



City of Lawton

Pension Trust Commission

Lawton City Hall
212 SW 9th Street
Lawton, Oklahoma
73501-3944

Minutes

Thursday, October 23, 2025

9:00 AM

Lawton City Hall
3rd Floor Conference Room

Roll Call

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

ROLL CALL

PRESENT: Jace Zacharias, Richard Rogalski, James Apple, Teri Bayones, Christine James, Paul Ellwanger

ABSENT: Ed Petersen

ALSO PRESENT: Tammy Branstetter, City Clerk's Office; Craig Akard, Human Resources; Tim Wilson, Deputy City Attorney; Chandra Young, Finance Director; Chevonne Asenap, Financial Services; Kaitlin Nunley, Financial Services; Perry Warren, Morgan Stanley Financial Advisors; Chad Rother, Morgan Stanley Financial Advisors

Introduction of Guests

Guests of the meeting introduced themselves.

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.

Apple said just a question in general over all this as far as when these benefits are figured up and issued out for retirees, dealing with the IRS deal that we've got going on, are these figured now, I mean, looking at some of these there's a lot of figuring on the side that's being redone. Are these being refigured from the old? Some of these guys retired years ago as far as their paperwork, and now they're going to the spouses now. Are they being refigured?

Tim Wilson, Deputy City Attorney, said I guess your question is if someone dies, and then it's going to the spouse, is there a recalculation.

Apple said yes.

Wilson said we have some new board members — we may need at a future meeting to have an agenda item to discuss about the voluntary correction application that has been filed with the IRS that is still pending. We filed one in January, the city did, but anyway on the calculations, if you were being overpaid under the old calculations, we're asking the IRS to grandfather that calculation in. So in that situation, there would not be a recalculation, because we're asking those people to be grandfathered in because that's what they were told they were going to get when they retired. If you were being underpaid, the people who are potentially being underpaid have been identified to the best of our ability, and there have been a few corrections that our pension attorney said we could go ahead and make without IRS blessing that, but the plan will be, once IRS blesses it, we will raise the underpays to at that time.

Apple said so, some of these, as we come across them in general, and we see the recalculations, that's what some of this is.

Wilson said well, I don't know that. What's one that you're seeing a recalculation at.

Apple said David Snider, page 35. I'm just seeing some refiguring on the side here.

Wilson said but I don't know if that's refiguring that's been done recently.

Chairperson Bayones said actually it's not refiguring, it's just handwritten stuff out, you know, adding the full month and a partial month, which comes up with the first initial payment.

Craig Akard said that's his first month's paycheck.

Chairperson Bayones said because there's nothing crossed off on the actual calculations, and I did the calculations, and they all matched those numbers, so I just think it was somebody, for ease of just adding up.

Akard said if you look at the next page, you'll see that his monthly benefit is \$3,909.80, which is the first line on the written side on the side of page 35. The \$1,042.64 is for a partial month retirement for that first month. He retired in the middle of the month, so he gets a partial payment for that month, the prorated amount. And then those are added together. So that \$4,952.44 was the first check that he received, and then thereafter he received a check for \$3,909.80.

Apple said ok, I got it.

Rogalski said why wasn't the insurance prorated?

Akard said because it's monthly. We have to pay monthly for the employees. We can't pay prorated on the insurance.

Motion by Ellwanger, **Second** by James, to approve the consent agenda. **AYE:** Zacharias, James, Rogalski, Bayones, Apple, Ellwanger. **NAY:** None. **MOTION PASSED.**

1. Consider approving an application for Normal Retirement from Ramon Ortega.
2. Consider approving an application for Normal Retirement from David Campbell.
3. Consider approving an application for Early Retirement from Karl Veldhuizen.
4. Consider approving an application for Early Retirement from Susan Schlecht.
5. Consider approving an application for Normal Retirement from Jerry Thorne.
6. Consider accepting a Memo of Information regarding the death of surviving spouse, Donna Barnett Sellers.
7. Consider accepting a Memo of Information regarding the death of retiree David Michael Snider.
8. Consider approving the paid-in-full judgments to be released from the record.

New Business

1. Consider approving the minutes of the April 24, 2025, and July 11, 2025, meetings.

A copy of the minutes from the April 24, 2025, and July 11, 2025, meetings may be obtained from the City Clerk's Office upon request.

