

1 SB79
2 208776-8
3 By Senator Gudger
4 RFD: Governmental Affairs
5 First Read: 02-FEB-21
6 PFD: 01/27/2021

1 SB79

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4 ENROLLED, An Act,

5 To amend Section 36-27-23 of the Code of Alabama
6 1975, to include additional representatives to the State
7 Employees' Retirement System Board of Control; to add
8 diversity language; and to authorize a trustee who retires
9 from active service after appointment or election to continue
10 to serve until the expiration of the trustee's term.

11 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

12 Section 1. Section 36-27-23, Code of Alabama 1975,
13 is amended to read as follows:

14 "§36-27-23.

15 "(a) The general administration and responsibility
16 for the proper operation of the retirement system and for
17 making effective the provisions of this article are hereby
18 vested in a board of trustees which shall be known as the
19 Board of Control.

20 "(b) The board shall consist of ~~13~~ 15 trustees as
21 follows:

22 "(1) The Governor, ex officio, who shall be
23 chairman.

24 "(2) The State Treasurer, ex officio.

25 "(3) The State Personnel Director, ex officio.

1 "(4) The Director of Finance, ex officio.

2 "(5) Three members of the retirement system, to be
3 appointed by the Governor, no two of whom shall be from the
4 same department of the state government nor from any
5 department of which an ex officio trustee is the head. The
6 state employees appointed pursuant to this section shall be
7 Merit System employees with at least ten years of creditable
8 state service and shall not be a department head or an
9 assistant department head. The terms of office of the three
10 members appointed by the Governor shall begin immediately
11 after they have qualified and taken the oath of office. For
12 appointments made after February 1, 2020, the Governor shall
13 coordinate his or her appointments to assure that Board of
14 Control membership is inclusive and reflects the racial,
15 gender, and economic diversity of the state.

16 "(6) Two members of the State Employees' Retirement
17 System who shall be vested in the system and elected by a
18 majority vote of the participating full-time state employees
19 who are members of the system, through the use of a statewide
20 ballot conducted by the Secretary-Treasurer under rules
21 promulgated by the Board of Control. For their original terms,
22 one shall serve for a two-year term and one shall serve for a
23 three-year term. Thereafter, their successors each shall serve
24 for a four-year term.

1 "At the expiration of terms of office of the
2 respective original trustees elected under this subdivision
3 and every four years thereafter, their successors shall be
4 elected in the same manner as provided by this subdivision.

5 "(7) One member from the ranks of retired state
6 employees and one member from the ranks of retired employees
7 of a city, a county, or a public agency each of whom is an
8 active beneficiary of the system shall be elected by a
9 majority vote of the participating retired beneficiaries of
10 the system. The retired state employee member shall serve for
11 a four-year term beginning October 1, 1984, the member who is
12 a retired employee of a city, a county or a public agency
13 shall serve for a three-year term, beginning October 1, 1984,
14 provided after the expiration date of the initial terms
15 provided in this subdivision each term shall be for a period
16 of three years. The retired state employee elected to serve
17 the term beginning on October 1, 2024, and each retired state
18 employee elected to serve thereafter, shall serve a term of
19 four years. The retired employee of a city, county, or public
20 agency elected to serve the term beginning on October 1, 2023,
21 and each retired employee of a city, county, or public agency
22 elected thereafter, shall serve a term of four years.

23 "The retired members shall be elected in a statewide
24 ballot conducted by the Secretary-Treasurer under rules
25 promulgated by the Board of Control. The Board of Directors of

1 the Alabama Retired State Employees' Association shall submit
 2 no more than two nominations for each retired member position.
 3 The Board of Control shall determine the procedure for
 4 selecting additional candidates. The ballots shall be
 5 conducted prior to October 1, 1984, and each applicable year
 6 thereafter in order that the trustees can take office by
 7 October 1, next following such election.

8 "(8)a. ~~Two~~ Four members of the retirement system who
 9 ~~shall be~~ are employed by or retired from an employer
 10 participating pursuant to Section 36-27-6, ~~who~~ shall be
 11 elected by a majority vote of the members of the retirement
 12 system who are, as provided in this section, the full-time
 13 employees of those employers ~~participating pursuant to Section~~
 14 ~~36-27-6, and who are members of the system. For their original~~
 15 ~~terms one shall serve a three-year term and one shall serve a~~
 16 ~~four-year term. Thereafter, their~~ The members of the
 17 retirement system who are elected and their successors each
 18 shall serve for a four-year term, except as provided to
 19 achieve staggered terms. The four members of the retirement
 20 system elected pursuant to this subdivision shall include:

21 "1. Effective with the election following the
 22 conclusion of the term of office held by the trustee in office
 23 on the effective date of this act and elected to a term ending
 24 September 30, 2022, as provided by this subdivision, one
 25 member of the retirement system who is a full-time employee of

1 a participating municipality or city shall be elected by a
2 majority vote of the full-time employees of the participating
3 municipalities or cities.

4 "2. One member of the retirement system who is a
5 full-time employee of a participating county shall be elected
6 by a majority vote of the full-time employees of the
7 participating counties. The original term of office shall
8 begin immediately after the individual has been elected and
9 taken the oath of office and, in order to achieve staggered
10 terms, the original term shall expire on September 30, 2026.

