

looking at other states and looking at their own investment policy that by diversifying and moving into this sort of thing, that they could find a rate of return that would diversify their portfolio and perhaps be very beneficial to the state, again, to the retirees involved in the retirement plans and to the taxpayers of the state. Now there is higher risk here, obviously, because this is not the...maybe the tried and true bond that you might want, but there is risk in any investment. It's a question of level of risk. If you invest in bonds you always hope that they'll be fine, but sometimes even those have trouble. If you invest in the stock market, when we moved to the prudent man rule we allowed for that investment, there is always risk in the stock market, you're never for sure what is going to happen and you have winners and losers. Things have been pretty good lately, but you're never sure. This idea of this type of financing in venture capital in a broad sense, just using it as a broad generic term in venture capital, does provide perhaps slightly higher risks than some of these other types of investment, not to say that the other investment doesn't have risk. The question is overall in a portfolio diversifying it. Do you end up with unreasonable risk that a prudent man would not take and with that risk do you have the potential for high return? And what we find is that, yes, you'll find that maybe in some of these investments if you invest in five companies and four of them don't work out, you still come out ahead, if you're able to invest early, on that one company that does succeed because you find with that investment a very high rate of return on that investment, the R & D authority has found out in some of their investments and we could find that as well in the different discussions on pension funds. And so, yes, you maybe don't have the high number of investments consistently coming back as winners, but what you do is you take that risk with the potential that when you do hit the mark, when you do find that business that does succeed, your return on that particular investment will more than make up for the losses in the other investments and make up a return adequate and perhaps even more than you would find by making other investments elsewhere.

PRESIDENT: One minute.

SENATOR WESELY: Thank you. So the concept is I think a sound one. It does help return investment capital to the state. It does allow for the opportunity to work in this area and right now the Investment Council has been denied that chance to move