

Ventura County Grand Jury 2017 - 2018



Final Report

**Oxnard Union High School
District Retiree
Health Benefits Trust
March 22, 2018**

This page intentionally blank

Oxnard Union High School District Retiree Health Benefits Trust

Summary

The 2017-2018 Ventura County Grand Jury (Grand Jury) received a complaint regarding the administration of the Oxnard Union High School District Retiree Health Benefits Trust (Trust) and launched an investigation into the management of the Trust.

The Grand Jury discovered that Trust-defined contributions ceased as of March 9, 2007. Furthermore, the Grand Jury found no documented evidence regarding this decision.

The Grand Jury concluded the beneficiaries of the Trust have a reasonable expectation that the Oxnard Union High School District (District), the Oxnard Federation of Teachers (Federation) and the Board of Trustees of the Trust (Trustees) will act in their best interests.

The Grand Jury concluded the actions of the District, the Federation, and the Trustees were lacking transparency, which led to a loss of confidence in the management of the Trust.

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.

Over the life of the Trust, changes in Collective Bargaining Agreements (CBA) impacting participation eligibility have resulted in decisions and actions that raise questions about fairness and impartiality in the management of the Trust.

Background

In November 1999 a Trust was formed between the District, the Federation, and Oxnard Union High School District Retiree Health Benefits Trust (Trust). The goal of the Trust since inception has been to reach a point where the total assets of the Trust are equal to the projected obligations of the District to fund and provide contractual health care benefits to all eligible retirees and dependents. In January 2002 an Amended Trust was signed into agreement by the Board of Trustees (Trustees). The purpose of the Amended Trust Agreement was to clarify and make the Trust provisions consistent with the intent of the District and Federation.

At the inception of the Trust agreement the District was obligated to provide lifetime health benefits for eligible retirees. In 2003 the District and Federation agreed employees hired after July 1, 2004, would not receive lifetime benefits upon retirement and would not be eligible beneficiaries of the Trust. This decision created four distinct groups of Trust stakeholders: District, Federation, retirees and active employees qualifying as beneficiaries of the Trust, and retirees and active employees not qualifying as beneficiaries of the Trust. Currently 58% of the teachers in the district have a hire date after July 1, 2004, and do not qualify as beneficiaries of the Trust.

The Trust created a website to provide information to interested parties. The website states: "...the District will directly fund retiree benefits from the District's General Fund until the Trust is fully funded. Trust assets will thereafter be used to make benefit payments. This approach is consistent with the Trust's intent. The Trust is not fully funded at this time."

Through March 2007 the Trust received yearly contributions from the District. The amounts of the contributions were determined and agreed upon by representatives of the Federation and the District during the collective bargaining process. Since March 2007 there have been no District contributions [as defined in the agreement] made to the Trust other than Medicare Part D reimbursements. The balance of the Trust assets as of September 30, 2017, was \$58,476,481.

Methodology

The Grand Jury requested all relevant documents and received and reviewed the following:

- The original Trust agreement
- The amended Trust agreement
- CBA(s) covering 1998 through 2018
- Public District board agendas and resulting minutes covering 1998 through 2017
- Public Trust board meeting agendas and resulting minutes covering 1998 through 2017
- Data pertaining to contributions made to the Trust
- Trust asset investment portfolio information
- The most recent actuarial study

Interviews were conducted with individuals who had knowledge of the creation of the Trust, Trustees (both past and present), and current beneficiaries of the Trust including retirees and employees.

Facts

- FA-01.** Funding of the Trust began on April 12, 2001, and continued annually through March 9, 2007, when the District last allocated funds to the Trust in the amount of \$1,768,900. This amount represented the contribution for fiscal year 2005-2006. All funds sent to the Trust since March 9, 2007, have been Medicare Part D Reimbursements or funds provided by Coastal Schools Employee Benefits Organization. (Att-02)
- FA-02.** The Grand Jury did not find anyone with knowledge of any action taken by the Trustees regarding the suspension of funding the Trust after March 9, 2007. This includes any individual connected to the Trust, in any capacity, with knowledge or access to any documented discussions, and or decisions

suspending or demanding funding of the Trust (as defined in the agreement) after March 9, 2007.

FA-03. The Grand Jury was unable to find any reference in the minutes of Trust meetings regarding the suspension of defined contributions to the Trust after March 9, 2007. Nor could any reference be found regarding a decision by the Trustees as to a course of action to take in the best interest of the beneficiaries.

FA-04. In 2003 the District and Federation agreed employees hired after July 1, 2004, would not receive lifetime health benefits upon retirement and therefore would not be eligible beneficiaries of the Trust. As of February 2018, 58% of the teachers in the District are not eligible beneficiaries of the Trust.

TRUST WEBSITE

FA-05. The Trust website provides Board agendas and meeting minutes starting with 2012. The website states: "The Trustees have a fiduciary obligation to administer the Trust in accordance with its purpose and intent and with the terms of the Trust Agreement. The Trustees' fiduciary obligations include, but are not limited to: (a) administering the Trust solely for the benefit of the beneficiaries; and (b) treating the beneficiaries impartially, i.e. treating them fairly in relation to each other, both individually and by class." (Ref-01)

FA-06. The website provides a Frequently Asked Questions (FAQ) document dated March 16, 2012. In the FAQ document the following questions are among those addressed:

1) Question: "How is the Trust funded?"

Answer: "The Trust has been funded by contributions made in accordance with the CBA(s) between the District and the Federation. Because of budget difficulties, there have been no recent unit share contributions to the Trust. However, other contributions have been made in recent years through reimbursement of Medicare Part D program costs."

2) Question: "What was the intent of the Trust?"

Answer: "The intent of the Trust, from its inception, was to build up funds to fully meet the District's unfunded obligations to pay for retiree benefits to eligible District employees and retirees and their respective dependents...the District will directly fund retiree benefits from the District's General Fund until the Trust is fully funded...This approach is consistent with the Trust's intent." (Ref-02)

TRUST AGREEMENT

FA-07. Recitals Section B of the Trust states: "The Federation and the District are parties to collective bargaining agreements which may be amended to require contractual contributions by the District and District employees to the Oxnard Union High School District Retiree Health Benefits Trust

(hereafter "Trust") for the purpose of providing health and welfare benefits for eligible retired employees and their dependents." (Att-01)

FA-08. Recitals Section C of the Trust states: "The amount of employee contributions to the Trust shall be as set forth in separate agreements between the Federation and the District, and the amount of District contributions to the Trust shall be set forth in a separate agreement between the District, the Federations, and the Trust." (Att-01)

FA-09. Article 1.3 of the Trust states "The term 'Collective Bargaining Agreement(s)' means the agreement entered into by the District and an eligible exclusive representative of a bargaining unit in the District...and any extensions, amendments, modifications, or renewals of the Collective Bargaining Agreements, or any successor agreements that provide for participation in the Trust." (Att-01)

