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3 HOUSE WAYS AND MEANS EDUCATION COMMITTEE SUBSTITUTE FOR HB356  
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8 SYNOPSIS: This bill would create an option for certain  
9 retirees of the Teachers' Retirement System and the  
10 Employees' Retirement System to elect to receive a  
11 lump-sum cash payment equal to and in lieu of a  
12 portion of his or her retirement allowance.

13 This bill would also allow certain inactive,  
14 vested members of the Teachers' Retirement System  
15 and the Employees' Retirement System to elect to  
16 receive a lump-sum distribution in lieu of  
17 receiving a deferred retirement allowance.

18 This bill would also create the Alabama  
19 Pension Bond Authority and would authorize the  
20 authority to issue bonds to fund the lump-sum  
21 retirement distributions for vested inactive  
22 members.

23 This bill would also provide for the  
24 formation of the authority, the powers and duties  
25 of the authority, bond requirements, and the  
26 dissolution of the authority.  
27

1 A BILL  
2 TO BE ENTITLED  
3 AN ACT  
4

5 Relating to retirement; to amend Sections 16-25-14  
6 and 36-27-16, Code of Alabama 1975, to allow certain retirees  
7 of the Teachers' Retirement System and the Employees'  
8 Retirement System to elect to receive a lump-sum cash payment  
9 equal to a specified portion of their retirement allowance  
10 under certain conditions; to allow certain vested, inactive  
11 members of the Teachers' Retirement System and the Employees'  
12 Retirement System to elect to receive a lump-sum distribution  
13 in lieu of receiving a deferred retirement allowance; to  
14 provide for the creation of the Alabama Pension Bond  
15 Authority; to provide for the duties and powers of the  
16 authority; to authorize the authority to issue bonds; to  
17 provide for the bond requirements; and to provide for the  
18 dissolution of the authority under certain conditions.

19 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

20 Section 1. Section 16-25-14, Code of Alabama 1975,  
21 is amended to read as follows:

22 "§16-25-14.

23 "(a) (1) Any Tier I plan member who withdraws from  
24 service upon or after attainment of age 60 and any Tier II  
25 plan member who withdraws from service upon or after  
26 attainment of age 62, or in the case of a Tier II plan member  
27 who is a correctional officer, firefighter, or law enforcement

1 officer as defined in Section 36-27-59, who withdraws from  
2 service upon or after attainment of age 56 with at least ten  
3 years of creditable service as a correctional officer,  
4 firefighter, or law enforcement officer may retire upon  
5 written application to the Board of Control setting forth at  
6 what time, not less than 30 days nor more than 90 days  
7 subsequent to the execution and filing thereof, he or she  
8 desires to be retired; provided, that any such member who  
9 became a member on or after October 1, 1963, shall have  
10 completed 10 or more years of creditable service.

11 "(2) Any Tier I plan member who has attained age 60  
12 and any Tier II plan member who has attained age 62, or in the  
13 case of a Tier II plan member who is a correctional officer,  
14 firefighter, or law enforcement officer as defined in Section  
15 36-27-59, who has attained age 56 with at least ten years of  
16 creditable service as a correctional officer, firefighter, or  
17 law enforcement officer and has previously withdrawn from  
18 service may retire upon written application to the Board of  
19 Control setting forth at what time, not less than 30 days nor  
20 more than 90 days subsequent to the execution and filing  
21 thereof, he or she desires to be retired; provided, that the  
22 member shall have completed at the time for his or her  
23 withdrawal from service the requirements established by the  
24 Board of Control for eligibility for deferred benefits  
25 pursuant to Section 16-25-3.

26 "(3) Any person who is presently covered or is  
27 eligible to be covered under the Employees' Retirement System

1 of Alabama or the Teachers' Retirement System of Alabama and  
2 who, prior to such coverage or eligibility for coverage,  
3 served as head of any Alabama county's public library service  
4 department shall have credited to him or her one year of  
5 creditable service for each year served as such head, not to  
6 exceed 12 years; provided, that such person shall pay into the  
7 retirement system the employee's part of the cost or  
8 contribution based on the salary paid to such person during  
9 the time of his or her service in the above capacity, with  
10 such cost or contribution to be calculated at the percent or  
11 rate in effect on October 1, 1973.

12 "(4) Any Tier I plan member of the Teachers'  
13 Retirement System of Alabama, who withdraws from service after  
14 the completion of at least 25 years of creditable service, may  
15 retire upon written application to the Board of Control of the  
16 Teachers' Retirement System setting forth at what time, not  
17 less than 30 days nor more than 90 days subsequent to the  
18 execution and filing thereof, he or she desires to be retired;  
19 provided, that any such member who became a Tier I plan member  
20 on or after October 1, 1963 shall have completed 10 or more  
21 years of creditable service.

22 "(b) Upon retirement from service, a Tier I plan  
23 member shall receive a service retirement allowance which  
24 shall consist of:

25 "(1) An annuity which shall be the actuarial  
26 equivalent of his or her accumulated contributions at the time  
27 of his or her retirement;

1           "(2) A pension which shall be equal to the annuity  
2 allowable at the age of retirement, but not to exceed an  
3 annuity allowable at age 65 computed on the basis of  
4 contributions made prior to the attainment of age 65; and

5           "(3) If he or she has a prior service certificate in  
6 full force and effect, an additional pension which shall be  
7 equal to the annuity which would have been provided at age of  
8 retirement, but not to exceed an annuity allowable at age 65  
9 by twice the contributions which he or she would have made  
10 during the period of prior service with which he or she is  
11 credited had the system been in operation and had he or she  
12 contributed thereunder. In lieu of a determination of the  
13 actual compensation of the members that was received during  
14 such prior service, the Board of Control may use for the  
15 purposes of this chapter the compensation rates which, if they  
16 had progressed with the rates of salary increase shown in the  
17 tables as prescribed in subsection (o) of Section 16-25-19,  
18 would have resulted in the same average salary of the member  
19 for the five years immediately preceding the date of  
20 establishment as the records show the member actually  
21 received.

22           "(c) The annual service retirement pension payable  
23 to a Tier I plan member retiring on or after October 1, 1975,  
24 shall not be less than an amount which when added to his or  
25 her annuity is equal to the greater of the following two  
26 amounts:

1           "(1) Two and one-eightieth percent of the member's  
2 average final compensation multiplied by the number of years  
3 of his or her creditable service; or

4           "(2) If he or she became a member before October 1,  
5 1971, \$72 multiplied by the number of years of his or her  
6 creditable service not in excess of 25 years.

7           Notwithstanding, a member who retired prior to  
8 October 1, 1971, under service retirement shall receive \$120  
9 multiplied by the number of years of his or her creditable  
10 service not in excess of 25 years.

11           "(d) Upon retirement from service, a Tier II plan  
12 member shall receive a service retirement allowance which  
13 shall consist of an annuity which shall be the actuarial  
14 equivalent of the member's accumulated contributions at the  
15 time of retirement and a pension which, when added to the  
16 member's annuity, shall be equal to one and sixty-five  
17 hundredths percent (1.65%) of the member's average final  
18 compensation multiplied by the number of years of creditable  
19 service. Notwithstanding the foregoing, the service retirement  
20 allowance shall not exceed eighty percent (80%) of the  
21 member's average final compensation.

22           "(e) Upon the application of a Tier I plan member in  
23 service or of his or her employer, any member who has had 10  
24 or more years of creditable service may be retired by the  
25 Board of Control on a disability retirement allowance not less  
26 than 30 nor more than 90 days next following the date of  
27 filing such an application; provided, that the medical board,

1 after a medical examination of such member, shall certify that  
2 such member is mentally or physically incapacitated for  
3 further performance of duty, that such incapacity is likely to  
4 be permanent, and that such member should be retired. Upon the  
5 application of a Tier II plan member in service or of his or  
6 her employer, any member who has had 10 or more years of  
7 creditable service may be retired by the Board of Control on a  
8 disability retirement allowance not less than 30 nor more than  
9 90 days next following the date of filing such an application;  
10 provided, that the medical board, after a medical examination  
11 of such member, shall certify that the member is totally and  
12 permanently mentally or physically incapacitated from regular  
13 and substantial gainful employment, and that such member  
14 should be retired.

15 "(f) Upon retirement for disability, a Tier I plan  
16 member shall receive a service retirement allowance if he or  
17 she has attained age 60 or if any law or part of any law  
18 pertaining to retirement under the Teachers' Retirement System  
19 of Alabama provides for service retirement after the  
20 completion of 25 years of creditable service and the member  
21 has completed 25 years of creditable service; otherwise, he or  
22 she shall receive a disability retirement allowance which  
23 shall consist of:

24 "(1) An annuity which shall be the actuarial  
25 equivalent of his or her accumulated contributions at the time  
26 of retirement; and

1           "(2) A pension which shall be equal to the pension  
2 that would have been payable under subdivisions (2) and (3) of  
3 subsection (b) of this section upon service retirement at age  
4 60 had the member continued in service to that age without  
5 change in compensation.

6           "The annual disability retirement pension shall not  
7 be less than an amount which when added to his or her annuity  
8 is equal to the greater of the following amounts:

9           "a. Two and one-eightieth percent of the member's  
10 average final compensation multiplied by the number of years  
11 of creditable service.

12           "b. If he or she became a member before October 1,  
13 1971, \$54 multiplied by the number of years of his or her  
14 creditable service not in excess of 25 years.

15           "Notwithstanding, a member who retired prior to  
16 October 1, 1971, for disability shall receive \$90 multiplied  
17 by the number of years of his or her creditable service not in  
18 excess of 25 years.

19           "(g) Upon retirement for disability, a Tier II plan  
20 member shall receive a service retirement allowance if the  
21 member has attained age 62, or in the case of a Tier II plan  
22 member who is a correctional officer, firefighter, or law  
23 enforcement officer as defined in Section 36-27-59, if the  
24 member has attained age 56 with at least ten years of  
25 creditable service as a correctional officer, firefighter, or  
26 law enforcement officer, otherwise, the member shall receive a  
27 disability retirement allowance which shall be equal to one



1 and sixty-five hundredths percent (1.65%) of the member's  
2 average final compensation multiplied by the number of years  
3 of creditable service.

