



**Hundredth Legislature - First Session - 2007
Committee Statement
LB 136**

Hearing Date: February 6, 2007

Committee On: Banking, Commerce and Insurance

Introducer(s): (Flood)

Title: Adopt the Nebraska Uniform Prudent Management of Institutional Funds Act

Roll Call Vote – Final Committee Action:

- X Advanced to General File
 - Advanced to General File with Amendments
 - Indefinitely Postponed
-

Vote Results:

8	Yes	Senators Pahls, Langemeier, Carlson, Christensen, Gay, Hansen, Pankonin, Pirsch
	No	
	Present, not voting	
	Absent	

Proponents:

Senator Mike Flood
Larry Ruth

John McCabe

Thomas O’Neill

Keith Miles

Representing:

Introducer
National Conference of Commissioners on
Uniform State Laws
National Conference of Commissioners on
Uniform State Laws
Assn. of Independent Colleges and Universities
of NE
University of Nebraska Foundation

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

LB 136 (Flood) would enact, for Nebraska, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as approved by the National Conference of Commissioners on Uniform State Laws in 2006. This uniform act updates and replaces the 1972 Uniform Management of Institutional Funds Act, which was enacted in Nebraska in 1996 and is codified

at Neb. Rev. Stat. Secs. 58-601 to 58-609. (The bill would outright repeal these sections.) UPMIFA's rules govern investment of the funds of charitable organizations and total return expenditures of those funds. It establishes a prudent management investment regime derived from the Uniform Prudent Investor Act (which applies only to trusts) (see Neb. Rev. Stat. Secs. 30-3883 to 30-3889 of the Nebraska Uniform Trust Code) and a prudent total return expenditure based upon performance of the portfolio held by a charitable institution. It also provides for delegation of authority for investment to outside agents and reformation of donor restrictions (cy pres) on funds when these are so outdated that the original objective can no longer be honored.

The bill would provide, section by section, as follows:

Section 1 would provide for a named act: the Nebraska Uniform Prudent Management of Institutional Funds Act.

Section 2 would provide for definitions: (1) charitable purpose; (2) endowment fund; (3) gift instrument; (4) institution; (5) institutional fund; (6) person; (7) program-related asset; and (8) record.

Section 3 would provide for a standard of conduct in managing and investing institutional fund.

Section 4 would provide for appropriation for expenditure or accumulation of endowment fund and would provide rules of construction.

Section 5 would provide for delegation of management and investment functions.

Section 6 would provide for release or modification of restrictions on management, investment, or purpose.

Section 7 would provide for reviewing compliance.

Section 8 would provide for application of the act to existing institutional funds.

Section 9 would provide for the relation of the act to the Electronic Signatures in Global and National Commerce Act.

Section 10 would provide for uniformity of application and construction of the act.

Section 11 would provide for outright repeal of sections 58-601 to 58-609, the Uniform Management of Institutional Funds Act.

Explanation of amendments, if any:

Senator Rich Pahls, Chairperson