

1 HB525  
2 129654-1  
3 By Representative Williams (P)  
4 RFD: Ways and Means General Fund  
5 First Read: 14-APR-11

SYNOPSIS: Under current law, the general administration and responsibility for the proper operation of the Teachers' Retirement System of Alabama is statutorily vested in a 14-member Board of Control. This bill would alter the membership of the Board of Control. Additionally, this bill would provide for additional qualifications for members of the Board of Control.

A BILL  
TO BE ENTITLED  
AN ACT

To amend Section 16-25-19 of the Code of Alabama 1975, relating to the Board of Control of the Teachers' Retirement System; to alter the membership of the Board of Control; and to provide additional qualifications for members of the Board of Control.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1           Section 1. Section 16-25-19 of the Code of Alabama  
2       1975, is amended to read as follows:

3           "§16-25-19.

4           "(a) The general administration and responsibility  
5       for the proper operation of the retirement system and for  
6       making effective the provisions of this chapter are hereby  
7       vested in a board of trustees which shall be known as the  
8       Board of Control and shall be organized immediately after a  
9       majority of the trustees provided for in this section shall  
10      have qualified and taken the oath of office.

11          "(b) The board shall consist of ~~14~~ 13 trustees as  
12      follows:

13          "(1) ~~The~~ An employee of a public local board of  
14      education appointed by the State Superintendent of Education,  
15      ~~ex officio;.~~

16          "(2) The State Treasurer, ~~ex officio;.~~

17          "(3) The state Director of Finance, ~~ex officio;.~~

18          "(4) ~~The Executive Secretary of the Alabama~~  
19      ~~Education Association, ex officio; and~~ An employee of a public  
20      postsecondary institution appointed by the Chancellor of the  
21      Department of Postsecondary Education.

22          "(5) ~~Ten members of the retirement system. Of the 10~~  
23      ~~members of the retirement system, two shall be retired~~  
24      ~~members, one shall be a city or county superintendent, one~~  
25      ~~shall be a principal, one shall be a member from postsecondary~~  
26      ~~education, three shall be teachers who are actively~~  
27      ~~instructing students in grades K-12, and two shall be~~

1 ~~educational support personnel, all of whom shall be elected by~~  
2 ~~the members of the retirement system. The 10 elected members~~  
3 ~~shall be elected by the members of the retirement system in a~~  
4 ~~statewide election conducted by the retirement system under~~  
5 ~~such rules and regulations as the Board of Control may adopt~~  
6 ~~to assure that each member will be eligible to vote for each~~  
7 ~~elected position as follows:~~ An employee of a public  
8 institution of higher education appointed by the Council of  
9 College and University Presidents.

10 "a. ~~Teacher Place #1 for a term of three years~~  
11 ~~beginning July 1, 1974;~~

12 "b. ~~Teacher Place #2 for a term of three years~~  
13 ~~beginning July 1, 1974;~~

14 "c. ~~Teacher Place #3 for a term of two years~~  
15 ~~beginning July 1, 1974;~~

16 "d. ~~Educational Support Personnel Place #1 for a~~  
17 ~~term of three years beginning July 1, 1986;~~

18 "e. ~~Educational Support Personnel Place #2 for a~~  
19 ~~term of two years beginning July 1, 1986;~~

20 "f. ~~Retired Place #1 for a term of three years~~  
21 ~~beginning July 1, 1974;~~

22 "g. ~~Retired Place #2 for a term of three years~~  
23 ~~beginning July 1, 1987;~~

24 "h. ~~Superintendents' Place for a term of two years~~  
25 ~~beginning July 1, 1976;~~

26 "i. ~~Principals' Place for a term of three years~~  
27 ~~beginning July 1, 1976; and~~

1           ~~"j. Postsecondary Place for a term of three years~~  
2           ~~beginning July 1, 1974.~~

3           ~~"Thereafter each member according to place number~~  
4           ~~shall be elected for three-year terms, according to such rules~~  
5           ~~and regulations as the Board of Control shall adopt to govern~~  
6           ~~such elections. The terms of these officers shall begin after~~  
7           ~~they have qualified and taken the oath of office.~~

8           "(6) A retired member of the Teachers' Retirement  
9           System appointed by the State Superintendent of Education.

