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3 SENATE FINANCE AND TAXATION EDUCATION COMMITTEE SUBSTITUTE FOR
4 SB321

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9 SYNOPSIS: This bill would create an option for certain
10 retirees of the Teachers' Retirement System and the
11 Employees' Retirement System to elect to receive a
12 lump-sum cash payment equal to and in lieu of a
13 portion of his or her retirement allowance.

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

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

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

1
2 A BILL
3 TO BE ENTITLED
4 AN ACT
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6 Relating to retirement; to amend Sections 16-25-14
7 and 36-27-16, Code of Alabama 1975, to allow certain retirees
8 of the Teachers' Retirement System and the Employees'
9 Retirement System to elect to receive a lump-sum cash payment
10 equal to a specified portion of their retirement allowance
11 under certain conditions; to allow certain vested, inactive
12 members of the Teachers' Retirement System and the Employees'
13 Retirement System to elect to receive a lump-sum distribution
14 in lieu of receiving a deferred retirement allowance; to
15 provide for the creation of the Alabama Pension Bond
16 Authority; to provide for the duties and powers of the
17 authority; to authorize the authority to issue bonds; to
18 provide for the bond requirements; and to provide for the
19 dissolution of the authority under certain conditions.

20 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

23 "§16-25-14.

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

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

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

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

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

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

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

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

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

25 "(c) The annual service retirement pension payable
26 to a Tier I plan member retiring on or after October 1, 1975,
27 shall not be less than an amount which when added to his or

1 her annuity is equal to the greater of the following two
2 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 1971, \$72 multiplied by the number of years of his or her
8 creditable service not in excess of 25 years.

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

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

24 "(e) Upon the application of a Tier I plan member in
25 service or of his or her employer, any member who has had 10
26 or more years of creditable service may be retired by the
27 Board of Control on a disability retirement allowance not less

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

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

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

4 "(2) A pension which shall be equal to the pension
5 that would have been payable under subdivisions (2) and (3) of
6 subsection (b) of this section upon service retirement at age
7 60 had the member continued in service to that age without
8 change in compensation.

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

12 "a. Two and one-eightieth percent of the member's
13 average final compensation multiplied by the number of years
14 of creditable service.

15 "b. If he or she became a member before October 1,
16 1971, \$54 multiplied by the number of years of his or her
17 creditable service not in excess of 25 years.

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

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

1 creditable service as a correctional officer, firefighter, or
2 law enforcement officer, otherwise, the member shall receive a
3 disability retirement allowance which shall be equal to one
4 and sixty-five hundredths percent (1.65%) of the member's
5 average final compensation multiplied by the number of years
6 of creditable service.

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

1 with at least ten years of creditable service as a
2 correctional officer, firefighter, or law enforcement officer.

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

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

25 "(i) (1) Should a member cease to be a teacher,
26 except by death or by retirement under the provisions of this
27 chapter, the contributions standing to the credit of his or

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

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

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

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

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

24 "(2) OPTION 2. Upon his or her death, his or her
25 reduced retirement allowance shall be continued throughout the
26 life of and paid to such person as he or she shall nominate by

1 written designation duly acknowledged and filed with the Board
2 of Control at the time of his or her retirement;

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

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

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

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

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

22 "~~(i)~~ (m) (1) All retirement allowance payments due on
23 or after October 1, 1975, to members who retired prior to
24 October 1, 1975, shall be redetermined as if the provisions of
25 subsections (b) and (e) of this section which became effective
26 on said date were in effect at the time the member retired;
27 provided, that the annual retirement allowance of any member

1 who retired on or before January 1, 1956, shall be not less
2 than \$132 multiplied by the number of years of his or her
3 creditable service not in excess of 30 years in the case of
4 service retirement or \$99 multiplied by the number of years of
5 creditable service not in excess of 30 years in the case of
6 disability retirements. Any increase provided in the
7 retirement allowance payment under this subsection for a
8 member who retired under the provisions of any optional
9 benefit elected pursuant to subsection (j) of this section
10 shall accrue only to the retired member, and no person
11 designated to receive any payments after the death of a
12 retired member under the provisions of any such optional
13 benefit shall receive any increase in such payments under this
14 subsection.

