

By: Senator(s) Michel

To: Public Property;
Appropriations

SENATE BILL NO. 2730

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

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

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

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

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

29 (4) Any funds received by the State of Mississippi for the
 30 sale and conveyance of the real property described in subsection
 31 (1) of this section shall be deposited into the State General



32 Fund. The State of Mississippi shall retain all mineral rights to
33 the real property sold and conveyed pursuant to this section.

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

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

49 25-11-121. (1) The board shall, from time to time,
50 determine the current requirements for benefit payments and
51 administrative expense which shall be maintained as a cash working
52 balance, except that such cash working balance shall not exceed at
53 any time an amount necessary to meet the current obligations of
54 the system for a period of ninety (90) days. Any amounts in
55 excess of such cash working balance shall be invested, as follows,
56 at such periodic intervals as the board may determine, provided
57 however, all purchases shall be made from competitive offerings
58 except short-term obligations referred to in Section 25-11-121(d):

59 (a) Bonds, notes, certificates and other valid general
60 obligations of the State of Mississippi, or of any county, or of
61 any city, or of any supervisors district of any county of the
62 State of Mississippi, or of any school district bonds of the State
63 of Mississippi; notes or certificates of indebtedness issued by
64 the Veterans' Home Purchase Board of Mississippi, provided such



65 notes or certificates of indebtedness are secured by the pledge of
66 collateral equal to two hundred percent (200%) of the amount of
67 the loan, which collateral is also guaranteed at least for fifty
68 percent (50%) of the face value by the United States government,
69 and provided that not more than five percent (5%) of the total
70 investment holdings of the system shall be in Veterans' Home
71 Purchase Board notes or certificates at any time; real estate
72 mortgage loans one hundred percent (100%) insured by the Federal
73 Housing Administration on single family homes located in the State
74 of Mississippi, where monthly collections and all servicing
75 matters are handled by Federal Housing Administration approved
76 mortgagees authorized to make such loans in the State of
77 Mississippi;

78 (b) State of Mississippi highway bonds;

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

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

90 (e) Bonds of the Tennessee Valley Authority;

91 (f) Bonds, notes, certificates and other valid
92 obligations of the United States, and other valid obligations of
93 any federal instrumentality that issues securities under authority
94 of an act of Congress and are exempt from registration with the
95 Securities and Exchange Commission;



96 (g) Bonds, notes, debentures and other securities
97 issued by any federal instrumentality and fully guaranteed by the
98 United States;

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

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

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

115 (ii) The stock of such corporation shall:

116 A. Be listed on a national stock exchange; or

117 B. Be traded in the over-the-counter market,

118 provided price quotations for such over-the-counter stocks are
119 quoted by the National Association of Securities Dealers Automated
120 Quotation System (NASDAQ);

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

124 (iv) The amount of investment in any one (1)
125 corporation shall not exceed three percent (3%) of the book value
126 of the assets of the system; and



127 (v) The shares of any one (1) corporation owned by
128 the system shall not exceed five percent (5%) of that
129 corporation's outstanding stock;

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

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

147 (l) Pooled or commingled funds managed by a corporate
148 trustee or by a Securities and Exchange Commission registered
149 investment advisory firm retained as an investment manager by the
150 board of trustees, and shares of investment companies and unit
151 investment trusts registered under the Investment Company Act of
152 1940, where such pooled or commingled funds or shares are
153 comprised of common or preferred stocks, bonds, money market
154 instruments or other investments authorized under this section.
155 Such investment in commingled funds or shares shall be held in
156 trust; provided that the total book value of investments under
157 this paragraph shall at no time exceed five percent (5%) of the
158 total book value of all investments of the system. Any investment



159 manager approved by the board of trustees shall invest such
160 commingled funds or shares as a fiduciary;

161 (m) Pooled or commingled real estate funds or real
162 estate securities managed by a corporate trustee or by a
163 Securities and Exchange Commission registered investment advisory
164 firm retained as an investment manager by the board of trustees.
165 Such investment in commingled funds or shares shall be held in
166 trust; provided that the total book value of investments under
167 this paragraph shall at no time exceed five percent (5%) of the
168 total book value of all investments of the system. Any investment
169 manager approved by the board of trustees shall invest such
170 commingled funds or shares as a fiduciary. The five percent (5%)
171 limitation in this subsection shall not be subject to the five
172 percent (5%) limitation in paragraph (1) of this paragraph.

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

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

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

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

190 (5) Except as otherwise provided herein, no trustee and no
191 employee of the board shall have any direct or indirect interest



192 in the income, gains or profits of any investment made by the
193 board, nor shall any such person receive any pay or emolument for
194 his services in connection with any investment made by the board.
195 No trustee or employee of the board shall become an endorser or
196 surety, or in any manner an obligor for money loaned by or
197 borrowed from the system.

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

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

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

221 (9) For the purpose of meeting disbursements for retirement
222 allowances, annuities and other payments, cash may be kept
223 available, not exceeding the requirements of the system for a
224 period of ninety (90) days, on deposit in one or more banks or



225 trust companies organized under the laws of the State of
226 Mississippi or the laws of the United States, provided that the
227 sum on deposit in any one (1) bank or trust company shall not
228 exceed thirty-five percent (35%) of the paid-up capital and
229 regular surplus of such bank or trust company.

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

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

252 (12) The board, the executive secretary and employees shall
253 discharge their duties with respect to the investments of the
254 system solely for the interest of the system with the care, skill,
255 prudence and diligence under the circumstances then prevailing
256 that a prudent person acting in a like capacity and familiar with
257 such matters would use in the conduct of an enterprise of a like



258 character and with like aims, including diversifying the
259 investments of the system so as to minimize the risk of large
260 losses, unless under the circumstances it is clearly prudent not
261 to do so.

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

