

May 27, 1981

LB 460

that there has been no statistical evidence presented to us as to the types of losses that we are experiencing. I mean you would think that with the request for a tremendous change like this that there would have been evidence presented to us of a problem, which I assume there is, but there has been no such evidence presented to us. Now I would ask you this question. The "prudent man rule", is that the rule now in effect in substance by either statute or common law for trust departments, bank trust departments, throughout the state?

SENATOR DeCAMP: It is my understanding that is basically the policy of most trust departments unless a specific trust says specific things.

SENATOR BEUTLER: Right.

SENATOR DeCAMP: You know you can write a trust instrument, as you well know, I am sure you have written them.

SENATOR BEUTLER: Okay, if that is the policy of trust departments in the state, why can't we make a comparison between how well they have done the last ten years and how well the State Investment Officer has done the last ten years? Wouldn't that be a rather simple comparison to show us that there is a problem, if there is, in fact, a problem?

SENATOR DeCAMP: Okay, this is a retirement committee bill. They do have a study. I would make that study available to you, and under item #23, I would just read you the conclusions of that study. "The statutes should allow the flexibility to pursue an investment policy which will maximize investment yields consistent with sound investments principles. Four avenues should be available to all retirement systems: The Nebraska Investment Council, insurance companies, trust companies, and professional investment managers. The decision concerning the investment medium should be based on competent professional advice and not on political considerations." Now in answer to your other question, I do, going through my file, have an example of one fund, State of Nebraska Permanent School Fund. \$61 million has been put into it. As of July 1, 1980, and it has got a lot worse since then, I don't have...I had them but I would have to go to my office and get them...as of July 1, 1980, I could buy that \$61 million that had been put in, I could physically go out and buy it for \$49 million, to show you an example of...

SENATOR BEUTLER: Some trust company, bank trust company funds