15 "(2) Any person who served at least 30 years as a
16 teacher in the public schools of Alabama and was never a
17 member of the system and who, prior to October 1, 1963, was in
18 receipt of a benefit for old age assistance pursuant to
19 subsections (1) and (2) of Section 1 of 116, approved August
20 24, 1959, shall be entitled to receive an annual retirement
21 allowance of \$3,960 from the system, effective as of October
22 1, 1973.

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

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

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

24 ~~"(n)~~(o) Notwithstanding any provision of this
25 section to the contrary, if a retired member who is receiving
26 a monthly benefit allowance provided under Option 2, 3, ~~or~~ 4, or
27 or 5 divorces his or her designated beneficiary, the member

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

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

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

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

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

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

1 (b) Not later than December 1, 2017, the actuary for
2 the Teachers' Retirement System shall calculate the total lump
3 sum payments to be made pursuant to this section, and the
4 Teachers' Retirement System shall notify the Alabama Pension
5 Bond Authority of that total amount.

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

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

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 3. 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 included 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 2 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 4. Section 36-27-16, Code of Alabama 1975,
13 is amended to read as follows:

14 "§36-27-16.

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

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

1 service retirement upon attaining age 52 and a Tier II plan
2 member employed as a state policeman or employed as a
3 correctional officer, firefighter, or law enforcement officer
4 as defined in Section 36-27-59 with at least ten years of
5 creditable service as a correctional officer, firefighter, or
6 law enforcement officer shall be eligible to file application
7 for service retirement upon attaining age 56.

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

25 "c. In addition to any law or part of law relating
26 to service retirement under the Employees' Retirement System
27 of Alabama, any Tier I plan member of the Employees'

1 Retirement System who withdraws from service after completion
2 of not less than 25 years of creditable service may retire
3 without a reduction in retirement allowance upon written
4 application to the Board of Control of the Employees'
5 Retirement System setting forth the first day of which month,
6 not less than 30 days or more than 90 days subsequent to the
7 execution and filing thereof, he or she desires to be retired,
8 provided that no person whose employer participates in the
9 Employees' Retirement System under Section 36-27-6 shall be
10 entitled to the benefits provided in this paragraph unless
11 such employer elects to come under the provisions of the
12 paragraph. Any employer making such election must bear the
13 cost of such benefit.

14 "(2) AMOUNT OF SERVICE RETIREMENT ALLOWANCE.

15 "a. Upon retirement from service a Tier I plan
16 member shall receive a service retirement allowance which
17 shall consist of:

18 "1. An annuity which shall be the actuarial
19 equivalent of his or her accumulated contributions at the time
20 of his or her retirement; except, that in the case of a state
21 policeman who has completed 20 years of creditable service as
22 a state policeman who retires after age 56 but prior to age
23 60, the annuity shall be equal to the annuity that would have
24 been payable upon service retirement at age 60 had the member
25 continued in service to age 60 without change in compensation;

26 "2. A pension which shall be equal to the annuity
27 allowance at age of retirement, but not to exceed an annuity

1 allowable at age 65, computed on the basis of contributions
2 made prior to attainment of age 65; except, that in the case
3 of a state policeman who has completed 20 years of creditable
4 service as a state policeman who retires after age 56 but
5 prior to age 60, the pension shall be equal to the annuity
6 that he or she would have received had he or she contributed
7 to age 60 without change in compensation; and

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

26 "b. Notwithstanding the provisions of subparagraphs
27 1, 2, and 3 of paragraph a. of this subdivision, a state

1 policeman who is a Tier I plan member and who has completed 20
2 years of service as a state policeman who retires after age 52
3 but prior to age 56 shall receive:

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

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

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

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

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

9 "2. If he or she became a member before October 1,
10 1965, \$72.00 multiplied by the number of years of his or her
11 creditable service not in excess of 25 years.

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

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

26 "2. If he or she became a member before October 1,
27 1965, \$86.40 multiplied by the number of years of his or her

1 creditable service not in excess of 25 years; provided,
2 however, that if such member has completed 20 years of
3 creditable service as a state policeman and has not attained
4 age 60 at the time of retirement, the pension shall be
5 determined as provided in this subparagraph on the basis of
6 the number of years of creditable service which he or she
7 would have had if he or she had remained in service for four
8 years, except that, in the case of those state policemen
9 retiring at age 56 or after, the number of years in
10 determining the pension shall not exceed the number of years
11 of creditable service which he or she would have had if he or
12 she had remained in service to age 60.

