

1 SB2
2 163521-4
3 By Senator Dial
4 RFD: County and Municipal Government
5 First Read: 03-MAR-15
6 PFD: 01/15/2015

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4 ENGROSSED

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7 A BILL
8 TO BE ENTITLED
9 AN ACT

10
11 Relating to the Alabama Municipal Electric
12 Authority; to amend Section 11-50A-6 of the Code of Alabama
13 1975, to require the members of the board of directors to
14 equal the number of municipalities contracting with the
15 authority for the purchase of bulk electric power and energy;
16 to provide for staggered terms for any new members of the
17 board elected to conform with this amendment; to authorize
18 compensation for board members; and to further provide for the
19 auditing and accounting firm of the authority.

20 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

21 Section 1. Section 11-50A-6, Code of Alabama 1975,
22 is amended to read as follows:

23 "§11-50A-6.

24 "(a) The board of directors of the authority shall
25 ~~consist of nine members who shall be eligible to succeed~~
26 ~~themselves and who shall~~ be elected by the duly designated
27 representatives of the municipalities which are authorized and

1 directed to designate a member of the election committee as
2 hereinafter provided in this section. Until the first meeting
3 of the board of directors following the meeting in 2015 of the
4 election committee hereinafter provided for, the board of
5 directors shall consist of nine members; thereafter, the board
6 shall consist of the number of members equal to the number of
7 municipalities contracting with the authority for the purchase
8 of electric power and energy pursuant to Section 11-50A-17,
9 which are authorized and directed to designate a member of the
10 election committee. Members of the board of directors shall be
11 eligible to succeed themselves. The business, affairs, and
12 property of the authority shall be managed by its board of
13 directors.

14 " (b) (1) On or before the ninetieth day following May
15 18, 1981, the governing body of each municipality which shall
16 have, prior to that ninetieth day, by proper resolution
17 declared its intention to contract with the authority for the
18 purchase of electric power and energy pursuant to Section
19 11-50A-17, provided there shall be as many as five such
20 municipalities, shall designate one individual who shall be a
21 duly qualified elector of that municipality as its
22 representative on the Alabama Municipal Electric Authority
23 membership election committee which is herein designated as
24 the election committee. The resolution of the governing body
25 of each municipality may at any time be repealed in the manner
26 provided by law for repeal of resolutions by the governing
27 body; provided, that repeal of a resolution after the date of

1 incorporation of the authority shall not affect the existence
2 of the authority or the validity or enforceability of any
3 contract entered into by the municipality with the authority.
4 Each resolution declaring the intention of the municipality to
5 contract with the authority shall state the amount of electric
6 power and energy purchased from all sources by the
7 municipality during the immediately preceding calendar year
8 and shall be presented to the election committee at its first
9 meeting which shall be held at the state Capitol located in
10 the City of Montgomery, Alabama, at 11 o'clock A.M.,
11 Montgomery time, on the first Monday following the ninetieth
12 day following May 18, 1981. At that meeting, which shall not
13 precede the issuance of the authority's certificate of
14 incorporation by the Secretary of State as provided in Section
15 11-50A-5, the election committee shall organize and elect a
16 chairman and any other officers which may be desirable in the
17 determination of the election committee. The election
18 committee shall then determine the sufficiency of the
19 resolutions presented to it, the accuracy of the factual
20 representations made therein, and the number of votes
21 (including fractions thereof) which each member of the
22 election committee shall be entitled to cast in accordance
23 with the provisions of subsection (b) (2) of this section; the
24 determinations of the election committee shall be final.
25 Nominations for membership on the board shall then be received
26 by the election committee prior to adjournment of its first
27 meeting. The election committee shall then meet for the second

1 time one week later at the same time and place to receive any
2 other nominations for membership on the board that may be made
3 and shall at that time elect nine members of the board. The
4 nine nominees to membership on the board receiving the largest
5 number of votes cast by a quorum of the election committee
6 shall be declared to be elected as the first nine members of
7 the board. Each member shall be a duly qualified elector of
8 one of the municipalities represented on the election
9 committee, but, insofar as is mathematically possible, no more
10 than one member shall be a duly qualified elector of any one
11 of those municipalities. The election committee shall meet on
12 a date not more than 30 days prior to each annual meeting of
13 the authority to elect members to fill the terms which will
14 begin at the conclusion of the annual meeting of the board.