Motion by Zacharias, **Second** by Ellwanger, to approve minutes from the April 24,

2025, meeting as presented. **AYE:** Zacharias, James, Rogalski, Bayones, Apple, Ellwanger. **NAY:** None. **MOTION PASSED.**

Motion by Apple, **Second** by Zacharias, to approve minutes from the July 11, 2025, meeting as presented. **AYE:** Zacharias, James, Rogalski, Bayones, Apple, Ellwanger. **NAY:** None. **MOTION PASSED.**

2. Receive the quarterly report on pension investments from Morgan Stanley.

Perry Warren, Morgan Stanley, presented the quarterly report on pension investments. A copy of the report may be obtained from the City Clerk's Office upon request.

Warren said we always like to be here each meeting and provide updates on the investment account, so if we can, let's get started on page four. Page four is the calendar year returns net of fee for the quarter. We started with \$64,052,465.22. We had a withdraw of four million dollars, and we have had investment earnings during the quarter of \$3,507,830.66, leaving a balance of \$63,560,295.88 and a 5.63% return for the quarter. Please notice the calendar year returns to the far right. Year to date for 2025 has been 11.42%. For calendar year 2024, the return was 14.99%. For 2023, the return was 17.14%. 2022 was a negative 16.28%. We had positive calendar year returns of 13.37% in 2021, 15.48% in 2020, and 20.38% in 2019. Please turn now to page six.

Warren said page six is the dollar-weighted returns net fees page. Please notice the last 12 months column. We began the period with \$62,378,005, had net withdrawals of \$5,750,000, and investment earnings of \$6,932,291, with an 11.47% return net of fees. Please notice the custom period, 6/30 of 2016 to 9/30 of 2025, which reflects the change in our allocation from 35% in equities to the current 50%, with a variance of 20%. We began the period with \$46,450,836, had net withdrawals of \$30,315,790, and had investment earnings of \$47,425,250, which just happens to be \$12,746,119 more than our beginning balance, leaving us a balance of \$63,560,296 and a return net of fees of 9.32%, which is currently outpacing the actuarial assumption by 2.57%. Please now turn to page seven.

Warren said page seven is the time-weighted returns and net of fees report. Please notice the returns since inception call, where we began with \$34,679,131, have had net withdrawals of \$34,011,807, and investment earnings of \$62,892,972, leaving a balance of \$63,560,296 and a 6.87% return. Notice the total value versus net invested capital graph to the right, where the pale blue line represents the \$63,560,296 account value and the black line represents the remaining net invested capital of \$667,324.35. We received a request for \$2 million, and after that request is sent, we will have taken out all of the original balance, beginning balance, and an additional \$1,332,675.65. Another note is our investment earnings are now \$28,213,841 more than our beginning balance. Please now turn to page eight.

Warren said page eight is the return net of fees versus the benchmarks. You can notice the portfolio is outperforming the benchmark for all these time periods. Last quarter,

from June 30, 2025 to September 30, 2025, 5.71% versus 4.97%. Last 12 months, 11.64% versus 10.22%. Last three years, 16.87% versus 13.91%. Last five years, 9.2% versus 7.6%. Custom period, June 2016 to September 2025, that reflects the change in allocation, 9.39% versus 7.86%. In the last 10 years, 9.21% versus 7.96%. We're outpacing the actual assumption of 6.75% in all these time periods. Enduring fluctuations in returns from quarter to quarter has allowed us to make returns higher than our actuarial assumption. Please now turn to the next page, the Portfolio X-Ray.

Warren said please notice the asset allocation pie chart. Cash is 5.57%. U.S. stocks are 64.29%. Non-U.S. stocks are 5.95%. Bonds are 23.28%. Notice the stock sectors triangle to the right. We remain neutral in our stance towards sectors. Notice our equity style box below. We are currently allocated with 26% in large value, 35% in large blend, 18% in large growth, 4% in mid-value, 7% in mid-blend, and 4% in mid-growth, with 2% in small value, 2% in small blend, and 2% in small growth. Notice the fixed income style box, where 70% of our bond allocation is in moderate duration at this moment. We plan to maintain this percentage or higher in moderate duration moving forward with rates at these levels. Please notice the top 10 holdings below and the percentage and the dollar amount they make up of the portfolio. Please now turn to page 18.

