

**MOUNTAIN BROOK CITY COUNCIL
PRE-MEETING AGENDA**

**TEMPORARY CITY HALL
3928 MONTCLAIR ROAD, SUITE 230
MOUNTAIN BROOK, AL 35213**

FEBRUARY 25, 2013, 6:30 P.M.

1. Contract renewal with Waste Management for garbage, trash, recycling and leaf pick up services for 2013-2016 – Terry White of Waste Management.
2. Open retirement window for eligible City employees – Steven Boone (may be added to the formal agenda).



WASTE MANAGEMENT

700 Clow Road
Birmingham, AL 35217

February 15, 2013

Sam Gaston
City Manager
City of Mountain Brook
P.O. Box 130009
Mountain Brook, AL 35213

Dear Mr. Gaston:

This confirms the offer of Waste Away Group, Inc. to renew its existing contract with the City of Mountain Brook, AL for residential refuse collection. The contract includes, in addition to household garbage, specified leaf collection, curbside trash/debris and recycling.

This renewal is pursuant to the terms of the parties' original contract. The renewal term will begin October 1, 2013 and end September 30, 2016. Consistent with that agreement, Waste Away will offer this service for the fiscal year October 1, 2013 to September 30, 2014 at its current rate, plus 80% of the change in the applicable Consumer Price Index (CPI) from 2012 to 2013, all as specified in the agreement. We will make the CPI calculation as soon as data is available.

Thank you for the opportunity to provide Mountain Brook's residential collection service. We look forward to continuing this mutually beneficial business relationship. If you have any questions, please call me at 205- 808-5147.

Sincerely,

A handwritten signature in black ink that reads 'M. P. Mitchell'.

Michael P. Mitchell
Public Sector
Waste Management

From everyday collection to environmental protection, Think Green® Think Waste Management.

Memorandum

To: Sam Gaston, City Manager
CC: Mayor and members of the City Council
From: Steven Boone *S. Boone*
Date: 2/20/2013
Re: Retirement Window Analysis

Background

In 2002, the City adopted a resolution (No. 02-072) which allows retirees to continue their participation in the City's group medical insurance plan provided they have at least 30 years of service with the City (any age) or at least 15 years of services if age 60 or older. Such participation is limited to the earlier date of the retiree's becoming eligible for Medicare benefits (whether by age or disability) or 13 years. At present, the monthly cost of such retiree coverage is as follows:

	City	Retiree	Total
Family	\$1,009	\$424	\$1,433
Single	\$647	\$132	\$779

Generally, annually the City Council considers extending this benefit to other employees with 20 years of service (any age) or 10 years of service if age 60 or older. The last such resolution was adopted July 25, 2011 (2011-116) which opened the retirement window from October 1, 2011 through May 1, 2012. Recently, two employees have expressed interest in retiring provided they can secure access to the City's group medical insurance plan.

The net cost (savings) to the City results from the replacement of the retiring employee ultimately with an entry level employee after considering the various internal promotions. Those retiring are generally receiving the maximum annual longevity compensation whereas their replacements are not eligible for longevity compensation for six (6) years. Longevity compensation starts at 1-1/2% of annual compensation (before applying the annual cap) and increases at the rate of 1/2% annually over the ensuing 20 years before attaining the maximum amount of 8-1/2% of annual compensation (again, before applying the annual cap). Following is an illustration of the annual savings for one police officer with family medical coverage carrying said coverage for the maximum duration of 13 years:

Year	Net Retiree Medical Premium	Longevity/ Benefit (Savings) [G17: \$57,304(8.5%)(70%)]	Net Salary/Benefit (Savings) Step 10- 1 (7.65%+9.65%)	Annual (Savings)
1	\$12,108	(\$3,400)	(\$24,000)	(\$15,292)
2	12,108	(3,400)	(\$21,700)	(12,992)
3	12,108	(3,400)	(19,400)	(10,692)
4	12,108	(3,400)	(17,000)	(8,292)
5	12,108	(3,400)	(14,400)	(5,692)
6	12,108	(2,825)	(11,800)	(2,517)

