PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE CITY OF ST. LOUIS

MINUTES OF THE BOARD OF TRUSTEES REGULAR MEETING

April 16, 2012

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 4:50 p.m., Monday, April 16, 2012. 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 Christina Bennett, Joseph Clark, Thaha Menkara, Sarah Sise, Charles Shelton and Rick Sullivan were present. The Board of Trustees had a quorum at the meeting. Trustees Mona Lawton and Yvette Levy were absent.

Executive Director, Andrew Clark, Accounting Specialist, Terry Mayes, PSRSSTL Attorney Representative, Jay Kimmey, PSRSSTL Auditor, Thom Helm, PSRSSTL, Auditor Representative, Brenda Shepherd, and around a dozen interested parties were also in attendance.

II. APPROVAL OF MINUTES FROM LAST MEETING

Christina Bennett made a motion, seconded by Thaha Menkara, to approve the minutes of the Board of Trustees Regular Meeting of February 27, 2012.

By voice vote, motion carried.

III. READING OF COMMUNICATIONS TO THE BOARD OF TRUSTEES

None

IV. PRESENTATIONS BY INTERESTED PARTIES

Retiree Pat Laughlin presented a memo reiterating her request from the February Board of Trustees meeting for an annual membership meeting for all members of the retirement system that will be acknowledged by the retirement system.

V. CONSENT AGENDA

Thaha Menkara made a motion, seconded by Rick Sullivan, to approve the Retirements and Benefits of February and March 2012.

By voice vote, motion carried.

Christina Bennett made a motion, seconded by Rick Sullivan, to approve the Refunds and Bills of February and March 2012.

By voice vote, motion carried.

VI. UNFINISHED BUSINESS

None

VII. REPORT OF THE CHAIRPERSON

The Chairman reported on the ongoing effort of the Board of Trustees to provide a COLA to the retirees. The Chairman discussed the need to request funding for the cost of a COLA from the SLPS Special Administrative Board. The Chairman asked for a motion to approve the additional costs for the Actuary to calculate the cost of a COLA.

Charles Shelton made a motion, seconded by Thaha Menkara, to allow a $3,000 additional expenditure for the calculation of COLA costs as part of the 2012 Actuarial Valuation Report. There was extended conversation about the COLA calculations and costs until Mr. Shelton restated the question.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	Yes	Thaha Menkara	Yes
Charles Shelton	Yes	Sarah Sise	Yes	Rick Sullivan	Yes

With six yes votes, motion carried.

VIII. REPORT OF THE EXECUTIVE DIRECTOR

The Executive Director introduced the Auditor, Thomas Helm, of Huber, Ring, Helm & Co., to present the retirement system's most current audited financial statements. The Auditor introduced another representative from his firm, Brenda Shepherd. The Auditor and Ms. Shepherd presented the audited financial statements for December 31, 2011 and December 31, 2010, by reviewing and highlighting important information in the pages of the Financial Statements report distributed at the meeting. The Auditor and Ms. Shepherd discussed several audit findings with the Trustees. The Trustees were informed of a change to the reporting method for limited partnership and venture capital investments that is necessary to comply with the reporting standards for the Comprehensive Annual Financial Report (CAFR). These investments will be reported based on estimated market value versus the long used method of reporting at cost. To comply with generally accepted accounting principles, the asset values for the fund on December 31, 2010 were adjusted to reflect the change. The Executive Director and the Auditor will be working on the completion of the CAFR for the 2011 Annual Report made to the State of Missouri, Trustees and membership. The Auditor concluded by thanking staff for a smooth and efficient audit process. The Trustees thanked the Auditor and staff for a good report.

The Executive Director 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.

Charles Shelton made a motion, seconded by Christina Bennett, 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.

Christina Bennett	Yes	Joseph Clark	Yes	Thaha Menkara	Yes
Charles Shelton	Yes	Sarah Sise	Yes	Rick Sullivan	Yes

With six yes votes, motion carried.

The Executive Director asked the Chairman to entertain a motion for reimbursement of travel expenses to the annual NEPC Client Conference.

Charles Shelton made a motion, seconded by Thaha Menkara, to allow reimbursement of travel expenses for the Trustees and Executive Director to attend the 2012 NEPC Client Conference. There was discussion regarding the benefits of attending the conference.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	Yes	Thaha Menkara	Yes
Charles Shelton	Yes	Sarah Sise	Yes	Rick Sullivan	Yes

With six yes votes, motion carried.

IX. REPORT OF THE INVESTMENT CONSULTANT

None

X. REPORT OF THE ACTUARY

The Executive Director reported that the Actuary will be presenting the 2012 Actuarial Report at the June Board of Trustees meeting.

XI. REPORTS OF COMMITTEES OF THE BOARD OF TRUSTEES

The Chairman asked for reports from the Chairs of the various committees of the Board of Trustees.

Benefits Committee

None

Trustee Business Committee

None

Investment Committee

Joe Clark, Chair of the Investment Committee, reported on the meeting of March 15, 2012, and reminded the Trustees that the search for two money managers of large cap growth equities is in progress. The Chair invited everyone to attend the next Investment Committee meeting on April 19, 2012, where the Committee will be interviewing several money managers of large cap growth equities and making a decision on the other money managers to be interviewed at the May Investment Committee meeting

Legislative, Rules & Regulations Committee

None

Professional Contracts Committee

None

XII. NEW BUSINESS

None

XIII. REPORT OF THE ATTORNEY

None

XIV. ADJOURNMENT

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

By voice vote, motion carried and the meeting adjourned at 5:44 p.m.

Attachments:

- Retirements, Refunds & Bills Paid February and March 2012
- Retiree's Memo & Response
- December 31, 2011 and 2010 Financial Statements
- Memo to the Board of Trustees from the Executive Director, April 16, 2012

To be Authorized and Approved
by the Board of Trustees

APPLICATIONS FOR RETIREMENT

NAME \ POSITION	RETIREMENT DATE	RETIREMENT TYPE	CREDITED SERVICE	FINAL AVG SALARY	MONTHLY BENEFIT
Cresence Allen Psychological Examiner	Jan 1, 2012	Early	24.4667	$78,638.21	$3,153.25
Lorthia Clark Payroll Clerk	Jan 1, 2012	Early	13.6043	$44,497.24	$896.81
Gregory Degenhart Teacher	Jan 1, 2012	Early	23.9389	$62,407.81	$2,420.79
William Haas Teacher	Jan 1, 2012	Normal	0.6676	$33,381.83	$37.14
Christine Harris Custodian	Jan 1, 2012	Early	20.7731	$31,383.90	$1,020.16
Nahid Hashemi Coordinator	Jan 1, 2012	Normal	23.8639	$93,037.36	$3,700.39
Robin Kyles Supervisor	Jan 1, 2012	Normal	25.5106	$59,629.21	$2,535.29
Velma Malone Teacher Assistant	Jan 1, 2012	Normal	24.0000	$32,046.57	$1,822.58
Cheryl Manker Teacher	Jan 1, 2012	Early	9.4444	$71,146.16	$1,076.34
Jeanne Rice Martin Teacher	Jan 1, 2012	Disability	5.4556	$53,560.57	$759.09
Lawrence Mayer Teacher	Jan 1, 2012	Normal	14.7750	$38,097.28	$938.15

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NAME \ POSITION	RETIREMENT DATE	RETIREMENT TYPE	CREDITED SERVICE	FINAL AVG SALARY	MONTHLY BENEFIT
David Nelson Electrician	Jan 1, 2012	Disability	26.5043	$69,221.16	$3,057.76
Lynda Reed Teacher	Jan 1, 2012	Normal	28.0222	$69,530.40	$2,922.59
Carol Russell Office Manager	Jan 1, 2012	Early	6.4753	$35,281.40	$279.22
Reggie Smith Teacher	Jan 1, 2012	Normal	26.0000	$62,156.06	$2,380.99
Pamela Spencer Teacher	Jan 1, 2012	Normal	6.5000	$14,109.59	$95.53
Jacqueline Tatum Instr. Coordinator	Jan 1, 2012	Normal	11.3889	$38,931.22	$461.86
Thomas Willis Teacher	Jan 1, 2012	Early	16.0222	$70,057.85	$1,787.65
Debra Wilson-Thomas Teacher	Jan 1, 2012	Normal	28.8696	$62,288.84	$2,997.09
Rosie Young Custodian	Jan 1, 2012	Early	17.0652	$37,998.13	$990.67

