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S.B. NO. 1175

A Bill for an Act Relating to Counties.

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

SECTION 1. Section 47-8, Hawaii Revised Statutes, is amended to read as follows:

“**§47-8 Form and execution of bonds.** (a) All bonds issued under [the provisions of] this chapter shall be lithographed or steel engraved, shall [be signed

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by] bear the manual signature of the director of finance or the deputy director of finance of the county and shall bear the manual or lithographed or engraved facsimile signature of the mayor of the county and, in the case of fully registered bonds, may be authenticated with the manual signature of the registrar, if any, thereunto duly appointed by the governing body or the director of finance, as the case may be and shall be sealed with the seal or lithographed or engraved facsimile seal of the county[.]; provided that the governing body may authorize the director of finance to provide that bonds issued under this chapter may be typewritten, printed, or otherwise reproduced. Interest coupons shall bear a lithographed or engraved facsimile of the signature of the director of finance or the deputy director of finance of the county.

(b) When bonds of the county are prepared and signed by the director of finance or the deputy director of finance in office at the time of such signing and by the mayor in office at the time of [the] such signing or such lithographing or engraving of a facsimile of his signature upon the bonds, the signatures of such director or deputy director and mayor shall be valid and sufficient for all purposes, and shall have the same effect as if the persons so officially signing the bonds or whose facsimile signature appears thereon had remained in office until the delivery of the same to the initial purchasers[, although] thereof, and in the case of fully registered bonds, upon any exchange or transfer between subsequent holders thereof notwithstanding the term of office of such persons or either of them may have expired or they may otherwise have ceased to be such officers before such delivery[.], exchange, or transfer; provided that if the governing body or director of finance has designated a registrar for fully registered bonds, the governing body or director of finance may provide that no such fully registered bond shall be valid or obligatory for any purpose unless certified or authenticated by such registrar, and if so provided, then such fully registered bond shall be valid and sufficient only if so certified or authenticated by the manual signature of an authorized officer of such registrar. Any law to the contrary notwithstanding, if blanks of fully registered bonds are held by a registrar pending exchange or transfer for other fully registered bonds of the same series, upon delivery in an exchange or transfer such bonds shall also be valid and sufficient for all purposes whether the signature of the director of finance or the mayor appearing thereon shall be that of the person in office at the time of initial delivery of the series of bonds of which such bond is one or at the time of such exchange or transfer.

(c) Notwithstanding the foregoing provisions of this section, any bonds authorized pursuant to this chapter deposited by the director of finance with and pledged to, or 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 or any bond anticipation notes issued pursuant to section 47-2.2 may be typewritten and all signatures thereon may be manual signatures.”

SECTION 2. Section 47-32, Hawaii Revised Statutes, is amended to read as follows:

“§47-32 **Redemption, notice by advertisement.** (a) Whenever the sum on deposit to the credit of the sinking fund is sufficient, the director of finance may redeem one or more bonds[;] or portions of bonds in the case of fully registered bonds; provided[,] that prior to the redemption, in the case of bonds not registered as to principal or principal and interest, he shall advertise in a newspaper of general circulation published in the county, and in other places where interest payments upon the bonds are made, not less than once a week for three successive weeks, [that he] and in the case of bonds registered as to principal or principal and interest, mail or direct the registrar to mail, postage prepaid, not less than twenty-one days, to the registered owners of bonds which are to be redeemed in whole or in part at their last address appearing upon the registration books, a notice that the county is prepared to pay the bonds, together with all interest accrued thereon, giving the numbers, issue, date, date of payment, the date interest will cease, and such further information as may be required by the terms of the bond or any law of the State. If the bonds so sought to be redeemed as aforesaid are not presented for payment or redemption on or before the payment date specified in the [advertisement,] notice, the amount due thereon shall be held exclusively for the payment of the bonds whenever presented. All redemptions shall be made as provided by law and no notice of redemption shall be required other than that by publication or mailing as hereinabove provided.

(b) Bonds redeemed in the manner [above] provided in subsection (a) may be held alive in the treasury of the county until the due date for payment, or at the option of the county may be paid and canceled. If part of an issue of bonds is redeemed or refunded and the bonds are paid and canceled, payments shall continue to be made into the sinking fund for the issue of bonds to provide for the payment of the principal of or interest on bonds of the issue remaining outstanding, unpaid, and uncanceled, but no further payments shall be required to be made into the sinking fund with respect to the bonds of the issue which have been paid and canceled.”

SECTION 3. Section 47-42, Hawaii Revised Statutes, is amended to read as follows:

“§47-42 **Issuance of duplicate.** (a) When the director of finance is satisfied that the bond, coupon, or both, as the case may be, is in fact lost, stolen, destroyed, or defaced and that the claimant is the legal and beneficial owner of such bond, coupon, or both, as the case may be, and that if lost or stolen, such bond, coupon, or both, as the case may be, has not been acquired by a bona fide purchaser, he may thereupon, except as provided in sections 47-43 and 47-44, cause to be issued a duplicate thereof, such duplicate to be so marked as to adequately identify it as such to the county, any transfer agent, paying agent, or bond registrar.

