City of Lawton

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

Pension Trust Commission

Agenda

Friday, July 11, 2025 | **9:00 AM** | **Lawton City Hall 3rd Floor Conference Room**

Roll Call

Introduction of Guests

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.

1. Consider accepting a Memo of Information regarding the death of retiree Chris Rayburn Alford.
2. Consider accepting a Memo of Information regarding the death of retiree Gilbert H. Schumpert Jr.
3. Consider approving the paid-in-full judgments to be released from the record.

New Business

1. Consider approving the minutes of the April 8, 2025, meeting.
2. Authorize the temporary deviation from the retirement plan's investment allocation guidelines pending repayment of a $4 million judgment and authorize the chair of the pension board to execute any documentation that may be required to verify the temporary deviation.
3. Receive the quarterly report on pension investments from Morgan Stanley.
4. Consider approving refunds of employee contributions and quarterly statements of receipts and disbursements.
5. Consider accepting an engagement letter from Finley & Cook CPAs for auditing services of the Employee Retirement System for the fiscal year 2024-2025 and take action as deemed necessary.

Adjournment

Item Title:
Consider accepting a Memo of Information regarding the death of retiree Chris Rayburn Alford.

Initiator: Craig Akard, Director

Information Source: Craig Akard, Director

Background:
City of Lawton retiree Chris Rayburn Alford passed away April 16, 2025. Mr. Alford had chosen the "Joint and 100% Survivor" at the time of his retirement. However, his spouse, Tammy Alford, preceded Mr. Alford in death in 2024. His final check was issued on April 25, 2025.

Correlation to the True North Statement:
Transparency and Trust

Exhibit:
Memorandum to Payroll Coordinator
Obituary
Memorandum to Financial Services
Retirement Application
Benefit Option Selection Form
Designation of Beneficiary

Key Issues:
N/A

Funding Source:
Pension Retirement System

Recommended Action:
Accept the Memo of Information regarding the death of retiree Chris Rayburn Alford.

ATTACHMENTS:
1. Death of Retiree Chris Alford

Human Resources Department

212 SW 9th Street
Lawton, OK 73501
580-581-3392

MEMORANDUM

TO: Shari Rodrick, Payroll Coordinator
FROM: Rosie Torries, Administrative Assistant II
RE: Death of Retiree Chris Rayburn Alford
DATE: April 22, 2025

City of Lawton retiree Chris Rayburn Alford passed away April 16, 2025. Mr. Alford had chosen the "Joint and 100% Survivor" at the time of his retirement. However, his spouse, Tammy Alford, preceded Mr. Alford in death in 2024. Final check is April 25, 2025. All pertinent information is attached.

If you have any questions, please call me at (580) 581-3392

Thank you.

Attachments
Memo
Obituary

Cc: City Clerk's Office

Chris Rayburn Alford

September 19, 1961 - April 16, 2025

Memorial service for Chris Rayburn Alford, 63, of Lawton, Oklahoma will be held at 10:00 a.m. on Friday, April 25, 2025 at Lawton Ritter Gray Funeral Home with Pastor Zach Foley of Hope Church officiating.

Mr. Alford passed away on Wednesday, April 16, 2025 at his home in Lawton.

Chris was born on September 19, 1961 in Indianapolis, Indiana to Terry Alford and Saundra (Deshong) Goosey. He grew up in Indianapolis until his sophomore year when his family moved to the Lawton Fort Sill area where Chris graduated from Eisenhower High School. He worked for a while as a contractor. He then began his career with the City of Lawton Water Department and retired after 30 years. Chris married Teresa Russell and later married Tammy Heinz. She passed away in 2024 after 20 years of marriage. Chris enjoyed hiking, hunting, and fishing.

He is survived by his sons and his daughter in law, Chris and Amber Alford, of Lawton, OK and Jeremy Alford of Coppers Cove, TX; his grandchildren, Grace, Hailey, and Bentley; his brother, Anthony Alford; and his sister, Leesa Goosey.

He is preceded in death by his parents; and his wife.

FOR OFFICE USE ONLY

DATE OF EMPLOYMENT

DESIGNATION OF BENEFICIARY

For the City of Lawton, Oklahoma Retirement Pension Plan

MEMBERS NAME CHRIS ALFORD

ADDRESS

DATE OF BIRTH 9-19-61

In the event of your death, any benefits shall be payable only to surviving spouse and/or children. If spouse is not alive and no children survive, then remaining benefits shall be payable to the members father and/or mother; if living; otherwise to the legal representative of members estate, unless designated otherwise.

IMPORTANT: List one or more Beneficiaries in sequence to receive members benefits or payment benefits or payment will be made as listed in above paragraph.

Spouse TAMMY ALFORD Date of Birth 9-25-62

Dependent Children CHRIS D. ALFORD 50
JIMMY E. ALFORD 50

Other

Date 6-25-14 Member Signature Chris Alford

Witness Cindy Kastner

In the event of your death, please list below the name of the person(s) you would like us to notify.

Name Phone

Address

Name Phone

Address

RETIREMENT APPLICATION

Employee Name: CHRIS ALFORD Employee date of birth 9-19-61

Employee Date of Hire 6-17-1996

Name of Spouse TAMMY ALFORD Spouse's date of birth 9-25-62

I AM APPLYING FOR THE FOLLOWING TYPE OF RETIREMENT:

( ) Normal Retirement based on age and/or years of service ______(employee initials)

(X) Early Retirement based on age and/or years of service. (NOTE: Early retirement benefits reduce 5/12ths of one percent for very month retired early.) ______(Employee Initials)

( ) Disability retirement of the following type**

( ) Job related. Date of injury__________

( ) Non job related

( ) My retirement options were explained and I am electing to take a lump sum payment option in Lieu of a monthly benefit.

****NOTE:** On disability retirements there are no payment options and benefits are payable for the life of the retiree only with no survivor benefits. All disabilities will require medical documentation from physicians selected by the retirement commission.

EMPLOYEE'S SIGNATURE: Chris Alford DATE 6-25-14

SPOUSE SIGNATURE Tammy Dee Alford DATE 6-25-14

Employee Retirement System of the City of Lawton

BENEFIT OPTION SELECTION

for

Chris Alford

I have been advised of the benefit payment options available to me and have selected the option below which I consider most appropriate for my needs.

☐ **LUMP SUM PAYMENT** ________ **Initials**	**$** 67,572.85
Refund of the employee contribution plus accrued interest and city contribution with 10 years or more. No further benefit.	

☐ **LIFETIME ONLY** ________ **Initials**	**$ 836.12/month**
Payable for retirees lifetime. Benefit stops at retirees death.	

☐ **TEN YEAR CERTAIN** ________ **Initials**	**$ 826.09/month**
Payable for the retirees lifetime. If retiree death occurs during the ten year period following the retirement date, the monthly payment will be continued to the retiree beneficiary for the remainder of the ten year period.	

☐ **JOINT AND 2/3 SURVIVOR** ________ **Initials**	**$ 785.55/523.73 per month**
Payable for the retirees lifetime. Following the retirees death, payments continue to the retirees spouse in an amount reduced to 2/3 of the retiree monthly benefit. The reduced amount is payable for the spouses lifetime and ceases on the spouses death.	

☒ **JOINT AND 100% SURVIVOR** C.A. **Initials**	**$ 762.52/month**
Payable for the retirees lifetime. Following the retirees death, payments continue in the same amount to the retiree spouse during the spouses lifetime. Benefits cease on spouses death.	

I have been advised by the Human Resources Department to complete a revised beneficiary designation form. The form is attached.

I have selected the benefit payment option which I consider most beneficial to my needs. I understand that once benefit payments are approved by the Board of Pension Commissioners, the option selection cannot be changed. I understand that I will not receive my first retirement check until the last Friday of the month following my retirement date.

Chris Alford 6-25-14

(Employee Signature) (Date)

Tammy Dee Alford 6-25-14

(Spouse Signature) (Date)

Judy Koch 6-25-14

(Witness Signature) (Date)

To: Krystal Urbanski

From: Trudy Kastner

Date: July 3, 2014

Re: retirement-Chris Alford

City of Lawton employee Chris Alford retired effective June 13, 2014. Mr. Alford has selected the Joint and 100% Survivor option, $762.52 per month.

The July check will include a prorated amount for the month of June as follows:

$762.52/30=$25.42 per day 30 days in June with the retirement date being the 13th leaves 17 days retired. 17 x $25.42 per day =$432.14 owed for June.

Mr. Alford is continuing the health and dental coverage to be deducted in the amount of $281.73/month beginning with the July 2014 check.

Enclosed please find the W-4P, direct deposit request, benefits options selection, retirement application , beneficiary designation, insurance selection.

Mr. Alford's July check will be:

June prorated	$432.14
July	$762.52
Less insurance	($281.73)
	$912.93

June prorated amount	$432.14
July amount	$ 762.52

7-15-14
8/25-14 KU

Insurance deduction	(281.73)
Total	$913.93

Beginning with the August checks Mr. Alford will receive $480.79, the $762.52 (less $281.73 for insurance)

Item Title:
Consider accepting a Memo of Information regarding the death of retiree Gilbert H. Schumpert Jr.

Initiator: Craig Akard, Director

Information Source: Craig Akard, Director

Background:
City of Lawton retiree Gilbert H. Schumpert Jr. passed away on June 14, 2025. Mr. Schumpert had chosen the "Joint and 2/3 Survivor" option at the time of his retirement. Judith A. Schumpert is his designation of beneficiary.

Correlation to the True North Statement:
Transparency and Trust

Exhibit:
Memorandum to Payroll Coordinator
Obituary
Retirement Application
Benefit Option Selection Form
Designation of Beneficiary

Key Issues:
N/A

Funding Source:
Pension Retirement System

Recommended Action:
Approve the Memo of Information regarding the death of retiree Gilbert H. Schumpert Jr.

