

Signal International

Mobile Moves Forward

In 2009, the RSA invested \$100 million in Signal International Inc., a Mississippi company with about 650 employees working at two shipyards in Pascagoula and two shipyards in Texas repairing oil rigs. Signal moved its headquarters from Mississippi to the RSA Battle House Tower in Mobile in May 2009.

Signal has purchased the assets of Mobile's Bender Shipbuilding & Repair out of bankruptcy for \$31 million and changed the name to Signal Ship Repair. Plans are to bring employment to 400-500 people within 18 months. Dick Marler, CEO, says, "The Bender acquisition gives Signal diversity and means that we are not just tied to the oil and gas industry." The bankruptcy issue had kept customers away, but with this purchase the future looks bright for the company. Mobile has an excellent corporate citizen in Signal that has saved a longtime Mobile employer.

The RSA owns 46% of Signal, ACON (Washington, D.C. Hedge/Management Fund) 25%, with other funds and management funds totaling 29%. ■

"I Love You," But!

By David G. Bronner

Alabamians have to be very proud of the exceptional progress that Alabama has made over the last twenty years. Tourism has increased from less than \$2 billion a year to nearly \$10 billion; the unbelievable job opportunities given to Alabama citizens due to great industrial companies locating in Alabama; and the recent national recognition that Alabama educators received for improvements in public education, including the outstanding recognition in higher education—all of which has never happened here in our lifetime.

Governor Riley and all of those who want to follow him have an extraordinary challenge ahead. Do we slide backwards this year and next year after such phenomenal progress over the last two decades? Do we say "It is too much work" to convince Alabamians that they must invest in themselves and their children? With a few counties that still have over 25% of their citizens who are functionally illiterate, do we just "give up or fight" to improve this great state?

"I love you," but we cannot afford to adequately fund public education! The "good people" who believe you must have all perfect A+ students before they will support adequate funding are either greatly confused or do not comprehend how more funding benefits all Alabamians. Yes, Alabama has made major progress, but more improvements are desperately needed! Do we want to end up wondering why we "talked" about our great potential, only to slide back to the sixties? The result will be a huge drop in education funding that will put us behind the eight ball in regards to national prosperity.

"I love you," but we simply cannot afford normal government services! After watching over half a dozen governors and their cabinets come and go, it is obvious that most cabinet leaders get the "This is all we have for our

program; make it work the best you can." Cabinet officials cannot speak out publicly about inadequate funding because a governor or finance director will replace them. Did you know that our prison funding is a mere 30% below the 49th state—South Carolina? If our Republican Governor does not insist that our Republican Senators and Congressmen support the President on another "bailout" of states, how do you include the hope for a "bailout by the Feds" in your budget? If Alabama taxed its citizens at the current level of Mississippi, we would have an extra \$400 million-\$500 million a year to compete! The famous flame out of Amendment One years ago would have provided a billion dollars to solve Alabama's real problems.

It seems that we love Alabama, but do not trust ourselves. Alabamians want to be an "Olympic Champion" before taking the risk of walking. Change means controversy, but who can logically think a 1901 Constitution is even remotely relevant in 2010? Our Governor is our leader; we cannot expect a legislator to fill that job nor anyone else. Alabama cannot slash 40%–50% of the funding to numerous state agencies in October. It will affect agencies from the court system to State Police and many others that will not be able to function properly.

It would be nice to ask the "wannabe" governors what they are going to do about these problems, but it is useless because the voters want simple, easy solutions without any pain or money. However, this is a question that you can certainly ask our current Governor and Legislators: Are you really going to walk away in October and let this great state drop back into the hole of decades ago after more than 20 years of solid, positive progress?

Ideas and high aspirations remain only that—without money! ■

Mexico

Source: I3D Research

America's next great challenge is brewing south of the border. Long before the drug violence in Mexico began grabbing headlines....The bitter election dispute between Calderon and Obrador in 2006 highlighted the country's deep and dangerous wealth divide....Indeed, a growing number of geopolitical experts believe Mexico, not Iraq or Pakistan, is fast becoming one of the world's biggest security risks.

More than 17,000 have died in drug-related violence since Calderon took office three years ago.... Whereas the drug violence used to be isolated events that only involved those in the drug trade, now being at the wrong place at the wrong time can get you killed....Calderon's brave efforts against the drug lords appear futile. A recent article in *The Wall Street Journal* laid out the cold hard facts of the drug business: "Because governments make drugs illegal, the risks associated with transporting them translates into high rewards for those willing to take that risk. The wholesale price of a single kilo of cocaine, for instance, costs \$1,200 in Colombia, \$2,300 in Panama, \$8,300 in Mexico, and between \$15,000 and \$25,000 in the U.S., depending on how close you are to the Mexican border. At a retail level on the streets of New York, it can run close to \$80,000. With markups like that, the

business is bound to keep attracting new entrants, no matter what governments do to stop it."

