

1 HB123
2 118244-2
3 By Representatives Wren, Baker (A), Clouse, Curtis, Ford,
4 Gaston, Fincher, Ison and Grimes
5 RFD: Education Appropriations
6 First Read: 12-JAN-10
7 PFD: 01/07/2010

1 ~~(2)~~ (3) ACES PROGRAM. The Alabama College Education
2 Savings Program created under subsection (a) of Section 16-33C-10.

3 ~~(3)~~ (4) ACES TRUST FUND. The fiduciary trust fund
4 created in Section 16-33C-10.

5 ~~(4)~~ (5) ADMINISTRATIVE COST. Any expense of
6 administering the PACT or ACES Programs, including, but not
7 limited to, the costs associated with administering the
8 programs throughout the State Treasurer's office, and any
9 records administration expense.

10 ~~(5)~~ (6) ADMINISTRATIVE FEE. Any fee or penalty
11 required by the board to be paid by a participant in the plan.

12 ~~(6) BOARD. The board of directors of the plan and~~
13 ~~trustees of the PACT and ACES Trust Funds.~~

14 (7) CONTRACT PAYMENT. Any amount paid to the PACT
15 Trust Fund toward the purchase of a PACT contract.

16 (8) CONTRIBUTION. Any amount paid to the ACES Trust
17 Fund for deposit into an ACES savings account.

18 (9) CONTRIBUTOR. Any person who contributes money to
19 an ACES Program savings account on behalf of a designated
20 beneficiary and who is listed as the owner of the savings
21 account.

22 (10) DESIGNATED BENEFICIARY. The person designated
23 at the time the PACT contract is entered into or ACES savings
24 account opened as the person who benefits from payments of
25 qualified higher education costs at eligible educational
26 institutions, or that person's replacement.

1 (11) ELIGIBLE EDUCATIONAL INSTITUTION. An
2 institution defined in Section 529 of the Internal Revenue
3 Code of 1986, as amended, and in Section 481 of the Higher
4 Education Act of 1965 (20 U.S.C. 1988) which is eligible to
5 participate in a program under Title IV of the act.

6 (12) INVESTMENT COST. Any expense of the PACT or
7 ACES Trust Funds, including, but not limited to, investment
8 manager fees, actuary fees, custodial fees, brokerage
9 commissions, and transactional costs.

10 (13) LEGISLATURE. The Legislature of Alabama.

11 (14) PACT BOARD. The board of directors of the plan
12 and trustees of the PACT Trust Fund.

13 ~~(14)~~ (15) PACT PROGRAM. The Alabama Prepaid
14 Affordable College Tuition Program created in subsection (a)
15 of Section 16-33C-6.

16 ~~(15)~~ (16) PACT TRUST FUND. The fiduciary trust fund
17 created in subsection (b) of Section 16-33C-6.

18 ~~(16)~~ (17) PACT ADMINISTRATIVE FUND. The PACT
19 Administrative Fund created in subsection (c) of Section
20 16-33C-6.

21 ~~(17)~~ (18) PACT CONTRACT. A contract entered into by
22 the board and a participant in the PACT Program.

23 ~~(18)~~ (19) PLAN. The Wallace-Folsom College Savings
24 Investment Plan created under Section 16-33C-2.1 that consists
25 of the PACT Program and the ACES Program.

1 ~~(19)~~ (20) PURCHASER. A person who is obligated to
2 make contract payments in accordance with a PACT contract
3 entered into pursuant to this chapter.

4 ~~(20)~~ (21) QUALIFIED HIGHER EDUCATION COST. Any
5 higher education expense permitted under Section 529 of the
6 Internal Revenue Code of 1986, as amended, and required for
7 the enrollment or attendance of a designated beneficiary at an
8 eligible educational institution. These expenses include
9 tuition, fees, books, supplies, equipment, and, subject to
10 certain limits, room and board.

11 ~~(21)~~ (22) SAVINGS ACCOUNT. An individual ACES Trust
12 Fund account established by a contributor pursuant to this
13 chapter on behalf of a designated beneficiary in order to
14 apply distributions from the account toward qualified higher
15 education costs at eligible educational institutions.

16 ~~(22)~~ (23) SAVINGS AGREEMENT. An agreement entered
17 into between the board and a contributor establishing a
18 savings account.

