69067	Envelopes, Newsletters and Envelopes	2,228.07
BuildingStars STL Operations, Inc.	69068	Janitorial Supplies	429.86
Charter Communications	69069	Charter Internet	135.00
Hartnett Gladney Hetterman, L.L.C.	69070	Legal Fees	857.75
Anders CPAs & Advisors	69071	Third Notice-Active Non-Teacher Vacancy	725.00
American Solutions For Business	69072	Laser Checks - Operating and Pension Accts.	1,262.97
Pitney Bowes, Inc.	69073	Renewal of Maintenance Agreements	3,824.88
MAPERS	69074	Plan Sponsor Dues - 2014	100.00
CBRE - 608844	69075	Management Fee - February 2014	1,075.60
CBRE - 608844	69076	Engineer Services	891.00
BSR Services, Inc.	69077	Snow and Ice Management	2,065.00
St. Louis Mat & Linen Company	69078	Floor Mats	40.00
Chicago Equity Partners, LLC	69079	4th Quarter 2013 Management Fee	48,239.72
Manulife Asset Management U.S. LLC	69080	4th Quarter 2013 Management Fee	36,425.70
Mellon Capital Management Corporation	69081	4th Quarter 2013 Management Fee	1,618.80
Mellon Capital Management Corporation	69082	4th Quarter 2013 Management Fee	75,806.84
NEPC, LLC	69083	4th Quarter 2013 Consulting Fee	36,703.34
NEPC, LLC	69084	4th Quarter 2013 Alt. Investment Mgmt. Fee	12,500.00
Date Paid February 21, 2014			
Office Payroll	ACH	Office Payroll	11,013.01
AXA Equitable	ACH	457 Contributions	1,585.00
		TOTAL	<u>\$768,052.95</u>

Public School Retirement System of the City of St. Louis
Checks Written During the Month of March, 2014

<u>Payee</u>	<u>Ck. Number</u>	<u>Description</u>	<u>Amount</u>
Date Paid March 5, 2014			
Ameren UE	69096	Electric Service	2,881.94
Longfellow Benefits	69097	Group Insurance Consulting Services	3,320.25
Blade Technologies, Inc.	69098	Professional Services	5,132.54
Digital Intersection	69099	Monthly Data Center Housing	150.00
Eazy Business Mailers, Inc.	69100	Postage - Ballot Mailing	2,392.18
Evault, Inc.	69101	Disaster Recovery Site	1,305.97
MSD	69102	Sewer Service	48.59
Minuteman Press	69103	Booklet Envelopes	101.00
Purchase Power	69104	Postage	1,500.00
Pitney Bowes, Inc.	69105	Rental Charges & Supplies	456.50
BarnesCare	69106	Gail Mitchell-Wade, Karen S. Sanchez	200.00
AT&T Long Distance	69107	Long Distance	2.44
AT&T	69108	Acct #314 533-0531 631 1	73.09
PRISM	69109	Annual Membership Dues - 2014	150.00
Andrew Clark	69110	Printing and Office Supplies	46.50
Board of Education St. Louis Benefits Trust	69111	Office Employees Insurance - Dental	213.44
Board of Education St. Louis Benefits Trust	69112	Office Employees Insurance - Vision	14.57
Board of Education St. Louis Benefits Trust	69113	Office Employees Insurance - Life	79.75
CGI Security, Inc.	69114	Security Guard 02/24/2014	144.00
Date Paid March 7, 2014			
Office Payroll	ACH	Office Payroll	10,983.01
AXA Equitable	ACH	457 Contributions	1,585.00
Date Paid March 20, 2014			
Absopure Water Company	69126	Water Cooler Service	53.85
Buck Consultants, LLC	69127	Actuarial Consulting Services - Feb. & March	6,666.00
Windstream Communications	69128	Telephone, Data	471.65
AT&T	69129	Monthly Service Charge #314 652-1704 033 4	305.43
AT&T	69130	U-Verse Internet	50.00
Eazy Business Mailers, Inc.	69131	Service - Ballot Mailing, Postage	1,156.20
Cintas Document Management - St. Louis	69132	Cintas Vault Scanning Services	377.45
Parking Management Services, LLC	69133	April Parking - 4 Employees	240.00
Parking Management Services, LLC	69134	Parking Ticket Validations - February 2014	48.00
Blade Technologies, Inc.	69135	Professional Services	928.02
Access Courier, Inc.	69136	Courier Service	9.20
BuildingStars STL Operations, Inc.	69137	Janitorial Service	1,326.00
Charter Communications	69138	Charter Internet	135.00
Hartnett Gladney Hetterman, L.L.C.	69139	Legal Fees	3,760.00
Anders CPAs & Advisors	69140	Active Non-Teacher Vacancy, Financial Stmts.	1,350.00
Office Essentials	69141	Office Supplies	102.40
Gregory F.X. Daly, Collector of Revenue	69142	Water - City	115.66
Konika Minolta Business Solutions USA Inc.	69143	Monthly Service - Copier C364E	345.84
Progressive Waste Solutions of MO, Inc.	69144	Trash Pick-Up	252.00
Delta Pest Stl. Inc.	69145	Pest Control	60.00
CBRE - 608844	69146	Engineer Services	863.90
BSR Services, Inc.	69147	Snow and Ice Management	3,868.75
St. Louis Mat & Linen Company	69148	Floor Mats	32.00
Date Paid March 21, 2014			
Office Payroll	ACH	Office Payroll	10,983.01
AXA Equitable	ACH	457 Contributions	1,585.00
		TOTAL	<u>\$65,866.13</u>

PUBLIC SCHOOL RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS
FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2013 AND 2012

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Independent Auditors' Report

The Board of Trustees
Public School Retirement System of the City of St. Louis
St. Louis, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Public School Retirement System of the City of St. Louis (the "System"), which comprise the statements of plan net assets as of December 31, 2013 and 2012, and the related statements of changes in plan net assets for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The System's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of Public School Retirement System of the City of St. Louis as of December 31, 2013 and 2012, and the changes in plan net assets for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information:

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 and the schedules of employer contributions and funding progress on pages 28 and 29 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the System's financial statements. The other supplementary information in the financial section, and the accompanying introductory, investment, actuarial, and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements.

The other supplementary information in the financial section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information in the financial section is fairly stated in all material respects, in relation to the financial statements as a whole. The introductory, investments, actuarial, and statistical sections of the System's Comprehensive Annual Financial Report (CAFR) are not subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them. However, we do acknowledge the relevance of these sections to the financial status of the System as reported in the CAFR.



April 17, 2014

Public School Retirement System of the City of St. Louis
Management Discussion and Analysis
Year ended December 31, 2013

The Management Discussion and Analysis ("MD&A") for the Public School Retirement System of the City of St. Louis ("PSRSSTL") is provided to comply with Governmental Accounting Standard No. 34. The purpose of the MD&A is to provide an overview of PSRSSTL financial activities for the fiscal year ended December 31, 2013. This MD&A should be read in conjunction with the PSRSSTL financial statements and supplementary information.

The system's net assets were \$962,717,365 on December 31, 2013, which represents an increase of \$66,175,192 from December 31, 2012. This increase is due to appreciation in the fair market value of investments and is indicative that the financial markets have stabilized during the last two fiscal years ended December 31, 2013 and December 31, 2012.

