PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE CITY OF ST. LOUIS

MINUTES OF THE BOARD OF TRUSTEES REGULAR MEETING

April 17, 2017

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 just past 4:30 p.m., Monday, April 17, 2017. The meeting was held 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. Yvette Levy, Vice Chairman of the Board of Trustees, presided over the remainder of the meeting after Mr. Clark's departure during the Committee reports.

Roll Call was taken and Trustees Paula Bentley, Joseph Clark, Sheila Goodwin, Bobbie Richardson, Rick Sullivan and Eural Thomas were present. The Board of Trustees had a quorum at the meeting. Trustees Darnetta Clinkscale, Yvette Levy and John Moten joined the meeting in progress. Trustee Christina Bennett was absent.

Executive Director, Andrew Clark, Accounting Specialist, Terry Mayes, PSRSSTL Attorney Representatives, Matt Gierse and Jim Faul, PSRSSTL Actuary, Paul Baugher, PSRSSTL Auditors, Thom Helm and Brenda Shepherd, and a number of interested parties, including a reporter from the St. Louis Post-Dispatch, were also in attendance.

A moment of silence was observed in memory of Retired Teacher Trustee, Charles L. "BeBe" Shelton.

II. APPROVAL OF MINUTES FROM LAST MEETING

Sheila Goodwin made a motion, seconded by Bobbie Richardson, to approve the minutes of the Board of Trustees Regular Meeting of December 19, 2016.

By voice vote, motion carried.

Rick Sullivan made a motion, seconded by Sheila Goodwin, to approve the minutes of the Board of Trustees Regular Meeting of February 27, 2017.

By voice vote, motion carried.

Sheila Goodwin made a motion, seconded by Paula Bentley, to approve the minutes of the Special Board of Trustees Meeting of March 16, 2017.

By voice vote, motion carried.

III. READING OF COMMUNICATIONS TO THE BOARD OF TRUSTEES

None

IV. PRESENTATIONS BY INTERESTED PARTIES

Retiree, Erma Nevels, expressed concerns over the lack of a COLA.

V. CONSENT AGENDA

Sheila Goodwin made a motion, seconded by Eural Thomas, to approve the Retirements and Benefits of March and April 2017.

By voice vote, motion carried.

Sheila Goodwin made a motion, seconded by Eural Thomas, to approve the Refunds and Bills of February and March 2017.

By voice vote, motion carried.

VI. UNFINISHED BUSINESS

Due the absence of Trustee Christina Bennett, the second reading of the proposed amendment to Chapter A., Rule VI. Committees, Section 1, was postponed to the next regular meeting.

VII. REPORT OF THE CHAIRPERSON

None

VIII. 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, Brenda Shepherd. The Auditor and Ms. Shepherd presented the audited financial statements for December 31, 2016 and December 31, 2015, by reviewing and highlighting important information in the pages of the Financial Statements report distributed at the meeting. The Auditor spent time explaining the new reporting requirements resulting from the recent implementation of several statements issued by the Governmental Accounting Standards Board ("GASB"). There was extended discussion regarding the GASB statements and several components of the financial statements until all questions and issues were addressed to the satisfaction of the Board of Trustees. Overall, the Auditor reported on a good, clean audit, thanking the Trustees and staff for allowing the audit. The Trustees and Executive Director 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.

Sheila Goodwin made a motion, seconded by Yvette Levy, to accept the renewal of the fiduciary liability and crime insurance with Travelers as presented by the Executive Director. There was discussion until all questions and issues were clarified by the Executive Director.

A roll call vote was taken.

Paula Bentley	Yes	Joseph Clark	Yes	Darnetta Clinkscale	Yes
Sheila Goodwin	Yes	Yvette Levy	Yes	John Moten	Yes
Bobbie Richardson	Yes	Rick Sullivan	Yes	Eural Thomas	Yes

With nine yes votes, motion carried.

IX. REPORT OF THE INVESTMENT CONSULTANT

None

X. REPORT OF THE ACTUARY

None

XI. 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 Committee, reported on the meeting of March 16, 2017, by referring to the meeting minutes, and reminding the Board of Trustees of the upcoming meeting on April 20, 2017, where three money managers offering multi-sector fixed income funds are expected to make presentations on their various investment strategies.

Legislative, Rules & Regulations Committee

Yvette Levy, Chair of the Committee, reported on the meeting of April 6, 2017, and informed the Trustees that a recommendation was being brought forward for consideration by the full board.

The Chairman of the Board of Trustees voiced his opposition to the recommendation and discussion ensued for some time. The Chair of the Committee reminded the Trustees of the recommendation under consideration.

The Chair of the Committee, Yvette Levy, made a motion, seconded by Rick Sullivan, to approve the amendments to the Education, Travel and Code of Ethics Policies as recommended by the Legislative, Rules & Regulations Committee.

A roll call vote was taken.

Paula Bentley	Yes	Darnetta Clinkscale	Yes	Sheila Goodwin	No
Yvette Levy	Yes	John Moten	Yes	Bobbie Richardson	Yes
Rick Sullivan	Yes	Eural Thomas	No		

With six yes votes, and two no votes, motion carried.

Professional Contracts Committee

Eural Thomas, Chair of the Committee, reported on several updates to the Investment Consulting Services RFP from the meeting on April 6, 2017. The Chair reported that the RFP notice will be posted on the website on April 21, 2017, followed by the RFP release on April 28, 2017.

XII. NEW BUSINESS

None

XIII. REPORT OF THE ATTORNEY

The Vice Chairman asked for a motion to close the meeting to discuss a legal matter with the Attorney.

John Moten made a motion, seconded by Sheila Goodwin, to close the meeting, and that all records and votes, to the extent permitted by law, pertaining to and/or resulting from this closed meeting be closed under R.S.Mo. § 610.021(1), for the purpose of having a confidential or privileged communication with the legal counsel for the PSRSSTL.

A roll call vote was taken.

Paula Bentley	Yes	Darnetta Clinkscale	Yes	Sheila Goodwin	Yes
Yvette Levy	Yes	John Moten	Yes	Bobbie Richardson	Yes
Rick Sullivan	Yes	Eural Thomas	Yes		

With eight yes votes, motion carried, and the meeting closed at around 6:00 p.m.

During the closed portion of the meeting, John Moten made a motion, seconded by Bobbie Richardson, to authorize legal counsel for the PSRSSTL to engage in discussions with and to present two alternative options as discussed in closed session to either legislators, the Teachers Union or the SLPS Special Administrative Board.

A roll call vote was taken.

Paula Bentley	Yes	Sheila Goodwin	Yes	Yvette Levy	Yes
John Moten	Yes	Bobbie Richardson	Yes	Eural Thomas	Yes

With six yes votes, motion carried.

John Moten made a motion, seconded by Bobbie Richardson, to open the meeting.

A roll call vote was taken.

Paula Bentley	Yes	Sheila Goodwin	Yes	Yvette Levy	Yes
John Moten	Yes	Bobbie Richardson	Yes	Eural Thomas	Yes

With six yes votes, motion carried, and the meeting opened at around 6:35 p.m.

XIV. ADJOURNMENT

John Moten made a motion, seconded by Bobbie Richardson, to adjourn the meeting.

By voice vote, motion carried and the meeting adjourned at around 6:35 p.m.

Attachments:

- Retirements Paid: March and April 2017
- Refunds & Bills Paid: February and March 2017
- December 31, 2016 and 2015 Financial Statements
- Fiduciary & Crime Insurance Renewal Memorandum
- Adopted Changes to PSRSSTL Education, Travel, and Code of Ethics Policies

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
Patricia Kopp Teacher	2/1/2017	Early	29.6854	$62,329.55	$3,405.06
Kathy Scholtes Speech Pathologist	2/1/2017	Normal	8.7778	$29,059.36	$265.70
Claude Weathersby Teacher	2/1/2017	Normal	5.4444	$42,623.48	$386.77

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
Renee Barnes Teacher Assistant	3/1/2017	Normal	27.5778	$34,851.37	$1,601.87
Marian Brooks Administrative Assistant	3/1/2017	Early	8.1956	$53,607.14	$1,317.54
Sheila Dunn-Moss Parent Educator	3/1/2017	Early	14.7611	$36,154.13	$716.50
Vergena Haynes Spec Ed Instr Care Aide	3/1/2017	Normal	24.1556	$38,971.15	$1,568.95

Distributions - February, 2017

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
072577	02/03/17	BUCKINGHAM	EUGENE	1,861.06	372.21	1,488.85	A	S	CA-WP
072578	02/03/17	HIBBLER	JACQUELYN	4,538.05		4,538.05	A	S	CA
072579	02/03/17	CRIDER	SONYA	1,405.38	281.08	1,124.30	A	S	KIPP
072580	02/03/17	LOCKETT	LESLIE	580.13	116.03	464.10	A	S	SLLIS
072581	02/03/17	MOSER	JULIE	1,875.17	375.03	1,500.14	A	S	PREMIER
072582	02/03/17	SHEKHAR	LAKSHMI	4,998.68		4,998.68	A	S	CGMCS
072583	02/03/17	COADY	KATELYN	10,784.27		10,784.27	A	S	
072584	02/03/17	DESIL	DARLINE	5,076.92		5,076.92	A	S	
072585	02/03/17	ELLIS	CHRISTOPHER	298.99	59.80	239.19	A	S	
072586	02/03/17	LOEWENBERG	DAVID	4,874.27		4,874.27	A	S	
072587	02/03/17	PATTERSON	EUDORA	5,436.56	1,087.31	4,349.25	A	S	
072588	02/03/17	SUMMERS	JESSICA	9,426.43	1,885.29	7,541.14	A	S	
072589	02/03/17	WHITE	CYNTHIA	6,136.26	1,227.25	4,909.01	A	S	
072590	02/03/17	WOODS	SHENNA	2,726.63	545.33	2,181.30	A	S	
072591	02/03/17	WREEN	VICTORIA	213.74	42.75	170.99	A	S	
072628	02/15/17	BLODGETT	MICHAEL J	4,964.39		4,964.39	A	S	PREC LSMS
072629	02/15/17	DARYANANI-LAIDLEY	LISA	7,198.33	1,439.67	5,758.66	A	S	CLA, AQS-CLA
072630	02/15/17	GOCMEZ	ICLAL	1,926.74	385.35	1,541.39	A	S	GSA
072631	02/15/17	KUPISZEWSKI	MATHEW	867.81	173.56	694.25	A	S	CA
072632	02/15/17	STOCKER	JODI	2,127.51	425.50	1,702.01	A	S	CA
072633	02/15/17	THOMPSON	EBONI	1,849.18	369.84	1,479.34	A	S	CGMCS
072634	02/15/17	BROWN	ROBERT	1,025.42	205.08	820.34	A	S	
072635	02/15/17	FERGUSON	RHONDA	16,898.74	3,379.75	13,518.99	A	S	
072636	02/15/17	MUELLER	ANDREW	30,989.82	6,197.96	24,791.86	A	S	
072637	02/15/17	ROSE	JEFFREY	241.10	48.22	192.88	A	S	
072638	02/15/17	SHANKS	DAVID	24,060.86	4,812.17	19,248.69	A	S	
072639	02/15/17	WARMA	MEGAN	2,109.98		2,109.98	A	S	
072640	02/15/17	YAKSIC	MARIA	44,180.54		44,180.54	A	S	
			TOTAL	**$ 198,672.96**	**$ 23,429.18**	**$ 175,243.78**			

Distributions - March, 2017

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
072628	02/15/17	BLODGETT	MICHAEL J	(4,964.39)		(4,964.39)	A	S	PREC LSMS VOID & REISSUE
072668	03/02/17	BESAND	KATHLEEN	2,522.65	504.53	2,018.12	A	S	GSA, SLLIS
072669	03/02/17	JONES	PRISCELLA	277.02	55.40	221.62	A	S	PREC
072670	03/02/17	WU	YU-HSUAN	2,465.12	493.02	1,972.10	A	S	SLLIS
072671	03/02/17	YOST	ELISSA	2,179.66		2,179.66	A	S	AQS-GC
072672	03/02/17	SEARS	ANDREW	3,641.95	728.39	2,913.56	A	S	KIPP BAL OF CONTRIB
072673	03/02/17	COLEMAN	REGINALD	2,437.46	487.49	1,949.97	A	S	
072674	03/02/17	HAXHIA	MERITA	37,515.54		37,515.54	A	S	
072675	03/02/17	O BLACK	JILLYNN	291.98	58.40	233.58	A	S	
072676	03/02/17	PENNINGTON	LATASHA	5,856.44	1,171.29	4,685.15	A	S	
072677	03/02/17	WASMAN	KELLY	2,435.73		2,435.73	A	S	
072678	03/02/17	BLODGETT	MICHAEL J	4,964.39		4,964.39	A	S	PREC LSMS VOID & REISSUE
072699	03/14/17	AKBALAEV	ATABEK	5,022.89	1,004.58	4,018.31	A	S	GSA
072700	03/14/17	BUSH	RANDY	517.75	103.55	414.20	A	S	CA
072701	03/14/17	JAGUSCH	CASEY	12,892.50		12,892.50	A	S	GCCA AQS -GC
072702	03/14/17	KRAUSE	ALLISON	7,691.31	1,538.26	6,153.05	A	S	CA
072703	03/14/17	LABARBERA	YAZMIN	3,409.42		3,409.42	A	S	SLLIS
072704	03/14/17	WHITE	AMY	5,806.61		5,806.61	A	S	GSA
072705	03/14/17	BISHOP	RHONDA	63,537.66		63,537.66	A	S	
072706	03/14/17	BROOKS	BEVERLY	1,992.37	398.47	1,593.90	A	S	
072707	03/14/17	DELANEY	GAIL	2,967.85	593.57	2,374.28	A	S	
072708	03/14/17	SMITH	SARAH	2,141.29	428.26	1,713.03	A	S	
072709	03/14/17	TRIPLETT	TRAVIS	842.70	168.54	674.16	A	S	
072710	03/14/17	YOUNG	LANCE	601.61	120.32	481.29	A	S	
072744	03/27/17	BRENSON	TEONNA	10,057.91	2,011.58	8,046.33	A	S	CA
072745	03/27/17	DUNLAP	MARTIN	5,057.58	1,011.52	4,046.06	A	S	GCAA SLPS
072746	03/27/17	FERGUSON	MARLOW	1,236.69	247.34	989.35	A	S	CA
072747	03/27/17	GULSEVER	TARIK	1,404.62	280.92	1,123.70	A	S	GSA STL
072748	03/27/17	JAGEARS	AMANDA	3,738.29	747.66	2,990.63	A	S	CA
072749	03/27/17	MILLER	CANCIO	403.81	80.76	323.05	A	S	SLLIS
072750	03/27/17	ROBINSON	DARION	920.44	184.09	736.35	A	S	SLPS/KIPP
072751	03/27/17	SAVAGE	LENNELL	2,446.09	489.22	1,956.87	A	S	LFL
072752	03/27/17	ALLEN	CANDACE	2,369.51	473.90	1,895.61	A	S	
072753	03/27/17	BROWN	LEWIS	3,441.18	688.23	2,752.95	A	S	
072754	03/27/17	CARTER	KIERSTAN	1,359.60	271.92	1,087.68	A	S	
072755	03/27/17	HAMILTON	JONATHAN	7,043.30	1,408.66	5,634.64	A	S	