FA-10. Article 1.5 of the Trust states: "The term 'Contribution Agreement' means a multi-party agreement between the District, a Union, and the Trust providing for participation in the Trust and for contributions to the Trust by the District." (Att-01)

FA-11. Article 1.9 of the Trust states: "The term 'District Contributions' means payments made or required to be made to the Trust in accordance with Collective Bargaining Agreements or Contribution Agreements." (Att-01)

The CBA references the Unit Share Formula (USF). The USF is used to determine how annual funds will be divided for any given school year. A committee is responsible for providing recommendations to the school board on distribution of funds within the guidelines of the USF. The "Unit Share" constitutes the total funds to be allocated to unit compensation which includes salaries and fringe benefits of unit members, health and welfare benefits for unit members and retirees, and retirement plans for current and past unit members. (Ref-03)

FA-12. Article 4.3 of the Trust states: "Each contribution to the Trust shall be made promptly by the date specified in the Collective Bargaining Agreement or Contribution Agreement, and if such payment is not made by the specified date, it shall be considered delinquent. The parties recognize and acknowledge that regular and prompt payment of District contributions to the Trust is essential to its maintenance and purpose..." (Att-01)

FA-13. Article 5.1 of the Trust states: "The operation and administration of the Trust shall be the joint responsibility of a Board of six Trustees, three (3) appointed by the District and three (3) appointed by the Federation, as set forth herein." (Att-01)

FA-14. Article 5.3 of the Trust states: "The District and the Federation expressly designate the Trustees as fiduciaries, who shall have exclusive authority and discretion acting as the Board of Trustees as provided herein to control and manage the operation and administration of the Trust. Each of the Trustees expressly accepts designation as a fiduciary and as a Trustee by

the written acceptance and signature of this Agreement and assumes the duties, responsibilities and obligations of Trustee as created and established by this Agreement and under applicable law. Any Trustee named hereafter shall do likewise by signing this Agreement or a written acceptance thereof, in a form approved by and filed with the Board of Trustees." (Att-01)

- FA-15.** Article 6.4 of the Trust states: "The Board of Trustees shall have power to demand and enforce the prompt payment of contributions to the Trust, as required by this Agreement, the Collective Bargaining Agreements or any other written agreement requiring contributions to the Trust,..." (Att-01)
- FA-16.** Article 6.22 of the Trust states: "Trustees shall be free from compromising influences and loyalties. A Trustee shall fulfill his or her responsibilities solely on behalf of the mission of the Trust. It is not intended that Trustees appointed by or paid salaries by the District or the Federation who serve school employees be prohibited by this provision from serving as Trustee." (Att-01)
- FA-17.** Article 7.2 of the Trust states: "The Board of Trustees shall appoint a Secretary and additional assistance, if necessary, who shall keep minutes or records of all proceedings and acts of the Board of Trustees." (Att-01)
- FA-18.** Article 7.4 of the Trust states: "The Board of Trustees shall not take any action or make any decisions on any matter coming before it or presented to it for consideration or exercise any power or right given or reserved to it or conferred upon it by this Agreement except upon the vote of each group of the Trustees at a meeting of the Board of Trustees duly and regularly called or except by the signed concurrence of all Trustees without a meeting, as provided in Article 7.7." (Att-01)
- FA-19.** Article 7.7 of the Trust states: "Upon any matter that may properly come before the Board of Trustees, the Board of Trustees may act without a meeting provided such action has the written concurrence of all the Trustees." (Att-01)

DEFINITIONS

- FA-20.** Trustee: "A trustee is a person or firm that holds and administers property or assets for the benefit of a third party. A trustee may be appointed for a wide variety of purposes, such as in the case of bankruptcy, for a charity, for a trust fund or for certain types of retirement plans or pensions. Trustees are trusted to make decisions in the beneficiary's best interests and often have a fiduciary responsibility to the trust beneficiaries." (Ref-04)
- FA-21.** Fiduciary: "Fiduciaries owe two main duties to their clients: a duty of loyalty and a duty of care. The duty of loyalty requires that fiduciaries act solely in the interest of their clients, rather than in their own interest. Thus, fiduciaries must not derive any direct or indirect profit from their position, and must avoid potential conflicts of interest. The duty of care requires that

fiduciaries perform their functions with a high level of competence and thoroughness, in accordance with industry standards.” (Ref-05)

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

Responses Required From:

Board of Trustees, Oxnard Union High School District

(C-01, C-02, C-03, C-04, C-05, C-06, R-01)

Responses Requested From:

Board of Trustees, Oxnard Union High School District Retiree Health Benefits Trust

(C-01, C-02, C-04, C-05, C-06, R-01, R-02, R-03)

Oxnard Federation of Teachers, Local 1273, Eric Montijo, President

(C-01, C-02, C-03, C-04, C-06, R-01)

References

Ref-01. Oxnard Union High School District Retiree Health Benefits Trust website, HOME: <http://ouhsdrhbt.org/index.html>

Accessed February 28, 2018

Ref-02. Oxnard Union High School Retiree Health Benefits Trust website, FAQ: <http://ouhsdrhbt.org/faqs.html>

Accessed February 28, 2018

Ref-03. Oxnard Union High School District Official Site, http://www.ouhsd.k12.ca.us/wp-content/uploads/docs/hr_cert_agreement.pdf

Accessed February 28, 2018

Ref-04. Investopedia website:

<https://www.investopedia.com/terms/t/trustee.asp>

Accessed February 28, 2018

Ref-05. US Legal website: <https://definitions.uslegal.com/f/fiduciary-duty/>

Accessed February 28, 2018

Attachments

Att-01. Revised and Amended Agreement Establishing the Oxnard Union High School District Retiree Health Benefits Trust

Att-02. Oxnard Union High School District Retiree Health Benefits Trust Schedule of Contributions 2001-Current

Glossary

TERM

DEFINITION

CBA	Collective Bargaining Agreement
District	Oxnard Union High School District
FAQ	Frequently Asked Questions
Federation	Oxnard Federation of Teachers
Trust	Oxnard Union High School District Retirees Health Benefits Trust
Trustees	Board of Directors
USF	Unit Share Formula

Attachment 01

Revised and Amended Agreement Establishing the Oxnard Union High School District Retiree Benefits Trust

**REVISED AND AMENDED
AGREEMENT
ESTABLISHING THE OXNARD UNION HIGH SCHOOL DISTRICT
RETIREE HEALTH BENEFITS TRUST**

This agreement and declaration is made and entered into this 25th day of January, 2002, by and between the Oxnard Federation of Teachers representing certificated and classified employees of the Oxnard Union High School District (hereafter collectively referred to as the "Federation"), and the Oxnard Union High School District (hereafter "District").

RECITALS

A. The Federation and the District desire to financially ensure the provision of health and welfare benefits, as defined in sections 3543.2 and 53200 of the California Government Code, to eligible retired employees of the District and their dependents on an insured or self-funded basis through a voluntary employee's benefits association qualified for tax exempt status under section 501(c)(9) of the Internal Revenue Code.