Year	Net Retiree Medical Premium	Longevity/ Benefit (Savings) [G17: \$57,304(8.5%)(70%)]	Net Salary/Benefit (Savings) Step 10- 1 (7.65%+9.65%)	Annual (Savings)
7	12,108	(2,600)	(9,100)	408
8	12,108	(2,400)	(6,200)	3,508
9	12,108	(2,200)	(3,200)	6,708
10	12,108	(2,000)	(0)	10,108
11	12,108	(1,800)	(0)	10,308
12	12,108	(1,600)	(0)	10,508
13	12,108	(1,400)	(0)	10,708
	\$157,404	(\$33,825)	(\$126,800)	(\$3,221)

Note: The above illustration (a police officer) represents a conservative analysis of the aggregate savings over a 13 year period. The annual savings increases for higher ranking/compensated employees. Additionally, the aggregate savings increases for employees over the age of 52 who elect to retire as their participation in the group medical insurance plan will not last for 13 years.

The above analysis takes into consideration only the annual cost (savings) from the retiring employee and their replacement. Beginning in 2008, the City was required to account for retirees' medical coverage in a manner similar to its accounting for the pension plan (namely a footnote to the annual audited financial statements). The City now "accrues" a portion of the retirees' medical cost over the life of their employment (normal cost) and amortizes the unfunded liability over 30 years. Attached are the Other Post-Employment Benefits (OPEB) balance sheet, income statement, and Note 7 from the 2012 audit report further describing the City's retiree medical insurance program.

In spite of the \$2.2 million unfunded liability for retiree medical cost, in my opinion, the City's policy of allowing its retirees to continue their participation in the City's group medical plan is justified for the following reasons:

1. Employee morale by a) increasing promotional opportunities and b) allowing employees emotionally ready for retirement the opportunity to do so
2. Reduces workers' compensation exposure especially in the more labor intensive positions

RESOLUTION NO. 2013-037

BE IT RESOLVED by the City Council of the City of Mountain Brook ("City"), Alabama, that the City Manager is hereby authorized to offer to eligible City employees continuing health insurance benefits under the following conditions:

1. Eligibility - All currently engaged employees of the City including the Library, and Parks & Recreation departments who:

- (a) have at least twenty (20) years of employment service with the City and are eligible to draw retirement benefits from the Retirement Systems of Alabama (RSA), or
- (b) have at least 10 years of employment service with the City, are at least age 60, and are eligible to draw retirement benefits from the RSA, and
- (c) retire from service during the period of April 1, 2013 through November 1, 2013, provided that the eligible employee gives written notice at least 31 days prior to their retirement date.

2. Insurance Coverage - Each eligible employee electing to retire must be enrolled in the City's group health insurance plan at the time of their retirement effective date and must meet all eligibility requirements established by the State Employees' Insurance Board (SEIB) for such coverage during retirement. Coverage under the City's group medical insurance plan will continue for the lesser period of:

- (a) thirteen (13) years from the retirement date,
- (b) until the Retiree becomes eligible for Medicare benefits (whether by age or disability),
- (c) the date that the City no longer offers medical insurance to retirees, or
- (d) until the retiree is determined to be no longer eligible for coverage under the City's group medical insurance plan.

The terms of coverage (benefits, cost for coverage, etc.) will be subject to change as the insurance plan changes for active employees under the health plan. Retirees are subject to health appraisals, lifetime aggregate health payment caps/limitations, and all other provisions currently required of all active employees and health plan participants and any that may be imposed in the future for active employees.

3. Premium Cost - The amount of a Retiree's premium to be paid by the City of Mountain Brook for individual or family coverage (last established by Resolution No. 11-125 dated August 22, 2011) is subject to change at the discretion of the City Council. The retiree's share of the premium is to be paid to the City in advance on or before the first day of each month. By retiring under the provisions of this resolution, the retiree understands that coverage under the City's group medical insurance plan is a privilege contingent upon timely payment to the City of the required premium. The City reserves the right to irrevocably cancel any retiree's medical insurance contract should payment not be received by the City as prescribed above.
4. Employees electing to retire under the provisions of this resolution (or Resolution No. 02-072) must execute the "City of Mountain Brook Medical Insurance Memorandum of Understanding and Participant Acknowledgement" attached hereto as Exhibit A.

