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IF YOU COULD WAVE A MAGIC WAND OVER ALABAMA AND PRODUCE THE IDEAL ECONOMY BY THE YEAR 2010, WHAT CHANGES WOULD YOU CONJURE UP?

DAVID G. BRONNER
CEO, THE RETIREMENT SYSTEMS OF ALABAMA

*Visualize: Racism's a museum antiquity...
Industry invests in public schools...*

The year is 2010. It truly sounds like a long time from today but in 1976 the thought of 1990 was almost incomprehensible. If I had the "magic touch" to change Alabama economically by 2010, Alabamians would immediately face racism and destroy it by realizing that true economic development is interwoven in the destruction of racism and the elevation of education to a plane unparalleled in the history of this state. Economic development means jobs, income, prosperity, and positive progress without a declining standard of living for our cities and state.

RACISM: By 2010, the subject of racism is such a worn-out subject that it is as relevant as communism or the "Great Depression" in 1996. Clearly racism was solved during this period because the majority concluded it did nothing but hurt everyone's economic interests, be he rich or poor. In addition, we understood that the rest of the world could care less if blacks and whites in Alabama wanted to waste their energies on such nonsense while the rest of the world developed economically. Clearly over this 14-year period blacks realized there were always going to be some white racists, as well as whites figuring out that there will always be some black racists. Some people simply thrive by keeping hate alive. But the vast majority of both groups came to the quick conclusion that the 5 percent fringe element that yelled "racism" on every conceivable issue were simply self-serving "want-a-be-politicians" who can't see beyond the next headline. Racism and political correctness are simply not relevant in 2010 and are no more relevant than the Pope controlling Washington when Jack Kennedy was elected President.

INDUSTRY & EDUCATION: With the "magic touch" industrialists actually initiate

real reform and figure out during this period that education is too important to trust the politicians and educators to do what is right. Certain companies that in 1996 excluded almost 40 percent of the work force because they did not have a high school education, now exclude less than 10 percent of the population [since even in this fairyland there have to be some miscreants to keep the police and judges fully employed.]

Magically, Alabamians understand why certain cities are more successful at recruiting jobs than others. The light clicks on and is seen across Alabama and we discover why of all places, Tupelo, Miss. is more successful than Montgomery, Birmingham, Mobile, Huntsville, etc., in recruiting jobs. All of a sudden, in a flash, from the college professor to the city bus driver, Alabamians realize the five characteristics that keep surfacing across America determining why one city is selected by industry over another for growth.

If a city has a university, a state capitol, an interstate, an educational and research environment or a recreational industry, it should be more successful.

Why then has Montgomery – which has at least three of the five points and, some would strongly argue, a solid percentage of the other two points – performed, at best, average? Simple. Montgomery, like most of Alabama, has the lowest local support of public education of any state capitol in America. How low? The local support is one-third of Phenix City and less than 20 percent of good public systems such as Hoover and Vestavia Hills.

The big "hole" in industry recruiting across Alabama is public education. Why is there strong economic growth in Prattville, Ala.? Simply because the white middle class is moving out of Montgomery due to inadequate public schools which hurts every landowner in Montgomery. Why is Russell County [Phenix

City] at the rate of fifth across Alabama? It has invested in its public schools and workers from Georgia have recognized it. Simply put, if you want economic growth, invest in your public schools. If you want your house values to fall instead of increase and you don't want new industry to make your community alive, starve your public schools.

In the "land of dreams," it is easy to solve problems. It is truly difficult to understand that spending more money on poor white and black kids (especially when you make enough to send your kids to private schools or are fortunate enough to be in one of those few public school systems that work and are locally supported) is the only method to break the chain of ignorance and illiteracy. If your parent did not read and write, do you think you could read this without someone or some kind of special help?

By 2010 clearly, the business community had the courage to change the 1990's problems, resulting in the giant step forward: making racism an antiquity and improving the state's public schools to among the top 25 state systems in America. Obviously, if Alabama can move from 48th in public golf to 3rd in the nation in four short years, 14 years is a snap to resolve the race and public education issues. Every businessman who ignores public education is simply throwing his hard work in the garbage can if he truly wants prosperity for his business and community.

