

MTRFA

Minneapolis Teachers' Retirement Fund Association



Artwork by Xia Xiong, Fourth Grader at Keewaydin School

Ninety-First Annual Report of the Board of Trustees

For the Year Ended June 30, 2000

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Minneapolis Teachers' Retirement Fund Association

1999-2000 Annual Report

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INTRODUCTORY SECTION**Letter of Transmittal**

December 27, 2000

To the Members of the Minneapolis Teachers' Retirement Fund Association:

On behalf of the Board of Trustees of the Minneapolis Teachers' Retirement Fund Association (MTRFA), we are pleased to submit the Ninety-First Annual Report for the fiscal year ended June 30, 2000. This Annual Report has been prepared in accordance with Minnesota Statute 356.20.

MTRFA Membership

At June 30, 2000 the MTRFA had 11,722 members. The membership consisted of 5,844 active members, 2,571 separated members and 3,307 benefit recipients. Active members make up 50% of the total membership. Of the active members, 87% are members of the coordinated plan. Over 80% of the coordinated members were hired after June 30, 1989 which means they are not eligible for the rule of 90 and their normal retirement age is 66.

Revenues

MTRFA revenues consist of employer and employee contributions and investment earnings on fund assets. Fiscal year 2000 employer and employee contributions totaled \$42,556,721 and \$16,168,629, respectively.

The employer contribution included required contributions based on a percentage of payroll (\$21,938,162) paid by the employers of MTRFA members and additional contributions required by Minnesota State Statute which were paid by the State of Minnesota, the Minneapolis Public Schools and the City of Minneapolis.

The contributions required by Minnesota State Statute include; the 1993 funding legislation (State of Minnesota, \$2,489,048; Minneapolis Public Schools, \$1,250,000; and City of Minneapolis, \$1,239,048), 1996 legislation which provides excess police and fire relief amortization aid from the State of Minnesota (\$1,740,029) and amounts levied by the Minneapolis Public Schools (\$475,000) and the City of Minneapolis (\$471,434), and the 1997 Pension Uniformity and Funding Bill which provided funding from the State of Minnesota (\$12,954,000).

Investment income (net of investment expenses) totaled \$128,063,572 in fiscal 2000. This income resulted from interest, dividend and rental income, and from the net appreciation of investment assets. This is the most investment income earned in one year in MTRFA history.

Expenses

MTRFA expenses for the fiscal year ended June 30, 2000 totaled \$87,514,485. Benefit payments to retirees, disabilitants, survivors and refund payments to separated members made up 99.33% (\$86,927,157) of the total expenses. The remaining expenses consisted of administrative expenses (\$587,328).

The MTRFA continues to work hard on controlling investment and administrative expenses by renegotiating various contracts and through operating efficiencies. Administrative expenses increased \$55,390 from the year ended June 30, 1999. About 40% of the increase in administrative expenses was due to spending related to a new annuity payroll system required by Y2K. Despite this increase, the administrative expenses have increased a total of only \$10,489 from the fiscal year ended June 30, 1993.

INTRODUCTORY SECTION**Investments**

The MTRFA investment portfolio is dominated by high-quality and diversified assets that emphasize a long-term investment approach. Net assets totaled almost \$1.1 billion at June 30, 2000, an increase of over \$99 million from June 30, 1999. For the year ended June 30, 2000, the MTRFA time weighted rate of return was 12.96%.

The five year investment return for the period ended June 30, 2000 was 15.28% which resulted in a surplus investment earnings increase of 6.64% payable to eligible annuity recipients on January 1, 2001. This increase combined with the guaranteed 2.00% increase (2.03% in 2000 including administrative expense adjustment) brought the total compounded increase to 8.81%.

The MTRFA made one change to the investment portfolio in fiscal year 2000. This change was to replace Brinson Partners, the large cap value manager with GE Capital, another large cap value manager. This change along with continuous review of the portfolio is performed by the Board of Trustees in conjunction with the recommendations of the MTRFA Investment Advisory Committee (IAC). The IAC is a committee of professionals from the business and investment community who have no other direct relationship to the MTRFA.

The liquidation of the MTRFA real estate portfolio continued in fiscal 2000. Eleven properties with a book value of \$8,227,054 were sold during the year with a net loss from these sales of \$499,437. This left only twelve properties with a book value of \$11,128,109 remaining to be sold.

Since the beginning of the liquidation of the real estate portfolio, eighty properties with a book value of \$40,840,952 have been sold with a net gain of \$2,092,267. The complete liquidation of the real estate portfolio will be completed during the next few years.

Funding

The accrued liability funding ratio of the MTRFA at July 1, 2000, was 66.54% which was a decrease from 67.38% at July 1, 1999.

The MTRFA actuary report showed a contribution deficiency of 2.00% at July 1, 2000 compared to a deficiency of 0.09% at July 1, 1999. The contribution sufficiency (deficiency) indicates whether the projected revenues for the coming year are sufficient to cover the cost of benefits earned by members in the coming year and also provide sufficient dollars to cover the current year contribution required to fully fund the MTRFA by the year 2020. The contribution deficiency is expressed as a percentage of the projected annual active teacher payroll (\$255,488,000) for the 2001 fiscal year.

The contribution deficiency of 2.00% is relatively small (the contribution deficiency was 13.00% in 1991) but the increase in the deficiency will be monitored and appropriate legislative action proposed should the deficiency continue to trend upward

Acknowledgments

This report is the result of the combined efforts of the MTRFA staff under the leadership of the Board of Trustees. It is intended to provide reliable information on the operation of the Fund for the year ended June 30, 2000. On behalf of the Board of Trustees, we wish to express our gratitude to the staff, advisors, and others who help ensure the successful operation of the MTRFA.

Respectfully Submitted,


Ann M. Downing
President


Karen U. Kilberg
Executive Director

FINANCIAL SECTION**STATE OF MINNESOTA****OFFICE OF THE STATE AUDITOR**

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JUDITH H. DUTCHER
STATE AUDITOR**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees
Minneapolis Teachers' Retirement Fund Association

We have audited the basic financial statements of the Minneapolis Teachers' Retirement Fund Association as of and for the years ended June 30, 2000 and 1999, as listed in the table of contents. These basic financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the plan net assets of the Association as of June 30, 2000 and 1999, and the changes in plan net assets for the years then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required supplementary information referred to in the table of contents is not a required part of the basic financial statements but is required by the Governmental Accounting Standards Board. We have applied certain

FINANCIAL SECTION

limited procedures to the information in the schedules, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



JUDITH H. DUTCHER
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

November 9, 2000

FINANCIAL SECTION

MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
MINNEAPOLIS, MINNESOTA

EXHIBIT 1

COMPARATIVE STATEMENT OF PLAN NET ASSETS
JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 59,229,154	\$ 88,493,441
Receivables		
Employer and employee contributions	\$ 2,428,101	\$ 1,684,954
Direct contribution aid		
State of Minnesota	1,249,698	1,246,696
Special School District No. 1	900,000	825,000
City of Minneapolis	899,565	820,639
Sales of securities	5,946,671	1,441,642
Variation margin receivable	947,488	1,621,925
Dividends and interest	5,026,241	4,833,298
Rent	-	130,080
Total receivables	\$ 17,397,764	\$ 12,604,234
Investments, at fair value		
Government and corporate bonds	\$ 381,049,983	\$ 344,322,455
Common and preferred stock		
Individual holdings	330,284,407	248,617,862
Commingled investment funds		
Equity index fund	205,140,495	211,160,130
International equity fund	56,973,885	48,478,718
Bond index fund	36,750,733	35,155,128
Real estate	11,128,112	19,355,166
Other investments	6,462,203	2,559,927
Options contracts	1,795,341	2,609,181
Total investments, at fair value	\$ 1,029,585,159	\$ 912,258,567
Invested securities lending collateral	\$ 44,153,741	\$ 39,867,001
Furniture and fixtures (at cost, less accumulated depreciation of \$176,330 and \$161,325 in 2000 and 1999, respectively)	\$ 58,703	\$ 68,557
Total Assets	\$ 1,150,424,521	\$ 1,053,291,800
<u>Liabilities</u>		
Accounts payable	\$ 1,312,544	\$ 769,708
Security purchases payable	4,387,899	10,542,497
Deferred premiums on options contracts	874,721	1,807,324
Rents received in advance	40,053	55,194
Securities lending collateral	44,153,741	39,867,001
Deposits on rental property	139,700	8,650
Total Liabilities	\$ 50,908,658	\$ 53,050,374
Net Assets Held in Trust for Pension Benefits (a Schedule of Funding Progress is presented on page 20)	\$ 1,099,515,863	\$ 1,000,241,426

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

FINANCIAL SECTION

**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
MINNEAPOLIS, MINNESOTA**

EXHIBIT 2

**COMPARATIVE STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2000 AND 1999**

	<u>2000</u>	<u>1999</u>
Additions		
Contributions		
Employer	\$ 21,938,162	\$ 20,225,748
Members	16,168,629	14,924,647
Other sources		
State of Minnesota	17,183,077	17,128,775
Special School District No. 1	1,725,000	1,575,000
City of Minneapolis	1,710,482	1,556,502
Total contributions	<u>\$ 58,725,350</u>	<u>\$ 55,410,672</u>
Investment income		
From investing activity		
Net appreciation (depreciation) in fair value of investments	\$ 95,015,004	\$ 85,721,629
Interest and dividends	36,467,240	28,278,301
Rental income	943,837	2,497,238
Net gain (loss) on sale of rental property	(499,437)	528,066
Total investing activity income	<u>\$ 131,926,644</u>	<u>\$ 117,025,234</u>
Less: investing activity expense	<u>(4,082,679)</u>	<u>(2,774,627)</u>
Net income from investing activity	<u>\$ 127,843,965</u>	<u>\$ 114,250,607</u>
From securities lending activity		
Securities lending income	<u>\$ 2,215,287</u>	<u>\$ 1,979,807</u>
Less: securities lending expense		
Borrower rebates	\$ (1,877,442)	\$ (1,644,522)
Management fees	<u>(118,238)</u>	<u>(117,304)</u>
Total securities lending expense	<u>\$ (1,995,680)</u>	<u>\$ (1,761,826)</u>
Net income from securities lending activity	<u>\$ 219,607</u>	<u>\$ 217,981</u>
Net investment income	<u>\$ 128,063,572</u>	<u>\$ 114,468,588</u>
Total Additions	<u>\$ 186,788,922</u>	<u>\$ 169,879,260</u>

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

FINANCIAL SECTION**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
MINNEAPOLIS, MINNESOTA****EXHIBIT 2
(Continued)****COMPARATIVE STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2000 AND 1999**

	<u>2000</u>	<u>1999</u>
Deductions		
Benefits to participants		
Retirement, beneficiary, and disability annuities	\$ 86,440,181	\$ 75,813,483
Death benefits	6,010	100,415
Withdrawals and refunds	<u>480,966</u>	<u>523,932</u>
Total benefits, withdrawals, and refunds	\$ 86,927,157	\$ 76,437,830
Administrative expenses	<u>587,328</u>	<u>531,938</u>
Total Deductions	\$ 87,514,485	\$ 76,969,768
Net Increase (Decrease)	\$ 99,274,437	\$ 92,909,492
Net Assets Held in Trust for Pension Benefits		
Beginning of Year (Note 1)	<u>1,000,241,426</u>	<u>907,331,934</u>
End of Year	\$ 1,099,515,863	\$ 1,000,241,426

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

FINANCIAL SECTION**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
MINNEAPOLIS, MINNESOTA****NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2000****1. Summary of Significant Accounting Policies****Reporting Entity**

The Minneapolis Teachers' Retirement Fund (the Fund) is a single-employer defined benefit pension fund administered by the Minneapolis Teachers' Retirement Fund Association (the Association). The Association was originally incorporated under 1909 Minn. Laws ch. 343 and is now governed by Minn. Stat. chs. 354A and 317A and applicable sections of Minn. Stat. chs. 356 and 356A. The Fund's membership consists of eligible employees of the Minneapolis Special School District No. 1, employees formerly employed by Special School District No. 1, charter schools, and the employees of the Association. The Association is governed by a seven-member Board of Trustees.

The Association's financial statements include the consolidated accounts of: the Association; MRT Properties, Inc.; Minntex Foods, Inc.; and Minntex Foods, Ltd. MRT Properties, Inc., is a wholly-owned subsidiary of the Association whose principal activity consists of investing in real estate in the State of Minnesota. Minntex Foods, Ltd., is a limited partnership for which the Association is the sole limited partner and Minntex Foods, Inc., (a Texas corporation) is the general partner. Minntex Foods, Ltd., invests in real estate in the State of Texas. Minntex Foods, Inc., and the limited partnership were organized to allow the Association's real estate acquisitions to qualify as tax-exempt transactions in Texas.

The Association is tax exempt as an organization under Section 501(c)(11) of the Internal Revenue Code and is subject to federal income tax only on net unrelated business income. The Association had no unrelated business income during the years ended June 30, 2000 and 1999.

Basis of Presentation

The accompanying financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*.

FINANCIAL SECTION**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
MINNEAPOLIS, MINNESOTA****1. Summary of Significant Accounting Policies (Continued)****Basis of Accounting**

The basis of accounting is the method by which revenues and expenses are recognized in the accounts and reported in the financial statements. The Association uses the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the liability is incurred.

Contributions

Member employee contributions are recognized when withheld or when paid directly by the member employee. Required contributions from the employer are based upon a specific formula applied to teacher compensation used to fund all teachers' retirement plans in the State of Minnesota and are recognized as covered payroll is paid. Supplemental contributions from the State of Minnesota, the City of Minneapolis, and Special School District No. 1 are recognized by the Association when the related tax from levies becomes due to the City of Minneapolis and Special School District No. 1. (The State of Minnesota is required to match some of these tax levies.)

Investment Income

Interest income is recorded when earned on an accrual basis. Dividend income is recorded on the ex-dividend date. Rental income from investments in real estate is recorded when earned.

Investments

Investments are reported at fair value. Short-term investments and real estate are reported at cost, which approximates fair value. Securities traded on an exchange are valued at the last reported sales price at current exchange rates. Market values of investments in venture capital funds are determined by reference to financial information of the funds adjusted for subsequent distributions from the funds. Investments that do not have an established market are reported at estimated fair value.