ADOPTED: This 25th day of February, 2013.

Council President

2013-037

APPROVED: This 25th day of February, 2013.

Mayor

CERTIFICATION

I, Steven Boone, City Clerk of the City of Mountain Brook, Alabama hereby certify the above to be a true and correct copy of a resolution adopted by the City Council of the City of Mountain Brook at its meeting held on February 25, 2013, as same appears in the minutes of record of said meeting.

Steven Boone, City Clerk

2013-037

**City of Mountain Brook Retiree Medical Insurance
Memorandum of Understanding and Participant Acknowledgement**

Whereas, the City of Mountain Brook, Alabama (“the City”) offers qualifying employees that wish to retire access to the City’s group medical insurance plan; and

Whereas, the City of Mountain Brook has adopted Resolution No. 02-072 making such continuing medical insurance offer open-ended (unless repealed by formal City Council action) for those employees of any age with at least 30 years of employment service with the City or for those employees age 60 and over with at least 15 years of employment service with the City; and

Whereas, periodically the City of Mountain Brook considers opening windows of opportunity for employees to retire and participate in the City’s group medical insurance plan for employees of any age with at least 20 years of employment service with the City or for those employees age 60 and over with at least 10 years of employment service with the City; and

Whereas, employees that elect to retire and to participate in the City’s group medical insurance plan do so with the following understandings and stipulations:

1. The duration of retiree medical insurance coverage shall last from the date of retirement until the following [earliest] date or event: a) thirteen (13) years from the date of retirement, b) until the retiree becomes eligible for Medicare coverage whether such entitlement is occasioned upon the retiree’s age or disability, c) the date that the City no longer offers medical insurance to retirees, or d) the date that retiree medical insurance coverage is no longer offered by the City’s medical insurer.
2. Retirees who, by whatever occasion, become eligible for Medicare coverage are required to notify the City of such eligibility so that participation in the City’s group medical insurance plan may be cancelled (subject to applicable COBRA or similar laws). Failure by a retiree to notify the City of such Medicare eligibility exposes said retiree to substantial financial loss as coverage under the City’s group medical insurance plan is cancelable retroactively to the date of Medicare eligibility regardless of when such eligibility is ultimately discovered or whether the retiree elects at the time of eligibility to opt out of the Medicare program.
3. Retirees are required to pay (in advance on or before the first day of each month) a portion of the retiree medical premium. Failure on the part of a retiree to pay such monthly medical insurance premiums, for whatever reason, or retirees who are habitually late in paying their medical premiums to the City is sufficient cause for the City to cancel such retirees’ medical insurance coverage. Once a retirees’ medical insurance coverage is cancelled, such coverage may not be reinstated.
4. The retirees’ portion of the medical insurance premium is determined by the City and is subject to change periodically. Generally, retiree premiums are set by the City in September for the upcoming fiscal year (October through September). However, more frequent retiree premium changes may be imposed at the sole discretion of the City Council.

EXHIBIT A

5. Currently, the City offers medical insurance coverage through the Local Government Health Insurance Plan (LGHIP) sponsored by the State Employees' Insurance Board (SEIB). Generally, SEIB establishes LGHIP benefits (including, but not limited to, deductibles, co-payments, covered services, hospital and physician networks, etc.) in August with an effective date of implementation on the following January 1. However, the benefits inherent in the LGHIP plan are subject to change at the sole discretion of the SEIB.

As evidenced by my signature below, I hereby profess and proclaim the following:

1. I have read and understand the aforementioned summary provisions of the City's group medical insurance plan with respect to my participation as a retiree of the City.
2. I understand that it is my sole responsibility to read and understand the administrative rules and other official literature concerning the LGHIP distributed by SEIB and that, should any provision of said literature conflict with any provision contained hereinabove or with any other statements (written or verbal) made by the City or an official thereof, the SEIB policies and regulations shall prevail.
3. The City of Mountain Brook shall not be responsible for any financial or other loss that I may suffer as a result of a) my participation in the City's group medical insurance plan made available to me as a retiree or b) the subsequent cancellation of my coverage under said plan for cause as determined by SEIB or the City.

