

By: Representatives Oliver, Hale

To: Appropriations

HOUSE BILL NO. 252

1 AN ACT TO AMEND SECTION 25-11-121, MISSISSIPPI CODE OF 1972,
 2 TO INCREASE FROM 10% TO 20% THE MAXIMUM PERCENTAGE OF INVESTMENTS
 3 OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM THAT ARE IN THE FORM OF
 4 A SEPARATE ACCOUNT MANAGED BY A SECURITIES AND EXCHANGE COMMISSION
 5 REGISTERED INVESTMENT ADVISORY FIRM RETAINED AS AN INVESTMENT
 6 MANAGER BY THE BOARD OF TRUSTEES OF THE SYSTEM OR A LIMITED
 7 PARTNERSHIP OR COMMINGLED FUND APPROVED BY THE BOARD OF TRUSTEES;
 8 AND FOR RELATED PURPOSES.

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

10 **SECTION 1.** Section 25-11-121, Mississippi Code of 1972, is
 11 amended as follows:

12 25-11-121. (1) The board shall, from time to time,
 13 determine the current requirements for benefit payments and
 14 administrative expense which shall be maintained as a cash working
 15 balance, except that such cash working balance shall not exceed at
 16 any time an amount necessary to meet the current obligations of
 17 the system for a period of ninety (90) days. Any amounts in
 18 excess of such cash working balance shall be invested, as follows:

19 (a) Funds may be deposited in any institution insured
 20 by the Federal Deposit Insurance Corporation that maintains a



21 facility that takes deposits in the State of Mississippi or a
22 custodial bank;

23 (b) Corporate bonds and taxable municipal bonds; or
24 corporate short-term obligations of corporations or of wholly
25 owned subsidiaries of corporations, whose short-term obligations
26 are rated A-2 or better by Standard and Poor's, rated P-2 or
27 better by Moody's Investment Service, F-2 or better by Fitch
28 Ratings, Ltd., or the equivalent of these ratings if assigned by
29 another United States Securities and Exchange Commission
30 designated Nationally Recognized Statistical Rating Organization;

31 (c) Agency and nonagency residential and commercial
32 mortgage-backed securities and collateralized mortgage
33 obligations;

34 (d) Asset-backed securities;

35 (e) Bank loans;

36 (f) Convertible bonds;

37 (g) Bonds of the Tennessee Valley Authority;

38 (h) Bonds, notes, certificates and other valid
39 obligations of the United States, and other valid obligations of
40 any federal instrumentality that issues securities under authority
41 of an act of Congress and are exempt from registration with the
42 Securities and Exchange Commission;

43 (i) Bonds, notes, debentures and other securities
44 issued by any federal instrumentality and fully guaranteed by the
45 United States;



46 (j) Interest-bearing revenue bonds or notes or bonds or
47 notes which are general obligations of any state in the United
48 States or of any city or county therein;

49 (k) Bonds of established non-United States companies
50 and foreign government securities. The board may take requisite
51 action to effectuate or hedge transactions or invest in currency
52 through foreign or domestic banks, including the purchase and
53 sale, transfer, exchange, or otherwise disposal of, and generally
54 deal in foreign exchange through the use of foreign currency,
55 interbank forward contracts, futures contracts, options contracts,
56 swaps and other related derivative instruments, notwithstanding
57 any other provisions of this article to the contrary;

58 (l) Shares of stocks, common and/or preferred, of
59 corporations created by or existing under the laws of the United
60 States or any state, district or territory thereof and shares of
61 stocks, common and/or preferred, and convertible securities of
62 non-United States companies; provided:

63 (i) The maximum investments in stocks shall not
64 exceed eighty percent (80%) of the total book value of the total
65 investment fund of the system;

66 (ii) The stock of such corporation shall:

- 67 1. Be listed on a national stock exchange; or
68 2. Be traded in the over-the-counter market;



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

72 (iv) The amount of investment in any one (1)
73 corporation shall not exceed three percent (3%) of the book value
74 of the assets of the system;

75 (v) The shares of any one (1) corporation owned by
76 the system shall not exceed five percent (5%) of that
77 corporation's outstanding stock.