Warren said page 18 is the position summary. As a reminder, the Portfolio X-Ray drills into the holdings of the plan. This summary just shows the holdings without drilling into each position. Our cash is \$449,069.56, or 0.71% of the portfolio. Equities total \$45,479,838.90, or 71.62%, with \$42,854,005.80 in U.S. equities and \$2,625,833.10 in international equities. Fixed income and preferreds make up the remainder. Please notice the estimated annual income of \$1,307,347.85. Next, please turn to page 21.

Warren said page 21 is what we call the red dot chart, and we like to end the meeting with this chart. Our goal is to make the actuarial assumption possible within our allowed guidelines. We believe it is important to understand what volatility we must endure to gain the long-term performance of the market. Since 1980, the median return has been 13.5%, with the median intra-year decline of negative 10.4%. I appreciate the Board for understanding the volatility and for allowing us to stay on course with the plan. For 2025, the intra-year decline has been negative 19%, as indicated by the red dot. In 2024, we had a negative 8%. In 2023, we had a negative 10%. The negative 19% is above the average. I want to thank you all again for the opportunity to be here each meeting to provide the update, and I will be glad to answer any questions at this time.

Wilson said I do have a question on the negative 19%. Are you saying our plan is down 19%?

Warren said no. This is the S&P 500, and we have some money actually in the S&P 500.

Wilson said we're up 14%, it indicates. Correct?

Warren said yeah, and what that was is an intra-year decline. We had our meeting in

April, and in April there was a lot of turmoil over how tariffs and everything was going to affect us, and the market was down. And the reason that I always end the meeting this way is that we want to be prepared. That was about the time that I got a call from someone about maybe judgments and how that would affect the plan, because we knew that the judgments were a good investment. They were safe, and they had a high return. But what all of a sudden goes off in your mind as the manager is that the market is down — how do we pull this money out, because we do not want to pull it out of any of our equities? And if we do pull it from our fixed income, how does that affect the plan? The reason I like everybody involved to understand the volatility is because, in the long term, we're winners being that the equities over fixed income, they just outpace each other, and so it is good to see how that affects the plan. The best representation for equities is the S&P 500. We are down less because we have fixed income.

3. Consider approving refunds of employee contributions and quarterly statements of receipts and disbursements.

Kaitlin Nunley, Financial Services, presented a report on the refunds of employee contributions and quarterly statements of receipts and disbursements. A copy of the report may be obtained from the City Clerk's Office upon request.

Nunley said I'm going to go ahead and start with the quarter ending 6-30-2025. On the balance sheet for that quarter, you can see that our total assets, liabilities, and fund equity were equal to \$63,929,055.06. If you turn the page to the statement of revenues and expenditures for 6-30-25, you can see our total revenue for the fourth quarter was \$5,223,205.25. Our total expenditures for the fourth quarter were \$1,737,950.21. The year-to-date amounts, since this was the final quarter of the fiscal year, show total revenues of \$10,140,675.99 and total expenditures of \$7,411,932.53. Our total fund balance as of June 30, 2025 was \$63,007,450.94.

Bayones said does anybody have any questions over the fourth quarter for 2025? Can I get a motion to approve?

Motion by Ellwanger, **Second** by Apple, to accept the refunds of employee contributions and quarterly statements of receipts and disbursements for the 4th quarter of FYE 2025 as presented. **AYE:** Zacharias, James, Rogalski, Bayones, Apple, Ellwanger. **NAY:** None. **MOTION PASSED.**

Nunley said moving on to the first quarter ending at 9-30-2025, on the balance sheet, you can see that our total assets, liabilities, and fund equity were equal to \$66,265,056.77. For the statement of revenues and expenses for our first quarter and year to date, because it is the first quarter of the year, our total revenues are equal to \$4,351,295.43, and our total expenditures were equal to \$2,030,801.01. Our total fund balance as of September 30, 2025 is \$65,288,075.61, and then we have a total refund of \$281,252.27.

Motion by Apple, **Second** by Rogalski, to approve the refunds of employee contributions and quarterly statements of receipts and disbursements for the 4th quarter

of FYE 2025 as presented. **AYE:** Zacharias, James, Rogalski, Bayones, Apple, Ellwanger. **NAY:** None. **MOTION PASSED.**

4. Consider authorizing payment of an invoice from Pension Benefit Information, LLC (PBI) in the amount of \$3,500 for the annual fee associated with their services in conducting periodic death audits and locator services for the City of Lawton.