EXHIBIT A

By: _____
(Employee signature)

(Printed name)

Date signed: _____

Effective date of retirement: _____

City of Mountain Brook, Alabama
Statement of Fiduciary Net Assets
Other Post-Employment Benefits Trust Fund
September 30

	<u>2012</u>	<u>2011</u>
ASSETS		
Certificates of deposit, at fair value	<u>\$ 925,335</u>	<u>\$ 613,573</u>
TOTAL ASSETS	<u>925,335</u>	<u>613,573</u>
LIABILITIES		
Accounts payable and accrued liabilities	<u>0</u>	<u>0</u>
TOTAL LIABILITIES	<u>0</u>	<u>0</u>
NET ASSETS HELD IN TRUST FOR OTHER POST-EMPLOYMENT BENEFITS	<u>\$ 925,335</u>	<u>\$ 613,573</u>

See accompanying notes to basic financial statements.

City of Mountain Brook, Alabama
Statement of Changes in Fiduciary Net Assets
Other Post-Employment Benefits Trust Fund
Year Ended September 30

	<u>2012</u>	<u>2011</u>
ADDITIONS		
Contributions		
Employer	\$ 654,828	\$ 564,016
Plan members	126,308	124,616
Investment earnings	<u>11,762</u>	<u>10,549</u>
TOTAL ADDITIONS	792,898	699,181
DEDUCTIONS		
Benefits	476,136	483,632
Administrative expense	<u>5,000</u>	<u>5,000</u>
TOTAL DEDUCTIONS	<u>481,136</u>	<u>488,632</u>
NET INCREASE	311,762	210,549
Net assets held in trust for other post-employment benefits, beginning of year	<u>613,573</u>	<u>403,024</u>
NET ASSETS HELD IN TRUST FOR OTHER POST-EMPLOYMENT BENEFITS, END OF YEAR	<u>\$ 925,335</u>	<u>\$ 613,573</u>

See accompanying notes to basic financial statements.

City of Mountain Brook, Alabama

Notes to Financial Statements

~~5. Additional Information~~

~~Following is additional information obtained from the most recent actuarial valuation:~~

Valuation date	September 30, 2011
Actuarial cost method	Entry age
Amortization method	Level percent open
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	4.61 - 7.75%
Includes inflation at	4.50%
Cost-of-living adjustments	None
Number of active members	220
Number of retired members and beneficiaries	86
Annual retirement allowances	\$ 3,113,001

7. Post-employment benefits

Plan Description. The City of Mountain Brook's medical benefits are provided to employees upon actual retirement through participation in the Local Government Health Insurance Plan (LGHIP) administered by the State Employees' Insurance Board (SEIB).

The employer pays a portion of the medical coverage for the retirees and dependents for a maximum of thirteen years after retirement or, if earlier, until the attainment of Medicare eligibility. Eligibility for post-retirement coverage is as follows: completion of 30 years of service at any age or 15 years of service at age 60. Periodically, eligibility is extended to employees with 20 years of service and any age or at age 60 and completion of 10 years of service. Complete plan provisions are contained in the official plan documents.

Contribution Rates. Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy. Until 2006, the City of Mountain Brook recognized the cost of providing post-employment medical benefits (the City of Mountain Brook's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2012 and 2011, the City of Mountain Brook's portion of health care funding cost for retired employees totaled \$354,828 and \$364,016, respectively.

Effective October 1, 2006, the City of Mountain Brook implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45).

Annual Required Contribution. The City of Mountain Brook's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

City of Mountain Brook, Alabama

Notes to Financial Statements

	<u>2012</u>	<u>2011</u>
Normal Cost	\$ 99,532	\$ 98,471
30-year UAL amortization amount	<u>175,452</u>	<u>157,397</u>
Annual required contribution (ARC)	<u>\$ 274,984</u>	<u>\$ 255,868</u>

Net Post-employment Benefit Obligation (Asset). The table below shows the City of Mountain Brook's Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending September 30:

