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LB 1010

greater than what the expected long-term rate from the Investment Council is, that you should not take a final bid on those. In other words, if you can make more money with the ag land as ag land and the leases, you shouldn't sell that ground. You should sell the other ground that's not making that rate of return. And Senator Baker has strenuously objected to that and we're ready to take a vote when we last adjourned.

**SENATOR CUDABACK:** We're now discussing the Kristensen amendment, AM3231, to LB 1010. Senator Baker.

**SENATOR BAKER:** Thank you, Senator Cudaback, members. I wish more people were here, but maybe they're listening. I...we met with Rex Holsapple yesterday. He's the head of the Investment Council. A very astute observation by him is, this amendment won't work, Senator Kristensen, all due respect. He said that it's not their job and it's not the school lands job to project returns on real estate. He says a practical matter just wouldn't work. They can project what their returns are, and he is projecting an 8 percent long-term projection now on the portfolio, both the educational lands and funds and a bunch of others. That's a 2000 projection. And I said what long term, he said there would be several years, but they're projecting an 8 percent return on the portfolio invested in stocks and bonds right now. He did say they're going to change the mix a little bit from stocks, you know, half and half to maybe 60-40 one way or another. He didn't say. But in a practical sense of the whole matter he said it just isn't going to work. They don't want to get into the real estate appraisal business on every piece of ground that's sold. He said it would add costs obviously to the Board of Educational Lands and Funds and that they aren't in the professional management business for real estate over there. So I have to continue to point out to Senator Kristensen, in the bill already the board has the right of whether to accept or not...or whether to offer or not to offer the tract of land for sale. It's already in there and we really don't need your amendment on there. I think that that should take care of anything. It was a major concession to get the bill out of committee when we put that in there, and it's...and if we don't adopt your amendment, I will make this statement, I won't offer an amendment to do anything else with it. I think the bill addresses your concern. And with that, I