



Memorandum

TO: RULES AND OPEN
GOVERNMENT COMMITTEE

SUBJECT: VEBA ADVISORY
COMMITTEE APPOINTMENT

FROM: Jennifer Schembri

DATE: May 11, 2022

Approved

Date

5/11/2022

RECOMMENDATION

- (a) Approve the following appointment to the VEBA Advisory Committee for a four-year term, beginning June 1, 2022 and ending on May 31, 2026:
 - (1) Shane Curtain, as the representative nominated by the Federated unions.
- (b) Place the item on the May 24, 2022 City Council agenda for action.

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 27, 2022.

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 is to oversee all aspects of the City's VEBA Plans. As of December 31, 2021, the VEBA Plans currently have 4,063 participants and include active employees, former employees, retirees, and hold approximately \$48 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 in accordance with the City's agreements with the bargaining units.

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 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. 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

The group of employees representing the Federated unions was asked for nominations from their organizations for the City Council's approval and appointment to a four-year term on the VEBA Advisory Committee. On March 25, 2022, the group of employees designated as Federated unions nominated Shane Curtain to represent the Federated unions for a four-year term starting June 1, 2022.

EVALUATION AND FOLLOW-UP

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.

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.

CLIMATE SMART SAN JOSE

The recommendation in this memorandum has no effect on Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

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

COORDINATION

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

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.


JENNIFER SCHEMBRI
Director of Employee Relations and
Director of Human Resources

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