



# Memorandum

**TO:** RULES AND OPEN  
GOVERNMENT COMMITTEE

**FROM:** Jennifer Schembri

**SUBJECT: VEBA ADVISORY COMMITTEE  
APPOINTMENT**

**DATE:** May 6, 2020

Approved

*D. DSYL*

Date

5/7/20

## **RECOMMENDATION**

- (a) Approve the appointment of Benjamin Lam, nominated by the Police Officers' Association as the Police Officers' Association active employee member, to the Voluntary Employees Beneficiary Association (VEBA) Advisory Committee for a term beginning June 1, 2020 and ending May 31, 2024.
- (b) Place the item on the May 19, 2020 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 3326 participants and includes active employees, former employees, retirees, and contain approximately \$32,029,429 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;

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 Police Officers' Association employee member started on September 11, 2018 and will end on May 31, 2020. 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 Police Officers' Association was asked for a nomination for the City Council's approval and appointment to serve on the VEBA Advisory Committee. Benjamin Lam's nomination by the Police Officers' Association was received on May 5, 2020. Mr. Lam is currently the Police Officers' Association member on the VEBA Advisory Committee and his term is set to expire on May 31, 2020. Mr. Lam is an active employee and a VEBA participant. He has filed his annual Form 700, is current on his AB1234 ethics, sexual harassment, and City boards and commissions training.

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

/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.