SENATE BILL NO. 2730

AN ACT TO AUTHORIZE THE DEPARTMENT OF FINANCE AND ADMINISTRATION TO SELL THE LAND AND BUILDINGS LOCATED AT 501 NORTH WEST STREET IN THE CITY OF JACKSON, HINDS COUNTY, MISSISSIPPI, COMMONLY KNOWN AS THE WOOLFOLK STATE OFFICE BUILDING AND ADJACENT GARAGE, TO THE BOARD OF TRUSTEES OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM; TO PROVIDE THAT, UPON CONVEYANCE OF THE REAL PROPERTY, THE BOARD OF TRUSTEES OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM SHALL LEASE THE WOOLFOLK STATE OFFICE BUILDING AND ADJACENT GARAGE TO THE DEPARTMENT OF FINANCE AND ADMINISTRATION; TO AMEND SECTION 25-11-121, MISSISSIPPI CODE OF 1972, IN CONFORMITY THERETO; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. (1) The Department of Finance and Administration, in accordance with Section 29-1-1-1, is authorized to sell to the Board of Trustees of the Public Employees' Retirement System the land and buildings located at 501 North West Street in the City of Jackson, Hinds County, Mississippi, commonly known as the Woolfolk State Office Building and adjacent garage.

(2) The Department of Finance and Administration may have the parcel of real property described in subsection (1) of this section surveyed.

(3) The real property described in subsection (1) of this section shall not be sold for a price that is less than the current fair market value as determined by the averaging of at least two (2) appraisals by qualified appraisers who shall be selected by the Department of Finance and Administration and shall be certified and licensed by the Mississippi Real Estate Appraiser Licensing and Certification Board.

(4) Any funds received by the State of Mississippi for the sale and conveyance of the real property described in subsection (1) of this section shall be deposited into the State General
Fund. The State of Mississippi shall retain all mineral rights to the real property sold and conveyed pursuant to this section.

(4) Upon conveyance of the real property described in subsection (1) of this section, the Board of Trustees of the Public Employees' Retirement System shall lease the Woolfolk State Office Building and adjacent garage to the Department of Finance and Administration. The lease shall be on such terms and conditions as determined appropriate and as may be agreed upon by the Department of Finance and Administration and the Public Employees' Retirement System; provided, however, that the lease shall contain a provision granting the Department of Finance and Administration the exclusive option to repurchase the Woolfolk State Office Building and adjacent garage during the term of the lease, or any renewal thereof, at fair market value as determined by two (2) appraisals.

SECTION 2. Section 25-11-121, Mississippi Code of 1972, is amended as follows:

25-11-121. (1) The board shall, from time to time, determine the current requirements for benefit payments and administrative expense which shall be maintained as a cash working balance, except that such cash working balance shall not exceed at any time an amount necessary to meet the current obligations of the system for a period of ninety (90) days. Any amounts in excess of such cash working balance shall be invested, as follows, at such periodic intervals as the board may determine, provided however, all purchases shall be made from competitive offerings except short-term obligations referred to in Section 25-11-121(d):

(a) Bonds, notes, certificates and other valid general obligations of the State of Mississippi, or of any county, or of any city, or of any supervisors district of any county of the State of Mississippi, or of any school district bonds of the State of Mississippi; notes or certificates of indebtedness issued by the Veterans' Home Purchase Board of Mississippi, provided such
notes or certificates of indebtedness are secured by the pledge of collateral equal to two hundred percent (200%) of the amount of the loan, which collateral is also guaranteed at least for fifty percent (50%) of the face value by the United States government, and provided that not more than five percent (5%) of the total investment holdings of the system shall be in Veterans' Home Purchase Board notes or certificates at any time; real estate mortgage loans one hundred percent (100%) insured by the Federal Housing Administration on single family homes located in the State of Mississippi, where monthly collections and all servicing matters are handled by Federal Housing Administration approved mortgagees authorized to make such loans in the State of Mississippi;

