

1 SB287
2 136094-1
3 By Senators Williams, Allen and Reed
4 RFD: Fiscal Responsibility and Accountability
5 First Read: 09-FEB-12

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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. This bill would alter the membership of
13 the Board of Control to add members with experience
14 in the evaluation and management of investments.

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16 A BILL
17 TO BE ENTITLED
18 AN ACT

19
20 To amend Section 16-25-19 of the Code of Alabama
21 1975, relating to the Board of Control of the Teachers'
22 Retirement System; to alter the membership of the Board of
23 Control to add members with experience in the evaluation and
24 management of investments.

25 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

26 Section 1. Section 16-25-19 of the Code of Alabama
27 1975, is amended to read as follows:

1 "§16-25-19.

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

9 (b) The board shall consist of the following
10 trustees ~~14 trustees as follows:~~

- 11 (1) The State Superintendent of Education, ex
12 officio;
- 13 (2) The State Treasurer, ex officio;
- 14 (3) The state Director of Finance, ex officio;
- 15 (4) The Executive Secretary of the Alabama Education
16 Association, ex officio; and
- 17 (5) Ten members of the retirement system. Of the 10
18 members of the retirement system, two shall be retired
19 members, one shall be a city or county superintendent, one
20 shall be a principal, one shall be a member from postsecondary
21 education, three shall be teachers who are actively
22 instructing students in grades K-12, and two shall be
23 educational support personnel, all of whom shall be elected by
24 the members of the retirement system. The 10 elected members
25 shall be elected by the members of the retirement system in a
26 statewide election conducted by the retirement system under
27 such rules and regulations as the Board of Control may adopt

1 to assure that each member will be eligible to vote for each
2 elected position as follows:

3 a. Teacher Place #1 for a term of three years
4 beginning July 1, 1974;

5 b. Teacher Place #2 for a term of three years
6 beginning July 1, 1974;

7 c. Teacher Place #3 for a term of two years
8 beginning July 1, 1974;

9 d. Educational Support Personnel Place #1 for a term
10 of three years beginning July 1, 1986;

11 e. Educational Support Personnel Place #2 for a term
12 of two years beginning July 1, 1986;

13 f. Retired Place #1 for a term of three years
14 beginning July 1, 1974;

15 g. Retired Place #2 for a term of three years
16 beginning July 1, 1987;

17 h. Superintendents' Place for a term of two years
18 beginning July 1, 1976;

19 i. Principals' Place for a term of three years
20 beginning July 1, 1976; and

21 j. Postsecondary Place for a term of three years
22 beginning July 1, 1974.

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

1 (6) One member appointed by the Governor from within
2 each of the Alabama State Board of Education Districts with
3 recognized competence and experience in the evaluation and
4 management of investments. For their original terms, four
5 members shall be appointed for two-year terms beginning July
6 1, 2012 and the remaining members shall be appointed for
7 three-year terms beginning July 1, 2012. Thereafter, each
8 member shall be appointed for three-year terms. If a vacancy
9 occurs in the office of a trustee appointed pursuant to this
10 subdivision, the vacancy shall be filled for the remainder of
11 the term through appointment by the Governor.

12 (c) Except for members appointed as provided in
13 subdivision (6), the ~~The~~ Board of Control of the Teachers'
14 Retirement System shall provide for annual elections to fill
15 the position of any trustee whose term has expired.

16 (d) Except for members appointed as provided in
17 subdivision (6), if ~~If~~ a vacancy occurs in the office of a
18 trustee, the vacancy shall be filled for the remainder of the
19 unexpired term through appointment by a simple majority vote
20 of the Board of Control.

21 (e) The trustees shall serve without compensation
22 for their services as trustees, but they shall be reimbursed
23 from the expense fund for all necessary expenses that they may
24 incur through service on the Board of Control.

25 (f) Each trustee shall, within 10 days after his
26 appointment or election, take an oath of office that, so far
27 as it devolves upon him, he will diligently and honestly

1 administer the affairs of the Board of Control and that he
2 will not knowingly violate or willingly permit to be violated
3 any of the provisions of law applicable to the retirement
4 system. Such oath shall be subscribed to by the member making
5 it, certified by the officer before whom it is taken and
6 immediately filed in the office of the Secretary of State.