FINANCIAL SECTION**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
MINNEAPOLIS, MINNESOTA**1. Summary of Significant Accounting PoliciesInvestments (Continued)

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

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

Accounting for Derivatives

The Minneapolis Teachers' Retirement Fund Association invests in various derivative instruments, including futures contracts and options, with the investment objective of exceeding the total return of the S&P 500 index by using arbitrage strategies. In addition, the Association invests in forward currency exchange contracts.

Futures Contracts

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

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

FINANCIAL SECTION**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
MINNEAPOLIS, MINNESOTA**1. Summary of Significant Accounting PoliciesAccounting for Derivatives (Continued)Options

The Association's investment in options gives it the right, but not obligation, to buy (call) or sell (put) such options at a fixed price (exercise or strike price) during a specified period. The Association pays a nonrefundable fee (the premium) to the seller (the writer). Option contracts are valued daily. Unrealized gains or losses are recorded based upon the last sales price on the principal exchange on which the option is traded. A realized gain or loss is recognized upon expiration or closing of the contract. When an option is exercised, the proceeds on sales for a written call option, the purchase cost of the security for a written put option, or the cost of the security for a purchased put or call option is adjusted by the amount of the premium received or paid.

The risk in buying an option is that the premium is paid whether or not the option is exercised. The risk in writing a call option is the lost opportunity for profit if the market price of the security increases and the option is exercised. The risk in writing a put option is that a loss may be incurred if the market price of the security decreases and the option is exercised. Risks may also arise from an illiquid secondary market or from the inability of counterparties to meet the terms of the contract.

Forward Currency Exchange Contracts

A forward currency exchange contract is an agreement between two parties to pay or receive specific amounts of a currency at a future date in exchange for another currency at an agreed-upon exchange rate. Forward currency exchange contracts are valued at an estimate of the exchange rate on the settlement date. These amounts fluctuate daily, and the fluctuation is captured in the market value as an unrealized gain/loss. On the settlement date, the difference between the contract exchange rate and the actual exchange rate on that day is recorded as a realized gain/loss. Risks may arise from an illiquid secondary market or from the inability of counterparties to meet the terms of the contract.

FINANCIAL SECTION

MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
MINNEAPOLIS, MINNESOTA

1. Summary of Significant Accounting Policies (Continued)

Benefits and Refunds

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

Furniture and Equipment

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

2. Description of Plans

General

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

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

Membership

At June 30, 2000 and 1999, the Association's membership consisted of:

FINANCIAL SECTION**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
MINNEAPOLIS, MINNESOTA**2. Description of PlansMembership (Continued)

	<u>2000</u>	<u>1999</u>
Retirees and beneficiaries currently receiving benefits	3,307	3,145
Terminated employees entitled to but not yet receiving benefits	756	715
Terminated, non-vested	1,814	1,628
Current active plan members (including members on leave)	<u>5,844</u>	<u>5,382</u>
Total Membership	<u><u>11,721</u></u>	<u><u>10,870</u></u>

Pension Benefits

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

Disability Benefits

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

Other Benefits

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

FINANCIAL SECTION

MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
MINNEAPOLIS, MINNESOTA

3. Deposits and Investments

Deposits

Minn. Stat. § 356A.06 authorizes the Association to deposit its cash in financial institutions designated by the Board of Trustees. Minnesota statutes require that all Association deposits be covered by insurance, surety bond, or collateral.

At June 30, 2000 and 1999, bank deposits were \$2,592,701 and \$1,988,589, respectively. The carrying value of these deposits on the Association's books at June 30, 2000 and 1999, were \$2,460,496 and \$2,006,118, respectively.

Following is a summary of the June 30, 2000 and 1999, insurance and collateral as it relates to the Association's custodial credit risk for its deposits.

	<u>Bank Balance</u>	
	<u>2000</u>	<u>1999</u>
Covered Deposits		
Insured, or collateralized with securities held by the Association or its agent in the Association's name	\$ 2,592,701	\$ 1,988,589
Collateralized with securities held by the pledging financial institution's trust department or agent in the Association's name	-	-
Uncollateralized	<u>-</u>	<u>-</u>
Total	<u>\$ 2,592,701</u>	<u>\$ 1,988,589</u>

Investments

The Association's investments are authorized by state law and its own Articles of Incorporation. Permissible investments include, but are not limited to: government and corporate bonds, foreign and domestic common stock, real property, venture capital investments, and notes. Generally accepted accounting principles have determined three levels of custodial credit risk for investments:

- (1) insured or registered, or securities held by the Association or its agent in the Association's name;

FINANCIAL SECTION

MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
MINNEAPOLIS, MINNESOTA3. Deposits and InvestmentsInvestments (Continued)

(2) uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Association's name; and

(3) uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the Association's name.

The following are the Association's investments at June 30, 2000 and 1999, and the level of custodial credit risk for these investments:

<u>2000</u>	<u>Credit Risk Category</u>	<u>Carrying and Fair Value</u>
Government and corporate bonds	1	\$ 347,887,336
Individual stock holdings	1	320,175,675
Options contracts	1	<u>1,795,341</u>
Total		\$ 669,858,352
Add		
Investments held by broker-dealers under securities loans		
Government and corporate bonds		33,162,647
Individual stock holdings		10,108,732
Commingled investment funds		
Equity index fund		205,140,495
International equity index fund		56,973,885
Bond index fund		36,750,733
Real estate		11,128,112
Other investments		6,462,203
Short-term investment fund		56,768,508
Invested securities lending collateral		44,153,741
Total deposits and cash on hand		<u>2,460,646</u>
Total Cash and Investments		<u>\$ 1,132,968,054</u>

FINANCIAL SECTION

MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
MINNEAPOLIS, MINNESOTA

3. Deposits and Investments

Investments (Continued)

<u>1999</u>	<u>Credit Risk Category</u>	<u>Carrying and Fair Value</u>
Government and corporate bonds	1	\$ 315,836,371
Individual stock holdings	1	238,048,048
Options contracts	1	<u>2,609,181</u>
Total		\$ 556,493,600
 Add		
Investments held by broker-dealers under securities loans		
Government and corporate bonds		28,486,084
Individual stock holdings		10,569,814
Commingled investment funds		
Equity index fund		211,160,130
International equity index fund		48,478,718
Bond index fund		35,155,128
Real estate		19,355,166
Other investments		2,559,927
Short-term investment fund		86,487,323
Invested securities lending collateral		39,867,001
Total deposits and cash on hand		<u>2,006,118</u>
Total Cash and Investments		<u>\$ 1,040,619,009</u>

On the Statement of Plan Net Assets, cash and investments are:

	<u>2000</u>	<u>1999</u>
Cash and cash equivalents	\$ 59,229,154	\$ 88,493,441
Total investments	1,029,585,159	912,258,567
Invested securities lending collateral	<u>44,153,741</u>	<u>39,867,001</u>
Total Cash and Investments	<u>\$ 1,132,968,054</u>	<u>\$ 1,040,619,009</u>

The Association has no concentration of five percent or more of the plan's net investments in securities of a single organization.

FINANCIAL SECTION**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
MINNEAPOLIS, MINNESOTA****4. Securities Lending**

The Association participates in a securities lending program. On June 30, 2000 and 1999, 6.1 and 6.6 percent, respectively, of its individual security holdings were loaned out.

Minn. Stat. § 356A.06, subd. 7, permits the Association to enter into securities lending transactions. These are loans of securities to broker-dealers and other entities for collateral with simultaneous agreement to return the collateral for the same securities in the future. Loans may be made only to pre-approved borrowers. The Association's securities custodian is the agent in lending the Association's domestic securities for collateral of 102 percent and international securities for cash collateral of 105 percent of the market value of loaned securities. Loaned investments are marked to market daily. If the collateral provided by the borrower falls below 100 percent of the market value of the loaned investments, the borrower is required to provide additional collateral to bring the collateral to 102 percent of the current market value. Collateral may be provided in securities or cash.

All of the collateral at June 30, 2000 and 1999, was provided in cash. The Association has no credit risk exposure to borrowers because the amounts the Association owes borrowers exceed amounts borrowers owe the Association. The contract with the trust company requires the trust company to indemnify the Association if borrowers fail to return the securities (and, if the collateral is inadequate, to replace the securities lent) or fail to pay the system for income distributions by the securities' issuers while the securities are on loan.

All securities loans may be terminated on demand by either the Association or the borrower. The average term of loans is 165 days. Cash collateral is invested in a short-term investment pool with a weighted average maturity of 47 days and 53 days for June 30, 2000 and 1999, respectively.

5. Contributions and Reserves**Funding**

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

FINANCIAL SECTION**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
MINNEAPOLIS, MINNESOTA****5. Contributions and Reserves****Funding (Continued)**

Minn. Stat. § 354A.12 sets the rate for employee and employer contributions that, expressed as a percentage of annual covered payroll, are sufficient to fully fund the pension plan by the year 2020. The requirement to reach full funding by the year 2020 is set in Minn. Stat. § 356.215, subd. 4g. As part of the annual actuarial valuation, the actuary determines the sufficiency or deficiency of the statutory contribution rates toward meeting the required full funding deadline. The actuary compares the actual contribution rate to a "required" contribution rate. The required contribution rate consists of: (a) normal costs based on entry age normal cost methods, (b) a supplemental contribution for amortizing any unfunded actuarial accrued liability by the required date for full funding, and (c) an allowance for administrative expenses.

Required Contributions

For the fiscal year ended June 30, 2000 and 1999, the contribution rates required by statute are as follows:

	<u>Percentage of Members' Salaries</u>	
	<u>Basic Plan</u>	<u>Coordinated Plan</u>
Employee contribution	8.50%	5.50%
Employer contribution	12.14%	8.14%

Other Contributions

Minn. Stat. § 354A.12, subd. 3b, authorizes Special School District No. 1 and the City of Minneapolis to each levy for the benefit of the Association. Actual contributions to the Association from the levy will be dependent upon the actual amount of the levy. The State of Minnesota was authorized to match, up to \$1,250,000 per year each, the total contributions of the School District and the City. This direct contribution aid will be allowed to continue until the Association reaches the same funded status as the Minnesota Teachers' Retirement Association (TRA). Direct contribution aid as of June 30 follows:

FINANCIAL SECTION**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
MINNEAPOLIS, MINNESOTA**5. Contributions and ReservesOther Contributions (Continued)

	<u>2000</u>	<u>1999</u>
State of Minnesota	\$ 2,489,048	\$ 2,484,915
Special School District No. 1	1,250,000	1,250,000
City of Minneapolis	1,239,048	1,234,915

Minn. Stat. § 423A.02, subd. 3, requires the state to annually provide certain aid to the Association until it is fully funded provided that the School District and the City make additional annual contributions. The state amortization aid contribution was \$1,740,029 and \$1,689,860 for fiscal years 2000 and 1999, respectively. In fiscal year 2000, the School District and the City made additional contributions of \$475,000 and \$471,434, respectively.

Minn. Stat. § 354A.12 requires the state to provide the Association with additional funding. This aid was \$12,954,000 in fiscal years 2000 and 1999, and will be \$12,954,000 annually until the Association reaches the same funded status as the TRA.

Statutes also require active and retired members of the Association to provide contributions for the relative difference between the administrative expenses incurred by the Association and the TRA.

Reserves

The Association maintains the following funds as required by its Articles of Incorporation and state statute:

Retirement Deposit Fund

All amounts received for deposit by or on behalf of members, plus interest at a rate of six percent annually for Basic members only, are held in the Retirement Deposit Fund for providing benefits until withdrawal, death, or retirement. Funds to the members' credit in the Retirement Deposit Fund are transferred to the Annuity Reserve Fund when members begin receiving annuity payments.

FINANCIAL SECTION**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
MINNEAPOLIS, MINNESOTA****5. Contributions and Reserves****Reserves (Continued)****Annuity Reserve Fund**

The Association's Articles (Article 12) require that the Association annually determine the net present value of the prospective benefit payments chargeable to the Annuity Reserve Fund. Accordingly, the Annuity Reserve Fund is presented as a component of net assets as the actuarially determined accrued liability of benefits by or on behalf of persons eligible to receive those benefits.

Balance and Funded Status

	<u>Retirement Deposit Fund</u>	<u>Annuity Reserve Fund</u>
Balance - June 30, 2000	<u>\$ 237,283,083</u>	<u>\$ 850,972,357</u>
Balance - June 30, 1999	<u>\$ 271,111,821</u>	<u>\$ 722,433,592</u>

Neither reserve was fully funded in either year.

In addition, at June 30, 2000 and 1999, respectively, \$11,260,423 and \$6,696,013 of the total net assets is considered reserved as it represents the amount of state amortization aid which, pursuant to Minn. Stat. § 423A.02, subd. 3, must be separately accounted for and may not be used in determining benefit increases. This reserve is considered to be fully funded in both years.

6. Risk Management

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

FINANCIAL SECTION

**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
MINNEAPOLIS, MINNESOTA**

Schedule 1

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

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b) (%)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c) (%)
1995	\$ 554,960	\$ 983,249	\$ 428,289	56.44	\$ 163,824	261.43
1996	612,852	1,055,063	442,211	58.09	171,060	258.51
1997	673,209	1,173,412	500,203	57.37	185,229	270.05
1998	809,978	1,267,424	457,446	63.91	199,376	229.44
1999	939,459	1,394,357	454,898	67.38	230,189	197.62
2000	1,027,633	1,544,358	516,725	66.54	242,072	213.46

(Unaudited)

**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
MINNEAPOLIS, MINNESOTA**

Schedule 2

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

Fiscal Year	Annual Required Contributions	Employer Percentage Contributed (%)	State Contributions	State Percentage Contributed (%)	City Contributions	City Percentage Contributed (%)
1995	\$ 30,535	57.38	\$ 2,461	8.06	\$ 1,212	3.97
1996	31,779	57.67	3,545	11.16	1,211	3.81
1997	34,888	55.08	3,573	10.24	1,232	3.53
1998	42,432	47.75	22,027	51.91	1,354	3.19
1999	44,464	49.03	17,129	38.52	1,557	3.50
2000	41,638	56.83	17,183	41.27	1,710	4.11

Note:

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

(Unaudited)

FINANCIAL SECTION
MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
MINNEAPOLIS, MINNESOTA

NOTES TO SCHEDULE 1 AND SCHEDULE 2
AS OF AND FOR THE YEAR ENDED JUNE 30, 2000
(Unaudited)

Actuarial Methods and Assumptions

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

- The most recent actuarial valuation date is July 1, 2000.
- Actuarial cost is determined using the Entry Age Normal Actuarial Cost Method.
- The amortization method assumes a level percentage of payroll each year is used to pay the unfunded actuarial accrued liability.
- The amortization period is closed.
- The remaining amortization period at July 1, 2000, is 20 years.
- Actuarial value of assets is determined using market value, adjusted for amortization obligations receivable at the end of each fiscal year, less a percentage of the unrecognized asset return determined at the close of each of the four preceding fiscal years. Unrecognized asset return is the difference between actual net return on market value of assets and the asset return expected during that fiscal year (based on the assumed interest rate employed in the July 1 actuarial valuation of the fiscal year). Transition rules apply between July 1, 2000, and July 1, 2003, when the method is fully in effect.