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

25 "f. Upon retirement from service, a Tier II plan
26 member who is employed as a state policeman shall receive a
27 service retirement allowance which shall consist of an annuity

1 which shall be the actuarial equivalent of the member's
2 accumulated contributions at the time of retirement and a
3 pension which, when added to the member's annuity, shall be
4 equal to two and three-eighths percent (2.375%) of the
5 member's average final compensation multiplied by the member's
6 number of years of creditable service. Notwithstanding the
7 foregoing, the service retirement allowance shall not exceed
8 eighty percent (80%) of the member's average final
9 compensation.

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

23 "h. The annual service retirement pension payable to
24 any state employee who had attained age 60 on or before
25 October 1, 1945, who declined membership in the Employees'
26 Retirement System of Alabama in the manner prescribed in
27 Section 36-27-4 and who retires as a state employee after

1 completing a minimum of 15 years' service shall be \$72.00
2 multiplied by the number of years of his or her service not in
3 excess of 25 years.

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

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

26 "b. Without regard to the number of years of
27 creditable service, a member employed as a state policeman, a

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

19 "(2) AMOUNT OF DISABILITY RETIREMENT ALLOWANCE.

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

1 allowance and the member has completed 25 years of creditable
2 service, or, in the case of a state policeman, if he or she is
3 a Tier I plan member and he or she has attained age 52 or, in
4 the case of a state policeman or a correctional officer,
5 firefighter, or law enforcement officer as defined in Section
6 36-27-59 with at least ten years of creditable service as a
7 correctional officer, firefighter, or law enforcement officer,
8 if he or she is a Tier II plan member and he or she has
9 attained age 56; otherwise, he or she shall receive a
10 disability retirement allowance which shall consist of:

11 "1. An annuity which shall be the actuarial
12 equivalent of his or her accumulated contributions at the time
13 of his or her retirement;

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

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

25 "1. Two and one-eightieth percent of the member's
26 average final compensation multiplied by the number of years
27 of creditable service.

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

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

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

18 "2. If he or she became a member before October 1,
19 1965, \$64.80 multiplied by the number of years of his or her
20 creditable service not in excess of 25 years.

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

26 "e. The annual disability retirement allowance
27 payable to a Tier II plan member employed as a state policeman

1 shall be equal to two and three-eighths percent (2.375%) of
2 the member's average final compensation multiplied by the
3 number of years of creditable service.

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

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

1 designated by the medical board. Should any disability
2 beneficiary who has not yet attained age 60 if the beneficiary
3 is a Tier I plan member or age 62 if the beneficiary is a Tier
4 II plan member refuse to submit to such medical examination,
5 his or her allowance may be discontinued until his or her
6 withdrawal of such refusal, and, should his or her refusal
7 continue for one year, all his or her rights in and to his or
8 her pension may be revoked by the Board of Control; provided,
9 that these requirements relative to the medical examination
10 shall not apply in the case of a state policeman retired for
11 disability and who has attained age 52 if he or she is a Tier
12 I plan member or in the case of a state policeman or a
13 correctional officer, firefighter, or law enforcement officer
14 as defined in Section 36-27-59 with at least ten years of
15 creditable service as a correctional officer, firefighter, or
16 law enforcement officer retired for disability who has
17 attained age 56 if he or she is a Tier II plan member. Should
18 the medical board report and certify to the Board of Control
19 that a disability beneficiary who is a Tier I plan member is
20 engaged in or is able to engage in a gainful occupation paying
21 more than the difference between his or her retirement
22 allowance and his or her average final compensation and should
23 the Board of Control concur in such report, then the amount of
24 his or her pension shall be reduced to an amount which,
25 together with his or her annuity and the amount earnable by
26 him or her shall equal the amount of his or her average final
27 compensation. Should his or her earning capacity be later

1 changed, the amount of his or her pension may be further
2 modified; provided, that the new pension shall not exceed the
3 amount of the pension originally granted nor an amount which,
4 when added to the amount earnable by the beneficiary, together
5 with this annuity exceeds the amount of his or her average
6 final compensation.

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

13 "(c) Disposition of contributions and allowances
14 upon death, etc., of member.

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

1 eight-tenths of such interest accumulations if he or she shall
2 have not less than 26 years of membership service.