ATTACHMENTS:
1. Death of Retiree Gilbert H. Schumpert

Human Resources Department

212 SW 9th Street
Lawton, OK 73501
580-581-3392

MEMORANDUM

TO: Shari Rodrick, Payroll Coordinator
FROM: Rosie Torries, Administrative Assistant II
RE: Death of Retiree Gilbert H. Schumpert Jr.
DATE: July 3, 2025

City of Lawton retiree Gilbert H. Schumpert Jr. passed away June 14, 2025. Mr. Schumpert had chosen the "Joint and 2/3 Survivor" at the time of his retirement. Judith A. Schumpert is his designation of beneficiary. All pertinent information is attached.

If you have any questions, please call me at (580) 581-3392

Thank you.

Attachments
Obituary
Benefit Option
Retirement Application

Cc: City Clerk's Office

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Gilbert H. Schumpert Jr.

1938 - 2025

Write a tribute

Gilbert H. Schumpert Jr., Colonel (Retired, U.S. Army), city manager, public servant, and most importantly, a beloved husband and father, died on Saturday, June 14, 2025, in Winston-Salem, North Carolina, at the age of 86. He was born on September 20, 1938, in Grandfield, Oklahoma.

On January 22, 1966, he married Judy and together they built a life that lasted nearly 60 years.

Gilbert began his military service in May 1960 and went on to serve with honor in the United States Army for more than thirty years, retiring at the rank of Colonel in 1991. While serving in the Army Reserves, he also stepped into city government, becoming City Manager in Woodward, Oklahoma and later in Shawnee. After his time in Shawnee, he made the decision to return to active duty. After completing his military career, he returned once again to public service, serving as City Manager in Lawton (1994–1998).

His educational path began at Cameron University, where he studied engineering. He earned a Bachelor of Science in Math Education from Oklahoma State University, where he was named a Distinguished Military Graduate from Army ROTC. He later pursued graduate studies at the University of Oklahoma, growing in his understanding of leadership and city management.

Gilbert was a man of deep conviction. He could be stubborn—but that came from standing firm in what he believed was right. He didn't shy away from hard decisions or back down when things got tough. He made choices he believed would lead to something better.

Of all the roles he held, the one he cherished most was being a husband and a father. He could talk to anyone—whether it was a neighbor over the fence, a city official, or a stranger in the checkout line. Wherever he went, his warmth and charisma followed.

In retirement, he enjoyed walking the dogs, time with family, and as many rounds of golf as possible—usually with a story, a little coaching, and a good bit of humor along the way. He stayed active and vocal, always ready to share his opinion—sometimes with passion, and often with a grin.

He is survived by his wife, Judy Schumpert; his daughter, Rev. Tracy Schumpert; his son, Scott Schumpert; and his daughter-in-law, Amanda Schumpert, along with many relatives and friends who were impacted by his life, his voice, and his presence.

"You did well. You were good and faithful. Come and rest." – Matthew 25:21, paraphrased

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-schumpert-jr%2F)

Tributes

Your email address will not be published. Required fields are marked *

Write a tribute

Light a candle

Name *

Email *

☐ Save my name, email, and website in this browser for the next time I comment.

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DESIGNATION OF BENEFICIARY

For The City of Lawton, Oklahoma
Retirement Pension Plan

FOR OFFICE USE ONLY

Date of Employment

MEMBERS NAME Gilbert H. Schumpert Jr.

Address

Date of Birth 9/20/38

In the event of your death, any benefits shall be payable only to surviving spouse and/or children. If spouse is not alive and no children survive, then remaining benefits shall be payable to the members father and/or mother; if living; otherwise to the legal representative of members estate, unless designated otherwise.

IMPORTANT: List one or more Beneficiaries in sequence to receive members benefits or payment benefits or payment will be made as listed in above paragraph.

1. (Spouse) Judith A. (Judy) Schumpert Date of Birth 11/20/43

11/22/43
JM
6/30/25

2. (Dependent Children) Scott Andrew

3. (Other)

Date 8/28/98 MEMBERS SIGNATURE [signature]

WITNESS: Sherry Anderson

In the event of your death, please list below the name of the person you would like us to notify.

1. Name Phone Number

Address

2. Name Phone Number

Address

AS-111

Employee Retirement System of the City of Lawton

BENEFIT OPTION SELECTION

for

GILBERT H SCHUMPERT

I have been advised of the benefit payment options available to me and have selected the option below which I consider most appropriate for my needs.

☐ LUMP SUM PAYMENT	$39,637.99
Refund of the employee contribution plus accrued interest. No further benefit.	

☐ LIFETIME ONLY	$1,508.24
Payable for retiree's lifetime. Benefit stops at retiree's death	

☐ TEN YEAR CERTAIN	$1,434.94
Payable for the retiree's lifetime. If retiree death occurs during the ten year period following the retirement date, the monthly payment will be continued to the retiree beneficiary for the remainder of the ten year period.	

☑ JOINT AND 2/3 SURVIVOR	$1,321.78/881.23
Payable for the retiree's lifetime. Following the retiree's death, payments continue to the retiree's spouse in an amount reduced to 2/3 of the retiree monthly benefit. The reduced amount is payable for the spouse's lifetime and ceases on the spouses death.	

☐ JOINT AND 100% SURVIVOR	$1,244.83
Payable for the retiree's lifetime. Following the retiree's death, payments continue in the same amount to the retiree spouse during the spouse's lifetime. Benefits cease on spouse's death.	

I have been advised by the Personnel Department to complete a revised beneficiary designation form. The form is attached.

I have selected the benefit payment option which I consider most beneficial to my needs. I understand that once benefit payments are approved by the Board of Pension Commissioners, the option selection cannot be changed. I understand that I will not receive my first retirement check until the last Friday of the month following my retirement date.

Gilbert H Schumpert ______ 8/28/98

(Employee Signature) (Date)

Sherry Anderson ______ 8-28-98

(Witness Signature) (Date

PART III

RETIREMENT APPLICATION

9. Employee Hire Date: 3/15/93 Employee Birth Date: 9/20/38

10. Name of Spouse: Judith (Judy) Spouse Birth Date: 11/22/43

I AM APPLYING FOR THE FOLLOWING TYPE OF RETIREMENT:

11. [ ] Normal Retirement based on age and/or years of service. __________ (Employee Initials)

12. [X] Early retirement based on age and/or years of service. (***NOTE***: Early Retirement benefits reduce 5/12ths of one percent for every month retired early.) [illegible] (Employee Initials)

13. [ ] Disability retirement of the following type: **

[ ] Job Related. Date of Injury: ____________________

[ ] Non Job Related

***** NOTE:*** On disability retirements there are no payment options and benefits are payable for the life of the retiree only with no survivor benefits. All disabilities will require medical documentation from physicians selected by the retirement commission.

EMPLOYEE'S SIGNATURE: [illegible] DATE: 8/28/98

Item Title:
Consider approving the paid-in-full judgments to be released from the record.

Initiator: Rebecca Johnson, Director

Information Source: Kaitlin Nunley, Accountant

Background:
Because of the Pension Trust Commissions concerns with the management and disposition of City of Lawton employee pension funds, the Trust is provided notification of final judgment payments. It in turn provides the Finance Director the authority to request a release for said judgments from the record.

Correlation to the True North Statement:
Transparency and Trust

Exhibit:
List of judgments paid and pending release.

Key Issues:
N/A

Funding Source:
City Employee Retirement System

Recommended Action:
Authorize the release of the attached paid-in-full judgments.

ATTACHMENTS:
1. 04.2025-06.2025 QUARTERLY RELEASE - 4TH QUARTER

City of Lawton Judgments Paid-In-Full and Prepared to be Released
Fiscal Year 2024-2025 Fourth Quarter

April 2025

Case	*Name*	*Release Date*	*Interest Rate*	*Amount*	*Judge*	*Payment Years*	*Type*
		NO JUDGEMENTS TO BE RELEASED					

May 2025

Case	*Name*	*Release Date*	*Interest Rate*	*Amount*	*Judge*	*Payment Years*	*Type*
CS-2022-232	ROBERTO & ELSA GUEVARA	3	5.25%	$ 1,881.68	ZWAAN	23/24/25	PROPERTY
CV-2022-115	JAMES APPLE	3	5.25%	$ 33,687.50	TAYLOE	23/24/25	WRKS COMP
CV-2022-125	MICHAEL KELLY & MIKE LAWTER	13	5.25%	$ 1,750.00	NEUWIRTH	23/24/25	WRKS COMP
CV-2022-126	ROBERT PUCCINO & DANIEL DAVIS	13	5.25%	$ 12,600.00	NEWBURN	23/24/25	WRKS COMP

June 2025

Case	*Name*	*Release Date*	*Interest Rate*	*Amount*	*Judge*	*Payment Years*	*Type*
CV-2022-160	JUSTIN DIPPREY	14	5.25%	$ 12,600.00	MEADERS	23/24/25	WRKS COMP

Item Title:
Consider approving the minutes of the April 8, 2025, meeting.

Initiator: Tammy Branstetter, Senior Deputy City Clerk

Information Source: Tammy Branstetter, Senior Deputy City Clerk

Background:
Minutes of the April 8, 2025, meeting have been drafted and are awaiting approval.

Correlation to the True North Statement:
Transparency and Trust

Exhibit:
April 8, 2025 Meeting Minutes

Key Issues:
N/A

Funding Source:
N/A

Recommended Action:
Approve the minutes of the April 8, 2025, meeting.

ATTACHMENTS:
1. Pension Trust Minutes 04.08.2025

	City of Lawton **Pension Trust Commission** **Minutes**	Lawton City Hall 212 SW 9th Street Lawton, Oklahoma 73501-3944

Tuesday, April 8, 2025	**9:00 AM**	**Lawton City Hall** **3rd Floor Conference Room**

Roll Call

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, Teri Bayones, Ed Petersen, Christine James

ABSENT: Jace Zacharias, Richard Rogalski, James Apple

ALSO PRESENT: Tammy Branstetter, City Clerk's Office; Craig Akard, Human Resources; Kristin Huntley, Financial Services; Kaitlin Nunley, Financial Services; Tim Wilson, City Attorney's Office; Perry Warren, Morgan Stanley Financial Advisors; Chad Rother, Morgan Stanley Financial Advisors; Dan Bledsoe, Finley and Cook CPAs

Introduction of Guests

No guests were introduced.

