



## CONTINUATION SHEET

spending policies. They have learned that diversification with accepted risk perimeters is acceptable. The BCCC Fund has grown considerably since they have adopted the practices formulated in the Uniform Prudent Investor Act.

Doug Pringle, Senior Vice-President and Trust Officer of the Commerce Bank of Wichita, spoke in support of this act and reviewed the following concepts addressed in the Act (Attachment 4):

- Provides that a corporate or other professional trustee who has greater than normal skills will be expected to use them in the performance of a trust.
- Incorporates the concept of the duty of loyalty owed by a trustee to the beneficiaries of a trust.
- Incorporates the duty of impartiality.
- Alters the concept of delegation of investment authority by a trustee by changing the legal relationship of the “investment agent” to the beneficiaries of a trust and by deleting the notice requirements contained in the statute.
- Act makes no reference to conservatorships.
- Act makes no reference to the concept of a trustee following written directions regarding trust property as does the statute.

Steve Harmon, Butler County Community College Foundation Director, attributed their success in maintaining and growing assets for their constituents to the investment management policy which was developed with the guidelines of the Uniform Prudent Investor Act (Attachment 5). The Uniform management of Institutional Funds Act needs updating to current investment standards due to its restrictive nature.

Jim Bush, Vice-President of the Kansas Bar Association, spoke in opposition to the bill because the current Prudent Investor Rule has served the state well since its inception in 1993 (Attachment 6). He presented a side-by-side comparison of the existing and proposed legislation and again reiterated that the current law contains aspects that are specifically designed with Kansas in mind.

Gary D. White, Jr., Kansas Trial Lawyer’s Association, stated that the Uniform Prudent Investor Act would repeal K.S.A. 17-5004 and would be detrimental to beneficiaries in the following respects (Attachment 6):

- Proposed legislation makes it easier for a trustee to delegate his or her fiduciary duties and escape liability.
- Current law sets a fairly strict standard that a fiduciary must meet before delegating his or her duties to another investment agent.

Mr. White said that the changes suggested in the proposed legislation would violate the traditional high standard of care owed under the “prudent person” rule and make it easier for fiduciaries to escape liability.

Written testimony in opposition was presented by Daryl Craft on behalf of the Kansas Bankers Association Trust Division (Attachment 7).

The meeting was adjourned at 10:00 a.m. The next meeting will be held on February 22, 2000.