HONOLULU CITY COUNCIL

KE KANIHELA O KE KALANA O HONOLULU

CITY AND COUNTY OF HONOLULU

No. 26-222

RESOLUTION

AUTHORIZING THE DIRECTOR OF BUDGET AND FISCAL SERVICES TO ISSUE AND SELL NOT TO EXCEED $210,000,000 PRINCIPAL AMOUNT OF WASTEWATER SYSTEM REVENUE BONDS, JUNIOR SERIES 2026 AND RELATED MATTERS.

BE IT RESOLVED by the City Council of the City and County of Honolulu, as follows:

ARTICLE I.

DEFINITIONS AND STATUTORY AUTHORITY

Section 1.01. ***Series 2026 Resolution.*** (1) This Resolution, authorizing up to $210,000,000 principal amount of Series 2026 Bonds, is supplemental to, constitutes a Series Resolution within the meaning of, and is adopted in accordance with Article X of, Resolution No. 98-195, CD1, adopted by the City Council on November 10, 1998, entitled "RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF REVENUE BONDS OF THE CITY AND COUNTY OF HONOLULU, HAWAII, FOR THE PURPOSES OF THE WASTEWATER SYSTEM OF SAID CITY AND COUNTY; COVENANTING AS TO ESTABLISHMENT, MAINTENANCE, REVISION AND COLLECTION OF CHARGES AND RATES FOR THE USE AND SERVICES OF SAID WASTEWATER SYSTEM AND THE COLLECTION AND DISBURSEMENT OF THE REVENUES DERIVED THEREFROM; PLEDGING THE NET REVENUES DERIVED FROM SAID WASTEWATER SYSTEM ON A JUNIOR AND SUBORDINATE BASIS TO THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS AS THE SAME FALL DUE; CREATING AND ESTABLISHING CERTAIN FUNDS, ACCOUNTS AND SUBACCOUNTS; SETTING FORTH THE LIMITATIONS OR CONDITIONS UPON THE ISSUANCE BY THE CITY AND COUNTY OF ADDITIONAL BONDS PAYABLE FROM THE AFORESAID REVENUES; AND MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING" (as amended and supplemented, referred to herein as the "Resolution").

(2) It is hereby found and determined that it is necessary and required that the City and County authorize and issue at this time a Series of Bonds to be designated as herein provided to provide monies to carry out one or more purposes of the City and County.

Section 1.02. ***Definitions.*** (1) All terms which are defined in Section 1.01 of the Resolution shall have the same meanings, respectively, in this Series Resolution as such terms are given in said Section 1.01 of the Resolution, including the term

"Authorized Officer," defined as the Director of Budget and Fiscal Services, any Deputy Director of Budget and Fiscal Services, the Director of Environmental Services, any Deputy Director of Environmental Services or any other officer of the City and County designated by resolution of the City Council.

(2) In addition, as used in this Series Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"Series 2026 Bonds" means the Bonds authorized by Article II of this Series 2026 Resolution.

"Series 2026 Resolution" means this Resolution authorizing up to $210,000,000 principal amount of the Series 2026 Bonds.

"Taxable Bonds" means any Series 2026 Bonds which are not intended by the City and County to be Tax-exempt Bonds.

"Tax Certificate" means the Tax Certificate executed by an Authorized Officer of the City and County in connection with the issuance of the Series 2026 Bonds that are Tax-exempt.

(3) Words of any gender shall be deemed and construed to include correlative words of the other genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

(4) The terms "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms, as used in this Series 2026 Resolution, refer to the Series 2026 Resolution.

Section 1.03. ***Authority for the Series 2026 Resolution.*** This Series 2026 Resolution is adopted pursuant to the provisions of the Act and the Resolution.

ARTICLE II.

AUTHORIZATION, TERMS AND ISSUANCE OF SERIES 2026 BONDS

Section 2.01. ***Authorization of Series 2026 Bonds.*** A Series of Bonds entitled to the benefit, protection and security of the Resolution is hereby authorized to be issued in an aggregate principal amount not to exceed $210,000,000, pursuant to and subject to the terms, conditions and limitations established in the Resolution and this Series 2026 Resolution. Such Series of Bonds shall be designated as and shall be distinguished from the Bonds of all other Series by the title "Wastewater System Revenue Bonds, Junior Series 2026," with such additional letter or other designations as shall be appropriate to distinguish any subseries from any others (collectively, the "Series 2026 Bonds").

Section 2.02. ***Purposes.*** The purposes for which the Series 2026 Bonds may be issued are to pay the Costs of Improvements authorized in the capital budget of the City and County (including reimbursement to the General Fund of the City and County of the financing costs of certain improvements temporarily funded from the General Fund and including refunding any outstanding obligations of the City and County the proceeds of which were applied to fund such improvements), and, in connection therewith, to make such credit to the Reserve Account, if any, as may be necessary in connection with the issuance of the Series 2026 Bonds, and to pay the costs of issuance of the Series 2026 Bonds.

Section 2.03. ***Delegation of Authority; Certain Limitations.*** (1) There is hereby delegated to any Authorized Officer of the City and County from the Department of Budget and Fiscal Services, subject to the limitations contained herein and in the Resolution and the Act, the power with respect to the Series 2026 Bonds to determine and carry out the following:

(a) The sale of the Series 2026 Bonds at public or private sale, and if at private sale the selection of the purchaser or purchasers or underwriter or underwriters; *provided, however,* that in the case of a private sale the purchase price paid by the purchasers thereof shall not be less than ninety percent (90%) of the principal amount of the Series 2026 Bonds so sold;

(b) The principal amount of Series 2026 Bonds to be issued; *provided, however,* that the principal amount of Series 2026 Bonds shall not exceed $210,000,000;

(c) The specific Improvements, if any, to be financed from the proceeds of the Series 2026 Bonds, if any;

(d) The date or dates, maturity date or dates and principal amount of each maturity of the Series 2026 Bonds or the method for calculating such dates and amounts, the amount and date of each Sinking Fund Installment, if any, or the method for calculating the Sinking Fund Installments and which Series 2026 Bonds are Serial Bonds or Term Bonds, if any, and the Record Date or Record Dates of the Series 2026 Bonds for which the Record Date or Record Dates is other than the fifteenth (15th) day (whether or not a Business Day) of the month next preceding an interest payment date for such Bonds or the forty-fifth (45th) day (whether or not a Business Day) preceding a redemption date;

(e) The interest rate or rates, if any, of the Series 2026 Bonds or the manner of determining such rate or rates, the date from which interest on the Series 2026 Bonds shall accrue, the dates on which interest on the Series 2026 Bonds shall be payable, if any, and if any Series 2026 Bonds are Variable Rate Bonds, the Maximum Interest Rate and the Minimum Interest Rate for such Bonds, and the provisions, if any, as to the calculation or change of variable interest rates; *provided, however*, that the true interest cost (as determined by an Authorized Officer of the City and County, which determination shall be conclusive) on the Series 2026 Bonds shall not exceed twelve percent (12%) per annum;

(f) The Series 2026 Bonds which are Capital Appreciation Bonds, if any, the Valuation Dates for such Bonds and the Accreted Value on each such Valuation Date;

(g) The Series 2026 Bonds which are Deferred Income Bonds, if any, the Valuation Dates for such Bonds, the Appreciated Value on each such Valuation Date and the Interest Commencement Date for such Bonds;

(h) If Series 2026 Bonds are Capital Appreciation Bonds or Deferred Income Bonds, the manner in which and the period during which principal and interest shall be deemed to accrue on such Series 2026 Bonds;

(i) If Series 2026 Bonds are Option Bonds, (i) provisions regarding tender for, purchase or redemption thereof and payment of the purchase or Redemption Price thereof, and (ii) provisions regarding the appointment of a Remarketing Agent;

(j) The denomination or denominations of and the manner of numbering and lettering the Series 2026 Bonds;

(k) The Series 2026 Bonds which are Book Entry Bonds, if any, and the Depository therefor;

(l) The Paying Agent or Paying Agents for the Series 2026 Bonds and the place or places of payment of the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on the Series 2026 Bonds;

(m) The Redemption Price or Redemption Prices, if any, and, subject to Article V of the Resolution, the redemption terms, if any, for the Series 2026 Bonds; *provided, however,* that the Redemption Price of Series 2026 Bonds at the election or direction of the City and County shall not be greater than one hundred three percent (103%) of the principal amount of the Series 2026 Bonds to be redeemed, plus accrued interest thereon to the date of redemption; provided that the Redemption Price for any redemption of Taxable Bonds may be such higher price as may be appropriate for the sale of such Bonds;

(n) Provisions for the sale or exchange of the Series 2026 Bonds and for the delivery thereof;

(o) The form of the Series 2026 Bonds and the form of the Paying Agent's certificate of authentication thereon;

(p) Whether the Series 2026 Bonds shall be entitled to the benefit of the Common Reserve Subaccount, and if so entitled, the amount of the Common Reserve Subaccount Requirement and the method of funding or providing for such Common Reserve Subaccount Requirement, and any provisions with respect to subaccounts therein, if applicable, and the Revenues and application thereof, as provided in Article VI of the Resolution;

(q) If the Series 2026 Bonds shall not be entitled to the benefit of the Common Reserve Subaccount, whether a Separate Series Reserve Subaccount shall be established for the Series 2026 Bonds, and if so determined to be

established, the amount of such Separate Series Reserve Account Requirement and the method of funding or providing for such Separate Series Reserve Account Requirement, the terms and provisions and credit quality of any Support Facility to be deposited therein, and any provisions with respect to subaccounts therein, if applicable, and the Revenues and application thereof, as provided in Article VI of the Resolution;

(r) Directions for the application of the proceeds of the Series 2026 Bonds;

(s) [reserved];

(t) Whether a Support Facility shall be obtained or an Interest Rate Exchange Agreement shall be entered into with respect to the Series 2026 Bonds and, if any Series 2026 Bonds are option Bonds, (i) the appointment of a Support Facility Provider which shall supply a Support Facility with respect to such Series 2026 Bonds; and (ii) provisions for the establishment of separate accounts in which amounts drawn under a Support Facility for the Series 2026 Bonds are to be deposited;

(u) Which Series 2026 Bonds are to be issued as Tax-exempt Bonds and which, if any, are to be issued as Taxable Bonds; and

(v) Any other provisions deemed advisable by such Authorized Officer of the City and County, not in conflict with the provisions hereof or of the Resolution.

(2) Such Authorized Officer from the Department of Budget and Fiscal Services shall execute one or more Series Certificates evidencing determinations or other actions taken pursuant to the authority granted herein or in the Resolution, such Series Certificate or Series Certificates shall be acknowledged and agreed to by any Authorized Officer of the City and County from the Department of Environmental Services, and any such Series Certificate shall be conclusive evidence of the action or determination of such Authorized officers as to the matters stated therein.

(3) All Series 2026 Bonds of like maturity and tenor issued pursuant to this Series 2026 Resolution shall be identical in all respects, except as to denominations, numbers and letters.

Section 2.04. ***Authority to Enter Into Agreements.*** (1) In the event the Series 2026 Bonds are sold at private sale as provided in clause (a) of subsection (1) of Section 2.03, any Authorized Officer of the City and County from the Department of Budget and Fiscal Services is hereby authorized to execute, and any Authorized Officer of the City and County from the Department of Environmental Services is hereby authorized to acknowledge and agree to, one or more Bond Purchase Contracts in the name and on behalf of the City and County in substantially the forms attached as Exhibit A hereto, which form is hereby approved, with such changes, insertions and omissions as may be approved by such Authorized officers, such execution and acknowledgment and agreement being conclusive evidence of such approval. Any Authorized Officer of the City and County from the Department of Budget and Fiscal Services is hereby further authorized to enter into such Bond Purchase Contract or Bond Purchase Contracts with BofA Securities, Inc., or such other underwriter or underwriters or such other purchaser or purchasers as such Authorized Officer of the City and County may select.

(2) The form of the Continuing Disclosure Certificate, attached as Exhibit B hereto, is hereby approved. Any Authorized Officer of the City and County from the Department of Budget and Fiscal Services is hereby authorized to execute a Continuing Disclosure Certificate substantially in such form, with such changes, insertions and omissions as may be approved by such Authorized Officer, such execution being conclusive evidence of such approval.

(3) The form of the Paying Agent Agreement by and between the City and County and a financial institution as paying agent thereunder, attached as Exhibit D hereto, is hereby approved. Any Authorized Officer of the City and County is hereby authorized to select a qualified financial institution to serve as paying agent and to execute the Paying Agent Agreement in the name and on behalf of the City and County substantially in such form, with such changes, insertions and omissions as may be approved by such Authorized Officer, such execution being conclusive evidence of such approval.

(4) The form of the Standby Bond Purchase Agreement by and among the City and County, a tender agent/paying agent and a financial institution as liquidity provider thereunder, attached as Exhibit E hereto, is hereby approved. Any Authorized Officer of the City and County is hereby authorized to select a qualified financial institution to serve as liquidity provider and to execute the Standby Bond Purchase Agreement in the name and on behalf of the City and County substantially in such form,

with such changes, insertions and omissions as may be approved by such Authorized Officer, such execution being conclusive evidence of such approval.

(5) The form of the Remarketing Agreement by and between the City and County and a financial institution as liquidity provider thereunder, attached as Exhibit F hereto, is hereby approved. Any Authorized Officer of the City and County is hereby authorized to select a qualified financial institution to serve as remarketing agent and to execute the Remarketing Agreement in the name and on behalf of the City and County substantially in such form, with such changes, insertions and omissions as may be approved by such Authorized Officer, such execution being conclusive evidence of such approval.

Section 2.05. ***Official Statements.*** (1) The form of a Preliminary Official Statement, attached as Exhibit C hereto, is hereby approved. The distribution in connection with the offering and sale of the Series 2026 Bonds of a Preliminary Official Statement in such form, with such changes, insertions and omissions as an Authorized Officer of the City and County from the Department of Environmental Services deems advisable, is hereby authorized.

(2) Any Authorized Officer of the City and County from each of the Department of Budget and Fiscal Services and the Department of Environmental Services is hereby authorized to execute and deliver, in the name and on behalf of the City and County, a final Official Statement in substantially the form of the Preliminary Official Statement, with such changes, insertions and omissions as such Authorized Officers deem advisable, and to permit the distribution of said Official Statement in connection with the offering and sale of the Series 2026 Bonds. Any such officers are also hereby authorized to provide for the distribution of any supplement to the Official Statement providing for updates of any financial and operating information of the City and County and the Wastewater System required to be delivered on around the date of delivery of the Series 2026 Bonds.

Section 2.06. ***Execution of Documents.*** Any Authorized Officer of the City and County is hereby authorized to execute and deliver, in the name and on behalf of the City and County, any and all documents and instruments, and to do and cause to be done any and all acts and things, said Authorized Officer deems necessary or advisable in connection with the offering, sale and issuance of the Series 2026 Bonds and to carry out the transactions contemplated by this Series 2026 Resolution.

ARTICLE III.

EXECUTION AND AUTHENTICATION OF THE SERIES 2026 BONDS

Section 3.01. ***Execution and Authentication of Series 2026 Bonds.*** (1) Pursuant to the provisions of Section 4.02 of the Resolution, the Mayor of the City and County is hereby authorized and directed to execute the Series 2026 Bonds by his or her manual or facsimile signature, the Director of Budget and Fiscal Services of the City and County is hereby authorized and directed to countersign the Series 2026 Bonds by his or her manual or facsimile signature, and the seal or a facsimile of the seal of the City and County shall be affixed to or printed on the Series 2026 Bonds.

(2) If a Paying Agent for the Series 2026 Bonds is appointed as provided in clause (l) of subsection (1) of Section 2.03, such Paying Agent is hereby authorized to authenticate by manual or facsimile signature the Series 2026 Bonds, and deliver the same to or upon the order of the City and County, in such amounts and at such times as such Paying Agent shall be directed in writing by an Authorized Officer.

ARTICLE IV.

APPLICATION OF PROCEEDS

Section 4.01. ***Application of Proceeds and Deposit of Moneys.*** On the date of delivery of the Series 2026 Bonds, the proceeds of the sale of the Series 2026 Bonds shall be applied in accordance with the written direction of any Authorized Officer given pursuant to Section 2.03(1)(r) of this Series 2026 Resolution.

ARTICLE V.

SPECIAL COVENANTS

Section 5.01. ***Tax Status.*** The interest on the Series 2026 Bonds designated, pursuant to Section 2.03(1)(u) hereof, as Tax-exempt Bonds is intended to be excluded from gross income for purposes of federal income taxation. In order to maintain such exclusion, the City and County affirms that the tax covenant made in Section 8.13 of the Resolution shall apply to such Series 2026 Bonds. In furtherance of the foregoing, the City and County shall comply with the provisions of the Tax Certificate

executed by any Authorized Officer of the City and County in connection with the Tax-exempt Series 2026 Bonds.

Section 5.02. ***Survival of Covenant.*** The obligation of the City and County to comply with the provisions of the Tax Certificate with respect to any required payments to the Department of the Treasury of the United States of America shall remain in full force and effect so long as the City and County shall be required by the Code to make such payments, notwithstanding that the Tax-exempt Series 2026 Bonds are no longer outstanding.

ARTICLE VI.

MISCELLANEOUS

Section 6.01. ***Effect of Article and Section Headings and Table of Contents.*** The heading or titles of the several articles and sections hereof, and any table of contents appended hereto or to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of the Series 2026 Resolution.

Section 6.02. ***Effectiveness.*** The Series 2026 Resolution shall become effective immediately upon its adoption.

HONOLULU CITY COUNCIL

KE KANIHELA O KE KALANA O HONOLULU

CITY AND COUNTY OF HONOLULU

No. 26-222

RESOLUTION

BE IT FINALLY RESOLVED, that copies of this resolution be transmitted to the Director of Budget and Fiscal Services and to the Chief of Treasury.

INTRODUCED BY:

(br)

DATE OF INTRODUCTION:

OCT 2 2026

Honolulu, Hawai'i

Councilmembers

EXHIBIT A

FORMS OF BOND PURCHASE CONTRACTS

BOND PURCHASE AGREEMENT
for
City and County of Honolulu, Hawaii
Wastewater System Revenue Bonds

$000,000,000
Junior Series 2026A
Second Bond Resolution

December ___, 2026

Director of Budget and Fiscal Services
Director of Environmental Services
City and County of Honolulu
530 South King Street
Honolulu, Hawaii 96813

Ladies and Gentlemen:

The undersigned, BofA Securities, Inc. (the "Underwriter"), hereby offer to enter into this Bond Purchase Agreement (this "Bond Purchase Agreement") with the City and County of Honolulu (the "City and County"). Upon the City and County's acceptance of this offer, this Bond Purchase Agreement will be binding upon the City and County and the Underwriter. This offer is made subject to acceptance by the City and County at or prior to 5:00 P.M., New York time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the City and County at any time prior to such acceptance.

1. Purchase of the Bonds. On the basis of the representations, warranties, covenants and agreements herein contained, but subject to the terms and conditions herein set forth, the Underwriters hereby agree to purchase, and the City and County hereby agrees to sell, all and not less than all of the $000,000,000.00 aggregate principal amount of Wastewater System Revenue Bonds Second Bond Resolution, Junior Series 2026A (the "Bonds"). The purchase price for the Bonds shall be $000,000,000.00, representing the aggregate principal amount of the Bonds, plus $00,000,00.00. of net premium, less $000,000.00 being the amount of the Underwriters' compensation pursuant to **Section 3** hereof. The Bonds shall be as provided in Exhibit C Schedule A attached, and shall be issued under the provisions of, Chapter 49, Hawaii Revised Statutes and the Revised Charter of the City and County of Honolulu (collectively, the "Act"), and proceedings of the City Council, including Resolution No. 98-195, as amended and supplemented (the "Second Bond Resolution"), and the applicable Series Resolution relating to the Bonds (collectively, the "Proceedings"), and a Certificate of the Director of Budget and Fiscal Services of the City and County, acknowledged and agreed to by the Director of Environmental Services of the City and County (the "Certificate"), which shall be substantially in the form heretofore received by the Underwriters, with only such changes therein as may be agreed upon by the parties hereto. The Bonds shall be dated, shall have the maturities, shall bear interest at the rates and payable at the times determined, and shall be subject to redemption, all in accordance with the Certificate, and shall otherwise be as described in the official statement of

even date herewith relating to the Bonds (which, together with all appendices thereto and with such changes therein and supplements thereto as are consented to in writing by the Underwriter, is herein called the "Official Statement"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Certificate or, if not defined in the Certificate, in the Official Statement.

In addition to the terms defined elsewhere in this Bond Purchase Agreement, as used in this Bond Purchase Agreement, the following terms shall have the indicated meanings:

"Exchange Act" shall mean the Securities Exchange Act of 1934, as the same shall from time to time be supplemented or amended.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Rule 15c2-12" shall mean Rule 15c2-12 promulgated by the SEC pursuant to the Exchange Act, as said rule shall from time to time be supplemented or amended, together with all interpretive guidances or other interpretations or explanations thereof that are promulgated by the SEC, except to the extent such interpretive guidances, interpretations or explanations have no binding legal effect and are generally regarded by the municipal securities industry as not being legally correct.

"SEC" shall mean the United States Securities and Exchange Commission.

Proceeds of the Bonds will be applied, as described in the Official Statement: (i) to fund the cost of certain additions and improvements to the City and County's wastewater system; and (ii) to pay certain costs of issuance relating to the Bonds.

The Underwriters intend to make an initial public offering of all of the Bonds at not in excess of the initial public offering prices or less than the yields as set forth in the Official Statement. The Bonds may be offered and sold to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

At 11:00 A.M., New York time, on December ___, 2026, or at such earlier or later time or date as shall be agreed upon by the Underwriter and the City and County (such time and date being herein referred to as the "Closing Date"), the City and County will deliver to the Underwriters the Bonds (in definitive typewritten form and bearing CUSIP numbers), duly executed by the City and County, and the other documents herein mentioned, and the Underwriters will accept such delivery and pay the purchase price of the Bonds in immediately available funds. Delivery and payment as aforesaid shall in each case be made by electronic means or at such physical location in Honolulu, Hawaii, as shall have been mutually agreed upon by the City and County and the Underwriter, except that the Bonds shall be delivered through the facilities of The Depository Trust Company ("DTC") in New York, New York or at such other place and in such manner as shall have been mutually agreed upon by the City and County and the Underwriter. The Bonds shall be made available to the Underwriters in New York, New York, not later than one (1) securities market business day before the Closing Date for the purposes of inspection and packaging.

The Bonds shall be issued initially in fully registered form, each Bond to be in a denomination equal to and representing the total amount of Bonds maturing on a particular date, and registered in the name of CEDE & Co., as nominee for The Depository Trust Company, New York, New York.

2. Disclosure Documents. Within seven (7) business days from the date hereof, and in any event not later than two (2) business days before the Closing Date the City and County shall deliver to the Underwriters a final Official Statement relating to the Bonds dated the date hereof (such Official Statement, including the cover page, and all appendices attached thereto, together with all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements and statements incorporated by reference therein or attached thereto, as have been approved by the City and County, Bond Counsel, Underwriters' Counsel and the Underwriter, is referred to herein as the "Official Statement") and such additional conformed copies thereof as the Underwriter may reasonably request in sufficient quantities to comply with Rule 15c2-12, rules of the MSRB and to meet potential customer requests for copies of the Official Statement. The Underwriters agree to file a copy of the Official Statement, including any amendments or supplements thereto prepared by the City and County, with the MSRB on its Electronic Municipal Markets Access ("EMMA") system. The City and County shall execute the Official Statement by an authorized officer of the City and County. The Official Statement shall be in substantially the same form as the Preliminary Official Statement of the City and County, dated November ____, 2026 (the "Preliminary Official Statement"), and, other than information previously permitted to have been omitted by Rule 15c2-12, the City and County shall only make such other additions, deletions and revisions in the Official Statement which are approved by the Underwriter. The Underwriters hereby agree to cooperate and assist in the preparation of the Official Statement. The City and County hereby agrees to deliver to the Underwriters an electronic copy of the Official Statement in a form that permits the Underwriters to satisfy their obligations under the rules and regulations of the MSRB and the SEC. The City and County hereby ratifies, confirms and approves the use and distribution by the Underwriters prior to the date hereof of the Preliminary Official Statement, and confirms that the City and County deemed the Preliminary Official Statement final and complete as of the date thereof, except for the omission of certain information permitted to be omitted under Rule 15c2-12; and hereby authorizes the Underwriters, in connection with the offer and sale of the Bonds, to use and distribute the Official Statement and other documents, certificates and statements furnished by the City and County to the Underwriters in connection with the transactions contemplated by this Bond Purchase Agreement. In order to assist the Underwriters in complying with Rule 15c2-12, the City and County will undertake, pursuant to a Certificate of the Director of Budget and Fiscal Services (the "Disclosure Certificate"), to provide certain annual financial information and notices of the occurrence of certain events pursuant to Rule 15c2-12. A description of this undertaking is set forth in the Preliminary Official Statement and in the Official Statement.

3. Underwriters' Compensation. The Underwriters shall receive as total compensation for its services the difference between the price paid to the Underwriters by purchasers of the Bonds and the price paid by the Underwriters to the City and County as provided in **Section 1** hereof.

4. Representations, Warranties and Covenants of the City and County. The City and County hereby represents and warrants to and covenants with the Underwriters as follows:

(a) The City and County is a political subdivision of the State of Hawaii (the "State"), the Director of Budget and Fiscal Services (the "Finance Director") is the head of the Department of Budget and Fiscal Services of the City and County, and the Director of Environmental Services (the "Environmental Director") is the head of the Department of Environmental Services of the City and County, and, under the Constitution and laws of the State, including the Act, and pursuant to the Proceedings, the City and County has, and at the Closing Date will have, full legal right, power and authority (i) to issue the Certificate and to enter into this Bond Purchase Agreement, (ii) to execute and deliver the Standby Bond Purchase Agreement to be dated the Closing Date (the "Standby Agreement") between the City and County and Bank of America, N.A., a national banking association, the Remarketing Agreement dated as of the Closing Date (the "Remarketing Agreement") between the City and County and the Underwriter, the Paying Agent Agreement to be dated the Closing Date (the "Paying Agent Agreement") between the City and County and U.S. Bank Trust Company, National Association, as Tender Agent, Registrar and Paying Agent (the "Registrar"), and the Disclosure Certificate, (iii) to issue, sell and deliver the Bonds pursuant to the Certificate as provided herein, and (iv) to carry out and consummate the transactions contemplated by this Bond Purchase Agreement, the Certificate, the Disclosure Certificate and the Official Statement.

(b) The City and County has complied, and at the Closing Date will in all respects be in compliance, with the Act, the Proceedings, the Certificate, the Standby Agreement, the Remarketing Agreement, the Paying Agent Agreement and the Disclosure Certificate.

(c) The Preliminary Official Statement as of its date, and as of the date hereof was and is true, correct and complete in all material respects and did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) At the time of the City and County's acceptance hereof, the Official Statement is true, complete, correct and final in all material respects, and at the time of delivery thereof to the Underwriters and at all times subsequent thereto up to and including the Closing Date, the Official Statement will be true, correct, complete and final in all material respects and does not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(e) During the period of 25 days beginning with the later of (i) the date the Bonds are delivered by the City and County to the Underwriters or (ii) the date upon which the Underwriters retain no unsold balance of any Bonds for sale to the public, if any event shall occur as a result of which it may be necessary to supplement the Official Statement in order to make the statements therein, in light of the circumstances existing at such time, not misleading, the Director of Budget and Fiscal Services and the Director of Environmental Services of the City and County shall forthwith notify the Underwriter of any such event of which he or she has

actual knowledge and shall cooperate fully in the preparation and furnishing of any supplement to the Official Statement necessary, in the opinion of the Underwriter, so that the statements therein as so supplemented will not be misleading in the light of the circumstances existing at such time.

(f) The City and County will cooperate with the Underwriters in taking all necessary action for the qualification of the Bonds for sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter designates and the continuation of such qualifications in effect so long as required for the distribution thereof, provided that the City and County shall not be required to take any action that would subject it to general service of process in any jurisdiction where it is not now so subject.

(g) The City and County has (i) duly adopted the Proceedings and issued the Certificate, (ii) duly authorized and approved the execution and delivery of this Bond Purchase Agreement, the Standby Agreement, the Remarketing Agreement, the Paying Agent and the Disclosure Certificate, (iii) duly authorized and approved the performance by the City and County of its obligations contained in the Proceedings, the Certificate, this Bond Purchase Agreement, the Standby Agreement, the Remarketing Agreement, the Paying Agent Agreement and the Disclosure Certificate and the transactions contemplated by such documents and the Official Statement, and (iv) duly authorized and approved, upon satisfaction of the conditions set forth herein, the issuance and delivery of the Bonds.

(h) The City and County is not in breach or violation of or default under any applicable law, rule or regulation of the United States or of the State or of any department, division, agency or instrumentality thereof, or any applicable order, judgment or decree of any court or other governmental agency or body, which breach, violation or default would result in a material adverse change in the financial position or results of operations of the Wastewater System (as defined in the Proceedings) or materially adversely affect the properties or assets of the Wastewater System, and the City and County is not in breach or violation of or in default under any bond, note, loan agreement, resolution, certificate, agreement or other instrument to which the City and County is a party or by which it is bound or to which any of its property is subject, which breach, violation or default might result in a material adverse change in the financial position or results of operation of the Wastewater System or materially adversely affect the properties or assets of the Wastewater System. The execution and delivery of this Bond Purchase Agreement, the Standby Agreement, the Remarketing Agreement, the Paying Agent Agreement, the Disclosure Certificate, and the Bonds, the adoption of the Proceedings, the issuance of the Certificate and the Bonds, and the fulfillment of the terms and provisions hereof and thereof, will not conflict with or constitute a breach or violation of or default under any such applicable law, rule, regulation, order, judgment, decree, bond, note, loan agreement, resolution, certificate, agreement or other instrument, and the City and County has no reason to believe that any such conflict, breach, violation or default will exist on the Closing Date.

(i) No authorization, approval, consent or order of or filing or registration with any court or governmental agency or body is required for the valid authorization, execution, issuance, sale or delivery of the Bonds or the exclusion from gross income of interest thereon for federal income tax purposes or the valid adoption by the City and County of the Proceedings, the issuance of the Certificate or the execution and delivery of this Bond Purchase Agreement, the

Standby Agreement, the Remarketing Agreement, the Paying Agent Agreement and the Disclosure Certificate, except (i) such action as shall have been taken by the City and County prior to the Closing Date, (ii) the filing of an information return with respect to the Bonds as required by Section 149(e) of the Internal Revenue Code of 1986 (the "Code") and (iii) such action as may be required to qualify the Bonds for sale under the blue sky or other securities laws of any jurisdiction.

(j) The City and County has obtained all permits and licenses required for the construction and operation of Wastewater System, as it now exists and, if applicable, as contemplated to be expanded with the proceeds of the Bonds, or will have obtained all such permits and licenses not later than the date required therefor before any expansions are built or placed in service, as the case may be, and all such permits and licenses, to the extent obtained, are currently in full force and effect. All rates and charges with respect to the Wastewater System as described in the Official Statement have been approved by all necessary governmental bodies, and all such rates and charges are in full force and effect and have not been rescinded, nor has any action been taken to modify or rescind any such rates or charges.

(k) At the time of the City and County's acceptance hereof, no action, suit, proceeding, inquiry or investigation at law or in equity was pending or, to the actual knowledge of the Director of Budget and Fiscal Services or the Director of Environmental Services of the City and County, threatened, in any court, public board or body, in any way affecting the legal existence of the City and County or the title of the officers of the City and County to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds or in any material way adversely affecting the collection of revenues or assets of the Wastewater System, the validity or enforceability of the Bonds, the Proceedings, the Certificate, the Disclosure Certificate, the Standby Agreement, the Remarketing Agreement, the Paying Agent Agreement or this Bond Purchase Agreement or the power or authority of the City and County with respect thereto.

(l) The financial statements of the Sewer Fund contained or referenced in the Preliminary Official Statement and the Official Statement present fairly the financial position of such Fund as of the respective dates and the results of its operations and changes in financial position for the periods specified therein. Subsequent to the respective dates of the most recent financial statements included in the Official Statement, there has been no material adverse change in the financial position or results of such Fund except as set forth or contemplated in the Official Statement.

(m) The Certificate and the Bonds conform to the descriptions thereof contained in the Official Statement, and the Bonds, when duly issued and authenticated in accordance with the Certificate and delivered to the Underwriters as provided herein, will be validly issued and outstanding obligations of the City and County, entitled to the benefits of the Certificate and payable from the sources therein specified.

(n) The City and County has executed and delivered or will execute and deliver on or before the Closing Date, each of the Proceedings, the Certificate, this Bond Purchase Agreement, the Standby Agreement, the Remarketing Agreement, the Paying Agent Agreement and the Disclosure Certificate. Each of the Proceedings, the Certificate, this Bond

Purchase Agreement, the Standby Agreement, the Remarketing Agreement, the Paying Agent Agreement and the Disclosure Certificate constitutes, or will, as of the Closing Date, constitute, a legal, valid and binding obligation of the City and County enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. To the actual knowledge of the Director of Budget and Fiscal Services and the Director of Environmental Services of the City and County, each of the Proceedings, the Certificate, this Bond Purchase Agreement, the Standby Agreement, the Remarketing Agreement, the Paying Agent Agreement and the Disclosure Certificate has been executed and delivered, or will be executed and delivered on or before the Closing Date, by each respective signatory and is currently in full force and effect or, as of the Closing Date, will be in full force and effect.

(o) During the past five years, except as otherwise disclosed in the Preliminary Official Statement and the Official Statement, the City and County has not failed to materially comply with any previous undertaking relating to continuing disclosure of information pursuant to Rule 15c2-12.

(p) Any certificates executed by any officer of the City and County and delivered to the Underwriters pursuant hereto or in connection herewith shall be deemed a representation and warranty of the City and County as to the accuracy of the statements therein made.

5. Conditions to the Obligations of the Underwriters.

(a) The obligation of the Underwriters to purchase the Bonds on the Closing Date shall be subject to the accuracy of the representations and warranties on the part of the City and County herein, to the accuracy of the statements of officers of the City and County made pursuant to the provisions hereof, to the performance by the City and County of its obligations hereunder to be performed on or before the Closing Date and to the following additional conditions precedent:

(1) The Proceedings, the Certificate and the Disclosure Certificate shall have been duly adopted, issued, executed and delivered, as applicable, by the City and County and shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, and the City and County shall have duly adopted and there shall be in full force and effect such additional resolutions as in the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel") shall be necessary or appropriate in connection with the Proceedings, the Certificate and the Disclosure Certificate, with the issuance of the Bonds and with the transactions contemplated thereby and hereby. No default shall have occurred and be continuing under the Proceedings or the Certificate, and no event shall have occurred and be continuing which with the lapse of time or the giving of notice or both would constitute such a default.

(2) Subsequent to the City and County's acceptance of this Bond Purchase Agreement, there shall not have occurred any event materially and adversely affecting the City and County or the transactions contemplated hereby which, in the reasonable opinion of the City and County or of the Underwriter is required to be set forth in an amendment or

supplement to the Official Statement (whether or not the Official Statement shall have been amended or supplemented to set forth such event).

(3) Subsequent to the City and County's acceptance of this Bond Purchase Agreement, the market price of general credit or revenue obligations issued by states or political subdivisions thereof, or the market price of obligations of the character of the Bonds, shall (in the reasonable judgment of the Underwriter) not have been materially and adversely affected by (i) a tentative decision with respect to legislation reached by a committee of the House of Representatives or Senate of the U.S. Congress or an official pronouncement by the Chairman of any such committee with respect to any such legislation, legislation introduced in or enacted by the Congress of the United States, or passed by either House of the Congress or recommended to the Congress for passage by the President of the United States or by the Secretary of the U.S. Treasury Department, or favorably reported for introduction or passage to either House of Congress by any Committee of such House to which such legislation has been referred for consideration, or an official pronouncement by the Congressional sponsor of any such pending legislation, or legislation pending in the Congress of the United States shall be amended, or legislation introduced in or enacted by the legislature of the State of Hawaii or a decision rendered by a court of the United States or the State of Hawaii or by the United States Tax Court, or a ruling, order, official statement, or regulation (final, temporary or proposed) made by the Treasury Department of the United States or the Internal Revenue Service or other federal or State of Hawaii authority, with respect to federal or State of Hawaii taxation upon interest received on the Bonds or obligations of the general character of the Bonds, which in any such case may have the purpose or effect of changing, directly or indirectly, the federal income tax consequences or State of Hawaii tax consequences of interest on the Bonds or obligations of the general character of the Bonds in the hands of the holders thereof; or (ii) a tentative decision with respect to legislation reached by a committee of the House of Representatives or Senate of the U.S. Congress or an official pronouncement by the Chairman of any such committee with respect to any such legislation, legislation introduced in or enacted by the Congress of the United States, or passed by either House of the Congress or recommended to the Congress for passage by the President of the United States or by the Chairman of the SEC, or favorably reported for introduction or passage to either House of Congress by any Committee of such House to which such legislation has been referred for consideration, or an official pronouncement by the Congressional sponsor of any such pending legislation, or legislation pending in the Congress of the United States shall be amended, or a decision rendered by a court of the United States, or a ruling, order, official statement, or regulation (final, temporary or proposed) made by or on behalf of the SEC, or any other governmental agency having jurisdiction of the subject matter, to the effect that the Bonds or obligations of the general character of the Bonds are not exempt from registration under, or other requirements of, the Securities Act of 1933, as amended, or that the Certificate is not exempt from qualification under, or other requirements of, the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of the Bonds or obligations of the general character of the Bonds as contemplated hereby or by the Official Statement is or would be in violation of the federal securities laws as amended and then in effect; or (iii) the United States shall have become engaged in hostilities, whether or not a war shall have been declared, or there shall have occurred an escalation of any hostilities involving the armed forces of any country, or any other national emergency or national calamity relating to the effective operation of the United States Government or of the financial community which, in the Underwriter's opinion, materially adversely affects the market price of the Bonds; (iv) there shall have occurred

a general suspension of or material limitation of trading on The New York Stock Exchange or other national securities exchange as the result of an event affecting the national economy, or minimum or maximum prices for trading shall have been established on any such exchange and be in force, or minimum or maximum ranges for prices for securities shall be in force on any such exchange; (v) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall have imposed, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force or being enforced, or have increased materially from those now in force or being enforced with respect to the extension of credit by, or the charge to the net capital requirements of, or financial responsibility requirements of, the Underwriters; or (vi) a general suspension of trading on the New York Stock Exchange, or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the SEC or any other governmental authority having jurisdiction; or (vii) a general banking moratorium declared by either federal or New York or Hawaii authorities having jurisdiction.

(4) On or prior to the Closing Date, no order, ruling, regulation, decree or injunction of any court of competent jurisdiction or of any governmental body or authority shall have been issued, and no judicial proceeding shall have been commenced, nor shall any legislation have been enacted, with the purpose or effect of prohibiting the issuance, offering, sale or distribution of the Bonds as contemplated hereby or by the Official Statement or performance by the City and County of its obligations under the Proceedings, the Certificate, the Disclosure Certificate or this Bond Purchase Agreement in accordance with their respective terms.

(5) At or prior to the Closing, the Underwriter shall have received the following documents, in each case satisfactory in form and substance to the Underwriter: duly executed or certified copies of: (i) the Proceedings; (ii) the Certificate; (iii) the Disclosure Certificate; (iv) this Bond Purchase Agreement; (v) the Standby Agreement; (vi) the Remarketing Agreement; (vii) the Paying Agent Agreement; and (viii) the Official Statement.

(6) The Underwriter shall have received the opinion of Bond Counsel with respect to the Bonds, dated the Closing Date, substantially in the form attached to the draft Official Statement heretofore received by the Underwriter, together with a supplemental opinion of Bond Counsel, addressed to the Underwriter, dated the Closing Date, in substantially the form attached as **Exhibit A**.

(7) The Underwriter shall have received an opinion, dated the Closing Date, of Corporation Counsel to the City and County substantially in the form attached as **Exhibit B**.

(8) The Underwriter shall have received an opinion, dated the Closing Date, of Nixon Peabody, LLP, counsel to Bank of America, N.A. substantially in the form attached as **Exhibit C**.

(9) The Underwriter shall have received opinions, dated the Closing Date, of Dentons US LLP and Katten Muchin Rosenman LLP, co-counsel to the Underwriter, in form and substance satisfactory to the Underwriter.

(10) The Underwriter shall have received a certificate, dated the Closing Date, signed by the Director of Budget and Fiscal Services and the Director of Environmental Services, to the effect that (i) the representations and warranties of the City and County contained herein are true and correct in all material respects on and as of the Closing Date; (ii) to the actual knowledge of said officers the information and statements, including financial statements, of or pertaining to the Wastewater System and the Sewer Fund contained in the Official Statement were and are correct in all material respects; (iii) insofar as the City and County and its affairs, including the financial affairs of the Wastewater System and the Sewer Fund, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (iv) insofar as the descriptions and statements, including financial data, contained in the Official Statement, of or pertaining to non-governmental bodies or governmental bodies other than the Department of Environmental Services are concerned, such descriptions, statements and data have been obtained from sources believed by the City and County to be reliable, and the City and County has no reason to believe that they are untrue or incomplete in any material respect; (v) no litigation is pending or, to the actual knowledge of such officers, threatened in any court in any way adversely affecting the legal existence of the City and County or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, or materially and adversely affecting the right of the City and County to collect Wastewater System revenues to pay the principal of and interest on the Bonds, or in any way materially and adversely contesting or affecting the validity or enforceability of the Bonds, the Proceedings, the Certificate, the Disclosure Certificate, the Standby Agreement, the Remarketing Agreement, the Paying Agent Agreement or this Bond Purchase Agreement or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the power of the City and County or its authority with respect to the Bonds, the Proceedings, the Certificate, the Disclosure Certificate or this Bond Purchase Agreement (but in lieu of or in conjunction with such certificate, the Underwriter may, in its sole discretion, accept certificates or opinions of Corporation Counsel to the City and County, acceptable to the Underwriter, that in the opinion of such counsel the issues raised in any such pending or threatened litigation are without substance or that the contentions of all plaintiffs therein are without merit); (vi) to the actual knowledge of said officer, no event materially and adversely affecting the City and County or the transactions contemplated hereby has occurred since the date of the Official Statement which, in the reasonable opinion of the City and County, is required to be set forth in an amendment or supplement to the Official Statement (whether or not the Official Statement shall have been amended or supplemented to set forth such event); (vii) the City and County has the full legal right, power and authority to carry out and consummate the transactions contemplated hereby and by the Official Statement; and (viii) the City and County has complied with all the requirements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Date.

(11) The Underwriter shall have received rating letters evidencing that the Bonds have been rated "___" by Fitch Ratings and "____" by S&P Global.

(12) The Underwriter shall have received a copy of the Blue Sky Survey with respect to the Bonds.

(13) The Underwriter shall have received such additional certificates, instruments and other documents as it may reasonably request to evidence the truth and accuracy as of the Closing Date of the representations and warranties of the City and County herein and the due performance or satisfaction by the City and County at or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the City and County.

(b) The City and County will furnish the Underwriter with such conformed copies of such opinions, certificates, letters and documents as the Underwriter reasonably requests. If the City and County shall be unable to satisfy or cause to be satisfied any condition to the obligations of the Underwriters contained in this Bond Purchase Agreement and the satisfaction of such condition shall not be waived by the Underwriter, this Bond Purchase Agreement shall terminate, and neither the Underwriters nor the City and County shall have any further obligations or liabilities hereunder except as otherwise provided in **Section 8**.

6. Conditions to the Obligations of the City and County. The obligations of the City and County to issue and sell the Bonds to the Underwriter will be subject to performance by the Underwriter of its obligations hereunder and to the receipt by the City and County on the Closing Date of the opinion of Bond Counsel, dated the Closing Date, substantially in the form attached to the Official Statement, and such other certificates, letters and documents from the Underwriter or others as the City and County may reasonably request to evidence facts necessary for Bond Counsel to render such opinion.

7. Survival of Certain Representations and Obligations. The City and County and the Underwriter hereby agree that the respective agreements, representations, warranties and other statements of the City and County and of the Underwriter and their respective officers set forth in or made pursuant to this Bond Purchase Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of the Underwriter or the City and County and will survive the Closing Date. In addition, the obligations of the City and County under **Section 8(a)** below will survive in the event of a failure to close.

8. Expenses.

(a) The City and County will pay or cause to be paid from funds available to it all expenses incident to the performance of its obligations under this Bond Purchase Agreement and the fulfillment of the conditions imposed hereunder, including but not limited to the cost of preparing, printing and mailing the Preliminary Official Statement, the Official Statement and any supplement thereto (except to the extent payable by the Underwriters pursuant to **Section 8(b)** below), the cost of preparing and mailing the Bonds, the Proceedings, the Certificate, the Disclosure Certificate, and any amendments or supplements thereto, in reasonable quantities, and all other documents prepared in connection with the transactions contemplated by this Bond Purchase Agreement, the expenses of the City and County, the fees and expenses of Bond Counsel and Corporation Counsel for the City and County, the fees and expenses of Bank of America, N.A., and its counselthe fees charged by investment rating

agencies with respect to the Bonds, and the fees and expenses of any auditors retained by the City and County in connection with the transactions contemplated herein. In addition, certain of the foregoing expenses, as determined by the Underwriters and the City and County, may be paid by the Underwriters on behalf of the City and County and deducted from the Purchase Price otherwise payable to the City and County at Closing. To the extent that the Underwriters, in order to facilitate the transactions hereunder, have advanced funds to pay any expenses of the City and County incidental to this Bond Purchase Agreement and the transactions hereunder (including, but not limited to, transportation, lodging, meals and other ancillary costs of City and County representatives associated with the financing), the City and County shall reimburse the Underwriters for such advances as part of the expense component of the Underwriters' compensation hereunder.

(b) The Underwriters will pay or cause to be paid the cost of preparing, printing and mailing any amendment or supplement to the Official Statement resulting from a determination by the Underwriters to change the initial offering prices or yields set forth in the Official Statement; all advertising costs and other expenses incurred by the Underwriters in connection with the sale of the Bonds and the qualification of the Bonds for sale under the blue sky and other securities laws of the several states; counsel for the Underwriters; the fees and expenses of DTC with respect to the deposit of the Bonds; and the charge of the CUSIP Service Bureau for the assignment of CUSIP numbers for the Bonds. Certain expenses of the Underwriters may be in the form of inclusion in the expense component of the Underwriters' discount.

9. Establishment of Issue Price.

(a) The Underwriter, on behalf of the Underwriters, agrees to assist the City and County in establishing the issue price of the Bonds (the "Tax-Exempt Bonds") and shall execute and deliver to the City and County at Closing an "issue price" or similar certificate, substantially in the form attached as **Exhibit D**, together with the supporting pricing wires or equivalent communications, with such modifications as may be deemed appropriate or necessary, in the reasonable judgment of the Underwriter, the City and County and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Tax-Exempt Bonds.

(b) The City and County represents that it will treat the Second price at which 10% of each maturity of the Tax-Exempt Bonds (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test).

(c) The Underwriter confirms that the Underwriter has offered the Tax-Exempt Bonds to the public on or before the date of this Purchase Contract at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the Official Statement. Schedule A attached to Exhibit D also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the Tax-Exempt Bonds for which the 10% test has not been satisfied and for which the City and County and the Underwriter agree that the restrictions set forth in the next sentence shall apply (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Tax-Exempt Bonds,

the Underwriter will neither offer nor sell unsold Tax-Exempt Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the Underwriter have sold at least 10% of that maturity of the Tax-Exempt Bonds to the public at a price that is no higher than the initial offering price to the public.

The City and County acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) the agreement of each underwriter to comply with the requirements for establishing the issue price of the Tax-Exempt Bonds, including, but not limited to, the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Tax-Exempt Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing the issue price of the Tax-Exempt Bonds, including, but not limited to, the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Tax-Exempt Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing the issue price of the Tax-Exempt Bonds, including, but not limited to, the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City and County further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the requirements for establishing the issue price of the Tax-Exempt Bonds, including, but not limited to, the hold-the-offering-price rule as applicable to the Tax-Exempt Bonds.

(d) The Underwriter confirms that:

(i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Underwriter is a party) relating to the initial sale of the Tax-Exempt Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A)(1) report the prices at which it sells to the public the unsold Tax-Exempt Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Tax-Exempt Bonds of that maturity or all Tax-Exempt Bonds of that maturity have been sold to the public and (2) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter and as set forth in the related pricing wires, (B) promptly notify the Underwriter of any sales of the Tax-Exempt Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Tax-Exempt Bonds to the public (each such term being used as defined below), and (C)

acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the Underwriter shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public; and

(ii) any agreement among underwriters relating to the initial sale of the Tax-Exempt Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Tax-Exempt Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Tax-Exempt Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Tax-Exempt Bonds of that maturity or all Tax-Exempt Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter and as set forth in the related pricing wires.

(e) The Underwriter acknowledges that sales of any Tax-Exempt Bonds to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) "public" means any person other than an underwriter or a related party to an underwriter,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City and County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Tax-Exempt Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Tax-Exempt Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Tax-Exempt Bonds to the public),

(iii) a purchaser of any of the Tax-Exempt Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date of execution of this Bond Purchase Agreement by all parties.

10. No Advisory or Fiduciary Role. The City and County acknowledges and agrees that: (i) the Underwriters are not acting as a municipal advisor within the meaning of Section 15B of the Securities Exchange Act, as amended, (ii) the primary role of the

Underwriters, as underwriters, is to purchase securities, for resale to investors, in an arm's length commercial transaction between the City and County and the Underwriters have financial and other interests that differ from those of the City and County; (iii) the Underwriters are acting solely as principals and are not acting as municipal advisors, financial advisors or fiduciaries to the City and County and have not assumed any advisory or fiduciary responsibility to the City and County with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the City and County on other matters); (iv) the only contractual obligations the Underwriters have to the City and County with respect to the transaction contemplated hereby expressly are set forth in this Purchase Contract; and (v) the City and County has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

11. Notices. All communications hereunder will be in writing, and, if sent to the Underwriter, will be mailed or delivered to BofA Securities, Inc., 333 S. Hope St., Suite 3820, Los Angeles, California 90071, Attention: Frank X. Lauterbur, Managing Director; or, if sent to the City and County, will be mailed or delivered and confirmed to it at the address set forth above.

12. Governing Law. This Bond Purchase Agreement shall be construed and administered under the laws of the State of Hawaii.

13. Counterparts. This Bond Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

14. Successors. This Bond Purchase Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors, and no other person will have any right or obligation hereunder.

15. Entire Agreement. This Bond Purchase Agreement, when accepted by the City and County in writing as provided herein, shall constitute the entire agreement of the parties hereto with respect to the offer and sale of the Bonds and the transactions related thereto and supersedes all prior agreements and understandings between the Parties with respect to the issuance and sale of the Bonds. No modification, alteration, supplement or amendment to this Bond Purchase Agreement shall be binding upon any of the parties hereto until such modification, alteration or amendment is reduced to writing and executed by all of the parties hereto.

(The remainder of this page is blank; the signature page follows)

BOFA SECURITIES, INC., as the Underwriter herein named

By:_____
Authorized Signatory

Accepted this ___th day of December, 2026

CITY AND COUNTY OF HONOLULU

By: _____
Andrew T. Kawano
Director of Budget and Fiscal Services

By:_____
Roger Babcock, Jr., Ph.D., P.E.
Director of Environmental Services

Approved as to form and legality:

_____
Dana M.O. Viola
Corporation Counsel
City and County of Honolulu

EXHIBIT A
TO
BOND PURCHASE AGREEMENT

[FORM OF BOND COUNSEL'S SUPPLEMENTAL OPINION]

December ___, 2026

BofA Securities, Inc.
Los Angeles, California

_____
_____

_____
Honolulu, Hawaii

_____
Honolulu, Hawaii

Re: City and County of Honolulu Wastewater System Revenue Bonds (Second Bond Resolution) Junior Series 2026A

Ladies and Gentlemen:

This letter is provided pursuant to Section 5(a)(6) of the Bond Purchase Agreement dated November ___, 2026 (the "Purchase Contract"), by and between BofA Securities, Inc., on behalf of itself as the Underwriter (the "Underwriter"), and the City and County of Honolulu (the "City and County"), providing for the purchase of $000,000,000 aggregate principal amount of Wastewater System Revenue Bonds (Second Bond Resolution) Junior Series 2026A (the "Bonds"). The Bonds are being issued pursuant to proceedings of the City Council of the City and County, including resolutions adopted by the City Council (collectively, the "Resolution"), and a Certificate of the Director of Budget and Fiscal Services of the City and County dated as of November ___, 2026 (the "Certificate"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Certificate or, if not defined in the Certificate, in the Bond Purchase Agreement.

We have delivered our final legal opinion (the "Bond Opinion") as bond counsel to the City and County concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the City and County. You may rely on the Bond Opinion as though the same were addressed to you.

In connection with our role as bond counsel to the City and County, we have reviewed the Purchase Contract, the Certificate, an opinion of the Corporation Counsel of the City and County, certificates of the City and County and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the original delivery of the Bonds on the date hereof. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery of each such document by each party other than the City and County and that each such document constitutes a valid and binding agreement of such party. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Certificate, the Resolution, and the Purchase Contract and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against counties in the State of Hawaii. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any property described in or as subject to the lien of the Resolution or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Finally, we undertake no responsibility for the accuracy (except as expressly set forth in numbered paragraph 3 below), completeness or fairness of the Official Statement dated September 9, 2026 (the "Official Statement") or other offering material relating to the Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Certificate is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The Purchase Contract has been duly executed and delivered by, and constitutes a valid and binding agreement of, the City and County.

3. The statements contained in the Official Statement under the captions "THE JUNIOR SERIES 2026 BONDS" (excluding any reference to the book-entry system or global clearance procedures), "SECURITY FOR THE BONDS (excluding any information relating to reserve account balances)," "TAX MATTERS," and in Appendix B, entitled "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTIONS," to the Official Statement, excluding any material that may be treated as included under such captions by cross-reference or reference to other documents or sources, insofar as such statements expressly summarize certain

provisions of the Bonds, the Certificate, or set out in the content of the Bond Opinion are accurate in all material respects.

This letter is furnished by us as bond counsel to the City and County. No attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered to you as the underwriters of the Bonds, is solely for your benefit as underwriters in connection with the original delivery of the Bonds on the date hereof, and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

EXHIBIT B
TO
BOND PURCHASE AGREEMENT

[FORM OF OPINION OF CORPORATION COUNSEL]

December ___, 2026

BofA Securities, Inc.,
On behalf of the Underwriters
Los Angeles, California

Re: City and County of Honolulu
Wastewater System Revenue Bonds (Second Bond Resolution) $000,000,000 Junior Series 2026A

Ladies and Gentlemen:

The Department of the Corporation Counsel acts as counsel for the City and County of Honolulu (the "City and County"), and in such capacity, the following opinion is delivered. This opinion is delivered pursuant to the requirement of Section 5(a)(7) of the Bond Purchase Agreement with the City and County, dated December ___, 2026 (the "Bond Purchase Agreement"), relating to the Bonds identified above (the "Bonds"). Terms used and not otherwise defined herein shall have the meanings assigned to them in the Bond Purchase Agreement. We are of the following opinions:

(1) The City and County is a duly organized and existing political subdivision of the State of Hawaii, with full power under the Constitution and laws of the State, including the Act, to enact and approve the Proceedings, to authorize the Bonds, the Certificate, the Disclosure Certificate, the Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement, and to perform its obligations thereunder and contemplated thereby.

(2) The Director of Budget and Fiscal Services and the Director of Environmental Services have the power to execute and deliver the Certificate and the Bond Purchase Agreement, and the Director of Budget and Fiscal Services has the power to execute, issue and deliver the Bonds and to execute and deliver the Disclosure Certificate.

(3) Based upon the information provided to us in the course of our participation in the preparation of the Official Statement and in reliance thereon, and without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, we have no reason to believe that the Official Statement, under the captions "The City and County and the Department" and "Pending Wastewater System Litigation" (except for the financial and statistical data included therein and assumptions with respect thereto, as to which no opinion is expressed), as of its date contained, or as of the date

hereof contains, any untrue statement of a material fact, or as of its date omitted, or as of the date hereof omits, to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(4) No litigation is pending or, to my actual knowledge, threatened in any court in any way affecting the legal existence of the City and County or the title of its officers and other officials to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds or the pledge of the revenues from the wastewater system of the City and County to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Certificate, the Disclosure Certificate or the Bond Purchase Agreement or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the City and County or its authority with respect to the Bonds, the Certificate, the Disclosure Certificate or the Bond Purchase Agreement, other than that which may have been disclosed in the Official Statement.

In the rendering of this opinion, we express no opinion as to the application of the Federal law of the United States or the laws of any state regarding the documents referred to in this opinion other than the State of Hawaii.

We are furnishing this letter to you pursuant to **Section 5** of the Bond Purchase Agreement solely for the benefit of the Underwriters thereunder. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of Bonds. We disclaim any obligation to update this letter.

Very truly yours,

Dana M.O. Viola
Corporation Counsel
City and County of Honolulu

EXHIBIT B
TO
BOND PURCHASE AGREEMENT

[FORM OF OPINION OF COUNSEL TO BANK OF AMERICA, N.A.]

December ___, 2026

BofA Securities, Inc.,
On behalf of the Underwriters
Los Angeles, California

Re: City and County of Honolulu
Wastewater System Revenue Bonds (Second Bond Resolution) $000,000,000 Junior Series 2026A

Ladies and Gentlemen:

We are counsel Bank of America, N.A., and in such capacity, the following opinion is delivered. This opinion is delivered pursuant to the requirement of Section 5(a)(8) of the Bond Purchase Agreement with the City and County, dated December ___, 2026 (the "Bond Purchase Agreement"), relating to the Bonds identified above (the "Bonds"). Terms used and not otherwise defined herein shall have the meanings assigned to them in the Bond Purchase Agreement. We are of the following opinions:

(1) Bank of America, N.A. is a national banking association, duly organized and chartered and validly existing under the National Banking Act, with full power to issue the Standby Bond Purchase Agreement, and to perform its obligations under the Standby Bond Purchase Agreement.

(2) The Standby Bond Purchase Agreement has been duly executed and delivered by Bank of America, N.A., and assuming the due authorization, execution and delivery of the Standby Bond Purchase Agreement by the other parties thereto where necessary, is within the organizational powers of Bank of America, N.A., and constitutes the legal, valid and binding obligations of Bank of America, N.A., enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws of general applicability affecting the enforcement of creditors' rights and to general principles of equity, regardless of whether such enforceability is considered in equity or in law..

(3) Based upon the information provided to us in the course of our participation in the preparation of the Official Statement and in reliance thereon, and without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, we have no reason to believe that the Official Statement, under the captions "Bank of America, N.A." and "The Standby Bond Purchase Agreement"

(except for the financial and statistical data included therein and assumptions with respect thereto, as to which no opinion is expressed), as of its date contained, or as of the date hereof contains, any untrue statement of a material fact, or as of its date omitted, or as of the date hereof omits, to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(4) No litigation is pending or, to my actual knowledge, threatened in any court in any way affecting the legal existence of Bank of America, N.A. or the title of its officers and other officials to their respective offices, or seeking to restrain or enjoin the issuance or delivery of the Standby Bond Purchase Agreement, or in any way contesting or affecting the validity or enforceability of the Standby Bond Purchase Agreement, other than that which may have been disclosed in the Official Statement.

In the rendering of this opinion, we express no opinion as to the application of the Federal law of the United States or the laws of any state regarding the documents referred to in this opinion other than the State of Hawaii.

We are furnishing this letter to you pursuant to **Section 5** of the Bond Purchase Agreement solely for the benefit of the Underwriters thereunder. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of Bonds. We disclaim any obligation to update this letter.

Very truly yours,

EXHIBIT D
TO
BOND PURCHASE AGREEMENT

FORM OF ISSUE PRICE CERTIFICATE

City and County of Honolulu, Hawaii
Wastewater System Revenue Bonds

$000,000,000
Junior Series 2026A
Second Bond Resolution

The undersigned, BofA Securities, Inc. (the "Underwriter"), named in the Bond Purchase Agreement dated November ___, 2026 (the "Bond Purchase Agreement") between the City and County of Honolulu (the "City and County") and the Underwriter, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. ***Sale of the General Rule Maturities***. As of the date of this certificate, for each Maturity of the General Rule Maturities, the Second price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities***.

(a) The Underwriting Group offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, the members of the Underwriting Group have agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, they would neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any unsold Bonds of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms***.

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriters have sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) *Underwriter* means (i) any person that agrees pursuant to a written contract with the City and County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City and County with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Orrick, Herrington & Sutcliffe LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the City and County from time to time relating to the Bonds. The representations set forth herein are not necessarily based on personal knowledge and, in certain cases, the undersigned is relying on representations made by the other members of the Underwriting Group.

BOFA SECURITIES, INC., as the Underwriter

By: _____
Authorized Signatory

Dated: December ___, 2026

SCHEDULE A

SALE PRICES OF THE BONDS

$000,000,000
Junior Series 2026B
Second Bond Resolution

Year (July 1)	Principal Amount ($)	Interest Rate (%)	Yield (%)	Price	
2052					C
2053					C
2054					C
2055					C
2056					C
2057					C

C Priced to July 1, 2036 First optional redemption date

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

EXHIBIT B

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City and County of Honolulu, Hawaii (the "City and County") in connection with the issuance of $_____ Wastewater System Revenue Bonds (Second Bond Resolution) Junior Series 2026 (the "Bonds"). The Bonds are being issued pursuant to Chapter 49, Hawaii Revised Statutes, and the Revised Charter of the City and County of Honolulu, as amended (collectively, the "Act"), and the proceedings of the City Council, including Resolution No. 98-15, CD1, as amended and supplemented by Resolution No. 06 265, CD1 and Resolution No. 10 284 (Second Bond Resolution), and the Series Resolution relating to the Bonds, and Certificate of the Director of Budget and Fiscal Services of the City and County, acknowledged and agreed to by the Director of Environmental Services of the City and County dated _____, 2026 (the "Certificate"). The City and County covenants and agrees as follows:

Section 1. ***Purpose of the Disclosure Certificate.*** This Disclosure Certificate is being executed and delivered by the City and County for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

Section 2. ***Definitions.*** In addition to the definitions set forth in the Certificate, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report provided by the City and County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" means any person which (a) has or shares the power, directly or indirectly, to vote or consent with respect to, to make investment decisions concerning the ownership of, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Department" means the Department of Environmental Services of the City and County.

"Dissemination Agent" means the City and County, or any successor Dissemination Agent designated in writing by the City and County and which has filed with the City and County a written acceptance of such designation.

"*Financial Obligation*" means, for purposes of the Listed Events set out in Section 5(a) or (b) of this Disclosure Certificate, a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Listed Events" means any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at *http://emma.msrb.org*.

"Official Statement" shall mean the Official Statement, dated _____, 2026, prepared and distributed in connection with the initial sale of the Bonds.

"Participating Underwriters" means any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. ***Provision of Annual Reports.***

(a) The City and County shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the City and County's Fiscal Year (presently June 30), commencing with the report for the Fiscal Year ended June 30, 2026, provide to the MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate. If the City and County's fiscal year changes, the City and County, upon becoming aware of such change, shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) In a timely manner prior to the date set forth in subsection (a) above, the City and County shall provide the Annual Report to the Dissemination Agent (if other than the City and County). If the City and County is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City and County shall send a notice to the MSRB in substantially the form attached as Exhibit A. The audited financial statements of the Department may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the City and County) file a report with the City and County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

Section 4. ***Content of Annual Reports.***

(a) The Annual Report shall contain or incorporate by reference the following information:

(i) Audited financial statements of the Department for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Department's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement relating to the Bonds, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available;

(ii) Budgeted revenues and expenditures of the Department for the current fiscal year;

(iii) To the extent not provided in the audited financial statements, historical information of the type shown in Tables 23 and 24 of the Official Statement, entitled "Department of Environmental Services Sewer Fund Enterprise Fund Statement of Revenues, Expenses and Charges in Retained Earnings (Deficit)" and "Department of Environmental Services Sewer Fund Enterprise Fund Balance Sheet," respectively; and

(iv) To the extent not provided in the audited financial statements, historical information of the type shown in Tables 21 and 22 of the Official Statement, entitled "Outstanding Wastewater Revenue Bonds" and "Revenue Bond Debt Service Requirements," respectively.

(b) Information contained in an Annual Report for any fiscal year containing any modified operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Report being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Report shall present a comparison between the financial statements or information prepared on the basis of modified accounting principles and those prepared on the basis of former accounting principles.

Any or all of the items above may be included by specific reference to other documents, including official statements of debt issues of the City and County or related public entities, which have been made available to the public on the MSRB's website. The City and County shall clearly identify each such other document so included by reference.

If the inclusion or format of the information referenced above is changed in any future official statement, thereafter the Annual Report shall instead contain or include by reference information of the type included in that official statement as so changed or if different the type of equivalent information included in the City and County's most recent official statement.

Section 5. ***Reporting of Significant Events.***

(a) Pursuant to the provisions of this Section 5, the City and County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, not later than ten New York securities market business days after the occurrence of the event:

i. Principal and interest payment delinquencies;

ii. Non-payment related defaults, if material;

iii. Unscheduled draws on debt service reserves reflecting financial difficulties;

iv. Unscheduled draws on credit enhancements reflecting financial difficulties;

v. Substitution of credit or liquidity providers, or their failure to perform;

vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability. Notices of Proposed Issue (IRS Form 5701 TEB)) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

vii. Modifications to rights of Bondholders, if material;

viii. Optional or unscheduled Bond calls, if material, and tender offers;

ix. Defeasances;

x. Release, substitution, or sale of property securing repayment of the Bonds, if material;

xi. Rating changes;

xii. Bankruptcy, insolvency, receivership or similar event of the City and County;

xiii. The consummation of a merger, consolidation, or acquisition involving the City and County or the sale of all or substantially all of the assets of the City and County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

xv. Incurrence of a financial obligation of the City and County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City and County, any of which affect Bond holders, if material; or

xvi. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City and County, any of which reflect financial difficulties.

For the purposes of the event identified in subparagraph (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The City and County shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 4, as provided in Section 4.

(c) Whenever the City and County obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the City and County shall determine if such event would be material under applicable federal securities laws.

(d) If the City and County learns of the occurrence of a Listed Event described in Section 5(a), or determines that a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the City and County shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(vii) or (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

(e) The City and County intends to comply with the Listed Events described in Section 5(a)(xv) and Section 5(a)(xv), and the definition of "Financial Obligation" in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Commission or its staff with respect the amendments to the Rule effected by the 2018 Release.