15 "(2) In elections held by the election committee to
16 elect members to the board, beginning with the first election
17 of members, each municipality entitled to representation on
18 the election committee shall have, and shall be entitled to
19 have its representative on the election committee cast, one
20 whole vote, plus an additional vote or votes (including
21 fractions thereof) to be determined as follows:

22 "a. Before any project of the authority is placed in
23 commercial operation by the authority, as determined by the
24 authority, and electric power and energy is being supplied by
25 the authority to all municipalities contracting with the
26 authority pursuant to Section 11-50A-17, the percentage which
27 is arrived at by dividing the number of kilowatt hours of

1 electric power and energy purchased from all sources by each
2 represented municipality during the immediately preceding
3 calendar year by the total number of kilowatt hours of
4 electric power and energy purchased from all sources by all
5 represented municipalities during the immediately preceding
6 calendar year shall be determined; each percentage so
7 determined shall then be applied to a total number of votes
8 equal to the total number of municipalities entitled to
9 representation on the election committee. The resulting
10 figure, calculated to the nearest one thousandth, shall be the
11 additional vote or votes (including fractions thereof) to
12 which each respective municipality is entitled.

13 "b. After any project of the authority is placed in
14 commercial operation by the authority, as determined by the
15 authority, and electric power and energy is being supplied by
16 the authority to all municipalities contracting with the
17 authority pursuant to Section 11-50A-17, the percentage which
18 is arrived at by dividing the number of kilowatt hours of
19 electric power and energy purchased from the authority by each
20 represented municipality during the immediately preceding
21 calendar year by the total number of kilowatt hours of
22 electric power and energy purchased from the authority by all
23 represented municipalities during the immediately preceding
24 calendar year shall be determined; each percentage so
25 determined shall then be applied to a total number of votes
26 equal to the total number of municipalities entitled to
27 representation on the election committee. The resulting

1 figure, calculated to the nearest one thousandth, shall be the
2 additional vote or votes (including fractions thereof) to
3 which each represented municipality is entitled. At the
4 meeting of the election committee in the calendar year
5 immediately following the calendar year in which any project
6 of the authority is first placed in commercial operation by
7 the authority, as determined by the authority, and electric
8 power and energy is being supplied by the authority to all
9 municipalities contracting with the authority pursuant to
10 Section 11-50A-17, if the project has been in commercial
11 operation, as determined by the authority, and if electric
12 power and energy has been supplied for at least six months in
13 the immediately preceding calendar year, then the period of
14 time upon which the determination shall be made of the
15 additional vote or votes (including fractions thereof) to
16 which the members of the election committee shall be entitled
17 at such meeting shall be that portion of the calendar year in
18 which electric power and energy was first supplied to the
19 municipalities; otherwise, such additional vote or votes
20 (including fractions thereof) shall be determined on the basis
21 of the number of kilowatt hours of electric power and energy
22 purchased from all sources in accordance with the provisions
23 of subsection (b) (2)a. of this section.

24 "c. The presence at any meeting of the election
25 committee of representatives entitled to cast two-thirds of
26 the total votes to which the election committee shall be
27 entitled shall constitute a quorum of the election committee.

1 "(c) The governing body of each municipality
2 declaring its intent to contract with the authority for the
3 purchase of electric power and energy pursuant to Section
4 11-50A-17, after the ninetieth day following May 18, 1981, but
5 before the election of the first nine members of the board,
6 shall designate one individual who shall be a duly qualified
7 elector of that municipality as an additional member of the
8 election committee. The term of each additional member of the
9 election committee so designated shall begin with the first
10 meeting of the election committee following the meeting held
11 for the purpose of electing the first nine members of the
12 board. After the election of the first nine members of the
13 board, each municipality that is not otherwise entitled to
14 representation on the election committee and that contracts
15 with the authority pursuant to Section 11-50A-17 shall
16 designate one individual who shall be a duly qualified elector
17 of that municipality as an additional member of the election
18 committee. The term of each additional member of the election
19 committee so designated shall begin with the next meeting of
20 the election committee following his or her designation as a
21 member. Each member of the election committee shall serve at
22 the pleasure of the governing body of the municipality by
23 which he or she was appointed.

