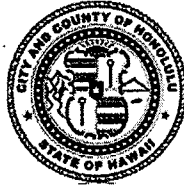


**DEPARTMENT OF BUDGET AND FISCAL SERVICES**  
**KA 'OIHANA MĀLAMA MO'OHELU A KĀLĀ**  
**CITY AND COUNTY OF HONOLULU**

530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813  
PHONE: (808) 768-3900 • FAX: (808) 768-3179 • WEBSITE: [honolulu.gov/budget](http://honolulu.gov/budget)

RICK BLANGIARDI  
MAYOR  
MEIA



ANDREW T. KAWANO  
DIRECTOR  
PO'O

CARRIE CASTLE  
DEPUTY DIRECTOR  
HOPE PO'O

January 30, 2024

The Honorable Tommy Waters  
Chair and Presiding Officer  
and Members  
Honolulu City Council  
530 South King Street, Room 202  
Honolulu, Hawai'i 96813

Dear Chair Waters and Councilmembers:

**SUBJECT: Issuance and Sale of Commercial Paper**

Attached is a draft bill to amend Ordinance 01-28 ("CP Ordinance"), as amended by Ordinances 04-36, 10-15, 15-46, 18-39, 19-25 and 21-33, to update the authorization for the City and County of Honolulu (the "City and County") to issue general obligation commercial paper in order to clarify and facilitate the use of such short-term debt.

This measure will allow the Director of Budget and Fiscal Services ("Director") of the City and County to issue and sell short-term commercial paper to fund costs of public improvements and such other purposes as may from time to time be authorized by other provisions of general law. Currently, Hawaii Revised Statutes does not allow the counties to use bond funds to develop iconic affordable housing projects in Transit-Oriented Development communities, where our residents have access to commercial, retail services, institutional, educational, industrial and governmental uses. Essentially, for affordable housing projects, the Counties need the same development authority and potential as the Hawaii Housing Finance Development Corporation. Therefore, the Mayor submitted HB1808 and SB2337 "Relating to Housing" to the State Legislature for consideration during its current 2024 session. If either HB1808 or SB2337 is adopted during the current 2024 session, this draft CP Ordinance would facilitate the use of commercial paper financing for mixed income, mixed use affordable housing projects as contemplated by HB1808 and SB2337.

This measure also extends the Director's authority to issue and sell short-term commercial paper from July 1, 2025 to July 1, 2035, and retroactively sets the effective

The Honorable Tommy Waters  
Chair and Presiding Officer  
and Members  
January 30, 2024  
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date of the subject draft bill, upon its approval, to January 1, 2024 (to coincide with the proposed effective dates of both HB1808 and SB2337, applying to bond proceeds expended after December 31, 2023).

We appreciate your continued assistance and support. If you have any questions concerning this matter, please call me at (808) 768-3901.

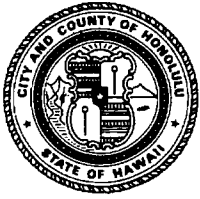
Sincerely,

  
Andrew T. Kawano  
Director

Attachment

APPROVED:

  
Michael D. Formby  
Managing Director



**HONOLULU CITY COUNCIL**  
**KE KANIHELA O KE KALANA O HONOLULU**  
CITY AND COUNTY OF HONOLULU

ORDINANCE \_\_\_\_\_

BILL \_\_\_\_\_

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**A BILL FOR AN ORDINANCE**

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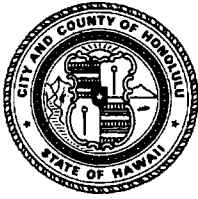
AMENDING ORDINANCE NO. 01-28

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

SECTION 1. Purpose. The purpose of this ordinance is to amend the authorization for the City and County of Honolulu (the "City and County") to issue general obligation commercial paper in order to clarify and facilitate the use of such debt.