Section 6. ***Termination of Reporting Obligation.*** The City and County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment of amounts fully sufficient to pay and discharge the Bonds, or upon delivery to the City and County or the Dissemination Agent (if other than the City and County) of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Bonds, the City and County shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. ***Dissemination Agent.*** From time to time, the City and County may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the City and County shall be the Dissemination Agent. The initial Dissemination Agent shall be the City and County. The sole remedy of any party against the Dissemination Agent shall be nonmonetary and specific performance. The Dissemination Agent shall not be responsible for the form or content of any Annual Report, notice of Listed Event, or other document furnished to the Dissemination Agent by the City and County. The Dissemination Agent shall receive reasonable compensation for its services provided hereunder. The Dissemination Agent may resign at any time by providing at least 60 days' notice to the City and County.

Section 8. ***Amendment Waiver.*** Notwithstanding any other provision of this Disclosure Certificate, the City and County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that all of the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, change in law (including rules or regulations) or in interpretations thereof, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Certificate for amendments to the Certificate with the consent of Holders, or (ii) does not, in the opinion of the City and County, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City and County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City and County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. ***Additional Information.*** Nothing in this Disclosure Certificate shall be deemed to prevent the City and County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City and County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City and County shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. ***Default.*** In the event of a failure of the City and County to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City and County or the Dissemination Agent (if other than the City and County), as the case may be, to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Certificate, and the sole remedy under this Disclosure Certificate in the event of any failure of the City and County or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. ***Duties, Immunities and Liabilities of Dissemination Agent.*** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City and County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the City and County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. ***Beneficiaries.*** This Disclosure Certificate shall inure solely to the benefit of the City and County, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____, 2026

Andrew T. Kawano
Director of Budget and Fiscal Services
City and County of Honolulu

The above and foregoing certificate is hereby approved as to form and legality this __ th day of _____, 2026.

Dana M.O. Viola
Corporation Counsel
City and County of Honolulu

EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	City and County of Honolulu, Hawaii
Name of Bond Issue:	Wastewater System Revenue Bonds (Second Bond Resolution) Junior Series 2026
Date of Issuance:	_____, 2026

NOTICE IS HEREBY GIVEN that the City and County of Honolulu, Hawaii (the "City and County") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated _____, 2026, executed by the City and County for the benefit of the holders and beneficial owners of the above-referenced Bonds. The City and County anticipates that the Annual Report will be filed by _____.

Dated:

CITY AND COUNTY OF HONOLULU, HAWAII

By: _____
Authorized Signatory

EXHIBIT C

FORM OF PRELIMINARY OFFICIAL STATEMENT

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2026 Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. As of this date, this Preliminary Official Statement has been deemed "final" by the City and County for purposes of SEC Rule 15c2-12(b)(1) except for the omission of certain information permitted by SEC Rule 15c2-12(b)(1).

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER [_], 2026

NEW ISSUE
FULL BOOK-ENTRY
NEW ISSUE BOOK-ENTRY ONLY

RATINGS:
[_____]

(See "Ratings" herein)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City and County of Honolulu, Hawaii, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2026 Bonds (defined below) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). In the further opinion of Bond Counsel, interest on the Series 2026 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Series 2026 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is of the opinion that the Series 2026 Bonds and the income therefrom are exempt from all taxation by the State of Hawaii or any county or other political subdivision thereof, except inheritance, transfer, estate and certain franchise taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2026 Bonds. See "TAX MATTERS" in this Official Statement.

$[_____]*
City and County of Honolulu
Wastewater System Revenue Bonds
Junior Series 2026 (Green Bonds)
Second Bond Resolution

Dated: Date of Delivery **Due: July 1, as shown on inside cover**

The City and County of Honolulu Wastewater System Revenue Bonds (Second Bond Resolution) Junior Series 2026 (Green Bonds) (the "Series 2026 Bonds") are initially being issued in a Weekly Mode as further described herein.

The Series 2026 Bonds will be issued by the City and County under a bond resolution, as supplemented (the "Second Bond Resolution"), pursuant to which the City and County has previously issued bonds and may issue additional bonds on a parity with the Series 2026 Bonds, as described herein. The Series 2026 Bonds are limited special obligations of the City and County payable solely from, and secured solely by a pledge of, the Net Revenues, proceeds of Bonds held or set aside under the Second Bond Resolution, and certain funds and accounts established by the Second Bond Resolution, on a parity with all other Bonds issued under the Second Bond Resolution. Such pledge of the Net Revenues is junior in priority and subordinate to any pledge of Net Revenues to secure obligations issued under the First Bond Resolution referred to herein.

Proceeds of the Series 2026 Bonds will be used to: (i) fund the cost of certain additions and improvements to the wastewater system owned by the City and County of Honolulu (the "City and County"), (ii) fund capitalized interest and (iii) pay the costs of issuance of the Series 2026 Bonds.

The Series 2026 Bonds will initially bear interest in a Weekly Mode at a rate determined for each weekly period from and including their date of issuance to and including the following Wednesday and thereafter commencing on each Thursday to and including Wednesday of the following week and will accrue from and including the first day of each calendar month through the last day of the month and will be payable on the first Business Day of the following month. The interest rate Mode for the Series 2026 Bonds may be changed at the option of the City and County, in accordance with the terms of the Certificate, to a Daily Mode, a Monthly Mode, a Semi-Annual Mode, an Annual Mode, a Term Rate Mode, a Flexible Rate Mode or a Fixed Rate Mode. The maximum interest rate on the Series 2026 Bonds is 12% per annum, or such lesser maximum rate as may be specified under applicable law, as described in the Certificate. The Series 2026 Bonds are issuable in Authorized Denominations of $100,000 and any integral multiple of $5,000 in excess thereof, and will continue as such while the Series 2026 Bonds bear interest in the Weekly Mode.

The Series 2026 Bonds are subject to mandatory and optional redemption by the City and County before maturity, to mandatory purchase under certain circumstances, and under certain circumstances will be purchased on the demand of their Owners, as described in this Official Statement and in the Certificate. The Series 2026 Bonds are also, at the election of the City and County, subject to conversion, in whole or in part, to another Mode as described herein.

The payment of [principal and] Purchase Price of, and interest on, the Series 2026 Bonds will be supported by a standby bond purchase agreement (the "Liquidity Facility") provided by Bank of America, N.A. (the "Liquidity Provider"). The Liquidity Facility has a scheduled termination date of December [_], 20[_], subject to earlier termination under conditions described herein, and may be extended or replaced by an alternate liquidity facility or other security at or prior to termination. See "THE LIQUIDITY FACILITY" herein. On the fifth Business Day prior to the expiration or termination of the Liquidity Facility, the Series 2026 Bonds will be subject to mandatory tender for purchase.

The Series 2026 Bonds are issuable in fully registered form and when issued will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. So long as DTC or its nominee is the registered owner of the Series 2026 Bonds, purchases of the Series 2026 Bonds will be made in book-entry form only, through brokers and dealers who are, or who act through, DTC participants. Beneficial owners of the Series 2026 Bonds will not receive physical delivery of Series 2026 Bond

* *Preliminary, subject to change.*

certificates; payment of the principal of and interest and any premium on the Series 2026 Bonds will be made directly to DTC or its nominee; and disbursement of such payments to DTC participants will be the responsibility of DTC and disbursement of such payments to the beneficial owners will be the responsibility of DTC participants.

The Series 2026 Bonds are not a general or moral obligation of the State of Hawaii or any political subdivision thereof, including the City and County, and the faith and credit of the State of Hawaii or any political subdivision thereof, including the City and County, are not pledged to the payment of the principal of, premium, if any, or interest on the Series 2026 Bonds, and no holder of the Series 2026 Bonds shall have the right to compel the exercise of the taxing power of the State of Hawaii or any political subdivision thereof, including the City and County, in connection with any default with respect to the Series 2026 Bonds.

This cover page contains certain information for quick reference only. It is not a summary of the bond issue. Prospective investors must read the entire Official Statement (including the Appendices) to obtain information essential to the making of an informed investment decision. **This Official Statement describes the Series 2026 Bonds while in the Weekly Mode only. There are significant differences in the terms of the Series 2026 Bonds while they bear interest in a Mode other than the Weekly Mode. This Official Statement is not intended to provide information with respect to the Series 2026 Bonds bearing interest in a Mode other than the Weekly Mode. Owners and prospective owners of the Series 2026 Bonds should not rely on this Official Statement for information in connection with any Change in Mode but should look solely to the offering document to be used in connection with any such Change in Mode.**

The Series 2026 Bonds are offered when, as and if issued and received by the Underwriter, and are subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City and County. Certain legal matters will be passed upon for the Liquidity Provider by its counsel, Nixon Peabody, LLP. Certain legal matters will be passed upon for the Underwriter by its co-counsel, Dentons US LLP, Honolulu, Hawaii, and Katten Muchin Rosenman LLP, New York, New York. It is expected that the Series 2026 Bonds in definitive form will be available for delivery to DTC, in New York, New York, on or about December 9, 2026.

BofA Securities

Dated: November __, 2026

MATURITY SCHEDULE

$[_____]*
City and County of Honolulu
Wastewater System Revenue Bonds
Junior Series 2026 Bonds (Green Bonds)
(Second Bond Resolution)

Summary of Terms[1]

Maturity Date:	July 1, 20__
Authorized Denomination	$100,000 and integral multiples of $5,000 in excess thereof
Initial Mode:	Weekly Mode
Interest Payment Dates	First Business Day of each month, commencing January 4, 2027
Record Date	If the Interest Payment Date is a Purchase Date or a Mandatory Purchase Date, at 5:00 p.m. on the day prior to each Interest Payment Date
Liquidity Provider: ††	Bank of America, N.A.
Liquidity Facility: ††	Standby Bond Purchase Agreement
Liquidity Facility Initial Expiration Date:	December __, 20__
Remarketing Agent:	BofA Securities, Inc.
Underwriter	BofA Securities, Inc.
Expected Long-Term Ratings[2]**:**	
Expected Short-Term Ratings[2]**:**	
CUSIP†**:**	

* Preliminary, subject to change.

(1) This Official Statement describes the Series 2026 Bonds while in the Weekly Mode only. There are significant differences in the terms of the Series 2026 Bonds while they bear interest in a Mode other than the Weekly Mode. This Official Statement is not intended to provide information with respect to the Series 2026 Bonds bearing interest in a Mode other than the Weekly Mode. Owners and prospective owners of the Series 2026 Bonds should not rely on this Official Statement for information in connection with any Change in Mode but should look solely to the offering document to be used in connection with any such Change in Mode.

†† See "LIQUIDITY FACILITY" herein and "INFORMATION CONCERNING LIQUIDITY PROVIDER" in APPENDIX G hereto.

(2) The City and County expects that [_____] will assign such ratings to the Series 2026 Bonds, with the understanding that the Liquidity Facility will be issued by the Liquidity Provider on the date of issuance of the Series 2026 Bonds. See the caption "RATINGS."

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright® 2026 CUSIP Global Services. All rights reserved. CUSIP® data herein are provided by CGS. These data are not intended to create a database and do not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City and County of Honolulu, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2026 Bonds.

City and County of Honolulu

State of Hawaii

(Incorporated 1907)

MAYOR

Rick Blangiardi

CITY COUNCIL

Tommy Waters
Chair

Andria Tupola
Vice Chair

Esther Kia'āina
Floor Leader

Radiant Cordero

Scott Y. Nishimoto

Val A. Okimoto

Tyler Dos Santos-Tam

Augie Tulba

Matt Weyer

DIRECTOR OF BUDGET AND FISCAL SERVICES

Andrew T. Kawano

DIRECTOR OF ENVIRONMENTAL SERVICES

Roger Babcock, Jr., Ph.D., P.E.

DEPUTY DIRECTOR OF ENVIRONMENTAL SERVICES

Daniel Brieck

CORPORATION COUNSEL

Dana M.O. Viola

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the forecasts of the City and County in any way, regardless of the level of optimism communicated in the information. The City and County is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY AND COUNTY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

* * * * *

The information contained in this Official Statement has been obtained from the City and County and other sources deemed reliable. No guarantee is made, however, as to the accuracy or completeness of such information.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. This Official Statement, which includes the cover page and appendices, does not constitute an offer to sell the Series 2026 Bonds in any state to any person to whom it is unlawful to make such offer in such state. No dealer, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Series 2026 Bonds, and if given or made, such information or representations must not be relied upon. The information contained herein is subject to change without notice and neither the delivery of this Official Statement nor any sale hereunder at any time implies that the information contained herein is correct as of any time subsequent to its date.

THE SERIES 2026 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE SERIES 2026 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The Liquidity Provider has no responsibility for the form or content of this Official Statement, other than solely with respect to the information describing the Liquidity Provider set forth in "INFORMATION CONCERNING LIQUIDITY PROVIDER" in APPENDIX G hereto and has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein or omitted herefrom, other than solely with respect to the information describing itself in Appendix G hereto. Accordingly, the Liquidity Provider disclaims responsibility for the other information in this Official Statement or otherwise made in connection with the issuance or marketing of the Series 2026 Bonds.

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OFFICIAL STATEMENT

$[_____]*
City and County of Honolulu
Wastewater System Revenue Bonds
Junior Series 2026 Bonds (Green Bonds)
(Second Bond Resolution)

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, the inside cover page and the appendices, provides certain information in connection with the issuance by the City and County of Honolulu (the "City and County") in the State of Hawaii (the "State" or "Hawaii") of $[_____]* aggregate principal amount of Wastewater System Revenue Bonds (Second Bond Resolution) Junior Series 2026 (Green Bonds) (the "Series 2026 Bonds").

The Series 2026 Bonds will be initially issued in the Weekly Mode and will bear interest at a weekly rate, all as more fully described under the caption "THE SERIES 2026 BONDS." While in the Weekly Mode, interest on the Series 2026 Bonds will be payable on the first Business Day of each month. The Series 2026 Bonds are being issued as fully registered bonds in the denomination of, while in the Weekly Mode, $100,000 or any integral multiple of $5,000 in excess thereof and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC").

The Series 2026 Bonds are subject to mandatory and optional redemption by the City and County before maturity, to mandatory purchase under certain circumstances, and under certain circumstances will be purchased on the demand of their Owners, as described in this Official Statement. See the captions "THE SERIES 2026 BONDS—Redemption," "—Mandatory Tender for Purchase" and "—Optional Tender for Purchase Upon Election of Owner." The interest rate Mode for the Series 2026 Bonds may be changed at the option of the City and County, in accordance with the terms of the Certificate, to a Daily Mode, a Monthly Mode, a Semi-Annual Mode, an Annual Mode, a Term Rate Mode, a Flexible Rate Mode or a Fixed Rate Mode.

The payment of [principal and] Purchase Price of, and interest on, the Series 2026 Bonds will be supported by a standby bond purchase agreement (the "Liquidity Facility") provided by Bank of America, N.A. (the "Liquidity Provider"). The Liquidity Facility has a scheduled termination date of December [_], 20[_], subject to earlier termination under conditions described herein, and may be extended or replaced by an alternate liquidity facility or other security at or prior to termination. See "THE LIQUIDITY FACILITY" herein. On the fifth Business Day prior to the expiration or termination of the Liquidity Facility, the Series 2026 Bonds will be subject to mandatory tender for purchase.

This Official Statement describes the Series 2026 Bonds only while in the Weekly Mode. There are significant differences in the terms of the Series 2026 Bonds while they bear interest in a Mode other than the Weekly Mode. This Official Statement is not intended to provide information with respect to the Series 2026 Bonds bearing interest in a Mode other than the Weekly Mode. Owners and prospective owners of the Series 2026 Bonds should not rely on this Official Statement for information in connection with any Change in Mode but should look solely to the offering document to be used in connection with any such Change in Mode.

The Series 2026 Bonds are to be issued under and secured by Second Wastewater Revenue Bond Resolution adopted by the City Council of the City and County on November 10, 1998 (as amended and supplemented from time to time, the "Second Bond Resolution"), and the Series 2026 Resolution adopted by the City Council of the City and County on [_____], 2026 (the "Series 2026 Resolution"). The Series 2026 Bonds are also to be issued under a certain Bond Series Certificate of the City and County dated the date of this Official Statement, relating to the Series 2026 Bonds (the "Series 2026 Certificate").

The capitalization of any word below not conventionally capitalized indicates that such word is defined in the Second Bond Resolution, the Series 2026 Certificate or this Official Statement. A glossary of certain terms used in this Official

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* Preliminary, subject to change.

Statement and the Second Bond Resolution is set forth in Appendix B under "Summary of Certain Provisions of the Second Bond Resolution – Certain Definitions."

Proceeds of the Series 2026 Bonds will be used to: (i) fund the cost of certain additions and improvements to the wastewater system owned by the City and County, (ii) fund capitalized interest and (iii) pay the costs of issuance of such Series 2025 Bonds. See "ESTIMATED SOURCES AND USES OF PROCEEDS" below.

The Series 2026 Bonds are the 15th series of bonds (each a "Series" and collectively the "Junior Bonds") issued under and pursuant to the Second Bond Resolution and will be secured by and entitled to the protection of the Second Bond Resolution on a parity with all Junior Bonds heretofore issued and to be hereafter issued under and pursuant to the Second Bond Resolution. The Series 2026 Bonds are limited special obligations of the City and County payable solely from, and secured solely by a pledge of, the Net Revenues, proceeds of Series 2026 Bonds held or set aside under the Second Bond Resolution, and certain funds and accounts established by the Second Bond Resolution. Such pledge of the Net Revenues is junior in priority to the pledge of the Net Revenues to secure obligations issued under the First Bond Resolution, as described below, but senior in priority to the pledge of the Net Revenues to secure the Department's outstanding State Revolving Fund loans and any reimbursable general obligation bonds issued by the City and County for the benefit of the Department. See "SECURITY FOR THE BONDS."

As of September 9, the City and County had $[_____] principal amount of Junior Bonds outstanding. As of such date, the City and County also had $[_____] principal amount of bonds outstanding secured by Net Revenues on a senior basis to the Junior Bonds (collectively, the "Senior Bonds"). The Senior Bonds were issued by the City and County under a First Wastewater Revenue Bond Resolution adopted by the City Council of the City and County on November 10, 1998 (as amended and supplemented from time to time, the "First Bond Resolution"). All outstanding Senior Bonds and Subordinate Obligations are fixed rate obligations. See "DEBT AND FINANCIAL POLICIES AND INDEBTEDNESS – Indebtedness" herein.

Concurrently with the issuance of the Series 2026 Bonds, the City and County expects to issue $[_____]* aggregate principal amount of Wastewater System Revenue Bonds (First Bond Resolution) Senior Series 2026 (the "Senior Series 2026 Bonds") to (i) refund certain outstanding bonds previously issued by the City and County pursuant to the First Bond Resolution and (ii) pay the costs of issuance of such Series 2026 Bonds. Payment of principal and interest on the Senior Series 2026 Bonds will be senior in priority to the payment of principal and interest on the Series 2026 Bonds.

The Department of Environmental Services (the "Department") was created on July 1, 1998, as part of a city-wide reorganization. The Department has the full and complete authority to manage, control and operate the Wastewater System owned or managed and under the jurisdiction of the City and County, including all materials, supplies, equipment and properties used or useful in connection with the Wastewater System. Previously, the Department of Wastewater Management, created by a City Charter change effective July 1, 1993, provided operation, maintenance, planning, design and construction of wastewater facilities in the City and County. The City Charter and Chapter 49, Hawaii Revised Statutes (the "Act") empower the City and County to issue revenue bonds in its name for the purposes of the Wastewater System. See "THE CITY AND COUNTY AND THE DEPARTMENT."

As of June 30, 2026, the Wastewater System serviced approximately 149,000 separate accounts and a population of approximately 780,000, which is approximately 77% of the total resident population of the City and County based on the 2024 data book. The service area covers nearly 600 square miles. The customer base includes the residential population, business and industrial users, and other users located in the service area. Of the approximately 149,000 accounts, approximately 141,000 are residential, which generate approximately 68% of the total revenue from sewer service charges, and the remaining approximately 8,000 accounts are non-residential, which generate approximately 32% of the total revenue from sewer service charges. In the Fiscal Year ended June 30, 2026, the average total volume of wastewater processed by the Wastewater System was approximately 105.25 million gallons per day ("MGD"), an increase of 6.7% from Fiscal Year 2025. See "THE WASTEWATER SYSTEM."

The Department is currently undertaking a capital improvement program adopted by the Department and approved by the City Council (the "2027-2031 Capital Improvement Program"). The 2027-2031 Capital Improvement Program is projected to cost approximately $4.6 billion (in inflated dollars, i.e., adjusted from 2027 dollars) and is being undertaken for the purposes, among others, of meeting the requirements of certain consent decrees, permits, or administrative orders entered into by the Department with Federal and State regulatory bodies and reliably serving projected growth in the number of customers served by the Wastewater System. The 2027-2031 Capital Improvement Program is part of the Department's 2016-2035 twenty-year capital improvement program (the "2016-2035 Capital Improvement Program"). The 2016-2035 Capital Improvement Program is projected to cost approximately $12.3 billion (in inflated dollars) and has been undertaken for the same basic purposes as the

2027-2031 Capital Improvement Program. The cost of the 2016-2035 Capital Improvement Program, including the 2027-2031 Capital Improvement Program, is expected to be financed primarily from: (i) proceeds of Senior Bonds and Subordinate Obligations (including Clean Water State Revolving Fund loans) previously issued and currently available, (ii) proceeds of additional Senior or Junior Bonds (including the Series 2026 Bonds) and Subordinate Obligations (currently expected to consist primarily of Clean Water State Revolving Fund loans) to be issued in the future, (iii) Net Revenues of the Wastewater System, and (iv) Wastewater System Facilities Charges. See "CAPITAL IMPROVEMENT PROGRAM."

Pursuant to the Act and the City Charter, the City Council has the power to impose, prescribe and collect rates, rentals, fees or charges for the use and services of, and the facilities furnished by, the Wastewater System so that the Wastewater System will be and remain self-sustaining. The rates, rentals, fees or charges imposed and prescribed are required to produce revenues which will be at least sufficient to pay debt service on all revenue bonds issued for the purposes of the Wastewater System, including the Senior Bonds and the Subordinate Obligations, to provide reserves therefor, to pay the costs of operation, maintenance and repair of the Wastewater System, and to carry out the covenants of all resolutions authorizing the issuance of revenue bonds for the purposes of the Wastewater System, including the First Bond Resolution and the Second Bond Resolution. The rates and charges fixed and imposed by the City Council are not subject to approval by any federal or state regulatory bodies. See discussion under "HISTORICAL AND PROJECTED REVENUES, EXPENSES AND COVERAGES."

ESTIMATED SOURCES AND USES OF PROCEEDS

The estimated sources and uses of the proceeds of the Series 2026 Bonds are set forth below:

Sources of Funds:	Total
Par Amount	$
[Plus/Less] Original Issue [Premium/Discount]	
Total Sources of Funds	$
Uses of Funds:	
Deposit to Project Fund	$
Capitalized Interest	
Underwriter's Discount	
Costs of Issuance	
Total Uses of Funds	$

THE SERIES 2026 BONDS

[Section to be further reviewed/updated]

This Official Statement describes the Series 2026 Bonds while in the Weekly Mode. There are significant differences in the terms of the Series 2026 Bonds while they bear interest in a Mode other than the Weekly Mode. This Official Statement is not intended to provide information with respect to the Series 2026 Bonds bearing interest in a Mode other than the Weekly Mode. Owners and prospective owners of the Series 2026 Bonds should not rely on this Official Statement for information in connection with any Change in Mode but should look solely to the offering document to be used in connection with any such Change in Mode. See "MULTIMODE ANNEX" in APPENDIX C hereto for a detailed description of the Series 2026 Bonds while in the Weekly Mode.

General

The Series 2026 Bonds will be issued in the principal amount set forth on the cover of this Official Statement and will be dated the date of issuance and will mature on the date as shown on the inside cover page of this Official Statement.

The Series 2026 Bonds will be initially issued in the Weekly Mode and will bear interest at a weekly rate. All Series 2026 Bonds must be converted to another interest rate Mode if any are converted. Interest on the Series 2026 Bonds bearing interest at a Weekly Rate (hereinafter defined) accruing during any month will be payable on the first Business Day of the following month. Interest on the Series 2026 Bonds is also payable on any Mandatory Purchase Date. Interest will be determined as described herein. While bearing interest at a Weekly Rate, the Series 2026 Bonds will be issued in Authorized Denominations of $100,000 and any integral multiple of $5,000 in excess thereof.

The term "Business Day" is defined in the Certificate to mean a day that is not a Saturday or Sunday or a day on which U.S. Bank Trust Company, National Association, as paying agent (the "Paying Agent"), the Remarketing Agent, the Liquidity Provider or banks or trust companies in New York, or Hawaii, or the city in which the office of the Liquidity Provider where drawings under the Liquidity Facility are to be made, are not authorized or required to remain closed and on which the New York Stock Exchange is not closed. If the date for making any payment on the Series 2026 Bonds is not a Business Day, the payment will be made on the next Business Day with the same effect as if made on the nominal date and no interest will accrue between the nominal date and the actual payment date.

The Series 2026 Bonds will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). So long as DTC, or its nominee Cede & Co., is the registered owner of all the Series 2026 Bonds, all payments of principal of and interest on the Series 2026 Bonds and the Purchase Price of the Series 2026 Bonds will be made directly to DTC. Disbursement of such payments to the DTC Participants (as defined below) will be the responsibility of DTC. Disbursement of such payments to the Beneficial Owners (as defined below) of the Series 2026 Bonds will be the responsibility of the DTC Participants as more fully described herein. See APPENDIX D—"BOOK-ENTRY ONLY SYSTEM."

There are a number of provisions in the Certificate relating to the terms of Bank-Owned Bonds (i.e., Series 2026 Bonds purchased by the Liquidity Provider pursuant to the Liquidity Facility) that are not described in this Official Statement. All references to the terms of the Series 2026 Bonds in this Official Statement describe only Series 2026 Bonds that are not owned by the Liquidity Provider unless expressly indicated herein.

Interest

Initial Mode for the Series 2026 Bonds. The Series 2026 Bonds will be issued in the Weekly Mode and will bear interest at a Weekly Rate. The method of determining the interest rate borne by the Series 2026 Bonds may be changed at the option of the City and County in accordance with the terms of the Certificate, upon notice to the Owners of the Series 2026 Bonds, to a Daily Mode, a Monthly Mode, a Semi-Annual Mode, an Annual Mode, a Term Rate Mode, a Flexible Rate Mode or a Fixed Rate Mode. After such a change to another Mode, the Series 2026 Bonds may be changed to any other Mode, including a Weekly Mode. See the caption "—Change in Mode."

Weekly Rate. The Series 2026 Bonds initially will bear interest at a rate determined for each weekly period from and including their date of issuance to and including the following Wednesday and thereafter commencing on each Thursday to and including Wednesday of the following week (a "Weekly Rate") and will accrue from and including the first day of each calendar month through the last day of the month and will be payable on the first Business Day of the following month. The Weekly Rate will be a rate determined by 5:00 p.m., New York City time, on each Wednesday (or, if such Wednesday is not a Business Day, the next succeeding day, or if such day is not a Business Day, then the Business Day next preceding such Wednesday) by the Remarketing Agent to be the minimum interest rate that, in the opinion of the Remarketing Agent, would enable the Remarketing Agent, under then existing market conditions, to sell the Series 2026 Bonds on such day at the principal amount thereof plus accrued interest. The Weekly Rate so determined shall be in effect during the period from the date of issuance of the Series 2026 Bonds to and including the following Wednesday and thereafter commencing on each Thursday to and including Wednesday of the following week.

If such rate for the immediately preceding week was not determined by the Remarketing Agent for a Weekly Mode, or in the event that the rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, then the interest rate for such week shall be equal to the Alternate Rate.

"**Alternate Rate**" means, on any Rate Determination Date, for any Mode, a rate per annum equal to 110% of (a) the SIFMA Municipal Swap Index of Municipal Market Data most recently available as of the date of determination, or (b) if the SIFMA Municipal Swap Index is no longer published, the S&P Weekly High Grade Index (formerly the J.J. Kenny Index), or if neither the SIFMA Municipal Swap Index nor the S&P Weekly High Grade Index is published, the index determined to equal the prevailing rate determined by the Remarketing Agent for tax-exempt state and local government bonds meeting criteria determined in good faith by the Remarketing Agent to be substantially similar under the circumstances to the criteria used by the Securities Industry and Financial Markets Association to determine the SIFMA Municipal Swap Index just prior to when the Securities Industry and Financial Markets Association stopped publishing the SIFMA Municipal Swap Index. The City and County shall make the determinations required by this determination if there is no Remarketing Agent, if the Remarketing Agent fails to make

any such determination or if the Remarketing Agent has suspended its remarketing efforts in accordance with the Remarketing Agreement.

Maximum Interest Rate. Notwithstanding the foregoing, the maximum interest rate on the Series 2026 Bonds is 12% per annum, or such lesser maximum rate as may be specified under applicable law, as described in the Certificate.

Calculation of Interest. Interest on Series 2026 Bonds in the Weekly Mode will be calculated on the basis of a 365/366-day year for the actual number of days elapsed.

Change in Mode

The City and County may effect a Change in Mode with respect to the Series 2026 Bonds by delivering to the Paying Agent a Notice of Change in Mode stating (A) the election to change the Mode to which the Series 2026 Bonds are then subject (the "**Current Mode**") to a different Mode (the "**New Mode**"), the type of which shall be specified; (B) the date on which the Series 2026 Bonds are required to be purchased pursuant to the Certificate, which shall be the date as of which the New Mode shall take effect; and (C) a form of notice of mandatory tender for purchase satisfying the requirements of the Certificate.

Not less than 15 days prior to a proposed Change in Mode, the Paying Agent shall give written notice to the Owners of the Change in Mode and the mandatory purchase of all of the Series 2026 Bonds as provided in the Certificate. In addition to the information required to be included therein pursuant to the Certificate, such notice shall state (A) the New Mode to which the Series 2026 Bonds are to be subject; (B) the effective date of the New Mode; and (C) the procedures for the Owners to tender Series 2026 Bonds for purchase prior to the effectiveness of the New Mode.

Mandatory Tender for Purchase

The Series 2026 Bonds are subject to mandatory tender for purchase at the applicable Purchase Price under certain circumstances described below.

Mandatory Purchase on Change in Mode. In the event of a change in the interest rate Mode the Series 2026 Bonds, the Series 2026 Bonds will be subject to mandatory purchase on the effective date of the Change in Mode.

Mandatory Purchase on Substitution of Liquidity Facility. The Series 2026 Bonds will be subject to mandatory purchase on the effective date of any substitution of an Alternate Liquidity Facility or a City and County Liquidity Facility for the then existing Liquidity Facility securing the Series 2026 Bonds.

Mandatory Purchase on Event of Default Under Liquidity Facility. The Series 2026 Bonds will be subject to mandatory purchase at the option of the Liquidity Provider on a date specified by the Liquidity Provider (which shall be a Business Day no more than 15 days after the Paying Agent's receipt of such notice) upon the occurrence and during the continuation of an event of default under the Liquidity Facility. See "LIQUIDITY FACILITY" herein.

Mandatory Purchase on Expiration of Liquidity Facility. The Series 2026 Bonds will be subject to mandatory tender for purchase five Business Days before the expiration, termination or cancellation of the Liquidity Facility securing the Series 2026 Bonds.

Mandatory Purchase on Enhancement Drop Date. The Series 2026 Bonds will be subject to mandatory tender for purchase on the date that the City and County exercise its right not to maintain a Liquidity Facility or an Alternate Liquidity Facility under the terms of the Certificate.

Notice. Notice of mandatory tender for purchase will be mailed by the Paying Agent to the Owners not less than 15 days (five days in the case of Mandatory Purchase Date described under the subcaption "*—Mandatory Purchase on Event of Default under Liquidity Facility*") prior to the Mandatory Purchase Date. Such notice shall state, among other things, (i) the Mandatory Purchase Date, (ii) that the Series 2026 Bonds shall be tendered for purchase by delivery of the Series 2026 Bonds to the Paying Agent at its principal corporate trust office on or prior to the Mandatory Purchase Date and that any Series 2026 Bonds not so tendered for purchase as required shall be deemed to have been so tendered and, upon provision for payment of the Purchase Price therefor from the funds specified in the Certificate, shall be deemed to have been purchased on the Mandatory Purchase Date after which no interest shall accrue thereon for the benefit of the Owner required to so tender such Series 2026 Bond and such

Owner shall have no rights under the Certificate as the Owner of such Series 2026 Bond except the right to receive the Purchase Price thereof, and (iii) that all Series 2026 Bonds subject to such mandatory tender for purchase shall be purchased on the applicable Mandatory Purchase Date at the applicable Purchase Price, but solely from funds specified under the Certificate.

Optional Tender for Purchase Upon Election of Owner

The Certificate provides that the Series 2026 Bonds will be purchased at the option of the Owners at the applicable Purchase Price under certain circumstances described below, but solely from monies made available for that purpose under the Certificate. Payment will be made in immediately available funds by the close of business on the date specified by the Owner for purchase, if the conditions described below, which are applicable to Series 2026 Bonds held by DTC or another Bond Depository, have been strictly observed.

Tender. When the Series 2026 Bonds are in a Weekly Mode, an Owner may tender for purchase its Series 2026 Bonds or any portion thereof (so long as the principal amount purchased and principal amount not purchased are in Authorized Denominations) on any Business Day at a Purchase Price equal to the principal amount thereof, plus accrued but unpaid interest thereon, by delivering not later than seven days prior to such Business Day a written notice to the Remarketing Agent and the Paying Agent (addresses below) by 5:00 p.m., New York City time, stating the principal amount of such Series 2026 Bonds, the principal amount to be purchased and the Business Day such Series 2026 Bonds are to be purchased, together with applicable payment instructions and an irrevocable demand for such purchase.

Tender Notice Irrevocable. Any Tender Notice by any Owner shall be irrevocable. If such Owner is required but fails to deliver the Series 2026 Bonds referred to in its Tender Notice to the Paying Agent, such Series 2026 Bonds shall nonetheless be deemed to have been tendered and, upon provision for payment of the Purchase Price therefor from the funds specified in the Certificate, no interest shall accrue on such Series 2026 Bonds for the benefit of such Owner from and after the Purchase Date and such Owner shall have no rights under the Certificate as the Owner of such Series 2026 Bonds except the right to receive the Purchase Price thereof.

Notwithstanding the foregoing, the Owners shall have no right to demand purchase of Series 2026 Bonds pursuant to the Certificate commencing the third Business Day prior to a Mandatory Purchase Date.

Notices in respect of optional tenders are to be delivered to the Paying Agent and the Remarketing Agent as follows:

To the Paying Agent:

[_____]
U.S. Bank Trust Company, National Association
[_____]
[_____]
Telephone: [_____]
Email: [_____]

To the Remarketing Agent:

BofA Securities, Inc.
[_____]
[_____]
Attention: [_____]
Telephone: [_____]
Email: [_____]

Tenders of the Series 2026 Bonds Are Subject to DTC Procedures. As long as the book-entry system is in effect with respect to the Series 2026 Bonds, all tenders for purchase and deliveries of Series 2026 Bonds optionally tendered for purchase upon election of the Owner or subject to mandatory tender under the provisions of the Certificate will be made pursuant to DTC's procedures as in effect from time to time, and none of the City and County, the Paying Agent or the Remarketing Agent have any responsibility for or liability with respect to the implementation of such procedures. For a description of the tender procedures through DTC, see Appendix D— "BOOK-ENTRY ONLY SYSTEM."

Redemption

Optional Redemption. The Series 2026 Bonds in the Weekly Mode are subject to redemption at the option of the City and Count in whole, or in part, in Authorized Denominations, on any Business Day, at a Redemption Price equal to 100% of the principal amount of the Series 2026 Bonds being redeemed plus unpaid accrued interest, if any, to such Redemption Date, without premium. If such redemption is in part, Series 2026 Bonds owned by the Liquidity Provider will be selected for redemption prior to selecting any other Series 2026 Bonds and thereafter Series 2026 Bonds will be redeemed by lot as determined by the Paying Agent.

Mandatory Sinking Fund Redemption. The Series 2026 Bonds are subject to mandatory redemption on July 1, 20[_] and each July 1 thereafter, at a redemption price equal to 100% of the principal amount of the Series 2026 Bonds to be redeemed, plus accrued and unpaid interest thereon to the date of redemption, without premium, from mandatory sinking fund payments in the years and principal amounts as follows:

Mandatory Redemption Dates (July 1)	*Mandatory Sinking Fund Payments*
†	

† Final Maturity.

The principal amount of any Series 2026 Bonds optionally redeemed by the City and County shall be credited to all remaining yearly mandatory redemption amounts with respect to such series that are scheduled to occur at least 75 days after the date of such optional redemption as determined by the City and County in its discretion.

Notice of Redemption

Notice of redemption will be given by mail by the Paying Agent to the Remarketing Agent, the Liquidity Provider, the Owners of any Series 2026 Bonds designated for redemption in whole or in part and to the Securities Depositories no less than 30 days nor more than 60 days prior to the Redemption Date. A notice of redemption relating to Optional Redemption will not be given until the City and County and the Paying Agent has each received written consent of such redemption from the Liquidity Provider (which consent will not be unreasonably withheld). Each notice of redemption will state the Redemption Date, the redemption place and the redemption price, the maturity dates of the Series 2026 Bonds to be redeemed and will designate the numbers of the Series 2026 Bonds to be redeemed if less than all of the Outstanding Series 2026 Bonds of a maturity are to be redeemed, will (in the case of any Series 2026 Bond called for redemption in part only) state the portion of the principal amount thereof which is to be redeemed, and will state that the interest thereon or portions thereof designated for redemption shall cease to accrue from and after such Redemption Date and that on such Redemption Date there will become due and payable on each of the Series 2026 Bonds or portions thereof designated for redemption the redemption price thereon. The failure of any Owner to receive such notice will not affect the validity of the redemption of any Series 2026 Bonds.

With respect to any notice of any optional redemption of Series 2026 Bonds, unless at the time such notice is given the Series 2026 Bonds to be redeemed shall be deemed to have been paid and discharged as provided in the Certificate, such notice will state that such redemption is conditional upon receipt by the Paying Agent, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Paying Agent, are sufficient to pay the redemption price of, and accrued interest on, the Series 2026 Bonds to be redeemed, and that if such moneys have not been so received said notice will be of no force and effect and the City and County will not be required to redeem such Series 2026 Bonds. In the event a notice of redemption of Series 2026 Bonds contains such a condition and such moneys are not so received, the redemption of Series 2026 Bonds as described in the conditional notice of redemption will not be made and the Paying Agent will, within a reasonable time after the date on which such redemption was to occur, give notice to the persons who received such notice of redemption and in the manner in which the notice of redemption was given, that such moneys were not so received and that there will be no redemption of Series 2026 Bonds pursuant to such notice of redemption.

Any notice mailed as provided in the Certificate will be conclusively presumed to have been given, whether or not actually received by any Owner. Failure by the Paying Agent to give notice pursuant the Certificate to any one or more of the Remarketing Agent, the Liquidity Provider or Securities Depositories, or the insufficiency of any such notice, will not affect the sufficiency of the proceedings for redemption.

Undelivered Series 2026 Bonds

Any Series 2026 Bond to be purchased or redeemed for which monies have been deposited and which is not delivered to the Paying Agent shall nevertheless be deemed to have been purchased or redeemed. After the redemption or purchase date, the undelivered Series 2026 Bonds will represent only a right to collect the deposited monies.

Green Bonds Designation

The Department is self-designating the Series 2026 Bonds as "Green Bonds" based on the intended use of proceeds of the Series 2026 Bonds to finance the costs of certain additions and improvements to the Wastewater System. The Department's Green Bonds designation reflects the use of the proceeds of the Series 2026 Bonds in a manner that is consistent with the Green Bond Principles, as promulgated by the International Capital Market Association.

Process for Evaluation and Selection

The Department maintains and updates at least annually a long-range Capital Improvement Program (the "CIP"). The Department's long-range CIP process, design standards, permitting and 2010 Consent Decree requirements guide the process for project evaluation and selection as does the Department's objective of providing safe and reliable facilities to process the wastewater discharge of all sewer customers throughout Oahu. The classes of CIP projects include system expansion, system upgrade, and replacement/rehabilitation. See "CAPITAL IMPROVEMENT PROGRAM" below for additional information regarding the CIP and capital expenditures and projects for the Wastewater System.

Management of Proceeds

Proceeds from the Series 2026 Bonds will be used to finance the costs of certain additions and improvements to the Wastewater System. Net of certain transaction costs, the proceeds of the Series 2026 Bonds will be tracked and deposited into one or more separate accounts and will be used to finance eligible projects.

Reporting

The Department intends to produce annual update reports on the impact of the Series 2026 Bonds on various green projects until the proceeds have been fully allocated.

Not Suitable Investment for all Investors Seeking Exposure to Green Assets

The purpose of designating the Series 2026 Bonds as "Green Bonds" is to allow the owners of the Series 2026 Bonds to invest directly in bonds which finance environmentally beneficial projects. There is currently no clearly-defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green," "environmental," "sustainable" or equivalently-labeled project, or as to what precise attributes are required for a particular project to be defined as "green," "environmental," "sustainable" or such other equivalent label, and nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, although the Department anticipates that financed projects will be aligned with the Green Bond Principles, no assurance can be given to investors that the financed projects will meet any or all investor expectations regarding such "green," "environmental," "sustainable" or other equivalently-labeled performance objectives, or that any adverse environmental, sustainable and/or other impacts will not occur during the operation and maintenance of such projects.

The term "Green Bonds" is neither defined in nor related to provisions in the Second Bond Resolution. The term "Green Bonds" is solely for identification purpose and is not intended to provide or imply that the owners of the Series 2026 Bonds are entitled to any security other than that described under the heading "SECURITY FOR THE BONDS" below.

SPECIAL CONSIDERATIONS RELATING TO THE REMARKETING OF THE SERIES 2026 BONDS

The City and County has selected BofA Securities, Inc. to serve as the remarketing agent (the "Remarketing Agent") for the Series 2026 Bonds pursuant to a Remarketing Agreement, dated the date of issuance of the Series 2026 Bonds ("Remarketing Agreement"). In accordance with, and subject to the terms of, the Remarketing Agreement, the Remarketing Agent's duties include (i) remarketing any Series 2026 Bonds upon any optional or mandatory tender for purchase, and (ii) determining the interest rates on the Series 2026 Bonds.

The Remarketing Agent is Paid by the City and County. The Remarketing Agent's responsibilities include determining the interest rate from time to time and using its best efforts to remarket the Series 2026 Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Remarketing Agreement), all as further described in this Official Statement. The Remarketing Agent is appointed by the City and County and is paid by the City and County for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Series 2026 Bonds.

The Remarketing Agent Routinely Purchases Series 2026 Bonds for Its Own Account. The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, may purchase such obligations for its own account in order to achieve a successful remarketing of the Series 2026 Bonds (i.e., because there otherwise are not enough buyers to purchase the Series 2026 Bonds) or for other reasons. The Remarketing Agent is permitted to purchase tendered Series 2026 Bonds for its own account; however, the Remarketing Agent is not obligated to purchase any variable rate demand obligations, including the Series 2026 Bonds, and may cease doing so at any time without notice.

The Remarketing Agent also may make a market in the Series 2026 Bonds by routinely purchasing and selling Series 2026 Bonds other than in connection with an optional tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Series 2026 Bonds.

The Remarketing Agent also may sell any Series 2026 Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Series 2026 Bonds. The purchase of Series 2026 Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Series 2026 Bonds in the market than is actually the case. The practices described above also may reduce the supply of Series 2026 Bonds that may be tendered in a remarketing.

Series 2026 Bonds May be Offered at Different Prices on Any Date Including an Interest Rate Determination Date. Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Series 2026 Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable interest rate determination date. The interest rate will reflect, among other factors, the level of market demand for the Series 2026 Bonds (including whether the Remarketing Agent is willing to purchase Series 2026 Bonds for its own account). There may or may not be Series 2026 Bonds tendered and remarketed on an interest rate determination date, the Remarketing Agent may or may not be able to remarket any Series 2026 Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Series 2026 Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Series 2026 Bonds at the remarketing price. In the event that a Remarketing Agent owns any Series 2026 Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Series 2026 Bonds on any date, including an interest rate determination date, at a discount to par to some investors.

The Ability to Sell the Series 2026 Bonds Other than Through Tender Process May Be Limited. The Remarketing Agent may buy and sell Series 2026 Bonds other than through the tender process described herein. However, it is not obligated to do so, may cease doing so at any time without notice and may require holders that wish to tender their Series 2026 Bonds to do so through the Paying Agent with appropriate notice. Investors who purchase the Series 2026 Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Series 2026 Bonds other than by tendering the Series 2026 Bonds in accordance with the tender process as provided in the Certificate.

The Liquidity Facility is not available to purchase Series 2026 Bonds other than those tendered in accordance with the Certificate. In addition, the Liquidity Provider may fail to purchase tendered Series 2026 Bonds even when it is obligated to do so. In both cases, tendered Series 2026 Bonds would be returned to the holders thereof and bear interest at the Maximum

Rate until such Series 2026 Bonds can be remarketed. It is not certain that following a failure to purchase Series 2026 Bonds a secondary market for the Series 2026 Bonds will develop

Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the Series 2026 Bonds, Without A Successor Being Named. Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement and the Certificate. In the event that there is no Remarketing Agent for the Series 2026 Bonds, the Paying Agent may assume such duties as described in the Certificate.

SECURITY FOR THE BONDS

General

The Bonds issued under and pursuant to the Second Bond Resolution, including the Series 2026 Bonds, are limited special obligations of the City and County. Pursuant to the Second Bond Resolution as further described below, the Junior Bonds are equally and ratably payable and secured under the Second Bond Resolution. As discussed further below, the Series 2026 Bonds are limited special obligations of the City and County payable solely from, and secured solely by a pledge of, the Net Revenues, proceeds of Series 2026 Bonds held or set aside under the Second Bond Resolution, and certain funds and accounts established by the Second Bond Resolution. Such pledge of the Net Revenues is junior in priority to the pledge of the Net Revenues to secure obligations issued under the First Bond Resolution, but senior in priority to the pledge of the Net Revenues to secure the Department's outstanding State Revolving Fund loans and any reimbursable general obligation bonds issued by the City and County for the benefit of the Department.

As of September 9, 2026, the City and County had $[_____] principal amount of Senior Bonds outstanding secured by Net Revenues on a senior basis to the Junior Bonds, including the Series 2026 Bonds. Concurrently with the issuance of the Series 2026 Bonds, the City and County expects to issue $[_____]* aggregate principal amount of Senior Series 2026 Bonds. Payment of principal and interest on the Senior Series 2026 Bonds will be senior in priority to the payment of principal and interest on the Series 2026 Bonds.

Under the Second Bond Resolution, Net Revenues means, with respect to any period, the Revenues during such period less amounts required to pay Operation and Maintenance Expenses. Revenues means the moneys, including any moneys collected from the City and County or any department thereof other than the Department, derived by the Department from the rates, rentals, fees and charges prescribed for the use and services of, and the facilities and commodities furnished by, the Wastewater System. Revenues include: (i) all income, receipts, profits, and other moneys derived from the furnishing or supplying of the services, facilities and commodities through the Wastewater System; (ii) all income from investments of moneys held under the First Bond Resolution and the Second Bond Resolution except the Rebate Account, the Subordinate Obligation Account or the Reimbursable Obligation Account; (iii) all payments made by Counterparties pursuant to Interest Rate Exchange Agreements; and (iv) moneys and Investment Securities transferred from the Rate Stabilization Account to the Sewer Fund within ninety (90) days following the end of a Fiscal Year. Certain items do not constitute Revenues under the Second Bond Resolution, including certain deposits subject to refund, certain contributions in-aid-of construction and assessment, impact and other similar fees imposed and collected by the City and County, income, fees, charges, receipts, profits or other moneys derived by the Department from the ownership or operation of any separate utility system, and certain gifts, grants and donations, moneys and Investment Securities transferred from the Sewer Fund to the Rate Stabilization Account within ninety (90) days following the end of a Fiscal Year, or Wastewater System Facility Charges.

The pledge of the Net Revenues for the security and payment of the Junior Bonds under the Second Bond Resolution is junior in priority to the pledge of the Net Revenues to secure obligations issued under the First Bond Resolution, but senior in priority to the pledge of the Net Revenues to secure the Department's outstanding State Revolving Fund loans and any reimbursable general obligation bonds issued by the City and County for the benefit of the Department. The State Revolving Fund Loans are secured by a pledge of Net Revenues subordinate to the Senior Bonds and the Junior Bonds. Reimbursable Obligations are general obligation bonds that are payable from moneys in the City and County's general fund, subject to reimbursement from Net Revenues after payment of Senior Bonds, Junior Bonds and State Revolving Fund Loans. As of September 9, 2026, the City

* Preliminary, subject to change.

and County had $356,170,151.54 of State Revolving Fund loans) and has no outstanding Reimbursable Obligations. See "DEBT AND FINANCIAL POLICIES AND INDEBTEDNESS."

The Series 2026 Bonds will constitute Junior Bonds under the Second Bond Resolution. The Series 2026 Bonds are the 15th Series of Bonds to be issued under the Second Bond Resolution. The City and County expects to issue additional Bonds under the Second Bond Resolution on a parity with the Series 2026 Bonds, including the Series 2026B Bonds.

The Series 2026 Bonds are not a general or moral obligation of the State or any political subdivision thereof, including the City and County, and the faith and credit of the State or any political subdivision thereof, including the City and County, are not pledged to the payment of the principal or redemption price of or interest on the Series 2026 Bonds, and no holder of the Series 2026 Bonds shall have the right to compel the exercise of the taxing power of the State or any political subdivision thereof, including the City and County, in connection with any default with respect to the Series 2026 Bonds.

Funds and Accounts

The various funds and accounts established under or pledged by the Second Bond Resolution, the flow of Revenues through such funds and accounts, the rights and remedies of Bondholders under the Second Bond Resolution and other related matters are summarized in Appendix B, "Summary of Certain Provisions of the Second Bond Resolution."

Second Bond Resolution and Junior Bonds. The City and County has established the Sewer Fund by ordinance. Revenues are deposited in the Sewer Fund. The First Bond Resolution establishes various accounts in the Sewer Fund, none of which except the Subordinate Obligation Account is pledged as security for the payment of debt service on the Junior Bonds. Such pledge of the Subordinate Obligation Account is subject to the terms and provisions of and the exceptions provided in the First Bond Resolution and the Second Bond Resolution. Under the First Bond Resolution, the Department will, in each month, transfer from the Sewer Fund to the Subordinate Obligation Account a sufficient amount required by the Bond Resolution to pay all accrued and unpaid amounts and amounts to accrue and become payable during the succeeding calendar month which are payable from the Subordinate Obligation Account, but only after: (i) making the transfer, if any, to the Wastewater System Facility Charge Account of all moneys received as Wastewater System Facility Charges, (ii) paying or setting aside a sufficient amount to pay the Operating and Maintenance Expenses, (iii) making the transfer to the Rebate Account under the First Bond Resolution, (iv) transferring a sufficient amount to the Debt Service Account under the First Bond Resolution to pay debt service on First Resolution Obligations, (v) transferring a sufficient amount to the Common Reserve Account and each Separate Series Reserve Account under the First Bond Resolution to eliminate any deficiency therein, and (vi) maintaining in the Sewer Fund a reasonable and necessary amount for working capital and operating reserves.

The Second Bond Resolution establishes in the Subordinate Obligation Account a Debt Service Subaccount. The Debt Service Subaccount is pledged as security for the payment of debt service on all Junior Bonds subject to the terms and provisions of and the exceptions provided in the Second Bond Resolution. The Second Bond Resolution also establishes a Common Reserve Subaccount in the Subordinate Obligation Account and permits the establishment in the Subordinate Obligation Account of one or more Separate Series Reserve Subaccounts. The Common Reserve Subaccount is pledged as additional security for the payment of debt service on the Junior Bonds of such Series designated by the City and County to be entitled to the benefit of the Common Reserve Subaccount. Each Separate Series Reserve Subaccount is pledged as additional security for the payment of debt service on the Junior Bonds of such individual Series designated by the City and County to be entitled to the benefit of such Separate Series Reserve Subaccount. Although the Second Bond Resolution establishes a Common Reserve Subaccount and Separate Series Reserve Subaccount, no Junior Bonds, including the Series 2006A Bonds, are entitled to the benefit of the Common Reserve Subaccount or a Separate Series Reserve Subaccount.

The debt service on and redemption price of the Junior Bonds are payable from the Debt Service Subaccount in the Subordinate Obligation Account. In the event of a deficiency in the Debt Service Subaccount, the debt service on and redemption price of particular Junior Bonds are payable from the Common Reserve Subaccount or the Separate Series Reserve Subaccounts, as applicable, but only if such Junior Bonds are entitled to the benefit of such Reserve Subaccounts.

Under the First Bond Resolution, moneys deposited and retained in the Sewer Fund may be maintained in an amount which is reasonable and necessary for working capital and reserves. The First Bond Resolution establishes, among other accounts, the Rate Stabilization Account, the Renewal and Replacement Account and the Wastewater General Account. Such accounts are not pledged as security for the payment of debt service on and redemption price of the Junior Bonds. However, moneys in such accounts may be transferred to the Subordinate Obligation Account on the terms and conditions as provided in the First Bond Resolution. The Rate Stabilization Account is to be used to stabilize the rates and charges of the Wastewater System.

The Rate Stabilization Account is to be maintained in an amount as provided in the Annual Budget and is to be funded as provided in the Annual Budget from (i) the Revenues but only after paying the Operation and Maintenance Expenses and after transferring required amounts to other funds and accounts as provided in the First Bond Resolution, and (ii) transfers from the Wastewater General Account. The Renewal and Replacement Account is to be used to pay the costs of improvements to or reconstruction of the Wastewater System, repairs, major or extraordinary repairs and renewals or replacements of the Wastewater System and under certain conditions, as set forth in the Second Bond Resolution, to meet deficiencies in the Debt Service Subaccount, the Common Reserve Account, Separate Series Reserve Accounts, if any, the Subordinate Obligation Account, including the Debt Service Subaccount, the Common Reserve Subaccount and all Separate Series Subaccounts, and the Reimbursable Obligation Account, and will be maintained in an amount provided for in the Annual Budget. The Wastewater General Account may be used for any lawful purpose of the City and County, including funding of the Rate Stabilization Account, and under certain conditions, may be used to meet deficiencies in the Sewer Fund, the Common Reserve Account, Separate Series Reserve Accounts, if any, the Renewal and Replacement Account, the Rebate Account, the Subordinate Obligation Account and the Reimbursable Obligation Account.

The Second Bond Resolution also establishes in the Subordinate Obligation Account a Rebate Subaccount and a Third Lien Obligation Subaccount. Such accounts are not pledged as security for the Series 2026 Bonds, or any other Junior Bonds. The funds in the Third Lien Obligation Subaccount are to be used to pay debt service on and redemption price of Third Lien Obligations, provide necessary debt service reserves and other reserves and pay other costs related to Third Lien Obligations. The funds in the Rebate Subaccount are to be used to pay required rebates to the United States Treasury Department incurred in respect of the Junior Bonds.

The First Bond Resolution also establishes in the Sewer Fund, the Wastewater System Facility Charge Account. Wastewater System Facility Charges collected by the Department are deposited in the Wastewater System Facility Charge Account. The Wastewater System Facility Charge Account is pledged under the First Bond Resolution as security for the payment of debt service on and redemption price of the First Resolution Obligations but not for the Junior Bonds. If any amounts are used to pay the debt service on or redemption price of First Resolution Obligations, the Wastewater System Facility Charge Account must be reimbursed from the Net Revenues with the priority set forth in the First Bond Resolution. The Wastewater System Facility Charges are not considered to be Revenues under the First Bond Resolution.

The City and County has also established by ordinance the Improvement Fund. The Second Bond Resolution establishes in the Improvement Fund an Improvement Second Account and permits the establishment within the Improvement Second Account of one or more Series Improvement Second Subaccounts and one or more Series Improvement Second Interest Subaccounts. Proceeds of Junior Bonds issued under the Second Bond Resolution are to be deposited in the Improvement Second Account or a Series Improvement Second Subaccount pending application to pay the Costs of Improvements. Proceeds of Junior Bonds issued under the Second Bond Resolution which are to be used to pay capitalized interest on the Junior Bonds of a Series during the period of construction of an Improvement and for six months thereafter must be deposited in a Series Improvement Second Interest Subaccount. The Improvement Second Account, each Series Improvement Second Subaccount and each Series Improvement Second Interest Subaccount (but not the Improvement Fund) are pledged under the Second Bond Resolution as security for the payment of debt service on and redemption price of the Junior Bonds.

[*Description of capitalized interest fund to be provided by Bond Counsel*]

Rate Covenant With Respect to the Junior Bonds

The City and County is required by the Second Bond Resolution, among other things, to fix, charge and collect such rates and other charges as shall be required in order that in each Fiscal Year the Net Revenues shall not be less than the Net Revenue Requirement for such Fiscal Year. The Net Revenue Requirement means with respect to any Fiscal Year or any period, an amount equal to the greater of: (i) the sum of (a) the Aggregate Debt Service under the First Bond Resolution and the Aggregate Debt Service in such Fiscal Year or such period and (b) the Required Deposits for such Fiscal Year or such period; or (ii) 1.10 times the Aggregate Debt Service (as defined in the First Bond Resolution) under the First Bond Resolution and 1.10 times the Aggregate Debt Service in such Fiscal Year or such period plus 1.00 times the aggregate Support Facility Reimbursement Obligations outstanding as of the end of such Fiscal Year or such period. Net Revenues means, with respect to any period, the Revenues during such period less amounts required to pay Operation and Maintenance Expenses. Required Deposits means, for any period: (i) the Required Deposits under the First Bond Resolution exclusive of transfers from the Sewer Fund to the Subordinate Obligation Account; and (ii) the amounts, if any, required: (a) to be paid into the Rebate Subaccount, the Common Reserve Subaccount, each Separate Series Reserve Subaccount, and the Third Lien Obligation Subaccount, and (b) to pay Support Facility Reimbursement Obligations. Required Deposits under the First Bond Resolution means, for any period, the amounts, if any, required: (i) to be paid into the Common Reserve Account, each Separate Series Reserve Account, the Subordinate Obligation Account and the Reimbursable Obligation Account under the First Bond Resolution; and (ii) to pay Support Facility

Reimbursement Obligations under the First Bond Resolution. Aggregate Debt Service means, for any period and as of any date of computation, the sum of the amounts of Debt Service for such period with respect to all Series of Junior Bonds or all First Resolution Obligations (which include the Senior Bonds), as applicable. Support Facility Reimbursement Obligations are obligations of the City and County to directly reimburse the Support Facility Provider of a Support Facility for amounts paid thereunder or a Counterparty under an Interest Rate Exchange Agreement for amounts paid, whether or not such obligation to reimburse is evidenced by a promissory note or similar instrument.

Failure by the City and County to comply with the foregoing rate covenant in any Fiscal Year will not constitute an Event of Default under the Second Bond Resolution so long as the provisions of the Second Bond Resolution described below are complied with. Prior to the end of each Fiscal Year the Director of Environmental Services or the Director of Budget and Fiscal Services if requested by the Director of Environmental Services is required by the Second Bond Resolution to complete a review of the financial condition of the Department for the purpose of estimating whether the Net Revenues for such Fiscal Year and for the next succeeding Fiscal Year will be sufficient to comply with the foregoing rate covenant and to make a written certification with respect to compliance or noncompliance. Such review is to take into consideration the completion of any uncompleted Improvements and the issuance of future Series of Junior Bonds if necessary to finance the completion of such Improvements. Such written certification is to set forth a reasonably detailed statement of the actual and estimated Revenues, Operation and Maintenance Expenses, Aggregate Debt Service, and any other estimates or assumptions upon which such determination was based, shall be filed with the City Clerk on or before July 1 in each year. If it is determined in such written certification that the Revenues may not be so sufficient, the Director of Environmental Services or the Director of Budget and Fiscal Services if requested by the Director of Environmental Services must forthwith make a study for the purpose of determining a schedule of fees, rates and charges which, in the opinion of the Director of Environmental Services or the Director of Budget and Fiscal Services, will cause sufficient Revenues to be collected in the following Fiscal Year to comply with such rate covenant, or the Director of Environmental Services or the Director of Budget and Fiscal Services may elect to cause the Consulting Engineer to make such a study and render such certification. The City Council, as promptly as practicable but no later than 120 days following such determination by the Director of Environmental Services or the Director of Budget and Fiscal Services, or receipt of the Consulting Engineer's recommendation, is required to adopt and place in effect a schedule of fees, rates and charges as so determined or recommended. See "CERTAIN FINANCIAL, OPERATING AND OTHER INFORMATION AND STATISTICS – Rates and Charges" for current sewer charges, "HISTORICAL AND PROJECTED REVENUES, EXPENSES AND COVERAGES" for a discussion of the Department's projected rates, revenues and expenses, and "THE CITY AND COUNTY AND THE DEPARTMENT – Purpose and Powers" for a discussion of the rate making powers of the City Council.

Additional Bonds and Refunding Bonds Under the Second Bond Resolution

The Second Bond Resolution permits the issuance of additional Series of Junior Bonds (exclusive of refunding Bonds) on a parity with the Junior Bonds then Outstanding ("Additional Junior Bonds") for any lawful use or purpose relating to the Wastewater System, including, without limitation, payment of all or a portion of the Costs of Improvements, but only upon compliance as to each such Series with the conditions set forth in the Second Bond Resolution. The Series 2026 Bonds are being issued as Additional Junior Bonds under the Second Bond Resolution and their issuance is subject to compliance with such conditions, which include delivery to the Director of Budget and Fiscal Services of the following documents or moneys or securities:

1. A written certificate of the City and County stating the amount required to be in the Common Reserve Subaccount, if any, after issuance of the Junior Bonds then to be issued and that the amounts deposited will not be less than the Common Reserve Subaccount Requirement.

2. A written certificate of the City and County stating the amount required to be in the Separate Series Reserve Subaccount established for the Junior Bonds of such Series after issuance of the Junior Bonds then to be issued and that the amounts deposited will not be less than the Separate Series Reserve Subaccount Requirement for the Junior Bonds of such Series, if any.

3. Either: (I) a Written Certificate of the City and County based: (i) on audited figures or (ii) to the extent audited figures are not available, on figures taken by an independent certified public accountant from the Department's books and records, showing that the Net Revenues for: (a) the most recent Fiscal Year, or (b) any consecutive twelve (12) months' period out of twenty four (24) months immediately preceding the month in which such Junior Bonds are issued were not less than the sum of: (1) 1.10 times the maximum Aggregate Debt Service (as defined in the First Bond Resolution) on all First Resolution Obligations issued and outstanding under and pursuant to the terms of the First Bond

Resolution and the Aggregate Debt Service on all Bonds then Outstanding and on the proposed Series of Junior Bonds in any Fiscal Year and (2) 1.00 times the aggregate Support Facility Reimbursement Obligations outstanding under the First Bond Resolution and the Second Bond Resolution as of the date of the Written Certificate of the City and County; or (II) a Written Certificate of the City and County or Certificate of the Consulting Engineer that the Net Revenues to be derived in each of the five (5) Fiscal Years following the earlier of: (i) the end of the period during which interest is capitalized or, if no interest is to be capitalized, the Fiscal Year in which the proposed Series of Junior Bonds are issued, and (ii) the date on which substantially all Improvements to be financed with the proceeds of the proposed Series of Junior Bonds are expected to commence operations, or, if the proceeds of such Series of Junior Bonds will not be used to fund the Costs of Improvements, the Fiscal Year in which the proposed Series of Junior Bonds are issued, are estimated to be not less than the sum of: (1) 1.10 times the maximum of the sum of the Aggregate Debt Service (as defined in the First Bond Resolution) on all First Resolution Obligations issued and outstanding under and pursuant to the First Bond Resolution and the Aggregate Debt Service on all Junior Bonds then Outstanding and on the proposed Series of Junior Bonds in any such Fiscal Year, and (2) 1.00 times the aggregate Support Facility Reimbursement Obligations outstanding under the First Bond Resolution and this Resolution as of the date of such Written Certificate of the City and County or certificate of the Consulting Engineer, as the case may be.

In determining Net Revenues for purposes of the certificates described above, the City and County or the Consulting Engineer, as the case may be, is permitted, and in certain instances is required, to make certain adjustments as provided in the Second Bond Resolution. In addition, the Bond Resolution requires that certain other adjustments to Net Revenues derived from Debt Service on Variable Rate Bonds and debt service on Bond Anticipation Notes and short-term Subordinate Obligations and Reimbursable Obligations be made for purposes of the written certificates described above. See Appendix B, "Summary of Certain Provisions of The Second Bond Resolution."

Junior Bonds may be issued as variable rate bonds, fixed rate bonds, bonds providing for the right of the owner thereof to present the Junior Bond for redemption or purchase prior to maturity, zero interest rate or deep discount bonds, bonds providing for the compounding of interest, or any combination thereof. Junior Bonds may be issued or outstanding from time to time with or without credit enhancement provisions. See Appendix B, "Summary of Certain Provisions of The Second Bond Resolution."

The Second Bond Resolution also permits the issuance of Junior Bonds ("Refunding Junior Bonds") on a parity with the Junior Bonds then Outstanding to refund all or any part of: (i) a Series of Outstanding Bonds; (ii) Subordinate Obligations; or (iii) Reimbursable Obligations. Junior Refunding Bonds may only be issued by the City and County upon satisfaction of certain conditions set forth in the Second Bond Resolution.

A more detailed description of the requirements relating to the issuance of Additional Bonds or Junior Refunding Bonds is set forth in Appendix B under "Summary of Certain Provisions of The Second Bond Resolution – Additional Bonds and Refunding Bonds."

The Second Bond Resolution also permits the issuance of notes in anticipation of a Series of Junior Bonds if the City and County has theretofore authorized the issuance of such Junior Bonds. The interest on such notes (and any renewal thereof) shall be payable from the proceeds of such notes or other notes or from the proceeds of the sale of the Junior Bonds in anticipation of which such notes are issued. A more detailed description of the provisions for security for payment of such notes and other requirements relating to the issuance of notes is set forth in Appendix B under "Summary of Certain Provisions of The Second Bond Resolution –Bond Anticipation Notes."

The Liquidity Facility

Concurrently with and as a condition to the issuance of the Series 2026 Bonds, the City and County and the Liquidity Provider will enter into the Liquidity Facility to provide liquidity support for the Series 2026 Bonds. *See* "LIQUIDITY FACILITY" herein for a description of certain provisions of the Liquidity Facility and "INFORMATION CONCERNING THE LIQUIDITY PROVIDER" in APPENDIX G hereto for a brief description of the Liquidity Provider.

THE LIQUIDITY FACILITY

[To be updated by Bank's Counsel]

This summary of the Liquidity Facility does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Liquidity Facility to which reference is made hereby. See "FORM OF STANDBY BOND PURCHASE AGREEMENT" in APPENDIX F hereto for a detailed description of the Liquidity Facility. See also "INFORMATION CONCERNING LIQUIDITY PROVIDER" in APPENDIX G hereto for information relating to the Liquidity Provider.