4 "(h) (1) Once each year during the first five years  
5 following the retirement of a member on a disability  
6 retirement allowance and once in every three-year period  
7 thereafter, the Board of Control may and upon his or her  
8 application shall require any disability beneficiary who has  
9 not yet attained age 60 for a Tier I plan member or age 62 for  
10 a Tier II plan member to undergo a medical examination, such  
11 examination to be made at the place of residence of such  
12 beneficiary or other place mutually agreed upon by a physician  
13 of or designated by the medical board. Should any disability  
14 beneficiary who has not yet attained age 60 for a Tier I plan  
15 member or age 62 for a Tier II plan member refuse to submit to  
16 such medical examination, his or her pension may be  
17 discontinued until his or her withdrawal of such refusal, and  
18 should his refusal continue for one year, all his or her  
19 rights in and to his or her pension may be revoked by the  
20 Board of Control; provided, that these requirements relative  
21 to the medical examination shall not apply in the case of a  
22 Tier II plan member who is a correctional officer,  
23 firefighter, or law enforcement officer as defined in Section  
24 36-27-59 retired for disability and who has attained age 56  
25 with at least ten years of creditable service as a  
26 correctional officer, firefighter, or law enforcement officer.

1           "(2) Should the medical board report and certify to  
2 the Board of Control that a disability beneficiary who is a  
3 Tier I plan member is engaged in or is able to engage in a  
4 gainful occupation paying more than the difference between his  
5 or her retirement allowance and his average final compensation  
6 and should the Board of Control concur in such report, then  
7 the amount of his or her pension shall be reduced to an amount  
8 which, together with his or her annuity and the amount  
9 earnable by him or her, shall equal the amount of his or her  
10 average final compensation. Should his or her earning capacity  
11 be later changed, the amount of his or her pension may be  
12 further modified; provided, that the new pension shall not  
13 exceed the amount of the pension originally granted nor an  
14 amount which, when added to the amount earnable by the  
15 beneficiary together with his or her annuity, equals the  
16 amount of his or her average final compensation.

17           "(3) Should the medical board report and certify to  
18 the Board of Control that a disability beneficiary who is a  
19 Tier II plan member has the capacity to engage in regular and  
20 substantial gainful employment, the Board of Control shall  
21 discontinue the beneficiary's retirement allowance until the  
22 beneficiary is otherwise eligible for service retirement.

23           "(i) (1) Should a member cease to be a teacher,  
24 except by death or by retirement under the provisions of this  
25 chapter, the contributions standing to the credit of his or  
26 her individual account in the Annuity Savings Fund shall be  
27 paid to him or her upon demand, and in addition to such

1 payment there shall be paid five-tenths of the interest  
2 accumulations standing to the credit of his or her individual  
3 account if he or she shall have not less than three but less  
4 than 16 years of membership service, six-tenths of such  
5 interest accumulations if he or she shall have not less than  
6 16 but less than 21 years of membership service, seven-tenths  
7 of such interest accumulations if he or she shall have not  
8 less than 21 but less than 26 years of membership service, and  
9 eight-tenths of such interest accumulations if he or she shall  
10 have not less than 26 years of membership service.

11 "(2) In case of the death of a member eligible for  
12 service retirement pursuant to subsection (a) of this section,  
13 an allowance shall be paid to the surviving spouse, or to such  
14 other person who the member shall have designated, in an  
15 amount that would have been payable if the member had retired  
16 immediately prior to his or her death and had elected Option  
17 3, as set forth in subsection (j) of this section or,  
18 alternatively, if the surviving spouse or other designee  
19 desires, he or she may choose to receive, in lieu of the  
20 allowance provided under Option 3, the accumulated  
21 contributions of the member plus an amount equal to the  
22 accumulated contributions of the member not to exceed \$5,000  
23 or the accumulated contributions of the member plus the  
24 benefit provided by Section 36-27B-3 if a benefit is payable  
25 under such section.

26 "(3) Upon the death of a member on account of whom  
27 no survivor allowance is payable under subdivision (2) of this

1 subsection, the accumulated contributions of the member plus  
2 an amount equal to the accumulated contributions not to exceed  
3 \$5,000 or the accumulated contributions of the member plus the  
4 benefit provided by Section 36-27B-3 if a benefit is payable  
5 under such section shall be paid to his or her estate or to  
6 such person as he shall have nominated by written designation  
7 duly executed and filed with the Board of Control.

8 "(j) With the provision the election of an option  
9 shall be effective on the effective date of retirement, any  
10 member may elect prior to retirement to receive, in lieu of  
11 his or her retirement allowance payable throughout life, the  
12 actuarial equivalent at that time of his or her retirement  
13 allowance in a reduced retirement allowance payable throughout  
14 life with the provision that:

15 "(1) OPTION 1. If he or she dies before he or she  
16 has received in annuity payments the present value of his or  
17 her annuity as it was at the time of his or her retirement,  
18 the balance shall be paid to his or her legal representatives  
19 or to such person as he or she shall nominate by written  
20 designation duly acknowledged and filed with the Board of  
21 Control;

22 "(2) OPTION 2. Upon his or her death, his or her  
23 reduced retirement allowance shall be continued throughout the  
24 life of and paid to such person as he or she shall nominate by  
25 written designation duly acknowledged and filed with the Board  
26 of Control at the time of his or her retirement;

1           "(3) OPTION 3. Upon his or her death, one half of  
2 his or her reduced retirement allowance shall be continued  
3 throughout the life of and paid to such person as he or she  
4 shall nominate by written designation duly acknowledged and  
5 filed with the Board of Control at the time of his or her  
6 retirement; ~~or~~

7           "(4) OPTION 4. Some other benefit or benefits shall  
8 be paid either to the member or to such person or persons as  
9 he or she shall nominate; provided, that such other benefit or  
10 benefits, together with the reduced retirement allowance,  
11 shall be certified by the actuary to be of equivalent  
12 actuarial value to his or her retirement allowance and shall  
13 be approved by the Board of Control; or

14           "(5) OPTION 5. At the time of retirement, he or she  
15 shall receive a partial lump sum distribution as a single  
16 payment not to exceed the sum of 24 months of the maximum  
17 monthly retirement allowance the member could receive. This  
18 option may be elected in addition to the election of another  
19 option under this subsection and the further reduced monthly  
20 retirement allowance shall be calculated in accordance with  
21 the selected option. This option shall not be available to a  
22 member who is receiving a disability retirement.

23           "(k) The Retirement Systems of Alabama shall make  
24 available and provide financial counseling to any member that  
25 elects Option 5 as provided in subsection (j).

26           "~~(k)~~ (l) Should any beneficiary be restored to  
27 active service, his or her retirement allowance shall be

1 suspended until he or she again withdraws from service and, he  
2 or she shall not again become a member, nor shall he or she  
3 make contributions; except, that should such beneficiary who  
4 has been restored to active service continue in service for a  
5 period of two or more years from the date of his or her  
6 reentry into active service, he or she may request the Board  
7 of Control to allow him or her to again become a member of the  
8 retirement system. The Board of Control may grant the request  
9 for restoration to membership; provided, that such beneficiary  
10 whose retirement allowance has been suspended shall repay to  
11 the system all moneys received by him or her as benefits  
12 during any period subsequent to the date of his or her reentry  
13 into active service; provided further, that he or she shall  
14 make a contribution equal to the amount he or she would have  
15 contributed had he or she been a member during the period of  
16 his or her restoration to active service on a suspended  
17 allowance basis, together with the interest which would have  
18 been credited to the contributions on account of such period  
19 of restoration up to the date such contribution is made.

20 "~~(l)~~ (m) (1) All retirement allowance payments due on  
21 or after October 1, 1975, to members who retired prior to  
22 October 1, 1975, shall be redetermined as if the provisions of  
23 subsections (b) and (e) of this section which became effective  
24 on said date were in effect at the time the member retired;  
25 provided, that the annual retirement allowance of any member  
26 who retired on or before January 1, 1956, shall be not less  
27 than \$132 multiplied by the number of years of his or her

1       creditable service not in excess of 30 years in the case of  
2       service retirement or \$99 multiplied by the number of years of  
3       creditable service not in excess of 30 years in the case of  
4       disability retirements. Any increase provided in the  
5       retirement allowance payment under this subsection for a  
6       member who retired under the provisions of any optional  
7       benefit elected pursuant to subsection (j) of this section  
8       shall accrue only to the retired member, and no person  
9       designated to receive any payments after the death of a  
10      retired member under the provisions of any such optional  
11      benefit shall receive any increase in such payments under this  
12      subsection.

13               "(2) Any person who served at least 30 years as a  
14      teacher in the public schools of Alabama and was never a  
15      member of the system and who, prior to October 1, 1963, was in  
16      receipt of a benefit for old age assistance pursuant to  
17      subsections (1) and (2) of Section 1 of 116, approved August  
18      24, 1959, shall be entitled to receive an annual retirement  
19      allowance of \$3,960 from the system, effective as of October  
20      1, 1973.

21               "(3) Prior to October 31, 1975 any beneficiary may  
22      elect to leave on deposit with the system all or a specified  
23      part of any increase in his or her monthly retirement  
24      allowance payments arising in accordance with subdivision (1)  
25      or (2) of this subsection. The portion of each monthly payment  
26      left in the system in accordance with such election shall be  
27      credited, together with regular interest thereon, to the

1 individual account of such beneficiary. Upon the death of such  
2 beneficiary, the total amount standing to his or her credit,  
3 including regular interest to the date of death, shall be paid  
4 in a lump sum to his or her legal representative or to such  
5 person as he or she shall have nominated by written  
6 designation duly acknowledged and filed with the Board of  
7 Control.

8 ~~(m)~~(n) Notwithstanding any other provisions of this  
9 section to the contrary, when a designated beneficiary for a  
10 member predeceases the member who is receiving a monthly  
11 benefit allowance provided under Option 2, 3, ~~or~~ 4, or 5, the  
12 member may designate a replacement beneficiary for the  
13 deceased beneficiary to become effective two years after the  
14 date of designation of the replacement beneficiary and an  
15 actuarial adjustment in the monthly benefit allowance of the  
16 member to cover any cost associated with designating a  
17 replacement beneficiary shall be reflected thereafter in the  
18 monthly benefit allowance received by the member, commencing  
19 with the first benefit allowance check received by the member  
20 following the date of designation of the replacement  
21 beneficiary.

