

OXNARD UNION HIGH SCHOOL DISTRICT
RETIREE HEALTH BENEFITS TRUST
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BOARD MEETING MINUTES

Thursday, May 3, 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 Chair Sid Albaugh at 2:00PM on May 3, 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, Eric Montijo, and Shawn Near
Legal Counsel Present: Laura McAvoy(Counsel)*

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

II. PLEDGE OF ALLEGIANCE

Trustee Montijo led the Pledge of Allegiance

III. ADOPTION OF AGENDA

Agenda amended to move VII. c to VII. b. Upon motion of Trustee Valles, seconded by Trustee Near, the Board on a 6-0 vote adopted the amended 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.*

No public comment.

V. CONSENT AGENDA ITEMS:

- a. Approval of Meeting Minutes:
 - i. March 3, 2018 Regular Meeting
- b. Consideration of Approval Of Current Invoices: Canterbury Consulting, Incorporated, Invoice #I-23289-M9G3 \$20,121.52; Musick, Peeler & Garrett LLP Invoice #322166 for \$368 and Invoice 323261 for \$1,150; Vance, Thrift and Biller LLP Invoice #60024 for \$960; and Walthall Enterprises, Inc. Invoice 025ouhsdrhbt for \$150.
- c. Insurance Policies Renewals—Coverages/Premiums Information

Upon motion of Trustee Valles, seconded by Trustee Near, the Board on a 6-0 vote approved the Consent Agenda, as presented.

VI. INFORMATION ITEMS

a. Canterbury Consulting Investment Performance Review-(First Quarter 2018)

Michael Laven reviewed the Investment Performance Review as of March 31, 2018. Page 3 reviews the Index Returns through March 31, 2018 showing the different benchmarks for equities. The net change was not a lot of change and the portfolio was strong. The portfolio benefits over time. Portfolio outperformed 91% of peer group in the first quarter of the year. The portfolio did stand the Volatility. Jason Levey discussed page 9, Total Fund Performance as of March 31, 2018, Asset Allocation and Annualized Performance – Net of Fees. Portfolio’s Bond was positive even with benchmark down. There is a new manager handling “Real Asset” and providing more diversification.

b. City National Bank Checking Account Statements (February 28, 2018 and March 30, 2018)

The Board reviewed these items.

c. US Bank Investment Statements (February 28, 2018 and March 31, 2018)

The Board reviewed these items.

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

The Board reviewed these items.

VII. ITEMS FOR DISCUSSION/POSSIBLE ACTION BY THE BOARD

a. Trust Investment Assets—Rebalancing, Diversification, Purchase or Sale of Investments, Potential Change(s) to Allocations, and/or Change(s) of Managers and Review and Update of Investment Policy – Canterbury Consulting

Canterbury did not make any recommendations for changes; no action was taken since last meeting. Michael presented “Investment Policies, Guidelines and Objectives Revised and Adopted May 3, 2018” which shows the changes that were applied. The guideline would be added to the next month consent agenda.

c. Fiera Small-Mid Growth Strategy - Canterbury Consulting

Michael Laven presented a recommendation to move forward with establishing a new account for Fiera Small-Mid Growth. The Fiera Small-Mid Growth account would be moved from mutual fund to a separate account and the manager’s fees will decrease from 1.05% to .65%. Same manager, same guidelines just moving to different account.

Establish a separate account from mutual fund to separate account to decrease the manager’s fees.

Upon motion of Trustee Davis, seconded by Trustee Valles, the Board on a 6-0 vote approved the moving of funds from mutual fund account to a separate account to decrease the manager’s fees, as presented.

b. RFQ-P 566 Legal Services Update

Trustee Albaugh reported only one response to the RFQ-P 566 for Legal Services thus far. Trustee Albaugh recommended to either cancel or extend RFQ to get more competition. Trustee Davis suggested interviewing the one firm and then extending the RFQ if needed. Trustee Albaugh asked legal counsel if the Trust can extend the offer for other firms to interview within the RFQ. Counsel reported it is within the power of the Board of how they want to determine to solicit services and handle the process.

Pursuant to the advice of legal counsel, Trustee Albaugh recommends establishing interview dates for legal services for qualified firms in addition to the firm that applied.

