

A BILL FOR AN ACT

To provide for the creation of a Koror State Investment Fund for purposes of investing budget surplus funds; to provide for the creation of an Investment Advisory Board to oversee and manage the Investment Fund; to amend KSPL No. K8-207-2009 to allow for the investment of permit fees in the Koror State Investment Fund; and for related purposes.

THE PEOPLE OF KOROR REPRESENTED IN THE LEGISLATURE OF THE STATE OF KOROR DO ENACT AS FOLLOWS:**Section 1. Findings.**

The Tenth Koror State Legislature (the "Legislature") hereby finds that the Koror State Government realized a substantial budget surplus in FY2012 and FY2013, the entirety of which is on deposit in the Koror State Treasury account. The Legislature finds that one million dollars (\$1,000,000.00) of this budget surplus should be transferred out of the Koror State Treasury and invested so as to achieve a secure but higher financial return for present and future generations of people in Koror. In order to assist the Koror State Government with the safe and strategic investment of these funds, the Legislature finds that the Governor should establish an Investment Advisory Board to determine the investment goals and objectives for the Investment Fund, to solicit proposals from qualified investment firms, to make investments of Investment Fund monies, and to be responsible for the ongoing management of the Investment Fund. The Legislature also finds that because budget surplus funds have resulted from the sale of Rock Island and Jelly Fish Lake permits, it is necessary to amend the Rock Islands Management and Conservation Act to allow for the investment of permit revenues in the Investment Fund.

Section 2. Establishment of Investment Advisory Board.

a. Within sixty (60) days following the effective date of this Act, the Governor of Koror (the "Governor") shall establish an Investment Advisory Board to assist with the establishment and management of a Koror State Investment Fund (the "Investment Fund"), as provided for under Section 3 of this Act. The Governor shall establish rules concerning the selection and removal of

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1 the financial goals and objectives for the Investment Fund monies; (ii) to solicit proposals (i.e.,
2 through an "RFP" process) from qualified investment firms to provide the Investment Advisory Board
3 advice on investment strategies, to recommend appropriate investment options, and to provide any
4 other assistance or support the Investment Advisory Board deems necessary or appropriate; (iii) to
5 make investments of Investment Fund monies as provided in Subsection 2.c below; and (iv) to be
6 responsible for the ongoing administration and management of Investment Fund investments.

7 c. The Investment Advisory Board shall have the authority to make all decisions
8 concerning the investment and reinvestment of monies in the Investment Fund, provided that the
9 Investment Advisory Board shall not be permitted to invest or reinvest monies in any investment in
10 which an Investment Advisory Board member has a direct or indirect financial interest. The Governor
11 shall establish rules concerning the selection and removal of Investment Advisory Board members and
12 the conduct of business of the Investment Advisory Board, including requirements for regular
13 reporting to the Legislature on the status of investments.

14 **Section 3. Establishment of Koror State Investment Fund.**

15 a. As soon as is practicable following the establishment of an Investment Advisory Board
16 and the selection of an investment firm, as provided in Section 2 above, the Director of the Treasury
17 shall transfer one million dollars (\$1,000,000.00) of the Koror State budget surplus funds from
18 FY2013 out of the Koror State Treasury and into a segregated Investment Fund account. All monies
19 held in the Investment Fund account shall be invested in such investment vehicles or investment
20 accounts as directed by the Investment Advisory Board, as provided in Subsection 2.c above.

21 b. The Governor may, with the approval of a majority vote of the Legislature, transfer
22 up to fifty percent (50%) of any budget surplus funds from FY2014 and from fiscal years thereafter
23 into the Investment Fund, and such funds shall be invested in accordance with the provisions of this

24 Act

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1 Investment Fund should be extended, or if not, what the disposition of Investment Fund monies
2 should be.

3 **Section 4. Amendment of Section 15.A of KSPL No. K8-207-2009, as amended by**
4 **KSPL No. K9-265-2013, to provide for the use of permit fees in the Investment Fund.**

5 Section 15.A of KSPL No. K8-207-2009, as amended by KSPL No. K9-265-2013, is hereby
6 amended to add a new subsection “(11)” relating to the Investment Fund, as follows:

7 “A. Fees generated from this Act shall be used:

8 * * *

9 (9) To pay for education, interpretive materials, permits, and other materials
10 needed to allow the Governor to implement this Act; **and**

11 (10) To establish and maintain a Koror State reserve fund to be used for
12 unforeseen contingencies, natural disasters or other emergency purposes; and

13 (11) To establish and maintain a Koror State Investment Fund.”

14 **Section 5. Severability.**

15 In the event that a court of competent jurisdiction determines that any part or portion of this
16 Act is invalid or otherwise unenforceable, then the offending part or portion may be stricken, and the
17 remaining portions shall continue in full force and effect.

18 **Section 6. Effective Date.**

19 This Act shall become effective upon its becoming law by operation of the Koror State
20 Constitution.

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