

1 HB172
2 203608-4
3 By Representative Ingram
4 RFD: County and Municipal Government
5 First Read: 06-FEB-20

8 SYNOPSIS: Under existing law, there are 13 trustees
9 appointed or elected to the State Employees'
10 Retirement System Board of Control. Currently, two
11 trustees represent employees of employers
12 participating pursuant to Section 36-27-6.

13 This bill would add one additional trustee
14 of the board for an employee of an employer
15 participating pursuant to Section 36-27-6 and one
16 additional trustee of the board for an employee or
17 retiree of an employer participating pursuant to
18 Section 36-27-6.

19 This bill would also include diversity
20 language for the board and would allow a trustee
21 who retires from active service after appointment
22 or election to continue to serve until the
23 expiration of the trustee's term.

24
25 A BILL
26 TO BE ENTITLED
27 AN ACT

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To amend Section 36-27-23 of the Code of Alabama 1975, to include additional representatives to the State Employees' Retirement System Board of Control; to add diversity language; and to authorize a trustee who retires from active service after appointment or election to continue to serve until the expiration of the trustee's term.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 36-27-23, Code of Alabama 1975, is amended to read as follows:

"§36-27-23.

"(a) The general administration and responsibility for the proper operation of the retirement system and for making effective the provisions of this article are hereby vested in a board of trustees which shall be known as the Board of Control.

"(b) The board shall consist of ~~13~~ 15 trustees as follows:

"(1) The Governor, ex officio, who shall be chairman.

"(2) The State Treasurer, ex officio.

"(3) The State Personnel Director, ex officio.

"(4) The Director of Finance, ex officio.

"(5) Three members of the retirement system, to be appointed by the Governor, no two of whom shall be from the same department of the state government nor from any department of which an ex officio trustee is the head. The

1 state employees appointed pursuant to this section shall be
2 Merit System employees with at least ten years of creditable
3 state service and shall not be a department head or an
4 assistant department head. The terms of office of the three
5 members appointed by the Governor shall begin immediately
6 after they have qualified and taken the oath of office. For
7 appointments made after February 1, 2020, the Governor shall
8 coordinate his or her appointments to assure that Board of
9 Control membership is inclusive and reflects the racial,
10 gender, and economic diversity of the state.

11 "(6) Two members of the State Employees' Retirement
12 System who shall be vested in the system and elected by a
13 majority vote of the participating full-time state employees
14 who are members of the system, through the use of a statewide
15 ballot conducted by the Secretary-Treasurer under rules
16 promulgated by the Board of Control. For their original terms,
17 one shall serve for a two-year term and one shall serve for a
18 three-year term. Thereafter, their successors each shall serve
19 for a four-year term.

20 "At the expiration of terms of office of the
21 respective original trustees elected under this subdivision
22 and every four years thereafter, their successors shall be
23 elected in the same manner as provided by this subdivision.

24 "(7) One member from the ranks of retired state
25 employees and one member from the ranks of retired employees
26 of a city, a county, or a public agency each of whom is an
27 active beneficiary of the system shall be elected by a

1 majority vote of the participating retired beneficiaries of
2 the system. The retired state employee member shall serve for
3 a four-year term beginning October 1, 1984, the member who is
4 a retired employee of a city, a county or a public agency
5 shall serve for a three-year term, beginning October 1, 1984,
6 provided after the expiration date of the initial terms
7 provided in this subdivision each term shall be for a period
8 of three years.

9 "The retired members shall be elected in a statewide
10 ballot conducted by the Secretary-Treasurer under rules
11 promulgated by the Board of Control. The Board of Directors of
12 the Alabama Retired State Employees' Association shall submit
13 no more than two nominations for each retired member position.
14 The Board of Control shall determine the procedure for
15 selecting additional candidates. The ballots shall be
16 conducted prior to October 1, 1984, and each applicable year
17 thereafter in order that the trustees can take office by
18 October 1, next following such election.

19 "(8)a. ~~Two~~ Four members of the retirement system who
20 ~~shall be~~ are employed by or retired from an employer
21 participating pursuant to Section 36-27-6, ~~who~~ shall be
22 elected by a majority vote of the members of the retirement
23 system who are, as provided in this section, either the
24 full-time employees or the full-time employees of those
25 ~~employers participating pursuant to Section 36-27-6, and who~~
26 ~~are members of the system. For their original terms one shall~~
27 ~~serve a three-year term and one shall serve a four-year term.~~

1 ~~Thereafter, their~~ The members of the retirement system who are
2 elected and their successors each shall serve for a four-year
3 term, except as provided to achieve staggered terms. The
4 four members of the retirement system elected pursuant to this
5 subdivision shall include:

6 "1. Effective with the election following the
7 conclusion of the term of office held by the trustee in office
8 on the effective date of this act and elected to a term ending
9 September 30, 2022, as provided by this subdivision, one
10 member of the retirement system who is a full-time employee of
11 a participating municipality or city shall be elected by a
12 majority vote of the full-time employees of the participating
13 municipalities or cities.