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APPLICATIONS FOR RETIREMENT

NAME \ POSITION	RETIREMENT DATE	RETIREMENT TYPE	CREDITED SERVICE	FINAL AVG SALARY	MONTHLY BENEFIT
Sherlie Anderson Teacher	Feb 1, 2012	Normal	9.7445	$38,762.15	$629.53
Carol Chlanda Acct Pay / Prop Control Clerk	Feb 1, 2012	Normal	12.9521	$40,284.07	$869.61
Dorothy Jones Teacher	Feb 1, 2012	Early	19.5778	$78,069.69	$2,136.94
Rosalie Knight Teacher	Feb 1, 2012	Normal	6.4333	$47,978.46	$514.43
Rita Nave Teacher Assistant	Feb 1, 2012	Normal	22.9056	$32,848.07	$1,123.59
Doris Williams Teacher	Feb 1, 2012	Normal	28.2056	$62,907.72	$2,957.25

Distributions - February 2012

CHECK NUMBER	CHECK DATE	LAST NAME	FIRST NAME/MI	GROSS (B+C)	FEDERAL TAXES W/H	NET PAY	STATUS A(ctive) R(etired)	REASON D(eath) S(eparation)	NOTES
064044	12/11/09	MALLEY	LAURA	(13.44)		(13.44)	A	S	STLC- VOID
066624	02/03/12	DAVIS II	MARK	3,485.38		3,485.38	A	S	
066625	02/03/12	LORENZ	MARGARET H	4,862.19	972.44	3,889.75	A	S	
066626	02/03/12	MEGLAN	CATHERINE	6,622.96		6,622.96	A	S	
066627	02/03/12	SMITH	JACQUELINE	5,467.18	1,093.44	4,373.74	A	S	
066628	02/03/12	WEBB	TERRI D	5,826.26		5,826.26	A	S	
066629	02/03/12	JONES	JENNIFER A	13,422.17	2,684.43	10,737.74	A	S	IACM, CA, LFL
066630	02/03/12	LOYD	MARVA	1,289.81	257.96	1,031.85	A	S	ICP
066631	02/03/12	MORRIS	PAUL	1,037.22	207.44	829.78	A	S	CCC
066632	02/03/12	PINEGAR	REBECCA	4,375.55	875.11	3,500.44	A	S	IACA
066633	02/03/12	ROGERS	GUZEL	2,600.76	520.15	2,080.61	A	S	CA/IAAS
066634	02/03/12	WALTERDORF	LYNETTE	11,714.44		11,714.44	A	S	EHL
066635	02/03/12	WHITE	ANGELA A	511.07	102.21	408.86	A	S	IAESM
066663	02/10/12	BOWERS	GORDON C	485.00	97.00	388.00	A	S	SEF
066664	02/10/12	HOLMES	LATORIA	161.38		161.38	A	S	SEF
066665	02/10/12	KERRY SR	JAMES E	35,167.56	7,033.51	28,134.05	A	S	
066666	02/10/12	MAHACEK	ANDREW	10,732.94	2,146.59	8,586.35	A	S	CA
066667	02/10/12	SCHWARTZ	RHONDA	27,576.86	5,515.37	22,061.49	A	S	STL
066668	02/10/12	WILSON	GREGORY A	35,556.88	7,111.38	28,445.50	A	S	IACM
066669	02/10/12	THORNTON	BRIAN P	11,273.45	2,254.69	9,018.76	A	S	
066670	02/10/12	LANGFORD	KARA	14,706.87	1,180.91	13,525.96	A	D	DEC: THELMA POWELLS
066671	02/17/12	COOPER	STEPHANIE	5,343.92	1,068.78	4,275.14	A	S	
066672	02/17/12	GOODRUM	MICHELE L	15,037.38		15,037.38	A	S	
066673	02/17/12	JOHNSON	STEPHANIE L	8,664.19		8,664.19	A	S	
066674	02/17/12	KEANE	MICHAEL	6,339.10	1,267.82	5,071.28	A	S	SLPS-3199.57/ IACM 3139.53
066675	02/17/12	GIESON	SARAH	413.12	82.62	330.50	A	S	IACE
066676	02/17/12	SIMONPIETRI	RAYMOND B	2,849.54		2,849.54	A	S	ICP
066677	02/17/12	WHITMORE-LOYD	NIKKI	7,828.26		7,828.26	A	S	PA 912.12/ IACM 1570.08/ CA 5346.06
066678	02/17/12	PEET	BENJAMIN	40.24		40.24	A	S	ICP- UNDERPYMT
066679	02/17/12	DEEM	RYAN L	2,074.88		2,074.88	A	S	EHL-UNDERPYMT
066703	02/24/12	BOGAN	LARRY	6,777.12	1,355.42	5,421.70	A	S	
066704	02/24/12	BROOKS	JOYCE L	41,159.50	8,231.90	32,927.60	A	S	
066705	02/24/12	BOBER	JULIE	6,685.31	1,337.06	5,348.25	A	S	EHL, OTO-EHL, IACA
066706	02/24/12	GASPARD	ALANA	336.87	67.37	269.50	A	S	IACM
066707	02/24/12	NEEDEM	JOHN D	771.73	154.35	617.38	A	S	IACA
			TOTAL	**$301,183.65**	**$45,617.95**	**$255,565.70**			

Distributions - March 2012

CHECK NUMBER	CHECK DATE	LAST NAME	FIRST NAME/MI	GROSS (B+C)	FEDERAL TAXES W/H	NET PAY	STATUS A(ctive) R(etired)	REASON D(eath) S(eparation)	NOTES
066730	03/10/12	DAVIS	CASSANDRA V	2,834.76	566.95	2,267.81	A	S	IACA
066731	03/10/12	MOBLEY	TONI	5,429.08	1,085.82	4,343.26	A	S	CA
066732	03/10/12	LAYMAN	CHRISTOPHER	12,640.81	2,528.16	10,112.65	A	S	CA/LFL
066733	03/10/12	WARREN	SHARON	812.60	162.52	650.08	A	S	CA
066734	03/10/12	ANGLE	ROBERT E	639.06	127.81	511.25	A	S	
066735	03/10/12	BETTS	SEAN E	6,701.02	1,340.20	5,360.82	A	S	
066736	03/10/12	KLASING	LINDSAY	19,150.64		19,150.64	A	S	
066737	03/10/12	KLUND	MARCUS	8,303.78	1,660.76	6,643.02	A	S	
066738	03/10/12	LONG	LOUISE E	413.27	82.65	330.62	A	S	
066739	03/10/12	WEAKLY	THOMAS	6,374.09	1,274.82	5,099.27	A	S	
066740	03/10/12	FOSTER	CURTISTINE	400.86	80.17	320.69	A	D	DEC: THOMAS FOSTER
066741	03/10/12	GREZINGER	JOSHUA	23,439.74	2,343.97	21,095.77	A	D	DEC: ED GREZINGER
066742	03/10/12	GERST LEE	MISSY	8,115.14		8,115.14	A	D	DEC: P. GERST-KING
066743	03/10/12	LEVINE	MELODYNEE	25,481.83	5,096.37	20,385.46	A	S	
066744	03/16/12	AINALEM	TSEGAY	5,153.49		5,153.49	A	S	PA
066745	03/16/12	CASHEL	ERIN	1,729.30	345.86	1,383.44	A	S	GSA
066746	03/16/12	FOSTER	JAMEZ	5,649.46	1,129.89	4,519.57	A	S	CA 5547.88/EHL 31.00/IESM 70.58
066747	03/16/12	HARRIS	ORNISHA T	3,715.26		3,715.26	A	S	CA
066748	03/16/12	MOLLOY	JULIE	15,874.84	3,174.97	12,699.87	A	S	SLC
066749	03/16/12	ROGERS	CHERYL	1,236.06	247.21	988.85	A	S	PRECLARUS
066750	03/16/12	WALCZAK	CHRISTOPHER S	591.35	118.27	473.08	A	S	PRECLARUS
066751	03/16/12	HEGER	JAMES J	32,377.05	6,475.41	25,901.64	A	S	
066752	03/16/12	LENNOX	HEATHER	7,776.38	1,555.28	6,221.10	A	S	
066753	03/16/12	MUKADI	RUKIYA	525.54	105.11	420.43	A	S	
066754	03/16/12	HARRIS	ORNISHA T	1,000.00	200.00	800.00	A	S	CA
066779	03/23/12	NOBLE	GINA	17,717.08	3,543.42	14,173.66	A	S	CA
066780	03/23/12	ROENSCH	TIMOTHY T	3,591.72	718.34	2,873.38	A	S	CA
066781	03/23/12	LAMB	JOSEPHINE	1,113.76	222.75	891.01	A	S	
066782	03/23/12	PUGH	FELICIA	3,041.62	608.32	2,433.30	A	S	
066783	03/23/12	STUECKEL	CHERYL L	1,597.83		1,597.83	A	S	
066784	03/23/12	WILLETT	RYAN A	30,860.62		30,860.62	A	S	
066785	03/30/12	DEAN	RONALD	916.27	183.25	733.02	A	S	CA
066786	03/30/12	PARKER	JAMES F	2,513.55	502.71	2,010.84	A	S	IAEMS
066787	03/30/12	RUBEN	DONNA	4,087.29		4,087.29	A	S	CCC
066788	03/30/12	MILLER	RYAN	7,576.76		7,576.76	A	S	
			TOTAL	**$ 269,381.91**	**$ 35,480.99**	**$ 233,900.92**			