The overall investment return for system's investments was 15.8% for fiscal year 2013 and 12.4% for fiscal year 2012. The investment returns in fiscal years 2013 and 2012 represent positive growth seen throughout the financial markets during the two-year time period and a continuing economic recovery from what some have phrased as "the Great Recession." Predicting conditions in the marketplace is always challenging but the Board of Trustees stands behind a sound Asset Allocation Policy by remaining focused on active monitoring of its money managers and long-term investment objective. The actuarially assumed rate of return remained at 8% for fiscal year 2013.

Additions to net assets were \$178.1 million and \$139.3 million for the fiscal years 2013 and 2012, respectively. The primary addition to net assets was investment income of \$129 million in fiscal year 2013 compared to \$98 million in fiscal year 2012. The secondary addition to net assets came from employer contributions of \$37 million in fiscal year 2013 and \$29.6 million in 2012, followed by member contributions of \$11.8 million in fiscal year 2013 and \$12.1 in fiscal year 2012.

Deductions from net assets were \$112 million and \$111 million in fiscal years 2013 and 2012, respectively. The \$1 million increase in deductions from net assets between fiscal years 2013 and 2012 is mostly due to the increase in benefit payments to new retirees in fiscal year 2013.

During 2013, the Board of Trustees modified the system's Asset Allocation Policy for the first time since 2010. The Board of Trustees is expected to begin fulfilling the new policy in fiscal year 2014 by re-allocating funds to the System's various investments going forward.

FINANCIAL STATEMENTS

The PSRSSTL financial report consists of two financial statements, (1) the Statement of Plan Net Assets, and (2) the Statement of Changes in Plan Net Assets. The Statement of Plan Net Assets provides details concerning PSRSSTL assets and related liabilities other than benefit obligations. PSRSSTL net assets reflect the resources available for future benefit payments. The Statement of Changes in Plan Net Assets provides details concerning PSRSSTL financial activity during fiscal year 2013 that lead to the change in Plan Net Assets from fiscal year 2012 to fiscal year 2013.

Additionally, the financial report contains notes, supplementary information and actuarial data that provide further information to use while analyzing the system's financial statements.

FINANCIAL ANALYSIS

On December 31, 2013, total assets for the system were \$963,584,935 and comprised of cash, an office building, receivables and investments. Total assets in fiscal year 2013 increased by 7.4%, or \$66,204,090, over fiscal year 2012, which is primarily due to an increase in the market value of the system's investments.

On December 31, 2013, total liabilities for the system were \$867,569 and consisted of accounts payable and accrued expenses. Total liabilities in fiscal year 2013 increased by 3.4%, or \$28,898, over fiscal year 2012.

On December 31, 2013, net assets held in trust by the system to pay pension benefits were \$962,717,365, an increase of 7.4%, or \$66,175,192, over fiscal year 2012.

Condensed Statements of Plan Net Assets					
	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2013</u> <u>% Change</u>	<u>FY 2012</u> <u>% Change</u>
Assets					
Cash	\$ 10,357,563	\$ 9,931,619	\$ 10,605,614	4.3 %	(6.4)%
Receivables	1,660,691	1,999,802	2,095,857	(17.0)%	(4.6)%
Investments	949,549,223	883,364,528	854,074,641	7.5 %	3.4 %
Property and equipment	<u>2,017,457</u>	<u>2,084,895</u>	<u>2,152,334</u>	(3.2)%	(3.1)%
Total assets	963,584,934	897,380,844	868,928,446	7.4 %	3.3 %
Liabilities					
Accounts payable and accrued expenses	<u>867,569</u>	<u>838,671</u>	<u>842,428</u>	3.4 %	(0.4)%
Net assets	<u>\$962,717,365</u>	<u>\$896,542,173</u>	<u>\$868,086,018</u>	7.4 %	3.3 %

REVENUES – ADDITIONS TO PLAN NET ASSETS

The assets that are required to finance PSRSSTL retirement benefits are accumulated through receipt of employer and member contributions as well as through earnings on investments. For fiscal year 2013, employer contributions were \$37 million; member contributions were approximately \$12 million; and net investment income was \$129 million.

Employer and member contributions combined increased by \$7.1 million in fiscal year 2013 as compared to the fiscal year 2012 increase of \$1.1 million, due to the increase in the required employer contribution rate from 11.8% of covered compensation in fiscal year 2012 to 15.07% in fiscal year 2013. The PSRSSTL Actuary determines the amount of employer contributions as part of the Annual Actuarial Valuation Report. The active member contribution rate of 5% of normal compensation has been in effect since July 1, 1999.

Net investment income was \$30 million more in fiscal year 2013 than in fiscal year 2012 because investment earnings were 15.8% for fiscal year 2013 as compared to 12.4% for fiscal year 2012.

Net investment income of \$128,888,406 and \$98,065,562 in fiscal years 2013 and 2012, respectively, reflect gross investment income less investment related expenses, such as investment manager and custodial fees.

EXPENSES – DEDUCTIONS FROM PLAN NET ASSETS

The primary deductions from plan net assets were payments of retirement benefits, survivor benefits, disability benefits, retiree healthcare subsidies and refunds to members who retired or terminated employment. PSRSSTL administrative expenses in fiscal year 2013 were approximately 0.15% of assets.

Condensed Statements of Changes in Plan Net Assets

	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2013</u> <u>% Change</u>	<u>FY 2012</u> <u>% Change</u>
Additions					
Employer Contributions	\$ 37,034,907	\$ 29,551,964	\$ 28,720,193	25.3 %	2.9 %
Member Contributions	11,814,124	12,147,663	11,879,052	(2.7)%	2.3 %
Net investment income (loss)	128,888,406	98,065,562	(5,550,568)	31.4 %	1,866.8 %
Rental income	<u>138,506</u>	<u>134,813</u>	<u>131,119</u>	2.7 %	2.8 %
Total additions	<u>177,875,943</u>	<u>139,900,002</u>	<u>35,179,796</u>	27.1 %	297.7 %
Deductions					
Retirement benefits	98,000,369	96,073,968	96,303,329	2.0 %	(0.2)%
Survivor benefits	2,654,895	2,595,094	2,540,407	2.3 %	2.2 %
Disability benefits	3,402,037	3,246,805	3,149,322	4.8 %	3.1 %
Health care subsidies	2,726,158	2,752,751	2,825,430	(1.0)%	(2.6)%
Administrative expenses	1,441,183	1,450,265	1,432,914	(0.6)%	1.2 %
Refunds to members	<u>3,690,639</u>	<u>4,773,609</u>	<u>3,242,200</u>	(22.7)%	47.2 %
Total deductions	<u>111,915,281</u>	<u>110,892,492</u>	<u>109,493,602</u>	0.9 %	1.3 %
Other income (expenses)	<u>214,530</u>	<u>(551,355)</u>	<u>230,717</u>	138.9 %	(339.0)%
Change in net assets	<u>\$ 66,175,192</u>	<u>\$ 28,456,155</u>	<u>\$(74,083,089)</u>	132.6 %	138.4 %

FINANCIAL SUMMARY

For more than 15 years, the PSRSSTL Investment Consultant has consistently calculated the System's investment performance; thereby, providing a valid basis on which performance can be compared with other public pension funds. For instance, PSRSSTL investment returns have performed consistently when compared to other public pension funds with the cumulative PSRSSTL returns ranking in the top 6% of public plans since 1997 for the period ended December 31, 2013.

