

ACT 117

An Act Amending Chapter 137, Part III, Revised Laws of Hawaii 1955, as Amended, Relating to Refunding of Revenue Bonds.

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

SECTION 1. Chapter 137, part III, Revised Laws of Hawaii 1955, as amended, is further amended by adding a new section to be appropriately numbered and to read as follows:

"Sec. 137- Refunding revenue obligations. Whenever any department of the State shall have outstanding any revenue bonds and the director of the budget, with the approval of the governor, shall determine that it will be financially sound and advantageous to the State to refund such outstanding bonds, said director, with the approval of the governor, shall have the power to provide for the issuance of refunding revenue bonds with which to call and redeem such outstanding revenue bonds or any part thereof at or before the maturity or redemption date thereof, with the right to include various series and issues of such outstanding revenue bonds in a single issue of refunding revenue bonds, and to issue refunding revenue bonds to pay any redemption premium and interest to accrue and become payable on the outstanding revenue bonds being refunded and to establish reserves for such refund-

ing revenue bonds, and also to issue revenue bonds partly to refund outstanding revenue bonds and partly for the construction or acquisition of improvements and additions to and extensions of the undertaking for the construction or acquisition of which said outstanding revenue bonds were issued. Such refunding revenue bonds shall be payable solely from the revenues of such undertaking, and shall be a valid claim only as against such revenues. The net interest cost to the State over the life of any issue of such refunding revenue bonds shall not exceed six per centum per annum, and the interest rate or rates thereon shall not be limited by the interest rate or rates borne by any of the revenue bonds to be refunded thereby. Such refunding revenue bonds shall in the discretion of the director of the budget, with the approval of the governor, be exchanged at par for the revenue bonds which are being refunded or shall be sold at public or private sale in such manner and at such price or prices as the said director shall deem for the best interests of the State and may be issued and delivered at any time prior to the date of maturity or redemption date of the bonds to be refunded that the said director determines to be in the best interests of the State. Said refunding revenue bonds shall, except as specifically provided in this section, be issued in accordance with the provisions with respect to revenue bonds set forth in this part. The proceeds derived from the sale of refunding revenue bonds issued hereunder may be invested in obligations of, or guaranteed by, the United States government pending the time such proceeds are required for the purposes for which such revenue bonds are issued, and to further secure such refunding revenue bonds the said director may contract with the purchasers thereof with respect to the safekeeping and application of the proceeds thereof and the safekeeping and application of such investments. The determination of the said director with respect to the financial soundness and advantage of the issuance and delivery of refunding revenue bonds authorized hereby when approved by the governor shall be conclusive, but nothing herein shall require the holders of any outstanding revenue bonds being refunded to accept payment thereof otherwise than as provided in said bonds."

SECTION 2. This Act shall take effect upon its approval.

(Approved May 31, 1963.) **S.B. 916.**
