



**OXNARD UNION
HIGH SCHOOL DISTRICT**

High Expectations and Powerful Futures for Every Student

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JUN 14 2018

Ventura County
Grand Jury

309 South K' Street
Oxnard, CA 93030
Telephone: (805) 385-2500
Facsimile: (805) 483-3069
www.ouhsd.k12.ca.us

June 6, 2018
Mr. Andrew Ludlum, Foreperson
2017-18 Ventura County Grand Jury
800 South Victoria Avenue
Ventura, CA 93009

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Visit our Website at
www.oxnardunion.org

Dear Mr. Ludlum:

On behalf of the Board of Trustees of the Oxnard Union High School District, please accept this response to the Grand Jury report dated April 6, 2018 and, in particular, to the "responses required" of the Board of Trustees/OUHSD as delineated in that report.

C-01: The Trustees have a fiduciary responsibility to its members which includes a duty to 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.

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.

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.

- 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.**
- 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.**
- C-06: The Grand Jury concluded the District, the Federation, and the Trustees have not properly communicated their decisions to the beneficiaries.**
- 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.**

Response by: Gary Davis, Ed.D.

Title: President, Oxnard Union High School District Board of Trustees

RESPONSE TO FINDINGS/CONCLUSIONS

- I (we) only partially agree with the findings/conclusions numbered: **C-01 and C-05 and C-06**

The Governing Board of the OUHSD agrees that the Trustees of the RHBT have a fiduciary responsibility to its members, which includes a duty to loyalty and a duty of prudence and care in the interest of its beneficiaries. It may be that the Trustees of the RHBT failed to properly document and communicate changes in funding of the Trust. The OUHSD Board believes that this procedure can be easily addressed and remedied according to the intent of the Agreements.

It should be noted that the Retiree Health Benefit Trust board holds regularly agendized public meetings whereby decisions are made pursuant to Government Code [54950 - 54963], more commonly known as the Brown Act. In addition, Recital B of the Trust Agreement states, “the Federation and District are parties to collective bargaining agreements which MAY be amended to require contractual contributions”

- I (we) disagree wholly or partially with the findings/conclusions numbered: **C-02; C-03; C-04.**

Regarding C-02, the Governing Board of the OUHSD does not know of any evidence supporting the claim that “this has contributed to the beneficiaries’ loss of confidence in the management of the Trust.” Neither the OUHSD Governing Board nor its Superintendent have received any communications, inquiries, or complaints from anyone regarding an alleged lack of transparency contributing to a loss of confidence in the management of the Trust.

Again, the Trust holds regularly agendized public meetings whereby decisions are made pursuant to Government Code [54950 - 54963], more commonly known as the Brown Act. The Trust website has reports, FAQs, agendas, and meeting minutes readily available for public consumption.

Likewise, the district continues to contribute on a pay as you go basis, which in 2017-18, is more than \$10 million of the district’s \$200 million annual budget to retiree health costs. **To be clear, ALL known eligible beneficiaries have received the benefits to which they are contractually entitled.** Between 2007 and 2018, the district contributed \$74,489,575 in ‘pay as you go’ monies in retire health and welfare benefits. Additionally, the district made yearly contributions to the Retiree Health Benefit Trust totaling \$26,264,042 between 2001 and 2017, which are listed on page 27 of the Grand Jury

Regarding C-03, the OUHSD Board of Trustees does not believe that the changes made regarding the Trust eligibility in 2004 have resulted in “four distinct groups with conflicting priorities.

It is not uncommon in the age of public pension and retiree benefit reforms to see different classes of beneficiaries. These decisions have often been made so the intended services are not eliminated. The fact is, a lifetime benefit promised to a group of employees was deemed unsustainable with the escalating costs of health care and was adjusted to create two separate and distinct groups of beneficiaries -- a ‘pre-2014’ group and a ‘2004 thereafter’ group.

Regarding C-04, the Governing Board of the OUHSD believes that the Grand Jury should have concluded that the District has consistently acted in the best interests of the RHBT beneficiaries.

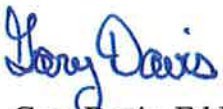
The actions of the District, Federation, and the Trust consistently show a commitment to acting in the best interest of beneficiaries. To date, every known beneficiary’s benefits have been paid, resulting in a decreasing unfunded liability. The Trust assets continue to grow and now exceed \$60 million. Retiree Health Benefit Trustees have regularly evaluated the investment portfolio and retained the advice of industry leaders in obtaining a reasonable return on investment while limiting risk and exposure to market downturns.

RECOMMENDATIONS

- Recommendation numbered **R-01** has not yet been implemented, but will be implemented in the future. The OUHSD Governing Board looks forward to working with the Federation and with the RHBT Trustees to ensure that the provisions of the Revised and Amended Agreements establishing the Oxnard Union High School District Retiree Benefits Trust are enacted and carried out to the fullest extent. The outcomes of such discussions will be posted on the RHBT website.

Thank you for requesting my reply to the Grand Jury report.

Sincerely,



Gary Davis, Ed.D.

President, OUHSD Governing Board



Oxnard Union High School District
Office of Human Resources

To: Jody Dunlap, Superintendent
Jim Rose, President - Oxnard Federation of Teachers

CC: Randy Winton, Assistant Superintendent - Business Services
Steven Gama, Director - Risk Management and Safety

From: Roger Rice - Assistant Superintendent, Human Resources *WR*

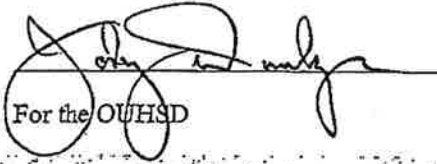
Date: February 10, 2006

Re: Medi-Care Part D - Memo of Understanding

Please accept this memo as constituting an agreement between the Oxnard Union High School District and the Oxnard Federation of Teachers relative to new revenue generated by the federal government's Medicare Part D reimbursement program.

The District and the OFT agree as follows:

1. The money generated by the new Medicare Part D program is ostensibly generated through retirees.
2. All revenue generated by the Medicare Part D program and reimbursed to the district will be allocated to the OUHSD Retiree Benefit Trust as a means of assisting with the necessary funding of retiree benefits.
3. A copy of this document will be provided to the Chair of the Retiree Benefit Trust who will annually write a letter to the District requesting the transfer of Medicare Part D revenue to the Trust in the same manner as currently exists with regular contributions to the Trust.
4. In cases of extreme financial circumstances, either the District or Federation may request to revisit this issue in the consultation process.


For the OUHSD


For OFT

File
w/ side letters

Side Letter of Agreement between
The Oxnard Union High School District (District)
And the Oxnard Federation of Teachers (OFT)

October 19, 2007

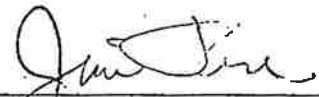
- Pursuant to Article 16.1 which states in part... "The parties agree to continue to explore options for funding the retiree benefit." And;
- In accordance with the recommendation of the joint OUHSD/OFT Medical Committee Recommendation to forego participation in the Medicare Part D program in consideration of subsidies offered through the program;

The District and the OFT hereby mutually agree that:

- All revenues remitted to the District in consideration of opting out of participation in the Medicare Part D subsidy program shall be contributed to the Retiree Benefits Trust.
- Contributions made in accordance with this agreement shall be independent of any other contributions made to the Trust and shall not in any way impart an obligation on either party to match this contribution.



For the District



For the OFT

Dated 10/19/07

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