The Liquidity Facility contains various provisions, covenants and conditions, certain of which are summarized below. Various words or terms used in the following summary are defined in this Official Statement or the Liquidity Facility and reference thereto is made for full understanding of their import. See "FORM OF STANDBY BOND PURCHASE AGREEMENT" in APPENDIX F hereto for a detailed description of the Liquidity Facility.

[Summary to be provided]

THE CITY AND COUNTY AND THE DEPARTMENT

Purpose and Powers

The City and County. Honolulu, the capital and principal city of the State of Hawaii, is located on the Island of Oahu. The City and County of Honolulu, which includes the entire island of Oahu and a number of small outlying islands, is a major metropolitan city with a resident population of 988,403 (approximately 69.0% of the state's population) as of July 1, 2025. Of the eight major islands that constitute the State of Hawaii, Oahu, with an area of 597 square miles, is smaller than the Islands of Hawaii and Maui but larger than the Islands of Kauai, Molokai, Lanai, Niihau and Kahoolawe. With slightly less than a tenth of the land area in the entire State, Oahu contains nearly three-fourths of the State's resident population. Honolulu is the seat of the State Government and is the State's trade, finance, communication, and transportation center. Most federal establishments and personnel (both civilian and military, including substantial Army, Navy, Air Force, Marine and Coast Guard installations), manufacturing, major educational and scientific, and significant agricultural activities are located on Oahu. Reference is made to Appendix A, "Economic and Demographic Factors" for certain additional demographic and economic information with respect to the State and the City and County.

City Council and Mayor. The City Council is the governing body of the City and County and consists of nine members, each of whom represents a separate council district. Councilmembers are elected for a four-year term and are limited to two consecutive terms. The current terms of councilmembers for council districts I, III, V, VII and IX will expire on January 2, 2029, while the current terms of councilmembers for council districts II, IV, VI and VIII will expire on January 2, 2027. Pursuant to the City Charter, the City Council has the power, among other things: (i) to exercise the legislative power of the City and County, (ii) to enact operating and capital budget ordinances, (iii) with certain exceptions, to fix fees and charges for services rendered by the City and County, and (iv) to authorize the issuance of revenue bonds for the purpose of initiating, constructing, acquiring, extending, replacing or otherwise improving any revenue-producing facility. The Mayor is the Chief Executive Officer of the City and County. The Mayor is elected to serve a four-year term with a limitation of two consecutive full terms. The Mayor exercises direct supervision over all agencies specifically identified in the City Charter and, through the Managing Director, exercises supervision over all other executive agencies of the City and County.

Department of Environmental Services. The Department was established on July 1, 1998, pursuant to a plan of reorganization which combined certain components of the Department of Wastewater Management, the department which previously administered the Wastewater System, with other administrative departments having compatible functions. The Department, among other things, is charged with the responsibility to administer the planning, design and construction of wastewater facilities, oversee the operation and maintenance of sewer lines, treatment plants and pumping stations, monitor the collection, treatment and disposal of wastewater, provide pumping of cesspools, provide solid waste processing, collection and disposal, promulgate rules and regulations as necessary to administer and enforce requirements established by law, and perform such other duties as may be required by law. The Department consists of five divisions: Wastewater Engineering and Construction, Environmental Quality, Wastewater Treatment and Disposal, Collection System Maintenance, and Refuse Collection and Disposal, plus an Office of Administrative Support. Department programs are funded from two major sources: wastewater programs are

funded through the Wastewater Enterprise Sewer Fund, and solid waste programs are funded through the Solid Waste Special Fund. Another City and County Department, the Department of Facilities Management, is responsible for planning, design, operation and maintenance of the City and County's storm water drainage system.

Power to Fix and Collect Rates and Charges. By ordinance and resolution, the City Council requires that revenues of the Wastewater System be kept in the Sewer Fund and that the wastewater program shall be self-supporting. Consistent with such requirements, the wastewater program is budgeted as a self-sustaining enterprise for the purpose of determining costs associated with providing wastewater services. Through the adoption of the annual operating and capital budgets, the revenue requirements and wastewater rates are reviewed to determine the adequacy of revenues to meet needs. Pursuant to the Act and the City Charter, the City Council has the power to impose, prescribe and collect rates, rentals, fees or charges for the use and services of, and the facilities furnished by, the Wastewater System so that the Wastewater System will be and remain self-sustaining. The rates, rentals, fees or charges imposed and prescribed are required to produce revenues which will be at least sufficient to pay debt service on all revenue bonds issued for the purposes of the Wastewater System, including the Bonds, and including reserves therefor, to pay the costs of operation, maintenance and repair of the Wastewater System, and to carry out the covenants of all resolutions authorizing the issuance of revenue bonds for the purposes of the Wastewater System, including the First Bond Resolution and the Second Bond Resolution. The rates and charges fixed and imposed by the City Council are not subject to approval by any federal or state regulatory bodies. Rates and charges are determined on the basis of a recommendation by the Director of Environmental Services and the Mayor, subject to approval by ordinance of the City Council. An ordinance requires three readings and a public hearing for enactment by the City Council.

Department Principal Officers

The principal officers of the Department include the Director and the Deputy Director. The following is a brief biography of the Department's principal officers:

Roger Babcock, Jr., Ph.D., P.E., Director. Dr. Babcock became Director in January 2022. Prior to that, for calendar year 2021, he was Director and Chief Engineer of the Department of Facility Maintenance for the City and County of Honolulu, and prior to that, since 1995, he was a Professor of Civil and Environmental Engineering at the University of Hawaii at Manoa. Dr. Babcock has a Bachelor's degree in Civil Engineering from University of California Davis, a Master's degree in Civil Engineering from California Polytechnic University San Luis Obispo, and a Doctorate in Civil Engineering from University of California Los Angeles. Dr. Babcock is a registered Professional Engineer in Civil Engineering in the States of Hawaii and California.

Daniel Brieck, Deputy Director. Mr. Brieck became Deputy Director in April 2025. Prior to that, since 2012 he served in various positions in the Department of Environmental Services, including as Assistant Chief of its Division of Environmental Quality, Assistant Chief of its Division of Wastewater Engineering & Construction, and, most recently, Chief of its Division of Wastewater Treatment & Disposal. Mr. Brieck has a Bachelor's degree in Architecture from the Ohio State University and a Bachelor's degree in Civil Engineering from the University of Hawaii. Mr. Brieck is a registered Professional Engineer in Civil Engineering in the State of Hawaii.

Department Work Force

The Department's current operating budget provides for 1,183 full-time equivalent employees in various managerial, clerical, engineering and operational positions in support of wastewater activities. This workforce, with the exception of 35 excluded and 4 exempt employees, comprises five separate bargaining units—one each for blue-collar non-supervisory employees, blue-collar supervisory employees, white-collar non-supervisory employees, white-collar supervisory employees, and professional and scientific employees.

The City and County has collective bargaining agreements with each of the Hawaii Government Employees Association ("HGEA"), which represents the bargaining units for blue-collar supervisory, white-collar non-supervisory, white-collar supervisory, and professional and scientific employees, and United Public Workers ("UPW"), which represents the bargaining unit for blue-collar non-supervisory employees. See "EMPLOYEE RELATIONS AND EMPLOYEE BENEFITS – Employee Relations."

Reference is made to "EMPLOYEE RELATIONS AND EMPLOYEE BENEFITS – Employee Benefits" herein for a discussion of health care benefits, pension benefits and other post-employment benefits for which Department employees are eligible.

Emergency Preparedness

The City and County maintains a comprehensive emergency management program that encompasses preparedness, mitigation, response and recovery from all hazards, whether natural, technological or human caused. These efforts are coordinated by the Department of Emergency Management and include the active participation and partnership of stakeholders from all City and County agencies, including the Department, and key non-profit and private sector entities.

On a day-to-day basis the City and County's emergency management activities focus on planning, training and exercising with stakeholders to ensure readiness to respond and recover from future events, delivering community outreach and education programs, and supporting initiatives and administering grant programs aimed at long-term risk reduction. The City and County maintains a Local Hazard Mitigation Plan, which is approved by FEMA and updated every 5 years, and conducts an annual threat and hazard risk assessment and stakeholder preparedness report as part of these efforts. The threat assessment and preparedness report inform priorities for an annual training and exercise schedule focused on building and sustaining core capabilities critical for effective emergency management. Annually, the City and County hosts a weeklong Makani Pahili (Strong Wind) Hurricane Exercise in conjunction with the State and holds or participates in a number of other exercises throughout the year focused on specific hazards and/or functional areas. Through its training program, the City and County has built and maintains a Type III Incident Management Team with personnel from first responder agencies that can be deployed locally or statewide to manage complex incidents. Training delivery also focuses on developing the knowledge and skills across all City and County agencies and partners necessary to support a range of response and recovery functions.

The City and County also maintains an Emergency Operations Plan and supporting operational guides that address the emergency organization, roles and procedures utilized to execute response and recovery activities during larger emergencies and disasters. These plans establish triggers for alert and warning of the public and the activation of the Oahu Emergency Operation Center, the joint physical location where response partners convene to share information and coordinate actions. The plan includes a number of Hazard Annexes, which contain more detailed procedures for specific hazards that may impact the City and County. Examples include Annexes for Tsunami, Hurricane, Flood and Fire. After each exercise and real-world response, the City and County holds After-Action Review, outcomes of which are addressed in a Corrective Action Program to ensure continuous improvement of these plans.

The wildfire threat is one of the hazards considered in the City and County's mitigation and response plans. The Local Hazard Mitigation Plan contains a risk assessment and identifies communities at risk. Response plans identify triggers for when the City and County will activate its Emergency Operations Center in response to wildfire and agencies that will report to support response efforts. Plans also detail procedures for alert and warning of the public and contain template alert messages to ensure information is rapidly disseminated. The City and County continues to focus on wildfire prevention, mitigation, preparedness and response, including evaluating wildfire risks and measures to reduce those risks.

In 2026, O'ahu experienced two significant Kona Low storm events and Tropical Storm Lala, which produced heavy rainfall and resulted in increased inflow and infiltration and wastewater overflows at several locations. The Department responded to the events and continues to evaluate improvements to strengthen the reliability and resiliency of the Wastewater System during future severe weather events.

The Department also maintains emergency procedures for all critical infrastructure, including but not limited to its wastewater pumping stations and its wastewater treatment plants. These procedures ensure this infrastructure will have the resources, such as manpower, electricity and fuel, to continue functioning in the event of an emergency. Additionally, the Department's largest wastewater treatment plants – Sand Island, Honouliuli, and Kailua – are staffed 24 hours a day, seven days a week, as are several support facilities, including fueling stations. See also "CAPITAL IMPROVEMENT PROGRAM - Climate Change Preparation."

THE WASTEWATER SYSTEM

Introduction

As of June 30, 2026, the Wastewater System serviced approximately 149,000 separate accounts and a population of approximately 780,000, which is approximately 77% of the total resident population of the City and County based on the 2024 data book. The service area covers nearly 600 square miles. The customer base includes the residential population, business and industrial users, and other users located in the service area. Of the approximately 149,000 accounts, approximately 141,000 are residential, which generate approximately 68% of the total revenue from sewer service charges, and the remaining approximately 8,000 accounts are non-residential, which generate approximately 32% of the total revenue from sewer service charges. See "CERTAIN FINANCIAL, OPERATING AND OTHER INFORMATION AND STATISTICS." In the Fiscal Year ended June 30, 2026, the average total volume of wastewater processed by the Wastewater System was approximately 105.25 MGD, an increase of 6.7% from Fiscal Year 2025. The average volume of wastewater processed by private systems during the same period was approximately 4.09 MGD.

General Description of Existing Facilities

The Wastewater System serving the island of Oahu is divided into eight wastewater basins for planning purposes: East Mamala Bay, West Mamala Bay, Kailua/Kaneohe/Kahaluu, North Oahu (West), North Oahu (East), Central Oahu, Waianae and Waimanalo. Each basin is served by a major wastewater treatment plant ("WWTP"). The function of each WWTP is to treat wastewater by removing or reducing organic and inorganic materials to levels that satisfy federal and state permit requirements for the discharge of such wastewater into the ocean, streams, reservoirs or injection wells. In addition to wastewater treatment plants, the Wastewater System includes collection, pumping and other related facilities with approximately 2,100 miles of pipe, 71 pumping stations, and four preliminary treatment facilities.

A description of the wastewater basins and major facilities is as follows:

East Mamala Bay. The largest and the most densely populated basin is East Mamala Bay. Approximately 395,000 people reside in East Mamala Bay, representing approximately 39% of the resident population of the entire island. The basin is served by the Sand Island WWTP, a primary treatment plant, and the largest treatment facility in the Wastewater System in terms of wastewater flow. The treatment plant has a primary treatment capacity of 90 MGD, and in Fiscal Year 2026, average daily flows were 60.22 MGD.

West Mamala Bay. West Mamala Bay is the second largest basin and includes Ewa, Central Oahu as far north as Mililani, and the Halawa to Pearl City area. The population of the basin area is approximately 353,000, or 35% of the estimated population of Oahu. The basin is served by the Honouliuli WWTP, which is the second largest treatment plant in the Wastewater System, with a treatment design capacity of 38 MGD. In Fiscal Year 2026, average daily flows were 24.57 MGD. The secondary treated effluent is provided to a recycled water facility.

Kailua/Kaneohe/Kahaluu. The third largest basin includes the communities of Kailua, Kaneohe, and Kahaluu and surrounding areas in the eastern part of the island. The eastern portion of Oahu is also referred to as the Windward basin area. The basin area population is approximately 102,300, or approximately 10% of the island's population. The basin is served by the Kailua Regional WWTP, the third largest treatment plant in the Wastewater System. The Kailua WWTP has a design capacity of 15.25 MGD and in Fiscal Year 2026 average daily flows were approximately 13.54 MGD.

North Oahu (East and West). Most of the North Oahu area does not have centralized sewer service though there are three small facilities, including the Kahuku WWTP (0.4 MGD capacity, secondary), the Pa'alaa Kai WWTP (0.13 MGD capacity, secondary), and the formerly privately operated Laie Water Reclamation Facility (WRF) (0.9 MGD capacity, tertiary) which the City and County began operating on November 1, 2006. In Fiscal Year 2026, these facilities treated average daily flows of 0.15 MGD, 0.07 MGD and 0.58 MGD, respectively.

Central Oahu. Central Oahu (with a population of approximately 42,600, including military bases and the communities of Wahiawa and Whitmore Village) is served by the Wahiawa WWTP (2.3 MGD capacity, disinfected secondary). The average daily flows were 1.31 MGD in Fiscal Year 2026.

Waianae. The Waianae basin serves the west coast of the island, which has a population of approximately 54,700. The Waianae WWTP has the capacity to process 5.2 MGD at a secondary level. Average daily flows were 4.28 MGD in Fiscal Year 2026.

Waimanalo. The Waimanalo basin is served by the Waimanalo WWTP, a secondary plant with sand filtration and a capacity to process an average daily flow of 1.10 MGD. The City and County acquired ownership of the plant from the State of Hawaii in June 2014 after having operated the plant for the State since its opening. The WWTP serves the Waimanalo community, with a population of approximately 10,200. In Fiscal Year 2026 average daily flows were 0.53 MGD.

The Sand Island WWTP, the Honouliuli WWTP and the Kailua Regional WWTP are the three largest WWTPs. The remaining WWTPs provide treatment of wastewater to the rest of the island. Though the four basin areas of Central Oahu, North Oahu (East and West), Waianae, and Waimanalo comprise the majority of the geographical area of the island, the population density is much lower in comparison to the East and West Mamala Bay and the Kailua/Kaneohe/Kahaluu basin areas. The combined population of the four basin areas is about 13% of the total population of Oahu. The total design capacity of the WWTPs in the four basin areas is approximately 10.03 MGD and the wastewater flow in Fiscal Year 2026 was 6.92 MGD. A private wastewater system provides collection and treatment for the community of Hawaii Kai. The Hawaii Kai system has an average flow of 4.09MGD, including flows from the City and County's Kuliouou Wastewater Pumping Station ("WWPS"). The system processes about 3.9% of the average flow of the City and County's Wastewater System.

Environmental Compliance

[***To be confirmed/updated***] [The WWTPs and other facilities operated by the Department are governed by permits issued by the State of Hawai'i, Department of Health ("DOH"), including National Pollutant Discharge Elimination System ("NPDES") Permits; Underground Injection Control Permits; Wastewater Management Permits; and Clean Air Branch Covered Source and Non-Covered Source Permits.

In addition, during the course of operating the Wastewater System, occasional events of non-compliance with other permits, laws, and regulations occur, including:

- Wastewater spills, which are subject to reporting pursuant to the NPDES Permits and DOH regulations.
- Exceedance of interim effluent limits set forth in the 2010 Consent Decree for the Sand Island WWTP, which is reported monthly with the discharge monitoring reports for the plant if any occur.
- Exceedance of effluent limits set forth in the NPDES Permits for the WWTPs, which are reported monthly with the discharge monitoring reports for the plants if any occur.
- On August 11, 2020, DOH issued a Notice of Apparent Violation and Request for Information regarding the City's Honouliuli WWTP. The City and County responded on September 10, 2020.
- No other incident of noncompliance is subject to existing or threatened enforcement.

In addition to the pending cases discussed above, on December 17, 2010, and subsequently amended on March 27, 2012, a Consent Decree was entered among the City and County, the United States Environmental Protection Agency ("USEPA"), DOH and several non-governmental organizations to settle certain previous environmental lawsuits relating to the City and County's wastewater system. The consent decree outlines a program of improvements to the wastewater collection and treatment systems. The consent decree allows 10 years for completion of work on the collection system, 14 years for the upgrade of the Honouliuli WWTP to secondary treatment, and up to 25 years, with the possibility of a three-year extension, for the upgrade of the Sand Island WWTP to secondary treatment.

The collection system portion of the Consent Decree was closed with EPA and DOH approval via letter dated January 28, 2021, with a final collection system project completed by the agreed-upon deadline of May 31, 2022. The City and County also completed secondary treatment upgrades to the Honouliuli WWTP prior to the consent decree deadline of June 1, 2024. Improvements to the Sand Island WWTP are on schedule to meet the consent decree deadline of December 31, 2035.

Additionally, the City and County is currently complying with the terms of an Administrative Order on Consent ("AOC") for the Kailua Regional WWTP, entered into with the EPA effective September 28, 2023.]

See "CAPITAL IMPROVEMENT PROGRAM" below.

PFAS and PFOS

Regulatory developments at the State and federal level may result in new NPDES limits and other requirements for Perfluoroalkyl substances ("PFAS") and other "forever chemicals" in effluent and for sludge disposal/reuse. These requirements may increase operating and capital expenses for the wastewater enterprise.

Contaminants of emerging concern including flame retardants, PFAS and perfluorooctane sulfonate ("PFOS"), typically enter municipal wastewater through bathing, cleaning, laundry and the disposal of unused products. Secondary treatment facilities remove some of these contaminants, even though they are not specifically designed for this purpose. Currently there are no water quality standards for most of these compounds; therefore, the Department's permits do not contain effluent limitations for them.

As water quality standards are developed for new chemical compounds and improved analytical techniques become available, additional source control measures, public education and outreach, and additional or advanced treatment processes may be necessary to achieve compliance. The Department is actively engaged with regulatory officials, permitting authorities, and the water industry in the development of these regulatory matters, and is closely monitoring regulatory developments related to PFAS and PFOS compounds. The Department recently participated in a year-long nationwide Water Research Foundation study to determine the occurrence of a wide range of PFAS in wastewater treatment plants, and establish a relationship between PFAS occurrence and wastewater treatment plant type, among other objectives. The Department has also participated in an EPA-funded, statewide study of PFAS/PFOS in wastewater influent, effluent and sludges.

Additionally, the Department initiated a system-wide sampling study for PFAS compounds on February 28, 2024. During 2024, the Department conducted quarterly sampling of wastewater and sludge at five NPDES WWTPs, sampled 10 Significant Industrial Users ("SIUs"), and collected leachate samples from Waimanalo Gulch and Kapaa. Sampling resumed under a contract in 2026 and includes quarterly sludge and biosolids sampling at Sand Island and Laie, quarterly sludge sampling at Honouliuli, annual sludge sampling at Kailua, Wahiawa and the UIC facilities, and annual wastewater sampling at all nine WWTPs. Biosolids sampling at Honouliuli will begin following completion of the dryer facility.

Red Hill Bulk Fuel Storage Facility

In November 2021, fuel was released from the United States Navy's Red Hill Bulk Fuel Storage Facility, which sits above Oahu's primary drinking water supply, the Southern Oahu Basal Aquifer. In response, the City and County of Honolulu Board of Water Supply shut down its largest water source on Oahu, the Halawa Shaft, which historically delivered on average approximately 20% of the water supply to metropolitan Honolulu.

The Halawa Shaft was not contaminated by the spill, but was shut down as a precaution. The spill did contaminate the Navy's Red Hill water shaft, and fuel-contaminated water was pumped into the distribution system that provides drinking water to various locations in and around Red Hill, including but not limited to the Aliamanu Military Reservation, the Coast Guard residences of Red Hill, and residential areas located on Joint Base Pearl Harbor-Hickam.

In December 2021, the Army and Navy separately contacted the Department to request permission to discharge fuel-contaminated water into the City's sewer system. This request was part of their efforts to flush fuel-contaminated water from their drinking water distribution systems. The Department advised the Army and the Navy to apply for an Industrial Wastewater Discharge Permit for Temporary Discharge Into the City Sewer System ("Permit"), which is the standard procedure for this type of request.

In evaluating the Permit application, based on analysis of the water in the Army and Navy's distribution system, the Department determined that the levels of petro chemicals present in the water were below levels generally present in wastewater and did not present any potential problems for the Department's treatment processes at the Sand Island Wastewater Treatment Plant, where the wastewater would be treated before being discharged through a deep ocean outfall. Therefore, the Department issued Permits to the Army on December 10, 2021 and to the Navy on December 27, 2021.

To ensure protection of the City's wastewater collection system, the Sand Island Wastewater Treatment Plant, and the marine water into which the Sand Island Wastewater Treatment Plant discharges, the Army's and Navy's Permits require that they monitor for several parameters, including pH, Closed-Cup Flashpoint, chlorine, BTEX (benzene, toluene, ethylbenzene,

and xylene), Naphthalene, and TPH (Total Petroleum Hydrocarbons). Additionally, the permits require both entities to submit to the Department daily discharge flow amounts and results from wastewater samples taken at the beginning and the end of any scheduled discharges.

The Army's temporary discharge permit was terminated on September 15, 2022 and the Navy's was terminated on December 27, 2023. Additionally, the temporary discharge permit of an Army contractor that was discharging into the City's wastewater collection system from its granulated activated carbon system will expire on July 31, 2027. As of September 23, 2026, the Army has discharged 9,571,540 gallons, the Navy has discharged 319,900 gallons and Weston-ER has discharged 5,133,000 gallons into the City's sewer system. A total of 15,024,440 gallons have been discharged to the City and County's sewer system and received at its Sand Island Wastewater Treatment Plant with no adverse impacts.

The Department believes that the contamination of the spill described above and the discharges described above have not had, and will not have, a material adverse impact on the Department's operations and finances.

Projected Customer Growth

As shown in Table 1 below, the resident population in Oahu, the area served by the Wastewater System, is projected to grow modestly through 2040. The average annual population increase between 2020 and 2040 is projected to be 1,887, or roughly 0.2% annually. Consequently, population growth is not a significant driver in the 2016-2035 Capital Improvement Program.

Almost all of growth between the years 2020 and 2040 is expected to occur in West Mamala Bay and Honolulu, including East Mamala Bay and East Honolulu. Of the total population growth projected to occur during this period, approximately 34,272, or 64%, is expected to take place in West Mamala Bay, and approximately 14,265, or 26%, is expected to occur in East Mamala Bay.

Table 1
Actual and Projected Resident Population
by Basin, Oahu, 2020-2040

Basin	Actual 2020	Projected 2040	2020-2040 Average Annual Change
Kahuku, Laie (Koolau Loa)	16,593	16,179	-21
Kailua, Kaneohe, Kahaluu, Waimanalo (Koolau Poko)	121,275	109,766	-575
East Mamala Bay (Primary Urban Center)	452,739	467,004	713
Kuliouou, Hawaii Kai (East Honolulu)	50,922	56,360	272
West Mamala Bay (Ewa, Central Oahu)	262,475	296,747	1,714
Waianae	51,965	51,487	-24
Wahiawa (Central Oahu)	41,667	40,249	-71
North Shore	18,872	16,449	-121
Total	1,016,508	1,054,241	1,887

Source: City and County of Honolulu, Department of Environmental Services; City and County of Honolulu, Department of Planning and Permitting, 2026.

CAPITAL IMPROVEMENT PROGRAM

The Department staff manages and updates at least annually a long-range CIP to achieve several goals. The CIP is a long-range planning tool used to estimate project costs and timing of expenditures over a 20-year period, currently through 2035. The Department has developed the 2027-2031 Capital Improvement Program, the 2027-2036 Capital Improvement Program and the 2016-2035 Capital Improvement Program. The 2027-2031 Capital Improvement Program and the 2027-2036 Capital Improvement Program are part of this 20-year plan. The Department develops the CIP with the objective of providing safe and reliable facilities to process the wastewater discharge of all sewer customers throughout Oahu. CIP projects are needed to meet the requirements of the 2010 Consent Decree, for the rehabilitation of existing facilities, the expansion of capacity to accommodate growth, and the improvement of facilities and processes.

Integrated Planning

The Department is leading an effort to develop an Integrated Plan to coordinate wastewater and storm water planning based on the U.S. Environmental Protection Agency's Integrated Planning Framework. The Integrated Plan is intended to provide a coordinated approach to addressing water quality and regulatory requirements while considering affordability and available resources. The planning process will evaluate opportunities for coordinating and sequencing wastewater and storm water projects to achieve water quality and public health benefits while considering community priorities and cost. The Integrated Plan is currently expected to be completed in fall 2027.

Criteria for Ranking CIP Projects by Priority

The Department considers the CIP to be a flexible tool which allows the Department staff to determine the impact of adjusting the phasing and priority of projects. As of July 1, 2026, the long range CIP covering the 20-year period from 2016 through 2035 included a list of projects with estimated appropriations totaling approximately $13.8 billion (in inflated dollars). Many of the projects shown in the CIP may not begin in the year specified or at all if needs change. The Department staff has developed a policy for ranking the CIP projects by priority to determine order and timing of projects. The policy is shown in the following table, with the highest priority criteria listed first:

Table 2

Priority for CIP Projects

Priority Class	Description
I	Safety and public health – immediate
II	Protection of the environment – immediate
III	Permit and regulatory compliance – immediate
IV	Completion of ongoing projects
V	Preventive
VI	Funding requirements
VII	System expansion
VIII	Other

The rankings are intended as guidelines for CIP project planning rather than as rigid categories or criteria, not as hard and fast rules. A project considered in a low priority class may be upgraded to a high priority position in the CIP due to any number of factors. For example, if a service area is very close to reaching and surpassing the capacity of its wastewater facilities, the expansion of the system in that area rises in priority. System expansion can entail projects which affect permit and regulatory compliance, protection of the environment, or safety and public health. Through the use of these guidelines combined with analyses of funding and other resource constraints, Department staff can develop a CIP which best satisfies the needs of the Department customer base. The 2016-2035 Capital Improvement Program was developed using these CIP guidelines and constitutes the current 20-year CIP.

Classification of CIP Projects

The City and County expects to use various funding sources to finance CIP projects: (i) proceeds of Senior Bonds and Subordinate Obligations previously issued and currently available, (ii) proceeds of additional Senior Bonds or Junior Bonds (including Series 2026 Bonds) and Subordinate Obligations (currently expected to consist primarily of State Revolving Fund loans) to be issued, (iii) the Net Revenues of the Wastewater System, and (iv) Wastewater System Facility Charges. Additionally, the City and County is considering using commercial paper and/or Water Infrastructure Finance and Innovation Act ("WIFIA") Loans as a source of future funding for the CIP projects. Revenues from Wastewater System Facility Charges are intended to cover a portion of the project expenditures relating to expansion of the Wastewater System to serve future growth in the number of customers. Revenues from sewer service charges are earmarked for the expenditures resulting from rehabilitation or upgrade of the wastewater system for existing users. To effectively determine the costs to be recouped by these respective charges, the Department makes a fair estimate of the share of costs attributable to expansion and rehabilitation. Where an improvement benefits both existing and future users, the Department identifies the relative portion allocable to each. The classes of CIP projects include system expansion, system upgrade, and replacement/rehabilitation.

System expansion: Improvements which increase the design capacity of treatment, transmission, or support facilities and equipment to accommodate new or future growth. Future users would finance system expansion project costs partially through revenues from Wastewater System Facility Charges.

System upgrade: Improvements which upgrade the service level standard. For example, an upgrade to secondary treatment processes where only primary treatment processes were used. To fairly allocate costs between future and existing users, the portions of upgrade costs attributable to expansion and current use must be identified.

Replacement/rehabilitation: Improvements which replace or rehabilitate facilities serving existing development. Existing users pay the costs of replacement and rehabilitation projects through sewer service charges.

2027-2031 Capital Improvement Program

To meet the 2010 Consent Decree entered into by the Department with Federal and State regulatory bodies and to reliably serve projected growth in the number of customers served by the Wastewater System, the Department has developed and adopted the 2027-2031 Capital Improvement Program. The City and County expects to appropriate approximately $6.6 billion (in inflated dollars) for the 2027-2031 Capital Improvement Program, of which approximately $4.6 billion is projected to be spent during the 2027-2031 period, with the remaining appropriations expected to be spent following the 2027-2031 period.

Included in this program is a project to construct treatment facilities at the Kailua Regional Wastewater Treatment Plant ("KRWWTP") to comply with more stringent dieldrin limits established in the City's NPDES permit. Dieldrin is a pesticide that was commonly used for residential termite control before being banned in 1987. It enters the wastewater system through inflow and infiltration (I/I). The permit for KRWWTP, issued on January 27, 2025, requires completion of the treatment system by March 31, 2035. An interim limit remains in effect until the project is completed. A pilot study to evaluate treatment technologies is underway, and construction funding is budgeted for fiscal year 2029.

Table 3 sets forth the projected expenditures by activity during the 2027-2031 period. Table 4 sets forth the projected sources of funding for the expenditures during the 2027-2031 period.

Table 3

Projected Expenditures by Activity for
2027-2031 Capital Improvement Program
(Dollars in Thousands)

Project	Projected Cost
*CIP Projects	$4,577,103

**Includes capitalized equipment.*

Table 4*

Projected Sources of Funding for
2027-2031 Capital Improvement Program
(Dollars in Thousands)

Funding Source	Projected Amount
Additional Revenue Bonds	$3,248,971
Net Revenues [1]	1,189,884
Subordinate Obligations [2]	75,000
Facility Charges [3]	63,248
Total	$4,577,103

** In previous official statements relating to the Department's Wastewater System Revenue Bonds, Table 3 and Table 4 set forth details as projected appropriations. The Department anticipates providing expected expenditure details instead of projected appropriations in Table 3 and Table 4 in future official statements.*

[1] *Cash funded CIP.*

[2] *State Revolving Fund loan proceeds.*

[3] *Fees collected for new Wastewater System connections.*

2027-2036 Capital Improvement Program

The 2027-2036 Capital Improvement Program is part of the 2016-2035 Capital Improvement Program. The City and County expects to appropriate approximately $9.2 billion (in inflated dollars) for the 2027-2036 Capital Improvement Program, of which approximately $9.2 billion is projected to be spent during the 2027-2036 period. Table 5 sets forth the projected expenditures by activity during the 2027-2036 period. Table 6 sets forth the projected sources of funding for the expenditures during the 2027-2036 period.

Table 5

Projected Expenditures by Activity for
2027-2036 Capital Improvement Program
(Dollars in Thousands)

Project	Projected Cost
*CIP Projects	$9,167,381

**Includes capitalized equipment.*

Table 6*

Projected Sources of Funding for
2027-2036 Capital Improvement Program
(Dollars in Thousands)

Funding Source	Projected Amount
Additional Revenue Bonds	$5,900,201
Net Revenues [1]	2,980,612
Subordinate Obligations [2]	150,000
Facility Charges [3]	136,568
Total	$9,167,381

** In previous official statements relating to the Department's Wastewater System Revenue Bonds, Table 5 and Table 6 set forth details as projected appropriations. The Department anticipates providing expected expenditure details instead of projected appropriations in Table 5 and Table 6 in future official statements.*

[1] *Cash funded CIP.*

[2] *State Revolving Fund loan proceeds.*

[3] *Fees collected for new Wastewater System connections.*

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2016-2035 Capital Improvement Program

The 2016-2035 Capital Improvement Program is the current twenty-year CIP the Department has undertaken. The City and County expects to appropriate approximately $13.8 billion (in inflated dollars) for the 2016-2035 Capital Improvement Program, of which approximately $12.3 billion is projected to be spent during the 2016-2035 period, with the remaining appropriations expected to be spent following the 2016-2035 period. Table 7 sets forth the projected expenditures by activity during the 2016-2035 period. Table 8 sets forth the projected sources of funding for the expenditures during the 2016-2035 period.

Table 7

Projected Expenditures by Activity for
2016-2035 Capital Improvement Program
(Dollars in Thousands)

Project	Projected Cost
*CIP Projects	$12,291,124

**Includes capitalized equipment.*

Table 8*

Projected Sources of Funding for
2016-2035 Capital Improvement Program
(Dollars in Thousands)

Funding Source	Projected Amount
Revenue Bonds[1]	$7,607,377
Net Revenues [2]	3,734,038
Subordinate Obligations [3]	518,539
Facility Charges [4]	209,544
Total	$12,069,496

** In previous official statements relating to the Department's Wastewater System Revenue Bonds, Table 7 and Table 8 set forth details as projected appropriations. The Department anticipates providing expected expenditure details instead of projected appropriations in Table 7 and Table 8 in future official statements.*

[1] *Includes proceeds from revenue bonds previously issued and proceeds from additional revenue bonds expected to be issued in the future.*

[2] *Cash funded CIP.*

[3] *State Revolving Fund loan proceeds.*

[4] *Fees collected for new Wastewater System connections.*

Climate Change Preparation

The Department has begun to incorporate climate change preparations into its CIP. For example, the Sand Island WWTP is being upgraded to provide secondary treatment in accordance with the City's 2010 Consent Decree. The new structures as part of this upgrade are designed to be 16 feet above sea level, which is eight feet higher than the current structures, to safeguard the plant against storm surge and sea level rise. The site improvements included in the initial phases of the secondary treatment project, including new liquid and solids treatment facilities and a new maintenance building, which were constructed during the period from 2021 through 2026 at a construction cost of approximately $700 million, are designed to this new standard.

The Department is assessing infrastructure throughout its eight wastewater basins to identify additional capital improvements to address potential risks from climate change. The Sand Island, Kailua/Kaneohe and Waianae wastewater basins have significant sewer infrastructure along the coastline. Initial climate change impact assessment studies were completed for these three basins in 2021. Climate change impact assessment studies are currently being conducted for the Waimānalo, Kahuku, and Paalaa Kai wastewater basins. A climate change impact assessment study is expected to begin in 2027 for the Lā'ie wastewater

basin following approval for funding in the fiscal year 2027 CIP budget. These studies assess the vulnerability and potential impacts to wastewater facilities and infrastructure from flooding threats and climate change impacts, including coastal erosion, storm surge due to hurricanes, and 100-year flood events. The assessments take into account how various levels of projected sea level rise may enhance these threats, and present recommendations for adaptation strategies, monitoring and implementation.

One impact to the City and County's wastewater collection system from projected sea level rise is increasing groundwater levels and the resulting higher infiltration/inflow ("I/I") rates. The Department's CIP includes projects to investigate I/I in the sewer infrastructure along coastline areas, and to rehabilitate sewers and manholes in these areas with the goal of reducing I/I, and in particular I/I with high salinity content. These sewer rehabilitation projects will help to counter the increasing I/I levels anticipated due to sea level rise in the future.

The Department is a key participant in City-wide planning being undertaken to address climate change led by the City's Office of Climate Change, Sustainability and Resiliency ("OCCSR"). OCCSR is the lead agency for the City's Climate Action Plan ("CAP"), 2020-2025, available at https://resilientoahu.org/climate-action-plan. The CAP provides a list of programs, policies and actions aimed at reducing greenhouse gas emissions and improving the City's sustainability and resiliency over the five-year period, with the long-term goal of achieving carbon neutrality by 2045. In coordination with the City's CAP, the Department is undertaking a number of actions relating to both wastewater and solid waste to reduce reliance on fossil fuels, increase renewable energy production, and increase beneficial recycling of water and solid waste resources.

The Department began its own energy planning initiative in 2021 to address current and future energy needs for its facilities and vehicle fleet, including planning for improvements and changes needed to address the City's goal of achieving carbon neutrality by 2045, and transitioning City vehicle fleets to electric or renewable technologies by 2035. The focus of the Department's sustainability and carbon reduction program is centered on biogas production and recovery, solar PV and battery storage, and the transition of fleet vehicles to electric or renewable resources.

The Department completed the upgrade of its UV disinfection system at the Sand Island WWTP in October 2023. This upgrade has improved efficiency and reduced energy costs, allowing the Department to save about $330,000 per month with 600,000 kWh avoided per month compared to the previous system based on average energy use in 2021. These savings are expected to increase as energy costs increase; the average energy cost was $0.297 per kWh in 2021 compared to $0.397 per kWh in 2023.

The Department completed a new gas service upgrade in 2023 at the Honouliuli WWTP through Hawaii Gas to supply the plant's biogas boilers and allow decommissioning of the plant's existing biogas treatment system. This saves $250,000.00 annually in O&M costs and increases the reliability of the boiler through the use of pipeline-quality natural gas. The upgrade makes more biogas from the digesters available for processing by Hawai'i Gas, including gas previously sent to the boilers and flare. This provides opportunities for increased revenue to the Department as biogas processing reliability improves. Improvements currently in construction at the Honouliuli WWTP include new biogas treatment and storage facilities, and combined heat and power recovery facilities. The partnership with Hawaii Gas at Honouliuli WWTP continues to generate revenue for the Department and helps Hawaii Gas reduce its carbon footprint by offsetting synthetic natural gas produced from petroleum products.

Solar Photovoltaic ("PV") systems have been in place at the Kailua WWTP with a 290-kW capacity since 2014. Construction of the 3.4 MW solar PV system at the Honouliuli WWTP is complete, with commissioning and final interconnection requirements remaining before the system enters operation. The 700-kW solar PV system included in the Sand Island WWTP Maintenance Building, Septage, and Site Improvements ("MBSSI") project is scheduled for completion in 2026. An additional 282-kW solar PV system is included in the Sand Island WWTP Secondary Treatment Phase 1 project, with completion also scheduled in 2026. The Department is currently developing designs for solar PV and battery microgrid projects with EV charging infrastructure to be deployed at five selected pump stations, Kailua WWTP, and Honouliuli WWTP. These projects are designed to incorporate solar PV, battery backup, and the existing diesel generator at each site, maintaining reliable redundancy during a power outage.

The Electric Vehicle ("EV") program includes both vehicles and charging infrastructure. In 2023, the Department's Office of Administrative Support received its first two EVs, with five additional vehicles planned for delivery in 2027. The Division of Environmental Quality (EQ) has two EVs awaiting delivery, while the Division of Collection System Maintenance (CSM) has three awaiting delivery and an additional vehicle planned. The Division of Wastewater Treatment & Disposal (WTD) is procuring seven EVs, with delivery anticipated in 2027. In 2026, the Department completed EV infrastructure at Honouliuli WWTP, including 16 EV chargers and 112 EV-ready parking stalls. This infrastructure supports further expansion

of the EV program to additional suitable vehicles based at Honouliuli. CSM has also completed installation of three dual-port Level 2 chargers at its Hālawa base yard. Planning and design continue for EV infrastructure at the Kailua WWTP. Planning is also continuing for EV infrastructure at the Kahuku WWTP.

Methane collection and reuse projects at the City's four WWTPs with existing anaerobic digester facilities are ongoing or being planned. Currently, most of the energy from methane (biogas) from the Honouliuli WWTP is beneficially used through a partnership with Hawaii Gas, and at Sand Island WWTP through the Synagro contract. Planning is underway to enhance this biogas production through the addition of fats, oils and grease (FOG) to the digesters, along with consideration of alternatives for digesting other biowaste.

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HISTORICAL AND PROJECTED REVENUES, EXPENSES AND COVERAGES

Since its initial revenue bond issue in 1998, the Department has exceeded annual coverage requirements under the First Bond Resolution. Table 9 below sets forth historical revenues, expenses and debt service coverage of the Wastewater System for Fiscal Year 2025, unaudited revenues, expenses and debt service coverage of the Wastewater System for Fiscal Year 2026 and the Department's projection of revenues, expenses and debt service coverage of the Wastewater System for Fiscal Years 2027 through 2030.

Table 9

Historical and Projected Revenues, Expenses and Debt Service Coverages
(Fiscal Year Ending June 30)

	Actual		Projected	Projected		
	2025	2026 (unaudited)	2027	2028	2029	2030
Revenues[1]						
Sewer Service Charges[2,3]	$464,175,000	$481,046,398	$517,946,400	$562,608,023	$613,791,062	$669,613,595
Interest Earnings[4]	$69,474,000	$15,693,820	$29,725,759	$28,169,310	$27,112,118	$25,093,112
Other Revenues[5]	$13,857,000	$13,933,214	$14,009,846	$14,086,900	$14,164,378	$14,242,282
Total Revenues	$547,506,000	$510,673,431	$561,682,005	$604,864,233	$655,067,558	$708,948,989
Operating Expenses[6]	$197,085,432	$218,493,578	$290,520,056	$290,184,109	$299,916,553	$309,879,833
Net Revenues	$350,420,568	$292,179,854	$271,161,949	$314,680,124	$355,151,005	$399,069,156
Annual Debt Service						
Senior Lien Bonds[7]	$150,848,483	$141,881,956	$134,118,705	$155,709,505	$167,839,413	$175,838,924
D/S Coverage[8]	2.32	2.06	2.02	2.02	2.12	2.27
Senior and Junior Lien Bonds[7, 9]	$178,189,248	$149,823,054	$144,780,056	$168,466,935	$180,597,364	$188,597,535
D/S Coverage[8]	1.97	1.95	1.87	1.87	1.97	2.12
Total Obligations[10]	$217,557,249	$191,761,164	$184,817,790	$201,444,442	$214,383,392	$223,192,049
D/S Coverage[8]	1.67	1.57	1.53	1.62	1.72	1.85

Note: Totals may not add up due to rounding.

[1] Does not include Wastewater System Facility Charges, which are pledged under the First Bond Resolutions but are not defined in the Revenues.

[2] Sewer service charges remained constant for Fiscal Years 2024 and 2025. A series of annual sewer rate adjustments began on January 1, 2026, with a 6% increase, followed by an additional increase of 7.5% in July 2026, and additional increases of 8.5%, 9%, 9%, 9%, and 9% each July through 2031. Beginning July 1, 2032, an annual 3% sewer rate increase adopted by ordinance will take effect each year.

[3] Projected amounts for 2027 and beyond are based on 2025 actual revenue.

[4] The projected interest earnings for Fiscal Year 2027 and each fiscal year thereafter are based on projected numbers derived from conservative calculations in the Department of Environmental Services' financial forecasts.

[5] Other revenues include overtime reimbursement from contractors for overtime inspection of construction projects. As a widely variable amount, revenue projections are maintained at a lower level beyond budgeted years.

[6] Operating expense projections reflect anticipated operational changes. Salary costs beyond Fiscal Year 2027 are inflated at 3% and fringe benefit costs are inflated at 3% thereafter. Operating expenses do not include debt service, depreciation, or cash expenditures on capital improvements.

[7] Includes actual debt service for outstanding Senior Bonds and estimated debt service for [Series 2026 Bonds] at current market rates. Assumes a 5.25% interest rate for additional issues of Senior Bonds.

[8] Minimum debt service coverage requirements are: Senior Lien Bonds – 1.2x; Senior and Junior Lien Bonds – 1.1x; Total Obligations – 1.0x. Debt service coverage for Total Obligations includes revenue from System Facility Charges. System Facility Charge revenues are shown in Table 17. The current debt policy resolution establishes debt service coverage ratio targets of 1.6x for Senior Lien Bonds and 1.25x for all Revenue Bonds.

[9] Includes actual debt service for outstanding Junior Bonds.

[10] Includes actual debt service for existing obligations including Senior Bonds and Junior Bonds; Reimbursable General Obligation Bonds; State Revolving Fund loans; and any other debt obligations and assumes future interest rates for Revenue Bonds as indicated above.

CERTAIN FINANCIAL, OPERATING AND OTHER INFORMATION AND STATISTICS

Management's Discussion of Financial Performance

In the period since the wastewater program became fully self-supporting in 1993, the program's financial position has been consistently strong. The change to enterprise fund status in 1998 further strengthened the position of the utility through clearer definition of enterprise assets, understanding of their current value, and clarity in responsibilities. The sale of the initial wastewater revenue bonds in 1998, accompanied by a debt and financial policy adopted by the City Council, served to insure a continuing commitment to a strong financial posture for the wastewater enterprise.

In 2011, the City and County adopted a rate ordinance providing for increases in wastewater rates and future rate adjustments for the period from July 1, 2011, through June 30, 2017. In May 2012, the City and County adopted Ordinance No. 12-7 providing for structural, but revenue neutral, changes to wastewater rates from July 1, 2012 through June 30, 2017. Bill 60, to amend wastewater rates in the Revised Ordinances of Honolulu, was introduced and approved by the Honolulu City Council. Bill 60 was signed by the Mayor and became an ordinance on June 24, 2025 and provides for increases in wastewater rates and future rate adjustments for the period from January 1, 2026, through June 30, 2031. See "Rates and Charges" below. Revenues have been sufficient throughout the period to meet all operation and maintenance and debt service requirements, including coverage. The significant base component of the rate structure and growth in customers prevents changes in water use from having a major impact on revenues. The sewer service charge program will remain strong reflecting the high residential component of wastewater customers and the lack of any single large commercial customer.

As part of the commitment to ensure the financial strength of the Wastewater System, the City Council adopted Ordinance No. 05-006 on March 31, 2005, pledging not to transfer Sewer Fund monies to the City and County's General Fund.

The Wastewater System Facility Charge constitutes a minimal amount of the Wastewater System's total revenues, is solely dedicated to expansion, and is not considered when calculating debt service coverage for the Senior Bonds, Junior Bonds and Subordinate Obligations. Revenue fluctuations are due largely to the timing of major development projects. This revenue source reflects the limited growth of service area population and generally only the redistribution of that population. As such, it is not considered a major source of funds on which to base financial capability.

Efforts continue to control expenses, however, cost escalation, additional facilities, and increased operational requirements have resulted in higher operating budgets. Continuing analyses of operational procedures and increased automation opportunities are expected to help control expenses in the long term.

The enterprise has continued to maintain a surplus throughout that period. Revenues are expected to meet projections for Fiscal Years 2026 and 2027. This consistency in revenues is due to the lack of reliance on a specific business or industry as a major source of revenue. The residential customer class continues to pay water/sewer bills without a significant increase in delinquencies. Further, revenue projections are conservative and have been consistently exceeded in previous years. Net revenues are being increasingly used for cash funding of capital improvement programs in current and future years. The first two of a series of adopted sewer rate adjustments have taken effect, consisting of a 6% increase on January 1, 2026, followed by a 7.5% increase on July 1, 2026. Additional increases of 8.5% on July 1, 2027, and 9% annually each July from 2028 through 2031 are scheduled to take effect. Beginning July 1, 2032, an annual 3 percent sewer rate increase adopted by ordinance will take effect each year.

In the opinion of the Department, the financial position of the Wastewater System is strong, with a substantial reserve balance which provides reasonable protection against unforeseen events and financial flexibility for the future. Financial planning continues to identify the best alternative to maintain a strong financial posture while providing quality service to the customer and the community at a reasonable price. City Council and administration policies support the continuing revenue levels necessary to provide for current and future requirements.

See Appendix A, "Economic and Demographic Factors," for a discussion of certain economic conditions that could potentially impact the City and County's revenues.

Billing and Collection

[All Wastewater System sewer service charge billing is done by the Board of Water Supply through inclusion as a separate portion of the water bill. The delinquency rate for this billing program (i.e., the dollar amount of bills more than 60 days past due expressed as a percentage of total revenues) during fiscal years 2022, 2023, 2024, and 2025 was 2.2%, 2.0%, 1.7%, and 1.6% respectively.] Should bills not be paid, the authority exists, and has been exercised, to terminate water service for nonpayment of water and sewer service charges or to physically disconnect wastewater service. Although the Department had previously planned to assume responsibility for sewer service charge billing from the Board of Water Supply, after further evaluation, the Department determined that continuing the existing billing arrangement is the most efficient approach. Accordingly, the Board of Water Supply will continue to administer sewer service charge billing through inclusion as a separate portion of the water bill.

Ten Largest Customers

The ten largest customers of the Wastewater System in Fiscal Year 2026 (see table below) account for 6.80% of the annual sewer service charge revenues of the system.

Table 10

Ten Largest Customers
Fiscal Year 2026[1]

Customer	Sewer Service Charges	Percentage of Sewer Service Charge Revenues
State DOT – Airports Division	$6,207,325.02	1.30%
University of Hawaii	5,046,277.16	1.06
Hilton Hotels Corporation	4,868,521.87	1.02
Hawaii Public Housing Authority	4,386,891.48	0.92
Sheraton Hotels Hawaii	3,479,136.82	0.73
Ala Moana Center	2,484,747.36	0.52
Marriott International	1,910,973.94	0.40
United Laundry Services	1,565,325.74	0.33
B.Y.U. Hawaii	1,346,738.45	0.28
Queens Medical Center	1,099,428.96	0.23
Total	$32,395,366.80	6.80%

[1] *Totals may not add due to rounding.*

Certain Operating and Financial Statistics

Certain operating and financial statistics of the Department are summarized in the following tables. Unless otherwise noted, tables provided herein contain data furnished by the City and County.

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Table 11

WW Customer Accounts as of June 2026*

Customer Class	Sewer Regular Monthly Charges	Cesspool Per Call	Revenue	Percent of Accounts
1 - Public Sewer				
10 - Single family/duplex	134,702	404	$189,360,292.54	90.20%
15 - Mixed residential	205		3,432,366.24	0.14
20 - Multi-family	5,978		115,590,958.51	4.00
25 - Mixed users	356		17,622,590.59	0.24
WW Res Accts	141,241	404	$326,006,207.88	94.58%
30 - Commercial	4,786		63,518,488.22	3.20%
40 - Hotels	222		24,896,741.10	0.15
50 - Industrial	323		1,376,157.29	0.22
61 - US Military Installation	5		530,109.01	0.00
62 - US Non-military	23		437,275.68	0.02
63 - State	205		19,445,556.18	0.14
65 - City	151		1,688,941.13	0.10
70 - Agriculture	3		3,699.23	0.00
80 - Religious	459		2,610,520.92	0.31
Unknown	1,912		35,541,618.81	1.28
WW Non-res Accts	8,089		$150,049,107.57	5.42%
Total WW Accts	149,330	404	$476,055,315.45	100.00%

* *Totals may not add due to rounding.*

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Table 12

History of New Sewer Connections by Type

Fiscal Year Ended June 30	Single Family New Units	Multi Family New Units	Residential ESDUs	Nonresidential ESDUs	Total ESDUs
2015	156	1,325	927	149	1,233
2016	217	1,681	1,177	143	1,537
2017	300	1,935	1,354	142	1,796
2018	220	514	734	137	1,111
2019	257	63	320	74	651
2020	316	2,056	1,439	128	1,884
2021	422	1,323	926	93	1,441
2022	236	1,476	1,033	49	1,328
2023	456	765	536	96	1,088
2024	167	796	577	58	782
2025	459	2,475	2,192	145	2,337
2026	273	1336	1208	125	1333
Projected annual growth based on five-year average	318	1,370	1.109	95	1,374

Table 13

Existing Sewer Users
Fiscal Year Ended June 30, 2026

Customer Classification	Number of Living Units	Number of Equivalent Single-Family Dwelling Units (ESDUs)	Estimated Wastewater Flow (MGD)
Residential			
Single family/duplex	141,168	141,168	43.056
Multi-family residences	139,626	97,739	29.810
Less: Hawaii Kai	(1,242)	(1,242)	(0.379)
Total residential	279,552	237,665	72.488
Nonresidential	79,811	79,860	24.357
Infiltration/Inflow			8.405
Total	359,363	317,525	105.25

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Table 14

Historic Population
Oahu, 2013 – 2024

July 1, Year	Resident Population	De facto Population[1]
2013	986,494	1,048,927
2014	988,002	1,059,633
2015	991,755	1,073,199
2016	993,044	1,080,345
2017	986,973	1,083,560
2018	981,076	1,086,524
2019	973,491	1,084,737
2020	1,012,399	1,015,758
2021	1,004,163	1,036,464
2022	994,828	1,045,108
2023	989,408	1,050,626
2024	998,747	1,052,715

[1] *Includes visitor population.*
Source: State of Hawaii, Department of Business, Economic Development & Tourism, Data Book 2024.

Table 15

Number of Equivalent Single-Family Dwelling Units (ESDUs)

Fiscal Year Ending June 30	Single-Family Units	Multifamily Units	Residential ESDUs	Commercial ESDUs	Total ESDUs
2016	138,062	126,887	88,193	78,764	305,020
2017	138,362	128,822	89,152	78,906	306,816
2018	138,582	129,336	89,886	79,043	307,511
2019	138,839	129,399	90,206	79,117	308,162
2020	139,155	131,455	91,645	79,245	310,046
2021	139,577	132,778	92,571	79,338	311,486
2022	139,813	134,254	93,978	79,387	313,178
2023	140,269	135,019	94,514	79,483	314,266
2024	140,436	135,815	95,071	79,541	315,048
2025	140,895	138,290	97,263	79,686	317,385
2026	141,168	139,626	97,739	79,860	318,767

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Table 16

Wastewater Flows by Treatment Facility (MGD)[1]

Treatment Facility[2]	Design Capacity[3]	2026 Flow[4]
Sand Island	90.00	60.22
Kahuku WWTP	0.40	0.15
Honouliuli WWTP	38.00	24.57
Waimanalo WWTP	1.10	0.53
Kuliouou WWPS (Hawaii Kai WWTP)[2, 4]	--	--
Wahiawa WWTP	2.30	1.31
Kailua WWTP	15.25	13.54
Waianae WWTP	5.20	4.28
Paalaa Kai WWTP	0.13	0.07
Laie WRF	0.90	0.58
TOTAL:	153.28	105.25

1 *Average day annual flow (ADAF), MGD. Historic flows were, 114.00 for Fiscal Year 2018, 110.07 for Fiscal Year 2019, 107.00 for Fiscal Year 2020, 100.14 for Fiscal Year 2021, 96.31 for Fiscal Year 2022, 96.31 MGD for Fiscal Year 2023, 100.18 MGD for Fiscal Year 2024, 98.62, and 105.25 MGD for Fiscal Year 2026.*

2 *Does not include 0.38 MGD of flow from the City and County's Kuliouou WWPS which is treated by the Hawaii Kai WWTP, a private treatment facility.*

3 *ADAF estimated based on 105% of design capacity for average dry weather flow.*

4 *The Kuliouou WWPS does not provide treatment, but pumps wastewater from a Department Collection System to a private treatment plant (Hawaii Kai WWTP). Inclusion here is to show total volume of wastewater handled by the Department.*

Table 17

History of Major Wastewater Revenue Sources

Fiscal Year Ended June 30	Sewer Service Charges[1]	Wastewater System Facility Charges[2]
2015	387,957,158[3]	9,093,869
2016	411,995,764	11,519,323
2017	447,457,260	11,111,800
2018	445,417,028	4,411,314
2019	449,432,641	2,138,555
2020	449,837,447	9,511,395
2021	449,468,320	7,601,551
2022	458,012,000	9,698,715
2023	455,488,000	918,158
2024	455,257,022	10,122,514
2025	471,982,544	12,660,724
2026	476,055,315	8,843,980

1 *Sewer service charge only - does not include connection or lateral installation charges.*

2 *Fluctuations in Wastewater System Facility Charges are due largely to the timing of major development projects.*

3 *Differs from presentation in Table 9 due to the fact that information presented in this Table 17 is presented in conformance with GAAP whereas information in Table 9 is presented in accordance with definitions presented in the First Bond Resolution.*

Rates and Charges

Tables 18 through 20 set forth the current sewer service charges and Wastewater System Facility Charges.

The Department completed a wastewater rate study in September 2024 to assess the current rate structure and evaluate alternatives, to confirm rate revenue requirements for the improvement program through 2040, and to evaluate the adequacy of the rates and propose revisions as appropriate. The Department convened a Wastewater Stakeholder Advisory Group of more than 30 participants to provide input on proposed rates, alternative rate structures and affordability initiatives.

Bill 60, to amend wastewater rates in the Revised Ordinances of Honolulu, was introduced and approved by the Honolulu City Council. Bill 60 was signed by the Mayor and became an ordinance on June 24, 2025. The rate adjustments took effect on January 1, 2026, and will increase sewer fees annually over a 6.5-year period. The first increase of 6% took effect on January 1, 2026, followed by increases of 7.5% in July 2026, and additional increases of 8.5%, 9%, 9%, 9%, and 9% each July through 2031. Beginning July 1, 2032, an annual 3 percent sewer rate increase adopted by ordinance will take effect each year. In addition to annual increases, the structure of the sewer fee has shifted to give customers more control: previously, 73% of a typical residential bill was fixed and 27% was based on water usage; the split has shifted to 40% fixed and 60% volumetric, making bills more directly tied to water consumption. Households that conserve water will see lower bills, while higher-use households will pay more.

To assist qualifying residential customers with the sewer rate adjustments, the Department launched the Customer Assistance for Residential Environmental Services ("CARES") program on May 1, 2026. The program provides eligible O'ahu residential sewer customers with household incomes at or below 80% of area median income with up to $240 in annual sewer service charge credits. As of September 25, 2026, approximately 1,740 customers had been approved for the program.

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Table 18

Schedule of Residential Sewer Service Charges

Effective as of July 1, 2026

Single-family and duplex dwellings served by city water system per dwelling unit per month:	
1. Monthly base charge	$48.27
2. Charge per 1,000 gallons of metered water consumed, the water consumed reduced by the water irrigation factor of 20%; provided that residential users who install and maintain a water meter for submetering nonsewer water shall not have the water consumed reduced by the water irrigation factor.	$11.83
Single-family and duplex dwellings not served by city water system per dwelling unit per month:	$133.42
Multiple-unit dwellings served by city water system per dwelling unit per month:	
1. Monthly base charge	$33.19
2. Charge per 1,000 gallons of metered water consumed, the water consumed reduced by the water irrigation factor of 20%; provided that residential users who install and maintain a water meter for submetering nonsewer water shall not have the water consumed reduced by the water irrigation factor.	$11.83
Multiple-unit dwellings not served by city water	$118.33

Effective as of July 1, 2027

Single-family and duplex dwellings served by city water system per dwelling unit per month:	
1. Monthly base charge	$52.37
2. Charge per 1,000 gallons of metered water consumed, the water consumed reduced by the water irrigation factor of 20%; provided that residential users who install and maintain a water meter for submetering nonsewer water shall not have the water consumed reduced by the water irrigation factor.	$12.83
Single-family and duplex dwellings not served by city water system per dwelling unit per month:	$144.76
Multiple-unit dwellings served by city water system per dwelling unit per month:	
1. Monthly base charge	$36.01
2. Charge per 1,000 gallons of metered water consumed, the water consumed reduced by the water irrigation factor of 20%; provided that residential users who install and maintain a water meter for submetering nonsewer water shall not have the water consumed reduced by the water irrigation factor.	$12.83
Multiple-unit dwellings not served by city water	$128.39

Table 19

Schedule of Non-Residential Sewer Service Charges

Effective as of July 1, 2026

Domestic Strength Wastewater:

1. Metered Water Usage:
   (1) Monthly base charge per Equivalent Single Family Dwelling Unit (ESDU): $48.27

   (2) Charge per 1,000 gallons of metered water consumed, the water consumed reduced by the water irrigation factor of 20%: $11.83

2. Metered Wastewater Discharge:
   (1) Monthly base charge per Equivalent Single Family Dwelling Unit (ESDU): $48.27

   (2) Charge per 1,000 gallons: $11.83

Extra Strength Wastewater

The separate charges for extra strength wastewater have been eliminated.

Effective as of July 1, 2027

Domestic Strength Wastewater:

1. Metered Water Usage:
   (1) Monthly base charge per Equivalent Single Family Dwelling Unit (ESDU): $52.37

   (2) Charge per 1,000 gallons of metered water consumed, the water consumed reduced by the water irrigation factor of 20%: $12.83

2. Metered Wastewater Discharge:
   (1) Monthly base charge per Equivalent Single Family Dwelling Unit (ESDU): $52.37

   (2) Charge per 1,000 gallons: $12.83

Extra Strength Wastewater

The separate charges for extra strength wastewater have been eliminated.

Table 20

Schedule of Wastewater System Facility Charges

as of July 1, 2026

(1) Residential wastewater system facility charge per ESDU: $7,539

(2) Low-income housing wastewater system facility charges per ESDU: $1,559

(3) Nonresidential wastewater system facility charge for domestic strength wastewater per ESDU: $7,539

(4) Nonresidential wastewater system facility charge for extra-strength wastewater per ESDU has been eliminated.

as of July 1, 2027

(1) Residential wastewater system facility charge per ESDU: $8,180

(2) Low-income housing wastewater system facility charges per ESDU: $1,691

(3) Nonresidential wastewater system facility charge for domestic strength wastewater per ESDU: $8,180

(4) Nonresidential wastewater system facility charge for extra-strength wastewater per ESDU has been eliminated.

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DEBT AND FINANCIAL POLICIES AND INDEBTEDNESS

General

The City Council, by resolution adopted on November 10, 1998, established the Debt and Financial Policies for the Wastewater System to provide a general framework for the conduct of financial activities and has been in compliance with such policies since their adoption. Such debt and financial policies specify, among other things, that the City and County will target to maintain revenues (excluding Wastewater System Facility Charges) of 1.60 times senior revenue bond debt service and 1.25 times debt service for all revenue bonds, regardless of the priority of lien. It is expected that the City and County will adopt increases in the sewer service charges necessary to meet the debt service coverage requirements prescribed in its debt and financial policies. The debt and financial policies do not constitute an agreement with holders of Bonds, and the City and County has not undertaken any obligation to such holders or any other person to comply with such policies or to meet such targets. Since establishment of these policies in November 1998, the Wastewater System has consistently met or exceeded all policy requirements.

Investments

The City and County manages its own investment portfolio in accordance with State law and a written investment policy of the City and County. The City and County does not engage in pooled investments, speculate with investments or leverage its investments. The City and County's investment portfolio does not include any derivative or auction rate securities. The City and County's philosophy and policy in managing its investments is: first, for safety of public funds; second, for liquidity, so that funds are available when needed; and third, for yield, after the first two considerations are met. All Sewer Fund investments, except for a single investment agreement holding the common reserve subaccount for the Senior Series 2006 Bonds issued under the First Bond Resolution and the Second Bond Resolution, are managed as part of the City and County investment pool.

Indebtedness

Table 21 sets forth the Senior Bonds and Junior Bonds of the City and County secured by the Net Revenues under the First Bond Resolution and the Second Bond Resolution as of June 30, 2026, prior to the issuance of the Series 2026 Bonds. Table 22 sets forth the debt service requirements for the Senior Bonds and Junior Bonds, including the Series 2026 Bonds and the Senior Series 2026 Bonds.

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Table 21

[To be updated]

Outstanding Wastewater Revenue Bonds

Senior Bonds	Original Issue Amount	Amount Outstanding as of [ ], 2026
Senior Series 2016 Bonds	$404,245,000	$351,890,000
Senior Series 2017 Bonds[(1)]	252,520,000	186,240,000
Senior Series 2018 Bonds	273,530,000	244,305,000
Senior Series 2019 Bonds	391,275,000	364,285,000
Senior Series 2020 Bonds	273,670,000	217,115,000
Senior Series 2022 Bonds	241,355,000	241,355,000
Senior Series 2023 Bonds	189,785,000	189,785,000
Senior Series 2024 Bonds	310,160,000	310,160,000
Senior Series 2025 Bonds	190,910,000	190,910,000
Total	**$2,527,450,000**	**$2,296,045,000**
Junior Bonds		
Junior Series 2018 Bonds	$9,310,000	$1,325,000
Junior Series 2019 Bonds	22,830,000	11,245,000
Junior Series 2024 Bonds	57,960,000	57,960,000
Junior Series 2025 Bonds	66,525,000	66,525,000
Total	**$156,625,000**	**$137,055,000**

(1) *The Senior Series 2017 Bonds were purchased directly by Bank of America, N.A. pursuant to a bond purchase contract by and between the City and County and Bank of America, N.A.*

In addition to the outstanding Senior Bonds and Junior Bonds shown above, $356,170,151.54 principal amount of State Revolving Fund loans were outstanding as of September 9, 2026. As of September 9, 2026, the City and County had no outstanding Reimbursable Obligations. All of the outstanding Senior Bonds, Junior Bonds, State Revolving Fund loans, and Reimbursable Obligations are fixed rate obligations, and the City and County has not entered into any interest rate swap agreements or other derivative product arrangements with respect to any of these obligations.

Potential Commercial Paper Indebtedness

Bill 36(2024), FDI, adopted by the City Council on September 20, 2024, authorizes the issuance and sale by the City and County of Wastewater System Revenue Commercial Paper in an aggregate outstanding principal amount not to exceed $400,000,000 for the purpose of paying the cost of any equipment or other improvement authorized pursuant to any capital budget ordinance relating to the Wastewater System of the City and County or refunding all or a part of any outstanding Wastewater System revenue indebtedness of the City and County. Bill 36(2024), FDI, provides that any such Wastewater System Revenue Commercial Paper will have a lien on the Net Revenues of the Wastewater System and may be issued on parity with or subordinate to the Outstanding Senior Bonds and Junior Bonds.

No Obligations Subject to Mandatory Purchase or Acceleration

The City and County currently has no outstanding variable rate obligations subject to purchase by the City and County upon an event of default and no direct bank loans or other obligations subject to acceleration upon an event of default which are, in either case, secured or otherwise supported by the Net Revenues, and no privately placed energy leases. The City and County could in the future incur such obligations under certain circumstances, and such obligations may under certain circumstances be subject to payment in full prior to the payment of the Senior Bonds and the Junior Bonds. The City and County's Senior Series 2017 Bonds were issued pursuant to a private placement but are not subject to acceleration.

