

Board, at least at this point. I guess there is a little confusion over the whole situation, Senator Haberman, but essentially the Investment Council has had authority for schools and other defined benefit retirement plans and that amount of money is, the last I heard, 850 plus million dollars. So the Investment Council is selected by the Governor and those individuals confirmed by the Legislature and then they serve independently to try and make decisions about how best to invest that money. A few years ago this Legislature passed a bill that allowed the Investment Council to invest that money based on the concept of prudent man. The prudent man rule was a much expansion of authority to invest in various ways for the Investment Council. They had previously been quite limited in where they could invest that money. But we took a chance a few years because we found that the Investment Council was not having an adequate return on investment, that their lack of flexibility was inadequate to meet the different market conditions, and so we took a chance and we passed the prudent man rule. That change has proven to be a very successful change indeed and despite the liberalization of the investment policy of the Investment Council, they have done a good job, I think, overall and have been able to return more money to the taxpayers of this state through investments and also to the retirement contributors to the different systems that they have responsibility for. Well as time has marched on from the time we went to prudent man, we have also recognized in a number of states in this country that when you have a pool of money, as in the Investment Council resources, the \$850 million, rather than sending that money out of the state, rather than sending that money elsewhere to invest, we need to look at how we could keep that money here at home and how we could find ways in which it could be utilized to benefit the state, its inhabitants and build up the economy of the state. And so in a number of states they initiated projects through their pension funds to allow for investment within their state, although sometimes they allowed diversification beyond that, into these concepts of equity capital, risk capital, seed capital, venture capital. And essentially what they are trying to do is use that capital in a way that will build a state's future, to build a state's economy because our economic system is built on capitalism. You must have people and workers and ideas, but you also need other resources and that other big resource that we need is capital. If you don't have money, you aren't able to make the investment to then create the business, the products and services that create the jobs and the tax revenues that this state needs. One