New Business

1. Consider approving the minutes of the January 23, 2025, meeting.

A copy of the minutes of the January 23, 2025, meeting may be obtained from the City Clerk's Office upon request.

Motion by Ellwanger, **Second** by Petersen, to approve the minutes of the January 23, 2025, meeting. **AYE:** Ellwanger, James, Petersen, Bayones. **NAY:** None. **MOTION PASSED**.

2. Consider accepting the annual audit report of the City of Lawton Employee Retirement System for the fiscal year ending June 30, 2024.

Dan Bledsoe, Finley and Cook CPAs, presented the annual audit report of the City of Lawton Employee Retirement System for the fiscal year ending June 30, 2024.

Bledsoe said I believe two documents were issued. The audited financials are probably the bigger one that was shared up front with you. I'll probably start with the shorter one—the communication letter. I usually go through that because it includes some required elements under auditing standards that need to be discussed with the board. It also gives a brief recap of the audit results. Then we'll move into the larger document, which is the audited financial statements themselves.

Bledsoe said as mentioned, this was the June 30, 2024 audit for the pension plan, and we issued an unmodified opinion—a clean opinion—basically meaning the financial statements are presented in accordance with generally accepted accounting principles. Since the pension is a governmental entity, it's subject to GASB standards. There wasn't anything new this year that impacted the presentation or disclosures. GASB has been active, but most of the things they've issued affect more of the city's financial versus the pension's financial statements, so nothing has changed with that.

Bledsoe said one of the things we always have to discuss in the communication letter is management estimates in the audited financial statements. Consistent with prior years were two primary things. One is the fair value of investments. We always do test work on that and send a confirmation to verify directly what the balances were at the end of the year.We did our usual test work on investments, sending out confirmations to directly verify year-end balances. We'll do some verification too with a third party like Yahoo Finance, or something like that, on a sample basis just to make sure the values at the end of the year match up. We reviewed the SOC report for your third-party investment handler, which evaluates their internal controls. Everything looked satisfactory, and we had no issues. Based on our testing, no changes were made to fair values, and we were comfortable with how those were reflected in the financial statements.

Bledsoe said the second area is the actuarial assumptions. Of course, Dean Actuaries has done the calculations for you guys for a number of years. So what we really do with that is kind of twofold. One, we look through Chuck's report to make sure the assumptions that he's using are consistent with the prior year and seem reasonable. There were no significant changes to the assumptions this year. The discount rate has remained consistent for several years. We also tested a sample of the census data used in his calculation, checking things like age and sex against the city's records. We then confirmed that the data Chuck received matched those records. There were no discrepancies, and we felt comfortable with the data being used for the actuarial calculation.

Bledsoe said a few other key things we are required to report on include whether there were any difficulties working with management, challenges in obtaining information for our testing, or disagreements. We didn't have any issues to report this year. In past years, some of those issues had caused delays, but this year we received everything we needed from internal records, including the cash allocation schedule, which had previously been a challenge. We had no issues this year, and management was great to work with, getting us everything in a timely manner. As a result, we were able to get caught up.

Bledsoe said the letter—along with our independent auditors' report—includes what we call an “emphasis of matter” paragraph. This has been included for probably the third year in a row and relates to an ongoing issue that remains unresolved, so we’ve included that emphasis of matter mainly because the issue still isn’t fully settled. The main point of including the emphasis of matter is just to highlight that the issue still exists and that it could have an impact on the plan’s financials once it’s all settled and determined.

Bledsoe said as far as audit adjustments, we had a few reclassification entries—just to make sure things were in the right bucket, so to speak. We had maybe one small actual audit adjustment, which helped ensure that the net position, or equity, rolled forward from our prior audit. Now that we’re caught up in the current year, once we finished the audit, we provided the finance group with the adjustments that we made so they could enter them into the city’s records so that basically everything will match the adjusted audit financials.

Bledsoe said the last item in the letter I want to touch on—something I discuss each year—is whether we identified any material weaknesses or significant deficiencies in the internal control structure. We’re required to report those. We didn’t have anything to report for this year. As we’ve discussed in the past, the auditing standards require us to gain an understanding of how benefit payments are processed, how contributions come in, and all the other key processes involved. We look at the design of the internal controls and ensure there is adequate segregation of duties or compensating controls. We also perform sample testing to make sure those controls are not only designed properly but are functioning as intended. If there were issues with either the design or the results of our test work, we would have to report those. We didn't have any issues this year, so we felt comfortable with how that was set up. We also have to report if we identified any instances of fraud, and based on our testing, we didn’t identify any fraud issues. If we come across any illegal acts or violations of law that we become aware of as part of our test work, we’d be required to communicate that to the board, but we didn’t encounter anything like that this year either.

Bledsoe said overall, even though the timing was a bit later than ideal, we were able to get everything done. I’m not sure if the city has formally completed its FY24 audit, but I believe they were close. I know the finance group seems to be back on track and where they want to be. I believe we’re now in our third year under the hard agreement, and we plan to schedule the FY25 audit probably around October of this year, aiming to have it done by the end of 2025.

Bledsoe said let's jump over to the financials. I’m not going to go through everything in them—there’s obviously a lot of information in there—but I’ll touch on some key points. If there’s anything I don’t cover that you’d like to discuss, let me know and we can talk about those.

Bledsoe discussed pages 1-3 of the audit report. He said as mentioned earlier, we issued an unmodified or clean opinion. That section is where our audit opinion is formally rendered. The rest of the report lays out our responsibility in performing the audit, as well as management's responsibility for producing the financial statements and ensuring they're presented in accordance with GAAP. It basically recaps that whole process. As I mentioned, page one also includes the emphasis of matter paragraph in the independent auditor's report. We wanted to make sure this was brought to your attention.

Bledsoe said following the auditor's report is the MD&A (Management's Discussion and Analysis) which spans pages I-1 to I-7. This section is required by GASB standards to be presented with the financials, though it's technically not part of our audit opinion. The MD&A allows management to recap the results of the year in more plain English. Our main responsibility with this section is to ensure any numbers included reconcile to the audited financials. There are some tabular things showing assets, liabilities, contributions, or benefit payments, and we make sure all of that is reconciled to the audit. We didn't see anything that contradicted the financials during our review.

Bledsoe said that brings us to page four, where the actual financial statement numbers begin. Page four is the Statement of Fiduciary Net Position. This is your balance sheet as of June 30, 2024. It's presented on a comparative basis, so you can also see figures from June 30, 2023. There are two key things I'd like to point out. First, the cash equivalents at year-end. This can fluctuate depending on when funds are moved between investments and cash. At the end of 2023, there was actually a negative cash balance of about $192,000. But by the end of 2024, more cash had been flushed over, and so you actually had almost $1.5 million positive cash. The other thing I want to point out is in the middle section of the page, where you have the investments reflected at their fair value. You can see that investment performance has continued to be strong. We've had a couple of good years, and even though 2023 was already a strong year, it continued to increase. We were almost $3 million overall combined in your total investments. A key thing to point out is that under GASB standards—specifically GASB 72, which has been in effect for about 10 to 12 years now—investments are required to be reported at fair value. With fair value, you have to adjust your investments and reflect them at their fair value as of the reporting date. Any changes related to that fair value go through the income statement. So, as the markets perform well, you'll see an increase not only on the balance sheet side but also in earnings, including realized gains and losses. So far in fiscal year 2025, we've seen a bit more struggle in the markets, and depending on where things settle, you may see those numbers go down. That's just how the fair value model is set up.

Bledsoe said you'll see this reflected if you look at the next page, which is page five—essentially your income statement, titled the Statement of Changes in Fiduciary Net Position. Overall, things were positive in that area. Contributions, although there has been a bit of a lag, were still up about $100,000 year-over-year in contributions in 2024 compared to the prior year. Investment earnings were very good, coming in at approximately $8.7 million net of expenses, compared to $6.1 million in the previous year. So there was almost a $2.5 million increase year-over-year. A large portion of that came from the change in fair value and unrealized gains, which totaled nearly $6.8 million for the year. So overall, fiscal year 2024 was a very strong year in terms of return.

Bledsoe said in the deductions section, benefit payments did increase year-over-year, which is expected as the retiree group grows older and more individuals begin drawing benefits. Actual refunds of contributions—when employees leave early—were slightly lower, about half of what they were in 2023. These are hard to predict since it depends on when individuals choose to leave city employment, so the timing can vary.

Bledsoe said the main line item to note on page five is the “Change in Fiduciary Net Position,” which came in at almost $4.4 million. This represents the increase in equity or, more or less, your net income for the year. With the strong market performance and the increase in contributions, overall it was a good year for the pension in building up your net position.

Bledsoe said after that, we move onto the footnotes, and there are three or four specific ones I want to touch on. If we go back to page 13, you’ll find the section on investment disclosures. While the investment categories are already broken out on the balance sheet, this section aligns with GASB 72, which requires you to disclose the level of judgment involved in determining fair value. Level one refers to investments with a readily available market price—for example, mutual funds that are actively traded. These are easily verifiable at year-end. Level two investments may not be actively traded but have comparable items - in this case, they're basically three or four government agency investments we've had for quite a while. Level three is labeled as "other investments" - that's basically the judgments that you guys have worked with the city on. They don’t have an active marker or comparable type of investment, so they fall into the level three bucket. So levels one through three indicate a progression from less to more judgment required. These categories were consistent with fiscal year 2023. We always look at your improved investment policy as well, just to make sure the percentages fall within the allowed buckets, so to speak. There were no issues with that in 2024, so the investments were within the allotted percentages that you're allowed to do.