	<u>2012</u>	<u>2011</u>
Beginning Net OPEB Obligation (Asset)	<u>\$ (667,403)</u>	<u>\$ (365,777)</u>
Annual required contribution	274,984	255,868
Interest on Net OPEB Obligation (Asset)	(26,696)	(14,631)
ARC Adjustment	<u>38,596</u>	<u>21,153</u>
OPEB Cost	286,884	262,390
Contribution	(300,000)	(200,000)
Current year retiree premium	<u>(354,828)</u>	<u>(364,016)</u>
Change in Net OPEB Obligation	<u>(367,944)</u>	<u>(301,626)</u>
Ending Net OPEB Obligation (Asset)	<u>\$ (1,035,347)</u>	<u>\$ (667,403)</u>

The following table shows the City of Mountain Brook's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability for last year and this year:

<u>Post Employment Benefit</u>	<u>Fiscal Year Ended September</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
Medical/Dental	2012	\$ 286,884	228.26%	\$ (1,035,347)
Medical/Dental	2011	262,390	214.95%	(667,403)
Medical/Dental	2010	287,773	182.03%	(365,777)
Medical/Dental	2009	241,244	117.00%	(129,706)

Funded Status and Funding Progress. During fiscal years ending September 30, 2012 and 2011, the City of Mountain Brook contributed \$300,000 and \$200,000, respectively, to its post-employment benefits plan over and above the retiree premium costs. The plan, with accrued interest and unrealized gains/losses, thus had assets of \$925,335 and \$613,573 as of September 30, 2012 and 2011, respectively. Based on the October 1, 2011 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year September 30, 2012 was \$3,155,271 which is defined as that portion, as determined by a particular actuarial cost method (the City of Mountain Brook uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

City of Mountain Brook, Alabama

Notes to Financial Statements

	2012	2011
Actuarial Accrued Liability (AAL)	\$ 3,155,271	\$ 3,249,729
Actuarial Value of Plan Assets	925,335	613,573
Unfunded Actuarial Accrued Liability (UAAL)	\$ 2,229,936	\$ 2,636,156
Funded Ratio (Actuarial Value of Assets/AAL)	29.33%	18.88%
Covered Payroll (active plan members)	\$12,995,796	\$13,591,314
UAAL as a percentage of covered payroll	17.16%	19.40%

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City of Mountain Brook and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City of Mountain Brook and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City of Mountain Brook and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method. The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets. Because of the nature of the investments in the trust, the City has used actual market value as the actuarial value of assets. It is anticipated that in future valuations, should more volatile investments be used, a smoothed market value consistent with Actuarial Standards Board Actuarial Standards of Practice Number 6 (ASOP 6), as provided in paragraph number 125 of GASB Statement 45 would be used.

Turnover Rate. An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 10%.

Post-employment Benefit Plan Eligibility Requirements. It has been assumed that entitlement to benefits will commence three years after the earliest eligibility for retirement. Because of the variations in eligibility described under "Plan Description" above, eligibility for retirement has been assumed to be the earlier of: (1), attainment of age 60 with at least fifteen (15) years of service, and (2), completion of thirty (30) years of service at any age. Entitlement to benefits ceases upon the earlier of thirteen years after retirement and the date the retiree becomes eligible for Medicare benefits (whether by age or disability). Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate). GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits. Since the ARC is currently being funded and invested with relatively conservative investments, we have performed this valuation using a 4% annual investment return assumption.

City of Mountain Brook, Alabama

Notes to Financial Statements

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. We have used the "unblended" rates provided as required by GASB 45 for valuation purposes.

Inflation Rate. Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases. This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases. The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

Below is a summary of OPEB cost and contributions for the last three fiscal calendar years.

	2010	2011	2012
OPEB Costs	\$ 287,773	\$ 262,390	\$ 286,884
Contributions			
Retiree premium	200,000	200,000	300,000
Total contribution and premium	<u>336,694</u>	<u>364,016</u>	<u>354,828</u>
	<u>536,694</u>	<u>564,016</u>	<u>654,828</u>
Change in net OPEB obligation	<u>\$ (248,921)</u>	<u>\$ (301,626)</u>	<u>\$ (367,944)</u>
Ratio of contributions to cost	<u>69.50%</u>	<u>76.22%</u>	<u>104.57%</u>
Ratio of contributions plus premium to cost	<u>186.50%</u>	<u>214.95%</u>	<u>228.26%</u>

