



Memorandum

TO: RULES AND OPEN
GOVERNMENT COMMITTEE

FROM: Jennifer Schembri

SUBJECT: VEBA ADVISORY COMMITTEE
APPOINTMENT

DATE: May 22, 2019

Approved

D. D. S. L.

Date

5/24/19

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 June 4, 2019 and ending May 31, 2023.
- b) Place the item on the June 4, 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 Jose Municipal Code and the Federated Employees' Voluntary Employees Beneficiary Association under Chapter 3.58 of the San Jose 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. The VEBA Plans currently have 2651 participants and includes active employees, former employees, retirees, and contain approximately \$26,665,865 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 Jose Firefighters, IAFF Local 230;

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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 Committee before being recommended to the City Council.

Each member of the VEBA Advisory Committee 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. The initial term for the unrepresented employee member started on September 11, 2018 and will end on May 31, 2019. There are no term limits for members. Each member of the VEBA Advisory Committee shall be an active employee who is a participant in a VEBA Plan.

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 May 10, 2019. Ms. Cordova is currently the unrepresented employee member on the VEBA Advisory Committee and her term is set to expire on May 31, 2019. Pursuant to Resolution No. 78563, Ms. Cordova is an active employee and VEBA participant.

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

/s/

JENNIFER SCHEMBRI

Director of Employee Relations and Human Resources

For questions please contact Amy Morton, Senior Analyst in Human Resources, at (408) 535-1245.