

ACT 17

A Bill for an Act Amending Chapter 140, Revised Laws of Hawaii 1955, as Amended, Relating to Revenue Bonds.

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

SECTION 1. Chapter 140 of the Revised Laws of Hawaii, 1955, as amended, is hereby amended by adding a new section thereto to be appropriately numbered and to read as follows:

“Sec. Refunding revenue obligations. Whenever any municipality shall have outstanding any revenue bonds and the governing body shall determine that it will be financially sound and advantageous to the municipality to refund such outstanding bonds, the governing body shall have power by resolution to provide for the issuance of refunding revenue bonds with which to take up and refund such outstanding revenue bonds or any part thereof at or before the maturity or redemption date thereof, with the right in the governing body 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 refunding 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 only be a valid claim as against such revenues. The net interest cost to the municipality 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 governing body, 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 governing body shall deem for the best interest of the municipality, 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 governing body determines to be in the best interest of the municipality. 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 chapter 140 Revised Laws of Hawaii, 1955, as amended. The proceeds derived from the sale of refunding revenue bonds issued hereunder shall be invested in obligations of, or guaranteed by, the United States government pend-

ing the time such proceeds are required for the purposes for which such refunding revenue bonds are issued, and to further secure such refunding revenue bonds the governing body may contract with the purchasers thereof with respect to the safekeeping and application of the proceeds thereof and the safekeeping and application of the earnings of such investments. The determination of the governing body with respect to the financial soundness and advantage of the issuance and delivery of refunding revenue bonds authorized hereby 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 7, 1963.) **H.B. 1091.**
