



Wow! *NY Times* Uses the RSA To Show New York Problems

The New York Times
ABOUT NEW YORK

SOME PENSION FUNDS PROFIT FROM NEW YORK REAL ESTATE. WHY DOESN'T THE CITY'S? BY JIM DWYER

Not only do people come to New York City from all over the world. So do pension funds, from other countries and states, buying Manhattan real estate and often making tremendous profits.

But that's not how we locals do it.

The Retirement Systems of Alabama bought 55 Water Street in 1993 for \$202 million, and owns it through a subsidiary, debt free. One of the largest private office buildings in the country, 55 Water has given double-digit returns most years since then. The value of the property today, based on recent sales in Lower Manhattan, could easily be 15 times what it cost.

You can find a plaque identifying the owner of the building in the lobby.

At 55 Water Street, the tenants include the pension fund for New York City's teachers, which pays rent to its Alabama-based landlord.

You can also find, in the building directory, that among the tenants paying rent to Alabama is the pension fund of the New York City teachers.

In fact, all of the city's pension funds — there are five, involving cumbersome, wasteful duplication that burns up more than \$160 million unnecessarily, according to the Citizens Budget Commission

— are tenants, not owners of the multiple spaces where they do business. Perhaps renting is a prudent approach if the city must have five pension fiefs.

Still, the ownership of 55 Water by the Alabama pensions is a reminder of how differently, and at times purposely inefficiently, the city's retirement systems carry out their task of investing.

Alabama's public pension funds amounted to about \$34 billion at the end of last year. The five New York City funds hover at \$190 billion.

Yet unlike Alabama, the city pension systems own almost no real estate directly. Instead, real estate investments are done through funds that hold portfolios of property. That means the city pays an annual management fee on those investments, plus a cut of the profits. The pension funds had \$8.3 billion invested this way as of Sept. 30. How much are those fees, and what are the profits? The city won't say, but insists that it uses its economic might to negotiate favorable fees.

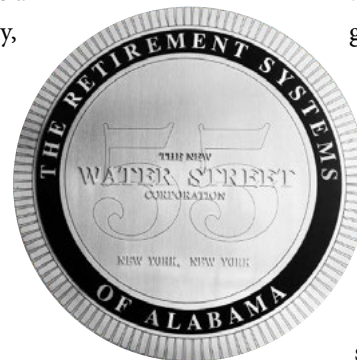
One person with extensive knowledge

of the city's approach says management fees can be about 1 percent to 1.5 percent, and that the profit share for the manager can be around 20 percent. These are estimates.

New York City fancies itself a global financial capital, but its government has not been able to mount an in-house investment team for the pension funds that can directly invest not only in real estate, but in all other sectors. Instead, it employs a legion of external managers,

often at enormous cost and with little gain. "In the aggregate, external managers failed to add substantial value to the five N.Y.C. pension funds over the 10-year period studied," according to a 2015 report by Scott C. Evans, the deputy city comptroller and chief investment officer.

In fact, despite being paid billions in fees, the managers hired by the city funds underperformed their benchmarks by \$2.5 billion, Scott Stringer, the city comptroller said. . . . ●



One Trail, 26 Courses, and 468 Holes of Golf: Why Alabama Is a Golfer's Dream Destination

BY CHRIS MORRIS, MARRIOTT TRAVELER

Alabama is full of unexpected joys, from the musical history of Muscle Shoals to a renowned botanical garden and thriving craft beer scene in Birmingham. But one of the state's biggest draws is the quality of its golf courses along the state's famed Robert Trent Jones Golf Trail.

Meandering from the Appalachians in the north down to the Gulf of Mexico in the south, the Trail is punctuated by 26 world-class courses across 11 sites — and 12 million rounds of golf have been played on the Trail in just over a quarter century.

The opportunity to develop the Trail inspired golf course designer Robert Trent Jones Sr. to come out of retirement nearly 30 years ago and take on the enormous construction project. The result? A series of public courses that are regularly ranked among the nation's best and cater to everyone from beginning golfers to PGA Tour and LPGA professionals.

Thinking of chipping your way through Alabama? Here are a few must-hit links (and a few ideas on things to do and what to eat after you've sunk your last putt).

