

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office

March 27, 2000 LB 1010

says: Selling land will significantly reduce the investment risk of the aggregate funds in the long term. It is unlikely to have a significant impact on the effective distribution strategy, meaning the money that goes back on a per pupil basis. Also in this same letter, that's the one I quoted from that said they're returning eight and three-quarters percent instead of the four that the land's returning. We could more than double our return on this investment. That's fiduciary duty. When you can double your investment, I think we have an obligation to do that. It says also: Few, if any, investment professionals would consider a 60 percent allocation to real estate to be a well-diversified strategy. More over, our particular real estate holdings are diversified neither geographically nor by use. They're all in the western part of the state, at least nearly all of it. Most of it is grassland. And this is his own emphasis added here:...

PRESIDENT MAURSTAD: One minute.

SENATOR BAKER: ...Therefore, selling land will significantly reduce the risk in the aggregate funds. Pretty strong words. I don't see as we have an alternative. What this bill is precipitated by was their lack of progress in getting down to this 25 percent threshold by the year January 1, 2008. They're not doing it. It's in the statutes that they do. The fiduciary duty is to return as much income to that trust as possible. They're not doing that. It's well documented we could double, double, minimum, double our returns on that real estate holdings. So, with those statements, I think that we...really it's quite clear we need to get this thing moving and it was precipitated out, this bill, by the lack of any movement on the Board of Educational Lands and Funds to have an orderly and timely sale of this property and to increase our returns to the...

PRESIDENT MAURSTAD: Time.

SENATOR BAKER: ...trust. Thank you.

PRESIDENT MAURSTAD: Senator Baker. On the Chambers amendment, Senator Kristensen.