

SENATOR WESELY: I think I have the right to open on my piece of legislation. LB 359 is a bill brought to the Banking Committee and advanced unanimously to deal with a problem that occurred this last year on the Investment Council. For a number of years, probably close to 20, we have had a Nebraska Investment Council that's been established to take our state funds and invest those funds for a maximum return, with also the greatest protection of those funds possible. It's called prudent man is what we describe that as now, back about five years ago we went to that system. And the Investment Council hires the State Investment Officer and they proceed to handle something like \$800 million in funds for the state which is quite a responsibility. The Investment Council is appointed by the Governor. They serve for a period of time. They are based...they are picked on the basis of expertise in economics and investment background. As I said, they then turn around and hire a state investment officer who has been Don Mathes now for a number of years and Mr. Mathes hires additional staff and they take on the responsibility, basically being the investment experts for the State of Nebraska. This has been going on, as I said, for about 20 or so years and recently the Investment Council, in working with their consultants and experts, came to the conclusion that to diversify their portfolio and to maximize investment return and broaden their investment portfolio they would look toward a venture capital activity that would be managed by a Kansas consulting firm that had the experience in Kansas in this area and have had an excellent response and success in that area. They proceeded to contract with this Kansas consulting firm, at which time a section of law which this bill would amend, Section 72-1242, was identified to have the Governor allowed to approve the Investment Council's selection of council auditors, financial advisors and private consultants. Don Mathes, who is the investment officer, as I said, for a long period of time, the others that have been involved in this had no idea that the Governor had any such authority, had never been exercised before and they hadn't even realized where this section had come from and so the Governor did intercede based on this language and block the hiring of this consultant firm out of Kansas and stopped the initiative into using a portion of funds that we have now to promote venture capital activity. So, with that controversy, I talked to the Investment Council and with the investment officer and others involved in this area and came to the conclusion that the policy that we thought had been in place and had been the practice for so many years was the best policy for the State of