10          "(7) Three persons appointed by the Governor.

11          "(8) Two persons appointed by the Speaker of the  
12          House of Representatives.

13          "(9) Two persons appointed by the President Pro  
14          Tempore of the Senate.

15          ~~"(c) The Board of Control of the Teachers'~~  
16          ~~Retirement System shall provide for annual elections to fill~~  
17          ~~the position of any trustee whose term has expired. Appointed~~  
18          ~~members shall serve three-year terms. Qualifying members may~~  
19          ~~be reappointed for successive terms. With the exception of~~  
20          ~~those members serving on the Board of Control by virtue of~~  
21          ~~their respective offices, all members of the Board of Control~~  
22          ~~shall be an expert in the field of investments, market~~  
23          ~~analysis, or financial planning, or on similar matters~~  
24          ~~commensurate with the duties and responsibilities of the~~  
25          ~~proper operation of the Teachers' Retirement System.~~  
26          ~~Additionally, with the exception of those members serving on~~  
27          ~~the Board of Control as a result of being appointed by the~~

1     State Superintendent of Education, the Chancellor of the  
2     Department of Postsecondary Education, or the Council of  
3     College and University Presidents, no member of the Board of  
4     Control shall hold a full-time office or position of  
5     employment with the state, any county or municipality in the  
6     state, any educational institution, or any instrumentality,  
7     agency, or subdivision of the foregoing. Furthermore, no  
8     person employed by a business or firm doing business with the  
9     Retirement Systems of Alabama shall be allowed to serve as a  
10    member of the Board of Control.

11           "(d) If a vacancy occurs in the office of a trustee,  
12    the vacancy, within 30 days, shall be filled for the remainder  
13    of the unexpired term through appointment by ~~a simple majority~~  
14    ~~vote of the Board of Control~~ the appropriate appointed  
15    authority.

16           "(e) The trustees shall serve without compensation  
17    for their services as trustees, but they shall be reimbursed  
18    from the expense fund for all necessary expenses that they may  
19    incur through service on the Board of Control.

20           "(f) Each trustee shall, within 10 days after his  
21    appointment ~~or election,~~ take an oath of office that, so far  
22    as it devolves upon him, he will diligently and honestly  
23    administer the affairs of the Board of Control and that he  
24    will not knowingly violate or willingly permit to be violated  
25    any of the provisions of law applicable to the retirement  
26    system. Such oath shall be subscribed to by the member making

1 it, certified by the officer before whom it is taken and  
2 immediately filed in the office of the Secretary of State.

3 "(g) Each trustee shall be entitled to one vote in  
4 the Board of Control. ~~Eight~~ Seven votes shall be necessary for  
5 a decision by the trustees at any meeting of said board. In  
6 case of a tied vote the decision shall fail.

7 "(h) Subject to the limitations of this chapter, the  
8 Board of Control shall from time to time establish rules and  
9 regulations for the administration of the funds created by  
10 this chapter and for the transaction of its business.

11 "(i) The Board of Control shall elect from its  
12 membership a chairman and by a majority vote of all the  
13 members shall elect a Secretary-Treasurer, who shall serve as  
14 chief executive officer of the retirement system. In addition  
15 thereto, the Board of Control may engage such actuarial and  
16 administrative officers and other special services as shall be  
17 deemed necessary to transact the business of the retirement  
18 system. The compensation and expenses of these actuarial and  
19 administrative officers and other special services shall be  
20 paid at such rates and in such amounts as the Board of Control  
21 shall approve. All other employees not in these categories of  
22 employment shall be employed under the provisions of the Merit  
23 System Act.

