



RULES COMMITTEE:
ITEM:

Memorandum

TO: RULES AND OPEN
GOVERNMENT COMMITTEE

FROM: Jennifer Schembri

**SUBJECT: VEBA ADVISORY COMMITTEE
APPOINTMENT**

DATE: February 12, 2019

Approved D-DSYL Date 2/14/19

RECOMMENDATION

- a) Approve the appointment of Laura Almaguer, nominated by the Federated Unions, to the Voluntary Employees' Beneficiary Association (VEBA) Advisory Committee to a term ending May 31, 2022; and
- b) Place the item on the February 26, 2019 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 VEBAs 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 2,515 participants, and includes active employees, former employees, retirees, and contain approximately \$25,042,501 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. The initial term for members of Federated unions are as soon as possible to June 1, 2018 and ending May 31, 2022. There are no term limits for members.

The Federated unions were asked for a nomination to fill the final vacancy for the initial term for the VEBA Advisory Committee. Laura Almaguer's nomination by the Federated unions was received on January 23, 2019 to fill the vacancy. As required by Resolution No. 78563, Laura Almaguer is an active employee and VEBA participant. Approval of this recommendation will allow Ms. Almaguer to begin her term and attend the next meeting of the VEBA Advisory Committee.

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



JENNIFER SCHEMBRI

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

For questions, please contact Cheryl Parkman, Assistant to the City Manager in Employee Relations, at (408) 535-8152.