

MINUTES
CITY OF LAWTON PENSION TRUST COMMISSION
REGULAR MEETING
CITY HALL 3rd FLOOR CONFERENCE ROOM
JANUARY 25, 2024 9:00 A.M.

Chairman Bayones called the meeting to order at 9:00 A.M. in the third-floor conference room of City Hall.

ROLL CALL

PRESENT: Paul Ellwanger, Christine James, Richard Rogalski, James Apple, Ed Petersen, Teri Bayones

ABSENT: Andrew Hill

ALSO PRESENT: Craig Akard, Human Resources Director; Taressa Macias, Human Resources; Joe Don Dunham, Financial Director; Kristin Huntley, Financial Services; Kaitlin Nunley, Financial Services; Dewayne Burk, Deputy City Manager; Tim Wilson, Acting City Attorney; Kobe Humble, City Clerk's Office; Chance Allison, Finley & Cook; Perry Warren, Morgan Stanley

STATEMENT OF COMPLIANCE WITH OKLAHOMA OPEN MEETING ACT, 25 O.S. 301-314

Notice of meeting and agenda were posted by the City Clerk's Office as required by law.

INTRODUCTION OF GUESTS

Chairman Bayones introduced Chance Allison with Finley & Cook CPAs. She advised he will be presenting the FY 2022 Audit to the Commission.

CONSENT AGENDA

FOR THE BENEFIT OF THE AUDIENCE, ALL MATTERS LISTED UNDER THE CONSENT AGENDA ARE CONSIDERED TO BE ROUTINE BY THE PENSION COMMISSION AND WILL BE ENACTED BY ONE MOTION. THERE WILL BE NO SEPARATE DISCUSSION OF THESE ITEMS. IF DISCUSSION IS DESIRED, THAT ITEM WILL BE REMOVED FROM THE CONSENT AGENDA PRIOR TO ROLL CALL AND WILL BE CONSIDERED SEPARATELY.

- A. Consider Memo of Information regarding the death of retiree James E. Sellers.
- B. Consider Memo of Information regarding the death of retiree Susanna Fennema.
- C. Consider a Memo of Information regarding early retirement for Julie Snodgrass and a Memo of Information regarding the death of retiree Julie Snodgrass, acknowledge her date of death to be December 19, 2023, approve the retirement and authorize the joint and 100% survivor benefit be given to her surviving spouse, Clayton Snodgrass.
- D. Consider Memo of Information regarding the death of retiree Geneva Cannon.
- E. Consider Memo of Information regarding the death of surviving spouse Linda Battise.
- F. Consider Application for Normal Retirement from Richard Norwood.
- G. Consider approval for the paid-in-full judgements to be released from the record.

Motion by James, Second by Apple, to approve the consent agenda, pulling item C for discussion. **AYE:** Ellwanger, James, Rogalski, Apple, Petersen, Bayones. **NAY:** None. ***MOTION PASSED.***

- C. Consider a Memo of Information regarding early retirement for Julie Snodgrass and a Memo of Information regarding the death of retiree Julie Snodgrass, acknowledge her date of death to be December 19, 2023, approve the retirement and authorize the joint and 100% survivor benefit be given to her surviving spouse, Clayton Snodgrass.

Tim Wilson, Acting City Attorney, provided background information on this item. Wilson noted that Snodgrass worked in the City Prosecutor's Office, and November 10th, 2023 was her last day of service with the City. Mrs. Snodgrass did qualify for an early retirement.

Wilson cited Section 17-3-4-346 (E), which provides that "The election of an option shall be null and void if either the member, designated beneficiary, or designated joint annuitant shall die before benefits commence". Wilson said this section of code prompted staff to dive deeper into code regarding this situation.

Wilson also cited Section 17-3-4-341 of Lawton City Code, which states that "Upon retirement on his early retirement date, the member, upon application to the pension commissioners, shall receive a monthly benefit, which shall commence on the next day after his last day of city service and be payable on the last day of each month thereafter during his lifetime". Wilson advised that Mrs. Snodgrass's early retirement benefits commenced on November 11, 2023, which preceded her date of death of December 19, 2023. In consulting with pension attorney Papahronis, McAfee & Taft, it was determined that this would be a valid early retirement, and City Code would allow for Clayton Snodgrass to now become the active beneficiary. Wilson said Julie has received the first month of her pension, but now that she has passed, Clayton Snodgrass would receive the survivor benefit going forward.

Wilson said this one is a little different, so we wanted to bring it to the board so you can see what occurred here. If you have any questions myself, Craig and Dewayne can answer them. And, I've been told by Mr. Papahronis if we need to call him we can get him on the phone. That's the gist of it. I'll be happy to answer any questions the board has.