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

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

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

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

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

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

1 designation duly acknowledged and filed with the Board of
2 Control;

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

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

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

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

1 member who is receiving a disability retirement or is
2 participating pursuant to Section 36-27-6 or Section
3 36-27-6.1.

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

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

1 contributions on account of such period of restoration up to
2 the date such contribution is made.

3 "~~(f) (1)~~ (g) (1) REDETERMINATION, ETC., OF CERTAIN
4 ALLOWANCES. All retirement allowance payments due on or after
5 October 1, 1975, to members who retired prior to that date
6 shall be redetermined as if the provisions of this section in
7 effect on October 1, 1975, were in effect at the time the
8 member retired. Anything in this article to the contrary
9 notwithstanding, the annual retirement allowance of any member
10 not employed as a state policeman who retired on or before
11 January 1, 1956, shall not be less than \$79.20 multiplied by
12 the number of years of his or her creditable service not in
13 excess of 30 years in the case of service retirement of \$59.40
14 multiplied by the number of years of his or her creditable
15 service not in excess of 30 years in the case of disability
16 retirement. Any increase provided in the retirement allowance
17 payment under this subdivision for a member who retired under
18 the provisions of any optional benefit elected pursuant to
19 subsection (d) of this section shall accrue only to the
20 retired member, and no person designated to receive any
21 payments after the death of a retired member under the
22 provisions of any such optional benefit shall receive any
23 increase in such payments under this subdivision.

24 Notwithstanding, any member who retired prior to October 1,
25 1975, and who chose either Option 2 or Option 3 may elect to
26 receive a reduced allowance and to stipulate that the
27 actuarial equivalent of the increase in his or her retirement

1 allowance, which became effective on that date, be ascribed to
2 his or her designated beneficiary; provided, that such member
3 shall clearly express this intention by filing a written
4 application to the effect with the Secretary-Treasurer of the
5 Employees' Retirement System of Alabama prior to October 1,
6 1976.

7 "(2) Any person who, prior to October 1, 1963, was
8 in receipt of a benefit pursuant to Act No. 376, approved
9 November 6, 1959, but was not a member of the system at the
10 time of retirement shall not be entitled to receive an annual
11 retirement allowance from the system, effective October 1,
12 1971, as follows:

13 "a. If such person was retired on or before January
14 1, 1956, an amount equal to \$79.20 multiplied by the number of
15 years of his or her creditable service not in excess of 30
16 years.

17 "b. If such person was retired after January 1,
18 1956, an amount equal to \$72.00 multiplied by the number of
19 years of his or her creditable service not in excess of 25
20 years.

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 subdivisions (1)
25 or (2) of this subsection over the monthly allowance which he
26 or she was receiving prior to October 1, 1975. The portion of
27 each monthly payment left in the system in accordance with

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

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

23 "~~(h)~~ (i) Notwithstanding any provision of this
24 section to the contrary, if a retired member who is receiving
25 a monthly benefit allowance provided under Option 2, 3, ~~or~~ 4, or
26 or 5 divorces his or her designated beneficiary, the member
27 may designate a replacement beneficiary for the beneficiary to

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

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

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

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

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

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

1 (4) Inactive vested members participating pursuant
2 to Section 36-27-6 are ineligible to receive a lump-sum cash
3 payment.

4 (b) Not later than December 1, 2017, the actuary for
5 the Employees' Retirement System shall calculate the total
6 lump sum payments to be made pursuant to this section, and the
7 Employees' Retirement System shall notify the Alabama Pension
8 Bond Authority of that total amount.

9 (c) The Alabama Pension Bond Authority shall provide
10 the amount necessary to pay the total lump sum payments to the
11 Employees' Retirement System. The Employees' Retirement System
12 shall pay the lump sums to the electing members after receipt
13 of such funds from the Alabama Pension Bond Authority.

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

1 required to pay the pension bond contribution provided for
2 herein.

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

6 Section 6. A member's creditable service under this
7 Article shall be terminated upon the member's receipt of his
8 or her lump sum payment under Section 5, the member may not
9 elect to purchase prior service credit for the terminated
10 creditable service, and no other benefit shall be paid under
11 this Article based on those terminated creditable service,
12 including any retirement, survivor, or other benefit; except
13 that, once the member attains the age and years of service
14 requirements to be eligible for retirement, members that
15 received the lump sum payment under Section 5 in lieu of a
16 monthly retirement benefit shall remain eligible for retiree
17 health insurance coverage under Title 16 Chapter 25 or Title
18 36 Chapter 29.