24 "(d) The initial membership of the board shall be
25 elected as follows: Three members of the board shall be
26 elected for terms of one year, three for two years, and three
27 for three years. Each election thereafter, except elections to

1 fill unexpired terms or to reflect a contemporaneous increase
2 in the membership of the board, shall be for a term of three
3 years. In the case of an increase in the membership of the
4 board, the board members elected to reflect the increase shall
5 be elected for initial terms that result in an approximately
6 equal number of members of the board having terms expiring in
7 the same years, as the election committee shall determine. All
8 terms, however, shall extend through the annual meeting of the
9 board held at the expiration of the number of years for which
10 the member was elected and until his or her successor shall be
11 elected. Nevertheless, all members of the board shall serve at
12 the pleasure of the election committee. In the event it should
13 be mathematically necessary in the election of the members of
14 the board for more than one member of the board to be a duly
15 qualified elector of the same municipality, then and in that
16 event, one of the two members who are duly qualified electors
17 of the same municipality shall be elected for an initial term
18 of one year; and, in the event there should be four
19 municipalities from which two duly qualified electors must be
20 elected, one of the duly qualified electors of one of those
21 four municipalities shall be elected for an initial term of
22 two years; provided, however, that insofar as may be
23 consistent with the foregoing provisions of this subsection,
24 in the election of the first nine members of the board, the
25 three nominees receiving the highest number of votes shall be
26 elected to terms of three years, the three nominees receiving
27 the next highest number of votes shall be elected to terms of

1 two years, and the three nominees receiving the next highest
2 number of votes shall be elected to terms of one year. Any tie
3 votes shall be resolved by lot in a manner prescribed by the
4 election committee. Members of the election committee shall
5 not be eligible for membership on the board. The membership of
6 the board shall be inclusive and reflect the racial, gender,
7 geographical, urban/rural, and economic diversity of the
8 state.

9 "(e) The first meeting of the board shall be held at
10 the same place and hour, on the first Thursday following the
11 second meeting of the election committee described in
12 subsection (b) (1) of this section, to elect officers, decide
13 upon a date, time, and place for its next meeting or meetings,
14 and to proceed with the transaction of any business that may
15 come before the board.

16 "(f) The first annual meeting of the board, which
17 may be held without notice, shall be held on the anniversary
18 date of the first meeting of the board. If the date set for
19 the annual meeting of the board is a legal holiday, the annual
20 meeting shall be held on the next secular day following. The
21 date of subsequent annual meetings of the board may be changed
22 by resolution of the board, and no notice, other than notice
23 of the adoption of the resolution to any member of the board
24 who was absent when it was adopted, shall be required for any
25 annual meeting. Notice of the adoption of a resolution
26 changing the date of the annual meeting of the board shall be
27 given to any member of the board who was absent when the

1 resolution was adopted by mailing a copy of the resolution to
2 each absent member of the board 10 days prior to the date set
3 for the annual meeting.

4 "(g) Regular meetings of the board may be
5 established by resolution of the board, and no notice, other
6 than notice of the adoption of the resolution to any member of
7 the board who was absent when it was adopted, shall be
8 required for any regular meeting. Notice of the adoption of a
9 resolution establishing regular meetings of the board shall be
10 given to any member of the board who was absent when the
11 resolution was adopted by mailing a copy of the resolution to
12 each absent member of the board 10 days prior to the date of
13 the regular meeting.

14 "(h) Special meetings of the board may be called by
15 resolution of the board or by the chairman or vice-chairman or
16 upon the written request of at least three members of the
17 board.