- d. Review and discussion of Ventura County Grand Jury 2017-2018 Final Report – Oxnard Union High School District Retiree Health Benefits Trust, March 22, 2018

Trustee Albaugh reported and read the conclusions and recommendations from the Grand Jury Report:

Conclusions

C-01. The Trustees have a fiduciary responsibility to its members which includes a duty of loyalty, a duty of prudence and care in the interest of its beneficiaries. The Grand Jury concluded that the Trustees failed to properly document and communicate changes in funding of the Trust as decided by the District and the Federation. (FA-02, FA-03, FA-13, FA-14, FA-16, FA-18, FA-20, FA-21)

C-02. The actions of the District, the Federation, and the Trustees, have lacked transparency. This has contributed to the beneficiaries' loss of confidence in the management of the Trust. (FA-01, FA-02, FA-03, FA-06, FA-08, FA-17, FA-18, FA-20)

C-03. The Grand Jury concluded changes made regarding Trust eligibility in 2004 resulted in four distinct groups with conflicting priorities as to the future funding of the Trust and/or distribution of its assets.

- 1) District
- 2) Federation
- 3) Retirees and active employees qualifying as beneficiaries of the Trust
- 4) Retirees and active employees ***NOT*** qualifying as beneficiaries of the Trust.

The unintended consequence of the 2004 decision has affected the Trustees' ability to render fair and impartial decisions on behalf of the Trust. (FA-04, FA-08, FA-09, FA-10, FA-11, FA-12, FA-16, FA-21)

C-04. The Grand Jury did not find sufficient evidence to conclude the District, the Federation, and the Trustees have consistently acted in the best interests of the beneficiaries. (FA-01, FA-02, FA-03, FA-07, FA-12, FA-14, FA-15, FA-16, FA-18, FA-19, FA-20)

C-05. The Grand Jury concluded the District and the Trustees have failed to properly document in their meeting minutes decisions regarding funding of the Trust after March 2007. (FA-02, FA-03, FA-06, FA-08, FA-09, FA-17)

C-06. The Grand Jury concluded the District, the Federation, and the Trustees have not properly communicated

their decisions to the beneficiaries. (FA-02, FA-03, FA-05, FA-06, FA-17, FA-18, FA-19)

Recommendations

R-01. The Grand Jury recommends the District work with the Federation and the Trustees in an effort to update the Trust to reflect agreements that have been made by the District and the Federation regarding future funding. In the interest of transparency, any amendments and/or changes to the Trust should be properly documented. (C-01, C-02, C-03, C-04, C-05, C-06)

R-02. The Grand Jury recommends the Trustees provide all eligible beneficiaries with written communication regarding the outcome of R-01. (C-01, C-02, C-03, C-04, C-05, C-06)

R-03. The Grand Jury recommends the Trustees provide on-going written communication to the beneficiaries regarding all actions that will have a material outcome on the funding of the Trust and/or the dissemination of the funds. (C-01, C-02, C-03, C-04, C-05, C-06)

Responses are required from the Board of Trustees, Oxnard Union School District; Responses Requested from the Board of Trustees, Oxnard Union High School District Retiree Health Benefits Trust and the Oxnard Federation of Teachers, Local 1273, Eric Montijo, President.

Trustee Albaugh reported that the Grand Jury Report has been presented to the Board of Trustees of the Oxnard Union High School District and they had made a recommendation to hold a special meeting in regard to the Trust at some point in June. Mr. Albaugh would recommend in lieu of making a response from this Board at this time that the Retiree Health Benefits Trust Board await the outcome of the OUHSD Board of Trustees special meeting.

Trustee Albaugh recommends waiting for the Trust to respond after the study session is performed by the OUHSD Board of Trustees. Trustee Albaugh believes the Trust has 90 days to respond to the Grand Jury which would be around June 27th.

Trustee Davis believes the Trust should respond because some of the conclusions are inconclusive such as “lack of transparency” since the Trust has open Board meetings. As well as the funding of the Trust. Trustee Davis discussed the Board does not fund the Trust but only manages the assets. These are important items to respond to since they are incorrect. Trustee Albaugh agrees waiting for the OUHSD Board would be a good idea to have more information.

The Trust Board agreed to wait until after the OUHSD Board of Trustee performed their study session before replying to the Grand Jury Report.

Trustee Albaugh reported since 2007-2008, the Total Retiree Health and Welfare Contributions on behalf of the OUHSD to the beneficiaries has totaled \$74,489,565. With an additional contribution directly to the Retiree Health Benefits Trust since 2001 of \$26,264,042 totaling over \$100 million in Retiree Health Benefit Trust contributions.

- e. Setting of Future Board Meeting Dates/Times: Special Board Meeting June 12, 2018 at 2pm

VIII. CLOSED SESSION

No items for discussion.

IX. ITEMS FOR FUTURE CONSIDERATION

X. FUTURE MEETINGS: SPECIAL MEETING ON TUESDAY, JUNE 12, 2018 AT 2:00 PM

XI. ADJOURNMENT

Upon motion of Trustee Davis, seconded by Trustee Valles, the Board on a 6-0 vote approved the meeting was adjourned at 2:48 pm.