SECTION 2. Ordinance 01-28, as amended by Ordinances 04-36, 10-15, 15-46, 18-39, 19-25 and 21-33, is amended by amending Section 1 to read as follows:

"SECTION 1. Findings and Determinations. The Council of the City and County of Honolulu (the "City and County") hereby finds and determines: (1) pursuant to proceedings of the Council of the City and County, the City and County has heretofore issued and expects in the future to issue general obligation bonds to pay the costs of public improvements and such other purposes as may from time to time be authorized by other provisions of general law for which appropriations are made in the capital budget ordinances of the City and County (the "General Obligation Bonds"), and from time to time the City and County issues refunding obligations to refund General Obligation Bonds in order to achieve debt service savings or more level annual debt service; (2) the City has heretofore paid from various funds of the City and County on an interim basis the cost of capital improvements to be financed with the proceeds of General Obligation Bonds pending the issuance of such General Obligation Bonds; (3) the City and County has heretofore paid from various funds of the City and County or from proceeds of General Obligation Bonds the cost of capital improvements constituting equipment authorized to be acquired pursuant to the capital budget ordinances of the City and County; (4) the City and County could achieve further debt service savings, increased financial management control and other benefits if the City and County had a source of funds for interim and short-term financing, both for public improvements[,] and such other purposes as may from time to time be authorized by other provisions of general law, including equipment, and for refunding General Obligation Bonds on an interim basis; and (5) it is advisable, expedient and in the best interest of the City and County to authorize the issuance, sale and delivery of commercial paper from time to time for the purpose of refunding all or a portion of any General Obligation Bonds or for the purpose of paying costs of capital equipment and other public improvements and such other purposes as may from time to time be authorized by other provisions of general law on an interim or short-term basis."



**HONOLULU CITY COUNCIL**  
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**A BILL FOR AN ORDINANCE**

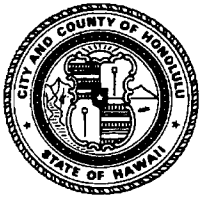
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SECTION 3. Ordinance 01-28, as amended by Ordinances 04-36, 10-15, 15-46, 18-39, 19-25 and 21-33, is amended by amending Section 2 to read as follows:

"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 Four Hundred Fifty Million Dollars (\$450,000,000), 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[,] and such other purposes as may from time to time be authorized by other provisions of general law, 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, (2) public improvements relating to the water system managed by the Board of Water Supply, or (3) if not included in (1) above, public improvements, including equipment, relating to the HHCTCP, 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 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 4. Ordinance 01-28, as amended by Ordinances 04-36, 10-15, 15-46, 18-39, 19-25 and 21-33, 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, 2025] July 1, 2035, 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



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**A BILL FOR AN ORDINANCE**

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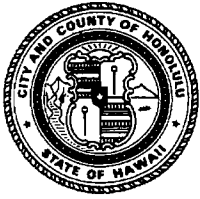
debt and financial policies of the City and County. The Commercial Paper notes shall be numbered from 1 upwards in chronological order of delivery or shall be numbered in any other manner as the Director of Budget and Fiscal Services shall determine. The Commercial Paper shall bear interest at such rates 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 5. Ordinance 01-28, as amended by Ordinances 04-36, 10-15, 15-46, 18-39, 19-25 and 21-33, 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:

(1) to the payment of costs of public improvements[, and such other purposes as may from time to time be authorized by other provisions of general law, 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, (b) public improvements relating to the water system managed by the Board of Water Supply 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, or (c) if not included in (a) above, public improvements, including equipment, relating to HHCTCP;

(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



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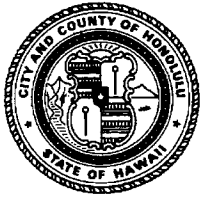
**A BILL FOR AN ORDINANCE**

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(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 6. Ordinance material to be repealed is bracketed and stricken, and new material is underscored. In these sections, the titles of the sections are underscored because the titles were underscored in Ordinance 01-28.



**HONOLULU CITY COUNCIL**  
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**A BILL FOR AN ORDINANCE**

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SECTION 7. This ordinance, upon its approval, shall take effect retroactive to January 1, 2024.

INTRODUCED BY:

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DATE OF INTRODUCTION:

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\_\_\_\_\_  
Honolulu, Hawai'i

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Councilmembers

APPROVED AS TO FORM AND LEGALITY:

\_\_\_\_\_  
Deputy Corporation Counsel

APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
RICK BLANGIARDI, Mayor  
City and County of Honolulu