Editor's Note: This article, written in March 1996, looks to the future in 2010. Now that 2010 has passed, our state has made some strides in dealing with racism, but what improvements have we made in funding education for all Alabamians? Why do we have to keep having this same discussion decade after decade? Looking to 2030, will the business community have invested more in public education, or will we still have the same funding issues as we do today? ●

How an Investment by Alabama's State Pension Fund Assisted in Enhancing Alabama's Economy

BY DR. MARK FAGAN

The Retirement Systems of Alabama (RSA) launched an economically targeted investment in Alabama in 1990 to create jobs and increase tax revenue to strengthen the state pension fund. This statewide investment, envisioned and orchestrated by CEO Dr. David Bronner, resulted in a monumental world-wide tourist attraction (The Robert Trent Jones Golf Trail) composed of 26 golf courses, 8 resort hotels, and 5 spas. Hundreds of people in Alabama worked as partners to actualize this investment. Subsequent development at the 11 sites by private developers included over 8,300 houses and over 5 million square feet of commercial space. Thousands of jobs and billions of dollars in tax revenue were generated from this initial construction spending and increased ongoing tourism spending since its inception.

Each of the 11 golf complex sites required negotiations as a stand-alone project. The process of acquiring land, access roads, and utilities varied at each site. A public-private partnership was used to develop the sites. Private developers donated the land or local governments leased the land for no charge. The local governments wanted the job creation and increased tax revenue so they made financial contributions toward the proposed project for their area. There were varied financial arrangements among the sites. Projected economic impact analyses of the finished sites were needed for justification and financial planning for bond issues.

Entities involved during the development, operation, and promotion of this statewide development included: Governor's Office, Legislature, two RSA Boards, Alabama Development Office, Alabama Highway Department, Tennessee Valley Authority, US Army Corps of Engineers, Alabama Department of Environmental Management, Alabama Department of Conservation and Natural Resources, Alabama Department of Public Health, Alabama Department of Tourism, Economic Development Partnership of Alabama, 15 City Councils, 6 County Commissions, one Municipal Water Board, one Local Development Authority, 11 local planning commissions, 5 local zoning boards,

11 local chambers of commerce, 7 local tourism boards, Alabama Travel Council, 7 private developers, 6 major contractors, dozens of subcontractors, 55 television stations, and 130 newspapers. One company (SunBelt Golf) leases the golf courses and operates them and another company (PCH Hotels and Resorts) manages the hotels.

RSA's assets in the Trail are broken down as follows: 5,700 acres of golf courses, 540,000 square feet of building space, 2,065 hotel rooms, 20 restaurants, and 326,000 square feet of meeting space. RSA has also provided through their two media companies (Raycom Media and CNHI) over \$1 billion in free advertising since 1996 for Alabama. These assets along with the massive advertising have helped to produce over 500,000 rounds of golf per year (half from out-of-state) and over 2,000 conferences.

The initial investment by RSA produced Direct, Indirect, and Induced economic impacts. Direct economic impacts result from spending at Primary industries (construction supplies and labor, golf complexes, hotels, restaurants, gas stations, retail outlets). Indirect economic impacts result from spending by the Primary industries at Secondary industries (suppliers to Primary). Induced economic impacts result from spending in the local economy by employees of Primary and Secondary industries.

The first economic impact from this investment came from the \$4.2 billion spent to construct the golf courses, resort hotels, spas, houses, and commercial space. This total economic impact was \$8.8 billion and included \$4.9 billion in value added, \$3.1 billion in earnings, and 83,000 jobs. These earnings produced income and sales taxes. More tax revenue was generated from this initial construction spending than RSA's approximately \$770 million investment in the golf courses and hotels. Property values also increased near these sites which resulted in major increases in property taxes.