B. The Federation and the District are parties to collective bargaining agreements which may be amended to require contractual contributions by the District and District employees to the Oxnard Union High School District Retiree Health Benefits Trust (hereafter "Trust") for the purpose of providing health and welfare benefits for eligible retired employees and their dependents.

C. The amount of employee contributions to the Trust shall be as set forth in separate agreements between the Federation and the District, and the amount of District contributions to the Trust shall be set forth in a separate agreement between the District, the Federation, and the Trust.

D. The mission of the Trust shall be to financially ensure, through investment of Trust funds and the cooperative efforts of the District and the Federation, a comprehensive health and benefits program for every eligible retiree of the District at the most efficient cost achievable through unity of design, purchase, and administration.

AGREEMENT

1. **DEFINITIONS.** Unless the context or subject matter otherwise requires, the following definitions shall govern in this Agreement:

- 1.1 The term "Benefits" or "Health and Welfare Benefits" means those health and welfare benefits, as defined by in Sections 3543.2 and 53200 of the California Government Code and as provided in the Collective Bargaining Agreements or in Contribution Agreements, to which the Participants and Dependents are or may become entitled.
- 1.2 The terms "Board of Trustees" and "Board" means the Board established by Article 5 of this Agreement.
- 1.3 The term "Collective Bargaining Agreement(s)" means the agreement entered into by the District and an eligible exclusive representative of a bargaining unit in the District, pursuant to California Government Code section 3540 et seq., and any extensions, amendments, modifications, or renewals of the Collective Bargaining Agreements, or any successor agreements that provide for

\\ODMA\WORLDON\H\WDOCS\13442\001\AGT\10107171.WPD
Execution Date January 15, 2002

participation in the Trust.

- 1.4 The term "Conflict of Interest" means any financial, personal, or legal impediment to the free exercise of judgment on the behalf of the Trust.
- 1.5 The term "Contribution Agreement" means a multi-party agreement between the District, a Union, and the Trust providing for participation in the Trust and for contributions to the Trust by the District.
- 1.6 The term "Custodial Agent" means the Custodial Agent appointed for the purpose specified in this Agreement and meeting the qualifications set forth in Article 4.2.
- 1.7 The term "Dependent" means any person entitled to receive benefits through an eligible retired employee of the District by a bargaining or Contribution Agreement. A Dependent's eligibility for benefits ceases at the end of the calendar month of the Participant's death.
- 1.8 The term "District" means the Oxnard Union High School District.
- 1.9 The term "District Contributions" means payments made or required to be made to the Trust in accordance with Collective Bargaining Agreements or Contribution Agreements.
- 1.10 The term "Employee" means any person included in the bargaining unit, as defined by California Government Code section 3540 et seq., within the District, and any other current officer or employee of the District, including current or former Governing Board members, whether or not covered by a collective bargaining agreement, persons retired from employment with the District, and other persons as permitted under effective Collective Bargaining Agreements or Contribution Agreements. Notwithstanding the above definition, this Agreement is only for the benefit of retired employees (Participants) and Dependents.
- 1.11 "Interested Person" means an employee of the District, an elected District board member, or a representative of an employee organization, and invited guests of the Trust.
- 1.12 The term "Federation" means those Chapters or Locals of the Union Participants that have entered into this Agreement. The term shall also include any other Employee organization as defined by California Government Code section 3540.1 that is party to a Collective Bargaining Agreement and is approved by the Trustees to participate in the Trust.
- 1.13 The term "Participant" means an eligible retired employee of the District or current or former Governing Board member who is eligible to receive a benefit of any type from the Trust or whose dependents may be eligible to receive any such benefit. Persons who sever their employment relationship with the District prior to vesting of and eligibility for Benefits shall not be deemed Participants.
- 1.14 The term "Trust" means the entity created and established by this Agreement and the assets of the Trust.
- 1.15 The term "Trust Administrator" means the party responsible for the administration of the Trust.

1.16 The term "Trustee" means a person designated as Trustee pursuant to Article 5 of this Agreement and successors of such person from time to time in office.

1.19 The term "Governing Board" means the Board of Trustees of the Oxnard Union High School District.

2. ESTABLISHMENT AND PURPOSE OF THE TRUST

2.1 There is hereby created the Oxnard Union High School District Retiree Health Benefits Trust which shall consist of all contractual contributions made to the Trust and all interest, income, and other returns thereon of any kind whatsoever, together with all property and assets of the Trust.

2.2 The Trust shall be used for the purpose of financially ensuring the provision of health and welfare benefits to Participants and Dependents. The Trust shall further provide for financing the operation and administration of the Trust, in accordance with this Agreement.

2.3. The Trust shall have its principal office within the territorial boundaries of the Oxnard Union High School District.

2.4 District contributions to the Trust shall not constitute or be deemed wages due to the Employees with respect to whose work such payments are made and no Employee shall be entitled to receive any part of the contributions made or required to be made by the District to the Trust, except as may be hereafter provided in this Agreement, the Collective Bargaining Agreements or Contribution Agreements.

2.5 Neither the District nor the Federation nor any Employee, nor any other person, shall have any right, title or interest in the Trust other than specifically provided in this Agreement and no part of the Trust shall revert to the District or the Federation. Neither the Trust, nor any contributions to the Trust, shall be in any manner liable for or subject to the debts, contracts, or liabilities of the District, the Federation, or any Employee. No part of the Trust, nor any benefits shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge by any person.

2.6 No officer, agent or employee of the District shall be under any liability to the Trust, except to the extent that an individual may incur liability as a Trustee as hereinafter provided. The liability of the District to the Trust shall be limited to the payments required by the Collective Bargaining Agreements and Contribution Agreements. The District shall not be required to make any further payments or contributions to the cost of the operation of the Trust, except as may be hereafter provided in this Agreement, the Collective Bargaining Agreements or Contribution Agreements.

2.7 Neither the District nor the Federation nor any Employees shall be liable or responsible for any debts, liabilities, or obligations of the Trust or the Trustees.

3. PARTICIPATION AND WITHDRAWAL

3.1 The Trust shall be limited to Participants and Dependents as defined in Articles 1.13 and 1.1, respectively. Only the District, the Federation and Employees may contribute to the Trust.

3.2 The District and the Federation must be accepted for participation by the Trustees and must execute a Contribution Agreement before they may contribute to the Trust.

- 3.3 District employees not subject to the terms of a Collective Bargaining Agreement can participate in the Trust provided that the Board of Trustees approves their participation.