Table 22

[To be updated]

Revenue Bond Debt Service Requirements
(Years Ending June 30)[1]

Fiscal Year	Debt Service on Series 2026 Bonds	Debt Service on Outstanding Junior Bonds	Total Junior Debt Service	Debt Service on Senior Series 2026 Bonds	Debt Service on Outstanding Senior Bonds	Other Debt Service[2]	Total Debt Service[3]
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
2037							
2038							
2039							
2040							
2041							
2042							
2043							
2044							
2045							
2046							
2047							
2048							
2049							
2050							
2051							
2052							
2053							
2054							
2055							
2056							
2057							
Total							

[1] *Based on payments, not on accruals. Totals may not add in some columns due to rounding.*
[2] *Includes $[_____] principal amount of State Revolving Fund loans and $[____] principal amount of Reimbursable General Obligation Bonds for Wastewater.*
[3] *Does not include expected BAB/RZEDB subsidies.*

FINANCIAL STATEMENTS

The operations of the Department are accounted for in the Sewer Fund and the Wastewater System Facility Charge Account. The Sewer Fund is classified as an enterprise fund of the City and County and is currently audited as a part of the City and County's general purpose financial statements that are prepared annually.

Extracts from the financial statements of the City and County as of June 30, 2025, relating to the Sewer Fund, together with the auditor's report thereon delivered by Accuity LLP, may be found at the website of the City and County at https://www.honolulu.gov/budget/budget-cafr.html, or may be obtained from the Department by request to the attention of the Director of Budget and Fiscal Services, City and County of Honolulu, 530 South King Street, Honolulu, Hawaii 96813. Except for such financial statements and auditor's report, the contents of the City and County's website are not part of this Official Statement and are not incorporated herein by the above reference. Accuity LLP has not reviewed and has no responsibility with respect to this Official Statement.

The Second Bond Resolution require the Department to maintain and keep proper books of account relating to the Wastewater System and in accordance with generally accepted accounting principles. The Second Bond Resolution also requires that within one hundred eighty (180) days after the end of each Fiscal Year the Department will cause such books of account to be audited by an independent certified public accountant. Such audit may be part of a comprehensive audit of the City and County if the Wastewater System in such audit is treated as an "enterprise fund" and the revenues and expenses of the Wastewater System are stated in a manner which permits identification by category of the sources and uses of the Revenues.

The following tables have been extracted from audited financial statements for fiscal years 2023, 2024 and 2025 of the City and County relating to the Department. It should be noted that "Revenues" as defined in the Bond Resolution does not include Wastewater System Facility Charges.

Table 23 summarizes revenues and expenses and Table 24 provides fund balances, both reflecting enterprise accounting and consistency with GASB 34 reporting requirements.

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Table 23

[To be updated/confirmed]

Department of Environmental Services - Sewer Fund
Enterprise Fund Statement of Revenues, Expenses and Charges in Retained Earnings (Deficit)
(Dollars in Thousands)[1*]

	2023	2024	2025
Operating Revenues:			
Sewer Service Charges	$ 455,488	$ 459,211	$ 464,175
Other Revenue	4,401	11,394	13,857
Total Operating Revenues	$ 459,889	$ 470,605	$ 478,032
Operating Expenses:			
Administrative and general	$ 49,091	$ 52,190	$73,370
Maintenance	655	742	927
Depreciation and amortization	92,059	94,293	100,317
Contractual services	25,795	31,155	29,724
Fringe benefits	15,370	19,543	16,763
Materials and supplies	10,937	13,403	10,438
Fuel and lubricants	1,432	1,239	1,457
Utilities	27,627	25,110	26,879
Total Operating Expenses	$ 222,966	$ 237,675	$ 259,875
Operating Income	$ 236,923	$ 232,930	$ 218,157
Nonoperating Revenues (Expenses):			
Interest income	$ 31,791	$60,097	69,474
Interest expense	(77,577)	(82,024)	(89,157)
Net decrease in fair value of investments	(897)	14,522	10,229
Other	1,218	(412)	306
Total Nonoperating Expenses	$ (45,465)	$ (7,817)	$ (9,148)
Income before transfers and capital contributions	$ 191,458	$ 225,113	$ 209,009
Transfers Out	(24,202)	(23,581)	(23,290)
Capital contributions	401	5,487	1,588
Change in Net Position	$ 167,657	$ 207,019	$ 187,307
Net Position			
Beginning of Year	$ 2,565,798	$ 2,733,455	$ 2,940,474
Prior Period Adjustment	--	--	(9,581)
End of Year	$ 2,733,455	$ 2,940,474	$ 3,118,200

[1] *Differs from presentation in Table 9 because information presented in this Table 23 is presented in conformance with GAAP whereas information in Table 9 is presented in accordance with definitions presented in the First Bond Resolution.*

[*] *Totals may not add due to rounding.*

Table 24

[To be updated/confirmed]

Department of Environmental Services - Sewer Fund
Enterprise Fund Balance Sheet*
(Dollars in Thousands)

ASSETS	2023	2024	2025
Current Assets:			
Cash and cash equivalents	$ 167,485	$ 250,214	$ 242,429
Investments	1,249,613	1,279,951	1,315,856
Receivables			
Accounts, net of allowance for uncollectible accounts	68,540	72,759	75,699
Interest	11,162	14,269	12,955
Employee advances	439	396	352
Inventories of materials and supplies	9,543	9,403	10,902
Other Assets	392	962	975
Total Current Assets	$1,507,174	$1,627,954	1,659,168
Capital Assets, Net:			
Land	$ 50,849	$ 56,336	$ 57,923
Land improvements	7,999	6,183	6,183
Buildings and Improvements	1,497,596	1,488,546	1,503,908
Transmission and distribution system	2,661,833	2,679,568	3,068,816
Equipment and machinery	176,425	180,538	186,167
Construction work in progress	923,733	1,279,457	1,320,006
Amortizable leased assets	1,414	1,664	1,064
Accumulated depreciation	(1,238,062)	(1,328,287)	(1,426,914)
Total Capital Assets, Net	$ 4,081,787	$ 4,364,005	$ 4,717,153
Restricted Assets - Investments	46,669	545	47,139
Total Assets	$ 5,635,630	$ 5,992,504	$ 6,423,460
Deferred Outflows of Resources:			
Deferred refunding costs, net	75,799	69,624	64,181
Deferred pension costs	18,120	17,285	19,185
Deferred asset retirement obligation costs	4,610	4,443	4,184
Deferred other postemployment benefits costs	13,517	14,301	11,096
Total Assets and Deferred Outflows of Resources	$ 5,747,676	$ 6,098,157	$ 6,522,106
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	$ 68,923	$111,680	133,739
Interest payable	42,792	48,485	55,079
Notes payable	31,928	34,293	36,271
Bonds payable	89,989	90,615	45,107
Accrued Payroll	1,798	1,924	2,206
Other current liabilities	1,599	1,666	2,726
Total Current Liabilities	$ 237,029	$ 288,663	$ 275,128
Notes payable	314,804	322,525	326,559
Net Pension Liability	113,271	117,521	114,690
Asset retirement obligations	13,573	14,184	14,761
Net Other Postemployment Benefit Liability	71,197	67,641	52,924
General obligation bonds payable, Net	310	235	158
Revenue bonds payable, Net	2,213,413	2,308,192	2,569,452
Compensated Absences	8,155	8,540	18,774
Total Liabilities	$ 2,971,752	$ 3,127,501	$ 3,372,446
Deferred Inflows of Resources			
Deferred other postemployment benefits costs	26,173	20,499	21,551
Deferred leases	392	962	955
Deferred Pension Costs	15,904	8,721	8,954
Total deferred inflows of resources	$ 42,469	$ 30,182	$ 31,460
Net Position:			
Net investment in capital assets	1,535,877	1,676,048	1,849,228
Restricted for debt service	119,482	109,582	95,081
Unrestricted	1,078,096	1,154,844	1,173,891
Total net position	$ 2,733,455	$ 2,940,474	$ 3,118,200
Total liabilities, deferred inflows of resources and net position	$ 5,747,676	$ 6,098,157	$ 6,522,106

* *Totals may not add due to rounding.*

EMPLOYEE RELATIONS AND EMPLOYEE BENEFITS

Employee Relations

Article XIII of the State Constitution grants public employees in Hawaii the right to organize for the purpose of collective bargaining as provided by law. Chapter 89, Hawaii Revised Statutes, as amended, provides for 15 recognized bargaining units ("BU") for all public employees in the State, including City and County employees. Nine of these bargaining units represent City and County employees: BU 01 (blue-collar non-supervisory employees), BU 02 (blue-collar supervisory employees), BU 03 (white-collar non-supervisory employees), BU 04 (white-collar supervisory employees), BU 10 (institutional health and correctional workers), BU 11 (firefighters), BU 12 (police officers), BU 13 (professional and scientific employees), and BU 15 (ocean safety and water safety officers). The City and County employed 11,589 individuals as of June 15, 2026.

Each bargaining unit designates an employee organization as the exclusive representative of all employees of the unit, which negotiates with the public employer. The State and the counties are required to bargain collectively with the bargaining units. Decisions by the employer representatives are determined by simple majority vote. For matters concerning BUs 01, 02, 03, 04, 10, 13 and 15, the Governor has six votes and each of the county mayors, the Chief Justice of the State Supreme Court and the board of directors of the Hawaii Health Systems Corporation has one vote if such employers have employees in the particular bargaining unit. For matters concerning BUs 11 and 12, the Governor has four votes and each of the county mayors has one vote.

In the event of an impasse, blue-collar non-supervisory employees are permitted to conduct a strike after following prescribed impasse procedures. In the case of the City and County's other bargaining units, any impasse is required to be resolved through mediation and compulsory final and binding arbitration. Although the statute characterizes arbitration as "final and binding," it also provides that all cost items are subject to approval by the respective legislative bodies of the State and each county. The State and the four counties must collectively approve the cost items before the cost items may take effect. If any legislative body rejects any cost item, the parties will need to return to the bargaining table. In the case of blue-collar workers, failure to reach an agreement could result in a strike. The other bargaining units are prohibited from striking by law. Certain employees are not party to a formal labor contract including excluded management employees, elected and appointed officials, and certain contractual hires.

The status of awards and negotiations for wages and health benefits, and negotiations for the most recent contract period beginning July 1, 2025, is as follows:

BU 01 (blue-collar workers): The parties reached agreement for the four-year period from July 1, 2025 through June 30, 2029, which was ratified by the United Public Workers ("UPW") in April 2025 and approved by the City Council. The agreement provides for across-the board ("ATB") wage increases of 3.5% effective July 1, 2025, 3.79% effective July 1, 2026, 4% effective July 1, 2027, and 4% effective July 1, 2028. The agreement also provides for increases in meal allowances, changes to travel reimbursements, and increases in employer contributions to the Hawaii Employer-Union Trust Fund ("Trust Fund" or "EUTF") plans for fiscal years 2026 and 2027. Employer contributions to the Trust Fund for fiscal years 2028 and 2029 are to be determined.

BU 02 (blue-collar supervisors): The parties reached agreement on a contract for a four-year period from July 1, 2025 through June 30, 2029, which was ratified by the Hawaii Government Employees Association ("HGEA") in April 2025, and approved by the City Council. The amended agreement provides for ATB wage increases of 3.5% effective July 1, 2025, 3.79% effective July 1, 2026, 4% effective July 1, 2027, and 4% effective July 1, 2028. The agreement also provides for changes to travel reimbursements and increases in employer contributions to the Trust Fund plans for fiscal years 2026 and 2027. Employer contributions to the Trust Fund for fiscal years 2028 and 2029 are to be determined.

BU 03 (white-collar workers): The parties reached agreement on a contract for the four-year period from July 1, 2025 through June 30, 2029 which was ratified by the HGEA in April 2025, and approved by the City Council. The amended agreement provides for an ATB wage increase of 3.5% effective July 1, 2025, one step movement for employees on Step C to Step L effective July 1, 2026, an ATB wage increase of 4% effective July 1, 2027, one step movement for employees on Step C to Step L effective July 1, 2028, and an ATB wage increase of 0.37% effective July 1, 2028. The agreement also provides for increases in meal and uniform allowances, changes to travel reimbursements, and increases in employer contributions to the Trust Fund plans for fiscal years 2026 and 2027. Employer contributions to the Trust Fund for fiscal years 2028 and 2029 are to be determined.

BU 04 (white-collar supervisors): The parties reached agreement on a contract for the four-year period from July 1, 2025 through June 30, 2029, which was ratified by the HGEA in April 2025, and approved by the City Council. The agreement provides for ATB wage increases of 3.5% effective July 1, 2025, 3.79% effective July 1, 2026, 4% effective July 1, 2027, and 4% effective July 1, 2028. The agreement also provides for changes to travel reimbursements and increases in employer contributions to the Trust Fund plans for fiscal years 2026 and 2027. Employer contributions to the Trust Fund for fiscal years 2028 and 2029 are to be determined.

BU 13 (professional and scientific employees): The parties reached agreement on a contract for the four-year period from July 1, 2025 through June 30, 2029, which was ratified by the HGEA in April 2025, and approved by the City Council. The amended agreement provides for an ATB wage increase of 2.12% and continuation of step movements effective July 1, 2025, an ATB wage increase of 2.95% and continuation of step movements effective July 1, 2026, an ATB wage increase of 2.77% and continuation of step movements effective July 1, 2027, and an ATB wage increase of 3.17% and continuation of step movements effective July 1, 2028. The agreement also provides for changes to travel reimbursements and increases in employer contributions to the Trust Fund plans for fiscal years 2026 and 2027. Employer contributions to the Trust Fund for fiscal years 2028 and 2029 are to be determined.

The City and County and HGEA reached a settlement agreement regarding temporary hazard pay related to the COVID-19 pandemic. HGEA employees in BUs 02, 03, 04, and 13 received either a $15,000 or $7,500 lump sum, depending on whether they filed a timely claim for temporary hazard pay in December 2025. For UPW employees in BU 01, the arbitrator in the union's class grievance regarding temporary hazard pay claims related to the COVID-19 pandemic awarded UPW employees a temporary hazard pay differential of 15% for hours worked between the period of March 5, 2020, to March 5, 2022, in June 2025. Via Mayor's Directive, civil service excluded managers/excluded employees received a one-time $7,500 lump sum payment in December 2025. The City Council had appropriated $115,000,000 in a provision for hazard pay in the fiscal year 2025 operating budget with another $34,400,000 appropriated in fiscal year 2026 to cover the City's total estimated temporary hazard pay to HGEA, SHOPO, UPW, HFFA, Oahu Transit Services, and civil service excluded managers/excluded employees.

Employee Benefits

Set forth below is certain information regarding health care benefits, pension benefits and other post-employment benefits for which City and County employees are eligible. The information included under the captions "Pensions" and "Other Post-Employment Benefits" below relies on information produced by the Employees' Retirement System of the State (the "System" or "ERS") and the EUTF, respectively. Actuarial assessments are "forward-looking" information that reflect the respective judgments of the fiduciaries of the ERS and the Trust Fund. Such actuarial assessments are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future, and will change with the future experiences of the ERS and the Trust Fund.

The EUTF operates as an agent multiple-employer plan, meaning separate accounts are maintained for each employer. Although assets are pooled for investment purposes, the contributions of each employer, such as the City and County, may provide benefits only for the employees of that employer. A separate actuarial valuation is performed for each employer to determine that employer's contribution rate.

ERS, on the other hand, operates under a cost-sharing arrangement. The System's assets are used to pay benefits to retirees of any employer.

Health Care Benefits

All regular employees of the City and County are eligible for coverage under health plans provided through the Trust Fund, which was established in 2003 to design, provide and administer health and other benefit plans for State and county employees, retirees and their dependents. The Trust Fund is administered by a ten-member Board of Trustees (the "Board") appointed by the Governor comprised of five union representatives and five management representatives. The Board is responsible for determining the nature and scope of health plans offered by the Trust Fund, negotiating and entering into contracts with insurance carriers, ruling on eligibility and establishing management policies for the Trust Fund and overseeing Trust Fund activities. The Trust Fund currently provides medical, prescription drug, dental, vision, chiropractic and group life benefits. Benefits with respect to regular employees are funded by a combination of employer contributions set by collective bargaining agreement or by executive order (with respect to non-

union employees) and employee contributions through payroll deductions. Benefits for retirees are funded by a statutory formula.

In recent years, public and private health plan providers nationwide and in Hawaii, including the Trust Fund, have experienced substantial increases in health care costs. In the case of the Trust Fund, the current fiscal situation faced by the State and county employers has made it extremely difficult for the employers to increase employer contributions for health benefits in order to maintain the historical employer-employee contribution ratio. In the past, the Board has attempted to mitigate health plan rate increases by modifying benefits, and employees have been required to bear a larger share of the increased rates. The City and County cannot predict what actions will be taken (including changes to future plan benefits or employer-employee contribution rates) to address the impact of rising health care costs on the Trust Fund or what financial effects such changes may have on the City and County.

Other Post-Employment Benefits

Eligible employees of the City and County, including those of the Department, participate in retirement health care coverage plans provided by the Trust Fund. The City and County allocates a share of its required employer contributions to the Department. For fiscal year 2025, the City and County calculated the Department's proportionate share of its total annual required contribution ("ARC") at [__]%. The Department's fiscal year 2025 contribution was $[_] million. The Department's allocated share of the City and County's net OPEB obligation was $[__] million at fiscal year-end 2025. Under current accounting standards, the Department does not report a share of the City and County's unfunded actuarial accrued liability ("UAAL") for retiree healthcare.

Beginning with the fiscal year ended June 30, 2008, state and local governments are required to account for and report other post-employment benefits ("OPEBs") under Statement No. 45 ("GASB 45") issued by the GASB. OPEBs consist of certain health and life insurance benefits provided through the Trust Fund to retired State and county employees and their dependents, including retired City and County employees and their dependents. Beginning in fiscal year 2015, employer contributions to the Trust Fund for these benefits are determined by the Trust Fund based on an actuarial analysis of the amounts required to prefund the retiree benefits. The Trust Fund operates as an agent multiple employer defined benefit plan; liabilities and contribution requirements are measured for each participating government employer and the assets of each employer are held in separate accounts, although pooled for investment purposes.

The following table describes the number of retired and active City and County employees receiving OPEBs at July 1, 2024 and July 1, 2025:

Table 25

City and County of Honolulu
Retiree Health Care Plan Membership

Category	July 1, 2024	July 1, 2025
Retirees	8,071	8,163
Deferred Inactives	760	748
Actives	8,613	8,833

Since July 1, 2017, the Trust Fund has been required to complete annual actuarial studies of the OPEB obligations of the State and each of the four counties. In the most recent actuarial valuation report as of July 1, 2025 ("2025 EUTF Valuation Report"), the Trust Fund's actuarial consultant calculated the Annual Required Contributions for the fiscal years ending June 30, 2027 and 2028 and provided an estimate of the actuarial accrued OPEB liabilities under GASB 45 for each participating employer. The City and County's actuarial accrued liability was estimated to be $2.475 billion, and its unfunded actuarial accrued liability was estimated to be $873.7 million, with a funded ratio of 64.7%. The actuarial calculations for the City and County assumed full prefunding of its obligation and a discount rate of 7%.

The City and County reported a net OPEB unfunded actuarial accrued liability of $873.7 million as of July 1, 2025, and $1.017 billion as of July 1, 2024. Based on this valuation, the City and County's consulting actuary determined the City and County's annual required contribution ("ARC") is estimated to be approximately $198.662

million for fiscal year 2028, $196.695 million for fiscal year 2027, $194.748 million for fiscal year 2026, $192.820 million for fiscal year 2025, and $190.911 million for fiscal year 2024.

The City and County's net OPEB unfunded actuarial accrued liability for fiscal year 2025 was allocated among various funds as follows:

Fund	Amount
General Fund	$848,100,000
Sewer Fund	52,924,000
Transportation Fund	4,536,000
Refuse	36,385,000
H-Power	189,000
Recycling	2,930,000
Total:	$945,064,000

Transfers to the Trust Fund to prefund the City and County's OPEB obligations are determined on a year-by-year basis. For fiscal years 2021–2024, the City and County transferred the following respective amounts to the Trust Fund for this purpose: $96.4 million, $99.5 million, $0, and $192.8 million. There were no transfers to prefund the City and County's OPEB obligations for the fiscal year 2025.

Act 268, Session Laws of Hawaii 2013, requires the Trust Fund to establish and administer a separate trust fund account for each public employer for the purpose of receiving irrevocable employer contributions to prefund OPEB benefit costs. The City and County's previous pre-funding contributions and related net investment earnings were transferred to its OPEB Trust account. Act 268 requires all public employers within the State to contribute annually to the Trust Fund the full amount of their actuarially-determined contributions beginning in fiscal year 2019, and obligates the State finance director to use the transient accommodations tax and other revenues collected by the State on behalf of a county to supplement deficient county contributions. The Act's full-funding requirement was phased in over a five-year period, with employers required to contribute 20% of their actuarially-determined contributions in fiscal year 2015, 40% in fiscal year 2016, 60% in fiscal year 2017, 80% in fiscal year 2018 and 100% in fiscal year 2019. The Trust actuary determines the contributions required under Act 268 by first establishing the amount of the full actuarially-determined ARC, then deducting the amount estimated to be paid by the employer to cover pay-as-you-go benefits, then applying the required payment percentage (e.g. 80% for fiscal year 2018) to the remaining portion of the full ARC.

The Governor issued a Fourteenth Supplementary Proclamation Related to the COVID-19 Emergency on October 13, 2020, which suspended specific provisions of law, including (i) Sections 87A-42(b) to (f), of the Hawaii Revised Statutes ("HRS"), other post-employment benefits trust; (ii) Section 87A-43, HRS, payment of public employer contributions to the other post-employment benefits trust; and (iii) Section 237-31(3), HRS, remittances, related to the requirement for public employers to pay the ARC to the EUTF in the fiscal year ended June 30, 2021. The 2021 Legislature subsequently enacted Act 229, SLH 2021, which extends such suspension for the fiscal years ended June 30, 2022, and June 30, 2023. As a result, for the fiscal year ended June 30, 2021, the State and counties were only required to contribute, and for the fiscal years ended June 30, 2022, and June 30, 2023, will only be required to contribute, their share of the monthly pay-as-you-go health benefit premiums and claims expenses. Notwithstanding the suspension of mandatory prefunding payments, the City and County has paid its full Act 268 Unfunded Actuarial Accrued Liability ("UAAL") prefunding payment for fiscal year 2021 and 2022.

The following table shows the City and County's ARC, actual contributions and, for fiscal years 2016 to 2025, the contribution requirements of Act 268. Through fiscal year 2018 the City and County has exceeded the percentage of ARC requirement.

Table 26

City and County of Honolulu: History of OPEB Contributions
(Dollars in Thousands)
Fiscal Years 2016 – 2025

Fiscal Year	OPEB ARC	Benefit Payment (Pay-Go)	EUTF Trust Deposit	Total City Contribution	% of ARC Paid	Act 268 Minimum Percentage	Act 268 Minimum Contribution[1]
2016	$152,205	$69,470	$30,845	$100,315	66	40	$30,845
2017	161,233	79,905	48,797	128,702	80	60	48,797
2018	166,876	87,989	63,110	151,009	91	80	63,110
2019	177,331	93,600	83,731	177,331	100	100	83,731
2020	183,677	99,946	83,731	183,677	100	100	83,731
2021	190,106	93,690	96,416	190,106	100	100	96,416
2022	197,569	98,106	99,463	197,569	100	100	99,463
2023	188,090	--	--	188,090	100	100	--
2024	190,911	--	--	190,911	100	100	--
2025	192,820	--	--	192,820	100	100	--

[1] *The Act 268 minimum contributions are based on the required statutory percentages applied to the difference between the ARC and projected pay-as-you-go amounts of $75.092 million for FY 2016, rather than the actual pay-as-you-go amounts for retirees.*

The following table sets forth the OPEB funding progress for the City and County since FY 2017:

Table 27

City and County of Honolulu: OPEB Funding Progress
(Dollars in Thousands)
Fiscal Years 2017 – 2025

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2017	$372,671	$2,241,999	$1,869,328	16.6	$647,203	288.8%
July 1, 2018	464,588	2,357,481	1,892,893	19.7	659,664	286.9
July 1, 2019	594,033	2,491,272	1,897,239	23.8	691,143	274.5
July 1, 2020	723,034	2,455,565	1,732,531	29.4	708,016	244.7
July 1, 2021	900,197	2,506,063	1,605,866	35.9	699,558	229.6
July 1, 2022	1,064,657	2,365,894	1,301,237	45.0	683,725	190.3
July 1, 2023	1,224,344	2,471,737	1,247,393	49.5	704,919	177.0
July 1, 2024	1,405,804	2,422,920	1,017,116	58.0	754,341	134.8
July 1, 2025	1,601,185	2,474,897	873,712	64.7	804,701	108.6

The OPEB ARC, actuarial accrued liability, and unfunded actuarial accrued liability are provided by the Trust Fund's actuary, measured in the 2025 EUTF Valuation Report. Significant actuarial methods and assumptions utilized in the 2025 EUTF Valuation Report are as follows:

Amortization method	Level percentage, closed
Equivalent single amortization period	13.0 years
Asset valuation method	Smoothed
Actuarial assumptions	
Inflation rate	2.50%
Investment rate of return	7.00%
Projected salary increase	3.75% to 6.75% including inflation
Healthcare inflation rates	
PPO	6.40% initial, declining to 4.25% after 22 years
HMO	6.40% initial, declining to 4.25% after 22 years
Dental	4.00%
Vision	2.50%
Medicare Part B	5.00% initial, declining to 4.25% after 22 years
Life Insurance	0.00%

In June 2015, GASB approved new accounting and financial reporting standards for state and local government OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (GASB 74) applies to OPEB plans. Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75) applies to state and local employers that sponsor OPEB. Generally, the new OPEB standards parallel those applied to defined-benefit pension plans and participating employers by GASB 67 and 68, respectively. The new standards introduce new procedures for measuring OPEB liabilities and costs, require employers to report a net OPEB liability on their financial statements, and require more extensive disclosure in plan and employer financial statements. GASB 74 will be effective for plans with fiscal years beginning after June 15, 2016. The Trust Fund has implemented GASB 75 for fiscal years beginning July 1, 2016, and July 1, 2017, and has prepared its GASB 75 report for the fiscal year ended June 30, 2018. The City and County implemented Statement 75. The implementation resulted in a restatement of $1,241.4 million to the net position of the City and County for the fiscal year ended June 30, 2017.

Pensions

All eligible employees of the City and County, including those of the Department, are covered under the ERS, a cost-sharing, multiple employer defined benefit pension plan that provides retirement, disability and death benefits funded by employee contributions and by employer contributions. As is further described below, employer contributions are set by State statute as a percentage of the covered payroll. The Sewer Fund's contribution requirements as of June 30, 2025 and June 30, 2024 were approximately $[_] million and $9.7 million, respectively. At June 30, 2025 and June 30, 2024, the Sewer Fund reported a liability of $[___] million and $117.5 million, respectively, for its proportionate share of the net pension liability.

This section contains certain information relating to the System, derived primarily from information produced by the System, its independent accountant, and its actuary. The City and County has not independently verified the information provided by the System, its independent accountant, and its actuary, and makes no representations nor expresses any opinion as to the accuracy of such information. The comprehensive annual financial report of the System and most recent valuation report of the System may be obtained by contacting the System. The comprehensive annual financial reports of the System are also available on the State's website at http://portal.ehawaii.gov, and other information about the System is available on the System's website at http://ers.ehawaii.gov. Such documents and other information are not incorporated herein by reference.

The System uses a variety of assumptions to calculate the total pension liability, net pension liability, annual pension expense and other actuarial calculations and valuations of the System and, in turn, to attribute a share of its liabilities and costs to participating employers, including the City and County. No assurance can be given that any of the assumptions underlying such calculations and valuations will reflect the actual results experienced by the System. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and variances between the assumptions and actual results may cause an increase or decrease in, among other things, the

System's total pension liability, net pension liability or funded ratio and, in turn, the City and County's share of the System's costs and liabilities. Actuarial assessments will change with the future experience of the pension plans. See "—*General Information*" and "—*Actuarial Valuation*" herein for more information on the actuarial assumptions used by the System.

General Information

The System began operation on January 1, 1926. The statutory provisions of HRS Chapter 88 govern the operation of the System. Responsibility for the general administration of the System is vested in a Board of Trustees, with certain areas of administrative control being vested in the State Department of Budget and Finance. The Board of Trustees consists of eight members: the Director of Finance of the State, ex officio; four members of the System (two general employees, one teacher, and one retiree) who are elected by the members of the System; and three citizens of the State (one of whom shall be an officer of a bank authorized to do business in the State, or a person of similar experience) who are appointed by the Governor and may not be employees of the State or any county. All contributions, benefits and eligibility requirements are established by statute, under HRS Chapter 88, and may only be amended by legislative action.

The ERS provides retirement, disability, and death benefits that are covered by the provisions of the noncontributory, contributory, and hybrid retirement plans. The three plans provide a monthly retirement allowance equal to the benefit multiplier (generally 1.25% or 2%) multiplied by the average final compensation (AFC) multiplied by years of credited service. The benefit multiplier decreased by 0.25% for new hybrid and contributory plan members hired after June 30, 2012. For members hired before January 1, 1971, AFC is the higher of the average salary earned during five highest paid years of service, including the payment of salary in lieu of vacation, or the three highest paid years of service excluding the payment of salary in lieu of vacation. For members hired on or after January 1, 1971 and before July 1, 2012, AFC is based on the three highest paid years of service, excluding the payment of salary in lieu of vacation. For members hired after June 30, 2012, AFC is based on the five highest paid years of service, excluding the payment of salary in lieu of vacation.

For members hired before July 1, 2012, the original retirement allowance is increased by 2.5% each July 1 following the calendar year of retirement. This cumulative benefit is not compounded and increases each year by 2.5% of the original retirement allowance without a ceiling (2.5% of the original retirement allowance the first year, 5.0% the second year, 7.5% the third year, etc.). For members hired after June 30, 2012, the post-retirement annuity increase was decreased to 1.5% per year.

Retirement benefits for certain groups, such as police officers, firefighters, some investigators, sewer workers, judges, and elected officials, vary from general employees. Further details of the benefits provisions of the pension plans may be found in the City and County's Comprehensive Annual Financial Report and in the financial and actuarial reports of the System. The System is funded from contributions by employers and, for the contributory and hybrid plans, by employees as well. Employer contribution rates are set by statute.

City and County Pension Liabilities

This section contains certain historical information regarding the City and County's pension obligations at June 30, 2025, as set forth in the City and County's Comprehensive Annual Financial Report for the fiscal year ended on that date. Such historical information is derived from the System's 2024 actuarial valuation report (the "2024 ERS Valuation Report"), as the City and County's proportionate share of pension liability is based on the System's valuation at the end of the preceding fiscal year.

As of fiscal year 2015, the City and County's financial reporting for pensions conforms to GASB Statement No. 68 (GASB 68), Accounting and Financial Reporting for Pensions. GASB 68 requires government employers participating in cost sharing multi-employer plans such as ERS to report a proportionate share of the net pension liability and pension expense of the plan. These measurements were provided by the System's consulting actuary, based on the actuarial valuation of the System.

At June 30, 2025, the City and County reported a liability of $2.522 billion for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The System's net pension liability as of June 30, 2024 was $14.008 billion. The City and County's proportion of the net pension liability

was based on the actual employer contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2024, the City and County's proportion was 17.82%, which was a decrease of 0.58% from its proportion measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the City and County recognized pension expense of $242,433 million.

Contributions are established by HRS Chapter 88 and may be amended through legislation. The employer rate is set by statute based on the recommendations of the ERS actuary resulting from an experience study conducted every five years. Since July 1, 2005, the employer contribution rate is a fixed percentage of compensation, including the normal cost plus amounts required to pay for the unfunded actuarial accrued liabilities. The contribution rates for fiscal years 2016-2025 are set forth in Table 19 below. Contributions to the System from the City and County, excluding its component units, were $289,722 million for June 30, 2025, $267,804 million for June 30, 2024, and $269,336 million for June 30, 2023.

The employer is required to make all contributions for members in the noncontributory plan. For contributory plan employees hired prior to July 1, 2012, general employees are required to contribute 7.8% of their salary and police and firefighters are required to contribute 12.2% of their salary. For contributory plan employees hired after June 30, 2012, general employees are required to contribute 9.8% of their salary and police and firefighters are required to contribute 14.2% of their salary. Hybrid plan members hired prior to July 1, 2012 are required to contribute 6.0% of their salary. Hybrid plan members hired after June 30, 2012 are required to contribute 8.0% of their salary.

Table 28

SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
Fiscal Years 2016 – 2025 (Dollar amounts in thousands)

Fiscal Year (June 30)	Statutorily Required Contribution	Actual Contributions Recognized by the Plan	Contribution Deficiency (Excess)	City and County's Covered Payroll	Contributions as a % of Covered Payroll
2016	$135,217	$129,245	$(5,972)	$599,494	21.56%
2017	140,342	139,569	(773)	626,639	22.27
2018	154,219	159,115	4,896	649,455	24.50
2019	177,773	178,100	327	675,044	26.38
2020	214,275	214,735	460	697,585	30.78
2021	248,028	247,806	(222)	708,949	34.95
2022 [a]	255,144	254,958	(186)	678,834	37.56
2023 [a]	269,329	269,336	7	693,097	38.86
2024	268,046	267,804	(242)	731,752	36.60
2025	289,878	289,722	(156)	788,776	36.73

[a] *Revised from previous reporting due to HART classification as blended component unit.*

The following table presents the sensitivity of the City and County's proportionate share of the net pension liability, recorded at June 30, 2025, calculated using the discount rate of 7.00%, as well as the City and County's proportionate share of the net pension liability if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%):

Table 29

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City and County's share of net pension liability ($000)	$3,504,859	$2,521,722	$1,707,390
Sewer Fund's share of net pension liability ($000)	$[_____]	$[_____]	$[_____]

The total pension liability in the 2024 ERS Valuation Report was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Payroll growth rate, including inflation	3.75% to 6.75% per annum
Investment rate of return, including inflation	7.00% per annum

The same rates were applied to all periods. There were no changes to ad hoc postemployment benefits including Cost of Living Allowance. Post-retirement mortality rates were projected on a fully generational basis by the long-term rates of scale MP from the year 2022 and with multiplier and setbacks based on the plan the group experience. Pre-retirement mortality rates are based on multiples of the Pub-2010 employee table based on the occupation of the member.

The actuarial assumptions used in the 2024 ERS Valuation Report were based on the results of an experience study as of June 30, 2021, with most of the assumptions based on the period from July 1, 2016 through June 30, 2021.

The long-term expected rate of return on pension plan investments was determined using a "top down approach" of the Bespoke Client-Constrained Simulation-based Optimization Model (a statistical technique known as "re-sampling with replacement" that directly keys in on specific plan-level risk factors as stipulated by the ERS Board) in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The discount rates used to measure the net pension liability at June 30, 2025, 2024 and 2023 were all 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the City and County will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Employees' Retirement System of the State

The City and County's pension expense and liability is directly dependent on the overall performance and condition of the ERS. This section provides additional information on the System. While the ERS has adopted GASB 67, and all of its participating employers, including the City and County, have adopted GASB 68, the System's actuary continues to provide an annual actuarial valuation report that is based on the provisions of Chapter 88 of the Hawaii Revised Statutes, as amended, and the actuarial assumptions adopted by the ERS Board of Trustees. This actuarial valuation report determines whether current employer contribution rates are adequate to ensure that the UAAL can be funded over a period not exceeding 30 years, describes the financial condition of the ERS, and analyzes changes in the ERS's condition. The information presented in this section is derived from the System's 2025 actuarial valuation report (the "2025 ERS Valuation Report"), presenting the actuarial condition of the ERS as of June 30, 2025.

The demographic data for each annual June 30 valuation is collected as of the March 31 preceding the valuation date. As of March 31, 2025, the contributory plan covered 5,222 active employees (which includes police and fire) or 7.8% of all active members of the System, the noncontributory plan covered approximately 7,392 active employees or 11.1%, and the Hybrid Plan covered 54,212 active members or 81.1%. The Hybrid Plan membership will continue to increase in the future as most new employees will be required to join this plan.

As of March 31, 2025, the System's membership comprised approximately 66,826 active employees, 8,692 inactive vested members, and 56,673 pensioners and beneficiaries. The following table shows the number of active members, inactive vested members, and retirees and beneficiaries of the System as of March 31, 2023, 2024, and 2025:

Table 30

SYSTEM MEMBERSHIP

Category	March 31, 2023	March 31, 2024	March 31, 2025
Active	64,243	65,337	66,826
Inactive, vested	8,997	8,847	8,692
Retirees and beneficiaries	54,973	55,820	56,673
Total	**128,213**	**130,004**	**132,191**

Funded Status

The statutory employee and employer contribution rates are intended to provide for the normal cost plus the amortization of the UAAL over a reasonable amount of time. The statutes were modified by the 2024 Hawaii Legislature to decrease the maximum funding from 30 to 25 years.

Based on the 2025 ERS Valuation Report, the System's UAAL increased to $14.410 billion from $14.008 billion in 2024. ERS's liability grew faster than expected due to two sources: (1) individual salary increases being more than expected by the assumptions, and (2) the recognition of Temporary Hazard Pay payments in liabilities. On the assets side, ERS experienced an actuarial loss as a result of returns in 2025 not achieving the assumed 7% in addition to continued recognition of deferred asset losses from prior years. The funded ratio improved from 63.0 to 63.6% in Fiscal Year 2025 based on the actuarial value of assets. Based on the assumptions used in preparing the 2025 ERS Valuation Report and the future contribution rates established by the Legislature effective July 1, 2017 (See "Funding Policy" below), the actuary determined that, as of the 2025 ERS Valuation Report, the remaining amortization period is 21 years. Thus, the current contribution rate is sufficient to eliminate UAAL over a period of 24 years or less in 2025 as mandated by Section 88-122(e)(1), HRS.

Funding Policy

Act 17, SLH 2017, which became effective July 1, 2017, established the employer contribution rates set forth below. These contributions rates were increased to bring the System's funding period within 25 years:

Table 31

CONTRIBUTION RATES

Employer Contribution effective starting	Police Officers and Firefighters (% of total payroll)	Other Employees (% of total payroll)
July 1, 2018	31.0%	19.0%
July 1, 2019	36.0	22.0
July 1, 2020 (and thereafter)	41.0	24.0

The 2026 Legislature enacted, and Governor Green approved Act 134, SLH Hawaii. This Act amended Section 88-122, Hawaii Revised Statutes to increase the employer's contributions for normal cost and accrued liability for police officers, firefighters and corrections officers from 41% to 44% of the employees' total payroll, effective July 1, 2027.

Under the contributory plan, police officers, firefighters, and corrections officers are required to contribute 12.2% of their salary to the plan and most other covered employees are required to contribute 7.8% of their salary. Under the Hybrid Plan, covered employees are generally required to contribute 6.0% of their salary to the plan, with sewer workers in specified classifications, water safety officers and emergency medical technicians required to contribute 9.75% of their salary. Effective July 1, 2012, contribution rates for newly hired employees covered under the contributory and Hybrid Plan increased by 2% pursuant to Act 163, SLH 2011, such that the corresponding contribution rates for new employees as discussed in this paragraph became 14.2%, 9.8%, 8.0% and 11.75%, respectively. Employees covered under the noncontributory plan do not make contributions.

Actuarial Methods

The System's actuary uses the individual entry age normal cost method. The most recent valuation was performed for the fiscal year beginning July 1, 2024 and ending June 30, 2025.

Since the State statutes governing the System establish the current employee and employer contribution rates, the actuarial valuation determines the number of years required to amortize (or fund) the UAAL. For the June 30, 2025 valuation, this determination was made using an open group projection to reflect both the increasing contribution rates and the changes in benefits for members hired after June 30, 2012, which projection assumes that the number of active members will remain constant and that there will be no actuarial gains or losses on liabilities or investments.

Because of this amortization procedure, any change in the unfunded actuarial accrued liability due to (i) actuarial gains and losses, (ii) changes in actuarial assumptions or (iii) amendments, affects the funding period.

On an aggregate basis with regard to the contributory, Hybrid, and noncontributory plans, the total normal cost for benefits provided by the System for the fiscal year ended June 30, 2025 was 14.57% of payroll, which was 18.86% of payroll less than the total contributions required by law (25.84% from employers plus 7.59% in the aggregate from employees). Since only 6.98% of the employers' 25.84% contribution is required to meet the normal cost (7.59% comes from the employee contribution), it is intended that the remaining 18.86% of payroll will be used to amortize any unfunded actuarial accrued liabilities over a period of years in the future, assuming that pay for new entrants increases by 3.00% per year. Due to the changes enacted in 2011 (new benefits and contribution rates for members hired after June 30, 2012) and in 2017 (increases in the employer contribution rates), the percentage of payroll available to amortize the unfunded actuarial liabilities is expected to increase each year for the foreseeable future.

Actuarial Valuation

The actuarial value of assets is equal to the market value, adjusted for a four-year phase-in of actual investment return in excess of or below expected investment return. The actual return is calculated net of investment and administrative expenses, and the expected investment return is equal to the assumed investment return rate multiplied by the prior year's market value of assets, adjusted for contributions, benefits paid, and refunds. The actuarial value of assets has been based on a four-year smoothed valuation that recognizes the excess or shortfall of investment income over or under the actuarial investment yield rate assumption. The actuarial asset valuation method is intended to smooth out year-to-year fluctuations in the market return. The excess or shortfall in the actual return during the year, compared to the investment yield rate assumption, is spread over this valuation and the next three valuations.

The System's actuary uses certain assumptions (including rates of salary increase, probabilities of retirement, termination, death and disability, and an investment yield rate assumption) to determine the amount that an employer must contribute in a given year to provide sufficient funds to the System to pay benefits when due. Act 163, SLH 2011 set the investment yield rate at 7.75% for fiscal year 2011, but also amended HRS §88-122(b) to allow the Board of Trustees to establish, for subsequent fiscal years, all assumptions to be used by the System, including the investment yield rate assumption. The Board of Trustees periodically evaluates and revises the assumptions used by the System for actuarial valuations, including by commissioning experience studies to evaluate the actuarial assumptions to be used by the System. The current assumptions were adopted by the Board of Trustees based on the recommendations of the System's actuary in the most recent experience study dated July 30, 2019, and are reflected in the 2025 ERS Valuation Report.

The actual investment returns of the System for Fiscal Years 2016 through 2025 shown below are market returns, net of investment and administrative expenses.

Table 32
Fiscal Years 2016 – 2025

Fiscal Year	Percentage
2016	-0.78
2017	13.68
2018	7.89
2019	5.67
2020	2.09
2021	26.90
2022	0.80
2023	3.81
2024	6.55
2025	5.93

Source: Report on Investment Activity for the ERS prepared The Northern Trust Company (2013), and The Bank of New York Mellon (2014 to 2016); Valuation Reports for Fiscal Years 2017 to 2025.

The 2025 ERS Valuation Report found that, as the percentage of employees hired on and after July 1, 2012, increases and the new funding policies impact the System, the UAAL will be fully amortized over a 21-year period. Assuming a constant employment base, the number of employees entitled to pre-2012 retirement benefits should equal the number of employees entitled to post-2012 retirement benefits in fiscal year 2025. The combination of the higher contribution policies and new benefit structure for future employees is expected to enable the System to absorb the prior adverse experience over the 21-year term.

Table 33 shows the System's funding progress for the ten most recent actuarial valuation dates. Table 27 shows the System's projected funding progress through the fiscal year ending June 30, 2025. The projection assumes no actuarial gains or losses in the actuarial liabilities or the actuarial value of assets. In addition, the projection reflects the changes made to the benefits and member contribution rates of employees hired after June 30, 2012, but does not take into account the increased employer contributions required by Act 17, SLH 2017.

Table 33

SCHEDULE OF FUNDING PROGRESS
(Dollar amounts in millions)
Fiscal Years 2016 – 2025

Fiscal Year (June 30)	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b)–(a)	Funded Ratio (a)/(b)	Annual Covered Payroll (c)	UAAL as a Percentage of Payroll ((b)–(a))/(c)
2016*	$14,998.7	$27,439.2	$12,440.5	54.7	$4,258.9	292.1%
2017	15,720.6	28,648.6	12,928.0	54.9	4,265.0	303.1
2018	16,512.7	29,917.4	13,404.7	55.2	4,383.7	305.8
2019*	17,322.2	31,396.4	14,074.3	55.2	4,519.7	311.4
2020	18,084.4	32,691.8	14,607.4	55.3	4,630.2	315.5
2021	19,909.8	34,139.2	14,229.4	58.3	4,783.8	297.5
2022*	21,317.8	34,822.8	13,504.9	61.2	4,614.0	292.7
2023	22,514.9	36,224.6	13,709.7	62.2	4,805.3	285.3
2024	23,841.0	37,849.5	14,008.5	63.0	5,084.7	275.5
2025	25,205.8	39,616.0	14,410.2	63.6	5,403.6	266.7

* *New assumption effective on valuation date.*
Source: 2025 ERS Valuation Report

The following table shows a comparison of the actuarial value of assets ("AVA") to the market values, the ratio of the AVA to market value and the funded ratio based on AVA compared to funded ratio based on market value assets:

Table 35

ACTUARIAL VALUE OF ASSETS
Fiscal Years 2016 – 2025

Fiscal Year (ending June 30)	Actuarial Value of Assets (in millions)	Market Value of Assets (in millions)	Market Value as Percentage of AVA	Funded Ratio (AVA)	Funded Ratio (Market Value)
2016	$14,998.7	$14,070.0	93.8%	54.7%	51.3%
2017	15,720.6	15,698.3	99.9	54.9	54.8
2018	16,512.7	16,598.4	100.5	55.2	55.5
2019	17,322.2	17,227.0	99.5	55.2	54.9
2020	18,084.3	17,385.5	96.1	55.3	53.2
2021	19,909.8	21,935.8	110.2	58.3	64.3
2022	21,317.8	21,854.8	102.5	61.2	62.8
2023	22,514.9	22,425.4	99.6	62.2	61.9
2024	23,841.0	23,700.6	99.4	63.0	62.6
2025	25,205.8	24,925.8	98.9	63.6	62.9

Source: 2016-2025 ERS Valuation Reports.

As of June 30, 2025, the UAAL of the System was $14.410 billion, an increase from $14.008 billion as of June 30, 2024. The following table shows the normal cost (which means the annual cost of providing retirement benefits for services performed by today's members) as a percentage of payroll, employee contribution rate and effective employer normal cost rate for the two groups of covered employees for Fiscal Years 2024 and 2025:

Table 36

NORMAL COST

	June 30,					
	2024			2025		
	Police and Firefighters	Other Employees	All Employees	Police and Firefighters	Other Employees	All Employees
Normal cost as % of payroll:	27.12%	12.93%	14.51%	27.72%	12.93%	14.57%
Employee contribution rate:	12.82	6.08	6.83	12.88	6.25	6.98
Effective employer normal cost rate:	14.30	6.85	7.68	14.84	6.68	7.59

Source: 2025 ERS Valuation Report.

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The following table shows the annual actual contributions as of the last ten valuation dates. Employer contribution rates are set prospectively by the statute and, accordingly, may be greater or less than the ARC in any given year.

Table 37

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Dollar amounts in thousands)
Fiscal Years 2016 – 2025

June 30,	Actual Contribution
2016	$756,558
2017	781,244
2018	847,595
2019	922,635
2020	1,098,589
2021	1,281,559
2022	1,242,139
2023	1,274,221
2024	1,396,332
2025	1,479,559

Excludes City and County-paid employee contributions classified as employer contributions pursuant to IRC Section 414(h)(2).

Asset Allocation

The following table shows the target and actual asset allocation of the System as of September 30, 2025:

Table 38

ASSET ALLOCATION
(as of September 30, 2025)

Asset Type	Actual Allocation Amount ($mm)	Actual Allocation Percentage	Target Allocation Percentage	Allocation Difference Percentage
Broad Growth	$17,708.2	70.4%	70.0%	0.4%
Diversifying Strategies	6,385.1	25.4	30.0	-4.6
Other	1,070.2	4.3	0.0	4.3
Total	$25,163.5	100.0%	100.0%	0.0%

* *Valuations provided by Meketa – September 30; values unaudited.*

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Employer Contribution Rate

The schedule which follows shows the total actuarially determined employer contribution rate for all employees based on the annual actuarial valuations listed below.

Table 39

EMPLOYER CONTRIBUTION RATES

Actuarial Valuation as of June 30	Total Calculated Employer Contribution Rate for all Employees (% of total payroll)*	Funding Period (Years)
2020	26.00%	26.0
2021	25.94	24.0
2022	25.92	24.0
2023	25.89	23.0
2024	25.85	22.0
2025	25.84	21.0

* *Reflects Act 181, SLH 2004, which amended Sections 88-105, 88-122, 88-123, 88-124, 88-125, 88-126, Hawaii Revised Statutes, and Act 163, SLH 2011.*

As previously noted, the current funding period for paying off the UAAL of the ERS is 21 years—one year less than the prior year's funding period. Normally, we would expect the funding period to decrease by one each year if all assumptions are exactly met. Since the prior year's funding period was 22 years, we are at the expected funding period from last year. Given that the System experienced actuarial losses on both its assets and its liabilities, this result may be surprising. However, since the contributions to the System are a fixed percentage of payroll, an increase in the covered payroll that is larger than assumed implies a larger contribution stream in future years, which means larger payments towards the unfunded liabilities of ERS.

Hence, even though the total unfunded liabilities increased from last year, the end period (fiscal year) over which the unfunded liabilities are to be paid off did not change and the funding period decreased to 21 years. Because this period is less than 24 years, the minimum objectives set in State statute are currently being realized. In addition, when the current contribution rates were passed by the Legislature in 2017, it was expected that the funding period would be 21 years as of the 2025 valuation, thus ERS remains on track to achieve full funding in the same timeframe as originally set by the legislation.

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Summary of Actuarial Certification Statement

A summary of the actuarial certification of the System as of June 30, 2024 and June 30, 2025 is set forth below:

Table 40

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF HAWAII
Summary of Actuarial Certification as of June 30, 2024 and 2025
(Includes all counties)

ASSETS	2024	2025
Total current assets	$23,841,039,344	$25,205,847,282
Present value of future employee contributions	3,408,930,058	3,680,189,453
Present value of future employer normal cost contributions	3,023,972,971	3,128,908,845
Unfunded actuarial accrued liability	14,008,478,391	14,410,188,971
TOTAL ASSETS	$44,282,420,764	$46,425,134,551
LIABILITIES		
Present value of future benefits to current pensioners and beneficiaries	$21,210,723,793	$21,985,426,440
Present value of future benefits to active employees and inactive members	23,071,696,971	24,439,708,111
TOTAL LIABILITIES	$44,282,420,764	$46,425,134,551

Source: Gabriel, Roeder, Smith & Company.

Recent Developments

The actuarial accrued liability (AAL), the unfunded actuarial accrued liability (UAAL), and the determination of the resulting funding period illustrate the progress toward the realization of financing objectives. In Fiscal Year 2025, the actuarial investment loss was equal to $122.2 million. This asset loss for the year is a direct reflection of the estimated yield for the year based on the value of actuarial assets, namely 6.49% being less than the assumed rate of return.

The markets returned less than assumed in FY 2025 with a return of 5.93% on the market value of assets, which is below our benchmark of 7.00%. Therefore, the return for the year was less than our expectation. The rate of return for the actuarial value was 6.49%, which is greater than the market return due to the smoothing methodology used in the determination of the actuarial value of assets. The actuarial value of assets exceeds the market value of assets by $280.0 million, so there are $280.0 million in deferred investment losses still to be recognized in the actuarial value of assets.

The funded ratio is currently 63.6% compared with the 63.0% funded ratio in the previous valuation. The funded ratio improved due to the sizeable contributions towards the unfunded liabilities of the system as well as the contributions related to the excess pension costs.

ADDITIONAL RISK CONSIDERATIONS REGARDING THE CITY AND COUNTY OF HONOLULU

Federal Funding Risks

Federal policies on federal funding can shift dramatically from one administration to another. From time to time, such shifts can result in dramatic shifts in the level of federal funding for various policy priorities, leading to unpredictability in future federal funding. The City and County currently expects a heightened level of uncertainty in federal funding over the next several years and cannot predict with certainty any future changes in federal policy or the potential impact (positive or negative) on any related federal funding the City and County may or may not receive in the future.

Federal Tax Law Risks

From time to time, there are legislative proposals in Congress and IRS rulemaking activities that could adversely affect the market value or marketability of the Series 2026 Bonds. It cannot be predicted whether future legislation, rules, regulations or other guidance may be proposed or enacted that would affect the federal tax treatment of interest received on the Series 2026 Bonds. Prospective purchasers of the Series 2026 Bonds should consult with their own tax advisors regarding any pending or proposed legislation or regulations that would change the federal tax treatment of interest on the Series 2026 Bonds.

Climate Change, Sea Level Rise and Resilience

The City and County and the State have taken a number of steps intended to mitigate both the drivers and negative impacts of climate change, impacts to which the City and County and the Wastewater System may be particularly vulnerable.

At the November 2016 election, the citizens of the City and County approved, by a significant margin, amendments to the City and County's Charter to establish an Office of Climate Change, Sustainability and Resiliency (the "Resilience Office").

On June 7, 2017 Governor Ige signed Act 32 Session Laws of Hawaii, 2017 (the "Climate Change Act") into law, which, among other things, renamed the Interagency Climate Adaptation Committee as the Hawaii Climate Change Mitigation and Adaptation Commission (the "State Climate Commission"), clarified and expanded the duties of the State Climate Commission and made Hawaii the first state to enact legislation implementing parts of the Paris climate accord. The City and County is represented on the State Climate Commission by the Director of the Department of Planning and Permitting or designee.

On July 17, 2018, Mayor's Directive, 18-2 (Actions to Address Climate Change and Sea Level Rise, i.e., the "Climate Change Directive") was issued to all City and County departments and agencies to take action to address, minimize risks from and adapt to the impacts of climate change and sea level rise in response to the Sea Level Rise Guidance and Climate Change Brief, each of which was adopted on June 5, 2018 by the City and County Climate Change Commission. The City and County Climate Change Commission compiled the Oahu-specific recommendations based on the State of Hawaii's 2017 *Hawaii Sea Level Rise Vulnerability and Adaptation Report* ("State Report"), federal research, and additional scientific literature. The City and County Climate Change Commission described the impact of sea level rise on Oahu without action and, through its Sea Level Rise Guidance (updated July 2022) and Climate Change Brief (updated March 2023), provided advice and recommendations to the Mayor, City Council and Executive Departments. Further, in response to the Climate Change Directive, Ordinance 20-47 was signed into law on December 23, 2020, and established both climate action and adaptation policies for the City and County. Among other policies, Ordinance 20-47 (now Revised Ordinances of Honolulu (ROH) 2021 §2-10) required the creation of a Climate Action Plan to be updated every five years and established the eight-agency One Water Climate Adaptation Panel ("One Water Panel") for the City and County to address both the cause and drivers of climate change and to address the impacts of climate change, respectively.

In May 2019, the City and County issued its Oahu Resilience Strategy. The Resilience Office, assisted by more than 2,300 community inputs, a 21-member Oahu Resilience Strategy Steering Committee and over 80 working group members meeting over an 18- month period, proposed 44 actions - specific policies or programs the City and County will deploy to achieve 12 resilience goals. Certain of these goals and actions are intended to improve natural disaster response and recovery and a climate resilient future for the City and County. On October 9, 2019, the City Council approved Resolution 19-233, formally adopting the Oahu Resilience Strategy as a guiding policy document for the City and County, with clear prioritization to address both the drivers of and impacts from climate change.

The Oahu Resilience Strategy remains foundational in the actions the City and County continues to take as described below. In response to Ordinance 20-47 on April 22, 2021, the Resilience Office released the City and County's Climate Action Plan ("CAP"). On June 2, 2021, the City Council unanimously approved Resolution 21-105, formally adopting the CAP to meet the City and County's goal of reducing community-wide greenhouse gas emissions in the targeted sectors by 45% from 2015 to 2025, with the ultimate goal of net-negative carbon by no later than 2045. On August 1, 2024, the Mayor approved and adopted the City's Long-Term Disaster Recovery Plan, a critical step towards

establishing an operational framework that will support equitable and efficient post-disaster long-term recovery and improve islandwide resilience.

Also in response to Ordinance 20-47, increasing risks from greater rainfall events and increasing flood insurance rates, the City and County proactively made the effort to become a participating jurisdiction of the Federal Emergency Management Agency ("FEMA") National Flood Insurance Program ("NFIP") Community Rating System ("CRS"). Since joining CRS in 2022, the City and County has successfully renewed standing for 2023, 2024, and 2025 as a Class 8 community. Due to practices above minimum NFIP standards, NFIP-backed flood insurance policy holders benefit from a 10 percent annual premium reduction. In preparation for the upcoming CRS 5-year reverification process, the City and County has proactively engaged in additional flood risk reduction efforts to improve its standing in the CRS program and receive additional policy premium discounts, including development of a Program for Public Information and completing a Flood Insurance Coverage Assessment in 2026.

As a participant in the NFIP, FEMA provides communities with Flood Insurance Rate Maps ("FIRMs") to determine flood zones and high-risk flood areas. From 2019 - 2024, FEMA worked with the City and County to study flood risk along numerous streams across Oahu covering over 400 stream miles, many of which had not been studied before. Using the study's findings, FEMA released updated FIRMs on July 31, 2024 which became effective on June 10, 2026. Over 55,000 parcels were remapped from Zone D, undetermined risk, to Zone X, areas of low to moderate risk; additionally 3,700 parcels were newly mapped into the Special Flood Hazard Area. On June 9, 2026, Bill 34 (Ordinance 26-10) was signed, updating ROH Chapter 21A: Flood Hazard Areas to align with current FEMA requirements and standards and incorporate the updated FIRMs. The measure strengthens floodplain management regulations, modernizes construction and development requirements in flood-prone areas, and helps ensure the City remains eligible for participation in the NFIP and CRS.

The City continues to advance and collaborate on work addressing climate impacts across Oahu. The U.S. Army Corps of Engineers (USACE) has been working in partnership with the City's Department of Design and Construction on the Wailupe Stream Flood Risk Management Study and in March 2026 hosted the second public informational meeting for the study's Tentatively Selected Plan. In July 2026, City staff joined the Waimanalo Flood Risk Management Study team being conducted by the USACE Floodplain Management Services Program via partnership with the State of Hawaii Office of Planning and Sustainable Development to identify flood-prone areas within the Waimanalo watershed and develop conceptual mitigation alternatives to support future flood risk management planning and decision making. The City continues to explore funding and design alternatives to reduce flood risk in the Ala Wai watershed region. For example, the City recently completed its first Area Adaptation Plan, called Adapt Waikīkī 2050, looking at sea level rise, flooding, and heat planning for the Waikīkī district of the Ala Wai watershed.

From July 2022 through March 2023, the City and County adopted significant policies to improve resource efficiency and conservation, address risks in buildings due to increasing temperatures as a result of climate change, ensure transparency and data on energy and water usage of buildings, facilitate installation of rooftop photovoltaics, support mechanisms for building retrofits, and protect properties and beaches through coastal management and shoreline setbacks. These laws include: Ordinance 22-17, Relating to Building Benchmarking; Ordinance 22-25, Relating to the Plumbing Code; Ordinance 22-28, Relating to Height Limits for Rooftop Structures; and Ordinances 23-3 and 23-4, Relating to Shoreline Setbacks and Relating to the Special Management Area; Ordinance 23-25, Relating to the Building Energy Conservation Code; and, Ordinance 23-34, Relating to a Commercial Property Assessed Financing Program, respectively.

The City and County has taken steps to improve facility operations and efficiency through two energy savings performance contracts, one agency-wide and one specific for the Department of Parks and Recreation. These two projects are accelerating capital improvements, generating utility and operational costs savings, and improving conditions that employees and the public interact with.

In recognition of the City and County's overall improved stance on addressing climate change, and its ramp up of data, reporting, and disclosure processes and capacity, the CDP (formally the "Carbon Disclosure Project") raised the City and County's rating from C, Awareness, in 2018 to A- in 2026 (up from a B in 2022). CDP is an independent, global not-for-profit dedicated to providing carbon emissions data reporting and transparency platforms, and shepherding climate action opportunities for investors, companies, cities, states, and regions. The CDP rating process has become the widely accepted best practice for climate action and adaptation reporting. Additionally, as a result of

varied enhancements and actions taken by the City and County the American Council for an Energy Efficient Economy scored the City and County as #29 out of 100 US Cities for 2025, an improvement upon the 2019 score of #47.

On July 6, 2023, the US Environmental Protection Agency (EPA) awarded the City and County a $1 million grant to update and further develop the City and County's Climate Action Plan (CAP). The City and County intends to use the grant to update the CAP, do more community and stakeholder engagement and enhance the technical analysis in order to apply for federal implementation funding.

On January 5, 2024, Mayor's Directive 24-1 (City and County of Honolulu Electric and Renewable Fleet Policy) was issued to all City and County departments and agencies to incorporate appropriate planning for non-fossil fuel vehicles and charging infrastructure in Capital Improvement Projects to transition the City's vehicle fleet to 100 percent electric and/or renewable fuel by 2035 in accordance with Revised Ordinances of Honolulu (ROH) 2021 §2-10.2(b)(3) (Ordinance 20-47).

In 2024, the City completed the Energy Conservation and Emission Reduction Plan with funding from the Federal Highway Administration via the Oahu Metropolitan Planning Organization and the Ulupono Initiative. The plan includes a framework for parking pricing, fleet electrification strategies, and transportation demand management.

On February 28, 2024, the City and County adopted its first-ever climate adaptation strategy called Climate Ready Oahu, which outlines 57 actions across 12 strategy areas to guide climate adaptation in the City and County. As of December 2025, the Resilience Office has completed nine (16%) of the actions in Climate Ready Oahu, up from four (7%) in 2025, and has initiated or continued work on 24 other actions.

On July 8, 2025, Mayor's Directive 25-3 (City and County of Honolulu Climate Change Design Guidelines Policy) was issued to all City and County departments and agencies to require use of the City and County's Climate Change Design Guidelines for all Capital Improvement Program (CIP) projects for the Department of Design and Construction starting in 2026 and across all agencies starting in 2027. The Climate Change Design Guidelines will provide a toolkit of supportive resources across the capital improvement planning and design process and will ensure that all City and County capital projects consider climate hazards and design solutions as feasible, but do not constitute prescriptive design standards. This Directive follows earlier guidance from July 2024 recommending the Department of Design and Construction to start utilizing the first component of the Climate Change Design Guidelines, the Climate Exposure Screening tool, to screen all new capital projects for potential exposure to five climate hazards: sea level rise, extreme heat, extreme precipitation, storm surge, and drought/wildfire.

In August 2025, the Resilience Office initiated its Adaptation Pathways Pilot project in line with actions in Climate Ready Oahu. This project will pilot adaptation pathways, an emerging tool that proactively maps thresholds, triggers, decision points, and lead time to adapt critical City and County infrastructure to sea level rise. This project will include collaboration with multiple departments to create pilot pathways for four infrastructure assets, providing long-term planning pathways that capture a range of flexible and actionable adaptive strategies. The project will continue through 2027.

The City and County is continuing work on the One Water policy under Revised Ordinances of Honolulu (ROH) 2021 § 2-10.13(b). Per ROH §2-10.13(b)(7), the Office of Climate Change, Sustainability and Resiliency (CCSR) annually reports efforts of the One Water Panel and implementation of the policy. From 2025 to 2026, the eight-agency One Water Panel continued work on the One Water Plan, which outlines a collaboration framework to build resilience into ongoing and planned projects, identifies priority interagency projects for climate adaptation, develops scopes, conceptual designs, and cost estimates for projects in target geographic areas, and provides recommendations for funding opportunities to implement the plan. The One Water Plan is estimated to be completed in September 2026 with continued collaboration for implementation and iteration in 2027 and beyond.

On November 5, 2024, the voters of the City and County approved a new City charter amendment to create a climate resiliency fund for the City and County equivalent to one half of one percent of annual property tax revenues. The funds can be used to support initiatives and projects aimed at mitigating the impacts of climate change, enhancing the resilience of the City's infrastructure and communities, and promoting sustainable practices. Ordinance 25-23 codified the Climate Resiliency Fund (CRF) into the Revised Ordinances of Honolulu on May 28, 2025. Thereafter, Resolution 25-204 and Resolution 25-221 approved the Climate Resiliency Fund allocations for Fiscal Year (FY) 2026 in August and September 2025, including several projects that address cesspools, storm water, drainage, and stream

maintenance across Oahu; and appropriations for the FY 2027 were incorporated into the Bill 22 (2026), the FY 2027 Operating Budget. The Climate Resiliency Fund expands the City's investment in climate solutions by requiring that appropriations to the fund may not substitute for, but must be in addition to, those appropriations historically made for the purposes stated in Ordinance 25-23. Further, monies appropriated but not encumbered at the end of the fiscal year lapse back into the fund rather than the General Fund and will continue to be set aside for the uses of the special fund. Per Ordinance 25-23, the climate resiliency fund may also be used for the payment of principal, interest, and premium, if any, due with respect to bonds issued after enactment of the ordinance, and pursuant to Charter § 3-116 or 3-117, in whole or in part, for the purpose enumerated above and for the payment of costs associated with the purchase, redemption, or refunding of such bonds.

At this time the City and County has not fully determined to what extent the Resilience Office, the City and County Climate Change Commission and the other activities being undertaken will affect the City and County. At this time, the City and County has not fully determined to what extent the foregoing measures will ameliorate the adverse impacts of climate change, which will likely be material and similar to the impacts experienced by other similarly situated municipalities.

Storm Water

The City and County's Department of Facility Maintenance ("DFM") is responsible for operation and maintenance of the City and County's roadways, drainage and flood management systems. On December 31, 2025, the State of Hawaii Department of Health ("DOH") issued the DFM a permit to discharge storm water runoff and certain non-storm water discharges into the State's nearshore waters in accordance with the National Pollutant Discharge Elimination System ("NPDES") Municipal Separate Storm Sewer System ("MS4") permit established under the Federal Clean Water Act that went into effect on February 1, 2026. The DFM's Storm Water Quality Division is responsible for administration and enforcement of the City and County's NPDES MS4 permit to discharge storm water runoff and certain non-storm water discharge into the State's receiving waters.

Pursuant to this permit, the City and County is in the process of revising its Storm Water Management Program Plan on February 1, 2027. The Plan describes the City and County's programs to reduce discharge of pollutants, protect streams and nearshore water quality and satisfy the requirements of the NPDES MS4 permit.

Act 42, SLH 2015, authorized counties in Hawaii to establish and charge user fees to create storm water management systems and infrastructure. The DFM has retained a team of consultants to develop a plan to implement a storm water utility to increase storm water reuse and recharge by incentivizing homeowner and business level green infrastructure practices and creating a dedicated special fund to support municipal scale green infrastructure storm water capture and reuse projects and long-term operations and maintenance of its storm drainage system. The City and County is continuing community outreach and stakeholder engagement to increase community awareness on the importance and need for a dedicated storm water fee that encourages measures to facilitate storm water capture and reuse projects. The City and County does not expect to impose such a fee until fiscal year 2029 at the earliest.