Significant actuarial assumptions are as follows:

- Investment rate of return is 8.5 percent. However, the annual 2 percent increase in benefits is accounted for by using a 6.5 percent post-retirement interest rate.
- Payroll increase is 5 percent. Salary increase varies by age and ranges from 5 to 7.5 percent.
- Post-retirement benefit increase is 2 percent.
- Mortality assumptions:

- Pre-Retirement

- Male: 1983 Group Annuity Mortality Table male rates set back six years
- Female: 1983 Group Annuity Mortality Table female rates set back four years

FINANCIAL SECTION**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
MINNEAPOLIS, MINNESOTA**Actuarial Methods and Assumptions (Continued)

- Post-Retirement

- Male: 1983 Group Annuity Mortality Table male rates set back four years

- Female: 1983 Group Annuity Mortality Table female rates set back two years

- Post-Disability

- Male: 1977 Railroad Retirement Board Mortality for Disabled Annuitants

- Female: 1977 Railroad Retirement Board Mortality for Disabled Annuitants

Significant Plan Provision and Actuarial Methods and Assumption Changes1996

- Members began making additional contributions equal to the Association's administrative expenses in excess of the Minnesota Teachers' Retirement Association administrative expenses.

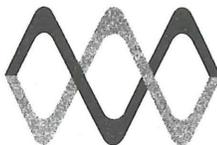
1997

- Benefit formula for Coordinated Plan increased by .20 percent (effective July 1, 1997).
- Coordinated member contribution rate increased from 4.5 to 5.5 percent (effective July 1, 1997).
- Normal retirement age for post-July 1, 1989, members capped at age 66.
- Salary increase assumption changed to age-based system ranging from 5 to 7.5 percent individual increases and 5 percent for total payroll growth.

2000

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

ACTUARIAL SECTION



MILLIMAN & ROBERTSON, INC.

Actuaries & Consultants

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Telephone: 612/897-5300

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November 10, 2000

Legislative Commission on
Pensions and Retirement
55 State Office Building
St. Paul, Minnesota 55155

**Re: *Minneapolis Teachers' Retirement Fund
July 1, 2000 Actuarial Valuation Report***

Commission Members:

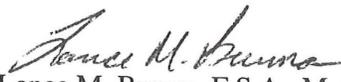
Pursuant the terms of our actuarial services contract, we have performed an actuarial valuation of the Minneapolis Teachers' Retirement Fund as of July 1, 2000.

The results of our calculations are set forth in the following report, as are the actuarial assumptions upon which our calculations have been made. We have relied on the basic employee data and asset figures as submitted by the Minneapolis Teachers' Retirement Fund.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with the requirements of Section 356.215, Minnesota Statutes, and the requirements of the Standards of Actuarial Work as adopted by the Commission on Pensions and Retirement.

Respectfully submitted,


Thomas K. Custis, F.S.A., M.A.A.A.
Consulting Actuary


Lance M. Burma, F.S.A., M.A.A.A.
Consulting Actuary

Enclosure

Albany, Atlanta, Boston, Chicago, Dallas, Denver, Hartford, Houston, Indianapolis, Irvine, Los Angeles, Milwaukee, Minneapolis, New York, Omaha, Philadelphia, Phoenix, Portland, ME, Portland, OR, St. Louis, Salt Lake City, San Diego, San Francisco, Seattle, Tampa, Washington, D.C., Bermuda, Tokyo

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ACTUARIAL SECTION

Minneapolis Teachers' Retirement Fund

Report Highlights*(dollars in thousands)*

	July 1, 1999 Valuation	July 1, 2000 Valuation
A. CONTRIBUTIONS % OF PAYROLL (Table 11)		
1. Statutory Contributions - Chapter 422A	23.79%	23.25%
2. Required Contributions - Chapter 356	23.88%	25.25%
3. Sufficiency / (Deficiency)	(0.09%)	(2.00%)
B. FUNDING RATIOS		
1. Accrued Benefit Funding Ratio		
a. Current Assets (Table 1)	\$ 939,459	\$ 1,027,633
b. Current Benefit Obligations (Table 8)	1,342,714	1,489,180
c. Funding Ratio	69.97%	69.01%
2. Accrued Liability Funding Ratio		
a. Current Assets (Table 1)	\$ 939,459	\$ 1,027,633
b. Actuarial Accrued Liability (Table 9)	1,394,357	1,544,358
c. Funding Ratio	67.38%	66.54%
3. Projected Benefit Funding Ratio (Table 8)		
a. Current and Expected Future Assets	\$ 1,542,537	\$ 1,635,867
b. Current and Expected Future Benefit Obligations	1,632,995	1,791,915
c. Funding Ratio	94.46%	91.29%
C. PLAN PARTICIPANTS		
1. Active Members		
a. Number (Table 3)	5,308	5,777
b. Projected Annual Earnings	\$ 242,288	\$ 255,488
c. Average Annual Earnings (Actual dollars)	\$ 45,646	\$ 44,225
d. Average Age	43.1	42.6
e. Average Service	9.0	8.4
f. Additional Members on Leave of Absence *	74	67
2. Others		
a. Service Retirements (Table 4)	2,881	3,033
b. Disability Retirements (Table 5)	21	20
c. Survivors (Table 6)	243	254
d. Deferred Retirements (Table 7)	715	756
e. Terminated Other Non-Vested (Table 7)	1,628	1,815
f. Total	5,488	5,878

* Valued as deferred retirements, liability included with actives.

ACTUARIAL SECTION
Minneapolis Teachers' Retirement Fund
Accounting Balance Sheet
(dollars in thousands)

TABLE 1

July 1, 2000

	Market Value
A. ASSETS	
1. Cash, Equivalents, Short-Term Securities	\$ 103,383
2. Investments	
a. Fixed Income	417,801
b. Equity	594,194
c. Real Estate	11,299
3. Equity in Minnesota Post-Retirement Investment Fund	-
4. Other Assets	23,748
B. TOTAL ASSETS	\$ 1,150,425
C. AMOUNTS CURRENTLY PAYABLE	\$ 50,909
D. ASSETS AVAILABLE FOR BENEFITS	
1. Member Reserves	\$ 237,283
2. Employer Reserves	862,233
3. MPRIF Reserves	-
4. Non-MPRIF Reserves	-
5. Total Assets Available for Benefits	\$ 1,099,516
E. TOTAL AMOUNTS CURRENTLY PAYABLE AND ASSETS AVAILABLE FOR BENEFITS	\$ 1,150,425
F. DETERMINATION OF ACTUARIAL VALUE OF ASSETS	
1. Market Value of Assets Available for Benefits (D.5)	\$ 1,099,516
2. Unrecognized Asset Returns	
a. June 30, 2000	\$ 44,266
b. June 30, 1999	60,783
3. UAR Adjustment: $.80 * 2(a) + .60 * 2(b)$	71,883
4. Actuarial Value of Assets (F.1 - F.3)	\$ 1,027,633

ACTUARIAL SECTION

Minneapolis Teachers' Retirement Fund
Change In Assets Available for Benefits
(dollars in thousands)

TABLE 2

June 30, 2000

	Market Value
A. ASSETS AVAILABLE AT BEGINNING OF PERIOD	\$ 1,000,242
B. OPERATING REVENUES	
1. Member Contributions	\$ 16,169
2. Employer Contributions	21,938
3. Supplemental Contributions *	20,618
4. Investment Income	39,626
5. MPRIF Income	-
6. Net Realized Gain / (Loss)	59,108
7. Other	-
8. Net Change in Unrealized Gain / (Loss)	35,408
9. Total Operating Revenue	<u>\$ 192,867</u>
C. OPERATING EXPENSES	
1. Service Retirements	\$ 79,907
2. Disability Benefits	726
3. Survivor Benefits	5,807
4. Refunds	487
5. Administrative Expenses	587
6. Investment Expenses	6,079
7. Total Operating Expenses	<u>\$ 93,593</u>
D. CHANGE IN ACCOUNTING METHOD	\$ -
E. ASSETS AVAILABLE AT END OF PERIOD	<u><u>\$ 1,099,516</u></u>
F. DETERMINATION OF CURRENT YEAR UNRECOGNIZED ASSET RETURN	
1. Average Balance	
(a) Assets Available at Beginning of Period	1,000,242
(b) Assets Available at End of Period	1,099,516
(c) Average Balance $\{[(a) + (b) - \text{Net Investment Income}] / 2\}$	\$ 985,848
{Net Investment Income: B.4+B.5+B.6+B.7+B.8-C.6}	
2. Expected Return: $.085 * F.1$	83,797
3. Actual Return	128,063
4. Current Year UAR: $F.3 - F.2$	44,266

* Includes contributions from School District #1, the City of Minneapolis, and matching State contributions.

ACTUARIAL SECTION

Minneapolis Teachers' Retirement Fund

Reconciliation of Members

TABLE 7
TOTAL PLAN

	Actives	Terminated		
		Leave of Absence	Deferred Retirement	Other Non-Vested
A. ON JUNE 30, 1999	5,308	74	715	1,629
B. ADDITIONS	992	4	88	290
C. DELETIONS				
1 Service Retirement	(149)	(4)	(35)	(15)
2 Disability	(3)	-	(1)	(1)
3 Death – Survivor	(2)	-	-	(1)
4 Death – Other	(1)	-	-	-
5 Terminated – Deferred	(87)	(1)	-	-
6 Terminated – Refund	(63)	(1)	(5)	(40)
7 Terminated - Other Non-Vested	(290)	-	-	-
8 Returned as Active	72	(5)	(20)	(47)
D. DATA ADJUSTMENTS	-	-	14	-
1 Vested	3,215			
2 Non-Vested	2,562			
E. TOTAL ON JUNE 30, 2000	5,777	67	756	1,815

	Recipients			
	Retirement Annuitants	Disabled	Survivors	Other Beneficiary
A. ON JUNE 30, 1999	2,881	21	243	-
B. ADDITIONS	215	1	38	3
C. DELETIONS				
1 Service Retirement	-	(2)	-	-
2 Death	(71)	-	(7)	-
3 Annuity Expired	-	-	(7)	-
4 Returned as Active	-	-	-	-
D. DATA ADJUSTMENTS	(15)	-	(13)	20
E. TOTAL ON JUNE 30, 2000	3,010	20	254	23

ACTUARIAL SECTION

Minneapolis Teachers' Retirement Fund

Actuarial Balance Sheet*(dollars in thousands)*

July 1, 2000

TABLE 8

A. CURRENT ASSETS (Table 1; Line F.6)				\$	1,027,633
B. EXPECTED FUTURE ASSETS					
1. Present Value of Expected Future Statutory Supplemental Contributions				\$	360,677
2. Present Value of Future Normal Costs					247,557
3. Total Expected Future Assets					<u>608,234</u>
C. TOTAL CURRENT AND EXPECTED FUTURE ASSETS				\$	<u>1,635,867</u>
D. CURRENT BENEFIT OBLIGATIONS					
		Non-Vested	Vested		Total
1. Benefit Recipients					
a. Retirement Annuities			\$ 954,743	\$	954,743
b. Disability Benefits			6,784		6,784
c. Surviving Spouse and Child Benefits			47,100		47,100
2. Deferred Retirements			19,178		19,178
3. Former Members Without Vested Rights			34		34
4. Active Members					
a. Retirement Annuities *	\$	2,816	419,903		422,719
b. Disability Benefits		20,999	-		20,999
c. Surviving Spouse and Child Benefits		4,848	-		4,848
d. Deferred Retirements		324	9,777		10,101
e. Refund Liability Due to Death or Withdrawal		-	2,674		2,674
5. Total Current Benefit Obligations	\$	<u>28,987</u>	\$ 1,460,193	\$	<u>1,489,180</u>
E. EXPECTED FUTURE BENEFIT OBLIGATIONS				\$	<u>302,735</u>
F. TOTAL CURRENT AND EXPECTED FUTURE BENEFIT OBLIGATIONS				\$	<u>1,791,915</u>
G. CURRENT UNFUNDED ACTUARIAL LIABILITY (D.5 - A)				\$	461,547
H. CURRENT AND FUTURE UNFUNDED ACTUARIAL LIABILITY (F - C)				\$	156,048

* Includes members on leave of absence.