4. CONTRIBUTION TO THE TRUST

- 4.1 In order to effectuate the purposes thereof, the District shall contribute to the Trust, in a manner directed by the Board of Trustees, the amount required by the Collective Bargaining Agreements and any Contribution Agreement. The rate of District contributions shall be governed at all times by the Collective Bargaining Agreements or Contribution Agreements together with any amendments or modifications thereto.
- 4.2 Contributions to the Trust shall be paid directly to such Custodial Agent as may be designated by the Board of Trustees, qualified and doing business in the State of California, and subject to the supervision of the Superintendent of Banks of the Controller of the Currency of the State of California, or to a bank designated by the Board of Trustees, which is a member of a Federal Reserve Bank.
- 4.3 Each contribution to the Trust shall be made promptly by the date specified in the Collective Bargaining Agreement or Contribution Agreement, and if such payment is not made by the specified date, it shall be considered delinquent. The parties recognize and acknowledge that regular and prompt payment of District contributions to the Trust is essential to its maintenance and purpose and that it would be extremely difficult to fix the actual expense and damage to the Trust which would result from the failure of the District to pay such contributions in full within the time specified. Therefore, the amount of damage to the Trust resulting from any such failure in any month shall be presumed to be the entire amount payable and interest at the rate of one percent (1 %) higher than the most recent quarterly investment rate paid to school districts in Ventura County, which amount shall become due and payable to the Trust by the District as liquidated damages and not as a penalty, at the place where the contributions are payable upon the day immediately following the date on which the contribution becomes delinquent and shall be in addition to the amount of said delinquent contribution; provided, however, that the Board of Trustees may waive payment of any said liquidated damages in a particular case upon good cause satisfactory to the Board of Trustees being established.
- 4.4 Interest shall be charged on delinquent District contributions at the interest rate prescribed in Article 4.3 above; i.e. one percent (1%) higher than the most recent quarterly investment rate paid to school districts in Ventura County.
- 4.5 Employee contributions may be accepted in accordance with the terms of the Contribution Agreements, and/or Collective Bargaining Agreements, subject to the approval of the Trustees.

5. BOARD OF TRUSTEES

- 5.1 The operation and administration of the Trust shall be the joint responsibility of a Board of six Trustees, three (3) appointed by the District and three (3) appointed by the Federation, as set forth herein:
- 5.1.1 The Federation Trustees shall be appointed by the Oxnard Federation of Teachers Executive Council.

- 5.1.2 The District Trustees shall be appointed by the Governing Board of the District or by an individual designated by the Governing Board to make such appointments.
- 5.1.3 The three (3) Federation Trustees shall meet and appoint an Alternate Federation Trustee; the three (3) District Trustees shall meet and appoint an Alternate District Trustee. Alternate Trustees may participate in any meeting, but shall be entitled to vote only in the absence of one (1) of the Trustees appointed by the Federation or the District.
- 5.2 Appointing authorities shall use their best efforts to appoint Trustees who have experience or expertise in investment, health and welfare trusts, union/management relations, or health service delivery, and are free from any conflict of interest created by such appointment.
- 5.3 The District and the Federation expressly designate the Trustees as fiduciaries, who shall have exclusive authority and discretion acting as the Board of Trustees as provided herein to control and manage the operation and administration of the Trust. Each of the Trustees expressly accepts designation as a fiduciary and as a Trustee by the written acceptance and signature of this Agreement and assumes the duties, responsibilities and obligations of Trustee as created and established by this Agreement and under applicable law. Any Trustee named hereafter shall do likewise by signing this Agreement or a written acceptance thereof, in a form approved by and filed with the Board of Trustees.
- 5.4 The District Trustees shall be designated in writing by the appointing authority. The Federation Trustees shall be designated in writing by the appointing Federation.
- 5.5 The Trustees shall select one of their number to act as Chairperson of the Board of Trustees and one to act as Co-Chairperson, to serve for a term of two (2) years or such other period as the Trustees shall determine. Each will alternate for one (1) year as Co-chairperson and Chairperson. When the Chairperson is selected from among the Federation Trustees, the Co-Chairperson shall be selected from among the District Trustees, and vice-versa. The Chairperson of the Board of Trustees shall be rotated between the District and Federation Trustees.
- 5.6 After the initial appointment process for terms set out below, each Trustee shall serve a term of four (4) years except in instances of death, incapacity, resignation, inability to serve, removal from office, or until a successor is designated as provided in this Agreement. Trustees may be reappointed by the appointing authority. In order to maintain continuity of service, the initial terms shall be determined by lot as either two (2), three (3), or four (4) year terms.
- 5.7 A Trustee may resign at any time by serving written notice of such resignation, at least thirty (30) days prior to the date on which such resignation is to become effective, upon the Chairperson and Co-Chairperson of the Board of Trustees, and upon the Federation and the District.
- 5.8 Any District Trustee may be removed from office at any time for any reason through an instrument in writing, signed by the appointing authority and served on the Trustee concerned, the Chairperson and Co-Chairperson of the Board of Trustees, and the Federation. Any Federation Trustee may be removed from office at any time for any reason by an instrument signed by the appointing Federation and served upon the Trustee concerned, the Chairperson and Co-Chairperson of the Board of Trustees, and the District.
- 5.9 If any District Trustee dies, resigns, or is removed from office, a successor Trustee shall be appointed forthwith by an instrument in writing signed by the District and delivered to the

Chairperson and Co-Chairperson of the Board of Trustees. If any Federation Trustee dies, resigns, or is removed from office, a successor Trustee shall be appointed forthwith by an instrument in writing signed by the Federation and delivered to the Chairperson and Co-Chairperson. Any successor Trustee so appointed according to the manner or procedures set out above shall sign this Agreement or a counterpart thereof, and such signature shall constitute the acceptance of office and agreement to act under and to be subject to all of the terms and conditions of this Agreement.

- 5.10 Any Trustee who resigns or is removed from office shall forthwith turn over to the Chairperson or the Co-Chairperson of the Board of Trustees at the principal office of the Trust any and all records, books, documents, monies, and other properties that belong to the Trust or that were received by such Trustee in his or her capacity as such Trustee.
- 5.11 No vacancy or vacancies in the offices of the Trustees shall impair the power of the remaining Trustees acting in the manner herein provided to administer the Trust.
- 5.12 The Trustees shall not be compensated for their services by the Trust, but Trustees shall be reimbursed by the Trust for all reasonable expenses properly and actually incurred in connection with the performance of their official duties as Trustees, as authorized by the Board of Trustees.

