

Bond Case Briefs

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City Says 'Strong Demand' for First-Ever Green Bonds.

The City and County of Honolulu has sold its first-ever green bonds, with the money raised to be used to refinance debt that was originally sold to pay for the Honolulu Program of Waste Energy Recovery, or H-POWER, in Kapolei.

The city said this week the green bonds were well received by the market with more than \$475 million in orders from individual and institutional investors including dedicated green investment funds that had never before purchased city bonds.

The green bonds sale was part of a larger effort by the city that sold about \$379 million of tax-exempt and taxable general obligation bonds.

The majority of the funding will be used to refinance existing debt and save more than \$22.5 million with the rest going to finance new capital improvement projects and equipment, according to the city.

The average interest rate on the tax-exempt bonds for new projects was 2.89 percent, the lowest rate in modern history, and 1.38 percent for new equipment.

The city said it was able to sell its bonds despite facing a large number of competing bond issues nationally.

“Strong demand for the city’s bonds resulted from a comprehensive marketing plan instituted well in advance of the bond sale,” the city said. “This included an internet-based credit presentation directed at major institutional investors and a print and digital advertising campaign targeting individual investors. City officials also conducted a series of meetings and conference calls with potential investors in Hawaii and on the Mainland.”

Bank of America Merrill Lynch served as the lead underwriter for the offering with Piper Jaffray & Co. as the co-manager.

A one-day retail order period generated more than \$70 million of orders from Hawaii and Mainland investors. Local financial institutions were active participants in the bond issue, the city said.

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