14 "2. One member of the retirement system who is a
15 full-time employee of a participating county shall be elected
16 by a majority vote of the full-time employees of the
17 participating counties. The original term of office shall
18 begin immediately after the individual has been elected and
19 taken the oath of office and, in order to achieve staggered
20 terms, the original term shall expire on September 30, 2024.

21 "3. One member of the retirement system who is a
22 full-time employee or retiree of an entity participating
23 pursuant to Section 36-27-6, shall be elected by a majority
24 vote of the full-time employees and retirees of the
25 participating entities. The original term of office shall
26 begin immediately after the individual has been elected and

1 taken the oath of office and, in order to achieve staggered
2 terms, the original term shall expire on September 30, 2025.

3 "4. Effective with the election following the
4 conclusion of the term of office held by the trustee in office
5 on the effective date of this act and elected to a term ending
6 September 30, 2023 as provided by this subdivision, one member
7 of the retirement system who is a full-time employee of an
8 entity participating pursuant to Section 36-27-6, other than a
9 municipality, city, or county, shall be elected by a majority
10 vote of the full-time employees of those participating
11 entities.

12 "b. The ~~election~~ elections shall be conducted by the
13 Secretary-Treasurer through use of a statewide ballot in
14 accordance with rules ~~promulgated~~ adopted by the Board of
15 Control, which shall include a nomination petition of not less
16 than 50 eligible voters. The election provided herein in
17 subparagraph 2. shall be conducted prior to October 1, 1991
18 2020., and each The election provided in subparagraph 3. shall
19 be considered prior to October 1, 2021. Each applicable year
20 thereafter, all elections shall be conducted in the manner set
21 forth in this subdivision in order that the trustees can take
22 office October 1, next following such election.

23 "(c) If a vacancy occurs in the office of a trustee,
24 the vacancy shall be filled for the unexpired term in the same
25 manner as the office was previously filled, except that of the
26 trustees elected under subdivision (7) of subsection (b). In
27 that event the vacancy for the unexpired term shall be filled

1 by an appointment by the Board of Control of the Employees'
2 Retirement System from a list of three retired employees
3 furnished him by the Board of Directors of the Alabama Retired
4 State Employees' Association. Provided, however, a trustee who
5 retires from active service after the trustee's appointment or
6 election may continue to serve until the expiration of the
7 term as described in this section.

8 "(d) The trustees shall serve without compensation
9 for their services as trustees, but they shall be reimbursed
10 from the Expense Fund for all necessary expenses that they may
11 incur through service on the Board of Control.

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

21 "(f) Each trustee shall be entitled to one vote in
22 the Board of Control. Seven votes in favor of any decision
23 shall be necessary for a decision by the trustees at any
24 meeting of said board.

25 "(g) Subject to the limitations of this article, the
26 Board of Control shall, from time to time, establish rules and

1 regulations for the administration of the funds created by
2 this article and for the transaction of its business.

3 "(h) The Board of Control, by a majority vote of all
4 trustees, shall elect a Secretary-Treasurer who shall serve as
5 the chief executive officer of the retirement system. The
6 Board of Control shall engage such actuarial and other special
7 services as shall be required to transact the business of the
8 retirement system. The compensation of all persons engaged by
9 the board, with the exception of clerical employees who shall
10 be employed under the provisions of the Merit System Act, and
11 all other expenses of the board necessary for the operation of
12 the retirement system shall be paid at such rates and in such
13 amounts as the board shall approve.

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

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

26 "(k) The Attorney General of the state shall be the
27 legal adviser of the Board of Control.

1 "(l) The Board of Control shall designate a medical
2 board to be composed of three physicians not eligible to
3 participate in the retirement system. If required, other
4 physicians may be employed to report on special cases. The
5 medical board shall arrange for and pass upon all medical
6 examinations required under the provisions of this chapter and
7 shall investigate all essential statements and certificates by
8 or on behalf of a member in connection with an application for
9 disability retirement and shall report in writing to the Board
10 of Control its conclusions and recommendations upon all
11 matters referred to it.

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

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

1 tables and rates of the assets and liabilities of the funds
2 created by this article.

3 "(o) In 1948, and at least once in each five-year
4 period thereafter, the actuary shall make an actuarial
5 investigation into mortality, service, and compensation
6 experience of the members and beneficiaries of the retirement
7 system and shall make a valuation of the assets and
8 liabilities of the funds of the system and, taking into
9 account the results of such investigation and valuation, the
10 Board of Control shall adopt for the retirement system such
11 mortality, service, and other tables as shall be deemed
12 necessary and certify the rates of contribution payable by the
13 state under the provisions of this article.

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

18 Section 2. This act shall become effective
19 immediately following its passage and approval by the
20 Governor, or its otherwise becoming law.