ACTUARIAL SECTION

Minneapolis Teachers' Retirement Fund
**Determination of Unfunded Actuarial Accrued Liability (UAAL) and
 Supplemental Contribution Rate**
 (dollars in thousands)

July 1, 2000

TABLE 9

	Actuarial Present Value of Projected Benefits	Actuarial Present Value of Future Normal Costs	Actuarial Accrued Liability
A. DETERMINATION OF ACTUARIAL ACCRUED LIABILITY (AAL)			
1. Active Members			
a. Retirement Benefits	\$ 688,170	\$ 197,503	\$ 490,667
b. Disability Benefits	40,873	20,756	20,117
c. Surviving Spouse and Child Benefits	9,627	4,736	4,891
d. Deferred Retirements	18,863	17,525	1,338
e. Refund Liability Due to Death or Withdrawal	6,543	7,037	(494)
f. Total	<u>\$ 764,076</u>	<u>\$ 247,557</u>	<u>\$ 516,519</u>
2. Deferred Retirements	\$ 19,178		\$ 19,178
3. Former Members Without Vested Rights	34		34
4. Annuitants in MPRIF	-		-
5. Annuitants Not in MPRIF	1,008,627		1,008,627
6. Total	<u>\$ 1,791,915</u>	<u>\$ 247,557</u>	<u>\$ 1,544,358</u>
B. DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)			
1. Actuarial Accrued Liability (A.6)			\$ 1,544,358
2. Current Assets (Table 1; Line F.6)			<u>1,027,633</u>
3. Unfunded Actuarial Accrued Liability (B.1 - B.2)			<u>\$ 516,725</u>
C. DETERMINATION OF SUPPLEMENTAL CONTRIBUTION RATE			
1. Present Value of Future Payrolls Through the Amortization Date of June 30, 2020			3,626,799
2. Supplemental Contribution Rate (B.3 / C.1)			<u>14.25%</u>

ACTUARIAL SECTION

Minneapolis Teachers' Retirement Fund

Changes in Unfunded Actuarial Accrued Liability (UAAL)*(dollars in thousands)*

June 30, 2000

TABLE 10

A. UAAL AT BEGINNING OF YEAR	\$ 454,898
B. CHANGE DUE TO INTEREST REQUIREMENTS AND CURRENT RATE OF FUNDING	
1. Normal Cost and Expenses	\$ 26,970
2. Contributions	(58,725)
3. Interest	38,463
4. Total	<u>\$ 6,708</u>
C. EXPECTED UAAL AT END OF YEAR (A + B.4)	\$ 461,606
D. INCREASE / (DECREASE) DUE TO ACTUARIAL LOSSES / (GAINS) BECAUSE OF EXPERIENCE DEVIATIONS FROM EXPECTED	
1. Age and Service Retirements (b)	\$ -
2. Disability Retirements (b)	-
3. Death-in-Service Benefits (a)	-
4. Withdrawal (b)	-
5. Salary Increases	7,869
6. Contribution Income (b)	-
7. Investment Income (c)	37,030
8. Mortality of Annuitants	856
9. Other Items	21,870
10. Total	<u>\$ 67,625</u>
E. UAAL AT END OF YEAR BEFORE PLAN AMENDMENTS AND CHANGES IN ACTUARIAL ASSUMPTIONS (C + D.5)	\$ 529,231
F. CHANGE IN UAAL DUE TO PLAN AMENDMENTS	-
G. CHANGE IN UAAL DUE TO CHANGES IN ACTUARIAL ASSUMPTIONS	<u>(12,506)</u>
H. UAAL AT END OF YEAR (E + F + G)	<u><u>\$ 516,725</u></u>

(a) Included in Item D.8.

(b) Included in Item D.9.

(c) Includes a gross investment gain of \$25,827 offset by \$62,857 used to provide next year's cost of living adjustment to annuitants.

ACTUARIAL SECTION
Minneapolis Teachers' Retirement Fund
Determination of Contribution Sufficiency
(dollars in thousands)

July 1, 2000

TABLE 11

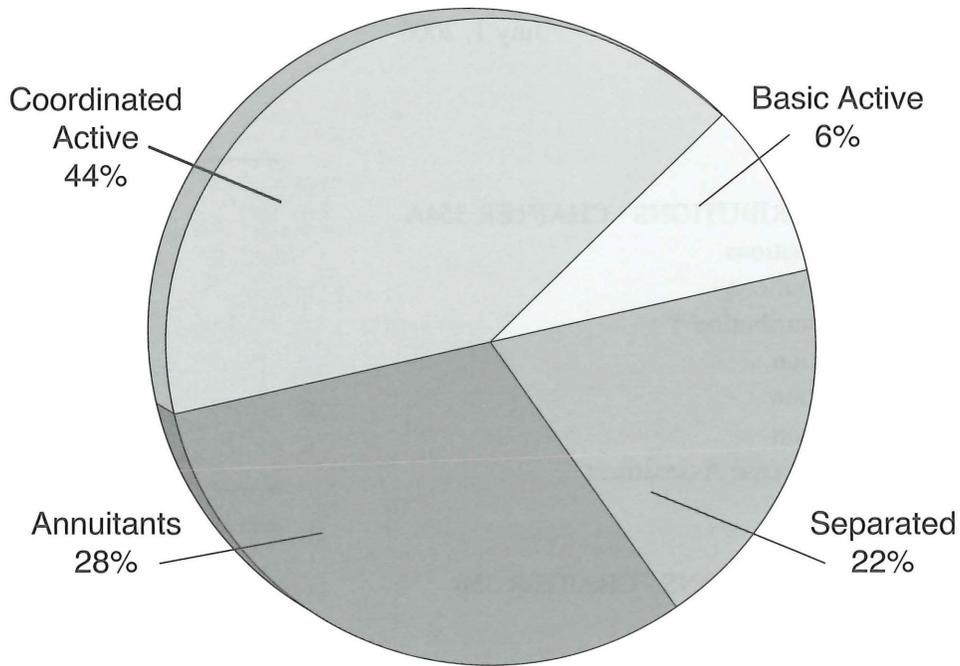
	Percent of Payroll	Dollar Amount
A. STATUTORY CONTRIBUTIONS - CHAPTER 354A		
1. Employee Contributions	6.10%	\$ 15,595
2. Employer Contributions	8.95%	22,854
3. Supplemental Contribution *		
a. 1993 Legislation	1.96%	5,000
b. 1996 Legislation	1.17%	2,990
c. 1997 Legislation	5.07%	12,954
4. Administrative Expense Assessment	0.00%	-
5. Total	23.25%	\$ 59,393
B. REQUIRED CONTRIBUTIONS - CHAPTER 356		
1. Normal Cost		
a. Retirement Benefits	8.67%	\$ 22,162
b. Disability Benefits	0.87%	2,210
c. Surviving Spouse and Child Benefits	0.19%	479
d. Deferred Retirements	0.74%	1,895
e. Refund Liability Due to Death or Withdrawal	0.29%	739
f. Total	10.76%	\$ 27,485
2. Supplemental Contribution Amortization	14.25%	36,400
3. Allowance for Administrative Expenses	0.24%	616
4. Total	25.25%	\$ 64,501
C. CONTRIBUTION SUFFICIENCY / (DEFICIENCY) (A.3 - B.5)	(2.00%)	(5,108)
Projected Annual Payroll for Fiscal Year Beginning on the Valuation Date:		\$ 255,488

* Includes contributions from School District #1, the City of Minneapolis, and matching State contributions.

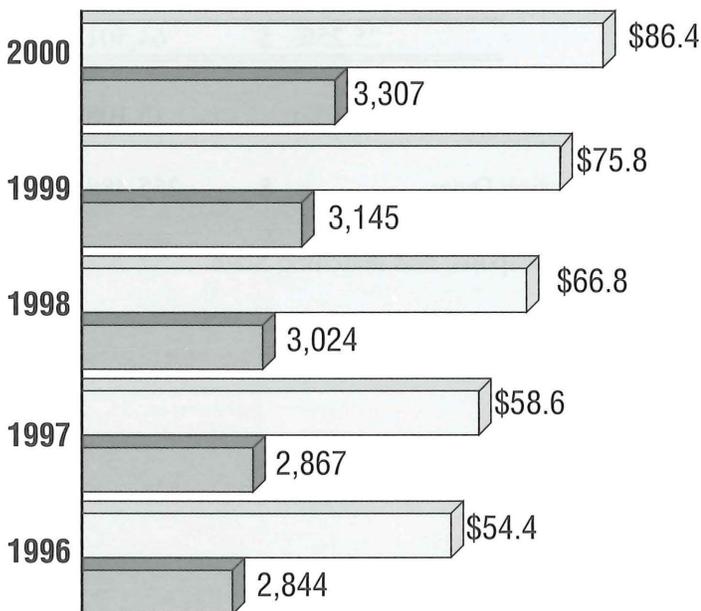
STATISTICAL SECTION

Current Membership

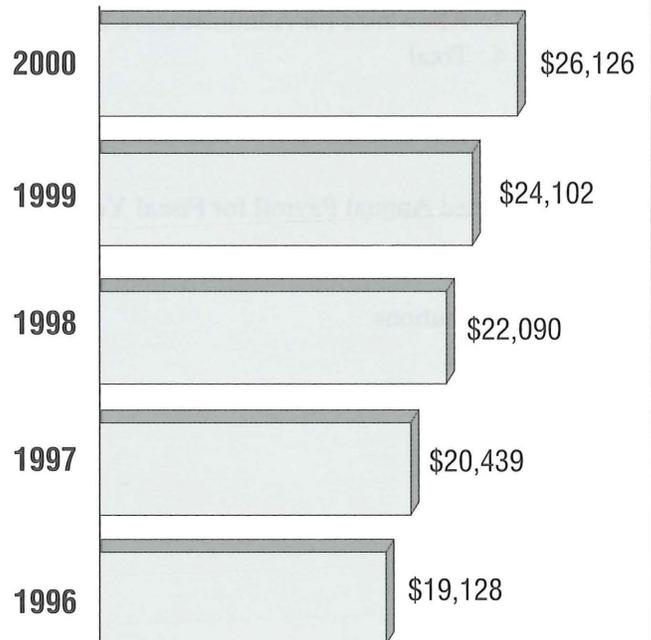
June 30, 2000



Total Annuity Payroll and Benefit Recipients
Five Year Trend
(Dollars in Millions)



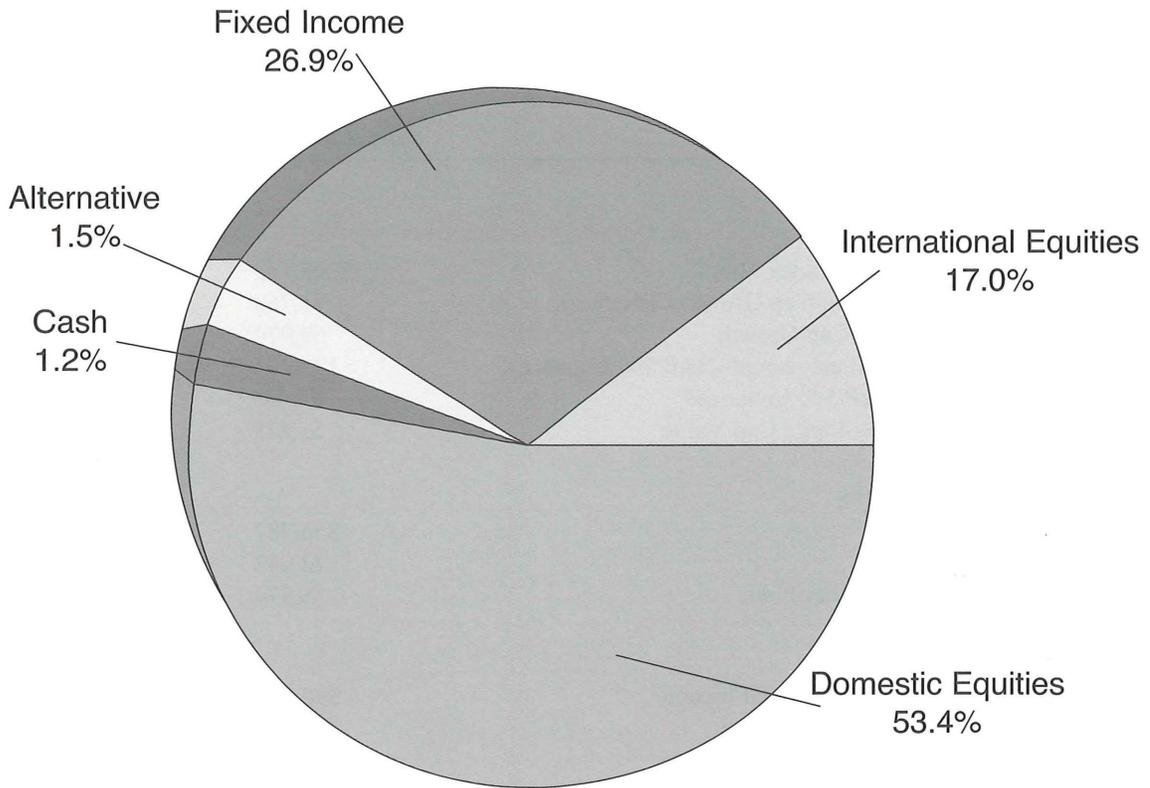
Average Annual Benefit
(For Fiscal Year Ended June 30)



STATISTICAL SECTION

Asset Distribution

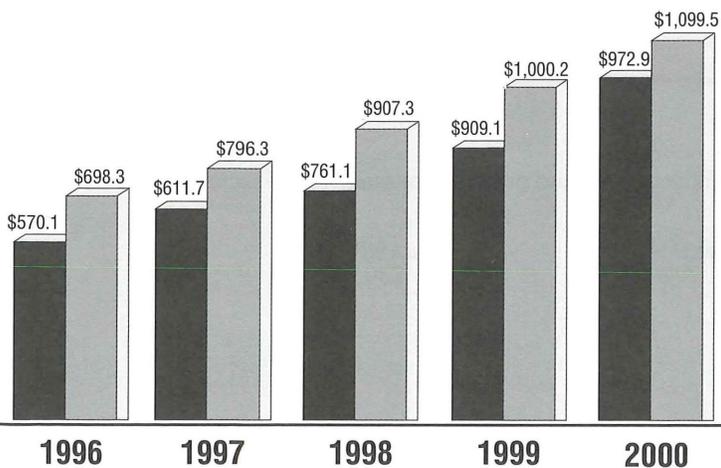
June 30, 2000



Net Assets

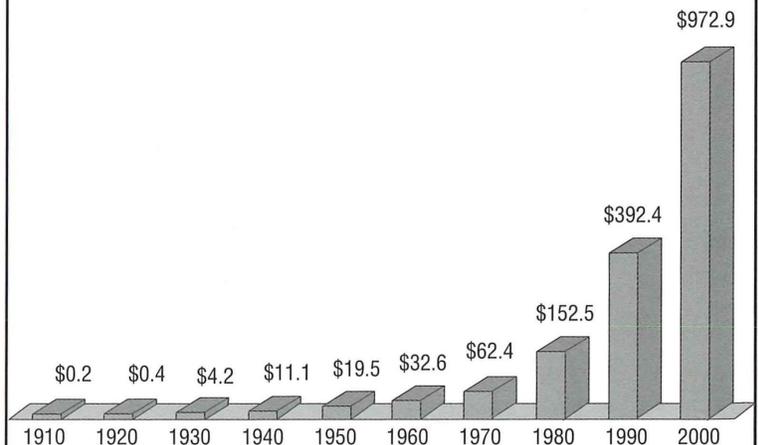
Five Year Trend
(In Millions)

■ Cost
■ Market



Net Asset Growth

Cost Value in Millions



STATISTICAL SECTION

Investment Managers

Assets Under Management and Performance

Asset Category/Account Name	Assets Under Management (Market Value in Thousands)	Investment Performance (Year Ended June 30, 2000)
Equity Managers		
Mellon Capital--S&P 500 Index Fund	\$205,142	7.32%
Nicholas Applegate--Small Cap Growth Companies	71,763	46.96
Alliance Capital--Large Cap Growth	69,974	19.11
Advanced Investment Management--S&P 500 Enhanced	121,285	8.32
The Clifton Group--S&P 500 Enhanced	61,060	7.61
GE Asset Management--Large Cap Value	53,819	na ¹
International Managers		
Templeton	\$56,787	24.22%
Capital Guardian	72,042	38.93
Mellon Capital International Index	56,974	17.53
Fixed Income Managers		
Loomis, Sayles & Co.--Core Fixed Income	\$90,850	4.59%
Northern Trust --Core Fixed Income	89,824	3.21
Mellon Capital--Lehman Bond Aggregate	36,745	4.54
Loomis, Sayles & Co.--High Yield	76,862	8.93
Real Estate		
In-house	\$9,206	6.27%
Miscellaneous		
Venture Capital	\$7,324	90.49%
Short Term Investments	12,772	5.10
Total Fund	\$1,092,430*	12.96%

* Includes accrued investment income, receivables from sales of securities and payables for purchase of securities, but not non-investment receivables and payables.