Public School Retirement System of the City of St. Louis
Checks Written During the Month of February, 2012

Payee	Ck. Number	Description	Amount
Date Paid February 6, 2012			
Ameren UE	66636	Electric Service	1,999.21
Longfellow Benefits	66637	Group Insurance Consulting Services	3,320.25
BuildingStars STL Operations, Inc.	66638	Janitorial Services	1,301.00
Eazy Business Mailers, Inc.	66639	Service & Postage, Election Notice, 1099R's	6,461.17
Blade Technologies, Inc.	66640	Professional Services	2,860.00
PMI Computer Supplies	66641	Office Supplies	245.80
UPS	66642	UPS Shipping	9.08
Access Couriers	66643	Courier Service	9.91
Micro Focus US), Inc.	66644	Support & Maintenance Renewal	1,194.95
SiteStuff	66645	Supplies	28.51
Tech Electronics	66646	Central Monitoring of Fire Alarm System	87.00
Full Care	66647	Snow & Ice Treatment, Jan. 12 and Jan 13, 2012	1,495.00
Jarrell Mechanical Contractors	66648	1st Quarter 2012 Billing, HVAC Inspection	709.00
New Amsterdam Partners, LLC	66649	4th Quarter 2011 Management Fee	23,448.82
The Edgar Lomax Company	66650	4th Quarter 2011 Management Fee	39,596.17
INTECH Investment Management LLC	66651	4th Quarter 2011 Management Fee	31,767.37
Westfield Capital Management Company, LP	66652	4th Quarter 2011 Management Fee	47,655.82
Causeway Capital Management LLC	66653	4th Quarter 2011 Management Fee	56,754.57
Mondrian Investment Partners Limited	66654	4th Quarter 2011 Management Fee	53,549.06
Batterymarch Financial Management, Inc.	66655	4th Quarter 2011 Management Fee	26,448.55
Chicago Equity Partners, LLC	66656	4th Quarter 2011 Management Fee	41,489.41
Mellon Capital Management Corporation	66657	4th Quarter 2011 Management Fee	1,201.69
Mellon Capital Management Corporation	66658	4th Quarter 2011 Management Fee	75,475.13
US Bank	66659	4th Quarter 2011 Custodial Fees	36,284.88
Board of Education St. Louis Benefits Trust	66660	Office Employees Insurance - Dental	234.10
Board of Education St. Louis Benefits Trust	66661	Office Employees Insurance - Vision	16.90
Board of Education St. Louis Benefits Trust	66662	Office Employees Insurance - Life	117.55
Date Paid February 10, 2012			
Office Payroll	ACH	Office Payroll	11,871.17
AXA Equitable	ACH	457 Contributions	1,225.00
Date Paid February 21, 2012			
Hazzard Moving & Storage Co.	66680	February Storage, Labor to Retrieve Documents	148.91
Absopure Water Company	66681	Water Cooler Service	108.75
Buck Consultants, LLC	66682	Actuarial Consulting Services - Jan. and Feb.	12,966.00
AT&T	66683	Monthly Service Charge 314-652-1704 033 4	219.99
AT&T Long Distance	66684	Long Distance Service	15.67
Pitney Bowes, Inc.	66685	Postage, Equipment Maintenance	3,421.10
Huber, Ring, Helm & Co. P.C.	66686	Trustee Elections, Audit of Financial Statements	6,335.00
Bartley Goffstein, L.L.C.	66687	Legal Fees	5,925.25
BuildingStars STL Operstions, Inc.	66688	Janitorial Supplies	421.61
St. Louis Parking Company	66689	1 Book of 1 Hour Coupons	100.00
Cintas Corporation	66690	Infoport	404.90
Eazy Business Mailers, Inc.	66691	Service & Postage-Insurance Benefit Mailing	2,124.72
PMI Computer Supplies	66692	Office Supplies	347.78
Konika Minolta Business Solutions USA Inc.	66693	Monthly Service	917.48
Softchoice Corporation	66694	Endpoint Protection License	182.44
Andrew Clark	66695	Retirement Certificates	73.20

Public School Retirement System of the City of St. Louis
Checks Written During the Month of February, 2012

Payee	Ck. Number	Description	Amount
MAPERS	66696	Plan Sponsorship Membership - 2012	100.00
Da-Com Digital Office Solutions	66697	Toshiba Estudio 25 Copier	1,889.09
Allied Waste Services #346	66698	Trash Pick-Up	319.06
St. Louis Mat & Linen Company	66699	Floor Mats	32.00
Full Care	66700	Snow and Ice Treatment - 01/20/2012	320.00
NEPC, LLC	66701	4th Quarter 2011 Consulting Fee	33,453.03
NEPC, LLC	66702	4th Quarter 2011 Alt. Investment Mgmt Fee	12,500.00
Date Paid February 24, 2012			
Office Payroll	ACH	Office Payroll	11,020.34
AXA Equitable	ACH	457 Contributions	1,350.00
St. Louis Parking Company	66708	March Parking - 4 Employees	240.00
Sungard Availability Services, LP	66709	Hosting Services Bundle	1,990.00
		TOTAL	**$563,783.39**

Public School Retirement System of the City of St. Louis
Checks Written During the Month of March, 2012

