



# The ADVISOR

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## Judge Sues RSA over Contribution Increase

Source: [www.wsfa.com](http://www.wsfa.com)

A Mobile Circuit Judge is suing the Retirement Systems of Alabama, the Attorney General, and the state's Comptroller over changes to the Judicial Retirement System.

Judge James Wood, of Mobile, Alabama, filed the suit in the Montgomery Circuit Court and alleges that the law that the Alabama Legislature passed in 2011 that made changes to the employee contributions to the JRF was unconstitutional. The suit states that the Alabama Constitution of 1901 has a section that reads, "The compensation of a judge shall not be diminished during his official term."

In 2011, the Alabama Legislature passed several laws that increased the amounts that the state employees, education employees, and judicial employees contributed to their retirement plans. In court documents filed, Wood's attorneys argue that taking money out of the judge's paycheck to go toward their defined benefit plan is the equivalent of a salary decrease. They argue that the state constitution prohibits such a move.

Leura Canary, Chief Legal Counsel for the RSA, said, "That is not the legally correct way to view this in that you could raise someone's contributions and taxes

and that does not diminish their salary." Canary contends that even though the check Judge Wood receives during a pay period may be of lesser amount, since the additional money goes toward his personal Judicial Retirement System benefit, it's not illegal.

She says the Republican-controlled Legislature acted within its responsibilities in requiring every state employee to pay more toward their retirement benefits. "The Legislature took action to help make the retirement fund financially solvent and keep it that way." ■

## Editorial: *The Anniston Star*

David Bronner, CEO of the Retirement Systems of Alabama, frequently catches flak from Republican legislators for what they consider the less-than-satisfactory returns that have come from his investments.

Several things drive these critics. One of the main complaints was the requirement that the state Legislature has to come up with the money to cover the shortfall when investment returns are not up to expectations. Legislators never want to face that order, and in times like these when there is little money for anything, they want to do it even less.

Today, that criticism has begun to wane a bit if for no other reason than returns on RSA investments in recent months are running ahead of the national average. However, the critics also have quieted because Bronner has done what any smart CEO must do—he has opened lines of

communication with those who have questioned how he invests. In the process, he has been able to reach an understanding with them.

For example, he went along with and helped shape the recently passed pension program for new state hires that will save money in the long run. After years of working with Democrats, Bronner has shifted gears and is cooperating with House Speaker Mike Hubbard, R-Auburn, and Senate Budget Committee Chairman Trip Pittman, R-Daphne, in an effort to get them to understand what the RSA does.

He also has hired former U.S. Attorney Leura Canary as his General Counsel. Canary is the wife of William Canary, president of the Business Council of Alabama and a powerful force in the state Republican Party.

More than anything, Bronner has been able to convince many of the Republicans

who are now running the state that one of the reasons some of his investments did not do as well in recent years was that he was investing in Alabama businesses—and Alabama businesses, by and large, did not do well over that period.

This is a message the Legislature needs to hear.

According to Keivan Deravi, an economist at Auburn University at Montgomery, the RSA invests 10 percent of its funds in Alabama businesses. Over the last 20 years, the total investment in the state has been \$5.6 billion. The RSA has provided business loans, bought hotels and office buildings and built golf courses that it promoted from Florida to Michigan with free advertising through TV stations and newspapers in which it also invested. During that period, the RSA generated \$1.1 billion in tax

*Continued on page 2*

# CEO: Ala. pension fund investments have big impact

Source: Associated Press

**M**ONTGOMERY, Ala. (AP) – The longtime leader of Alabama’s pension program has an Alabama-shaped plaque on his office wall that features the stuffed rear end of a raccoon and a man’s tie. Some Montgomery area business leaders gave it to him as a joke on the word “tycoon.”

During David Bronner’s 39-year-career, there have been some state officials who tried to mount a piece of his hide on their office walls, but none has succeeded so far.

Bronner, 67, is still holding down his office as CEO of the Retirement Systems of Alabama and still talking with unrestrained enthusiasm about reshaping Alabama. “Alabama has made more progress in the last 15 years than the 40-plus years I’ve been in Alabama,” Bronner said.