The Department does not have any financial responsibility related to the City and County's roadways, drainage and flood management systems.

Natural Disasters

The City and County is located in the middle of the Pacific Ocean and is susceptible to natural disasters such as hurricanes, floods, tsunamis and wildfires, and the frequency and severity of such natural disasters may be impacted by climate change. In April 2018, severe rains resulted in flash flooding and mudslides in East Oahu, Windward Oahu and the Island of Kauai. In August 2018 Hurricane Lane, which peaked as a powerful Category 5 hurricane (one of only two ever recorded within 350 miles of the State), became the first major threat to the State since Hurricane Iniki made landfall in September 1992. Lane weakened significantly as it moved towards the State and did not cause major damage on Oahu. The City and County is not directly affected by volcanic activity.

In the aftermath of the wildfires on the island of Maui, in 2024 the State Legislature enacted legislation re-establishing the position of State Fire Marshal as a five-year appointment to be made by the State Fire Council. The State Fire Marshal will coordinate statewide fire protection efforts and advise and assist City and County fire departments.

Additionally, on August 22, 2023 Mayor Blangiardi directed Managing Director Mike Formby and several City and County departments to review the wildfire risk for the island of Oahu in order to ensure that the City and County's disaster preparedness plans incorporated current assessments of the wildfire risk. The Mayor's direction has resulted in the formation of the City and County's wildfire preparedness working group, which includes not only emergency response agencies such as the Honolulu Fire Department, the Honolulu Police Department, the Honolulu Emergency Services Department, and the Department of Emergency Management, but other departments including the Department of Planning and Permitting, the Department of Parks and Recreation, the Department of Transportation Services, the Department of Budget and Fiscal Services, and the Office of Climate Change, Sustainability, and Resiliency. The working group also includes non-City entities, such as the State of Hawaii Department of Land and Natural Resources, Hawaiian Electric, and the Hawaii Wildfire Management Organization. The working group meets on a quarterly basis to share information on current wildfire risk assessments, to strategize about wildfire risk mitigation activities, and to coordinate wildfire response planning and coordinate budgetary planning for both City and County and federal funds. With the Mayor, Managing Director, and cabinet level personnel from the participating agencies, the wildfire preparedness workgroup has become the forum for cross-sector collaboration as the City and County prepares future threats and hazards.

Most recently, a series of significant "Kona Low" storms (a storm, usually occurring in winter, characterized by southwesterly or southerly winds rather than the customary northeasterly trade winds) passed over most of the State on March 12-15, 2026 and March 20-23, 2026, bringing the State's worst flooding in two decades. Waialua on Oahu's North Shore and Manoa were the Oahu communities most impacted, with the flooding causing landslides, extended power outages and emergency evacuations throughout the Island. The storm caused significant damage to homes, business, highways, streets, power lines and other infrastructure. According to the State, initial damage assessments indicate losses exceeding $1 billion dollars as a result of this series of storms. The State received a federal Major Disaster Declaration to support recovery efforts. The City and County expects FEMA and other federal disaster assistance programs to reimburse 75% of eligible recovery expenditures. While reimbursement levels are still being evaluated, federal support is expected to offset a meaningful portion of storm-related costs. In May 2026 the City Director of Budget and Fiscal Services presented an estimate of $100.4 million for storm related costs to the City Council. [Of this estimate approximately $70 million is for capital improvement work and $30 million is for operations, including emergency overtime work. Storm debris, including soil, must be tested for contaminants before it can be deposited in the City's landfill.]

No assurances can be given as to the frequency or severity of any future natural disasters, nor what impact, individually or in the aggregate, such disasters may have on the State, the City and County, their residents or their overall financial condition.

Cybersecurity

The City and County, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the City and County may be affected by cybersecurity incidents that could result in adverse consequences to the City and County's computing and other digital networks and systems (collectively, the "City and County Technology"), which requires a response action to mitigate the consequences.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City and County Technology for nefarious purposes including, but not limited to, the misappropriation of assets or information or causing operational disruption and damage. The City and County faces multiple cybersecurity threats including, but not limited to, hacking, phishing, viruses, malware, ransomware and other attacks on the City and County Technology.

To mitigate the risk and/or damage from cybersecurity incidents or cyberattacks, the City and County invests in multiple forms of cybersecurity and operational safeguards. Additionally, the City and County's cyber insurance policy provides coverage for data protection risks, both for third-party claims and first party mitigation costs following a technology or cyber event.

While many organizations rely on a strong defense around its network, the City and County has also been building internal defenses to protect from attacks from within the organization. The City and County's Network Division started to adopt the concept of zero trust over eight years ago, assuming that an attack can come from any employee or

computer. This strategy requires a substantially more complex web of isolated networks, and a commensurate increase in the number of security devices.

No amount of cybersecurity defense can be expected to eliminate risks, and the other major part of a secure infrastructure is the ability to recover data and systems quickly in the event of an attack. The City and County will be expanding its storage capacity to allow for multiple backups each day, and adding many more redundant servers to allow for disaster recovery exercises and clean spare equipment in the event that servers are compromised beyond recovery.

Each WWTP is designed with an independent supervisory control and data acquisition ("SCADA") control system that can be disconnected from the Department of Information Technology's wide area network ("WAN"). Each WWTP can operate independently from the WAN on their own dedicated local area network and SCADA servers. Each SCADA control system is able to recover data in the event of a cybersecurity breach.

Landfill

The Waimānalo Gulch Sanitary Landfill ("WGSL"), located on an approximately 200 acre site in Kapolei, is the only permitted public municipal solid waste landfill on the Island of Oahu. Since the WGSL's opening in 1987 the Department has conducted numerous studies and environmental reviews in support of the continued use of the WGSL site.

The WGSL is permitted to continue to operate until March 2, 2028. In 2019 the Hawaii State Land Use Commission issued a Decision and Order approving the Honolulu City Planning Commission's order that requires the City and County to take several actions with respect to WGSL, including that the City and County must identify an alternative landfill site by December 31, 2022. In 2021, Mayor Blangiardi appointed a Landfill Advisory Committee ("LAC") to assist in the selection of a new landfill site. After factoring in various restrictions and regulations (including Act 73, Session Laws of Hawaii 2020 ("Act 73"), which prohibits siting landfills in conservation districts and within one-half mile of any residential, school or hospital property line), the Department proposed six potential sites for the LAC to examine and score.

In December 2021, BWS informed the LAC of its objection to all six potential sites as being within the BWS No Pass Zone, areas in which the BWS has determined the installation of waste disposal facilities, which may contaminate groundwater resources used or expected to be used for domestic water supplies, shall be prohibited.

In December 2022, the Department submitted an application to the City Planning Commission to modify its Special Use Permit to extend the date by which it was required to identify an alternative landfill site from December 31, 2022 to December 31, 2024. The City Planning Commission and the State Land Use Commission approved this extension request.

On December 10, 2024, following a careful evaluation of the relevant laws and policies, the Department identified a privately-owned site northwest of Wahiawa as the location for Oahu's next landfill. The site is on agricultural-zoned land inland of the underground injection control line. In 2025 the Hawaii Legislature and the Governor approved Act 255 that eliminated the Wahiawa site by precluding development of a landfill on Class A Agricultural land and inland of the underground injection control line in a county of more than 500,000 people.

In April 2026, the Department announced a privately-owned site in Makaīwa Hills, adjacent to Waimanalo Gulch, as the location for Oahu's next landfill. The City Council removed funding for the acquisition and development of the Makaīwa Hills landfill from the 2026-2027 capital improvement program budget. Subsequently, Mayor Blangiardi announced that the City and County would no longer pursue the Makaīwa Hills site for a municipal landfill.

In July 2026, Mayor Blangiardi announced that the City and County is exploring Kapaa Quarry in Kailua as a potential site for Oahu's next landfill. Use of this site for a municipal landfill would require repeal or amendment of Act 73.

The Department has committed to designing and constructing a landfill that will meet federal and state standards, thereby prioritizing public and environmental health and safety, including the protection of Oahu's drinking water resources. Given the lengthy permitting, planning, design, and construction process, the City and County may also be required to request an extension of its permit to operate the WGSL beyond its 2028 expiration date.

The City and County has estimated the cost of closing WGSL at approximately $91.6 million. The full cost of developing a new landfill has not yet been determined. It is likely that these costs would be paid from general fund sources.

PENDING WASTEWATER SYSTEM LITIGATION

The City and County and the Department generally are self-insured with respect to general liability claims. In the Fiscal Years ended June 30, 2024, June 30, 2025 and June 30, 2026 the Department reached settlements of lawsuits and claims related to the Wastewater System and paid with Judgment, Settlements, and Losses general funds of $119,937, $79,022.95 and $13,406.61 respectively.

The City and County's Corporation Counsel is of the opinion that the expected liability arising out of any pending litigation would not constitute a material impairment of the Department's financial position.

Additionally, a class action lawsuit originally filed in 2006 by retired State of Hawaii ("State"), City and County and other county employees claiming that their health care benefits have been diminished or impaired in violation of the State Constitution as a result of the State's, the Hawaii Employer-Union Health Benefits Trust Fund's ("EUTF") and the EUTF Board's breach of contract, negligence, and breach of fiduciary duties continues in litigation. The City and County defended itself vigorously against the claims brought in this lawsuit, and a final judgment in favor of all defendants, including the City and County, was entered by the trial court (Circuit Court of the First Circuit, State of Hawaii) on January 30, 2024. The judgment was appealed by the Plaintiffs and cross-appeals were filed by the State of Hawaii and the City and County. The appeal is pending in the Supreme Court of the State of Hawaii. The City and County is unable to determine the outcome and, if the Circuit Court's ruling is overturned, the City and County would be unable to predict the magnitude of its potential liability or whether any such liability would have a material effect on the financial condition of the City and County and/or the Department.

RATINGS

The City and County expects that [_____] will assign the Series 2026 Bonds a short-term rating of "[_]" and a long term rating of "[_]" with the understanding that the Liquidity Facility will be issued by the Liquidity Provider on the date of issuance of the Series 2026 Bonds.

Such ratings reflect only the view of such organization, and an explanation of the significance of such ratings may be obtained from the rating agency furnishing the same, at the following address:[_____]. There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by such rating agencies, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an effect on the market price of the Series 2026 Bonds.

See "INFORMATION CONCERNING LIQUIDITY PROVIDER" in APPENDIX G hereto for information relating to the Liquidity Provider.

UNDERWRITING

The Series 2026 Bonds are being purchased for reoffering by BofA Securities, Inc., as underwriter (the "Underwriter"). The Underwriter has agreed to purchase the Series 2026 Bonds at an aggregate purchase price of $_____, being an amount equal to the principal amount of the Series 2026 Bonds, [plus/less] [net] original issue [premium/discount] of $_____, and less an underwriting discount of $_____.

The contract of purchase with respect to the Series 2026 Bonds provides that the Underwriter will purchase all the Series 2026 Bonds if any are purchased. The initial public offering prices are set forth on the inside cover page of this Official Statement. The Underwriter may offer and sell the Series 2026 Bonds to certain dealers (including depositing the Series 2026 Bonds into investment trusts) and others at prices lower than the initial public offering prices stated on the cover page hereof. The public offering prices may be changed from time to time by the Underwriter.

BofA Securities, Inc., the Underwriter of the Series 2026 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this

arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2026 Bonds.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. In the various course of their various business activities, the Underwriter and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of its customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City and County (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City and County. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments; provided, however, that potential investors are advised that the offering of the Series 2026 Bonds is made only by means of the Official Statement. No dealer, broker, salesperson or other person has been authorized by the City and County to give any information or to make any representation other than as contained in the Official Statement.

RELATED PARTIES

BofA Securities, Inc. (the Underwriter of the Series 2026 Bonds and the Remarketing Agent for the Series 2026 Bonds) and Bank of America, N.A. (The Liquidity Provider of the Liquidity Facility) are affiliated and are subsidiaries of Bank of America Corporation.

REMARKETING AGENT

Pursuant to the Remarketing Agreement BofA Securities, Inc. is acting as remarketing agent with respect to the Series 2026 Bonds.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), bond counsel to the City and County, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2026 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is of the opinion that the Series 2026 Bonds and the income therefrom are exempt from all taxation by the State of Hawaii or any county or other political subdivision thereof, except inheritance, transfer, estate and certain franchise taxes. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix F hereto.

To the extent the issue price of any maturity of the Series 2026 Bonds is less than the amount to be paid at maturity of such Series 2026 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2026 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2026 Bonds which is excluded from gross income for federal income tax purposes and State of Hawaii tax purposes. For this purpose, the issue price of a particular maturity of the Series 2026 Bonds is the first price at which a substantial amount of such maturity of the Series 2026 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2026 Bonds accrues daily over the term to maturity of such Series 2026 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2026 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2026 Bonds. Beneficial Owners of the Series 2026 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2026 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2026 Bonds

in the original offering to the public at the first price at which a substantial amount of such Series 2026 Bonds is sold to the public.

Series 2026 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2026 Bonds. The City and County has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2026 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2026 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2026 Bonds. The opinions of Bond Counsel assume the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2026 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2026 Bonds. Accordingly, the opinions of Bond Counsel are not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2026 Bonds is excluded from gross income for federal income tax purposes and will be exempt from all taxation by the State of Hawaii or any county or other political subdivision thereof, except inheritance, transfer, estate and certain franchise taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2026 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depend upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2026 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2026 Bonds. Prospective purchasers of the Series 2026 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2026 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the City and County or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The City and County has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement, with respect to the Series 2026 Bonds, ends with the issuance of the Series 2026 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City and County or the Beneficial Owners regarding the tax-exempt status of the Series 2026 Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the City and County legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2026 Bonds for audit, or the course or result of such audit, or an audit of obligations presenting similar tax issues may affect the market price for, or the marketability of, the Series 2026 Bonds, and may cause the City and County or the Beneficial Owners to incur significant expense.

Payments on the Series 2026 Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Series 2026 Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Series 2026 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2026 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

APPROVAL OF LEGAL PROCEEDINGS

The validity of the Series 2026 Bonds and certain other legal matters are subject to the approving opinions of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City and County. Complete copies of the proposed forms of Bond Counsel opinions are contained in Appendix F, "Proposed Form of Opinion of Bond Counsel". Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Underwriter by its co-counsel, Dentons US LLP, Honolulu, Hawaii, and Katten Muchin Rosenman LLP, New York, New York.

CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12"), the City and County will undertake in a Continuing Disclosure Certificate, the form of which is set forth in Appendix E, "Proposed Form of Continuing Disclosure Certificate" (the "Continuing Disclosure Certificate"), to provide to the Municipal Securities Rulemaking Board on an annual basis certain financial and operating data concerning the Department, financial statements, notice of certain events and certain other notices, all as described in the Continuing Disclosure Certificate, provided that if the inclusion or format of such information is changed in any future official statement, annual reports provided by the City and County thereafter may instead contain or include by reference information of the type included in that official statement as so changed or if different the type of equivalent information included in the most recent official statement. The undertaking is an obligation of the Department that is enforceable as described in the Continuing Disclosure Certificate. Beneficial Owners of the Series 2026 Bonds are third party beneficiaries of the Continuing Disclosure Certificate. The execution of the Continuing Disclosure Certificate is a condition precedent to the obligation of the Underwriter to purchase the Series 2026 Bonds.

The City and County has policies and procedures in place to enhance compliance with its continuing disclosure undertakings, including its undertaking in the Continuing Disclosure Certificate. The City and County also has engaged a third-party service provider to assist in the preparation and filing of annual reports and notices of listed events under the Continuing Disclosure Certificate and previous continuing disclosure undertakings.

A failure by the City and County to comply with the Continuing Disclosure Certificate will not constitute an event of default of the Series 2026 Bonds, although any Beneficial Owner of the Series 2026 Bonds may bring action to compel the City and County to comply with its obligations under the Continuing Disclosure Certificate. Any such failure must be reported in accordance with Rule 15c2-12 and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2026 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2026 Bonds and their market price.

MISCELLANEOUS

Additional information may be obtained, upon request, from either the Department of Budget and Fiscal Services or the Department of Environmental Services of the City and County.

Reference in this Official Statement to the Act, the City Charter, the Second Bond Resolution, the Series 2026 Resolution and the Series 2026 Certificate do not purport to be complete. Refer to the Act, the City Charter, the Second Bond Resolution, the Series 2026 Resolution and the Series 2026 Certificate or full and complete details of their

provisions. Copies of the City Charter, the Second Bond Resolution and the Series 2026 Resolution are on file with the City Clerk of the City and County.

The agreements of the City and County with holders of the Series 2026 Bonds are fully set forth in the Second Bond Resolution and the Series 2026 Resolution. Neither any advertisement of the Series 2026 Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2026 Bonds.

Any statements in this Official Statement involving matters of opinion or of estimates, whether or not expressly stated, are intended merely as expressions of opinion or estimates, and not as representations of fact, and no representation is made that any of the estimates will be realized.

The City and County's use of certain information included in this Official Statement has been furnished or reviewed and authorized by the sources described below. While the City and County believes that these sources are reliable, the City and County has not independently verified this information and does not guarantee the accuracy or completeness of the information furnished by the respective sources. The City and County is relying on certificates from certain sources, to be delivered at or prior to the time of delivery of the Series 2026 Bonds, as to the accuracy of such information provided or authorized by such sources.

The information regarding DTC and DTC's book-entry system has been furnished by DTC.

The financial statements of the City and County as of June 30, 2025, relating to the Sewer Fund, together with the auditor's report thereon, may be found at https://www.honolulu.gov/budget/budget-cafr.html.

The execution and delivery of this Official Statement by the Director of Environmental Services and the Director of Budget and Fiscal Services have been duly authorized by the City and County.

/s/
Director of Budget and Fiscal Services
City and County of Honolulu

/s/
Director of Environmental Services
City and County of Honolulu

APPENDIX A

[To be updated]

ECONOMIC AND DEMOGRAPHIC FACTORS

Introduction

The City and County of Honolulu, which includes the entire island of Oahu and a number of small outlying islands, is a major metropolitan city with a resident population of 988,403 (approximately 69.0% of the state's population) as of July 1, 2025. Honolulu's underlying economy is supported by several diversified areas, which include tourism, the federal government and military operations, State and local governments, manufacturing, construction, real estate, education, research and science, trade and services, communications, finance, and transportation.

Oahu is situated between 21 degrees and 22 degrees north latitude, just below the Tropic of Cancer. The climate has an average mean winter temperature of 70.2 degrees and an average mean summer temperature of 78.6 degrees. Average rainfall varies widely from one area of Oahu to another. Rainfall is comparatively light in the leeward coastal area where the larger part of the population is located. Waikiki, located on the leeward side of Oahu, has a dry climate with annual precipitation averaging about 27 inches; precipitation in the upper reaches of the Ko'olau mountains averages about 400 inches a year and provides an adequate supply of water for irrigation use and retention in large subterranean reservoirs for household and industrial uses.

Oahu is one of the oldest of the Hawaiian Islands. It has no active volcanos, and the last volcanic eruptions, which were minor, are believed to have occurred more than 70,000 years ago. The last major volcanic eruption on Oahu was Ko'olau which is believed to have ended approximately 1.8 million years ago.

The following material pertaining to economic factors in the City and County has been excerpted from the Hawaii State Department of Business, Economic Development and Tourism ("DBEDT") Second Quarter 2026 Quarterly Statistical Economic Report ("QSER") or from other materials prepared by DBEDT, some of which may be found at http://dbedt.hawaii.gov/. Certain visitor industry statistics have been excerpted from Hawaii Tourism Authority publications.

The COVID-19 pandemic materially adversely affected Hawaii's economy but statistics for 2025 and the first quarter of 2026 show the continuation of a return to historic economic growth patterns.

Certain Economic Indicators

Employment. The following table presents certain annual employment statistics for the City and County for 2022 through 2025, and the first quarters of 2025 and 2026. In the first quarter of 2026, the unemployment rate in Honolulu decreased 0.1 of a percentage point, from 2.3 percent in the first quarter of 2025 to 2.2 percent. In May 2026 the unemployment rate (not seasonally adjusted) was 2.4 percent. In the first quarter of 2026, Honolulu lost 1,500 or 0.3 percent of non-agricultural wage and salary jobs compared to the same quarter of 2025. The number of jobs increased the most in Natural Resources, Mining and Construction, which added 700 jobs or 2.4 percent; followed by Art, Entertainment, and Recreation, which added 200 jobs or 2.4 percent. The Government sector lost 3,300 jobs or 3.3 percent, with the Federal Government losing 2,800 jobs or 8.5 percent, State Government lost 800 jobs or 1.5 percent, while Local Government gained 200 jobs or 1.7 percent during the same period.

Table I

Employment Statistics

	Annual Average				First Quarter		
	2022	2023	2024	2025	2025	2026	% Change Year Ago
Civilian Labor Force	458,150	457,550	470,950	477,600	477,850	475,800	-0.4%
Civilian Employment	442,300	445,150	458,150	465,850	465,450	465,450	-0.3%
Unemployed	15,850	12,400	12,800	11,700	10,850	10,350	-4.6%
Unemployment Rate	3.5%	2.7%	2.7%	2.5%	2.3%	2.2%	-0.1%

Source: State of Hawaii Department of Business, Economic Development and Tourism, County Social, Business and Economic Trends in Hawaii and 2026 Second Quarterly Statistical and Economic Report.

Personal Income. In 2024, per capita personal income for Honolulu residents was higher than for the State of Hawaii and the United States as a whole. The following table presents the per capita personal income for Honolulu residents in comparison to the State and the country for the years 2020 through 2024. As indicated, the per capita personal income in Honolulu in 2024 was 0.05% higher than in 2023.

Table II

Per Capita Personal Income

Year	Honolulu	State of Hawaii	United States
2020	$60,278	$57,026	$59,151
2021	$63,956	$61,264	$64,692
2022	$66,298	$63,184	$66,298
2023	$70,680	$67,269	$70,002
2024	$74,681	$71,019	$73,204

Source: U.S. Department of Commerce, Bureau of Economic Analysis. Per capita personal income is total personal income divided by total midyear population. Last updated: February 5, 2026 – new statistics for 2024; revised statistics for 2020-2023.

Housing Market. The following table presents the average sales prices for single-family homes and condominiums in Honolulu from 2020 through 2024.

Table III

Median Resale Prices

	Single Family Homes		Condominiums	
Year	Median Resale Price	% Change	Median Sale Price	% Change
2020	$830,000	5.2%	$435,000	2.3%
2021	$990,000	19.3%	$475,000	9.2%
2022	$1,107,000	11.8%	$510,000	7.4%
2023	$1,050,000	-5.1%	$507,000	-0.6%
2024	$1,100,000	4.3%	$510,000	0.6%

Source: State of Hawaii Department of Business, Economic Development and Tourism Data Book (2024), Table 21.36.

State and County Governments

With Honolulu as the State capital, most State government activity is concentrated on the Island of Oahu. In the first quarter of 2026, on a statewide basis, there were there were 74,000 State and 19,700 county government workers, with approximately 72.7% of the total employed on Oahu. As reported by DBEDT, the State and City and County employed approximately 53,800 and 12,300 persons, respectively, on Oahu in the first quarter of 2026.

Federal Government and Military

The federal government plays an important role in Hawaii's economy, which includes federal executive, legislative and judicial branch operations, as well as military spending and activities in Hawaii. In the first quarter of 2026, the federal government accounted for 32,500 jobs statewide, of which 30,000 were in the City and County.

According to the U.S. Bureau and Economic Analysis ("BEA") data, the State's 2025 Gross Domestic Product (GDP) was $124.6 billion, of which federal civilian and military enterprises were $6.36 billion and $7.07 billion, respectively. Combined, federal civilian and military enterprises were 10.8% of the State's GDP. Total compensation of employees ("COE") of federal government employees and military personnel in Hawaii were $5.1 billion and $6.3 billion, respectively, and accounted for about 17.5% of Hawaii's total COE in 2025. Military personnel accounted for 55.4% of the total federal COE in 2025.

According to DBEDT's Hawaii Defense Economy Report (2025), the defense sector is the second largest sector of the State's economy, resulting in $9.9 billion in spending, and accounting for 9.2% of the state's GDP. The defense industry provided over 73,000 active duty, reserve and civilian jobs with an annual payroll totaling $5.9 billion.

Headquartered in Honolulu, the United States Pacific Command (USPACOM) Area of Responsibility (AOR) encompasses about half the earth's surface, stretching from the waters off the west coast of the U.S. to the western border of India, and from Antarctica to the North Pole. There are few regions as culturally, socially, economically, and geopolitically diverse as the Asia-Pacific. The 38 nations comprising the Asia-Pacific region encompasses 52% of the earth's surface, home to more than 50% of the world's population, 3,000 different languages, several of the world's largest militaries, and five nations allied with the U.S. through mutual defense treaties. Approximately 344,000 U.S. military and civilian personnel are assigned to the USPACOM area of responsibility. U.S. Pacific Fleet consists of approximately 200 ships (to include five aircraft carrier strike groups), nearly 1,100 aircraft, and more than 130,000 Sailors and civilians dedicated to protecting our mutual security interests. Marine Corps Forces, Pacific includes two Marine Expeditionary Forces and about 86,000 personnel and 640 aircraft assigned. U.S. Pacific Air Forces comprises of approximately 46,000 airmen and civilians and more than 420 aircraft. U.S. Army Pacific has approximately 106,000 personnel from one corps and two divisions, plus over 300 aircraft and five watercraft assigned throughout the AOR from Japan and Korea to Alaska and Hawaii. Of note, component command personnel numbers include more than 1,200 Special Operations personnel. Department of Defense civilian employees in the Pacific Command AOR number about 38,000.

Pearl Harbor Naval Shipyard (PHNSY) is the nation's largest, most comprehensive fleet repair and maintenance facility between the U.S. West Coast and the Far East. PHNSY plays a critical role in Hawaii's economy. It is the largest industrial employer in the state, with a civilian workforce of more than 5,000 and over 500 active-duty Navy personnel. These are well-paying jobs that require a highly skilled and specialized workforce to meet the technical requirements of today's modern Navy. In addition to being one of the state's largest employers, the Shipyard distributes millions of dollars in contracts annually to a wide range of Hawaii businesses.

Hawaii continues to host RIMPAC (Rim of the Pacific Exercise) during even-numbered years, to enhance interoperability between Pacific Rim Armed Forces. The biennial RIMPAC exercise brought 31 nations in and around the Hawaiian Islands from June 24 to July 31, 2026. The exercise featured a multinational force of approximately 40 surface ships, 5 submarines, 140 aircraft and more than 25,000 personnel.

Future levels of federal funding (including defense funding) in Hawaii are subject to potential spending cutbacks and deferrals that may be implemented to reduce the federal budget deficit.

Finance

As the financial center of the State of Hawaii, Honolulu is served by a full range of financial institutions, including banks, savings and loan associations, and financial services companies. Honolulu currently has 13 institutions in the market, comprised of Hawaii-chartered banks, a Hawaii-chartered financial services company, federally chartered savings banks, a national bank, and interstate branch banks with combined in-market deposits totaling $45.4 billion as of period ending June 30, 2025, as reported by the Federal Deposit Insurance Corporation.

Transportation

All parts of the City and County are connected by a comprehensive network of roads, highways, and freeways. All of the populated areas of the island are served by a public bus transit system (Oahu Transit Services) with fixed-route ridership for FY2025 of approximately 40.9 million annually, and 1.1 million Handi-Van trips annually. According to the 2026 Public Transportation Fact Book published by the American Public Transportation Association, the City and County hosts the 25th largest transit agency in the nation and the 16th largest bus agency in an urbanized area.

The City and County's Honolulu Authority for Rapid Transportation (HART) is constructing a new 20-mile fixed guideway mass transit system to provide rail service along Oahu's east-west corridor between Kapolei and downtown Honolulu. In October 2025 HART completed construction and delivered Operating Segment 2 of the Honolulu Rail Project to the City and County Department of Transportation Services (DTS). Operating Segments 1 and 2 consist of approximately 16 miles of rail guideway and 13 rail stations from East Kapolei to Middle Street. In addition to the guideway and stations, HART also transferred to DTS 12 four-car trains and the 43-acre Rail Operations Center and Maintenance and Storage Facility. DTS is responsible to operate and maintain the rail system. Over 60% of the City and County's population currently lives within the area served by this corridor, which area is projected to continue to grow faster than the rest of Oahu. See "DEBT STRUCTURE – Honolulu Rail Transit Project" in this Official Statement for additional information regarding this rail transit project.

Honolulu is the hub of air and sea transportation for the entire Pacific. The Daniel K. Inouye International Airport ("HNL") is located approximately five miles by highway from the center of downtown Honolulu. The Federal Aviation Administration reported that HNL was the 30th busiest US airport in Calendar Year 2024, based on the number of enplaned passengers.

Honolulu Harbor is the hub of the Statewide Commercial Harbors System. It serves as a major distribution point of overseas cargo to the neighbor islands and is the primary consolidation center for the export of overseas cargo. The U.S. Department of Transportation, Bureau of Transportation Statistics, Port Performance Freight Statistics Program updated in 2026, ranks Honolulu Harbor as #15 amongst US ports for loaded twenty-foot equivalent units (724.8 thousands of TEUs); #26 for dry bulk tonnage (8.8M of short tons); and #39 by total tonnage (13.3M of short tons). The State Department of Transportation, Harbor Division manages, maintains and operates the State's Harbors System to provide for the efficient movement of cargo and passengers. The U.S. military moves most of its cargo through the State's Harbors System.

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Construction

Construction was one of the major contributors to job growth in Hawaii over the past few years. The following table shows the estimated value of construction authorizations for private buildings for the City and County and for the State as a whole for the last seven years.

Table IV

Estimated Value of Private Building Permits
(Dollars in Thousands)

Year	State	Change from Prior Year	City & County of Honolulu	Change from Prior Period
2018	3,268,292	4.5%	1,985,648	-1.1%
2019	3,221,446	-1.4%	2,063,293	3.9%
2020	3,108,490	-3.5%	1,816,672	-12.0%
2021	3,747,106	20.5%	2,254,312	24.1%
2022	3,579,323	-4.5%	2,010,381	-10.8%
2023	3,667,169	2.5%	1,848,573	-8.0%
2024	4,971,533	35.6%	3,193,932	72.8%

Source: State of Hawaii Department of Business, Economic Development and Tourism (compiled from data collected by county building departments), Table 21.01, 2024.

Significant development projects which were recently completed, are currently under construction, or are in the later planning stages on the island of Oahu include:

Urban Core / Waikiki Developments

- The Airports Division's modernization program that commenced in 2013, is ongoing. The program includes significant capital improvements expanding Daniel K. Inouye International Airport's Inter-Island terminal and main terminal, including the recently completed consolidated car rental facility, expanded interisland terminal and installation of energy saving equipment. Additionally, the Airports Division has announced plans for the construction of a new approximately 800,000 square foot Diamond Head concourse that is anticipated to add 12-14 wide body gates in the initial phase and be expandable to up to 21 gates, as well as a new Customs and Border Protection facility and improved security and baggage screening facilities for the Transportation Security Administration.

- The Howard Hughes Corporation is developing a master-planned community on 60 acres in Kakaako known as Ward Village. The development as approved to date includes several mixed-use high-rise residential buildings, seven of which are completed - Waiea (171 units), Anaha (311 units), Ae`o (466 units), Ke Kilohana (424 units), `A`ali`i (751 units), Kō`ula (565 units), and Victoria Place (350 units), - and more than one million square feet of retail and commercial space, including Merriman's restaurant and a multi-story Whole Foods supermarket. Two other towers -- Ulana Ward Village (697 reserved housing units) and The Park Ward Village (546 units) were completed in November 2025 and June 2026, respectively. Construction has commenced for Kalae Ward Village (330 units) with a completion date of 2027. Plans for The Launiu (486 units) have been approved, with a completion date of 2028. Ilima (148 units) and Melia (221 units) are expected to be completed by 2030. Howard Hughes also submitted a permit application for the Mahana Ward Village (340 units + retail space) with an estimated completion date of 2031.

- The Michaels Organization developed the Halewai`olu Senior Residences located at 1331 River Street in Downtown Honolulu, a 17-story mid-rise development on a parcel owned by the City & County. The project provides 156 one- and two-bedroom affordable rental units for seniors earning 30%-60% AMI that was completed in 2023.

- JL Capital completed Sky Ala Moana, a $500 million mixed-use development consisting of 474 residential condominium units, 299 hotel/condotel units, and a 54,000 square-foot amenity level. The project was completed in the fourth quarter of 2023.

- Ililani, LLC's 328-unit Ililani affordable housing and market unit project in Kakaako was completed in 2024.

- Amazon opened its first Hawaii distribution center on 14.5 acres of land in the Sand Island area of Honolulu in 2024. Amazon recently announced plans to construct a second distribution center on approximately 50 acres of land in Kapolei.
- The University of Hawaii completed construction of its Residences for Innovative Student Entrepreneurs (RISE) development in 2023. The project involved redeveloping the site of the former Atherton YMCA into an innovation and entrepreneurship center and student housing facility. The $70 million facility has 7,263 square feet of multi-purpose co-working, meeting, lab, and classroom space, as well as 374 student housing beds for undergraduate and graduate students. The $170 million graduate student housing facility with 316 units (558 beds) on the Manoa Campus was completed in the summer of 2025.

- Keeaumoku Development LLC completed construction of The Park on Keeaumoku in 2025. The mixed-use development includes 972 condominium units, commercial space as well as a half-acre park. The project was completed in 2025.

- The Ritz-Carlton Residences Waikiki Beach completed a multi-phase, $82 million renovation, including refreshed rooms and suites, new pool experiences, and the introduction of the "Sky Suite Collection."

- The Pacific Development Group completed the first phase of Halawa View Apartments, a 121 affordable unit housing project, in 2021. The second phase of the Halawa View Apartment features 302 low-income rental units (between 30% to 60% AMI) completed in 2025.

- The Hawaii Public Housing Authority (HPHA) and Highridge Costa Development Company received approval from the City and County Department of Planning and Permitting to develop 2,448 new housing units at Mayor Wright Homes. The redevelopment will occur in multiple phases over the next 15 years. Phase I started in 2025.

- The Avalon Group is developing a community and entertainment hub in Downtown Honolulu to include sports facilities, local restaurants, and other entertainment options. Pickles at Forte, an 40,000 square foot indoor pickle ball court, opened in 2025.

- Kamehameha Schools has commenced the Moiliili Gateway project, a redevelopment of 6.5 acres (213,500 square feet) along University Avenue. The redevelopment will encompass the Varsity Center, East-West Building, 2535 Coyne Street, and the surrounding parking lots. Breaking ground in the summer of 2024, the project is scheduled to open in late 2026.

- Hawaii Public Housing Authority (HPHA) and development partner Retirement Housing Foundation's first 250-unit senior citizen affordable housing tower on School Street is under construction. Units are expected to be completed in 2026.

- Hawaii Pacific Health commenced redevelopment of the Straub Benioff Medical Center, a $1 billion, four-phase, 15-year project that will create a health care campus that will triple the existing size to 760,000 square feet. Phase 1 consists of a new parking building and conference center to be completed by 2026.

- Hale Moiliili LP is scheduled to complete construction in late 2026 of Hale Moiliili, a 278 unit residential and commercial mixed-use project, on land in Moiliili leased from the Hawaiian Homes

Commission. The $155 million project will offer rental homes to low-income Native Hawaiian families.

- Highridge Costa Development Company is constructing Pohukaina Commons in Kakaako which will consist of two towers that includes a total of 625 workforce mixed-use family rentals. Construction started in 2024, with a completion date of 2027.
- Ālia is a 43-story luxury condominium by Kobayashi Group and BlackSand Capital, located in Kaka'ako's urban core. The $400 million project includes 417 market residences and 40 reserved housing units across more than 450,000 square feet of residential space to be completed in 2027.

- The Kobayashi Group is developing Kuilei Place, a residential condo project in the Moiliili area consisting of 1,005 residential condo units. 60% of the total unit count will be reserved for affordable housing buyers; the remaining 402 units will be sold as market-rate units. The project is valued at approximately $690 million and is expected to be completed in 2028.

- Aria Lane Manoa, developed by Avalon Group, consists of 79 single-family homes and 14 multi-family townhome units. More than 50% of the multi-family units will be available as affordable housing for first-time homebuyers, to be completed in 2028.

- Kali'u Ala Moana is an upcoming 39-story, 285-unit luxury condominium located in Honolulu's Kaka'ako district. The project is being developed by ProsPac Holdings and is slated for completion in 2028.

- Hawaii City Plaza LP is currently developing Hawaii Ocean Plaza, a 407-unit condo-hotel on Kapiolani Boulevard to be completed by 2029.

- Muse Honolulu, developed by JL Capital, is proposed project located at 1538 Kapiolani Blvd and will have 331 residential units in a single 400 foot tower. Completion date is 2029.

- Kahuina Kakaako, developed by Stanford Carr, will consist of 860 residential units across two towers. Of the 860 total units in the building, 396 will be sold under the HHFDC affordable housing program. Completion date is 2030.

- Park Lane 2 (aka 1588 Ala Moana), developed by the Kobayashi Group, will feature a combination of market-rate luxury residences and affordable rental housing for households earning up to 80% of the Area Median Income (AMI). The project will also include 291-room hotel and approximately 26,000 square feet of commercial space is proposed to be completed by 2030.

- Manaolana Partners and Kaijima Kagaku USA Inc. is currently developing Manao'lana Place, a 37-story, 99 residential units and mixed-use tower which will include a Mandarin Oriental hotel and luxury condominiums near the Hawaii Convention Center. Completion date: TBD.

- Salem Partners is currently developing 1500 Kapiolani, a 500-unit condominium-hotel. Completion date: TBD.

- Kalaimoku-Kuhio Development Corp. is redeveloping King Kalakaua Plaza, a retail building and hotel. Completion date: TBD.

- Best Hospitality is currently developing the Park Kalia-Waikiki Condo-Hotel, a 170-unit property. Completion date: TBD

- Sanko Soflan Holdings is currently developing 130 residential units in Waikiki. Completion date: TBD.

- Brookfield Developers have proposed the construction of Ala Moana Plaza. This project will include 459 market value rentals and 124 affordable rentals priced at 80% of the AMI. Completion date: TBD.

- Koa Partners and Castle & Cooke Hawaii is developing Waiakoa, featuring 1,032 residential units, 60% of which will be designated as affordable housing, alongside community spaces and commercial offerings. The project is situated in Kakaako. Completion date: TBD.

- Hawaii Community Development Authority is developing 50 low-income rental housing at 586 South Street for seniors. Completion date: TBD.

Large Development Projects Across Oahu

- Castle & Cooke Homes Hawaii is building Koa Ridge, a $2.2 billion housing and commercial development on the central Oahu plateau, which when completed will consist of 3,500 single- and multi-family homes (including 30% affordable homes), a medical center, shopping outlets and recreation areas on 576 acres between Mililani and Waipio. The first homes were offered for sale in June 2021, with completion date of 2035.

- D.R. Horton – Schuler Homes is developing Ho'opili in West Oahu, which will consist of 11,750 (20 year master plan) single- and multi-family homes, commercial and light industrial space, community facilities, three elementary schools, one middle school, a high school, parks and open space, and agricultural areas on 1,289 acres of land. As of 2024, more than 2,700 homes have been built.

- Cottages at Mauna'olu is a Stanford Carr Development in Makaha Valley. This gated single family condominium community spans 26 acres consisting of 118 homes completed in 2024.

- Avalon Group is currently developing the 123-acre Kapolei Business Park West (West Oahu) with 47 industrial lots and the 54-acre Kapolei Business Park Phase 2. An additional expansion of the 3-acre Kapolei Pacific Center will include general and medical offices—existing tenants include the Social Security Administration.

- EAH Housing is developing Aloha Iā Halewilikō, a new affordable housing community for seniors in Aiea. Situated on 3.45 acres of City-owned land, the project consists of 140 rental apartment homes, onsite amenities and tailored services for seniors. The $62 million project was completed in 2026.

- Komohale West Loch Venture LP has broken ground for construction of Kaleima`o Village, a 127 unit affordable rental housing project in Ewa Beach. The $78 million project is being built on 3.7 acres of City-owned land through a joint venture between Stanford Carr Development and Standard Communities to be completed in 2026.

- The Queens Health System is building a new three-story building will provide an additional 77,800 square feet of patient care space for emergency and hospitalized patients at its West Oahu campus. The new facility is expected to be completed in November 2026. The entire expansion and renovation project is expected to be completed by summer 2027.

- WTL Development LLC is developing Laulima in Kapolei, Oahu, which will consist of 2,500 residential units, 750 of which will be affordable housing rentals, as well as a shopping center. The affordable housing phase is expected to be completed in 2027.

- Arete Collective and the Wasatch Group plan to build up to 350 units on permitted land east of the Turtle Bay Resort complex in Kahuku. Targeted completion is 2027.

- Waianiani at The Cove is a 10.8-acre oceanfront mixed-use destination in West Oahu, adjacent to the Four Seasons Resort Oahu at Ko Olina. It will feature an oceanfront amphitheater, restaurants, a cultural pavilion, and an open-air local artisan marketplace open to the public. Targeted completion is 2028.

- California-based developer Kam Sang Company bought land adjacent to Disney's Aulani Resort and intents to develop the Atlantis -- 500 hotel rooms and 500 condo units valued at $2.0 billion. Completion is anticipated by 2030.

- Hoakalei Resort – Haseko Development is building a 140-acre residential resort on the southwest shore of Oahu with 887 homes and townhouses completed and more planned. The project also includes a completed signature Ernie Els golf course and a recreational lagoon. Completion date for overall project is to be determined.

Trade and Services

The economy of both the City and County and the State as a whole is heavily trade and service oriented, largely because of the heavy volume of purchases by visitors to the State. According to the State's Department of Taxation, the State's general excise and use tax base for trade activities exceeded $49.1 billion, and for service activities exceeded $22.5 billion in FY2025. Of the City and County's 462,100 non-agricultural jobs in the first quarter of 2026, retail and wholesale trade together accounted for 55,300 or 12% of total jobs. Professional and business services were 12%, health care and social assistance were 13%, food services and drinking places were 10%, and natural resources, mining and construction were 6% of total non-agricultural jobs. Federal, state, and county government accounted for 96,200 or 21% of total non-agricultural jobs.

Agriculture and Diversified Manufacturing

Agriculture and manufacturing are relatively small sectors in the State's and the City and County's economy. According to the USDA, agricultural sales on Oahu totaled $193 million in 2022, accounting for approximately 29% of the State's agricultural production. About 20% of the land on Oahu is zoned for agriculture, which in 2022 consisted of 1,002 farms encompassing 60,254 acres. Statewide farm employment in 2022 was 11,833, of which 1,875 producers were on Oahu. With the decline of the sugar and pineapple industries, agricultural lands are returning to an era of small farms growing diversified agricultural products. For example, Hawaii aquaculture sales totaled $65.2 million in 2023, according to the USDA's National Agricultural Statistics Service.

Manufacturing on Oahu consists principally of producing cement (one plant), refining oil (two refineries), and converting oil into synthetic natural gas (one plant). Other activities include the manufacturing of garments, plastic and concrete pipe, jewelry and gift items, and the processing and packaging of tropical fruits, nuts and other food items. In the first quarter of 2026, there were approximately 13,000 and 9,800 manufacturing jobs statewide and on Honolulu, respectively. The State Department of Taxation reported that the cumulative total of the General Excise and Use Tax Base for manufacturing during the fiscal year ending June 2025 was $448.7 million, with tax collections of $2.2 million.

Energy

Hawaii has six independent power grids, one for each of the main populated islands. The Hawaii Public Utilities Commission regulates four electric utility companies engaged in the production, purchase, transmission, distribution, and sale of electric energy in the state. Collectively, HECO, MECO and HELCO are known as the "HECO Companies" and serve about 95% of the State's population. Kaua'i Independent Utility Cooperative (KIUC) on the island of Kauai serves about 5%. The islands of Ni'ihau and Kaho'olawe do not have electric utility service.

Hawaii was the first state in the nation to enact a renewable portfolio standard ("RPS"), requiring the use of renewable sources to generate the equivalent of 100% of electricity sales by 2045, with interim requirements of 15% in 2015, 30% in 2020, 40% in 2030, and 70% in 2040. Hawaii has made significant strides toward 100% renewable energy by 2045, achieving about 36% renewable electricity in 2025 through a combination of solar (rooftop & utility), wind, biomass, and hydro, exceeding earlier goals, with Maui, Kaua'i, and Hawaii Island expected to achieve a 100% RPS by 2035, a decade earlier than planned. However, reliance on imported oil (around 90%) remains a major

challenge, even as the state leads in clean energy policy, but needing firm power sources for grid reliability and energy security. Oahu, with its high population and energy demand, faces the biggest challenge to achieving 100% by 2045; reporting a 31% RPS in 2024.

Kaua'i and Hawaii Island have the highest renewable penetration. Kaua'i has maintained comparatively stable and lower electricity prices, demonstrating the long-term cost benefits of transitioning away from fossil fuel-dependent generation. In 2024, Hawaii Island reached its highest level of renewable generation, achieving a 59% RPS with geothermal electricity generation accounting for 19.1%. Reducing fuel use through increased power plant efficiency, electrification of transportation, and renewable energy deployment will remain the key mechanisms for reducing ratepayer costs.

Act 258, adopted in 2025, established the "Catastrophic Wildfire Securitization Act" allowing utilities to issue bonds to finance future wildfire costs, including disaster relief, mitigation, and litigation, to be repaid by fixed charges on customer bills that cannot be bypassed. This legislation, subject to the oversight of the Public Utilities Commission, essentially shields the utility's credit rating from future catastrophic wildfire losses, ensuring financial stability in the electricity sector.

In October 2025, the state signed a Strategic Partnering Agreement (SPA) with JERA, Japan's largest power producer, to modernize grid infrastructure, accelerate the retirement of aging assets, and enhance system reliability and resilience, contributing meaningfully to Hawaii's clean energy transition. The development of energy transition infrastructure may include initiatives related to low- and zero-carbon fuels, fuel logistics and distribution networks, the modernization of legacy infrastructure, and integration of renewable technologies at scale.

Education, Research and Science

The University of Hawaii was established in 1907 and currently consists of a research university at Manoa, baccalaureate institutions at Hilo and West Oahu, and a system of seven community colleges on the islands of Kauai, Oahu, Maui, and Hawaii. The State's only law school is located at Manoa and its only medical school (with a new cancer research center) is located at Kakaako in downtown Honolulu. In the Spring semester of 2026, 48,561 students were enrolled in the University of Hawaii System, of which 19,242 were on the Manoa campus.

In addition to the University of Hawaii System, there are three private universities and one private college on Oahu. Federal government research agencies in Honolulu include the U.S. Bureau of Commercial Fisheries and the Environmental Science Services Administration. Among private research organizations on Oahu are the Oceanic Institute and the Bishop Museum.

Visitor Industry

The visitor industry encompasses an array of businesses, including hotels, restaurants, airlines, travel agencies, taxis, tour-bus operators, gift shops, and other service and recreational industries.

The total number of visitor arrivals by air increased 85,695 or 3.6 percent in the first quarter of 2026, compared to the same quarter of 2025. The total average daily census increased by 2,334 or 1.0 percent in the quarter. In 2025, total visitor arrivals by air decreased 40,163 or 0.4 percent, while the average daily census decreased 1,221 or 0.5 percent from the previous year.

In terms of major market areas, from the first quarter of 2025 to the same period of 2026, arrivals from the U.S. West increased 23,940 or 2.0 percent, arrivals from the U.S. East increased 92,298 or 14.3 percent, and arrivals from Japan increased 12,190 or 7.4 percent. In 2025, arrivals from the U.S. West were up 13,044 or 0.3 percent; arrivals from the U.S. East were up 32,221 or 1.4 percent; and Japanese arrivals were up 23,688 or 3.3 percent from the previous year.

The total average daily visitor census was up 1.0 percent or 2,334 visitors per day in the first quarter of 2026, over the same quarter of 2025.

Nominal visitor expenditures by air totaled $6,097.62 million in the first quarter of 2026, an increase of $503.7 million or 9.0 percent from the first quarter of 2025. In 2025, visitor expenditures totaled $21,680.73 million, an increase of $1,192.0 million or 5.8 percent from the previous year.

Total airline capacity, as measured by the number of available seats flown to Hawaii, increased 5.3 percent or 196,405 seats in the first quarter of 2026, domestic seats increased 6.8 percent or 175,897 seats, and international seats decreased 0.3 percent or 20,508 seats, compared to the same quarter of 2025. In 2025, the number of total available seats decreased 1.1 percent or 147,865 seats, domestic seats decreased 0.8 percent or 81,288 seats, and international seats decreased 2.5 percent or 66,577 seats from the previous year.

In the first quarter of 2026, the statewide hotel occupancy rate averaged 76.4 percent, 0.5 of a percentage point higher than the same quarter of 2025. In 2025, the statewide hotel occupancy rate averaged 73.9 percent, 0.5 percentage points lower than the previous year.

Total spending by visitors in May 2026 was $1.77 billion (measured in nominal dollars), up 5.3 percent from May 2025. There were 800,554 total visitors in May 2026, an increase of 3.8 compared to May 2025 (771,038 visitors). Visitors who came in May 2026 also spent more on an average daily basis ($292 per person, +13.1%) compared to a year ago.

While there were more total visitors in May 2026, the total average length of stay was shorter, at 7.60 days, compared to 8.47 days (-10.3%) in May 2025. The statewide average daily census[1] in May 2026 was 196,258 visitors compared to 210,760 visitors (-6.9%) in May 2025.

There were 450,213 visitors to Oahu in May 2026 compared to 466,401 visitors (-3.5%) in May 2025. Visitor spending on Oahu was $736.7 million in May 2026 compared to $787.5 million (-6.4%) in May 2025. The average daily census on Oahu was 93,544 visitors in May 2026 compared to 104,637 visitors (-10.6%) in May 2025.

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DBEDT Projections

According to DBEDT, visitor arrivals are projected to increase by 1.9 percent in 2026, 1.3 percent in 2027, and then grow at 1.0 percent each year in 2028 and 2029. Visitor spending is projected to be $22.8 billion in 2026 and to increase to $25.2 billion by 2029.

Table V

Selected State of Hawaii and Oahu Visitor Statistics

	Year Ended December 31					First Quarter	
	2021	2022	2023	2024	2025	2025	2026
Arrivals by Air – State	6,777,760	9,138,674	9,499,995	9,533,375	9,493,213	2,402,850	2,488,546
Domestic	6,656,779	8,233,186	7,942,159	7,896,390	7,880,369	1,958,986	N/A
International	120,981	905,488	1,557,836	1,636,985	1,612,844	443,864	N/A
Arrivals by Air – Oahu	3,326,622	4,858,170	5,613,409	5,794,854	5,679,047	1,414,609	N/A
Average Daily Visitor Census – State	178,938	232,154	234,724	228,752	227,530	241,803	244,137
Domestic	173,901	206,201	196,268	191,857	190,875	197,497	N/A
International	5,037	25,953	38,456	37,427	36,795	44,306	N/A
Visitor Expenditures – State [1]	$13,127	$19,654	$20,663	$20,489	21,681	$5,594	6,098
Hotel Occupancy Rate – State	57.5%	73.7%	74.7%	73.4%	73.9%	75.9%	76.4%
Hotel Occupancy Rate – Oahu	55.6%	75.6%	79.7%	79.8%	78.2%	79.1%	78.2%

[1] *In millions of dollars. By persons arriving by air and staying overnight or longer (excludes supplemental business expenditures).*

Sources: State of Hawaii Department of Business, Economic Development & Tourism and Hospitality Advisors, LLC. Note: 2025 and 2026 data are preliminary.

Honolulu's profile as a visitor destination prior to the pandemic was enhanced by its role as host of numerous professional and trade conferences and conventions, as well as major sports events.

The City and County continues to attract major investment to support the visitor industry, including hotels, restaurants, and recreation facilities. Significant development projects related to the visitor industry which are currently under construction or are in the later planning stages in or around Waikiki include: (i) the construction by Hilton Grand Vacations of a 32-story tower consisting of 205 timeshare apartment units at the former King's Village site, next to the Hale Waikiki Apartments and Prince Edwards Apartments, and (ii) the demolition of all the existing hotel towers and structures of the Sheraton Princess Kaiulani Hotel to be replaced by a 33-story hotel, consisting of approximately 1,000 hotel units. The current Planned Development Resort permit was approved in November of 2019, and was extended by six years in 2023.

The following development projects have recently been completed: (a) the $80 million renovation of the Outrigger Reef Waikiki Beach Resort in 2022; (b) a $52 million renovation of Turtle Bay Resort on Oahu's North Shore adding 750 additional units in May 2023; and (c) the renovation of 664 guestroom at the Sheraton Princess Kaiulani hotel in May 2024.

State of the Economy

Hawaii's major economic indicators were mixed in the first quarter of 2026. The civilian labor force, wage and salary jobs, and private building permit authorizations decreased. Meanwhile, visitor arrivals, government contracts awarded, and general excise tax revenues increased.

In the first quarter of 2026, the total number of visitors arriving by air to Hawaii increased 85,695 or 3.6 percent and the daily visitor census increased 2,334 or 1.0 percent.

In the first quarter of 2026, the construction sector added 1,200 jobs or 3.0 percent compared with the same quarter of 2025, while the permit value for private construction decreased $471.9 million or 33.5 percent. Government contracts awarded increased $720.1 million or 202.2 percent, compared with the same quarter of 2025, largely due to paving contracts awarded by the Hawaii Department of Transportation. According to the most recent data available, the contracting tax base increased $132.9 million or 3.8 percent in the fourth quarter of 2025, compared with the same quarter of the previous year. For 2025, the contracting tax base increased $440.4 million or 3.2 percent compared with the previous year.

In the first quarter of 2026, state General Excise Tax revenue increased $39.6 million or 3.2 percent, the Transient Accommodations Tax (TAT) increased $22.2 million or 9.8 percent, the net corporate income tax revenues increased $13.0 million, and the Net Individual Income Tax revenues increased $21.0 million or 3.6 percent.

Labor market conditions were mixed. In the first quarter of 2026, the civilian labor force averaged 687,250 people, a decrease of 2,550 or 0.4 percent over the same period of 2025. The unemployment rate (not seasonally adjusted) was 2.2 percent, 0.2 of a percentage point lower than the first quarter of 2025. Hawaii's non-agricultural wage and salary jobs averaged 642,900 jobs, a decrease of 800 jobs or 0.1 percent from the same quarter of 2025.

In the first quarter of 2026, the private sector added about 2,300 non-agricultural jobs compared to the first quarter of 2025. The number of jobs increased the most in Health Care & Social Assistance, which added 1,400 jobs or 1.8 percent, followed by Construction, which added 1,200 jobs or 3.0 percent, Accommodation, which gained 500 jobs or 1.3 percent, and Food Services and Drinking Places, which added 400 jobs or 0.6 percent.

The job decrease in the first quarter of 2026 was due to job decreases in the government sector. The Government sector lost 3,100 jobs or 2.4 percent in this quarter compared to the same quarter of 2025. The Federal Government lost 3,200 jobs or 9.0 percent, the State Government lost 500 jobs or 0.7 percent, and the Local Government added 600 jobs or 3.1 percent, compared to the first quarter of 2024.

In the fourth quarter of 2025, total annualized nominal GDP increased $7,258 million or 6.1 percent, from the same quarter of 2024. In 2025, total annualized nominal GDP increased $6,980 million or 5.9 percent from the previous year. In the fourth quarter of 2025, total annualized real GDP (in chained 2017 dollars) increased $1,625 million or 1.8 percent from the same quarter of 2024. In 2025, total annualized real GDP increased $2,266 million or 2.5 percent from the previous year.

In the fourth quarter of 2025, total non-farm private sector annualized earnings increased $2,809.4 million or 3.9 percent from the same quarter of 2024. In dollar terms, the largest increase occurred in Health Care and Social Assistance; followed by Professional, Scientific, and Technical Services, and Accommodation and Food Services. During the fourth quarter of 2025, total government earnings increased $631.0 million or 3.2 percent from the same quarter of 2024. Earnings from the federal government increased $329.1 million. Earnings from the state and local governments increased $302.0 million in the quarter.

In the second half of 2025, Honolulu's Consumer Price Index for Urban Consumers (CPI-U) increased 2.3 percent from the same period in 2024 (Table B-14). This is 0.5 percentage points below the 2.8 percent increase for the U.S. CPI-U All Items. It is also lower than the 4.0 percent increase in the Honolulu CPI-U for the second half of 2024 compared to the same period of the previous year. In the second half of 2025, the Honolulu CPI-U increased the most in Food and Beverages (3.8 percent), followed by Recreation (3.3 percent), Medical Care (3.1 percent), Apparel (2.2 percent), Housing (2.1 percent), Transportation (2.0 percent), and Education and Communication (0.7 percent) compared to the second half of 2024.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE SECOND BOND RESOLUTION

The Second Bond Resolution (the "Bond Resolution") contains terms and conditions relating to the issuance of the Junior Bonds (the "Bonds"), including various covenants and security provisions, certain of which are summarized below. This summary does not purport to be comprehensive or definitive and is subject to all of the provisions of the Bond Resolution, to which reference is hereby made. A copy of the Bond Resolution is available from the City and County.

Certain Definitions

Certain definitions contained in the Bond Resolution are summarized below. This summary does not purport to be comprehensive or definitive, and is subject to all provisions of the Bond Resolution, to which reference is hereby made. A copy of the Bond Resolution is available from the Department of Budget and Fiscal Services or the Department of Environmental Services of the City and County.

"Accrued Debt Service" means as of any date of computation and with respect to the Bonds of any Series, an amount equal to the sum of: (i) interest on such Bonds accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) principal, Sinking Fund Installment and redemption premium which are due and unpaid for such Bonds and that portion of the principal, unsatisfied balance of any Sinking Fund Installment (as determined in accordance with the Bond Resolution) and redemption premium for such Bonds next due which would have accrued to the end of such calendar month if deemed to accrue monthly from a date one year prior to its due date.

"Act" means Chapter 49, Hawaii Revised Statutes, and all laws amendatory or supplemental thereto.

"Aggregate Debt Service" means, for any period and as of any date of computation, the sum of the amounts of Debt Service for such period with respect to all Series of Bonds.

"Assumed Long-Term Fixed Rate" means, with respect to Variable Rate Bonds, (i) a numerical rate of interest that such Bonds would have borne if issued as Fixed Rate Bonds with the same maturity and taking into account Sinking Fund Installments; or (ii) if the City and County has in connection with such Variable Rate Bonds entered into an Interest Rate Exchange Agreement which provides that the City and County is to pay to another person an amount determined based upon a fixed rate of interest on a notional amount and which requires the Counterparty to pay to the City and County an amount equal to the amount by which interest on the notional amount stated therein at the rate borne by such Variable Rate Bonds exceeds the interest payable on such notional amount at a rate stated therein, the fixed rate or other rate of interest set forth in or determined in accordance with such agreement. With respect to the Bonds described in clause (i) of the preceding sentence, an Authorized Officer is to certify or cause the Remarketing Agent for such Series of Variable Rate Bonds or other qualified person to certify such Assumed Long-Term Fixed Rate on the issue date of such Bonds, taking into account such market factors as such Authorized Officer or such Remarketing Agent or such qualified person deems necessary or appropriate.

"Authorized Officer" means the Acting Director of Budget and Fiscal Services, Director of Budget and Fiscal Services, any Deputy Director of Budget and Fiscal Services, the Director of Environmental Services or any other officer of the City and County designated by resolution of the City Council.

"Bond Anticipation Notes" means bond anticipation notes which the City and County may issue for purposes of the Wastewater System if the requirements set forth in the Bond Resolution for such issuance are satisfied.

"Bond Counsel" means an attorney or a firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the City and County.

"Bond Resolution" means the Second Bond Resolution.

"Bondholder" or *"holder of a Bond"* or *"Holder"* means the registered owner of any Bond which at the time is registered other than to bearer, or such holders' duly authorized attorney in fact, representative or assigns.

"Bonds" means the Junior Bonds.

"Build America Bonds" means any bonds or other obligations issued as Build America Bonds under Section 54AA of the Code, or under any other provision of the Code that creates a substantially similar direct-pay subsidy program.

"Capital Appreciation Bond" means any Bond as to which interest is compounded on each Valuation Date therefor and is payable only at the maturity or prior redemption thereof.

"City Charter" means the 1973 Revised Charter of the City and County of Honolulu (1994 Edition), as the same may be amended from time to time.

"City Code" means the Revised Ordinances of Honolulu 1990, as the same may be amended from time to time.

"City Council" mean the City Council of the City and County.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor statutes thereto, and any applicable regulations thereunder.

"Common Reserve Account Requirement" means as of any date of computation, an amount equal to the greatest amount of Aggregate Debt Service for the then current or any future Fiscal Year on all Outstanding Bonds entitled to the benefit of the Common Reserve Account; provided however, that if upon issuance of a Series of Bonds entitled to the benefit of the Common Reserve Account, such amount would require moneys to be credited to the Common Reserve Account from such Bond proceeds in an amount in excess of the maximum amount permitted under the Code, the Common Reserve Account Requirement will mean an amount equal to the sum of the Common Reserve Account Requirement immediately preceding issuance of such Bonds and the maximum amount permitted under the Code to be deposited therein from the proceeds of such Bonds, as certified by an Authorized Officer; provided further, however, that for purposes of this definition, Aggregate Debt Service is to be computed with respect to each Variable Rate Bond entitled to the benefit of the Common Reserve Account by using the Assumed Long-Term Fixed Rate applicable thereto.

"Consulting Engineer" means the engineer or engineering firm or corporation retained from time to time pursuant to the Bond Resolution to perform the acts and carry out the duties provided for such Consulting Engineer in the Bond Resolution.

"Costs "means all costs of any Improvement and include, but are not be limited to, all costs and estimated costs of the issuance of the Bonds, all architectural, engineering, inspection, financial and legal expenses, the cost of causing the payment of the principal or interest or both of the Bonds to be insured or guaranteed, the initial cost of any Support Facility or Interest Rate Exchange Agreement obtained or permitted by the Act, and interest which it is estimated will accrue during the construction of any Improvements and for six (6) months thereafter.

"Debt Service" means, as of any particular date of computation with respect to any Bonds and with respect to any Bonds and with respect to any period, the aggregate of the amounts to be paid or set aside in such period for the payment (or retirement) of the principal and Redemption Price (if any) of, and interest on, such Bonds; provided, however, that the term "Debt Service" does not include interest on Bonds to the extent it is to be paid from amounts on credit to a Series Improvement Interest Subaccount, amounts on credit to the Debt Service Subaccount or any other provisions made for the payment of interest; provided further, however, that in determining the amount of interest coming due during any applicable period on any Series of Bonds that are issued as Interest Subsidy Bonds, amounts equal to Refundable Credits the City and County is scheduled to receive during such period shall be deducted from such interest.

"Department" means the Department of Environmental Services of the City and County as established by the City Charter, or the successor thereto.

"Depositary" means any bank, national banking association or trust company selected and appointed by an Authorized Officer in accordance with the Bond Resolution as a depositary of moneys and Investment Securities held under the provisions of the Bond Resolution.

"Depository" means The Depository Trust Company, New York, New York, or its nominee, or any other person, firm, association or corporation designated in the Series Resolution authorizing a Series of Bonds or a Series Certificate relating to such Series of Bonds to serve as securities depository for the Bonds of such Series.

"Director of Budget and Fiscal Services" means the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services of the City and County appointed pursuant to and having the powers as set forth in the Act and the City Charter, or any successor.

"Director of Environmental Services" means the Director of the Department of Environmental Services of the City and County appointed pursuant to and having the powers as set forth in the Act and the City Charter, or any successor.

"Exempt Obligation" means an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, the interest on which is excludable from gross income under Section 103 of the Code, and which; at the time an investment therein is made or such obligation is deposited in any fund or account under the Bond Resolution, is rated, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, "Aa" or better by Moody's and "AA" or better by S&P, or, if such obligation is not rated by Moody's or S&P, or, if such obligation is rated by neither Moody's nor S&P, has been assigned a comparable rating by another nationally recognized rating service, but in no event rated lower than the lowest rating on Outstanding Bonds assigned by Moody's or S&P.

"First Bond Resolution" means the First Wastewater Revenue Bond Resolution adopted by the City Council of the City and County on November 10, 1998, as amended from time to time pursuant to its terms.

"Fiscal Year" means the 12 month period established by the City and County or provided by law from time to time as its fiscal year, and which, as of the date of adoption of the Bond Resolution, is the 12-month period commencing on July 1 of any year and ending on June 30 of the following year.

"Government Obligation" means a direct obligation of the United States of America, an obligation the principal of, and interest on, which are guaranteed by the United States of America, provided, that the full faith and credit of the United States of America is pledged to any such direct obligation or guarantee.

"Improvements" means the acquisition, purchase, construction, reconstruction, improvement, betterment or extension of the Wastewater System.

"Interest Rate Exchange Agreement" means an agreement entered into by the City and County relating to Bonds of one or more Series which provides that during the term of such agreement the City and County is to pay to the Counterparty an amount based on the interest accruing at a fixed or variable rate per annum on a notional amount and that the Counterparty is to pay to the City and County either (i) an amount based on the interest accruing on such notional amount at a fixed, capped or variable rate per annum, in each case computed according to a formula set forth in such agreement, or that one will pay to the other any net amount due under such agreement, or (ii) an amount based on the amount by which the rate per annum at which such Bonds bear interest exceeds a rate per annum stated in such agreement.

"Interest Subsidy Bonds" means (a) any bonds or other obligations issued as Build America Bonds under Section 54AA of the Code, or under any other provision of the Code that creates a substantially similar direct-pay subsidy program, (b) any bonds or other obligations issued as Recovery Zone Economic Development Bonds under Section 1400U-2 of the Code, or under any other provision of the Code that creates a substantially similar direct-pay subsidy program, or (c) any other any bonds or other obligations issued under any provision or provisions of the Code that create substantially similar direct-pay subsidy programs to such programs with respect to Build America Bonds and Recovery Zone Economic Development Bonds.

"Investment Agreement" means an agreement for the investment of moneys with a Qualified Financial Institution.

"Investment Securities" means any of the following, if and to the extent that the same are legal for the investment of funds of the Department:

(i) Government Obligations;

(ii) Investment Agreements;

(iii) Direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation ("FHLMCs"); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of Fannie Mae ("FNMAs"); participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association ("GNMA's"); guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; guaranteed transit bonds of the Washington Metropolitan Area Transit Authority; Resolution Funding Corporation securities.

(iv) direct obligations of any state or territory of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "Aa" or better by Moody's and "AA" or better by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "Aa" or better by Moody's and "AA" or better by S&P;

(v) commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, "P-1" by Moody's and "A-1" or better by S&P;

(vi) Federal funds, unsecured certificates of deposit, time deposits or bankers acceptances (in each case having maturities of not more than 365 days) of any domestic bank including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which, at the time of purchase, has a short-term "Bank Deposit" rating of "P-1" by Moody's and a "Short-Term CD" rating of "A-1" or better by S&P.

