

February 21, 1996 LB 973

standard which is adopted is not ordinary business in the sense of what a for-profit corporation would do but rather what a nonprofit would do. And, again, that...the case law, I believe, has been developed under the uniform act. The third thing or the third major portion of the bill is that it provides the ability of trustees, the boards of trustees to delegate to third party investment managers. And that is recognizing what is going on today in the area of investments, and that is that boards...the trustees themselves, in a lot of cases or in most cases, cannot direct the investment decisions of the funds so it would allow those third party investment decisions, including such things as mutual funds and those types of investments. With that I'd be happy to try and answer any questions and I would urge advancement of the bill.

SENATOR CROSBY: Thank you, Senator Lindsay. Senator Beutler, discussion on 973.

SENATOR BEUTLER: Senator Crosby, members of the Legislature, Senator Lindsay, let me, let me ask a couple of questions, if I may, to get a...

SENATOR CROSBY: Senator Lindsay, will you yield?

SENATOR LINDSAY: Yes.

SENATOR BEUTLER: ...a better feel for it. With respect to changing the standard for investment to one of ordinary business care and prudence, that's changing it from a...the standard of a fiduciary, right?

SENATOR LINDSAY: No.

SENATOR BEUTLER: It's changing it from...

SENATOR LINDSAY: Well,...

SENATOR BEUTLER. ...the higher standard to a lower standard in the hierarchy of the law.

SENATOR LINDSAY: Outside of this legislation, the case law is not developed so there's a question. Right now attorneys for colleges, institutions suggest that that may be the standard, that higher level that you're talking about. Some of the case