

LEGISLATURE OF NEBRASKA
ONE HUNDREDTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1143

Introduced by Synowiecki, 7.

Read first time January 23, 2008

Committee: Nebraska Retirement Systems

A BILL

1 FOR AN ACT relating to the Nebraska Investment Council; to state
2 intent; to provide duties to the council; and to state
3 intent to appropriate funds to the State Investment
4 Officer.

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

1 Section 1. The Legislature finds that:

2 (1) The Nebraska Investment Council was created by the
3 Legislature in Laws 1967, LB 335. Additional legislation was
4 passed in Laws 1969, LB 1345, which provided for centralization of
5 the investment of state funds and addressed types of authorized
6 investments and since then the statutory framework of the council
7 has been modified periodically by the Legislature;

8 (2) The laws of Nebraska provide that the appointed
9 members of the council and the state investment officer are deemed
10 fiduciaries with respect to investment of the assets (1) in the
11 retirement systems and the Nebraska educational savings plan trust
12 and as fiduciaries are required to discharge their duties with
13 respect to such assets solely in the best interest of the members
14 and beneficiaries of such plans and (2) of other state funds solely
15 in the best interest of the residents of Nebraska;

16 (3) As fiduciaries, the appointed members of the council
17 and the officer must act with the care, skill, prudence, and
18 diligence under the circumstances then prevailing that a prudent
19 person acting in like capacity and familiar with such matters would
20 use in the conduct of an enterprise of like character with like
21 aims by diversifying the investments of assets in the various plans
22 so as to minimize the risk of large losses;

23 (4) The council managed over fifteen billion three
24 hundred million dollars of assets as of September 30, 2007.
25 Those assets have quadrupled since 1995. The assets managed by the

1 council produced almost one billion five hundred million dollars
2 in investment earnings in 2006 and almost seven billion dollars of
3 investment earnings since December 31, 1995;

4 (5) The council has the responsibility of the management
5 of portfolios for over thirty state entities. The financial
6 markets and investment strategies that must be employed to
7 achieve satisfactory returns have become more complex and the
8 best practices of similar state government investment agencies have
9 evolved since the creation of the council; and

10 (6) Pursuant to section 72-1249.02, the operating costs
11 of the council are charged to the income of each fund managed
12 by the council, and such charges are transferred to the State
13 Investment Officer's Cash Fund. Management, custodial, and service
14 costs that are a direct expense of state funds are paid from the
15 income of such funds.

16 Sec. 2. The Nebraska Investment Council shall enter into
17 a contract with a qualified independent organization familiar with
18 similar state investment offices to complete a comprehensive review
19 of the current statutory, regulatory, and organizational situation
20 of the council, review best practices of similar state investment
21 offices, and make recommendations to the council, the Governor,
22 and the Legislature for changes needed to ensure that the council
23 has adequate authority to independently execute its fiduciary
24 responsibilities to the members and beneficiaries of the retirement
25 systems and the Nebraska educational savings plan trust and the

1 residents of Nebraska with regards to other state funds.

2 Sec. 3. The Legislature shall appropriate funds to the
3 State Investment Officer for the State Investment Officer's Cash
4 Fund to carry out the provisions of sections 1 to 3 of this act.