



Memorandum

TO: RULES AND OPEN
GOVERNMENT COMMITTEE

FROM: Aram Kouyoumdjian

SUBJECT: VEBA Advisory Committee
Appointment

DATE: April 1, 2025

Approved

Date:

4/8/2025

COUNCIL DISTRICT: Citywide

RECOMMENDATION

- (a) Approve the appointment of Scott Hamilton as the nominee by the International Association for Firefighters, Local 230 (IAFF) to the Voluntary Employees Beneficiary Association (VEBA) Advisory Committee for the remainder of a four-year term, beginning April 22, 2025 and ending on May 31, 2025, and for the next four-year term beginning June 1, 2025 and ending May 31, 2029.
- (b) Place the item on the April 22, 2025, City Council Agenda for action.

SUMMARY AND OUTCOME

Approval of this recommendation will allow the VEBA Advisory Committee to continue to do business and meet as a full committee at its next meeting on June 16, 2025.

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 VEBAs are set up to reimburse eligible medical expenses in retirement for their 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 oversees all aspects of the City's VEBA Plans. The VEBA Plans currently have 5,984 participants and include active employees, former employees, retirees, and contain approximately \$85.1 million in assets. All newly hired employees represented by a bargaining unit are placed into the 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 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 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 José Firefighters, IAFF Local 230; one active member of the San José 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 City Council-appointed committee, appointments to the VEBA Advisory Committee must first be approved by the Rules Committee before being recommended to the City Council. The appointment of nominated employees to the VEBA Committee shall be routine business on the City Council agenda. The City Council shall approve the nomination unless the City Council finds cause for rejection.

Each member of the VEBA Advisory Committee shall be an active employee who is a participant in a VEBA Plan and shall serve a four-year term with the exception that the initial terms of the members were set to allow each member's term to end on subsequent years. In the event a vacancy should occur in the office of any member prior to the expiration of a term, a successor shall be nominated for the unexpired portion of the member's term pursuant to the process set forth above. There are no term limits for members.

ANALYSIS

Mr. Hamilton is a current member of the VEBA Plan. The current term for the IAFF seat became vacant on January 1, 2025 and is set to expire on May 31, 2025. IAFF was asked for nominations from their organization for the City Council's approval and appointment to complete the remainder of their member's four-year term on the VEBA Advisory Committee, as well as for the next four-year term beginning on June 1, 2025 and ending on May 31, 2029. On February 24, 2024, Scott Hamilton's nomination was received from IAFF.

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. The recommendation will allow the VEBA Advisory Committee to continue to do business by having a quorum at its next meeting on June 16, 2025.

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 AND 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.



Aram Kouyoumdjian
Director of Human Resources and the City
Manager's Office of Employee Relations

For questions please contact Amy Morton, Senior Benefits Analyst, Human Resources at amy.morton@sanjoseca.gov or (408) 975-1425.