~~8. Commitments and contingencies~~

~~The City is charged by the Jefferson County Commission for shared services. The assessments for shared services charged to the City during 2012 and 2011 were as follows:~~

	2012	2011
Property tax commissions	\$ 197,347	\$ 193,913
Maintenance of maps and appraisals	219,780	159,999
Jefferson County Health Department	112,401	130,482
Birmingham-Jefferson County Transit Authority	76,732	75,490
Personnel Board of Jefferson County	190,534	150,652
Birmingham Regional Planning Commission	<u>12,360</u>	<u>12,465</u>

**CITY OF MOUNTAIN BROOK RETIREE MEDICAL INSURANCE
MEMORANDUM OF UNDERSTANDING AND PARTICIPANT ACKNOWLEDGMENT
(Resolution No. 10-090 Adopted June 14, 2010)**

Whereas, the City of Mountain Brook, Alabama ("the City") offers qualifying employees that wish to retire access to the City's group medical insurance plan; and

Whereas, the City of Mountain Brook has adopted Resolution No. 02-072 making such continuing medical insurance offer open-ended (unless repealed by formal City Council action) for those employees of any age with at least 30 years of employment service with the City or for those employees age 60 and over with at least 15 years of employment service with the City; and

Whereas, periodically the City of Mountain Brook considers opening windows of opportunity for employees to retire and participate in the City's group medical insurance plan for employees of any age with at least 20 years of employment service with the City or for those employees age 60 and over with at least 10 years of employment service with the City; and

Whereas, employees that elect to retire and to participate in the City's group medical insurance plan do so with the following understandings and stipulations:

1. The duration of retiree medical insurance coverage shall last from the date of retirement until the following [earliest] date or event: a) thirteen (13) years from the date of retirement, b) until the retiree becomes eligible for Medicare coverage whether such entitlement is occasioned upon the retiree's age or disability, c) the date that the City no longer offers medical insurance to retirees, or d) the date that retiree medical insurance coverage is no longer offered by the City's medical insurer.
2. Retirees who, by whatever occasion, become eligible for Medicare coverage are required to notify the City of such eligibility so that participation in the City's group medical insurance plan may be cancelled (subject to applicable COBRA or similar laws). Failure by a retiree to notify the City of such Medicare eligibility exposes said retiree to substantial financial loss as coverage under the City's group medical insurance plan is cancelable retroactively to the date of Medicare eligibility regardless of when such eligibility is ultimately discovered or whether the retiree elects at the time of eligibility to opt out of the Medicare program.
3. Retirees are required to pay (in advance on or before the first day of each month) a portion of the retiree medical premium. Failure on the part of a retiree to pay such monthly medical insurance premiums, for whatever reason, or retirees who are habitually late in paying their medical premiums to the City is sufficient cause for the City to cancel such retirees' medical insurance coverage. Once a retirees' medical insurance coverage is cancelled, such coverage may not be reinstated.

**RETIREE MEDICAL INSURANCE MEMORANDUM OF
UNDERSTANDING AND PARTICIPANT ACKNOWLEDGMENT**

Page 2

4. The retirees' portion of the medical insurance premium is determined by the City and is subject to change periodically. Generally, retiree premiums are set by the City in September for the upcoming fiscal year (October through September). However, more frequent retiree premium changes may be imposed at the sole discretion of the City Council.
5. Currently, the City offers medical insurance coverage through the Local Government Health Insurance Plan (LGHIP) sponsored by the State Employees' Insurance Board (SEIB). Generally, SEIB establishes LGHIP benefits (including, but not limited to, deductibles, co-payments, covered services, hospital and physician networks, etc.) in August with an effective date of implementation on the following January 1. However, the benefits inherent in the LGHIP plan are subject to change at the sole discretion of the SEIB.