Distributions - March, 2017

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
072756	03/27/17	HAMLETT	ELIZABETH	2,665.89	533.18	2,132.71	A	S	
072757	03/27/17	HEATLEY	EDMOND	17,684.17	3,536.83	14,147.34	A	S	
072758	03/27/17	HALL	DONNA	1,464.44	292.89	1,171.55	A	S	
072759	03/27/17	JORDAN	MICHAEL	717.96	143.59	574.37	A	S	
072760	03/27/17	MITCHELL	JAMISENE	561.11	112.22	448.89	A	S	
072761	03/27/17	SHLETON-STENNIS	MARY L	27,893.90	5,578.78	22,315.12	A	S	
072762	03/27/17	SHIVES	BRANDON	5,644.45	1,128.89	4,515.56	A	S	
072763	03/27/17	STOCKTON	CHRISTOPHER	3,656.58		3,656.58	A	S	
072764	03/27/17	VAUGHN	CLAUDETTE	648.68	129.74	518.94	A	S	
072765	03/27/17	YANCEY	MARJORIE	3,674.33		3,674.33	A	S	
			TOTAL	**$ 271,138.04**	**$ 27,205.99**	**$ 243,932.05**			

Public School Retirement System of the City of St. Louis
Checks Written During the Month of February, 2017

Payee	Ck. Number	Description	Amount
Date Paid February 3, 2017			
Office Payroll	ACH	Office Payroll	10,198.16
AXA Equitable	ACH	457 Contributions	2,423.00
Date Paid February 6, 2017			
Ameren Missouri	72592	Electric Service	2,409.16
AT&T	72593	U-Verse Internet	60.00
Purchase Power	72594	Postage	1,714.15
OffsiteDataSync	72595	Online Backups	208.12
Windstream Communications	72596	Telephone, Data	533.93
Eazy Business Mailers, Inc.	72597	Postage & Service - Ins. Letters, 1099R Forms	5,563.82
Office Essentials	72598	Office Supplies	965.32
Office Essentials	72599	Fire Cabinet	3,231.90
Anders CPAs & Advisors	72600	Audit of Financial Stmts., Active Teacher Elect.	6,300.00
Crain Communications	72601	1 Pro-Rated New Subscription to P&I Magazine	193.04
BuildingStars STL Operations, Inc.	72602	Janitorial Supplies	322.67
Digital Intersection	72603	Monthly Data Center Hosting	150.00
Gallagher Benefit Services, Inc.	72604	Group Ins. Consulting Services Monthly Fee	3,320.25
Crossroads Courier, Inc.	72605	Courier Service	5.84
MSD	72606	Sewer Service	47.45
Minuteman Press	72607	Envelopes	69.18
MAPERS	72608	Plan Sponsor Membership Dues - 2017	100.00
UPS	72609	UPS Shipping	47.26
Blue Stingray, Inc.	72610	Website Development	2,500.00
CBRE - 608844	72612	Management Fee - January 2017	1,108.00
CBRE - 608844	72613	Engineer Services	481.15
Blue Chip Pest Services	72614	Pest Control	44.00
Full Care	72615	Snow and Ice Management	2,472.50
Causeway Capital Management LLC	72616	4th Quarter 2016 Management Fee	67,904.41
The Edgar Lomax Company	72617	4th Quarter 2016 Management Fee	41,504.83
Fidelity Institutional Asset Mgmt. Trust Company	72618	4th Quarter 2016 Management Fee	62,927.15
Holland Capital Management LLC	72619	4th Quarter 2016 Management Fee	44,152.68
Manulife Asset Management U.S. LLC	72620	4th Quarter 2016 Management Fee	30,887.84
Westfield Capital Managememt Company, LP	72621	4th Quarter 2016 Management Fee	53,126.92
Board of Education St. Louis Benefits Trust	72623	Office Employees Insurance - Dental	248.99
Board of Education St. Louis Benefits Trust	72624	Office Employees Insurance - Vision	17.00
Board of Education St. Louis Benefits Trust	72625	Office Employees Insurance - Life	87.35
US Bank	72626	4th Quarter 2016 Custodial Fees	34,861.97
Dawn Waters	72627	Supplies - Open Enrollment	46.92
Date Paid February 17, 2017			
Office Payroll	ACH	Office Payroll	10,198.16
AXA Equitable	ACH	457 Contributions	2,423.00
Date Paid February 21, 2017			
Absopure Water Company	72641	Water Cooler Service	36.10
Buck Consultants, LLC	72642	Actuarial Consulting Services - Jan. & Feb.	11,566.00
AT&T	72643	Monthly Service Charge	193.06
Access	72644	Scanning Services	406.55
Parking Management Services, LLC	72645	March 2017 Parking - 2 Employees	130.00
Parking Management Services, LLC	72646	Parking Ticket Validations - January 2017	15.00
Hartnett Gladney Hettermann, L.L.C.	72647	Legal Fees	4,888.00
BuildingStars STL Operations, Inc.	72648	Janitorial Services	1,386.00
Blade Technologies, Inc.	72649	Professional Services	1,209.84
OffsiteDataSync	72650	Disaster Recovery Test	2,450.00
Eazy Business Mailers, Inc	72651	Postage - Daily Pickup	190.00

Public School Retirement System of the City of St. Louis
Checks Written During the Month of February, 2017

Payee	Ck. Number	Description	Amount
Eazy Business Mailers, Inc	72652	Postage - Newsletter	2,300.00
Anders CPAs & Advisors	72653	Audit of Financial Statements	535.00
Crossroads Couriers, Inc.	72654	Courier Service	5.84
MSD	72655	Sewer Service	47.45
MIDCOM Data Technologies, Inc.	72656	IBM Printer Repair	641.98
FIS Business Systems LLC	72657	Relius GF 1099/W Renewal	300.00
Republic Services #346	72658	Trash Pick-Up	134.00
CBRE - 608844	72659	Engineer Services	350.70
St. Louis Mat & Linen Company	72660	Floor Mats	397.50
Yardi Marketplace	72661	Supplies	190.41
Tech Electronics, Inc.	72662	Central Monitoring of Fire Alarm System	93.00
Piedmont Investment Advisors, LLC	72663	4th Quarter 2016 Management Fee	8,084.40
Progress Investment Management Co., LLC	72664	4th Quarter 2016 Management Fee	67,243.70
TCW Asset Management Company	72665	4th Quarter 2016 Management Fee	43,637.06
Mellon Capital Management Corporation	72666	4th Quarter 2016 Management Fee	66,166.12
Mellon Capital Management Corporation	72667	4th Quarter 2016 Management Fee	607.46
		TOTAL	**$606,061.29**

Public School Retirement System of the City of St. Louis
Checks Written During the Month of March, 2017

Payee	Ck. Number	Description	Amount
Date Paid March 3, 2017			
Office Payroll	ACH	Office Payroll	10,151.16
AXA Equitable	ACH	457 Contributions	2,423.00
Date Paid March 7, 2017			
Ameren Missouri	72679	Electric Service	2,079.55
AT&T	72680	U-Verse Internet	60.00
Purchase Power	72681	Postage	542.27
OffsiteDataSync	72682	Online Backups	208.12
Windstream Communications	72683	Telephone, Data	533.80
Office Essentials	72684	Office Supplies	410.84
BuildingStars STL Operations, Inc.	72685	Janitorial Services	1,386.00
Gallagher Benefit Services, Inc.	72686	Group Ins. Consulting Services Monthly Fee	3,320.25
Minuteman Press	72687	Newsletters and Envelopes	2,080.23
Charter Communications	72688	Charter Internet and Voice	179.96
Jupiter Consulting Services, LLC	72689	Programming Consulting	6,174.00
GCI Security, Inc.	72690	Security Guard 02/27/2016	144.00
BarnesCare	72691	Carla F. Mauldin	100.00
Konika Minolta Business Solutions USA Inc.	72692	Service - Copier C364E	534.00
Tech Electronics, Inc.	72693	Fire Alarm Panel Replacement	1,627.53
CBRE - 608844	72694	Engineer Services	467.60
Chicago Equity Partners, LLC	72695	4th Quarter 2016 Management Fee	38,929.68
Board of Education St. Louis Benefits Trust	72696	Office Employees Insurance - Dental	248.99
Board of Education St. Louis Benefits Trust	72697	Office Employees Insurance - Vision	17.00
Board of Education St. Louis Benefits Trust	72698	Office Employees Insurance - Life	87.35
Date Paid March 17, 2017			
Office Payroll	ACH	Office Payroll	10,307.16
AXA Equitable	ACH	457 Contributions	2,223.00
Date Paid March 20, 2017			
Absopure Water Company	72711	Water Cooler Service	82.75
Buck Consultants, LLC	72712	Actuarial Consulting Services - Feb. & March	4,866.00
AT&T	72713	Monthly Service Charge	193.11
Access	72714	Scanning Services	406.55
Parking Management Services, LLC	72715	April 2017 Parking - 2 Employees	130.00
Parking Management Services, LLC	72716	Parking Ticket Validations - February 2017	34.50
Hartnett Gladney Hettermann, L.L.C.	72717	Legal Fees	8,401.25
BuildingStars STL Operations, Inc.	72718	Janitorial Supplies	479.42
Blade Technologies, Inc.	72719	Professional Services	1,245.34
Eazy Business Mailers, Inc	72720	Postage - Newsletter	1,679.75
Anders CPAs & Advisors	72721	Audit of Financial Statements	2,100.00
Crossroads Couriers, Inc.	72722	Courier Service	5.84
MSD	72723	Sewer Service	43.86
Office Essentials	72724	Office Supplies	250.02
Gallagher Benefit Services, Inc.	72725	Group Ins. Consulting Services Monthly Fee	3,320.25
Charter Communications	72726	Charter Internet and Voice	179.96
Pitney Bowes Global Financial Services LLC	72727	Lease Charges	1,410.00
Pitney Bowes, Inc.	72728	Postage Supplies	101.98
Digital Intersection	72729	Monthly Data Center Hosting	150.00
The Berwyn Group	72730	Death Check Verification Services	60.00
Tom Kinealy	72731	Software	275.89
Tech Electronics	72732	Fire Alarm Panel Replacement-Final Billing	4,612.47
Tech Electronics	72733	Replace Cameras	1,172.71
Republic Services #346	72734	Trash Pick-Up	134.01
CBRE - 608844	72735	Management Fee - January and February 2017	2,216.00
CBRE - 608844	72736	Engineer Services	409.15
Blue Chip Pest Services	72737	Pest Control	44.00
St. Louis Mat & Linen Company	72738	Floor Mats	106.00
Yardi Marketplace	72739	Supplies	813.47

Public School Retirement System of the City of St. Louis
Checks Written During the Month of March, 2017

Payee	Ck. Number	Description	Amount
Tech Electronics, Inc.	72740	Annual Fire Alarm Inspection	490.00
Jarrell Mechanical Contractors	72741	Unclog Kitchen Sink	293.00
NEPC, LLC	72742	4th Quarter 2016 Consulting Fee Fee	32,336.13
NEPC, LLC	72743	4th Quarter 2016 Alt. Investment Mgmt. Fee	12,500.00
Date Paid March 31, 2017			
Office Payroll	ACH	Office Payroll	10,307.16
AXA Equitable	ACH	457 Contributions	2,223.00
		TOTAL	**$177,309.06**

PUBLIC SCHOOL RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS

FINANCIAL STATEMENTS
WITH REQUIRED SUPPLEMENTARY INFORMATION
AND OTHER SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2016 AND 2015

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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 fiduciary net position as of December 31, 2016 and 2015, and the related statements of changes in fiduciary net position 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 audits 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 auditors' 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 System'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 System'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 fiduciary net position of Public School Retirement System of the City of St. Louis as of December 31, 2016 and 2015, and the changes in it's fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters - GASB

In the 2015 statements, the System adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

In the 2016 statements, the System adopted the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter. See Note 3 in the Notes to the Financial Statements for further information.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the other required supplementary information, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic 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 basic financial statements, and other knowledge we obtained during our audits 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 basic financial statements. The other supplementary information on pages 40 - 47 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Anders Minkler Huber & Helm LLP

April 13, 2017

The Management Discussion and Analysis ("MD&A") for the Public School Retirement System of the City of St. Louis ("PSRSSTL") provides an overview of PSRSSTL financial activities for the fiscal year ended December 31, 2016. This MD&A is presented as required supplementary information to the financial statements and should be read in conjunction with the PSRSSTL financial statements, notes to the financial statements, required supplementary information, and other supplementary information.

