SUMMARY OF PROPOSED FLOOR DRAFT:

Bill 20, CD1

AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS AND BOND ANTICIPATION NOTES OF THE CITY AND COUNTY OF HONOLULU IN A MAXIMUM PRINCIPAL AMOUNT EQUAL TO THE AGGREGATE OF THE AMOUNTS APPROPRIATED FOR THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION CAPITAL BUDGET PROJECTS IN THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION CAPITAL BUDGET AND PROGRAM ORDINANCE FOR THE FISCAL YEAR ENDING JUNE 30, 2017, AND SPECIFIED IN SAID ORDINANCE TO BE FINANCED FROM THE PROCEEDS OF THE SALE OF SUCH BONDS AND TO BE EXPENDED FROM THE TRANSIT IMPROVEMENT BOND FUND

PROPOSED FD1 makes the following amendments:

A. Adds a new Section 5 which reads as follows:

The sale of general obligation bonds and bond anticipation notes to pay for appropriations for projects in the HART Capital Budget and Program Ordinance for the fiscal year ending June 30, 2017, is conditioned upon the Council approving the Updated Final Financial Plan for the Full Funding Grant Agreement by resolution prior to the submittal of the Updated Final Financial Plan to the Federal Transit Administration.

B. Makes miscellaneous technical and non-substantive amendments.

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

BILL **20 (2016), CD1, FD1**
Proposed

A BILL FOR AN ORDINANCE

AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS AND BOND ANTICIPATION NOTES OF THE CITY AND COUNTY OF HONOLULU IN A MAXIMUM PRINCIPAL AMOUNT EQUAL TO THE AGGREGATE OF THE AMOUNTS APPROPRIATED FOR THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION CAPITAL BUDGET PROJECTS IN THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION CAPITAL BUDGET AND PROGRAM ORDINANCE FOR THE FISCAL YEAR ENDING JUNE 30, 2017, AND SPECIFIED IN SAID ORDINANCE TO BE FINANCED FROM THE PROCEEDS OF THE SALE OF SUCH BONDS AND TO BE EXPENDED FROM THE TRANSIT IMPROVEMENT BOND FUND.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. General obligation bonds of the City and County of Honolulu (the "City and County") are hereby authorized for issuance and sale in a principal amount equal to the aggregate of the amounts appropriated in the Honolulu Authority for Rapid Transportation (HART) Capital Budget and Program Ordinance for the fiscal year ending June 30, 2017, and specified in said Ordinance to be financed from the proceeds of the sale of such bonds and expended from the Transit Improvement Bond Fund. Unless the Council of the City and County shall determine by resolution of one reading adopted prior to the sale of such bonds the form (including "book-entry"), date, denominations and maturities of such bonds, the place or places of payment of the principal of and interest on such bonds, the place or places of registration of such bonds, the times, prices and method of redemption of such bonds, and the basis of award of such bonds, the Director of Budget and Fiscal Services is hereby authorized to perform such actions as provided by Section 47-7, Hawaii Revised Statutes (HRS); provided, however, that the Council of the City and County shall, in any case: 1) determine the principal amount of such bonds to be offered for sale from time to time by resolution of one reading adopted prior to such sale and 2) prior to the sale of such bonds, the City and County and HART shall enter into a memorandum of understanding subject to the provisions of Section 4. Without any further authorization from or action by the Council of the City and County but subject to the provisions hereof and of applicable law, the Director of Budget and Fiscal Services is hereby authorized to offer the general obligation bonds authorized hereby at one time or from time to time, at competitive sale or at negotiated sale to qualified purchasers in accordance with Section 47-8, HRS, in each case at such price or prices and upon such terms and conditions as the Director shall approve and determine to be in the best interest of the City and County. Without limiting the generality of the foregoing, with respect to the sale of any of the general obligation bonds authorized hereby, the Director of Budget and Fiscal Services is hereby authorized to retain bond counsel, paying agents,