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

21 Article 19. Alabama Pension Bond Authority.
22 §41-10-740.

23 For the purposes of this article, the following
24 terms shall have the following meanings:

25 (1) APPROPRIATED FUNDS. The "pension bond
26 contribution" amounts as determined by the actuary for the

1 Teachers' Retirement System and the Employees' Retirement
2 System in accordance with this act.

3 (2) AUTHORITY. The public corporation organized
4 pursuant to this act.

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

6 (4) BONDS. Bonds of the authority issued for any
7 authorized purpose.

8 (5) DEBT SERVICE. The principal of and interest, and
9 premium, if any, on an obligation, including, without
10 limitation, any principal required to be paid prior to its
11 stated maturity, and any ongoing trustee or paying agent fees
12 or fees of providers of credit enhancement or liquidity
13 facilities.

14 (6) DIRECTORS. The Board of Directors of the Alabama
15 Pension Bond Authority.

16 (7) ELIGIBLE INVESTMENTS. a. Bonds or other
17 obligations which as to principal and interest constitute
18 direct obligations of, or are unconditionally guaranteed by,
19 the United States of America, including obligations of any
20 federal agency to the extent such obligations are
21 unconditionally guaranteed by the United States of America and
22 any certificates or any other evidences of an ownership
23 interest in such obligations of, or unconditionally guaranteed
24 by, the United States of America or in specified portions
25 thereof, which may consist of the principal thereof or the
26 interest thereon; b. Bonds, debentures, notes, or other
27 evidences of indebtedness issued by any of the following

1 agencies: Bank of Cooperatives; federal intermediate credit
2 banks; Federal Financing Bank; federal home loan banks;
3 Federal Farm Credit Bank; Export-Import Bank of the United
4 States; federal land banks; Farmers Home Administration or any
5 other agency or corporation which has been or may hereafter be
6 created by or pursuant to an act of the Congress of the United
7 States as an agency or instrumentality thereof; c. Bonds,
8 notes, pass through securities, or other evidences of
9 indebtedness of Government National Mortgage Association and
10 participation certificates of Federal Home Loan Mortgage
11 Corporation; d. Full faith and credit obligations of any
12 state, provided that at the time of purchase such obligations
13 are rated as least "AA" by Standard & Poor's Ratings Group and
14 at least "AA" by Moody's Investor Service; e. Public housing
15 bonds issued by public agencies or municipalities and fully
16 secured as to the payment of both principal and interest by
17 contracts with the United States of America, or temporary
18 notes, preliminary notes or project notes issued by public
19 agencies or municipalities, in each case fully secured as to
20 the payment of both principal and interest by a requisition or
21 payment agreement with the United States of America; f. Time
22 deposits evidenced by certificates of deposit issued by banks
23 or savings and loan associations which are members of the
24 Federal Deposit Insurance Corporation, provided that, to the
25 extent such time deposits are not covered by federal deposit
26 insurance, such time deposits (including interest thereon) are
27 fully secured by a pledge of obligations described in

1 paragraphs a., b., c., and e. above, which at all times have a
2 market value not less than the amount of such bank time
3 deposits required to be so secured and which meet the greater
4 of 100 percent collateralization or the "AA" collateral levels
5 established by Standard & Poor's Ratings Group for structured
6 financing; g. Repurchase agreements for obligations of the
7 type specified in paragraphs a., b., c., and e. above,
8 provided such repurchase agreements are fully collateralized
9 and secured by such obligations which have a market value at
10 least equal to the purchase price of such repurchase
11 agreements which are held by a depository satisfactory to the
12 State Treasurer in such manner as may be required to provide a
13 perfected security interest in such obligations, and which
14 meet the greater of 100 percent collateralization or the "AA"
15 collateral levels established by Standard & Poor's Rating
16 Group for structured financings; and h. Uncollateralized
17 investment agreements with, or certificates of deposit issued
18 by banks or bank holding companies, the senior long-term
19 securities of which are rated at least "AA" by Standard &
20 Poor's Rating Group and at least "AA" by Moody's Investors
21 Service.

22 (8) FINANCING AGREEMENT. Any loan, lease, agreement,
23 grant agreement, financing agreement, credit agreement,
24 security agreement, mortgage, indenture, guaranty agreement,
25 or other type of agreement entered into by the authority in
26 connection with the incurring of authority obligations.

