

NEBRASKA INVESTMENT COUNCIL

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June 23, 2014

Mr. Patrick J. O'Donnell
Clerk of the Legislature
P.O. Box 94604
Lincoln, NE 68509-4604

Dear Mr. O'Donnell:

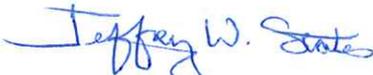
Neb. Rev. Stat. §72-202 designates the State Investment Officer as the person responsible to invest funds derived from the sale of school lands. The Permanent School Fund has been established to invest the proceeds from previous sales of school lands and other sources of income.

According to Neb. Rev. Stat. §72-240.26, the "Board of Educational Lands and Funds and the Nebraska Investment Council shall jointly report annually to the Clerk of the Legislature, and such report shall contain anticipated future actions by the board as well as actions already taken." The Council's portion of the report is to include a cost-benefit analysis when land is being sold.

Currently, the Council provides information to the Board of Educational Lands and Funds upon request. The Council also annually reports the activity of the Permanent School Fund in the General Endowments section of its Annual Report. The most recent Council Annual Report is available on the Legislature's agency report web-site. The Council has not completed a cost-benefit analysis in recent years as there have not been recent land sales of which it has been advised.

Please advise me if this correspondence is not sufficient to fulfill the statutory requirement outlined in Neb. Rev. Stat. §72-240.26. Thank you.

Sincerely,



Jeffrey W. States
State Investment Officer

Cc: Richard R. Endacott, Board of Educational Lands and Funds

72-202. School funds; investments.

The Board of Educational Lands and Funds shall notify the state investment officer of the funds derived from the sale of school lands. Any such funds and the interest therefrom shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act. The state investment officer shall manage the funds as follows: (1) When necessary to pay a premium for bonds for such funds, the amount of the premium shall be amortized over the term of the bonds from the interest received on such bonds; and (2) when bonds for such funds are purchased at a discount, the amount of the discount shall be used to purchase additional bonds.

Source: Laws 1899, c. 69, § 2, p. 301; Laws 1909, c. 129, § 1, p. 473; R.S.1913, § 5846; Laws 1917, c. 113, § 1, p. 285; C.S.1922, § 5182; C.S.1929, § 72-202; Laws 1931, c. 119, § 1, p. 349; Laws 1933, c. 141, § 1, p. 551; Laws 1937, c. 159, § 1, p. 622; C.S.Supp.,1941, § 72-202; R.S.1943, § 72-202; Laws 1951, c. 235, § 1, p. 840; Laws 1959, c. 263, § 11, p. 943; Laws 1969, c. 584, § 76, p. 2392; Laws 1971, LB 52, § 1; Laws 1983, LB 238, § 1; Laws 1995, LB 7, § 83; Laws 1999, LB 779, § 13.

Cross References

For other investment provisions, see sections 77-2204 and 77-2205.

Nebraska Capital Expansion Act, see section 72-1269.

Nebraska State Funds Investment Act, see section 72-1260.

Permanent Endowment Fund, see section 85-123.

State colleges, endowment fund, see section 85-317.

72-240.26. Board of Educational Lands and Funds; Nebraska Investment Council; annual report; contents.

The Board of Educational Lands and Funds and the Nebraska Investment Council shall jointly report annually to the Clerk of the Legislature, and such report shall contain anticipated future actions by the board as well as actions already taken. The report submitted to the Clerk of the Legislature shall be submitted electronically. The board's portion of the report shall include (1) with reference to each tract of land sold pursuant to section 72-201.01: (a) The legal description; (b) the unique characteristics of the land being sold; (c) the appraised value; (d) the sale price; (e) the amount of funds received in the calendar year covered by the report from the sale; (f) the disposition of the funds; (g) the total number of acres of any unsold educational lands remaining under the general management and control of the board by county; (h) the total appraised value of unsold land; and (i) the percentage of the investment portfolio remaining in real estate, including all nonagricultural real estate and (2) the corresponding information for any land that has been acquired or traded. The council's portion of the report shall include a cost-benefit analysis which considers the land being sold versus the anticipated investment potential of proceeds resulting from the sale. The cost-benefit analysis model used shall be consistent with the standards of the investment industry at the time of the proposed sale. Each member of the Legislature shall receive an electronic copy of such report by making a request for it to the chairperson of the board.

Source: Laws 1974, LB 894, § 6; Laws 1979, LB 322, § 31; Laws 1996, LB 1205, § 2; Laws 2000, LB 1010, § 2; Laws 2012, LB782, § 129.