18 "(i) Written notice of special meetings shall be
19 mailed to each municipality contracting with the authority
20 pursuant to Section 11-50A-17 and to each member of the board
21 not less than three days prior to the date of any special
22 meeting. Neither the business to be transacted at nor the
23 purpose of a special meeting of the board need be specified in
24 the notice of the meeting. Notice of a special meeting need
25 only state the time and place of the meeting.

26 "(j) Notice of a meeting of the board need not be
27 given to any member who signs a waiver of notice either before

1 or after the meeting. Attendance of a member at a meeting
2 shall constitute a waiver of notice of the meeting and a
3 waiver of any and all objections to the time or place of the
4 meeting or to the manner in which it has been called or
5 convened, except when a member states at the beginning of the
6 meeting any objection or objections to the transaction of
7 business. Neither the business to be transacted at nor the
8 purpose of any regular or special meeting of the board need be
9 specified in the waiver of notice of those meetings.

10 "(k) Any vacancy in the membership of the board due
11 to the death, resignation, change of residence, or disability
12 of a member shall be filled by a new member to be elected by
13 the remaining members of the board to serve until the next
14 meeting of the election committee. At the first meeting of the
15 election committee following the filling of any vacancy, the
16 election committee shall elect a member to fill the remainder,
17 if any, of the unexpired term for which the vacancy was
18 filled. Upon this election by the election committee, the
19 membership on the board of the member elected to fill any
20 vacancy by the remaining members of the board shall terminate.
21 If any member of the board who is employed in any capacity in
22 the management or operation of the electric distribution
23 system of any municipality ceases to be so employed, ~~he~~ the
24 board member shall be deemed to have resigned ~~his~~ membership
25 on the board within the meaning of this subsection.

26 "(l) The board shall elect as officers of the
27 authority a chairman, a vice-chairman, a secretary-treasurer,

1 and any other officers which the board from time to time may
2 deem necessary. The chairman and vice-chairman shall be
3 elected from the membership of the board. All officers shall
4 serve for terms of one year terminating at the next annual
5 meeting of the board or until their successors are elected and
6 qualified.

7 "(m) At all meetings of the board, the presence in
8 person of a majority of the members in office shall be
9 necessary for the transaction of business, and the affirmative
10 vote of a majority of the members present and voting at a
11 meeting where a quorum is present shall be necessary for any
12 action of the board. No vacancy in the membership of the board
13 shall impair the right of the majority to exercise all the
14 rights and perform all duties of the board. If at any meeting
15 there is less than a majority present, a majority of those
16 present may adjourn the meeting to a fixed time and place, and
17 notice of that time and place shall be given in accordance
18 with the provisions of subsection (i) of this section.

19 "(n) The Unless the board by an unanimous vote of
20 all of the members thereof then serving shall so determine,
21 the members of the board shall not be entitled to compensation
22 for their services as directors or officers, but. If the board
23 determines to provide for compensation, the authority may
24 compensate its directors in the manner and amounts as shall be
25 determined from time to time by the board not to exceed six
26 hundred dollars (\$600) per meeting of the board actually
27 attended. Members of the board may be reimbursed by the

1 authority for their actual expenses properly incurred in the
2 performance of their duties.

3 "(o) The authority shall keep suitable books and
4 records of all its obligations, contracts, transactions, and
5 undertakings, and of all its revenues and receipts of every
6 nature and all expenditures of every kind.

7 "(p) The authority, together with all funds
8 established in connection with its debt, shall be audited no
9 less frequently than annually by an independent ~~nationally~~
10 ~~recognized~~ auditing and accounting firm to be selected and
11 compensated by the authority. Copies of any audit shall be
12 available upon request to interested parties, including
13 specifically but without limitation, the holders of bonds and
14 all parties contracting with the authority."

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

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Senate

Read for the first time and referred to the Senate
committee on County and Municipal Government 03-MAR-15

Read for the second time and placed on the calen-
dar..... 05-MAR-15

Read for the third time and passed as amended 18-MAR-15

Yeas 30
Nays 0

Patrick Harris
Secretary