...How can the Mexican government afford to fund and fight an enemy that grows stronger every day? The problem is compounded by the fact that the drug



cartels will continue to attract new recruits and support from the growing legions of Mexicans struggling with dwindling remittances from the U.S. The ailing U.S. economy has had a significant impact—remittances sent home by U.S.-based Mexican emigrants declined by 14% in a year-on-year comparison, according to the *Financial Times*.

The spill-over effect of violence from its southern neighbor poses a serious threat to the U.S. The U.S.-Mexico border stretches for 2,000 miles, over moun-

tains, through deserts and dividing cities. By some counts, over one million undocumented people cross this border each year. Phoenix is already the second highest kidnapping capital of the world—second only to Mexico City and the victim of the same gangs.

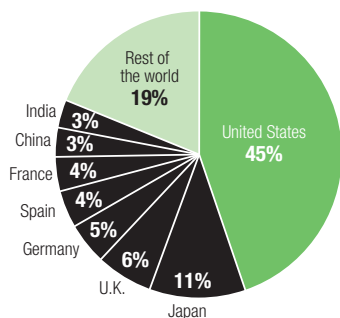
Mexico rang in the New Year with a series of tax hikes...the hikes could cause inflation rates of 5.25% and limit GDP growth to 3% this year. The price of tortillas, a staple in Mexico, jumped 4% in the first week of January, according to *Bloomberg*....At the heart of Mexico's economic and social woes is the country's dwindling oil production, exports and reserves. We estimate that Mexico's revenue loss from lower oil production and prices last year approximated \$17.7 billion.

...What does 2010 have in store for Mexico? Mexico will celebrate two important anniversaries this year: the 100-year anniversary of the beginning of the Mexican Revolution and the bicentennial of the battle of Mexico's independence. If history is any guide, it could be a treacherous year. As John Ross, author of a new book of the history of Mexico City, *El Monstruo*, reminds us: "The Mexican metabolism seems to schedule massive social upheaval on the tenth year of every new century—Hidalgo in 1810, Diaz's fall in 1910." ■

Uncharted Waters

Governments around the world will issue an estimated \$4.5 trillion in debt this year, triple the five-year average for industrial countries.

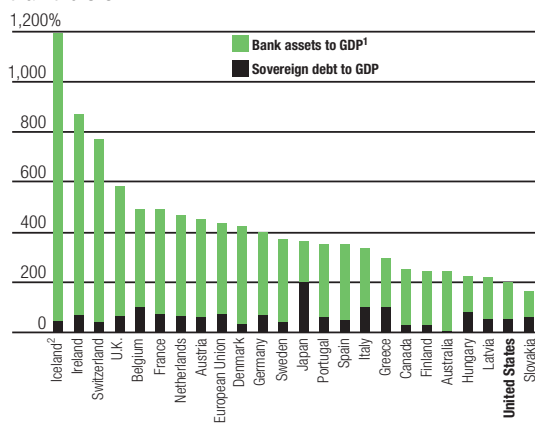
2010 Projected Sovereign Debt Issuance



Source: IMF World Economic Outlook and other various public sources, including news media and respective government data; Hayman Advisors estimates.

It's the Total Debt, Stupid

Private banking assets tend to become public problems in a crisis. By that measure European countries are far worse off than the U.S.



¹Assets for five largest banks. ²Iceland data represent pre-financial-crisis conditions. Source: Hayman Advisors

Federal spending per dollar of federal taxes paid by state

1. New Mexico	\$2.03
2. Mississippi	2.02
3. Alaska	1.84
4. Louisiana	1.78
5. West Virginia	1.76
6. North Dakota	1.68
7. Alabama	1.66
8. South Dakota	1.53
9. Kentucky	1.51
10. Virginia	1.51