registrars and financial and accounting consultants, upon such terms and conditions as the Director shall deem advisable and in the best interest of the City and County, to select the date for such sale, to publish and distribute a Notice of Sale or to enter into a contract for the sale of such general obligation bonds, in each case in such form and containing such terms and conditions as the Director shall approve and deem advisable, to distribute an Official Statement and such other information relating to such general obligation bonds as the Director may deem advisable, to receive bids for the sale of such general obligation bonds or the portion thereof being offered and to award the sale thereof being offered to the bidder offering the lowest interest cost therefor, in accordance with the applicable Notice of Sale, if any; provided that the Director of Budget and Fiscal Services may reserve the right to reject any and all bids. Subject to the provisions hereof and applicable law, without further action of the Council of the City and County, the general obligation bonds authorized hereby or any portion thereof shall bear interest at the rates per annum as specified in the contract or contracts approved or in the bid or bids accepted. The Director of Budget and Fiscal Services and all officials of the City and County are hereby authorized to take such action and execute such orders, receipts and other documents as may be necessary in order to effectuate the sale of the general obligation bonds authorized hereby or any portion thereof, and, if any contract therefor be approved or any bid therefor be accepted, the preparation, execution and delivery thereof, in accordance with the provisions hereof and applicable law. In connection with, and at any time before or after the issuance of, such bonds, the Director may arrange for any insurance or banking arrangements as the Director may deem necessary or desirable, including, without limitation, credit or liquidity support facilities and interest rate swaps, swaptions, floors or caps and other similar contracts to hedge or reduce interest rate or similar risk or the cost of borrowing when used in conjunction with bonds.

SECTION 2. The proceeds of the bonds herein authorized can only be used to pay all of or part of those appropriations for public improvements of the City and County made in the aforesaid HART Capital Budget and Program Ordinance and specified therein to be financed from the proceeds of general obligation bonds and to be expended from the Transit Improvement Bond Fund.

SECTION 3. Pursuant to Section 47-16, HRS, the Director of Budget and Fiscal Services is hereby authorized to issue and sell general obligation bond anticipation notes in anticipation of the issuance of all or any portion of the bonds authorized hereby. The notes authorized hereby may be sold at one time or in part from time to time in such principal amounts as the Director of Budget and Fiscal Services shall determine to be in the best interest of the City and County; provided, however, that the Council of the City and County shall: 1) determine the principal amount of such notes to be offered for sale from time to time by resolution of one reading adopted prior to such sale; and 2)

prior to the sale of such notes, the City and County and HART shall enter into a memorandum of understanding subject to the provisions of Section 4. Nothing herein prohibits the contemporaneous issuance and sale of general obligation bonds and bond anticipation notes.

SECTION 4. Memorandum of Understanding Relating to HART. Prior to the sale of general obligation bonds and bond anticipation notes to pay for appropriations for projects in the HART Capital Budget and Program Ordinance for the fiscal year ending June 30, 2017, the City and County shall submit to the Council, for approval by the Council by resolution, a memorandum of understanding between HART and the City and County setting forth the obligations of HART to the City and County concerning the general obligation indebtedness. The memorandum of understanding must require that the City and County be reimbursed by HART for any payments of principal and interest and any other costs incurred by the City and County relating to the issuance of the general obligation indebtedness.

SECTION 5. The sale of general obligation bonds and bond anticipation notes to pay for appropriations for projects in the HART Capital Budget and Program Ordinance for the fiscal year ending June 30, 2017, is conditioned upon the Council approving the Updated Final Financial Plan for the Full Funding Grant Agreement by resolution prior to the submittal of the Updated Final Financial Plan to the Federal Transit Administration.

SECTION 6. The City and County of Honolulu shall comply with all applicable provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986, as amended, and applicable regulations of the Internal Revenue Service proposed or promulgated thereunder in the issuance of the bonds and notes authorized hereby and the application of the proceeds thereof.

SECTION 7. Any part of the bonds herein authorized remaining unissued and not required for any part of the appropriations hereinabove referred to made in the aforesaid HART Capital Budget and Program Ordinance will lapse as provided by the Charter.

A BILL FOR AN ORDINANCE

SECTION 8. This ordinance takes effect upon its approval.

INTRODUCED BY:

Ernest Martin (BR)

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DATE OF INTRODUCTION:

March 3, 2016
Honolulu, Hawaii

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Councilmembers

APPROVED AS TO FORM AND LEGALITY:

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Deputy Corporation Counsel

APPROVED this _____ day of _____, 20____.

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KIRK CALDWELL, Mayor
City and County of Honolulu