The most recent threat to Bronner’s status came when the pension fund’s investment returns trailed similar pension funds for public employees around the country. Some legislators questioned whether fresh

leadership was needed.

Bronner acknowledged the lower returns and said they resulted from investing in Alabama businesses, hotels and golf courses. Then he countered the criticism with financial reports that showed two things: how much impact the investments have on Alabama and how much Bronner, a Minnesota native, has learned about the state.

Bronner got an Auburn University economist to write one report and two University of Alabama business experts to write the other.

He also made changes in his top staff. The deputy director departed, and Bronner hired former U.S. Attorney Leura Canary as General Counsel, the wife of Business Council of Alabama President William Canary and a friend of many prominent Republicans. Bronner also built relationships with Alabama’s new Republican-controlled Legislature after spending most of his career working with Democrats who ran the Statehouse.

House Speaker Mike Hubbard, R-Auburn, and Senate budget committee Chairman Trip Pittman, R-Daphne, said communication between the Retirement Systems and the Legislature has improved, and Bronner recently worked with the Legislature to shape a pension program for new state hired beginning in 2013 that will be less costly than the system for current employees. “I think he’s the best person to work these investments and generate the best returns,” Pittman said.

Hubbard said the Retirement Systems’ investments in Alabama have been good for the state, but the Legislature must consider the pension funds’ investment returns because when earnings fall below expectations, the Legislature has to put more money into the program to keep it sound.

“I’m very pleased with how Dr. Bronner has worked with us and addressed our concerns,” Hubbard said.

In a report released, Keivan Deravi, an economist at Auburn’s Montgomery campus, said RSA has invested 10 percent of its funds in Alabama businesses. Those investments totaled \$5.6 billion from 1990 to 2011. The investments ranged from business loans, including \$100 million to get Mercedes to build Alabama’s first auto assembly plant, to investments in high-rise office buildings in Montgomery and Mobile, a string of Marriott hotels from Point Clear to Florence, and the Robert

Trent Jones golf courses on 11 sites.

He has promoted them with \$55 million annually in free advertising secured through RSA’s investments in the 48 TV stations of Raycom Media and the 130 communities served by Community Newspaper Holdings, Inc. that stretch from Texas to Massachusetts.

Deravi’s report says that between 1990 and 2011, RSA’s Alabama businesses generated an additional \$1.1 billion in tax revenue for the state and \$428 million in local tax revenue. If the same money had been put in stocks and bonds and generated the same return as RSA’s other traditional investments, the return would have been \$541.6 million.

Another report by Sam Addy and Ahmad Ijaz from Alabama said RSA’s investments in the state were responsible for 4,332 in-state jobs and \$153 million in payroll in just 2011 alone ....

Bronner said RSA’s stock and bond investments performed at average or above average for the last 10 years. It’s the 10 percent of money invested in Alabama that hasn’t performed as well and kept the overall returns down. But he said he knew it would take several years for the hotels and golf courses to make money, and the improvement in RSA’s performance in recent months reflects that profitability. For instance, the hotels reported a profit of \$7.5 million for 2011. Three years ago, they were struggling to break even.

Bronner said investing in hotels and office buildings in New York would make money. He knows because RSA owns a major office building in New York’s Wall Street area that rents for triple the square foot rate of his Alabama buildings, but he said investing more in New York real estate would do nothing to change Alabama.

“If you don’t invest in Alabama, Alabama will never change,” he said.

Retired educator Sarah Swindle, chair of the Teachers’ Retirement System board, has served on the board since Bronner proposed the Robert Trent Jones Golf Trail more than 20 years ago, and she has no regrets about supporting each Alabama investment. “If we are helping the economy in Alabama, we are helping our members and the state, and we are changing the culture of the state,” she said... ■

## Editorial: The Aniston Star

*continued from page 1*

revenue for the state and \$428 million in local tax revenue.

Last year, RSA investments were responsible for 4,332 in-state jobs and a payroll of \$153 million, according to a report by University of Alabama economists Samuel Addy and Ahmad Ijaz.

