



Memorandum

**TO: RULES AND OPEN
GOVERNMENT COMMITTEE**

FROM: Jennifer Schembri

**SUBJECT: VEBA ADVISORY COMMITTEE
APPOINTMENT**

DATE: March 24, 2021

Approved

D. DSYL

Date

03/26/21

RECOMMENDATION

- a) Approve the appointment of Aidan Guy, 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 partial term beginning May 1, 2021 and ending May 31, 2024.
- b) Place the item on the April 13, 2021 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. As of December 31, 2020, the VEBA Plans currently have 3,616 participants and includes active employees, former employees, retirees, and contain approximately \$38,377,671 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 (5) members: One (1) active member of the San Jose Firefighters, IAFF Local 230; One (1) active member of the San Jose Police Officers' Association; 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. 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.

Benjamin Lam served as the Police Officers' Association employee member for an initial term of September 11, 2018 through May 31, 2020 and commenced serving a four-year term that began on June 1, 2020 and was to end on March 31, 2024. Mr. Lam resigned from his role on the VEBA Advisory Committee effective March 16, 2021. The Police Officers' Association nominated Aiden Guy to serve the remainder of the four-year term, ending May 31, 2024. Mr. Guy is an active employee and a VEBA participant.

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


JENNIFER SCHEMBRI

Director of Employee Relations and Human Resources

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