19 ~~(23)~~ (24) STATE TREASURER. The State Treasurer of
20 Alabama.

21 "§16-33C-4.

22 (a) The ACES board shall consist of 10 members as
23 follows:

24 (1) The Lieutenant Governor, or his or her designee.

25 (2) The Executive Director of the Alabama Commission
26 on Higher Education (ACHE), or his or her designee.

1 (3) The State Treasurer.

2 (4) The Chancellor of the Alabama Department of
3 Postsecondary Education, or his or her designee.

4 (5) One person appointed by the Council of College
5 and University Presidents.

6 (6) One person appointed by the Speaker of the House
7 of Representatives.

8 (7) One person appointed by the Lieutenant Governor.

9 (8) One person appointed by the State Treasurer.

10 (9) Two persons appointed by the Governor.

11 (b) Members shall serve for terms of office of four
12 years and shall be eligible for reappointment, and shall serve
13 until a successor is appointed. Any person appointed to fill a
14 vacancy on the ACES board shall be appointed in a like manner
15 and shall serve for only the unexpired term.

16 (c) Each person so appointed shall possess
17 knowledge, skill, and experience in business or financial
18 matters commensurate with the duties and responsibilities of
19 the plan. No person holding a full-time office or position of
20 employment with the state, any county or municipality in the
21 state, any educational institution, or any instrumentality,
22 agency, or subdivision of the foregoing, shall be eligible for
23 appointment to the ACES board.

24 (d) Members of the ACES board shall serve without
25 compensation, but may be reimbursed for each day's official

1 duties of the ACES board at the same per diem and travel rate
2 as is paid the employees of the state.

3 (e) The State Treasurer shall be the chair and
4 presiding officer of the ACES board, and the State Treasurer
5 may appoint such other officers as the ACES board may deem
6 advisable or necessary. A majority of the members of the ACES
7 board shall constitute a quorum for the transaction of the
8 business of the plan.

9 "§16-33C-5.

10 In addition to the powers granted by any other
11 provision of this chapter, the ACES board and PACT board shall
12 have, as agents of the State of Alabama, the powers necessary
13 or convenient to carry out the purposes and provisions of this
14 chapter and the powers delegated by any other law of the state
15 or any executive order thereof including, but not limited to,
16 the following express powers:

17 (1) To adopt and amend bylaws.

18 (2) To adopt the rules and regulations necessary to
19 implement the provisions of this chapter either with or
20 without compliance with the state Administrative Procedure
21 Act.

22 (3) To invest as ~~it deems~~ they deem appropriate any
23 funds in the PACT Trust Fund and ACES Trust Fund in any
24 instrument, obligation, security, or property that constitutes
25 legal investments for public funds in the state, including
26 legal investments for the State Treasurer and the Alabama

1 Trust Fund, and to name and use depositories for its
2 investments and holdings.

3 (4) To execute contracts and other necessary
4 instruments.

5 (5) To contract with a purchaser under the PACT
6 Program.

7 (6) To enter into savings agreements under the ACES
8 Program.

9 (7) To contract for necessary goods and services, to
10 employ necessary personnel, and to engage the services of
11 qualified persons and entities for administrative and
12 technical assistance in carrying out the responsibilities of
13 the plan, including the PACT Trust Fund and ACES Trust Fund,
14 under terms and conditions that the PACT board or ACES board
15 deems reasonable and appropriate. All such contracts awarded
16 by the PACT board or ACES board may be for periods not
17 exceeding five years, except that professional services
18 contracts awarded by the board for the ACES Program may be for
19 periods not exceeding ten years.

20 (8) To solicit and accept gifts, including
21 bequeathments or other testamentary gifts made by will, trust
22 or other disposition, grants, loans, and other aids from any
23 personal source for deposit into the PACT or ACES Trust Fund
24 as designated by the donor, or if no such designation is made,
25 into either as determined by the PACT board or ACES board, or
26 to participate in any other way in any federal, state, or

1 local governmental programs in carrying out the purposes of
2 this chapter.

3 (9) To define the terms and conditions of and enter
4 into PACT contracts and ACES savings agreements.

5 (10) To delegate to the State Treasurer the
6 responsibilities of the day-to-day administration of the plan.

7 (11) To establish other policies, procedures, and
8 criteria necessary to implement and administer the provisions
9 of this chapter.