6. POWERS AND DUTIES OF THE BOARD OF TRUSTEES

- 6.1 The Board of Trustees shall have the power to administer the Trust. In addition, the Board of Trustees shall amend or modify benefits if the contributions to the Trust and reserves of the Trust are insufficient to maintain the benefits of Participants and Dependents selected by the parties at the time of negotiations, provided that such action shall not be taken until after the District and the Federation are provided at least forty-five (45) days' advance written notice of such changes.
- 6.2 The Board of Trustees may enter into an agreement with a Custodial Agent for the purpose of receiving, holding, and disbursing the assets of the Trust.
- 6.3 In furtherance of the administration of the Trust, the Trustees may use the authority of their office:
 - 6.3.1 To entertain bids for the procurement of accounting, legal, investment, consulting, and administrative services and coordinate those processes with other similar organizations;
 - 6.3.2 To coordinate with other trusts or similar organizations to ensure provision of benefits to Participants and Dependents;
 - 6.3.3 To provide to the negotiating parties cost estimates concerning existing schedules of benefits or any alternative benefit specifications requested by Federation or District representatives.
- 6.4 The Board of Trustees shall have power to demand and enforce the prompt payment of contributions to the Trust, as required by this Agreement, the Collective Bargaining Agreements or any other written agreement requiring contributions to the Trust, delinquent payments, liquidated damages as provided in Article 4.3, and interest as provided in Article 4.4. If the District defaults in the making of such contributions or payments and if it becomes necessary for the Board of Trustees to consult legal counsel with respect thereto, or if the Board of Trustees files any suit or claim with respect thereto, there shall be added to the obligations of the District for interest and liquidated damages as provided herein, reasonable attorneys' fees, court costs, and all other reasonable

expenses incurred by the Board of Trustees in connection with such suit or claim, provided the Board of Trustees prevails in such litigation.

- 6.5 The Board of Trustees shall have the power and authority to use and apply the Trust for the following purposes:
- 6.5.1 To pay or provide for the payment of all reasonable and necessary expenses: (i) of collecting contributions and payments and other monies and property to which they may be entitled, and (ii) of administering the affairs of Trust, including the employment of such administrative, legal, accounting, expert, and clerical assistance, the purchase or lease of such premises, materials, supplies and equipment, and the performance of such other acts, as the Trustees find necessary or appropriate in the performance of their duties.
 - 6.5.2 To establish and accumulate such reserve funds as the Board of Trustees in its sole discretion deems necessary and desirable for the proper execution of the Trust.
 - 6.5.3 To pay all other reasonable, proper, and necessary expenses not specified above, incurred by any Trustees, including the cost of defense in litigation arising out of the Trusteeship of the Trust, that are not a result of willful misconduct or bad faith, to the extent permitted by law.
 - 6.5.4 To compromise, settle, or release claims or demands in favor of or against the Trust on such terms and conditions as the Board of Trustees may deem desirable; provided, however, that this clause shall not excuse any violation of this Agreement.
 - 6.5.5 To adopt rules and regulations for the administration of the Trust or the Plan that are not inconsistent with the terms and intent of this Agreement and such Plan.
 - 6.5.6 To make appropriate allocations of common administrative expenses and disbursements shared or to be shared by the Trust and any other similar trust fund.
- 6.6 The Board of Trustees may exercise all rights and privileges granted to the policyholder by the provisions of each contract or policy of insurance that they may deem necessary or advisable.
- 6.7 The Board of Trustees shall have the power and authority to invest and reinvest such funds as are not necessary for current expenditures or liquid reserves, as they may from time to time determine, in such investments as are legal investments under applicable law. The Board of Trustees shall also have the power and authority (in addition to, and not in limitation of, common law and statutory authority) to invest in any stocks, bonds, or other property, real or personal, including improved or unimproved real estate and equity interests in real estate, where such an investment appears to the Board of Trustees, in its discretion and consistent with its fiduciary obligations, to be in the best interest of the Trust and the Employees, judged by the then prevailing business conditions and standards. The Board of Trustees shall have the authority, in respect to any stocks, bonds, or other property, real or personal, held by them as Trustees, to exercise all such rights, power, and privileges as might be lawfully exercised by any person owning similar stocks, bonds, or other property in their own right.
- 6.8 The Board of Trustees is authorized, in its discretion by resolution, to allocate to a committee such duties and responsibilities to invest and reinvest such Trust assets as it shall specify in such allocation.

- 6.9 The Board of Trustees shall have the power and authority to appoint one or more investment managers and one or more investment advisers who shall be responsible for the management, acquisition, disposition, investing, and reinvesting of such of the assets of the Trust as the Board of Trustees shall specify. Any such appointment may be terminated by the Board upon thirty (30) days' written notice. The fees of such investment managers and investment advisers, and their expenses to the extent permitted by law, shall be paid out of the Trust.
- 6.10 In connection with any allocation or delegation of investment functions under Articles 6.8 and 6.9, the Board of Trustees shall, from time to time, adopt appropriate investment policies or guidelines.
- 6.11 The Trustees may, by resolution, bylaw, or by provisions of this Agreement, allocate fiduciary responsibilities and various administrative duties to committees or subcommittees of the Board of Trustees and the Trustees may delegate such responsibilities and duties to other individuals as they may deem appropriate or necessary in their sole discretion.
- 6.12 The Board of Trustees may in its discretion employ or contract as it deems necessary, consistent with the purposes of the Trust, including but not limited to the services of an individual, firm, or corporation, to be known as the Trust Administrator who shall, under the direction of the Trustees, or under the direction of any other appropriate committee of the Trustees, administer the office or offices of the Trust and of the Trustees, coordinate and administer the accounting, bookkeeping, and clerical services, provide for the coordination of actuarial services furnished by the consulting actuary, prepare (in cooperation where appropriate, with the consulting actuary and independent auditor) all reports and other documents to be prepared, filed, or disseminated by or on behalf of the Trust in accordance with the law, assist in the collection of District contributions required to be paid to the Trust, and perform such other duties and furnish such other services as may be assigned, delegated, or directed or as may be contracted by or on behalf of the Trustees. The Trust Administrator shall be the Custodian on behalf of the Trustees of all documents and other records of the Trustees and the Trust.
- 6.13 If required by law, the Trustees and such other employees of the Trust who handle the monies of the Trust shall be bonded in such amounts as the Board of Trustees deem reasonable, and such bonds shall be in compliance with any applicable state law. The cost of such bonds shall be paid for by the Trust. The Board of Trustees shall, from time to time, review the amounts of such bonds and require such adjustments in their amounts as are appropriate.
- 6.14 The Trustees may, in their discretion, obtain and maintain policies of insurance, to the extent permitted by law to insure themselves, the Trust as such, as well as employees or agents of the Trustees and of the Trust, while engaged in business and related activities for and on behalf of the Trust for including but not limited to the following areas: (1) with respect to liability as a result of errors or omissions of such Trustee or Trustees, employees or agents, respectively, and (2) with respect to injuries received or property damage suffered by them. The cost of the premiums for such policies of insurance shall be paid out of the Trust.
- 6.15 The books of account and records of the Board of Trustees, including the books of account and records pertaining to the Trust, shall be examined and a financial statement of a type to be determined by the Board of Trustees shall be prepared at least once a year by a qualified certified public accountant to be selected by the Board of Trustees. The Board of Trustees shall also make any other reports required by law. The financial statements prepared by the certified public accountant shall be made available for inspection by interested persons, including any officer or employee of the District, at the principal office of the Trust and at such other suitable places as the

Board of Trustees may designate from time to time. Copies of such statements shall be delivered to the Federation, the District and each Trustee within thirty (30) days after the statement is prepared and presented to the Board of Trustees.

