Resolution 2026-R-208-A

A RESOLUTION ADOPTING A TIERED SERVICE SCALE FOR THE CITY OF IRONDALE OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

WHEREAS, the City Council of the City of Irondale adopted Resolution 2026-R-208-A adopting a tiered service scale for the City of Irondale for its OPEB Plan; and

WHEREAS, following passage of Resolution 2026-R-208, it was discovered that the amount of the current flat employer premium share under the OPEB plan should have been noted as 84% instead of 80%; and

WHEREAS, this revised resolution is adopted to modify the amount of the current flat employer premium share accordingly; and

WHEREAS, the City of Irondale, Alabama (the "City") provides Other Post-Employment Benefits ("OPEB") consisting of continuing medical benefits for eligible retirees and their spouses pursuant to the City's comprehensive medical benefit plan, administered in accordance with Governmental Accounting Standards Board Statement No. 75; and

WHEREAS, the City Council of the City of Irondale serves as the fiduciary of the OPEB Plan with authority under the City's plan documents and applicable Alabama law to establish and amend the contribution requirements of the City and plan members; and

WHEREAS, the current flat 84% employer premium share applies to all employees regardless of their length of service, creating an actuarial commitment that does not distinguish between employees who dedicate a full career to the City of Irondale and those who serve for shorter periods; and

WHEREAS, the City Council finds that a Tiered Service Scale linking the City's retiree premium contribution to years of credited service at retirement: (a) rewards career employees who have dedicated 25 or more years of service to the City of Irondale; (b) reduces the actuarially projected Total OPEB Liability by applying lower contribution rates to shorter-tenure employees whose likelihood of collecting retiree benefits is lower; (c) reflects the actuarial reality that not all 182 active employees will reach retirement eligibility simultaneously or collect benefits at the same rate; (d) is consistent with benefit structures used by peer municipalities nationally; and (e) is necessary for the long-term fiscal sustainability of the OPEB Trust.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF IRONDALE, ALABAMA, acting as fiduciary to the OPEB Plan, as follows:

Section 1. Adoption of Tiered Service Scale.

The City's contribution toward retiree medical premiums under the OPEB Plan shall be determined by the employee's total years of credited service with the City of Irondale at the time of retirement, in accordance with the following Tiered Service Scale:

Years of Credited Service at Retirement	City's Share of Retiree Premium	Retiree's Share of Retiree Premium
25 or more years	80%	20%
20 – 24 years	65%	35%
10 – 19 years	50%	50%
Fewer than 10 years	0% (Retiree pays full premium)	100%

The Tiered Service Scale established in this Section 1 applies to ALL active employees of the City of Irondale as of the Effective Date, regardless of hire date or current years of service, subject to the transition protections of Section 3 below.

Retirees currently receiving OPEB benefits as of the Effective Date are not affected by this Resolution. Their premium contribution structure remains as established at the time of their retirement.

Section 2. Coverage and Termination of Benefits.

The OPEB medical benefit remains available to employees who retire under Tier 1 retirement eligibility — age 60 with 10 years of service, age plus service equal to 75, or 25 or more years of service at any age — and to their eligible spouses. Coverage continues until the retiree reaches age 65, at which point coverage ends and the retiree becomes eligible for Medicare. These eligibility and termination provisions are unchanged by this Resolution.

Section 3. Transition Protections.

The City Council recognizes that active employees who are within five (5) years of Tier 1 retirement eligibility as of the Effective Date may have made retirement planning decisions in reasonable reliance on the current 84% employer premium share. Accordingly, the following transition protections apply:

- Near-Retirement Protection: Any active employee who is within five (5) years of Tier 1 retirement eligibility on or before the Effective Date of this Resolution shall receive the greater of: (a) the City share calculated under the Tiered Service Scale in Section 1 based on their years of credited service at retirement, or (b) a minimum City share of 65% of the applicable premium rate.
- Limitation: This transition protection applies only to employees who actually retire and qualify for OPEB benefits. It does not create a vested right to any specific premium share level for employees who separate from City service before reaching retirement eligibility.
- Expiration: The transition protection expires automatically on September 15, 2031. All retirements occurring after that date shall be governed exclusively by the Tiered Service Scale in Section 1 without adjustment.

Section 4. Employee Notification.

The Human Resources Department shall provide written notice of this Resolution to all active employees no later than ninety (90) days after the Effective Date. The notice shall explain the Tiered Service Scale and its effective date.

Section 5. Actuarial Re-Valuation.

The City Council directs the City's actuary, Scott Fontenot, FSA, EA, to complete a revised actuarial valuation of the OPEB Plan. The revised valuation shall include: (a) revised Total OPEB Liability and Net OPEB Liability reflecting the Tiered Service Scale applied to the full active workforce; (b) revised funded ratio; (c) revised Actuarially Determined Contribution for FY2026; and (d) all GASB 75 disclosure requirements triggered by this plan amendment, including required footnote language for the FY2026 Audit.

Section 6. Amendment of Plan Documents.

The Mayor and City Clerk/Treasurer are authorized and directed to execute all documents necessary to formally amend the City's OPEB plan documents to reflect the Tiered Service Scale adopted herein. Copies of this Resolution shall be provided upon adoption to: Scott Fontenot, FSA, EA (actuary), and BMSS, LLC, external auditors.

Section 7. Savings Clause.

If any provision of this Resolution is found to be invalid or unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect. In the event that a court determines that the Tiered Service Scale cannot be applied to a particular class of active employees, it shall be applied to all other eligible employees to the fullest extent permitted by law.

Section 8. Effective Date.

This Resolution shall take effect upon adoption by the City Council (the "Effective Date").

ADOPTED & APPROVED: This 20th day of October, 2026.

David Spivey, City Council President

APPROVED:

James D. Stewart, Jr., Mayor

ATTESTED:

Leigh Allison, City Clerk

CERTIFICATION

I, Leigh Allison, the City Clerk of the City of Irondale, Alabama, hereby certify the above to be a true and correct copy of a resolution adopted by the City Council of the City of Irondale at its regular meeting held on the 20th day of October, 2026, as the same appears in the record of said meeting.

Leigh Allison, City Clerk