Bledsoe said on page 14, in the bottom section, you’ll find a multi-page disclosure starting with the net pension liability. As mentioned earlier, Chuck Dean performs the actuarial valuation and calculates the total pension liability using census data and a variety of assumptions. That figure increased to nearly $102 million at the end of 2024. The fiduciary net position—basically what the system has available, reported at fair value in accordance with GAAP—is subtracted from the total liability. That difference is the net pension liability, which is the portion the city is responsible for carrying on its books. We also disclose the fiduciary net position as a percentage of the total pension liability. That funding ratio improved year-over-year—from just under 57% at the end of 2023 to a 59% funding level at the end of 2024. Of course, the challenge with that is one of the key differences between what the actuary tries to do with investment earnings and what GAAP requires in its disclosures. Actuaries tend to smooth out investment earnings over time. Basically, if you have a big year, they don't take it all in one year like GAAP does—instead, they level it out over a five-year period. As a result, the funding level can look a bit different if you're looking strictly at the actuary's figures compared to what GAAP requires for disclosure. So, you tend to see a little more fluctuation under the GAAP basis. For example, in a strong year like 2024, the funding deficit might shrink significantly. But if there's a sharp drop-off the following year, that deficit could increase again. In contrast, the actuary's approach smooths those changes over a five-year window, focusing more on a long-term outlook.

Petersen said you've talked about this before, but practically that's a meaningless figure.

Bledsoe said to a degree—yes. But the key, from the actuary's standpoint, is that they're obviously looking at the long-term horizon. So in the short term, as long as you've got enough people paying in—combined with the employer's contributions—and you've built up investments that can generate dividends and earnings, you can ensure things stay on track.

Petersen said for a corporation that's on the verge of bankruptcy, that becomes a very meaningful figure.

Bledsoe said that's correct. You haven't benefited the City having a long horizon, and hopefully being able to adjust down the line if additional funding is needed to make up that gap. Really, all you're mandated to do is pay your retirees—those coming up in the next year or two—and make sure those short-term obligations are covered. As of now, if you look at the end of the year, based on your investments, the available cash, and the contributions expected in the next year, yes—you're in good shape. But what the actuary is required to do is take a longer-term view. They consider the impact of an aging group, more retirees, and the fact that people are living longer. All those factors come into play. When we approve the benefits going back a number of years, that horizon kind of changes, and so that's where you end up with the deficit piece of it. I think I've mentioned in prior years that we audit many of the larger state pensions. We handle firefighters and police. Police are close to 100% funded—likely helped by stronger lobbying that results in higher contributions. Firefighters are roughly at the 70–75% funded level. We don't audit the teachers' system, but I believe they've lagged behind a bit in the past compared to others. At the city level, you definitely see more variation. For individual cities, it's more of a challenge—they may not have as much of a revenue source as the state does if they need to increase contributions. So I definitely agree that this has definitely got assumptions in it, and there are actuarial aspects to that.

Petersen asked how other cities compare.

Bledsoe said I'm trying to think—most of our groups are now in OKMRF, so they don't really have that on their books to be audited. I believe you guys are the only ones now. We did have another city we audited, but I think we rotated off of them about three or four years ago. So I can't give you great information on that, since we don't really have other large cities still doing it. Most cities are either moving to the DC plan through OKMRF, or they just figured out that they were funded enough so that they could hand the DB plan over to OKMRF. That could be something for you to consider as well, but I think they require at least a minimal funded level—maybe 70% or 75%. So that's probably an option to look at down the line if you can kind of catch that up. Also, I made note of this—after June 30, 2024, there was a subsequent event where it was approved to increase contribution rates for both active employees and the city. I believe it's roughly a 1% increase on each side. That will certainly help. To do that, the city used—though not directly—some additional ARPA funds they received about three or four years ago. They adjusted the budget to allow for contributions beyond just the mandated percentage. I think that happened in 2024—so last year. They broke that additional contribution into four increments of about $170,000 per year, on top of the mandated percentage rate. So I know they've made some efforts. It's always a challenge with the budget and everything the city is trying to manage. We're not fully familiar with all the details of how they've handled it, but I'm sure they're aware that additional funding is needed.

Ellwanger asked if the net pension liability is a separate line item on the city's balance sheet.

Bledsoe said it should be - I would expect that it is. Their auditors probably used some judgment on how significant it is. That's a pretty sizable liability, so I'd say that's probably the best way to look at it.

Kristin Huntley, Financial Services, said it is a separate line item.

Bledsoe discussed page 17 of the financial report. He said we've had this for a couple of years now: a contingency disclosure that ties in with what we just discussed. There are two items. First, we mention the computation issues that were noted and whether there's any potential liability. My guess is the City would probably be the one to settle that once it's determined. It may not even flow through the pension—though I don't know that for sure. We likely won't know until a final number is determined, and we evaluate the asset side to figure out who owns what and how they'll handle it. So we continue to include that disclosure, just to acknowledge that the issue is still out there. The second item is the contribution rate shortage, which has been present ever since I inherited the audit—going back about 10 years now. There's a back table that lays out information the actuary provided—based on their calculation of what the contribution would need to be in order to reach a 100% funded level versus what was actually contributed. That's what this disclosure relates to. Even with the increases that have already happened, based on what the actuary recommends, there's still a deficit. Now, actuaries are kind of like dentists—they always want you to brush three times a day. They'd love it if you could just instantly fund everything and make up that shortfall. Still, they're doing their due diligence by raising that to your attention, and you're aware that additional contributions would be needed to fully catch up. The last item I mentioned earlier is on page 18 under footnote 9—subsequent events. It notes that contribution rates were increased for both participants and the City, effective at the end of September 2024. So those increases should begin flowing through in FY25. Hopefully, that will result in higher contributions coming in.

Ellwanger said our total pension liability has increased year after year. I'm looking at your page 22, covering 2015 to 2024—and we froze the plan as of 2017. So what should I expect going forward in terms of total pension liability? How should I look at that?

Bledsoe said that's more of an actuary's question—you'd probably want to discuss that with Chuck. Some of it comes down to life expectancy. You would expect at a certain point, maybe it will decrease some, but at least level off. Given the plan was frozen in 2017, we're starting to see more people retire who have never been able to participate, so that will turn over eventually. I believe you're now in the seventh year since the plan was frozen and everyone moved to the DC plan, so it's probably still a little early to fully see that benefit. One other factor that could affect the total pension liability is a COLA (Cost of Living Adjustment). It's been quite a while since any COLA has been approved, but if one were added, that would definitely impact the calculation. But since no new participants are coming into the plan, the only thing that might affect it going forward would be a COLA—if that were to happen.

Motion by Petersen, **Second** by Ellwanger, to accept the annual audit report of the City of Lawton Employee Retirement System for the fiscal year ending June 30, 2024. **AYE:** Ellwanger, James, Petersen, Bayones. **NAY:** None. **MOTION PASSED**.

Adjournment

Motion by James, **Second** by Ellwanger, to adjourn the April 8, 2025, meeting. **AYE:** Ellwanger, James, Petersen, Bayones. **NAY:** None. **MOTION PASSED**.

There being no further business, the meeting adjourned at 9:35 AM.

Item Title:
Authorize the temporary deviation from the retirement plan's investment allocation guidelines pending repayment of a $4 million judgment and authorize the chair of the pension board to execute any documentation that may be required to verify the temporary deviation.

Initiator: Timothy Wilson, Interim City Attorney

Information Source: Timothy Wilson, Interim City Attorney

Background:
On June 24, 2025, the city council approved a settlement agreement in the case of Kent Jackson, as personal representative of the Estate of Israel Williams v. City of Lawton, et. al., Case No. CIV-23-284-G for $4 million. In conformance with the longstanding practice for paying claims, the settlement agreement requires the plaintiff to assign the judgment to the retirement system, the retirement system will then: (a) make the $4 million payment to the plaintiff on behalf of the City of Lawton, and (b) will be reimbursed the $4 million plus interest from the ad valorem sinking fund collections over three years.

After consulting with the plan's investment firm Morgan Stanley, it is recommended board authorize a temporary deviation from the plan's investment guidelines and authorize the chair to execute any documentation that may be required to verify the temporary deviation. By doing so the plan will not have to reduce being held in equities. Rather, the $4 million repayment plus interest from ad valorem sinking fund will be considered fixed income. This action will also help the plan's fixed income revenue as the interest on judgments is currently 9.5%, which is higher than the current return on bonds. Perry Warren from Morgan Stanley will be present at the pension meeting to answer questions from the board.

Correlation to the True North Statement:

Exhibit:
City Council Resolution No. 25-179 with Settlement Agreement

Key Issues:
N/A

Funding Source:
N/A

Recommended Action:
Authorize the temporary deviation from the retirement plan's investment allocation guidelines pending repayment of a $4 million judgment and authorize the chair of the pension board to execute any documentation that may be required to verify the temporary deviation.

ATTACHMENTS:

1. 64a. Resolution No. 25-179

RESOLUTION NO. 25-179

A RESOLUTION AUTHORIZING THE ATTORNEYS RETAINED BY THE CITY AND/OR CITY ATTORNEY TO ENTER INTO AN ECONOMIC SETTLEMENT AGREEMENT IN THE FEDERAL DISTRICT COURT FOR THE WESTERN DISTRICT OF OKLAHOMA, FOR THE SUM OF FOUR MILLION DOLLARS AND 00/100 ($4,000,000.00) AS SETTLEMENT OF THE LAWSUIT STYLED: KENT JACKSON, AS PERSONAL REPRESENTATIVE OF THE ESTATE OF ISRAEL WILLIAMS V. CITY OF LAWTON, ET. AL., CASE NO. CIV-23-284-G, AND DIRECTING SAID ATTORNEYS TO PREPARE AND FILE APPROPRIATE DOCUMENTS TO EFFECTUATE SETTLEMENT, INCLUDING A JOURNAL ENTRY INCORPORATING SAID SETTLEMENT AGREEMENT FOR THE COURT'S APPROVAL; FURTHER DIRECTING THE ATTORNEYS RETAINED BY THE CITY, THE CITY ATTORNEY AND MAYOR TO SIGN THE SETTLEMENT DOCUMENTS AS NECESSARY; AND PLACING SAID JUDGMENT ON THE SINKING FUND.