The basic financial statements contained in this section of the MD&A consist of:

- The Condensed Statements of Fiduciary Net Position illustrate the System's assets, liabilities, and resulting fiduciary net position where Assets - Liabilities = Fiduciary Net Position held in trust for pension benefits available at the end of a fiscal year. These statements are a snapshot of the financial position of the System at specific points in time.
- The Condensed Statements of Changes in Fiduciary Net Position summarize the System's financial transactions throughout a fiscal year where Additions - Deductions = Change in Fiduciary Net Position. These statements support the change from the prior year's net position on the Statements of Fiduciary Net Position.
- The Notes to the Financial Statements are an integral part of these basic financial statements and contain information that helps better understand them.
- The required supplementary Management Discussion and Analysis information, the Required Supplementary Information, and Other Supplementary Information following the Notes to the Financial Statements provide detailed historical information that is useful in evaluating the condition of the retirement plan administered by PSRSSTL.

The System's fiduciary net position was $850,180,422 at December 31, 2016, which represents a decrease of $18,498,627 from December 31, 2015. This decrease is primarily due to lower than assumed investment returns during the 2016 fiscal year, which resulted in lower asset values for certain investment categories at December 31, 2016.

The System's investment returns were 6.3% in fiscal year 2016 and (0.5%) in fiscal year 2015. The System's investment return in fiscal year 2016, when compared to fiscal year 2015, represents an upturn in investment values for certain asset categories as experienced by the financial markets during the one-year time period. Predicting conditions in the marketplace is always challenging yet 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 2016. However, at the end of said fiscal year, and beginning in fiscal year 2017, the Board of Trustees reduced the actuarial assumed rate of return to 7.5% from 8%.

Additions to fiduciary net position, including other income (expenses), were $96.7 million, $47.0 million, and $88.6 million for fiscal years 2016, 2015 and 2014, respectively. The primary additions to fiduciary net position in 2016 were $43.3 million of investment income and employer contributions of $39.5 million. The main additions to fiduciary net position in 2015 were $40.7 million of employer contributions and member contributions of $11.7 million. The key additions to fiduciary net position during 2014 were investment income, including rental income, of $33.9 million and employer contributions of $41.8 million and member contributions of $11.9 million.

Deductions from fiduciary net position were $115.2, $114.9, and $114.4 million in fiscal years 2016, 2015 and 2014, respectively. The slight increase of $312,133 in deductions from fiduciary net position between fiscal years 2016 and 2015 was mostly due to the increase in contribution refunds paid to terminated or deceased members in fiscal year 2016. The $417,540 increase in deductions between fiscal years 2015 and 2014 was also primarily due to increased refunds paid to terminated or deceased members in fiscal year 2015.

FINANCIAL STATEMENTS

The PSRSSTL financial report consists of two financial statements, (1) the Statements of Fiduciary Net Position, and (2) the Statements of Changes in Fiduciary Net Position. The Statements of Fiduciary Net Position provides details concerning PSRSSTL assets and liabilities other than long-term benefit obligations. However, PSRSSTL assets are the only source available to the System to pay pension benefits. The Statements of Changes in Fiduciary Net Position provide details regarding PSRSSTL financial activity during fiscal year 2016 that caused the change in fiduciary net position from fiscal year 2015 to fiscal year 2016.

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, 2016, total assets and deferred outflow of resources of the System were $851,666,128 and consisted of cash, receivables, investments, and an office building. Total assets in fiscal year 2016 decreased by 2.1%, or $18,381,651, compared to fiscal year 2015, which can be attributed to lower than expected investment market returns.

On December 31, 2016, total liabilities and deferred inflow of resources of the System were $1,485,706 and consisted of accounts payable and accrued expenses, and net pension liability. Total liabilities in fiscal year 2016 increased by 8.5%, or $116,976, from fiscal year 2015, primarily from the increase of the System's net pension liability as required by GASB Statement No. 68.

On December 31, 2016, the fiduciary net position restricted for pensions was $850,180,422, a decrease of 2.1%, or $18,498,627, from fiscal year 2015.

On December 31, 2015, total assets for the System were $870,047,779 and consisted of cash, receivables, investments, and an office building. Total assets in fiscal year 2015 decreased by 7.2%, or $67,732,931, compared to fiscal year 2014, which was mainly due to a decrease in the fair value of the System's investments.

On December 31, 2015, total liabilities for the System were $1,368,730 and consisted of accounts payable, accrued expenses and net pension liability. Total liabilities in fiscal year 2015 increased by 6.8%, or $87,096, from fiscal year 2014.

On December 31, 2015, the fiduciary net position restricted for pensions was $868,679,049, a decrease of 7.2%, or $67,820,027, from fiscal year 2014.

Condensed Statements of Fiduciary Net Position

	FY 2016	FY 2015	FY 2014 As restated	FY 2016 % Change	FY 2015 % Change
Assets and Deferred Outflow of Resources					
Cash	$ 9,815,722	$ 9,960,497	$ 10,256,299	(1.5)%	(2.9)%
Receivables	1,816,539	1,884,189	1,804,836	(3.6)%	4.4 %
Investments	837,967,631	856,171,074	923,769,557	(2.1)%	(7.3)%
Property and building,net	1,815,142	1,882,580	1,950,018	(3.6)%	(3.5)%
Deferred outflow of resources	251,094	149,439	-	68.0 %	100.0 %
Total Assets and Deferred Outflow of Resources	851,666,128	870,047,779	937,780,710	(2.1)%	(7.2)%
Liabilities and Deferred Inflow of Resources					
Accounts payable and accrued expenses	780,536	798,498	850,211	(2.2)%	(6.1)%
Net pension liability	649,399	570,232	431,423	13.9 %	32.2 %
Deferred inflow of resources	55,771	-	-	100.0 %	- %
Total Liabilities and Deferred Inflow of Resources	1,485,706	1,368,730	1,281,634	8.5 %	6.8 %
Fiduciary Net Position	$ 850,180,422	$ 868,679,049	$ 936,499,076	(2.1)%	(7.2)%

REVENUES – ADDITIONS TO FIDUCIARY NET POSITION

The assets available to finance PSRSSTL pension benefits are accumulated through receipt of employer and member contributions as well as through earnings on investments. For fiscal year 2016, employer contributions were approximately $40 million; member contributions were approximately $12.6 million; and net investment income was approximately $43 million. For fiscal year 2015, employer contributions were approximately $41 million, member contributions were approximately $12 million; and net investment loss was approximately $6.9 million.

Employer and member contributions combined decreased by $201,206 in fiscal year 2016 as compared to the fiscal year 2015 decrease of $1.3 million. These fluctuations were due to the decrease in the required employer contribution rate from 15.87% of covered compensation in fiscal year 2015 to 15.14% in fiscal year 2016 and from 16.50% of covered compensation in fiscal year 2014 to 15.87% in fiscal year 2015. 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 covered compensation has been in effect since July 1, 1999.

Net investment income was $50 million more in fiscal year 2016 than in fiscal year 2015 because investment earnings were a positive 6.3% for fiscal year 2016 as compared to a negative 0.5% for fiscal year 2015. Net investment income was $41 million less in fiscal year 2015 than in fiscal year 2014 because investment earnings declined to a negative 0.5% in fiscal year 2015 from a positive 4.5% for fiscal year 2014.

Net investment income (loss) of $43,310,266, $(6,891,983) and $33,744,345 in fiscal years 2016, 2015, and 2014, respectively, reflect gross investment income (loss) less investment related expenses, such as investment manager, investment advisor, and custodial fees.

EXPENSES – DEDUCTIONS FROM FIDUCIARY NET POSITION

The primary deductions from fiduciary net position were payments of retirement benefits, survivor benefits, disability benefits, retiree healthcare subsidies and refunds to members who have retired or terminated employment. PSRSSTL operating expenses in fiscal year 2016 were approximately 0.18% of assets; in fiscal years 2015 and 2014, these same expenses were approximately 0.17% and 0.14% of assets, respectively.

Condensed Statements of Changes in Fiduciary Net Position

	FY 2016	FY 2015	FY 2014	FY 2016 % Change	FY 2015 % Change
Additions					
Employer contributions	$ 39,519,979	$ 40,708,503	$ 41,757,458	(2.9)%	(2.5)%
Member contributions	12,652,029	11,664,711	11,887,933	8.5 %	(1.9)%
Net investment income	43,310,266	(6,891,983)	33,744,345	728.4 %	(120.4)%
Rental income	150,427	146,007	143,754	3.0 %	1.6 %
Total Additions	95,632,701	45,627,238	87,533,490	109.6 %	(47.9)%
Deductions					
Retirement benefits	99,419,975	99,634,429	99,874,101	(0.2)%	(0.2)%
Survivor benefits	2,973,225	2,877,844	2,784,937	3.3 %	3.3 %
Disability benefits	3,479,852	3,510,745	3,524,388	(0.9)%	(0.4)%
Health care subsidies	2,515,000	2,600,225	2,696,001	(3.3)%	(3.6)%
Operating expenses	1,554,314	1,466,261	1,350,394	6.0 %	8.6 %
Refunds to members	5,220,357	4,761,086	4,203,229	9.6 %	13.3 %
Total Deductions	115,162,723	114,850,590	114,433,050	0.3 %	0.4 %
Other Income	1,031,395	1,403,325	1,112,694	(26.5)%	26.1 %
Change in Fiduciary Net Position	$(18,498,627)	$ (67,820,027)	$ (25,786,866)	(72.7)%	163.0 %

FINANCIAL SUMMARY

For more than 19 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 24% of public plans during the last 19 years for the period ended December 31, 2016.

The fiduciary net position over this same timeframe has 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 2016, the fiduciary net position was $850 million. These fluctuations in the value of the System's fiduciary net position can be attributed to volatile financial market conditions that caused substantial losses of investment returns in several past fiscal years.

Over the same period, the funded status of the PSRSSTL, 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 ratios of the PSRSSTL for fiscal years 2016, 2015, and 2014 was 84.9%, 84.8%, and 84.4%, respectively.

The Board of Trustees and the PSRSSTL Actuary assume that the PSRSSTL 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 relatively 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 Fiduciary Net Position
December 31, 2016 and 2015

Assets

	2016	2015
Cash	$ 9,815,722	$ 9,960,497
Receivables		
Accrued interest and dividends	1,788,561	1,884,189
Other receivable	27,978	-
Total Receivables	1,816,539	1,884,189
Investments, at fair value		
Cash equivalents	47,040,304	43,633,332
Bonds		
U.S. Government and agency issues	38,004,981	41,978,559
Corporate	57,455,994	52,959,179
Foreign investments (bonds and stocks)	106,066,223	110,538,386
Common and preferred stocks	210,678,307	237,621,917
Mutual funds	306,141,170	301,300,977
Real estate partnerships	52,710,452	49,354,157
Limited partnerships	19,649,576	17,940,871
Venture capital partnerships	220,624	843,696
Total Investments	837,967,631	856,171,074
Property and Building, net	1,815,142	1,882,580
Total Assets	851,415,034	869,898,340

Deferred Outflows of Resources

	2016	2015
Deferred pension outflow - contributions	79,497	83,960
Deferred pension outflow - net difference between projected and actual earnings on pension plan investments	171,597	65,479
Total Deferred Outflows of Resources	251,094	149,439

Liabilities

	2016	2015
Accounts Payable and Accrued Expenses	780,536	798,498
Net Pension Liability	649,399	570,232
Total Liabilities	1,429,935	1,368,730

Deferred Inflows of Resources

	2016	2015
Deferred pension inflow - difference between expected and actual experience	15,674	-
Deferred pension inflow - change in proportional share	40,097	-
Total Deferred Inflows of Resources	55,771	-

Net Position

	2016	2015
Net Position Restricted for Pensions	$ 850,180,422	$ 868,679,049

Public School Retirement System of the City of St. Louis
Statements of Changes in Fiduciary Net Position
Years Ended December 31, 2016 and 2015

	2016	2015
Additions		
Employer contributions		
St. Louis Public Schools	$ 29,007,501	$ 31,072,850
Sick leave conversion	714,818	1,106,017
Charter Schools	9,718,163	8,445,676
Retirement System	79,497	83,960
Plan member contributions		
St. Louis Public Schools	9,429,585	8,975,828
Charter Schools	3,196,537	2,662,779
Retirement System	25,907	26,104
	52,172,008	52,373,214
Net appreciation (depreciation) in fair value of investments		
Cash equivalents	241,229	166,083
Bonds		
U.S. Government and agency issues	680,456	819,223
Corporate	7,296,052	(873,922)
Foreign investments	(582,949)	(2,336,219)
Common and preferred stock	18,161,863	4,681,643
Mutual funds	18,347,234	(13,206,807)
Limited partnerships	1,010,105	3,341,167
Real estate partnerships	3,855,694	5,813,021
Venture capital partnerships	(623,073)	(93,034)
Credit opportunity investments	-	103,801
	48,386,611	(1,585,044)
Less investment expense	5,076,345	5,306,939
Net investment income (loss)	43,310,266	(6,891,983)
Rental income	150,427	146,007
Other miscellaneous income	1,031,395	1,403,325
Net Additions	96,664,096	47,030,563
Deductions		
Benefits paid		
Retirement benefits	99,419,975	99,634,429
Survivor benefits	2,973,225	2,877,844
Disability benefits	3,479,852	3,510,745
Health care subsidies	2,515,000	2,600,225
	108,388,052	108,623,243
Operating expenses	1,554,314	1,466,261
Contribution refunds due to death or resignation	5,220,357	4,761,086
Total Deductions	115,162,723	114,850,590
Net Decrease in Net Position	(18,498,627)	(67,820,027)
Net Position Restricted for Pensions, Beginning of Year	868,679,049	936,499,076
Net Position Restricted for Pensions, End of Year	$ 850,180,422	$ 868,679,049

1. Description of System

General

The Public School Retirement System of the City of St. Louis (the "System") is the administrator of a cost-sharing multiple-employer defined benefit pension plan 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 System. The System issues an annual Comprehensive Annual Financial Report ("CAFR"), a publicly available financial report that can be obtained at www.psrsstl.org.

An eleven member Board of Trustees is responsible for general administration of the System and investing the System's assets. Members are appointed by plan members and the Board of Education of the City of St. Louis.