In short, when it comes to job creation and economic stimulation, Alabama legislators should look more closely at what David Bronner and the RSA investments have done for the state. They also should consider supporting him more and criticizing him less.

Perhaps that’s already happening. The other day, Speaker Hubbard told the Associated Press, “I’m very pleased with how Dr. Bronner has worked with us and addressed our concerns.” Sen. Pittman added, “I think he’s the best person to work these investments and generate the best returns.”

This page agrees. Perhaps the Legislature should follow Bronner’s example and do a bit more investing in Alabama. ■

# Conde Nast Traveler Names Spa at Ross Bridge a Top Spa

## #3 on the U.S. Mainland

Source: Marketwire

When planning Birmingham vacations, guests consider dining, recreation, and breathtaking natural and historic sites. But when it comes to relaxation, finding a great spa tops the list. And with the announcement of *Condé Nast Traveler's* 2012 list of top spas in North America, the Caribbean, Hawaii, and 25 cruise ships at sea, Birmingham visitors won't have to go far to experience the #3 hotel spa on the U.S. mainland - The Spa at Ross Bridge.

A uniquely elegant spa, Birmingham's The Spa at Ross Bridge, An Aveda Spa and Salon, is set in the middle of the Four-Diamond Renaissance Birmingham Ross Bridge Golf Resort. A refreshing escape from the worries of the world, the lav-

ish 12,000-square-foot European spa offers body scrubs, wraps, massages, facials, footbaths, hair and scalp treatments, manicures, pedicures, and much more. Rejuvenation and delight are the order of the day at this award-winning spa.

The annual *Condé Nast Traveler* magazine's "Top 270 Spas" list is the result of the magazine's reader survey. Spas are ranked on a scale of 1-100, taking into account facilities, innovative treatments, therapist expertise, relaxation and pleasure, décor, and overall service. Winners were named in the resort and hotel categories for each region, including Canada, Mexico and Central America, Hawaii, U.S. mainland, Atlantic and Caribbean, and cruise ship spas.

Set amongst beautiful rolling hills, the Renaissance Birmingham Ross Bridge Golf Resort & Spa is one of the finest hotels in Birmingham. Secluded from everyday cares, yet close to a vital city, the Birmingham hotel exemplifies comfortable sophistication and the casual elegance of a royal retreat.

The luxurious guest rooms at the Renaissance Birmingham Ross Bridge Golf Resort & Spa include balconies overlooking striking grounds, as well as a signature pool featuring enchanting waterfalls and fountains. The awe-inspiring grounds also feature the third-longest golf course in the world and a Robert Trent Jones Golf Trail course highlighted by sweeping majestic views of the surrounding foothills. ■

## Retirement Payroll Reaches \$200+ Million/Month

	TRS	ERS	JRF	Total
June 2012	\$134.3mm	\$64.5mm	\$2.3mm	= \$201.1mm
June 2007	\$106.6mm	\$48.7mm	\$1.8mm	= \$157.1mm
June 2002	\$72.7mm	\$32.8mm	\$1.4mm	= \$106.9mm



## WANT TO HELP?

A FREE Car Tag

Tired of that worn-out dealer tag on the front of your car? Would you like to help the RSA and our Alabama Tourist Department advertise "Alabama's Robert Trent Jones Golf Trail" on your front bumper? If so, call to request a tag at 334.517.7000, or 877.517.0020, or write:

Tag • P.O. Box 302150 • Montgomery, AL 36130-2150

## Tracking the Housing Bust

How San Bernardino, Calif., stacks up against select metro areas

	Number of foreclosures over the past year*	Share of homeowners with a mortgage who are underwater+
Phoenix	39,779	52.4%
Atlanta	39,318	36.9
San Bernardino	28,315	43.4
Los Angeles	23,562	23.5
Houston	16,904	11.0
Chicago	15,556	24.9
Minneapolis	11,897	19.2
Dallas	11,464	12.1
Washington, D.C.	7,033	28.0
New York	855	10.8