22 "~~(n)~~(o) Notwithstanding any provision of this  
23 section to the contrary, if a retired member who is receiving  
24 a monthly benefit allowance provided under Option 2, 3, ~~or~~ 4, or  
25 or 5 divorces his or her designated beneficiary, the member  
26 may designate a replacement beneficiary for the beneficiary to  
27 become effective two years after the date of designation of



1 the replacement beneficiary and an actuarial adjustment in the  
2 monthly benefit allowance of the member to cover any cost  
3 associated with designating a replacement beneficiary shall be  
4 reflected thereafter in the monthly benefit allowance received  
5 by the member, commencing with the first benefit allowance  
6 check received by the member following the date of designation  
7 of the replacement beneficiary.

8 "~~(o)~~ (p) Any future act to increase the retirement  
9 age for Tier II plan members above the age of 62 shall require  
10 a two-thirds vote of the elected membership of each house of  
11 the Legislature.

12 Section 2. (a) Notwithstanding any other provision  
13 of law to the contrary, any inactive, vested member of the  
14 Teachers' Retirement System may elect to receive a lump-sum  
15 cash payment equal to the present value of his or her  
16 retirement allowance in lieu of his or her retirement  
17 allowance, subject to the following limitations:

18 (1) The member must not have attained the age and  
19 years of service requirements to be eligible for retirement;

20 (2) The election to receive the lump sum cash  
21 payment must be made prior to October 1, 2017;

22 (3) The lump sum cash payment amount must be greater  
23 than the total contributions and interest credited to the  
24 member's account.

25 (b) Not later than December 1, 2017, the actuary for  
26 the Teachers' Retirement System shall calculate the total lump  
27 sum payments to be made pursuant to this section, and the

1 Teachers' Retirement System shall notify the Alabama Pension  
2 Bond Authority of that total amount.

3 (c) The Alabama Pension Bond Authority shall provide  
4 the amount necessary to pay the total lump sum payments to the  
5 Teachers' Retirement System. The Teachers' Retirement System  
6 shall pay the lump sums to the electing members after receipt  
7 of such funds from the Alabama Pension Bond Authority.

8 (d) Beginning with the valuation for the fiscal year  
9 ending September 30, 2017, and continuing with each subsequent  
10 valuation until there are no obligations of the Alabama  
11 Pension Bond Authority outstanding, the actuary for the  
12 Teachers' Retirement System shall calculate an additional  
13 employer contribution rate, to be known as the "pension bond  
14 contribution", which shall be in addition to the contributions  
15 required by Section 16-25-21. The pension bond contribution  
16 shall be computed by the actuary as the percentage rate of the  
17 total compensation of all members which is sufficient to  
18 generate the funds necessary to pay debt service on  
19 obligations of the Alabama Pension Bond Authority.

20 (e) The pension bond contribution shall be paid by  
21 each employer and shall be deposited into the Alabama Pension  
22 Bond Authority special fund created pursuant to this act.

23 Section 3. A member's creditable service under this  
24 Article shall be terminated upon the member's receipt of his  
25 or her lump sum payment under Section 5, the member may not  
26 elect to purchase prior service credit for the terminated  
27 creditable service, and no other benefit shall be paid under

1 this Article based on those terminated creditable service,  
2 included any retirement, survivor, or other benefit; except  
3 that, once the member attains the age and years of service  
4 requirements to be eligible for retirement, members that  
5 received the lump sum payment under Section 2 in lieu of a  
6 monthly retirement benefit shall remain eligible for retiree  
7 health insurance coverage under Title 16 Chapter 25 or Title  
8 36 Chapter 29.

9 Section 4. Section 36-27-16, Code of Alabama 1975,  
10 is amended to read as follows:

11 "§36-27-16.

12 "(a) (1) RETIREMENT, ETC., OF EMPLOYEES GENERALLY;  
13 ELIGIBILITY FOR SERVICE RETIREMENT BENEFITS.

14 "a. Any Tier I plan member who withdraws from  
15 service upon or after attainment of age 60 and any Tier II  
16 plan member who withdraws from service upon or after  
17 attainment of age 62 may retire upon written application to  
18 the Board of Control setting forth at what time, not less than  
19 30 days nor more than 90 days subsequent to the execution and  
20 filing thereof, he or she desires to be retired; provided,  
21 that any such member who became a member on or after October  
22 1, 1963, shall have completed 10 or more years of creditable  
23 service; provided further, that a Tier I plan member employed  
24 as a state policeman shall be eligible to file application for  
25 service retirement upon attaining age 52 and a Tier II plan  
26 member employed as a state policeman or employed as a  
27 correctional officer, firefighter, or law enforcement officer

1 as defined in Section 36-27-59 with at least ten years of  
2 creditable service as a correctional officer, firefighter, or  
3 law enforcement officer shall be eligible to file application  
4 for service retirement upon attaining age 56.

5 "b. Any Tier I plan member who has attained age 60,  
6 or age 52 in the case of a state policeman and any Tier II  
7 plan member who has attained age 62, or age 56 in the case of  
8 a state policeman or in the case of a correctional officer,  
9 firefighter, or law enforcement officer as defined in Section  
10 36-27-59 who has at least ten years of creditable service as  
11 a correctional officer, firefighter, or law enforcement  
12 officer, and has previously withdrawn from service may retire  
13 upon written application to the Board of Control setting forth  
14 at what time, not less than 30 days nor more than 90 days  
15 subsequent to the execution and filing thereof, he or she  
16 desires to be retired; provided, the member shall have at the  
17 time of his or her withdrawal from service completed the age  
18 and service requirements established by the Board of Control  
19 for eligibility for deferred benefits; provided, that such  
20 minimum number of years of creditable service shall not be  
21 less than 10 years nor more than 25 years.

22 "c. In addition to any law or part of law relating  
23 to service retirement under the Employees' Retirement System  
24 of Alabama, any Tier I plan member of the Employees'  
25 Retirement System who withdraws from service after completion  
26 of not less than 25 years of creditable service may retire  
27 without a reduction in retirement allowance upon written

1 application to the Board of Control of the Employees'  
2 Retirement System setting forth the first day of which month,  
3 not less than 30 days or more than 90 days subsequent to the  
4 execution and filing thereof, he or she desires to be retired,  
5 provided that no person whose employer participates in the  
6 Employees' Retirement System under Section 36-27-6 shall be  
7 entitled to the benefits provided in this paragraph unless  
8 such employer elects to come under the provisions of the  
9 paragraph. Any employer making such election must bear the  
10 cost of such benefit.

11 "(2) AMOUNT OF SERVICE RETIREMENT ALLOWANCE.

12 "a. Upon retirement from service a Tier I plan  
13 member shall receive a service retirement allowance which  
14 shall consist of:

15 "1. An annuity which shall be the actuarial  
16 equivalent of his or her accumulated contributions at the time  
17 of his or her retirement; except, that in the case of a state  
18 policeman who has completed 20 years of creditable service as  
19 a state policeman who retires after age 56 but prior to age  
20 60, the annuity shall be equal to the annuity that would have  
21 been payable upon service retirement at age 60 had the member  
22 continued in service to age 60 without change in compensation;

23 "2. A pension which shall be equal to the annuity  
24 allowance at age of retirement, but not to exceed an annuity  
25 allowable at age 65, computed on the basis of contributions  
26 made prior to attainment of age 65; except, that in the case  
27 of a state policeman who has completed 20 years of creditable

1 service as a state policeman who retires after age 56 but  
2 prior to age 60, the pension shall be equal to the annuity  
3 that he or she would have received had he or she contributed  
4 to age 60 without change in compensation; and

5 "3. An additional pension, if he or she has a prior  
6 service certificate in full force and effect, which shall be  
7 equal to the annuity which would have been provided at the age  
8 of retirement, but which shall not exceed an annuity allowable  
9 at age 65 by twice the contributions which he or she would  
10 have made during the period of prior service with which he or  
11 she is credited had the system been in operation and had he or  
12 she contributed thereunder; except, that in case of a state  
13 policeman who has completed 20 years of creditable service as  
14 a state policeman who retired after age 56 but prior to age  
15 60, an additional pension, if he or she has a prior service  
16 certificate in full force and effect, which shall be equal to  
17 the annuity which would have been provided at age 60, but  
18 which shall not exceed an annuity allowable at age 60 by twice  
19 the contributions which he or she would have made during the  
20 period of prior service with which he or she is credited had  
21 the system been in operation and had he or she contributed  
22 thereunder.

23 "b. Notwithstanding the provisions of subparagraphs  
24 1, 2, and 3 of paragraph a. of this subdivision, a state  
25 policeman who is a Tier I plan member and who has completed 20  
26 years of service as a state policeman who retires after age 52  
27 but prior to age 56 shall receive:

1           "1. An annuity which shall be equal to the annuity  
2 that would have been payable had the member continued in  
3 service for four years without change in compensation;

4           "2. A pension which shall be equal to the annuity  
5 that he or she would have received had he or she contributed  
6 for four years without change in compensation; and

7           "3. An additional pension, if he or she has a prior  
8 service certificate in full force and effect, which shall be  
9 equal to the annuity which would have been provided at the age  
10 of retirement, but which shall not exceed an annuity allowable  
11 at the age of retirement plus four years by twice the  
12 contributions which he or she would have made during the  
13 period of prior service with which he or she is credited had  
14 the system been in operation and had he or she contributed  
15 thereunder. In lieu of a determination of the actual  
16 compensation of a member that was received during such prior  
17 service, the Board of Control may use for the purpose of this  
18 article the compensation rate which, if it had progressed with  
19 the rates of salary increase shown in the tables as prescribed  
20 in subsection (n) of Section 36-27-23, would have resulted in  
21 the same average salary of the member for the five years  
22 immediately preceding the date of establishment as the records  
23 show the member actually received.

24           "c. The annual service retirement pension payable to  
25 a Tier I plan member not employed as a state policeman  
26 retiring on or after October 1, 1975, shall not be less than

1 an amount which, when added to his or her annuity, is equal to  
2 the greater of the following two amounts:

3 "1. Two and one-eightieth percent of the member's  
4 average final compensation multiplied by the number of years  
5 of his or her creditable service; or

6 "2. If he or she became a member before October 1,  
7 1965, \$72.00 multiplied by the number of years of his or her  
8 creditable service not in excess of 25 years.