	<u>Inception Date</u>	<u>Deposit</u>
¹ GE Asset Management	March 1, 2000	\$50,000

STATISTICAL SECTION

Cash Investments

Issue	Par	Book Value	Market Value at June 30, 2000	Issue	Par	Book Value	Market Value at June 30, 2000
STIF		\$ 59,136,141	\$ 59,136,141	Clearnet Commn	4,200,000	1,728,125	1,966,129
Deposits and Cash on Hand		93,013	93,013	Clearnet Commn	1,050,000	416,333	390,045
Total Cash Investment		\$ 59,229,154	\$ 59,229,154	CMC Sec	598,929	594,437	587,321

Government and Corporate Bonds

Issue	Par	Book Value	Market Value at June 30, 2000	Issue	Par	Book Value	Market Value at June 30, 2000
Aames Mtg 6.23%	188,946	189,182	188,404	Commercial Mtg 6.64%	735,000	742,168	693,296
ABN AMRO	2,320,000	2,238,438	2,217,038	Conseco Fin 6.84%	2,000,000	1,999,865	1,981,340
Advanta Cr 6.05%	3,900,000	3,896,953	3,888,651	Conseco Fin 7.52%	2,500,000	2,499,998	2,491,675
AES Corp 8.87%	2,000,000	1,940,800	1,640,000	Contimortgage	326,000	317,137	319,871
Affymetrix Inc	600,000	397,100	440,390	Countrywide Home	750,000	748,125	741,563
American Gen Fin 7.45%	545,000	544,428	543,806	CPS Auto Receivables	1,064,254	1,057,270	1,058,826
American President Cos	200,000	115,000	113,380	Credit Suisse	929,108	931,779	926,831
App Fin VII Mauritius	500,000	392,500	367,500	Crescent Real Estate	2,000,000	1,991,280	1,866,280
Apple Computer 6.50%	600,000	545,190	553,500	CWMB Inc	1,931,257	1,923,410	1,830,561
Asian Dv Bk 6.37%	2,280,000	2,436,180	2,229,749	CWMB Inc	2,000,000	2,013,438	1,978,900
Associated Corp 5.75%	2,000,000	2,019,720	1,901,600	Cypress Semiconductor	250,000	250,000	289,063
Associates Auto 7.3%	2,040,000	2,039,900	2,043,917	Delta Fdg	376,763	371,831	372,658
Associates Corp	3,500,000	3,490,375	3,499,440	Deutsche Telekom	425,000	423,542	425,880
AVCO Finl Svcs	775,000	775,659	774,279	Deutsche Telekom	500,000	499,655	503,650
BA Mtg 7.0%	382,621	383,847	379,365	Diageo Cap 6.625%	1,750,000	1,748,233	1,703,520
Banc One 8.0%	1,250,000	1,246,188	1,190,175	Distribution Finl 6.65%	2,200,000	2,168,633	2,167,682
Bangko Sentral 8.6%	125,000	98,468	88,750	DLJ Coml	1,495,000	1,510,417	1,401,742
Bangkok Bk 9.025%	1,700,000	1,335,275	1,275,000	Dr Structured Fin	1,325,000	1,175,938	1,146,470
Bear Stearns	1,000,000	998,979	1,006,570	Dura Pharmaceutical	800,000	636,563	648,000
Borden	500,000	484,615	369,355	Efficient Networks	550,000	342,865	409,750
Brazil (Republic of)	2,524,391	1,853,545	1,855,427	Einstein/Noah Bagel	850,000	601,250	382,500
Brazil Federative	1,475,000	1,393,046	1,161,563	Empresas ICA Sociedad	600,000	454,500	300,000
Broadbank	1,000,000	730,000	500,000	Enersis 6.9%	2,750,000	2,669,838	2,502,775
Burlington	500,000	355,000	340,000	EOP Oper 8.375%	315,000	314,572	319,391
C Bass	2,000,000	1,999,866	2,015,880	Equitable Cos 7.3%	1,550,000	1,600,535	1,534,159
Call-Net Enterprises	500,000	197,750	202,500	Exide Corp	250,000	238,750	221,250
Call-Net Enterprises	2,200,000	1,206,121	814,000	Exide Corp	1,900,000	1,113,875	921,500
Calpine Corp	750,000	748,973	715,313	Federal Mogul Corp 7.37	500,000	408,985	340,000
Canadian Bond	2,600,000	1,964,858	1,787,116	FHLMC Debs 7.09%	2,500,000	2,485,156	2,446,100
Centocor Inc	150,000	142,500	202,313	FHLMC Group 6.0%	2,655,017	2,630,956	2,432,659
Century Communications	2,000,000	1,050,000	1,480,000	FHLMC Group 7.5%	1,919,402	1,965,738	1,898,423
Century Communications	425,000	396,844	332,563	FHLMC Group 7.5%	1,144,543	1,180,846	1,143,112
Charter Commns	500,000	290,250	287,500	FHLMC Group 8.5%	599,617	625,476	609,361
Chase Credit Cards 6.0%	2,200,000	2,220,453	2,140,424	FHLMC Multiclass 6.25%	446,166	444,563	444,073
Chase Credit Cards 6.3%	5,000,000	5,060,156	4,996,350	FHLMC Multiclass 6.25%	1,450,000	1,443,203	1,407,399
Chase Manhattan 5.2%	274,758	274,651	273,898	FHLMC Multiclass 6.75%	2,117,317	2,099,618	2,103,300
Chase Manhattan 5.7%	965,216	968,006	964,039	FHLMC Multiclass 6.75%	188,416	188,416	183,444
Chase Manhattan 6.15%	1,004,584	999,247	1,000,836	FHLMC Multiclass 8.0%	75,061	77,266	74,916
Chase Manhattan 6.61%	363,370	366,777	362,850	FHLMC Multiclass Flt	701,921	700,605	703,451
Chemical Master	1,250,000	1,237,891	1,237,625	FHLMC Multiclass Var	224,695	224,414	224,554
Chesapeake Energy	475,000	446,906	439,375	FHLMC Multiclass Var	500,000	473,906	455,865
Chesapeake Energy	1,000,000	943,813	815,000	First Union-Lehman	1,040,000	1,055,570	987,085
Chesapeake Energy	400,000	402,000	391,000	Fleetwood Cr	1,053,004	1,041,487	1,039,631
Chevy Chase Auto 6.20%	453,517	451,958	449,603	Fleetwood Cr	614,307	600,965	612,151
Chevy Chase Auto 6.25%	720,631	717,528	713,194	FNMA 5.83%	2,100,000	2,086,875	2,034,375
Cirrus Logic	2,275,000	1,771,255	2,007,688	FNMA Debs 7.125%	1,500,000	1,459,500	1,502,925
Cit RV Owner	337,540	337,698	336,163	FNMA GTD Remic	1,750,000	1,672,266	1,608,198
Citibank Cr	4,000,000	4,000,000	3,992,000	FNMA Pool 6.0%	4,632,111	4,568,058	4,387,443
Citibank Cr 6.83%	2,000,000	2,001,170	1,990,000	FNMA Pool 6.0%	3,936,776	3,573,239	3,603,370

STATISTICAL SECTION

Issue	Par	Book Value	Market Value at June 30, 2000	Issue	Par	Book Value	Market Value at June 30, 2000
FNMA Pool 6.0%	1,716,574	1,695,922	1,571,198	Kent Electrs	1,375,000	1,142,219	1,206,769
FNMA Pool 6.5%	3,670,348	3,598,661	3,463,891	Key Energy	1,150,000	871,937	902,750
FNMA Pool 6.5%	4,768,342	4,515,769	4,500,123	LB UBS Coml	685,000	677,978	705,872
FNMA Pool 6.5%	5,705,000	5,240,577	5,380,882	Lehman Bros	2,650,000	2,643,879	2,625,435
FNMA Pool 7.5%	1,472,809	1,513,541	1,454,870	Lennar Corp	500,000	461,565	482,500
FNMA Pool 7.5%	2,187,929	2,152,375	2,156,467	Lennar Corp	1,250,000	497,188	504,688
FNMA Pool 7.5%	4,234,804	4,183,854	4,173,908	Level 3 Communs	1,250,000	666,350	684,375
FNMA Pool 7.5%	6,935,013	6,909,548	6,835,287	Lloyds Bank	1,030,000	871,895	861,647
FNMA Pool 8.0%	1,025,945	1,033,319	1,030,110	Lumbermens Mut Cas	1,540,000	1,804,357	1,321,720
FNMA Pool 8.0%	234,292	241,467	235,337	Lumbermens Mut Cas	360,000	393,764	279,112
FNMA Pool 8.0%	476,210	479,633	478,143	Main PL	5,000,000	5,000,000	5,032,050
FNMA Pool 8.0%	1,020,301	1,027,635	1,024,444	Mascotech Inc.	425,000	348,000	316,625
FNMA Pool 8.0%	1,658,511	1,660,066	1,675,097	Maxtor Corp	650,000	487,625	455,000
FNMA Pool 8.0%	1,487,835	1,488,533	1,493,876	McCaw Intl	750,000	444,375	551,250
FNMA Remic	273,792	272,851	265,485	MCI Comm	3,000,000	2,922,300	2,932,140
FNMA Remic 6.0%	2,769,572	2,676,532	2,613,479	Medical Care	600,000	536,563	522,750
Ford Cr	3,110,260	3,125,811	3,097,072	Mellon Auto	2,976,333	2,976,048	2,917,848
Ford Cr	2,075,594	2,075,479	2,068,454	Mellon Capital Bond Indc	171,580	37,544,372	36,750,733
Ford Mtr	4,000,000	3,883,840	3,875,440	Merrill Lynch	94,600	1,047,471	1,194,325
Fox Family	2,125,000	1,342,319	1,338,750	Methanex Corp	500,000	380,500	284,720
Fruit of the Loom	500,000	225,000	252,500	Metropolitan	1,000,000	980,000	990,520
GE Cap Mtg 6.5%	1,156,775	1,160,932	1,142,315	Mexico United Mexican	700,000	698,950	677,250
GE Cap Mtg 6.75%	536,093	536,596	531,274	Microcell Telecomm	2,525,000	1,081,687	1,177,751
GE Cap Mtg 7.0%	731,393	724,765	726,837	Micron Technology	1,000,000	786,250	830,000
General Mtr 5.63%	4,000,000	3,815,520	3,834,360	Money Store 6.0%	253,890	254,604	253,211
Geneva Stl Co	250,000	132,500	48,125	Money Store 6.37%	900,000	883,898	884,007
GMAC	1,500,000	1,500,675	1,496,250	Money Store 7.55%	800,990	811,253	799,019
GMAC Coml Mtg	1,652,095	1,565,876	1,595,940	Money Store Auto	242,782	245,210	241,682
GMAC Coml Mtg	415,000	415,003	408,879	Money Store Home	224,516	224,305	224,491
GNMA GTD Remic	602,138	605,149	601,175	Morgan Stanley	2,490,000	2,525,669	2,373,020
GNMA Pool 7.5%	1,292,271	1,338,913	1,297,517	Morgan Stanley	525,000	520,145	511,739
GNMA Pool 8.0%	470,948	491,846	477,569	Morgan Stanley	344,450	2,432,828	2,518,791
GNMA Pool 8.5%	2,402,933	2,458,126	2,460,003	Morgan Stanley	34,900	302,713	305,375
Green Tree 6.39%	224,295	225,696	224,014	Mortgage Cap	840,000	848,400	802,116
Green Tree 6.67%	1,000,000	1,000,000	991,030	Multicanal	500,000	491,650	395,000
Green Tree 6.8%	352,077	355,378	351,084	Musicland Group	300,000	243,000	246,000
Green Tree Finl 5.75%	1,328,300	1,319,790	1,319,998	Nabi Sub	790,000	659,250	656,688
Green Tree Finl 5.98%	387,098	388,610	386,258	National Westminster Ba	750,000	636,563	601,200
Healthsouth	250,000	204,750	196,250	Nationsbank	10,800,000	10,907,203	10,793,196
Hexcel Corp	509,000	403,690	422,470	Nationslink	2,000,000	2,000,000	1,960,900
Hilton Hotels	500,000	375,688	395,000	Nextel Intl	1,000,000	500,000	655,000
HMH Ppty 7.875%	250,000	216,875	224,375	Nextlink	1,750,000	1,085,530	1,093,750
Honda Auto	3,000,000	2,991,094	2,991,990	Nomura Asset	661,962	662,583	661,393
Household Fin 8%	630,000	629,439	635,336	Northern Ill Gas	1,500,000	1,610,625	1,578,405
Human Genome Science	1,000,000	593,041	826,250	Nuevo Energy	500,000	500,000	487,500
Hutchinson Technology	600,000	440,070	424,500	Oakwood Mtg	767,214	768,334	762,659
Hvide Marine 12.5%	502,708	452,424	449,924	Park Electrochemical	350,000	290,320	339,500
Hyperion Telcomm	500,000	346,250	460,000	Pennzoil-Quaker	500,000	340,960	357,180
IKON 6.59%	1,545,000	1,544,733	1,525,904	Perez Companc	600,000	509,250	522,000
IKON 5.99%	1,000,000	988,594	988,990	Petroleos Mexicanos	2,600,000	2,335,929	2,262,000
IMC Exp	884,950	884,916	309,732	Pgo Producing	350,000	262,375	284,575
IMC Global	2,100,000	2,089,773	2,049,789	Philip Morris	1,750,000	1,684,533	1,482,705
IMC Home Equity	152,823	153,396	152,145	Philippines Rep	224,000	234,080	191,520
Intermedia Comms	1,600,000	1,600,000	1,472,000	Phillips Van Heusen	500,000	463,000	360,000
Intevac Inc.	500,000	404,000	223,750	Phillips Van Heusen	700,000	702,625	637,000
ITT Corp	1,000,000	806,250	842,660	Phycor Inc	600,000	397,750	130,500
Jazztel PLC 14%	375	354,506	343,362	Pillowtex Corp	250,000	90,000	86,250

