

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

1 SB2

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4 ENROLLED, An Act,

5 Relating to the Alabama Municipal Electric  
6 Authority; to amend Section 11-50A-6 of the Code of Alabama  
7 1975, to require the members of the board of directors to  
8 equal the number of municipalities contracting with the  
9 authority for the purchase of bulk electric power and energy;  
10 to provide for staggered terms for any new members of the  
11 board elected to conform with this amendment; to authorize  
12 compensation for board members; and to further provide for the  
13 auditing and accounting firm of the authority.

14 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

17 "§11-50A-6.

18 "(a) The board of directors of the authority shall  
19 ~~consist of nine members who shall be eligible to succeed~~  
20 ~~themselves and who shall~~ be elected by the duly designated  
21 representatives of the municipalities which are authorized and  
22 directed to designate a member of the election committee as  
23 hereinafter provided in this section. Until the first meeting  
24 of the board of directors following the meeting in 2015 of the  
25 election committee hereinafter provided for, the board of

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

10 " (b) (1) On or before the ninetieth day following May  
11 18, 1981, the governing body of each municipality which shall  
12 have, prior to that ninetieth day, by proper resolution  
13 declared its intention to contract with the authority for the  
14 purchase of electric power and energy pursuant to Section  
15 11-50A-17, provided there shall be as many as five such  
16 municipalities, shall designate one individual who shall be a  
17 duly qualified elector of that municipality as its  
18 representative on the Alabama Municipal Electric Authority  
19 membership election committee which is herein designated as  
20 the election committee. The resolution of the governing body  
21 of each municipality may at any time be repealed in the manner  
22 provided by law for repeal of resolutions by the governing  
23 body; provided, that repeal of a resolution after the date of  
24 incorporation of the authority shall not affect the existence  
25 of the authority or the validity or enforceability of any

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

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

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

1 purchased from all sources in accordance with the provisions  
2 of subsection (b) (2)a. of this section.

3 "c. The presence at any meeting of the election  
4 committee of representatives entitled to cast two-thirds of  
5 the total votes to which the election committee shall be  
6 entitled shall constitute a quorum of the election committee.

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

1 the election committee following his or her designation as a  
2 member. Each member of the election committee shall serve at  
3 the pleasure of the governing body of the municipality by  
4 which he or she was appointed.

5 "(d) The initial membership of the board shall be  
6 elected as follows: Three members of the board shall be  
7 elected for terms of one year, three for two years, and three  
8 for three years. Each election thereafter, except elections to  
9 fill unexpired terms or to reflect a contemporaneous increase  
10 in the membership of the board, shall be for a term of three  
11 years. In the case of an increase in the membership of the  
12 board, the board members elected to reflect the increase shall  
13 be elected for initial terms that result in an approximately  
14 equal number of members of the board having terms expiring in  
15 the same years, as the election committee shall determine. All  
16 terms, however, shall extend through the annual meeting of the  
17 board held at the expiration of the number of years for which  
18 the member was elected and until his or her successor shall be  
19 elected. Nevertheless, all members of the board shall serve at  
20 the pleasure of the election committee. In the event it should  
21 be mathematically necessary in the election of the members of  
22 the board for more than one member of the board to be a duly  
23 qualified elector of the same municipality, then and in that  
24 event, one of the two members who are duly qualified electors  
25 of the same municipality shall be elected for an initial term

1 of one year; and, in the event there should be four  
2 municipalities from which two duly qualified electors must be  
3 elected, one of the duly qualified electors of one of those  
4 four municipalities shall be elected for an initial term of  
5 two years; provided, however, that insofar as may be  
6 consistent with the foregoing provisions of this subsection,  
7 in the election of the first nine members of the board, the  
8 three nominees receiving the highest number of votes shall be  
9 elected to terms of three years, the three nominees receiving  
10 the next highest number of votes shall be elected to terms of  
11 two years, and the three nominees receiving the next highest  
12 number of votes shall be elected to terms of one year. Any tie  
13 votes shall be resolved by lot in a manner prescribed by the  
14 election committee. Members of the election committee shall  
15 not be eligible for membership on the board. The membership of  
16 the board shall be inclusive and reflect the racial, gender,  
17 geographical, urban/rural, and economic diversity of the  
18 state.

19 "(e) The first meeting of the board shall be held at  
20 the same place and hour, on the first Thursday following the  
21 second meeting of the election committee described in  
22 subsection (b) (1) of this section, to elect officers, decide  
23 upon a date, time, and place for its next meeting or meetings,  
24 and to proceed with the transaction of any business that may  
25 come before the board.

1           "(f) The first annual meeting of the board, which  
2 may be held without notice, shall be held on the anniversary  
3 date of the first meeting of the board. If the date set for  
4 the annual meeting of the board is a legal holiday, the annual  
5 meeting shall be held on the next secular day following. The  
6 date of subsequent annual meetings of the board may be changed  
7 by resolution of the board, and no notice, other than notice  
8 of the adoption of the resolution to any member of the board  
9 who was absent when it was adopted, shall be required for any  
10 annual meeting. Notice of the adoption of a resolution  
11 changing the date of the annual meeting of the board shall be  
12 given to any member of the board who was absent when the  
13 resolution was adopted by mailing a copy of the resolution to  
14 each absent member of the board 10 days prior to the date set  
15 for the annual meeting.