The second economic impact from this monumental real

estate development has occurred from the increased annual tourism spending since 1990. By 2016, there was an annual increase of \$10 billion over 1990. In 2016, there were 58,000 more tourism related jobs in Alabama over the 1990 level and tourism related earnings went from \$977 million in 1990 to \$4.7 billion in 2016. Cumulative increases in Alabama from 1990-2016 were: tourism spending of \$110 billion, sales and lodging taxes of \$11 billion, and over 290 new hotels/25,000 rooms.

The third economic impact is from the increased retiree households in Alabama since the 1990 level. Retirees compose a large component of golfers and golf is a factor in their choice of a retirement destination. Finances for these households include almost \$2 billion in assets and around \$500 million in annual income. These approximately 10,000 households have the same economic impact as 35,000 jobs.

Partnerships were developed between RSA and local governments during the development of the RTJ golf complexes and RSA hotels. One partnership was with the city of Mobile to construct and refurbish Class A and Class B office space which helped to revitalize downtown Mobile. Another partnership was working with the city of Montgomery to expand the Civic Center, develop the Performing Arts Center, and add restaurants/bars to assist in the revitalization of downtown Montgomery. RSA worked with political and economic development leaders in The Shoals to secure two major manufacturers, one producing aluminum and one producing rail cars/large trucks/buses. RSA partnered with Daniel Corp and US Steel to develop an outlet mall and planned community near Leeds. ●

WANT TO HELP?



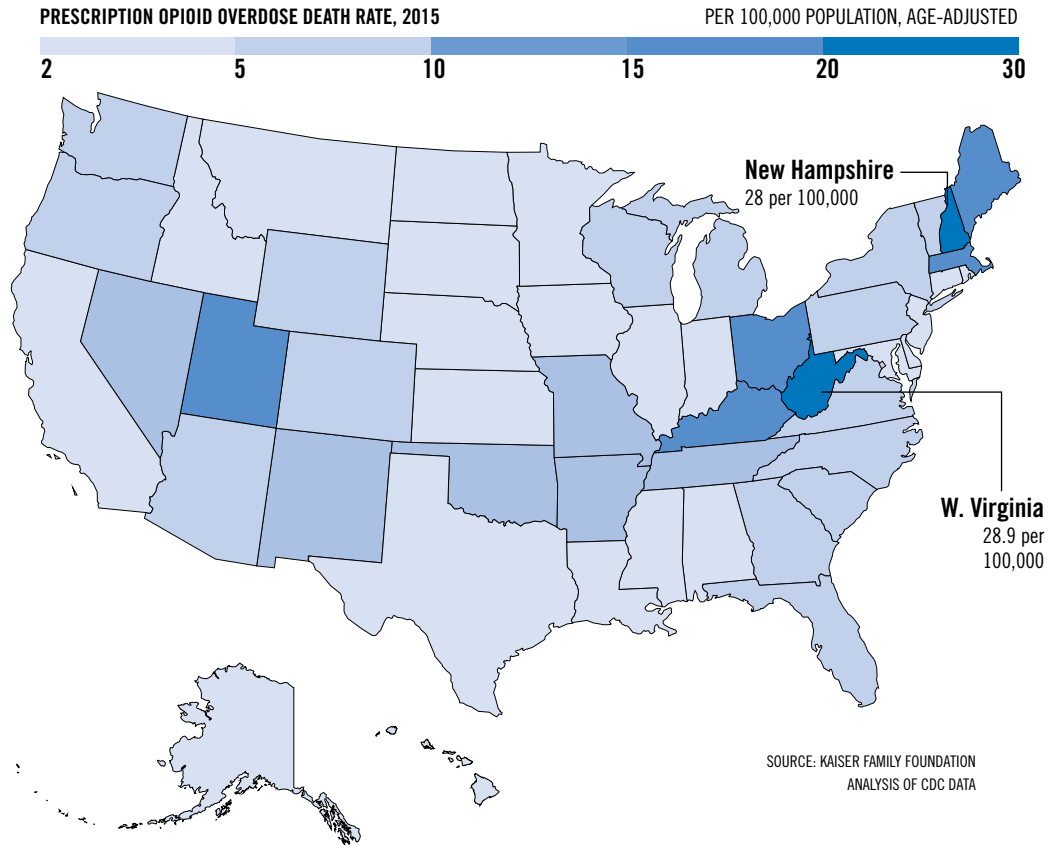
A FREE
CAR TAG

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:

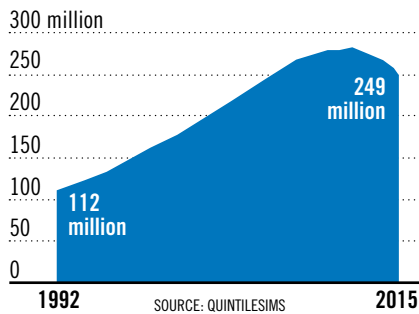
Tag, P.O. Box 302150, Montgomery, AL 36130-2150

A NATIONAL PLAGUE RAVAGES SOME REGIONS MORE THAN OTHERS

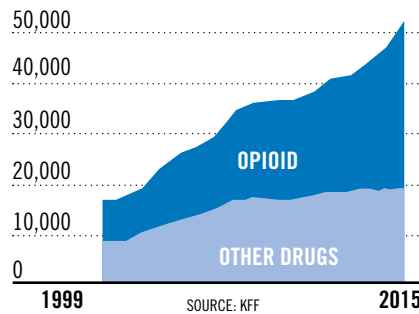
Deaths from overdoses of painkillers have struck Appalachia and the northeast particularly badly, with West Virginia and New Hampshire leading the country



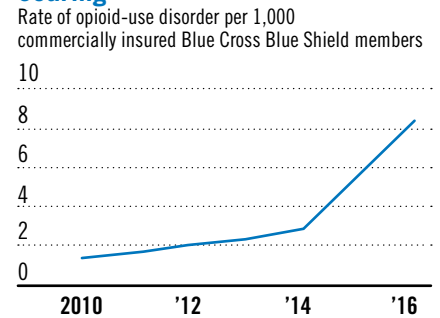
Number of Prescriptions for Narcotic Painkillers



U.S. Annual Drug Overdose Deaths



Soaring



SOURCE: BLUE CROSS BLUE SHIELD, THE HEALTH OF AMERICA REPORT THE WALL STREET JOURNAL

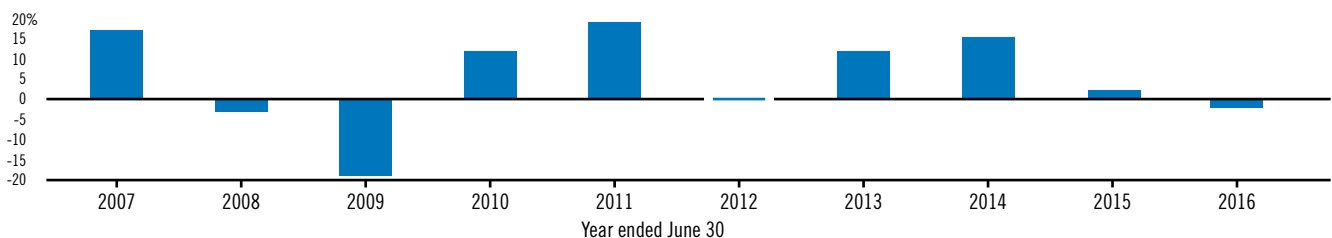
Endowments

BY JANET LORIN – BLOOMBERG

Returns are looking vastly better than the previous year, when U.S. college funds, which collectively hold about \$500 billion, had average investment losses of about 2 percent. Now they're on track for gains in the high single digits, the best performance since fiscal 2014.

The average 10-year return for college funds is 5 percent.

