



A BILL FOR AN ORDINANCE

AMENDING ORDINANCE NO. 01-28.

BE IT ORDAINED BY THE PEOPLE OF THE CITY AND COUNTY OF HONOLULU:

SECTION 1. Purpose, Findings and Determinations. The purpose of this ordinance is to amend the authorization for the City and County of Honolulu to issue general obligation commercial paper in order to clarify and facility the use of such debt. Furthermore, the Council of the City and County of Honolulu (the "City and County") hereby finds and determines: (1) the Council of the City and County has heretofore adopted Ordinance No. 01-28, as amended by Ordinance No. 04-36, authorizing the issuance and sale and specifying certain terms of general obligation commercial paper of the City and County, and authorizing and providing for certain related matters; and (2) it is advisable, expedient and in the best interests of the City and County to increase the amount of such commercial paper to be issued and expand the purposes for which proceeds of such commercial paper may be applied to include public improvements to the City and County's wastewater system and the water system managed by the Board of Water Supply City and County of Honolulu (the "Board of Water Supply").

SECTION 2. Ordinance 01-28 is amended by amending Section 2 to read as follows:

"SECTION 2. Authorization of Commercial Paper. Pursuant to Chapter 47, Hawaii Revised Statutes, as amended, and the Revised Charter of the City and County, there are hereby authorized for issuance and sale from time to time general obligation notes (the "Commercial Paper" and each a "Commercial Paper note") of the City and County, including renewals and extensions thereof, in an aggregate principal amount at any one time outstanding not to exceed [Two Hundred Fifty Million Dollars (\$250,000,000)] Three Hundred Fifty Million Dollars (\$350,000,000), for the purpose of (a) refunding all or a part of any General Obligation Bonds and any Commercial Paper and any reimbursement obligations to the provider of any credit or liquidity facility as the Director of Budget and Fiscal Services shall determine to be in the best interest of the City and County; (b) paying the cost of any public improvements, including equipment, (1) for which an appropriation is made in a capital budget ordinance, including public improvements relating to the wastewater system of the City and County, or (2) public improvements relating to the water system managed by the Board of Water Supply, and for which General Obligation Bonds or Revenue Bonds are authorized to be issued, in advance of the issuance of such General Obligation Bonds or Revenue

Bonds, or, in the case of equipment, instead of the issuance of General Obligation Bonds or Revenue Bonds; and (c) paying all costs incurred in the issuance of



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such Commercial Paper and the refunding of any General Obligation Bonds. The proceeds of the Commercial Paper shall be applied as provided in Section 8 hereof.”

SECTION 3. Ordinance 01-28 is amended by amending Section 3 to read as follows:

“SECTION 3. Details of Commercial Paper. The Commercial Paper authorized for issuance and sale in Section 2 hereof may be issued and sold in such amounts at any time and from time to time as shall be determined by the Director of Budget and Fiscal Services to be in the best interest of the City and County, but not later than [July 1, 2020] July 1, 2025, as such date may be extended by ordinance of this Council. The Commercial Paper shall be issued in fully registered form without coupons in the denominations of \$100,000 or any integral multiple thereof, or in such other denominations as the Director of Budget and Fiscal Services shall determine. Each Commercial Paper note shall be dated the date of its issuance and shall have a term of one to 270 days, as determined by the Director of Budget and Fiscal Services upon consultation with the dealer of the Commercial Paper, and having due regard to the debt and financial policies of the City and County. The Commercial Paper notes shall be numbered from 1 upwards in chronological order of delivery or shall be numbered in any other manner as the Director of Budget and Fiscal Services shall determine. The Commercial Paper shall bear interest at such rates per annum, not exceeding twelve percent (12%) per annum, as shall be approved by the Director of Budget and Fiscal Services, and interest on each Commercial Paper note shall be payable, together with principal, on the maturity date of such Commercial Paper note. The Director of Budget and Fiscal Services is hereby authorized and directed to determine, in accordance with and subject to the provisions of this ordinance, the designation of the Commercial Paper; the dates of issuance, amounts and maturity dates of the Commercial Paper; the registration privileges and place or places at which such Commercial Paper may be paid or registered, which may include the office of the Director of Budget and Fiscal Services; any redemption or defeasance provisions relating to the Commercial Paper; and all other details of the Commercial Paper.”

SECTION 4. Ordinance 01-28 is amended by amending Section 8 to read as follows:

“SECTION 8. Application of Proceeds. The proceeds of the Commercial Paper are hereby irrevocably appropriated for the purposes set forth herein, and such proceeds, together with any other funds of the City and County which are legally available therefor, shall be deposited as determined by the Director of Budget and Fiscal Services and applied as directed by the Director of Budget and Fiscal Services:



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(1) to the payment of costs of public improvements, including equipment, (a) authorized pursuant to any capital budget ordinance of the City and County, including public improvements relating to the wastewater system of the City and County, to the extent the appropriation for such costs has not lapsed or been satisfied, or (b) public improvements relating to the water system managed by the Board of Water, for which the Board of Water Supply has submitted a request by resolution of the Board of Directors of the Board of Water Supply to the Council of the City and County to issue general obligation commercial paper for such improvements;

(2) to pay the principal of, premium (if any) and interest on any General Obligation Bonds or Commercial Paper or obligations to the provider of any credit or liquidity facility to be refunded; and

(3) to pay costs of issuance of the Commercial Paper and any related refunding, including without limitation, the initial fees of any issuing and paying agents or registrars, the fees of any dealers, financial consultants and bond counsel, rating agency fees, escrow agent fees, fees for verification of refunding escrow calculations, fees and expenses for any liquidity or credit enhancement, the cost of preparation of any documentation relating to the Commercial Paper, including any offering document and definitive Commercial Paper, and any cost of publications required by law.

