

**BUDGET & AUDIT COMMITTEE**

**BOARD OF TRUSTEES**

**OF**

**THE PUBLIC SCHOOL RETIREMENT SYSTEM OF MISSOURI**

**AND**

**THE PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEM OF MISSOURI**

**June 10, 2024**

**MEMBERS PRESENT**

Dr. Jason Steliga, Chair  
Beth Knes, Vice Chair  
Dr. Eric Park

**MEMBERS ABSENT**

**OTHERS PRESENT**

Dearld Snider, Exec. Director  
Craig Hustung, Chief Inv. Officer  
Sarah Swoboda, Chief Operating Ofc.  
Mike Moorefield, Chief Counsel  
Anita Brand, Chief Financial Officer  
Tory Brondel, Deputy CFO  
Jeff Hyman, Director of Internal Audit  
Nicole Hamler, Director of Member Serv.  
Lisa Scheulen, Chief Technology Officer  
Joe Susai, Chief Info. Security Officer  
Susan Wood, Dir. of Communications  
Michelle Varcho, Dir. of Human Res.  
Jennifer Martin, Dir. Board Admin.

**OTHER TRUSTEES PRESENT**

Allie Gassmann  
Katie Webb  
Chuck Bryant

**Meeting Convened** The meeting of the Budget & Audit Committee of the Board of Trustees convened on Monday, June 10, 2024, at 8:30 a.m. at the Retirement Systems offices in Jefferson City, Missouri located at 3210 W. Truman Blvd. In attendance were Board members Dr. Jason Steliga, Beth Knes, Dr. Eric Park, Allie Gassmann, Katie Webb, and Chuck Bryant. Also present were Executive Director Dearld Snider, Chief Operating Officer Sarah Swoboda, Chief Investment Officer Craig Hustung, Chief Counsel Mike Moorefield, Chief Financial Officer Anita Brand, Deputy Chief Financial Officer Tory Brondel, Director of Human Resources Michelle Varcho, Director of Member Services Nicole Hamler, Director of Internal Audit Jeff Hyman, Director of Communications Susan Wood, Chief Technology Officer Lisa Scheulen, Chief Information Security Officer Joe Susai, Director of Executive and Board Administration Jennifer Martin and various other PSRS/PEERS staff members.

**Approval of  
Minutes  
No.0163**

Dr. Park moved that the minutes from the April 14, 2024, meeting of the Budget and Audit Committee be approved. Ms. Knes seconded the motion. Voting “Aye”— Steliga, Knes, Park, Gassmann, Webb, and Bryant; “Nay”—None. The motion carried unanimously.

**Annual Banking  
Resolution**

Ms. Anita Brand from PSRS/PEERS reviewed a memo regarding a banking resolution. The resolution provides continuing authority to Mr. Dearld Snider, Ms. Sarah Swoboda and Mr. Craig Hustung to make necessary changes related to the Systems’ banking relationship with Central Bank. The banking resolution authorizes appropriate individuals to execute documents with the bank without additional approval by the Board of Trustees. The

No.0164

resolution automatically expires each June 30 or when a new resolution is received by Central Bank. Ms. Knes moved to approve the resolution as recommended by the Budget and Audit Committee. Dr. Park seconded the motion. Voting “Aye”— Steliga, Knes, Park, Gassmann, Webb, and Bryant; “Nay”—None. The motion carried unanimously.

**Discussion and Approval of 2024-2025 Budget**

Ms. Brand reviewed the fiscal year 2024-2025 proposed budget request. Ms. Brand provided information regarding the processes utilized to develop the budget. The budget was compiled based on the Systems' mission of providing retirement security to Missouri's educators and public school employees in the most efficient and cost-effective manner possible. Ms. Brand provided the following budget highlights and provided detailed discussion on significant changes from the prior year.

As part of the annual budgeting process, Management prepares annual key initiatives. Key initiatives are developed and reviewed annually by each department under the leadership of the department director and then reviewed by Management to ensure consistent alignment. The key initiatives are developed based on the Systems' mission, goals, focus areas and strategic objectives. Annually, each key initiative is reviewed by Management to determine if it was completed and what measurable effect (if measurable) each action had on the Systems' strategic objectives. Key initiatives vary in scope and duration for completion. The Systems currently have several multi-year key initiatives in progress. Ms. Brand reviewed the multi-year key initiatives, key initiatives completed during fiscal year 2024 and fiscal year 2025 key initiatives.

The total request has increased by 6.5% from the fiscal year 2023-2024 budget. The overall increase is driven by an expected 6.5% increase in benefit payments to members.

The investment expenses are comprised of investment fees and investment administrative expenses. Budgeted investment fees increased compared to the prior year. The increase is directly related to the assets under management and current contracts with investment managers. Investment fees are paid and budgeted in accordance with current legal contracts. The Systems account for and budget all investment fees including performance and incentive fees. Administrative expenses will be directly dependent on the market environment.

The budget request also includes an increase in investment administrative expenses. The increase is attributed to the addition of one investment position and compensation allocations for staff. Compensation allocations are made in accordance with the Board of Trustees' Compensation Strategy. Investment returns are reported net of investment fees and investment administrative expenses.

The total administrative budget is made up of the capital asset budget (items over \$10,000 that are capitalized) and the administrative budget. Administrative expenses have increased approximately \$2,600,000 (or 10.8%) from the previous year. The increase is attributed to the addition of three full-time positions, two transitional positions and compensation allocations for staff. Compensation allocations are made in accordance with the Board of Trustees' Compensation Strategy. In addition, the Systems continue to invest in information technology initiatives and enhance our overall security posture. The Systems hired our first Chief Information Security Officer (CISO) during fiscal year 2024. The fiscal year 2025 budget request includes increased information security initiatives as the Systems work to build out the office

the CISO. Capital assets have increased by \$710,000 from the previous year. The increase is due to the replacement of office furniture that was repurposed during the recent Build Expansion and Renovation project and replacement of a portion of the original parking lot.

Throughout the proposed budget request, the Systems have decreased the budget where appropriate. However, the overall proposed budget request has increased in order to meet the Systems' long-term goals and strategic objectives. The Systems' administrative expenses are funded through investment earnings.

No.0165

Dr. Park moved that the 2024-2025 budget be approved. Ms. Knes seconded the motion. Voting "Aye"— Steliga, Knes, Park, Gassmann, Webb, and Bryant; "Nay"—None. The motion carried unanimously.

**Public Comment**

None

**Adjournment**  
No.0166

Ms. Knes moved that the meeting adjourn. Dr. Park seconded the motion. Voting "Aye"— Steliga, Knes, Park, Gassmann, Webb and Bryant; "Nay"—None. The motion carried unanimously.

**Prepared by**  
**Jennifer Martin**

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Dr. Jason Steliga, Chair

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Dearld Snider, Executive Director