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, 2016	January 1, 2015
Active members	5,034	5,011
Inactive members	2,271	2,012
Total members not retired	7,305	7,023
Retired members		
Service and survivors	4,333	4,364
Disability	254	260
	4,587	4,624
Total membership	11,892	11,647

Vesting

Full vesting on termination of employment after at least five years of service is provided if contributions remain 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.

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 five 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. Survivor 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 System's contractually required contribution rate for the years ended December 31, 2016 and 2015 was 15.14% and 15.87%, respectively, of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan for System employees were $79,497 and $83,960 for the years ended December 31, 2016 and 2015, respectively.

Expenses

Operating expenses are paid out of investment income.

Investment Policy

The System's policy in regards to the allocation of invested assets is established and may be amended by the System's Board. Investments are managed on a total return basis with a long-term objective of maintaining a fully funded status for the benefits provided through the pension plan. The following was the System Board's adopted asset allocation policy as of April 8, 2015.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Equity	22.0 %	6.2 %
Non-U.S. Equity	19.0 %	7.9 %
Global Equity	5.0 %	6.8 %
Fixed Income	21.0 %	2.1 %
Real Estate	5.0 %	4.6 %
Private Markets	7.0 %	7.7 %
Hedge Funds	9.0 %	4.2 %
GAA	12.0 %	5.0 %
Total	100.0 %	5.4 %

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"), which is the source of authoritative accounting principles generally accepted in the United States of America ("GAAP"), as applied to governmental units. 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. Other receivable is an amount due the System from a member for overpaid benefits.

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 5 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 where no readily ascertainable fair value exists, management, in consultation with their investment advisors, values these investments in good faith based upon audited financial statements, 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.

Investment Expenses

Investment expenses consist of investment manager, investment advisor and custodial bank fees.

Fair Value Measurements

The System follows guidance issued by the GASB 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 uses 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, 2016 and 2015.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of fiduciary net position will sometimes include a separate section for deferred outflows and inflows of resources. This separate financial statement element represents the use or acquisition of net position that applies to a future period or periods and will not be recognized as an outflow or inflow of resources until then. The System has deferred outflows and inflows in the statement of fiduciary net position that relates to pension related deferrals required by the implementation of GASB Statement No. 68.

Pensions

Pension-related expenses, liabilities, deferred outflows of resources and deferred inflows of resources have been determined on the same basis as they are reported by the System. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Subsequent Events

The System has evaluated subsequent events through April 13, 2017, the date the financial statements were available to be issued.

3. Adoption of New Accounting Standards

During the year ended December 31, 2016, the System adopted GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liabiity in an orderly transaction between market particiapants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting pruposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

During the year ended December 31, 2015, the System adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This Statement sets 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.

During the year ended December 31, 2015, the System adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This Statement addresses contributions made by employers to a defined benefit pension plan after the measurement date of the beginning net pension liability.

4. Investments

At December 31, 2016 and 2015, investments consisted of the following:

	2016	
	Fair Value	Cost
Cash equivalents	$ 47,040,304	$ 47,040,304
Bonds		
U.S. Government and agency issues	38,004,981	52,366,085
Corporate	57,455,994	56,006,840
Foreign investments (bonds and stocks)	106,066,223	110,167,559
Common and preferred stocks	210,678,307	170,465,392
Mutual funds	306,141,170	245,794,152
Real estate partnerships	52,710,452	38,682,509
Limited partnerships	19,649,576	17,931,643
Venture capital partnerships	220,624	-
	$837,967,631	$738,454,484

	2015 Fair Value	2015 Cost
Cash equivalents	$ 43,633,332	$ 43,633,332
Bonds		
U.S. Government and agency issues	41,978,559	42,000,899
Corporate	52,959,179	55,512,006
Foreign investments (bonds and stocks)	110,538,386	112,819,445
Common and preferred stocks	237,621,917	204,144,599
Mutual funds	301,300,977	258,530,678
Real estate partnerships	49,354,157	36,868,024
Limited partnerships	17,940,871	16,404,459
Venture capital partnerships	843,696	193,720
	$856,171,074	$770,107,162

	2016	2015
Annual money-weighted rate of return, net of investment expense, adjusted for the changing amounts actually invested	5.52 %	(1.00)%

5. 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, 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, 2016 and 2015.

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 preferred stocks. Mutual funds are valued at the net asset value ("NAV") of shares held by the System at year-end. Common and preferred 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 and stocks, U.S. government securities and agency issues, and cash equivalent 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.

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 financial statements, 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 statements of fiduciary net position 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, 2016 and 2015:

	2016			
		Fair Value Measurements		
	Total	Level 1	Level 2	Level 3
Cash equivalents	$ 47,040,304	$ -	$ 47,040,304	$ -
U.S. Government and agency issues	38,004,981	-	38,004,981	-
Corporate bonds	57,455,994	-	57,455,994	-
Foreign investments	106,066,223	-	106,066,223	-
Common and preferred stocks	210,678,307	210,678,307	-	-
Mutual funds	306,141,170	306,141,170	-	-
Real estate partnerships	52,710,452	-	-	52,710,452
Limited partnerships	19,649,576	-	-	19,649,576
Venture capital partnerships	220,624	-	-	220,624
	$837,967,631	$516,819,477	$248,567,502	$ 72,580,652

	2015			
		Fair Value Measurements		
	Total	Level 1	Level 2	Level 3
Cash equivalents	$ 43,633,332	$ -	$ 43,633,332	$ -
U.S. Government and agency issues	41,978,559	-	41,978,559	-
Corporate bonds	52,959,179	-	52,959,179	-
Foreign investments	110,538,386	-	110,538,386	-
Common and preferred stocks	237,621,917	237,621,917	-	-
Mutual funds	301,300,977	301,300,977	-	-
Real estate partnerships	49,354,157	-	-	49,354,157
Limited partnerships	17,940,871	-	-	17,940,871
Venture capital partnerships	843,696	-	-	843,696
	$856,171,074	$538,922,894	$249,109,456	$ 68,138,724

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

	Venture Capital Partnerships	Limited Partnerships	Real Estate Partnerships	Total
December 31, 2014	$ 936,730	$ 17,619,984	$ 49,040,921	$ 67,597,635
Realized gains	-	714,527	17,544	732,071
Unrealized gains (losses)	(92,132)	2,382,755	3,527,700	5,818,323
Purchases, sales, issuances, and settlements (net)	-	(3,020,280)	(5,000,000)	(8,020,280)
Investment income (loss), net	(902)	243,885	2,267,777	2,510,760
Management fees	-	-	(499,785)	(499,785)
December 31, 2015	843,696	17,940,871	49,354,157	68,138,724
Realized gains	-	667,248	28,962	696,210
Unrealized gains (losses)	(429,352)	154,434	1,541,810	1,266,892
Purchases, sales, issuances, and settlements (net)	-	698,600	-	698,600
Investment income (loss), net	(193,720)	188,423	2,284,922	2,279,625
Management fees	-	-	(499,399)	(499,399)
December 31, 2016	$ 220,624	$ 19,649,576	$ 52,710,452	$ 72,580,652

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.

December 31, 2016	Fair Value	Valuation Technique(s)	Unobservable Inputs
Limited Partnerships	$ 19,649,576	Basis in LLC	Undistributed Income
Real Estate Partnerships	$ 52,710,452	Basis in LLC	Undistributed Income
Venture Capital Partnerships	$ 220,624	Basis in LLC	Undistributed Income

December 31, 2015	Fair Value	Valuation Technique(s)	Unobservable Inputs
Limited Partnerships	$ 17,940,871	Basis in LLC	Undistributed Income
Real Estate Partnerships	$ 49,354,157	Basis in LLC	Undistributed Income
Venture Capital Partnerships	$ 843,696	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, 2016 and 2015 could result in a significantly higher or lower fair value measurement.

6. Risks and Uncertainties

Custodial Credit Risk

Financial instruments that potentially subject the System to concentrations of custodial credit and market risk consist principally of cash and investments. The System places its temporary cash investments with major financial institutions. At December 31, 2016 and 2015, the System had approximately $10,220,000 and $10,353,000, respectively, in cash on deposit at US Bank. These balances were insured by the Federal Deposit Insurance Corporation ("FDIC") for $250,000. 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 fair value of the collateralized securities at December 31, 2016 and 2015 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 30, 2016 and December 30, 2015, the System received $29,722,319 and $32,178,867, respectively from the St. Louis Board of Education for the 2016 and 2015 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 fair value received may be less than the amount invested.

Concentration of Credit Risk

At December 31, 2016, 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.

Real Estate Investments	Fair Value	Percentage of Total Net Assets
UBS Global Asset Management	$ 52,710,452	6.2%

Credit Risk of Debt Securities

The System's rated debt investments as of December 31, 2016 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, 2016, 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. Foreign investments not considered to have credit risk such as stocks and cash equivalents are not included in the following:

Quality Rating	Corporate bonds	Foreign government and corporate obligations	U.S. Government and agency issues	Total
Aaa	$ 4,432,351	$ 3,470,686	$ 20,107,145	$ 28,010,182
Aa1	89,218	-	143,598	232,816
Aa2	870,499	2,790,702	-	3,661,201
Aa3	634,870	-	-	634,870
A1	614,890	7,717,244	-	8,332,134
A2	927,692	1,766,675	-	2,694,367
A3	1,829,245	1,446,270	-	3,275,515
Baa1	2,103,872	1,660,931	-	3,764,803
Baa2	2,301,146	2,603,750	-	4,904,896
Baa3	4,976,288	1,501,019	-	6,477,307
Ba1	3,442,504	1,579,640	-	5,022,144
Ba2	2,715,589	1,173,834	-	3,889,423
Ba3	4,758,970	770,701	-	5,529,671
B1	4,680,439	678,669	-	5,359,108
B2	2,147,898	651,332	-	2,799,230
B3	3,901,055	978,886	-	4,879,941
Caa1	2,129,637	1,025,805	-	3,155,442
Caa2	446,615	504,008	-	950,623
Caa3	276,454	64,750	-	341,204
Ca	24,570	-	-	24,570
Not rated	14,152,192	3,573,553	17,754,238	35,479,983
Total	$ 57,455,994	$ 33,958,455	$ 38,004,981	$ 129,419,430

As of December 31, 2015, the System held the following fixed income investments with respective Moody's quality ratings or equivalent rating.

Quality Rating	Corporate bonds	Foreign Government and corporate obligations	U.S. Government and agency issues	Total
Aaa	$ 3,942,605	$ 4,037,542	$ 20,695,415	$ 28,675,562
Aa1	-	4,520,482	158,445	4,678,927
Aa2	673,089	398,232	-	1,071,321
Aa3	635,100	-	-	635,100
A1	396,016	7,370,679	-	7,766,695
A2	1,224,695	1,922,536	-	3,147,231
A3	2,517,596	841,695	-	3,359,291
Baa1	1,534,622	2,461,595	-	3,996,217
Baa2	2,437,214	4,207,839	-	6,645,053
Baa3	5,509,808	1,126,936	-	6,636,744
Ba1	3,166,707	1,627,483	-	4,794,190
Ba2	3,567,923	1,307,463	-	4,875,386
Ba3	4,486,582	1,013,405	-	5,499,987
B1	3,506,952	1,095,277	-	4,602,229
B2	1,997,175	207,375	-	2,204,550
B3	3,747,096	650,010	-	4,397,106
Caa1	759,375	-	-	759,375
Caa2	409,012	109,812	-	518,824
Caa3	165,150	-	-	165,150
Ca	52,400	-	-	52,400
C	215,454	120,400	-	335,854
Not rated	12,014,608	4,341,136	21,124,699	37,480,443
Total	$ 52,959,179	$ 37,359,897	$ 41,978,559	$ 132,297,635

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, 2016 is as follows:

Currency	Cash Equivalents	Fixed Income	Equities	Total
Australian Dollar	$ -	$ -	$ 884,987	$ 884,987
British Pound Sterling	-	-	12,002,393	12,002,393
Canadian Dollar	-	-	2,067,056	2,067,056
Columbian Peso	-	451,799	-	451,799
Danish Krone	-	-	850,024	850,024
Euros	-	4,830,343	15,456,926	20,287,269
Hong Kong Dollar	-	-	2,528,608	2,528,608
Indian Rupee	-	180,777	-	180,777
Israeli New Sheqel	-	-	161,686	161,686
Japanese Yen	-	7,427,833	9,233,728	16,661,561
Korean Won	-	-	2,194,771	2,194,771
Malaysian Ringgit	76,599	658,239	-	734,838
Mexican Peso	48,995	3,464,443	-	3,513,438
New Zealand Dollar	-	2,609,588	-	2,609,588
Polish Zloty	-	2,374,278	-	2,374,278
South African Rand	20	-	133,349	133,369
Swedish Krona	-	-	215,252	215,252
Swiss Franc	-	-	7,435,601	7,435,601
Thai Baht	-	-	227,179	227,179
	$ 125,614	$ 21,997,300	$ 53,391,560	75,514,474
Foreign investment denominated in U.S. Dollars				30,551,749
				$106,066,223

The System's exposure to foreign currency risk in U.S. Dollars as of December 31, 2015 is as follows:

Currency	Cash Equivalents	Fixed Income	Equities	Total
Australian Dollar	$ -	$ -	$ 537,006	$ 537,006
British Pound Sterling	15,535	3,088,439	10,876,718	13,980,692
Canadian Dollar	-	-	1,534,582	1,534,582
Chilean Peso	-	187,656	-	187,656
Columbian Peso	-	425,097	-	425,097
Danish Krone	-	-	1,113,222	1,113,222
Euros	-	3,926,330	16,606,518	20,532,848
Hong Kong Dollar	-	-	3,460,814	3,460,814
Indian Rupee	-	182,626	-	182,626
Israeli New Sheqel	-	-	342,327	342,327
Japanese Yen	28,011	7,331,577	9,553,272	16,912,860
Korean Won	-	-	2,497,322	2,497,322
Malaysian Ringgit	39,448	1,456,365	-	1,495,813
Mexican Peso	82,958	3,398,532	-	3,481,490
New Zealand Dollar	6,038	2,888,097	-	2,894,135
Norweigan Krone	-	-	48,450	48,450
Polish Zloty	-	1,665,292	-	1,665,292
Singapore Dollar	-	1,049,989	-	1,049,989
South African Rand	17	-	106,913	106,930
Swedish Krona	-	-	415,579	415,579
Swiss Franc	-	-	7,169,768	7,169,768
Thai Baht	-	-	94,228	94,228
	$ 172,007	$ 25,600,000	$ 54,356,719	80,128,726
Foreign investment denominated in U.S. Dollars				30,409,660
				$110,538,386

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 policies established by the board that are specific as to the degree of interest rate risk that can be taken. The System's policies established by the board manage 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 System does not have a specific investment policy on interest rate risk. However, domestic bond managers are limited to seven years average duration and global bond managers cannot differ from the passive benchmark by more than two years as a means of managing its exposure to fair value losses arising from increasing interest rates.