WHEREAS, the City Attorney has informed the City Council of the terms of the proposed settlement agreement in the lawsuit in the Federal District Court for the Western District of Oklahoma, styled: Kent Jackson, as Personal Representative of the Estate of Isreal Williams v. City of Lawton, et.al., Case No. CIV-23-284-G; and

WHEREAS, it is the desire of Council to settle the above referenced lawsuit without any admission of civil liability whatsoever; and

WHEREAS, the City Council finds that a settlement of Four Million Dollars ($4,000,000.00), which includes all claims, costs, pre-judgment interest and attorney fees to constitute a just and reasonable economic settlement of Plaintiff's disputed claims; and

WHEREAS, the proposed settlement shall also include a dismissal with prejudice of all individually named Defendants and a release of liability from the Plaintiff to the City and all individually named Defendants; and

WHEREAS, a copy of the proposed settlement agreement is attached hereto as Exhibit A setting forth, among other things, the terms of payment; and

WHEREAS, it is the desire of the Council to make such settlement by authorizing the attorneys retained by the City and/or City Attorney to prepare and file all necessary documents, including a journal entry reflecting the terms of the settlement agreement so as to effectuate those terms; and

WHEREAS, in effectuating the settlement of this matter, the attorneys retained by the City, the City Attorney and Mayor are authorized to sign the appropriate settlement documents, as necessary, including one or more qualified assignment and release agreements.

NOW THEREFORE, be it resolved by the Mayor and Council of the City of Lawton, Oklahoma, that the attorneys retained by the City and/or City Attorney are hereby authorized and directed to prepare and file all necessary documents to effectuate the resolution of this case, including a Journal Entry incorporating the terms of the proposed settlement agreement, in the Federal District Court case filed in the Western District of Oklahoma, styled: Kent Jackson, as Personal Representative of the Estate of Isreal Williams v. City of Lawton, et.al., Case No. CIV-23-284-G, providing for settlement in the sum of Four Million Dollars and 00/100 ($4,000,000.00) to be paid as set forth above, which includes all costs, pre-judgment interest and attorney fees, as a just and reasonable economic settlement of the disputed claims. **BE IT FURTHER RESOLVED** that the attorneys retained by the City, the City Attorney and Mayor are authorized to sign the appropriate settlement documents, as necessary, including one or more qualified assignment and release agreements. **BE IT FURTHER RESOLVED** that the costs of making payment be placed on the tax rolls.

ADOPTED and **APPROVED** by the Council of the City of Lawton this 24 day of June, 2025.

Stanley Booker, Mayor

(SEAL)
ATTEST:

Donalynn Blazek-Scherler, City Clerk

APPROVED as to form and legality this 24th day of June, 2025.

Timothy Wilson, Interim City Attorney

EXHIBIT

tabbies

A

RELEASE OF ALL CLAIMS, INDEMNIFICATION AND SETTLEMENT AGREEMENT

For the sole consideration of the Settlement Sum set out below, the sufficiency whereof is hereby acknowledged, **KENT JACKSON, as Personal Representative of the Estate of Israel Williams, deceased,** hereby acknowledges full settlement and satisfaction of all claims of whatever kind or character he, his heirs, next of kin, successors, administrators, executors, assigns, any person receiving a portion of the Settlement Sum, and any beneficiaries ("Releasor") may have against **CITY OF LAWTON, JAMES SMITH, individually and in his official capacity, TERRY SELLERS, individually and in his official capacity, TIMOTHY SCANLON, NATASCHA BATES, WYATT CARTER, JEREMY KINMAN, RONNIE WATKINS, CASSIDY STAVELY, STEPHEN SCHWENDER, TIKA FISHER, IAN DRUCE, ANTHONY GILES, JEROME PAYTON, DELUSE ALLEN, AND MICHAEL CLEGHORN,** and all of their trustees, agents, servants, elected or appointed officials, current and former employees, insurers, and any other affiliated entities or persons thereof ("Released Parties") that were or could have been asserted in the lawsuit styled *Kent Jackson, as Personal Representative of the Estate of Israel Williams, deceased, Plaintiff ("Plaintiff") v. City of Lawton, Oklahoma, et al. Defendants ("Defendants"),* No. CIV-23-284-G filed in the United States District Court for the Western District of Oklahoma. This lawsuit was initially filed as *Kent Jackson, as Personal Representative of the Estate of Israel Williams, deceased, Plaintiff v. City of Lawton, Oklahoma, et al. Defendants*, in state District Court of Comanche County, Oklahoma, Case No. CJ-2022-613. ("Litigation").

1. RELEASE. Kent Jackson, as Personal Representative of the Estate of Israel Williams, hereby releases and forever discharges Released Parties from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, emotional distress, pain and suffering, injuries, actions, causes of action, suits, rights, demands, costs, attorneys' fees, losses, debts and expenses, punitive or liquidated damages, loss of wages, loss of earning capacity, loss of consortium, medical costs and/or other compensation of any nature whatsoever whether known or unknown, with respect to or arising out of all claims asserted or which could have been asserted in the Litigation.

This release includes claims for any and all injuries, harm, damages, penalties, costs, losses, expenses, attorneys' fees, and/or liability or other detriment, if any, whenever incurred, or suffered by Israel Williams as a result of any and all acts, omissions, or events by the Released Parties, collectively or individually, related to the incident alleged to have occurred on or about June 9th and June 10th, 2021, in Lawton, Oklahoma, through the effective date of this Agreement.

2. SETTLEMENT PROCEEDS. It is agreed that the sum payment of four million dollars (**$4,000,000.00**) ("Settlement Sum") is in exchange for a full and final settlement and it is further understood and agreed that this settlement is the compromise of a disputed claim, and that the payment made is not to be construed as an admission of liability on the part of the City of Lawton, James Smith, individually and in his official capacity, Terry Sellers, individually and in his official capacity, Timothy Scanlon, Natascha Bates, Wyatt Carter, Jeremy Kinman, Ronnie Watkins, Cassidy Stavely, Stephen Schwender, Tika Fisher, Ian Druce, Anthony Giles, Jerome Payton, Deluse Allen, and Michael Cleghorn. All the claims are denied by the Released Parties.

The total Settlement Sum will be paid as further set out below. Releasor will provide counsel for Released Parties a fully executed original copy of this Agreement, and all other documents necessary to effectuate settlement and payment [to include but not necessarily limited to: (a) Journal Entry of Judgment against City of Lawton, (b) Joint Stipulation of Dismissal with Prejudice for individual defendants, and (c) Assignment of Judgment]. The individual defendants will be dismissed from the Litigation with prejudice to re-filing the same; Releasor will take all further action required to obtain the dismissal with prejudice. Releasor acknowledges that further investigation, a lawsuit, a trial on the merits, discovery, and any right of appeal or review of any matter in the Litigation is hereby expressly waived by Releasor.

Upon: (1) execution of this Agreement by the Releasor and delivery of the same to City's counsel [WR Moon Jr.] with a fully completed IRS W-9 form ; (2) approval and acceptance of the aforementioned Journal Entry of Judgment by the Court; (3) filing of the Joint Stipulation of Dismissal with the Court, (4) execution of the aforementioned Assignment of Judgment and delivery of the same to City's counsel [WR Moon Jr], (5) execution and delivery to City's counsel of any other necessary documents, the Settlement Sum will be delivered to counsel for Releasor within ninety (90) calendar days of these conditions precedent being satisfied.

Keith Jackson, as Personal Representative of the Estate of Israel Williams, further represents and warrants that there are no outstanding liens or judgments existing on or concerning the Settlement Sum. To the extent that the Estate of Israel Williams has medical bills related to any treatment or care provided for any of the alleged injuries or damages asserted in the Litigation, Releasor understands it is the Estate's sole responsibility to pay these amounts and there will be no further payments made by the Released Parties.

Releasor further represents and warrants that he has not assigned or transferred, or purported to assign or transfer, to any person, firm, corporation, association or entity whatsoever any claims of any kind or character based upon, arising out of, or alleged to have been suffered in or as a consequence of the allegations in the Litigation. Releasor agrees to indemnify and hold harmless the Released Parties from and against any such claim or claims so asserted by any other party based on or arising out of any such assignment or transfer of claims instigated by Releasor.

The payment of $4,000,000 ("Settlement Sum") shall be the entire obligation of the Released Parties. Releasor understands that no additional amounts will be paid by Released Parties for attorneys' fees, costs, any periodic payments or obligations set forth in this agreement, medical expenses, or any other expense or cost arising out of, or in any way related to, the claims asserted by Releasor. The Settlement Sum as discussed herein is to be disbursed as follows by Releasor's counsel:

Payments[1] from the Settlement Sum will be distributed by Releasor's Counsel and/or Pacific Life and Annuities Services ("PLASI") as follows:

PAYEE: ANGELI BOTONE FBO SKYLAH JAIDE WILLIAMS

$ 25,000.00 Guaranteed Lump Sum Payment on 6-20-2027

PAYEE: SKYLAH JAIDE WILLIAMS TRUST

$ 20,000.00 Payable semi-annually beginning on 06-20-2029 for 5 Years Guaranteed. The date of the last guaranteed payment is 12-20-2033.

$ 2,000.00 Payable monthly beginning on 06-20-2029 for 5 Years Guaranteed. The date of the last guaranteed payment is 05-20-2034; then,

$ 4,000.00 Payable monthly beginning on 06-01-2034 for 5 Years Guaranteed. The date of the last guaranteed payment is 05-01-2039; then,

Guaranteed Lump Sum Payments

$ 25,000.00 Payable on 06-20-2029
$ 25,000.00 Payable on 06-20-2033
$ 30,000.00 Payable on 06-20-2035
$ 35,000.00 Payable on 06-20-2037

PAYEE: SKYLAH JAIDE WILLIAMS

$ 6,000.00 Payable monthly beginning on 06-01-2039 for 5 Years Guaranteed. The date of the last guaranteed payment is 05-01-2044; then,

$ 8,000.00 Payable monthly beginning on 06-01-2044 for 5 Years Guaranteed. The date of the last guaranteed payment is 05-01-2049; then,

$ 10,000.00 Payable monthly beginning on 06-01-2049 and payable for the LIFE of Skylah Jaide Williams with 25 Years Guaranteed (i.e. the date of the last guaranteed payment is 05-01-2074. Payments cease at the later of (1) the death of Skylah Jaide Williams, or (2) the completion of 300 payments.

