

AMENDMENTS TO LB 1147

(Amendments to Standing Committee amendments, AM1999)

Introduced by Synowiecki, 7.

1           1. Insert the following new sections:

2           Sec. 15. The Legislature finds that:

3           (1) The Nebraska Investment Council was created by the  
4 Legislature in Laws 1967, LB 335. Additional legislation was  
5 passed in Laws 1969, LB 1345, which provided for centralization of  
6 the investment of state funds and addressed types of authorized  
7 investments and since then the statutory framework of the council  
8 has been modified periodically by the Legislature;

9           (2) The laws of Nebraska provide that the appointed  
10 members of the council and the state investment officer are deemed  
11 fiduciaries with respect to investment of the assets (a) in the  
12 retirement systems and the Nebraska educational savings plan trust  
13 and as fiduciaries are required to discharge their duties with  
14 respect to such assets solely in the best interest of the members  
15 and beneficiaries of such plans and (b) of other state funds solely  
16 in the best interest of the residents of Nebraska;

17           (3) As fiduciaries, the appointed members of the council  
18 and the officer must act with the care, skill, prudence, and  
19 diligence under the circumstances then prevailing that a prudent  
20 person acting in like capacity and familiar with such matters would  
21 use in the conduct of an enterprise of like character with like  
22 aims by diversifying the investments of assets in the various plans

1 so as to minimize the risk of large losses;

2 (4) The council managed over fifteen billion three  
3 hundred million dollars of assets as of September 30, 2007.  
4 Those assets have quadrupled since 1995. The assets managed by the  
5 council produced almost one billion five hundred million dollars  
6 in investment earnings in 2006 and almost seven billion dollars of  
7 investment earnings since December 31, 1995;

8 (5) The council has the responsibility of the management  
9 of portfolios for over thirty state entities. The financial  
10 markets and investment strategies that must be employed to  
11 achieve satisfactory returns have become more complex and the  
12 best practices of similar state government investment agencies have  
13 evolved since the creation of the council; and

14 (6) Pursuant to section 72-1249.02, the operating costs  
15 of the council are charged to the income of each fund managed  
16 by the council, and such charges are transferred to the State  
17 Investment Officer's Cash Fund. Management, custodial, and service  
18 costs that are a direct expense of state funds are paid from the  
19 income of such funds.

20 Sec. 16. The Nebraska Investment Council shall enter  
21 into a contract with a qualified independent organization familiar  
22 with similar state investment offices to complete a comprehensive  
23 review of the current statutory, regulatory, and organizational  
24 situation of the council, review best practices of similar state  
25 investment offices, and make recommendations to the council, the  
26 Governor, and the Legislature for changes needed to ensure that  
27 the council has adequate authority to independently execute its

1 fiduciary responsibilities to the members and beneficiaries of the  
2 retirement systems and the Nebraska educational savings plan trust  
3 and the residents of Nebraska with regards to other state funds.

4           Sec. 17. The Legislature shall appropriate funds to the  
5 State Investment Officer for the State Investment Officer's Cash  
6 Fund to carry out the provisions of sections 15 to 17 of this act.

7           2. Renumber the remaining section.