

Betting on Mobile

AS CEO OF RETIREMENT SYSTEMS OF ALABAMA, DAVID BRONNER HAS SHEPHERDED INVESTMENT HERE

EDITOR'S NOTE: A longer version of this story ran in Tuesday's New York Times.

By **DAN LUZADDER**
New York Times

MOBILE — When David Bronner, the chief executive of the Retirement Systems of Alabama, the pension fund for public employees in the state, first discussed making a major investment in this city, he had an ultimatum for local leaders: Show that you're willing to rebuild the city's education system, and the money will flow.

Bronner, 64, who has steered the fortunes of the retirement system for 36 years, already had what he thought was a good idea. He would help Mobile rebuild its deteriorated downtown and its self-image — starting with the renovation of the Battle House Hotel, which had once been the heart of the city's downtown.

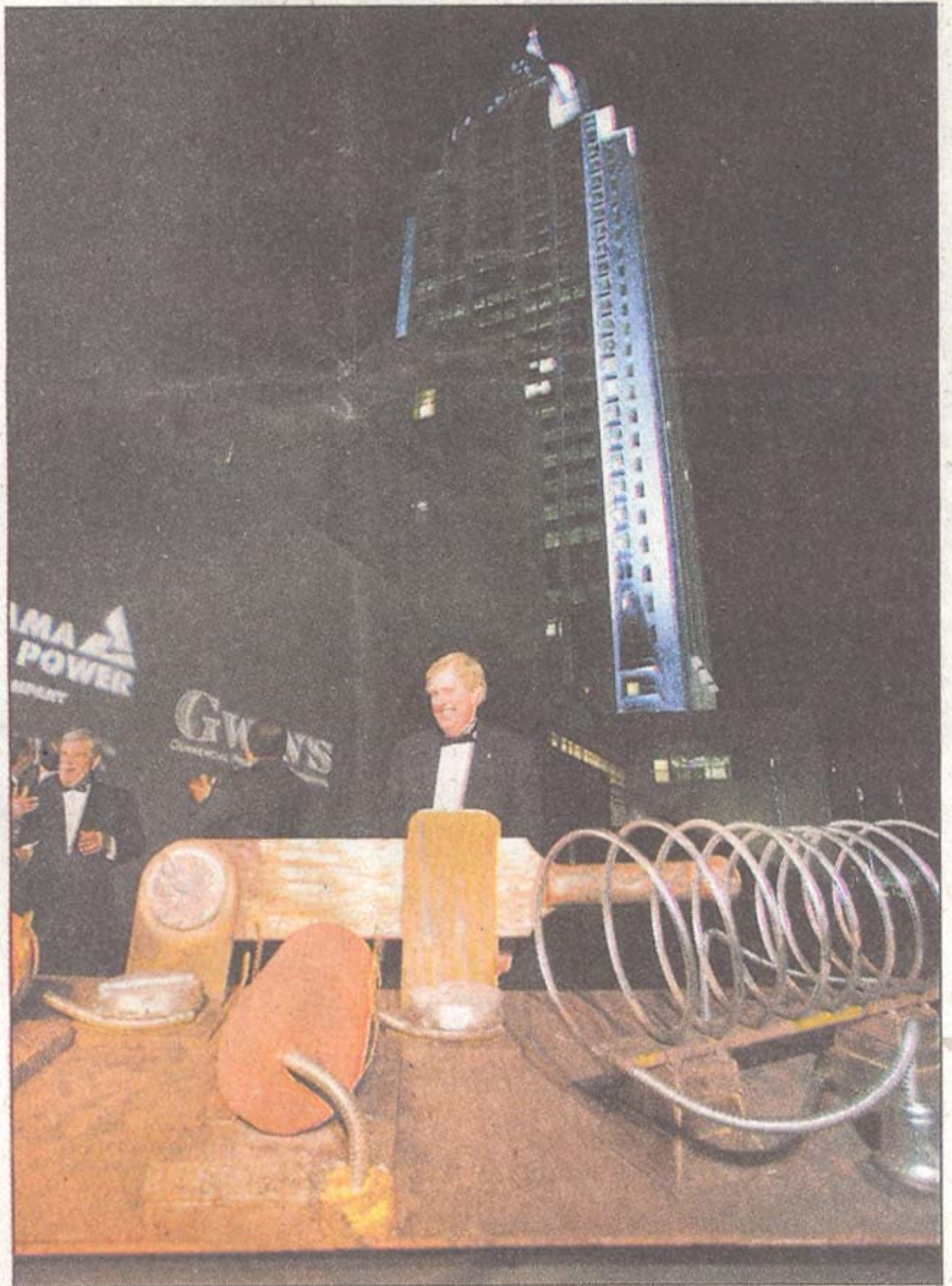
But, first, he wanted a commitment from Mobilians that they were willing to invest in themselves by raising taxes to pay for better education.

A bond issue for public school reform was approved in 2003, and two years later it began to rain money in Mobile — an investment by the retirement system of some \$650 million so far.

Today, the Battle House Hotel, which had been closed for more than three decades, has been restored to its antebellum elegance.

The hotel lobby connects to the 35-story RSA Battle House Tower, a sparkling 470,000-square-foot high-rise that offers truly Class A office space in Mobile. The tower is also the tallest building on the Gulf Coast east of Houston.

The Battle House Tower, which opened in 2007, is just one of a number of investments that Bronner has shepherded within



JOHN DAVID MERCER/Staff Photographer

David Bronner, chief executive of the Retirement Systems of Alabama, smiles May 11, 2007, after throwing the handle of a giant replica switch to turn on the lights of the new RSA Tower during a gala at the newly renovated Battle House Hotel in Mobile.

Mobile.

His agency also built a new cruise port for \$16.1 million. It spent \$97.3 million to restore the 534,000-square-foot Grand Hotel on Mobile Bay, after it was damaged by Hurricane Katrina. And the fund most recently spent \$6.7 million to buy the 300,000-square-foot, 34-story former AmSouth Bank Building, built in 1965. It is under reconstruction for conversion into the city's second Class A office tower.

Success story

Donald Epley, a professor of real estate and the director of the Mitchell College of Business Center for Real Estate Studies at the University of South

Alabama in Mobile, said the retirement system's investments here — and its even larger investments upstate in Alabama's state capital, Montgomery — reflected a bet not just on the individual projects but also on the state's economy.

"If you are going to talk about office space, you have to talk about employment, because that is what drives office space," Epley said. "So the story is one also of economic development success here."

The pension fund's initiatives have inspired small local banks and other lenders to back business development here, Epley said.

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