Net plan assets over this same timeframe have fluctuated from a low of \$780 million in fiscal year 1997 to a high of \$1.15 billion in fiscal year 2007. At the end of fiscal year 2013, net plan assets were \$963 million, ending up in the middle between the system's 2007 high and 1997 low. This fluctuation in the value of net plan assets from year-to-year can be attributed to financial market conditions that have caused several large spikes followed by big losses of investment returns since 1997.

Over the same period, the funded status of the PSRSSTL plan, using the Governmental Accounting Standards Board (GASB) calculation method implemented in 1992, has remained stable, fluctuating within the range of 80.5% in 2002 to 88.6% in 2011. The funded ratio of a plan compares its assets to its liabilities, thereby, on an actuarial basis, measuring a plan's ability to fulfill the obligations it has to its members. The funded ratio of the PSRSSTL plan for fiscal year 2013 was 84.3%.

The Board of Trustees and the PSRSSTL Actuary assume that the PSRSSTL plan will continue to be funded on a sound actuarial basis provided required member and employer contributions are made as recommended, a prudent and well-diversified Asset Allocation Policy remains in place, quality investment managers continue to be selected, and the financial markets continue to remain stable.

REQUESTS FOR INFORMATION

This report is intended to provide the Board of Trustees, PSRSSTL members, and other interested parties a general overview of PSRSSTL financial matters. If any reader has questions about this report or needs additional financial information, contact the Public School Retirement System of the City of St. Louis.

Public School Retirement System of the City of St. Louis
Statements of Plan Net Assets
December 31, 2013 and 2012

Assets		<u>2013</u>	<u>2012</u>
Cash		\$ 10,357,563	\$ 9,931,619
Receivables			
Accrued interest and dividends		1,660,691	1,999,802
Investments, at fair value			
Cash equivalents		42,470,241	33,492,721
Bonds			
U.S. Government and agency issues		55,038,301	43,778,548
Corporate		48,769,735	56,771,927
Foreign investments (bonds and stocks)		97,267,831	106,939,798
Common and preferred stocks		275,848,250	233,243,085
Mutual funds		348,698,374	322,018,950
Real estate partnerships		49,057,339	45,034,321
Credit opportunity investments		9,530,937	16,877,460
Limited partnerships		21,148,713	23,352,373
Venture capital partnerships		<u>1,719,502</u>	<u>1,855,345</u>
Total Investments		949,549,223	883,364,528
Property and Building, net		<u>2,017,457</u>	<u>2,084,895</u>
Total Assets		963,584,934	897,380,844
Liabilities			
Accounts Payable and Accrued Expenses		<u>867,569</u>	<u>838,671</u>
Net Assets (Held in Trust for Pension Benefits)		<u>\$962,717,365</u>	<u>\$896,542,173</u>

Public School Retirement System of the City of St. Louis
Statements of Changes in Plan Net Assets
Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Additions		
Employer contributions		
St. Louis Public Schools	\$ 27,962,472	\$ 20,786,075
Sick leave conversion	2,215,167	3,158,506
Charter Schools	6,765,907	5,533,481
Retirement System	91,361	73,902
Employee contributions		
St. Louis Public Schools	9,511,125	9,623,366
Charter Schools	2,277,677	2,499,279
Retirement System	<u>25,322</u>	<u>25,018</u>
	48,849,031	41,699,627
Net appreciation (depreciation) in fair value of investments		
Cash equivalents	148,625	195,643
Bonds		
U.S. Government and agency issues	(1,104,790)	2,282,446
Corporate	3,830,831	9,198,965
Foreign investments	10,881,060	13,497,532
Common and preferred stock	76,026,111	33,226,079
Mutual funds	34,486,791	36,144,028
Limited partnerships	3,171,204	334,087
Real estate partnerships	4,479,603	4,777,693
Venture capital partnerships	(70,898)	(50,411)
Credit opportunity investments	<u>1,579,408</u>	<u>2,751,590</u>
	133,427,945	102,357,652
Less investment expense	<u>4,539,539</u>	<u>4,292,090</u>
Net investment income	128,888,406	98,065,562
Rental income	138,506	134,813
Other miscellaneous income (expense)	<u>214,530</u>	<u>(551,355)</u>
Net Additions	178,090,473	139,348,647
Deductions		
Benefits paid		
Retirement benefits	98,000,369	96,073,968
Survivor benefits	2,654,895	2,595,094
Disability benefits	3,402,037	3,246,805
Health care subsidies	<u>2,726,158</u>	<u>2,752,751</u>
	106,783,459	104,668,618
Operating expenses	1,441,183	1,450,265
Contribution refunds due to death or resignation	<u>3,690,639</u>	<u>4,773,609</u>
Total Deductions	<u>111,915,281</u>	<u>110,892,492</u>
Net Increase in Plan Net Assets	66,175,192	28,456,155
Net Assets Held in Trust for Pension Benefits Beginning of Year	<u>896,542,173</u>	<u>868,086,018</u>
Net Assets Held in Trust for Pension Benefits End of Year	<u>\$ 962,717,365</u>	<u>\$ 896,542,173</u>

Public School Retirement System of the City of St. Louis
Notes to Financial Statements
December 31, 2013 and 2012

1. Description of System

General

The Public School Retirement System of the City of St. Louis (the "System") is a funding agency existing under provisions of the Revised Statutes of the State of Missouri (the "Statutes") to provide retirement benefits for all employees of the Board of Education of the City of St. Louis, of the Charter Schools located within the St. Louis School District, and of all employees of the Public School Retirement System of the City of St. Louis. The System is administering a single defined benefit pension plan.

Operations and management of the System are generally prescribed in the Statutes and are supervised by the Board of Trustees.

Membership and Eligibility

All persons employed on a full-time basis are members of the System as a condition of employment. Membership statistics, as of the latest actuarial valuations, are as follows:

	January 1, 2013	January 1, 2012
Active members	4,786	4,784
Inactive members	<u>1,643</u>	<u>1,958</u>
Total members not retired	6,429	6,742
Retired members		
Service and survivors	4,250	4,265
Disability	<u>266</u>	<u>299</u>
	<u>4,516</u>	<u>4,564</u>
Total membership	<u>10,945</u>	<u>11,306</u>

Vesting

Full vesting on termination of employment after at least five years of service is provided if contributions are left with the System. The full benefit is payable at age 65 or at a reduced early retirement benefit prior to age 65.

Funding Policy

The funding objective of the System is to meet long-term benefit promises through contributions that remain approximately level from year to year as a percentage of covered compensation.

Public School Retirement System of the City of St. Louis
Notes to Financial Statements
December 31, 2013 and 2012

Benefits

Upon retirement at age 65, or at any age if age plus years of credited service equals or exceeds 85 (Rule of 85), members receive monthly payments for life of yearly benefits equal to years of credited service multiplied by 2% of average final compensation, but not to exceed 60% of average final compensation. Early retirement can occur at age 60 with 5 years of service. The service retirement allowance is reduced five ninths of one percent for each month of commencement prior to age 65 or the age at which the Rule of 85 would have been satisfied had the employee continued working until that age, if earlier.

In lieu of the benefit paid over the lifetime of the participant, reduced benefit options are available for survivor and beneficiary payments.

Members are eligible, after accumulation of five years of credited service, for disability benefits prior to eligibility of normal retirement. Survivors' benefits are available for beneficiaries of members who die after at least 18 months of active membership.

The System pays a portion of health insurance premiums for retirees under Section 169.476 of the Statutes, as an expense of the System.

Benefits are recorded when paid.

