



**BILL STATUS**

1 SB287  
2 136094-1  
3 By Senators Williams, Allen and Reed  
4 RFD: Fiscal Responsibility and Accountability  
5 First Read: 09-FEB-12





1 136094-1 : n : 02/01/2012 : LFO-KF / csh

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8 SYNOPSIS: Under current law, the general  
9 administration and responsibility for the proper  
10 operation of the Teachers' Retirement System of  
11 Alabama is statutorily vested in a 14-member Board  
12 of Control. This bill would alter the membership of  
13 the Board of Control to add members with experience  
14 in the evaluation and management of investments.

15  
16 A BILL  
17 TO BE ENTITLED  
18 AN ACT

19  
20 To amend Section 16-25-19 of the Code of Alabama  
21 1975, relating to the Board of Control of the Teachers'  
22 Retirement System; to alter the membership of the Board of  
23 Control to add members with experience in the evaluation and  
24 management of investments.

25 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 the following  
12 trustees ~~14 trustees as follows~~:

13           (1) The State Superintendent of Education, ex  
14 officio;

15           (2) The State Treasurer, ex officio;

16           (3) The state Director of Finance, ex officio;

17           (4) The Executive Secretary of the Alabama Education  
18 Association, ex officio; and

19           (5) Ten members of the retirement system. Of the 10  
20 members of the retirement system, two shall be retired  
21 members, one shall be a city or county superintendent, one  
22 shall be a principal, one shall be a member from postsecondary  
23 education, three shall be teachers who are actively  
24 instructing students in grades K-12, and two shall be  
25 educational support personnel, all of whom shall be elected by  
26 the members of the retirement system. The 10 elected members



1 shall be elected by the members of the retirement system in a  
2 statewide election conducted by the retirement system under  
3 such rules and regulations as the Board of Control may adopt  
4 to assure that each member will be eligible to vote for each  
5 elected position as follows:

6 a. Teacher Place #1 for a term of three years  
7 beginning July 1, 1974;

8 b. Teacher Place #2 for a term of three years  
9 beginning July 1, 1974;

10 c. Teacher Place #3 for a term of two years  
11 beginning July 1, 1974;

12 d. Educational Support Personnel Place #1 for a term  
13 of three years beginning July 1, 1986;

14 e. Educational Support Personnel Place #2 for a term  
15 of two years beginning July 1, 1986;

16 f. Retired Place #1 for a term of three years  
17 beginning July 1, 1974;

18 g. Retired Place #2 for a term of three years  
19 beginning July 1, 1987;

20 h. Superintendents' Place for a term of two years  
21 beginning July 1, 1976;

22 i. Principals' Place for a term of three years  
23 beginning July 1, 1976; and

24 j. Postsecondary Place for a term of three years  
25 beginning July 1, 1974.



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

6           (6) One member appointed by the Governor from within  
7 each of the Alabama State Board of Education Districts with  
8 recognized competence and experience in the evaluation and  
9 management of investments. For their original terms, four  
10 members shall be appointed for two-year terms beginning July  
11 1, 2012 and the remaining members shall be appointed for  
12 three-year terms beginning July 1, 2012. Thereafter, each  
13 member shall be appointed for three-year terms. If a vacancy  
14 occurs in the office of a trustee appointed pursuant to this  
15 subdivision, the vacancy shall be filled for the remainder of  
16 the term through appointment by the Governor.

17           (c) Except for members appointed as provided in  
18 subdivision (6), the ~~The~~ Board of Control of the Teachers'  
19 Retirement System shall provide for annual elections to fill  
20 the position of any trustee whose term has expired.

21           (d) Except for members appointed as provided in  
22 subdivision (6), if ~~if~~ a vacancy occurs in the office of a  
23 trustee, the vacancy shall be filled for the remainder of the  
24 unexpired term through appointment by a simple majority vote  
25 of the Board of Control.



1           (e) The trustees shall serve without compensation  
2 for their services as trustees, but they shall be reimbursed  
3 from the expense fund for all necessary expenses that they may  
4 incur through service on the Board of Control.

5           (f) Each trustee shall, within 10 days after his  
6 appointment or election, take an oath of office that, so far  
7 as it devolves upon him, he will diligently and honestly  
8 administer the affairs of the Board of Control and that he  
9 will not knowingly violate or willingly permit to be violated  
10 any of the provisions of law applicable to the retirement  
11 system. Such oath shall be subscribed to by the member making  
12 it, certified by the officer before whom it is taken and  
13 immediately filed in the office of the Secretary of State.