The segmented time distribution of the various investment types of the System's debt securities at December 31, 2016 is as follows:

Type	2016 Fair Value	Less Than 1 year	1 to 5 years	6 to 10 years	More than 10 years
Corporate bonds	$ 57,455,994	$ 285,273	$ 22,777,527	$ 17,904,512	$ 16,488,682
Foreign Government and corporate obligations	33,958,455	2,096,513	12,684,429	9,990,864	9,186,649
U.S. Government and agency issues	38,004,981	-	10,891,911	5,412,443	21,700,627
Total	$ 129,419,430	$ 2,381,786	$ 46,353,867	$ 33,307,819	$ 47,375,958

The segmented time distribution of the various investment types of the System's debt securities at December 31, 2015 is as follows:

Type	2015 Fair Value	Less Than 1 year	1 to 5 years	6 to 10 years	More than 10 years
Corporate bonds	$ 52,959,179	$ 752,451	$ 17,171,874	$ 17,826,379	$ 17,208,475
Foreign Government and corporate obligations	37,359,897	2,750,224	13,717,627	12,078,599	8,813,447
U.S. Government and agency issues	41,978,559	-	10,316,611	6,718,180	24,943,768
Total	$ 132,297,635	$ 3,502,675	$ 41,206,112	$ 36,623,158	$ 50,965,690

7. Property and Building

Property and building as of December 31, 2016 and 2015 consists of:

	2016	2015
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	637,490	570,052
Total Property and Building	$ 1,815,142	$ 1,882,580

Depreciation expense totaled $67,438 for each of the years ended December 31, 2016 and 2015.

8. Occupancy

The System occupies offices in a building it owns. Occupancy expenses for the years ended December 31, 2016 and 2015 were $30,875 and $23,495, 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 was five years with five one-year renewal options with annual rent ranging from $144,047 to $158,821 through May 2019. Rental income received for the years ended December 31, 2016 and 2015 totaled $150,427 and $146,007, respectively.

9. Tax Status of Plan

The Internal Revenue Service has determined and informed the System by a letter dated December 15, 2016, that the System and related trust and amendments are designed in accordance with the applicable sections of the Internal Revenue Code ("IRC"). Management 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. Retirement Plan of the System

Pension Liabilities, Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pensions

At December 31, 2016 and 2015, the System reported a liability of $649,399 and $570,232, respectively, as its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The System's proportionate share of the net pension liability was based on the System's actual employer's compensation relative to the actual compensation of all participating employers for the System's plan years ended December 31, 2015 and 2014. At December 31, 2015 and 2014, the System's portion was 0.20% and 0.22%, respecitvely.

There were no changes in benefit terms during the System's plan year ended December 31, 2015 and 2014 that affected the measurement of total pension liability.

For the year ended December 31, 2016, the System recognized pension expense of $112,780. At December 31, 2016, the System reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 171,597	$ -
System contributions subsequent to the measurement date of December 31, 2015	79,497	-
Difference between expected and actual experience	-	15,674
Changes in proportionate share	-	40,097
Total	$ 251,094	$ 55,771

For the year ended December 31, 2015, the System recognized pension expense of $73,330. At December 31, 2015, the System reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 65,479
System contributions subsequent to the measurement date of December 31, 2014	83,960
Total	$ 149,439

The System's total pension liability in the December 31, 2015 and 2014 actuarial valuation was determined using the actuarial assumptions disclosed in Note 11.

Deferred outflows of resources of $79,497 resulting from the System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the System's year ending December 31 as follows:

Amortization Schedule

Year	Amount
2017	$ 34,080
2018	34,080
2019	34,080
2020	21,606
2021	(8,020)
Total	$ 115,826

Discount Rate

The discount rate used to measure the total pension liability was 8.0 percent at December 31, 2016 and 2015. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the System's proportionate share of the net pension liability to changes in the discount rate

The following presents the System's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0 percent) or 1-percentage-point higher (9.0 percent) than the current rate:

System's proportionate share of the net pension liability for the year ended December 31,	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
2016	$ 862,460	$ 649,399	$ 457,020
2015	$ 826,428	$ 570,232	$ 373,894

11. Funding Status

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

	2016	2015
Actuarial value of assets	$ 915,391,079	$ 926,905,797
Actuarial accrual liability (AAL)	$ 1,077,693,143	$ 1,093,593,248
Unfunded AAL (UAAL)	$ 162,302,064	$ 166,687,451
Funded ratio	84.9 %	84.8 %
Annual covered payroll	$ 252,127,288	$ 245,699,583
UAAL as a percentage of payroll	64.4 %	67.8 %

The funded ratio increased 0.1% 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.

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

	January 1, 2016	January 1, 2015
Actuarial cost method	Frozen entry age	Frozen entry age
Rate of investment return	8.00%, net of expenses	8.00%, net of expenses
Participant account interest crediting rate	5.00%	5.00%
Turnover or withdrawal rates	Various by age and year of membership based on actual	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 applied on a static basis, projected 7 years from the valuation date for annuitants and 15 years for non-annuitants	Mortality tables mandated by the Pension Protection Act as specified in IRS Regulation 1.430(h)(3)-1 applied on a static basis, projected 7 years from the valuation date for annuitants and 15 years for non-annuitants
Disability rates	RP-2000 Disability Mortality Table	RP-2000 Disability Mortality Table
Rates of retirement between the ages of 55 and 70	Various based on actual experience of the System	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	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 assumed yield method of valuing assets

12. Annual Required Contribution

As determined by the actuary, the annual required contribution is as follows at January 1, 2016:

	Board of Education	Retirement System	Charter Schools	Total
Normal Cost contribution	$ 17,762,876	$ 43,530	$ 5,320,726	$ 23,127,132
Actuarial accrued liability contribution	12,696,558	31,114	3,803,152	16,530,824
Annual required contribution (ARC)	$ 30,459,434	$ 74,644	$ 9,123,878	$ 39,657,956
Covered compensation	$193,647,262	$ 474,551	$ 58,005,475	$252,127,288
ARC as % of covered compensation	15.73 %	15.73 %	15.73 %	15.73 %

The actuarial determined contribution is determined from the prior year census; therefore the contributions are recognized one year in arrears.

As determined by the actuary, the annual required contribution is as follows at January 1, 2015:

	Board of Education	Retirement System	Charter Schools	Total
Normal Cost contribution	$ 16,035,241	$ 43,946	$ 4,490,782	$ 20,569,969
Actuarial accrued liability contribution	12,972,260	35,551	3,632,972	16,640,783
Annual required contribution (ARC)	$ 29,007,501	$ 79,497	$ 8,123,754	$ 37,210,752
Covered compensation	$191,534,175	$ 524,915	$ 53,640,493	$ 245,699,583
ARC as % of covered compensation	15.14 %	15.14 %	15.14 %	15.14 %

The actuarial determined contribution is determined from the prior year census; therefore the contributions are recognized one year in arrears.

13. Employers' Net Pension Liability

The components of the net pension liability (the retirement system's liability determined in accordance with GASB Statement No. 67 less the fiduciary net position) as of December 31, 2016, are shown in the *Schedule of Net Pension Liability* below.

Actuarial valuation of an ongoing plan involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The last experience study was performed in 2012. The total pension liability as of December 31, 2016 and 2015 is $415,681,778 and $322,248,286, respectively, based on actuarial valuations. The 2016 valuation was performed as of June 2016, with a measurement date of January 1, 2016, rolled forward and updated to December 31, 2016, using generally accepted actuarial procedures. The 2015 valuation was performed as of June 2015, with a measurement date of January 1, 2015, rolled forward and updated to December 31, 2015, using generally accepted actuarial procedures.

Schedule of Net Pension Liability

The components of the net pension liability of all participating employers at December 31, 2016 and 2015 are as follows:

	2016	2015
Total pension liability	$ 1,265,862,200	$ 1,190,927,335
Less: Fiduciary net position	850,180,422	868,679,049
Employers' net pension liability	$ 415,681,778	$ 322,248,286
Plan net position as a percentage of total pension liability	67.16 %	72.94 %

Sensitivity of Net Pension Eligibility to Changes in the Discount Rate

The following presents the net pension liability at December 31, 2016, calculated using the discount rate of 7.5%, as well as what the net pension liability would have been if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability - 2016	$ 541,091,150	$ 415,681,778	$ 309,269,186

The following presents the net pension liability at December 31, 2015, calculated using the discount rate of 8.0%, as well as what the net pension liability would have been if it were calculated using a discount rate that is 1-percentage point lower (7.0%) or 1-percentage-point higher (9.0%) than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Net pension liability - 2015	$ 431,230,360	$ 322,248,286	$ 228,509,903

The projection of cash flows used to determine the discount rate assumed that System contributions will continue to follow the current funding policy. Based on those assumptions, the System's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. See page 44.

Under GASB Statement No. 68, employers participating in the plan could recognize a proportionate share of total pension expense of $78,088,817 and $50,953,378 for their fiscal years beginning after June 15, 2016 and 2015, respectively.

Required schedules of changes in the net pension liability for the years ended December 31, 2016 and 2015 are provided on page 34.

A schedule of projected fiduciary net position is provided on page 46.

The System selected the assumptions used for the accounting results on page 35. Management believes that these assumptions are reasonable and comply with the requirements of GASB Statement No. 67 as applicable.

Public School Retirement System of the City of St. Louis
Required Supplementary Information
Schedules of Changes of Employer Net Pension Liability
December 31, 2016 and 2015

	2016	2015	2014
Total pension liability			
Service cost	$ 19,260,511	$ 19,136,245	$ 18,728,870
Interest	92,358,115	93,242,628	93,305,719
Changes of benefit terms	-	-	-
Difference between expected and actual experience	6,392,416	(10,065,347)	-
Changes of assumptions	70,532,232	-	-
Benefit payments	(113,608,409)	(113,384,329)	(113,082,656)
Refunds	-	-	-
Net change in total pension liability	74,934,865	(11,070,803)	(1,048,067)
Total pension liability - beginning	1,190,927,335	1,201,998,138	1,203,046,205
Total pension liability - ending	$ 1,265,862,200	$ 1,190,927,335	$ 1,201,998,138
Plan fiduciary net position			
Employer contributions	$ 39,519,979	$ 40,708,503	$ 41,757,458
Employee contributions	12,652,029	11,664,711	11,887,933
Net investment income	44,492,088	(5,342,651)	35,000,792
Benefit payments including refunds of employee contributions	(113,608,409)	(113,384,329)	(113,082,656)
Administrative expense	(1,554,314)	(1,466,261)	(1,350,393)
Other	-	(431,423)	-
Net change in plan fiduciary net position	(18,498,627)	(68,251,450)	(25,786,866)
Plan fiduciary net position - beginning	868,679,049	936,930,499	962,717,365
Plan fiduciary net position - ending	$ 850,180,422	$ 868,679,049	$ 936,930,499
Net pension liability - ending	$ 415,681,778	$ 322,248,286	$ 265,067,639
Total pension liability	$ 1,265,862,200	$ 1,190,927,335	$ 1,201,998,138
Less: Plan fiduciary net position	850,180,422	868,679,049	936,930,499
Employer net pension liability	$ 415,681,778	$ 322,248,286	$ 265,067,639
Plan fiduciary net position as a percentage of the total pension liability	67.16 %	72.94 %	77.95 %
Covered employee payroll	$ 252,127,288	$ 245,699,583	$ 243,280,015
Employer net pension liability as a percentage of covered employee payroll	165 %	131 %	109 %

There have been no changes in benefits. Assumption changes effective at December 31, 2016 include revised investment return assumption of 7.50%, updated withdrawal and retirement assumptions, revised salary increase assumption, and updated mortality assumption. The cummulative impact on Net Pension Liability at December 31, 2016 was an increase of approximately $70.5 million.

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Public School Retirement System of the City of St. Louis
Required Supplementary Information
Schedules of the System's Proportionate Share of the Net Pension Liability
December 31, 2016 and 2015

	2016	2015
System's proportion of the net pension liability	0.20 %	0.22 %
System's proportionate share of the net pension liability	$ 649,399	$ 570,232
System's covered-employee payroll	$ 454,115	$ 472,849
System's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	143.00 %	120.59 %
Plan fiduciary net position as a percentage of the total pension liability	72.94 %	77.95 %

* The amounts presented for each fiscal year were determined as of December 31 of the previous year.

Public School Retirement System of the City of St. Louis
Required Supplementary Information
Schedules of Employer Contributions
December 31, 2016

Board of Education

Year Ended December 31	Actuarially Determined Contribution	Contributions Recognized by the Plan	Contributions Deficiency (Excess)	Covered Employee Payroll	Contributions Recognized by the Plan as a Percentage of Covered Payroll
2007	$16,204,917	$ 16,204,917	$ -	$ 212,521,330	7.63 %
2008	19,091,518	19,091,518	-	201,971,702	9.45 %
2009	19,274,150	19,274,150	-	202,754,929	9.51 %
2010	16,790,176	16,790,176	-	202,943,889	8.27 %
2011	19,933,761	19,933,761	-	198,775,945	10.03 %
2012	20,786,075	20,786,075	-	175,009,885	11.88 %
2013	27,962,472	27,962,472	-	185,606,968	15.07 %
2014	31,555,696	31,555,696	-	191,273,081	16.50 %
2015	31,072,850	31,072,850	-	195,853,519	15.87 %
2016	29,007,501	29,007,501	-	191,534,175	15.14 %

The actuarial determined contribution is determined from the prior year census; therefore the contributions are recognized one year in arrears.