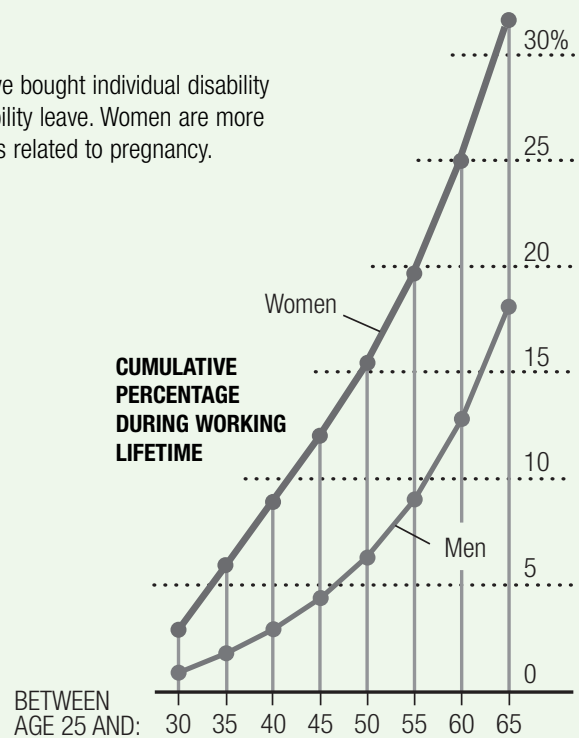
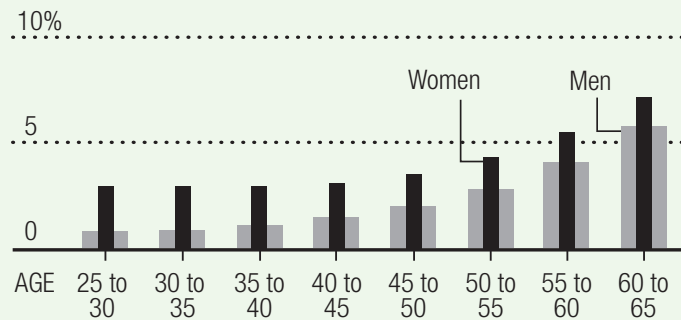
U.S. state median: \$1.09 ▶

The Odds of Going on Disability

About 32 percent of women and 18 percent of men in white-collar jobs who have bought individual disability insurance will at some time in their working life require a 90-day or longer disability leave. Women are more likely than men to require leave at younger ages, partly because of complications related to pregnancy.

Percentage of white-collar workers who required a 90-day or longer leave because of disability

DURING EACH FIVE-YEAR AGE PERIOD



Note: Based on disability data from a study of individual insurance for the period from 1990 to 1999, conducted by the Individual Disability Experience Committee of the Society of Actuaries. Doctors are not included in this data, because they tend to make more disability claims than people in other professions, which distorts the overall numbers.

Source: Milliman analysis of IDEC data

Phys Ed

By Gretchen Reynolds, *The New York Times Magazine*

Recently, scientists in Germany gathered several groups of men and women to look at their cells' life spans. Some of them were young and sedentary, others middle-aged and sedentary. Two other groups were, to put it mildly, active. The first of these consisted of professional runners in their 20s, most of them on the national track-and-field team, training about 45 miles per week. The last were serious, middle-aged longtime runners, with an average age of 51 and a typical training regimen of 50 miles per week, putting those young 45-mile-per-week sluggards to shame.

From the first, the scientists noted one aspect of their older runners. It "was striking," recalls Dr. Christian Werner, an internal-medicine resident at Saarland University Clinic in Hamburg, "to see in our study that many of the middle-aged athletes looked much younger than sedentary control subjects of the same age."

Even more striking was what was going on beneath those deceptively

youthful surfaces. When the scientists examined white blood cells from each of their subjects, they found that the cells in both the active and slothful young adults had similar-size telomeres. Telomeres are tiny caps on the end of DNA strands—the discovery of their function won several scientists the 2009 Nobel Prize in medicine. When cells divide and replicate these long strands of DNA, the telomere cap is snipped, a process that is believed to protect the rest of the DNA but leaves an increasingly abbreviated telomere. Eventually, if a cell's telomeres become too short, the cell "either dies or enters a kind of suspended state," says Stephen Roth, an associate professor of kinesiology at the University of Maryland who is studying exercise and telomeres. Most researchers now accept telomere length as a reliable marker of cell age. In general, the shorter the telomere, the functionally older and more tired the cell.

It's not surprising, then, that the young subjects' telomeres were about the

same length, whether they ran exhaustively or sat around all day. None of them had been on earth long enough for multiple cell divisions to have snipped away at their telomeres. The young never appreciate robust telomere length until they've lost it.

When researchers measured telomeres in the middle-aged subjects, however, the situation was quite different. The sedentary older subjects had telomeres that were on average 40 percent shorter than in the sedentary young subjects, suggesting that the older subjects' cells were, like them, aging. The runners, on the other hand, had remarkably youthful telomeres, a bit shorter than those in the young runners, but only by about 10 percent. In general, telomere loss was reduced by approximately 75 percent in the aging runners. Or, to put it more succinctly, exercise, Dr. Werner says, "at the molecular level has an anti-aging effect...." ■

ENJOY YOUR SPRING
A Special Deal
FOR RSA MEMBERS

**The Battle House,
A Renaissance Hotel – Mobile – \$99**

- Mar. 1-3, 6-9, 14-18, 21-23, 28-31
- Apr. 4-7, 11-12, 18-22, 25-26
- May 2-6, 8-12, 20-22, 27-31