10 (12) To authorize the State Treasurer to approve
11 marketing material produced for the plan. Neither the state,
12 the State Treasurer, the PACT board, nor the ACES board is
13 liable for misrepresentation by a marketing agent.

14 "§16-33C-6.

15 (a) The PACT Program is established as one college
16 savings alternative under the plan whereby purchasers enter
17 into PACT contracts for the future payment of tuition and
18 mandatory fees at eligible educational institutions. The PACT
19 Program includes the PACT Trust Fund and the PACT
20 Administrative Fund created pursuant to this chapter.

21 (b) The official location of the trust fund shall be
22 the State Treasurer's office, and the facilities of the State
23 Treasurer shall be used and employed in the administration of
24 the fund including, but without limitation thereto, the
25 keeping of records, the management of bank accounts and other
26 investments, the transfer of funds, and the safekeeping of

1 securities evidencing investments. The PACT Trust Fund is
2 hereby created as the source for payment of the PACT Program's
3 obligations under PACT contracts. The amounts on deposit in
4 the PACT Trust Fund shall not constitute property of the
5 state, and the state may have no claim or interest in them.
6 Payments which are received by the PACT Program from any
7 public or private source, except those which are payments of
8 administrative fees, shall be prudently placed in the PACT
9 Trust Fund. In order to provide funds to enable the PACT
10 Program to pay amounts due under the terms of its PACT
11 contracts, there is irrevocably pledged to that purpose from
12 the PACT Trust Fund the monies necessary to pay those amounts.
13 A PACT contract and any other contract entered into by or on
14 behalf of the trust, does not constitute a debt or obligation
15 of the state, and no participant is entitled to any benefits
16 except those for which he or she contracted.

17 (c) Payments received by the PACT board from
18 purchasers on behalf of designated beneficiaries or from any
19 other source, public or private, shall be placed in the trust
20 fund, and the fund may be divided into separate accounts as
21 may be determined by the PACT board. The PACT Administrative
22 Fund is hereby created as a separate fund within the State
23 Treasurer's office for the purpose of administering the PACT
24 Program. All administrative fees received by the PACT Program
25 shall be deposited into the PACT Administrative Fund. All
26 funds in the PACT Administrative Fund are hereby irrevocably

1 pledged to the payment of administrative costs of the PACT
2 Program. Funds in the PACT Administrative Fund may be invested
3 by the State Treasurer in any investment facility allowed by
4 this chapter. Any interest and earnings from the investment of
5 funds in the PACT Administrative Fund shall be deposited to,
6 and become a part of, the PACT Administrative Fund for use as
7 authorized by this chapter. All funds in the PACT
8 Administrative Fund at the end of each fiscal year of the
9 State of Alabama shall remain in the PACT Administrative Fund
10 and be automatically carried forward and available to be
11 appropriated by the Alabama Legislature for the administration
12 of the PACT Program.

13 (d) Gross earnings on PACT Trust Fund principal may
14 be directly used by the PACT board to satisfy investment costs
15 of the PACT Trust Fund and to supplement balances in the PACT
16 Administrative Fund to cover outstanding administrative costs
17 of the PACT Program as the board deems necessary. Gross
18 earnings on the principal of the PACT Trust Fund remaining
19 after payment of investment costs and deposits into the PACT
20 Administrative Fund as authorized herein shall be deposited
21 into, and become a part of, the principal of the PACT Trust
22 Fund. In acquiring, investing, reinvesting, exchanging,
23 retaining, selling, and managing property of the PACT Trust
24 Fund, the PACT board and any person or investment manager to
25 whom the PACT board delegates any of its investment authority
26 shall exercise the judgment and care under the circumstances

1 then prevailing which persons of prudence, discretion, and
2 intelligence exercise in the management of their own affairs,
3 not in regard to speculation but to permanent disposition of
4 funds, considering the probable income as well as the safety
5 of their capital. When acting within this standard of care, no
6 PACT board member, or any person or investment manager to whom
7 the PACT board delegates any of its investment authority,
8 shall be held personally liable for losses suffered by the
9 PACT Program on investments made pursuant to this chapter.

10 No board member shall be held personally liable for
11 any losses, damages, or claims which have arisen or may arise
12 from or are related to any act or omission of the board member
13 taken in his or her service as a member of the board or as a
14 trustee, so long as the board member acted in good faith.