Pending the time the proceeds of the Commercial Paper are required to pay any General Obligation Bonds to be refunded as provided in (2) above, the proceeds of such Commercial Paper, together with any other funds of the City and County which are legally available therefor, may be held by the Director of Budget and Fiscal Services in trust for such purposes or may be held by a financial institution selected by the Director of Budget and Fiscal Services to serve as escrow agent under an escrow agreement, such agreement to be in such form and containing such terms and provisions as the Director of Budget and Fiscal Services deems appropriate, and, in either case, invested as permitted by law. The Director of Budget and Fiscal Services is hereby authorized and directed to serve as such escrow agent or to select a qualified financial institution to serve in such capacity, and to determine the form and terms of any such escrow agreement and any fee agreement to be entered into with such financial institution. The Director of Budget and Fiscal Services is hereby further authorized and directed to determine the date or dates upon which the General Obligation Bonds or portions thereof are to be redeemed and to give or cause to be given any appropriate notices of such redemption.”

SECTION 5. Memorandum of Understanding. Prior to the initial issuance of general obligation commercial paper for the Board of Water Supply, the City and County shall first submit to the Council a memorandum of understanding setting forth the Board



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of Water Supply's obligations to the City and County concerning the commercial paper. The memorandum of understanding shall require that the City and County be reimbursed by the Board of Water Supply for any payments of principle and interest and any other costs incurred by the City relating to the issuance of commercial paper for the Board of Water Supply. The Board of Water Supply shall not make its initial issuance of general obligation commercial paper unless the Council has approved the memorandum of understanding by resolution.

SECTION 6. Repeal of Conflicts. All ordinances and resolutions, and any portions of ordinances and resolutions, heretofore enacted or adopted by the Council which are in conflict or inconsistent with any provision of this ordinance shall be and are hereby repealed to the extent of such conflict or inconsistency. Except amended hereby and by Ordinance 04-36, Ordinance 01-28 shall remain in full force and effect.

SECTION 7. In sections 2, 3, and 4 of this ordinance, ordinance material to be deleted is bracketed and new ordinance material is underscored. In these sections, the titles of the sections are underscored because the titles were underscored in Ordinance 01-28. When revising, compiling or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the revisor of ordinances need not include the brackets, bracketed material, or the underscoring.



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SECTION 8. Effective Date. This ordinance shall take effect upon its approval.

INTRODUCED BY:

Todd Apo (BR)  
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DATE OF INTRODUCTION:

April 8, 2010  
Honolulu, Hawaii

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Councilmembers

APPROVED AS TO FORM AND LEGALITY:

*Angela Kruse*  
Deputy Corporation Counsel

APPROVED this 20th day of July, 2010.

*Mufi Hannemann*  
MUFU HANNEMANN Mayor  
City and County of Honolulu

CITY COUNCIL  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII  
C E R T I F I C A T E

ORDINANCE **10-15**

**BILL 25 (2010), CD1**

Introduced: 04/08/10 By: TODD APO (BR)

Committee: BUDGET

Title: A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. 01-28.

Links: [BILL 25 \(2010\)](#)  
[BILL 25 \(2010\), CD1](#)  
[CR-141](#)  
[CR-174](#)

COUNCIL	04/21/10	BILL PASSED FIRST READING AND WAS REFERRED TO COMMITTEE ON BUDGET.				
	ANDERSON Y	APO Y	CACHOLA Y	DELA CRUZ Y	DJOU Y	
	GARCIA Y	KOBAYASHI Y	OKINO Y	TAM Y		
BUDGET	05/26/10	CR-141 – BILL REPORTED OUT OF COMMITTEE FOR PASSAGE ON SECOND READING AS AMENDED IN <u>CD1</u> FORM AND SCHEDULING OF A PUBLIC HEARING.				
NOTE: EFFECTIVE MAY 25, 2010, COUNCILMEMBER CHARLES DJOU, REPRESENTING COUNCIL DISTRICT IV, RESIGNED FROM OFFICE. (Refer to Communication <u>CC-99</u> )						
ON JUNE 9, 2010, THE APPOINTMENT OF LEE DONOHUE WAS APPROVED (Refer to <u>RES10-132, CD1, FD1 (VERSION A)</u> ) AND HE WAS SWORN INTO OFFICE AS A MEMBER OF THE HONOLULU CITY COUNCIL REPRESENTING DISTRICT IV TO FILL THE REMAINING TERM OF FORMER COUNCILMEMBER CHARLES DJOU.						
COUNCIL/PUBLIC HEARING	06/09/10	CR-141 ADOPTED. BILL PASSED SECOND READING AS AMENDED, PUBLIC HEARING CLOSED AND REFERRED TO COMMITTEE ON BUDGET.				
	ANDERSON Y	APO Y	CACHOLA Y	DELA CRUZ Y	DONOHUE Y	
	GARCIA Y	KOBAYASHI Y	OKINO Y	TAM Y		
BUDGET	06/30/10	CR-174 – BILL REPORTED OUT OF COMMITTEE FOR PASSAGE ON THIRD READING.				
COUNCIL	07/14/10	CR-174 ADOPTED AND BILL 25 (2010), CD1 PASSED THIRD READING.				
	ANDERSON Y	APO Y	CACHOLA Y	DELA CRUZ Y	DONOHUE Y	
	GARCIA Y	KOBAYASHI Y	OKINO Y	TAM Y		

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this BILL.

  
BERNICE K. N. MAU, CITY CLERK

  
TODD K. APO, CHAIR AND PRESIDING OFFICER