

1 HB67  
2 203608-1  
3 By Representative Ingram  
4 RFD: State Government  
5 First Read: 04-FEB-20  
6 PFD: 01/21/2020

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

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

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

A BILL  
TO BE ENTITLED  
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, 2025.

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, 2024.

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 by the Board of Control,  
15 which shall include a nomination petition of not less than 50  
16 eligible voters. The ~~election~~ elections provided herein in  
17 subparagraphs 2. and 3. shall be conducted prior to October 1,  
18 ~~1991~~ 2020., and each Each applicable year thereafter, all  
19 elections shall be conducted in the manner set forth in this  
20 subdivision in order that the trustees can take office October  
21 1, next following such election.

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

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

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

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

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

24 "(g) Subject to the limitations of this article, the  
25 Board of Control shall, from time to time, establish rules and  
26 regulations for the administration of the funds created by  
27 this article and for the transaction of its business.

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

12           "(i) 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           "(j) 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 year,  
20 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           "(k) The Attorney General of the state shall be the  
25 legal adviser of the Board of Control.

26           "(l) 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 the provisions of this chapter and  
5 shall investigate all essential statements and certificates by  
6 or on behalf of a member in connection with an application for  
7 disability retirement and shall report in writing to the Board  
8 of Control its conclusions and recommendations upon all  
9 matters referred to it.

10 "(m) 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 article and shall perform such other duties  
14 as are required in connection therewith.

15 "(n) Immediately after the establishment of the  
16 retirement system the actuary shall make such investigation of  
17 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 subsection (o) of this section. The Board of Control shall  
23 adopt tables and certify rates and, as soon as practicable  
24 thereafter, the actuary shall make a valuation based on such  
25 tables and rates of the assets and liabilities of the funds  
26 created by this article.

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

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

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