Return of Contributions Upon Death

If, after the death of a participant, no further monthly amounts are payable to a beneficiary under an optional form of payment or under the survivor benefit provisions, the participant's beneficiary shall be paid the excess, if any, of the participant's accumulated contributions over all payments made to, or on behalf of, the deceased participant.

Contributions by Participants

Active participants contribute 5% of compensation. Accumulated contributions are credited at the rate of interest established by the Board of Trustees. The current crediting rate is 5%.

Contributions by Employers

The employer contribution rate is set each year by the Board of Trustees upon recommendation of the independent actuary.

Expenses

Administrative expenses are paid out of investment income.

Public School Retirement System of the City of St. Louis
Notes to Financial Statements
December 31, 2013 and 2012

2. Summary of Significant Accounting Policies

Basis of Presentation and Accounting

The financial statements of the System have been prepared in accordance with the criteria established by the Governmental Accounting Standards Board ("GASB") and the provisions of Financial Accounting Standards Board ("FASB"), Accounting Standards Codification (the "FASB ASC"), which is the source of authoritative, non-governmental accounting principles generally accepted in the United States of America ("GAAP"). The System's financial statements are prepared using the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Receivables

Receivables consist of pending interest and dividends payable on investments held at the end of the year.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the latest reported sales price at current exchange rates.

Limited partnerships

Fair values of the limited partnership investments are based on valuations of the underlying companies of the limited partnerships as reported by the general partner. Certain limited partnerships reflect values on a quarter lag basis due to the nature of those investments and the time it takes to value them.

Alternative investments

For alternative investments (venture capital partnerships) where no readily ascertainable market value exists, management, in consultation with their investment advisors, values these investments in good faith based upon audited financials, cash flow analysis, purchase and sales of similar investments, other practices used within the industry, or other information provided by the underlying investment advisors. The estimated fair value of these investments may differ significantly from values that would have been used had a ready market existed.

Public School Retirement System of the City of St. Louis
Notes to Financial Statements
December 31, 2013 and 2012

Net Appreciation (Depreciation) in Fair Value of Investments

Net appreciation (depreciation) in fair value of investments includes: realized gains (losses), unrealized appreciation (depreciation), dividends, interest, and other investment income. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Fair Value Measurements

The System follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. The three general valuation techniques used to measure fair value are the market approach, cost approach, and income approach.

Furniture and Equipment

Acquisitions of furniture and equipment are charged to operating expense when purchased. The value of furniture and equipment owned by the System is deemed to be immaterial in relation to the total assets of the System.

Property and Building

The System records property, building, and related improvements at cost while expenditures for normal repairs and maintenance, which do not extend the useful life of the assets, are charged to operations as incurred. The System elected the straight-line method for the depreciation of the building and improvements over the estimated life of 40 years.

Long-Lived Asset Impairment

The System evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2013 and 2012.

Reclassifications

Certain amounts in the 2012 financial statements have been reclassified to conform to the current year presentation.

Public School Retirement System of the City of St. Louis
Notes to Financial Statements
December 31, 2013 and 2012

Subsequent Events

The System has evaluated subsequent events through April 17, 2014, the date the financial statements were available to be issued.

Recent Accounting Pronouncements

GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," was established to provide a framework that specifies where deferred outflows of resources and deferred inflows of resources, assets, liabilities and net position should be displayed on the financial statements. PSRSSTL implemented this Statement for the year ended December 31, 2012. The categories of Deferred Outflow and Deferred Inflow were not applicable for the financial statements of the System for the years ended December 31, 2013 and 2012.

GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," was established to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. PSRSSTL is required to implement this statement for the year ending December 31, 2014.

GASB Statement No. 67, "Financial Reporting for Pension Plans," established standards for defined benefit pension plan's financial reports and specifies the required approach to measuring the pension liability of employer and non-employer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. PSRSSTL is required to implement this statement for the year ending December 31, 2014.

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions," was established to set standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. This statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. PSRSSTL will assist employers in their implementation of this statement for the year ending December 31, 2015.

Management has not fully determined what impact, if any, these Statements may have on its financial statements; however, GASB Statements 67 and 68 are expected to have a material impact.

Public School Retirement System of the City of St. Louis
Notes to Financial Statements
December 31, 2013 and 2012

3. Investments

At December 31, 2013 and 2012, investments consisted of the following:

	<u>2013</u>	
	<u>Fair Value</u>	<u>Cost</u>
Cash equivalents	\$ 42,470,241	\$ 42,470,241
Bonds		
U.S. Government and agency issues	55,038,301	55,812,525
Corporate	48,769,735	44,523,846
Foreign investments (bonds and stocks)	97,267,831	87,472,364
Common and preferred stocks	275,848,250	211,119,325
Mutual funds	348,698,374	248,541,498
Real estate partnerships	49,057,339	43,245,288
Credit opportunity investments	9,530,937	6,526,109
Limited partnerships	21,148,713	19,602,206
Venture capital partnerships	<u>1,719,502</u>	<u>705,685</u>
	<u>\$949,549,223</u>	<u>\$760,019,087</u>

	<u>2012</u>	
	<u>Fair Value</u>	<u>Cost</u>
Cash equivalents	\$ 33,492,721	\$ 33,492,721
Bonds		
U.S. Government and agency issues	43,778,548	42,524,621
Corporate	56,771,927	51,118,928
Foreign investments (bonds and stocks)	106,939,798	101,925,873
Common and preferred stocks	233,243,085	207,134,202
Mutual funds	322,018,950	261,654,366
Real estate partnerships	45,034,321	41,551,122
Credit opportunity investments	16,877,460	12,085,692
Limited partnerships	23,352,373	22,115,266
Venture capital partnerships	<u>1,855,345</u>	<u>642,352</u>
	<u>\$883,364,528</u>	<u>\$774,245,143</u>

Public School Retirement System of the City of St. Louis
Notes to Financial Statements
December 31, 2013 and 2012

4. Fair Value Measurements

The framework for measuring fair value establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into Levels 1, 2, and 3. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical instruments in active markets.

- Level 2 Inputs to the valuation methodology include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, inputs other than quoted prices that are observable for the instrument, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The instrument's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Carrying amounts of certain financial instruments such as cash and cash equivalents, receivables, accounts payable, and accrued expenses approximate fair value due to their short maturities. There have been no changes in the methodologies used at December 31, 2013 and 2012.

Following is a description of the valuation methodologies used for investments measured at fair value.

- Level 1 Investments consist of publicly traded mutual funds, common stocks, and credit opportunity investments. Mutual funds and credit opportunity investments are valued at the net asset value (NAV) of shares held by the System at year-end. Common stocks are valued using the closing price reported on the active market on which the individual securities are traded.

- Level 2 Investments consist of corporate and foreign bonds, U.S government securities, and money market accounts. These securities are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Public School Retirement System of the City of St. Louis
Notes to Financial Statements
December 31, 2013 and 2012

Level 3 Investments consist of real estate partnerships, limited partnerships, and venture capital partnerships. Real estate partnerships are valued at fair value as determined by the general partner. Limited partnerships are valued based on valuations of the underlying companies of the limited partnerships as reported by the general partner. Venture capital partnerships are valued by investment advisors based upon audited financials, other practices, and other information provided by the underlying investment advisor.