9 "d. The annual service retirement pension payable to  
10 a Tier I plan member employed as a state policeman retiring on  
11 or after October 1, 1975, shall not be less than an amount  
12 which, when added to his or her annuity is equal to the  
13 greater of the following two amounts:

14 "1. Two and seven-eighths percent of the member's  
15 average final compensation multiplied by the number of years  
16 of his or her creditable service. Creditable service for any  
17 state policeman under the age of 56 years who has completed 20  
18 years of creditable service as a state policeman shall include  
19 a bonus equal to four additional years. Creditable service for  
20 a state policeman 56 years or older shall include a bonus  
21 equal to the years or portion thereof remaining until the  
22 member reaches age 60; or

23 "2. If he or she became a member before October 1,  
24 1965, \$86.40 multiplied by the number of years of his or her  
25 creditable service not in excess of 25 years; provided,  
26 however, that if such member has completed 20 years of  
27 creditable service as a state policeman and has not attained



1 age 60 at the time of retirement, the pension shall be  
2 determined as provided in this subparagraph on the basis of  
3 the number of years of creditable service which he or she  
4 would have had if he or she had remained in service for four  
5 years, except that, in the case of those state policemen  
6 retiring at age 56 or after, the number of years in  
7 determining the pension shall not exceed the number of years  
8 of creditable service which he or she would have had if he or  
9 she had remained in service to age 60.

10 "e. Upon retirement from service, a Tier II plan  
11 member who is not employed as a state policeman shall receive  
12 a service retirement allowance which shall consist of an  
13 annuity which shall be the actuarial equivalent of the  
14 member's accumulated contributions at the time of retirement  
15 and a pension which, when added to the member's annuity, shall  
16 be equal to one and sixty-five hundredths percent (1.65%) of  
17 the member's average final compensation multiplied by the  
18 number of years of creditable service. Notwithstanding the  
19 foregoing, the service retirement allowance shall not exceed  
20 eighty percent (80%) of the member's average final  
21 compensation.

22 "f. Upon retirement from service, a Tier II plan  
23 member who is employed as a state policeman shall receive a  
24 service retirement allowance which shall consist of an annuity  
25 which shall be the actuarial equivalent of the member's  
26 accumulated contributions at the time of retirement and a  
27 pension which, when added to the member's annuity, shall be

1 equal to two and three-eighths percent (2.375%) of the  
2 member's average final compensation multiplied by the member's  
3 number of years of creditable service. Notwithstanding the  
4 foregoing, the service retirement allowance shall not exceed  
5 eighty percent (80%) of the member's average final  
6 compensation.

7 "g. Anything in this article to the contrary  
8 notwithstanding, in the application of the foregoing  
9 provisions of this subdivision to a member whose creditable  
10 service includes a period of service as a state policeman and  
11 a period of service in another employment classification, the  
12 benefit rates applicable to a member employed as a state  
13 policeman shall apply to all creditable service as a state  
14 policeman, and the benefit rates applicable to a member not  
15 employed as a state policeman shall apply to all creditable  
16 service, but in all other respects the pension under this  
17 subdivision shall be determined on the basis of the member's  
18 employment classification at the time of his or her withdrawal  
19 from service.

20 "h. The annual service retirement pension payable to  
21 any state employee who had attained age 60 on or before  
22 October 1, 1945, who declined membership in the Employees'  
23 Retirement System of Alabama in the manner prescribed in  
24 Section 36-27-4 and who retires as a state employee after  
25 completing a minimum of 15 years' service shall be \$72.00  
26 multiplied by the number of years of his or her service not in  
27 excess of 25 years.

1                   "(b) (1) RETIREMENT OF DISABLED EMPLOYEES;  
2                   ELIGIBILITY FOR DISABILITY RETIREMENT BENEFITS.

3                   "a. Upon application of a Tier I plan member in  
4                   service or of his or her employer, any member who has had 10  
5                   or more years of creditable service who becomes disabled may  
6                   be retired on a disability retirement allowance by the Board  
7                   of Control not less than 30 nor more than 90 days next  
8                   following the date of filing of such application; provided,  
9                   that the medical board, after a medical examination of such  
10                  member, shall certify that such member is mentally or  
11                  physically incapacitated for the further performance of duty,  
12                  that such incapacity is likely to be permanent and that such  
13                  member should be retired. Upon the application of a Tier II  
14                  plan member in service or his or her employer, any member who  
15                  has had 10 or more years of creditable service may be retired  
16                  by the Board of Control on a disability retirement allowance  
17                  not less than 30 nor more than 90 days next following the date  
18                  of filing such application; provided, that the medical board,  
19                  after a medical examination of such member, shall certify that  
20                  the member is totally and permanently mentally or physically  
21                  incapacitated from regular and substantial gainful employment,  
22                  and that such member should be retired.

23                  "b. Without regard to the number of years of  
24                  creditable service, a member employed as a state policeman, a  
25                  municipal police officer or a deputy sheriff, or a member  
26                  employed as a state, municipal, or county firefighter who is  
27                  not covered through his or her current employer under the

1 United States Social Security Act, who as a result of his or  
2 her employment, in the line of duty and not as a result of his  
3 or her own misconduct, shall become permanently and totally  
4 disabled to the extent that he or she cannot perform his or  
5 her duties or duties of a less strenuous nature, as an  
6 employee of the State of Alabama or as an employee of an  
7 employer participating under the provisions of Section  
8 36-27-6, shall be retired on a disability retirement  
9 allowance, not less than 30 nor more than 90 days next  
10 following the date of filing of such application, provided  
11 that the medical board, after a medical examination of such  
12 member shall certify that such member is mentally or  
13 physically incapacitated for the further performance of duty,  
14 that such incapacity is likely to be permanent, and that such  
15 member should be retired.

16 "(2) AMOUNT OF DISABILITY RETIREMENT ALLOWANCE.

17 "a. Upon retirement for disability a member shall  
18 receive a service retirement allowance if he or she is a Tier  
19 I plan member and he or she has attained age 60 or if he or  
20 she is a Tier II plan member and he or she has attained age  
21 62, or if any law or part of any law pertaining to retirement  
22 under the Employees' Retirement System of Alabama provides for  
23 service retirement after the completion of 25 years of  
24 creditable service without a reduction in the retirement  
25 allowance and the member has completed 25 years of creditable  
26 service, or, in the case of a state policeman, if he or she is  
27 a Tier I plan member and he or she has attained age 52 or, in

1 the case of a state policeman or a correctional officer,  
2 firefighter, or law enforcement officer as defined in Section  
3 36-27-59 with at least ten years of creditable service as a  
4 correctional officer, firefighter, or law enforcement officer,  
5 if he or she is a Tier II plan member and he or she has  
6 attained age 56; otherwise, he or she shall receive a  
7 disability retirement allowance which shall consist of:

8 "1. An annuity which shall be the actuarial  
9 equivalent of his or her accumulated contributions at the time  
10 of his or her retirement;

11 "2. A pension which shall be equal to the pension  
12 that would have been payable under subparagraphs 2 and 3 of  
13 paragraph a. of subdivision (2) of subsection (a) of this  
14 section upon service retirement at age 65 had the member  
15 continued in service to that age without change in  
16 compensation.

17 "b. The annual disability retirement pension payable  
18 to a Tier I plan member not employed as a state policeman  
19 retiring on or after October 1, 1975, shall not be less than  
20 an amount which when added to his or her annuity is equal to  
21 the greatest of the following two amounts:

22 "1. Two and one-eightieth percent of the member's  
23 average final compensation multiplied by the number of years  
24 of creditable service.

25 "2. If he or she became a member before October 1,  
26 1965, \$54.00 multiplied by the number of years of his or her  
27 creditable service not in excess of 25 years.

1            "c. The annual disability retirement pension payable  
2 to a Tier I plan member employed as a state policeman retiring  
3 on or after October 1, 1975, shall not be less than an amount  
4 which when added to his or her annuity is equal to the greater  
5 of the following two amounts:

6            "1. Two and seven-eighths percent of the member's  
7 average final compensation multiplied by the number of years  
8 of his or her creditable service. Creditable service for any  
9 state policeman under the age of 56 years who has completed 20  
10 years of creditable service as a state policeman shall include  
11 a bonus equal to four additional years. Creditable service for  
12 a state policeman 56 years or older shall include a bonus  
13 equal to the years or portion thereof remaining until the  
14 member reaches age 60; or

15            "2. If he or she became a member before October 1,  
16 1965, \$64.80 multiplied by the number of years of his or her  
17 creditable service not in excess of 25 years.

18            "d. The annual disability retirement allowance  
19 payable to a Tier II plan member not employed as a state  
20 policeman shall be equal to one and sixty-five hundredths  
21 percent (1.65%) of the member's average final compensation  
22 multiplied by the number of years of creditable service.

23            "e. The annual disability retirement allowance  
24 payable to a Tier II plan member employed as a state policeman  
25 shall be equal to two and three-eighths percent (2.375%) of  
26 the member's average final compensation multiplied by the  
27 number of years of creditable service.

1            "f. Anything in this chapter to the contrary  
2 notwithstanding in the application of the provisions of this  
3 subdivision to a member whose creditable service includes a  
4 period of service as a state policeman and a period of service  
5 in another employment classification the benefit rates  
6 applicable to a member employed as a state policeman shall  
7 apply to all creditable service as a state policeman, and the  
8 benefit rates applicable to a member not employed as a state  
9 policeman shall apply to all other creditable service, but in  
10 all other respects the pension under this subdivision shall be  
11 determined on the basis of the member's employment  
12 classification at the time of his or her withdrawal from  
13 service.