(b) State of Mississippi highway bonds;

(c) Funds may be deposited in federally insured institutions domiciled in the State of Mississippi or a custodial bank;

(d) Corporate bonds and taxable municipal bonds of investment grade as rated by Standard and Poor's or by Moody's Investment Service, with bonds rated BAA/BBB not to exceed five percent (5%) of the book value of the total fixed income investments; or corporate short-term obligations of corporations or of wholly-owned subsidiaries of corporations, whose short-term obligations are rated A-3 or better by Standard and Poor's or rated P-3 or better by Moody's Investment Service;

(e) Bonds of the Tennessee Valley Authority;

(f) Bonds, notes, certificates and other valid obligations of the United States, and other valid obligations of any federal instrumentality that issues securities under authority of an act of Congress and are exempt from registration with the Securities and Exchange Commission;
(g) Bonds, notes, debentures and other securities issued by any federal instrumentality and fully guaranteed by the United States;

(h) Interest-bearing bonds or notes which are general obligations of any other state in the United States or of any city or county therein, provided such city or county had a population as shown by the federal census next preceding such investment of not less than twenty-five thousand (25,000) inhabitants and provided that such state, city or county has not defaulted for a period longer than thirty (30) days in the payment of principal or interest on any of its general obligation indebtedness during a period of ten (10) calendar years immediately preceding such investment;

(i) Shares of stocks, common and/or preferred, of corporations created by or existing under the laws of the United States or any state, district or territory thereof; provided

   (i) The maximum investments in stocks shall not exceed fifty percent (50%) of the book value of the total investment fund of the system;

   (ii) The stock of such corporation shall:

       A. Be listed on a national stock exchange; or

       B. Be traded in the over-the-counter market, provided price quotations for such over-the-counter stocks are quoted by the National Association of Securities Dealers Automated Quotation System (NASDAQ);

   (iii) The outstanding shares of such corporation shall have a total market value of not less than Fifty Million Dollars ($50,000,000.00);

   (iv) The amount of investment in any one (1) corporation shall not exceed three percent (3%) of the book value of the assets of the system; and
(v) The shares of any one (1) corporation owned by the system shall not exceed five percent (5%) of that corporation's outstanding stock;

(j) Bonds rated Single A or better, stocks and convertible securities of established non-United States companies, which companies are listed on only primary national stock exchanges of foreign nations; and in foreign government securities rated Single A or better by a recognized rating agency; provided that the total book value of investments under this paragraph shall at no time exceed thirty percent (30%) of the total book value of all investments of the system. The board may take requisite action to effectuate or hedge such transactions through foreign banks, including the purchase and sale, transfer, exchange, or otherwise disposal of, and generally deal in foreign exchange through the use of foreign currency, interbank forward contracts, futures contracts, options contracts, swaps and other related derivative instruments, notwithstanding any other provisions of this article to the contrary;

(k) Covered call and put options on securities traded on one or more of the regulated exchanges;

(l) Pooled or commingled funds managed by a corporate trustee or by a Securities and Exchange Commission registered investment advisory firm retained as an investment manager by the board of trustees, and shares of investment companies and unit investment trusts registered under the Investment Company Act of 1940, where such pooled or commingled funds or shares are comprised of common or preferred stocks, bonds, money market instruments or other investments authorized under this section. Such investment in commingled funds or shares shall be held in trust; provided that the total book value of investments under this paragraph shall at no time exceed five percent (5%) of the total book value of all investments of the system. Any investment
manager approved by the board of trustees shall invest such
commingled funds or shares as a fiduciary;

(m) Pooled or commingled real estate funds or real
estate securities managed by a corporate trustee or by a
Securities and Exchange Commission registered investment advisory
firm retained as an investment manager by the board of trustees.

Such investment in commingled funds or shares shall be held in
trust; provided that the total book value of investments under
this paragraph shall at no time exceed five percent (5%) of the
total book value of all investments of the system. Any investment
manager approved by the board of trustees shall invest such
commingled funds or shares as a fiduciary. The five percent (5%)
limitation in this subsection shall not be subject to the five
percent (5%) limitation in paragraph (1) of this paragraph.