Chairman Bayones provided background information on this item. A copy of the invoice from PBI, LLC, may be obtained from the City Clerk's Office upon request.

Chairman Bayones said this is the program that HR uses to do death audits for the plan. The \$3,500 is what they have been charging us annually, so we just need to get an approval to get the bill paid.

Motion by Ellwanger, **Second** by James, to approve payment of the invoice from PBI, LLC in the amount of \$3,500. **AYE:** Zacharias, James, Rogalski, Bayones, Apple, Ellwanger. **NAY:** None. **MOTION PASSED.**

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

Chairperson Bayones provided background information on this item. A copy of contract RFPCL23-006, Annual Pension Fund with Finley and Cook, PLLC may be obtained from the City Clerk's Office upon request.

Chairperson Bayones said this is an extension of the plan that we've been using. On page 69, it identifies what the extension would cost us. We are at \$23,500 for this current audit that we will have done for the 2026 fiscal year. There is one more extension after that for \$24,000 if we want to continue to use them. They are the only ones that bid the last time.

Apple said is there one more extension, or is this the last extension?

Chairperson Bayones said 2027 is the last extension, so we're just approving to get them one more year.

Motion by Apple, **Second** by Rogalski, to approve an extension of contract RFPCL23-006, Annual Pension Fund with Finley and Cook, PLLC. **AYE:** Zacharias, James, Rogalski, Bayones, Apple, Ellwanger. **NAY:** None. **MOTION PASSED.**

6. Consider approving the 2026 Annual Meeting Notice for the Pension Trust Commission.

A copy of the 2026 Annual Meeting Notice for the Pension Trust Commission may be obtained from the City Clerk's Office upon request.

Chairperson Bayones said on page 100, it shows January 22nd, April 23rd, July 23rd, and October 22nd are our meeting dates. Does anybody have any issues with those dates?

Motion by Rogalski, **Second** by James, to approve the 2026 Annual Meeting Notice for the Pension Trust Commission. **AYE:** Zacharias, James, Rogalski, Bayones, Apple, Ellwanger. **NAY:** None. **MOTION PASSED.**

James said do we have any update on the IRS correction?

Wilson said with the IRS update, I mentioned earlier that was filed in correction, the application was filed in January. Our pension attorney, Papahronis, said it would take a minimum of six months with kind of the turmoil going on with the federal government. I expect that's going to be longer. Just so the Board knows though, the Mayor has asked Craig and I to provide an update to Council in January because we have some new Council members, and then we'll have a new Council member also coming on board, so we will be doing that also. Nothing new — it's still pending.

Apple said I don't know if this is directed towards the Board or directed towards Finance. I don't know if anybody else has been approached, but I have been approached by a couple of retirees. In reference to the monthly check that retirees receive, they are questioning whether there is any way to change the timing of their payments to a bi-monthly check versus one check a month. The issue was raised because when they go out for loans, the timing of the monthly check has caused difficulties.

James said what difference would that make as far as banking goes.

Zacharias said at BancFirst, it wouldn't make a difference, because we base it off of tax returns. I'd be curious to know where they're trying to get the loan.

Chandra Young, Director of Finance, I would be curious if I would ask them where they're getting it from, because like they mentioned, normally you have to provide your tax return. So I would go back to them and ask, where are you looking to get it. Because to me, it's on that end.

Apple said the other deal I was approached on was spreading it out, but, to me, that would be an issue as far as your personal budget, and I told them I would bring it up to the Board.

Chairperson Bayones said I feel like it's something more than this check, because a financial institution is going to look at your total income, and both of these folks have said, you know, they're going to look at tax rolls, they're going to look at bank statements, verifying income that way. It shouldn't matter whether it's weekly or bimonthly or monthly.

Rogalski said you know, it's possible they're talking to someone at where they bank, and it's some sort of minor, unsecured loan they're talking about, and they're looking at their average daily balance or something, and they're like, you spend all your money in two days. You're overdrawn 29 days out of the month. So it could be something weird like that, because otherwise, it doesn't make any sense.

Zacharias said realistically, it's outside of circumstance of income. Whether the officer is going to communicate that or not depends on the officer.

Adjournment

Motion by Apple, **Second** by Zacharias, to adjourn the October 23, 2025, meeting.

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

The meeting adjourned at 9:32 AM.