**The Renaissance Riverview Plaza –
Mobile – \$89**

- Mar. 1-3, 6-9, 14-18, 21-23, 28-31
- Apr. 4-7, 11-12, 18-22, 25-26
- May 2-6, 8-12, 20-22, 27-31

Marriott Grand – \$99 plus a 15% resort fee

- Mar. 6-11, 14, 17-18, 21-25, 27-31
- Apr. 1, 12-20, 25-30 • May 1-22

Marriott Grand – RSA Golf Package – \$169

Ask for code – LOCD
Includes: Deluxe Room, One Round of Golf for Two People.
Call for Tee Times after booking package

- Mar. 6-11, 14, 17-18, 21-25, 27-31
- Apr. 1, 12-20, 25-30 • May 1-22

Marriott Shoals – Florence – \$89

- Mar. 4, 7-8, 10-11, 14-15, 21-25, 27-28
- Apr. 1-5, 11-12 • May 3-4, 7-12, 16-18, 23-26

Renaissance Ross Bridge – Hoover – \$99

- Mar. 1-2, 7-9, 21, 28 • Apr. 4-8, 18, 25
- May 9, 16, 23

Opelika Marriott – \$89

- Mar. 2-7, 11-21, 23-25, 28-31
- Apr. 1-6, 10-14, 18-20, 23-28, 30
- May 1-12, 15-17, 19, 21-23, 26-31

Prattville Marriott – \$89

- Mar. 1-2, 4-7, 9-17, 19, 21-23, 25, 28-30
- Apr. 1-7, 11, 15, 18-25, 30
- May 1-4, 7-9, 16-17, 21-27, 30-31

Renaissance Montgomery – \$99

- Mar. 1, 3-4, 7, 11-13, 17, 21, 26-27
- Apr. 1-5, 10-11, 16-19, 25-30
- May 1, 6-11, 15, 20-24, 27-31

RSA Spa Package – \$159

Ask for code – LOCD Includes Deluxe Room
• Mar. 3-4, 11, 17, 30 • Apr. 1, 27-29 • May 6, 11, 27

Rates available the 1st of the month and are not applicable to groups.

Code: RABM, 800-228-9290

Internet promo code: R2A on marriott.com

Book Online and Save RSA \$4.

ERS Board Seeks Candidates for Upcoming Election

Candidates are now being sought for two ERS Board of Control positions to be filled in a statewide election that will take place in May.

- A candidate for the **Active Local Employee, Position No. 1**, must be an active member of the ERS by virtue of employment with a local agency (city, county, town, public or quasi-public agency).
- A candidate for the **Active State Employee, Position No. 1**, must be a vested, active member of the ERS by virtue of employment with a state agency.

In the past, the election for the Active State Employee position was conducted by the State Comptroller's Office. Beginning with this election, active state employees will receive a ballot in the mail from VR Election Services. Members will be able to vote for their respective positions by mail, phone or the internet. Instructions will be included with the ballot.

Each position is a four-year term beginning October 1, 2010, and ending September 30, 2014. Mr. Steven Williams currently holds the Active Local Employee position and Ms. Alice Thornton the Active State Employee position.

Nomination packets are available on our Web site at www.rsa-al.gov or contact the election coordinator at 877.517.7020. The completed petition must be returned to the ERS by 4:00 p.m., April 15, 2010. ■



CEO

David G. Bronner

Deputy

Marcus H. Reynolds, Jr.

Executives

Communications

Michael E. Pegues

Chief Accountant & Financial Officer

Diane E. Scott

Employees' and Judicial Retirement

William F. Kelley, Jr.

Field Services

Judy P. Utley

Information Technology Services

Michael T. Baker

Investments

R. Marc Green

Legal Counsel

William T. Stephens

Legislative Counsel

Lindy J. Beale

Member Services

Penny K. Wilson

RSA-1

Teresa B. Pettus

PEEHIP

Lee M. Hayes

Teachers' Retirement

Donald L. Yancey

The Retirement Systems of Alabama

201 South Union Street

P.O. Box 302150

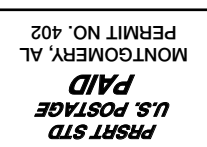
Montgomery, Alabama 36130-2150

Phone: 334-517-7000

877-517-0020

RSA Web site

www.rsa-al.gov



RETIREMENT SYSTEMS OF ALABAMA
201 SOUTH UNION STREET
P.O. BOX 302150
MONTGOMERY, ALABAMA 36130-2150

Life Is Very Short, Go Enjoy
Your RSA Hotels, Spas and Golf