- 6.16 The Board of Trustees shall be entitled at any time to have a judicial settlement of its accounts and to seek judicial protection by any action or proceeding it determines necessary and, further, to obtain a judicial determination or declaratory judgment as to any question of construction of this Agreement or for instructions as to any question relating to the discharge of its duties and obligations under, or in connection with, the administration of the Trust as to the distribution of assets belonging to the Trust. Any such determination, decision, or judgment shall be binding upon all parties to, or claiming under this Agreement.
- 6.17 The Board of Trustees shall maintain or have maintained suitable and adequate records of and for the administration of the Trust. The Board of Trustees may require the District, any Employee, or any other Participant or Dependent to submit to it any information, data, report, or document reasonably relevant to and suitable for the purposes of such administration. The parties agree that they will use their best efforts to secure compliance with any reasonable request of the Board of Trustees for any such information, data, reports, or documents including verification of accuracy of contributions.
- 6.18 The Trustees shall exercise the powers and duties provided for in this Agreement in the interest of the Participants and Dependents and for the exclusive purposes of providing benefits to Participants and their Dependents. The Trustees shall exercise their power and duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.
- 6.19 The Trustees shall exercise all rights and privileges authorized herein to maximize the return without unreasonable risk on monies invested, to protect all property held hereunder, and to perform all acts deemed necessary to accomplish the general objective of obtaining and providing the best health and welfare benefits available for the money contributed to the Trust.
- 6.20 The Board of Trustees shall provide periodic reports, not less often than annually, to the Federation and the District that shall include, but not be limited to, investments of Trust assets, administration of the Trust, experience factors for Participants covered by this Trust and other employee benefits plans or trusts with whom this Trust has engaged in joint activities, and any reports required by law.
- 6.21 In addition to those rights and responsibilities otherwise herein set forth, the Board of Trustees shall have the right to employ or contract for services necessary and appropriate to fulfill the mission of the Trust.
- 6.22 Trustees shall be free from compromising influences and loyalties. A Trustee shall fulfill his or her responsibilities solely on behalf of the mission of the Trust. It is not intended that Trustees appointed by or paid salaries by the District or the Federation who serve school employees be prohibited by this provision from serving as Trustee.

7. PROCEDURE OF BOARD OF TRUSTEES

- 7.1 The Board of Trustees shall determine the time and place for regular periodic meetings of the Board of Trustees; however at least one (1) annual meeting must be held at which the financial statement

prepared in accordance with Article 6.15 is agendaized. Either the Chairperson or the Co-Chairperson, or any two (2) members of Board of Trustees, may call a special meeting of the Board of Trustees by giving written notice to all other Trustees of the time and place of such meeting at least seven (7) calendar days before the date set for the meeting. Such notice of special meeting shall be sufficient if sent by ordinary mail or by fax transmitted to the Trustees at the phone numbers and addresses of such Trustees as shown in the records of the Board of Trustees. Any meeting at which either all Trustees are present, or have waived notice in writing, shall be a valid meeting without the giving of any notice.

- 7.2 The Board of Trustees shall appoint a Secretary and additional assistants, if necessary, who shall keep minutes or records of all proceedings and acts of the Board of Trustees.
- 7.3 A quorum shall consist of at least two (2) District Trustees and two (2) Federation Trustees.
- 7.4 The Board of Trustees shall not take any action or make any decisions on any matter coming before it or presented to it for consideration or exercise any power or right given or reserved to it or conferred upon it by this Agreement except upon the vote of each group of the Trustees at a meeting of the Board of Trustees duly and regularly called or except by the signed concurrence of all Trustees without a meeting, as provided in Article 7.7.
- 7.5 The District Trustees and the Federation Trustees shall act jointly in the administration of the Trust, it being the intent of the Trust that there be equal representation in the administration of the Trust.
 - 7.5.1 Normal decision making shall use a consensus model to avoid all voting on issues when possible.
 - 7.5.2 When voting is required because consensus cannot be achieved, all actions of the Board of Trustees shall be decided by a unit vote, the District Trustees being entitled to one (1) vote, and the Federation Trustees being entitled to one (1) vote, respectively. The vote of the Federation Trustees shall be determined by a majority of the Federation Trustees present at any meeting, and the vote of the District Trustees shall be determined by a majority of the District Trustees present at any meeting. If the vote among either the Federation or the District Trustees ends in a tie vote, such tie shall constitute a vote in opposition to the question for purposes of the subsequent unit vote.
- 7.6 With the exception of closed sessions, meetings of the Board of Trustees shall be open to interested persons and be held from time to time at a place designated by the Board of Trustees. Unless such place is designated by previous motion of the Board of Trustees, meetings shall be held at the principal office of the Trust. Closed sessions may be called to deal with areas such as contracts, personnel, claims disputes and litigation.
- 7.7 Upon any matter that may properly come before the Board of Trustees, the Board of Trustees may act without a meeting provided such action has the written concurrence of all of the Trustees.

8. GENERAL PROVISIONS APPLICABLE TO TRUSTEES

- 8.1 Every instrument executed by the Board of Trustees or at its direction shall conclusively establish the following acts in favor of every person who relies on it; namely that: (1) at the time of the delivery of the instrument, this Agreement was in full force and in effect; (2) the instrument was executed in accordance with the terms and conditions of this Agreement; and (3) the Board of

Trustees was duly authorized to execute the instrument or direct its execution.

- 8.2 The duties, responsibilities, liabilities, and disabilities of a Trustee under this Agreement shall be determined solely by the express provisions of this Agreement and applicable law and no further duties, responsibilities, liabilities, or disabilities shall be implied or imposed.
- 8.3 The Trustees, to the extent permitted by applicable law, shall incur no liability in acting upon any instrument, application, notice, request, signed letter, telegram, fax, or other paper or document believed by them to be signed by the proper person. Any Trustee, to the extent permitted by applicable law, may rely upon any instrument in writing purporting to have been signed by a majority of the Trustees as conclusive evidence of the fact that a majority of the Trustees have taken the action stated to have been taken in such instrument.
- 8.4 Neither the District nor the Federation shall be liable or responsible for the validity of this Agreement.
- 8.5 Neither the District nor the Federation shall be liable in any respect for any of the obligations, acts or omissions of the Trustees, or any of them, because such Trustees are in any way associated with any of the District or the Federation.
- 8.6 The name of the Trust may be used to designate the Trustees collectively, and all Trust documents shall be signed by at least one (1) District Trustee and one (1) Federation Trustee, or by such persons as the Board of Trustees designates.
- 8.7 In the event any question or dispute shall arise as to the proper persons to whom any payments shall be made under this Agreement, the Board of Trustees may withhold such payment until there shall have been made an adjudication on such question or dispute which, in the sole judgment of the Board of Trustees, is satisfactory to it or until the Board of Trustees shall have been fully protected against loss by means of such indemnification agreement or bond as the Board of Trustees, in its sole judgement, determines to be adequate.

