

May 27, 1981

LB 460

apparently in another part of the bill it says that he is also obliged to exercise the degree of care and skill. Now that care and skill is exercised in a number of ways and I suppose one of them is the investments that he chooses but the standard that we are setting up as to the exercise of care and skill is not as high as the standard that we are setting up as to the type of investments that he should invest in. It says with the regard to the exercise of care and skill that it should be exercised as if he were managing his own property. What my amendment does, what my amendment does is to say that the skill and care that he should exercise should be the same as what we are requiring with regards to the type of investments that he can invest in. In other words, that it should be that of a prudent person who is managing the affairs of others, the business of others, so that the two standards that we have in the bill would then be the same. They would both be the prudent person investing as if he were dealing with the property of others. So I am asking you that because we are giving the investment officer more power, much, much more power, that at least holding to the higher standard, holding to the higher standard, and that is what the amendment would do, holding to the same standard that we have created with 460, the prudent person managing somebody else's property. Thank you.

PRESIDENT: Senator DeCamp.

SENATOR DeCAMP: Mr. President, members of the Legislature, let me give you a little more history on the bill. First of all, we are talking about big dollars. We are talking about something that probably had we had the legislation in effect three years ago or two years ago when we intended, we would be twenty, thirty, fifty, I don't know how many millions better off today. But as to the amendment itself, I brought up that very question to the State Investment Officer in committee. I said I would rather have this higher standard or the council did than the hybrid one you are offering. His explanation was, as I recall, something about, no, and everybody in the room agreed with him, all the wise investment people, somehow that it made sense to do it the other way. I disagree and I am going to suggest you accept the amendment. It makes it absolutely clear to me what standard we are using rather than the, as I say, hybrid one. I do support the amendment and I think that is the way to go.

PRESIDENT: Any further discussion on the Beutler amendment? Senator Beutler, you may close. Motion then is the adoption of the Beutler amendment to LB 460. All