

BUDGET & AUDIT COMMITTEE

BOARD OF TRUSTEES

OF

THE PUBLIC SCHOOL RETIREMENT SYSTEM OF MISSOURI

AND

THE PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEM OF MISSOURI

December 5, 2022

MEMBERS PRESENT

Jason Steliga, Chair
Beth Knes, Vice Chair
Dr. Kyle Collins

MEMBERS ABSENT

OTHERS PRESENT

Dearld Snider, Exec. Director
Bill Betts, Asst. Exec. Dir., Operations
Craig Husting, Asst. Exec. Dir. Invest.
Sarah Swoboda, General Counsel
Anita Brand, Chief Financial Officer
Mike Moorefield, Dir. Leg. & Policy
Jeff Hyman, Director of Internal Audit
Lisa Scheulen, Chief Tech. Officer
Nicole Hamler, Dir. of Member Serv.
Stacie Verslues, Dir. Employer Serv.
Kim Harris, Dir. Human Resources
Susan Wood, Dir. Of Communications
Jennifer Martin, Dir. Board Admin.

OTHER TRUSTEES PRESENT

Dr. D. Eric Park
Sharon Kissinger
Allie Gassmann

Meeting Convened

The meeting of the Budget & Audit Committee of the Board of Trustees convened on Monday, December 5, 2022 at 8:30 a.m. at the Retirement System offices in Jefferson City, Missouri. In attendance were Board members Jason Steliga, Beth Knes, Sharon Kissinger, Dr. Kyle Collins, Dr. Eric Park and Allie Gassmann. Also present were Executive Director Dearld Snider; Assistant Executive Director, Operations Bill Betts; Assistant Executive Director, Investments Craig Husting; General Counsel Sarah Swoboda; Chief Financial Officer Anita Brand; Chief Technology Officer Lisa Scheulen; Director of Member Services Nicole Hamler; Director of Employer Services Stacie Verslues; Director of Communications Susan Wood; Director of Internal Audit, Jeff Hyman; Director of Legislation and Policy Mike Moorefield; Director of Human Resources; Kim Harris; Director of Executive and Board Administration Jennifer Martin; and various other PSRS/PEERS staff members.

**Approval of
Minutes
No.0146**

Dr. Park moved that the minutes from the June 6, 2022, meeting of the Budget and Audit Committee be approved. Ms. Kissinger seconded the motion. Voting “Aye”—Steliga, Knes, Kissinger, Collins, Park and Gassmann; “Nay”—None. The motion carried unanimously.

**Review of the Fiscal
Year 2022 *Annual
Comprehensive
Financial Report*
(ACFR)**

Ms. Anita Brand from PSRS/PEERS reviewed the purpose of the ACFR. The ACFR is an accumulation of all activity conducted by the Systems during the fiscal year and becomes a historical document for current and future users. The ACFR is prepared in compliance with accounting requirements established by the Governmental Accounting Standards Board (GASB). The Government Finance Officers Association (GFOA) also provides guidance on the content of the ACFR. The Systems strive for excellence in reporting and transparency, therefore the ACFR exceeds the GFOA requirements. Ms. Brand focused on the report’s five distinct sections: 1. Introductory, 2. Financial, 3. Investment, 4. Actuarial and 5. Statistical. The full version is also found on the PSRS/PEERS website at <https://www.psrs-peers.org/PSRS/Resources/Publications>.

**Independent
Auditors' Report**

Mr. Nick Mestres, Ms. Kim Skarda and Ms. Kristen Brown from Williams-Keepers, LLC discussed the recent June 30, 2022 audit of the Systems. Mr. Mestres provided an overview of Williams-Keepers, LLC and the overall audit engagement with the Systems. Ms. Brown indicated that Williams-Keepers, LLC had issued an unqualified audit opinion on the June 30, 2022 financial statements. Ms. Brown indicated an unqualified audit opinion represents the following: the “highest opinion” available, that the financial statements are fairly presented in all material respects in accordance with U.S. Generally Accepted Accounting Principles, and the financial statements can be relied upon. Ms. Brown briefly reviewed the audit process, financial statements, and footnotes. Ms. Skarda reviewed the Audit Communications Letter to the Board of Trustees. She indicated they found no significant deficiencies or material weaknesses in internal controls. Ms. Skarda also briefly discussed the Governmental Accounting Standards Board Statement No. 68 audit. She reviewed the roles of PSRS/PEERS’ staff and Williams-Keepers, LLC during this process and the joint effort made with participating employers.

No.0147

Dr. Collins moved that the audit report be approved and recommended acceptance by the Budget and Audit Committee. Ms. Knes seconded the motion. Voting “Aye”—Steliga, Knes, Kissinger, Collins, Park and Gassmann; “Nay”—None. The motion carried unanimously.

Investment Office 4.0

Mr. Craig Husting from PSRS/PEERS reviewed the history of the PSRS/PEERS Investment Office including the next stage of growth needed to maintain and increase the breadth of the investment infrastructure. Mr. Husting recommended the addition of five full-time positions to the Investment Department and the opening of a secondary office in the St. Louis area for the continued build out of the Private Equity and Private Credit programs. The recommendation for a St. Louis office location is based on recent recruitment efforts, an analysis of the post-COVID pandemic landscape and additional research by staff. The secondary office is expected to facilitate enhanced recruitment and retention and long-term succession planning.

No.0148

Dr. Collins moved that the Budget and Audit Committee accept the recommendation to open a satellite office in St. Louis. Ms. Knes seconded the motion. Voting “Aye”—Steliga, Knes, Kissinger, Collins, Park and Gassmann; “Nay”—None. The motion carried unanimously.

Budget Adjustment

Ms. Brand reviewed a memo regarding a budget amendment request to support the continued build out of the Private Equity and Private Credit programs as previously discussed. The budget amendment included costs to add five full-time positions in the Investment Department and to facilitate opening a secondary office in St. Louis.

No.0149

Ms. Knes moved to approve the budget adjustment as recommended by the Budget and Audit Committee. Dr. Collins seconded the motion. Voting “Aye”—Steliga, Knes, Kissinger, Collins, Park and Gassmann; “Nay”—None. The motion carried unanimously.

None

Other

**Adjournment
No.0150**

Ms. Knes moved that the meeting adjourn. Dr. Collins seconded the motion. Voting “Aye”—Steliga, Knes, Kissinger, Collins, Park and Gassmann; “Nay”—None. The motion carried unanimously.

**Prepared by
Jennifer Martin**

Jason Steliga, Chair

Dearld Snider, Executive Director