

**MINUTES
SPECIAL MEETING
CITY OF LAWTON PENSION TRUST COMMISSION
CITY HALL 3rd FLOOR CONFERENCE ROOM
THURSDAY, NOVEMBER 14, 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, James Apple, Teri Bayones, Jace Zacharias,
*Ed Petersen

ABSENT: Richard Rogalski

ALSO PRESENT: Tammy Branstetter, City Clerk's Office; Craig Akard, Human Resources;
Kristin Huntley, Financial Services; Perry Warren, Morgan Stanley; Chad
Rother, Morgan Stanley; **Dan Bledsoe, Finley & Cook CPAs

*Arrived at 9:05AM **Arrived at 9:11AM

**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.

I. Introduction of Guests

None.

II. New Business

A. Consider approving the minutes of the October 24, 2024, meeting.

A copy of the minutes of the October 24, 2024, meeting may be obtained from the City Clerk's Office upon request.

Motion by Apple, Second by James, to approve the minutes of the October 24, 2024, meeting.
AYE: Ellwanger, Zacharias, Apple, James, Bayones. **NAY:** None. ***MOTION PASSED.***

Chairman Bayones said we are going to skip item B for now and move on to items C and D –
Finley & Cook is running about 15 minutes behind. They should be here soon.

C. Consider authorizing extension of contract RFPCL23-006 – Annual Pension Fund
with Finley and Cook for the purpose of conducting the Annual Pension Fund
Audit and take action as deemed necessary.

Kristin Huntley, Financial Services, provided background information on this item. A copy of contract RFPCL23-006 – Annual Pension Fund with Finley and Cook may be obtained from the City Clerk’s Office upon request.

James asked if this is a one-year extension.

Chairman Bayones said yes.

Huntley said the price has gone up by \$500.

Motion by James, Second by Apple, to authorize an extension of contract RFPCL23-006 – Annual Pension Fund with Finley and Cook for the purpose of conducting the Annual Pension Fund Audit. **AYE:** Ellwanger, Zacharias, Apple, James, Bayones. **NAY:** None. **MOTION PASSED.**

- D. Consider accepting an engagement letter from Finley & Cook, PLLC for auditing services of the Employee Retirement System for fiscal year 2023-2024 and take action as deemed necessary.

Chairman Bayones provided background information on this item. A copy of the engagement letter from Finley & Cook, PLLC for auditing services of the Employee Retirement System for fiscal year 2023-2024 may be obtained from the City Clerk’s Office upon request.

Motion by Zacharias, Second by Ellwanger, to accept the engagement letter from Finley & Cook, PLLC for auditing services of the Employee Retirement System for fiscal year 2023-2024. **AYE:** Ellwanger, Zacharias, Apple, James, Bayones. **NAY:** None. **MOTION PASSED.**

Motion by James, Second by Apple, to take a 10-minute recess. **AYE:** Ellwanger, Zacharias, Apple, James, Bayones. **NAY:** None. **MOTION PASSED.**

The Commission recessed for a break from 9:05AM to 9:11AM.

Motion by Apple, Second by Ellwanger, to resume the meeting. **AYE:** Ellwanger, Zacharias, Apple, James, Bayones, Petersen. **NAY:** None. **MOTION PASSED.**

- B. Consider accepting the annual audit report of the City of Lawton Employee Retirement System for fiscal year ending June 30, 2023.

Dan Bledsoe, Finley & Cook CPAs, presented the annual audit report of the City of Lawton Employee Retirement System for fiscal year ending June 30, 2023. A copy of the audit report may be obtained from the City Clerk’s Office upon request.

Bledsoe noted that is the June 30, 2023 audit. He said we’ve talked with Kristin, and we’ll try to get a big piece of the FY 2024 audit done by December. Bledsoe said he believes we’re still waiting on the full cad recon to get completed through June 30, 2024.

Ellwanger said he understands Bledsoe was delayed because of the pool accounting. He asked Bledsoe if we are in compliance with the guidelines for the audit being completed in a timely manner.

