

A Bill for an Act Relating to Bonds Issued by the Counties.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 47-7, Hawaii Revised Statutes, is hereby amended to read as follows:

“§47-7 Issuance, interest rate, denominations, maturities, places payable, registration, redemption, medium of payment, sale, or other disposal. The director of finance of the county may, upon authorization of its governing body, issue from time to time and in accordance with the provisions of this chapter, bonds of the county authorized for issuance by the governing body thereof. All bonds issued under authority of this chapter: shall bear interest payable semi-annually at a coupon or stated rate or rates not exceeding eight per centum per annum; provided that in any county with a population in excess of 100,000 the rate or rates shall not exceed seven per centum per annum; if for a term exceeding one year, shall be in serial form maturing in substantially equal installments of principal, or maturing in substantially equal installments of both principal and interest, the first installment of principal to mature not later than five years from the date of issue of such series and the last installment not later than thirty-five years from the date of such issue; may be payable as to both principal and interest at places within and without the State; may be issued in coupon form without privilege of registration or registrable as to principal only or as to both principal and interest or in fully registrable form; may be made redeemable at any time or times prior to their stated maturities at prices not exceeding one-hundred four per cent of the par value thereof; and shall be payable, as to principal, premium, if any, and interest, in any coin or currency of the United States which at the time of payment is legal tender for public and private debts. Unless the governing body shall itself perform the actions, the director of finance of each county, from time to time and without further authorization of the governing body, shall determine the form, date, denominations, and maturities of the bonds theretofore authorized by the governing body to be issued under the authority of this chapter, the place or places within or without the State at which the principal and interest of the bonds or any of them shall be payable and at which the bonds may be registered, and the time or times, prices, and method of their redemption, and the basis of award of such bonds, and shall offer for sale and sell the whole or any part of any issue of the bonds. The bonds shall be sold for not less than their par value, and shall be sold by means of public advertisement for tenders, either (A) with the interest rate or rates to be borne by the bonds having theretofore been fixed by the governing body, in which event the bonds shall be sold to the bidder offering the highest price therefor, or (B) with the interest rate or rates to be borne by the bonds to be specified by the bidders therefor, in which event the bonds shall be sold in accordance with the provisions of the following sentence. The bonds shall be sold on one or the other of the following bases: (1) to the bidder offering to purchase the bonds at the lowest interest cost, such interest cost for the purpose of this clause being the figure obtained by adding together the amounts of interest payable on the bonds from their date to their respective maturity dates at the rate or rates specified by the bidder and deducting from the sum obtained the amount of any premium offered by the bidder, or (2) to the bidder offering to purchase the bonds at the lowest interest cost, such interest cost for the purpose of this clause being the rate obtained by doubling the semi-annual interest rate (compounded semi-annually) necessary to discount the principal and interest payments on the bonds from the dates of payment thereof to the date of the bonds and to the price bid (the price bid for the purpose of this clause shall not include

the amount of interest accrued on the bonds from their date to the date of delivery and payment therefor); provided that in any case the right shall be reserved to reject any and all bids and waive any irregularity or informality in any bid. Bonds offered for sale without a specified rate or rates of interest shall, without further action of the governing body, bear interest at the rate or rates specified by the successful bidder therefor. The advertisement for tenders required by this section shall be published at least once and at least five days prior to the date of the sale in a newspaper circulating in the County and in a financial newspaper or newspapers published in any of the cities of New York, Chicago, or San Francisco, and shall set forth therein the basis to be used in determining the successful bidder. Notwithstanding the foregoing provisions of this section as to public sale, any bonds authorized pursuant to this chapter may, with the approval of the governing body, be sold by the director of finance at private sale to the United States, the State, or any board, agency or instrumentality of either thereof, or may, with the approval of the governing body, be deposited by the director of finance with and pledged to, or be otherwise disposed of to any board, agency, or instrumentality of the State or of the United States government to secure the repayment of or an actual payment of, any loans or advances made or to be made, under the authority of an act or acts of the legislature of Hawaii or of the Congress of the United States authorizing the loans or advances by the board, agency, or instrumentality to the county for the construction in whole or in part of any public improvement, the cost of which or any part thereof, would be payable out of the proceeds of the bonds, if sold."

SECTION 2. Section 47-52, Hawaii Revised Statutes, is hereby amended to read as follows:

"§47-52 Refunding bonds authorized. For the purpose of refunding the present and future bonded indebtedness of any county or any part or parts thereof, the director of finance of any county, upon authorization of the governing body, may from time to time issue general obligation refunding bonds of the county with which to pay, call, and redeem all or any part of the outstanding bonds of the county or any part or parts thereof, and may include various series and issues of the outstanding bonds in a single issue of refunding bonds and may include refunding bonds and bonds authorized under part I of this chapter, in a single issue of bonds. Refunding bonds may be issued to pay principal, any redemption premium and interest to accrue and become payable on the outstanding bonds being refunded. The refunding bonds shall be issued in accordance with the provisions of Part I of this chapter, and all of the provisions of that chapter shall be applicable to such refunding bonds, except that refunding bonds issued hereunder may be sold at private sale at such price or prices as the governing body shall determine. The refunding bonds may be issued and delivered at or at any time before the maturity or redemption date of the bonds to be refunded that the director of finance, with the approval of the governing body determines to be in the best interest of the county. The refunding bonds shall be payable as to principal and interest dollar for dollar in any coin or currency of the United States which at the time of payment is legal tender for public and private debts, and shall be issued in accordance with the provisions of sections 47-5 to 47-18,

and all of the sections shall be applicable to the refunding bonds, except as aforesaid. Pending the time the proceeds derived from the sale of refunding bonds issued hereunder are required for the purposes for which they were issued, the director of finance may, upon authorization or approval of the governing body, invest the proceeds in obligations of, or obligations unconditionally guaranteed by, the United States or in savings accounts, time deposits, or certificates of deposit of any bank or trust company, within or without the State, to the extent that the savings accounts, time deposits, or certificates of deposit are collaterally secured by a pledge of obligations of, or obligations unconditionally guaranteed by, the United States, and to further secure the refunding bonds the director of finance may, upon authorization or approval of the governing body, enter into a contract with any bank or trust company, within or without the State, with respect to the safekeeping and application of the proceeds of the refunding bonds, and the safekeeping and application of the earnings on the investment, which contract shall become a part of the contract with the holders of the refunding bonds. The authorizations and approvals of the governing body required by this section may be given either by resolution or ordinance as the governing body may determine."

SECTION 3. Statutory material to be repealed is bracketed. New material is underscored. In printing this Act, the revisor of statutes need not include the brackets, the bracketed material or the underscoring.*

SECTION 4. This Act shall take effect upon its approval.

(Approved May 5, 1978.)

*Edited accordingly.