(vii) deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than $3 million, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation ("FDIC");

(viii) investments in money-market funds rated "Aaa" by Moody's, and "AAAm" or "AAAm-G" by S&P;

(ix) repurchase agreements collateralized by Government Obligations, GNMAs, FNMAs or FHLMCs with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated in the top two rating tiers by Moody's, and "AA-1" or "AA-" or better by S&P, provided:

(a) a master repurchase agreement or specific written repurchase agreement governs the transaction; and

(b) the securities are held free and clear of any lien by the Depositary or an independent third party acting solely as agent ("Agent") for the Depositary, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than $50 million, and the Depositary has received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Depositary; and

(c) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the Depositary; and

(d) the repurchase agreement has a term of 3 years or less, and the Depositary or the Agent will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and

(e) the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 100%;

(x) investments in any mutual fund whose portfolio is limited to Government Obligations and the investments described in clause (ii) of Investment Securities; and

(xi) student loan resource securities including student loan auction rate securities, student loan asset-backed notes, student loan program revenue notes and bonds, and securities issued pursuant to Rule 144A of the Securities Act of 1933, including any private placement issues, issued with either bond insurance or overcollateralization guaranteed by the United States Department of Education, provided all insurers maintain an "Aaa" by Moody's, "AAA" by S&P or equivalent rating by other rating agencies.

"Junior Bonds" means the Second Bond Resolution, Wastewater System Revenue Bonds authorized by, and at any time outstanding pursuant to the Second Bond Resolution.

"Junior Series Certificate" means a certificate of an Authorized Officer fixing the terms, conditions and other details of Junior Bonds in accordance with the delegation of power to do so under the Second Bond Resolution or under a Junior Series Resolution.

"Junior Series Resolution" means a resolution authorizing the issuance of a Series of Junior Bonds adopted by the City Council pursuant to the Second Bond Resolution.

"LIBOR" means the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 a.m., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

"Moody's" means Moody's Investors Service, Inc., its successors and their assigns, and, if such corporation for any reason no longer performs the functions of a securities rating agency, "Moody's" is deemed to refer to any other nationally recognized rating agency, if any, designated by the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services.

"Net Revenue Requirement" means with respect to any Fiscal Year or any period, an amount equal to the greater of: (i) the sum of (a) the Aggregate Debt Service under the First Bond Resolution and the Aggregate Debt Service in such Fiscal Year or such period, and (b) the Required Deposits for such Fiscal Year or such period;

or (ii) 1.10 times the Aggregate Debt Service (as defined in the First Bond Resolution) under the First Bond Resolution and 1.10 times the Aggregate Debt Service in such Fiscal Year or such period, plus 1.00 times the aggregate Support Facility Reimbursement Obligations outstanding as of the end of such Fiscal Year or such period.

"Net Revenues" means, with respect to any period; the Revenues during such period less amounts required to pay Operation and Maintenance Expenses.

"Operation and Maintenance Expenses" means the costs and expenses of operating and maintaining the Wastewater System, including, without limiting the generality of the foregoing, (i) all expenses includable in the operation and maintenance expense accounts of the Department relating to the Wastewater System according to generally accepted accounting principles, exclusive of depreciation and amortization of property values or losses, (ii) to the extent not included in the preceding clause (i) or paid from Bond proceeds or otherwise, the Department's share of the costs and expenses of operating and maintaining any plants and properties jointly owned with others, and (iii) the amounts, if any, payable to the United States Treasury Department pursuant to Section 148 of the Code.

"Opinion of Counsel" means with respect to the City and County a written opinion of counsel selected by the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services who is not an employee of the City and County, and which, with respect to Federal income tax law and securities law relating to obligations issued by state and local governmental units, is Bond Counsel. Any Opinion of Counsel may be based (insofar as it relates to factual matters or information which is in the possession of the City and County) upon a written certificate of the City and County unless such counsel knows, or in the exercise of reasonable care should have known, that such written certificate is erroneous.

"Outstanding" or *"outstanding"* when used with reference to Bonds means, as of any date, Bonds theretofore or thereupon issued pursuant to the Bond Resolution, except: (a) any Bonds canceled by a Paying Agent or paid at or prior to such date; (b) Bonds in lieu of or in substitution for which other Bonds have been delivered pursuant to the Bond Resolution; (c) Bonds deemed to be no longer outstanding under the Bond Resolution as provided in the Bond Resolution and (d) Option Bonds tendered or deemed tendered in accordance with the provisions of the Series Resolution or the Series Certificate relating to such Bonds.

"Parity Support Facility Reimbursement Obligation" means the obligation of the City and County described in the Bond Resolution to directly reimburse the Support Facility Provider of any Support Facility for amounts paid by such Support Facility Provider under such Support Facility or a Counterparty under an Interest Rate Exchange Agreement for amounts paid thereunder, on a parity with the obligation of the City and County to pay the Bonds, whether or not such obligation to reimburse is evidenced by a promissory note or other similar instrument.

"Paying Agent" means, as to Bonds of any particular Series, the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services or the bank or trust company designated for the payment of the principal and Redemption Price, if any of, and interest on, the Bonds of such Series in the Series Resolution authorizing the issuance of such Series or the Series Certificate relating to such Series.

"Record Date" means, with respect to any Series of Bonds, (i) with respect to the payment of interest, the fifteenth (15th) day (whether or not a Business Day) of the month preceding an interest payment date; (ii) with respect to notice of redemption, the 45th day (whether or not a Business Day) preceding the date of redemption; or (iii) such other day as may be provided in the Series Resolution authorizing the issuance of such Series or the Series Certificate relating to such Series.

"Recovery Zone Economic Development Bonds" means any means any bonds or other obligations issued as Recovery Zone Economic Development Bonds under Section 1400U-2 of the Code, or under any other provision of the Code that creates a substantially similar direct-pay subsidy program.

"Refundable Credits" means (a) with respect to a Series of Bonds issued as Build America Bonds under Section 54AA of the Code, the amounts which are payable by the Federal government under Section 6431 of the Code, which the City and County has elected to receive under Section 54AA(g)(1) of the Code, (b) with respect to a Series of Bonds issued as Recovery Zone Economic Development Bonds under Section 1400U-2 of the Code, the amounts which are payable by the Federal government under Section 6431 of the Code, which the City and County has elected to receive under Section 1400U-2 of the Code, and (c) with respect to a Series of Bonds issued as any

other type of Interest Subsidy Bonds, the amounts which are payable by the Federal government under provisions of the Code governing a direct-pay subsidy program or programs substantially similar to such programs with respect to Build America Bonds and Recovery Zone Economic Development Bonds.

"Refunded Municipal Obligations" means Exempt Obligations which are rated in the highest rating category by Moody's and S&P and provision for the payment of the principal of and interest on which has been made by an irrevocable deposit with a trustee or escrow agent of Governmental Obligations, which are held by a bank or trust company organized and existing under the laws of the United States of America or any state, the District of Columbia or possession thereof in the capacity as custodian, the maturing principal of and interest on which Government Obligations will be sufficient to pay, when due, the principal of and interest on such Exempt Obligations.

"Reimbursable Obligations" means reimbursable general obligation bonds issued and delivered or to be hereafter issued and delivered by the City and County to finance certain costs related to the Wastewater System, the debt service on which the Department is required by State law to reimburse the City and County's General Fund.

"Reimbursable Obligation Requirement" means, with respect to any period of time, the amount required to be credited to the Reimbursable Obligation Account pursuant to the ordinances and resolutions of the City Council authorizing the issuance and delivery of Reimbursable Obligations.

"Required Deposits" means, for any period, amounts required: (i) to be paid into the Common Reserve Account, each Separate Reserve Account, the Subordinate Obligation Account and Reimbursable Obligation Account; and (ii) to pay Support Facility Reimbursement Obligations.

"Revenue Bond Index" means the 30 year Revenue Bond Index of The Bond Buyer, a publication in New York, New York, or any successor publication maintaining such Index or in the event The Bond Buyer or any successor publication does not maintain such Index, an equivalent index with the same or similar components as the Revenue Bond Index.

"Revenues" means (A) with respect to the First Bond Resolution, the moneys, including any moneys collected from the City and County or any department thereof other than the Department, derived by the Department from the rates, rentals, fees and charges prescribed for the use and services of, and the facilities and commodities furnished by, the Wastewater System, including, without limiting the generality of the foregoing, (i) all income, receipts, profits, and other moneys derived from the furnishing or supplying of the services, facilities and commodities through the Wastewater System; (ii) all income from investments of moneys held under the Bond Resolution including investment income on the Improvement Account but not including any earnings on the Rebate Account, the Subordinate Obligation Account or the Reimbursable Obligation Account; (iii) all payments made by Counterparties pursuant to Interest Rate Exchange Agreements; and (iv) moneys and Investment Securities transferred from the Rate Stabilization Account to the Sewer Fund within 90 days following the end of a Fiscal Year. "Revenues" will not include, (i) deposits subject to refund until such deposits have become the property of the City and County; (ii) contributions in-aid-of construction and assessment, impact and other similar fees imposed and collected by the City and County which are targeted to pay the Costs of specific Improvements; (iii) income, fees, charges, receipts, profits or other moneys derived by the Department from the ownership or operation of any separate utility system; (iv) any gifts, grants, donations or other moneys received by the City and County for purposes of the Wastewater System from any State or Federal agency or other person if such gifts, grants, donations or other moneys are the subject of any limitation or reservation: (a) imposed by the donor or grantor; or (b) imposed by law or administrative regulation to which the donor or grantor is subject, limiting the application of such funds; (v) amounts retained in the Sewer Fund for working capital and operating reserves pursuant to the Bond Resolution; (vi) moneys and Investment Securities transferred from the Sewer Fund to the Rate Stabilization Account within 90 days following the end of a Fiscal Year; or (vii) Wastewater System Facility Charges; and (B) with respect to the Second Bond Resolution, the amounts described in (A) and (i) all income from investments of moneys held under the Second Bond Resolution including investment income on the Improvement Second Account created by the Second Bond Resolution but not including any earnings on the Rebate Subaccount or Third Lien Obligation Subaccount; and (ii) all payments made by Counterparties pursuant to Interest Rate Exchange Agreements.

"S&P" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, its successors and their assigns, and, if such corporation for any reason no longer performs the functions of a securities

rating agency, S&P is deemed to refer to any other nationally recognized rating agency designated by the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services.

"Second Bond Resolution" means the Second Wastewater Revenue Bond Resolution adopted by the City Council of the City and County on November 10, 1998, as amended from time to time pursuant to its terms.

"Senior Bonds" means the First Bond Resolution, Wastewater System Revenue Bonds authorized by, and at any time outstanding pursuant to the First Bond Resolution.

"Serial Bonds" means Bonds which mature serially and which are not Term Bonds.

"Series," "Series of Bonds" or *"Bonds of a Series"* means all Bonds designated as being of the same series issued and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter delivered in lieu thereof or in substitution therefor pursuant to the Second Bond Resolution.

"Series Certificate" means a Junior Series Certificate.

"Series Resolution" means a Junior Series Resolution.

"Sinking Fund Installment" means an amount so designated which is established pursuant to the Bond Resolution. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited pursuant to the Bond Resolution toward the same (or the original amount of any such Sinking Fund Installment if no such amounts have been credited toward the same) will constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

"Subordinate Obligations" means the Junior Bonds any bonds, notes or other evidences of indebtedness of the City and County payable from the Net Revenues, other than the Senior Bonds and the Reimbursable Obligations, issued in compliance with the provisions of the First Bond Resolution.

"Subordinate Obligation Requirement" means with respect to any period of time, the amount required to be deposited in the Subordinate Obligation Account pursuant to the First Bond Resolution, indenture or other instruments of the City and County adopted by or entered into by the City and County in accordance with the Bond Resolutions and providing for all payments with respect to Subordinate Obligations.

"Supplemental Resolution" means any resolution adopted by the City Council and becoming effective pursuant to and in compliance with the provisions of the Bond Resolution which amends or supplements the provisions of the Bond Resolution, any Series Resolution or any other Supplemental Resolution.

"Support Facility" means an irrevocable letter of credit, surety bond, loan agreement, standby purchase agreement or other agreement, facility or insurance or guaranty arrangement issued or extended by one or more Support Facility Providers, pursuant to which the City and County is entitled to obtain moneys to pay the principal or Redemption Price of Bonds due in accordance with their terms or tendered for purchase or redemption, plus accrued interest thereon to the date of payment, purchase or redemption thereof in accordance with the Bond Resolution and with the Series Resolution authorizing such Bonds or a Series Certificate relating to such Bonds, whether or not the City and County is in default.

"Support Facility Provider" means a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America, the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality approved by the City and County or a Counterparty.

"Support Facility Reimbursement Obligation" means the obligation of the City and County described in the Bond Resolutions to directly reimburse the Support Facility Provider of a Support Facility for amounts paid thereunder or a Counterparty under an Interest Rate Exchange Agreement for amounts paid thereunder, whether or not such obligation to reimburse is evidenced by a promissory note or other similar instrument.

"Tax-exempt Bonds" means Bonds the interest on which is intended by the City and County to be excluded from gross income of the holders of such Bonds for federal income taxation purposes pursuant to the Code.

"Term Bonds" means Bonds, the retirement or the redemption of which is to be provided for from moneys credited to the Debt Service Subaccount pursuant to the Second Bond Resolution.

"Variable Rate Bonds" means any Bonds issued bearing interest at a rate per annum subject to adjustment from time to time based on the terms thereof, based upon an index, or otherwise calculated in a manner which precludes the actual rate for the entire term of such Bonds from being ascertainable in advance as provided for in the Bond Resolution.

"Wastewater System" means all plants and properties, both real and personal and tangible and intangible, now or hereafter existing, under the management, control or jurisdiction of the Department, used for, useful in, or pertaining to the collection, pretreatment, advanced primary treatment, primary treatment, secondary treatment, tertiary treatment, purification, conveyance, storage, drainage, discharge and disposal of sewage, water, wastewater, stormwater, influent, effluent, or other liquids or suspended solids, or incidental or necessary to the preservation of the City and County's or the Department's wastewater conveyance facilities, wastewater treatment plants, wastewater disposal facilities, storm drains and sewers, sewage pump stations, sewage treatment plants, sewers, interceptors, outfall and other related facilities and plants, and the integrity thereof. The terms used in the preceding sentence have the meanings as ascribed to them in the City Code. Without limiting the generality of the foregoing, the Wastewater System includes: (1) the existing plants and properties comprising the Wastewater System under the management, control or jurisdiction of the Department, as of the date of adoption of the Bond Resolution; and (2) all Improvements thereafter constructed or otherwise acquired, purchased or annexed.

"Wastewater System Facility Charge" has the meaning specified in the City Code.

Pledge Made in the Bond Resolution

The Bonds are payable solely from and secured by the funds pledged therefor under the Bond Resolution. The City and County has pledged as security for the payment of the principal of, Redemption Price, if any, and interest on the Bonds in accordance with their terms and the provisions of the Bond Resolution, subject only to the provisions of the Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution: (i) the proceeds of sale of the Bonds pending application thereof in accordance with the provisions of the Bond Resolution or of a Series Resolution or a Series Certificate; (ii) the Net Revenues; and (iii) the Subordinate Obligation Account but excluding all Subaccounts therein unless specifically pledged by the Bond Resolution, a Series Resolution or a Series Certificate, (iv) the Debt Service Subaccount, (v) with respect to any Series of Bonds entitled to the benefit of a Separate Series Reserve Subaccount, such Separate Series Reserve Subaccount, and (vi) with respect to any Series of Bonds entitled to the benefit of the Common Reserve Subaccount, the Common Reserve Subaccount, including the investments, if any, in such Account and Subaccounts; and the Bondholders shall have to the extent permitted by law, a lien on, and a security interest in, such proceeds, Net Revenues, and Subaccounts for such purpose and subject to such provisions of the Resolution. The Rebate Subaccount and the Third Lien Subaccount are not pledged to the payment of the principal and redemption price (if any) of, and interest on, the Bonds.

So long as First Resolution Obligations are outstanding for purposes of the First Bond Resolution, the pledge of the Net Revenues made by the Bond Resolution is subordinate and junior in all respects to the pledge of the Net Revenues made by the First Bond Resolution. The pledge of the Net Revenues made by the Bond Resolution is also prior and superior to the pledge which may be made by any resolution, indenture or other instrument authorizing and securing Third Lien Obligations and Reimbursable Obligations. On and after such date, if any, that First Resolution Obligations are no longer outstanding for purposes of the First Bond Resolution, the pledge of the Net Revenues made by the Bond Resolution will be prior and superior in all respects to any pledge of the Net Revenues made by any resolution, indenture or other instruments, including the pledge which may be made by any resolution,

indenture or other instrument authorizing and securing Third Lien Obligations and Reimbursable Obligations. There will be additionally pledged on and after such date as security for the payment of the principal and Redemption Price (if any) of, and interest on, the Bonds in accordance with their terms and the provisions of the Bond Resolution, subject only to the provisions of the Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution, (i) the Sewer Fund but excluding all Accounts and Subaccounts therein unless specifically pledged by the Bond Resolution, a Series Resolution or a Series Certificate, (ii) the Renewal and Replacement Account, (iii) the Rate Stabilization Account and (iv) the Wastewater General Account.

The Bond Resolution provides that each of the obligations, duties, limitations and restraints imposed upon the City and County by the Bond Resolution is deemed to be a covenant between the City and County and every Holder of the Bonds, and the Bond Resolution and every provision and covenant set forth in the Bond Resolution is deemed to be and constitute a continuing contract and agreement between the City and County and the Holders from time to time of the Bonds issued under the Bond Resolution, to secure the full and final payment of the principal and redemption price of and interest on all Bonds which may from time to time be issued, executed, and delivered under the Bond Resolution. The covenants and agreements set forth in the Bond Resolution to be performed by the City and County are for the equal and proportionate benefit, security and protection of all Holders of the Bonds without preference, priority or distinction as to payment or security or otherwise of any of the Bonds over any of the others for any reason or cause whatsoever except as expressly provided in the Bond Resolution, in a Series Resolution, a Series Certificate or a Supplemental Resolution, or in the Bonds.

Additional Bonds

Basic Test. One or more Series of Bonds (exclusive of Refunding Bonds) may be issued at any time and from time to time for any lawful use or purpose relating to the Wastewater System, including, without limitation, payment of all or a portion of the Costs of Improvements, but only upon compliance as to each such Series with the provisions set forth in the Bond Resolution, including, among other things, delivery to the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services of the following documents or moneys or securities:

1. A written certificate of the City and County stating the amount required to be in the Common Reserve Subaccount after issuance of the Bonds then to be issued, and that after deposit in the Common Reserve Subaccount of the amount, if any, to be deposited therein in connection with the issuance of such Bonds, the amounts on deposit in the Common Reserve Subaccount will not be less than the Common Reserve Subaccount Requirement.

2. A written certificate of the City and County stating the amount required to be in the Separate Series Reserve Subaccount created, if any, to provide additional security for the Bonds of such Series after issuance of the Bonds then to be issued, and that after deposit in such Separate Series Reserve Subaccount of the amount to be deposited therein in connection with the issuance of such Bonds, the amounts on deposit in such Separate Series Reserve Subaccount will not be less than the Separate Series Reserve Subaccount Requirement for such Separate Series Reserve Subaccount.

3. Either (I) a Written Certificate of the City and County based: (i) on audited figures or (ii) to the extent audited figures are not available, on figures taken by an independent certified public accountant from the Department's books and records, showing that the Net Revenues for: (a) the most recent Fiscal Year, or (b) any consecutive twelve (12) months' period out of twenty four (24) months immediately preceding the month in which such Bonds are issued were not less than the sum of: (1) 1.10 times the maximum Aggregate Debt Service (as defined in the First Bond Resolution) on all First Resolution Obligations issued and outstanding under and pursuant to the terms of the First Bond Resolution and the Aggregate Debt Service on all Bonds then Outstanding and on the proposed Series of Bonds in any Fiscal Year and (2) 1.00 times the aggregate Support Facility Reimbursement Obligations outstanding under the First Bond Resolution and this Resolution as of the date of the Written Certificate of the City and County; or (II) a Written Certificate of the City and County or Certificate of the Consulting Engineer that the Net Revenues to be derived in each of the five (5) Fiscal Years following the earlier of: (i) the end of the period during which interest is capitalized or, if no interest is to be capitalized, the Fiscal Year in which the proposed Series of Bonds are issued, and (ii) the date on which substantially all Improvements to be financed with the proceeds of the proposed Series of Bonds are expected to commence operations, or, if the proceeds of such Series of Bonds will not be used to fund the Costs of Improvements, the Fiscal Year in which the proposed

Series of Bonds are issued, are estimated to be not less than the sum of: (1) 1.10 times the maximum of the sum of the Aggregate Debt Service (as defined in the First Bond Resolution) on all First Resolution Obligations issued and outstanding under and pursuant to the First Bond Resolution and the Aggregate Debt Service on all Bonds then Outstanding and on the proposed Series of Bonds in any such Fiscal Year, and (2) 1.00 times the aggregate Support Facility Reimbursement Obligations outstanding under the First Bond Resolution and this Resolution as of the date of such Written Certificate of the City and County or certificate of the Consulting Engineer, as the case may.

Certain Adjustments. The Bond Resolution permits and requires certain adjustments to be made in determining whether the Basic Test described above for the issuance of Bonds other than Refunding Bonds is met.

1. In determining Debt Service on Variable Rate Bonds then Outstanding and Variable Rate Bonds then proposed to be issued for purposes of the Additional Bonds Requirement, the interest rate shall be calculated as: (i) if any Variable Rate Bonds are then Outstanding and have been Outstanding for at least twenty-four (24) months, the average interest rate borne by such Variable Rate Bonds over the preceding twelve (12) month period, or (ii) if no such Variable Rate Bonds are then Outstanding, (a) for the proposed Variable Rate Bonds that are Tax-exempt Bonds, the average interest rate of the Revenue Bond Index over the preceding twelve (12) month period at the time of calculation, and (b) for the proposed Variable Rate Bonds that are not Tax-exempt Bonds, the average interest rate of LIBOR over the preceding twelve (12) month period at the time of calculation.

2. Bond Anticipation Notes then Outstanding are to be treated as Bonds. In determining Debt Service on such Bond Anticipation Notes, such Bond Anticipation Notes are assumed to mature in 30 years and bear interest equal to the Revenue Bond Index at the time of calculation.

3. Third Lien Obligations and Reimbursable Obligations originally issued with a maturity of five (5) years or less are assumed to mature in 30 years and bear interest equal to the Revenue Bond Index at the time of calculation.

4. In preparing the certificate required by the Basic Test described above, the Authorized Officer or the Consulting Engineer, as applicable, may make adjustments to the Net Revenues as follows:

a. If any changes have been made in the schedule of rates and charges imposed by the City and County for commodities and services furnished by the Wastewater System which are in effect at the time of adoption of the Series Resolution authorizing the issuance of the Bonds then being issued and were placed into effect subsequent to the start of the Fiscal Year or the 12-month period selected pursuant to item 3 of the *Basic Test* described above, the Authorized Officer, may, if such changes result in increases in such rates and charges, and must, if such changes result in reductions in such rates and charges, adjust the Net Revenues for such period to reflect any change in such Net Revenues which would have occurred if the schedule of rates and charges in effect at the time of the adoption of the Series Resolution providing for the issuance of such Bonds had been in effect during the portion of such period in which such schedule was not in effect.

b. If customers are being served by the Department at the time of adoption of the Series Resolution authorizing the issuance of the Bonds then being issued and who were added to the Wastewater System subsequent to the start of the Fiscal Year or the 12-month period selected pursuant to item 3 of the *Basic Test* described above, the Authorized Officer may adjust the Net Revenues for such period to reflect any change in such Net Revenues which would have occurred if the additional customers had been served during the portion of the period in which such customers were not served.

c. If residential, commercial, industrial or institutional customers which are in existence are not then served by the Wastewater System at the time of adoption of the Series Resolution authorizing the issuance of the Bonds then being issued, but are then expected to be served during the five (5) Fiscal Years covered by such certificate, the Authorized Officer or the Consulting Engineer, as applicable, must estimate the effect which such new customers would have had on the Net Revenues for the period selected pursuant to item 3 of the *Basic Test* described above,

if such new customers had been served during the entire period and may adjust the Net Revenues for such period to give effect to such new customers. Any such estimate will be based upon the operating experience and records of the Department with respect to the Wastewater System and upon any available financial and quarterly statistics deemed pertinent by the Authorized Officer or the Consulting Engineer, as applicable.

d. If any long-term, guaranteed contracts with customers of the Wastewater System are in effect at the time of adoption of the Series Resolution authorizing the issuance of the Bonds then being issued and which were entered into subsequent to the start of the Fiscal Year or 12-month period selected pursuant to item 3 of the *Basic Test* described above, the Authorized Officer may adjust the Net Revenues for such period to reflect any change in such Net Revenues which would have occurred if such contracts had been in effect for the entire period.

e. In rendering the certificate required pursuant to item 3 of the Basic Test, the Authorized Officer or the Consulting Engineer, as applicable, must deem the Operation and Maintenance Expenses for the Wastewater System for the first Fiscal Year of the five (5) year period to be equal to such Operation and Maintenance Expenses for the Fiscal Year immediately preceding the Fiscal Year in which the proposed Series of Bonds is to be delivered, and thereafter the Authorized Officer or the Consulting Engineer, as applicable, must adjust, if deemed necessary, for any increased Operation and Maintenance Expenses which are estimated to occur during any subsequent Fiscal Year during the five (5) year period and are, in the judgment of the Authorized Officer or the Consulting Engineer, as applicable, essential to maintaining and operating the Wastewater System.

f. In rendering any certificate pursuant to the Bond Resolution, the Authorized Officer or the Consulting Engineer, as applicable, may rely upon estimates from other sources which the Authorized Officer or the Consulting Engineer, considers reliable, making such adjustments and provisions for contingencies based on similar projects and other considerations as deemed appropriate by such Authorized Officer or the Consulting Engineer.

Refunding Bonds

The City and County may issue a Series of refunding Bonds at any time for the purpose of refunding (including by purchase) all or any portion of Bonds Outstanding, including amounts to pay principal, redemption premium and interest to the date of maturity or redemption (or purchase) and the expense of issuing the refunding Bonds and of effecting such refunding if the conditions set forth in the Bond Resolution are complied with, including all of the conditions of the *Basic Test* described above, except that condition 3 need not be complied with if the maximum annual Debt Service in any Fiscal Year on the refunding Bonds proposed to be issued does not exceed maximum annual Debt Service in any Fiscal Year on the refunded Bonds by more than 10%. All adjustments described above in *Certain Adjustments* are applicable to the issuance of refunding Bonds.

The City and County may also issue a Series of refunding Bonds at any time for the purpose of refunding (including by purchase) all or any portion of outstanding Third Lien Obligations or Reimbursable Obligations, including amounts to pay principal, redemption premium and interest to the date of maturity or redemption (or purchase) and the expense of issuing the refunding Bonds and of effecting such refunding if the conditions set forth in the Bond Resolution are complied with, including all of the conditions of the *Basic Test* described above.

Bond Anticipation Notes

Bond Anticipations Notes may be issued by the City and County at such time as the City and County shall have by a Series Resolution duly adopted authorized the issuance of Bonds under the Bond Resolution. No Bond Anticipation Notes may be issued unless there has been filed with the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services on or prior to the date of issuance of such Bond Anticipation Notes, a written certificate of the City and County to the effect that, based on market conditions expected to be prevailing at the time of issuance of the Series of Bonds in anticipation of which such Bond Anticipation Notes are issued and on other reasonable assumptions set forth in such written certificate, the provisions of the Bond Resolution for the issuance of

additional Bonds other than refunding Bonds are expected to be complied with at the time of issuance of such Series of Bonds. The maximum maturity of any Bond Anticipation Notes, including the renewals thereof, must not exceed five (5) years from the date of the original Bond Anticipation Note. The principal of Bond Anticipation Notes may be paid from the proceeds of such Bond Anticipation Notes (or any renewal thereof) or from the proceeds of the Bonds in anticipation of which such Bond Anticipation Notes were issued. The interest on such Bond Anticipation Notes may be secured by a lien on and pledge of, and be paid from, the Net Revenues on a parity with the lien on and pledge of the Net Revenues created in the Bond Resolution for the payment and security of the Bonds. The principal of Bond Anticipation Notes will be secured by a lien on and pledge of the proceeds of the Bonds in anticipation of which such Bond Anticipation Notes were issued and any such pledge will have priority over any other pledge of such proceeds created by the Bond Resolution. Bond Anticipation Notes issued under the Bond Resolution are to be treated as Bonds for all purposes of the Bond Resolution, and are to be payable from the Debt Service Subaccount, except to the extent that the principal of any such Bond Anticipation Note is paid from the proceeds of other Bond Anticipation Note or from the proceeds of Bonds.

Third Lien Obligations

The City and County may issue Third Lien Obligations which are payable out of, and which may be secured by a pledge of, such amounts in the Third Lien Obligation Subaccount as may from time to time be available for the purpose of payment. The City and County may, by resolution, provide for various priorities in the liens and pledges securing Third Lien Obligations, and nothing in the Bond Resolution shall be construed so as to require that the payment of, or pledges securing, Third Lien Obligations be on a parity *inter se*.

The City and County may also issue Third Lien Obligations: (i) to refund any Third Lien Obligations issued as provided in the Bond Resolution; (ii) to refund Outstanding Bonds; or (iii) to refund any Reimbursable Obligations. Such Third Lien Obligations issued for refunding purposes may be payable out of, and may be secured by a pledge of, such amounts in the Third Lien Obligation Subaccount or Wastewater General Account as may from time to time be available therefor.

The Bond Resolution requires that any resolution, indenture or other instrument securing or evidencing each issue of Third Lien Obligations must contain provisions (which shall be binding on all holders of such Third Lien Obligations) not more favorable to the holders of such Third Lien Obligations than as described below:

(1) In the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization or other similar proceedings in connection therewith, relative to the City and County or the Department, or to the property of the City and County or property operated by the Department, and in the event of any proceedings for voluntary liquidation, dissolution or other winding up of the City and County or the Department, the Holders of all Bonds then Outstanding will be entitled to receive payment in full of all principal and interest on all such Bonds before the holders of the Third Lien Obligations are entitled to receive any payment from the trust estate under the Bond Resolution consisting of the Net Revenues and funds held under the Bond Resolution (the "Trust Estate" for these purposes) on account of principal (and premium, if any) or interest on the Third Lien Obligations.

(2) In the event that any issue of Third Lien Obligations is declared due and payable before its expressed maturity because of the occurrence of an event of default (under circumstances when the provisions of (1) above are not applicable), the Holders of all Bonds Outstanding at the time such Third Lien Obligations so become due and payable because of such occurrence of such an event of default will be entitled to receive payment in full of all principal and interest on all such Bonds before the holders of the Third Lien Obligations are entitled to receive any accelerated payment from the Trust Estate of principal (and premium, if any) or interest on the Third Lien Obligations.

(3) If any Event of Default with respect to the Bonds has occurred and be continuing (under circumstances when the provisions of (1) above are not applicable), the Holders of all Bonds then Outstanding will be entitled to receive payment in full of all principal and interest on all such Bonds before the holders of the Third Lien Obligations are entitled to receive any accelerated payment from the Trust Estate of principal (and premium, if any) or interest on the Third Lien Obligations.

(4) No Bondholder shall be prejudiced in his right to enforce subordination of the Third Lien Obligations by any act or failure to act on the part of the City and County.

(5) The Third Lien Obligations may provide that the provisions of (1), (2), (3) and (4) above are solely for the purpose of defining the relative rights of the Bondholders on the one hand, and the holders of Third Lien Obligations on the other hand, and nothing therein shall impair, as between the City and County and the owners of the Third Lien Obligations, the obligation of the City and County to pay to the owners thereof the principal thereof and premium, if any, and interest thereon in accordance with its terms, nor shall anything therein prevent the holders of the Third Lien Obligations from exercising all remedies otherwise permitted by applicable law or thereunder upon default thereunder, subject to the rights under (1), (2), (3) and (4) above of the Holders of Bonds to receive cash, property or securities otherwise payable or deliverable to the holders of the Third Lien Obligations; and the Third Lien Obligations may provide that, insofar as a trustee or paying agent for such Third Lien Obligations is concerned, the foregoing provisions shall not prevent the application by such trustee or paying agent of any moneys deposited with such trustee or paying agent for the purpose of the payment of or on account of the principal (and premium, if any) and interest on such Third Lien Obligations if such trustee or paying agent did not have knowledge at the time of such application that such payment was prohibited by the foregoing provisions.

Any issue of Third Lien Obligations may have such rank or priority with respect to any other issue of Third Lien Obligations as may be provided in the resolution, indenture or other instrument securing such issue of Third Lien Obligations and may contain such other provisions as are not in conflict with the provisions of the Bond Resolution.

Reimbursable Obligations

The obligation for the payment of Reimbursable Obligations shall be: (i) after and inferior to the lien and security interest for the payment of Bonds and those Third Lien Obligations which are payable from the Third Lien Obligation Subaccount; and (ii) prior and superior to the lien and security interest for the payment of those Third Lien Obligations which are payable from the Wastewater General Account. Reimbursable Obligations are payable from the Reimbursable Obligation Account.

Support Facilities and Interest Rate Exchange Agreements

In connection with the issuance of any Series of Bonds and to the extent permitted by law, the City and County may obtain or cause to be obtained from one or more Support Facility Providers one or more Support Facilities providing for payment of all or a portion of the purchase price or principal, premium, if any, or interest due or to become due on specified Bonds of such Series, or providing for the purchase of such Bonds or a portion of such Bonds by such Support Facility Providers, or providing, in whole or in part, for the funding of the Common Reserve Subaccount or a Separate Series Reserve Subaccount pursuant to the Bond Resolution.

In connection with the issuance of any Series of Bonds or to better manage its assets and liabilities and, to the extent permitted by law, the City and County may enter into with one or more Counterparties one or more Interest Rate Exchange Agreements; *provided* that no such Interest Rate Exchange Agreement shall adversely affect the exclusion from gross income for purposes of federal income taxation of interest on the Tax-exempt Bonds of any Series.

The City and County may enter into agreements with one or more Support Facility Providers or Counterparties to provide for, among other things: (i) the payment of fees and expenses to such Support Facility Providers or Counterparties; (ii) the terms and conditions of such Support Facility or Interest Rate Exchange Agreement and the Series of Bonds affected thereby; and (iii) the security, if any, to be provided to such Support Facility Providers or Counterparties. The City and County may secure the Support Facility or Interest Rate Exchange Agreement by an agreement providing for the purchase of the Bonds secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as specified in the Series Resolution or the Series Certificate. Debt Service with respect to any Bonds so secured is to be calculated for purposes of the definition of Common Reserve Subaccount Requirement by using the Assumed Long-Term Fixed Rate.

The City and County may also agree in any agreement with the Support Facility Provider of such Support Facility or the Counterparty under an Interest Rate Exchange Agreement to reimburse directly such Support Facility Provider or Counterparty for any amounts paid under the terms of such Support Facility or Interest Rate Exchange Agreement, together with interest thereon (the "Support Facility Reimbursement Obligation"); *provided, however,* that no Support Facility Reimbursement Obligation is to be created, for purposes of the Bond Resolution, until amounts are paid under such Support Facility or Interest Rate Exchange Agreement, as the case may be. Any such Support Facility Reimbursement Obligation may be secured by a lien on and pledge of the Net Revenues on a parity with the lien on and pledge of the Net Revenues created by the Bond Resolution with respect to the Bonds (a "Parity Support Facility Reimbursement Obligation"). Any such Parity Support Facility Reimbursement Obligation will be deemed to be a part of the Series of Bonds to which the Support Facility which gave rise to such Parity Support Facility Reimbursement Obligation relates. Payment of Support Facility Reimbursement Obligation may be made out of the Sewer Fund as provided in the Bond Resolution.

Any Support Facility deposited in the Common Reserve Subaccount or the long-term debt of the Support Facility Provider of such Support Facility must, in each case, be in the highest rating category each Rating Agency, and if rated by A.M. Best & Company, also be rated in the highest rating category by A.M. Best & Company or its successors. In the event any Support Facility deposited in the Common Reserve Subaccount or the long-term debt of the issuer of any Support Facility deposited in the Common Reserve Subaccount falls below the highest rating category of each Rating Agency, and A.M. Best & Company, if rated by A.M. Best & Company, the City and County must, within 120 days, obtain a new Support Facility which is rated in the highest category of each Rating Agency or for which the long-term debt of the issuer of such new Support Facility is rated in the highest rating category of each Rating Agency and A.M. Best & Company, if rated by A.M. Best & Company; provided, however, that if the new Support Facility is not obtained within 120 days, the City and County must deposit in the Common Reserve Subaccount Net Revenues in the amount provided in the Bond Resolution. If a disbursement is made pursuant to a Support Facility deposited in the Common Reserve Subaccount, the City and County must: first, reinstate the full amount of such Support Facility; and second, if necessary deposit Net Revenues in the Common Reserve Subaccount in the amount of the disbursement made under such Support Facility, in either case such that the amount in the Common Reserve Subaccount is equal to the Common Reserve Subaccount Requirement within a period of time not longer than would be required to restore the Common Reserve Subaccount by application of moneys in the Sewer Fund. The City and County may at any time deposit cash or Investment Securities as replacement for one or more Support Facilities.

The City and County must obtain and maintain in effect one or more Support Facilities for Option Bonds. The City and County must obtain a replacement Support Facility to replace any Support Facility for Option Bonds that is expiring, not renewed or terminated. Procedures for such replacement, maintenance and notices to Bondholders, rating agencies or other persons are to be provided in the Series Resolution authorizing the Series of Bonds or the Series Certificate relating to such Bonds.

Funds and Accounts

The City and County has established by ordinances the Sewer Fund and the Sewer Revenue Bond Improvement Fund (the "Improvement Fund"). The First Bond Resolution establishes the following accounts in the Sewer Fund:

Wastewater System Facility Charge Account,
Debt Service Account,
Common Reserve Account,
Rebate Account,
Rate Stabilization Account,
Subordinate Obligation Account,
Reimbursable Obligation Account,
Renewal and Replacement Account, and
Wastewater General Account.

None of the accounts in the Sewer Fund except the Subordinate Obligation Account is pledged as security for the payment of debt service on the Bonds. Such pledge of the Subordinate Obligation Account is subject to the terms and provisions of and the exceptions provided in the First Bond Resolution and the Bond Resolution.

The Bond Resolution establishes the following subaccounts in the Subordinate Obligation Account:

Debt Service Subaccount,
Common Reserve Subaccount,
Rebate Subaccount, and
Third Lien Obligation Subaccount.

The Bond Resolution permits the establishment of one or more Separate Series Reserve Subaccounts in the Subordinate Obligation Account. The Bond Resolution also permits the establishment of one or more Series Improvement Subaccounts in the Improvement Second Account and requires the establishment of one or more Series Improvement Interest Subaccounts in the Improvement Second Account if interest on the Bonds of a Series is to be paid from the proceeds of such Bonds during the period of construction of any Improvements and for six months thereafter.

Sewer Fund

Revenues and Wastewater System Facility Charges are to be collected by the Department and are to be deposited into the Sewer Fund. Under the First Bond Resolution, the Department will, in each month, (i) after making the transfer, if any, to the Wastewater System Facility Charge Account of all moneys received as Wastewater System Facility Charges, (ii) after paying or setting aside a sufficient amount to pay the Operating and Maintenance Expenses, (iii) after making the transfer to the Rebate Account under the First Bond Resolution, (iv) after transferring a sufficient amount to the Debt Service Account under the First Bond Resolution to equal debt service on First Resolution Obligations, (v) after transferring a sufficient amount to the Common Reserve Account and each Separate Series Reserve Account under the First Bond Resolution to eliminate any deficiency therein, and (vi) after maintaining in the Sewer Fund a reasonable and necessary amount for working capital and operating reserves, transfer from the Sewer Fund to the Subordinate Obligation Account a sufficient amount required by the Bond Resolution to pay all accrued and unpaid amounts and amounts to accrue and become payable during the succeeding calendar month which are payable from the Subordinate Obligation Account.

Subordinate Obligation Account

Moneys transferred from the Sewer Fund to the Subordinate Obligation Account are to be applied on the 5th day prior to the end of each month, unless otherwise provided below, in the following order of priority:

(1) To the Rebate Subaccount such amount as is necessary to pay the rebate amount due the United States Treasury Department under Section 148 of the Code or to set aside as a reserve for such payment;

(2) To the Debt Service Subaccount, if and to the extent required so that the balance in the Debt Service Subaccount shall equal the Accrued Debt Service for all Bonds Outstanding and the interest accrued on all Bond Anticipation Notes outstanding on said date;

(3) (a) To the Common Reserve Subaccount, if and to the extent required either (i) an amount such that the balance in the Common Reserve Subaccount will equal the Common Reserve Subaccount Requirement on said date, or (ii) an amount such that if the same amount were deposited in each month the amount of any deficiency in the Common Reserve Subaccount would be eliminated at the end of the sixth (6th) month following the first credit; and (b) to each Separate Series Reserve Subaccount, if and to the extent required either (i) an amount such that the balance in each Separate Series Reserve Subaccount shall equal the Separate Series Reserve Subaccount Requirement for each Separate Series Reserve Subaccount on said date, or (ii) an amount such that if the same amount were deposited in each month the amount of any deficiency in each Separate Series Common Reserve Subaccount shall be eliminated at the end of the sixth (6th) month following the first credit; provided, however, that such transfers shall be pro rata, based on the proportion of the Common Reserve Subaccount Requirement and each Separate Series Reserve Subaccount Requirement to the sum of the Common Reserve Subaccount Requirement and all Separate Series Reserve Subaccount Requirements;

(4) To the Third Lieu Obligation Subaccount, the amount, if any, equal to all Third Lien Obligation Requirements theretofore accrued and unpaid and not met from any other source and to accrue and become payable during the succeeding calendar month and not met from any other source.

The Bond Resolution permits the City and County to pay directly out of the Third Lien Obligation Subaccount reimbursements to providers of Support Facilities whose Support Facilities have been drawn upon in the same priority and order as payments from the Third Lien Obligation Subaccount to the Debt Service Subaccount, the Common Reserve Subaccount, each Separate Series Reserve Subaccount or other Funds, Accounts and Subaccounts as provided in a Series Resolution as if such payments were part of such Funds, Accounts and Subaccounts.

Purposes of the Various Subaccounts in Subordinate Obligation Account

Debt Service Subaccount. The principal and Redemption Price of and interest on the Bonds and interest on Bond Anticipation Notes are to be paid out of the Debt Service Subaccount in the Sewer Fund to each Paying Agent on or before the respective due dates.

Amounts accumulated in the Debt Service Subaccount by reason of the payment of any Sinking Fund Installment may be applied by the City and County, on or prior to the 60th day preceding the due date of such Sinking Fund Installment, to: (i) the purchase of Bonds of the maturity for which such Sinking Fund Installment was established, or (ii) the redemption of such Bonds at the applicable Redemption Price, if then redeemable by their terms. All such purchases of Bonds are to: (i) be made at prices not exceeding the applicable Redemption Price of such Bonds plus accrued interest; (ii) be made as arranged by the City and County in such manner and from such sellers or brokers at such prices as the City and County may determine; and (iii) be made to insure that delivery of the Bonds so purchased will not occur later than the 60th day next preceding the redemption date to which the Sinking Fund Installment is to be applied. The applicable Redemption Price of any Bonds (or principal amount of maturing Bonds) so purchased or redeemed is deemed to constitute part of the Debt Service Subaccount until such Sinking Fund Installment date, for the purpose of calculating the amount of such Subaccount. As soon as practicable after the 60th day preceding the due date of any such Sinking Fund Installment, the City and County must proceed to call for redemption on such due date Bonds of the maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as is necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment after making allowance for any Bonds purchased or redeemed pursuant to the Bond Resolution which the City and County has applied as a credit against such Sinking Fund Installment as provided in the Bond Resolution.

The amount, if any, credited to the Debt Service Subaccount from a Series Improvement Interest Subaccount is to be applied to the payment of interest on the Bonds as the same becomes due and payable as provided in the Bond Resolution.

Upon any purchase or redemption pursuant to the Bond Resolution of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established: (i) if the principal amount of the Bonds so purchased is less than or equal to the next succeeding Sinking Fund Installment for such Series there is to be credited to the next such Sinking Fund Installment an amount equal to the principal amount of the Bonds of such Series so purchased; and (ii) if the principal amount of the Bonds so purchased is greater than the next succeeding Sinking Fund Installment, there is to be credited toward each such Sinking Fund Installment thereafter to become due an amount bearing the same ratio to such Sinking Fund Installment as the total principal amount of such Bonds so purchased or redeemed bears to the total principal amount of all such Sinking Fund Installments to be so credited or, at the option of the City and County, an amount equal to the next succeeding Sinking Fund Installment. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts have been credited toward the same) will constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

All of the Refundable Credits received by the City and County shall be deposited immediately upon receipt in the Debt Service Subaccount, and such Refundable Credits are irrevocably pledged to the punctual payment of the interest on the respective Series of Interest Subsidy Bonds to which such Refundable Credits relate, and the Refundable Credits shall not be used for any other purpose while any of the Interest Subsidy Bonds remain Outstanding. All the Refundable Credits as received by the City and County shall immediately be subject to the lien

of this pledge without any physical delivery thereof or further act, and the lien of the pledge shall be valid as against, and prior to the lien of, all parties having claims of any kind in tort, contract or otherwise against the City and County irrespective of whether such parties have notice thereof. Notwithstanding the foregoing deposit and pledge, the Refundable Credits are not considered Revenues or included in the calculation or Revenues under the Bond Resolution. Additionally, in calculating the amount that the City and County pays out of the Debt Service Subaccount to the applicable Paying Agents as described in the first paragraph under the heading "- Purposes of the Various Subaccounts in the Subordinate Obligation Account" above, the City and County or the Paying Agent, as applicable, shall take into account Refundable Credits only if they have been deposited in the Debt Service Subaccount on or prior to the Business Days preceding the applicable interest payment date and have not previously expended to pay Debt Service on the Bonds issued as Interest Subsidy Bonds or otherwise transferred out of the Debt Service Subaccount.

Common Reserve Subaccount. If on the day preceding any principal or interest payment date, the amount in the Debt Service Subaccount is less than the Accrued Debt Service for all Bonds then Outstanding which are entitled to the benefit of the Common Reserve Subaccount, the City and County will pay out of the Common Reserve Subaccount to each Paying Agent for such Bonds the amount necessary to satisfy the deficiency for payment to the holders of such Bonds. Amounts so applied are to be derived first, from cash or Investments Securities on credit to the Common Reserve Subaccount and second, from draws or demands on Support Facilities held as a part of the Common Reserve Subaccount, such draws or demands to be made *pro rata* among all such Support Facilities based on the respective available amounts under such Support Facilities and upon the terms and conditions set forth in such Support Facilities.

Whenever the amounts on deposit in the Common Reserve Subaccount exceed the Common Reserve Subaccount Requirement, the City and County will withdraw the amount of such excess and deposit such excess to the credit of the Debt Service Subaccount or the Sewer Fund, as the City and County may determine.

Whenever the amount (exclusive of Support Facilities) in the Common Reserve Subaccount, together with the amount in the Debt Service Subaccount attributable to Bonds entitled to the benefit of the Common Reserve Subaccount, is sufficient to pay in full the principal or Redemption Price, if any, of and interest on all such Outstanding Bonds in accordance with their terms, the funds on credit to the Common Reserve Subaccount are to be transferred to the Debt Service Subaccount and applied to make such payment. Prior to such transfer, all Investment Securities held in the Common Reserve Subaccount will be liquidated by the City and County to the extent necessary to provide for timely payment of the principal or Redemption Price, if any, of and interest on such Bonds.

When a Series of Bonds entitled to the benefit of the Common Reserve Subaccount is refunded in whole or in part or is otherwise deemed paid within the meaning of the Bond Resolution, moneys may be withdrawn from the Common Reserve Subaccount to pay or provide for the payment of such Bonds or refunded Bonds, as the case may be; provided that immediately after such withdrawal or transfer there must be on credit to the Common Reserve Subaccount for those Bonds of the Series of Bonds not refunded an amount equal to the Common Reserve Subaccount Requirement for the Bonds entitled to the benefit of the Common Reserve Subaccount then Outstanding after taking into account such refunding or payment.

The City and County may determine in the Series Resolution authorizing a Series of Bonds or a Series Certificate related to a Series of Bonds that such Series of Bonds will not be entitled to the benefit of the Common Reserve Subaccount, in which case no amount will be required from the proceeds of such Series of Bonds for credit to the Common Reserve Subaccount and no amount will be payable from the Common Reserve Subaccount to pay amounts due or payable with respect to such Series of Bonds.

The Common Reserve Subaccount Requirement is to be calculated or recalculated: (i) at the time of issuance of a Series of Bonds (or Bond Anticipation Notes); (ii) at the time a Series of Bonds is retired in its entirety; (iii) at such other time as in the Opinion of Counsel is required to maintain the exclusion of interest on the Tax-exempt Bonds from gross income for federal income taxation purposes.

Separate Series Reserve Subaccounts. If on the day preceding any principal or interest payment date, the amount in the Debt Service Subaccount is less than Accrued Debt Service for the Bonds of a Series then Outstanding which are entitled to the benefit of a Separate Series Reserve Subaccount, the City and County will pay out of such Separate Series Reserve Subaccount to the Paying Agent for such Bonds the amount necessary to satisfy

the deficiency for payment to the holders of such Bonds. Amounts so applied shall be derived first, from cash or Investments Securities on credit to such Separate Series Reserve Subaccount and second, from draws or demands on Support Facilities held as a part thereof, such draws or demands to be made *pro rata* among all such Support Facilities based on the respective available amounts under such Support Facilities and upon the terms and conditions set forth in such Support Facilities.

Whenever the amounts on deposit in any Separate Series Reserve Subaccount exceed the applicable Separate Series Reserve Subaccount Requirement, the City and County will withdraw the amount of such excess and deposit such excess to the credit of the Debt Service Subaccount or the Sewer Fund, as the City and County may determine.

Whenever the amount (exclusive of Support Facilities) in any Separate Series Reserve Subaccount, together with the amount in the Debt Service Subaccount attributable to Bonds entitled to the benefit of such Separate Series Reserve Subaccount, is sufficient to pay in full the principal or Redemption Price, if any, of and interest on all such Outstanding Bonds in accordance with their terms, the funds on credit to such Separate Series Reserve Subaccount are to be transferred to the Debt Service Subaccount and applied to make such payment. Prior to such transfer, all Investment Securities held in such Separate Series Reserve Subaccount will be liquidated by the City and County to the extent necessary to provide for timely payment of the principal or Redemption Price of and interest on such Bonds.

When a Series of Bonds entitled to the benefit of the Separate Series Reserve Subaccount is refunded in whole or in part or are otherwise deemed paid within the meaning of the Bond Resolution, moneys may be withdrawn from such Separate Series Reserve Subaccount to pay or provide for the payment of such Bonds or refunded Bonds, as the case may be; *provided* that immediately after such withdrawal or transfer there must be on credit to such Separate Series Reserve Subaccount an amount equal to the Separate Series Reserve Subaccount Requirement for the Bonds then Outstanding which are entitled to the benefit of such Separate Series Reserve Subaccount after taking into account such refunding or payment.

Each Separate Series Reserve Subaccount Requirement is to be calculated or recalculated: (i) at the time of issuance of a Series of Bonds (or Bond Anticipation Notes); (ii) at the time a Series of Bonds is retired in its entirety; (iii) at such other time as in the Opinion of Counsel is required to maintain the exclusion of interest on the Tax-exempt Bonds from gross income for federal income taxation purposes.

Certain provisions of the Bond Resolution relating to Separate Series Reserve Subaccount may be modified in whole or in part with respect to any Series of Bonds entitled to the benefits of a Separate Series Reserve Subaccount.

Rebate Subaccount. If and to the extent required by the Code, an Authorized Officer must periodically, at such times as may be required to comply with the Code, determine the amount required to be rebated or otherwise paid to the Department of the Treasury of the United States of America with respect to each Series of Tax-exempt Bonds and thereafter (i) transfer from any of the Funds, Accounts and Subaccounts pledged or held under the Bond Resolution, other than the Debt Service Subaccount, the Third Lien Obligation Subaccount and the Reimbursable Obligation Account and credit to the Rebate Subaccount an amount equal to all or a portion of such amount to be rebated with respect to such Series of Bonds and (ii) pay out of the Rebate Subaccount to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated or otherwise paid. Moneys in the Rebate Subaccount and the Subaccounts therein are not available for the benefit of the Holders of the Bonds and are not pledged to the payment of the Bonds or the interest thereon.

If and to the extent necessary to comply with any covenant established in a Series Resolution authorizing a Series of Bonds or in a Series Certificate relating to such Series of Bonds regarding maintaining the exclusion of interest on Tax-exempt Bonds from gross income for Federal income taxation purposes, the City and County may establish a Subaccount in the Rebate Subaccount with respect to such Series of Bonds or provide for the establishment such Subaccount in such Series Resolution or in such Series Certificate.

Third Lien Obligation Subaccount. The City and County must at all times maintain in the Third Lien Obligation Subaccount an amount equal to the Third Lien Obligation Requirement. Moneys on deposit in the Third Lien Obligation Subaccount will be applied by the City and County solely in accordance with the provisions of,

and subject to the priorities and limitations and restrictions provided in the Bond Resolution, indenture or other instrument of the City and County securing or evidencing such Third Lien Obligations. Any moneys credited to the Third Lien Obligation Subaccount are immediately free and clear of the lien and pledge created by the Bond Resolution.

Purposes of the Various Subaccounts Outside Subordinate Obligation Account

Sewer Fund - Rate Stabilization Account. The amount of moneys and Investment Securities to be maintained from time to time in the Rate Stabilization Account is to be provided for in the Annual Budget. Moneys and Investment Securities may be transferred to the Rate Stabilization Account as provided in the Annual Budget from (i) the Sewer Fund in the order of priority provided in the Bond Resolution, or (ii) the Wastewater General Account as provided in the Bond Resolution. Moneys and Investment Securities credited to the Rate Stabilization Account are to be transferred to the Sewer Fund at the times and in the amounts as may be provided in the Annual Budget for the purposes of stabilizing the rates and charges of the Wastewater System.

Sewer Fund - Renewal and Replacement Account. Moneys on credit to the Renewal and Replacement Account may be applied to the cost of the construction of improvements to or reconstruction of the Wastewater System, emergency repairs of the Wastewater System, and major or extraordinary repairs, renewals or replacements of the Wastewater System, in each case to be set forth in the Annual Budget; (i) to restore or prevent physical damage to the Wastewater System or any part thereof; (ii) for the safe and efficient operation of the Wastewater System; or (iii) to prevent loss of Revenues.

If on the day preceding any interest payment date the moneys in the Debt Service Subaccount after making the transfer from the Common Reserve Subaccount as provided for in the Bond Resolution and from the Wastewater General Account as provided for in the First Bond Resolution, are insufficient to pay the interest, principal and redemption price becoming due on the Bonds, the City and County, after making all transfer required by the First Bond Resolution, must transfer from the Renewal and Replacement Account for credit to the Debt Service Subaccount the amount necessary (or all the moneys in such Account if less than the amount necessary) to satisfy such deficiency.

If on each January 1 and July 1 the moneys, Investment Securities and the amount of Support Facilities in the Common Reserve Subaccount are less than the Common Reserve Subaccount Requirement, and the transfer referred to in the preceding paragraph has been made, the City and County, after making all transfers required by the First Bond Resolution, must transfer from the Renewal and Replacement Account for credit to the Common Reserve Subaccount the amount necessary (or all the moneys in such Account if less than the amount necessary) to satisfy such deficiency.

Sewer Fund - Reimbursable Obligation Account. The City and County must at all times maintain in the Reimbursable Obligation Account an amount equal to the Reimbursable Obligation Requirement. Moneys on deposit in the Reimbursable Obligation Account will be applied by the City and County solely to reimburse the General Fund of the City and County for payment of debt service due on Reimbursable Obligations issued or to be issued by the City and County with respect to the Wastewater System. Any moneys deposited in the Reimbursable Obligation Account are immediately free and clear of the lien and pledge created by the Bond Resolution.

Sewer Fund - Wastewater General Account. The City and County, after making all transfers required by the First Bond Resolution, must transfer from the Wastewater General Account to the Debt Service Subaccount, the Common Reserve Subaccount and each Separate Series Reserve Subaccount the amount necessary (or all the moneys in the Wastewater General Account if less than the amount necessary) to satisfy any deficiencies in such subaccounts required by the Bond Resolution.

Amounts in the Wastewater General Account not required to meet a deficiency referred to in the preceding paragraph or other deficiency as provided in the First Bond Resolution may be applied to the following purposes in the following order of priority:

(1) the Costs of Improvements, or the provision of one or more reserves therefor;

(2) for transfer to the Rate Stabilization Account in the Sewer Fund such amounts as may be provided in the Annual Budget for the purpose of stabilizing rates and charges;

(3) the purchase at such price or prices as the City and County may deem advisable or redemption of any Bonds and expenses of such purchase or redemption at any time; and

(4) for any other lawful purpose of the City and County.

Sewer Revenue Bond Improvement Fund - Improvement Second Account. As soon as practicable on the date of delivery of the Bonds of a Series, the amount required pursuant to the Series Resolution or Series Certificate will be deposited in the Improvement Fund for credit to the Improvement Second Account. In addition, the City and County will deposit in the Improvement Fund for credit to the Improvement Second Account such moneys other than proceeds of the Bonds as the City and County may determine to be proper or appropriate to pay the Costs of Improvements.

The Series Resolution authorizing the issuance of any Series of Bonds (exclusive of Refunding Bonds) may create and establish one or more separate special series improvement subaccounts (a "Series Improvement Second Subaccount") in the Improvement Second Account, with such designation as may be appropriate. In the event any interest on such Bonds is to be capitalized from the proceeds of such Bonds, a special series subaccount must be created in the Improvement Second Account (a "Series Improvement Interest Subaccount") with such designation as may be appropriate.

Moneys, including proceeds of the Bonds of a Series, which are credited to a Series Improvement Subaccount are to be applied to the payment of the Costs as are specified in the applicable Series Resolution or Series Certificate. Any balance remaining in such Series Improvement Second Subaccount upon completion of payment of such Costs may be used for any lawful purpose of the City and County; *provided* that the City and County has obtained an Opinion of Counsel that any such application will not impair the exemption from Federal income taxation of interest on any of the Tax-exempt Bonds.

Moneys credited to a Series Improvement Second Interest Subaccount are to be used for the purpose of paying interest on the Bonds of designated Series. On or before the 5th day preceding the end of the month next preceding the maturity of an installment of interest on the Bonds for the payment of which moneys have been credited to such Series Improvement Second Interest Subaccount, the City and County must transfer from a Series Improvement Second Interest Subaccount to the Debt Service Subaccount an amount which, together with any moneys theretofore held in the Debt Service Subaccount, are sufficient to pay such next maturing installment of interest on such Bonds.

Payments from the Improvement Second Account are to be made as specified in the Series Resolution authorizing the issuance of a Series of Bonds or a Series Certificate related to a Series of Bonds.

Moneys, including proceeds of the Bonds, in the Improvement Second Account, pending their application as provided in the Bond Resolution and Series Resolution and Series Certificate, are subject to a prior and paramount lien and charge in favor of the Holders of the Bonds, and the Holders of the Bonds have a valid claim on such moneys for the further security of the Bonds until paid out or transferred as provided in the Bond Resolution. In the event that there is an insufficiency in the Debt Service Subaccount to pay Debt Service after all transfers, other than a transfer from the Wastewater System Facility Charge Account, have been made pursuant to and in accordance with the Bond Resolution, the City and County must transfer from the Improvement Second Account such amount (or all remaining amounts in such Improvement Second Account) as is deemed necessary by the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services for deposit in the Debt Service Subaccount, which, together with the amounts then on credit to the Debt Service Subaccount, is sufficient to pay Debt Service.

Sewer Fund - Wastewater System Facility Charge Account. In the event that there is an insufficiency in the Debt Service Subaccount to pay Debt Service after all transfers have been made pursuant to and in accordance with the First Bond Resolution and the Bond Resolution, the City and County must transfer from the Wastewater System Facility Charge Account such amount (or all remaining amounts in the Wastewater System Facility Charge

Account) as is deemed necessary by the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services for deposit in the Debt Service Subaccount, which, together with the amounts then on deposit in the Debt Service Subaccount, is sufficient to pay Debt Service. The amount of any such transfer must at the earliest practicable date be reimbursed to the Wastewater System Facility Charge Account as provided in the Bond Resolution.

Amounts held in the Wastewater System Facility Charge Account are to be expended for the purposes specified in Section 6-47.1 of the City Code.

Investment of Funds

Moneys in the Debt Service Subaccount may, to the fullest extent practicable and reasonable, be invested and reinvested solely in noncallable Investment Securities which are Government Obligations, FNMAs or FHLMCs (as such terms are defined in the definition of Investment Securities) and which mature or are subject to redemption at the option of the holder thereof on or prior to the respective dates when the moneys in Debt Service Subaccount will be required for the purposes intended. Moneys in the Common Reserve Subaccount or any Separate Series Reserve Subaccount not required for immediate disbursement for the purpose for which the Common Reserve Subaccount or such Separate Series Reserve Subaccount is created may, to the fullest extent practicable and reasonable, be invested and reinvested solely in, and obligations credited to the Common Reserve Subaccount or such Separate Series Reserve Subaccount must be, investments specified in items (i) to (vi), inclusive, of the definition of Investment Securities and which mature or are available at par at or prior to five (5) years from the date of investment thereof.

Moneys in the Sewer Fund not required for immediate disbursement for the purpose for which such Fund is created may, to the fullest extent practicable and reasonable, be invested and reinvested, to the extent allowed by law, solely in, and obligations deposited in such Fund will be, Investment Securities which mature or are subject to redemption or payment at par at the option of the holder thereof, not later than such times as will be necessary to provide moneys when needed to provide payments from such Fund.

Moneys in the Improvement Second Account, other than a Series Improvement Second Interest Subaccount therein, not required for immediate disbursement for the purposes for which such Account is created may, to the fullest extent practicable and reasonable, be invested and reinvested to the extent allowed by law, solely in, and obligations deposited in such Account will be, Investment Securities which mature or are subject to redemption or payment at par at the option of the holder thereof not later than such times as shall be necessary to provide moneys when needed to provide payments from such Account.

Moneys in a Series Improvement Second Interest Subaccount in the Improvement Second Account not required for immediate disbursement for the purposes for which such Account is created may, to the fullest extent practicable and reasonable, be invested and reinvested to the extent allowed by law, solely in, and obligations deposited in such Account shall be, noncallable Investment Securities which are Government Obligations, FNMAs or FHLMCs (as such terms are defined in the definition of Investment Securities) that mature or are subject to redemption at the option of the holder thereof not later than such times as shall be necessary to provide moneys when needed to provide payments from such Account.

To the extent permitted in the Bond Resolution, all income received from the investment or reinvestment of moneys in the Funds, Accounts and Subaccounts established under the Bond Resolution will be deposited in the respective Fund, Account and Subaccount from which such investments are made and applied as a credit against the next succeeding deposit or credit required to be made pursuant to the Bond Resolution; provided however, that except as to the Third Lien Obligation Subaccount and the Reimbursable Obligation Account, all or a portion of the income received from the investment or reinvestment of moneys in any such Fund, Account and Subaccount may be deposited in the Sewer Fund or the Improvement Second Account, including a Series Improvement Second Interest Subaccount therein; and *provided, further, however,* that all income received from the investment or reinvestment of moneys in any Series Improvement Second Interest Subaccount must be deposited in the Debt Service Subaccount.

Neither the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services nor any Paying Agent shall be liable for any depreciation in value of any investments made by the City and County.

Valuation of Investment Securities

In computing the amount in any Fund, Account or Subaccount, Investment Securities therein are to be valued at cost or accreted value, whichever is lower, exclusive of accrued interest. The City and County is to determine the value of Investment Securities held in any Fund, Account or Subaccount as frequently as it deems necessary, but not less often than annually.

Depositaries

All moneys held by the City and County or any Depositary under the provisions of the Bond Resolution are to be held in trust and applied only in accordance with the provisions of the Bond Resolution, and each of the Funds, Accounts and Subaccounts established by the Bond Resolution shall be a trust fund.

Each Depositary must be a bank or trust company organized under the laws of any state of the United States or a national banking association having capital stock, surplus and undivided earnings of $5,000,000 or more and willing and able to accept such office on reasonable and customary terms and authorized by law to act in accordance with the provisions of the Bond Resolution.

Concerning Depositaries and Paying Agents

Qualifications and Appointment. The Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services may appoint one or more Paying Agents and Depositaries as of the date of issuance and delivery of the first Series of Bonds and may at any time or from time to time appoint one or more other Paying Agents or other Depositaries having the qualifications of a depositary, as described in the Bond Resolution; provided however, the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services may be designated Paying Agent and/or Depositary. Each Paying Agent, other than the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services, and each Depositary, other than the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services, shall signify its acceptance of the duties and obligations imposed upon it by the Bond Resolution by executing and delivering to the City and County and the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services a written acceptance thereof.

Paying Agents and Depositaries May Buy, Hold, Sell or Deal in Bonds and Other Indebtedness of the City and County. Each Paying Agent and each Depositary and its respective directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds issued under the provisions of the Bond Resolution and may join any action which any Holder of a Bond may be entitled to take, with like effect as if such Paying Agent or Depositary were not a Paying Agent or any Depositary, as the case may be, under the Bond Resolution. Any Paying Agent or any Depositary may in good faith hold any other form of indebtedness of the City and County; own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the City and County, and make disbursements for the City and County and enter into any commercial or business arrangement therewith.

Reimbursement of Paying Agents and Depositaries for Fees, Expenses and Charges. Each Paying Agent and each Depositary shall be entitled to reasonable fees and to reimbursement by the City and County for all expenses and charges reasonably incurred by it in the performance of its duties under the Bond Resolution. No Paying Agent nor Depositary shall have a lien for such fees and reimbursement on the moneys pledged to secure the Bonds under the Bond Resolution at any time held by it, prior to the lien or claim of the Holders of the Bonds on all such moneys.

Covenants

The City and County has covenanted and agreed in the Bond Resolution with the Holders of all Bonds issued pursuant to the Bond Resolution as follows:

Maintenance of the Properties of the Wastewater System; Keeping the System in Good Repair. The Department will: (i) maintain, preserve and keep, or cause to be maintained, preserved and kept, the properties of the Wastewater System and all additions and betterments thereto and extensions thereof, and every part and parcel thereof in good repair, working order and condition, (ii) from time to time make, or cause to be made, all necessary and proper repairs, renewals, replacements, additions, extensions and betterments thereto, so that at all times the business carried

on in connection therewith shall properly and advantageously be conducted, and (iii) comply, or cause to be complied with the terms and conditions of any permit or license for the Wastewater System or any part thereof issued by any federal or state governmental agency or body and with any federal or state law or regulation applicable to the construction, operation, maintenance and repair of the Wastewater System or requiring a license, permit or approval therefor.

