

OXNARD UNION HIGH SCHOOL DISTRICT  
RETIREE HEALTH BENEFITS TRUST  
*WWW.OUHSDRHBT.ORG*

**BOARD MEETING MINUTES**

Thursday, March 1, 2018

OXNARD UNION HIGH SCHOOL DISTRICT  
BOARD ROOM

220 South "K" Street, Oxnard, California 93030

---

*The Benefits Trust was established as a cooperative organization between The Oxnard Federation of Teachers and School Employees (OFTSE) and the Oxnard Union High School District (OUHSD). The mission of the Trust shall be to financially ensure, through investment of Trust funds and the cooperative efforts of the OFTSE and OUHSD, a comprehensive health and benefits program for every eligible retiree of the OUHSD at the most efficient cost achievable through unity of design, purchase and administration. In accordance with requirements of the Americans with Disabilities Act and related federal regulations, individuals who require special accommodation, including but not limited to an American Sign Language interpreter, accessible seating or documentation in accessible formats, should contact the District Superintendent's office at least two days before the meeting date.*

I. OFFICIAL OPENING OF MEETING

*The regular Board meeting of the Oxnard Union High School District Retiree Health Benefits Trust was called to order by Board Co-Chair Sid Albaugh at 2:00PM on March 1, 2018 in the Oxnard Union High School District Board Room at 220 South K Street, Oxnard, California 93030.*

*Trustees present: Wes Davis, Dr. Rocky Valles, Patsy Thomas, Michael "Sid" Albaugh, and Eric Montijo,*

*Trustee absent: Shawn Near*

*Legal Counsel Present: Laura McAvoy(Counsel)*

*Guests present: Michael Laven (Canterbury), and several members of the public*

II. PLEDGE OF ALLEGIANCE

*Trustee Albaugh led the Pledge of Allegiance*

III. ADOPTION OF AGENDA

*Upon motion of Trustee Montijo, seconded by Trustee Valles, the Board on a 5-0 vote adopted the agenda, as presented.*

IV. AUDIENCE TO ADDRESS BOARD OF TRUSTEES CONCERNING ANY

*AGENDA ITEMS: Those persons wishing to address the Board may do so at this time. Individual presentations are limited to three (3) minutes each, or in the case of a group of people speaking on a specific item, ten (10) minutes will be permitted.*

*John Grisafe presented as a retiree and expressed his concerns regarding the nature of the Board's Closed Session agenda items.*

V. CONSENT AGENDA ITEMS:

a. Approval of Meeting Minutes:

i. August 23, 2017 Regular Meeting

b. Consideration of Approval Of Paid Invoices: Canterbury Consulting, Incorporated, Invoice #I-22771-F8Y4 \$18,958.65; Musick, Peeler & Garrett LLP Invoice #313544 for \$2,557, Invoice #314585 for \$16,962.20, Invoice #315866 for \$907.00 and Invoice #317091 for \$233.99; Vance, Thrift and Biller LLP Invoice #59369 for \$1,550.00; OUHSD Invoice #AR-18-00092 \$10; and Walthall Enterprises, Inc. Invoice 024ouhsdrhbt for \$150.

- c. Consideration of Approval Of Current Invoices: Canterbury Consulting, Incorporated, Invoice #I-23032-R6R8 \$19,619.12; Musick, Peeler & Garrett LLP Invoice #318143 for \$1,011.20, and Invoice #319625 for \$238.80.
- d. Acknowledgment of the Designation of Eric Montijo as OFTSE Trustee Representative

*Upon motion of Trustee Valles, seconded by Trustee Thomas, the Board on a 5-0 vote approved the Consent Agenda, as presented.*

## VI. ITEMS FOR DISCUSSION/POSSIBLE ACTION BY THE BOARD

*The Board Combined Item VI. a. and VII. a.*

- a. Trust Investment Assets—Rebalancing, Diversification, Purchase or Sale of Investments, Potential Change(s) to Allocations, and/or Change(s) of Managers

### VII. a. Canterbury Consulting Investment Performance Review— Third Quarter 2017 and Fourth Quarter 2017

*Mr. Michael Laven described the difference between Bear Markets and Bull Runs. Mr. Laven reviewed the Stock Market since 1900. Mr. Laven discussed the S&P 500 intra-year declines vs. calendar year returns from 1980 to 2017 showing the rate of return have been positive 28 years out of 29 years with positive dividends 32 years out of 33 years yet the market had a 14% decline. Even though the Market is up 70 to 80% there are periods the market goes up and down. Volatility is the reality of the market even though the market goes up more than down.*