As evidenced by my signature below, I hereby profess and proclaim the following:

1. I have read and understand the aforementioned summary provisions of the City's group medical insurance plan with respect to my participation as a retiree of the City.
2. I understand that it is my sole responsibility to read and understand the administrative rules and other official literature concerning the LGHIP distributed by SEIB and that, should any provision of said literature conflict with any provision contained hereinabove or with any other statements (written or verbal) made by the City or an official thereof, the SEIB policies and regulations shall prevail.
3. The City of Mountain Brook shall not be responsible for any financial or other loss that I may suffer as a result of a) my participation in the City's group medical insurance plan made available to me as a retiree or b) the subsequent cancellation of my coverage under said plan for cause as determined by SEIB or the City.

By: _____
(Employee signature)

(Printed name)

Date signed: _____

Effective date of retirement: _____

RESOLUTION NO. 11-125

WHEREAS, the City's monthly Local Government Health Insurance Plan (LGHIP) medical/dental insurance premiums as established by the State Employees' Insurance Board (SEIB) effective October 1, 2011 are as follows:

	BCBS of Alabama
Active employee – 0% increase	
Single	\$378
Family	\$919
Retiree (without Medicare coverage) – 0% increase	
Single	\$779
Family	\$1,433

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Mountain Brook, Alabama, that monthly medical/dental insurance premiums will be shared by the City and employees and retirees as follows effective a) for employees with the payroll ended October 10, 2011 (payroll dated October 14, 2011) and b) October 1, 2011 for retirees:

	Monthly Premiums – BCBS of Alabama		
	Employee / Retiree	City	Total
Employee (single coverage)	\$-0-	\$378	\$378
Employee (family coverage)	\$266	\$653	\$919
Retiree (single/no Medicare coverage)	\$132	\$647	\$779
Retiree (family/no Medicare coverage)	\$424	\$1,009	\$1,433
Retiree (family/dependent with Medicare)	\$424	\$739	\$1,163

ADOPTED: The 22nd day of August, 2011.



Virginia C. Smith, Council President

APPROVED: The 22nd day of August, 2011.



Lawrence T. Oden, Mayor

CERTIFICATION

I, Steven Boone, City Clerk of the City of the City of Mountain Brook, Alabama, hereby certify the above to be a true and correct copy of a resolution adopted by the City Council of the City of Mountain Brook at its meeting held on August 22, 2011, as same appears in the minutes of record of said meeting.



Steven Boone, City Clerk



STATE OF ALABAMA
STATE EMPLOYEES' INSURANCE BOARD
Local Government Health Insurance Program
200 RSA HQ / 201 Union Street
PO Box 304900
Montgomery, Alabama 36130-4900
(866) 836-9137 • Fax (334) 263-8526
<http://www.alseib.org>

Joe N. Dickson
Chairman
William L. Ashmore,
CPA
Executive Director

July 26, 2011

STEVEN BOONE
CITY OF MOUNTAIN BROOK (N19)
P O BOX 130009
BIRMINGHAM, AL 35213

Dear LGHIP Official:

At its Board meeting on July 20th, the State Employees' Insurance Board (SEIB) voted to accept the recommendations of the Local Government Health Insurance Program (LGHIP) Advisory Committee to:

- Not have a premium rate increase for FY2012. (This, however, does not apply to LGHIP units that change from the Preferred rate category to the Standard rate category).
- Offer a generic drug card with a \$5 maximum copay to LGHIP members effective January 1, 2012. Benefits for name brand drugs will not change. More details on the \$5 generic drug card will be forthcoming.
- Offer a wellness premium discount of \$10 per active employee per month starting in FY2013 for LGHIP units that have 80% or higher active employee participation in the FY2012 wellness screening program conducted June 1, 2011 to May 31, 2012.

LGHIP UNIT CLASSIFICATION

For FY2012, your local government unit has been classified in the "Preferred" rate category.

The new FY2012 rate schedule is attached.

We greatly appreciate your continued participation and support of the LGHIP. If you have questions or comments regarding these changes, please forward them to the SEIB. Also, if our LGHIP staff can be of assistance, please contact them at (334) 263-8326.