15 (e) The PACT board shall obtain appropriate
16 actuarial assistance to establish, maintain, and certify a
17 fund sufficient to defray the obligation of the PACT Trust
18 Fund, and shall annually evaluate or cause to be evaluated,
19 the actuarial soundness of the PACT Trust Fund. After that
20 determination has been made, all monies on deposit in the PACT
21 Trust Fund, up to and including the amount of the future
22 obligations, shall remain on deposit in the PACT Trust Fund.
23 If the PACT board perceives a need for additional assets in
24 order to preserve actuarial soundness of the PACT Trust Fund,
25 it may adjust the terms of subsequent prepaid tuition
26 contracts to ensure the soundness.

1 (f) Property and income of the PACT Trust Fund and
2 PACT Administrative Fund shall be exempt from all taxation by
3 the state and by all of its political subdivisions.

4 "§16-33C-7.

5 (a) Each PACT contract shall include, but shall not
6 be limited to, the following terms:

7 (1) The amount and the number of contract payments
8 required from a purchaser on behalf of a designated
9 beneficiary.

10 (2) The terms and conditions under which purchasers
11 shall remit contract payments, including, but not limited to,
12 the date or dates upon which each contract payment shall be
13 due.

14 (3) Provisions for late payment charges and for
15 default.

16 (4) Provisions for withdrawal from the PACT Program,
17 including refunds and any penalty therefor.

18 (5) The name and date of birth of the designated
19 beneficiary on whose behalf a contract is drawn.

20 (6) Terms and conditions under which another person
21 may be subsequently substituted for the designated beneficiary
22 originally named.

23 (7) The name of the person entitled to terminate the
24 PACT contract, the terms and conditions under which a PACT
25 contract may be terminated, and the name of the person

1 entitled to any refund due as a result of termination of a
2 PACT contract.

3 (8) The period of time during which the designated
4 beneficiary must claim benefits through the PACT Program.

5 (9) The number of credit hours contracted for by the
6 purchaser.

7 (10) All other rights and obligations of the
8 purchaser and the PACT Program.

9 (11) Such other terms, conditions, and provisions as
10 the board considers in its sole discretion to be necessary or
11 appropriate.

12 (b) In the event a designated beneficiary is
13 accepted by and elects to attend a college or university
14 outside the State of Alabama, the PACT board shall, upon
15 receipt of evidence of admission to said college or
16 university, remit contract benefits pursuant to the terms of
17 the PACT contract.

18 (c) A PACT contract shall also specifically provide
19 that, if after ten years following the designated
20 beneficiary's college entrance date or the actual entrance
21 date of a designated beneficiary who is an accelerated
22 student, neither the PACT contract has been terminated nor the
23 designated beneficiary's rights under the contract exercised,
24 the PACT board, after making reasonable effort to locate the
25 purchaser, shall presume the contract purchase amount
26 unclaimed and abandoned property, and thereafter administered

1 in accordance with the Alabama Uniform Disposition of
2 Unclaimed Property Act, Article 2 of Chapter 12 of Title 35.

3 (d) Nothing in this chapter, nor in a PACT contract
4 entered into pursuant to this chapter, shall be construed as a
5 promise or guarantee by the PACT board or the state that: A
6 person shall be admitted to a particular college or
7 university; or that a person shall be allowed to continue to
8 attend a college or university after having been admitted; or
9 that a person shall be graduated from a college or university;
10 or that Alabama resident status shall be conferred. Each state
11 college or university shall establish its own residency
12 requirements for matriculation.

13 (e) The state or any state agency, or any county, or
14 municipality, or any other employer in the state is hereby
15 authorized, by contract, or otherwise, to agree with any
16 employee to remit contract payments through payroll deduction
17 made by the appropriate official of the state, state agency,
18 political subdivision, or other employer under the terms of an
19 accepted PACT contract.

20 "§16-33C-8.

21 In addition to any other requirements of this
22 chapter, the PACT board shall:

23 (1) Make available summary information on the
24 financial condition of the PACT Program to all purchasers of
25 PACT contracts.