16           "(g) Regular meetings of the board may be  
17 established by resolution of the board, and no notice, other  
18 than notice of the adoption of the resolution to any member of  
19 the board who was absent when it was adopted, shall be  
20 required for any regular meeting. Notice of the adoption of a  
21 resolution establishing regular meetings of the board shall be  
22 given to any member of the board who was absent when the  
23 resolution was adopted by mailing a copy of the resolution to  
24 each absent member of the board 10 days prior to the date of  
25 the regular meeting.

1           "(h) Special meetings of the board may be called by  
2 resolution of the board or by the chairman or vice-chairman or  
3 upon the written request of at least three members of the  
4 board.

5           "(i) Written notice of special meetings shall be  
6 mailed to each municipality contracting with the authority  
7 pursuant to Section 11-50A-17 and to each member of the board  
8 not less than three days prior to the date of any special  
9 meeting. Neither the business to be transacted at nor the  
10 purpose of a special meeting of the board need be specified in  
11 the notice of the meeting. Notice of a special meeting need  
12 only state the time and place of the meeting.

13           "(j) Notice of a meeting of the board need not be  
14 given to any member who signs a waiver of notice either before  
15 or after the meeting. Attendance of a member at a meeting  
16 shall constitute a waiver of notice of the meeting and a  
17 waiver of any and all objections to the time or place of the  
18 meeting or to the manner in which it has been called or  
19 convened, except when a member states at the beginning of the  
20 meeting any objection or objections to the transaction of  
21 business. Neither the business to be transacted at nor the  
22 purpose of any regular or special meeting of the board need be  
23 specified in the waiver of notice of those meetings.

24           "(k) Any vacancy in the membership of the board due  
25 to the death, resignation, change of residence, or disability

1 of a member shall be filled by a new member to be elected by  
2 the remaining members of the board to serve until the next  
3 meeting of the election committee. At the first meeting of the  
4 election committee following the filling of any vacancy, the  
5 election committee shall elect a member to fill the remainder,  
6 if any, of the unexpired term for which the vacancy was  
7 filled. Upon this election by the election committee, the  
8 membership on the board of the member elected to fill any  
9 vacancy by the remaining members of the board shall terminate.  
10 If any member of the board who is employed in any capacity in  
11 the management or operation of the electric distribution  
12 system of any municipality ceases to be so employed, ~~he~~ the  
13 board member shall be deemed to have resigned ~~his~~ membership  
14 on the board within the meaning of this subsection.

15 "(l) The board shall elect as officers of the  
16 authority a chairman, a vice-chairman, a secretary-treasurer,  
17 and any other officers which the board from time to time may  
18 deem necessary. The chairman and vice-chairman shall be  
19 elected from the membership of the board. All officers shall  
20 serve for terms of one year terminating at the next annual  
21 meeting of the board or until their successors are elected and  
22 qualified.

23 "(m) At all meetings of the board, the presence in  
24 person of a majority of the members in office shall be  
25 necessary for the transaction of business, and the affirmative

1 vote of a majority of the members present and voting at a  
2 meeting where a quorum is present shall be necessary for any  
3 action of the board. No vacancy in the membership of the board  
4 shall impair the right of the majority to exercise all the  
5 rights and perform all duties of the board. If at any meeting  
6 there is less than a majority present, a majority of those  
7 present may adjourn the meeting to a fixed time and place, and  
8 notice of that time and place shall be given in accordance  
9 with the provisions of subsection (i) of this section.

10           "(n) ~~The~~ Unless the board by an unanimous vote of  
11 all of the members thereof then serving shall so determine,  
12 the members of the board shall not be entitled to compensation  
13 for their services as directors or officers, ~~but.~~ If the board  
14 determines to provide for compensation, the authority may  
15 compensate its directors in the manner and amounts as shall be  
16 determined from time to time by the board not to exceed six  
17 hundred dollars (\$600) per meeting of the board actually  
18 attended. Members of the board may be reimbursed by the  
19 authority for their actual expenses properly incurred in the  
20 performance of their duties.

21           "(o) The authority shall keep suitable books and  
22 records of all its obligations, contracts, transactions, and  
23 undertakings, and of all its revenues and receipts of every  
24 nature and all expenditures of every kind.

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

9           Section 2. This act shall become effective  
10 immediately following its passage and approval by the  
11 Governor, or its otherwise becoming law.

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President and Presiding Officer of the Senate

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Speaker of the House of Representatives

SB2  
Senate 18-MAR-15  
I hereby certify that the within Act originated in and passed  
the Senate, as amended.

Patrick Harris  
Secretary

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House of Representatives  
Passed: 09-APR-15

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By: Senator Dial