The following table presents the fair value measurements of instruments recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements are categorized at December 31, 2013 and 2012:

	2013			
	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Credit opportunity investments	\$ 9,530,937	\$ 9,530,937	\$ -	\$ -
U.S. Government and agency issues	55,038,301	-	55,038,301	-
Corporate bonds	48,769,735	-	48,769,735	-
Foreign investments	97,267,831	-	97,267,831	-
Common stocks	275,848,250	275,848,250	-	-
Mutual funds	348,698,374	348,698,374	-	-
Money market accounts	42,470,241	-	42,470,241	-
Real estate partnerships	49,057,339	-	-	49,057,339
Limited partnerships	21,148,713	-	-	21,148,713
Venture capital partnerships	1,719,502	-	-	1,719,502
	<u>\$949,549,223</u>	<u>\$634,077,561</u>	<u>\$243,546,108</u>	<u>\$ 71,925,554</u>

	2012			
	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Credit opportunity investments	\$ 16,877,460	\$ 16,877,460	\$ -	\$ -
U.S. Government and agency issues	43,778,548	-	43,778,548	-
Corporate bonds	56,771,927	-	56,771,927	-
Foreign investments	106,939,798	-	106,939,798	-
Common stocks	233,243,085	233,243,085	-	-
Mutual funds	322,018,950	322,018,950	-	-
Money market accounts	33,492,721	-	33,492,721	-
Real estate partnerships	45,034,321	-	-	45,034,321
Limited partnerships	23,352,373	-	-	23,352,373
Venture capital partnerships	1,855,345	-	-	1,855,345
	<u>\$883,364,528</u>	<u>\$572,139,495</u>	<u>\$240,982,994</u>	<u>\$ 70,242,039</u>

Public School Retirement System of the City of St. Louis
Notes to Financial Statements
December 31, 2013 and 2012

Changes in fair value of the System's Level 3 instruments are as follows:

	<u>Venture Capital Partnerships</u>	<u>Limited Partnerships</u>	<u>Real Estate Partnerships</u>	<u>Total</u>
Balance, December 31, 2011	\$ 1,905,756	\$ 24,660,720	\$ 46,725,649	\$ 73,292,125
Realized gains (losses)	(1,475)	1,546,463	16,718	1,561,706
Unrealized gains (losses)	(139,023)	(1,275,056)	2,509,939	1,095,860
Purchases, sales, issuances, and settlements (net)	-	(1,579,754)	(6,000,000)	(7,579,754)
Investment income (net)	90,087	-	2,251,036	2,341,123
Management fees	-	-	(469,021)	(469,021)
Balance, December 31, 2012	1,855,345	23,352,373	45,034,321	70,242,039
Realized gains (losses)	-	1,815,916	17,370	1,833,286
Unrealized gains (losses)	(62,771)	1,294,540	2,328,852	3,560,621
Purchases, sales, issuance and settlements, (net)	(64,944)	(5,314,116)	-	(5,379,060)
Investment income (net)	(8,128)	-	2,133,382	2,125,254
Management fees	-	-	(456,586)	(456,586)
Balance, December 31, 2013	<u>\$ 1,719,502</u>	<u>\$ 21,148,713</u>	<u>\$ 49,057,339</u>	<u>\$ 71,925,554</u>

Public School Retirement System of the City of St. Louis
Notes to Financial Statements
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All assets have been valued using a market approach, except for Level 3 assets. Fair values in Level 2 are calculated using quoted market prices for similar assets in markets that are not active. The following table describes the valuation technique used to calculate fair values for assets in Level 3. Annually, management determines if the current valuation techniques used in the fair value measurements are still appropriate and evaluates and adjusts the unobservable inputs used in the fair value measurements based on third-party information. There were no changes in the valuation techniques during the current year.

<u>December 31, 2013</u>	<u>Fair Value</u>	<u>Valuation Technique(s)</u>	<u>Unobservable Inputs</u>
Limited Partnerships	\$ 21,148,713	Basis in LLC	Undistributed Income
Real Estate Partnerships	\$ 49,057,339	Basis in LLC	Undistributed Income
Venture Capital Partnerships	\$ 1,719,502	Basis in LLC	Undistributed Income

<u>December 31, 2012</u>	<u>Fair Value</u>	<u>Valuation Technique(s)</u>	<u>Unobservable Inputs</u>
Limited Partnerships	\$ 23,352,373	Basis in LLC	Undistributed Income
Real Estate Partnerships	\$ 45,034,321	Basis in LLC	Undistributed Income
Venture Capital Partnerships	\$ 1,855,345	Basis in LLC	Undistributed Income

The significant unobservable inputs used in the fair value measurement of the System's investments in limited partnerships are the original cost of the investment in the partnership plus the cumulative net income of the partnership through the end of the most recent fiscal year. Significant increases or decreases in the partnership's cumulative net income through December 31, 2013 and 2012 could result in a significantly higher or lower fair value measurement.

5. Occupancy

The System occupies offices in a building it owns. Occupancy expenses for the years ended December 31, 2013 and 2012 were \$27,946 and \$27,005, respectively.

On May 7, 2009, the System entered into an agreement to lease a portion of its building to an unrelated party. The initial lease term is five years with annual rent ranging from \$125,579 to \$140,353. There are also five one-year renewal options. Rental income received for the years ended December 31, 2013 and 2012 totaled \$138,506 and \$134,813, respectively.

Public School Retirement System of the City of St. Louis
Notes to Financial Statements
December 31, 2013 and 2012

6. Property and Building

Property and building as of December 31, 2013 and 2012 consists of:

	<u>2013</u>	<u>2012</u>
Land	\$ 229,451	\$ 229,451
Building	2,065,061	2,065,061
Tenant improvements	<u>158,120</u>	<u>158,120</u>
	2,452,632	2,452,632
Less accumulated depreciation	<u>435,175</u>	<u>367,737</u>
Total Property and Building	<u>\$ 2,017,457</u>	<u>\$ 2,084,895</u>

Depreciation expenses were \$67,438 and \$67,438 for the years ended December 31, 2013 and 2012, respectively.

7. Pension

The funded status as of January 1, which is the most recent actuarial date is as follows:

	<u>2013</u>	<u>2012</u>
Actuarial value of assets	\$ 914,494,335	\$ 925,389,359
Actuarial accrual liability (AAL)	\$1,085,124,658	\$1,090,318,706
Unfunded AAL (UAAL)	\$ 170,630,323	\$ 164,929,347
Funded ratio	84.3 %	84.9 %
Annual covered payroll	\$ 225,893,514	\$ 234,760,091
UAAL as a percentage of payroll	75.5 %	70.2 %

The funded ratio decreased 0.6% from the previous year. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents similar information but uses a multi-year format to show trend information. These trends indicate whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. The trend information was obtained from the annual valuation report of the independent actuary retained by the System.