24 "(j) The Board of Control shall keep in convenient  
25 form such data as shall be necessary for actuarial valuation  
26 of the various funds of the retirement system and for checking  
27 the experience of the system.

1           "(k) The Board of Control shall keep a record of all  
2       its proceedings which shall be open to public inspection. It  
3       shall publish annually a report showing the fiscal  
4       transactions of the retirement system for the preceding school  
5       year, the amount of the accumulated cash and securities of the  
6       system and the last balance sheet showing the financial  
7       condition of the system by means of an actuarial valuation of  
8       the assets and liabilities of the retirement system.

9           "(l) The Attorney General of the state shall be the  
10      legal adviser of the Board of Control.

11          "(m) The Board of Control shall designate a medical  
12      board to be composed of three physicians not eligible to  
13      participate in the retirement system. If required, other  
14      physicians may be employed to report on special cases. The  
15      medical board shall arrange for and pass upon all medical  
16      examinations required under this chapter, shall investigate  
17      all essential statements and certificates by or on behalf of a  
18      member in connection with an application for disability  
19      retirement and shall report in writing to the Board of Control  
20      its conclusions and recommendations upon all matters referred  
21      to it.

22          "(n) The Board of Control shall designate an actuary  
23      who shall be the technical adviser of the Board of Control on  
24      matters regarding the operation of the funds created by the  
25      provisions of this chapter and who shall perform such other  
26      duties as are required in connection therewith.



1           "(o) Immediately after the establishment of the  
2       retirement system, the actuary shall make such investigation  
3       of the mortality, service and compensation experience of the  
4       members of the system as he shall recommend and the Board of  
5       Control shall authorize, and on the basis of such  
6       investigation he shall recommend for adoption by the Board of  
7       Control such tables and such rates as are required in  
8       subdivisions (1) and (2) of subsection (p) of this section.  
9       The Board of Control shall adopt tables and certify rates;  
10      and, as soon as practicable thereafter, the actuary shall make  
11      a valuation based on such tables and rates, of the assets and  
12      liabilities of the funds created by this chapter.

13           "(p) In the year 1943, and at least once in each  
14      five-year period thereafter, the actuary shall make an  
15      actuarial investigation into the mortality, service and  
16      compensation experience of the members and beneficiaries of  
17      the retirement system and shall make a valuation of the assets  
18      and liabilities of the funds of the system; and, taking into  
19      account the results of such investigation and valuation, the  
20      Board of Control shall:

21           "(1) Adopt for the retirement system such mortality,  
22      service and other tables as shall be deemed necessary; and

23           "(2) Certify the rates of contributions payable by  
24      the state under the provisions of this chapter.

25           "(q) On the basis of such tables as the Board of  
26      Control shall adopt, the actuary shall make an annual

1 valuation of the assets and liabilities of the funds of the  
2 system created by this chapter."

3 Section 2. To the extent possible, the membership of  
4 the Board of Control shall be inclusive and reflect the  
5 racial, gender, geographic, urban/rural, and economic  
6 diversity of the state.

7 Section 3. It is the intent of the Legislature that  
8 there be an orderly transition between the current membership  
9 of the Board of Control and the members of the Board of  
10 Control provided for in this act. The terms of office of the  
11 current membership of the Board of Control shall expire on  
12 June 30, 2011. The terms of office of the members of the Board  
13 of Control provided for in this act shall begin after the  
14 members have qualified and taken the oath of office, but in no  
15 case shall the terms begin prior to July 1, 2011.  
16 Additionally, the first meeting of the reconstituted Board of  
17 Control shall be held not later than August 1, 2011.

18 Section 4. The provisions of this act are severable.  
19 If any part of this act is declared invalid or  
20 unconstitutional, that declaration shall not affect the part  
21 which remains.

22 Section 5. This act shall become effective  
23 immediately upon its passage and approval by the Governor or  
24 its otherwise becoming law.