STATISTICAL SECTION

Issue	Par	Market Value at		Issue	Par	Market Value at	
		Book Value	June 30, 2000			Book Value	June 30, 2000
Pindo Deli Fin	500,000	505,938	360,000	US Air	1,000,000	1,045,000	980,300
Pindo Deli Fin	650,000	520,500	390,000	US Treasury Bond	6,965,000	7,674,302	7,866,062
Pindo Deli Fin	500,000	505,625	265,000	US Treasury Bond	3,640,000	4,747,527	4,684,789
Pindo Deli Fin	500,000	463,750	240,000	US Treasury Bond	3,600,000	3,479,625	3,629,232
Pioneer Nat	500,000	428,993	432,195	US Treasury Notes	3,250,000	3,156,225	3,194,653
Pioneer Nat	525,000	395,278	399,000	US Treasury Notes	2,000,000	1,987,619	2,020,620
PNC Mtg	977,292	1,010,847	860,017	US Treasury Notes	3,150,000	3,155,801	3,187,895
PNC Studen	1,225,000	1,217,918	1,220,909	US Treasury Notes	940,000	9,417,609	9,386,746
Port Arthur	600,000	594,500	582,000	US Treasury Notes	1,350,000	1,318,887	1,283,553
Premier Auto	2,555,000	2,581,748	2,540,615	USAA Auto	329,228	324,135	325,053
Provident Co.	2,600,000	2,403,804	2,351,856	Vanderbilt	1,000,000	992,813	987,960
Provident Equip	882,902	875,230	861,023	Vanderbilt Mtg	41,735	41,761	41,681
Quantum Corp	400,000	336,750	320,000	Venezuela	1,750,000	1,188,875	1,152,813
Quezon Pwr	1,300,000	1,119,000	1,023,334	Victory Markets	2,000,000	1,722,780	100,000
R&B Falcon	125,000	107,188	115,000	Vodafone Airtouch	2,000,000	1,987,620	1,982,800
R&B Falcon	55,000	47,438	48,813	Western Digital	1,650,000	411,375	325,875
RBF Fin	1,000,000	1,074,375	1,085,000	Western Digital	250,000	48,438	49,375
RCN Corp	1,000,000	560,938	625,000	WFS Finl	1,211,238	1,222,972	1,206,793
RCN Corp	1,050,000	621,000	580,125	Williams Comm	500,000	500,000	497,500
RCN Corp	2,400,000	1,402,111	1,338,000	Williams Comm	1,000,000	1,000,000	980,000
Residential ACCredit	1,500,000	1,466,953	1,434,375	WMX Tech	2,000,000	1,953,540	1,851,420
Residential FDG	540,682	543,554	529,409	WMX Tech	1,605,000	1,604,117	1,510,658
Residential Secs	2,000,000	1,989,375	1,981,720	Woolworth Corp	500,000	360,000	335,000
Residnetial FDG	793,255	794,866	793,001	Woolworth Corp	350,000	262,500	327,366
Restructured Asset	2,000,000	1,998,840	1,999,000	World Omni	731,583	742,786	729,981
Rhythms Net Connections	1,000,000	931,250	680,000	Worldcom	900,000	979,875	933,174
Rhythms Net Connections	500,000	410,000	352,500	Worldcom	805,000	806,819	793,698
Rogers Comm	2,100,000	1,526,718	1,426,688	Zenith Electrs	531,392	598,665	170,045
Rogers Comm	700,000	434,000	683,711	Total Bond Securities		428,427,551	417,800,716
S3 Inc.	950,000	717,775	909,625				
Siam Coml Bank	1,000,000	770,250	830,000	Common and Preferred Securities			Market Value at
Silicon Graphics	350,000	305,750	213,500			Book Value	June 30, 2000
SLM Student Ln	1,950,000	1,931,781	1,921,360	International Equities			
SLM Student Ln	6,000,000	6,000,000	5,996,340	ABN AMRO	27,111	602,670	662,833
Sprint Cap	2,000,000	1,993,600	1,738,540	ACE Ltd Cayman	14,900	541,564	417,200
Sprint Cap	685,000	684,637	684,514	Adecco	182	110,646	154,264
Tele-Communications	1,000,000	1,071,570	1,069,200	Advantest	4,400	308,727	980,080
Telecorp	1,250,000	712,250	818,750	Aegon	25,210	837,873	895,229
Teligent Inc	2,000,000	1,048,750	935,000	Aiful Corp	2,200	240,436	202,647
Telxon	350,000	237,688	308,000	Aixtron	2,200	292,383	300,799
Tenaga National	500,000	157,500	409,995	AKZO Nobel	24,960	901,745	1,058,294
Tenet Healthcare	375,000	338,438	311,250	Alcatel	26,500	557,723	1,734,620
Tennessee Valley Authori	1,250,000	1,239,425	1,132,813	Allianz	500	187,072	179,269
Textron Finl	5,000,000	4,989,400	4,987,500	Allied Zurich	58,000	681,022	685,775
TFM Sa De	1,500,000	846,459	1,027,500	Amdocs	800	58,482	61,400
Thai Farmers Bank	250,000	176,250	190,000	Asahi Breweries	2,000	27,667	23,904
Time Warner Entmt	1,000,000	1,361,300	1,147,640	ASM Lithography	12,300	100,923	527,609
Time Warner Inc.	2,000,000	2,222,150	2,036,320	ASM Lithography	22,800	341,877	1,006,050
TJIWI KIMIA	1,500,000	1,320,800	982,500	Assicurazioni	6,600	197,797	225,756
TMS Home Eq	861,784	851,079	845,350	Astrazeneca	16,300	716,933	760,794
Total Access Comm	650,000	450,750	549,250	Astrazeneca	23,802	922,757	1,104,739
TransAmerican Cap	2,200,000	2,339,040	1,897,500	Audiocodes	8,400	596,754	1,008,000
Triton PCS	650,000	357,563	471,250	Australian & New Zealan	207,020	1,327,780	1,583,863
Tryon MTG	452,580	456,328	451,508	Aventis	750	44,650	53,595
UCFC	366,529	365,498	364,582	Aventis	13,000	339,851	946,940
UCFC Ln	155,904	155,100	155,239	AXA	3,575	217,968	562,033
Union Finl	2,400,000	2,378,250	2,393,626	BAE Systems	208,200	1,157,046	1,297,784
Union Oil	2,000,000	1,717,460	1,876,960				

STATISTICAL SECTION

<u>Issue</u>	<u>Par</u>	<u>Book Value</u>	<u>Market Value at June 30, 2000</u>	<u>Issue</u>	<u>Par</u>	<u>Book Value</u>	<u>Market Value at June 30, 2000</u>
Banca National	108,670	316,341	382,065	Fujitsu Support	1,200	172,969	118,672
Banco	22,600	630,031	697,678	GKN	12,400	204,884	158,152
Bank of Nova Scotia Com	13,000	330,745	319,002	Glaxo Wellcome	11,105	307,058	323,761
Bayerische Mortoren	10,140	264,693	305,783	Global Crossing	6,727	314,248	177,004
BBVA	20,000	299,887	298,226	Guangdong Kelon	60,000	39,785	32,519
BNP Paribas	7,200	343,943	691,504	Halifax Group	5,300	49,557	50,838
BOC Group	9,000	140,308	129,357	Heineken	13,400	492,520	813,929
Bombardier Inc	36,000	479,494	978,301	Heineken "A"	8,300	306,342	322,656
Bouygues	1,140	598,953	760,334	Hirose Elect	4,500	274,517	699,741
British Airway	61,300	404,644	352,427	Holderbank Financiere	250	295,766	305,773
British Energy	49,700	18,421	-	Hong Kong Elect	130,600	423,156	420,507
Broken hill	27,968	296,368	329,902	HSBC Hldgs	47,200	440,257	538,875
Cable & Wireless	91,200	194,709	200,639	Hutchison Whampoa	90,200	558,991	1,133,936
Cable & Wireless	4,500	72,847	76,185	Iberdrola	52,600	590,812	676,583
Cadbury Schweppes	60,000	391,394	393,972	Imperial Chemical	65,665	579,537	521,080
Canadian Natl Railway	25,900	736,408	754,607	Infineon Technologies	13,800	927,615	1,085,420
Carter Holt Harvey	521,500	686,294	452,479	ING Groep	18,858	801,160	1,272,127
Castorama Dubois	800	103,035	197,420	Intershop Comm	500	209,147	227,195
Celltech Group	33,798	368,309	654,524	Invensys	256,451	1,285,742	962,234
Chartered Semi Conducto	7,000	45,562	61,187	Johnson Electric	36,000	185,972	340,581
Cheung Kong	72,900	496,530	806,571	Jusco Co.	15,000	270,997	283,965
Christian Dior	800	137,999	181,032	Kao Corp	5,000	147,227	152,578
Chudenko	8,000	105,255	112,569	KLM Koninklijke	5,400	134,565	145,092
Chugai Pharmaceutl	6,000	104,938	113,304	Komatsu	124,000	688,719	871,241
CLP Hldgs	135,500	648,406	630,960	Koninklijke	14,900	245,633	288,051
CNH Global	17,500	506,693	161,875	Kurita Water	44,000	719,522	967,648
Coca-Cola Amatil	42,107	218,073	81,732	Kvaerner	6,394	-	3,569
Coca-Cola Beverages	40,333	135,460	63,161	Kvaerner "A"	11,960	364,411	125,161
Coca-Cola Beverages	30,000	57,963	47,658	Land Secs	13,000	142,288	155,380
Coles Myer	12,100	61,660	46,352	LaPorte	16,500	138,950	119,826
Commtouch Software	25,400	765,088	825,500	Laporte New	264,000	4,351	3,994
Compagnie Financiere	268	394,222	720,316	Lloyds TSB	104,535	1,165,949	986,895
Compass Group	12,000	154,949	158,043	LVMH Moet	400	129,760	164,606
Creative Technology	2,000	71,284	48,278	M-System Flash	29,000	385,117	2,258,375
Creative Technology	5,000	167,943	119,375	Manulife Finl	3,100	37,864	54,695
CRH Ord	16,225	227,173	292,179	Marks & Spencer	124,600	687,878	437,729
Daimlerchrysler	2,100	156,077	109,308	Merck KGAA	13,200	467,405	402,463
DBS Hldgs	27,912	165,574	358,695	Metso	28,700	486,913	344,552
DDI Corp	24	85,568	230,563	MG Technologies	9,000	176,135	120,053
Degussa-Huels	2,800	119,688	79,502	Michelin	1,800	58,062	57,642
Desc Sociedad De Fomen	165,050	141,083	103,953	Mitsubishi	63,000	211,577	268,792
Desc Sociedad De Fomen	376,500	463,914	240,954	Mitsubishi Heavy	43,000	170,550	190,346
Deutsche	6,900	377,443	566,706	Mitsui Fudosan	34,000	367,800	368,260
Deutsche Telekom	7,500	167,531	427,331	Mitsui Marine & Fire	54,000	284,011	259,383
DSM	8,379	304,692	268,246	Munchener Ruck	31	-	2,584
E.On AG	21,530	1,121,184	1,035,946	Munchener Ruckversiche	1,652	390,476	517,854
Endesa	6,743	104,763	130,358	Murata Manufacturing	6,000	186,383	860,089
Eni	253,200	1,361,859	1,459,556	Mycal	45,000	308,094	153,850
Enterprise Oil	26,300	164,910	219,246	National Power	52,200	334,536	332,489
EPCOS	1,900	75,617	189,160	NEC Corp	62,000	1,142,181	1,944,526
Ericsson	36,400	210,865	719,050	Nestle SA	191	300,522	381,369
Fairfax Finl	700	222,416	76,658	News Corporation	16,639	86,951	228,566
Fanuc Co	4,000	245,743	406,499	Nichicon Corp	2,000	53,323	48,976
FIAT SPA	8,084	229,974	209,352	Nikon	33,000	593,044	1,221,474
FIAT SPA Priv	8,190	131,415	133,049	Nintendo	3,000	295,614	523,287
Foreningssparbanken	52,750	834,952	770,326	Nippon Express	89,000	589,374	545,693
Foster Brewing	9,600	24,909	26,948	Nippon Tel	105	1,027,864	1,394,396
Fuji Soft	2,000	124,580	118,484	Nissan Motor	82,000	339,991	482,694