Sincerely,

Chief Executive Officer

Attachment

11-125

LOCAL GOVERNMENT RATES FY2012				BCBS REGULAR						COBRA									
Rate	Active Rates	Preferred Rates			Preferred in Transition			Standard Rates			Preferred Rates			Preferred in Transition			Standard Rates		
		Employee Share	Dependent Share	Total	Employee Share	Dependent Share	Total	Employee Share	Dependent Share	Total	Employee Share	Dependent Share	Total	Employee Share	Dependent Share	Total	Employee Share	Dependent Share	Total
A	Active subscriber	\$ 378	\$ -	\$ 378	\$ 400	\$ -	\$ 400	\$ 412	\$ -	\$ 412	\$ 380	\$ -	\$ 380	\$ 408	\$ -	\$ 408	\$ 420	\$ -	\$ 420
B	Active subscriber & dependent	\$ 378	\$ 541	\$ 919	\$ 400	\$ 808	\$ 1,208	\$ 412	\$ 827	\$ 1,239	\$ 380	\$ 552	\$ 938	\$ 408	\$ 820	\$ 1,228	\$ 420	\$ 840	\$ 1,060
J	Active subscriber (no dental)	\$ 380	\$ -	\$ 380	\$ 382	\$ -	\$ 382	\$ 384	\$ -	\$ 384	\$ 387	\$ -	\$ 387	\$ 380	\$ -	\$ 380	\$ 402	\$ -	\$ 402
K	Active subscriber & dependent (no dental)	\$ 380	\$ 515	\$ 875	\$ 382	\$ 502	\$ 884	\$ 384	\$ 601	\$ 985	\$ 387	\$ 525	\$ 912	\$ 380	\$ 504	\$ 884	\$ 402	\$ 613	\$ 1,015
Retiree Rates		Retiree Share	Dependent Share	Total							Retiree Share	Dependent Share	Total						
H	Retired subscriber (not Medicare)	\$ 779	\$ -	\$ 779							\$ 795	\$ -	\$ 795						
I	Retired subscriber (not Medicare) & dependent (not Medicare)	\$ 779	\$ 654	\$ 1,433							\$ 795	\$ 607	\$ 1,402						
C	Retired subscriber (not Medicare) & dependent (Medicare)	\$ 779	\$ 384	\$ 1,163							\$ 795	\$ 382	\$ 1,187						
L	Retired subscriber (not Medicare) (no dental)	\$ 781	\$ -	\$ 781							\$ 778	\$ -	\$ 778						
M	Retired subscriber (not Medicare) & dependent (not Medicare) (no dental)	\$ 781	\$ 628	\$ 1,389							\$ 778	\$ 641	\$ 1,417						
N	Retired subscriber (not Medicare) & dependent (Medicare) (no dental)	\$ 781	\$ 358	\$ 1,119							\$ 778	\$ 365	\$ 1,141						
D	Retired subscriber (Medicare)	\$ 378	\$ -	\$ 378							\$ 384	\$ -	\$ 384						
E	Retired subscriber (Medicare) & dependent (not Medicare)	\$ 378	\$ 540	\$ 918							\$ 384	\$ 551	\$ 935						
F	Retired subscriber (Medicare) & dependent (Medicare)	\$ 378	\$ 384	\$ 762							\$ 384	\$ 382	\$ 766						
O	Retired subscriber (Medicare) (no dental)	\$ 358	\$ -	\$ 358							\$ 385	\$ -	\$ 385						
P	Retired subscriber (Medicare) & dependent (not Medicare) (no dental)	\$ 358	\$ 514	\$ 872							\$ 385	\$ 524	\$ 909						
Q	Retired subscriber (Medicare) & dependent (Medicare) (no dental)	\$ 358	\$ 358	\$ 716							\$ 385	\$ 385	\$ 770						
U	COBRA Disabled (Single)										\$ 567	\$ -	\$ 567	\$ 600	\$ -	\$ 600	\$ 618	\$ -	\$ 618
W	COBRA Disabled (Family)										\$ 567	\$ 552	\$ 1,119	\$ 600	\$ 620	\$ 1,220	\$ 618	\$ 640	\$ 1,258
U	COBRA Disabled (Single) (no dental)										\$ 540	\$ -	\$ 540	\$ 573	\$ -	\$ 573	\$ 591	\$ -	\$ 591
W	COBRA Disabled (Family) (no dental)										\$ 540	\$ 525	\$ 1,065	\$ 573	\$ 594	\$ 1,167	\$ 591	\$ 613	\$ 1,204

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