

LEGISLATIVE BILL 4

Approved by the Governor February 10, 1997

Introduced by Executive Board: Coordsen, 32, Chairperson

AN ACT relating to the Nebraska State Funds Investment Act; to amend sections 72-1239, 72-1240, 72-1247, and 72-1255, Reissue Revised Statutes of Nebraska; to repeal a defined term that is no longer needed; to harmonize provisions; to repeal the original sections; and to outright repeal section 72-1237.01, Reissue Revised Statutes of Nebraska.

Be it enacted by the people of the State of Nebraska,

Section 1. Section 72-1239, Reissue Revised Statutes of Nebraska, is amended to read:

72-1239. The purpose of the council is to formulate and establish such policies as it may deem necessary and proper which shall govern the methods, practices, and procedures followed by the state investment officer for the investment or reinvestment of state funds and funds described in section 83-133 and the purchase, sale, or exchange of securities as provided by this act the Nebraska State Funds Investment Act. The council shall meet from time to time as directed by the Governor or the chairperson or as requested by the state investment officer. The members of the council, except the State Treasurer and the director of the Nebraska Public Employees Retirement Systems, shall be paid twenty dollars per diem, and all members shall be reimbursed for their actual and necessary expenses incurred in connection with the performance of their duties as members as provided in sections 81-1174 to 81-1177.

Sec. 2. Section 72-1240, Reissue Revised Statutes of Nebraska, is amended to read:

72-1240. The council shall appoint a state investment officer. The appointment shall be subject to the approval of the Governor and a majority of the Legislature. The state investment officer shall be a person well qualified by training to administer and invest the money available for investment, under the provisions of this act, and he or she shall have at least five years of experience in the management of investment portfolios. The state investment officer's salary shall be fixed by the council at not less than twenty-five thousand dollars per year. The state investment officer shall serve without term and may be removed for cause by the council.

Sec. 3. Section 72-1247, Reissue Revised Statutes of Nebraska, is amended to read:

72-1247. The state investment officer shall not buy on margin, buy call options, or buy put options. The state investment officer may write call options and put options. The state investment officer may lend any security if cash, United States Government obligations, or United States Government agency obligations with a market value equal to or exceeding the market value of the security lent are received as collateral. In the event that shares of stock are purchased, under the provisions of this act, all proxies may be voted by the state investment officer. Any investment made by the state investment officer shall be made with the exercise of that degree of care and skill, under the circumstances then prevailing, which a person of prudence would exercise in the management of the property of another, not for speculation but for investment, considering the probable safety of ~~their~~ capital as well as the probable income to be derived.

Sec. 4. Section 72-1255, Reissue Revised Statutes of Nebraska, is amended to read:

72-1255. The Auditor of Public Accounts shall conduct from time to time postaudits of the investment transactions provided for in this act, the Nebraska State Funds Investment Act and shall submit annually a report of his or her findings to the Governor and the state investment officer.

Sec. 5. Original sections 72-1239, 72-1240, 72-1247, and 72-1255, Reissue Revised Statutes of Nebraska, are repealed.

Sec. 6. The following section is outright repealed: Section 72-1237.01, Reissue Revised Statutes of Nebraska.