(n) Real estate authorized to be purchased under
Section 1 of Senate Bill No. 2730, 2003 Regular Session.

(2) All investments shall be acquired by the board at prices
not exceeding the prevailing market values for such securities.

(3) Any limitations herein set forth shall be applicable
only at the time of purchase and shall not require the liquidation
of any investment at any time. All investments shall be clearly
marked to indicate ownership by the system and to the extent
possible shall be registered in the name of the system.

(4) Subject to the above terms, conditions, limitations and
restrictions, the board shall have power to sell, assign, transfer
and dispose of any of the securities and investments of the
system, provided that said sale, assignment or transfer has the
majority approval of the entire board. The board may employ or
contract with investment managers, evaluation services or other
such services as determined by the board to be necessary for the
effective and efficient operation of the system.

(5) Except as otherwise provided herein, no trustee and no
employee of the board shall have any direct or indirect interest
in the income, gains or profits of any investment made by the
board, nor shall any such person receive any pay or emolument for
his services in connection with any investment made by the board.
No trustee or employee of the board shall become an endorser or
surety, or in any manner an obligor for money loaned by or
borrowed from the system.

(6) All interest derived from investments and any gains from
the sale or exchange of investments shall be credited by the board
to the account of the system.

(7) The board of trustees annually shall credit regular
interest on the mean amount for the preceding year in each of the
reserves maintained by the board, with the exception of the
expense account. This credit shall be made annually from interest
and other earnings on the invested assets of the system. Any
additional amount required to meet the regular interest on the
funds of the system shall be charged to the employer's
accumulation account, and any excess of earnings over such regular
interest required shall be credited to the employer's accumulation
account. Regular interest shall mean such per centum rate to be
compounded annually as shall be determined by the board of
trustees on the basis of the interest earnings of the system for
the preceding year.

(8) The board of trustees shall be the custodian of the
funds of the system. All expense vouchers and retirement
allowance payrolls shall be certified by the executive secretary
who shall furnish the board a surety bond in a company authorized
to do business in Mississippi in such an amount as shall be
required by the board, the premium to be paid by the board from
the expense account.

(9) For the purpose of meeting disbursements for retirement
allowances, annuities and other payments, cash may be kept
available, not exceeding the requirements of the system for a
period of ninety (90) days, on deposit in one or more banks or
trust companies organized under the laws of the State of Mississippi or the laws of the United States, provided that the sum on deposit in any one (1) bank or trust company shall not exceed thirty-five percent (35%) of the paid-up capital and regular surplus of such bank or trust company.

(10) Except as otherwise provided, the monies or properties of the Public Employees' Retirement System of Mississippi deposited in any bank or banks of the United States shall, where possible, be safeguarded and guaranteed by the posting as security by the depository of bonds, notes and other securities purchasable by the system, as provided elsewhere in this section. The bonds, notes and other securities offered as security shall be posted to the credit of the system by the depository with the board or with an unaffiliated bank or trust company domiciled within the United States or the State of Mississippi acceptable to both the board and to the fiscal agent bank. In the event the board and the fiscal agent bank cannot reach an agreement, the bonds, notes and other securities shall be deposited in a bank or trust company designated by the State Commissioner of Banking and Consumer Finance. Provided, however, that bonds or notes of the United States government owned by the system may be deposited for safekeeping in any federal reserve bank.

(11) The board of trustees shall determine the degree of collateralization necessary for both foreign and domestic demand deposit accounts in addition to that which is guaranteed by the Federal Deposit Insurance Corporation or such other federal insurance program as may be in effect.

(12) The board, the executive secretary and employees shall discharge their duties with respect to the investments of the system solely for the interest of the system with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like
character and with like aims, including diversifying the investments of the system so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

SECTION 3. This act shall take effect and be in force from and after its passage.