Payee	Ck. Number	Description	Amount
Date Paid March 5, 2012			
Ameren UE	66710	Electric Service	1,904.39
Longfellow Benefits	66711	Group Insurance Consulting Services	3,320.25
BuildingStars STL Operations, Inc.	66712	Janitorial Services and Supplies	1,348.89
Eazy Business Mailers, Inc.	66713	Service & Postage, Newsletter	3,351.60
Blade Technologies, Inc.	66714	Professional Services - Service Agreement	1,570.00
UPS	66715	UPS Shipping	37.78
Access Couriers	66716	Courier Service	13.23
AT&T	66717	Monthly Service Charge 314-534-7444 631 1	953.09
MSD	66718	Sewer Service	58.81
Minuteman Press	66719	Newsletter, Envelopes	1,378.88
Purchase Power	66720	Postage	500.00
Gregory F.X. Daly, Collector of Revenue	66721	Water - City	134.06
Sungard Availability Services, LP	66722	Hosting Services Bundle	995.00
CBRE Technical Services	66723	Engineer Services	1,085.05
Delta Pest Stl. Inc.	66724	Pest Control	50.00
CBRE	66725	Building Management Fee, Jan. and Feb., 2012	2,055.44
Full Care	66726	Snow & Ice Treatment, Feb. 8 and Feb. 12, 2012	640.00
Board of Education St. Louis Benefits Trust	66727	Office Employees Insurance - Dental	210.92
Board of Education St. Louis Benefits Trust	66728	Office Employees Insurance - Vision	15.37
Board of Education St. Louis Benefits Trust	66729	Office Employees Insurance - Life	110.95
Date Paid March 9, 2012			
Office Payroll	ACH	Office Payroll	10,969.34
AXA Equitable	ACH	457 Contributions	1,350.00
Date Paid March 20, 2012			
St. Louis Record Center	66755	March Storage	88.91
Absopure Water Company	66756	Water Cooler Service	81.80
Buck Consultants, LLC	66757	Actuarial Consulting Services - Feb. and March	11,605.00
AT&T	66758	Monthly Service Charge 314-652-1704 033 4	219.99
AT&T Long Distance	66759	Long Distance Service	55.65
AT&T	66760	Monthly Service Charge 314-534-7444 631 1	953.09
Purchase Power	66761	Postage	1,000.00
Huber, Ring, Helm & Co. P.C.	66762	Trustee Elections, Audit of Financial Statements	8,635.30
Bartley Goffstein, L.L.C.	66763	Legal Fees	7,538.00
Cintas Corporation	66764	Infoport	406.10
Eazy Business Mailers, Inc.	66765	Service & Postage-Election Notice	3,203.54
PMI Computer Supplies	66766	Office Supplies	901.27
MSD	66767	Sewer Service	89.38
Hi-Tech Security, Inc.	66768	Security Guards, 02/27/2012	288.00
Shred-It	66769	Paper Shredding	178.00
Minuteman Press	66770	Envelopes, Business Cards	645.14
MIDCOM Data Technologies	66771	Printer Repair	506.31
Allied Waste Services #346	66772	Trash Pick-Up	316.67
Full Care	66773	Snow and Ice Treatment - Feb. 13 and 14	1,072.00
Otis Elevator Company	66774	Service Contract	2,982.48
CBRE	66775	Building Management Fee - March 2012	1,027.72
CBRE Technical Services	66776	Engineer Services	580.75
SiteStuff	66777	Supplies	139.98

Public School Retirement System of the City of St. Louis
Checks Written During the Month of March, 2012

Payee	Ck. Number	Description	Amount
Date Paid March 23, 2012			
Office Payroll	ACH	Office Payroll	10,969.34
AXA Equitable	ACH	457 Contributions	1,350.00
St. Louis Parking Company	66778	April Parking - 4 Employees	240.00
		TOTAL	**$87,127.47**

AFT ST. LOUIS, LOCAL 420

A UNION OF PROFESSIONALS

AFT MO/AFT/AFL-CIO
2710 Hampton Ave.
St. Louis, MO 63139
(314) 781-2077 · Fax: (314) 781-6321
www.mo.aft.org/local420

April 16, 2012

To: Chair of the Trustees of the Public School Retirement System, Trustees, and Mr. Andrew Clark, Executive Director

From: Pat Laughlin, Chairperson
St. Louis Teachers Union Local 420 Retiree Chapter

Upon receipt of your response to my presentation of February 27, 2012, it is clear to me that you misunderstood the intent of my request.

In your response, you included a flyer concerning "PSRSSTL Retirement Seminars" which are offered to the *active members* considering retirement. These are a great idea for those contemplating retirement but they are geared toward answering questions of the *future retirees*. We, as *retired members*, have different questions and concerns since we have already made the decision to retire.

Our concerns are those which need to be answered in front of the total membership of the Public School Retirement System of St. Louis. Our attendance at the Trustee meetings does not afford us a "give and take" conversation. We would like to receive information as a group. There are questions which could be answered for all of our benefit first hand from the Trustees.

So, we are requesting again, an **Annual Informational Membership Meeting** for the total membership of the Public School Retirement System of St. Louis. In this time of financial uncertainty, it would prove a positive interaction and ease members' doubts. This meeting should be open and have ample microphones, overheads, and/or power point presentations for all to see and hear.

There are ways to ensure a positive and organized meeting. To that, I am committed.

Ms. Christina Bennett mentioned to me that she is willing to work on such a meeting. I am more than willing to work with her on the planning of this project. I look forward to hearing from the PSRSSTL on the planning of this meeting in the very near future.

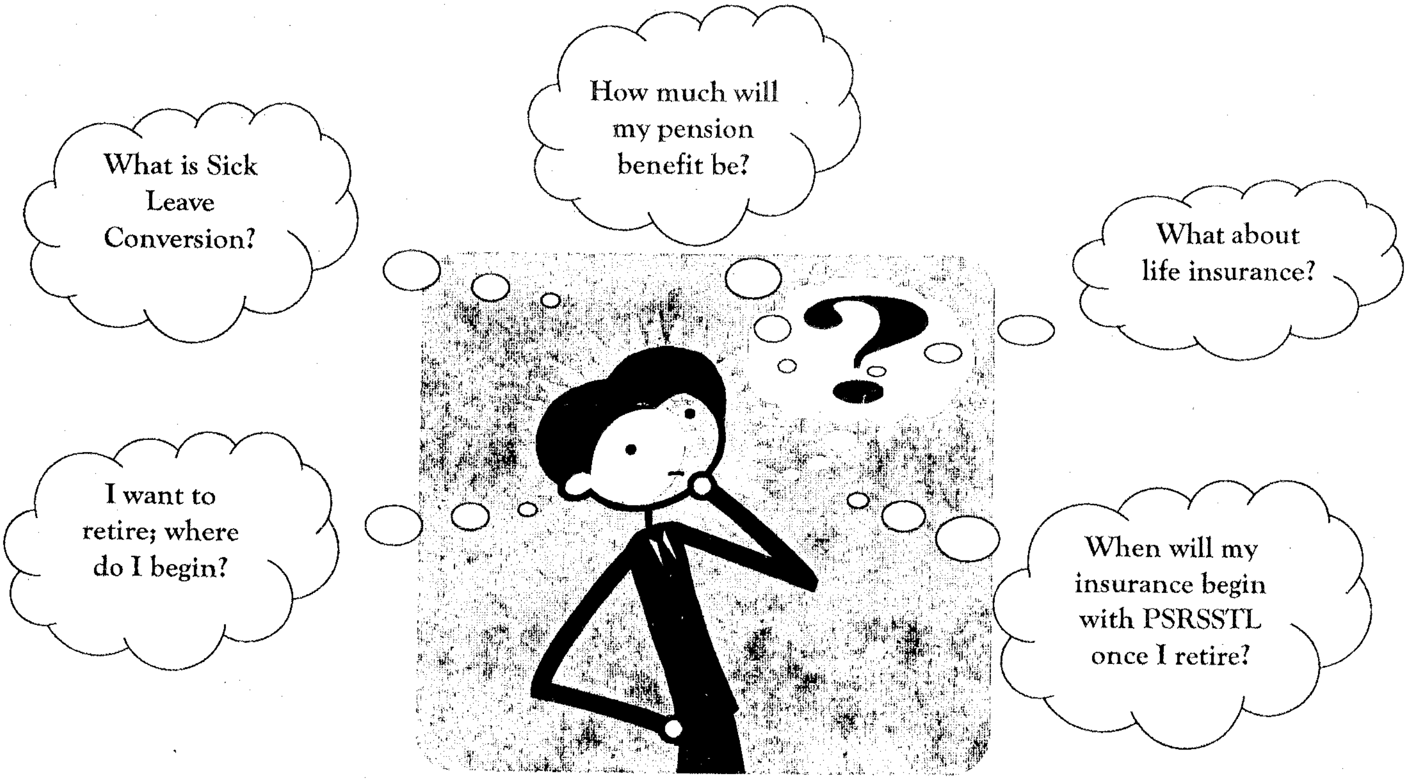
Sincerely,

Pat Laughlin

Pat Laughlin, Chairperson
St. Louis Teachers Union, Retiree Chapter

Enclosures

PSRSSTL RETIREMENT SEMINARS



Employees of St. Louis Public Schools and District Charter Schools approaching retirement are invited to attend a Retirement Seminar presented by the

Public School Retirement System of the City of St. Louis
3641 Olive Street, (2nd floor Boardroom)
St. Louis, MO 63108

Seminar Dates:

March 21, 2012
April 25, 2012
May 30, 2012
June 27, 2012

Seminars scheduled from 3:00 pm – 4:30 pm
For more information, please call (314) 534-7444

PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE CITY OF ST. LOUIS
3641 OLIVE STREET, SUITE 300 ◆ ST. LOUIS, MO 63108-3601

OFFICE OF THE
EXECUTIVE DIRECTOR

PHONE: (314) 534-7444
FAX: (314) 533-0531

April 17, 2012

Ms. Pat Laughlin, Chairperson
St. Louis Teachers Union, Local 420 Retirees
c/o 6571 Lindenwood Place
St. Louis, MO 63109

RE: Acknowledgement of Your Memo Dated April 16, 2012

Dear Ms. Laughlin:

I am acknowledging the memo you presented to the Board of Trustees at the last regular board meeting on April 16, 2012. In your memo, you suggest planning an Annual Informational Membership Meeting for all members. I am pleased to inform you that the Board of Trustees is strongly considering your suggestion for a meeting with all members of the retirement system for informational purposes.

