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in anything they please. Remember this: The prudent investor rule does not prevent any investment from being made. Let me ask Senator Landis a couple of questions, because it's his language, and I don't want to misstate what this rule is about.

SENATOR CUDABACK: Senator Landis?

SENATOR CHAMBERS: Senator Landis, let's say that the Legislature authorizes what...in whatever way is necessary, so we have a law now which would allow this type of investing to be done by any political subdivision which has a public endowment fund, just to lay the groundwork.

SENATOR CUDABACK: Senator...

SENATOR CHAMBERS: If we have the prudent investor rule in place and it's reflected in the statute, too, what type of investment would be prohibited? Let me ask it a different way. You have an investor, and this investor is going to invest in junk bonds. Is there anything in the prudent investor rule that would prohibit or prevent that investment from being made, before it's made?

SENATOR CUDABACK: Senator Landis.

SENATOR LANDIS: It depends on how we're going to use that word. Is there something that would stop the investment from being made before it was made? The answer is no. But if your question is, if there was an imprudent investment, could there be consequences to the person who made such an investment, and there the answer becomes yes.

SENATOR CHAMBERS: And that has been my argument, that the prudent investor rule does not prevent bad investments, but it will bring consequences to the one who violated that standard which should have guided his or her conduct.

SENATOR LANDIS: Very similar to the criminal law, Senator Chambers.

SENATOR CHAMBERS: Thank you. And Senator Landis, I knew