Public School Retirement System of the City of St. Louis
Notes to Financial Statements
December 31, 2013 and 2012

Additional information regarding assumptions used in the actuarial valuation is as follows:

	<u>January 1, 2013</u>	<u>January 1, 2012</u>
Actuarial cost method	Frozen entry age	Frozen entry age
Amortization method	Level dollar, closed period	Level dollar, closed period
Amortization period	23 years	24 years
Inflation rate	3.5%	3.5%
Asset valuation method	Assumed Yield Method	Assumed Yield Method
Investment return	8.0% per annum	8.0% per annum
Projected salary increase	Based on actual experience of the System, at a rate of 4.5% per annum	Based on actual experience of the System, at a rate of 4.5% per annum
Mortality or death benefits	Mortality tables mandated by the Pension Protection Act as specified in IRS Regulation 1.430(h)(3)-1	Mortality tables mandated by the Pension Protection Act as specified in IRS Regulation 1.430(h)(3)-1
Disability Rates	RP-2000 Disability Mortality Table	RP-2000 Disability Mortality Table

8. Annual Required Contribution

As determined by the actuary, the annual required contribution is as follows at January 1, 2013:

	<u>Board of Education</u>	<u>Retirement System</u>	<u>Charter Schools</u>	<u>Total</u>
Normal Cost contribution	\$ 17,624,667	\$ 47,804	\$ 3,142,261	\$20,814,732
Actuarial accrued liability contribution	<u>13,931,029</u>	<u>37,786</u>	<u>2,483,731</u>	<u>16,452,546</u>
Annual required contribution (ARC)	\$ 31,555,696	\$ 85,590	\$ 5,625,992	\$37,267,278
Covered compensation	\$191,273,081	\$ 518,799	\$34,101,634	\$25,893,514
ARC as % of covered compensation	16.50 %	16.50 %	16.50 %	16.50 %

Public School Retirement System of the City of St. Louis
Notes to Financial Statements
December 31, 2013 and 2012

As determined by the actuary, the annual required contribution is as follows at January 1, 2012:

	<u>Board of Education</u>	<u>Retirement System</u>	<u>Charter Schools</u>	<u>Total</u>
Normal Cost contribution	\$ 15,577,622	\$ 50,896	\$ 4,074,427	\$19,702,945
Actuarial accrued liability contribution	<u>12,384,850</u>	<u>40,465</u>	<u>3,239,338</u>	<u>15,664,653</u>
Annual required contribution (ARC)	\$ 27,962,472	\$ 91,361	\$ 7,313,765	\$35,367,598
Covered compensation	\$185,606,968	\$ 606,427	\$48,546,696	\$34,760,091
ARC as % of covered compensation	15.07 %	15.07 %	15.07 %	15.07 %

9. Tax Status of Plan

The Internal Revenue Service has determined and informed the System by a letter dated June 15, 2012, that the System and related trust and amendments are designed in accordance with the applicable sections of the IRC. The System believes that the System is designed and is currently being operated in compliance with the applicable requirements of the IRC and therefore believes that the System is qualified and the related trust is tax-exempt.

10. Risks and Uncertainties

Financial instruments that potentially subject the System to concentrations of credit and market risk consist principally of cash and investments. The System places its temporary cash investments with major financial institutions. At December 31, 2013 and 2012, the System had approximately \$10,773,000 and \$10,453,000, respectively, in cash on deposit at US Bank. These balances were insured by the Federal Deposit Insurance Corporation ("FDIC") for \$250,000 per account. The remaining balances are collateralized by US Bank's assets held jointly in the name of US Bank, N.A. and the System, held by the Federal Home Loan Bank of Cleveland as Trustee. Regulations require that government entities, in case of bank failure, have collateral to cover losses that could exceed the FDIC limit of \$250,000. The market value of the collateralized securities at December 31, 2013 and 2012 was \$11,000,000. A significant portion of the System's investments are held in trust by US Bank of St. Louis, N.A.

On December 31, 2013 and December 28, 2012, the System received \$30,126,350 and \$23,893,293, respectively from the St. Louis Board of Education for the 2013 and 2012 St. Louis Public Schools' annual regular pension contribution and sick leave conversion contribution and held it in a cash equivalents account until investment allocations were implemented.

Public School Retirement System of the City of St. Louis
Notes to Financial Statements
December 31, 2013 and 2012

The System has significant amounts of investments that are subject to market risk. Market risk is the possibility that future changes in market price may make a financial instrument less valuable. The other investments are also subject to risk. This risk is the possibility that, upon disposition, the value received may be less than the amount invested.

Concentration of Credit Risk

At December 31, 2013, the System had the following concentrations, defined as investments (other than those issued or guaranteed by the U.S. Government) in any one organization that represent 5% or more of net assets held in trust for pension benefits.

<u>Mutual Funds</u>	<u>Fair Value</u>	<u>Percentage of Total Net Assets</u>
The Bank of New York Mellon	\$ 50,061,980	5.2%
 <u>Real Estate Investments</u>		
UBS Global Asset Management	\$ 49,057,339	5.1%

Public School Retirement System of the City of St. Louis
Notes to Financial Statements
December 31, 2013 and 2012

Credit Risk of Debt Securities

The System's rated debt investments as of December 31, 2013 were rated by Moody's Investor Services (Moody's) and the ratings are presented using the Moody's rating scale. The System's policy to limit credit risk is that the overall average quality of each high-grade domestic fixed income portfolio shall be AA or better and the average quality rating of securities held in a domestic high-yield portfolio shall be B or better. The overall average quality of each global fixed income portfolio shall be A or better. Non-rated issues are allowed as long as the quality is sufficient to maintain the overall average rating noted.

As of December 31, 2013, the System held the following fixed income investments with respective Moody's quality ratings or equivalent rating. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

Fair Quality Rating	Corporate debt and debentures	Foreign government and corporate obligations	US Government and agency issues	Total
Aaa	\$ 1,973,760	\$ 13,356,344	\$ 25,039,145	\$ 40,369,249
Aa1	372,437	-	178,159	550,596
Aa2	1,072,142	916,350	-	1,988,492
Aa3	781,016	7,234,923	-	8,015,939
A1	1,388,740	85,026	-	1,473,766
A2	707,695	3,389,392	-	4,097,087
A3	2,226,489	319,987	-	2,546,476
Baa1	2,009,528	4,200,163	-	6,209,691
Baa2	3,555,336	1,950,041	-	5,505,377
Baa3	4,994,805	654,801	-	5,649,606
Ba1	2,979,385	1,072,087	-	4,051,472
Ba2	2,915,006	1,299,694	-	4,214,700
Ba3	3,147,638	982,596	-	4,130,234
B1	3,416,081	566,019	-	3,982,100
B2	2,567,059	52,000	-	2,619,059
B3	3,897,198	196,300	-	4,093,498
Caa1	1,253,006	146,249	-	1,399,255
Caa2	1,698,704	144,688	-	1,843,392
Caa3	-	110,463	-	110,463
Ca	81,457	63,524	-	144,981
C	5,106	101,115	-	106,221
Not rated	7,727,147	983,366	29,820,997	38,531,510
Total	\$ 48,769,735	\$ 37,825,128	\$ 55,038,301	\$ 141,633,164

Public School Retirement System of the City of St. Louis
Notes to Financial Statements
December 31, 2013 and 2012

As of December 31, 2012, the System held the following fixed income investments with respective Moody's quality ratings or equivalent rating.