9. DISPUTE RESOLUTION

- 9.1 In the event of a deadlock of the District Trustees and the Federation Trustees on any matter within their power, the dispute, including arbitrability of the dispute, may be referred to the dispute resolution process as hereinafter provided.
- 9.2 A deadlock of the District Trustees and the Federation Trustees shall not be deemed to occur unless and until the matter has been discussed and a tie vote exists during at least two (2) meetings of the Trustees.
- 9.3 A deadlock of the Trustees may occur only upon a tie on the question of the adoption of a motion or resolution. Should one occur, the Board of Trustees shall advise the Trust Administrator. Within forty-eight (48) hours of the notice of a tie vote, the Trust Administrator, the Chairperson and the Co-Chairperson shall submit a plan for resolving the matter to the Board of Trustees. The Trustees shall meet to review the plan within forty-eight (48) hours of receipt.
- 9.4 If, within twenty-four (24) hours, the Trustees are not able to reach agreement on the matter in dispute, a three (3)- member Fact-finding Panel shall be created to study the situation and recommend resolution. The members of the Panel shall include:

\\ODMA\WORLD\DOX\H\WDOCS\13442601\AGT\10107178.WPD
Execution Date: January 15, 2002

- 9.4.1 A representative from the Federation.
- 9.4.2 A representative from the District.
- 9.4.3 A neutral third party.
- 9.5 Within five (5) days of their appointment, the Federation and District representatives shall meet and attempt to agree upon a neutral third party.
- 9.6 If no agreement on the appointment of a neutral third party is reached within the five (5)-day period or within such further time as the Trustees may allow for such purposes by mutual agreement, a list of arbitrators (who will agree to act as a member of the Fact-finding Panel) shall be requested from the American Arbitration Association and submitted to the District Trustees and the Federation Trustees. From the panel submitted, the District Trustees and the Federation Trustees shall each alternately strike one name until only one name remains. The person whose name remains shall be the neutral third party.
- 9.7 Alternatively, in the event the Trustees are unable to agree on a neutral third party to serve on the Fact-finding Panel within a reasonable time, either the District Trustees or the Federation Trustees may petition the appropriate Superior Court of the State of California for appointment of an arbitrator as provided in California Code of Civil Procedure section 1281.6.
- 9.8 Any matter in dispute which is referred to this Fact-finding process shall be in writing. If the Trustees cannot agree upon a written submission statement, the Federation Trustees and the District Trustees shall each submit their respective statement of the issue or issues in dispute.
- 9.9 In making the decision, the Fact-finding Panel shall be bound by the provisions of this Agreement, the Collective Bargaining Agreements and any Contribution Agreements and shall have no authority to alter or amend any of the terms thereof. The decision of the Panel shall be rendered in writing. The Panel shall not have jurisdiction to make an award that establishes or fixes a rate of contribution to the Trust or to order a merger with any other fund established for similar purposes as this Trust.
- 9.10 No matter in connection with the interpretation or enforcement of the Collective Bargaining Agreements shall be subject to arbitration under this section. No matter that is subject to Fact-finding under this section shall be subject to the grievance procedure or any other arbitration procedure provided in a Collective Bargaining Agreement, nor shall an arbitrator have the jurisdiction to order the Trust to take or not take any action.
- 9.11 The recommendation of the Fact-finding Panel shall be advisory to the Trustees for ten (10) days after receipt by the Trustees. During this ten (10)- day period, the Trustees will continue efforts to reach agreement.
- 9.12 If no agreement is reached within ten (10) days, the recommendation of the majority of the Fact-finding Panel shall be implemented, and shall be final and binding upon the Trustees, the parties, the employers and other Participants and Dependents. If there is not a majority report, the neutral third party's recommendation shall be implemented.
- 9.13 The fees and expenses of the Fact-finding Panel, including cost of any hearing room and the original reporter's transcript, shall be paid out of the Trust. The reasonable costs and expenses incurred in connection with any such arbitration and preparation thereof by the District Trustees, reviewed annually, and the Federation Trustees, shall be reimbursed out of the Trust. However, no such reimbursement shall be made to Trustees who are affirmatively found by the Fact-finding Panel to

have acted in bad faith either in causing the Fact-finding or in the Fact-finding proceedings.

10. GENERAL PROVISIONS

- 10.1 The rights and duties of all parties, including the District, the Federation, the Employees, and the Trustees, shall be governed by the provisions of this Agreement; provided, however, that the amount of District contributions shall be as provided in the Collective Bargaining Agreements and any Contribution Agreement.
- 10.2 Any notice required to be given under the terms of this Agreement shall be deemed to have been duly served if delivered personally to the person to be notified in writing, or if mailed in a sealed envelope, postage prepaid, to such person at the last known address as shown in the records of the Trust, or if sent by telephone facsimile to such person at said last known address.
- 10.3 All questions pertaining to this Agreement, the Trust, and their validity, administration, and construction shall be determined in accordance with the laws of the State of California, and any pertinent laws of the United States.
- 10.4 If any provisions of this Agreement, the rules and regulations made pursuant thereto, or any step in the Administration of the Trust is held to be illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining portions of this Agreement, the mode of administration, or the rules and regulations, unless such illegality or invalidity prevents, or in substantial degree unfavorably affects, accomplishment of the objectives and purpose of this Agreement. In the event of any such occurrence, the Board of Trustees will immediately meet and attempt to remedy any such defect.
- 10.5 Except to the extent necessary for the proper administration of the Trust, all medical records pertaining to individuals shall be confidential and shall not be made public or used for any other purposes than the information of and action by the Trustees. Nothing in this section shall prohibit the preparation and publication of statistical data and summary reports with respect to the operations of the Trust and the Plan.
- 10.6 This Agreement may be executed in a number of counterparts, each of which shall have the force and effect of an original, and no more than one counterpart need be signed by any party thereto; provided, however, that each of said counterparts shall be filed in the principal office of the Trust.

11. AMENDMENT, MERGER AND TERMINATION

- 11.1 The provisions of this Agreement may be amended or modified at any time and from time to time by the Board of Trustees. Such amendment shall be accompanied by an instrument in writing executed by the District Trustees and the Federation Trustees and reported in writing to the District and the Federation.
- 11.2 In the event that the Federation, or other exclusive representative whose members become participants in the Trust, or the District shall for any reason cease its participation or whose obligation to contribute to the Trust ceases, this Agreement and the Trust created hereunder shall continue for the benefits of all remaining participants, and any remaining participating employee representatives, Employees, and the District who remain obligated to contribute to the Trust shall continue to maintain the Trust. Any employee representatives or Employees, or the District, who cease their participation or whose obligations to contribute to the Trust cease, shall forfeit any and

\\ODMA\WORLD\OX\HA\WDOCS\13442\001\AGT\10107171.WPD
Execution Date January 25, 2002

all rights and interest in the Trust or any of its assets, and shall not be entitled to any share of the reserves maintained by the Trust upon their withdrawal from participation or upon cessation of their obligation to contribute.