1 (2) Prepare, or cause to be prepared, an annual
2 ~~accounting~~ report of the PACT Program and transmit a copy of
3 same to the Governor, the Lieutenant Governor, ~~and~~ and the
4 Speaker ~~of the House of Representatives~~ and the Chair of the
5 ~~Alabama PACT Program Advisory Task Force~~. ~~Such report shall be~~
6 of the House of Representatives. Such report shall be
7 submitted not later than the fifth legislative day of the
8 regular legislative session. Additionally, such report shall
9 be presented during annual legislative budget hearings.

10 (3) Make all necessary and appropriate arrangements
11 with colleges and universities in order to fulfill its
12 obligations under PACT contracts.

13 (4) Submit, before any PACT-related investment or
14 administrative contract is duly executed, a Request for
15 Proposals (RFP).

16 (5) Require, before any PACT-related investment or
17 administrative contract is duly executed, such contract to be
18 approved by a majority vote of the PACT board.

19 (6) Prepare, or cause to be prepared, a quarterly
20 report detailing the current projected funding status of the
21 PACT Program and transmit a copy of the same to the Governor,
22 the Lieutenant Governor, the Speaker of the House of
23 Representatives, and the Chair of the Alabama PACT Program
24 Advisory Task Force. the Lieutenant Governor, and the Speaker
25 of the House of Representatives.

1 (7) Establish specific investment guidelines that
2 include failsafe measures designed to limit future
3 susceptibility of PACT investments to extreme market
4 fluctuations.

5 "§16-33C-10.

6 (a) The ACES Program is established as one college
7 savings alternative under the plan whereby contributors open
8 savings accounts according to savings agreements for the
9 payment of qualified higher education costs for a designated
10 beneficiary at eligible educational institutions. The ACES
11 Program includes the ACES Trust Fund, the ACES Administrative
12 Fund, and the ACES Opportunity Enhancement Fund created
13 pursuant to this chapter.

14 (b) The ACES Trust Fund is hereby created and shall
15 be comprised of separate savings accounts held in segregated
16 accounts as established by savings agreements. Funds
17 contributed to the savings accounts established pursuant to
18 the ACES Program are held in trust by the ACES board for the
19 sole benefit of the contributor and designated beneficiary.
20 Contributions and investment earnings to the savings account
21 may be used for any qualified higher education costs of the
22 designated beneficiary. The amounts on deposit in the ACES
23 Trust Fund shall not constitute property of the state, and the
24 state may have no claim or interest in them. Contributions
25 which are received by the ACES Program from any public or
26 private source, except those which are payments of

1 administrative fees, shall be placed in the ACES Trust Fund. A
2 savings agreement, or any other agreement entered into by or
3 on behalf of the ACES Program or ACES Trust Fund, does not
4 constitute a debt or obligation of the state, and no
5 contributor is entitled to any amounts except for those
6 amounts on deposit in or accrued to the respective savings
7 account.

8 (c) The ACES Administrative Fund is hereby created
9 as a separate fund within the State Treasurer's office for the
10 purpose of administering the ACES Program. The ACES
11 Administrative Fund shall accept, deposit, and disburse funds
12 for the purpose of administering the ACES Program. All funds
13 in the ACES Administrative Fund are hereby irrevocably pledged
14 to the payment of the administrative costs of the ACES
15 Program. Funds in the ACES Administrative Fund may be invested
16 by the State Treasurer in any investment facility allowed by
17 this chapter. Any interest and earnings from the investment of
18 funds in the ACES Administrative Fund shall be deposited to,
19 and become a part of, the ACES Administrative Fund for use as
20 authorized by this chapter. All funds in the ACES
21 Administrative Fund at the end of each fiscal year of the
22 State of Alabama shall remain in that administrative fund and
23 be automatically carried forward and available to be
24 appropriated by the Alabama Legislature for the administration
25 of the ACES Program.

1 (d) The State Treasurer is authorized to retain the
2 services of one or more persons as staff members in order to
3 implement and manage the ACES Program. Any expenses incurred
4 shall be paid from the ACES Administrative Fund.