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

6 (1) The such agreement shall have an initial term
7 from the date of execution thereof through the September 30
8 immediately succeeding the date of execution and shall be
9 subject to renewal, at the sole option of the state, for
10 successive terms of 12 months each, each such term to coincide
11 with the fiscal year.

12 (2) Any obligation on the part of the state to pay
13 amounts required to be paid during any fiscal year of the
14 state under such agreement shall constitute a limited
15 obligation of the state payable solely out of the revenues and
16 receipts of the state during the fiscal year during which any
17 such amount is to be payable.

18 (10) RESERVE FUND. Any fund or account established
19 by the authority in which moneys are placed in reserve to be
20 used to pay the principal of or interest on bonds issued by
21 the authority in the event funds pledged for the payment of
22 debt service on such bonds are insufficient to timely satisfy
23 the payment requirements.

24 §41-10-741.

25 (a) The Governor, the State Treasurer, and the
26 Director of Finance may become a public corporation and public

1 instrumentality of the state with the powers provided in this
2 article, by proceeding according to subsection (b).

3 (b) To become the public corporation herein
4 authorized, the Governor, the State Treasurer, and the
5 Director of Finance shall present to the Secretary of State
6 application signed by them setting forth all of the following:

7 (1) The name, official designation, and official
8 residence of each of the applicants, together with a certified
9 copy of the commission evidencing each applicant's right to
10 office.

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

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

15 (4) The location of the principal office of the
16 proposed corporation, which shall be in the City of
17 Montgomery.

18 (5) The applicants may also include in the
19 application any other matters which are not inconsistent with
20 this article or with any other laws of the state. The
21 application shall be subscribed and sworn to by each of the
22 applicants before an officer authorized by the laws of the
23 state to take acknowledgments to deeds. The Secretary of State
24 shall examine the application and, if he or she finds that it
25 substantially complies with the requirements of this section,
26 it shall be filed and recorded in an appropriate book of
27 records in the office of the Secretary of State.

1 (c) When the application has been made, filed, and
2 recorded, the applicants shall constitute a public corporation
3 and public instrumentality of the state under the name set
4 forth in the application and the Secretary of State shall make
5 and issue to the applicants a certificate of incorporation
6 pursuant to this act, under the Great Seal of the State, and
7 shall record the certificate with the application. There shall
8 be no fees paid to the Secretary of State for any service
9 rendered or work performed in connection with the authority,
10 its incorporation, dissolution or records.

11 §41-10-742.

12 (a) The applicants named in the application and
13 their respective successors in office shall constitute the
14 members of the authority. The Governor shall be the president
15 of the authority, the State Treasurer shall be the vice
16 president, and the Director of Finance shall be the secretary.

17 (b) The State Treasurer shall be treasurer of the
18 authority, shall act as custodian of its funds, and shall, out
19 of the funds appropriated to the authority and other funds
20 available to the authority, pay debt service referable to
21 bonds of the authority and amounts due with respect to any
22 other obligations of the authority incurred pursuant to this
23 article.

24 (c) The members of the authority shall constitute
25 all the members of the directors of the authority, and any two
26 members of the directors shall constitute a quorum for the
27 transaction of business.

1 (d) Should any person holding any state office named
2 in this section cease to hold the office by reason of death,
3 resignation, expiration of the term of office, or for any
4 other reason, his or her successor in office shall take the
5 place as an officer and member of the directors of the
6 authority.

7 (e) No officer or member of the directors of the
8 authority shall receive any salary in addition to that now
9 authorized by law for any service rendered or for any duty
10 performed in connection with the authority.

11 (f) All proceedings held by the directors shall be
12 reduced to writing by the secretary of the authority, shall be
13 signed by at least two members of the authority present at the
14 proceedings, and shall be recorded in a substantially bound
15 book, and filed in the office of the Secretary of State.
16 Copies of the proceedings, when certified by the secretary of
17 the authority, under the seal of the authority, shall be
18 received in all courts as prima facie evidence of the matters
19 and things therein certified.

20 §41-10-743.