STATISTICAL SECTION

<u>Issue</u>	<u>Par</u>	<u>Book Value</u>	<u>Market Value at June 30, 2000</u>	<u>Issue</u>	<u>Par</u>	<u>Book Value</u>	<u>Market Value at June 30, 2000</u>
Nokia	9,500	64,076	483,808	Telecom Italia ORD	40,645	132,498	557,662
Nomura	43,000	496,401	1,050,954	Telecom Italia SPA	82,000	455,828	543,001
Nordic Baltic Hldg 3.5	118,147	481,585	859,701	Telefonica	68,432	783,003	1,467,045
Nordic Baltic Hldg 4.5	79,764	446,801	579,113	Tesco	50,741	148,778	157,759
Norsk Hydro	7,300	324,789	305,576	Thai Farmers Bank	199,400	153,005	167,969
Nortel Networks	10,000	123,557	694,247	Thames Water	51,400	637,258	664,896
Novartis	336	583,801	530,959	THK Co	15,000	260,655	757,240
NTT Docomo	56	627,453	1,513,727	Thomson Corp	24,180	691,610	827,903
Nycomed Amersham	124,052	519,887	1,197,225	Thyssen Drupp	5,600	104,689	90,973
Old Mut	83,800	156,441	184,092	TI Group	41,600	315,909	226,579
Orckit Comm	14,800	538,599	445,850	TNT Post	17,048	346,059	458,874
PanAmerican Beverage	19,000	407,536	283,813	Tokyo Electron	13,400	489,045	1,832,522
Partnerre Hldg	6,100	174,048	216,169	Tokyo Seimitsu	400	52,699	53,497
Pechiney	8,000	353,065	333,099	Toronto Dominion Bank	6,200	148,482	150,882
Penin& Orient Steam	51,800	582,533	443,579	Total Fina	4,366	215,814	668,084
Peugeot	1,000	141,724	200,279	Toyo Trust & Banking	36,000	251,711	121,385
Philips Electronics	21,077	339,621	992,059	Transcanada Pipelines	24,000	310,795	183,330
Portugal Telecom	39,000	320,869	436,992	Transocean Sedco Forex	1,065	44,573	56,911
PT Multimedia SGPS	1,500	190,764	74,318	Turkiye IS Bankasi EAC	291,704	225,464	634,456
PT Multimedia.com	1,500	836	11,476	Unilever	68,400	452,642	413,943
Rank Group	65,000	201,768	150,463	United Pan-Europe	3,500	141,963	91,340
Reckitt Benckiser	239	2,973	2,676	UPM-Kymmene	14,300	351,550	354,251
Renaissance Energy	32,900	596,102	319,148	Valeo	3,044	220,026	162,418
Repsol	51,590	1,079,023	1,024,881	Vivendi	4,100	455,175	361,154
Reuters Group	37,567	347,966	640,553	Vodafone Airtouch	680,406	642,858	2,748,552
Rohm Co	2,500	256,142	729,927	Volkswagen	9,000	343,187	340,350
Rolls Royce	198,300	625,456	703,542	Volvo	20,400	492,325	442,243
Royal & Sun Alliance	36,260	303,645	235,348	Weir Group	124,100	456,094	349,228
Royal Bank of Scotland	22,292	277,813	373,017	Westpac Banking	51,535	356,844	370,890
Safeway	69,800	461,848	271,402	WMC Ltd	34,312	219,748	153,143
Sagem	100	114,596	117,004	Wolters	35,550	949,870	945,030
Sakura Bank	30,000	224,478	207,111	XL Cap	5,000	374,307	270,625
Samsung Electronics	7,650	530,079	1,499,400	Yamato Kogyo	66,000	519,487	304,591
Sankyo	13,000	278,776	293,242	International Index	241,157	44,532,106	56,973,885
Sanofi-Synthelabo	12,480	331,082	593,358	Domestic Equities			
Schweiz Ruckversicherun	45	86,261	91,503	Abbott Labs	4,892	165,075	218,000
SGS Societe	95	153,992	163,833	Adelphia Business Solutio	1,180	820,559	1,061,912
Shell Trans	34,000	233,825	283,693	AFLAC Inc.	978	36,612	44,927
Shin-Etsu	4,000	169,411	202,684	Allaire Corp	13,200	415,931	485,100
Shionogi	11,000	177,519	208,759	Allstate Corp	855	17,065	19,024
Simemens	8,600	586,523	1,294,665	Alltel Corp	4,402	266,290	272,649
Singapore Press	15,000	240,803	234,443	Alpha Inds	35,400	368,062	1,559,813
Singport Technologies	259,000	274,405	380,816	American Express	9,173	413,473	478,143
Societe Europeenne	1,990	281,239	327,072	American Intl Group	1,713	153,109	201,278
Sony Corp	26,716	984,488	2,491,061	American Superconducto	30,500	1,813,119	1,471,625
Stagecoach Hldgs	189,400	497,793	209,183	American Towers Corp	14,900	333,844	621,144
Stimicroelectronics	15,600	178,395	981,003	AMFM Inc.	26,600	1,836,753	1,835,400
Sun Hung	23,000	148,284	165,224	Amgen Inc.	4,952	320,289	347,878
Suncor Energy	14,000	236,632	323,667	Amphenol Copr	15,600	542,588	1,032,525
Suzuki Motor	18,000	179,805	231,919	AMR Corp	612	22,456	16,180
Svenska Handelsbannken	45,200	610,186	654,954	Analog Devices	8,926	711,542	678,376
Swisscom	1,793	564,760	619,524	Anaren Microwave Inc.	14,550	963,477	1,909,455
T-Online	4,800	123,800	152,296	Anheuser Busch Co.	3,057	192,200	228,320
T.I.M. SPA	57,000	267,426	581,113	AnnTaylor Stores	23,300	691,933	771,813
Taiyo Yuden	5,000	279,405	312,691	Antec Corp	7,500	235,993	311,719
Tate & Lyle	26,000	169,337	129,811	Applied Matls	50,577	3,748,045	4,583,541
TDK Copr	2,000	155,208	287,073	Archer Daniels Midland	5,870	60,412	57,599
Telecom Corp	118,900	506,979	415,443	Asia Pulp	56,800	445,631	287,550

STATISTICAL SECTION

<u>Issue</u>	<u>Shares</u>	<u>Book Value</u>	<u>Market Value at June 30, 2000</u>	<u>Issue</u>	<u>Shares</u>	<u>Book Value</u>	<u>Market Value at June 30, 2000</u>
Aspect Communications	29,200	545,554	1,147,925	Corning Inc	4,000	657,452	1,079,500
Aspen Technology	18,100	544,681	696,850	Costco Whsl Corp	2,568	119,170	84,744
Associates First Cap	29,174	665,842	650,945	Cray Resh	400,000	306,000	208,000
AT&T Corp	9,783	473,467	309,387	Curagen Corp	13,400	377,469	510,038
AT&T Corp Liberty Med	143,070	3,440,899	3,469,448	CVS Corp	4,157	137,206	166,280
AT&T Corp Wireless	50,700	1,585,334	1,413,263	Deere & Co.	4,281	162,767	158,397
Automatic Data Processin	4,891	215,988	261,974	Dell Computer	55,232	2,275,905	2,723,628
Avery Dennison Corp	1,345	79,185	90,283	Delphi Automotive	4,281	69,394	62,342
Avon Prods	1,957	58,103	87,087	Delta Air	10,679	529,761	539,957
Aware Inc Mass	7,800	128,345	398,775	Disney Walt	27,833	1,041,391	1,080,268
AXA	235,125	266,079	407,169	DiTech	15,100	410,352	1,427,894
AXA Finl	489	15,090	16,626	Diversa Corp	17,000	408,000	563,125
AXA Sponsored	1,589	100,300	126,425	Dominion Res	1,483	67,494	63,584
Bangkok	1,595,000	748,450	841,363	Dover Corp	4,648	179,004	188,535
Bank New York Inc	1,773	57,395	82,445	Dow Chem	3,669	147,261	110,758
Bank of America	11,618	533,760	499,574	DSP Group	23,000	465,387	1,288,000
Barrick Gold	39,353	702,998	715,733	Du Pont E	4,892	291,135	214,025
Baxter Intl	1,773	103,700	124,664	Duke Energy	6,421	307,983	361,984
Bear Stearns Co	87,060	568,179	609,420	Dycom Inds	15,225	143,318	700,350
Bell Atlantic	6,114	335,080	310,668	Dynegy Inc.	916	64,487	62,574
Bell Sports	39,000	32,102	61,210	E-Tek Dynamics Inc	2,200	515,640	580,388
Bestfoods	2,812	116,110	194,731	Earthlink	1,223	19,152	18,880
Bethlehem Stl	20,000	778,750	315,000	Eastern Air	1,326	207,864	-
Bindview Dev	26,800	291,087	321,600	Eastman Kodak	734	43,194	43,673
Blackrock	5,368	116,517	155,672	Eaton Corp	2,934	218,752	196,578
Boeing	4,892	182,268	204,547	Edison Intl	4,890	125,662	100,245
Bowater	3,301	181,138	145,657	Edwards	2,201	70,564	85,839
BP Amoco	30,990	1,716,833	1,752,872	El Paso Energy	7,521	280,706	383,101
Bristol Myers	11,007	563,575	641,158	Elan PLC	20,400	609,009	988,125
Broken Hill	14,800	302,558	351,500	Elbit	34,800	426,817	321,900
Brooks Automation	14,400	721,129	920,700	Electro Scientific	9,700	332,955	427,101
Burlington North Santa	12,842	318,678	294,563	Embotelladora Ankina	25,200	392,975	240,975
Burlington Res	4,892	147,642	187,119	EMC Corp	20,007	988,979	1,539,289
Canadaigua Brands	6,700	240,833	337,931	Emerson	5,870	356,265	354,401
Canadian PAC	11,252	223,134	294,662	Emisphere	4,600	246,249	196,001
Cardinal Health	7,581	294,586	560,994	Emmis	13,600	313,563	562,700
Catalina Mktg	856	75,791	87,312	Energizer	7,582	144,190	138,372
Cemex	11,193	223,081	261,636	Entercom	33,200	811,538	1,618,500
Chase Manhattan Corp	34,439	1,749,859	1,586,323	Entrust Technologies	10,700	583,520	885,425
Chesapeak Energy	12,000	355,703	768,000	Enzon Inc	13,400	600,950	569,500
Chesapeake Energy	63,100	330,825	489,025	Equifax	12,230	257,071	321,038
Chevron Corp	2,935	222,830	248,925	Ericsson	1,200	8,233	24,000
Chieftain intl	19,500	415,680	371,719	Ethan Allen	14,150	498,224	339,600
Chubb	4,036	195,771	248,214	Exar Corp	9,500	898,225	828,281
Cisco Sys	74,301	3,846,879	4,722,757	Exxon Mobil	17,120	1,338,225	1,343,920
CIT Group	1,120	27,909	18,200	Fannie Mae	5,503	289,694	287,188
Citigroup Inc	66,703	3,392,196	4,018,856	Federal Modul	1,500	45,188	33,000
Clarent Corp	11,100	338,974	793,650	Federated Dept Stores	6,237	261,257	210,499
Clearnet Comm	27,200	468,285	755,235	Fidelity	8,072	100,854	147,819
Colgate Palmolive	1,712	90,551	102,506	Finova Finance	4,000	109,392	96,000
Comcast Corp	7,583	321,183	307,112	First Data	15,654	610,244	776,830
Comerica	1,712	61,934	76,826	Fleet Boston	8,928	366,276	303,552
Companhia Vale	13,700	309,826	387,025	Ford Motor	4,892	196,322	210,356
Compania De Tel	9,000	172,270	163,125	FPL Group	1,957	75,314	96,872
Computer Assoc Intl	1,527	93,626	78,163	Franklin Res	2,078	56,381	63,119
Conoco Inc	9,906	204,097	243,316	Freddie Mac	42,900	2,001,612	1,737,450
Constellation Energy	3,180	96,090	103,549	Gannett	5,931	383,703	354,748
Continental Airl	20,415	779,280	959,505	General Dynamics	4,036	170,678	210,881
Cooper Inds	1,835	60,342	59,752	General Elec	43,179	2,255,802	2,288,487

STATISTICAL SECTION

<u>Issue</u>	<u>Shares</u>	<u>Book Value</u>	<u>Market Value at June 30, 2000</u>	<u>Issue</u>	<u>Shares</u>	<u>Book Value</u>	<u>Market Value at June 30, 2000</u>
General Mills	5,137	170,138	196,490	Macromedia	16,300	394,032	1,576,006
Genzyme Transgenics	30,400	608,000	824,600	Mandatory Com	14,700	28,047	24,806
Getty Images	14,600	426,272	541,113	Martin Marietta Matls	5,989	183,573	242,180
Gillette	3,057	108,764	106,804	Masco Corp	3,057	67,406	55,217
Glenayre Technologies	49,300	1,163,815	520,731	Mattson Tech	20,500	679,964	666,250
Glycomed	525,000	443,250	420,000	MBNA Corp	68,700	1,749,202	1,863,488
Goldman Sachs Group	8,879	798,647	842,395	McDonalds Corp	14,676	461,454	483,391
GTE Corp	9,050	584,943	563,363	McGraw Hill	1,223	61,178	66,042
Halliburton	6,726	274,787	317,383	Mead Corp	3,424	126,259	86,456
Hartford Finl Svcs	8,195	265,494	458,408	Mechanical Tech	20,700	422,456	310,500
Heinz	3,424	110,841	149,800	Medarex inc	8,500	599,003	718,250
Hercules	925	541,125	502,969	Medicis Pharm	9,350	257,183	532,950
HNC Software	6,200	518,475	382,850	Mellon Stock Index	141,582	140,524,372	205,140,495
Home Depot	73,970	3,616,523	3,693,877	Mens Warehouse	19,300	370,644	430,631
Hon Hai Prec	10,100	156,780	252,500	Merck & Co	17,244	1,033,309	1,321,322
Honeywell Intl	6,115	293,687	205,999	Merrill Lynch & Co	78,500	1,321,842	1,427,719
Hubbell	5,502	144,070	140,301	Merrill Lynch & Co.	19,400	426,799	455,900
Human Genome Sciences	5,900	363,123	786,913	MetLife Inc.	367	7,523	7,730
Hvide Marine Inc.	80,816	2,531,064	492,473	Micrel Inc	11,400	139,063	495,188
Hvide Marine Warrants	489	4,123	978	Microchip Tech	3,250	90,215	189,365
Hvide Marine Warrants	2,822	-	4,233	Micron Tech	22,258	1,526,658	1,960,095
Hyundai Mtr Co	24,000	246,066	154,800	Microsoft Corp	28,598	2,519,230	2,287,840
IBM	3,914	392,314	428,828	MMC Networks	18,300	785,674	977,906
ICG Comm	16,500	443,295	364,031	Molex Inc	3,914	135,231	136,990
Ideamall Inc	14,500	229,840	69,781	Morgan Stanley	36,007	2,202,273	2,997,583
IDEC Pharmaceutical	1,700	57,164	199,431	Motorola	18,470	678,208	536,784
Illinois Tool Wks	489	28,132	27,873	MRV Communications	21,600	685,192	1,452,600
Imclone Systems	3,000	104,095	229,313	Mutual Risk Mgmt	38,400	629,272	664,800
Inet Technologies	15,800	412,986	857,150	Nabisco Hldg	673	35,647	35,333
Infineon Technologies	8,300	571,701	657,775	Nabors Inds	3,915	154,403	162,717
Ingersoll Rand	3,852	156,015	155,043	Netiq Corp	7,342	444,592	437,767
Insight Enterprises	14,900	688,995	883,756	Netopia Inc	12,400	478,299	499,100
Integ	3,665	-	5,842	Network Peripherals	12,700	773,113	212,725
Intel Corp	50,199	4,504,611	6,710,979	New Century Energies	8,560	224,244	256,800
International Paper Co	14,549	712,600	433,742	Newmont Mining	10,394	236,302	224,770
Interpublic Group	7,399	305,050	318,157	News Corporation	60,600	406,833	729,839
Invitrogen Corp	13,600	540,736	1,022,761	Nextel Comm	351	296,782	340,470
Iona Tech	11,000	677,499	693,000	Nokia Corp	113,873	3,172,992	5,686,533
Ispat Intl	15,400	312,224	146,300	Nortel Networks	64,754	3,330,448	4,419,461
Johnson & Johnson	6,544	487,363	666,670	Nova Corp	8,800	238,398	245,850
Jones Pharma Inc	32,625	470,936	1,302,961	Omnicom Group	611	52,673	54,417
Keebler Foods	245	9,407	9,096	Optimal Robotics Group	15,700	612,300	602,488
Kimberly Clark	2,324	129,687	133,340	Oracle Corp	12,800	884,013	1,076,000
King Pharmaceuticals	18,750	520,313	822,656	Owens Corning	15,000	479,474	356,250
Kmart	7,500	290,883	273,281	Owens Ill	11,000	273,946	244,750
Knight Ridder	5,136	242,504	273,171	Pacific Sunwear Calif	22,100	523,388	414,375
Kohls Corp	21,800	1,049,691	1,212,625	Parker Hannifin Corp	4,402	169,258	150,769
Korea Elec Pwr	35,100	536,389	647,156	PC Hldgs	18,885	340,416	345,832
Korea Telecom	6,500	181,075	312,975	PC-Tel	14,400	1,229,375	547,200
Kulicke & Soffa	14,500	388,165	860,938	PE Corp	2,338	193,062	154,016
Lam Resh	17,100	320,302	641,250	Peco Energy	1,345	60,106	54,220
Lehman Bro. Cisco Yield	30,600	2,878,266	2,907,000	Pepsico Inc	14,676	528,468	652,165
Lehman Brothers Hldg	3,669	312,352	346,950	Perkinelmer Inc	2,201	147,277	145,541
Lilly Eli & Co.	4,647	278,341	464,119	Pfizer Inc	52,473	1,536,863	2,518,692
London Pacific Group	35,600	358,653	462,800	Pharmacia Corp	5,135	215,112	265,415
Louis Dreyfus Nat	22,300	666,539	698,269	Philippine Long Dist	14,800	349,098	262,700
Lowes Cos	7,460	356,581	306,326	Philippine Long Distance	10,000	406,168	367,500
Lucent Technologies	8,561	583,766	507,239	Pinnacle Hldgs	15,100	619,100	815,400