### Home-price index for the San Bernardino metro area



\*for the 12 months ended in April    +as of March 2012

Source: CoreLogic

# It is Time To Have Fun and Enjoy the Family Plan Your Holidays for Our Hotels, Spa, and Golf

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

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U.S. POSTAGE  
**PAID**  
MONTGOMERY, AL  
PERMIT NO. 402

ENJOY YOUR SUMMER/FALL  
A Special Deal  
FOR RSA MEMBERS

**The Battle House,**

**A Renaissance Hotel – Mobile – \$99**

- August 1, 5-11, 19-31 • September 1-9, 11-12, 16-30
- October 1-4, 7-13, 17-18, 20, 26-31

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

- August 1, 5-11, 19-31 • September 1-9, 11-12, 16-30
- October 1-4, 7-13, 17-18, 20, 26-31

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

- August 7-8, 12-16, 22-23 • September 3, 9-11, 23-25
- October 4, 7-9, 14-15

**Marriott Grand – RSA Golf Package – \$169**

Enter code – RSPRSPA

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

- August 7-8, 12-16, 22-23 • September 3, 9-11, 23-25
- October 4, 7-9, 14-15

**Marriott Shoals – Florence – \$89**

- August 5-6, 12-13, 20, 23, 27
- September 9-10, 16, 23 • October 21, 28

**Renaissance Ross Bridge – Hoover – \$99**

- August 1-2, 5, 7-9, 12-16, 19-21, 26-30
- September 3, 6, 12-13, 16, 19, 30
- October 1-4, 7-11, 14-18, 21, 25, 28-31

**Opelika Marriott – \$89**

- August 2, 4-6, 8-19, 24-26, 28-31
- September 1-4, 7-9, 16-18, 23-26
- October 2-4, 7-8, 14-18, 21-24, 26-28, 30-31

**Prattville Marriott – \$89**

- August 5-8, 10-12, 17-22, 24-31
- September 1-4, 8-10, 24-25, 28-29
- October 4-7, 16-17, 20-22, 25-29, 31

**Renaissance Montgomery – \$99**

- August 3-9, 11-12, 16, 19-22, 24-31
- September 1-10, 13-14, 23-24, 28-29
- October 7-8, 13, 21-22

**RSA Spa Package – \$179**

Enter code – RSPRSPA Includes Deluxe Room

- August 7-9, 16, 21-22, 28-30
- September 4-6, 13 • October: Sorry, no dates available

*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](http://marriott.com)

**Book Online and Save RSA \$4.**

## Candidates Sought for Five TRS Board Positions

Candidates are now being sought for five Teachers' Retirement System (TRS) Board of Control positions. The five positions, Teacher Position No. 1, Teacher Position No. 2, Support Personnel Position No. 1, Retired Position No. 1, and Postsecondary Position will be filled in a statewide election that will take place this October. Elected members will begin their three-year term of service on July 1, 2013.

**Application Process:** If you are eligible and interested in running for any of the above positions, nomination packets are available on our website at [www.rsa-al.gov](http://www.rsa-al.gov) or you may contact the Elections Coordinator at 877.517.0020.

In order to qualify as a candidate for the Board, nomination petitions must have at least 50 valid signatures of active or retired members of the TRS. The completed petition must be returned to the TRS office no later than 4:00 p.m., September 5, 2012. Member signatures on the nomination petitions will be verified before the candidate's name is placed on the ballot.

## ERS Board Election Update

Congratulations to Jimmy Rowell who has won re-election to the ERS Board of Control Retired State Employee Position.



CEO

David G. Bronner

Executives

Communications

Michael E. Pegues

Chief Accountant & Financial Officer

Diane E. Scott

Employees' and Judicial Retirement

William F. Kelley, Jr.

Field Services

Judy P. Urtley

Information Technology Services

Michael T. Baker

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R. Marc Green

General Counsel

Leura G. Canary

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PEEHIP

Donna M. Joyner

Teachers' Retirement

Christopher P. Townes

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 Website

[www.rsa-al.gov](http://www.rsa-al.gov)