Start things off in the rolling hills of the Shannon Valley at the fifth-longest course in the world. Ross Bridge pays homage to golf's Scottish roots, with nightly bagpipe players, and would make the game's forbearers proud. The course spans some 8,191 yards, and 10 of the holes follow the banks of two lakes separated by a breathtaking waterfall. The course caters to golfers of all skill levels, and even non-golfers will enjoy a visit to the lush, picturesque grounds. Prices start at \$120 per round.

If you have time to explore after 18 holes, the aforementioned craft beer scene is red hot; sip a cold pale ale from Birmingham's own Good People Brewing Company or the Pillar to Post Rye Brown from TrimTab Brewing. If you're seeking a quiet respite, the Birmingham Botanical Gardens are renowned around the Southeast.

For dinner, head to the much-lauded Highlands Bar and Grill, which the prestigious James Beard Foundation recently named the most outstanding restaurant in

America. Highlands had been a finalist for the award for the previous nine years. Plenty of other Beard honorees call the Birmingham area home. In 2012, Chris Hastings, chef and co-owner of Birmingham's Hot and Hot Fish Club, won a James Beard Award for best chef in the South. And The Bright Star in Bessemer was named an "America's Classic" in 2010.

Next, head to the center of the state at the spot Robert Trent Jones Sr. described as the single greatest site for a golf complex he'd ever seen. The legendary golfer so loved the area along Lake Saugahatchee that he built three courses there — and called the 600-acre complex Grand National. Any of the three courses will have scenic shots and ample challenges, but the Lake and Links courses are the two favorites among pros.

Lake takes you around Saugahatchee, meaning the view is always breathtaking. Links has one of the most widely adored 18th holes in the country. The public course is open year-round, and prices start at \$65.

Don't leave the area without exploring Auburn University. If you time the visit right, you'll get to see one of Auburn's War Eagles in person at the Southeastern



THE JUDGE COURSE AT CAPITOL HILL. (PHOTO: JONATHAN HOOMES, RAYCOM MEDIA)



ALABAMA'S ROSS BRIDGE COURSE.

(PHOTO: BY MICHAEL CLEMMER ([HTTP://WWW.GOLFCOURSEPHOTOGRAPHER.US/](http://www.golfcoursephotographer.us/)))



THE GRAND NATIONAL.

(PHOTO: JONATHAN HOOMES, RAYCOM MEDIA)

Raptor Center and grab a glass of fresh-squeezed lemonade at Toomer's Corner. And should the Tigers win a game when you're in town, you'll get to see one of college sports' greatest traditions: Thousands of fans head to Toomer's Corner to roll toilet tissue around every tree and lamp-post in sight. (Auburn is the only city in the country with a line item in its budget for removing toilet tissue.)

Pop over to nearby Auburn on the

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way out of town and grab a bite at Acre restaurant, which breathes new life into Deep South classics, resulting in a fresh, modern look at cuisine. Fruits, veggies, and herbs are grown in Acre's own gardens and orchards, and the seafood is sourced from the Gulf Coast. Try to get a table on the shaded front porch in the summer or near the hearth-style fireplace in the winter.

From Opelika, head 76 miles west, just past the state capitol of Montgomery, to the town of Prattville. There you'll find Capitol Hill, another Jones-designed compound that spans 1,500 acres and offers three 18-hole courses.

Each course has very different layouts and styles. Try to play the Judge course, which (like Grand National) has stunning views. Hole one, the signature hole, will be one of the most breathtaking tees you've ever stood on, looking down on the course and lake, with lush, green land as far as the eye can see. Other highlights include the Senator, a links-style course, and the Legislator, a traditional Southern golf course. Prices start at \$65.

When you've called it a day, head back to Montgomery (about 13 miles away) to explore that city's rich history. The Hank Williams Museum is a must-stop for music lovers, and the new National

Memorial for Peace and Justice, Rosa Parks Museum, and Dr. King's Dexter Avenue Baptist Church tell the story of the beginning of the Civil Rights Movement.