Thank you for your suggestion and volunteering to assist the Trustees with the format and organization of the meeting. If the Trustees require your services you will be contacted. Thank you for your continued support.

Sincerely,

"File Copy"

Andrew Clark
Executive Director

Cc: Board of Trustees

PUBLIC SCHOOL RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS

FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

INDEX

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, 2011. This MD&A should be read in conjunction with the PSRSSTL financial statements and supplemental information.

FINANCIAL HIGHLIGHTS

PSRSSTL net assets were $868,086,018 on December 31, 2011, which represents a decrease of $74,083,089 from December 31, 2010. This decrease is due to the depreciation of the fair market value of investments and indicative of the extreme volatility seen in the financial markets during the latter half of 2011.

The overall investment return for PSRSSTL investments was (1.0)% for fiscal year 2011 and 14.9% for fiscal year 2010. The flat investment return in fiscal year 2011 compared to the positive investment return in fiscal year 2010 reflects a volatile financial market in the midst of a slow recovery from the tumultuous financial conditions experienced in 2008 and 2009. While predicting conditions in the marketplace remains challenging for financial experts, the Board of Trustees stands behind a sound Asset Allocation Policy by staying focused on active monitoring of its money managers and long-term investment objectives. The actuarially assumed rate of return remained at 8% during fiscal year 2011.

Additions to net assets were $35 million and $153 million for each of the fiscal years 2011 and 2010. The primary addition to net assets was employer contributions of $29 million in fiscal year 2011 compared to investment income of $115 million in fiscal year 2010. The secondary addition to net assets came from member contributions of $12 million in fiscal year 2011 compared to employer contributions of $26 million in fiscal year 2010.

Deductions from net assets were $109 million and $107 million in fiscal years 2011 and 2010, respectively. The $2 million variance in deductions from net assets between fiscal years 2011 and 2010 is mostly due to the increase in retirement/death benefits to members during fiscal year 2011.

During 2011, the Board of Trustees balanced the Asset Allocation Policy adopted in 2010 by hiring several new money managers. The Board of Trustees added to the Global Asset Allocation investment class by hiring PIMCO and investing $35 million in the firm's All Asset Fund, and by hiring money manager Wellington Management to manage a new $25 million real assets portfolio. The Board of Trustees hired hedge fund money managers EnTrust Capital and Permal Group to replace K-2 Advisors and Mariner Select, respectively; each money manager is responsible for a $20 million hedge fund portfolio. The investments were funded by re-allocating funds within each asset class and from domestic equities.

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 2011 that lead to the change in plan net assets from fiscal year 2010 to fiscal year 2011.

In addition to the financial statements, the financial report contains notes to the financial statements and supplemental information that provide further information for use in analyzing the financial statements as well as actuarial information related to the funded status of PSRSSTL.

FINANCIAL ANALYSIS

On December 31, 2011, total assets for PSRSSTL were $868,928,446 and comprised of cash, an office building, receivables and investments. Total assets in fiscal year 2011 decreased by 7.9% or $74,226,226 over fiscal year 2010 due to a lower market value of PSRSSTL investments.

On December 31, 2011, total liabilities for PSRSSTL were $842,428 and consisted of accounts payable. Total liabilities in fiscal year 2011 decreased by 14.5% or $143,137 over fiscal year 2010.

On December 31, 2011, net assets held in trust to pay pension benefits were $868,086,018, a decrease of 7.9% or $74,083,089 over fiscal year 2010.

Condensed Statements of Plan Net Assets

			Total Change	
	FY 2011	FY 2010 (as restated)	Amount	Percentage
ASSETS				
Cash	$ 10,605,614	$ 12,255,231	$ (1,649,617)	(13.5)%
Property & building, net	2,152,334	2,219,772	(67,438)	(3.0)%
Receivables	2,095,857	2,186,564	(90,707)	(4.2)%
Investments	854,074,641	926,493,105	(72,418,464)	(7.8)%
Total assets	868,928,446	943,154,672	(74,226,226)	(7.9)%
LIABILITIES				
Accounts payable	842,428	985,565	(143,137)	(14.5)%
Total current liabilities	842,428	985,565	(143,137)	(14.5)%
NET ASSETS	$ 868,086,018	$ 942,169,107	$ (74,083,089)	(7.9)%

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 2011, employer contributions were $28.7 million; member contributions were $11.9 million; and the net investment loss was $5.3 million.

Employer and member contributions combined increased by $3.3 million in fiscal year 2011 as compared to fiscal year 2010 primarily because of the increase in the required employer contributions from 8.27% of covered compensation in fiscal year 2010 to 10.03% in fiscal year 2011. 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 $121 million less in fiscal year 2011 than in fiscal year 2010 because investment earnings were (1.0)% for fiscal year 2011 as compared with 14.9% for fiscal year 2010. Net investment income of $(5,319,851) and $115,925,274 in fiscal years 2011 and 2010 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 retirement and death benefits paid to retired members and their beneficiaries, retiree healthcare subsidies and refunds to members who retired or terminated employment. PSRSSTL administrative expenses in fiscal year 2011 were approximately 0.17% of assets.

Condensed Statements of Changes in Plan Net Assets

	FY 2011	FY 2010 (as restated)	Total Change Amount	Total Change Percentage
ADDITIONS				
Employer contributions	$ 28,720,193	$ 26,075,146	$ 2,645,047	10.1%
Member contributions	11,879,052	11,188,919	690,133	6.2%
Net investment income (loss)	(5,319,851)	115,925,274	(121,245,125)	(104.6)%
Rental income	131,119	127,426	3,693	2.9%
Total additions (depreciation)	35,410,513	153,316,765	(117,906,252)	(76.9)%
DEDUCTIONS				
Retirement/death benefits	101,993,058	99,277,919	2,715,139	2.7%
Health care subsidies	2,825,430	2,808,370	17,060	0.6%
Administrative expenses	1,432,914	1,499,302	(66,388)	(4.4)%
Refunds to members	3,242,200	3,203,714	38,486	1.2%
Total deductions	109,493,602	106,789,305	2,704,297	2.5%
INCREASE OR (DECREASE) IN NET ASSETS	$ (74,083,089)	$ 46,527,460	$ (120,610,549)	(259.2)%

FINANCIAL SUMMARY

For more than a decade, PSRSSTL investment performance has been calculated consistently, thereby providing a valid basis on which performance can be compared with other public pension funds. During the past ten-year period, PSRSSTL investment returns have performed consistently when compared to other public pension funds with the cumulative PSRSSTL returns ranking in the top 9% of public plans for the ten-year period ended December 31, 2011.

Net plan assets over this same timeframe have fluctuated all the way from a high of $1.15 billion in fiscal year 2007 to a low of $810 million in fiscal year 2008. At the end of fiscal year 2011, net plan assets were $868 million, ending up between the ten-year high and 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 throughout the past ten-year period.

Over the same period, the funded status of the PSRSSTL plan, using the Government Accounting Standards Board (GASB) calculation method, 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 2011 was 88.6%, the highest funded ratio for PSRSSTL since the system began tracking the ratio under the GASB method in 1992.

The Board of Trustees and the PSRSSTL plan actuary believe 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, and quality investment managers continue to be selected. Despite the losses experienced during the 2011 3rd Quarter, the financial markets continue to recover from the larger losses experienced in 2008 and 2009.

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.

