

1 SB303
2 150261-1
3 By Senators Allen, Whatley and Marsh
4 RFD: Education
5 First Read: 07-MAR-13

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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.

13 This bill would alter the membership of the
14 Board of Control.

15
16 A BILL
17 TO BE ENTITLED
18 AN ACT
19

20 To amend Section 16-25-19, Code of Alabama 1975,
21 relating to the Board of Control of the Teachers' Retirement
22 System of Alabama, to alter the membership of the Board of
23 Control.

24 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

25 Section 1. Section 16-25-19 of the Code of Alabama
26 1975, is amended to read as follows:

27 "§16-25-19.

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

8 "(b) The board shall consist of 14 trustees as
9 follows:

10 "(1) The State Superintendent of Education, ex
11 officio~~;~~.

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

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

14 "~~(4) The Executive Secretary of the Alabama~~
15 ~~Education Association, ex officio; and~~

16 "~~(5) Ten~~ (4) Eleven elected members of the
17 retirement system. ~~Of the 10 members of the retirement system,~~
18 Those 11 members shall consist of representatives elected from
19 each of the following categories: two shall be retired
20 members, one shall be a city or county superintendent, one
21 shall be a principal, one shall be a member from an
22 institution of postsecondary education that is part of the
23 Alabama Community College System two shall be members from a
24 public four-year institution of higher education, three shall
25 be teachers who are actively instructing students in grades
26 K-12, and ~~two~~ one shall be an educational support personnel
27 from a grade K-12 school., ~~all of whom shall be elected by the~~

1 ~~members of the retirement system.~~ Each of the elected members
2 shall be elected only by members from the same category of the
3 retirement system. The ~~10~~ 11 elected members shall be elected
4 ~~by the members of the retirement system~~ in a statewide
5 election conducted by ~~the retirement system~~ under a third
6 party entity that is not a participant of or affiliated with
7 the Teachers' Retirement System. All such elections shall be
8 conducted in accordance with accepted principles of fair
9 election practices. The third party entity shall be
10 responsible for the distribution and collection of ballots and
11 tallying election results. Other aspects of the election shall
12 be handled pursuant to such rules and regulations as the Board
13 of Control may adopt to assure that ~~each member~~ members will
14 be eligible to vote for ~~each~~ the applicable elected position
15 as follows:

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

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

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

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

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

26 "f. e. Retired Place #1 for a term of three years
27 beginning July 1, 1974~~;~~.

1 "~~g.~~ f. Retired Place #2 for a term of three years
2 beginning July 1, 1987~~7~~."

3 "~~h.~~ g. Superintendents' Place for a term of two
4 years beginning July 1, 1976~~7~~."

5 "~~i.~~ h. Principals' Place for a term of three years
6 beginning July 1, 1976~~and 7~~."

7 "~~j.~~ i. Postsecondary Place for a term of three years
8 beginning July 1, ~~1974~~ 2016, to be filled by the member
9 elected from an institution of postsecondary education that is
10 part of the Alabama Community College System.

11 "j. Higher Education Place #1 for a term of three
12 years beginning July 1, 2013, to be filled by a member elected
13 from a public four-year institution of higher education.

14 "k. Higher Education Place #2 for a term of three
15 years beginning July 1, 2015, to be filled by a member elected
16 from a public four-year institution of higher education. This
17 higher education position shall replace the Educational
18 Support Personnel Place #2 at the conclusion of the
19 incumbent's term June 30, 2015.

20 "Thereafter each member according to place number
21 shall be elected for three-year terms, according to such rules
22 and regulations as the Board of Control shall adopt to govern
23 such elections. The terms of these officers shall begin after
24 they have qualified and taken the oath of office.

25 "(c) The Board of Control of the Teachers'
26 Retirement System shall provide for annual elections to fill
27 the position of any trustee whose term has expired.

1 "(d) If a vacancy occurs in the office of a trustee,
2 the vacancy shall be filled for the remainder of the unexpired
3 term through appointment by ~~a simple majority vote of the~~
4 ~~Board of Control~~ the Governor.

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

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

18 "(g) Each trustee shall be entitled to one vote in
19 the Board of Control. Eight votes shall be necessary for a
20 decision by the trustees at any meeting of said board. In case
21 of a tied vote the decision shall fail.

22 "(h) Subject to the limitations of this chapter, the
23 Board of Control shall from time to time establish rules and
24 regulations for the administration of the funds created by
25 this chapter and for the transaction of its business.

26 "(i) The Board of Control shall elect from its
27 membership a chairman and by a majority vote of all the

1 members shall elect a Secretary-Treasurer, who shall serve as
2 chief executive officer of the retirement system. In addition
3 thereto, the Board of Control may engage such actuarial and
4 administrative officers and other special services as shall be
5 deemed necessary to transact the business of the retirement
6 system. The compensation and expenses of these actuarial and
7 administrative officers and other special services shall be
8 paid at such rates and in such amounts as the Board of Control
9 shall approve. All other employees not in these categories of
10 employment shall be employed under the provisions of the Merit
11 System Act.

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

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

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

26 "(m) The Board of Control shall designate a medical
27 board to be composed of three physicians not eligible to

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

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

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

1 "(p) In the year 1943, and at least once in each
2 five-year period thereafter, the actuary shall make an
3 actuarial investigation into the mortality, service and
4 compensation experience of the members and beneficiaries of
5 the retirement system and shall make a valuation of the assets
6 and liabilities of the funds of the system; and, taking into
7 account the results of such investigation and valuation, the
8 Board of Control shall:

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

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

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

17 Section 2. This act shall become effective
18 immediately upon its passage and approval or its otherwise
19 becoming law.