Don't leave town hungry, either. Consider Central, widely acknowledged as one of Montgomery's most innovative eateries. Tucked into the downtown Entertainment District, Central brings a Southern twist to international flavors and features locally sourced ingredients on its seasonal menu. Though dishes rotate, favorites include the sweet tea-brined pork chop and the rabbit and ramp spaetzle. ●

A Trooper Shortage in Any State Can Be a Matter of Life and Death

SOURCE: BEASLEYALLEN.COM

Alabama, like many other states, has a severe shortage of state troopers. Unfortunately, Alabama's problem is more severe than all states in the Southeast. The shortage in my state has caused some very serious safety problems on Alabama highways. I have been aware of the severe underfunding of the Alabama Department of Public Safety for years and it has gotten worse. The effect the shortage has caused from a highway safety perspective is very serious. There are times when there are no troopers on duty at night in Alabama and that is no fault of the troopers. Simply put – the Department of Public Safety has not been adequately funded. David Steward, president of the Alabama State Trooper Association, wrote the following assessment of the situation:

Between late 2010 and the end of 2014, the state of Alabama did not hire a single state trooper. Despite this freeze, we still had over 400 state troopers.

Now we have less than 300.

That leaves us over 700 men and women short of the number that we need (1,000) according to the Center for Advanced Public Safety at the University of Alabama.

In fact, since that hiring freeze, trooper levels have dipped 22% further. The year before the freeze there were 333 fatal accidents on Alabama roads. Last year there were 848.

That's a 155% increase in roadway

fatalities.

After spending the last 21 years as a state trooper, I can assure you there's a clear correlation between those numbers. There is no question that more troopers on the road deter accidents and saves lives.

Response times can be measured in hours, not minutes in rural counties. Many times troopers are handling multiple counties, covering hundreds of miles. Ideally backup is a few minutes away, but at current levels, it could be 45 minutes or more. We've reached a point in staffing where it's no longer just a safety concern for the people we serve, it's a safety concern for our officers.

The force continues to grow older with a shrinking applicant pool to replace them. Many in our current force are eligible for retirement or will be soon. Without the ability to offer competitive salaries and benefits, those pools will continue to shrink.

It's not just a manpower shortage, resources are scarce as well. Troopers head out onto the highways in cruisers that are past their useful life, with equipment that needs to be replaced. Safety concerns are exponentially compounded when you're understaffed and underequipped.

Alabama doesn't have unlimited funds, but the state is in a very different economic situation than we were in 2010. The unemployment rate has

hit record lows, the economy is growing, and the state budgets are in better shape than they've ever been. One of the primary functions of government is protecting its citizenry and that begins with a properly funded state police unit.

This notion was borne out in a recent survey of Alabamians. 75% of respondents believe a lack of troopers is leading to unsafe roadways. 75% also think troopers should receive more funding, even if it means making other cuts in the budget.

The decision to serve the people of this state was an easy one, but the job can be anything but. Our current funding level makes it nearly untenable. Alabama has a long history of unwavering support of our first responders. Please encourage your lawmakers to continue that tradition.

Lawyers in our firm who handle personal injury litigation involving highway accidents know from experience that Alabama needs more troopers on our highways. I guarantee you that trucking companies are well aware of the shortage and take full advantage of it when their trucks pass through Alabama. I strongly encourage Gov. Ivey and the Alabama legislative leaders to make 'adequate funding' for Alabama State Troopers a top priority and to remedy the situation as soon as possible. ●

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2018 ERS Board Election Results

The ERS Election Committee met on June 19 and certified the election results. Norris Green was elected to the Retired State Employee Position and Steve Walkley was re-elected to the Active State Employee Position #1. Mr. Green will begin his three-year term and Mr. Walkley will begin his four-year term on October 1, 2018. Congratulations to the winners!

Due to the untimely death of winning candidate Steve Williams, there will be a special election to fill the Active Local Employee Position #1. Nomination packets are available at www.rsa-al.gov or by contacting the Election Coordinator at 877.517.0020. The completed packet must be returned to the ERS office by 4:00 p.m., July 23, 2018.

Mr. Steven W. Williams served with great distinction as an Active Local Employee Representative on the ERS Board of Control from November 24, 2009, until June 7, 2018. Mr. Williams was a staunch advocate and fierce defender of the ERS and its members. We share his loss with his loving wife Mary, and his devoted children and their families, and we wish to convey our sincere sympathy and our condolences during this time of grief and sense of loss. ●

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