



COUNCIL AGENDA: 04/27/2021

ITEM: 2.10

FILE NO: 21-960

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Toni J. Taber, CMC
City Clerk

SUBJECT: SEE BELOW

DATE: April 27, 2021

SUBJECT: VEBA Advisory Committee Appointment

Recommendation

As recommended by the Rules and Open Government Committee on April 21, 2021, approve the appointment of Patrick Chung, nominated by the IAFF Local 230 as the IAFF Local 230 active employee member, to the Voluntary Employees Beneficiary Association (VEBA) Advisory Committee for a term beginning June 1, 2021 and ending May 31, 2025.

CEQA: Not a Project, File No. PP17-010, City Organizational and Administrative Activities resulting in no changes to the physical environment. (Human Resources)

[Rules Committee referral 4/21/2021 - Item F.1.a]



Memorandum

TO: RULES AND OPEN
GOVERNMENT COMMITTEE

FROM: Jennifer Schembri

**SUBJECT: VEBA ADVISORY COMMITTEE
APPOINTMENT**

DATE: April 14, 2021

Approved

Date

04/15/21

RECOMMENDATION

- a) Approve the appointment of Patrick Chung, nominated by the IAFF Local 230 as the IAFF Local 230 active employee member, to the Voluntary Employees Beneficiary Association (VEBA) Advisory Committee for a term beginning June 1, 2021 and ending May 31, 2025.
- b) Place the item on the April 27, 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. 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 (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 Advisory 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. The initial term for the IAFF Local 230 employee member started on September 11, 2018 and will end on May 31, 2021. There are no term limits for members.

IAFF Local 230 was asked for a nomination for the City Council's approval and appointment to serve on the VEBA Advisory Committee for a four-year term commencing June 1, 2021 and ending on May 31, 2025. Patrick Chung's nomination by IAFF Local 230 was received on April 6, 2021. Mr. Chung is currently the IAFF Local 230 member on the VEBA Advisory Committee and his term is set to expire on May 31, 2020. Mr. Chung 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 trainings.

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 amy.morton@sanjoseca.gov.