Rates and Charges. The City and County will at all times fix, charge and collect such rates and other charges as shall be required in order that in each Fiscal Year the Net Revenues will be not less than the Net Revenue Requirement for such Fiscal Year ("Rate Covenant"). The failure in any Fiscal Year to comply with the foregoing Rate Covenant does not constitute an Event of Default if the City and County complies with requirements described in the next paragraph.

Prior to the end of each Fiscal Year the Director of Environmental Services or the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services if requested by the Director of Environmental Services must complete a review of the financial condition of the Department for the purpose of estimating whether the Net Revenues for such Fiscal Year and for the next succeeding Fiscal Year will be sufficient to comply with the Rate Covenant and must by a written certificate make a determination with respect to such compliance. Such review may take into consideration the completion of any uncompleted Improvement and the issuance of future Series of Bonds if necessary to finance the completion of such Improvements. Such written certificate must set forth a reasonably detailed statement of the actual and estimated Revenues, Operation and Maintenance Expenses, Aggregate Debt Service, and any other estimates or assumptions upon which such determination was based, and must be filed with the City Clerk on or before July 1 in each year. If it is determined in such written certificate that the Revenues may not be so sufficient, the Director of Environmental Services or the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services if requested by the Director of Environmental Services must forthwith make a study for the purpose of determining a schedule of fees, rates and charges which, in the opinion of the Director of Environmental Services or the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services, will cause sufficient Revenues to be collected in the following Fiscal Year to comply with the Rate Covenant and will cause additional Revenues to be collected in such following and later Fiscal Years sufficient to eliminate the amount of any deficiency at the earliest practicable time, or the Director of Environmental Services or the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services may elect to cause the Consulting Engineer to make such a study and render such opinion. The City Council shall as promptly as practicable but no later than the 120 days following such determination by the Director of Environmental Services or the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services, or receipt of the Consulting Engineer's recommendation, adopt and place in effect a schedule of fees, rates and charges as so determined or recommended pursuant to the Bond Resolution.

Sale, Lease or Other Disposition of Properties of the Wastewater System. The properties of the Wastewater System may not be sold, mortgaged, leased or otherwise disposed of except as described below.

The properties of the Wastewater System may be sold, leased, or otherwise disposed of in their entirety if simultaneously with such sale, lease or other disposition thereof provision is made for the payment of all Bonds then Outstanding and such Bonds are no longer deemed Outstanding within the meaning of the Bond Resolution.

Any portion of the properties of the Wastewater System may be sold, leased, or otherwise disposed of on such terms and conditions as may be determined by the City and County if the value of such portion of the properties as of the date of such sale, lease or disposition does not exceed five percent (5%) of the net book assets of the Wastewater System as of the last day of the preceding Fiscal Year as shown in the most recent audited financial statements of the Department. Any part of the properties of the Wastewater System having a value as of the date of the sale, lease or disposition which exceeds 5% of the net book assets of the Wastewater System as of the last day of the preceding Fiscal Year as shown in the most recent audited financial statements of the Department may be sold, leased, or otherwise disposed of if the Consulting Engineer certifies to the City and County in writing that the terms and conditions of the proposed sale, lease or other disposition of any such properties are fair and reasonable, and that the estimated Revenues to be derived from the remaining properties of the Wastewater System, after taking into consideration the use by the Department of the proceeds of such proposed sale, lease or other disposition of such properties, will be sufficient to enable the City and County to comply with all covenants and conditions of the Bond Resolution. Proceeds of any sale, lease or other disposition of any portion of the properties of the Wastewater System

pursuant to this provision are to be paid first into the Debt Service Account created by the First Bond Resolution and applied to the purchase or redemption of bonds thereunder, second into the Debt Service Subaccount and applied to the purchase or redemption of Bonds, and third into the Sewer Fund and applied by the City and County for the purpose of constructing extensions, betterments or improvements to the Wastewater System as the City and County may determine.

Surplus lands, crops, timber, buildings and any other portion of the works, plant and facilities of the Wastewater System and real and personal property comprising a part thereof, which, in the opinion of the Director of Environmental Services, have become unserviceable, inadequate, obsolete, worn out, or unfit to be used in the operation of the Wastewater System, or no longer necessary, material to, or useful in such operation may be sold, leased, or otherwise disposed of. Proceeds of any such sale, lease or other disposition of any portion of the properties of the Wastewater System pursuant to this provision are to be paid into the Sewer Fund.

If permitted by the laws of the State, the City and County may transfer without consideration the properties comprising the Wastewater System to a public corporation or political subdivision of the State, provided such corporation or subdivision assumes all of the City and County's or the Department's obligations and duties under the Bond Resolution.

In the event that any part of the properties of the Wastewater System is transferred from the City and County through the operation of law (including condemnation), any moneys received by the City and County as a result of such transfer are to be paid: (i) if such proceeds are not in excess of $250,000, into the Sewer Fund; or (ii) if such proceeds are in excess of $250,000: (a) into the Debt Service Account created by the First Bond Resolution and applied to the purchase or redemption of bonds issued thereunder; (b) in the Debt Service Subaccount and applied to the purchase or redemption of Bonds; or (c) into the Renewal and Replacement Account and applied by the City and County for the purpose of constructing replacements, extensions, betterments or improvements to the Wastewater System, as the City and County shall determine.

Insurance. Except as provided for in the next paragraph, the Department must keep, or cause to be kept, the works, plants and facilities comprising the properties of the Wastewater System and the operations thereof insured to the extent available at reasonable at reasonable cost with responsible insurers, with policies payable to the City and County or the Department, against risks of direct physical loss, damage to or destruction of the above-ground structures, and the equipment and contents therein, of the Wastewater System arising from accidents, casualties or negligence, and other causes customarily insured against, at least to the extent that similar insurance is usually carried by utilities operating like properties, including liability insurance and workman's compensation insurance; provided, however, that any time while any contractor engaged in constructing any part of the Wastewater System is fully responsible for such insurance, the Department is not required to keep such part of the Wastewater System insured. All policies of insurance shall be for the benefit of the Holders of the Bonds and the City and County or the Department as their respective interests may appear.

In the event of any loss or damage to the properties of the Wastewater System covered by insurance, the Department will: (i) with respect to each such loss, promptly repair and reconstruct to the extent necessary to the proper conduct of the operations of the Wastewater System the lost or damaged portion thereof and shall apply the proceeds of any insurance policy or policies covering such loss or damage for that purpose to the extent required therefor, unless, in case of loss or damage involving $250,000 or more, the Department determines that such repair and reconstruction will not be undertaken; and (ii) if the Department does not use the entire proceeds of such insurance to repair or reconstruct such lost or damaged property, the proceeds of such insurance policy or policies or any portion thereof not used for such repair or reconstruction, as the case may be, are to be paid into the Sewer Fund. If the Department does not obtain insurance from responsible insurers as provided for in the Bond Resolution, the City and County or the Department must self-insure; provided, however, that if the Department fails to carry insurance against any of the risks normally insured against by operators of facilities similar to the Wastewater System, it must secure the concurrence of an independent insurance consultant. In making its decision whether to concur in such self-insurance, the independent insurance consultant must (i) make an estimate of the added financial risks, if any, assumed by the Department as a result of the self-insurance; (ii) consider the availability of commercial insurance, the terms upon which such insurance is available and the costs of such available insurance, and the effect of such terms and costs upon the Department's costs and charges for its services; and (iii) determine whether the added financial risk, if any, being assumed by the Department is prudent in light of the savings to be realized from such self-insurance or in light of the general availability of insurance.

The Department may include insurance required by the Bond Resolution as part of a blanket insurance policy of the City and County.

Consulting Engineer. The City Council, the Director of Environmental Services or the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services may from time to time retain and appoint, as Consulting Engineer, an independent consulting engineer or engineering firm or corporation having special skill, knowledge and experience in analyzing the operations of wastewater systems, preparing rate analyses, forecasting the loads and revenues of wastewater systems, preparing feasibility reports respecting the financing of wastewater systems and advising on the operation of wastewater facilities, who shall be available to advise the Department, upon request, and to make such investigations and determinations as may be necessary from time to time under the provisions of the Bond Resolution.

Books of Account; Annual Audit. The Department will maintain and keep proper books of account relating to the Wastewater System and in accordance with generally accepted accounting principles. Within 180 days after the end of each Fiscal Year commencing with the Fiscal Year ending June 30, 2000, the Department will cause such books of account to be audited by an independent certified public accountant. The audit required by the Bond Resolution may be part of a comprehensive audit of the City and County, *provided* that the Wastewater System in such audit is treated as an "enterprise fund" and the revenues and expenses of the Wastewater System are stated in a manner which permits identification by category of the sources and uses of the Revenues. A copy of each audit report prepared in conformity with generally accepted accounting principles must be filed promptly with the City and County and sent to any Bondholder filing with the Director of Environmental Services a written request for a copy thereof. and to any Rating Agency which has rated any Bonds.

To Pay Bonds Punctually. The City and County will duly and punctually pay, or cause to be paid, but only from the Revenues, income and other funds specified in the Bond Resolution, the principal and Redemption Price (if any) of, and interest on, each and every Bond on the dates and at the places, and in the manner provided in the Bonds according to the true intent and meaning thereof, and the City and County will faithfully do and perform and at all times fully observe and keep any and all of its covenants, undertakings, stipulations and provisions contained in the Bonds and in the Bond Resolution.

Payment of Taxes and Other Claims. The Department must from time to time duly pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges, or payments in lieu thereof, lawfully imposed upon the properties of the Wastewater System (or any part thereof) or upon the Net Revenues or income received therefrom when the same become due, as well as all lawful claims for labor, material and supplies, which, if not paid, might become a lien or charge upon said properties or any part thereof, or upon the Revenues derived from the ownership or operation of the Wastewater System, or which might in any way impair the security of the Bonds, except any such assessments, charges or claims which the Department in good faith contests as to validity.

Extension of Payment of Bonds. The City and County will not, directly or indirectly, extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds, coupons, if any, or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time for payment of any such claims for interest is extended, such Bonds or claims for interest will not be entitled, in case of any default under the Bond Resolution, to the benefit of the Bond Resolution or to any payment out of any assets of the City and County or the funds (except funds held in trust for the payment of particular Bonds or claims for interest pursuant to the Bond Resolution) held by the Paying Agents, except subject to the prior payment of the principal of all Bonds issued and Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest.

Sound Improvements and Extensions. The Department will not expend any of the income, revenues, receipts, profits and other moneys derived by it from the ownership or operation of the Wastewater System for any renewals, replacements, additions, betterments and improvements to, or extensions of, the Wastewater System which, in the sole opinion of the Director of Environmental Services, will not properly and advantageously contribute to the conduct of the business of the Wastewater System in an efficient and economical manner unless required to do so to permit the continued operation of the Wastewater System or to preserve or protect the Wastewater System.

Annual Budget. Not later than May 31 before the beginning of any Fiscal Year the City and County or the Department will prepare a preliminary budget of Operation and Maintenance Expenses of the Wastewater System and reserves therefor for the ensuing Fiscal Year. Each such budget and each Annual Budget will include, in addition to provisions for all anticipated Operation and Maintenance Expenses, provision for the payments required to be made to the Renewal and Replacement Account, provided that such payments shall in the aggregate at least equal the amount described below. Such preliminary budget and any Annual Budget may set forth such additional material as the City and County or the Department may determine.

Except as described below, on or before the 15th day of each such Fiscal Year, the City and County must finally adopt the Annual Budget for such year. The City and County may at any time adopt an amended Annual Budget for the remainder of the then current Fiscal Year. Copies of the Annual Budget and of any amended Annual Budget are to be made available for inspection by the Bondholders and are to be sent to each Rating Agency.

If for any reason the City and County does not adopt the Annual Budget before the 15th day of any Fiscal Year, the budget for the preceding Fiscal Year is deemed to be in effect for such Fiscal Year until the Annual Budget for such Fiscal Year is adopted. For any purpose of computation under the provisions of the Bond Resolution, the budget for the preceding year is deemed to have been adopted for any Fiscal Year until the Annual Budget for such year is adopted.

Every preliminary budget, Annual Budget and amended Annual Budget must: (i) set forth in reasonable detail amounts required for repair, replacement or reconstruction of the Wastewater System and major or extraordinary repairs, renewals or replacements of the Wastewater System, if any, for the period to be covered by such budget; (ii) specify the amounts to be deposited in the Renewal and Replacement Account, the Subordinate Obligation Account (including the Third Lien Obligation Subaccount therein), the Reimbursable Obligation Account and the Wastewater General Account, and the amounts to be maintained in the Sewer Fund for working capital and operating reserves and in the Rate Stabilization Account for rate stabilization purposes, if any, for such purposes for such period, (iii) specify the amounts to be transferred from the Wastewater General Account to the Rate Stabilization Account and to other Funds and Accounts; and (iv) project the amounts required for such purposes for the next five Fiscal Years in such format as the Director of Environmental Services may determine. A copy of each such report is to be filed and maintained in the records of the City and County.

Events of Default

Each of the following events constitutes an Event of Default under the Bond Resolution:

(a) if payment of the principal and Redemption Price, if any, of any Bond, is not punctually made when due and payable, whether at the stated maturity thereof or upon proceedings for the redemption thereof (whether by voluntary redemption or a mandatory sinking fund redemption or otherwise);

(b) if payment of the interest on any Bond is not punctually made when due;

(c) if the provisions of any Series Resolution with respect to mandatory Sinking Fund Installment payments or the redemption of Term Bonds therefrom, as the case may be, are not punctually complied with at the time and in the manner specified in such Series Resolution;

(d) if the City and County or the Department fails to duly and punctually perform or observe any other of the covenants, agreements or conditions contained in the Bond Resolution or in the Bonds, on the part of the City and County or the Department to be performed, and such failure continues for 90 days after written notice thereof from the Holders of not less than 20% of the Bonds then Outstanding; provided that, if such failure is such that it cannot be corrected within such 90-day period, it will not constitute an Event of Default if corrective action is instituted within such period and diligently pursued until the failure is corrected;

(e) if the City and County: (i) admits in writing its inability to pay its debts generally as they become due; or (ii) files a petition in bankruptcy or seeking a composition of

indebtedness under the provisions of any Federal or state bankruptcy or similar law; or (iii) makes an assignment for the benefit of its creditors; or (iv) files a petition or any answer seeking relief under the provisions of any Federal or state bankruptcy or similar law; or (v) consents to the appointment of a receiver of the whole or any substantial part of the Wastewater System; or (vi) consents to the assumption by any court of competent jurisdiction under the provisions of any other law for the relief or aid of debtors of custody or control of the City and County or the Department, or of the whole or any substantial part of the Wastewater System; and

(f) if a default occurs under the First Bond Resolution.

Notice to Bondholders of Event of Default

Immediately after the occurrence of an Event of Default or within 30 days after any Paying Agent knows of any other Event of Default, the Paying Agent or Paying Agents shall give notice of all such Events of Default to the Bondholders, all other Paying Agents and Support Facility Providers, and each Rating Agency, in the manner as provided for in the Bond Resolution, unless such Events of Default shall have been cured before the giving of such notice.

Acceleration of Bonds; Rights of Insurers

If an Event of Default shall happen and shall not have been remedied, then and in every such case the Holders of not less than 25% in principal amount of the Bonds then Outstanding, by notice in writing to the City and County and the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services, may declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable. The right of the Holders of not less than 25% in principal amount of the Bonds then Outstanding to make any such declaration, however, shall be subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of interest upon the Bonds, together with interest on such overdue installments of interest to the extent permitted by law and all other sums then payable by the City and County under the Bond Resolution (except the principal of, and interest accrued since the next preceding interest date on, the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of the City and County or provision satisfactory to the Holders of a majority in principal amount of the Bonds then Outstanding shall be made for such payment, and all defaults under the Bonds or under the Bond Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be cured or be secured to the satisfaction of the Holders of a majority in principal amount of the Bonds then Outstanding or provision deemed by such Holders of the Bonds to be adequate shall be made therefor, then and in every such case the Holders of at least a majority in principal amount of the Bonds then Outstanding, by written notice to the City and County, may rescind such declaration and annul such default in its entirety, but no such rescission shall extend to or affect any subsequent default or impair or exhaust any resulting right or power.

The bond insurers for all Outstanding Bonds have certain consent rights in connection with any default which may constrain the rights of the Holders described above.

Inspection of Books and Records; the City and County to Account as Trustee for Express Trust

The City and County covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the Department relating to the Wastewater System and all other records relating thereto shall at all times be subject to the inspection and use of the Holders of at least 25% in principal amount of the Bonds then Outstanding and of their respective agents and attorneys or of any committee therefor.

The City and County covenants that if an Event of Default shall have happened and shall not have been remedied, the City and County will continue to account, as a trustee of an express trust, for all Revenues and other moneys, securities and funds pledged under the Bond Resolution.

Application of Revenues in an Event of Default

During the continuance of an Event of Default as described in items (a) through (c) of the Events of Default described above or of any other Event of Default resulting in an Event of Default described in items (a) through (c) of the Events of Default described above, the Revenues received by a receiver appointed pursuant to the Bond Resolution as the result of the taking of possession of the business and properties of the Wastewater System, are to be applied by the receiver: first, to the payment of all necessary and proper Operation and Maintenance Expenses of the Wastewater System and all other proper disbursements or liabilities made or incurred by the receiver; second, to the then due and overdue payments into the Debt Service Subaccount, including the making up of deficiencies therein; and last, for any lawful purpose in connection with the Wastewater System.

In the event that at any time the funds held by the receiver are insufficient for the payment of the principal and Redemption Price (if any) of, and interest then due on, the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds or coupons) and all Revenues of the Department and other of its moneys received or collected for the benefit or for the account of Holders of the Bonds by the receiver are to be applied as follows:

(1) Unless the principal of all of the Bonds shall have become due and payable,

First, to the payment of all necessary and proper Operation and Maintenance Expenses of the Wastewater System and all other proper disbursements or liabilities made or incurred by the receiver;

Second, to the payment to the persons entitled thereto of all installments of interest then due (including any interest on overdue principal) in the order of the maturity of such installments, earliest maturities first, and if the amounts available shall not be sufficient to pay in full any installment or installments of interest maturing on the same date, then to the payment thereof ratably, according to the amount due thereon, to the persons entitled thereto, without any discrimination or preference; and

Third, to the payment to the persons entitled thereto of the principal and premium, if any, due and unpaid upon the Bonds at the time of such payment without preference or priority of any Bond over any other Bonds, ratably, according to the amounts due respectively for principal and redemption premium, without any discrimination or preference.

(2) If the principal of all of the Bonds shall have become due and payable,

First, to the payment of all necessary and proper Operation and Maintenance Expenses of the Wastewater System and all other proper disbursements or liabilities made or incurred by the receiver;

Second, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bonds, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Whenever moneys are to be applied as described in the foregoing paragraphs, such moneys shall be applied by the receiver at such times, and from time to time, as it in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future.

If and whenever all overdue installments of interest on all Bonds, together with the reasonable and proper charges, expenses, and liabilities of the Holders of the Bonds, their respective agents and attorneys, and all other sums payable by the City and County under the Bond Resolution including the principal and Redemption Price (if any) of all Bonds which shall then be payable, shall either be paid in full by or for the account of the City and

County or provision satisfactory to the receiver shall be made for such payment, and all defaults under the Bond Resolution or the Bonds shall be made good and secured to the satisfaction of the receiver or provision deemed by the receiver to be adequate therefor, the receiver shall pay over to the Department all of its moneys, securities, funds and Revenues then remaining unexpended in the hands of the Bondholders' Committee (except moneys, securities, funds or Revenues deposited or pledged, or required by the terms of the Bond Resolution to be deposited or pledged, with the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services), control of the business and possession of the property of the Department shall be restored to the Department, and thereupon the City and County shall be restored to its former positions and rights under the Bond Resolution, and all Revenues shall thereafter be applied as provided for in the Bond Resolution. No such payment over to the Department by the receiver or resumption of this application of Revenues as provided in the Bond Resolution, shall extend to or affect any subsequent default under the Bond Resolution or impair any right consequent thereon.

Suits at Law or Equity and Mandamus and Appointment of a Receiver

If an Event of Default shall happen and shall not have been remedied, then and in every such case, but subject to the provisions, limitations and conditions as set forth in the Bond Resolution, the Holder of any Bond at the time Outstanding shall be entitled, for the equal benefit and protection of all Holders of the Bonds similarly situated to proceed, protect and enforce the rights vested in such Holder by the Bond Resolution by such appropriate judicial proceeding as such Holder shall deem most effectual to protect and enforce any such right, either by suit in equity or by action of law, whether for the specific performance of any covenant or agreement contained in the Bond Resolution, or in aid of the exercise of any power granted in the Bond Resolution, or to enforce any other legal or equitable right vested in the Holders of Bonds by the Bond Resolution or by law; provided, however, that no judicial proceeding shall be brought seeking the appointment of a receiver to take possession of the Wastewater System or to manage, receive and apply the Revenues unless the Holders of not less than a majority in principal amount of the Bonds then Outstanding or a Bondholders' Committee representing the Holders of not less than a majority in principal amount of the Bonds then Outstanding shall have joined in or consented to such proceeding.

Bondholders' Committee

If an Event of Default shall happen and shall not have been remedied, the Holders of not less than 25% in principal amount of the Bonds then Outstanding may call a meeting of the Holders of Bonds for the purpose of electing a Bondholders' Committee. Such meeting shall be called and proceedings thereat shall be conducted as provided for other meetings of Bondholders pursuant to the Bond Resolution. At such meeting the Holders of not less than a majority of the principal amount of the Bonds then Outstanding must be present in person or by proxy in order to constitute a quorum for the transaction of business, less than a quorum, however, having power to adjourn from time to time without any notice other than that required by the Bond Resolution. A quorum being present at such meeting, the Bondholders present in person or by proxy may, by the votes cast by the Holders of a majority in principal amount of the Bonds so present in person or by proxy, elect one or more persons who may or may not be Bondholders to the Bondholders' Committee which shall act as trustee for all Bondholders. The Bondholders present in person or by proxy at said meeting, or at any adjourned meeting thereof, shall prescribe the manner in which the successors of the persons elected to the Bondholders' Committee at such Bondholders' meeting shall be elected or appointed, and may prescribe rules and regulations governing the exercise by the Bondholders' Committee of the power conferred upon it, and may provide for the termination of the existence of the Bondholders' Committee.

Bondholders May Direct Proceedings; Rights of Insurers

The Holders of not less than a majority in principal amount of the Bonds at the time outstanding are authorized and empowered: (1) to direct the time, method, and place of conducting any proceeding for any remedy available to the holders of the Bonds; or (2) on behalf of the holders of the Bonds then outstanding, to consent to the waiver of any Event of Default or its consequences. No waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

The bond insurers for all Outstanding Bonds have certain consent rights in connection with any default which may constrain the rights of the Holders described above.

Abandonment of Proceedings; Adverse Determination

No delay or omission of any Holder of Bonds to exercise any right or power arising upon the occurrence of a default under the Bond Resolution, including an Event of Default, shall impair any right or power or shall be construed to be a waiver of any such default or to be an acquiescence therein. Every power and remedy given by the Bond Resolution to the Holders of Bonds may be exercised from time to time and as often as may be deemed expedient by such Holders.

In case the Holders of the Bonds or a Bondholders' Committee formed pursuant to the Bond Resolution shall have proceeded to enforce any right under the Bond Resolution and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Holders of the Bonds or such Bondholders' Committee, then and in every such case the City and County, and the Holders of the Bonds shall be restored to their former positions and rights under the Bond Resolution, and all rights, remedies and powers of the Holders of the Bonds shall continue as if no such proceedings had been taken.

Remedies Subject to Rights of Holders of First Resolution Obligations

The Bond Resolution expressly limits the right of holders of the Bonds as described below.

(A) In the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization or other similar proceedings in connection therewith, relative to the City and County or the Department, or to property of the City and County or the Department, and in the event of any proceedings for voluntary liquidation, dissolution or other winding up of the City and County or the department, the Holders of all First Resolution Obligations then outstanding shall be entitled to receive payment in full of all principal and interest on all such First Resolution Obligations before the holders of the Bonds are entitled to receive any payment from the trust estate under the First Bond Resolution consisting of the Net Revenues and funds held under the First Bond Resolution (hereinafter referred to as the "Trust Estate") on account of principal (and premium, if any) or interest on the Bonds.

(B) In the event that any issue of Bonds is declared due and payable before its expressed maturity because of the occurrence of an event of default (under circumstances when the provisions of (A) above shall not be applicable), the Holders of all First Resolution Obligations outstanding at the time such Bonds so become due and payable because of such occurrence of such an event of default shall be entitled to receive payment in full of all principal and interest on all such First Resolution Obligations before the holders of the Bonds are entitled to receive any accelerated payment from the Trust Estate of principal (and premium, if any) or interest on the Bonds.

(C) If any event of default with respect to the First Resolution Obligations shall have occurred and be continuing (under circumstances when the provisions of (A) above shall not be applicable), the Holders of all First Resolution Obligations then outstanding shall be entitled to receive payment in full of all principal and interest on all such First Resolution Obligations before the holders of the Bonds are entitled to receive any accelerated payment from the Trust Estate of principal (and premium, if any) or interest on the Bonds.

(D) No First Resolution Obligation holder shall be prejudiced in his right to enforce subordination of the Bonds by any act or failure to act on the part of the City and County.

(E) The provisions of (A), (B), (C) and (D) above are solely for the purpose of defining the relative rights of the First Resolution Obligation holders on the one hand, and the holders of Bonds on the other hand, and nothing in the Bond Resolution shall impair, as between the City and County and the owners of the Bonds, the obligation of the City and County to pay to the owners thereof the principal thereof and premium, if any, and interest thereon in accordance with its terms, nor shall anything therein prevent the holders of the Bonds from exercising all remedies otherwise permitted by applicable law or under the Bond Resolution upon default thereunder, subject to the rights under (A), (B), (C) and (D) above of the Holders of First Resolution Obligations to receive cash, property or securities otherwise payable or deliverable to the holders of the Bonds. Insofar as a trustee or paying agent for the Bonds is concerned, the foregoing provisions shall not prevent the application by such trustee or paying agent of any moneys deposited with such trustee or paying agent for the purpose of the payment of or on account of the principal (and premium, if any) and interest on such Bonds if such trustee or paying agent did not have knowledge at the time of such application that such payment was prohibited by the foregoing provisions.

Amending and Supplementing of Resolution; Rights of Insurers

Amending and Supplementing of Resolution Without Consent of Holders of Bonds. The City and County, from time to time and at any time and without the consent or concurrence of any Holder of any Bond, may adopt a Series Resolution (i) for the purpose of providing for the issuance of Bonds pursuant to the provisions as set forth in the Bond Resolution; (ii) to make any changes, modifications, amendments or deletions to the Bond Resolution which may be required to permit the Bond Resolution to be qualified under the Trust Indenture Act of 1939 of the United States of America; or (iii) if the rights of the Holders of the Bonds then Outstanding shall not be materially adversely affected thereby, a Supplemental Resolution (herein defined and referred to as a "Supplemental Resolution") for any one or more of the following purposes:

1. to make any changes or corrections in the Bond Resolution as to which the City and County shall have been advised by counsel that the same are verbal corrections or changes or are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained in the Bond Resolution, or to insert in the Bond Resolution such provisions clarifying matters or questions arising under the Bond Resolution as are necessary or desirable;

2. to add additional covenants and agreements of the City and County for the purpose of further securing the payment of the Bonds;

3. to surrender any right, power or privilege reserved to or conferred upon the City and County by the terms of the Bond Resolution;

4. to confirm as further assurance any lien, pledge or charge, or the subjection to any lien, pledge, or charge, created or to be created by the provisions of the Bond Resolution;

5. to grant to or to confer upon the Holders of the Bonds any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon them; and

6. to modify in any other respect any of the provisions of the Bond Resolution.

Except for Series Resolutions authorizing the issuance of Bonds pursuant to the Bond Resolution, the City and County shall not adopt any Supplemental Resolution authorized by the foregoing provisions of the Bond Resolution unless in the Opinion of Counsel the adoption of such Supplemental Resolution is permitted by the Bond Resolution and the provisions of such Supplemental Resolution do not materially adversely affect the rights of the Holders of the Bonds then Outstanding.

Amendment of Resolution With Consent of Holders of the Bonds. With the consent of the Holders of not less than a majority of the Bonds then Outstanding and with written consent of each Support Facility Provider, the City and County from time to time and at any time may adopt a resolution amendatory of or supplemental to the Bond Resolution for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Bond Resolution, or modifying or amending the rights and obligations of the City and County thereunder, or modifying or amending in any manner the rights of the Holders of the Bonds then Outstanding. For purposes of the preceding sentence, the written consent of each Support Facility Provider providing a Support Facility for any Bonds shall constitute consent of the Holders of such Bonds.

Without the specific consent of the Holder of each such Bond which would be affected thereby, no Supplemental Resolution amending or supplementing the provisions of the Bond Resolution shall: (1) change the fixed maturity date for the payment of the principal of any Bond or the dates for the payment of interest thereon or the terms of the redemption thereof, or reduce the principal amount of any Bond or the rate of interest thereon or the Redemption Price (or the redemption premium) payable upon the redemption or prepayment thereof; or (2) reduce the aforesaid percentage of Bonds, the Holders of which are required to consent to any Supplemental Resolution amending or supplementing the provisions of the Bond Resolution; or (3) give to any Bond or Bonds any preference over any other Bond or Bonds secured by the Bond Resolution; or (4) authorize the creation of any pledge of the Revenues and other moneys pledged under the Bond Resolution, prior, superior or equal to the pledge of and lien and charge thereon created in the Bond Resolution for the payment of the Bonds except to the extent provided in the Bond Resolution; or (5) deprive any Holder of the Bonds in any material respect of the security afforded by the Bond Resolution; provided further, however, that without the specific consents of the Holders of not less than a majority in principal amount of

the Term Bonds then Outstanding and affected thereby, no Supplemental Resolution amending or supplementing the provisions of the Bond Resolution shall (a) change the amount of any Sinking Fund Installments for the retirement of Term Bonds or the due dates of such installments or the terms for the purchase or redemption thereof from such installments, or (b) reduce the aforesaid percentage of Term Bonds, the Holders of which are required to consent to any such Supplemental Resolution. (Nothing in this paragraph contained, however, shall be construed as making necessary the approval of the Holders of the Bonds of the adoption of any Supplemental Resolution). A modification or amendment with respect to the Sewer Fund or the Debt Service Subaccount or Common Reserve Subaccount or any Separate Series Reserve Subaccount therein shall not be deemed a change in the terms of payments; provided that no such modification or amendment shall, except upon the consent of the Holders of all Bonds then outstanding affected thereby, reduce the amount or amounts required to be credited to the Debt Service Subaccount or Common Reserve Subaccount or any Separate Series Reserve Subaccount or their respective successor.

The proof of the giving of any consent of any Holder required and of the holding of Bonds for the purpose of giving consents shall be made in accordance with the Bond Resolution. It shall not be necessary that the consents of the Holders of the Bonds approve the particular form of wording of the proposed amendment or supplement or of the Supplemental Resolution affecting such amendment or supplement, but it shall be sufficient if such consents approve the substance of the proposed amendment or supplement. A record, consisting of the papers required by the Bond Resolution, shall be proof of the matters therein stated until the contrary is proved. No action or proceeding to set aside or invalidate such Supplemental Resolution or any of the proceedings for its adoption shall be instituted or maintained unless such action or proceeding is commenced within 60 days after the publication and mailing of the notice required by the Bond Resolution.

The City and County shall furnish a notice of each amendment or supplement and a copy of the Supplemental Resolution effecting such amendment or supplement to each rating agency which has rated the Bonds at least 15 days prior to the effective day of the Supplemental Resolution.

Discharge of Liens and Pledges; Bonds No Longer Outstanding and Deemed to be Paid

Except as otherwise provided in the Bond Resolution with regard to Option Bonds, the obligations of the City and County under the Bond Resolution and the liens, pledges, charges, trusts, covenants and agreements of the City and County made or provided for in the Bond Resolution, shall be fully discharged and satisfied as to any Bond and such Bond shall no longer be deemed to be Outstanding under the Bond Resolution:

(i) when such Bond shall have been canceled, or shall have been surrendered for cancellation or is subject to cancellation, or shall have been purchased by or behalf of the City and County from moneys held under the Bond Resolution; or

(ii) as to any Bond not canceled or surrendered for cancellation or subject to cancellation or so purchased, when payment of the principal and redemption price (if any) of such Bond, plus interest on such principal to the due date thereof (whether such due date be by reason of maturity or upon redemption or prepayment, or otherwise) either (a) shall have been made or caused to be made in accordance with the terms thereof, or (b) shall have been provided for by irrevocably depositing with the Paying Agent for such Bond, in trust, and irrevocably appropriating and setting aside exclusively for such payment, either (1) moneys sufficient to make such payment or (2) noncallable Refunded Municipal Obligations or noncallable Investment Securities described in item (i) of the definition of Investment Securities as set forth in the Bond Resolution, maturing as to principal and interest in such amount and at such times as will insure, together with any cash deposit, the availability of sufficient moneys to make such payment, whichever the City and County deems to be in its best interest and as verified by an independent nationally recognized firm of certified public accountants in a report delivered to the City and County and the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services, and all necessary and proper fees, compensation and expenses of the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services and the Paying Agents pertaining to the Bond with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Acting Director of Budget and Fiscal Services or Director of Budget and Fiscal Services and said Paying Agents.

At such time as a Bond shall be deemed to be no longer Outstanding under the Bond Resolution, as aforesaid, such Bond, except for the purposes of any payment from such moneys, Refunded Municipal Obligations or Investment Securities, shall no longer be secured by or entitled to the benefits of the Bond Resolution.

Notwithstanding the foregoing, in the case of a Bond which is to be redeemed or otherwise prepaid prior to its stated maturity, no deposit under clause (b) of subparagraph (ii) of the second preceding paragraph above shall constitute such payment, discharge and satisfaction as aforesaid until such Bond shall have been irrevocably designated for redemption or prepayment and proper notice of such redemption or prepayment shall have been previously given in accordance with the Bond Resolution or provision shall have been irrevocably made for the giving of such notice.

Any such moneys so deposited with the Paying Agents for the Bonds as provided in the Bond Resolution may at the direction of the City and County also be invested and reinvested in Investment Securities, maturing in the amounts and times as set forth in the Bond Resolution. All income from all Refunded Municipal Obligations and Investment Securities in the hands of the Paying Agents which is not required for the payment of the Bonds and interest and premium thereon with respect to which such moneys shall have been so deposited, shall be paid to the City and County for deposit in the Sewer Fund free and clear of any trust, lien, security interest, pledge or assignment securing any Bonds or otherwise existing under the Bond Resolution.

All moneys, Refunded Municipal Obligations or Investment Securities set aside and held in trust pursuant to the provisions of the Bond Resolution for the payment of Bonds (including interest and premium thereof, if any) shall be applied to and used solely for the payment of the particular Bond (including interest and premium thereof, if any) with respect to which such moneys and Investment Securities have been so set aside in trust.

If moneys, Refunded Municipal Obligations or Investment Securities have been deposited or set aside with a Paying Agent pursuant to the Bond Resolution for the payment of a specific Bond and such Bond is deemed to have been paid and to be no longer Outstanding under the Bond Resolution as provided in the defeasance provisions of the Bond Resolution, but such Bond has not in fact been actually paid in full, no amendment to the defeasance provisions of the Bond Resolution may be made without the consent of the Holder of each Bond affected thereby.

The City and County may at any time surrender to a Paying Agent for a Series of Bonds for cancellation by it any Bonds of such Series previously executed and delivered, which the City and County may have acquired in any manner whatever, and such Bonds upon such surrender for cancellation shall be deemed to be paid and no longer Outstanding under the Bond Resolution.

APPENDIX C

MULTIMODE ANNEX

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix D concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book-entry system has been obtained from DTC and neither the City and County nor the Underwriter takes responsibility for the completeness or accuracy thereof. Neither the City and County nor the Underwriter can or does give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series 2026 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2026 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2026 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2026 Bond will be issued for each maturity of each issue of the Series 2026 Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC and Its Participants. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The rules applicable to DTC and its Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission.

Purchase of Ownership Interest. Purchases of Series 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2026 Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Series 2026 Bonds representing their ownership interests in Series 2026 Bonds, except in the event that use of the Book-Entry System for the Series 2026 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2026 Bonds of a Series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series 2026 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's Money Market Instrument Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City and County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments. Redemption proceeds, principal and interest payments on the Series 2026 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City and County or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the City and County or the Paying Agent, as applicable, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City and County, or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Discontinuance of Book-Entry System. DTC may discontinue providing its services as securities depository with respect to the Series 2026 Bonds at any time by giving reasonable notice to the City and County. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2026 Bond certificates are required to be printed and delivered. The City and County may decide to discontinue use of the system of book entry only transfers through DTC (or a successor securities depository). In that event Series 2026 Bond certificates will be printed and delivered.

In reviewing this Official Statement it should be understood that while the Series 2026 Bonds are in the Book-Entry System, references in other Sections of this Official Statement to owners or holders should be read to include the person for whom the Participant acquires an interest in the Series 2026 Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry System and (ii) notices that are to be given to owners or holders by the City and County will be given only to DTC. DTC will forward (or cause to be forwarded) the notices of the Participants by its usual procedures so that such Participants may forward (or cause to be forwarded) such notices to the Beneficial Owners.

Information concerning DTC and the Book-Entry System contained in this Official Statement has been obtained from DTC and other sources that the City and County and the Underwriter believe to be reliable, and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter or the City and County.

None of the City and County, the Paying Agent nor the Underwriter will have any responsibility or obligation to Direct Participants, to Indirect Participants or to Beneficial Owners with respect to (i) the accuracy of any records maintained by the DTC, any Direct Participants or Indirect Participants, (ii) the payment by DTC, any Direct Participants or any Indirect Participants of any amount in respect of principal of or interest on the Series 2026 Bonds, (iii) any notice which is permitted or required to be given to owners (except such notice as is required to be given by the City and County to DTC), (iv) any consent given or other action taken by DTC as Owner of the Series 2026 Bonds or (v) any other event or purpose.

APPENDIX E

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City and County of Honolulu, Hawaii (the "City and County") in connection with the issuance of $_____ Wastewater System Revenue Bonds (Second Bond Resolution) Junior Series 2026 (the "Bonds"). The Bonds are being issued pursuant to Chapter 49, Hawaii Revised Statutes, and the Revised Charter of the City and County of Honolulu, as amended (collectively, the "Act"), and the proceedings of the City Council, including Resolution No. 98-15, CD1, as amended and supplemented by Resolution No. 06 265, CD1 and Resolution No. 10 284 (Second Bond Resolution), and the Series Resolution relating to the Bonds, and Certificate of the Director of Budget and Fiscal Services of the City and County, acknowledged and agreed to by the Director of Environmental Services of the City and County dated _____, 2026 (the "Certificate"). The City and County covenants and agrees as follows:

Section 1. ***Purpose of the Disclosure Certificate.*** This Disclosure Certificate is being executed and delivered by the City and County for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

Section 2. ***Definitions.*** In addition to the definitions set forth in the Certificate, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report provided by the City and County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" means any person which (a) has or shares the power, directly or indirectly, to vote or consent with respect to, to make investment decisions concerning the ownership of, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Department" means the Department of Environmental Services of the City and County.

"Dissemination Agent" means the City and County, or any successor Dissemination Agent designated in writing by the City and County and which has filed with the City and County a written acceptance of such designation.

"*Financial Obligation*" means, for purposes of the Listed Events set out in Section 5(a) or (b) of this Disclosure Certificate, a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Listed Events" means any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at *http://emma.msrb.org*.

"Official Statement" shall mean the Official Statement, dated _____, 2026, prepared and distributed in connection with the initial sale of the Bonds.

"Participating Underwriters" means any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. ***Provision of Annual Reports.***

(a) The City and County shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the City and County's Fiscal Year (presently June 30), commencing with the report for the Fiscal Year ended June 30, 2026, provide to the MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate. If the City and County's fiscal year changes, the City and County, upon becoming aware of such change, shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) In a timely manner prior to the date set forth in subsection (a) above, the City and County shall provide the Annual Report to the Dissemination Agent (if other than the City and County). If the City and County is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City and County shall send a notice to the MSRB in substantially the form attached as Exhibit A. The audited financial statements of the Department may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the City and County) file a report with the City and County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

Section 4. ***Content of Annual Reports.***

(a) The Annual Report shall contain or incorporate by reference the following information:

(i) Audited financial statements of the Department for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Department's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement relating to the Bonds, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available;

(ii) Budgeted revenues and expenditures of the Department for the current fiscal year;

(iii) To the extent not provided in the audited financial statements, historical information of the type shown in Tables 23 and 24 of the Official Statement, entitled "Department of Environmental Services Sewer Fund Enterprise Fund Statement of Revenues, Expenses and Charges in Retained Earnings (Deficit)" and "Department of Environmental Services Sewer Fund Enterprise Fund Balance Sheet," respectively; and

(iv) To the extent not provided in the audited financial statements, historical information of the type shown in Tables 21 and 22 of the Official Statement, entitled "Outstanding Wastewater Revenue Bonds" and "Revenue Bond Debt Service Requirements," respectively.

(b) Information contained in an Annual Report for any fiscal year containing any modified operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Report being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Report shall present a comparison between the financial statements or information prepared on the basis of modified accounting principles and those prepared on the basis of former accounting principles.

Any or all of the items above may be included by specific reference to other documents, including official statements of debt issues of the City and County or related public entities, which have been made available to

the public on the MSRB's website. The City and County shall clearly identify each such other document so included by reference.

If the inclusion or format of the information referenced above is changed in any future official statement, thereafter the Annual Report shall instead contain or include by reference information of the type included in that official statement as so changed or if different the type of equivalent information included in the City and County's most recent official statement.

Section 5. ***Reporting of Significant Events.***

(a) Pursuant to the provisions of this Section 5, the City and County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, not later than ten New York securities market business days after the occurrence of the event:

i. Principal and interest payment delinquencies;

ii. Non-payment related defaults, if material;

iii. Unscheduled draws on debt service reserves reflecting financial difficulties;

iv. Unscheduled draws on credit enhancements reflecting financial difficulties;

v. Substitution of credit or liquidity providers, or their failure to perform;

vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability. Notices of Proposed Issue (IRS Form 5701 TEB)) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

vii. Modifications to rights of Bondholders, if material;

viii. Optional or unscheduled Bond calls, if material, and tender offers;

ix. Defeasances;

x. Release, substitution, or sale of property securing repayment of the Bonds, if material;

xi. Rating changes;

xii. Bankruptcy, insolvency, receivership or similar event of the City and County;

xiii. The consummation of a merger, consolidation, or acquisition involving the City and County or the sale of all or substantially all of the assets of the City and County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

xv. Incurrence of a financial obligation of the City and County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City and County, any of which affect Bond holders, if material; or

xvi. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City and County, any of which reflect financial difficulties.

For the purposes of the event identified in subparagraph (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The City and County shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 4, as provided in Section 4.

(c) Whenever the City and County obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the City and County shall determine if such event would be material under applicable federal securities laws.

(d) If the City and County learns of the occurrence of a Listed Event described in Section 5(a), or determines that a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the City and County shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(vii) or (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

(e) The City and County intends to comply with the Listed Events described in Section 5(a)(xv) and Section 5(a)(xv), and the definition of "Financial Obligation" in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Commission or its staff with respect the amendments to the Rule effected by the 2018 Release.

Section 6. ***Termination of Reporting Obligation.*** The City and County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment of amounts fully sufficient to pay and discharge the Bonds, or upon delivery to the City and County or the Dissemination Agent (if other than the City and County) of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Bonds, the City and County shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. ***Dissemination Agent.*** From time to time, the City and County may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the City and County shall be the Dissemination Agent. The initial Dissemination Agent shall be the City and County. The sole remedy of any party against the Dissemination Agent shall be nonmonetary and specific performance. The Dissemination Agent shall not be responsible for the form or content of any Annual Report, notice of Listed Event, or other document furnished to the Dissemination Agent by the City and County. The Dissemination Agent shall receive reasonable compensation for its services provided hereunder. The Dissemination Agent may resign at any time by providing at least 60 days' notice to the City and County.

Section 8. ***Amendment Waiver.*** Notwithstanding any other provision of this Disclosure Certificate, the City and County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that all of the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, change in law (including rules or regulations) or in interpretations thereof, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Certificate for amendments to the Certificate with the consent of Holders, or (ii) does not, in the opinion of the City and County, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City and County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City and County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. ***Additional Information.*** Nothing in this Disclosure Certificate shall be deemed to prevent the City and County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City and County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City and County shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. ***Default.*** In the event of a failure of the City and County to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City and County or the Dissemination Agent (if other than the City and County), as the case may be, to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Certificate, and the sole remedy under this Disclosure Certificate in the event of any failure of the City and County or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. ***Duties, Immunities and Liabilities of Dissemination Agent.*** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City and County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the City and County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. ***Beneficiaries.*** This Disclosure Certificate shall inure solely to the benefit of the City and County, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____, 2026

Andrew T. Kawano
Director of Budget and Fiscal Services
City and County of Honolulu

The above and foregoing certificate is hereby approved as to form and legality this __ th day of _____, 2026.

Dana M.O. Viola
Corporation Counsel
City and County of Honolulu

EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	City and County of Honolulu, Hawaii
Name of Bond Issue:	Wastewater System Revenue Bonds (Second Bond Resolution) Junior Series 2026
Date of Issuance:	_____, 2026

NOTICE IS HEREBY GIVEN that the City and County of Honolulu, Hawaii (the "City and County") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated _____, 2026, executed by the City and County for the benefit of the holders and beneficial owners of the above-referenced Bonds. The City and County anticipates that the Annual Report will be filed by _____.

Dated:

CITY AND COUNTY OF HONOLULU, HAWAII

By: _____
Authorized Signatory

APPENDIX F

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Date of Delivery]

City and County of Honolulu
Honolulu, Hawaii

Re: City and County of Honolulu
Wastewater System Revenue Bonds (Second Bond Resolution)
Junior Series 2026
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Honolulu (the "City and County") in connection with the issuance of $_____ aggregate principal amount of its Wastewater System Revenue Bonds (Second Bond Resolution) Junior Series 2026 (Green Bonds) (the "Bonds"), issued pursuant to a Second Bond Resolution and a Series Resolution of the City and County (collectively, the "Resolution"), and a Series Certificate of the Director of Budget and Fiscal Services of the City and County (the "Certificate"). Terms not otherwise defined herein shall have the meanings assigned to them in the Certificate.

In such connection, we have reviewed the Resolution, the Certificate, the Tax Certificate of the City and County, dated the date hereof (the "Tax Certificate"), an opinion of the Corporation Counsel of the City and County, certificates of the City and County and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery of each such document by each party thereto other than the City and County and that each such document constitutes a valid and binding agreement of such party. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution, the Certificate and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Resolution, the Certificate and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against governmental entities such as the City and County in the State of Hawaii. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any property described in or as subject to the lien of the Resolution or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding special obligations of the City and County.

2. The Bonds are payable solely from and are secured by the Net Revenues and other funds pledged to the payment thereof pursuant to the Resolution, subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

3. The Resolution has been duly adopted and constitutes the valid and binding obligation of the City and County, and the Certificate has been duly executed and delivered and constitutes the valid and binding obligation of the City and County.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. The Bonds and the income therefrom are exempt from all taxation by the State of Hawaii or any county or other political subdivision thereof, except inheritance, transfer, estate and certain franchise taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX G

LIQUIDITY PROVIDER

Bank of America, N.A. (the "Bank") is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The Bank is a wholly-owned indirect subsidiary of Bank of America Corporation (the "Corporation") and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of June 30, 2026, the Bank had consolidated assets of $2.655 trillion, consolidated deposits of $2.122 trillion and stockholder's equity of $240.789 billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2025, together with its subsequent periodic and current reports filed with the Securities and Exchange Commission (the "SEC").

The SEC maintains a website at www.sec.gov which contains the filings that the Corporation files with the SEC such as reports, proxy statements and other documentation. The reports, proxy statements and other information the Corporation files with the SEC are also available at its website, www.bankofamerica.com.

The information concerning the Corporation and the Bank is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the referenced documents and financial statements referenced therein.

The Bank will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case, as filed with the SEC pursuant to the Securities Exchange Act of 1934, as amended), and the publicly available portions of the most recent quarterly Call Report of the Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporation
Office of the Corporate Secretary/Shareholder Relations
One Bank of America Center
100 North Tryon Street, NC1-007-56-06
Charlotte, NC 28255

PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT. PAYMENTS OF THE PURCHASE PRICE OF THE BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE LETTER OF CREDIT IS A BINDING OBLIGATION OF THE BANK, THE BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND AR E SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The delivery of this information shall not create any implication that there has been no change in the affairs of the Corporation or the Bank since the date of the most recent filings referenced herein, or that the information contained or referred to in this Appendix G is correct as of any time subsequent to the referenced date.

APPENDIX H

FORM OF STANDBY BOND PURCHASE AGREEMENT

EXHIBIT D

FORM OF PAYING AGENT AGREEMENT

PAYING AGENT AGREEMENT

by and between

CITY AND COUNTY OF HONOLULU

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Registrar, Tender Agent and Paying Agent

Dated as of [Closing Date], 2026

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PAYING AGENT AGREEMENT

This Paying Agent Agreement (the "Agreement"), dated and effective as of [Closing Date], 2026, by and between the CITY AND COUNTY OF HONOLULU (the "City and County") and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Registrar, Tender Agent and Paying Agent (the "Bank"),

W I T N E S S E T H:

Whereas, pursuant to the Bond Series Certificate (the "Certificate") of the City and County of Honolulu relating to $[PRINCIPAL AMOUNT] Wastewater System Revenue Bonds (Second Bond Resolution) Junior Series 2026A (the "Bonds"), to provide moneys to finance improvements permitted by the Certificate, and to pay costs of issuance of the Bonds;

Whereas, the City and County wishes to have the Bank act as Tender Agent, Registrar and Paying Agent with respect to the Bonds;

Whereas, the Director of Budget and Fiscal Services of the City and County (the "Director of Budget and Fiscal Services") has appointed the Bank, as Tender Agent, Registrar and Paying Agent for the Bonds pursuant to the Certificate;

Whereas, the City and County wishes to enter into this Agreement to carry out the aforesaid purposes;

Whereas, the Bank has acknowledged receipt from the City and County of certified copies of proceedings authorizing the Bonds (the "Proceedings");

Now, therefore, in consideration of the foregoing and of the mutual covenants herein set forth, the City and County and the Bank agree as follows:

SECTION 1. Definitions. Capitalized terms not defined herein shall have the meanings ascribed to such terms in the Certificate.

The term "Certificate of the City and County" means a certificate signed by the Director of Budget and Fiscal Services of the City and County of Honolulu, or a deputy of such officer.

SECTION 2. Tender Agent, Registrar and Paying Agent Responsibilities. (a) The Bank hereby accepts its appointment as Tender Agent, Registrar and Paying Agent pursuant to the Certificate.

(b) The Bank and the City and County hereby agree that the provisions of Sections 7, 8, 9, 10, 11, 16 and 17 and Appendix C of the Certificate (the "Annex"), and the definitions of all terms used in such Sections are incorporated herein as fully as if set forth herein. The Bank will observe, perform and fulfill each such agreement in the Certificate applicable to the Bank.

(c) Notwithstanding anything to the contrary contained herein, the Bank's obligations and responsibilities hereunder as Tender Agent, Registrar and Paying Agent with respect to the Bonds shall take effect immediately as of the date hereof.

SECTION 3. Bank Appointment and Receipt. (a) The Bank hereby accepts its appointment as Tender Agent, Registrar and Paying Agent pursuant to the Sections of the Certificate specified in Section 2 hereof.

(b) The Bank and the City and County hereby agree that the provisions of the Certificate specified in Section 2 hereof and the definitions of all terms used in such Section are incorporated herein as fully as if set forth herein. The Bank will observe, perform and fulfill each such agreement in the Certificate applicable to the Bank in its capacity as Tender Agent, Registrar and Paying Agent.

SECTION 4. Costs of Issuance Fund. As directed by the City and County, the Bank shall create an account to be named the "City and County of Honolulu, Hawaii, Wastewater Junior Series 2026A Costs of Issuance Fund" (the "Costs of Issuance Fund"). The City and County or its designee shall deposit such funds in the Costs of Issuance Fund and request withdrawals of funds from the Costs of Issuance Fund in writing. Any balances remaining in the Costs of Issuance Fund upon termination of such Costs of Issuance Fund, shall be withdrawn and transferred to the City and County or in accordance with the City and County's written instruction. The Bank shall invest funds provided to it hereunder only at, and in accordance with, the written direction of the City and County. The Bank shall have no obligation to invest and reinvest any cash held by it in the Costs of Issuance Fund in the absence of timely and specific written direction from the City and County. In no event shall the Bank be liable for the selection of investments or for investment losses incurred thereon.

The Bank shall have no liability in respect of losses incurred as a result of the liquidation of any investment prior to its stated maturity or the failure of the City and County to provide timely written investment direction. The Bank may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by the City and County. The Bank may conclusively rely upon such written direction from City and County as to both the suitability and legality of the directed investments. For so long as the Costs of Issuance Fund remains open, the Bank shall provide the City and County with a monthly account statement showing all receipts and disbursements.

SECTION 5. Capitalized Interest Fund. As directed by the City and County, the Bank shall create an account to be named the "City and County of Honolulu, Hawaii, Wastewater Junior Series 2026A Capitalized Interest Fund " (the "Capitalized Interest Fund") for purposes of paying interest on the Bonds through January 4, 2027. The City and County or its designee shall deposit such funds in the Capitalized Interest Fund and request withdrawals of funds from the Capitalized Interest Fund in writing. Any balances remaining in the Capitalized Interest Fund upon termination of such Capitalized Interest Fund, shall be withdrawn and transferred to the City and County or in accordance with the City and County's written instruction. The Bank shall invest funds provided to it hereunder only at, and in accordance with, the written direction of the City and County. The Bank shall have no obligation to invest and reinvest any cash held by it in the Capitalized Interest Fund in the absence of timely and specific written direction from the City and County. In no event shall the Bank be liable for the selection of investments or for investment losses incurred thereon.

The Bank shall have no liability in respect of losses incurred as a result of the liquidation of any investment prior to its stated maturity or the failure of the City and County to provide

timely written investment direction. The Bank may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by the City and County. The Bank may conclusively rely upon such written direction from City and County as to both the suitability and legality of the directed investments. For so long as the Capitalized Interest Fund remains open, the Bank shall provide the City and County with a monthly account statement showing all receipts and disbursements.

SECTION 6. Liability of Bank; Duties of Bank; Evidence Upon Which Bank May Act; Replacement of Bank. (a) The Bank shall not be liable for any loss resulting from any investment made pursuant to this Agreement in compliance with the provisions hereof nor for any error of judgment made in good faith by the Bank nor in its individual capacity for the obligations represented by the Bonds; provided, however, that the Bank shall not be relieved from liability for its own negligence or willful misconduct. The Bank shall indemnify and save harmless the City and County and its officers, employees, and agents from and against any and all actions, claims, suits, damages or costs arising out of or resulting from the negligence or willful misconduct of the Bank, its officers, employees, or agents. The City and County, its officers, employees and agents shall in no way be held liable for any damages, causes of action or suits resulting from the acts or activities of the Bank which are not otherwise in accordance with this Agreement.

(b) The Bank agrees to perform all of the duties and obligations as are specifically set forth in this Agreement.

(c) The Bank may conclusively rely, as to the correctness of statements, conclusions and opinions therein, upon any certificate, report, opinion or other document furnished to the Bank pursuant to any provision of this Agreement; the Bank shall be protected and shall not be liable for acting or proceeding, in good faith upon such reliance; and the Bank shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument. The Bank may consult with counsel, who may be counsel to the City and County or independent counsel, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance herewith. Any request, consent, certificate, notice, appointment or other direction made or given by the City and County to the Bank shall be deemed to have been sufficiently made or given by the proper party or parties if executed on behalf of the City and County by the Director of Budget and Fiscal Services or his duly appointed designee.

(d) No provision of this Agreement shall require the Bank to expend or risk its own funds in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that payment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(e) The Bank may act, either as principal or agent, may engage in or be interested in any financial or other transaction with the City and County, and may act as depositary, trustee or agent for any holder or holders of the Bonds as freely as if it were not Bank hereunder.

SECTION 7. Removal of Bank. (a) The City and County may, upon sixty (60) days' written notice to the Bank, remove the Bank or any successor thereto. In the event of any such

removal by the City and County, or the resignation, disability, ineligibility or refusal to act of the Bank, the City and County, by a duly executed written instrument of the Director of Budget and Fiscal Services shall forthwith appoint a registrar and paying agent to fill such vacancy. In the event that the City and County does not appoint a successor registrar and paying agent within thirty (30) days of notifying the Bank, or any successor registrar and paying agent of its removal, the removed Bank or successor registrar and paying agent as the case may be, may petition a court of competent jurisdiction for the appointment of a successor registrar and paying agent. All expenses incurred by the removed Bank, or successor registrar and paying agent as the case may be, in prosecuting any such petition shall be reimbursed by the City and County. A successor registrar and paying agent shall be a bank having corporate trust powers or a trust company, in each case with a capital stock, surplus and undivided profits aggregating in excess of Fifty Million Dollars ($50,000,000), and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above mentioned, then for the purpose of this Section the combined capital stock, surplus and undivided profits of such bank or trust company shall be deemed to be its combined capital stock, surplus and undivided profits as set forth in its most recent report of condition so published. Any successor registrar and paying agent so appointed shall have all the powers and obligations of the Bank hereunder theretofore vested in its predecessor. Upon acceptance of appointment by the successor registrar and paying agent as provided in this Section, the City and County shall mail notice of the resignation or removal of the Bank, the effective date of such resignation or removal and the succession of the successor registrar and paying agent to the trusts hereunder to the registered owners of the Bonds shown on the books of registry for the Bonds. If the City and County shall fail to mail such notice within ten (10) business days after acceptance of appointment by the successor registrar and paying agent, the successor registrar and paying agent shall cause such notice to be mailed at the expense of the City and County. Each Bank appointed hereunder shall signify its acceptance of the duties and obligations imposed upon it hereunder as Bank by executing and delivering to the City and County and to the predecessor Bank hereunder a written acceptance of such duties and obligations, and such written acceptance shall include a statement to the effect that the Bank is qualified to act as such under the laws of the City and County, and thereupon such successor registrar and paying agent without further act, deed or conveyance, shall become vested with all of the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Bank, with like effect as if originally named Bank herein; but, nevertheless, at the request of the City and County or the successor registrar and paying agent such predecessor Bank shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor registrar and paying agent all of the right, title and interest of such predecessor Bank in and to any property held by it hereunder and shall pay over, transfer, assign and deliver to the successor registrar and paying agent any moneys or other property subject to the trusts and conditions herein set forth. Upon acceptance by such successor registrar and paying agent of the trusts created hereunder, all further title, rights, duties and obligations of the predecessor Bank under this Agreement shall cease and terminate and be discharged, except for rights or liabilities theretofore accrued to or by the City and County or the predecessor Bank. Upon the request of the successor registrar and paying agent the City and County shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor registrar and paying agent all such moneys, estates, properties, rights, powers, trusts, duties and

obligations. Any bank or trust company into which the Bank may be merged or with which it may be consolidated shall become the Bank without action of the City and County.

(b) The Bank may at any time resign and be discharged of its duties and obligations hereunder by giving not less than sixty (60) days' written notice to the City and County. Notwithstanding the effective date of any such resignation stated in such notice, such resignation shall not take effect until a successor registrar and paying agent shall have been appointed, and shall take effect immediately on the appointment of such successor registrar and paying agent.

SECTION 8. [Reserved].

SECTION 9. Benefit of Agreement; Amendments. (a) This Agreement is made for the benefit of the City and County and the holders from time to time of the Bonds. This Agreement shall not be repealed, revoked, altered or amended without the written consent of all such holders; provided, however, that the City and County and the Bank may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(i) to cure any ambiguity or formal defect or omission in this Agreement;

(ii) to grant to, or confer upon, the Bank for the benefit of such holders any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Bank; and

(iii) to subject to this Agreement additional funds, securities or properties;

; provided, further, however, amendments hereunder may be made pursuant to Section 3.04 of the Annex.

(b) The Bank shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including (i) the extent, if any, to which any change, modification or addition affects the rights of the holders of the Bonds, and (ii) the extent, if any, to which any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 10. Parties in Interest; Non-Assignment. (a) This Agreement shall inure to the benefit of, and be binding upon each successor in office of, the Director of Budget and Fiscal Services, and each such successor, from the time such person assumes office shall be deemed to be substituted for the undersigned Director of Budget and Fiscal Services as a party hereto, with all of the rights and duties of the Director of Budget and Fiscal Services hereunder.

(b) This Agreement shall not be assigned by the Bank without the prior written consent of the City and County. Any voluntary or involuntary assignment or transfer of a controlling interest in the Bank shall be communicated to the City and County within a reasonable time. Subject to the foregoing, all terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the Bank, its successors and assigns.

SECTION 11. Waiver. No waiver shall be deemed to be made by any party of any of its rights hereunder unless the same shall be in writing. The City and County's or the Bank's inaction, silence, or failure to demand strict performance shall not be deemed a waiver. Each waiver, if any, shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of the waiving party or the obligations of any other party in any other respect at any other time.

SECTION 12. Notices. All notices and communications required to be delivered pursuant to this Agreement shall be given in writing, or by telegram, telex, or cable or first class mail, postage prepaid, addressed to the following parties, at the following addresses:

The City and County:

Director of Budget and Fiscal Services
City and County of Honolulu
530 South King Street, Room 115
Honolulu, Hawaii 96813
Attn: Division of Treasury

The Bank:

U.S. Bank Trust Company, National Association
633 W. 5th St., 24th Floor
Los Angeles, CA 90071
Attn: Global Corporate Trust Services

Notwithstanding anything to the contrary contained herein, notice may be given by Electronic Means. "Electronic Means" means a notice provided by telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission, including telephonic communication confirmed by any other method set forth in this definition and including any other communications method acceptable to the parties giving and receiving such notice.

SECTION 13. Severability. (a) If any one or more of the covenants or agreements provided in this Agreement on the part of the City and County or the Bank to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or covenants, or such agreement or agreements, or such portions thereof, shall be deemed severable from the remaining covenants and agreements or portions thereof provided in this Agreement and the invalidity thereof shall in no way affect the validity of other provisions of this Agreement or of the Bonds, and the holders of the Bonds shall retain all of the rights and benefits accorded them hereunder and under applicable provisions of law.

(b) If any provision of this Agreement shall be held or deemed to be or shall, in fact, be inoperative or unenforceable or invalid as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because such provision conflicts with any constitution or statute or rule of public policy, or for any other reason, such circumstance shall not have the effect of rendering such provision in question inoperative or unenforceable or

invalid in any other case or circumstance, or of rendering any other provision or provisions herein contained inoperative or unenforceable or invalid to any extent whatsoever.

SECTION 14. Law and Place of Enforcement of this Agreement. This Agreement shall be construed and interpreted in accordance with the laws of the State of Hawaii. Any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in said State.

SECTION 15. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 16. Effects of Table of Contents and Section Headings. The Table of Contents and headings of the several Sections hereof shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Agreement or any provision hereof.

IN WITNESS WHEREOF, the parties hereto have each caused this Paying Agent Agreement to be executed by their duly authorized officers, as of the date first above written.

CITY AND COUNTY OF HONOLULU

By:_____
Andrew T. Kawano
Director of Budget and Fiscal Services

[SEAL]

APPROVED AS TO FORM AND LEGALITY:

_____
Dana M.O. Viola
Corporation Counsel
City and County of Honolulu

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Tender Agent, Registrar and Paying Agent

By:_____
Authorized Officer

EXHIBIT E

FORM OF STANDBY BOND PURCHASE AGREEMENT

STANDBY BOND PURCHASE AGREEMENT

dated as of December [__], 2026,

by and among

THE CITY AND COUNTY OF HONOLULU, HAWAII,

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Paying Agent, Registrar and Tender Agent

and

BANK OF AMERICA, N.A.
relating to:

$[Par Amount]
City and County of Honolulu
Wastewater System Revenue Bonds
(Second Bond Resolution), Junior Series 2026A (Green Bonds)

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STANDBY BOND PURCHASE AGREEMENT

This STANDBY BOND PURCHASE AGREEMENT is dated as of December [__], 2026, by and among THE CITY AND COUNTY OF HONOLULU (the *"City and County"*), U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Paying Agent, Registrar and Tender Agent, and BANK OF AMERICA, N.A. (the *"Bank"*).

WITNESSETH:

WHEREAS, the City and County has determined to execute this Agreement in order to provide a source of funding for the purchase of Bonds which have not been remarketed upon certain tenders by the owners thereof by the Remarketing Agent (as hereinafter defined); and

WHEREAS, the City and County has determined to provide for the purchase by the Bank on the terms and conditions specified herein of Eligible Bonds (as hereinafter defined) which are tendered, other than Eligible Bonds which have been remarketed and the proceeds of which are available to pay the purchase price thereof as provided in Resolution No. 98-195 adopted by the City Council of the City and County on November 10, 1998 (as amended and supplemented from time to time, the *"Second Bond Resolution"*), and the Junior Series 2026 Resolution adopted by the City Council of the City and County on [_____, 2026] (the *"Junior Series 2026 Resolution"* and, together with the Second Bond Resolution, the *"Resolution"*); and

WHEREAS, the Bank is willing, upon the terms and conditions set forth in this Agreement, to purchase Eligible Bonds upon optional or mandatory tender by the holders hereof, other than those Eligible Bonds which have been remarketed and the proceeds of which are available to pay the purchase price thereof as provided in the Series 2026 Certificate;

NOW, THEREFORE, for valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

Section 1.01. Defined Terms. In addition to the terms defined in the recitals and elsewhere in this Agreement and the Series 2026 Certificate, the following terms shall have the meanings set forth below:

"Accrued Interest" means that portion of the Purchase Price paid by the Bank for Eligible Bonds equal to accrued but unpaid interest on such Eligible Bonds.

"Act" has the meaning set forth in Section 9.17 hereof.

"Affiliate" means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of,

the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

"Agreement" means this Standby Bond Purchase Agreement, including any and all amendments and supplements hereto permitted pursuant to the terms hereof.

"Alternate Credit Facility" means any Support Facility (as defined in the Resolution) delivered by the City and County in substitution for this Agreement in accordance with the Series 2026 Certificate.