Fair Quality Rating	Corporate debt and debentures	Foreign government and corporate obligations	US Government and agency issues	Total
Aaa	\$ 3,488,115	\$ 15,665,645	\$ 10,039,456	\$ 29,193,216
Aa1	657,016	-	-	657,016
Aa2	729,465	1,565,275	-	2,294,740
Aa3	782,013	17,357,661	-	18,139,674
A1	1,522,677	49,490	36,549	1,608,716
A2	2,558,281	4,127,733	-	6,686,014
A3	1,412,670	552,436	-	1,965,106
Baa1	1,785,203	5,643,406	-	7,428,609
Baa2	4,781,597	1,666,393	-	6,447,990
Baa3	5,643,752	878,738	-	6,522,490
Ba1	2,555,678	1,240,489	-	3,796,167
Ba2	1,747,204	839,622	-	2,586,826
Ba3	2,254,117	2,574,776	-	4,828,893
B1	3,573,605	847,675	-	4,421,280
B2	1,842,517	120,175	-	1,962,692
B3	7,389,146	111,700	-	7,500,846
Caa1	3,327,750	-	-	3,327,750
Caa2	1,161,270	203,645	-	1,364,915
Caa3	494,665	549,900	-	1,044,565
Ca	279,750	116,600	-	396,350
C	4,851	-	-	4,851
Not rated	8,780,585	1,062,417	33,702,543	43,545,545
Total	<u>\$ 56,771,927</u>	<u>\$ 55,173,776</u>	<u>\$ 43,778,548</u>	<u>\$ 155,724,251</u>

Public School Retirement System of the City of St. Louis
Notes to Financial Statements
December 31, 2013 and 2012

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The System does not have a formal policy to limit foreign currency risk. The System's exposure to foreign currency risk in U.S. dollars as of December 31, 2013 is as follows:

<u>Currency</u>	<u>Foreign Currency</u>	<u>Fixed Income</u>	<u>Equities</u>	<u>Total</u>
Australian Dollar	\$ 2,991	\$ 4,329,852	\$ -	\$ 4,332,843
British Pound Sterling	-	-	9,491,650	9,491,650
Canadian Dollar	-	110,463	912,023	1,022,486
Euros	-	6,011,686	20,705,432	26,717,118
Hong Kong Dollar	-	-	2,673,437	2,673,437
Japanese Yen	24,772	7,044,423	5,153,927	12,223,122
Korean Won	-	-	1,636,286	1,636,286
Malaysian Ringgit	21,183	-	-	21,183
Mexico Peso	68,709	3,493,506	-	3,562,215
New Zealand Dollar	19	-	-	19
Polish Zloty	-	3,389,392	-	3,389,392
Singapore Dollar	-	-	734,952	734,952
South African Rand	9	-	-	9
Swedish Krona	-	4,172,309	-	4,172,309
Swiss Franc	-	-	3,580,268	3,580,268
	<u>\$ 117,683</u>	<u>\$ 28,551,631</u>	<u>\$ 44,887,975</u>	<u>73,557,289</u>
Foreign investment denominated in US Dollars				<u>23,710,542</u>
				<u>\$ 97,267,831</u>

Public School Retirement System of the City of St. Louis
Notes to Financial Statements
December 31, 2013 and 2012

The System's exposure to foreign currency risk in U.S. dollars as of December 31, 2012 is as follows:

<u>Currency</u>	<u>Foreign Currency</u>	<u>Fixed Income</u>	<u>Equities</u>	<u>Total</u>
Australian Dollar	\$ 16,274	\$ 5,115,519	\$ -	\$ 5,131,793
British Pound Sterling	-	1,435,450	6,375,625	7,811,075
Canadian Dollar	-	193,320	-	193,320
Euros	-	7,227,539	20,984,089	28,211,628
Hong Kong Dollar	-	-	2,530,057	2,530,057
Japanese Yen	62,719	19,372,360	5,900,573	25,335,652
Korean Won	-	-	1,119,272	1,119,272
Mexico Peso	79,750	3,407,032	-	3,486,782
New Zealand Dollar	17	-	-	17
Polish Zloty	-	3,919,287	-	3,919,287
Singapore Dollar	-	-	772,166	772,166
South African Rand	14,851	1,449,334	-	1,464,185
Swedish Krona	-	1,445,259	-	1,445,259
Swiss Franc	-	-	2,752,911	2,752,911
	<u>\$ 173,611</u>	<u>\$ 43,565,100</u>	<u>\$ 40,434,693</u>	<u>\$ 84,173,404</u>

Foreign investment denominated in US Dollars	<u>22,766,394</u>
	<u>\$106,939,798</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System's fixed income investments are managed in accordance with operational guidelines that are specific as to the degree of interest rate risk that can be taken. The System manages the interest rate risk within the portfolio using various methods, including effective duration, option adjusted duration, average maturity, and segmented time distribution, which reflects total fair value of investments maturing during a given time period.

The segmented time distribution of the various investment types of the System's debt securities at December 31, 2013 is as follows:

<u>Type</u>	<u>2013 Fair Value</u>	<u>Less Than 1 year</u>	<u>1 to 5 years</u>	<u>6 to 10 years</u>	<u>More than 10 years</u>
Corporate bonds and debentures	\$ 48,769,735	\$ 330,815	\$ 12,054,536	\$ 16,792,640	\$ 19,591,744
Foreign government and corporate obligations	37,825,128	2,663,259	13,835,849	15,448,421	5,877,599
US government and corporate obligations	55,038,301	700,574	14,987,431	12,248,794	27,101,502
Total	<u>\$ 141,633,164</u>	<u>\$ 3,694,648</u>	<u>\$ 40,877,816</u>	<u>\$ 44,489,855</u>	<u>\$ 52,570,845</u>

Public School Retirement System of the City of St. Louis
Notes to Financial Statements
December 31, 2013 and 2012

The segmented time distribution of the various investment types of the System's debt securities at December 31, 2012 is as follows:

<u>Type</u>	<u>2012 Fair Value</u>	<u>Less Than 1 year</u>	<u>1 to 5 years</u>	<u>6 to 10 years</u>	<u>More than 10 years</u>
Corporate bonds and debentures	\$ 56,771,927	\$ 508,080	\$ 15,659,466	\$ 17,357,659	\$ 23,246,722
Foreign government and corporate obligations	55,173,776	1,637,514	25,981,485	19,564,934	7,989,843
US government and corporate obligations	<u>43,778,548</u>	<u>-</u>	<u>3,236,989</u>	<u>7,744,413</u>	<u>32,797,146</u>
Total	<u>\$ 155,724,251</u>	<u>\$ 2,145,594</u>	<u>\$ 44,877,940</u>	<u>\$ 44,667,006</u>	<u>\$ 64,033,711</u>

Public School Retirement System of the City of St. Louis
Schedule of Employer Contributions
December 31, 2013

Employer Contributions		
<u>Year Ended</u> <u>December 31.</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percent</u> <u>Contributed</u>
1997	\$ 16,876,759	100.2 %
1998	15,328,067	111.1
1999	13,906,270	124.5
2000	15,543,984	112.3
2001	18,168,580	100.2
2002	19,076,442	100.6
2003	19,517,288	101.2
2004	19,210,506	132.0
2005	19,364,705	121.4
2006	14,414,133	114.9
2007	17,311,658	129.7
2008	21,021,316	132.5
2009	21,406,949	133.6
2010	19,407,722	134.4
2011	24,264,182	118.4
2012	25,928,658	114.0
2013	35,367,598	*

* To be determined at the end of the year

The information presented in the required supplemental schedules was determined as part of the actuarial valuation prepared by Buck Consultants at January 1, 2013.

Additional information related to the above actuarial valuation follows:

Actuarial cost method:	Frozen entry age
Rate of investment return	8.00% for 2013 and 2012, net of expenses
Turnover or withdrawal rates:	Various by age and year of membership based on actual
Mortality and death rates:	Mortality tables mandated by the Pension Protection Act as specified in IRS Regulation 1.430(h)(3)-1
Disability rates	RP-2000 Disability Mortality Table
Rates of retirement between the ages of 55 and 70	Various based on actual experience of the System
Rate of salary increases	Based on actual experience of the System, at the rate of 4.5% per year
Asset valuation method:	The assumed yield method of valuing assets

The Unfunded Actuarial Accrued Liability (UFAAL) was originally determined and frozen as of January 1, 1981. Effective January 1, 2006, the UFAAL was re-determined. The UFAAL is being amortized over thirty (30) years.