[1] The settlement agreement requires plaintiff to execute an assignment of judgment, which will assign plaintiff's judgment to the City of Lawton Employees Retirement System ["Retirement System"]. In consideration of the assignment of judgment the Retirement System will then make the $4 million Settlement Sum payment as set forth in this settlement agreement to counsel for Releasor. The $4 million Settlement Sum payment made by the Retirement System to counsel for Releasor will be considered and treated as a payment made on behalf of the City of Lawton as Defendant City hereunder. The Retirement System is not a party hereto and is acting solely as a conduit payment source for the City of Lawton.

<u>Guaranteed Lump Sum Payments</u>

$ 40,000.00 Payable on 06-20-2039
$ 45,000.00 Payable on 06-20-2041
$ 50,000.00 Payable on 06-20-2043
$ 55,000.00 Payable on 06-20-2045
$ 60,000.00 Payable on 06-20-2047
$ 65,000.00 Payable on 06-20-2049
$ 70,000.00 Payable on 06-20-2051
$ 75,000.00 Payable on 06-20-2053
$ 80,000.00 Payable on 06-20-2055
$ 85,000.00 Payable on 06-20-2057
$ 90,000.00 Payable on 06-20-2059
$ 95,000.00 Payable on 06-20-2061
$ 100,000.00 Payable on 06-20-2063
$ 110,000.00 Payable on 06-20-2065
$ 120,000.00 Payable on 06-20-2067
$ 130,000.00 Payable on 06-20-2069
$ 140,000.00 Payable on 06-20-2071
$ 150,000.00 Payable on 06-20-2073
$1,547,612.74.00 Payable on 06-20-2075

The present-day cost of the above payments is $ 1,960,495.97.

THE PARTIES EXPRESSLY UNDERSTAND AND AGREE THAT, WITH THE CITY OF LAWTON, OKLAHOMA'S PAYMENT OF THE SETTLEMENT SUM TO COUNSEL FOR RELEASOR AND EXECUTION OF THE QUALIFIED ASSIGNMENT AND RELEASE AGREEMENT ("ASSIGNMENT"), ALL OF THE DUTIES AND RESPONSIBILITIES OTHERWISE IMPOSED UPON THE CITY OF LAWTON, OKLAHOMA AND THE RELEASED PARTIES AS DEFINED ABOVE BY THIS AGREEMENT SHALL CEASE, AND INSTEAD, ANY SUCH OBLIGATION OR RESPONSIBILITY WITH RESPECT TO THE STRUCTURED SETTLEMENT AND/OR FUTURE PERIODIC PAYMENTS SHALL BE BINDING SOLELY UPON PACIFIC LIFE AND ANNUITY SERVICES, INC. ("PLASI") ("Assignee"). THE PARTIES FURTHER UNDERSTAND AND AGREE THAT WHEN THE PAYMENT OF THE SETTLEMENT SUM AND ASSIGNMENTIS MADE, CITY OF LAWTON, OKLAHOMA AND THE RELEASED PARTIES AS DEFINED ABOVE SHALL BE RELEASED FROM ANY OBLIGATIONS TO MAKE PERIODIC PAYMENTS AND PACIFIC LIFE AND ANNUITY SERVICES, INC. SHALL AT ALL TIMES BE DIRECTLY AND SOLELY RESPONSIBLE FOR, AND SHALL RECEIVE CREDIT FOR, THE PERIODIC PAYMENTS, AND THAT WHEN THE SETTLEMENT SUM PAYMENT AND ASSIGNMENT ARE MADE TO COUNSEL FOR RELEASOR, PACIFIC LIFE AND ANNUITY SERVICES, INC. ASSUMES ALL DUTIES AND RESPONSIBILITIES WITH RESPECT TO SUCH PERIODIC PAYMENTS.

All sums set forth herein constitute damages on account of personal physical injuries and sickness, within the meaning of Section 104(a)(2) of the Internal Revenue Code of 1986, as amended.

Plaintiff's Rights to Payments

Plaintiffs and/or their representatives acknowledge that the Periodic Payments to be paid by Pacific Life and Annuity Services, Inc. cannot be accelerated, deferred, increased or decreased by Plaintiff; nor shall Plaintiff have the power to sell, mortgage, encumber, or anticipate the Periodic Payments, or any part thereof, by assignment or otherwise.

Plaintiff's Beneficiary

Any payments to be made by Pacific Life and Annuity Services, Inc. after the death of any Payee pursuant to the terms of this Settlement Agreement shall be made to the Estate of the Payee while Payee is a minor. Upon attaining majority, Payee may designate a beneficiary in writing to PLASI . If no person or entity is so designated by the Payee, or if the person designated is not living at the time of the Payee's death, such payments shall be made to the Estate of the Payee. No such designation, nor any revocation thereof, shall be effective unless it is in writing and delivered to PLASI. The designation must be in a form acceptable to the Assignee before such payments are made.

Plaintiff shall not have the right to change the beneficiary designation(s) for the future Periodic Payments, but may request that PLASI, as owner, change the beneficiary, provided; however, in no event shall such request be unreasonably withheld or denied. Any change will only be made with PLASI approval. PLASI decision will be final.

Consent to Qualified Assignment

Plaintiffs and/or their representatives acknowledge and agree that Defendant City and/or the other Released Parties may make a "qualified assignment", within the meaning of Section 130(c) of the Internal Revenue Code of 1986, as amended ("Assignment" herein), of any Defendant's and/or Released Parties' liability to make the Periodic Payments described herein, with such assignment being to PACIFIC LIFE & ANNUITY SERVICES, INC. ("PLASI")herein Assignee. PLASI's obligation for payment of the Periodic Payments shall be no greater than that of Defendant City and/or the other Released Parties (whether by judgment or agreement) immediately preceding the assignment of the Periodic Payments obligation.

Any such assignment, if made, shall be accepted by Plaintiffs and/or their representatives without right of rejection and shall completely release and discharge Defendant City and the other Released Parties from the Periodic Payments obligation assigned to PLASI. Plaintiffs and/or their representatives recognize that, in the event of such an assignment, PLASI shall be the sole obligor with respect to the Periodic Payments obligation, and that all other releases with respect to the Periodic Payments obligation that pertain to the liability of Defendant City and the other Released Parties shall thereupon become final, irrevocable and absolute.

Assignee Sole Owner

The periodic payments may be funded through the purchase of annuity policies from PACIFIC LIFE INSURANCE COMPANY (hereinafter "Annuity Issuer"). The Assignee shall be the sole owner of the annuity policies and shall have all rights of ownership. The Assignee may have payments mailed directly to the Payees. Plaintiff shall be responsible for maintaining a current mailing address for Payee(s) with Annuity Issuer.

Discharge of Obligation

The obligation of Assignee to make each Periodic Payment shall be discharged upon the mailing of a valid check or electronic funds transfer in the amount of such payment on or before the due date to the last address on record for the Payee(s) or Beneficiary with the Annuity Issuer named in this Settlement Agreement. If the Payee or Beneficiary notifies the Assignee that any check or electronic funds transfer was not received, the Assignee shall direct the Annuity Issuer to initiate stop payment action and, upon confirmation that the check was not previously negotiated or electronic funds transfer deposited, the Annuity Issuer shall process a replacement payment in the amount of such payment to the designated address of the Payee or Beneficiary.

Authorization

It is further understood and agreed that KENT JACKSON, As Personal Representative of the Estate of ISRAEL WILLIAMS, is authorized to enter into the settlement on behalf of SKYLAH JAIDE WILLIAMS, a MINOR, and execute all necessary documents to give full force and effect to the settlement of this claim.

PAYEE: MELISSA JANE HARPER

$ 521.03 Payable monthly beginning on 09-15-2025 for 30 Years Guaranteed. The last guaranteed payment is 08-15-2055.

The present day cost of the above payments is $ 100,000.00.

THE PARTIES EXPRESSLY UNDERSTAND AND AGREE THAT, WITH THE CITY OF LAWTON, OKLAHOMA'S PAYMENT OF THE SETTLEMENT SUM TO COUNSEL FOR RELEASOR AND EXECUTION OF THE QUALIFIED ASSIGNMENT AND RELEASE AGREEMENT ("ASSIGNMENT"), ALL OF THE DUTIES AND RESPONSIBILITIES OTHERWISE IMPOSED UPON THE CITY OF LAWTON, OKLAHOMA AND THE RELEASED PARTIES AS DEFINED ABOVE BY THIS AGREEMENT SHALL CEASE, AND INSTEAD, ANY SUCH OBLIGATION OR RESPONSIBILITY WITH RESPECT TO THE STRUCTURED SETTLEMENT AND/OR FUTURE PERIODIC PAYMENTS SHALL BE BINDING SOLELY UPON

PACIFIC LIFE AND ANNUITY SERVICES, INC. ("PLASI" "ASSIGNEE"). THE PARTIES FURTHER UNDERSTAND AND AGREE THAT WHEN THE PAYMENT OF THE SETTLEMENT SUM AND ASSIGNMENTIS MADE, CITY OF LAWTON, OKLAHOMA AND THE RELEASED PARTIES AS DEFINED ABOVE SHALL BE RELEASED FROM ANY OBLIGATIONS TO MAKE PERIODIC PAYMENTS AND PACIFIC LIFE AND ANNUITY SERVICES, INC. SHALL AT ALL TIMES BE DIRECTLY AND SOLELY RESPONSIBLE FOR, AND SHALL RECEIVE CREDIT FOR, THE PERIODIC PAYMENTS, AND THAT WHEN THE SETTLEMENT SUM PAYMENTAND ASSIGNMENT ARE MADE TO COUNSEL FOR RELEASOR, PACIFIC LIFE AND ANNUITY SERVICES, INC. ASSUMES ALL DUTIES AND RESPONSIBILITIES WITH RESPECT TO SUCH PERIODIC PAYMENTS.