HRH
Huber, Ring, Helm & Co., P.C.
CPAs • Advisors

1600 S. Brentwood Blvd.
Suite 600
St. Louis, MO 63144-1334

314-962-0300
314-962-9474 (fax)

Independent Auditors' Report

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

We have audited the accompanying statements of plan net assets of the Public School Retirement System of the City of St. Louis (the "System") as of December 31, 2011 and 2010 and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our report dated April 11, 2011, we expressed an opinion that the 2010 financial statements did not fairly present the statements of net assets and the related statements of changes in plan net assets in conformity w ith accounting principles generally accepted in the United States of America because investments in partnerships had been valued at cost. As described in Note 2 to the financial statements, the Company has restated its 2010 financial statements to conform with accounting principles generally accepted in the United States of America. Accordingly, our present opinion on the 2010 financial statements, as presented herein, is different from that expressed in our previous report.

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

As discussed in Note 2 to the financial statements, the financial statements include investments that are not listed on national exchanges or for which quoted market prices are not available. These investments include limited partnerships, venture capital partnerships and real estate partnerships. Such investments totaled $73,292,125 and $73,254,069 (8% in 2011 and 2010 of total assets) at December 31, 2011 and 2010, respectively. Where a publicly listed price is not available, the management of the System uses alternative sources of information including audited financial statements, unaudited interim reports, independent appraisals, and similar evidence to determine the fair value of the investments.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Public School Retirement System of the City of St. Louis as of December 31, 2011 and 2010 and changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental management discussion and analysis on pages 1 – 4, and the supplemental schedules of funding progress and employer contributions on pages 25 – 26 are not a required part of the basic financial statements of the System, but are supplemental information required by the Governmental Accounting Standards Board. For the supplemental management discussion and analysis, the schedules of funding progress and employer contributions, and the schedules of operating expenses found on pages 27 -28, we have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Hochschild, Bloom & Co., P.C.

St. Louis, Missouri
April 10, 2012

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

STATEMENTS OF PLAN NET ASSETS

DECEMBER 31, 2011 AND 2010

ASSETS

	2011	2010 (as restated)
CASH	$ 10,605,614	$ 12,255,231
PROPERTY and BUILDING, net	2,152,334	2,219,772
RECEIVABLES		
Accrued interest and dividends	2,095,857	2,186,564
INVESTMENTS, at fair value		
Cash equivalents	37,627,622	33,566,529
Bonds		
U.S. Government and agency issues	50,200,578	48,690,369
Corporate	51,286,089	68,563,470
Foreign investments (bonds and stocks)	95,408,493	109,773,594
Common and preferred stocks	224,917,277	265,038,827
Mutual funds	301,124,937	303,286,315
Real estate partnerships - insurance contracts	46,725,649	47,890,147
Credit opportunity investments	20,217,520	23,406,472
Limited partnerships	24,660,720	24,201,175
Venture capital partnerships	1,905,756	2,076,207
Total investments	854,074,641	926,493,105
Total assets	868,928,446	943,154,672

LIABILITIES

	2011	2010 (as restated)
CURRENT LIABILITIES		
Accounts payable and accrued expenses	842,428	985,565
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
(A schedule of funding progress is presented on page 25.)	$ 868,086,018	$ 942,169,107

The accompanying notes are an integral part of these financial statements.

PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE CITY OF ST. LOUIS

STATEMENTS OF CHANGES IN PLAN NET ASSETS

YEARS ENDED DECEMBER 31, 2011 AND 2010

ADDITIONS	2011	2010 (as restated)
Employer contributions		
St. Louis Public Schools	$ 19,933,761	$ 16,790,176
Charter Schools	4,521,680	3,843,486
Retirement System	57,964	48,617
Sick leave conversion	4,206,788	5,392,867
Employee contributions		
St. Louis Public Schools	9,480,801	9,297,577
Charter Schools	2,369,287	1,861,472
Retirement System	28,964	29,870
	40,599,245	37,264,065
Net appreciation (depreciation) in fair value of investments		
Cash equivalents	173,183	145,293
Bonds		
U.S. Government and agency issues	4,839,701	2,368,569
Corporate	318,726	12,430,607
Foreign investments	(2,869,585)	7,791,564
Common and preferred stock	6,558,047	51,328,791
Mutual funds	(20,035,929)	32,145,348
Real estate loan		233
Limited partnerships	2,511,653	2,932,154
Real estate partnerships	6,309,362	7,435,595
Venture capital partnerships	(61,874)	461,748
Credit opportunity investments	908,948	2,904,651
	(1,347,768)	119,944,553
Less investment expense	3,972,083	4,019,279
Net investment income (loss)	(5,319,851)	115,925,274
Rental income	131,119	127,426
Net additions	35,410,513	153,316,765

The accompanying notes are an integral part of these financial statements.

PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE CITY OF ST. LOUIS

STATEMENTS OF CHANGES IN PLAN NET ASSETS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010 (as restated)
DEDUCTIONS		
Benefits paid		
Retirement and death benefits	$ 101,993,058	$ 99,277,919
Health care subsidies and supplemental payments	2,825,430	2,808,370
	104,818,488	102,086,289
Operating expenses	1,432,914	1,499,302
Contribution refunds due to death or resignation	3,242,200	3,203,714
Total deductions	109,493,602	106,789,305
INCREASE (DECREASE) IN PLAN NET ASSETS	(74,083,089)	46,527,460
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS BEGINNING OF YEAR		
As previously reported	937,594,203	891,562,918
Adjustment for change in method of reporting for certain investments	4,574,904	4,078,729
Balance at beginning of year, as restated	942,169,107	895,641,647
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS END OF YEAR	$ 868,086,018	$ 942,169,107

The accompanying notes are an integral part of these financial statements.

NOTE 1 – DESCRIPTION OF SYSTEM

General

The Public School Retirement System of the City of St. Louis 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 a multi-employer 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

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

	January 1, 2011	January 1, 2010
Active members	4,336	4,825
Inactive members	1,935	1,896
Total members not retired	6,271	6,721
Retired members		
Service and survivors	4,312	4,100
Disability	275	418
	4,587	4,518
Total membership	10,858	11,239

Vesting

Full vesting on termination of employment after at least five years of service is provided if contributions are left with the System.

NOTE 1 – DESCRIPTION OF SYSTEM (CONTINUED)

Benefits

Upon retirement at age 65, or at any age if age plus years of credited service total 85 or more (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. 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.

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

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Plan member contributions are mandatory and are recognized in the period in which contributions are due. Employer contributions to the Plan are also mandatory and are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Prior Period Adjustment

The accompanying financial statements for 2010 have been restated to reflect the change in valuing limited partnerships and venture capital partnerships from the cost basis to fair market value. Accounts that were adjusted during this conversion include limited partnerships, venture capital partnerships, their respective appreciation (depreciation) in fair value of investments and net assets held in trust for pension benefits. The effect of the restatement was to increase the Increase in Plan Net Assets balance for 2010 by $496,175. The correction increased beginning net assets as of January 1, 2011 and 2010 by $4,574,904 and 4,078,729, respectively.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of plan assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of additions and deductions to plan net assets during the reporting period. 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.

Tax Status

The System has been determined to be exempt from federal income taxes under Section 115 of the Internal Revenue Code.

Method Used to Value Investments

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 7 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Method Used to Value Investments (continued)

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.

Real estate partnerships -- insurance contracts

The System has entered into contracts with several insurance companies. The accounts are credited with actual earnings on the underlying investments and charged for plan withdrawals and administrative expenses charged by the insurance companies. These investments are stated at fair value as determined by the insurance companies.

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.

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.

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 over the estimated life of 40 years.