- 11.3 This Trust may be merged with any other fund established for similar purposes as this Trust, under terms and conditions mutually agreeable to the Board of Trustees of the respective funds.
- 11.4 The provisions of this Agreement shall continue in effect unless this Agreement is terminated by an instrument in writing executed by the District and the Federation.
- 11.5 Upon the termination of the Trust herein provided, any and all monies remaining in the Trust after the payment of all expenses shall be used for the continuance of the one or more benefits of the type provided by the Plan until such monies have been exhausted, or as otherwise provided in the termination agreement in Article 11.4 above.

EXECUTED as of the day and year first above written.

FOR THE FEDERATION:

Victoria Halenbo
John Henry
Scott Lee

FOR THE DISTRICT:

Wayne Edmonds

Eric M. Atley

Roger Rice

M. H. 12-4-09

Steven J. Gant

Robert H. Evans 12/4/09

Randy Valt 8-27-10
Hubert 2/7/11

RESOLUTION NO. 2002-01

**RESOLUTION OF THE BOARD OF TRUSTEES
OF THE OXNARD UNION HIGH SCHOOL DISTRICT
RETIREE HEALTH BENEFITS TRUST APPROVING
A REVISED AND AMENDED AGREEMENT ESTABLISHING THE TRUST**

WHEREAS, the Board of Trustees ("Board") of the Oxnard Union High School District ("District") Retiree Health Benefits Trust ("Trust") desires to revise and amend the Agreement establishing the Trust ("Trust Agreement");

WHEREAS, the goal of the Trust, through the investment of Trust assets, is to fully meet the District's unfunded liability obligations for retiree health and welfare benefits, which otherwise would be paid by the District and current District employees; and

WHEREAS, the purpose of the revisions and amendments to the Trust Agreement made by this Revised And Amended Trust Agreement is to clarify and make the Trust provisions consistent with the intent of the District and Oxnard Federation of Teachers ("Federation") Trustees in forming the Trust;

NOW THEREFORE, be it resolved as follows:

1. The Trust Agreement is hereby revised and amended in the form attached hereto as Exhibit "A." (hereafter referred to as the "Revised And Amended Trust Agreement").

2. Copies of the Revised And Amended Trust Agreement shall be distributed to the District and to the Federation in accordance with Article 11.1 of the Revised And Amended Trust Agreement.

PASSED AND ADOPTED THIS 25TH DAY OF JANUARY 2002 BY THE
FOLLOWING VOTE:

AYES: Ortega, Lee, Rice, Henry, Edmonds, Holmbom

NAYS: _____

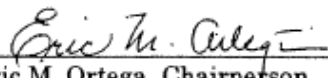
ABSTAIN: _____

:\ODMA\WORLDON\RE\WDOCS\13443\001\AGT\10107220.WPD

1

RESOLUTION OF THE BOARD OF TRUSTEES
OF THE OXNARD UNION HIGH SCHOOL DISTRICT
RETIREE HEALTH BENEFITS TRUST APPROVING
A REVISED AND AMENDED AGREEMENT
ESTABLISHING THE TRUST (continued)


January 25, 2002


Eric M. Ortega, Chairperson
(District Trustee)

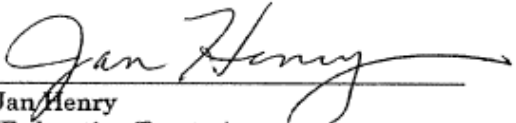
January 25^W, 2002


Scott Lee, Co-Chairperson
(Federation Trustee)

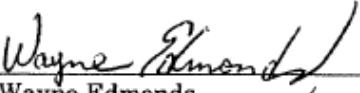
January 25^R, 2002


Roger Rice
(District Trustee)

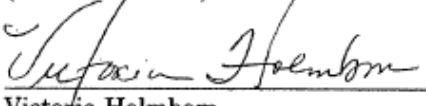
January 25, 2002


Jan Henry
(Federation Trustee)

January 25, 2002


Wayne Edmonds
(District Trustee)

January 25, 2002


Victoria Holmbom
(Federation Trustee)

Attachment 02

Oxnard Union High School District Retiree Health Benefits Trust Schedule of Contributions 2001-Current

**OXNARD UNION HIGH SCHOOL DISTRICT
 RETIREE HEALTH BENEFITS TRUST
 SCHEDULE OF CONTRIBUTIONS
 2001-CURRENT**

	Date	Amount	Received from
(1)	4/12/2001	\$ 50,000.00	Oxnard Union High School District
(2)	7/25/2001	3,658,209.00	Oxnard Union High School District
(3)	7/25/2001	4,216,318.00	Coastal Schools Employee Benefits Organization
(4)	8/8/2001	308,050.35	Oxnard Union High School District
(5)	7/26/2002	25,000.00	Oxnard Union High School District
(6)	7/29/2002	3,084,638.00	Oxnard Union High School District
(7)	3/17/2004	1,794,258.37	Oxnard Union High School District
(8)	2/9/2005	3,307,393.00	Oxnard Union High School District
(9)	2/10/2006	4,166,666.66	Oxnard Union High School District
(10)	12/1/2006	2,500.00	Oxnard Union High School District
(11)	12/5/2006	2,500.00	Oxnard Union High School District
(12)	2/7/2007	59,100.00	Oxnard Union High School District
(13)	3/9/2007	1,768,900.00	Oxnard Union High School District
(14)	2/27/2008	63,054.40	Medicare Part D Reimbursement Program
(15)	3/31/2008	1,000,000.00	Coastal Schools Employee Benefits Organization
(16)	9/24/2008	137,760.86	Medicare Part D Reimbursement Program
(17)	6/8/2009	223,028.56	Medicare Part D Reimbursement Program
(18)	11/4/2009	239,880.66	Medicare Part D Reimbursement Program
(19)	7/2/2010	305,693.90	Medicare Part D Reimbursement Program
(20)	2/22/2011	117,127.75	Medicare Part D Reimbursement Program
(21)	9/12/2011	325,604.54	Medicare Part D Reimbursement Program
(22)	12/19/2011	401,894.61	Medicare Part D Reimbursement Program
(23)	3/5/2012	124,425.87	Medicare Part D Reimbursement Program
(24)	2/22/2013	146,537.79	Medicare Part D Reimbursement Program
(25)	9/27/2013	79,049.68	Medicare Part D Reimbursement Program
(26)	3/10/2014	61,862.90	Medicare Part D Reimbursement Program
(27)	1/30/2015	450,729.30	Medicare Part D Reimbursement Program
(28)	9/14/2016	73,006.19	Medicare Part D Reimbursement Program