*Mr. Laven presented the investment performance review information and Trust Investment Assets. Mr. Laven reviewed the 2017 Third and Fourth Quarter report. Mr. Laven reviewed the RHBT portfolio on Page 9 from the Investment Performance Review as of December 31, 2017, the total fund for calendar year rose 17%. Outperformed 88% the peer group during 2017. Over 10 years, the portfolio outperformed 80% of the peer group. Since the start in August 2001, the portfolio outperformed 74% of the peer group. This has been achieved without special tricks. Significant key to the success of the Trust investment strategy over time is to stick with it and not get bounced during difficult times.*

*Mr. Laven presented Asset Allocation and Risk Management Review as of March 1, 2018. Mr. Laven reviewed Pages 5 and 6. This plan will continue for many years to come. Therefore, as a long-term horizon investor that is an enormous advantage. Page 6 demonstrates Asset Allocations. Page 7 Asset Class Characteristics look at basic building blocks for a rate of return.*

*Page 10, shows the current Trust Portfolio at 60% Equities, 35% Fixed Income, and 5% Real Assets. Current portfolio's expected return is 4.23%. On Page 10-13, Mr. Laven presented 3 Portfolios (A, B and C) showing the different risks associated with each portfolio as well as the expected return.*

*Portfolio A shows Equities at 65%, Fixed Income at 30%, Real Assets 5%, and expected return of 4.59%;  
Portfolio B shows Equities at 70%, Fixed Income at 25%, Real Assets 5% and expected return of 4.87%  
Portfolio C shows Equities at 75%, Fixed Income at 20%, Real Assets 5% and expected return of 5.13%.*

*As you increase the rate of return, the risk value increases. The Members discussed the portfolios in detail with Mr. Laven. Trustee Albaugh asked the time frame of this change. Mr. Laven reported the change should be done very quickly once all paperwork has been submitted. Trustee Davis asked if Canterbury is presenting the 3 portfolios as a step process starting with Portfolio A then working towards Portfolio C. Mr. Laven stated "the markets have run a lot for an extended period and recession happens every 7 years, it didn't seem like a good time to move it further, this is the reason we recommend Portfolio A at this time". After reviewing the information, the Trustees voted on Portfolio A.*

Upon motion of Trustee Davis, seconded by Trustee Montijo, the Board on a 5-0 vote approved the Rebalance to Portfolio "A", as presented.

Exhibit - Portfolio "A"

Rebalance Proposal

As of 02/07/2018

The rebalance below reflects a move toward the allocation of Portfolio A on the prior page. Along with the changes in allocation, we are recommending three new funds highlighted in green. We are also recommending a share class change for the EuroPacific Growth fund with the new share class highlighted in blue. The expense ratio for the new share class is 0.09% (9 basis points) lower than the current share class. Profiles for WCM Focused Growth International and Principal Diversified Real Assets are on the following pages.

Managers	Symbol/Vehicle	Current		Current Target %	Transfer	Proposed		Proposed Target %	Variance %
		Market Value	Allocation			Market Value	Allocation		
US Equity		\$ 31,274,883	51.3%	45.0%	\$ (6,400,000)	\$ 24,874,883	40.8%	40.0%	0.8%
Vanguard S&P 500	VFIAX	\$ -	0.0%		\$ 7,500,000	\$ 7,500,000	12.3%		
Robeco Boston Partners Large Value	JVLIX	\$ 10,535,534	17.3%		(\$6,700,000)	\$ 3,835,534	6.3%		
Jackson Square Large Growth	DEUIX	\$ 10,978,070	18.0%		(\$7,200,000)	\$ 3,778,070	6.2%		
Apex Small/Mid Growth	APSGX	\$ 4,838,869	7.9%			\$ 4,838,869	7.9%		
Brown Advisory Small Value	BAUUX	\$ 4,922,409	8.1%			\$ 4,922,409	8.1%		
Non-US Equity		\$ 9,531,385	15.6%	15.0%	\$ 5,600,000	\$ 15,131,385	24.8%	25.0%	-0.2%
WCM Focused Growth Intl.	WCMIX	\$ -	0.0%		\$ 7,500,000	\$ 7,500,000	12.3%		
American Funds EuroPacific Growth	FEUPX	\$ 9,531,385	15.6%		(\$1,900,000)	\$ 7,631,385	12.5%		
Fixed Income		\$ 19,007,061	31.2%	35.0%	\$ (1,200,000)	\$ 17,807,061	29.2%	30.0%	-0.8%
PIMCO Total Return	PTTRX	\$ 3,826,031	6.3%			\$ 3,826,031	6.3%		
DoubleLine Total Return	MWTIX	\$ 3,782,463	6.2%			\$ 3,782,463	6.2%		
MetWest Total Return	GOBSX	\$ 3,722,564	6.1%			\$ 3,722,564	6.1%		
Brandywine Global Opportunistic	DBLTX	\$ 3,999,948	6.6%		(\$600,000)	\$ 3,399,948	5.6%		
Templeton Global	FBNRX	\$ 3,676,055	6.0%		(\$600,000)	\$ 3,076,055	5.0%		
Real Assets		\$ 1,165,420	1.9%	5.0%	\$ 2,000,000	\$ 3,165,420	5.2%	5.0%	0.2%
Van Eck Global Hard Assets	GHAIX	\$ 1,165,420	1.9%		\$ (1,165,420)	\$ -	0.0%		
Principal Diversified Real Asset	PDRDX	\$ -	0.0%		\$ 3,165,420	\$ 3,165,420	5.2%		
<b>TOTAL</b>		<b>\$ 60,978,749</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$ -</b>	<b>\$ 60,978,749</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