14            "(3) REEXAMINATION OF BENEFICIARIES RETIRED ON  
15 ACCOUNT OF DISABILITY. Once each year during the first five  
16 years following the retirement of a member on a disability  
17 retirement allowance and once every three-year period  
18 thereafter, the Board of Control may, and upon his or her  
19 application shall, require any disability beneficiary who has  
20 not yet attained age 60 if the beneficiary is a Tier I plan  
21 member or age 62 if the beneficiary is a Tier II plan member  
22 to undergo a medical examination, such examination to be made  
23 at the place of residence of such beneficiary or other place  
24 mutually agreed upon by a physician or physicians of or  
25 designated by the medical board. Should any disability  
26 beneficiary who has not yet attained age 60 if the beneficiary  
27 is a Tier I plan member or age 62 if the beneficiary is a Tier

1 II plan member refuse to submit to such medical examination,  
2 his or her allowance may be discontinued until his or her  
3 withdrawal of such refusal, and, should his or her refusal  
4 continue for one year, all his or her rights in and to his or  
5 her pension may be revoked by the Board of Control; provided,  
6 that these requirements relative to the medical examination  
7 shall not apply in the case of a state policeman retired for  
8 disability and who has attained age 52 if he or she is a Tier  
9 I plan member or in the case of a state policeman or a  
10 correctional officer, firefighter, or law enforcement officer  
11 as defined in Section 36-27-59 with at least ten years of  
12 creditable service as a correctional officer, firefighter, or  
13 law enforcement officer retired for disability who has  
14 attained age 56 if he or she is a Tier II plan member. Should  
15 the medical board report and certify to the Board of Control  
16 that a disability beneficiary who is a Tier I plan member is  
17 engaged in or is able to engage in a gainful occupation paying  
18 more than the difference between his or her retirement  
19 allowance and his or her average final compensation and should  
20 the Board of Control concur in such report, then the amount of  
21 his or her pension shall be reduced to an amount which,  
22 together with his or her annuity and the amount earnable by  
23 him or her shall equal the amount of his or her average final  
24 compensation. Should his or her earning capacity be later  
25 changed, the amount of his or her pension may be further  
26 modified; provided, that the new pension shall not exceed the  
27 amount of the pension originally granted nor an amount which,



1 when added to the amount earnable by the beneficiary, together  
2 with this annuity exceeds the amount of his or her average  
3 final compensation.

4 "Should the medical board report and certify to the  
5 Board of Control that a disability beneficiary who is a Tier  
6 II plan member has the capacity to engage in regular and  
7 substantial gainful employment, the Board of Control shall  
8 discontinue the beneficiary's retirement allowance until the  
9 beneficiary is otherwise eligible for service retirement.

10 "(c) Disposition of contributions and allowances  
11 upon death, etc., of member.

12 "(1) Should a member cease to be an employee except  
13 by death or by retirement under the provisions of this  
14 article, the contributions standing to the credit of his or  
15 her individual account in the Annuity Savings Fund shall be  
16 paid to him or her upon demand and, in addition to such  
17 payment, there shall be paid five-tenths of the interest  
18 accumulations standing to the credit of his or her individual  
19 account if he or she shall have not less than three but less  
20 than 16 years of membership service, six-tenths of such  
21 interest accumulations if he or she shall have not less than  
22 16 but less than 21 years of membership service, seven-tenths  
23 of such interest accumulations if he or she shall have not  
24 less than 21 but less than 26 years of membership service and  
25 eight-tenths of such interest accumulations if he or she shall  
26 have not less than 26 years of membership service.

1           "(2) In case of the death of a member eligible for  
2 service retirement pursuant to subsection (a) of this section,  
3 an allowance shall be paid to the surviving spouse, or to such  
4 other person who the member shall have designated, in an  
5 amount that would have been payable if the member had retired  
6 immediately prior to his or her death and had elected Option  
7 3, as set forth in subsection (d) of this section or,  
8 alternatively, if the surviving spouse or other designee  
9 desires, he or she may choose to receive, in lieu of the  
10 allowance provided under Option 3, the accumulated  
11 contributions of the member plus an amount equal to the  
12 accumulated contributions of the member not to exceed  
13 \$5,000.00 or the accumulated contributions of the member plus  
14 the benefit provided by Section 36-27B-3 if a benefit is  
15 payable under such section;

16           "(3) In case of the death of a Tier I plan member  
17 not eligible for service retirement, after completion of 25  
18 years of creditable service, an allowance shall be paid to the  
19 surviving spouse, or to such other person who the member shall  
20 have designated, in an amount that would have been payable if  
21 the member had retired for disability immediately prior to his  
22 or her death and had elected Option 3 as set forth in  
23 subsection (d) of this section or, alternatively, if the  
24 surviving spouse or other designee desires, he or she may  
25 choose to receive, in lieu of the allowance provided under  
26 Option 3, the accumulated contributions of the member plus an  
27 amount equal to the accumulated contributions of the member

1 not to exceed \$5,000.00 or the accumulated contributions of  
2 the member plus the benefit provided by Section 36-27B-3 if a  
3 benefit is payable under such section;

4 "(4) Upon the death of a member on account of whom  
5 no survivor allowance is payable under subdivisions (2) or (3)  
6 of this subsection, the accumulated contributions of the  
7 member plus an amount equal to the accumulated contributions  
8 not to exceed \$5,000 or the accumulated contributions of the  
9 member plus the benefit provided by Section 36-27B-3 if a  
10 benefit is payable under such section shall be paid to his or  
11 her estate or to such person as he or she shall have nominated  
12 by written designation duly executed and filed with the Board  
13 of Control.

14 "(d) Optional allowances. With the provision that  
15 the election of an option shall be effective on the effective  
16 date of retirement, any member may elect prior to retirement  
17 to receive, in lieu of his or her retirement allowance payable  
18 throughout life, the actuarial equivalent, at that time, of  
19 his or her retirement allowance in a reduced retirement  
20 allowance payable throughout life with the provisions that:

21 "(1) OPTION 1. If he or she dies before he or she  
22 has received in annuity payments the present value of his or  
23 her annuity as it was at the time of his or her retirement,  
24 the balance shall be paid to his or her legal representatives  
25 or to such person as he or she shall nominate by written  
26 designation duly acknowledged and filed with the Board of  
27 Control;

1           "(2) OPTION 2. Upon his or her death, his or her  
2 reduced retirement allowance shall be continued throughout the  
3 life of and paid to such person as he or she shall nominate by  
4 written designation duly acknowledged and filed with the Board  
5 of Control at the time of his or her retirement;

6           "(3) OPTION 3. Upon his or her death, one half of  
7 his or her reduced allowance shall be continued throughout the  
8 life of and paid to such person as he or she shall nominate by  
9 written designation duly acknowledged and filed with the Board  
10 of Control at the time of his or her retirement; or

11           "(4) OPTION 4. Some other benefit or benefits shall  
12 be paid either to the member or to such person or persons as  
13 he or she shall nominate; provided, that such other benefits,  
14 together with the reduced retirement allowance, shall be  
15 certified by the actuary to be of equivalent actuarial value  
16 to his or her retirement allowance and shall be approved by  
17 the Board of Control.

18           "(5) OPTION 5. At the time of retirement, he or she  
19 shall receive a partial lump sum distribution as a single  
20 payment not to exceed the sum of 24 months of the maximum  
21 monthly retirement allowance the member could receive. This  
22 option may be elected in addition to the election of another  
23 option under this subsection and the further reduced monthly  
24 retirement allowance shall be calculated in accordance with  
25 the selected option. This option shall not be available to a  
26 member who is receiving a disability retirement.

1                   (e) The Retirement Systems of Alabama shall make  
2                   available and provide financial counseling to any member that  
3                   elects Option 5 as provided in subsection (d).

4                   "~~(e)~~ (f) Effect of return to active service. Should  
5                   any beneficiary be restored to active service, his or her  
6                   retirement allowance shall be suspended until he or she again  
7                   withdraws from service and he or she shall not again become a  
8                   member of the retirement system nor shall he or she make  
9                   contributions; except, that should such beneficiary who has  
10                  been restored to active service continue in service for a  
11                  period of two or more years from the date of his or her  
12                  reentry into active service, he or she may request the Board  
13                  of Control to allow him or her to again become a member of the  
14                  retirement system. The Board of Control may grant the request  
15                  for restoration to membership; provided, that such beneficiary  
16                  whose retirement allowance has been suspended shall repay to  
17                  the system all moneys received by him or her as benefits  
18                  during any periods subsequent to the date of his or her  
19                  reentry into active service and shall make a contribution  
20                  equal to the amount he or she would have contributed had he or  
21                  she been a member during the period of his or her restoration  
22                  to active service on a suspended allowance basis together with  
23                  the interest which would have been credited to the  
24                  contributions on account of such period of restoration up to  
25                  the date such contribution is made.

26                  "~~(f)~~ ~~(1)~~ (g) (1) REDETERMINATION, ETC., OF CERTAIN  
27                  ALLOWANCES. All retirement allowance payments due on or after

1       October 1, 1975, to members who retired prior to that date  
2       shall be redetermined as if the provisions of this section in  
3       effect on October 1, 1975, were in effect at the time the  
4       member retired. Anything in this article to the contrary  
5       notwithstanding, the annual retirement allowance of any member  
6       not employed as a state policeman who retired on or before  
7       January 1, 1956, shall not be less than \$79.20 multiplied by  
8       the number of years of his or her creditable service not in  
9       excess of 30 years in the case of service retirement of \$59.40  
10      multiplied by the number of years of his or her creditable  
11      service not in excess of 30 years in the case of disability  
12      retirement. Any increase provided in the retirement allowance  
13      payment under this subdivision for a member who retired under  
14      the provisions of any optional benefit elected pursuant to  
15      subsection (d) of this section shall accrue only to the  
16      retired member, and no person designated to receive any  
17      payments after the death of a retired member under the  
18      provisions of any such optional benefit shall receive any  
19      increase in such payments under this subdivision.  
20      Notwithstanding, any member who retired prior to October 1,  
21      1975, and who chose either Option 2 or Option 3 may elect to  
22      receive a reduced allowance and to stipulate that the  
23      actuarial equivalent of the increase in his or her retirement  
24      allowance, which became effective on that date, be ascribed to  
25      his or her designated beneficiary; provided, that such member  
26      shall clearly express this intention by filing a written  
27      application to the effect with the Secretary-Treasurer of the

1 Employees' Retirement System of Alabama prior to October 1,  
2 1976.

3 "(2) Any person who, prior to October 1, 1963, was  
4 in receipt of a benefit pursuant to Act No. 376, approved  
5 November 6, 1959, but was not a member of the system at the  
6 time of retirement shall not be entitled to receive an annual  
7 retirement allowance from the system, effective October 1,  
8 1971, as follows:

9 "a. If such person was retired on or before January  
10 1, 1956, an amount equal to \$79.20 multiplied by the number of  
11 years of his or her creditable service not in excess of 30  
12 years.

13 "b. If such person was retired after January 1,  
14 1956, an amount equal to \$72.00 multiplied by the number of  
15 years of his or her creditable service not in excess of 25  
16 years.