14           (g) Each trustee shall be entitled to one vote in  
15 the Board of Control. Twelve ~~Eight~~ votes shall be necessary  
16 for a decision by the trustees at any meeting of said board.  
17 In case of a tied vote the decision shall fail.

18           (h) Subject to the limitations of this chapter, the  
19 Board of Control shall from time to time establish rules and  
20 regulations for the administration of the funds created by  
21 this chapter and for the transaction of its business.

22           (i) The Board of Control shall elect from its  
23 membership a chairman and by a majority vote of all the  
24 members shall elect a Secretary-Treasurer, who shall serve as  
25 chief executive officer of the retirement system. In addition  
26 thereto, the Board of Control may engage such actuarial and



1 administrative officers and other special services as shall be  
2 deemed necessary to transact the business of the retirement  
3 system. The compensation and expenses of these actuarial and  
4 administrative officers and other special services shall be  
5 paid at such rates and in such amounts as the Board of Control  
6 shall approve. All other employees not in these categories of  
7 employment shall be employed under the provisions of the Merit  
8 System Act.

9 (j) The Board of Control shall keep in convenient  
10 form such data as shall be necessary for actuarial valuation  
11 of the various funds of the retirement system and for checking  
12 the experience of the system.

13 (k) The Board of Control shall keep a record of all  
14 its proceedings which shall be open to public inspection. It  
15 shall publish annually a report showing the fiscal  
16 transactions of the retirement system for the preceding school  
17 year, the amount of the accumulated cash and securities of the  
18 system and the last balance sheet showing the financial  
19 condition of the system by means of an actuarial valuation of  
20 the assets and liabilities of the retirement system.

21 (l) The Attorney General of the state shall be the  
22 legal adviser of the Board of Control.

23 (m) The Board of Control shall designate a medical  
24 board to be composed of three physicians not eligible to  
25 participate in the retirement system. If required, other  
26 physicians may be employed to report on special cases. The





1 medical board shall arrange for and pass upon all medical  
2 examinations required under this chapter, shall investigate  
3 all essential statements and certificates by or on behalf of a  
4 member in connection with an application for disability  
5 retirement and shall report in writing to the Board of Control  
6 its conclusions and recommendations upon all matters referred  
7 to it.

8 (n) The Board of Control shall designate an actuary  
9 who shall be the technical adviser of the Board of Control on  
10 matters regarding the operation of the funds created by the  
11 provisions of this chapter and who shall perform such other  
12 duties as are required in connection therewith.

13 (o) Immediately after the establishment of the  
14 retirement system, the actuary shall make such investigation  
15 of the mortality, service and compensation experience of the  
16 members of the system as he shall recommend and the Board of  
17 Control shall authorize, and on the basis of such  
18 investigation he shall recommend for adoption by the Board of  
19 Control such tables and such rates as are required in  
20 subdivisions (1) and (2) of subsection (p) of this section.  
21 The Board of Control shall adopt tables and certify rates;  
22 and, as soon as practicable thereafter, the actuary shall make  
23 a valuation based on such tables and rates, of the assets and  
24 liabilities of the funds created by this chapter.

25 (p) In the year 1943, and at least once in each  
26 five-year period thereafter, the actuary shall make an



1 actuarial investigation into the mortality, service and  
2 compensation experience of the members and beneficiaries of  
3 the retirement system and shall make a valuation of the assets  
4 and liabilities of the funds of the system; and, taking into  
5 account the results of such investigation and valuation, the  
6 Board of Control shall:

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

9 (2) Certify the rates of contributions payable by  
10 the state under the provisions of this chapter.

11 (q) On the basis of such tables as the Board of  
12 Control shall adopt, the actuary shall make an annual  
13 valuation of the assets and liabilities of the funds of the  
14 system created by this chapter.

15 Section 2. To the extent possible, the membership of  
16 the Board of Control shall be inclusive and reflect the  
17 racial, gender, geographic, urban/rural, and economic  
18 diversity of the state.

19 Section 3. The provisions of this act are severable.  
20 If any part of this act is declared invalid or  
21 unconstitutional, that declaration shall not affect the part  
22 which remains.

23 Section 4. This act shall become effective  
24 immediately upon its passage and approval by the Governor or  
25 its otherwise becoming law.