a. Election of Trust Chair and Co-Chair

Upon motion of Trustee Davis, seconded by Trustee Valles, the Board on a 5-0 vote approved Trustee Albaugh as the RHBT Chair.

Upon motion of Trustee Valles, seconded by Trustee Thomas, the Board on a 5-0 vote approved Trustee Near as the RHBT Co-Chair.

b. RFQ-P 566 Legal Services

Trustee Albaugh reported the Board had asked to bring this item to the agenda to Request for Qualifications and Proposals (RFQ/P0 #566) from legal firms to provide legal services to the Trust. Trustee Albaugh referred to pages 62-67. Timeline for proposals would be send out to interested firms with a return of proposals of April 13, 2018. Interviews will be held and recommendations for selection would be presented at the next meeting of this Board.

Upon motion of Trustee Valles, seconded by Trustee Davis, the Board on a 5-0 vote approved to move forward with the Request for Qualifications and Proposals (RFQ/P0 #566 for Legal Services.

d. Discussion of Outreach/Education by Trust to Retirees

*Trustee Albaugh asked if any members or guests have discussion regarding outreach. Trustee Albaugh discussed the website and various communication tools that should be utilized to provide a more effective way to reach out to the retirees. Currently Walthall Enterprises, Inc. is the website manager. Trustee Albaugh reported he would bring considerations for some way to reach out to retirees in more effective ways to the next Board Meeting.*

e. Setting of Future Board Meeting Dates/Times:

- i. Regular – Thursday, May 3, 2018 at 2:00 pm

VII INFORMATION ITEMS

- a. Canterbury Consulting Investment Performance Review— Third Quarter 2017 and Fourth Quarter 2017

*Michael Laven presented the performance review information item in conjunction with item VI.a. Trustee Albaugh reported a 17% annual return is an outstanding return which is included in the packet.*

- b. City National Bank Checking Account Statements (August 31, 2017; September 29, 2017; October 31, 2017; November 30, 2017; December 29, 2017; and January 31, 2018)

*The Board reviewed these items.*

- c. US Bank Investment Statements (August 31, 2017; September 30, 2017; October 31, 2017; November 30, 2017; December 31, 2017 and January 31, 2018)

*The Board reviewed these items.*

- d. Trust Financial Statements – Vance, Thrift and Biller (June 30, 2017)

*The Board reviewed these items.*

- e. CMS Retiree Drug Subsidy Refund \$52,852.03

*Trustee Albaugh reported the \$52,852.03 is a refund from the District to the Trust for CMS Retiree Drug subsidy (Medicare Part D) funds. This happens annually.*

- f. Recent Check Authorization Forms

*The Board reviewed these items.*

VIII. CLOSED SESSION

- a. Conference with Legal Counsel: Anticipated Litigation. Initiation of litigation pursuant to Government Code Section 54956.9(d)(4): one case [Utilization of Trust assets].
- b. Conference with Legal Counsel – Anticipated Litigation. Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2): one case [Utilization of Trust assets].

IX. RECONVENE INTO OPEN SESSION [GOVERNMENT CODE SECTION 54957.7]

*The Board met in Closed Session from 3:34pm to 3:42 pm. There was no action to report.*

X. ITEMS FOR FUTURE CONSIDERATION

XI. FUTURE MEETINGS: THURSDAY, MAY 3, 2018 AT 2:00 PM

XII. ADJOURNMENT

*Upon motion of Trustee Davis, seconded by Trustee Valles, the Board on a 5-0 vote approved the meeting was adjourned at 3:44 pm.*