Retirement System

Year Ended December 31	Actuarially Determined Contribution	Contributions Recognized by the Plan	Contributions Deficiency (Excess)	Covered Employee Payroll	Contributions Recognized by the Plan as a Percentage of Covered Payroll
2007	$ 34,330	$ 34,330	$ -	$ 450,221	7.63 %
2008	47,364	47,364	-	501,066	9.45 %
2009	51,995	51,995	-	546,968	9.51 %
2010	48,617	48,617	-	587,617	8.27 %
2011	57,964	57,964	-	578,006	10.03 %
2012	73,902	73,902	-	622,220	11.88 %
2013	91,361	91,361	-	606,427	15.07 %
2014	85,590	85,590	-	518,799	16.50 %
2015	83,960	83,960	-	529,203	15.87 %
2016	79,497	79,497	-	524,915	15.14 %

The actuarial determined contribution is determined from the prior year census; therefore the contributions are recognized one year in arrears.

Public School Retirement System of the City of St. Louis
Required Supplementary Information
Schedules of Employer Contributions
December 31, 2016

Charter Schools

Year Ended December 31	Actuarially Determined Contribution	Contributions Recognized by the Plan	Contributions Deficiency (Excess)*		Covered Employee Payroll	Contributions Recognized by the Plan as a Percentage of Covered Payroll
2007	$ 1,067,464	$ 887,976	$ 179,488	*	$13,999,374	6.34 %
2008	1,875,688	3,145,999	(1,270,311)	*	19,843,158	15.85 %
2009	2,074,020	3,377,789	(1,303,769)	*	21,817,708	15.48 %
2010	2,568,929	3,843,486	(1,274,557)	*	31,050,800	12.38 %
2011	4,272,457	4,521,680	(249,223)	*	42,604,182	10.61 %
2012	5,068,681	5,533,481	(464,800)	*	42,676,134	12.97 %
2013	7,313,765	6,765,907	547,858	*	48,546,696	13.94 %
2014	5,625,992	8,527,507	(2,901,515)	*	34,101,634	25.01 %
2015	7,440,420	8,445,676	(1,005,256)	*	46,897,293	18.01 %
2016	8,123,754	9,718,163	(1,594,409)	*	53,640,493	18.12 %

*Charter Schools report and pay employer contributions in the current year as service is credited.

The actuarial determined contribution is determined from the prior year census; therefore the contributions are recognized one year in arrears.

Harris-Stowe College

Year Ended December 31	Actuarially Determined Contribution	Contributions Recognized by the Plan	Contributions Deficiency (Excess)	Covered Employee Payroll	Contributions Recognized by the Plan as a Percentage of Covered Payroll
2007	$ 4,947	$ 4,947	$ -	$ 64,876	7.63 %
2008	6,746	-	6,746	71,363	- %
2009	6,784	6,746	38	71,363	9.45 %

Harris-Stowe College ceased participating in the plan in 2009.

The actuarial determined contribution is determined from the prior year census; therefore the contributions are recognized one year in arrears.

Public School Retirement System of the City of St. Louis
Required Supplementary Information
Schedules of Employer Contributions
December 31, 2016

Employer Contributions

Year Ended December 31,	Annual Required Contribution	Percent Contributed
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	104.7
2014	37,267,278	109.2
2015	38,597,230	102.4
2016	37,210,752	*

* 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 as of January 1, 2016.

Additional information related to the above actuarial valuation follows:

Actuarial cost method:	Frozen entry age
Rate of investment return:	8.00% for 2016 and 2015, net of expenses
Participant account interest crediting rate:	5.00% for 2016 and 2015
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 applied on a static basis, projected 7 years from the valuation date for annuitants and 15 years for non-annuitants updated to IRS Static Mortality Table mandated for use by private pension plans for the 2016 plan year.
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
Required Supplementary Information
Schedule of Funding Progress
(in millions)
December 31, 2016

Actuarial Valuation Date January 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Frozen Entry Age (b)	Unfunded AAL (UAAL) (b - a)
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
2014	922.9	1,093.4	170.5
2015	926.9	1,093.6	166.7
2016	915.4	1,077.7	162.3

Actuarial Valuation Date January 1,	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c)
2007	87.2 %	$ 222.4	66.0 %
2008	87.6	225.2	63.9
2009	87.6	234.6	58.0
2010	88.4	242.0	51.8
2011	88.6	218.3	55.8
2012	84.9	234.8	70.3
2013	84.3	225.9	75.5
2014	84.4	243.3	70.1
2015	84.8	245.7	67.8
2016	84.9	252.1	64.4

Public School Retirement System of the City of St. Louis
Other Supplementary Information
Schedules of Operating Expenses
Years Ended December 31, 2016 and 2015

	2016	2015
Actuarial services	$ 120,489	$ 122,856
Accounting and auditing fees	73,722	87,599
Computer programming and consulting	124,812	110,556
Conventions, conferences, seminars		
Trustees (see below)	36,793	24,904
Depreciation expense	67,438	67,438
Dues and subscriptions	6,619	4,693
Employee benefits	1,115	2,024
Furniture and equipment	8,736	984
Health insurance consulting	39,843	39,843
Insurance - group health	73,314	63,448
Insurance - casualty and bonding	91,041	89,951
Legal fees and expenses	63,943	47,209
Medical fees	700	400
Miscellaneous expense	7,648	8,162
Occupancy expense	30,875	23,495
Office repairs and maintenance	33,048	30,669
Office supplies and expenses	14,296	11,324
Payroll taxes	35,239	33,895
Pension contribution	112,780	73,330
Postage	81,647	89,911
Printing and publishing	30,330	30,749
Salaries - administrative and clerical	460,643	461,927
Telephone	10,969	12,431
Utilities	28,274	28,463
Total Operating Expenses	$ 1,554,314	$ 1,466,261

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:

	2016	2015
Lodging, meals, and miscellaneous	$ 20,082	$ 14,520
Transportation and registration	16,711	10,384
Total Trustees Expenses	$ 36,793	$ 24,904

Public School Retirement System of the City of St. Louis
Other Supplementary Information
Schedules of Investment Expenses
Years Ended December 31, 2016 and 2015

Investment management fees	2016	2015
Ativo Capital Management	$ 68,840	$ 33,585
Batterymarch Financial Management	-	54,452
Brown Capital Management	66,874	33,915
Causeway Capital Management	264,366	276,918
Chicago Equity Partners	153,816	172,251
Earnest Partners	33,100	36,277
Edgar Lomax Company	164,645	173,858
Entrust Capital Diversified Fund LTD	284,938	306,577
Fidelity Institutional Asset Management	251,439	271,074
GMO, LLC	-	2,446
Holland Capital Management	180,753	206,277
Intech Investment Management	118,692	133,596
Lazard Asset Management	198,882	-
Loomis Sayles & Company, LP	208,175	253,966
Manulife Asset Management	128,235	135,618
Mellon Capital Management	283,169	318,627
Mondrian Investment Partners	167,910	163,818
NCM Capital	31,322	28,445
New Amsterdam Partners	74,193	97,758
OFI Global Asset Management	166,285	185,963
Passport II LP	179,797	217,191
Standard Global Equity	151,657	157,571
Strategic Global	129,771	65,431
Systematic Financial Management	239,196	252,091
TCW Asset Management Company	183,335	210,542
UBS Realty Investors LLC	499,400	499,785
US Bank Trust	146,399	148,771
Wellington Trust Company	46,947	169,346
Westfield Capital Management	207,799	239,473
Whitebox Multi-Strategy Fund, L.P.	229,518	229,782
Total Investment Management Fees	4,859,453	5,075,404
NEPC, LLC	181,187	189,605
Banking services	35,705	41,930
Total Investment Expenses	$ 5,076,345	$ 5,306,939

Public School Retirement System of the City of St. Louis
Other Supplementary Information
Schedules of Professional/Consultant Fees
Years Ended December 31, 2016 and 2015

	2016	2015
Actuarial services	$ 120,489	$ 122,856
Accounting and auditing fees	73,722	87,599
Building property management	30,875	23,495
Health insurance consulting	39,843	39,843
Legal expenses	63,943	47,209
Technology consulting	124,812	110,556
Total Fees	$ 453,684	$ 431,558

Public School Retirement System of the City of St. Louis
Other Supplementary Information
Schedules of Limited Partnerships
Years Ended December 31, 2016 and 2015

Partnership Name	Style	Investments at Fair Value as of December 31, 2016
Landmark Equity Partners XIV, L.P.	Private Equity & Private Debt	$ 1,999,809
Landmark Equity Partners XV, L.P.	Private Equity & Private Debt	3,029,023
Lighthouse Capital Partners VI, L.P.	Private Equity & Private Debt	412,584
Mesirow Financial Private Equity Partnership Fund III, L.P.	Private Equity & Private Debt	1,941,877
Monroe Capital Private Credit Fund II LP	Private Equity & Private Debt	3,133,986
Pantheon Global Secondary Fund III B, L.P.	Private Equity & Private Debt	2,228,852
Siguler Guff Distressed Opportunities Fund II, L.P.	Private Equity & Private Debt	231,607
SW Pelham Fund III, L.P.	Private Equity & Private Debt	1,833,472
Vista Foundation Fund II, L.P.	Private Equity & Private Debt	4,838,366
		$ 19,649,576

Partnership Name	Style	Investments at Fair Value as of December 31, 2015
Landmark Equity Partners XIV, L.P.	Private Equity & Private Debt	$ 2,583,859
Landmark Equity Partners XV, L.P.	Private Equity & Private Debt	2,846,407
Lighthouse Capital Partners VI, L.P.	Private Equity & Private Debt	695,011
Monroe Capital Private Credit Fund II LP	Private Equity & Private Debt	2,891,872
Pantheon Global Secondary Fund III B, L.P.	Private Equity & Private Debt	3,013,762
Siguler Guff Distressed Opportunities Fund II, L.P.	Private Equity & Private Debt	559,704
SW Pelham Fund III, L.P.	Private Equity & Private Debt	1,610,258
Vista Foundation Fund II, L.P.	Private Equity & Private Debt	3,739,998
		$ 17,940,871

Public School Retirement System of the City of St. Louis
Other Supplementary Information
Schedule of Actuarial Present Values of Projected Benefit Payments
000's omitted
December 31, 2016

		Benefit Payments			Present Value		
Fiscal Year Ending 12/31	Beginning Fiduciary Net Position	Benefit Payments	Funded Portion	Unfunded Portion	Funded Portion at 7.50%	Unfunded Portion at 3.71%	Using a Single Discount Rate of 7.50%
2017	$ 850,180	$ 108,181	$ 108,181	-	$ 104,339	-	$ 104,339
2018	$ 852,863	$ 107,587	$ 107,587	-	$ 96,527	-	$ 96,527
2019	$ 860,351	$ 106,925	$ 106,925	-	$ 89,240	-	$ 89,240
2020	$ 868,938	$ 106,265	$ 106,265	-	$ 82,501	-	$ 82,501
2021	$ 878,364	$ 106,022	$ 106,022	-	$ 76,570	-	$ 76,570
2022	$ 888,301	$ 105,824	$ 105,824	-	$ 71,095	-	$ 71,095
2023	$ 898,759	$ 105,516	$ 105,516	-	$ 65,942	-	$ 65,942
2024	$ 909,755	$ 105,058	$ 105,058	-	$ 61,075	-	$ 61,075
2025	$ 921,339	$ 104,534	$ 104,534	-	$ 56,531	-	$ 56,531
2026	$ 933,465	$ 103,962	$ 103,962	-	$ 52,299	-	$ 52,299
2027	$ 946,110	$ 103,334	$ 103,334	-	$ 48,356	-	$ 48,356
2028	$ 959,245	$ 102,826	$ 102,826	-	$ 44,762	-	$ 44,762
2029	$ 972,670	$ 102,318	$ 102,318	-	$ 41,433	-	$ 41,433
2030	$ 986,309	$ 101,868	$ 101,868	-	$ 38,373	-	$ 38,373
2031	$ 1,000,003	$ 101,384	$ 101,384	-	$ 35,526	-	$ 35,526
2032	$ 1,013,659	$ 101,017	$ 101,017	-	$ 32,928	-	$ 32,928
2033	$ 1,027,033	$ 100,810	$ 100,810	-	$ 30,568	-	$ 30,568
2034	$ 1,039,781	$ 100,538	$ 100,538	-	$ 28,358	-	$ 28,358
2035	$ 1,051,668	$ 100,343	$ 100,343	-	$ 26,329	-	$ 26,329
2036	$ 1,062,095	$ 99,934	$ 99,934	-	$ 24,392	-	$ 24,392
2037	$ 1,069,745	$ 99,501	$ 99,501	-	$ 22,592	-	$ 22,592
2038	$ 1,053,602	$ 98,924	$ 98,924	-	$ 20,894	-	$ 20,894
2039	$ 1,034,011	$ 98,013	$ 98,013	-	$ 19,257	-	$ 19,257
2040	$ 1,013,167	$ 97,228	$ 97,228	-	$ 17,770	-	$ 17,770
2041	$ 991,304	$ 96,231	$ 96,231	-	$ 16,361	-	$ 16,361
2042	$ 968,613	$ 95,259	$ 95,259	-	$ 15,066	-	$ 15,066
2043	$ 945,022	$ 94,197	$ 94,197	-	$ 13,858	-	$ 13,858
2044	$ 920,567	$ 92,803	$ 92,803	-	$ 12,701	-	$ 12,701
2045	$ 895,540	$ 91,318	$ 91,318	-	$ 11,626	-	$ 11,626
2046	$ 870,012	$ 89,767	$ 89,767	-	$ 10,631	-	$ 10,631
2047	$ 844,026	$ 88,014	$ 88,014	-	$ 9,696	-	$ 9,696
2048	$ 817,777	$ 86,018	$ 86,018	-	$ 8,815	-	$ 8,815
2049	$ 791,515	$ 84,041	$ 84,041	-	$ 8,012	-	$ 8,012
2050	$ 765,240	$ 81,851	$ 81,851	-	$ 7,258	-	$ 7,258
2051	$ 739,187	$ 79,409	$ 79,409	-	$ 6,551	-	$ 6,551
2052	$ 713,650	$ 76,836	$ 76,836	-	$ 5,896	-	$ 5,896
2053	$ 688,817	$ 74,050	$ 74,050	-	$ 5,286	-	$ 5,286
2054	$ 664,969	$ 71,122	$ 71,122	-	$ 4,723	-	$ 4,723
2055	$ 642,337	$ 68,169	$ 68,169	-	$ 4,211	-	$ 4,211
2056	$ 621,046	$ 65,228	$ 65,228	-	$ 3,748	-	$ 3,748
2057	$ 601,190	$ 62,321	$ 62,321	-	$ 3,331	-	$ 3,331
2058	$ 582,848	$ 59,448	$ 59,448	-	$ 2,956	-	$ 2,956
2059	$ 566,101	$ 56,609	$ 56,609	-	$ 2,618	-	$ 2,618