17 "(3) Prior to October 31, 1975, any beneficiary may  
18 elect to leave on deposit with the system all or a specified  
19 part of any increase in his or her monthly retirement  
20 allowance payments arising in accordance with subdivisions (1)  
21 or (2) of this subsection over the monthly allowance which he  
22 or she was receiving prior to October 1, 1975. The portion of  
23 each monthly payment left in the system in accordance with  
24 such election shall be credited, together with regular  
25 interest thereon, to the individual account of such  
26 beneficiary. Upon the death of such beneficiary the total  
27 amount standing to his or her credit, including regular

1 interest to the date of death, shall be paid in a lump sum to  
2 his or her legal representatives or to such person as he or  
3 she shall have nominated by written designation duly  
4 acknowledged and filed with the Board of Control.

5 "~~(g)~~ (h) Notwithstanding any other provisions of this  
6 section to the contrary, when a designated beneficiary for a  
7 member predeceases the member who is receiving a monthly  
8 benefit allowance provided under Option 2, 3, ~~or~~ 4, or 5, the  
9 member may designate a replacement beneficiary for the  
10 deceased beneficiary to become effective two years after the  
11 date of designation of the replacement beneficiary and an  
12 actuarial adjustment in the monthly benefit allowance of the  
13 member to cover any cost associated with designating a  
14 replacement beneficiary shall be reflected thereafter in the  
15 monthly benefit allowance received by the member, commencing  
16 with the first benefit allowance check received by the member  
17 following the date of designation of the replacement  
18 beneficiary.

19 "~~(h)~~ (i) Notwithstanding any provision of this  
20 section to the contrary, if a retired member who is receiving  
21 a monthly benefit allowance provided under Option 2, 3, ~~or~~ 4, or  
22 or 5 divorces his or her designated beneficiary, the member  
23 may designate a replacement beneficiary for the beneficiary to  
24 become effective two years after the date of designation of  
25 the replacement beneficiary and an actuarial adjustment in the  
26 monthly benefit allowance of the member to cover any cost  
27 associated with designating a replacement beneficiary shall be



1 reflected thereafter in the monthly benefit allowance received  
2 by the member, commencing with the first benefit allowance  
3 check received by the member following the date of designation  
4 of the replacement beneficiary.

5 "~~(i)~~(j) Any future act to increase the retirement  
6 age for Tier II plan members above the age of 62 shall require  
7 a two-thirds vote of the elected membership of each house of  
8 the Legislature.

9 Section 5. (a) Notwithstanding any other provision  
10 of law to the contrary, any inactive, vested member of the  
11 Employees' Retirement System may elect to receive a lump-sum  
12 cash payment equal to the present value of his or her  
13 retirement allowance in lieu of his or her retirement  
14 allowance, subject to the following limitations:

15 (1) The member must not have attained the age and  
16 years of service requirements to be eligible for retirement;

17 (2) The election to receive the lump sum cash  
18 payment must be made prior to October 1, 2017;

19 (3) The lump sum cash payment amount must be greater  
20 than the total contributions and interest credited to the  
21 member's account;

22 (4) Inactive vested members participating pursuant  
23 to Section 36-27-6 are ineligible to receive a lump-sum cash  
24 payment.

25 (b) Not later than December 1, 2017, the actuary for  
26 the Employees' Retirement System shall calculate the total  
27 lump sum payments to be made pursuant to this section, and the

1 Employees' Retirement System shall notify the Alabama Pension  
2 Bond Authority of that total amount.

3 (c) The Alabama Pension Bond Authority shall provide  
4 the amount necessary to pay the total lump sum payments to the  
5 Employees' Retirement System. The Employees' Retirement System  
6 shall pay the lump sums to the electing members after receipt  
7 of such funds from the Alabama Pension Bond Authority.

8 (d) Beginning with the valuation for the fiscal year  
9 ending September 30, 2017, and continuing with each subsequent  
10 valuation until there are no obligations of the Alabama  
11 Pension Bond Authority outstanding, the actuary for the  
12 Employees' Retirement System shall calculate an additional  
13 employer contribution rate, to be known as the "pension bond  
14 contribution", which shall be in addition to the contributions  
15 required by Section 36-27-24. The pension bond contribution  
16 shall be computed by the actuary as the percentage rate of the  
17 total compensation of all members which is sufficient to  
18 generate the funds necessary to pay debt service on  
19 obligations of the Alabama Pension Bond Authority. Employers  
20 participating pursuant to Section 36-27-6 shall not be  
21 required to pay the pension bond contribution provided for  
22 herein.

23 (e) The pension bond contribution shall be paid by  
24 each employer and shall be deposited into the Alabama Pension  
25 Bond Authority special fund created pursuant to this act.

26 Section 6. A member's creditable service under this  
27 Article shall be terminated upon the member's receipt of his

1 or her lump sum payment under Section 5, the member may not  
2 elect to purchase prior service credit for the terminated  
3 creditable service, and no other benefit shall be paid under  
4 this Article based on those terminated creditable service,  
5 including any retirement, survivor, or other benefit; except  
6 that, once the member attains the age and years of service  
7 requirements to be eligible for retirement, members that  
8 received the lump sum payment under Section 5 in lieu of a  
9 monthly retirement benefit shall remain eligible for retiree  
10 health insurance coverage under Title 16 Chapter 25 or Title  
11 36 Chapter 29.

12 Section 7. Article 19 is added to Chapter 10 of  
13 Title 41, Code of Alabama 1975, to read as follows:

14 Article 19. Alabama Pension Bond Authority.

15 §41-10-740.

16 For the purposes of this article, the following  
17 terms shall have the following meanings:

18 (1) APPROPRIATED FUNDS. The "pension bond  
19 contribution" amounts as determined by the actuary for the  
20 Teachers' Retirement System and the Employees' Retirement  
21 System in accordance with this act.

22 (2) AUTHORITY. The public corporation organized  
23 pursuant to this act.

24 (3) AUTHORITY OBLIGATIONS. Bonds of the authority.

25 (4) BONDS. Bonds of the authority issued for any  
26 authorized purpose.

1           (5) DEBT SERVICE. The principal of and interest, and  
2 premium, if any, on an obligation, including, without  
3 limitation, any principal required to be paid prior to its  
4 stated maturity, and any ongoing trustee or paying agent fees  
5 or fees of providers of credit enhancement or liquidity  
6 facilities.

7           (6) DIRECTORS. The Board of Directors of the Alabama  
8 Pension Bond Authority.

9           (7) ELIGIBLE INVESTMENTS. a. Bonds or other  
10 obligations which as to principal and interest constitute  
11 direct obligations of, or are unconditionally guaranteed by,  
12 the United States of America, including obligations of any  
13 federal agency to the extent such obligations are  
14 unconditionally guaranteed by the United States of America and  
15 any certificates or any other evidences of an ownership  
16 interest in such obligations of, or unconditionally guaranteed  
17 by, the United States of America or in specified portions  
18 thereof, which may consist of the principal thereof or the  
19 interest thereon; b. Bonds, debentures, notes, or other  
20 evidences of indebtedness issued by any of the following  
21 agencies: Bank of Cooperatives; federal intermediate credit  
22 banks; Federal Financing Bank; federal home loan banks;  
23 Federal Farm Credit Bank; Export-Import Bank of the United  
24 States; federal land banks; Farmers Home Administration or any  
25 other agency or corporation which has been or may hereafter be  
26 created by or pursuant to an act of the Congress of the United  
27 States as an agency or instrumentality thereof; c. Bonds,

1 notes, pass through securities, or other evidences of  
2 indebtedness of Government National Mortgage Association and  
3 participation certificates of Federal Home Loan Mortgage  
4 Corporation; d. Full faith and credit obligations of any  
5 state, provided that at the time of purchase such obligations  
6 are rated as least "AA" by Standard & Poor's Ratings Group and  
7 at least "AA" by Moody's Investor Service; e. Public housing  
8 bonds issued by public agencies or municipalities and fully  
9 secured as to the payment of both principal and interest by  
10 contracts with the United States of America, or temporary  
11 notes, preliminary notes or project notes issued by public  
12 agencies or municipalities, in each case fully secured as to  
13 the payment of both principal and interest by a requisition or  
14 payment agreement with the United States of America; f. Time  
15 deposits evidenced by certificates of deposit issued by banks  
16 or savings and loan associations which are members of the  
17 Federal Deposit Insurance Corporation, provided that, to the  
18 extent such time deposits are not covered by federal deposit  
19 insurance, such time deposits (including interest thereon) are  
20 fully secured by a pledge of obligations described in  
21 paragraphs a., b., c., and e. above, which at all times have a  
22 market value not less than the amount of such bank time  
23 deposits required to be so secured and which meet the greater  
24 of 100 percent collateralization or the "AA" collateral levels  
25 established by Standard & Poor's Ratings Group for structured  
26 financing; g. Repurchase agreements for obligations of the  
27 type specified in paragraphs a., b., c., and e. above,

1 provided such repurchase agreements are fully collateralized  
2 and secured by such obligations which have a market value at  
3 least equal to the purchase price of such repurchase  
4 agreements which are held by a depository satisfactory to the  
5 State Treasurer in such manner as may be required to provide a  
6 perfected security interest in such obligations, and which  
7 meet the greater of 100 percent collateralization or the "AA"  
8 collateral levels established by Standard & Poor's Rating  
9 Group for structured financings; and h. Uncollateralized  
10 investment agreements with, or certificates of deposit issued  
11 by banks or bank holding companies, the senior long-term  
12 securities of which are rated at least "AA" by Standard &  
13 Poor's Rating Group and at least "AA" by Moody's Investors  
14 Service.

15 (8) FINANCING AGREEMENT. Any loan, lease, agreement,  
16 grant agreement, financing agreement, credit agreement,  
17 security agreement, mortgage, indenture, guaranty agreement,  
18 or other type of agreement entered into by the authority in  
19 connection with the incurring of authority obligations.

20 (9) FUNDING AGREEMENT. An agreement between the  
21 state and the authority under which the state shall agree to  
22 pledge funds to the authority to be used for the payment, or  
23 to enhance the payment, of debt service on bonds issued by the  
24 authority; provided both of the following are satisfied:

25 (1) The such agreement shall have an initial term  
26 from the date of execution thereof through the September 30  
27 immediately succeeding the date of execution and shall be

1 subject to renewal, at the sole option of the state, for  
2 successive terms of 12 months each, each such term to coincide  
3 with the fiscal year.

