

1 HB43
2 163521-2
3 By Representative Johnson (R)
4 RFD: Boards, Agencies and Commissions
5 First Read: 03-MAR-15
6 PFD: 02/23/2015

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8 SYNOPSIS: Under existing law, the Alabama Municipal
9 Electric Authority is a public corporation
10 comprised of member municipalities which purchases
11 and otherwise provides electric power for
12 distribution by participating municipalities to
13 their citizens. The authority is governed by a
14 board of directors of nine members which number was
15 originally based on the number of member
16 municipalities participating in the authority.
17 Currently, 13 municipalities participate in the
18 authority. The terms of board members are for three
19 years and the terms are staggered.

20 Also, under existing law, the board members
21 are not provided compensation and the accounting
22 firm that audits the authority is required to be a
23 nationally recognized accounting firm.

24 This bill would provide that the number of
25 board members of the authority would equal the
26 number of municipalities participating in the

1 authority and would specify that the terms of any
2 members added to the board would be staggered.

3 This bill would authorize the board by
4 unanimous vote to provide compensation to board
5 members not to exceed \$600 per meeting and would
6 delete the requirement that the auditing firm be a
7 national accounting firm.

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9 A BILL
10 TO BE ENTITLED
11 AN ACT

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

22 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

25 "§11-50A-6.

26 "(a) The board of directors of the authority shall
27 ~~consist of nine members who shall be eligible to succeed~~

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

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

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

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

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

24 "a. Before any project of the authority is placed in
25 commercial operation by the authority, as determined by the
26 authority, and electric power and energy is being supplied by
27 the authority to all municipalities contracting with the

1 authority pursuant to Section 11-50A-17, the percentage which
2 is arrived at by dividing the number of kilowatt hours of
3 electric power and energy purchased from all sources by each
4 represented municipality during the immediately preceding
5 calendar year by the total number of kilowatt hours of
6 electric power and energy purchased from all sources by all
7 represented municipalities during the immediately preceding
8 calendar year shall be determined; each percentage so
9 determined shall then be applied to a total number of votes
10 equal to the total number of municipalities entitled to
11 representation on the election committee. The resulting
12 figure, calculated to the nearest one thousandth, shall be the
13 additional vote or votes (including fractions thereof) to
14 which each respective municipality is entitled.

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

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

26 "c. The presence at any meeting of the election
27 committee of representatives entitled to cast two-thirds of

1 the total votes to which the election committee shall be
2 entitled shall constitute a quorum of the election committee.

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

26 "(d) The initial membership of the board shall be
27 elected as follows: Three members of the board shall be

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

1 elected to terms of three years, the three nominees receiving
2 the next highest number of votes shall be elected to terms of
3 two years, and the three nominees receiving the next highest
4 number of votes shall be elected to terms of one year. Any tie
5 votes shall be resolved by lot in a manner prescribed by the
6 election committee. Members of the election committee shall
7 not be eligible for membership on the board.

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

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

1 each absent member of the board 10 days prior to the date set
2 for the annual meeting.

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

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

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

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

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

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

25 "(l) The board shall elect as officers of the
26 authority a chairman, a vice-chairman, a secretary-treasurer,
27 and any other officers which the board from time to time may

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

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

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