



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

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5 A BILL

6 TO BE ENTITLED

7 AN ACT

8

9 Relating to public utilities; to amend Section  
10 11-50-313, Code of Alabama 1975, to increase the maximum  
11 amount of fees that may be paid to members of boards of  
12 directors of certain public corporations operating utilities;  
13 to extend the terms of certain board members; and to make  
14 nonsubstantive, technical revisions to update the existing  
15 code language to current style.

16 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

19 "§11-50-313

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

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



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

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

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

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



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

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

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

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



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85 attended, not to exceed seven thousand two hundred dollars  
 86 (\$7,200) per year, for one system and ten dollars (\$10) each  
 87 meeting for each additional system. Each ~~member of the board~~  
 88 ~~of directors, director~~ other than the chair~~r~~ may be paid a  
 89 director's fee in an amount to be set and established by the  
 90 governing body in an amount not exceeding four hundred dollars  
 91 (\$400) per meeting attended, not to exceed four thousand eight  
 92 hundred dollars (\$4,800) per year for the system.

93 ~~Notwithstanding the foregoing, where~~

94 (2) ~~the municipality with respect to which the~~  
 95 ~~corporation was primarily organized has~~ In all municipalities  
 96 with a population of less than 5,000 inhabitants according to  
 97 the most recent ~~official federal decennial~~ census, the maximum  
 98 total amount of director's fees ~~which that~~ may be paid to the  
 99 chair of ~~its the~~ board of directors ~~shall may~~ not exceed ~~six~~  
 100 ~~hundred dollars (\$600)~~ one thousand two hundred dollars  
 101 (\$1,200) per meeting attended, ~~not to exceed seven thousand~~  
 102 ~~two hundred dollars (\$7,200) per year, and the.~~ The maximum  
 103 total amount of director's fees ~~which that~~ may be paid to any  
 104 other member of the board of directors ~~shall may~~ not exceed  
 105 ~~four hundred dollars (\$400)~~ six hundred dollars (\$600) per  
 106 meeting attended, not to exceed ~~four thousand eight hundred~~  
 107 ~~dollars (\$4,800)~~ seven thousand two hundred dollars (\$7,200)  
 108 per year.

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



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113 each be paid a director's fee. The chair of the board shall be  
 114 compensated in an amount not ~~to exceed~~ exceeding six hundred  
 115 dollars (\$600) per meeting attended, not to exceed seven  
 116 thousand two hundred dollars (\$7,200) per year. Each director, ~~other than the chair~~ shall be compensated in an amount not ~~to~~  
 117 ~~exceed~~ exceeding four hundred dollars (\$400) per meeting  
 118 attended, not to exceed four thousand eight hundred dollars  
 119 (\$4,800) per year.

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

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



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

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

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

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



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

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

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



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

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

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

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

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



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

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

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

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