(b) A duplicate bond in coupon form issued in place of a bond lost, stolen, destroyed, or defaced shall be lithographed or steel engraved[,] unless otherwise provided in the proceedings authorizing the issuance thereof, and shall [be signed by] bear the manual signature of the director or duly authorized deputy director of finance [and] of the county, shall bear the manual or lithographed or engraved facsimile signature of the mayor of the county, and shall be sealed with the seal or the lithographed or engraved facsimile seal of the county. Any duplicate coupon issued in place of any lost, stolen, destroyed, or defaced coupon appertaining to an

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interest bearing bond of such county shall bear a lithographed or engraved facsimile of the signature of the director of finance[.] or deputy director of finance. When a duplicate of the bond being replaced bears the manual or facsimile signature of the mayor and bears the manual signature of the director or deputy director of finance in office at the time of issuance of such duplicate bond [and when a duplicate of the bond being replaced is signed by], or any coupon being replaced bears the facsimile signature of the director of finance in office at the time of issuance of such [bond or] coupon, the signatures of such mayor and director or deputy director shall be valid and sufficient and shall have the same effect as that of the persons originally signing the bond or whose facsimile signature appears on such bond, coupon, or both, as the case may be.

(c) All duplicate bonds in fully registered form issued in place of bonds lost, stolen, destroyed, or defaced shall be from the stock of fully registered bonds of such series then held by the registrar for such series and shall be executed, sealed, and authenticated in the same manner as fully registered bonds of such series, and any duplicate fully registered bond so executed, sealed, and authenticated shall be valid and sufficient for all purposes."

SECTION 4. Section 47-45, Hawaii Revised Statutes, is amended to read as follows:

"§47-45 Condition of replacement or payment. The director of finance shall not provide for the issuance of a replacement for or the payment of the lost, stolen, destroyed, or defaced bond, coupon, or both, as the case may be, unless the claimant shall have executed and delivered to him a legal and sufficient surety bond in an amount equal to the loss which may be suffered by the [obligee] county, any transfer agent, paying agent, or bond registrar by reason of issuing replacements or making payments mentioned herein[, and]. Any such surety bond shall be in such form and with such sufficient surety or sureties as shall be satisfactory to [him,] the director of finance, and shall be conditioned to indemnify and save harmless the county, any transfer agent, paying agent, or bond registrar from any and all loss on account of the bond, coupon, or both, as the case may be, so claimed to have been lost, stolen, destroyed, or defaced. The duration of the surety bond shall be not less than the date upon which the bond, coupon, or both, as the case may be, being replaced or paid become due and payable, plus the period of the statute of limitations applicable to bonds and coupons. In the case of a partially destroyed or defaced bond, coupon, or both, as the case may be, the [applicant] claimant shall surrender such partially destroyed or defaced bond, coupon, or both, as the case may be, at the time of delivery of the replacement therefor.

All expenses necessary for the providing of any duplicate bond, coupon, or both, as the case may be, or any transferable certificate shall be borne by the claimant thereof, and such expenses shall be paid at the time the request for replacement is filed."

SECTION 5. Section 47C-2, Hawaii Revised Statutes, is amended to read as follows:

"§47C-2 Determination of funded debt. Within ninety days after the [last] first day of each fiscal year, the director of finance of each county shall

ascertain and set forth in a tabular summary the total indebtedness of the county outstanding and unpaid as of the [last] first day of such fiscal year. The summary shall include the following:

- (1) An itemization of the total principal amount of all general obligation bonds, reimbursable general obligation bonds, revenue bonds, special assessment bonds, special purpose revenue bonds, and all other bonds of the county outstanding and unpaid, including bonds which may be excluded under clauses 1, 2, 3, 4, 5, 6, 8, and 9 of section 13 of Article VII of the Constitution when determining the funded debt of the county for the purposes of that section together with a grand total of such total principal amounts.
- (2) The total principal amount of all bonds of the State required by clause 7 of section 13 of Article VII of the Constitution to be included when determining the funded debt of the county for the purposes of that section.
- (3) A grand total of the total principal amounts set forth in the summary pursuant to paragraphs (1) and (2) [of this section].
- (4) An itemization of the total of the principal amount of all general obligation bonds, reimbursable general obligation bonds, revenue bonds, special assessment bonds, and special purpose revenue bonds of the county outstanding and unpaid which may be excluded under clauses 1, 2, 3, 4, 5, 6, 8, and 9 of section 13 of Article VII of the Constitution when determining the total funded debt of the county for the purposes of that section, together with a grand total of such total principal amounts.
- (5) The difference between the grand total principal amount set forth in the summary pursuant to paragraph (3) [of this section] and the grand total principal amount set forth in the summary pursuant to paragraph (4) [of this section].

The director of finance shall also prepare and attach to the tabular summary such supporting schedules as may be required to set forth in detail the bonds included in the itemizations required by paragraphs (1) and (4) [of this section]. Such supporting schedules shall also set forth or make reference to the relevant statutory, charter, ordinance, or other legal provision, and the relevant figures of assessment collections, revenues, user tax receipts, cost of operation, maintenance and repair, net revenues, net user tax receipts, reimbursements to the general fund, and other financial information, justifying the inclusion of such bonds in the itemization required by paragraph (4) [of this section]. The director of finance shall indicate in the supporting schedules whether the financial findings and figures are based upon the records of his office or upon audited statements and reports, and if based upon the latter, shall identify in the schedules the audited reports and statements.”

SECTION 6. Statutory material to be repealed is bracketed. New material is underscored.

SECTION 7. This Act shall take effect upon its approval.

(Approved May 19, 1983.)