5 (e) Gross earnings on ACES Trust Fund corpus may be
6 directly used by the ACES board to satisfy investment costs of
7 the ACES Trust Fund and to supplement balances in the ACES
8 Administrative Fund to cover outstanding administrative costs
9 of the ACES Program as the ACES board deems necessary. Gross
10 earnings on the principal of the ACES Trust Fund remaining
11 after payment of investment costs and deposits into the ACES
12 Administrative Fund as authorized herein shall be deposited
13 into, and become a part of, the corpus of the ACES Trust Fund.
14 In acquiring, investing, reinvesting, exchanging, retaining,
15 selling, and managing property of the ACES Trust Fund, the
16 ACES board, and any person or investment manager to whom the
17 ACES board delegates any of its investment authority, shall
18 exercise the judgment and care under the circumstances then
19 prevailing which persons of prudence, discretion, and
20 intelligence exercise in the management of their own affairs,
21 not in regard to speculation but to permanent disposition of
22 funds, considering the probable income as well as the safety
23 of their capital. When acting within this standard of care, no
24 ACES board member, or any person or investment manager to whom
25 the ACES board delegates any of its investment authority,

1 shall be held personally liable for losses suffered by the
2 ACES Program on investments made pursuant to this chapter.

3 No board member shall be held personally liable for
4 any losses, damages, or claims which have arisen or may arise
5 from or are related to any act or omission of the board member
6 taken in his or her service as a member of the board or as a
7 trustee, so long as the board member acted in good faith.

8 (f) Property and income of the ACES Trust Fund, ACES
9 Administrative Fund, and the ACES Opportunity Enhancement Fund
10 shall be exempt from all taxation by the state and by all of
11 its political subdivisions.

12 (g) The ACES Opportunity Enhancement Fund is created
13 as a separate fund within the State Treasurer's office for the
14 purpose of enhancing and providing higher education
15 opportunities and programs, as the ACES board deems necessary
16 and appropriate. The fund may receive contributions from
17 individuals, private business entities, public corporations,
18 and contractual agreements with service providers. The funds
19 shall be utilized in the discretion and solely at the
20 direction of the ACES board. The amounts on deposit in the
21 fund shall not constitute property of the state, and the state
22 shall have no claim or interest in them.

23 "§16-33C-11.

24 (a) Each savings agreement made pursuant to the ACES
25 Program shall include, but shall not be limited to, the
26 following terms and provisions:

1 (1) The maximum and minimum contributions allowed on
2 behalf of a designated beneficiary.

3 (2) Provisions for withdrawals, refunds, transfers,
4 and any penalties.

5 (3) The terms and conditions for remitting
6 contributions, including, but not limited to, that
7 contributions may be made in cash only.

8 (4) The name, address, date of birth, and Social
9 Security number of the designated beneficiary on whose behalf
10 the savings account is opened.

11 (5) Terms and conditions for designation of a
12 substitute beneficiary.

13 (6) Terms and conditions for termination of the
14 account, including any refunds, withdrawals, or transfers, and
15 applicable penalties, the name of the person entitled to any
16 refund due as a result of termination, and the name of the
17 person entitled to terminate the account.

18 (7) The time period during which the designated
19 beneficiary is required to use benefits from the ACES Program.

20 (8) All other rights and obligations of the
21 contributor and the ACES Program.

22 (9) Any other terms and conditions which the board
23 deems necessary or appropriate, including those necessary to
24 conform the ACES Program and ACES Trust Fund to the
25 requirements of Section 529 of the Internal Revenue Code of
26 1986, as amended, or other applicable federal law.

1 (b) Each savings agreement made pursuant to this
2 chapter shall provide all of the following:

3 (1) If, after the specified time period determined
4 by the ACES board under which the designated beneficiary is
5 required to use benefits from the ACES Program, the savings
6 agreement has not been terminated nor the designated
7 beneficiary's rights exercised, the ACES board, after making
8 reasonable effort to contact the contributor, shall presume
9 the savings account monies unclaimed and abandoned property,
10 and thereafter administered in accordance with the Alabama
11 Uniform Disposition of Unclaimed Property Act, Article 2 of
12 Chapter 12 of Title 35.

13 (2) Participation in the ACES Program does not
14 guarantee that sufficient funds will be available to cover
15 qualified higher education expenses of a designated
16 beneficiary.

17 (3) Contributions shall be made exclusively for the
18 purpose of meeting the qualified higher education expenses of
19 a designated beneficiary at eligible educational institutions.

20 (c) Nothing in this chapter shall make any
21 provisions or warranties except as provided in savings
22 agreements, including that a person shall be admitted to,
23 allowed to continue in, graduated from a college or
24 university, or conferred Alabama resident status.

