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March 6, 1997            LB 51, 54

SENATOR CROSBY:    Discussion on LB 51.    Seeing none, Senator Landis.    Senator Landis waives closing.    The question is the advancement of LB 51.    All in favor vote aye, opposed no. Record, please.

ASSISTANT CLERK:    25 ayes, 0 nays on the motion to advance the bill.

SENATOR CROSBY:    LB 51 advances.    LB 54.

ASSISTANT CLERK:    Madam President, on LB 54, this is a bill introduced by Senator Landis. (Read title.) The bill was read for the first time on January 9th of this year, referred to the Banking Committee. That committee reports the bill to General File with committee amendments attached. (See AM0435 found on page 699 of the Legislative Journal.)

SENATOR CROSBY:    Senator Landis.

SENATOR LANDIS:    Thank you. Members of the Legislature, this is the Uniform Prudent Investor Act, which has been adopted by about 12 to 15 states at this point. It was written by the Uniform State Law Commissioners. We had a hearing on the bill that had the Dean of the Law School, Harvey Perlman, testify in favor, along with John McCabe, who came in from Chicago to explain the bill to the body. Representatives of the Nebraska Bankers Association were in favor of this, as well as the Cooper Foundation representative, Art Thompson. Last year we passed the Uniform Management of Institutional Funds Act telling how institutional funds should be managed. The concept in that bill is the same as the concept in this bill. You're perhaps familiar with the prudent man rule, or the prudent person investor rule, and it says that a person, who is acting in a trust capacity or holding money for another, needs to act with the prudence that a normal person would, and for that reason, they should protect the assets, protect the principal, and take steps necessary so that a reasoned person would do that. Well, this is a restatement of that idea, because in this restatement, we add some more to the obligations of what this trustee's responsibility is. Now, clearly, the trustee has to invest and manage trust assets, and under normal circumstances, they have to be very concerned, of course, with the safety and soundness