Rogalski said I'm not sure why- I'm not seeing why we wouldn't go forward with it 100% because that's what she elected on her forms, right. (Yes) She filled out the forms, they were collected by the City, right. (Yes) So, I'm not seeing what the issue would be to not do it - I really don't see why it's much of a question. She'd lived another month probably none of this would've happened right?

Wilson said it's just an oddity. It doesn't happen very often. I can't think of it happening since I've been here. That's why we wanted to dig into it and we got John on the phone, Dewayne and I did. We spent a good 30 minutes talking about it. We went through the Code provisions and again because 341 the early retirement section says if the benefit commences the next day after service - we felt comfortable saying okay the benefit has commenced before she passed away.

Rogalski said so really I mean everything is completely normal and legitimate. It's just that she passed before she got her first check.

Wilson said that is correct.

Motion by Rogalski, Second by Apple, to authorize the joint and 100% survivor benefit be given to Julie's surviving spouse, Clayton Snodgrass. **AYE:** Ellwanger, James, Rogalski, Apple, Petersen, Bayones. **NAY:** None. ***MOTION PASSED.***

NEW BUSINESS

- A. Consider approving the minutes of the October 26 and December 14, 2023 meetings.

Motion by Apple, Second by James, to approve the minutes of the October 26, 2023 meeting.

AYE: Ellwanger, James, Apple, Petersen, Bayones. **NAY:** None. **OBSTAIN:** Rogalski. **MOTION PASSED.**

Motion by Apple, Second by Ellwanger, to approve the minutes of the December 14, 2023 meeting. **AYE:** Ellwanger, James, Rogalski, Apple. **NAY:** None. **OBSTAIN:** Bayones, Petersen. **MOTION PASSED.**

- B. Receive quarterly financial report from Morgan Stanley and take action if necessary – Perry Warren, Morgan Stanley.

Perry Warren presented the quarterly financial report. A copy of the report may be obtained from the City Clerk's Office upon request.

No action was taken on this item.

- C. Receive Quarterly Employees Refunds Made From Retirement System and Receive Quarterly Statement of Receipts and Disbursement and take action if necessary –Finance.

Kaitley Nunley, Finance, presented the financial report. A copy of the report may be obtained from the City Clerk's Office upon request.

Ellwanger asked if the pension fund has realized losses.

Warren noted that the pension fund ultimately has both realized losses and realized gains, but he'd have to look at the figures more closely to provide a more detailed response to Ellwanger's inquiry. He said he will compile a report to bring back to the Commission at the next meeting.

Motion by Apple, Second by Rogalski, to approve the Quarterly Employees Refunds Made From Retirement System and Receive Quarterly Statement of Receipts and Disbursement as presented.

AYE: Ellwanger, James, Rogalski, Apple, Petersen, Bayones. **NAY:** None. **MOTION PASSED.**

- D. Consider accepting the annual audit report of the City of Lawton Employee Retirement System for the year ending June 30, 2022.

Chance Allison, Finley & Cook CPAs, presented the FY 2022 annual audit report of the City of Lawton Employee Retirement System for the year ending June 30, 2022. A copy of the report may be obtained from the City Clerk's Office upon request.

Allison noted that Finley & Cook has rendered the FY 2022 audit report "unmodified" or "clean".

Ellwanger asked if the retirement cash that was pooled with other City funds has been reconciled.

Allison said this cash has been reconciled through June 30, 2022.

Petersen asked if it was concerning to see reoccurring pension miscalculations over the past few years.

Allison said the City has taken steps in the right direction to correct these errors by consulting with the actuaries and pension attorney(s).

Rogalski asked Allison who prepared the financial statements.

Allison said Finley & Cook prepared the financial statements.

Ellwanger expressed concern regarding unresolved issues with pension miscalculations. He said he understands that staff has been working with the actuaries and pension attorneys on this matter, but he asked for a time frame of when this may be resolved.

Wilson noted that staff has been working on this as much as they can, but there are obligations in other areas that must also be tended to. Wilson noted that he has a phone conference scheduled for 2:00PM today with Papahronis, McAfee & Taft, as well as the City Manager's Office and HR to discuss the City's options for correcting the miscalculations.

Ellwanger asked what level of knowledge City Council has of this issue.

Wilson said Council has been made aware of the pension miscalculations.

Ellwanger asked if City Council should be made aware that the pension fund seems to be going down faster than contributions are being added in.

Wilson said the Commission could approach Council asking that the City increase their contribution to the pension fund.

Rogalski noted that the pension miscalculations should be resolved before approaching Council for additional monetary contribution. He also noted that an updated actuarial report should be done after the miscalculations are corrected.

Wilson agreed that a new actuarial report should be done after the miscalculations are corrected.