All sums set forth herein constitute damages on account of personal physical injuries and sickness, within the meaning of Section 104(a)(2) of the Internal Revenue Code of 1986, as amended.

Plaintiff's Rights to Payments

Plaintiffs and/or their representatives acknowledge that the Periodic Payments cannot be accelerated, deferred, increased or decreased by Plaintiff; nor shall Plaintiff have the power to sell, mortgage, encumber, or anticipate the Periodic Payments, or any part thereof, by assignment or otherwise.

Plaintiff's Beneficiary

Any payments to be made after the death of any Payee pursuant to the terms of this Settlement Agreement shall be made to Melissa Jane Harper. Any remaining unpaid guaranteed payments will continue to be paid to Melissa Jane Harper or commuted to a single lump-sum payment payable to Melissa Jane Harper.

Plaintiff shall not have the right to change the beneficiary designation(s) for the future Periodic Payments, but may request that assignee, as owner, change the beneficiary, provided; however, in no event shall such request be unreasonably withheld or denied. Any change will only be made with the assignee's approval. Assignee's decision will be final.

Consent to Qualified Assignment

Plaintiffs and/or their representatives acknowledge and agree that Defendant City and/or the other Released Parties may make a "qualified assignment", within the meaning of Section 130(c) of the Internal Revenue Code of 1986, as amended ("Assignment" herein),, of any Defendant's and/or Released Parties' liability to make the Periodic Payments described herein, with such assignment being to PACIFIC LIFE & ANNUITY SERVICES, INC. (PLASI)(hereinafter Assignee). PLASI's obligation for payment of the Periodic Payments shall be no greater than that of Defendant City and/or the other Released Parties (whether by judgment or agreement) immediately preceding the assignment of the Periodic Payments obligation.

Any such assignment, if made, shall be accepted by Plaintiffs and/or their representatives without right of rejection and shall completely release and discharge Defendant City and the other Released Parties from the Periodic Payments obligation assigned to PLASI. Plaintiffs and/or their representatives recognize that, in the event of such an assignment, PLASI shall be the sole obligor with respect to the Periodic Payments obligation, and that all other releases with respect to the Periodic Payments obligation that pertain to the liability of Defendant City and the other Released Parties shall thereupon become final, irrevocable and absolute.

Assignee Sole Owner

The periodic payments may be funded through the purchase of annuity policies from PACIFIC LIFE INSURANCE COMPANY (hereinafter "Annuity Issuer"). The Assignee shall be the sole owner of the annuity policies and shall have all rights of ownership. The Assignee may have payments mailed directly to the Payees. Plaintiffs shall be responsible for maintaining a current mailing address for Payee(s) with Annuity Issuer.

Discharge of Obligation

The obligation of Assignee to make each Periodic Payment shall be discharged upon the mailing of a valid check or electronic funds transfer in the amount of such payment on or before the due date to the last address on record for the Payee(s) or Beneficiary with the Annuity Issuer named in this Settlement Agreement. If the Payee or Beneficiary notifies the Assignee that any check or electronic funds transfer was not received, the Assignee shall direct the Annuity Issuer to initiate stop payment action and, upon confirmation that the check was not previously negotiated or electronic funds transfer deposited, the Annuity Issuer shall process a replacement payment in the amount of such payment to the designated address of the Payee or Beneficiary.

3. TAXATION. Releasor agrees that no party warrants or represents how the United States Internal Revenue Service (IRS) or any other governmental taxing authorities will treat the payments described herein for tax purposes and agree that no further payment of money will be due to Releasor in the event that the payment or the release of claims is found to be or result in taxable income to Releasor. Releasor agrees that they will make their own provisions regarding taxes, if any, on any sums received under this Agreement and Release below and confirms that they have not relied upon any representation, either express or implied, by the City of Lawton or any of its attorneys, representatives, or insurers, with regard to the potential tax consequences of this Release. Releasor agrees to indemnify the Released Parties, its insurer, and the law firms of Collins, Zorn, & Wagner, PLLC, Pierce Couch Hendrickson Baysinger & Green, LLP, Steidley & Neal, PLLC, and Rosenstein, Fist, and Ringold, PLLC, for and against any claim for tax liability.

4. NO ADMISSION OF LIABILITY AND OTHER PROCEEDINGS. The Releasor agrees that this is a compromise agreement to settle the claims that were or could have been asserted in the Litigation without incurring additional costs and without admitting any liability on the part of any Released Party whatsoever.

As a material aspect of this Agreement, Releasor represents that other than the Litigation, Releasor has not filed any complaints, civil actions, grievances, claims, lawsuits, charges, and/or other legal or administrative proceedings against the Released Parties with any federal, state or local court, agency, or other body based upon events or matters arising out of the allegations discussed in the Litigation. To the extent Releasor has filed any such complaint or litigation against the Released Parties, Releasor agrees to immediately dismiss such claim and/or litigation with prejudice once payment has been received.

5. RELIANCE. Releasor declares and represents, in making this Release and agreement, that it is understood and agreed that he has sought counsel and is relying wholly upon his own judgment, belief, and knowledge of the nature, extent, severity and duration of any alleged damages, and that he has not been influenced to any extent whatsoever in making this Release by any representatives or statements regarding said damages, or regarding any other matters, made by the parties who are hereby released, or by any person or persons representing the parties released by this document.

6. MEDICARE, MEDICAID AND SCHIP EXTENSION ACT. For the purposes of this paragraph, the following terms will have the following meanings:

a. "CMS" means the Centers for Medicare & Medicaid Services within the U.S. Department of Health and Human Services, including any agents, representatives, or contractors of CMS, such as the Coordination of Benefits Contractor ("COBC") or Medicare Secondary Payer Recovery Contractor ("MSPRC").

b. "Conditional Payments" shall have the meaning ascribed to it under the MSP Statute and implementing regulations.

c. "MMSEA" means the Medicare, Medicaid, and SCHIP Extension Act of 2007 (P.L. 110-173), which, in part, amended the Medicare Secondary Payer statute at 42 U.S.C. § 1395y(b)(7) and (8). This portion of MMSEA is referred to herein as "Section 111 of MMSEA".

d. "MSP Statute" means the Medicare Secondary Payer ("MSP") statute. 42 U.S.C. § 1395y(b).

e. "Released Matter" means any released accident, incident, occurrence, injury, illness, disease, loss, claim, demand, or damages that are subject to the Agreement and releases herein.

f. "Released Parties" means the Parties Released; their past, present and future officers, directors, members, shareholders, employees, parent companies, subsidiaries, divisions, affiliates, insurers, and attorneys; and its respective predecessors, successors, and assigns.

Releasor represents Israel Williams was not enrolled in the Medicare program at the time of the Released Matters. Releasor affirmatively represents and warrants that Medicare has made no payments for treatment related to the Released Matters or any claims asserted in the Litigation.

Releasor further represents and warrants that no Medicaid payments have been made to or on behalf of Releasor or the Estate and that no liens, claims, demands, subrogated interests, or causes of action of any nature or character exist or have been asserted arising from or related to any Released Matters. Releasor further agrees that he, and not Released Parties, shall be responsible for satisfying any and all such liens, claims, demands, subrogated interests, or causes of action that may exist or have been asserted or that may in the future exist or be asserted.

To the extent that Releasor's representations and warranties related to Israel Williams's Medicare status and receipt of medical services and items related to the Released Matters are inaccurate, not current, or misleading, Releasor agrees to indemnify and hold harmless Released Parties from any and all claims, demands, liens, subrogated interests, and causes of action of any nature or character that have been or may in the future be asserted by Medicare and/or persons or entities acting on behalf of Medicare, or any other person or entity, arising from or related to this Agreement, the payment of the settlement amount, any Conditional Payments made by Medicare, or any medical expenses or payments arising from or related to any Released Matters that is subject to this Agreement or the release set forth herein, including but not limited to: (a) all claims and demands for reimbursement of Conditional Payments or for damages or double damages based upon any failure to reimburse Medicare for Conditional Payments; (b) all claims and demands for penalties based upon any failure to report, late reporting, or other noncompliance with or violation of Section 111 of MMSEA that is based in whole or in part upon late, inaccurate, or inadequate information provided to Released Parties by Releasor or Releasor's Counsel or upon any failure of Releasor to provide information; and (c) all Medicaid liens. This indemnification obligation includes all damages, double damages, fines, penalties, attorneys' fees, costs, interest, expenses, and judgments incurred by or on behalf of Released Parties in connection with such claims, demands, subrogated interests, or causes of action. Regardless of the accuracy of the representations and warranties made above, Releasor agrees to indemnify and hold Released Parties harmless for taxes on the payments made to Releasor and any tax consequences related thereto, except those prohibited by law.

7. **DRAFTING.** The agreements contained herein shall not be construed in favor of or against the other party but shall be construed as if all Parties prepared this Agreement.

8. **ENTIRE AGREEMENT.** This Release contains the entire agreement between the parties hereto and the terms of this Release are contractual and not a mere recital.

9. **INVALID PROVISIONS.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term hereof, such provision shall be fully severable and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof; and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance here from. Furthermore, in lieu of such illegal, invalid or unenforceable provision, the court that found such provision to be illegal, invalid, or unenforceable shall add as part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible to allow the full Agreement to maintain its legality, validity, and enforceability while effectuating a fair, equitable, and just result for all Parties.

10. **DUPLICATES.** This Agreement may be executed in multiple counterparts, each of which will be an original instrument, but all of which will constitute one agreement.

11. **ASSIGNMENT.** This Agreement may not be assigned by Releasor absent written consent of the City of Lawton.

12. ADDITIONAL DOCUMENTS. The Parties will execute all such further documents that shall be necessary to lawfully carry out the provisions of this Agreement.