78 The board may take requisite action utilizing foreign
79 currency as an investment vehicle, or to effectuate or hedge
80 transactions for shares of stocks and convertible securities of
81 non-United States companies through foreign or domestic banks,
82 including the purchase and sale, transfer, exchange, or otherwise
83 disposal of, and generally deal in foreign exchange through the
84 use of foreign currency, interbank forward contracts, futures
85 contracts, options contracts, swaps and other related derivative
86 instruments, notwithstanding any other provisions of this article
87 to the contrary;

88 (m) Covered call and put options on securities or
89 indices traded on one or more of the regulated exchanges;

90 (n) Pooled or commingled funds managed by a corporate
91 trustee or by a Securities and Exchange Commission registered
92 investment advisory firm retained as an investment manager by the
93 board of trustees, and shares of investment companies and unit



94 investment trusts registered under the Investment Company Act of
95 1940, where such pooled or commingled funds or shares are
96 comprised of common or preferred stocks, bonds, money market
97 instruments or other investments authorized under this section.
98 Such investment in commingled funds or shares shall be held in
99 trust; provided that the total book value of investments under
100 this paragraph shall at no time exceed five percent (5%) of the
101 total book value of all investments of the system. Any investment
102 manager approved by the board of trustees shall invest such
103 commingled funds or shares as a fiduciary;

104 (o) Pooled or commingled real estate funds or real
105 estate securities managed by a corporate trustee or by a
106 Securities and Exchange Commission registered investment advisory
107 firm retained as an investment manager by the board of trustees.
108 Such investment in commingled funds or shares shall be held in
109 trust; provided that the total book value of investments under
110 this paragraph shall at no time exceed ten percent (10%) of the
111 total book value of all investments of the system. Any investment
112 manager approved by the board of trustees shall invest such
113 commingled funds or shares as a fiduciary. The ten percent (10%)
114 limitation in this paragraph shall not be subject to the five
115 percent (5%) limitation in paragraph (n) of this subsection;

116 (p) Types of investments not specifically authorized by
117 this subsection if the investments are in the form of a separate
118 account managed by a Securities and Exchange Commission registered



119 investment advisory firm retained as an investment manager by the
120 board; or a limited partnership or commingled fund approved by the
121 board; provided that the total book value of investments under
122 this paragraph shall at no time exceed * * * twenty percent (20%)
123 of the total book value of all investments of the system. Any
124 person or entity who exercises any discretionary authority or
125 discretionary control respecting management of the separate
126 account, limited partnership or commingled fund, or who exercises
127 any authority or control respecting management or disposition of
128 the assets of the separate account, limited partnership or
129 commingled fund, shall exercise such authority or control as a
130 fiduciary.

131 (2) All investments shall be acquired at prices not
132 exceeding the prevailing market values for such investments.

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

138 (4) Subject to the above terms, conditions, limitations and
139 restrictions, the board shall have power to sell, assign, transfer
140 and dispose of any of the securities and investments of the
141 system, provided that said sale, assignment or transfer has the
142 majority approval of the entire board. The board may employ or
143 contract with investment managers, evaluation services or other



144 such services as determined by the board to be necessary for the
145 effective and efficient operation of the system.

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

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

157 (7) The board of trustees shall credit regular interest to
158 the annuity savings account monthly. Regular interest shall mean
159 such per centum rate to be compounded annually as set by the board
160 of trustees through regulation.

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

167 (9) For the purpose of meeting disbursements for retirement
168 allowances, annuities and other payments, cash may be kept



169 available, not exceeding the requirements of the system for a
170 period of ninety (90) days, on deposit in one or more banks or
171 trust companies organized under the laws of the State of
172 Mississippi or the laws of the United States, provided that the
173 sum on deposit in any one (1) bank or trust company shall not
174 exceed thirty-five percent (35%) of the paid-up capital and
175 regular surplus of such bank or trust company.

176 (10) The board, the executive director and employees shall
177 discharge their duties with respect to the investments of the
178 system solely for the interest of the system with the care, skill,
179 prudence and diligence under the circumstances then prevailing
180 that a prudent investor acting in a like capacity and familiar
181 with such matters would use in the conduct of an enterprise of a
182 like character and with like aims, including diversifying the
183 investments of the system so as to minimize the risk of large
184 losses, unless under the circumstances it is clearly prudent not
185 to do so.

186 (11) Documentary material or data made or received by the
187 system which consists of trade secrets or commercial or financial
188 information that relates to the investments of the system shall be
189 exempt from the Mississippi Public Records Act of 1983 if the
190 disclosure of the material or data is likely to impair the
191 system's ability to obtain such information in the future, or is
192 likely to cause substantial harm to the competitive position of
193 the person or entity from whom the information was obtained.



194 **SECTION 2.** This act shall take effect and be in force from
195 and after July 1, 2022.