Public School Retirement System of the City of St. Louis
Other Supplementary Information
Schedule of Actuarial Present Values of Projected Benefit Payments
000's omitted
December 31, 2016

		Benefit Payments			Present Value		
Fiscal Year Ending 12/31	Beginning Fiduciary Net Position	Benefit Payments	Funded Portion	Unfunded Portion	Funded Portion at 7.50%	Unfunded Portion at 3.71%	Using a Single Discount Rate of 7.50%
2060	$ 551,035	$ 53,806	$ 53,806	-	$ 2,315	-	$ 2,315
2061	$ 537,743	$ 51,043	$ 51,043	-	$ 2,043	-	$ 2,043
2062	$ 526,317	$ 48,318	$ 48,318	-	$ 1,799	-	$ 1,799
2063	$ 516,858	$ 45,631	$ 45,631	-	$ 1,580	-	$ 1,580
2064	$ 509,477	$ 42,985	$ 42,985	-	$ 1,385	-	$ 1,385
2065	$ 504,287	$ 40,383	$ 40,383	-	$ 1,210	-	$ 1,210
2066	$ 501,406	$ 37,829	$ 37,829	-	$ 1,055	-	$ 1,055
2067	$ 500,958	$ 35,328	$ 35,328	-	$ 916	-	$ 916
2068	$ 501,878	$ 32,883	$ 32,883	-	$ 793	-	$ 793
2069	$ 505,402	$ 30,501	$ 30,501	-	$ 685	-	$ 685
2070	$ 511,662	$ 28,187	$ 28,187	-	$ 588	-	$ 588

Public School Retirement System of the City of St. Louis
Other Supplementary Information
Schedule of Projection of Fiduciary Net Position
000's omitted
December 31, 2016

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2017	$ 850,180	$ 50,742	$ 108,181	$ 60,122	$ 852,863
2018	$ 852,863	$ 54,774	$ 107,587	$ 60,301	$ 860,351
2019	$ 860,351	$ 54,659	$ 106,925	$ 60,853	$ 868,938
2020	$ 868,938	$ 54,195	$ 106,265	$ 61,496	$ 878,364
2021	$ 878,364	$ 53,767	$ 106,022	$ 62,191	$ 888,301
2022	$ 888,301	$ 53,357	$ 105,824	$ 62,926	$ 898,759
2023	$ 898,759	$ 52,806	$ 105,516	$ 63,706	$ 909,755
2024	$ 909,755	$ 52,110	$ 105,058	$ 64,532	$ 921,339
2025	$ 921,339	$ 51,252	$ 104,534	$ 65,407	$ 933,465
2026	$ 933,465	$ 50,282	$ 103,962	$ 66,325	$ 946,110
2027	$ 946,110	$ 49,185	$ 103,334	$ 67,284	$ 959,245
2028	$ 959,245	$ 47,975	$ 102,826	$ 68,276	$ 972,670
2029	$ 972,670	$ 46,666	$ 102,318	$ 69,291	$ 986,309
2030	$ 986,309	$ 45,242	$ 101,868	$ 70,319	$ 1,000,003
2031	$ 1,000,003	$ 43,687	$ 101,384	$ 71,353	$ 1,013,659
2032	$ 1,013,659	$ 42,011	$ 101,017	$ 72,381	$ 1,027,033
2033	$ 1,027,033	$ 40,177	$ 100,810	$ 73,381	$ 1,039,781
2034	$ 1,039,781	$ 38,089	$ 100,538	$ 74,336	$ 1,051,668
2035	$ 1,051,668	$ 35,545	$ 100,343	$ 75,225	$ 1,062,095
2036	$ 1,062,095	$ 31,572	$ 99,934	$ 76,012	$ 1,069,745
2037	$ 1,069,745	$ 6,767	$ 99,501	$ 76,592	$ 1,053,602
2038	$ 1,053,602	$ 3,939	$ 98,924	$ 75,394	$ 1,034,011
2039	$ 1,034,011	$ 3,220	$ 98,013	$ 73,950	$ 1,013,167
2040	$ 1,013,167	$ 2,957	$ 97,228	$ 72,407	$ 991,304
2041	$ 991,304	$ 2,743	$ 96,231	$ 70,797	$ 968,613
2042	$ 968,613	$ 2,545	$ 95,259	$ 69,124	$ 945,022
2043	$ 945,022	$ 2,353	$ 94,197	$ 67,388	$ 920,567
2044	$ 920,567	$ 2,178	$ 92,803	$ 65,599	$ 895,540
2045	$ 895,540	$ 2,018	$ 91,318	$ 63,772	$ 870,012
2046	$ 870,012	$ 1,870	$ 89,767	$ 61,910	$ 844,026
2047	$ 844,026	$ 1,742	$ 88,014	$ 60,022	$ 817,777
2048	$ 817,777	$ 1,632	$ 86,018	$ 58,124	$ 791,515
2049	$ 791,515	$ 1,541	$ 84,041	$ 56,225	$ 765,240
2050	$ 765,240	$ 1,465	$ 81,851	$ 54,334	$ 739,187
2051	$ 739,187	$ 1,403	$ 79,409	$ 52,469	$ 713,650
2052	$ 713,650	$ 1,354	$ 76,836	$ 50,648	$ 688,817
2053	$ 688,817	$ 1,313	$ 74,050	$ 48,889	$ 664,969
2054	$ 664,969	$ 1,282	$ 71,122	$ 47,209	$ 642,337
2055	$ 642,337	$ 1,257	$ 68,169	$ 45,621	$ 621,046
2056	$ 621,046	$ 1,238	$ 65,228	$ 44,134	$ 601,190
2057	$ 601,190	$ 1,225	$ 62,321	$ 42,753	$ 582,848
2058	$ 582,848	$ 1,215	$ 59,448	$ 41,485	$ 566,101

Public School Retirement System of the City of St. Louis
Other Supplementary Information
Schedule of Projection of Fiduciary Net Position
000's omitted
December 31, 2016

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2059	$ 566,101	$ 1,208	$ 56,609	$ 40,335	$ 551,035
2060	$ 551,035	$ 1,204	$ 53,806	$ 39,310	$ 537,743
2061	$ 537,743	$ 1,200	$ 51,043	$ 38,417	$ 526,317
2062	$ 526,317	$ 1,198	$ 48,318	$ 37,662	$ 516,858
2063	$ 516,858	$ 1,196	$ 45,631	$ 37,053	$ 509,477
2064	$ 509,477	$ 1,196	$ 42,985	$ 36,599	$ 504,287
2065	$ 504,287	$ 1,195	$ 40,383	$ 36,307	$ 501,406
2066	$ 501,406	$ 1,195	$ 37,829	$ 36,187	$ 500,958
2067	$ 500,958	-	$ 35,328	$ 36,247	$ 501,878
2068	$ 501,878	-	$ 32,883	$ 36,408	$ 505,402
2069	$ 505,402	-	$ 30,501	$ 36,761	$ 511,662
2070	$ 511,662	-	$ 28,187	$ 37,318	$ 520,793

Public School Retirement System
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MEMORANDUM

TO: Christina Bennett, Paula Bentley, Joe Clark, Darnetta Clinkscale, Sheila Goodwin, Yvette Levy, John Moten, Bobbie Richardson, Rick Sullivan, Eural Thomas

FROM: Andrew Clark

RE: **Fiduciary Liability & Crime Insurance Renewals**

DATE: April 17, 2017

The insurance broker, Arthur J. Gallagher Risk Management Services, Inc., has submitted the renewal of the retirement system's Fiduciary Liability and Crime Insurance for a one-year period from May 20, 2017 - May 20, 2018. If accepted by the Board of Trustees, the insurance carrier and coverage for both types of insurance will remain the same as in 2016 according to this summary:

Carrier	Coverage Type	Coverage Limit	Coverage Retention	Current (2016) Premium/Fee	Renewal (2017) Premium/Fee
Travelers	Fiduciary Liability	$10,000,000	$0	$58,241	$58,180
Travelers	Crime	$2,000,000 / $100,000	$15,000 / $5,000	$ 1,818	$ 1,881
Broker Fee				$14,000	$15,000
Total Cost				$74,059	$75,061

After marketing the fiduciary insurance, the insurance broker negotiated a premium for the fiduciary liability insurance that *reduces* the premium by $61 *relative to the cost in 2016*. To keep the renewal in perspective, it is important to look at the total cost for the three components above because, overall, the total increase for the 2017 renewal is just 1.3% over the total cost in 2016 and *2.4% ($1,865) less than the budgeted amount for 2017*.

Arthur J. Gallagher Risk Management Services, Inc., in cooperation with Travelers Casualty and Surety Co., has managed to constrain the system's annual liability insurance premium increases for nine 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.

Adopted by the Board of Trustees on April 17, 2017

Legislative, Rules & Regulations Committee

Proposed Amendment Summary

Appendix A: Education, Travel & Code of Ethics Policies

April 6, 2017

A proposed amendment to Appendix A: Education, Travel & Ethics Policies is being recommended by the Legislative, Rules & Regulations Committee for consideration by the Board of Trustees.

A summary of the amendments to the Conferences, Workshops section of the Education Policy follows:

1. Limits travel to conferences or workshops sponsored by NASP to the annual national conference.
2. Requires at least two education and training workshops to be provided by the investment consultant, investment managers or other professionals at a location in or around St. Louis, subject to approval by the Board of Trustees.

A summary of the amendments to certain sections of the Travel Policy follows:

3. Encourages Trustees to book travel at least fourteen (14) days during the school year and twenty-one (21) days during the summer break in advance.
4. Except in situations involving an emergency, prohibits the cost of changing a travel itinerary as a reimbursable expense and clarifies “how to” reimburse the system for a travel advance if travel is cancelled or not completed.
5. Limits the advance method to registration fees, transportation and lodging expenses, and removes the $75 per diem limit.
6. Clarifies the consequences of not timely submitting a travel voucher along with any required reimbursements to the System, i.e. reporting delinquent travel vouchers to the Board of Trustees by the Executive Director.
7. Requires itemized receipts for all travel related expenses and clarifies limited exceptions to this requirement.
8. Modifies and clarifies the meaning of payable days.

A summary of the amendments to certain sections of the Code of Ethics Policy follows:

9. Requires Trustees and Employees to report on the Annual Disclosure Statement all vendor contributions and gifts to a relative, spouse or guest of the Trustee or employee.
10. Requires the Executive Director to include information, at the first regular meeting of the Board each year under the Report of the Executive Director, on Trustees and employees non-compliant with Annual Disclosure Statement requirements.

Attachment:

Proposed Amendments to Appendix A: all changes in bold, new text is underlined while deleted text has a strike through it.

Public School Retirement System of the City of St. Louis
Education, Travel, and Code of Ethics Policies

Missouri Statutes §105.450, 105.452, 105,454, and 105.458 describe certain prohibited acts by elected and appointed public officials and employees which apply to trustees who serve on the Board of Trustees (the "Board") of the Public School Retirement System of the City of St. Louis (the "System") and the individuals the Board employs. For reference, copies of the relevant statutes are attached.

Above and beyond these broad statutes, the Board believes it is prudent to adopt specific additional policies that establish high, ethical standards for the System's trustees and employees. In this regard, education, travel, and code of ethics policies are contained herein. These policies have been adopted by the Board to provide standards for trustee and employee behavior and to protect the System from the implications of actual and/or perceived improprieties.

Education Policy

Because trustees are not employed in the pension industry, it is expected that they will need ongoing education about investment, actuarial, and legal issues in order to discharge their fiduciary duties properly and effectively.

Regarding the need for education, it is important to note that Section 7 of the Uniform Management of Public Employee Retirement Systems Act (UMPERSA) states that a trustee or other fiduciary shall discharge his/her duties "with the care, skill and caution under the circumstances then prevailing which a prudent person acting in like capacity and familiar with those matters would use in the conduct of an activity of like character and purpose". It is also important to note that case law regarding fiduciary responsibilities does not permit comparison to a novice, whether or not a prudent novice. Rather, both UMPERSA and case law clearly indicate that trustees will be held to no lower standard than that of others familiar with such matters. Therefore, while the applicable standard of prudence contains some flexibility, trustees need to be properly equipped to oversee complex investment situations.

Because each trustee and employee has an obligation to further his/her knowledge and skills regarding the prudent management of the System, the Board encourages individual educational endeavors and supports such educational opportunities as are described below.

Publications, Subscriptions, Membership Dues

- The System will provide each new trustee with a Dictionary of Finance and Investment Terms.
- The System will pay for an annual subscription to "Pensions & Investments" in behalf of each trustee.
- The System will pay membership dues for the National Council on Teacher Retirement (NCTR), the National Association of Securities Professionals (NASP), and the Missouri Association of Public Employee Retirement Systems (MAPERS).