7 (g) Each trustee shall be entitled to one vote in
8 the Board of Control. ~~Twelve~~ ~~Eight~~ votes shall be necessary
9 for a decision by the trustees at any meeting of said board.
10 In case of a tied vote the decision shall fail.

11 (h) Subject to the limitations of this chapter, the
12 Board of Control shall from time to time establish rules and
13 regulations for the administration of the funds created by
14 this chapter and for the transaction of its business.

15 (i) The Board of Control shall elect from its
16 membership a chairman and by a majority vote of all the
17 members shall elect a Secretary-Treasurer, who shall serve as
18 chief executive officer of the retirement system. In addition
19 thereto, the Board of Control may engage such actuarial and
20 administrative officers and other special services as shall be
21 deemed necessary to transact the business of the retirement
22 system. The compensation and expenses of these actuarial and
23 administrative officers and other special services shall be
24 paid at such rates and in such amounts as the Board of Control
25 shall approve. All other employees not in these categories of
26 employment shall be employed under the provisions of the Merit
27 System Act.

1 (j) The Board of Control shall keep in convenient
2 form such data as shall be necessary for actuarial valuation
3 of the various funds of the retirement system and for checking
4 the experience of the system.

5 (k) The Board of Control shall keep a record of all
6 its proceedings which shall be open to public inspection. It
7 shall publish annually a report showing the fiscal
8 transactions of the retirement system for the preceding school
9 year, the amount of the accumulated cash and securities of the
10 system and the last balance sheet showing the financial
11 condition of the system by means of an actuarial valuation of
12 the assets and liabilities of the retirement system.

13 (l) The Attorney General of the state shall be the
14 legal adviser of the Board of Control.

15 (m) The Board of Control shall designate a medical
16 board to be composed of three physicians not eligible to
17 participate in the retirement system. If required, other
18 physicians may be employed to report on special cases. The
19 medical board shall arrange for and pass upon all medical
20 examinations required under this chapter, shall investigate
21 all essential statements and certificates by or on behalf of a
22 member in connection with an application for disability
23 retirement and shall report in writing to the Board of Control
24 its conclusions and recommendations upon all matters referred
25 to it.

26 (n) The Board of Control shall designate an actuary
27 who shall be the technical adviser of the Board of Control on

1 matters regarding the operation of the funds created by the
2 provisions of this chapter and who shall perform such other
3 duties as are required in connection therewith.

4 (o) Immediately after the establishment of the
5 retirement system, the actuary shall make such investigation
6 of the mortality, service and compensation experience of the
7 members of the system as he shall recommend and the Board of
8 Control shall authorize, and on the basis of such
9 investigation he shall recommend for adoption by the Board of
10 Control such tables and such rates as are required in
11 subdivisions (1) and (2) of subsection (p) of this section.
12 The Board of Control shall adopt tables and certify rates;
13 and, as soon as practicable thereafter, the actuary shall make
14 a valuation based on such tables and rates, of the assets and
15 liabilities of the funds created by this chapter.

16 (p) In the year 1943, and at least once in each
17 five-year period thereafter, the actuary shall make an
18 actuarial investigation into the mortality, service and
19 compensation experience of the members and beneficiaries of
20 the retirement system and shall make a valuation of the assets
21 and liabilities of the funds of the system; and, taking into
22 account the results of such investigation and valuation, the
23 Board of Control shall:

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

26 (2) Certify the rates of contributions payable by
27 the state under the provisions of this chapter.

1 (q) On the basis of such tables as the Board of
2 Control shall adopt, the actuary shall make an annual
3 valuation of the assets and liabilities of the funds of the
4 system created by this chapter.

5 Section 2. To the extent possible, the membership of
6 the Board of Control shall be inclusive and reflect the
7 racial, gender, geographic, urban/rural, and economic
8 diversity of the state.

9 Section 3. The provisions of this act are severable.
10 If any part of this act is declared invalid or
11 unconstitutional, that declaration shall not affect the part
12 which remains.

13 Section 4. This act shall become effective
14 immediately upon its passage and approval by the Governor or
15 its otherwise becoming law.