SB287
136094-1
By Senators Williams, Allen and Reed
RFD: Fiscal Responsibility and Accountability
First Read: 09-FEB-12
SYNOPSIS: Under current law, the general administration and responsibility for the proper operation of the Teachers' Retirement System of Alabama is statutorily vested in a 14-member Board of Control. This bill would alter the membership of the Board of Control to add members with experience in the evaluation and management of investments.

A BILL
TO BE ENTITLED
AN ACT

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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

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

(b) The board shall consist of the following trustees:

1. The State Superintendent of Education, ex officio;
2. The State Treasurer, ex officio;
3. The state Director of Finance, ex officio;
4. The Executive Secretary of the Alabama Education Association, ex officio; and
5. Ten members of the retirement system. Of the 10 members of the retirement system, two shall be retired members, one shall be a city or county superintendent, one shall be a principal, one shall be a member from postsecondary education, three shall be teachers who are actively instructing students in grades K-12, and two shall be educational support personnel, all of whom shall be elected by the members of the retirement system. The 10 elected members shall be elected by the members of the retirement system in a statewide election conducted by the retirement system under such rules and regulations as the Board of Control may adopt.
to assure that each member will be eligible to vote for each
elected position as follows:

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

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

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

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

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

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

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

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

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

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

Thereafter each member according to place number
shall be elected for three-year terms, according to such rules
and regulations as the Board of Control shall adopt to govern
such elections. The terms of these officers shall begin after
they have qualified and taken the oath of office.
(6) One member appointed by the Governor from within each of the Alabama State Board of Education Districts with recognized competence and experience in the evaluation and management of investments. For their original terms, four members shall be appointed for two-year terms beginning July 1, 2012 and the remaining members shall be appointed for three-year terms beginning July 1, 2012. Thereafter, each member shall be appointed for three-year terms. If a vacancy occurs in the office of a trustee appointed pursuant to this subdivision, the vacancy shall be filled for the remainder of the term through appointment by the Governor.

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

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

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

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

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

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

(i) The Board of Control shall elect from its
membership a chairman and by a majority vote of all the
members shall elect a Secretary-Treasurer, who shall serve as
chief executive officer of the retirement system. In addition
thereto, the Board of Control may engage such actuarial and
administrative officers and other special services as shall be
deemed necessary to transact the business of the retirement
system. The compensation and expenses of these actuarial and
administrative officers and other special services shall be
paid at such rates and in such amounts as the Board of Control
shall approve. All other employees not in these categories of
employment shall be employed under the provisions of the Merit
System Act.
(j) The Board of Control shall keep in convenient form such data as shall be necessary for actuarial valuation of the various funds of the retirement system and for checking the experience of the system.

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

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

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

(n) The Board of Control shall designate an actuary who shall be the technical adviser of the Board of Control on
matters regarding the operation of the funds created by the
provisions of this chapter and who shall perform such other
duties as are required in connection therewith.

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

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

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

(2) Certify the rates of contributions payable by
the state under the provisions of this chapter.
(q) On the basis of such tables as the Board of Control shall adopt, the actuary shall make an annual valuation of the assets and liabilities of the funds of the system created by this chapter.

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

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

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