



Memorandum

TO: RULES AND OPEN
GOVERNMENT COMMITTEE

FROM: Jennifer Schembri

SUBJECT: VEBA ADVISORY COMMITTEE
APPOINTMENT

DATE: November 20, 2018

Approved D. Doyle

Date 11/20/18

RECOMMENDATION

- a) Approve the appointment of Catherine (“CJ”) Ryan, nominated by the Federated Unions, to the Voluntary Employees Beneficiary Association (VEBA) Advisory Committee to fill a vacancy for the unexpired portion of a term ending May 31, 2022; and
- b) Place the item on the December 4, 2018 City Council Agenda for action.

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 for their eligible retired 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 responsible for the oversight of all aspects of the City’s VEBA Plans. The VEBA Plans currently have 2,416 participants, and includes active employees, former employees, retirees, and contain approximately \$23,693,518 in assets. All newly hired employees represented by a bargaining unit are placed into the VEBA plan and make contributions based on a percentage 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 Plan 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 Plan and Trust including evaluating and selecting investment options.

Pursuant to Section 1, Selection of VEBA Committee Members, of Resolution No. 78563, dated May 1, 2018, the VEBA Advisory Committee shall be composed of five (5) members: One (1)

active member of the San Jose Firefighters (SJFF), IAFF Local 230; One (1) active member of the San José Police Officers' Association (SJPOA); Two (2) active members of the Federated Unions; and one (1) 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 Committee before being recommended to the City Council.

Pursuant to Resolution No. 78563, each member of the VEBA Advisory Committee shall serve a four year term after the initial terms set forth in the resolution. The initial terms of the members will allow each member's term to end on subsequent years. There are no term limits for members. 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 as provided for in Section 1, Selection of VEBA Committee Members.

Farheen Sultana was appointed to the VEBA Advisory Committee on September 11, 2018 and her term expires on May 31, 2022. Ms. Sultana will vacate her VEBA Advisory Committee position on November 21, 2018. In light of this vacancy, the Federated unions were asked for a nomination to fill the vacancy. The Federated Unions nominated CJ Ryan on November 16, 2018 to fill the vacancy. As required by Resolution No. 78563, CJ Ryan is an active employee in the Parks, Recreation, and Neighborhood Services Department and a VEBA participant. Following this appointment, there will still be one vacancy on the VEBA Advisory Committee. The nomination for the fifth member of the VEBA Advisory Committee will be brought forth for appointment at a future date.

Approval of this recommendation will allow Ms. Ryan to begin her term and the VEBA Advisory Committee to continue conducting regular business at the next meeting on December 10, 2018.

This memorandum was coordinated with the City Attorney's Office, City Clerk's Office, and the Human Resources Department.



JENNIFER SCHEMBRI
Director of Employee Relations/
Acting Director of Human Resources

For questions, please contact Cheryl Parkman, Senior Executive Analyst in Employee Relations, at (408) 535-8152.