

DRAFT

ORDINANCE NO.

AN ORDINANCE OF THE CITY OF SAN JOSE AMENDING SECTION 3.52.100 OF CHAPTER 3.52 OF TITLE 3 OF THE SAN JOSE MUNICIPAL CODE TO PROVIDE THAT, BEGINNING JUNE 24, 2012, EMPLOYEE CONTRIBUTIONS FOR RETIREE HEALTHCARE BENEFITS WILL BE DEPOSITED INTO THE FEDERATED CITY EMPLOYEES HEALTHCARE TRUST, RATHER THAN THE FEDERATED CITY EMPLOYEES RETIREMENT SYSTEM MEDICAL BENEFITS ACCOUNT

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SAN JOSE:

Section 3.52.100 of Chapter 3.52 of Title 3 of the San José Municipal Code is amended to read as follows:

3.52.100 Trust Established - Name – Purpose

- A. There is hereby established an irrevocable trust, which shall be known as the Federated City Employees Health Care Trust, to:
1. Receive contributions made by the City on or after July 1, 2011, for the purpose of providing a funding source for the payment of medical benefits described in Part 16 of Chapter 3.28, the dental benefits described Part 17 of Chapter 3.28 of this Title.
 2. ~~Upon receipt of a private letter ruling by the Internal Revenue Service concerning the exclusion from gross income of employee contributions to the plan, as described in Section 3.52.130, to R~~receive contributions made by employees on or after June 24, 2012 for the purpose of providing a funding source for the payment of medical benefits described in Part 16 of

Chapter 3.28, the dental benefits described Part 17 of Chapter 3.28 of this Title and any other health and welfare benefits and any other post-employment benefits other than pensions as approved by City.

3. Make distributions from the trust fund for the health and welfare benefits provided for in the plan and for the reasonable expenses of administering the trust and the plan.
- B. Participation in, and any coverage under, the trust shall not constitute nor be construed as a commitment to provide a specific type or level of benefit; nor shall the trust constitute a specific, accrued or vested benefit for any specific employee, retiree, or dependent.
- C. The City intends that the income accruing to the trust shall be excluded from City income for tax purposes, as such trust income is derived from the exercise of an essential governmental function as provided for under Section 115(1) of the IRC, Revenue Rulings 77-261 and 90-74, and other relevant guidance.

RD:MD1
4/24/2012

PASSED FOR PUBLICATION of title this _____ day of _____, 2012, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

CHUCK REED
Mayor

ATTEST:

DENNIS D. HAWKINS, CMC
City Clerk