Ellwanger advised he would like to have a special meeting in the near future, and he would like the actuaries to attend the meeting to provide the Commission with an updated report. This way, the Commission will be in a better position to approach City Council.

Rogalski said he would also like to have a special meeting in which the City's actuaries are present. With help from the actuaries, the Commission can construct a proposal to take to the City Council requesting additional monetary contribution to the pension fund.

Motion by Ellwanger, Second by Petersen, to accept the annual audit report of the City of Lawton Employee Retirement System for the year ending June 30, 2022. **AYE:** Ellwanger, James, Rogalski, Apple, Petersen, Bayones. **NAY:** None. ***MOTION PASSED.***

- E. Consider approving an engagement letter from Finley & Cook CPAs for the purpose of conducting the annual audit report of the City of Lawton Employment Retirement System for the year ended June 30, 2023 and take action as deemed necessary.

A copy of the engagement letter from Finley & Cook CPAs may be obtained from the City Clerk's Office upon request.

Bayones said Finley & Cook's guidelines read the same as in previous years – the only difference is a \$500 increase in fees (last year's fees were "not to exceed \$21,500", and this year the fees are "not to exceed \$22,000").

Motion by Ellwanger, Second by James, to approve the engagement letter from Finley & Cook CPA's for the purpose of conducting the annual audit report of the City of Lawton Employment Retirement System for the year ended June 30, 2023. **AYE:** Ellwanger, James, Rogalski, Apple, Petersen, Bayones. **NAY:** None. ***MOTION PASSED.***

- F. Discuss a Cost-of-Living Adjustment for retirees and take appropriate action if necessary.

Craig Akard, HR Director, provided background information regarding this item.

Akard said he has been in contact with John Casper for clarification on how a COLA increase for retirees would affect the pension system. Casper provided reports for a 2, 3, 4, and 5% COLA increase. Akard emphasized that numbers used in these reports are as of July 1, 2021.

Rogalski asked for detail on how a 5% COLA increase would affect the pension fund.

Akard said a 5% COLA increase would cost \$3,046,035.00.

Ellwanger asked for clarification on "cost".

Akard said the City would pay an additional \$3,046,035.00, or an additional 1.77% increase, (in a lifetime) for retirees if a 5% COLA were to be approved.

James asked when the last COLA increase for retirees was approved.

Taressa Macias, HR, said she believes the last COLA increase for retirees was approved in 2005.

Wilson said he believes the pension miscalculations should be corrected before a COLA increase is acted upon.

Akard said he will get with Chuck Dean (actuary) to ask if he can run an updated report.

Rogalski expressed concern regarding how long it's been since retirees have received a COLA increase.

Apple said there are retirees suffering financially because they have not received a COLA increase since 2005, though inflation has been driving up costs in the recent years. He said the City should no longer keep tabling this item – they need to take action, regardless of where the money comes from.

Ellwanger asked that staff examine City Code to determine what the Commission's responsibility would be in facilitating a COLA increase for retirees.

Wilson said he will look at City Code, and he will also research how the COLA increase was implemented in 2005.

Ellwanger requested a special meeting be called within the next 60 days to discuss and potentially take action regarding the auditor's finding of the pension fund being under funded, as well as a COLA increase for retirees.

Dewayne Burk, Deputy City Manager, asked Kristin Huntley, Finance, to increase employee and employer pension contributions by 3% for the FY 2024-2025 preliminary budget.

Motion by Ellwanger, Second by Rogalski, to call for a special meeting within the next 60 days to discuss and potentially take action regarding the auditor's finding of the pension fund being under funded, as well as a COLA increase for retirees. **AYE:** Ellwanger, James, Rogalski, Apple, Petersen, Bayones. **NAY:** None. ***MOTION PASSED.***

Ellwanger said he would like to see Council representation at Pension Trust Commission meetings.

Wilson said Councilmen are certainly invited to come, but Commission members must be either retirees or active employees who are included in the legacy plan. Wilson also suggested the Commission give Council a quarterly report, as to keep them informed on where the pension fund stands.

ADJOURNMENT

Motion by Apple, Second by Ellwanger, to adjourn the January 25, 2024 meeting. **AYE:** Ellwanger, James, Rogalski, Apple, Petersen, Bayones. **NAY:** None. ***MOTION PASSED.***

There being no further business, Chairman Bayones adjourned the meeting at 10:48 A.M.

"The City of Lawton encourages participation from all of its citizens. If participation at any public meeting is not possible due to a disability, notification to the City Clerk at (580) 581-3305 at least 48 hours prior to the scheduled meeting is encouraged to make the necessary accommodations. The City may waive the 48-hour rule if interpreters for the deaf (signing) is not the necessary accommodation."