Average Annual Endowment Investment Returns



Source: National Association of College and University Business Officers

Start Planning Your Fall Getaways at RSA's Outstanding Hotels, Spas, and RTJ Golf

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

PRSR STD
U.S. POSTAGE
PAID
MONTGOMERY, AL
PERMIT NO. 402



Member Hotel
Discounts Webpage

ENJOY YOUR SUMMER
A Special Deal
FOR RSA MEMBERS

The Battle House,

A Renaissance Hotel—Mobile—\$109

- August 1-10, 13-31
- September 1-5, 9-11, 14-17, 24-30
- October 1-2, 8-16, 22-31

The Renaissance Riverview Plaza—Mobile—\$99

- August 1-2, 6-9, 13-15, 20-22, 27-30
- September 3-6, 10-11, 14-19, 22-30
- October 1-2, 9-11, 15-16, 22-24, 27-31

Marriott Grand—\$109 plus a 15% resort fee

- August 1-2, 6-9, 13-15, 20-22, 27-30
- September 4-5, 17, 24-26 • October 1-2, 29-30

**Marriott Grand—RSA Golf Package—\$179
plus a 15% resort fee —Promotional code—R2A**

Includes: Deluxe Room, One Round of Golf for Two People.

Call for Tee Times after booking package

- August 1-2, 6-9, 13-15, 20-22, 27-30
- September 4-5, 17, 24-26 • October 1-2, 29-30

Marriott Shoals—Florence—\$99

- August 6, 10, 13, 20, 27 • September 4, 7, 10, 24
- October 5, 10-11, 15, 19, 22, 29

Renaissance Ross Bridge—Hoover—\$109

- August 1-3, 6-8, 10, 13-14, 20-23, 27-31
- September 4-6, 10-14, 17-21, 24
- October 1-2, 5, 8-12, 16-19, 22-23, 26, 29-30

Opelika Marriott—\$99

- August 1-2, 9-10, 13-15, 20-30
- September 4-5, 8-12, 18-20, 24-27
- October 1-2, 8-11, 15-16, 24-26, 29-31

Prattville Marriott—\$89

- August 4-8, 11-15, 20-24, 31
- September 2-6, 10-11, 17-18, 25-26, 30
- October 1-3, 8-9, 15-17, 22-23, 29-31

Renaissance Montgomery—\$109

- August 1-3, 6-7, 11-13, 23, 31
- September 3-4, 9-10, 13-17, 23-24
- October 3, 14-15, 22-31

RSA Spa Package—\$189—Promotional code—R2A

- August 1, 3, 11-12, 23, 31 • September 9, 13-16, 23
- October 3, 14, 24-28, 31

*Specific room requests may require additional charge.
Rates available the 1st of the month and
are not applicable to groups.*

800-228-9290 Ask for RSA rate. **Promotional
Code: R2A** on www.rsa-al.gov
Book Online and Save RSA \$4.

ERS Board of Control Election Results

Congratulations to Mr. Jim Fibbe on being re-elected to the Retired Local Employee position on the Employees' Retirement System (ERS) Board of Control. His three-year term will begin on October 1, 2017.

Candidates Sought for Four TRS Board Positions

Candidates are now being sought for four Teachers' Retirement System (TRS) Board of Control positions. The four positions (with incumbents name), Teacher Position No. 3 (Charlene McCoy), Support Personnel Position No. 2 (Russell Twilley), Principal Position (Dickie Brown), and Higher Education Position No. 2 (Don Large), 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, 2018.

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 or you may contact the Elections Coordinator at 334.517.7192.

In order to qualify as a candidate for the Board, potential candidates must complete the Letter of Intent and Certificate of Assurance forms along with the Candidate Biographical Information form. The completed forms must be returned to the TRS office no later than 4:00 p.m., September 5, 2017. ●



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David G. Bronner

Deputy Director

Donald L. Yancey

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Chief Accountant & Financial Officer

Diane E. Scott

Employees' and Judicial Retirement

William F. Kelley, Jr.

Field Services

Christopher C. Gallup

Information Technology Services

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Leura G. Canary

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Penny K. Wilson

PEEHIP

Donna M. Joyner

RSA-1

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