NOTE 3 – INVESTMENTS

At December 31, 2011 and 2010, investments consisted of the following:

	2011	
	Fair Value	Cost
Cash equivalents	$ 37,627,622	$ 37,627,622
Bonds		
U.S. Government and agency issues	50,200,578	48,410,588
Corporate	51,286,089	50,679,825
Foreign investments	95,408,493	100,001,462
Common and preferred stocks	224,917,277	204,874,313
Mutual funds	301,124,937	243,148,759
Real estate partnerships - insurance contracts	46,725,649	45,752,389
Credit opportunity investments	20,217,520	16,574,127
Limited partnerships	24,660,720	22,148,598
Venture capital partnerships	1,905,756	
	$ 854,074,641	$ 769,217,683

	2010 (as restated)	
	Fair Value	Cost
Cash equivalents	$ 33,566,529	$ 33,566,529
Bonds		
U.S. Government and agency issues	48,690,369	48,526,695
Corporate	68,563,470	60,828,386
Foreign investments	109,773,594	98,639,040
Common and preferred stocks	265,038,827	219,394,685
Mutual funds	303,286,315	206,783,073
Real estate partnerships - insurance contracts	47,890,147	50,742,863
Credit opportunity investments	23,406,472	19,910,294
Limited partnerships	24,201,175	21,702,478
Venture capital partnerships	2,076,207	
	$ 926,493,105	$ 760,094,043

NOTE 4 – OCCUPANCY

The System occupies offices in a building it owns. Occupancy expenses for the years ended December 31, 2011 and 2010 were $27,917 and $30,460, 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, 2011 and 2010 totaled $131,119 and $127,426, respectively.

NOTE 5 – 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, 2011 and 2010, the System had approximately $11,063,000 and $12,745,000, 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 Reserve 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, 2011 was $12,094,530. A significant portion of the System's investments is held in trust by US Bank of St. Louis, N.A.

On December 30, 2011, the System received $24,084,882 from the St. Louis Board of Education for the 2011 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.

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, 2011, 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.

Mutual Funds	Fair Value	Percentage of Total Investments
The Bank of New York Mellon	$ 44,345,213	5.2%
Real Estate Investments		
UBS Global Asset Management	$ 46,725,649	5.5%

NOTE 5 – RISKS AND UNCERTAINTIES (CONTINUED)

Credit Risk of Debt Securities

The System's rated debt investments as of December 31, 2011 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.

	Fair Quality Ratings		
Rate Debt InstrumentValue	AAA	AA1	AA2
Corporate bonds and debentures	$ 3,931,175	$ 640,333	$ 1,168,040
Foreign government and corporate obligations	17,578,458		1,542,140
United States government securities	18,178,318		
	$ 39,687,951	$ 640,333	$ 2,710,180
	AA3	A1	A2
Corporate bonds and debentures	$ 974,161	$ 2,063,834	$ 2,475,633
Foreign government and corporate obligations	15,278,889	1,162,663	4,134,937
United States government securities		61,788	
	$ 16,253,050	$ 3,288,285	$ 6,610,570
	A3	BAA1	BAA2
Corporate bonds and debentures	$ 1,285,143	$ 1,715,881	$ 4,656,382
Foreign government and corporate obligations	158,061	3,189,324	536,856
United States government securities			
	$ 1,443,204	$ 4,905,205	$ 5,193,238
	BAA3	BA1	BA2
Corporate bonds and debentures	$ 3,967,857	$ 2,111,038	$ 2,382,421
Foreign government and corporate obligations	404,330	239,902	1,324,864
United States government securities			
	$ 4,372,187	$ 2,350,940	$ 3,707,285

NOTE 5 – RISKS AND UNCERTAINTIES (CONTINUED)

Credit Risk of Debt Securities (Continued)

Rate Debt InstrumentValue	Fair Quality Ratings		
	BA3	B1	B2
Corporate bonds and debentures	$ 1,612,024	$ 2,913,950	$ 2,017,856
Foreign government and corporate obligations	1,893,202	422,625	61,800
United States government securities			
	$ 3,505,226	$ 3,336,575	$ 2,079,656
	B3	CAA1	CAA2
Corporate bonds and debentures	$ 6,511,332	$ 1,066,238	$ 841,393
Foreign government and corporate obligations	14,550	8,625	273,175
United States government securities			
	$ 6,525,882	$ 1,074,863	$ 1,114,568
	CAA3	CA	C
Corporate bonds and debentures	$ 604,163	$ 372,251	$ 111,443
Foreign government and corporate obligations	503,100	4,011	108,900
United States government securities			
	$ 1,107,263	$ 376,262	$ 220,343
	Unrated		
Corporate bonds and debentures	$ 7,863,541		
Foreign government and corporate obligations	1,209,901		
United States government securities	31,960,472		
	$ 41,033,914		

NOTE 5 – RISKS AND UNCERTAINTIES (CONTINUED)

Foreign Currency Risk

The System does not have a formal policy to limit foreign currency risk. Risk of loss arises from changes in currency exchange rates. The System's exposure to foreign currency risk is presented in the following table:

Currency	Cash Equivalents	Debt	Equity	Total
Euros		$ 13,582,992	$ 16,943,662	$ 30,526,654
Australian Dollar	$ 14	216,843		216,857
Swiss Franc			1,685,576	1,685,576
Mexican Peso	70,769	2,441,809		2,512,578
New Zealand Dollar	18			18
Polish Zloty	7	3,239,476		3,239,483
Indian Rupee		673,729		673,729
Indonesian Rupiah		771,893		771,893
Japanese Yen	58,812	17,289,326	4,300,207	21,648,345
Korean Won		792,405	1,455,023	2,247,428
Hong Kong Dollar			664,638	664,638
Canadian Dollar		464,129	485,289	949,418
British Pound Sterling	19		4,661,350	4,661,369
Pence Sterling			936,208	936,208
Singapore Dollar			435,800	435,800
Various			551,348	551,348
	$ 129,639	$ 39,472,602	$ 32,119,101	$ 71,721,342
Foreign investment denominated in US Dollars				23,687,151
				$ 95,408,493

NOTE 5 – RISKS AND UNCERTAINTIES (CONTINUED)

Interest Rate Risk

The System does not have a formal policy to limit interest rate risk on debt securities. Risk of loss arises from changes in interest rates which have significant affects on the fair values of investments.

Investment Type	Fair Value	< 1 year	1 - 5 years
Corporate bonds and debentures	$ 51,286,089	$ 161,835	$ 11,741,511
Foreign government and corporate obligations	50,050,313	4,527,733	24,648,118
United States government and agency securities	50,200,578		5,063,760
	$ 151,536,980	$ 4,689,568	$ 41,453,389

Investment Type	6 - 10 years	10+ years
Corporate bonds and debentures	$ 17,716,839	$ 21,665,904
Foreign government and corporate obligations	13,331,510	7,542,952
United States government and agency securities	12,553,895	32,582,923
	$ 43,602,244	$ 61,791,779

NOTE 6 – PROPERTY AND BUILDING

Property and Building as of December 31, 2011 and 2010 consist of:

	2011	2010
Land	$ 229,451	$ 229,451
Building	2,065,061	2,065,061
Tenant improvements	158,120	158,120
	2,452,632	2,452,632
Less accumulated depreciation	300,298	232,860
Total Property and Building	$2,152,334	$2,219,772

NOTE 7 –FAIR VALUE MEASUREMENTS

The System has applied Financial Accounting Standards Board Accounting Standards Codification 820 ("FASB ASC 820"), "Fair Value Measurements and Disclosures" which establishes a framework for measuring fair value and expands disclosures about fair value measurements. FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels explained below:

Level 1 Valuations based on unadjusted quoted prices available for identical assets in active markets that the plan has the ability to access.

Level 2 Valuations based on quoted prices in markets which are not active, or for which all significant inputs are observable, either directly or indirectly, or derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Valuations based on inputs that are unobservable.

Fair value is an exit price that represents the amount that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants.

Except for the investments discussed below and in Note 3, the System does not have any financial instruments which are required to be measured at fair value on a recurring basis. Non-financial assets such as property and equipment are measured at fair value when there is an indicator of impairment and recorded at fair value only when impairment is recognized.

The carrying amounts of cash, cash equivalents, accrued interest and dividends, accounts payable and accrued expenses approximate fair value because of the short-term maturity of these items.

The assets' fair value measurement levels within the fair value hierarchy are based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

NOTE 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2011 and 2010.

U.S. Treasury obligations, other government obligations, common stocks, corporate and foreign bonds: Valued based upon the quoted market value as of the last business day of the year as determined by the System's independent investment custodians.

Mutual funds: Valued at quoted market prices based on the net asset value of shares held by the System at year end.

Money market accounts: (Cash equivalents) Valued based on yields currently available on comparable securities of issuers with similar credit rating.