STATISTICAL SECTION

Issue	Shares	Market Value at		Issue	Shares	Market Value at	
		Book Value	June 30, 2000			Book Value	June 30, 2000
Pitney Bowes	8,989	479,386	359,560	Telesudeste Cellular	830	29,970	25,315
Pivotal Corp	13,600	386,334	319,600	Tellabs Inc	5,627	341,326	385,098
PMC Sierra	500	110,380	88,844	Telscan Inc	24,600	612,435	179,888
PNC Financial Services	6,972	393,768	326,813	Texaco Inc	2,201	104,747	117,203
Pohang Iron & Stl	6,500	220,396	156,000	Texas Inst	21,359	1,651,896	1,467,096
Powerwave Tech	27,500	269,562	1,210,000	Textron inc	6,176	366,045	335,434
PPG Inds	4,892	234,077	216,777	Timberland	4,400	144,917	311,575
Precision Drilling	18,400	455,967	710,700	Time Warner	30,900	2,358,049	2,348,400
Pride Intl	42,600	448,569	1,054,350	Timken Co	1,101	15,795	20,506
Procter & Gamble	4,647	405,711	266,041	Torchmark Corp	672	17,956	16,590
Progressive Corp	490	28,546	36,260	Tosco Corp	2,567	73,619	72,678
Puma Tech	65,874	1,178,578	1,766,247	Transwitch Corp	5,200	178,256	401,375
Purchasepro Com	6,300	576,527	258,300	Triad Hosps	29,100	558,637	703,856
Quaker Oats	1,101	58,990	82,713	TRW Inc	367	16,160	15,919
R&B Falcon	750	750,000	387,000	Tut Systems	12,200	628,643	699,975
R&B Falcon	862	784,896	974,607	Tyco Intl	70,400	2,895,262	3,335,200
Ralston Purina	17,734	365,757	353,572	U S Bancorp	6,726	142,412	129,476
Rayonier Inc	4,096	159,057	146,944	Unibanco-Uniao De Banc	9,000	273,676	258,750
Reliastar Finl	4,178	178,978	219,084	Unisys Corp	15,777	473,435	229,753
Reuters Group	86	5,090	8,595	United Technologies	7,337	399,431	431,966
Reynolds & Reynolds	16,000	277,933	292,000	Unocal Corp	9,172	256,295	303,823
Richardson Electrs	250,000	187,500	210,000	US West	6,481	517,400	555,746
Royal Dutch	6,115	323,437	376,455	USX Marathon Group	5,258	117,737	131,779
S&P 500 Depository Recd	2,217	312,030	322,088	Valence Technology	25,800	783,611	475,688
Salomon Inc	67,700	1,715,504	1,844,825	Verisign Inc	1,845	401,458	325,643
Salomon Smith Barney	86,700	1,658,281	1,788,188	Veritas Software	900	118,125	101,714
Salomon Smith Barney	29,100	936,482	996,675	Viacom Inc	22,801	1,275,227	1,554,743
Samsung	160,000	142,400	187,472	Viatel inc	10,500	481,078	299,906
Sanwa Intl	15,000,000	117,343	141,629	Visteon Corp	641	8,725	7,766
Sara Lee Corp	10,393	151,689	200,715	Vodafone Airtouch	52,600	2,945,132	2,179,613
SBC Comm	21,158	987,235	915,084	Wachovia Corp	857	49,445	46,492
Schering Plough	54,707	2,415,440	2,762,704	Waddell & Reed	3,179	62,129	104,311
Schlumberger	2,936	240,080	219,099	Wal Mart Stores	28,554	1,451,735	1,645,424
SCI Sys	1,223	43,954	47,926	Watson Pharmaceuticals	1,897	66,001	101,964
SFX Entertainment	5,250	147,737	237,891	Western Gas	3,500	103,425	119,219
Sherwin Williams	2,079	40,199	44,049	Western Gas	32,700	462,040	686,700
SIAM Comm	400,000	190,940	198,000	Westvaco	2,263	65,977	56,151
Silverstream Software	6,900	786,600	398,475	Weyerhaeuser Co	8,746	445,615	376,078
Simpson Mfg	11,600	529,879	554,625	Williams Cos	1,345	58,243	56,070
Sirius Satellite Radio	13,600	579,308	602,650	Williams Sonoma	19,400	707,671	629,288
Sony Corp	400	18,711	37,725	Winstar Comm	15,300	404,468	518,288
Sprint Corp	6,482	399,488	330,582	Yahoo Inc	2,800	398,844	346,850
Spyglass	15,300	748,280	479,081	Zygo Corp	14,100	833,349	1,280,456
SSangyong Oil	485,000	275,538	343,526	Total Common and Preferred Stock		456,482,516	592,398,787
St. Paul Cos.	5,381	121,162	183,627				
StMicroelectronics	2,200	26,698	141,213	Option Contracts			
Stone Energy	8,800	263,692	525,800	S&P 500 Index Call	50	940,125	680,625
Sun Microsystems	4,526	442,365	411,583	S&P 500 Index Call	50	675,125	769,375
Symantec Corp	11,600	444,978	625,675	Cisco Sys Put Jan	1,290	34,510	24,188
Synopsis Inc	1,651	69,211	57,063	Cisco Sys Put Jan	315	77,658	63,984
Sysco	3,302	109,157	139,097	Cisco Sys Put Jan	600	16,225	11,250
Taiwan Semiconductor	45,578	598,519	1,766,148	Cisco Sys Put Aug	450	38,138	11,250
Talisman Energy	11,800	335,876	390,875	Cisco Sys Put Oct	150	9,675	6,094
Target Corp	11,618	686,969	673,844	Citigroup Inc Put Jan	100	9,192	8,750
Telecommunicacoes	22,550	447,853	417,175	Citigroup Inc Put Jan	100	3,850	1,875
Telecommunicacoes Brasile	4,150	214,468	403,069	Citigroup Inc Put Jan	300	21,325	7,500
Telefonica	300	24,431	19,219	Lehman Brothers Put	120	9,240	7,875
Telefonos De Mexico	29,200	817,471	1,668,050	Lehman Brothers Put	370	21,702	11,563

STATISTICAL SECTION

<u>Issue</u>	<u>Shares</u>	<u>Book Value</u>	<u>Market Value at</u>	<u>Description and Location</u>	<u>Original Cost</u>
			<u>June 30, 2000</u>		
Lehman Brothers Put	200	\$ 9,250	\$ 3,750	MTRFA Properties	
Lehman Brothers Put	110	29,893	6,875	Arbys - Dallas, TX	\$ 420,290
Commit to Purch Lehman	150	8,738	8,438	Chi-Chi's - Hampton, VA	900,000
NASDAQ Put	216	127,363	36,450	Grandys - Arlington, TX	620,000
NASDAQ Put	40	16,350	20,000	Grandys - Midland, TX	525,005
Paine Webber Put	50	7,650	1,250	Grandys - Tulsa, OK (Lewis)	570,047
Paine Webber Put	60	7,576	1,500	Grandys - Tulsa, OK (Sheridan)	542,060
Paine Webber Put	120	10,624	3,000	Grandy's - Albuquerque, NM	502,500
Paine Webber Put	250	26,715	6,250	Jag's - St. Louis, MO	343,443
Sun Microsystems Put	15	35,583	37,875	Ocean Reef - Durham, NC	350,000
Sun Microsystems Put	35	75,738	65,625	Web Booth-Beverly Hills, CA	5,646,027
		<u>\$ 2,212,241</u>	<u>\$ 1,795,341</u>	MTRFA RENTAL PROPERTY	<u>\$ 10,419,372</u>
Other Investments					
<u>Investments</u>		<u>Book Value</u>	<u>Market Value at</u>	<u>MRT Properties</u>	
			<u>June 30, 2000</u>		
RWI Group III		\$ 4,571,514	\$ 6,291,602	Perkins- St. Paul, MN	575,740
Note Receivable		170,601	170,601	Super 7 - Indianapolis, IN (52nd)	133,000
Total Other Investments		<u>\$ 4,742,115</u>	<u>\$ 6,462,203</u>	MRT RENTAL PROPERTY	<u>708,740</u>
				GRAND TOTALS ALL PROPERTY	<u>\$ 11,128,112</u>

ADMINISTRATIVE EXPENSES

<u>Administrative Expenses</u>	<u>2000</u>	<u>1999</u>
Salaries	\$254,164	\$230,832
Payroll Taxes	18,261	16,117
Employee Benefits	37,699	26,518
Postage & Mailing	26,306	39,846
Telephone & Electricity	6,876	6,740
Printing & Binding	15,011	18,223
Office Supplies	4,394	6,923
Office Rent	41,441	34,067
Insurance	27,833	27,060
Data Processing	62,965	43,968
Depreciation	11,719	9,007
Travel	10,143	9,480
Mileage and Parking	2,242	2,099
Business Expense	8,892	8,648
Legal Fees	10,846	11,665
Actuarial	39,296	31,732
Audit	8,904	8,815
Miscellaneous	336	198
Total Administrative Expenses	<u>\$ 587,328</u>	<u>\$ 531,938</u>

STATISTICAL SECTION INVESTMENT EXPENSES

Investment Expenses - Securities	<u>2000</u>	<u>1999</u>
Money Manager and Custodian Fees		
Advanced Investment Management	\$631,405	\$0
Alliance Capital	259,787	46,438.00
Brinson	95,216	217,487
Capital Guardian	398,790	292,912
GE Capital	88,869	0
Index Fund	0	39,268
Loomis Sayles	165,098	240,035
Loomis Sayles - High Yield	371,167	256,920
Mellon Capital-Fixed Income	35,604	28,023
Mellon Capital - Equity	91,978	64,081
Mellon Capital - International	79,449	39,923
Nicholas-Applegate	753,911	587,738
Northern Trust	158,872	152,354
Templeton	322,256	263,966
The Clifton Group	30,581	4,500
Custodian Fees	103,781	119,853
Total Money Manager and Custodian Fees	3,586,764	2,353,498
Salaries	89,319	82,886
Payroll Taxes	6,416	5,778
Employee Benefits	13,246	9,506
Postage and Mailing	0	120
Telephone and Electricity	2,416	2,416
Office Supplies	1,544	2,482
Office Rent	14,560	12,213
Insurance	24,311	22,286
Depreciation	4,117	3,229
Travel	9,810	9,717
Business Expense	1,123	1,623
Legal	0	3,724
Audit	3,128	3,160
Consulting	5,400	5,100
Miscellaneous	44,564	16,980
Total Investment Expenses - Securities	<u>\$3,806,718</u>	<u>\$2,534,718</u>
Investment Expenses - Real Estate		
Salaries	\$85,889	\$82,298
Payroll Taxes	6,169	5,750
Employee Benefits	12,736	9,461
Postage & Mailing	731	1,069
Telephone and Electricity	2,323	2,405
Office Supplies	1,485	2,470
Office Rent	14,000	12,154
Insurance	(700)	27,348
Depreciation	3,959	3,213
Travel	2,149	893
Business Expense	1,080	1,615
Legal Fees	73,549	38,591
Audit	3,008	3,145
Consulting	0	170
Property Taxes	51,245	43,561
Utilities on MTRFA Properties	3,870	(241)
Repairs and Maintenance	12,773	(924)
Valuations & Appraisals	0	625
Miscellaneous	1,695	6,306
Total Investment Expenses - Real Estate	<u>275,961</u>	<u>239,909</u>
Total Investment Expenses	<u><u>\$4,082,679</u></u>	<u><u>\$2,774,627</u></u>