21 The authority, in addition to all other powers
22 granted to it in this article, shall have all of the following
23 powers:

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

26 (2) To institute and defend legal proceedings in any
27 court of competent jurisdiction and proper venue; provided,

1 however, that the authority may not be sued in any court other
2 than the courts of the county in which is located the
3 principal office of the authority, and provided further that
4 the officers, directors, agents, and employees of the
5 authority may not be sued for actions in behalf of the
6 authority in any court other than the courts of the county in
7 which is located the principal office of the authority.

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

10 (4) To establish a fiscal year.

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

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

20 (7) To anticipate by the incurrence of authority
21 obligations the receipt of the revenues appropriated and
22 pledged to the authority and any other revenues available to
23 the authority.

24 (8) As security for the payment of authority
25 obligations, to pledge the proceeds of the appropriations and
26 pledges herein provided for and any other funds available to
27 the authority.

1 (9) To arrange for various forms of security or
2 credit enhancement for authority obligations, including letter
3 of credit, guaranties, policies of insurance, surety bonds,
4 and the like.

5 (10) To collect such fees and charges in connection
6 with authority obligations and financing agreements,
7 including, but not limited to, reimbursement of costs of
8 financing, as the authority shall determine to be reasonable.

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

16 (12) To establish accounts in one or more
17 depositories.

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

20 (14) To appoint, employ, contract with, and provide
21 for the compensation of such employees and agents, including
22 engineers, attorneys, contractors, consultants, accountants,
23 fiscal advisors, trustees, paying agents, investment bankers,
24 and underwriters as the directors deem necessary or desirable
25 for the conduct of the business of the authority.

26 (15) To make, enter into, and execute financing
27 agreements and such other contracts, agreements, or other

1 instruments, and to take such other actions as may be
2 necessary or convenient to accomplish any purpose for which
3 the authority was organized or to exercise any power granted
4 to it.

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

8 (17) To adopt administrative rules necessary or
9 appropriate to effectuate its purposes and to administer the
10 programs authorized in this article.

11 §41-10-744.

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

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

1 and evidenced in such manner, may be made subject to
2 redemption at the option of the authority at such times and
3 after such notice and on such conditions and at such
4 redemption price or prices, and may contain such other
5 provisions not inconsistent herewith, all as may be provided
6 by the resolution of the directors of the authority under
7 which the bonds are authorized to be issued. Bonds of the
8 authority may be sold at public or private sale from time to
9 time as the directors may consider advantageous.

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

1 paid and retired in accordance with the schedule of
2 maturities, considering mandatory redemption as a scheduled
3 maturity, provided at the time of their issuance.

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

7 a. Appropriated funds.

8 b. The income or proceeds realized by the authority
9 under any security granted to the authority.

10 c. Amounts derived from any letter of credit,
11 insurance policy, or other form of credit enhancement
12 applicable to the authority obligations.

13 d. Any reserve or other fund established for such
14 purpose by the authority.

15 e. Any earnings on the proceeds of authority
16 obligations invested by the authority pending their
17 disbursement.

18 f. Any other amounts that may hereafter be
19 appropriated to the authority.

20 (2) As security for the payment of the debt service
21 referable to bonds issued by it, the authority is authorized
22 and empowered to pledge for payment of such debt service and
23 such obligations appropriated funds and other moneys and funds
24 from which such authority obligations are made payable. All
25 contracts made and all authority obligations issued or
26 incurred by the authority pursuant to this article shall be
27 solely and exclusively obligations of the authority and shall

1 not constitute or create an obligation or debt of the state.
2 Bonds issued by the authority shall be construed to be
3 negotiable instruments, although payable solely from a
4 specified source, as provided herein. The proceedings of the
5 directors under which any authority obligations are authorized
6 to be issued and any such mortgage and deed of trust or trust
7 indenture may contain any agreements and provisions respecting
8 the collection and disposition of appropriated funds,
9 revenues, and receipts subject to such mortgage and deed of
10 trust or trust indenture, the creation and maintenance of
11 special funds from such appropriated funds, revenues, and
12 receipts, the rights, duties, and remedies of the parties to
13 any such instrument and the parties for the benefit of whom
14 the instrument is made and the rights and remedies available
15 in the event of default, all as the directors shall deem
16 advisable. Any pledge made with respect to authority
17 obligations shall be valid and binding from the time such
18 pledge is made; the appropriated funds, revenues, receipts,
19 funds, and other property so pledged shall immediately be
20 subject to the lien of such pledge without any physical
21 delivery thereof or further act; and the lien of pledge shall
22 be valid and binding as against all parties having claims of
23 any kind against the authority irrespective of whether the
24 parties have notice thereof. Neither the proceedings of the
25 directors authorizing the authority obligations nor any other
26 instrument by which a pledge is created need be recorded. Each
27 pledge, agreement, mortgage, and deed of trust or trust

1 indenture made for the benefit or security of any of the
2 authority obligations of the authority shall continue
3 effective until the authority obligations have been fully paid
4 or satisfied.