Limited partnerships: Valued based on valuations of the underlying companies of the limited partnerships as reported by the general partner.

Real estate partnerships – Insurance Contracts: Valued at fair value as determined by the insurance companies.

Venture capital partnerships: Valued by investment advisors based upon audited financials, other practices, and other information provided by the underlying investment advisor.

Credit opportunity investments: Valued at quoted market prices based on the net asset value of shares held by the System at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the System believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine fair values of certain instruments could result in a different fair value measurement at the reporting date.

NOTE 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the System's assets that are measured at fair value as of December 31, 2011:

	Level 1	Level 2	Level 3
Credit opportunity investments	$ 20,217,520		
U.S. Treasury and other government obligations		$ 50,200,578	
Corporate bonds		51,286,089	
Foreign investments		95,408,493	
Common stocks	224,917,277		
Mutual funds	301,124,937		
Money market accounts		37,627,622	
Real estate partnerships - insurance contracts			$ 46,725,649
Limited partnerships			24,660,720
Venture capital partnerships			1,905,756
	$ 546,259,734	$ 234,522,782	$ 73,292,125

The following table sets forth by level, within the fair value hierarchy, the System's assets that are measured at fair value as of December 31, 2010:

	Level 1	Level 2	(Restated) Level 3
Credit opportunity investments	$ 23,406,472		
U.S. Treasury and other government obligations		$ 48,690,369	
Corporate bonds		68,563,470	
Foreign investments		109,773,594	
Common stocks	265,038,827		
Mutual funds	303,286,315		
Money market accounts		33,566,529	
Real estate partnerships - insurance contracts			$ 47,890,147
Limited partnerships			24,201,175
Venture capital partnerships			2,076,207
	$ 591,731,614	$ 260,593,962	$ 74,167,529

NOTE 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth a summary of changes in the fair value or cost value of the System's Level 3 assets for the year ended December 31, 2011:

	Venture Capital Partnerships	Limited Partnerships
Balance, beginning of the year as previously reported	$ -	$ 21,702,478
Adjustment for change in reporting method	2,076,207	2,498,697
Balance, beginning of the year as restated	2,076,207	24,201,175
Purchases, sales, issuances, and settlements (net)	108,577	(2,048,628)
Investment income (net)	171,903	
Realized gains (losses)	139,776	2,204,987
Unrealized gains (losses) relating to instruments still held at the reporting date	(590,707)	303,186
Balance, end of year	$ 1,905,756	$ 24,660,720

	Insurance Contracts
Balance, beginning of the year	$ 47,890,147
Purchases, sales, issuances, and settlements (net)	(7,000,000)
Investment income (net)	2,488,949
Realized gains (losses)	(5,564)
Unrealized gains relating to instruments still held at the reporting date	3,825,976
Management fees	(473,859)
Balance, end of year	$ 46,725,649

NOTE 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth a summary of changes in the fair value or cost value of the System's Level 3 assets for the year ended December 31, 2010.

	Venture Capital Partnerships	Limited Partnerships
Balance, beginning of the year as previously reported	$ 810,668	$ 19,254,133
Adjustment for change in reporting method	919,707	3,159,022
Balance, beginning of the year as restated	1,730,375	22,413,155
Purchases, sales, issuances, and settlements (net)	(115,916)	(1,144,134)
Investment income (net)	47,880	
Realized gains (losses)	(742,632)	3,592,479
Unrealized gains (losses) relating to instruments still held at the reporting date	1,156,500	(660,325)
Balance, end of year	$ 2,076,207	$ 24,201,175

	Insurance Contracts
Balance, beginning of the year	$ 40,811,416
Purchases, sales, issuances, and settlements (net)	
Investment income (net)	2,704,538
Realized gains	13,801
Unrealized gains relating to instruments still held at the reporting date	4,717,256
Management fees	(356,864)
Balance, end of year	$ 47,890,147

NOTE 9 – SUBSEQUENT EVENT

The System has evaluated subsequent events through April 10, 2012, the date on which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE CITY OF ST. LOUIS

SCHEDULE OF FUNDING PROGRESS
(in millions)

DECEMBER 31, 2011

Actuarial Valuation Date January 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Frozen Entry Age (b)	Unfunded AAL (UAAL) (b-a)
1996	$ 562.2	$ 664.8	$ 102.6
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

Actuarial Valuation Date January 1,	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
1996	84.6 %	$ 206.9	49.6 %
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

See independent auditors' report.

PUBLIC SCHOOL RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

DECEMBER 31, 2011

	Employer Contributions	
Year Ended December 31,	Annual Required Contribution	Percent Contributed
1996	$ 16,619,187	100.1 %
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	*

* 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, 2011. Additional information related to the above actuarial valuation follows:

Actuarial cost method:	Frozen entry age.
Rate of investment return:	8.00% for 2011 and 2010, net of expenses.
Turnover or withdrawal rates:	Various by age and year of membership based on actual
Mortality or death rates:	RP-2000 Combined Healthy Lives
Disability rates:	RP-2000 Combined Healthy Lives
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

SCHEDULES OF OPERATING EXPENSES

YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Actuarial services	$ 126,165	$ 162,759
Accounting and auditing fees	52,657	47,961
Computer programming and consultation	49,150	54,208
Conventions, conferences, seminars		
Executive Director	447	4,410
Trustees (Page 28)	17,660	20,049
Depreciation expense	67,438	67,438
Dues and subscriptions	4,179	5,969
Employee benefits	2,711	2,987
Furniture and equipment	4,371	9,441
Insurance - group health	68,755	65,255
Insurance - casualty and bonding	75,766	82,861
Legal fees and expenses	70,104	61,845
Medical fees	700	700
Office repairs and maintenance	41,902	51,409
Office supplies and expenses	13,140	16,050
Postage	77,121	52,022
Pension contribution	57,964	48,617
Printing and publishing	31,540	51,039
Occupancy expense	27,917	30,460
Salaries - administrative and clerical	513,845	530,177
Health insurance consultation	37,944	37,944
Payroll taxes	39,309	40,558
Telephone	13,354	15,059
Utilities	27,482	29,007
Miscellaneous expenses	11,293	11,077
	$ 1,432,914	$ 1,499,302

See independent auditors' report.

PUBLIC SCHOOL RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS

SCHEDULES OF OPERATING EXPENSES (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010

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:

	2011	2010
Transportation and registration	$ 5,068	$ 8,837
Lodging, meals, and miscellaneous	12,592	11,212
Total	$ 17,660	$ 20,049

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MEMORANDUM

TO: Christina Bennett, Joe Clark, Mona Lawton, Yvette Levy, Thaha Menkara, Charles Shelton, Sarah Sise, Rick Sullivan

FROM: Andrew Clark

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

DATE: April 16, 2012

The insurance broker, Arthur J. Gallagher Risk Management Services, Inc., has submitted the renewal of the retirement system's Fiduciary Liability Insurance for the period May 20, 2012 - May 20, 2013. The three-year crime insurance term ends on May 20, 2014. The insurance carrier and coverage for both types of insurance will remain the same as in 2011 according to the following summary:

Carrier	Coverage Type	Coverage Limit	Coverage Retention	Current (2011) Premium/Fee	Renewal (2012) Premium/Fee
Travelers	Fiduciary Liability	$10,000,000	$0	$48,599	$50,254
Travelers	Crime	$2,000,000 / $100,000	$15,000 / $5,000	$1,713	$1,713
Broker Fee				$14,000	$14,000
Total Cost				$64,312	$65,967

Overall, the insurance broker negotiated a premium rate for the fiduciary liability that limited the increase to 3.4% ($1,655) relative to the cost in 2011. Hypothetically, the insurance broker has negotiated costs for a total savings to the retirement system from 2009 - 2012 of $69,737 [($85,231*4)-$72,511-$68,397-$64,312-65,967] based on the all time high total cost of $85,231 in 2008.

In 2011, Arthur J. Gallagher Risk Management Services, Inc. negotiated a three–year term for the annual crime insurance premium that remains effective through May 20, 2014. Additionally, Travelers has consistently reduced the annual liability insurance premium with each renewal and will ultimately charge the same annual crime insurance premium for a six year period.

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