4 (2) Any obligation on the part of the state to pay  
5 amounts required to be paid during any fiscal year of the  
6 state under such agreement shall constitute a limited  
7 obligation of the state payable solely out of the revenues and  
8 receipts of the state during the fiscal year during which any  
9 such amount is to be payable.

10 (10) RESERVE FUND. Any fund or account established  
11 by the authority in which moneys are placed in reserve to be  
12 used to pay the principal of or interest on bonds issued by  
13 the authority in the event funds pledged for the payment of  
14 debt service on such bonds are insufficient to timely satisfy  
15 the payment requirements.

16 §41-10-741.

17 (a) The Governor, the State Treasurer, and the  
18 Director of Finance may become a public corporation and public  
19 instrumentality of the state with the powers provided in this  
20 article, by proceeding according to subsection (b).

21 (b) To become the public corporation herein  
22 authorized, the Governor, the State Treasurer, and the  
23 Director of Finance shall present to the Secretary of State  
24 application signed by them setting forth all of the following:

25 (1) The name, official designation, and official  
26 residence of each of the applicants, together with a certified

1 copy of the commission evidencing each applicant's right to  
2 office.

3 (2) The date on which each applicant was inducted  
4 into office and the term of office of each applicant.

5 (3) The name of the proposed public corporation,  
6 which shall be "Alabama Pension Bond Authority."

7 (4) The location of the principal office of the  
8 proposed corporation, which shall be in the City of  
9 Montgomery.

10 (5) The applicants may also include in the  
11 application any other matters which are not inconsistent with  
12 this article or with any other laws of the state. The  
13 application shall be subscribed and sworn to by each of the  
14 applicants before an officer authorized by the laws of the  
15 state to take acknowledgments to deeds. The Secretary of State  
16 shall examine the application and, if he or she finds that it  
17 substantially complies with the requirements of this section,  
18 it shall be filed and recorded in an appropriate book of  
19 records in the office of the Secretary of State.

20 (c) When the application has been made, filed, and  
21 recorded, the applicants shall constitute a public corporation  
22 and public instrumentality of the state under the name set  
23 forth in the application and the Secretary of State shall make  
24 and issue to the applicants a certificate of incorporation  
25 pursuant to this act, under the Great Seal of the State, and  
26 shall record the certificate with the application. There shall  
27 be no fees paid to the Secretary of State for any service



1 rendered or work performed in connection with the authority,  
2 its incorporation, dissolution or records.

3 §41-10-742.

4 (a) The applicants named in the application and  
5 their respective successors in office shall constitute the  
6 members of the authority. The Governor shall be the president  
7 of the authority, the State Treasurer shall be the vice  
8 president, and the Director of Finance shall be the secretary.

9 (b) The State Treasurer shall be treasurer of the  
10 authority, shall act as custodian of its funds, and shall, out  
11 of the funds appropriated to the authority and other funds  
12 available to the authority, pay debt service referable to  
13 bonds of the authority and amounts due with respect to any  
14 other obligations of the authority incurred pursuant to this  
15 article.

16 (c) The members of the authority shall constitute  
17 all the members of the directors of the authority, and any two  
18 members of the directors shall constitute a quorum for the  
19 transaction of business.

20 (d) Should any person holding any state office named  
21 in this section cease to hold the office by reason of death,  
22 resignation, expiration of the term of office, or for any  
23 other reason, his or her successor in office shall take the  
24 place as an officer and member of the directors of the  
25 authority.

26 (e) No officer or member of the directors of the  
27 authority shall receive any salary in addition to that now

1 authorized by law for any service rendered or for any duty  
2 performed in connection with the authority.

3 (f) All proceedings held by the directors shall be  
4 reduced to writing by the secretary of the authority, shall be  
5 signed by at least two members of the authority present at the  
6 proceedings, and shall be recorded in a substantially bound  
7 book, and filed in the office of the Secretary of State.  
8 Copies of the proceedings, when certified by the secretary of  
9 the authority, under the seal of the authority, shall be  
10 received in all courts as prima facie evidence of the matters  
11 and things therein certified.

12 §41-10-743.

13 The authority, in addition to all other powers  
14 granted to it in this article, shall have all of the following  
15 powers:

16 (1) To have succession by its corporate name until  
17 dissolved as provided in this article.

18 (2) To institute and defend legal proceedings in any  
19 court of competent jurisdiction and proper venue; provided,  
20 however, that the authority may not be sued in any court other  
21 than the courts of the county in which is located the  
22 principal office of the authority, and provided further that  
23 the officers, directors, agents, and employees of the  
24 authority may not be sued for actions in behalf of the  
25 authority in any court other than the courts of the county in  
26 which is located the principal office of the authority.

1           (3) To have and to use a corporate seal and to alter  
2 the seal at pleasure.

3           (4) To establish a fiscal year.

4           (5) To acquire, purchase, lease, receive, hold,  
5 transmit, and convey the title to real and personal property  
6 to or from any person.

7           (6) To issue and incur authority obligations,  
8 whether or not the interest thereon is excluded from gross  
9 income for federal income tax purposes, for the purpose of  
10 financing lump-sum retirement payments as provided under  
11 Sections 2 and 5 of this act and to provide for the rights of  
12 the purchasers, holders, or owners of authority obligations.

13           (7) To anticipate by the incurrence of authority  
14 obligations the receipt of the revenues appropriated and  
15 pledged to the authority and any other revenues available to  
16 the authority.

17           (8) As security for the payment of authority  
18 obligations, to pledge the proceeds of the appropriations and  
19 pledges herein provided for and any other funds available to  
20 the authority.

21           (9) To arrange for various forms of security or  
22 credit enhancement for authority obligations, including letter  
23 of credit, guaranties, policies of insurance, surety bonds,  
24 and the like.

25           (10) To collect such fees and charges in connection  
26 with authority obligations and financing agreements,

1 including, but not limited to, reimbursement of costs of  
2 financing, as the authority shall determine to be reasonable.

3 (11) To accept gifts, grants, loans, appropriations,  
4 and other forms of aid from the federal government, the state  
5 or any state agency, or any political subdivision of the  
6 state, or any person or corporation, foundation, or legal  
7 entity, and to agree to and comply with any conditions  
8 attached to federal and state financial assistance not  
9 inconsistent with this article.

10 (12) To establish accounts in one or more  
11 depositories.

12 (13) To transfer funds for the payment of debt  
13 service as necessary to accomplish the purposes of this act.

14 (14) To appoint, employ, contract with, and provide  
15 for the compensation of such employees and agents, including  
16 engineers, attorneys, contractors, consultants, accountants,  
17 fiscal advisors, trustees, paying agents, investment bankers,  
18 and underwriters as the directors deem necessary or desirable  
19 for the conduct of the business of the authority.

20 (15) To make, enter into, and execute financing  
21 agreements and such other contracts, agreements, or other  
22 instruments, and to take such other actions as may be  
23 necessary or convenient to accomplish any purpose for which  
24 the authority was organized or to exercise any power granted  
25 to it.

1           (16) To exercise any power granted by the laws of  
2 the state to public or private corporations which is not in  
3 conflict with the public purpose of this act.

4           (17) To adopt administrative rules necessary or  
5 appropriate to effectuate its purposes and to administer the  
6 programs authorized in this article.

7           §41-10-744.

8           (a) The authority is authorized from time to time to  
9 sell and issue its bonds for the purpose of financing the  
10 lump-sum retirement payments authorized under Sections 2 and 5  
11 of this act.

12           (b) The bonds of the authority shall be signed by  
13 its president and attested by its secretary and the seal of  
14 the authority shall be affixed. A facsimile of the signature  
15 of one or both of the officers may be printed or otherwise  
16 reproduced on any such bonds in lieu of being manually  
17 subscribed thereon and a facsimile of the seal of the  
18 authority may be printed or otherwise reproduced on any of the  
19 bonds in lieu of being manually affixed thereto. Any bonds of  
20 the authority may be executed and delivered by it at any time  
21 and from time to time, and shall be in the form and  
22 denominations and of such tenor and maturities, shall bear  
23 such rate or rates of interest, shall be payable at such times  
24 and evidenced in such manner, may be made subject to  
25 redemption at the option of the authority at such times and  
26 after such notice and on such conditions and at such  
27 redemption price or prices, and may contain such other

1 provisions not inconsistent herewith, all as may be provided  
2 by the resolution of the directors of the authority under  
3 which the bonds are authorized to be issued. Bonds of the  
4 authority may be sold at public or private sale from time to  
5 time as the directors may consider advantageous.

6 (c) Subject to the provisions and limitations  
7 contained in this article, the authority may from time to time  
8 sell and issue refunding bonds for the purpose of refunding  
9 any matured or unmatured bonds of the authority then  
10 outstanding. The authority may pay out of the proceeds of the  
11 sale of refunding bonds such fees and the expenses of issuance  
12 which the said directors may deem necessary and advantageous  
13 in connection with the issuance of the refunding bonds;  
14 provided, however, that no refunding bonds shall be issued  
15 unless the present value of all debt service on the refunding  
16 bonds, computed with a discount rate equal to the true  
17 interest rate of the refunding bonds and taking into account  
18 all underwriting discount and other issuance expenses, shall  
19 not be greater than 95 percent of the present value of all  
20 debt service on the bonds to be refunded, computed using the  
21 same discount rate and taking into account the underwriting  
22 discount and other issuance expenses originally applicable to  
23 such bonds, determined as if such bonds to be refunded were  
24 paid and retired in accordance with the schedule of  
25 maturities, considering mandatory redemption as a scheduled  
26 maturity, provided at the time of their issuance.

1 (d) (1) Authority obligations shall not be general  
2 obligations of the authority but shall be payable solely from  
3 one or more of the following sources:

4 a. Appropriated funds.

5 b. The income or proceeds realized by the authority  
6 under any security granted to the authority.

7 c. Amounts derived from any letter of credit,  
8 insurance policy, or other form of credit enhancement  
9 applicable to the authority obligations.

10 d. Any reserve or other fund established for such  
11 purpose by the authority.

12 e. Any earnings on the proceeds of authority  
13 obligations invested by the authority pending their  
14 disbursement.

15 f. Any other amounts that may hereafter be  
16 appropriated to the authority.