11 "3. One member of the retirement system who is a
12 full-time employee or retiree of an entity participating
13 pursuant to Section 36-27-6, shall be elected by a majority
14 vote of the full-time employees and retirees of the
15 participating entities. The original term of office shall
16 begin immediately after the individual has been elected and
17 taken the oath of office and, in order to achieve staggered
18 terms, the original term shall expire on September 30, 2025.

19 "4. Effective with the election following the
20 conclusion of the term of office held by the trustee in office
21 on the effective date of this act and elected to a term ending
22 September 30, 2023 as provided by this subdivision, one member
23 of the retirement system who is a full-time employee of an
24 entity participating pursuant to Section 36-27-6, other than a
25 municipality, city, or county, shall be elected by a majority

1 vote of the full-time employees of those participating
2 entities.

3 "b. The ~~election~~ elections shall be conducted by the
4 Secretary-Treasurer through use of a statewide ballot in
5 accordance with rules ~~promulgated~~ adopted by the Board of
6 Control, which shall include a nomination petition of not less
7 than 50 eligible voters. The election provided ~~herein~~ in
8 subparagraph 2. shall be conducted prior to October 1, ~~1991~~
9 ~~2022., and each~~ The election provided in subparagraph 3. shall
10 be considered prior to October 1, 2021. Each applicable year
11 thereafter, all elections shall be conducted in the manner set
12 forth in this subdivision in order that the trustees can take
13 office October 1, next following such election.

14 "(c) If a vacancy occurs in the office of a trustee,
15 the vacancy shall be filled for the unexpired term in the same
16 manner as the office was previously filled, except that of the
17 trustees elected under subdivision (7) of subsection (b). In
18 that event the vacancy for the unexpired term shall be filled
19 by an appointment by the Board of Control of the Employees'
20 Retirement System from a list of three retired employees
21 furnished him by the Board of Directors of the Alabama Retired
22 State Employees' Association.

23 "(d) The trustees shall serve without compensation
24 for their services as trustees, but they shall be reimbursed

1 from the Expense Fund for all necessary expenses that they may
2 incur through service on the Board of Control.

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

12 "(f) Each trustee shall be entitled to one vote in
13 the Board of Control. ~~Seven~~ Eight votes in favor of any
14 decision shall be necessary for a decision by the trustees at
15 any meeting of said board.

16 "(g) Subject to the limitations of this article, the
17 Board of Control shall, from time to time, establish rules and
18 regulations for the administration of the funds created by
19 this article and for the transaction of its business.

20 "(h) The Board of Control, by a majority vote of all
21 trustees, shall elect a Secretary-Treasurer who shall serve as
22 the chief executive officer of the retirement system. The
23 Board of Control shall engage such actuarial and other special
24 services as shall be required to transact the business of the
25 retirement system. The compensation of all persons engaged by

1 the board, with the exception of clerical employees who shall
2 be employed under the provisions of the Merit System Act, and
3 all other expenses of the board necessary for the operation of
4 the retirement system shall be paid at such rates and in such
5 amounts as the board shall approve.

6 "(i) The Board of Control shall keep in convenient
7 form such data as shall be necessary for actuarial valuation
8 of the various funds of the retirement system and for checking
9 the experience of the system.

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

18 "(k) The Attorney General of the state shall be the
19 legal adviser of the Board of Control.

20 "(l) The Board of Control shall designate a medical
21 board to be composed of three physicians not eligible to
22 participate in the retirement system. If required, other
23 physicians may be employed to report on special cases. The
24 medical board shall arrange for and pass upon all medical
25 examinations required under the provisions of this chapter and

1 shall investigate all essential statements and certificates by
2 or on behalf of a member in connection with an application for
3 disability retirement and shall report in writing to the Board
4 of Control its conclusions and recommendations upon all
5 matters referred to it.

6 "(m) The Board of Control shall designate an actuary
7 who shall be the technical adviser of the Board of Control on
8 matters regarding the operation of the funds created by the
9 provisions of this article and shall perform such other duties
10 as are required in connection therewith.

11 "(n) Immediately after the establishment of the
12 retirement system the actuary shall make such investigation of
13 the mortality, service and compensation experience of the
14 members of the system as he shall recommend and the Board of
15 Control shall authorize, and, on the basis of such
16 investigation, he shall recommend for adoption by the Board of
17 Control such tables and such rates as are required in
18 subsection (o) of this section. The Board of Control shall
19 adopt tables and certify rates and, as soon as practicable
20 thereafter, the actuary shall make a valuation based on such
21 tables and rates of the assets and liabilities of the funds
22 created by this article.

23 "(o) In 1948, and at least once in each five-year
24 period thereafter, the actuary shall make an actuarial
25 investigation into mortality, service, and compensation

1 experience of the members and beneficiaries of the retirement
2 system and shall make a valuation of the assets and
3 liabilities of the funds of the system and, taking into
4 account the results of such investigation and valuation, the
5 Board of Control shall adopt for the retirement system such
6 mortality, service, and other tables as shall be deemed
7 necessary and certify the rates of contribution payable by the
8 state under the provisions of this article.

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

13 Section 2. This act shall become effective
14 immediately following its passage and approval by the
15 Governor, or its otherwise becoming law.

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President and Presiding Officer of the Senate

Speaker of the House of Representatives

SB79
Senate 11-MAR-21
I hereby certify that the within Act originated in and passed
the Senate, as amended.

Patrick Harris,
Secretary.

House of Representatives
Amended and passed 13-APR-21

Senate concurred in House amendment 27-APR-21

By: Senator Gudger