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

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

25 §41-10-745.

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

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

6 (2) To fund the reserves as the authority deems
7 necessary and desirable.

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

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

26 §41-10-746.

1 (a) For the purpose of providing funds to enable the
2 authority to pay debt service referable to any bonds issued by
3 it and other obligations incurred by the authority pursuant to
4 this act, there is irrevocably pledged to such purpose and is
5 appropriated to the authority so much as may be necessary
6 therefor of the appropriated funds. All moneys hereby
7 appropriated and pledged shall be deposited in a special fund
8 maintained by the State Treasurer separate and apart from all
9 other funds under his or her supervision, and the State
10 Treasurer is directed to cause moneys in the special fund to
11 be disbursed solely for the following purposes:

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

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

23 (b) Pending disbursement for the above purposes,
24 moneys on deposit in the special fund shall be invested by the
25 State Treasurer in eligible investments as specified by the
26 directors.

1 (c) The Governor, on behalf of the state, and the
2 authority are hereby authorized to enter into a funding
3 agreement pursuant to which the state may agree, in the event
4 that moneys are withdrawn during any fiscal year of the state
5 from any reserve fund established by the authority for any of
6 its bonds owing to the inadequacy of pledged revenues to pay
7 when due debt service thereon as herein provided for, to
8 provide funds to the authority not in excess of the amount so
9 withdrawn from whatever source lawfully available to the state
10 for that purpose in order to fully fund such reserve fund in
11 accordance with the proceedings of the authority pursuant to
12 which the authority issued the bonds for which such reserve
13 fund was established. Any funding agreement entered into
14 pursuant hereto shall be executed by the Governor and
15 countersigned by the Finance Director of the state and by the
16 president of the authority and countersigned by the secretary
17 of the authority.

18 §41-10-747.

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

1 title of either the president or the secretary of the
2 authority:

3 "Alabama Pension Bond Authority, a public
4 corporation under the laws of the State of Alabama, on the
5 _____ day of _____, authorized the issuance of \$ _____
6 principal amount of bonds for purposes authorized in
7 _____ of the Code of Alabama 1975. The
8 proceeds from the sale of the bonds are proposed to be used to
9 finance lump-sum retirement payments for certain members of
10 the Teachers' Retirement System and the Employees' Retirement
11 System. Any action or proceeding questioning the validity of
12 the bonds, the security thereof, the use of the proceeds
13 thereof or the proceedings authorizing the bonds, shall be
14 commenced within 30 days after the first publication of this
15 notice."

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

1 §41-10-748.

2 The income and property of the authority, all
3 authority obligations and the interest paid on any such
4 authority obligations, all conveyances by or to the authority,
5 and all instruments by or to the authority shall be exempt
6 from all taxation in the state. The authority shall also be
7 exempt from all license and excise taxes imposed in respect of
8 the privilege of engaging in any of the activities in which
9 the authority may engage. The authority shall not be obligated
10 to pay or allow any fees, taxes, or costs in the recording of
11 any document to the judge of probate of any county.

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

20 §41-10-750.

21 (a) At any time when no authority obligations are
22 outstanding and the authority has no outstanding obligation
23 with respect to lump-sum retirement payments as provided in
24 Sections 2 and 5 of this act, the authority may be dissolved
25 upon the filing with the Secretary of State of an application
26 for dissolution, which shall be subscribed by each of the

1 directors of the authority and sworn to by each director
2 before an officer authorized to take acknowledgments to deeds.

3 (b) Upon the filing of the application for
4 dissolution, the authority shall cease to exist. The Secretary
5 of State shall file and record the application for dissolution
6 in an appropriate book of record in his or her office, and
7 shall make and issue, under the Great Seal of the State, a
8 certificate that the authority is dissolved, and shall record
9 the certificate with the application for dissolution. Title to
10 all property held in the name of the authority shall be vested
11 in the state upon dissolution of the authority.

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

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