Bledsoe said he would say probably technically no, but obviously for you guys the audit is done for the global city's financial statements, and that was delayed for the same reasons.

Ellwanger said so we're in the same position that the City of Lawton is in.

Bledsoe said yes. He said technically, based on the time we're talking about for 2024, we're probably going to be in the same position. Bledsoe said we have a few cities that we audit, and typically if you're June 30th year end, there's a six-month window that you're supposed to have the audit done and filed. Obviously, there are various ramifications for this, depending on what the city has going with federal programs. Bledsoe said for the pension itself, obviously you want to keep a rhythm to identify issues in a timely manner, but I don't think there's necessarily a ramification for it being delayed other than the previous impacts discussed on the city.

Bledsoe said the pension fund was 56.73% funded at the end of fiscal year 2023, which is just slightly higher than the 56.16% that we were at the end of fiscal year 2022. This unfortunately has been the position for a number of years – it's gotten as high as up to 60% funded at some points, but in a perfect world, you're 100% funded. Bledsoe said we see some of the statewide groups that float around 70-80% funded. He said he understands this is a problem the city has dealt with for a while with the benefits outweighing the money that is flowing into the plan. Bledsoe said ultimately, this will have to be resolved by putting more contributions into the plan.

Petersen asked Bledsoe how he would describe this number to somebody that doesn't understand anything other than that number.

Bledsoe said basically, over a period of time, the pension fund will not have enough money to pay all the people who are participating in the plan and have either have retired or will soon be retiring, based on the actuarial assumptions. Putting more money into the plan would help fix this issue.

Petersen said he's heard it described as if everybody retired tomorrow, they'd get 56 cents on the dollar.

Bledsoe said that's another good way to look at it.

Petersen said if they retire along the line of the normal flow, they're going to be alright.

Bledsoe said I don't know if I'd say alright – it kicks the can down the road enough to allow for additional contributions to be made in addition to our expected investment performance.

Petersen asked how far down the line.

Bledsoe said you'd have to ask Chuck Dean, Dean Actuaries, that question. From a cash flow standpoint, the fund seems to be in a position to meet the short-term needs, to include people who will retire within the next five years.

Petersen asked Bledsoe if the target would be 70-80% funded.

Bledsoe said he would feel better if we can get to that point.

Ellwanger said Bledsoe mentioned in his report the annual statement that goes out to each employee. He asked Bledsoe if this type of information is on the report.

Bledsoe said Chuck Dean is probably more involved with that.

Chairman Bayones said this past September, we did do a 1.5% increase in pension contributions across the board. This won't reflect on the 2024 audit, but it should reflect in the 2025 audit.

James said it was a total of 3% - a 1.5% increase in both employee and employer contributions.

Chairman Bayones noted that this is still not where Chuck Dean wanted us to be. The city will need to do a cash infusion at some point to help keep the plan going. We probably need to consider doing more frequent increases in contributions.

Craig Akard, HR Director, said discussions have been had with OKMRF about the possibility of them taking over the plan, but they would really prefer the plan be 75% funded.

Ellwanger asked if any federal or state agency look at these funding rates.

Bledsoe said not that he's aware of, however, this information will be disclosed in the city's audit that gets filed with the state.

Motion by Ellwanger, Second by Petersen, to accept the annual audit report of the City of Lawton Employee Retirement System for fiscal year ending June 30, 2023. **AYE:** Ellwanger, Zacharias, Apple, James, Petersen, Bayones. **NAY:** None. ***MOTION PASSED.***

Ellwanger said he would like to see an annual statement that goes to the employees next time it's issued to see what the employee is receiving each year. He said names can be deleted.

Akard said Chuck Dean has advised us not to send this out because it may not be correct. However, he can bring a copy of the old list to the next meeting.

VI. Adjournment

Motion by Apple, Second by James, to adjourn the November 14, 2024 meeting. **AYE:** Ellwanger, Zacharias, Petersen, Apple, James, Bayones. **NAY:** None. ***MOTION PASSED.***

There being no further business, Chairman Bayones adjourned the meeting at 9:48 A.M.