Hibernia Bank to be new custodian of education fund

Capitol news bureau

Hibernia National Bank has been selected to provide safekeeping and custodial services for Louisiana's $614 million education trust fund, State Treasurer Mary Landrieu said Wednesday.

Premier Bank previously had a contract as custodian for the so-called 8g fund, which was created after the state and federal governments settled a dispute over some offshore mineral revenue.

"We are getting a better service at a substantially lower cost," Landrieu said in announcing Hibernia's selection. She said the previous contract with Premier Bank was negotiated before she took office.

Premier Bank got nearly $250,000 a year under the original contract to serve as custodian of the fund and to advise state officials on investing the 8g money, Landrieu said.

Landrieu said the bank agreed to negotiate that down to a substantially lower price after she took office, however. Landrieu said she decided to seek bids on the service when the contract with Premier Bank expired.

The successful bidder, Hibernia National Bank, will serve as custodian of the 8g funds at a cost of $4,000 a month, or $48,000 a year, Landrieu said. If needed, the bank can be called on for advice on investments, she said.

Landrieu and her chief investment officer, Peter Ricchiuti, said the treasurer's office has been deciding how best to invest the funds for some time and is trying to increase the amount the state earns.

"We have increased the value of this education fund to $614 million from the original $540 million received in October 1986," Ricchiuti said. "We are using new and innovative but prudent methods of investing the state's money."

The Louisiana Education Quality Trust Fund was created after the state and federal governments settled a dispute over offshore royalties. The state treasurer is mandated by law to invest and manage the monies solely for uses for educational purposes.

Most of the interest earnings from the trust fund are divided between the Board of Elementary and Secondary Education and the Board of Regents. The money given to the boards is, in turn, used to underwrite grants and programs aimed at improving education in the state.

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