

SPEAKER BARRETT: Thank you. Senator Warner.

SENATOR WARNER: Mr. President and members of the Legislature, I became interested last summer in this issue, too, at the time that the Investment Council was considering hiring the consultant. And I became more concerned because the recommendations as a study matter were such that gave me a great deal of concern with the kind of investments that was being considered, which essentially were in the nature of the broad concept of venture capital, which, by its very nature, is more speculative. I think as time went along it's probably accurate that the Investment Council were narrowing the type of investments that they were going to make and the percentage of the total dollars that they would consider in this kind of an investment, but nevertheless the report they had earlier received suggested a much higher percentage than what they were considering. My concern lies in this in that the only funds that are available for this kind of investment as the law now reads are those retirement funds which are not to define contributions but to define benefit. And under the define benefit retirement system, those are guarantees and to the extent that there is a loss of funds in the future it would be the responsibility of the state to make up the loss of those investments should that occur, in order to be able to pay for those benefits when the individual who is retired or is eligible to receive them under the statutes as they exist. My concern is that, and particularly in this area, which can have a very long-term major impact, that the chief executive officer of the state being the Governor ought not only have the right but, more importantly, have the responsibility as an elected official when decisions are made which can have extreme long-term financial impact that that...an elected official ought to have that ultimate responsibility of approving any of these kind of contracts because they deal in the millions of dollars. Most of us...well, all of us, I know, receive a variety of publications but in the recent few months, about the last two, three years, in particular, there have been numerous, numerous articles of people looking at retirement funds, particularly public employee retirement funds, as a source of revenue or source of capital, rather, for a variety of things, huge amounts. It become very attractive. Because they become attractive, it also leads to the possibility of not making prudent decisions, not prudent man rule but it's just a simple prudent decision. I think a board which has that much authority ought to have at least one elected