13. CLAIMS ARISING UNDER THIS AGREEMENT & GOVERNING LAW. This Agreement and any dispute arising thereunder will be governed by Oklahoma law without regard to any conflict-of-law principles. In the event any Party seeks to challenge or enforce the provisions of Agreement by initiating any type of judicial, agency, or other governmental proceeding, the prevailing party in such proceeding shall be entitled to all costs incurred as a result of prosecuting or defending against the claims or charges in such proceeding, including reasonable attorney fees.

14. SECTION HEADINGS. Section headings are used herein for the convenience of reference and shall not affect the meaning of any provisions in this Agreement.

[this space intentionally left blank]

BY SIGNING BELOW, KENT JACKSON ACKNOWLEDGES AND ADOPTS THE FOLLOWING:

(A) I have received a copy of this Agreement and I have been given sufficient time to review it and consider it;

(B) I have consulted with my attorney prior to executing this agreement;

(C) No promise or inducement for this Agreement has been made except as set forth in this Agreement;

(D) I am legally competent and authorized to execute this Agreement and accept full responsibility for it; and

(E) I have carefully read this Agreement, including the release set forth therein. I acknowledge I have not relied on any representation or statement, written or oral, except those set forth in this document and I warrant and represent that I am signing this Agreement knowingly and voluntarily.

THE UNDERSIGNED HAS CAREFULLY READ THE FOREGOING RELEASE, understands the contents thereof, and signs the same as a result of his own free and voluntary acts.

DATED this ______ day of June, 2025.

KENT JACKSON

ATTESTATION

On this _____ day of ___________, 2025, before the undersigned notary public in and for said county and state, personally appeared **KENT JACKSON, as Personal Representative of the Estate of Israel Williams, deceased,** known to me to be the person named herein and whose name is subscribed to the foregoing Release of All Claims, and acknowledged that he executed the same as his free and voluntary act and deed.

Seal

Notary Public

APPROVED AS TO FORM:

Chris Hammons
Jason Hicks
Brett Burns
Counsel for Kent Jackson, as Personal
Representative of Estate of Israel Williams

BY SIGNING BELOW, MELISSA JANE HARPER ACKNOWLEDGES AND ADOPTS THE FOLLOWING:

(A) I have received a copy of this Agreement and I have been given sufficient time to review it and consider it;

(B) I have consulted with my attorney prior to executing this agreement;

(C) No promise or inducement for this Agreement has been made except as set forth in this Agreement;

(D) I am legally competent and authorized to execute this Agreement and accept full responsibility for it; and

(E) I have carefully read this Agreement, including the release set forth therein. I acknowledge I have not relied on any representation or statement, written or oral, except those set forth in this document and I warrant and represent that I am signing this Agreement knowingly and voluntarily.

THE UNDERSIGNED HAS CAREFULLY READ THE FOREGOING RELEASE, understands the contents thereof, and signs the same as a result of his own free and voluntary acts.

DATED this ______ day of June, 2025.

____
MELISSA JANE HARPER

ATTESTATION

On this _____ day of ___________, 2025, before the undersigned notary public in and for said county and state, personally appeared **MELISSA JANE HARRPER,** known to me to be the person named herein and whose name is subscribed to the foregoing Release of All Claims, and acknowledged that he executed the same as his free and voluntary act and deed.

________________________ ________________________________

Seal Notary Public

BY SIGNING BELOW, ANGELI BOTONE ACKNOWLEDGES AND ADOPTS THE FOLLOWING:

(A) I have received a copy of this Agreement and I have been given sufficient time to review it and consider it;

(B) I have consulted with my attorney prior to executing this agreement;

(C) No promise or inducement for this Agreement has been made except as set forth in this Agreement;

(D) I am legally competent and authorized to execute this Agreement and accept full responsibility for it; and

(E) I have carefully read this Agreement, including the release set forth therein. I acknowledge I have not relied on any representation or statement, written or oral, except those set forth in this document and I warrant and represent that I am signing this Agreement knowingly and voluntarily.

THE UNDERSIGNED HAS CAREFULLY READ THE FOREGOING RELEASE, understands the contents thereof, and signs the same as a result of his own free and voluntary acts.

DATED this ______ day of June, 2025.

____

ANGELI BOTONE

ATTESTATION

On this _____ day of ___________, 2025, before the undersigned notary public in and for said county and state, personally appeared **ANGELI BOTONE,** known to me to be the person named herein and whose name is subscribed to the foregoing Release of All Claims, and acknowledged that he executed the same as his free and voluntary act and deed.

______________________________ ____________________________________

Seal Notary Public

Item Title:
Receive the quarterly report on pension investments from Morgan Stanley.

Initiator: Teri Bayones, Chairperson

Information Source: Perry Warren, Morgan Stanley

Background:
Morgan Stanley has prepared the quarterly pension investment report, and it is ready to be presented to the Pension Trust Commission.

Correlation to the True North Statement:
Transparency and Trust

Exhibit:
Quarterly Pension Investment Report – (to be distributed at the meeting, and placed on file in the City Clerk's Office)

Key Issues:
N/A

Funding Source:
Employee Retirement System

Recommended Action:
No action is needed on this item.

ATTACHMENTS:
None

Item Title:
Consider approving refunds of employee contributions and quarterly statements of receipts and disbursements.

Initiator: Kaitlin Nunley, Accountant

Information Source: Kaitlin Nunley, Accountant

Background:
Employee contribution refunds and quarterly receipts and disbursements statements have been finalized by Finance and are currently awaiting approval.

Correlation to the True North Statement:
Transparency and Trust

Exhibit:
Quarterly Statements of Receipts and Disbursement; Employee Refunds – (to be distributed at the meeting, and placed on file in the City Clerk's Office)

Key Issues:
N/A

Funding Source:
Pension Retirement System

Recommended Action:
Approve refunds of employee contributions and quarterly statements of receipts and disbursements.

ATTACHMENTS:
None

Item Title:
Consider accepting an engagement letter from Finley & Cook CPAs for auditing services of the Employee Retirement System for the fiscal year 2024-2025 and take action as deemed necessary.

Initiator: Rebecca Johnson, Director

Information Source: Rebecca Johnson, Director

Background:
Finley & Cook CPAs has sent an engagement letter to the City of Lawton regarding auditing services of the Employee Retirement System for the fiscal year 2024-2025.

Correlation to the True North Statement:

Exhibit:
Finley & Cook CPAs Engagement Letter dated May 7, 2025

Key Issues:
N/A

Funding Source:
Employee Retirement System

Recommended Action:
Accept the engagement letter from Finley & Cook CPAs for auditing services of the Employee Retirement System for the fiscal year 2024-2025.

ATTACHMENTS:
1. Finley & Cook Engagement Letter FY2025

Chance Allison, CPA | Partner
405-878-7368
405-323-4224
callison@finley-cook.com
Finley-Cook.com

Finley & Cook, PLLC
1421 East 45th Street
Shawnee, OK 74804

F&C CPAs

May 7, 2025

Ms. Rebecca Johnson, MBA, Finance Director
Employee Retirement System of
the City of Lawton, Oklahoma
212 SW 9th Street
Lawton, OK 73501

Dear Ms. Johnson:

We are pleased to confirm our understanding of the services we are to provide the Employee Retirement System of the City of Lawton, Oklahoma (the "System"), a component unit of the City of Lawton, Oklahoma, for the year ended June 30, 2025.

Audit Scope and Objectives

We will audit the System's statement of fiduciary net position as of June 30, 2025, and the related statement of changes in fiduciary net position for the year then ended, and the disclosures, which collectively comprise the basic financial statements of the System. Accounting standards generally accepted in the United States (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the System's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the System's RSI in accordance with auditing standards generally accepted in the United States (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis
- Schedule of Changes in the City of Lawton's Net Pension Liability
- Schedule of the City of Lawton's Net Pension Liability
- Schedule of Contributions from the City of Lawton
- Schedule of Investment Returns

Audit Scope and Objectives, Continued

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditors' report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditors' Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records of the System and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the System or to acts by management or employees acting on behalf of the System. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Auditors' Responsibilities for the Audit of the Financial Statements, Continued

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

According to GAAS, significant risks include management override of controls, and GAAS presumes that revenue recognition is a significant risk. Accordingly, we have considered these as significant risks. In addition, we have also identified the following significant risk(s) of material misstatement as part of our audit planning:

- Recording of investment assets at fair value and the related investment income in accordance with GAAP and in the proper period.

- Proper calculation and recording of benefit payments and withdrawals.

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the System and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the System's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Responsibilities of Management for the Financial Statements, Continued

Management is responsible for making drafts of financial statements, all financial records and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for the 12 months after the financial statements date or shortly thereafter (for example, within an additional three months, if currently known). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the System from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the System involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the System received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the System complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that we report.

Responsibilities of Management for the Financial Statements, Continued

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Other Services

We will also assist in preparing the financial statements and related notes of the System in conformity with accounting principles generally accepted in the United States based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Other Services, Continued

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, investment, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the System; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Finley & Cook, PLLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the State Auditor and Inspector or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Finley & Cook, PLLC's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of 5 years after the report release date or for any additional period requested by the State Auditor and Inspector. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Chance Allison is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We will schedule our preliminary fieldwork for the audit during November and December 2025. Completion of the audit will be dependent upon receiving all requested information, including the June 30, 2025, cash reconciliation schedule, in a timely manner.

Engagement Administration, Fees, and Other, Continued

Our fee for services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, confirmation service provider fees, etc.) except that we agree that our gross fee, including expenses, will not exceed $23,500. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee before we incur the additional costs.

Reporting

We will issue a written report upon completion of our audit of the System's financial statements. Our report will be addressed to the Board of Pension Commissioners of the System. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditors' report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that the System is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Ms. Rebecca Johnson, MBA, Finance Director
Employee Retirement System of
the City of Lawton, Oklahoma
May 7, 2025
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We appreciate the opportunity to be of service to the System and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign below and return it to us.

Sincerely,

Chance Allison

Chance Allison
Partner

RESPONSE:

This letter correctly sets forth the understanding of the
Employee Retirement System of the City of Lawton, Oklahoma.

Rebecca Johnson Finance Director

Management Signature and Title

Date

Governance Signature and Title

Date

(ALG CL-1.3 (2/24))