



COUNCIL AGENDA: 8/29/2023

ITEM: 2.18

FILE NO: 23-1169

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Toni J. Taber, CMC
City Clerk

SUBJECT: SEE BELOW

DATE: August 29, 2023

SUBJECT: VEBA Advisory Committee Appointment

Recommendation

As recommended by the Rules and Open Government Committee on August 23, 2023, approve the appointment of Elsa Cordova, nominated by the City Manager as the unrepresented employee member, to the Voluntary Employees Beneficiary Association (VEBA) Advisory Committee for a term beginning September 1, 2023 and ending May 31, 2024.

CEQA: Not a Project, File No. PP17-010, City Organizational and Administrative Activities resulting in no changes to the physical environment. (City Manager)

[Rules Committee referral 8/23/2023 - Item B.4]



Memorandum

TO: RULES AND OPEN
GOVERNMENT COMMITTEE

FROM: Jennifer Schembri

SUBJECT: VEBA ADVISORY COMMITTEE
APPOINTMENT

DATE: August 11, 2023

Approved

Date

8/14/23

RECOMMENDATION

- (a) Approve the appointment of Elsa Cordova, nominated by the City Manager as the unrepresented employee member, to the Voluntary Employees Beneficiary Association (VEBA) Advisory Committee for a term beginning September 1, 2023 and ending May 31, 2024.
- (b) Place the item on the August 29, 2023 City Council Agenda for action.

SUMMARY AND OUTCOME

Approval of this recommendation will allow the VEBA Advisory Committee to continue to do business.

BACKGROUND

Pursuant to the Alternative Pension Reform Frameworks and Measure F, the City has established the Police and Fire Voluntary Employees Beneficiary Association under Chapter 3.57 of the San José Municipal Code and the Federated Employees' Voluntary Employees Beneficiary Association under Chapter 3.58 of the San José Municipal Code. A VEBA is a tax-exempt trust instrument authorized by Internal Revenue Code 501(c)(9) through which eligible healthcare benefits can be reimbursed. The City's VEBA Plans are set up to reimburse eligible medical expenses in retirement for its respective members.

San José Municipal Code Sections 3.57.210 and 3.58.210 provide that the VEBA Plans shall be administered by the VEBA Advisory Committee. The VEBA Advisory Committee is to oversee all aspects of the City's VEBA Plans. The VEBA Plans currently have 4,917 participants and include active employees, former employees, retirees, and contain approximately \$59,288,717 in assets. All newly hired employees represented by a bargaining unit are placed into a VEBA plan and make contributions based on a percent of base pay. The VEBA Advisory Committee is responsible for administering the VEBA Plans, the trust account, and is responsible for the operation of the VEBA Plans in accordance with their terms. The VEBA Advisory Committee is

required to determine all questions arising out of the administration, interpretation, and application of the VEBA Plans, including evaluating and selecting investment options.

Resolution No. 78563, dated May 1, 2018, requires that the VEBA Advisory Committee be composed of five members: one active member of the San Jose Firefighters, IAFF Local 230; one active member of the San Jose Police Officers' Association; two active members of the Federated Unions; and one active member of unrepresented employees. The union members shall be nominated by the respective unions. The City Manager or City Manager's designee shall nominate the unrepresented employee member. As a Council-appointed committee, appointments to the VEBA Advisory Committee must first be approved by the Rules and Open Government Committee before being recommended to the City Council.

Each member of the VEBA Advisory Committee shall be an active employee who is a participant in a VEBA plan and serve a four-year term. The recent term for the unrepresented employee member started on June 4, 2019 and ended May 31, 2023. There are no term limits for members.

ANALYSIS

The City Manager was asked for a nomination for the City Council's approval and appointment to serve on the VEBA Advisory Committee. Elsa Cordova's nomination by the City Manager was received on July 18, 2023. Ms. Cordova served as the unrepresented employee member on the VEBA Advisory Committee and her term expired on May 31, 2023. Pursuant to Resolution No. 78563, Ms. Cordova is an active employee and a VEBA participant.

EVALUATION AND FOLLOW-UP

Whenever terms of the members are due to expire or a seat becomes vacant, a recommendation will be presented to the City Council to appoint nominees to fill those seats on the VEBA Advisory Committee.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the City Clerk's Office.

PUBLIC OUTREACH

The key stakeholders were invited to nominate a candidate for appointment to the VEBA Advisory Committee.

COMMISSION RECOMMENDATION/INPUT


No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-010, City Organizational and Administrative Activities resulting in no changes to the physical environment.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.


JENNIFER SCHEMBRI
Director of Employee Relations and
Director of Human Resources

For questions please contact Amy Morton, Senior Analyst in Human Resources, at (408) 975-1425.