Conferences, Workshops

- The Board has authorized trustees and the executive director to attend conferences sponsored by the NCTR, NASP, at the national level, and MAPERS. Attendance at other educational conferences will be authorized by specific Board approval on a case by case basis.
- From time to time, the Board will invite its professional staff and its investment managers to conduct workshops on specific issues related to pension management.
- **On an annual basis, at least two education and training workshops are to be provided by the investment consultant, investment managers or other professionals at a location in or around the St. Louis Metropolitan Area as approved by the Board of Trustees.**

Travel Policy

The Travel Policy is intended to provide for the payment of reasonable and proper expenses of the trustees and employees of the System which are actually incurred, appropriately documented, and in connection with the performance of an individual's duties to the System. Travel to educational conferences sponsored by NCTR, NASP, and MAPERS has been authorized by the Board. Travel to other conferences and to business meetings requires specific Board approval.

Trustees and employees who are attending approved educational conferences or business meetings will be responsible for making their own travel arrangements and reservations. Trustees and employees who are planning to attend conferences which have been pre-approved under the System's Education Policy must advise the Executive Director in advance of their intention to attend. The Executive Director will include such information under the Report of the Executive Director at the next regularly scheduled meeting of the Board in order that minutes of the Board meetings will reflect attendance at pre-approved conferences.

The Board encourages trustees and employees to book travel plan arrangements at least fourteen (14) days **during the school year and twenty-one (21) days during the summer break** in advance to the extent reasonably practical.

After their return, individuals will be required to submit a Travel Expense Voucher to the Retirement Office and will be subject to the same documentation requirements for the payment of reasonable expenses whether they use the Reimbursement Method or Advance Method, both of which are described below.

Except in situations involving emergencies such as illness or work-related demands, individuals will be responsible for any changes in travel costs as a result of voluntarily changing a booked and paid travel itinerary. If travel is cancelled or not completed by the individual and a travel advance has been paid by the System, then individuals must file a Travel Expense Voucher and reimburse any amount owed the System.

Reimbursement Method

Individuals using the Reimbursement Method will pay their expenses and, within thirty (30) days of their return, submit Travel Expense Vouchers (sample attached) and proper documentation and receipts to the Retirement Office for reimbursement. The Retirement Office will reimburse individuals for approved travel expenses within ten (10) days of final approval of their Travel Expense Vouchers.

Advance Method

Individuals using the Advance Method ~~will~~ **may** request an advance from the Retirement Office for anticipated expenses for registration fees, transportation~~,~~ **and** lodging **by completing the appropriate form and providing documentation that shows the anticipated expenses.**~~, and/or daily living expenses. Advances for daily living expenses may not exceed $75.00 per day.~~ Within thirty (30) days of returning from their trips, individuals ***must*** submit Travel Expense Vouchers (sample attached) and proper documentation and receipts to the Retirement Office, and

- if their advances exceed their approved, actual expenses, they must reimburse the System for the difference within ten (10) days of final approval of their Travel Expense Vouchers, or
- if their approved, actual expenses exceed their advances, the Retirement Office will reimburse them for the difference within ten (10) days of final approval of their Travel Expense Vouchers.
- Any trustee or employee who fails to timely submit a Travel Expense Voucher, or to timely reimburse the System the amount of any over-advanced money shall not be entitled to request any further advances **or make any System related travel plans** until such time as the appropriate Travel Expense

Voucher has been submitted, finally approved, and any over-advanced money reimbursed to the System.

- **The Executive Director will include information on Trustees ineligible to travel under the Report of the Executive Director at the next regularly scheduled meeting of the Board.**

Receipts

- An itemized receipt ***must*** be submitted for ~~any~~ all expenditure**s, if receipts are normally available for the type of expense incurred. For example, receipts are normally available for meals, parking and taxi fare, but not from a doorman or bellhop.** ~~which exceeds $25.00.~~ **Credit card or cash summary receipts that do not itemize expenses may not be accepted.**
- ~~A receipt *should* be submitted for any expenditure, even an expenditure of less than $25.00, if receipts are normally available for the type of expense incurred. For example, receipts are normally available for taxi fare, but not from a doorman or bellhop.~~
- A receipt from a travel agent is ***not*** acceptable for transportation expenditures. Rather, individuals must submit a ticket stub or passenger receipt from the carrier.
- If a receipt includes expenses for another individual, the relationship of the other individual to the System will determine whether the expense will be paid by the System.
  - For example, if one trustee pays for meals for several trustees, such that the expenditure would have been reimbursable if it had been paid individually by the other trustees, the entire expenditure would be reimbursable to the trustee who paid for the meals. The trustee who paid for the meals should indicate on the receipt the names of the individuals for whom the expenses were incurred and their relationship to the System.
  - On the other hand, if a receipt includes an expenditure for the meal of a trustee's spouse or guest, an adjustment should be made to exclude that expense and so noted on the receipt.

Payable Days

Payable expenses may be incurred **during one-**day traveling to and one-day traveling from an approved conference or meeting, and while in attendance at the conference or meeting~~; however, individuals who are able to utilize discount airfares which require a Saturday night stay may incur an additional day of payable expenses, but only if the result is that the System will incur less overall expenses than if the additional day's stay had not occurred~~. In cases where a trustee or employee intends to request payment for an ~~additional day's~~ extended stay, such individual must submit to the Executive Director, at least 48 hours prior to traveling to the conference or meeting, a written statement detailing the ~~actual~~ savings to the System resulting from the ~~additional day's~~ extended stay. Within 24 hours after receipt of any such written statement, the Executive Director shall notify the trustee or employee that such written statement: (1) appears in compliance with the Travel Policy and will be recommended for final approval; (2) raises issues or concerns that will need to be resolved by the Board or appropriate committee of the Board responsible for administering this Travel Policy (the "Committee"). The Committee shall be appointed by the Chairperson of the Board and shall be representative of the Board in composition.

Expenses incurred as the result of an individual's extended stay which exceed the limits of this Travel Policy will not be payable by the System.

Transportation Expenses

- Payable transportation expenses will be the lesser of reasonable coach airfare or, if alternative transportation is utilized, the actual cost of alternative transportation.
- Payable transportation expenses will include the cost of public transportation to and from the airport or the cost of long-term airport parking.

- In cases where individuals use automobiles which they own or lease, payable cost will be determined by actual miles driven on the most direct route at the current mileage rate permitted by the Internal Revenue Code. Expenses incurred as the result of a detour taken voluntarily by the individual will not be paid by the System.
- Generally, car rental fees will not be paid by the System; however, the System will reimburse an individual for car rental fees for the days of a conference plus arrival and departure days in the event of an unusual situation where renting a car will result in lower overall cost than alternative transportation, such as taxis or shuttle buses. In cases where an individual is requesting reimbursement for car rental expenditures, such individual must comply with the procedures set forth above regarding additional day's stays to establish that the overall cost of renting a car will be less costly than available alternative transportation.

Personal Expenses

Generally, expenses of a personal nature, such as recreational expenditures or additional expenses incurred on behalf of a spouse or guest, are ***not*** reimbursable. However, reasonable expenses for long distance telephone calls to an individual's family and employer shall be paid by the System and shall not be included under any maximum daily living expense allowance established by the Board. To provide additional guidance regarding "reasonable" long distance telephone expenses, the Board would deem it reasonable for individuals to call their families and employers once a day during their absences; however, lengthy or numerous long distance telephone calls should be explained in writing and payment will be subject to approval by the Committee.

Approval Process

- The Executive Director will conduct an initial review of Travel Expense Vouchers to assure that submitted expenditures are in compliance with the System's Travel Policy, that advances have been properly recorded, and that appropriate documentation has been included. As a part of the initial review process, the Executive Director will discuss issues of concern with the trustee or employee who submitted the voucher for payment. At the conclusion of the initial review process, the Executive Director will forward Travel Expense Vouchers to the Committee with a recommendation (a) to pay the voucher as submitted, or (b) to scrutinize specified expenditures that do not appear to be addressed by or in compliance with the System's Travel Policy.
- The Committee will be responsible for final approval of Travel Expense Vouchers in cases where the expenditures are addressed by and in compliance with the System's Travel Policy; however, payment of expenditures that are not included as payable under the System's Travel Policy and/or reimbursement of extraordinary or unanticipated expenditures will require full Board approval.
- In the event the Committee, or the full Board, if full Board approval is required, is unable to determine if a specific expenditure is payable, the Committee, or the Board, shall obtain advice from the System's legal counsel and/or its accounting firm to assist them in coming to an appropriate conclusion which is consistent with the spirit of the Travel Policy and applicable law.
- With respect to the payment of travel expenses, the decision of the Committee, or the Board, as the case may be, will be final.

Code of Ethics Policy

The Uniform Management of Public Employee Retirement Systems Act (UMPERSA) defines a trustee as a person having ultimate authority to manage a retirement system or to invest or manage its assets. Section 7 of the Act describes General Fiduciary Duties as follows:

"A trustee or other fiduciary shall discharge duties with respect to a retirement system:

(1) solely in the interest of the participants and beneficiaries;

(2) for the exclusive purpose of providing benefits to participants and beneficiaries and paying reasonable expenses of administering the system;

(3) with the care, skill and caution under the circumstances then prevailing which a prudent person acting in like capacity and familiar with those matters would use in the conduct of an activity of like character and purpose;

(4) impartially, taking into account any differing interests of participants and beneficiaries;

(5) incurring only costs that are appropriate and reasonable; and

(6) in accordance with a good-faith interpretation of the law governing the retirement program and system."

It is a trustee's duties of loyalty and care to the participants and beneficiaries of the System that create standards prohibiting conflicts of interest and requiring trustees and employees to act with the highest level of ethical responsibility in the performance of their duties. This Code of Ethics Policy addresses conflicts of interest and situations that can appear to be conflicts of interest from two perspectives: (a) as they relate directly to trustees and employees of the System, and (b) as they relate to the professionals employed by the System, such as investment consultants, money managers, brokerage firms, insurance brokers, attorneys, auditors, actuaries, custodians, etc.

Trustees and Employees

Trustees and employees, by their conduct, shall not create a reasonable basis for the impression or perception that any person, organization or firm can influence them in the performance of their official acts or actions. In this regard, any trustee/employee relationship or association with a current or prospective vendor must be directly beneficial to the System, or must be reasonably expected to provide the trustee or employee with educational assistance that will be immediately relevant to his/her duties to the System. A trustee's duty of loyalty also includes the obligation not to be influenced by the interest of any third party, including an obligation to subjugate the interests of the party who appointed the trustee, for example, the union or plan sponsor, to the interests of the participants and beneficiaries of the System.

- Gifts and Gratuities

  - Trustees and employees shall not solicit or accept contributions or gifts (to include lodging, transportation, or invitations to social/sporting events) from any single current or prospective vendor which exceed a value totaling $50 in any calendar year. **Trustees and employees shall disclose on the Annual Disclosure Statement any and all contributions or gifts (to include lodging, transportation, or invitations to social/sporting events) that were extended to a relative, spouse or guest of the Trustee or employee.** However, the limitation on gifts does not apply:

    a) to business meals/receptions where a representative of the vendor is present for the purpose of conducting business or providing education,

    b) to seminars/conferences sponsored by a vendor or prospective vendor where attendance is approved by the Board of Trustees or the System's Travel Policy,

    c) to participation in recreational or social events while attending a seminar/conference, provided said events are available to a majority of the seminar/conference attendees,

    d) to participation in recreational or social events sponsored by a vendor or prospective vendor provided attendance is expected to benefit the System and provided attendance is reported on the trustee's/employee's Annual Disclosure Statement.

  - Trustees and employees shall not solicit or accept contributions or gifts from current or prospective vendors for their own personal benefit or in behalf of any third party.

- Trustees and employees shall not solicit or accept contributions or gifts from current or prospective vendors if they know, or reasonably should know, that such contributions or gifts are intended to influence their actions or decisions with respect to the System.
- If a trustee or employee receives an unsolicited, prohibited contribution or gift, he/she should return such contribution or gift to the source; however, if returning the contribution or gift is not possible or feasible, the contribution or gift should be donated to a charitable organization.

➢ Personal Investments/Obligations

Trustees and employees shall not make personal investments, engage in transactions or professional activities, or incur obligations of any nature which would create, or which the trustee or employee should reasonably foresee would create, a substantial interest in a business, contract, property, or investment that would result in a significant or continuing conflict of interest, or the appearance of a conflict of interest, with the System.

➢ Confidential Information

Trustees and employees shall not use confidential information pertaining to the System, or confidential information obtained by reason of their position with the System, for the purpose of personal gain or gain for a third party, nor, except as may be required by law, shall they disclose confidential information pertaining to the System to any person not authorized by the Board to receive such confidential information.

➢ Nepotism

On the basis of objective qualifications and competitive cost, the System may elect to hire or retain the relative of a trustee or employee; however, it will be incumbent upon the trustee or employee to disclose such a relationship to the Board as early in the evaluation and selection process as is reasonably possible.

➢ Annual Disclosure Statement

- No later than January 31st each year, every trustee and employee of the System shall complete an Annual Disclosure Statement (sample attached) which will be received by ~~**the Chairperson of the Board**~~ and maintained in the Retirement Office for a period of at least five (5) years.
- **The Executive Director will include information on Trustees and employees that are in noncompliance with the Annual Disclosure Statement at the first regularly scheduled meeting of the Board each year, usually in February, under the Report of the Executive Director.**
- A trustee or employee who fails to file an Annual Disclosure Statement by January 31st, or who violates the System's Code of Ethics Policy, will be subject to sanctions, at the discretion of the Board, up to and including removal from office or employment termination.

Vendors

At the time a vendor is hired/retained, and thereafter, on or about November 1st each year, every vendor who conducts business with the System will receive a copy of the System's Code of Ethics Policy. Vendor copies will contain a form to be returned to the System on which vendors will acknowledge receipt and acceptance of the System's Policy. If the System learns that a vendor has violated the Code of Ethics Policy without a prior written waiver from the Board, the vendor's contract will be terminated and the vendor will not be eligible to do business with the System for a period of at least two (2) years.