Public School Retirement System of the City of St. Louis
Schedule of Funding Progress
(in millions)
December 31, 2013

Actuarial Valuation Date January 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Frozen Entry Age (b)	Unfunded AAL (UAAL) (b - a)
1997	\$ 598.6	\$ 716.7	\$ 118.1
1998	644.4	759.7	115.3
1999	694.3	846.9	152.6
2000	770.1	937.7	167.6
2001	828.1	1,022.0	193.9
2002	861.1	1,069.8	208.7
2003	873.3	1,063.2	189.9
2004	902.0	1,074.3	172.3
2005	935.3	1,084.4	149.1
2006	983.8	1,122.6	138.8
2007	1,003.4	1,150.2	146.8
2008	1,014.9	1,158.9	144.0
2009	963.9	1,099.9	136.0
2010	950.7	1,076.0	125.3
2011	944.4	1,066.3	121.9
2012	925.4	1,090.3	164.9
2013	914.5	1,085.1	170.6

Actuarial Valuation Date January 1,	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c)
1997	83.5 %	\$ 210.2	56.2 %
1998	84.8	210.8	54.7
1999	82.0	215.6	70.8
2000	82.1	216.7	77.3
2001	81.0	235.1	82.5
2002	80.5	243.9	85.6
2003	82.1	283.9	66.9
2004	84.0	255.3	67.5
2005	86.3	240.2	62.1
2006	87.6	227.0	61.1
2007	87.2	222.4	66.0
2008	87.6	225.2	63.9
2009	87.6	234.5	58.0
2010	88.4	242.0	51.8
2011	88.6	218.3	55.8
2012	84.9	234.8	70.2
2013	84.3	225.9	75.5

Public School Retirement System of the City of St. Louis
Schedules of Operating Expenses
Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Actuarial services	\$ 177,146	\$ 146,077
Accounting and auditing fees	51,139	55,552
Computer programming and consultation	87,881	125,590
Conventions, conferences, seminars		
Executive Director	1,156	1,790
Trustees (see below)	26,928	18,979
Depreciation expense	67,438	67,438
Dues and subscriptions	4,618	-
Employee benefits	3,184	3,455
Furniture and equipment	11,311	566
Health insurance consultation	39,843	39,843
Insurance - group health	59,824	62,069
Insurance - casualty and bonding	84,707	80,875
Legal fees and expenses	22,173	47,342
Medical fees	2,300	1,300
Miscellaneous expense	7,347	7,815
Occupancy expense	27,946	27,005
Office repairs and maintenance	47,969	40,271
Office supplies and expenses	14,931	10,330
Payroll taxes	34,164	33,653
Pension contribution	91,361	73,902
Postage	60,298	89,933
Printing and publishing	29,140	23,749
Salaries - administrative and clerical	446,591	446,297
Telephone	10,682	16,780
Utilities	31,106	29,654
	<u>\$ 1,441,183</u>	<u>\$ 1,450,265</u>

Trustees' Expenses

The Trustees attended conferences and business meetings in connection with business of the System. The Trustees received no salaries but were allowed expenses relating to their attendance at such events as follows:

	<u>2013</u>	<u>2012</u>
Lodging, meals, and miscellaneous	\$ 17,650	\$ 10,842
Transportation and registration	9,278	8,137
Total	<u>\$ 26,928</u>	<u>\$ 18,979</u>

Public School Retirement System of the City of St. Louis
Schedules of Investment Expenses
Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Investment management fees		
Batterymarch	\$ 117,545	\$ 108,819
BDH	-	54,823
Causeway	294,235	260,649
Chicago Equity	188,266	172,437
Earnest Partners	52,052	52,936
Entrust	295,594	270,759
Fidelity	274,160	239,138
GMO	718	2,002
Holland Capital	193,757	77,258
Intech	121,972	124,978
John Hancock	153,711	155,372
Lomax	172,499	161,912
Loomis Sayles	229,523	217,197
Loomis Credit Asset	78,121	91,650
Mellon	299,900	298,281
Mondrian	191,534	209,408
Monetary	-	148,365
New Amsterdam	99,928	92,548
SW Pelham	60,748	-
Systematic	256,604	225,856
TCW Asset	192,509	77,477
UBS	456,585	469,021
US Bank	147,831	143,714
Wellington	200,263	204,464
Westfield	<u>229,248</u>	<u>210,401</u>
Total investment management fees	4,307,303	4,069,465
Consultant fees	192,519	188,999
Banking services	<u>39,717</u>	<u>33,626</u>
Total investment expenses	<u>\$ 4,539,539</u>	<u>\$ 4,292,090</u>

Public School Retirement System of the City of St. Louis
Schedules of Professional/Consultant Fees
Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Actuarial services	\$ 177,146	\$ 146,077
Accounting and auditing fees	51,139	55,552
Building property management	27,946	27,005
Health insurance consulting	39,843	39,843
Legal expenses	22,173	47,342
Technology consulting	<u>87,881</u>	<u>125,590</u>
Total fees	<u>\$ 406,128</u>	<u>\$ 441,409</u>

MEMORANDUM

To: Angela Banks
Sheila Goodwin
Charles Shelton
Janusz Wolynski

Christina Bennett
Mary Houlihan
Rick Sullivan

Joe Clark
Yvette Levy
Eural Thomas

FROM: Andrew Clark

RE: **Fiduciary Liability Insurance Renewal & Three-Year Crime Insurance Coverage**

DATE: April 21, 2014

The insurance broker, Arthur J. Gallagher Risk Management Services, Inc., has submitted the renewal of the retirement system's Fiduciary Liability Insurance for a period from May 20, 2014 - May 20, 2015, and Crime Insurance for a three-year policy term from May 20, 2014 – May 20, 2017. If accepted by the Board of Trustees, the insurance carrier and coverage for both types of insurance will remain the same as in 2013 according to the following summary:

Carrier	Coverage Type	Coverage Limit	Coverage Retention	Current (2013) Premium/Fee	Renewal (2014) Premium/Fee
Travelers	Fiduciary Liability	\$10,000,000	\$0	\$53,860	\$55,850
Travelers	Crime	\$2,000,000 / \$100,000	\$15,000 / \$5,000	\$1,713	\$1,818
Broker Fee				\$14,000	\$14,000
Total Cost				\$69,573	\$71,668

Overall, the insurance broker negotiated a premium for the fiduciary liability insurance that holds the increase to 3.7% (\$1,990) relative to the cost in 2013. To keep the increase in perspective, it is important to note that the premium increase is slight when compared to the system's 7.4% (\$66 million) increase in assets.

Great American Insurance and Hudson Insurance submitted proposals with annual premiums of \$53,167 and \$49,455, respectively, for the same coverage limits and retentions but with reduced sub-limits and/or exclusions. Additionally, Great American Insurance and Hudson Insurance are rated lower in the industry compared to the superior rating or higher capitalization of Travelers.

Arthur J. Gallagher Risk Management Services, Inc. has negotiated a three-year term for the annual crime insurance premium that would remain in effect through May 20, 2017. This means the annual crime insurance premium will only experience a \$105 increase over a nine year period. And, Travelers has constrained the annual liability insurance premium increases for six years when compared to the highest premium of \$71,518 paid by the system in 2008 for the same coverage.

Recommendation: To accept the renewal of the Fiduciary Liability & Crime Insurance with Travelers as presented by the Executive Director.