17 (2) As security for the payment of the debt service  
18 referable to bonds issued by it, the authority is authorized  
19 and empowered to pledge for payment of such debt service and  
20 such obligations appropriated funds and other moneys and funds  
21 from which such authority obligations are made payable. All  
22 contracts made and all authority obligations issued or  
23 incurred by the authority pursuant to this article shall be  
24 solely and exclusively obligations of the authority and shall  
25 not constitute or create an obligation or debt of the state.  
26 Bonds issued by the authority shall be construed to be  
27 negotiable instruments, although payable solely from a

1 specified source, as provided herein. The proceedings of the  
2 directors under which any authority obligations are authorized  
3 to be issued and any such mortgage and deed of trust or trust  
4 indenture may contain any agreements and provisions respecting  
5 the collection and disposition of appropriated funds,  
6 revenues, and receipts subject to such mortgage and deed of  
7 trust or trust indenture, the creation and maintenance of  
8 special funds from such appropriated funds, revenues, and  
9 receipts, the rights, duties, and remedies of the parties to  
10 any such instrument and the parties for the benefit of whom  
11 the instrument is made and the rights and remedies available  
12 in the event of default, all as the directors shall deem  
13 advisable. Any pledge made with respect to authority  
14 obligations shall be valid and binding from the time such  
15 pledge is made; the appropriated funds, revenues, receipts,  
16 funds, and other property so pledged shall immediately be  
17 subject to the lien of such pledge without any physical  
18 delivery thereof or further act; and the lien of pledge shall  
19 be valid and binding as against all parties having claims of  
20 any kind against the authority irrespective of whether the  
21 parties have notice thereof. Neither the proceedings of the  
22 directors authorizing the authority obligations nor any other  
23 instrument by which a pledge is created need be recorded. Each  
24 pledge, agreement, mortgage, and deed of trust or trust  
25 indenture made for the benefit or security of any of the  
26 authority obligations of the authority shall continue



1 effective until the authority obligations have been fully paid  
2 or satisfied.

3 (e) Any bonds of the authority may be used by the  
4 holder as security for any funds belonging to the state, or to  
5 any political subdivision, instrumentality, or agency of the  
6 state, in any instance where security for the deposits may be  
7 required by law. Unless otherwise directed by the court having  
8 jurisdiction, or the document that is the source of authority,  
9 a trustee, executor, administrator, guardian, or one acting in  
10 any other fiduciary capacity, in addition to any other  
11 investment powers conferred by law and with the exercise of  
12 reasonable business prudence, may invest trust funds in bonds  
13 of the authority. Neither a public hearing nor consent of the  
14 Department of Finance or any other department or agency shall  
15 be a prerequisite to the issuance of bonds by the authority.  
16 Bonds of the authority shall be legal investments for the  
17 State Insurance Fund.

18 (f) The State Treasurer shall be registrar, transfer  
19 agent, and paying agent for the bonds. The State Treasurer may  
20 designate named individuals who are employees of the state and  
21 who are assigned to the State Treasurer's office to  
22 authenticate the bonds.

23 §41-10-745.

24 (a) The authority is authorized and empowered to  
25 apply the proceeds of any bonds of the authority, together  
26 with any other available funds as follows:

1                   (1) For the purposes for which the bonds were  
2 issued.

3                   (2) To fund the reserves as the authority deems  
4 necessary and desirable.

5                   (3) To the extent not needed for the foregoing uses,  
6 to pay or redeem the authority obligations.

7                   (b) Pending the application of the proceeds of bonds  
8 of the authority to the purpose or purposes for which the  
9 bonds were issued, the proceeds and any moneys held in special  
10 funds created as security for the bonds may be invested by the  
11 authority in eligible investments, as the directors deem  
12 advisable. Any and all revenues, receipts, investment  
13 earnings, and other funds paid to, or otherwise coming into  
14 the possession of, the authority as a result of financings  
15 accomplished from the proceeds of bonds of the authority,  
16 shall be held, deposited, administered, invested, and applied  
17 as provided in the resolution of the directors authorizing the  
18 issuance of the authority obligations and as provided in any  
19 trust indenture or other agreement delivered in connection  
20 therewith, or otherwise as the authority may direct,  
21 consistent with the resolution, trust indenture, or other  
22 agreement and this article.

23                   §41-10-746.

24                   (a) For the purpose of providing funds to enable the  
25 authority to pay debt service referable to any bonds issued by  
26 it and other obligations incurred by the authority pursuant to  
27 this act, there is irrevocably pledged to such purpose and is

1 appropriated to the authority so much as may be necessary  
2 therefor of the appropriated funds. All moneys hereby  
3 appropriated and pledged shall be deposited in a special fund  
4 maintained by the State Treasurer separate and apart from all  
5 other funds under his or her supervision, and the State  
6 Treasurer is directed to cause moneys in the special fund to  
7 be disbursed solely for the following purposes:

8 (1) Prior to dissolution of the authority, moneys on  
9 deposit in the special fund shall be disbursed by the State  
10 Treasurer in payment of debt service referable to authority  
11 obligations and in payment of other obligations of the  
12 authority incurred pursuant to this act.

13 (2) Promptly upon dissolution of the authority, the  
14 State Treasurer shall transfer all cash and securities on  
15 deposit in the special fund to the Retirement Systems of  
16 Alabama to be used to reduce the unfunded liability of the  
17 Teachers' Retirement System and the Employees' Retirement  
18 System.

19 (b) Pending disbursement for the above purposes,  
20 moneys on deposit in the special fund shall be invested by the  
21 State Treasurer in eligible investments as specified by the  
22 directors.

23 (c) The Governor, on behalf of the state, and the  
24 authority are hereby authorized to enter into a funding  
25 agreement pursuant to which the state may agree, in the event  
26 that moneys are withdrawn during any fiscal year of the state  
27 from any reserve fund established by the authority for any of

1 its bonds owing to the inadequacy of pledged revenues to pay  
2 when due debt service thereon as herein provided for, to  
3 provide funds to the authority not in excess of the amount so  
4 withdrawn from whatever source lawfully available to the state  
5 for that purpose in order to fully fund such reserve fund in  
6 accordance with the proceedings of the authority pursuant to  
7 which the authority issued the bonds for which such reserve  
8 fund was established. Any funding agreement entered into  
9 pursuant hereto shall be executed by the Governor and  
10 countersigned by the Finance Director of the state and by the  
11 president of the authority and countersigned by the secretary  
12 of the authority.

13 §41-10-747.

14 (a) Upon the adoption by the directors of any  
15 resolution providing for the issuance of authority  
16 obligations, the authority may, in its discretion, cause to be  
17 published once a week for two consecutive weeks, in newspapers  
18 published or having a general circulation in the Cities of  
19 Birmingham, Montgomery, Huntsville, and Mobile, a notice in  
20 substantially the following form (the blanks being properly  
21 filled in) at the end of which shall be printed the name and  
22 title of either the president or the secretary of the  
23 authority:

24 "Alabama Pension Bond Authority, a public  
25 corporation under the laws of the State of Alabama, on the  
26 \_\_\_\_\_ day of \_\_\_\_\_, authorized the issuance of \$ \_\_\_\_\_  
27 principal amount of bonds for purposes authorized in

1 \_\_\_\_\_ of the Code of Alabama 1975. The  
2 proceeds from the sale of the bonds are proposed to be used to  
3 finance lump-sum retirement payments for certain members of  
4 the Teachers' Retirement System and the Employees' Retirement  
5 System. Any action or proceeding questioning the validity of  
6 the bonds, the security thereof, the use of the proceeds  
7 thereof or the proceedings authorizing the bonds, shall be  
8 commenced within 30 days after the first publication of this  
9 notice."

10 (b) Any action or proceeding in any court to set  
11 aside or question the proceedings for the incurrence of the  
12 authority obligations referred to in the notice or to contest  
13 the validity of any authority obligations, or the validity of  
14 security therefor, or the validity of the proposed use of the  
15 proceeds thereof must be commenced within 30 days after the  
16 first publication of the notice. After the expiration of the  
17 period, no right of action or defense questioning or attacking  
18 any of the foregoing shall be asserted, nor shall the validity  
19 of the said proceedings, authority obligations, security or  
20 use of proceeds be open to question in any court on any ground  
21 whatsoever except in an action commenced within the period.

22 §41-10-748.

23 The income and property of the authority, all  
24 authority obligations and the interest paid on any such  
25 authority obligations, all conveyances by or to the authority,  
26 and all instruments by or to the authority shall be exempt  
27 from all taxation in the state. The authority shall also be

1 exempt from all license and excise taxes imposed in respect of  
2 the privilege of engaging in any of the activities in which  
3 the authority may engage. The authority shall not be obligated  
4 to pay or allow any fees, taxes, or costs in the recording of  
5 any document to the judge of probate of any county.

6 §41-10-749. Except as may be expressly provided in  
7 this act, no proceeding, notice, or approval shall be required  
8 for the issuance of any authority obligations, the execution  
9 of any mortgage and deed of trust, trust indenture, or other  
10 document, or the exercise of any other of the powers of the  
11 authority. Neither a public hearing nor the consent of the  
12 Department of Finance shall be prerequisite to the issuance of  
13 authority obligations by the authority.

14 §41-10-750.

15 (a) At any time when no authority obligations are  
16 outstanding and the authority has no outstanding obligation  
17 with respect to lump-sum retirement payments as provided in  
18 Sections 2 and 5 of this act, the authority may be dissolved  
19 upon the filing with the Secretary of State of an application  
20 for dissolution, which shall be subscribed by each of the  
21 directors of the authority and sworn to by each director  
22 before an officer authorized to take acknowledgments to deeds.

23 (b) Upon the filing of the application for  
24 dissolution, the authority shall cease to exist. The Secretary  
25 of State shall file and record the application for dissolution  
26 in an appropriate book of record in his or her office, and  
27 shall make and issue, under the Great Seal of the State, a

1 certificate that the authority is dissolved, and shall record  
2 the certificate with the application for dissolution. Title to  
3 all property held in the name of the authority shall be vested  
4 in the state upon dissolution of the authority.

5 Section 8. All laws or parts of laws which conflict  
6 with this act are hereby repealed.

7 Section 9. This act shall become effective  
8 immediately following its passage and approval by the  
9 Governor, or its otherwise becoming law. In order to allow  
10 time for the Retirement Systems of Alabama to implement the  
11 lump-sum option, Option 5 shall become available to all  
12 members who have a retirement date on or after April 1, 2018.