



**House County and Municipal Government Reported  
Substitute for HB141**

A BILL

TO BE ENTITLED

AN ACT

Relating to public utilities; to amend Section 11-50-313, Code of Alabama 1975, to increase the maximum amount of fees that may be paid to members of boards of directors of certain public corporations operating utilities; to extend the terms of certain board members; and to make nonsubstantive, technical revisions to update the existing code language to current style.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 11-50-313, Code of Alabama 1975, is amended to read as follows:

"§11-50-313

(a) (1) Each corporation that is formed or~~the~~ that has amended its certificate of incorporation ~~of which is amended under pursuant to~~ this article shall have a board of directors ~~which that~~ shall ~~constitute be~~ the governing body of the corporation, ~~which board shall~~. Except as otherwise provided by law, the board shall consist of ~~at least~~ three members.

(2) The governing body of any municipality that has authorized the creation of a corporation as provided in this article may increase the membership of the board of directors



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from three to five members. In the event the governing body elects to increase the membership of the board of directors from three to five members, one member added to the board shall be appointed for an initial term of four years and the remaining newly added member for an initial term of six years, and thereafter the term of each additional director shall be six years.

(3) In any Class 4 municipality ~~which~~ that has adopted a mayor-council form of government pursuant to Chapter 43B ~~(commencing with Section 11-43B-1) of this title~~, any corporation formed pursuant to this chapter may have a governing body ~~which shall consist~~ that consists of seven members.

(4) Any corporation, located in any Class 5 municipality, ~~which~~ that is governed by a local law enacted in the 1995 Regular Session may have a governing body ~~which shall consist~~ that consists of seven members.

(5) The governing body of any municipality that has a population of less than 5,000 according to the most recent federal decennial census and that has authorized the creation of a corporation as provided in this article may increase the membership of the board of directors from five to seven members. In the event the governing body elects to increase the membership of the board of directors from five to seven members, one member added to the board shall be appointed for an initial term of four years and the remaining newly added member for an initial term of six years, and thereafter the term of each additional director shall be six years.



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(b) (1) The directors of a corporation shall be elected by the governing body of the municipality in regard to which the corporation was formed, and they shall be elected to hold office for staggered terms. The first term of office of one director shall be two years, of another director shall be four years, and of a third director shall be six years, as shall be designated at the time of their election, and thereafter the term of office of each director shall be six years.

(2) In any municipality: (i) with a population of less than 5,000 according to the most recent federal decennial census; (ii) that has authorized the creation of a corporation as provided in this article; and (iii) for which the term of the mayor and members of the municipal governing body were extended by an act of the Legislature; the term of any board member which will expire before the mayor's and members' of the municipal governing body extended terms expire shall be extended by one year.

~~(b) (c) - No~~ A fee ~~shall~~ may not be paid to ~~any~~ a director for services rendered with respect to a sanitary sewer system.

(d) (1) Except as otherwise provided by this subsection,  
~~In~~ in any instance where the system or systems owned and operated by ~~the~~ a corporation are any one or more of a water system, a gas system, and an electric system, the chair of the board of directors ~~may~~, at the discretion of the governing body of the municipality with respect to which the corporation was primarily organized, may be paid a director's fee in an amount to be set and established by the governing body ~~in an amount~~ not exceeding six hundred dollars (\$600) per meeting



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attended, not to exceed seven thousand two hundred dollars (\$7,200) per year, for one system and ten dollars (\$10) each meeting for each additional system. Each ~~member of the board of directors,~~ director other than the chair, may be paid a director's fee in an amount to be set and established by the governing body in an amount not exceeding four hundred dollars (\$400) per meeting attended, not to exceed four thousand eight hundred dollars (\$4,800) per year for the system.

~~Notwithstanding the foregoing, where~~

~~(2) the municipality with respect to which the corporation was primarily organized has~~ In all municipalities with a population of less than 5,000 inhabitants according to the most recent ~~official~~ federal decennial census, the maximum total amount of director's fees ~~which that~~ may be paid to the chair of ~~its the~~ board of directors ~~shall may~~ not exceed ~~six hundred dollars (\$600)~~ one thousand two hundred dollars (\$1,200) per meeting attended, ~~not to exceed seven thousand two hundred dollars (\$7,200) per year, and the.~~ The maximum total amount of director's fees ~~which that~~ may be paid to any other member of the board of directors ~~shall may~~ not exceed ~~four hundred dollars (\$400)~~ six hundred dollars (\$600) per meeting attended, not to exceed ~~four thousand eight hundred dollars (\$4,800)~~ seven thousand two hundred dollars (\$7,200) per year.

~~(3) In all cities having populations~~ municipalities with a population of not less than 6,500 nor more than 8,500 according to the most recent federal decennial census, the ~~members of the board of~~ directors, including the chair, may



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each be paid a director's fee. The chair of the board shall be compensated in an amount not ~~to exceed~~ exceeding six hundred dollars (\$600) per meeting attended, not to exceed seven thousand two hundred dollars (\$7,200) per year. Each director, other than the chair, shall be compensated in an amount not ~~to exceed~~ exceeding four hundred dollars (\$400) per meeting attended, not to exceed four thousand eight hundred dollars (\$4,800) per year.

(4) In all ~~cities having populations~~ municipalities with a population of not less than 12,500 nor more than 13,500 according to the most recent federal decennial census, the chair of the board of directors, at the discretion of the board, may be paid a director's fee in an amount not exceeding six hundred dollars (\$600) per meeting attended, not to exceed seven thousand two hundred dollars (\$7,200) per year, ~~and each member of the board.~~ Each director other than the chair may be paid a director's fee in an amount not exceeding four hundred dollars (\$400) per meeting attended, not to exceed four thousand eight hundred dollars (\$4,800) per year.