25 (d) The state or any state agency, county,
26 municipality, or any other employer in the state is hereby

1 authorized, by contract, or otherwise, to agree with any
2 employee to remit contributions through payroll deduction made
3 by the appropriate official of the state, state agency,
4 political subdivision, or other employer under the terms of a
5 savings agreement in the ACES Program.

6 "§16-33C-12.

7 In addition to any other requirements of this
8 chapter, the ACES board shall:

9 (1) Make available summary information on the ACES
10 Program to all contributors to savings agreements.

11 (2) Prepare, or cause to be prepared, an annual
12 accounting of the ACES Program and transmit a copy of same to
13 the Governor, the Lieutenant Governor, and the Speaker of the
14 House of Representatives.

15 (3) Make all necessary and appropriate arrangements
16 with colleges and universities in order to fulfill its
17 obligations under savings agreements.

18 Section 2. Section 16-33C-4.1 is hereby added to the
19 Code of Alabama 1975, to read as follows:

20 §16-33C-4.1.

21 (a) The PACT board shall consist of 15 members as
22 follows:

23 (1) The Director of Finance.

24 (2) The State Treasurer.

25 (3) Two persons appointed by the Governor.

1 (4) One person appointed by the Speaker of the House
2 of Representatives.

3 (5) One person appointed by the Lieutenant Governor.

4 (6) One person appointed by the Senate President Pro
5 Tempore.

6 ~~(7) The Chair of the Alabama PACT Program Advisory~~
7 ~~Task Force.~~

8 (7) One person, who shall be a PACT contract holder,
9 appointed by the Speaker of the House of Representatives.

10 (8) The President of the Council of College and
11 University Presidents or his or her designee.

12 (9) The Chancellor of the Alabama Community College
13 System or his or her designee.

14 (10) The Executive Director of the Alabama
15 Commission on Higher Education.

16 (11) One member of the House of Representatives
17 appointed by the Speaker of the House of Representatives.

18 (12) One member of the Senate appointed by the
19 Lieutenant Governor.

20 (13) The Chief Executive Officer of the Retirement
21 Systems of Alabama or his or her designee.

22 (14) The President of the Alabama Association of
23 Independent Colleges and Universities or his or her designee.

24 (b) Members shall serve for terms of office of four
25 yeas and shall be eligible for reappointment, and shall serve
26 until a successor is appointed. Any person appointed to fill a

1 vacancy on the PACT board shall be appointed in a like manner
2 and shall serve for only the unexpired term.

3 (c) With the exception of those members serving on
4 the PACT board by virtue of their respective offices, a person
5 appointed to the PACT board shall be an expert in the field of
6 investments, market analysis, or financial planning, or on
7 similar matters commensurate with the duties and
8 responsibilities of the plan. Additionally, all members of the
9 PACT board have the fiduciary responsibility to devise and
10 implement an investment strategy designed to maximize
11 investment returns in a manner that correlates with future
12 projected benefit payouts.

13 (d) Members of the PACT board shall serve without
14 compensation, but may be reimbursed for each day's official
15 duties of the PACT board at the same per diem and travel rate
16 as is paid the employees of the state.

17 (e) The State Treasurer shall be the chair and
18 presiding officer of the PACT board, and the State Treasurer
19 may appoint such other officers as the PACT board may deem
20 advisable or necessary. A majority of the members of the PACT
21 board shall constitute a quorum for the transaction of the
22 business of the plan.

23 (f) The membership of the PACT Board shall be
24 inclusive and reflect the racial, gender, geographic,
25 urban/rural and economic diversity of the State. The Board
26 shall annually report to the Legislature by the second

1 legislative day of each regular session the extent to which
2 the Board has complied with the diversity provisions provided
3 for in this act.

4 Section 3. The provisions of this act are severable.
5 If any part of this act is declared invalid or
6 unconstitutional, that declaration shall not affect the part
7 which remains.

8 Section 4. This act shall become effective
9 immediately following its passage and approval by the
10 Governor, or its otherwise becoming law.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15

16
17
18
19

House of Representatives

Read for the first time and re-
ferred to the House of Representa-
tives committee on Education Appro-
priations 12-JAN-10

Read for the second time and placed
on the calendar with 1 substitute
and 11-FEB-10

Read for the third time and passed
as amended 25-FEB-10

Yeas 102, Nays 0, Abstains 1

Greg Pappas
Clerk