(5) In all ~~cities having populations~~ municipalities with a population of not less than 23,000 nor more than 27,000 according to the most recent federal decennial census, the chair of the board of directors, at the discretion of the board, may be paid a director's fee in an amount not exceeding six hundred dollars (\$600) per meeting attended, not to exceed seven thousand two hundred dollars (\$7,200) per year, ~~and each member of the board.~~ Each director other than the chair may be paid a director's fee in an amount not exceeding four hundred



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dollars (\$400) per meeting attended, ~~but~~ not to exceed four thousand eight hundred dollars (\$4,800) per year.

(6) In all ~~cities~~ municipalities located in Jefferson County, Alabama, the chair of the board of directors, at the discretion of the board, may be paid a director's fee in an amount not exceeding four hundred fifty dollars (\$450) each month for one system and fifty dollars (\$50) per month for each additional system; ~~and each member of the board.~~ Each director other than the chair may be paid a director's fee in an amount not exceeding four hundred dollars (\$400) each month for one system and forty dollars (\$40) per month for each additional system.

(7) In all the ~~cities~~ municipalities in Franklin County, including all Franklin County water or sewer board or utility system or boards, or both, located therein, the director's fee shall not exceed six hundred dollars (\$600) each month for each system. The board in the ~~cities~~ municipalities of Franklin County may also establish a chair's fee in a higher amount by a vote of ~~such~~ the body not to exceed seven hundred fifty dollars (\$750) per meeting.

(8) ~~All members of the board of directors of any corporation organized pursuant to this article shall be reimbursed for actual expenses incurred in and about the performance of their duties pursuant to this article.~~  
~~Notwithstanding the foregoing, in~~ In a Class 7 municipality, the chair of the board of directors of a corporation formed under this chapter which owns and operates a water system, an electric system, and a sewer system, at the discretion of the



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governing body of the municipality with respect to which the corporation was primarily organized, may be paid a director's fee in an amount ~~to be set and~~ established by the governing body. Each ~~member of the board of directors,~~ director other than the chair~~,~~ may be paid a director's fee in an amount ~~to be set and~~ established by the governing body.

(e) In addition to any other compensation authorized, all members of the board of directors of any corporation organized pursuant to this article shall be reimbursed for actual expenses incurred in the performance of their duties pursuant to this article.

(f) (1) (c) Except as provided herein, any Any officer of ~~the~~ a municipality ~~shall be eligible for appointment with respect to which a corporation was formed may be appointed~~ and may serve as a member of the board of directors of the corporation for the term for which he or she is appointed or during his or her tenure as a municipal officer, whichever expires first, and may receive a fee for his or her services, provided ~~it~~ the appointment is first approved by the board of directors. ~~At no time shall the board consist of more than two officers of the municipality. The directors of the corporation shall be elected by the governing body of the municipality, and they shall be elected to hold office for staggered terms. The first term of office of one director shall be two years, of another director shall be four years, and of a third director shall be six years, as shall be designated at the time of their election, and thereafter the term of office of each director shall be six years. The governing body of any~~



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~~municipality which has heretofore or hereafter authorized the creation of a corporation as provided in this article may increase the board of directors from three to five members to serve according to all the conditions and terms set forth in this article. In the event the governing body elects to increase the board of directors from three to five members, one member added to the board shall be appointed for a term of four years and the remaining member for a term of six years, and thereafter the term of each director shall be six years. At no time shall the board~~

(2)a. Except as provided in paragraph b., a board may not consist of more than two officers of the municipality with respect to which the corporation was formed.

b. If the membership of a board has increased pursuant to subsection (a), the board may not consist of more than three officers of the municipality with respect to which the corporation was formed. ~~Any officer of the municipality appointed to serve as a member of the board of directors shall serve for the term for which he or she is appointed or during his or her tenure as a municipal officer, whichever expires first.~~

(3) Notwithstanding the foregoing any provision of this subsection, the certificate of incorporation of a corporation formed, or an amendment to the certificate ~~heretofore or hereafter adopted~~ pursuant to this article may restrict or prohibit service on the board of directors by officers of the municipality with respect to which the corporation was formed.

(g) ~~(d)~~ Nothing in Act 2007-458 and nothing in





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subsection ~~(f)~~ as amended by Act 2010-580 (a) (4) shall apply to the City of Montgomery or the City of Prichard Water and Sewer Board.

(h) ~~(e)~~ The amendatory provisions of this section as provided in Act 2010-580 and the provisions of Act 2007-458 shall not affect the current board director and member fees in the City of Birmingham.

~~(f) The governing body of any municipality which has a population of less than 5,000 according to the most recent federal census and which has heretofore or hereafter authorized the creation of a corporation as provided in this division may increase the board of directors from five to seven members to serve according to all the conditions and terms set forth in this division. In the event the governing body elects to increase the board of directors from five to seven members, one member added to the board shall be appointed for a term of four years and the remaining member for a term of six years, and thereafter the term of each director shall be six years. At no time shall the board consist of more than three officers of the municipality. Any officer of the municipality appointed to serve as a member of the board of directors shall serve for the term for which he or she is appointed or during his or her tenure as a municipal officer, whichever expires first."~~

Section 2. This act shall become effective **immediately**.