"Amortization Commencement Date" has the meaning set forth in Section 3.03 hereof.

"Amortization End Date" means, with respect to any Bank Bond, the earliest to occur of (a) the third anniversary of the related Purchase Date, (b) the Conversion Date, (c) the Substitution Date, and (d) the date on which the Available Commitment and the Bank's obligation to purchase Eligible Bonds have been terminated in its entirety pursuant to Section 2.03, Section 2.11(a) or Article VIII hereof (other than as a result of this Agreement expiring on the Expiration Date).

"Amortization Payment Date" means, with respect to any Bank Bond, (a) the applicable Initial Amortization Payment Date and each sixth month anniversary thereof which occurs prior to the related Amortization End Date and (b) the Amortization End Date.

"Amortization Period" has the meaning set forth in Section 3.03 hereof.

"Audited Financial Statements" means the audited financial statements of the City and County for the Fiscal Year ended June 30, 2025, including the notes thereto.

"Authorized Denominations" has the meaning set forth in the Series 2026 Certificate.

"Available Commitment" as of any day means the sum of the Available Principal Commitment and the Available Interest Commitment, in each case, as of such day.

"Available Interest Commitment" means $_____, representing ___ days' interest on the Available Principal Commitment based upon an assumed per annum rate of interest equal to ____% (based on the days elapsed in a year of 365 days) as such amount shall be adjusted from time to time as follows: (a) downward by an amount that bears the same proportion to such amount as the amount of any reduction in the Available Principal Commitment, in accordance with clause (a) or (b) of the definition herein of Available Principal Commitment, bears to the initial Available Principal Commitment and (b) upward by an amount that bears the same proportion to such initial amount as the amount of any increase in the Available Principal Commitment, in accordance with clause (c) of the definition herein of Available Principal Commitment, bears to the initial Available Principal Commitment; *provided* that after giving effect to such adjustment the Available Interest Commitment shall never exceed $_____. Any adjustment to the Available Interest Commitment pursuant to clause (a), (b) or (c) above shall occur simultaneously with the occurrence of the events described in such clause.

"Available Principal Commitment" initially means $[Par Amount] and, thereafter, shall mean such initial amount adjusted from time to time as follows: (a) upon any mandatory or

voluntary reduction in the Available Principal Commitment pursuant to Section 2.03 or 2.11 hereof, downward by the amount of such reduction; (b) downward by the principal amount of any Eligible Bonds purchased by the Bank pursuant to Section 2.01 hereof; and (c) upward by the principal amount of any Eligible Bonds theretofore purchased by the Bank pursuant to Section 2.01 hereof which are remarketed (or deemed to be remarketed), pursuant to Section 2.04(c) hereof and for which the Bank Bondholder has received immediately available funds equal to the principal amount thereof and accrued interest thereon; *provided* that after giving effect to such adjustment the Available Principal Commitment shall never exceed $[Par Amount]. Any adjustment to the Available Principal Commitment pursuant to clause (a), (b) or (c) above shall occur simultaneously with the occurrence of the events described in such clause.

"Bank" means Bank of America, N.A., and its successor and assigns.

"Bank Agreement" means any credit agreement, liquidity agreement, standby bond purchase agreement, reimbursement agreement, direct purchase agreement (such as a continuing covenant agreement or supplemental bondholder's agreement), bond purchase agreement, or other agreement or instrument (or any amendment, supplement or other modification thereof) under which, directly or indirectly, any Person or Persons undertake(s) (i) to make or provide funds to make, payment of, (ii) to purchase or (iii) to provide credit enhancement for bonds, notes or other obligations of the City and County secured by or payable from Net Revenues.

"Bank Bondholder" means the Bank (but only in its capacity as owner (which as used herein shall mean the beneficial owner if at the relevant time Bank Bonds are held in book entry form) of Bank Bonds pursuant to this Agreement) or any other person to whom the Bank or a subsequent Bank Bondholder sells any Bank Bonds in accordance with Section 2.04(a) hereof.

"Bank Bonds" means each Bond purchased by the Bank pursuant to Section 2.01 hereof and held by or for the account of the Bank or a subsequent Bank Bondholder in accordance with the terms of this Agreement, until purchased or retained in accordance with Section 2.04(c) hereof or redeemed in accordance with Section 3.03 hereof or otherwise paid in full.

"Bank Bond Interest Payment Date" means, (a) each Interest Payment Date, (b) upon redemption or at the maturity (whether by acceleration, defeasance or otherwise) of such Bank Bond pursuant to the Series 2026 Certificate, (c) each Sale Date, (d) each date on which interest is payable pursuant to Section 3.02(a) hereof, (e) each date principal is due and payable on a Bank Bond pursuant to Section 3.03 hereof and (f) if the conditions set forth in Section 7.01(b) hereof are not satisfied, on the earlier of (i) the final day of the Purchase Period and (ii) the Amortization Commencement Date.

"Bank Rate" means, for each day of determination with respect to a Bank Bond, except as otherwise provided in Section 3.01 of the Agreement, a rate per annum equal to: (i) for the period from and including the Purchase Date of such Bank Bond to and including the ninetieth (90th) day following such Purchase Date, the Base Rate from time to time in effect and (ii) for the period from and after the ninety-first (91st) day immediately following the related Purchase Date, the Base Rate from time to time in effect plus 1.00%; *provided,* that from and after the occurrence of an Event of Default, the Bank Rate shall equal the Default Rate; provided, further, that at no time

shall the Bank Rate be less than the per annum interest rate applicable to Bonds that are not Bank Bonds.

"Base Rate" means, for any day, a fluctuating rate of interest per annum equal to the greatest of (i) the Prime Rate in effect at such time *plus* one percent (1.00%), (ii) the Federal Funds Rate in effect at such time *plus* two percent (2.00%), and (iii) seven percent (7.00%).

"Bonds" means the City and County of Honolulu Wastewater System Revenue Bonds (Second Bond Resolution), Junior Series 2026A (Green Bonds).

"Book Entry Bonds" means the Bonds so long as a book entry system with DTC is used for determining beneficial ownership of the Bonds.

"Business Day" has the meaning set forth in the Series 2026 Certificate.

"Change in Law" means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any Law, rule, regulation or treaty, (b) any change in any Law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a *"Change in Law"*, regardless of the date enacted, adopted or issued.

"City and County" means the City and County of Honolulu, a political subdivision duly organized and existing under the laws of the State of Hawaii, and any permitted successor or assign thereof hereunder.

"City and County Representative" means any person authorized from time to time in writing by the City and County, or its successors and assigns, to perform a designated act or execute a designated document.

"Closing Date" means the date on which this Agreement becomes effective as provided in Article IV hereof.

"Code" means the Internal Revenue Code of 1986, as amended, and, where appropriate any statutory predecessor or any successor thereto.

"Communication" means this Agreement, any Related Document and any document, any amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to any Related Document.

"Compliance Certificate" means a certificate substantially in the form of Exhibit F hereto.

"Conversion Date" means the date on which the interest rate borne by the Bonds is Converted to a rate other than the Covered Rate.

"Convert" or *"Converted"* or *"Conversion,"* as appropriate, means the conversion of the interest rate on the Bonds to a rate of interest other than the Covered Rate pursuant to the terms of the Series 2026 Certificate.

"Covered Rate" means the Weekly Rate.

"Debt" of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes, loan agreements, bank agreements or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business and not past due for more than 60 days after the date on which such trade account was created), (d) all obligations of such Person as lessee under capital leases, (e) all Debt of others secured by a lien on any asset of such Person, whether or not such Debt is assumed by such Person, (f) all Guarantees by such Person of Debt of other Persons, (g) the maximum amount of all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments and (h) all obligations of such Person under any Swap Contract.

"Debtor Relief Laws" means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

"Default" means any event or condition that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Notice" means any notice given by the Bank pursuant to Section 8.03(d) hereof in the form of Exhibit B.

"Default Rate" means, for any day, a rate of interest per annum equal to the sum of the Base Rate in effect on such day plus four percent (4.00%).

"Default Tender" has the meaning set forth in Section 8.03(d) hereof.

"Defaulted Interest" means accrued interest on the Eligible Bonds which was not paid when due under the terms of the Series 2026 Certificate and any amounts accruing on amounts owed on such Bonds by reason of such amounts being not paid when due.

"Designated Jurisdiction" means any country or territory to the extent that such country or territory itself is the subject of any Sanction.

"Differential Interest Amount" means the excess of (a) interest which has accrued on Bank Bonds at the Bank Rate (subject to the provisions of Section 3.01(c) hereof), as determined in accordance with Section 3.01(a) hereof, up to but excluding the Business Day on which such Bank Bonds are purchased from the Bank Bondholders pursuant to Section 2.04(c) hereof or on which

the Bank Bondholder elects not to sell Bank Bonds pursuant to Section 2.04(c) hereof, less (b) the interest accrued on such Bonds received by the Bank Bondholders as part of the Sale Price.

"DTC" means The Depository Trust Company.

"Electronic Record" and *"Electronic Signature"* shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

"Eligible Bonds" means any Bonds Outstanding under and entitled to the benefits of the Resolution which bear interest at the Covered Rate and that are tendered or deemed tendered for purchase pursuant to Section 2.08 or 2.09 of the Series 2026 Certificate, other than any such Bonds which have been remarketed and the proceeds of which are available to pay the purchase price thereof as provided in the Series 2026 Certificate and other than any Bond which is (a) a Bank Bond or (b) owned by or on behalf of, or is held for the account or for the benefit of, the City and County.

"EMMA" means Electronic Municipal Market Access as provided by the Municipal Securities Rulemaking Board.

"Environmental Laws" means any and all federal, state, local, and foreign statutes, Laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems, in each case to the extent applicable to the Wastewater System.

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and, unless the context otherwise requires, the rules and regulations promulgated thereunder from time to time.

"Event of Default" with respect to this Agreement has the meaning set forth in Sections 8.01 and 8.02 of this Agreement and, with respect to any Related Document, has the meaning assigned therein.

"Event of Insolvency" means, with respect to any Person, the occurrence of one or more of the following events:

(a) the issuance, under the Laws of any state or under the Laws of the United States of America, of an order for relief, rehabilitation, liquidation or dissolution of such Person;

(b) the commencement by or against the City and County of a case or other proceeding seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement. adjustment, liquidation, reorganization, dissolution, composition, winding-up or other relief with respect to the City and County or its debts under any bankruptcy, insolvency, reorganization or other similar state or federal Law now or hereafter in effect, including, without limitation, the appointment of a trustee, receiver, liquidator, custodian or other similar official for the City and County or any substantial part of its property and, in the instance of a case or

proceeding against the City and County, such case or proceeding (i) is not dismissed within sixty (60) days after the filing thereof or (ii) results in an order for such relief;

(c) the making of an assignment for the benefit of creditors by such Person;

(d) such Person is "insolvent" as defined in Section 101(32) of the United States Bankruptcy Code;

(e) the City and County shall impose a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on any Parity Debt, or any Governmental Authority having appropriate jurisdiction over the City and County shall make a finding or ruling or shall enact or adopt legislation or issue an executive order or enter a judgment or decree which results in a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on the Bonds and the Bank Bonds or on all Parity Debt;

(f) the admission by such Person in writing of its inability to pay its debts when due; or

(g) the initiation of any action to authorize any of the foregoing by or on behalf of such Person.

"Excess Bank Bond Interest" has the meaning set forth in Section 3.01(c) hereof.

"Expiration Date" means the later of (a) 5:00 p.m. on December __, 20[29][30][31] or, if such day is not a Business Day, the Business Day next preceding such day, and (b) 5:00 p.m., on the last day of any extension of such date pursuant to Section 2.12(b) hereof or, if such last day is not a Business Day, the Business Day next preceding such day.

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to the Bank on such day on such transactions as determined by the Bank.

"Fee Letter" means that certain Fee Letter dated December __, 2026, by and between the City and County and the Bank, as amended or supplemented from time to time in accordance with the terms hereof and thereof.

"*First Bond Resolution*" means Resolution No. 98-193 adopted by the City Council of the City and County on November 10, 1998, as amended and supplemented.

"Fiscal Year" means the twelve-month period from July 1 through the following June 30.

"Fitch" means Fitch, Inc., and any successor rating agency.

"FRB" means the Board of Governors of the Federal Reserve System of the United States, together with any successors thereof.

"GAAP" means generally accepted accounting principles in effect from time to time in the United States and applicable to entities such as the City and County, including, without limitation, those principles set forth in the statements and pronouncement of the Governmental Accounting Standards Board.

"Governmental Approval" means an authorization, consent, approval, permit, license, certificate of occupancy or an exemption of, a registration or filing with, or a report to, any Governmental Authority.

"Governmental Authority" means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee" means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt or other obligation payable or performable by another Person (the *"primary obligor"*) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Debt or other obligation of the payment or performance of such Debt or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Debt or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Debt or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Debt or other obligation of any other Person, whether or not such Debt or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Debt to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term *"Guarantee"* as a verb has a corresponding meaning.

"Immediate Termination Event" has the meaning set forth in Section 8.03(a) hereof.

"Indemnitee" has the meaning set forth in Section 9.04 hereof.

"Initial Amortization Payment Date" means the Amortization Commencement Date.

"Interest Component" means the aggregate amount of the Purchase Price comprising interest on any Eligible Bond purchased by the Bank in accordance with the terms hereof.

"Interest Payment Date," with respect to Bonds which are not Bank Bonds, has the meaning assigned to such term in the Series 2026 Certificate and, with respect to Bank Bonds, means the first Business Day of each month following the creation of a Bank Bond, including each Interest Payment Date for Bonds generally, and each other Bank Bond Interest Payment Date.

"Investment Grade" means a rating of "Baa3" (or its equivalent) or better by Moody's and "BBB-" (or its equivalent) or better by S&P and "BBB-" (or its equivalent) or better by Fitch.

"Investment Policy" means the investment policy of the City and County delivered to the Bank, pursuant to Section 4.01(b)(v) hereof.

"Laws" means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

"Margin Stock" has the meaning ascribed to such term in Regulation U promulgated by the FRB, as now and hereafter from time to time in effect.

"Material Adverse Effect" means: (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Wastewater System; (b) a material impairment of the ability of the City and County to perform its obligations under any Related Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the City and County of any Related Document to which it is a party or the rights, security, interests or remedies of the Bank hereunder or under any other Related Document.

"Maximum Interest Rate" means the maximum net effective interest rate permitted by applicable law to be paid on obligations issued or incurred by the City and County in the exercise of its borrowing powers.

"Moody's" means Moody's Investors Service, Inc., and any successor rating agency.

"*Net Revenues*" has the meaning set forth in the Resolution.

"Notice of Bank Purchase" means a notice in the form of Exhibit A attached hereto.

"Obligations" means the principal of and interest on Bank Bonds, fees currently owed, as of the date of determination, relating to this Agreement and all other amounts owed by the City and County to the Bank under this Agreement.

"OFAC" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"Official Statement" means the Official Statement of the City and County, dated _____, 2026, relating to the Bonds.

"Outstanding" has the meaning set forth in the Series 2026 Certificate.

"Overdue Amount" has the meaning set forth in Section 3.01(b) hereof.

"Owner" has the meaning set forth in the Resolution.

"Parity Debt" means any Debt issued or incurred by or on behalf of the City and County and secured on a parity with the Lien on Net Revenues securing the payment of the principal and purchase price of and interest on the Bonds and the obligations under this Agreement.

"Paying Agent" means U.S. Bank Trust Company, National Association, a national banking association existing under and by virtue of the laws of the United States of America, and any permitted successor or assign thereof hereunder, in its capacity as paying agent, registrar and/or tender agent, as applicable, under the Series 2026 Certificate, and any permitted successors as paying agent, registrar and/or tender agent, as applicable, under the Series 2026 Certificate.

"Paying Agent Agreement" means that certain Paying Agent Agreement, dated and effective as of December ___2026, between the Paying Agent and City and County, as amended and supplemented.

"Payment Instructions" has the meaning set forth in the Fee Letter.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Prime Rate" means on any day, the rate of interest in effect for such day as publicly announced from time to time by the Bank as its *"prime rate."* The *"prime rate"* is a rate set by the Bank based upon various factors including the Bank's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by the Bank shall take effect at the opening of business on the day specified in the public announcement of such change.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

"Purchase Date" means the date any Eligible Bonds are to be purchased pursuant to Section 2.08 or 2.09 of the Series 2026 Certificate.

"Purchase Notice" has the meaning set forth in Section 2.04(b) hereof.

"Purchase Period" means the period from the Closing Date hereof to and including the earliest of the close of business on (a) the Expiration Date, (b) the date on which no Bonds are Outstanding, (c) one (1) Business Day following the Conversion Date or the Substitution Date, as applicable, and (d) the date on which the Available Commitment and the Bank's obligation to purchase Eligible Bonds have been terminated in its entirety pursuant to Section 2.03, Section 2.11(a) or Article VIII hereof.

"Purchase Price" means, with respect to any Eligible Bond as of any date, 100% of the principal amount of such Bond plus (if the Purchase Date is not an Interest Payment Date) accrued and unpaid interest thereon to the Purchase Date; *provided, however,* if the Purchase Date for any Bond is also an Interest Payment Date for such Bond pursuant to the Series 2026 Certificate, the Purchase Price for such Bond shall not include accrued but unpaid interest on such Bond; *provided further, however*, that in no event shall the Purchase Price of any Bond include Defaulted Interest accrued on such Bond or any premium owed with respect to any such Bond.

"Purchaser" has the meaning set forth in Section 2.04(b) hereof.

"Rating Agency" means any of Fitch, Moody's or S&P, as applicable.

"Related Documents" means this Agreement, the Fee Letter, the Bonds, the Bank Bonds, the Resolution, the Series 2026 Certificate, the Paying Agent Agreement, the Remarketing Agreement and any exhibits or schedules to any of the foregoing, as the same may be amended from time to time in accordance with their respective terms and the terms hereof.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"Remarketing Agent" means BofA Securities, Inc., and its assigns and successors appointed as Remarketing Agent pursuant to the Series 2026 Certificate.

"Remarketing Agreement" means the Remarketing Agreement, dated as of December __, 2026, by and between the Remarketing Agent and the City and County, including any supplement thereto or amendment thereof entered into in accordance with the provisions hereof and thereof.

"Resolution" has the meaning set forth in the recitals hereof.

"S&P" means S&P Global Ratings, and any successor rating agency.

"Sale Date" has the meaning set forth in Section 2.04(b) hereof and shall not be earlier than the Business Day following the Business Day on which a Bank Bondholder receives a Purchase Notice.

"Sale Price" has the meaning set forth in Section 2.04(b) hereof.

"Sanction(s)" means any international economic sanction administered or enforced by the United States Government (including, without limitation, OFAC), the United Nations Security Council, the European Union, His Majesty's Treasury or other relevant sanctions authority.

"*Series 2026 Certificate*" means the Bond Series Certificate of the City and County relating to the Bonds, executed by the Director of Budget and Fiscal Services of the City and County pursuant to the Resolution, including Appendix C (Multimode Annex) thereto, as amended and supplemented from time to time.

"Sewer Fund" has the meaning set forth in the Resolution.

"State" means the State of Hawaii.

"Substitution Date" means the day an Alternate Credit Facility shall have become effective in accordance with the Series 2026 Certificate.

"Suspension Event" means the occurrence of a Default described in Section 8.02(a) hereof or an Event of Default described in Section 8.02(d)(ii) or 8.02(d)(iii) hereof.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a *"Master Agreement"*), including any such obligations or liabilities under any Master Agreement.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"United States" and *"U.S."* means the United States of America.

"U.S. Dollars" means the lawful currency of the United States of America.

"Wastewater System" has the meaning set forth in the Resolution.

"Wastewater System Property" means Property constituting part of the Wastewater System.

"Weekly Rate" means the rate at which the Bonds bear interest during the Weekly Mode, as set forth in the Series 2026 Certificate.

"Written" or *"in writing"* means any form of written communication or a communication by means of facsimile device, telegraph or cable.

Section 1.02. Other Interpretive Provisions. With reference to this Agreement and each other Related Document, unless otherwise specified herein or in such other Related Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "*include*," "*includes*" and "*including*" shall be deemed to be followed by the phrase "without limitation." The word "*will*" shall be construed to have the same meaning and effect as the word "*shall*." Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Related Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "*hereto*," "*herein*," "*hereof*" and "*hereunder*," and words of similar import when used in any Related Document, shall be construed to refer to such Related Document in its entirety and not to any particular provision thereof, (iv) all references in a Related Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Related Document in which such references appear, (v) any reference to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such Law and any reference to any Law or regulation shall, unless otherwise specified, refer to such Law or regulation as amended, modified or supplemented from time to time, and (vi) the words "*asset*" and "*property*" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "*from*" means "*from and including;*" the words "*to*" and "*until*" each mean "*to but excluding;*" and the word "*through*" means "*to and including.*"

(c) Section headings herein and in the other Related Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Related Document.

Section 1.03. Accounting Terms.

All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, *except* as otherwise specifically prescribed herein.

Section 1.04. Rounding. Any financial ratios required to be maintained by the City and County pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

Section 1.05. Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

ARTICLE II

THE COMMITMENT; FEES

Section 2.01. Commitment to Purchase Bonds. (a) The Bank agrees, on the terms and conditions contained in this Agreement, to purchase with its own funds Eligible Bonds tendered or deemed tendered in accordance with the terms of the Series 2026 Certificate, other than Eligible Bonds which have been remarketed and the proceeds of which are available to pay the purchase price thereof as provided in the Series 2026 Certificate, from time to time during the Purchase Period at the Purchase Price. The aggregate principal amount (or portion thereof) of any Bond purchased on any Purchase Date shall be an Authorized Denomination, and in any case the aggregate principal amount of all Bonds purchased on a Purchase Date shall not exceed the Available Principal Commitment on such date. The Interest Component of the Purchase Price, if any, on the Bonds purchased on any Purchase Date shall not exceed the lesser of (1) the Available Interest Commitment with respect to such Bonds on such date and (2) the actual amount of interest accrued and unpaid on such Bonds, other than Defaulted Interest, to but excluding such date; *provided that* if the applicable Purchase Date is an Interest Payment Date the amount described in this sentence shall be reduced by the amount of interest payable on each such Bond on such Interest Payment Date pursuant to the terms of the Series 2026 Certificate and such Bonds. Any Bonds so purchased shall thereupon constitute Bank Bonds and shall, from the date of such purchase and while they are Bank Bonds, bear interest at the Bank Rate and have other characteristics of Bank Bonds as set forth herein and in the Series 2026 Certificate.

(a) *Limited Commitment.* The Bank's commitment under this Agreement is limited to the purchase of Eligible Bonds and does not guarantee the payment of principal of or interest on the Bonds.

Section 2.02. Method of Purchasing. If, on any Purchase Date during the Purchase Period, the Bank receives not later than 11:30 a.m. a Notice of Bank Purchase from the Paying Agent, the Bank shall, subject to the terms of Section 2.01 and the satisfaction of the conditions set forth in Article VII hereof, transfer to the Paying Agent not later than 2:30 p.m. on such Purchase Date, in immediately available funds, an amount equal to the amount which, when added to any remarketing proceeds paid to the Paying Agent by the Remarketing Agent for which an irrevocable commitment from the purchaser to the Remarketing Agent has been received indicating that the DTC process has been initiated so as to provide funds from the purchaser to the Paying Agent by 2:30 p.m. on such Purchase Date, will be sufficient to pay the principal amount plus accrued and unpaid interest with respect to all such Eligible Bonds required to be purchased on such date. A Notice of Bank Purchase shall be irrevocable after receipt thereof by the Bank. With respect to any

such Notice of Bank Purchase received by the Bank after 11:30 a.m. on any day, the Bank shall be required to make such purchase by 2:00 p.m. on the immediately succeeding Business Day. The Bank shall have no responsibility for, nor incur any liability in respect of, any act, or any failure to act, by the Paying Agent or the Remarketing Agent that results in its failure to effect the purchase of Eligible Bonds by the Bank with such funds pursuant to this Section 2.02. Any amounts received by the Paying Agent from the Bank pursuant to the terms of this Agreement and not used to pay the Purchase Price of Eligible Bonds shall be immediately returned to the Bank (and until so returned shall be held in trust by the Paying Agent for the account of the Bank) with a written notice indicating the portion of such returned amount which was drawn to purchase Eligible Bonds to the extent of funds drawn and received by the Paying Agent under this Agreement, and the Available Commitment shall not be reduced pursuant to clause (b) of the definition of Available Principal Commitment by the amount drawn but so returned and actually received by the Bank. In the event that such funds are not returned to the Bank in immediately available funds as provided in this Section 2.02 by 2:00 p.m. on the same day on which such funds were advanced, the City and County shall pay or cause to be paid to the Bank interest on such funds, payable on demand and in any event on the date on which such funds are returned, at a rate equal to the Bank Rate for such day the funds were advanced and thereafter at the Default Rate.

So long as the Bonds are issued in book-entry form and held by the Paying Agent as custodian of DTC as part of DTC's fast automated transfer program (*"FAST Eligible Bonds"*), concurrently with the Paying Agent's receipt of the purchase price for each purchase of Eligible Bonds by the Bank hereunder, the Paying Agent, as a participant of DTC (or any other successor securities DTC) or an eligible transfer agent, shall make a direct registration electronic book-entry (A) crediting the DTC account designated in writing by the Bank as its account in which to hold Bank Bonds purchased by it (each, the *"Bank Book-Entry Account"*) by the principal amount of the Bonds purchased hereunder by the Bank using the Bank Bond CUSIP number for such Bonds set forth below; and (B) debiting the book-entry account of DTC for the Bonds (thereby reducing the principal balance of the global certificate representing the Bonds) (the *"DTC Book-Entry Account"*) by the principal amount of the Bonds purchased hereunder by the Bank. The CUSIP number for Bonds that are Bank Bonds is _____. So long as the Bonds are FAST Eligible Bonds, upon a remarketing of Bank Bonds in accordance with the terms of this Agreement and the Paying Agent's receipt from the Remarketing Agent and/or the City and County of the amounts set forth in this Section 2.02, the Paying Agent, as a participant of DTC (or any other successor securities DTC) or an eligible transfer agent, shall make a direct registration electronic book-entry in its records (A) debiting the Bank Book-Entry Account of the Bank by the principal amount of the Bank Bonds so remarketed; and (B) crediting the DTC Book-Entry Account for such Bonds (thereby increasing the principal balance of the global certificate representing such Bonds) by the principal amount of the Bonds so remarketed. The Paying Agent acknowledges that it is familiar with the procedures and requirements set forth in a notice from DTC, dated April 4, 2008, respecting *"Variable Rate Demand Obligations ("VRDO") Failed Remarketings and Issuance of Bank Bonds"*, as amended by DTC Notice Number B 3488-08, dated May 15, 2008, and agrees that, with respect to any and all Bank Bonds, it will follow the procedures and requirements set forth in such notice, as the same may be amended from time to time. To the extent that, following any amendment of such notice, the procedures and requirements therein should become inconsistent with any aspect of the preceding provisions, the Paying Agent, the City and County and the Bank shall promptly negotiate in good faith and agree upon amendments of the preceding provisions so as to eliminate such inconsistency.

If the Bonds are no longer FAST Eligible Bonds, concurrently with the receipt of the Purchase Price for each purchase of Bonds by the Bank hereunder, the Paying Agent shall cause each Bank Bond to be registered in the name of the Bank and such Bank Bonds shall be held by the Paying Agent as the agent, bailee and custodian (in such capacity, the *"Custodian"*) of the Bank for the exclusive benefit of the Bank as collateral security for the Obligations. The Custodian acknowledges and agrees that it is acting and will act with respect to Bank Bonds at the written direction of the Bank for the exclusive benefit of the Bank and is not and shall not at any time be subject in any manner or to any extent to the direction or control of the City and County or any other Person with respect to the Bank Bonds. The Custodian agrees to act in strict accordance with this Agreement and in accordance with any lawful written instructions delivered by the Bank to the Custodian from time to time pursuant hereto. Under no circumstances shall the Custodian deliver possession of the Bank Bonds to, or cause Bank Bonds to be registered in the name of, the City and County, the Remarketing Agent or any Person other than the Bank except in accordance with the express terms of this Agreement or otherwise upon the written instructions of the Bank. The Custodian agrees that if, while this Agreement is in effect, the Custodian shall become entitled to receive or shall receive any payment in respect of any Bank Bonds held for the Bank, it shall accept the same as the Bank's agent and to hold the same in trust on behalf of the Bank and to deliver the same forthwith to the Bank pursuant to the Payment Instructions. Upon the remarketing of any Bank Bonds and the Paying Agent's receipt from the Remarketing Agent and/or the City and County of the amounts set forth in this Section 2.02, the Custodian shall release Bank Bonds in a principal amount equal to the principal amount so remarketed to the Remarketing Agent or the City and County, as the case may be, in accordance with the terms of the Series 2026 Certificate. The Custodian may rely and shall be protected in acting upon any document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Custodian shall not be liable for any error in judgment made in good faith by its responsible officers, employees and agents unless the Custodian, its responsible officers, employees or agents were negligent. Anything herein to the contrary notwithstanding, the Custodian shall have no liability hereunder for any act or omission except as shall result from its negligence. Except as provided above, without the prior written consent of the Bank, the Custodian agrees that it will not sell, assign, transfer, exchange or otherwise dispose of, or grant any option with respect to, Bank Bonds, and will not create, incur or permit to exist any pledge, lien, mortgage, hypothecation, security interest, charge, option or any other encumbrance or take any other action with respect to the Bank Bonds, or any interest therein, or any proceeds thereof. The Custodian shall deliver to the Bank at the Bank's written request such information as may be in the possession of the Custodian with respect to such Bank Bonds.

Section 2.03. Mandatory Reductions and Termination of Available Commitment.

(a) Upon (i) any redemption, repayment, defeasance or other payment or deemed payment of all or any portion of the principal amount of the Bonds or (ii) the Conversion of the interest rate borne by any Bonds to an interest rate other than a Covered Rate (in each case, whether at the option of the City and County or pursuant to the provisions of the Resolution or the Series 2026 Certificate), the aggregate Available Principal Commitment shall be reduced upon receipt by the Bank of written notice of such occurrence from the City and County by the principal amount of the Bonds so redeemed, purchased in lieu of redemption, repaid, defeased or otherwise paid, deemed paid or so Converted, as specified in such written notice. Upon reduction of the

Available Principal Commitment to zero pursuant to this Section 2.03(a), the Purchase Period shall automatically terminate.

(b) The Available Commitment shall automatically terminate upon the expiration of the Purchase Period.

(c) Upon any termination of the Available Commitment as set forth in this Section 2.03, all amounts required to be paid pursuant to Section 2.06 hereof shall be paid in full.

Section 2.04. Sale of Bank Bonds; Reinstatement.

(a) *Right to Sell Bank Bonds.* The Bank expressly reserves the right to sell, at any time, Bank Bonds, subject, however, to the express terms of this Agreement and the Series 2026 Certificate. The Bank agrees to promptly notify the City and County, the Paying Agent and the Remarketing Agent of any such sale (other than a sale made pursuant to Section 2.04(c) hereof) and to notify the transferee that such Bond is not an Eligible Bond and will bear no short-term rating so long as it remains a Bank Bond. Prior to selling a Bank Bond to any other party, each Bank Bondholder shall obtain a written acknowledgment from such prospective purchaser (and shall provide a copy of the same to the City and County and the Paying Agent) stating that (i) such prospective purchaser agrees that it has no right to tender any Bank Bond except as provided herein and so long as such Bond remains a Bank Bond, the Bank is not obligated to purchase it hereunder, (ii) such prospective purchaser is an institutional investor or other person which customarily purchases commercial paper or tax-exempt securities in large denominations, (iii) such prospective purchaser agrees to sell such Bank Bonds to any purchaser identified by the Remarketing Agent and not to otherwise sell its Bank Bonds, subject to its right to retain Bank Bonds as provided in Section 2.04(c) hereof, (iv) it shall, if such Bank Bond is a Book Entry Bond, give all notices in the manner and by the time required by DTC to exclude such Bank Bond from any mandatory tender of Bonds pursuant to Section 2.09 of the Series 2026 Certificate while it remains a Bank Bond, (v) it shall comply with all other applicable provisions of this Agreement and (vi) so long as such Bond remains a Bank Bond, there is no short-term investment rating assigned to such Bond. Each seller of a Bank Bond shall notify the Remarketing Agent and the Paying Agent of the identity of the new Bank Bondholder purchasing such Bank Bond and shall require such new Bank Bondholder to agree to sell such Bank Bonds as provided in the preceding sentence and to agree not to otherwise sell its Bank Bonds.

(b) *Purchase Notices.* Prior to 11:00 a.m. on any Business Day on which Bank Bondholders hold Bank Bonds, the Remarketing Agent may deliver a notice (a *"Purchase Notice"*) to the Bank Bondholders, as registered on the bond register maintained by the Paying Agent, and to the Bank, stating that it has located a purchaser (the *"Purchaser"*) for some or all of such Bank Bonds and that such Purchaser desires to purchase such Bank Bonds on a Business Day (a *"Sale Date"*) which shall be at least one (1) Business Day after the date on which the Purchase Notice is received by the Bank Bondholder. The Bank Bonds to be purchased shall be in a denomination authorized under the Series 2026 Certificate and at a price of par plus an amount equal to the interest which would have accrued on such Bank Bond had such Bank Bond been remarketed at the interest rates established by the Remarketing Agent pursuant to the Series 2026 Certificate during the period such Bond was a Bank Bond (the *"Sale Price"*). Interest on Bank Bonds shall be payable as provided in Section 3.01 hereof.

(c) *Sale of Bank Bond.* If a Bank Bondholder elects, at its sole option, to sell any Bank Bonds to any Purchaser, it shall give notice of such election to the City and County, the Paying Agent and the Remarketing Agent at or before 4:00 p.m. on the Business Day next preceding the Sale Date. If a Bank Bondholder elects, at its sole option, not to sell any Bank Bonds to any Purchaser, it shall give notice of such election to the Paying Agent, the City and County and the Remarketing Agent at or before 4:00 p.m. on the Business Day next preceding the Sale Date. In the event no such notice is timely delivered by a Bank Bondholder such Bank Bondholder shall be deemed to have elected to sell such Bank Bonds to a Purchaser. If a Bank Bondholder elects, or is deemed to have elected, to sell such Bank Bonds to a Purchaser, such Bank Bondholder shall deliver such Bank Bonds to the Paying Agent (or, in the case of Bank Bonds that are Book Entry Bonds, shall cause the beneficial ownership thereof to be credited to the account of the Remarketing Agent at DTC) by 1:00 p.m. on the Sale Date against receipt by the Bank Bondholder of the Sale Price and the Differential Interest Amount therefor, in immediately available funds, in the manner referred to in Section 2.04(a) hereof or at the Bank Bondholder's address listed in the bond register maintained by the Paying Agent, as the case may be, and such Bond shall thereupon no longer be considered a Bank Bond. In the event that a Bank Bondholder fails to deliver its Bank Bonds as described in the next preceding sentence, the Bank Bondholder shall be deemed to have so delivered its Bank Bonds and the Remarketing Agent shall deliver the Sale Price therefor to the Paying Agent to be held in trust, together with the Differential Interest Amount, for the benefit of such Bank Bondholder pending the surrender of such Bank Bonds by such Bank Bondholder. Upon delivery of such Sale Price by the Remarketing Agent to the Paying Agent, and the delivery of the Differential Interest Amount by the City and County to the Paying Agent, such Bank Bonds shall no longer constitute Bank Bonds. When Bank Bonds are purchased or deemed purchased in accordance with this Section 2.04(c), the Remarketing Agent shall, upon receipt of such Bank Bonds and upon receipt by the Bank or the applicable Bank Bondholder of the Sale Price, notify the Paying Agent that such Bonds are no longer Bank Bonds. If a Bank Bondholder notifies the City and County, the Paying Agent and the Remarketing Agent at or before 4:00 p.m. on the Business Day before the Sale Date that it will not sell its Bank Bonds, the Remarketing Agent shall notify the City and County, the Paying Agent and such Bank Bondholder that, as of the Sale Date, such Bonds shall no longer be considered Bank Bonds, shall no longer bear interest at the Bank Rate and, from and after such Sale Date, the Available Commitment shall be appropriately increased. Any such notice may be revoked in writing by the Bank Bondholder at any time prior to 4:00 p.m. on the Business Day preceding the Sale Date.

(d) *Continuing Obligation.* Following any sale of Bank Bonds pursuant to Section 2.04(c) hereof or otherwise or any election to retain Bonds pursuant to Section 2.04(c) hereof, each Bank Bondholder shall retain the right to receive payment from the City and County of any other amounts then due and owing hereunder, including, without limitation, any accrued but unpaid Differential Interest Amount as provided in Section 3.01 hereof.

(e) *No Warranty.* Any sale of a Bank Bond pursuant to this Section 2.04 shall be without recourse to the seller and without representation or warranty of any kind by the Bank or any Bank Bondholder.

Section 2.05. Rights of Bank Bondholders. Upon purchasing Bank Bonds, Bank Bondholders shall be entitled to and, where necessary, shall be deemed assigned all rights, privileges and security accorded Owners as provided in the Bonds and in the Resolution, other

than the right (a) to tender such Bank Bonds for purchase pursuant to Section 2.08 of the Series 2026 Certificate, (b) to have such Bonds purchased upon an expiration or termination of this Agreement or (c) in any event, to have such Bonds purchased with amounts drawn hereunder; *provided, however*, that to the extent additional rights and privileges are provided to Bank Bonds pursuant to this Agreement, the terms of this Agreement shall prevail and govern. Upon purchasing Bank Bonds and the registration of such Bank Bonds in the name of, for the benefit of, or at the direction of the Bank, as provided herein, each Bank Bondholder shall be recognized by the City and County and the Paying Agent as the true and lawful owners of the Bank Bonds (or, in the case of Book Entry Bonds, the beneficial owners thereof), and the City and County and the Paying Agent acknowledge that Bank Bonds shall be considered Bonds for purposes of the Related Documents and shall be secured to the same extent as any other Owners of Bonds under the Resolution, including, without limitation, the right to receive payments of principal and interest, the right to have such Bank Bonds remarketed pursuant to the Series 2026 Certificate and the Remarketing Agreement, and all rights under the Resolution and the Resolution upon the occurrence of any "event of default" under the Resolution, except to the extent the Series 2026 Certificate provides to Bank Bondholders rights, privileges or obligations that are not applicable to Owners in general.

Section 2.06. Fees and Interest Component. (a) The City and County agrees to pay to the Bank the fees set forth in the Fee Letter, the provisions of which are incorporated herein by reference. Any reference herein or in any other document to fees and/or other amounts or obligations payable hereunder shall include, without limitation, all fees and other amounts or obligations payable pursuant to the Fee Letter, and any reference to this Agreement shall be deemed to include a reference to the Fee Letter.

(b) *Payment of Interest Component.* The City and County shall pay the Bank interest at the Bank Rate on the amount of the Interest Component, if any, included in the Purchase Price from the Purchase Date until, and such Interest Component and the accrued interest thereon shall be payable on, the earliest to occur of (i) the Interest Payment Date next succeeding the Purchase Date, (ii) the date on which such Bank Bonds are remarketed, paid at maturity or redeemed, (iii) the last day of the Purchase Period and (iv) the second Business Day immediately succeeding the related Purchase Date; *provided* that the City and County, in its discretion, may pay the Bank the Interest Component with accrued interest thereon at the Bank Rate on any Business Day prior to the earliest date stated above.

Section 2.07. Method of Payment; Credit. (a) All payments to be made by the City and County under this Agreement shall be made to the Bank by means of wire transfer pursuant to the Payment Instructions, not later than 2:00 p.m. on the date when due and shall be made in U.S. Dollars and in freely transferable and immediately available funds. Any payment received by the Bank after 2:00 p.m. on any day shall be deemed to have been received by the Bank on the next succeeding Business Day.

(b) The City and County agrees to pay to the Bank, on each Purchase Date or Sale Date, as applicable, an amount equal to any charge imposed on the Bank pursuant to the Series 2026 Certificate in connection with the transfer or exchange of Bonds. The City and County agrees to cause the Paying Agent to give the Bank timely notice of each such charge, including the amount thereof.

Section 2.08. Computation of Interest and Fees. All computations of interest payable by the City and County under this Agreement and the Fee Letter shall be computed on the basis of the actual number of days elapsed during a year consisting of 365 or 366 days, as applicable. All computations of fees and other amounts payable by the City and County under this Agreement or the Fee Letter shall be computed on the basis of the actual number of days elapsed during a year consisting of 360 days. Interest shall accrue during each period during which interest is computed from and including the first day thereof to and including the last day thereof. All fees payable pursuant to this Agreement and the Fee Letter shall be deemed earned when due and non-refundable when paid.

Section 2.09. Payment Due on Non-Business Day to Be Made on Next Business Day. If any sum becomes payable pursuant to this Agreement on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, but such extended time shall be included in the computation of interest and fees.

Section 2.10. Late Payments. If the principal amount of any obligation owed to the Bank hereunder is not paid when due, such obligation shall bear interest until paid in full at a rate per annum equal to the Default Rate, payable on demand.

Section 2.11. Termination by the City and County. (a) Subject to the payment of any amounts described in clause (b) hereof, the City and County may cause the termination of this Agreement or permanent reduction of the Available Commitment no sooner than thirty (30) days' following delivery of prior written notice to the Bank and the Paying Agent in connection with said termination or reduction, as applicable. Notwithstanding the foregoing, no termination of this Agreement or permanent reduction of the Available Commitment in whole pursuant to this Section 2.11 shall become effective unless all amounts payable by the City and County to the Bank pursuant to this Section 2.11 have been paid in full and the City and County has either (i) entered into an Alternate Credit Facility with a liquidity provider in accordance with the terms of the Series 2026 Certificate and this Agreement on or prior to the date of such termination, (ii) redeemed, refunded or defeased the Bonds in full or (iii) caused the Bonds to be converted to bear interest at a rate other than a Covered Rate; *provided,* that the Bank shall, on the effective date of any such automatic termination resulting from the event described in this clause (iii), have transferred funds requested by the Paying Agent pursuant to a Notice of Bank Purchase, if any, properly delivered in accordance with this Agreement and subject to the conditions to such transfer set forth herein, in respect of Eligible Bonds tendered prior to the effectiveness of such Conversion.

(b) Notwithstanding any provisions of this Agreement to the contrary, in connection with any termination of this Agreement as described hereinabove, the City and County shall, on or prior to the termination date, pay to the Bank in immediately available funds all fees, expenses and other amounts payable hereunder and all principal of, and accrued interest on, any Bank Bonds (including, without limitation, any Differential Interest Amount, Excess Bank Bond Interest and interest on the foregoing).

(c) Upon the termination of this Agreement by the City and County for any reason, the City and County will comply with all the requirements of the Series 2026 Certificate with respect to such termination.

Section 2.12. Term of the Agreement. (a) The term of this Agreement shall commence on the Closing Date and shall continue until the later of (i) the last day of the Purchase Period and (ii) the payment in full of the principal of and interest on all Bank Bonds and all other Obligations.

(b) The Expiration Date may be extended by the Bank, at its option and in its sole discretion, for an additional period acceptable to the Bank, upon the written request of the City and County received by the Bank [no earlier than one hundred twenty (120) days and no later than ninety (90) days prior to the Expiration Date then in effect.] Any extension shall be at the sole and absolute discretion of the Bank. The Bank will be free to refrain from extending the Expiration Date or to require the City and County to satisfy certain conditions or agree to modifications of the Related Documents as a condition to such extension. If the Bank notifies the City and County, the Paying Agent and the Remarketing Agent that the current Expiration Date shall be so extended, the Bank shall, within thirty (30) days of its notification to the City and County, the Paying Agent and the Remarketing Agent, deliver to the Paying Agent and the City and County a written acknowledgment of such extension (using the form attached hereto as Exhibit D). Any such request by the City and County for an extension of the Expiration Date shall be substantially in the form of Exhibit C hereto (or in such other form to which the Bank may consent in writing) and, unless the Bank shall otherwise consent, shall include (i) a statement of the outstanding principal amount of the Bonds, (ii) a reasonably detailed description of any and all Events of Default and all conditions, events and acts known to any City and County Representative which with notice or lapse of time or both would become an Event of Default and (iii) any other pertinent information requested by the Bank.

(c) Upon any extension of this Agreement pursuant to this Section, the City and County shall provide notice thereof to each Rating Agency then rating the Bonds.

Section 2.13. Taxes.

(a) *Taxes.* Any and all payments to the Bank by the City and County hereunder shall be made free and clear of and without deduction for any and all taxes, levies, imposts, deductions, charges, withholdings or liabilities imposed, excluding, however, taxes imposed on or measured by the net income or capital of the Bank by any jurisdiction or any political subdivision or taxing authority thereof or therein solely as a result of a connection between the Bank and such jurisdiction or political subdivision (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to, for purposes of this Section 2.13, as "Taxes"). If the City and County shall be required by law to withhold or deduct any Taxes imposed by the United States or any political subdivision thereof (or any other jurisdiction from which or through which payments are made) from or in respect of any sum payable hereunder to the Bank, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.13), the Bank receives an amount equal to the sum it would have received had no such deductions been made, (ii) the City and County shall make such deductions and (iii) the City and County shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the City and County shall make any payment under this Section 2.13 to or for the benefit of the Bank with respect to Taxes and if the Bank in its sole discretion determines that it shall receive a refund or claim any credit or deduction for such Taxes against any other taxes payable by the Bank to any taxing jurisdiction in the United States then the

Bank shall pay to the City and County an amount equal to the amount by which such other taxes are actually reduced to the extent attributable, as determined by the Bank in its sole discretion, to such payment by the City and County; provided that the aggregate amount payable by the Bank pursuant to this sentence shall not exceed the aggregate amount previously paid by the City and County to the applicable party with respect to such Taxes. In addition, the City and County agrees to pay any present or future stamp, recording or documentary taxes and, any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America, any state of the United States or any other taxing jurisdiction from any payment made hereunder or from the execution or delivery or otherwise with respect to this Agreement (hereinafter referred to as "Other Taxes"). The Bank shall provide to the City and County within a reasonable time a copy of any written notification it receives with respect to Taxes or Other Taxes owing by the City and County to the Bank hereunder; provided that the Bank's failure to send such notice shall not relieve the City and County of its obligation to pay such amounts hereunder.

(b) *Indemnity.* The City and County shall, to the fullest extent permitted by Law and subject to the provisions hereof, indemnify the Bank for the full amount of Taxes and Other Taxes including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.13 paid by the Bank or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted; *provided* that the City and County shall not be obligated to indemnify the Bank for any penalties, interest or expenses relating to Taxes or Other Taxes arising from the Bank's gross negligence or willful misconduct. The Bank agrees to give notice to the City and County of the assertion of any claim against the Bank relating to such Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; *provided* that the Bank's failure to notify the City and County promptly of such assertion shall not relieve the City and County of its obligation under this Section 2.13. Payments by the City and County pursuant to this indemnification shall be made within thirty (30) days from the date the Bank makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Bank agrees to repay to the City and County any refund actually received by the Bank (including that portion of any interest that was included as part of such refund) with respect to Taxes or Other Taxes paid by the City and County pursuant to this Section 2.13 received by the Bank for Taxes or Other Taxes that were paid by the City and County pursuant to this Section 2.13 and to contest, with the cooperation and at the expense of the City and County, any such Taxes or Other Taxes which the Bank or the City and County reasonably believes not to have been properly assessed.

(c) *Notice.* Within thirty (30) days after the date of any payment of Taxes (as defined in Section 2.13(a) hereof) by the City and County, the City and County shall furnish to the Bank, the original or a certified copy of a receipt evidencing payment thereof.

(d) *Survival.* Each party's obligations under this Section 2.13 shall survive the termination of this Agreement and the Available Commitment and the repayment, satisfaction or discharge of all other Obligations.

Section 2.14. Increased Costs.

(a) *Increased Costs Generally.* If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, the Bank;

(ii) subject the Bank to any taxes on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on the Bank any other condition, cost or expense affecting this Agreement or the Fee Letter or any participation therein;

and the result of any of the foregoing shall be to increase the cost to the Bank of participating in, issuing or maintaining the Available Commitment (or of maintaining its obligation to participate in or to maintain the Available Commitment), or to reduce the amount of any sum received or receivable by the Bank hereunder (whether of principal, interest or any other amount) then, upon request of the Bank, the City and County will pay to the Bank such additional amount or amounts as will compensate the Bank for such additional costs incurred or reduction suffered.

(b) *Capital Requirements*. If the Bank determines that any Change in Law affecting the Bank or the Bank's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on the Bank's capital or liquidity or on the capital or liquidity of the Bank's holding company, if any, as a consequence of this Agreement or the Available Commitment maintained by the Bank, to a level below that which the Bank or the Bank's holding company could have achieved but for such Change in Law (taking into consideration the Bank's policies and the policies of the Bank's holding company with respect to capital adequacy), then from time to time the City and County will pay to the Bank such additional amount or amounts as will compensate the Bank or the Bank's holding company for any such reduction suffered.

(c) *Certificates for Reimbursement*. A certificate of the Bank setting forth the amount or amounts necessary to compensate the Bank or its holding company, as the case may be, as specified in clause (a) or (b) of this Section and delivered to the City and County shall be conclusive absent manifest error. The City and County shall pay the Bank the amount shown as due on any such certificate within thirty (30) days after receipt thereof.

(d) *Delay in Requests*. Failure or delay on the part of the Bank to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of the Bank's right to demand such compensation; *provided* that the City and County shall not be required to compensate the Bank pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than nine (9) months prior to the date that the Bank, notifies the City and County of the Change in Law giving rise to such increased costs or reductions and of the Bank's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine (9) month period referred to above shall be extended to include the period of retroactive effect thereof).

(e) *Survival.* All of the City and County's obligations under this Section shall survive the termination of this Agreement and the Available Commitment and the repayment, satisfaction or discharge of all other Obligations.

ARTICLE III

BANK BONDS

Section 3.01. Bonds to Bear Interest at Bank Rate; Other Interest Provisions.

(a) *Bank Rate.* As provided in the Bonds and the Series 2026 Certificate, any Bond purchased by the Bank pursuant to this Agreement shall thereupon become a Bank Bond and shall bear interest at the Bank Rate for the period commencing from the date that the Bank shall have purchased such Bond and continuing until such Bank Bond is paid in full, remarketed or retained by the Bank Bondholder as provided in Section 2.04(c). Subject to Section 3.01(c), the interest rate applicable for each date of determination with respect to any Bank Bond shall be the Bank Rate; *provided* that, immediately upon the termination of this Agreement pursuant to Section 8.03(b) or the occurrence and continuation of an Event of Default, the Bank Rate shall be equal to the Default Rate; *provided further* that, during the Amortization Period, the Bank Rate shall be determined pursuant to Section 3.03; and *provided* further that, subject to Section 3.01(c) hereof, at no time shall the Bank Rate exceed the Maximum Interest Rate or be less than the applicable rate of interest on Bonds which are not Bank Bonds.

(b) *Overdue Rate.* If the principal amount of any Bank Bond or the Interest Component or, to the extent permitted by law, any interest payment required thereunder on the Bank Bonds, the Interest Component or any other Obligation (payable to the Bank hereunder), is not paid when due (whether by acceleration, redemption or otherwise) (an *"Overdue Amount"*), such Overdue Amount shall bear interest from the date such Obligation was due until paid in full (after as well as before judgment) at the Default Rate, subject to the terms of Section 3.01(c) hereof not to exceed the Maximum Interest Rate, such interest to be payable on demand.

(c) *Maximum Interest Rate.* In the event that Bank Bonds bear interest in excess of the Maximum Interest Rate for any period, each Bank Bondholder shall receive interest on account of Bank Bonds only at the Maximum Interest Rate for such period (the difference, but only if positive, between (i) the interest payable to each Bank Bondholder if the Bank Bonds had continuously borne interest at the Bank Rate or the Default Rate, as the case may be, and (ii) the interest actually paid to each Bank Bondholder at the Maximum Interest Rate is referred to herein as the *"Excess Bank Bond Interest"*). Notwithstanding any subsequent reduction in the Bank Rate or the Default Rate, as the case may be, Bank Bonds shall bear interest from and after the date on which any Excess Bank Bond Interest is accrued at the Maximum Interest Rate until the date on which the interest paid to the Bank Bondholder on Bank Bonds in excess of the Bank Rate or the Default Rate, as the case may be, equals such Excess Bank Bond Interest. Upon termination of this Agreement, in consideration for the limitation of the rate of interest otherwise payable hereunder, the City and County shall pay, to the extent permitted by law, the Bank Bondholder a fee equal to the amount of all unpaid Excess Bank Bond Interest, plus interest thereon as described hereinbelow; *provided* that no such fee shall be paid to the extent payment thereof would violate applicable usury laws or laws governing maximum interest rates. To the extent permitted by

applicable law, interest shall accrue on, and be payable by the City and County with respect to, all unpaid Excess Bank Bond Interest at a rate per annum equal to the Bank Rate [plus _.__% per annum]. The City and County shall pay to the Bank Bondholder accrued interest, including any accrued but unpaid Excess Bank Bond Interest, on Bank Bonds on the Bank Bond Interest Payment Dates provided in Section 3.02(a) hereof. On any date on which Excess Bank Bond Interest is due and payable, and otherwise upon the request of the City and County, while any Excess Bank Bond Interest is outstanding, the Bank Bondholder shall notify the City and County of the amount of such accrued but unpaid Excess Bank Bond Interest; *provided, however,* that the failure of the Bank Bondholder to so notify the City and County shall not affect the accrual of or the obligation of the City and County to pay the Excess Bank Bond Interest hereunder.

Section 3.02. Bank Bonds Interest Payment Dates; Notification of Rate.

(a) *Payment Dates.* Notwithstanding anything to the contrary contained in the Bonds or the Series 2026 Certificate, the City and County agrees that, with respect to each Bank Bond, (i) the Interest Component, if any, included in the Purchase Price for such Bond shall be paid as set forth in Section 2.06(b) hereof and (ii) except with respect to the Differential Interest Amount, which shall be paid as set forth in Section 2.04(c), and Excess Bank Bond Interest, which shall be payable in accordance with Section 3.01(c), interest payable pursuant to Section 3.01(a) shall be payable on each Interest Payment Date, upon redemption (to the extent of the interest accrued on the amount being redeemed), at maturity (whether by acceleration or otherwise), and after maturity on demand. In the event any Bank Bond is remarketed or otherwise transferred by the Bank before payment in full of the funds provided by the Bank hereunder with respect thereto, together with interest thereon, the provisions of this Article III shall continue to apply to such indebtedness until all sums owing for all periods during which the same was a Bank Bond are paid.

(b) *Notification of Rate.* The Bank will give telephone notice (promptly confirmed in writing) to the City and County and the Paying Agent not later than 10:00 a.m. on each Sale Date of the Differential Interest Amount owed by the City and County hereunder as a result of any sale of Bank Bonds pursuant to Section 2.04(b) hereof. Notwithstanding the preceding sentence, the City and County's obligations to make payments in respect of any Differential Interest Amount (together with accrued interest thereon, if applicable) shall not be discharged or reduced in any way as a result of the Bank's failure to deliver any notice referred to in the preceding sentence. The Bank, upon the request of the City and County or the Paying Agent, shall notify the City and County or the Paying Agent, as the case may be, of the Bank Rate in effect during any period in which Bank Bonds are held by the Bank or any other Bank Bondholders or during which any Differential Interest Amount, Excess Bank Bond Interest or any amount in respect of the Interest Component remains unpaid. Absent manifest error, the Bank's determination of any of the foregoing shall be binding upon the City and County and the Paying Agent.

Section 3.03. Term Out Funding; Mandatory Redemption of Bank Bonds. Bank Bonds shall be due and payable by the City and County on the earlier of (i) the last day of the Purchase Period and (ii) the ninety-first (91st) day after the related Purchase Date (the earlier of such dates herein referred to as the *"Amortization Commencement Date"*); *provided* that the Bank shall provide term out funding in accordance with the terms of this Section 3.03 so long as the conditions precedent set forth in Section 7.01(b) are satisfied on the related Amortization Commencement Date, and in such event, commencing on the Amortization Commencement Date, Bank Bonds

shall be subject to mandatory redemption over a period not to exceed three (3) years from the related Purchase Date (the *"Amortization Period"*) in equal (or nearly equal) semiannual installments payable on each Amortization Payment Date, with interest thereon at the Bank Rate (which, during the Amortization Period, shall equal the Base Rate plus one percent (1.00%)) or the Default Rate, as applicable, payable monthly in arrears on the first Business Day of each month. Notwithstanding anything to the contrary contained herein, all Bank Bonds shall be subject to mandatory redemption on the Amortization End Date. Notwithstanding anything to the contrary contained herein, in the event that on any Purchase Date the conditions precedent set forth in Section 7.01(b) are not satisfied, the related Bank Bonds will be due and payable immediately and shall bear interest at the Default Rate. Subject to Section 3.01(c), at no time shall the Bank Rate exceed the Maximum Interest Rate or be less than the applicable rate of interest on Bonds which are not Bank Bonds. The City and County may, upon notice to the Bank, at any time or from time to time voluntarily prepay any Bank Bond in whole or in part, without penalty or premium, each such prepayment to be accompanied by the payment of accrued interest to the date of such prepayment on the amount prepaid. Bank Bonds may be prepaid, in whole or in part, in minimum denominations of One Hundred Thousand Dollars ($100,000) and in integral multiples of Five Thousand Dollars ($5,000) or such lesser principal amount of the Bonds that remain Outstanding at any time without penalty.

ARTICLE IV

CONDITIONS PRECEDENT TO EFFECTIVENESS

Section 4.01. Conditions Precedent to Effectiveness. This Agreement shall become effective on the date (the *"Closing Date"*) when the Bank shall have received each of the following, in form and substance satisfactory to the Bank and its counsel:

(a) *Transaction Documents.*

(i) True and complete original executed counterparts of this Agreement and the Fee Letter.

(ii) A true and complete copy of the executed Official Statement.

(iii) A copy, certified on the Closing Date by the City and County, of each Related Document delivered prior to the Closing Date (which certificate shall state that each such Related Document has not been modified, amended or rescinded and is in full force and effect on the Closing Date) and an executed original of each Related Document (other than those specified in clause (i) above) delivered on the Closing Date.

(b) *City and County Documents.*

(i) Certified copies of the Resolution and the Series 2026 Certificate.

(ii) Originals (or copies certified by the City and County to be true copies) of all governmental and regulatory approvals, if any, at the time necessary for the City and County with respect to this Agreement and the transactions contemplated hereby.

(iii) A certificate of the City and County certifying the names and true signatures of the officers thereof authorized to sign this Agreement, the other Related Documents to which it is a party and the other documents to be delivered by it hereunder.

(iv) The audited annual financial statements for the City and County for its most recently ended Fiscal Year, together with the quarterly unaudited financial statements of the City and County for the fiscal quarter(s) ended since the end of such Fiscal Year.

(v) A copy of the City and County's Investment Policy, guidelines and permitted investments, each in form and substance satisfactory to the Bank.

(vi) Certifications as to such other matters of fact as shall reasonably be requested by the Bank, including, without limitation, the certificate described in Section 4.01(e).

(vii) A copy of resolutions of the City Council of the City and County, certified as of the Closing Date by a City and County Representative of the City and County authorizing, among other things, the execution, delivery and performance by the City and County of this Agreement and the other Related Documents or amendments thereto required to be delivered on the Closing Date and authorizing the City and County to obtain the execution and delivery of this Agreement.

(viii) A copy of the most recent Swap Contract relating to the Bonds and a copy of each Swap Contract (or amendment thereto) relating to the Bonds or to any other Parity Debt for which the Bank provides credit or liquidity support.

(c) *Paying Agent Documents.* A certificate of the Paying Agent (i) certifying the names and true signatures of the officers thereof authorized to sign this Agreement, the other Related Documents to which it is a party and the other documents to be delivered by it hereunder and (ii) certifying as to the due authorization, execution and delivery of the Related Documents to which it is a party.

(d) *Opinions.* The following legal opinions:

(i) From Orrick, Herrington & Sutcliffe LLP, as bond counsel, (A) its approving opinion with respect to the Bonds, substantially in the form set forth in Appendix F to the Official Statement, dated the Closing Date, and (B) a reliance letter, dated the Closing Date and addressed to the Bank, permitting the Bank to rely on such approving opinion as if it were addressed to the Bank.

(ii) A written opinion of counsel to the City and County, dated the Closing Date, with respect to matters as the Bank may reasonably request.

(iii) Copies of all legal opinions delivered or rendered in connection with the issuance of the Bonds.

(e) *Closing Certificate of the* City and County. A certificate signed by a duly authorized officer of the City and County, dated the Closing Date, stating that: (i) the representations and warranties of the City and County contained in Article V and in the other

Related Documents are true and correct in all material respects on and as of the Closing Date as though made on and as of such date; (ii) no petition by or against the City and County has at any time been filed under the United States Bankruptcy Code or under any similar act; (iii) no Default or Event of Default has occurred and is continuing or would result from the execution and performance of this Agreement or the other Related Documents; (iv) no material adverse change in the ratings, financial condition, business, assets, liabilities or prospects of the City and County shall have occurred since _____, 202[5], except as disclosed in writing by the City and County to the Bank prior to the Closing Date or as disclosed in the Official Statement, which would be reasonably likely to result in a Material Adverse Effect; (v) all governmental and regulatory approvals necessary for the City and County with respect to this Agreement and the transactions contemplated hereby have been obtained and are in full force and effect; and (vi) all conditions precedent to the effectiveness of this Agreement have been satisfied.

(f) *Fees and Expenses*. Payment of the Bank's fees and expenses (including attorneys' fees and expenses described in the Fee Letter) payable on the Closing Date.

(g) *Rating Letters*.

(i) Written confirmation that the Bonds have been assigned a rating of at least "[AA]/F1+" by Fitch and "[AA+]/A-1" by S&P.

(ii) The Remarketing Agent shall have caused the Bank Bonds to be assigned a CUSIP number (such CUSIP number to be different from the CUSIP number assigned to the Bonds) and provided such Bank Bond CUSIP number to the Bank.

(h) *Other Documents*. Such other documents, instruments, approvals and, if requested by the Bank, certified duplicates of executed originals thereof, and opinions as the Bank may reasonably request.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The City and County represents and warrants as of the Closing Date (and such representations and warranties shall also be deemed to be remade at the time of each Notice of Bank Purchase) to the Bank as follows:

Section 5.01. Existence and Power. The City and County is a political subdivision duly organized, validly existing and in good standing under the Laws of the State and has the power and authority to own its properties and to carry on its businesses as now being conducted and as currently contemplated to be conducted hereafter and is duly qualified to do business in each jurisdiction in which the character of the properties owned or leased by it or in which the transactions of any material portion of its business (as now conducted and as currently contemplated to be conducted) makes such qualification necessary.

Section 5.02. Due Authorization. (a) The City and County has the power, and has taken all necessary action to authorize the Related Documents to which it is a party, and to execute, deliver and perform its obligations under this Agreement and each of the other Related Documents

to which it is a party in accordance with their respective terms. The City and County has approved the form of the Related Documents to which it is not a party.

(b) The City and County is duly authorized and licensed to own its Wastewater System Property and to operate the Wastewater System under the Laws, rulings, regulations and ordinances of all Governmental Authorities having the jurisdiction to license or regulate such Wastewater System Property or the Wastewater System and the departments, agencies and political subdivisions thereof, and the City and County has obtained all requisite approvals of all such governing bodies required to be obtained for such purposes. All Governmental Approvals necessary for the City and County to enter into this Agreement and the other Related Documents and to perform the transactions contemplated hereby and thereby and to operate the Wastewater System and own its Wastewater System Property have been obtained and remain in full force and effect and are subject to no further administrative or judicial review. No other Governmental Approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by the City and County of this Agreement or the due execution, delivery or performance by the City and County of the Related Documents.

Section 5.03. Valid and Binding Obligations. This Agreement has been duly executed and delivered by one or more duly authorized officers of the City and County and is, and each of the other Related Documents to which the City and County is a party, when executed and delivered by the City and County will be, a legal, valid and binding obligation of the City and County enforceable in accordance with its terms, except as such enforceability may be limited by (a) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar Law affecting creditors' rights generally, and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.04. Noncontravention; Compliance with Law. (a) The execution, delivery and performance of this Agreement and each of the other Related Documents in accordance with their respective terms do not and will not (i) contravene the City and County's Revised Charter or the Act (as defined in the Resolution), (ii) require any consent or approval of any creditor of the City and County unless the same has been obtained and is in full force and effect, (iii) violate any Laws (including, without limitation, Regulations T, U or X of the FRB, or any successor regulations), (iv) conflict with, result in a breach of or constitute a default under any contract to which the City and County is a party or by which it or any of its Property may be bound or (v) result in or require the creation or imposition of any Lien upon or with respect to any Property now owned or hereafter acquired by the City and County or any Affiliate thereof except such Liens, if any, expressly created by any Related Document.

(b) The City and County is in compliance with all Laws, except for such noncompliance that, singly or in the aggregate, has not caused or is not reasonably expected to cause a Material Adverse Effect.

Section 5.05. Pending Litigation and Other Proceedings. There is no action or investigation pending or, to the actual knowledge of the City and County Representative, threatened, against the City and County before any court or administrative agency which questions the existence or powers of the City and County, in any material respect, or which, if adversely determined, might result in any material adverse change in the financial condition, operations or

prospects of the Wastewater System, or which questions the validity of any proceeding held or action taken by the City and County in connection with the execution and delivery of this Agreement or any of the Related Documents, or wherein an unfavorable decision, ruling or finding would in any way materially adversely affect the transactions contemplated by this Agreement or any of the Related Documents or which in any way would adversely affect the validity or enforceability of this Agreement or any of the Related Documents (or of any other instrument required or anticipated for use in consummating the transactions contemplated hereby).

Section 5.06. Financial Statements. The Audited Financial Statements, which financial statements, accompanied by the audit report of independent certified public accountants of recognized standing, heretofore furnished to the Bank, which are consistent in all material respects with the audited financial statements of the City and County for the Fiscal Year ended June 30, 2025, fairly present the financial condition of the Sewer Fund in all material respects as of such dates and the results of its operations for the periods then ended in conformity with GAAP. Since the date of the Audited Financial Statements, there has been no material adverse change in the financial condition or operations of the Wastewater System that could reasonably be expected to result in a Material Adverse Effect.

Section 5.07. ERISA. The City and County has no funding liability or obligation currently due and payable with respect to any employee benefit plan which could reasonably be expected to materially and adversely affect the ability of the City and County to perform its obligations hereunder or under any other Related Document. The City and County is otherwise in compliance with the terms of any such plan in which the City and County participates to the extent any such failure to comply could reasonably be expected to materially and adversely affect the ability of the City and County to perform its obligations hereunder or under any other Related Document. Neither the City and County nor any employee benefit plan maintained by the City and County is subject to ERISA.

Section 5.08. No Defaults. No default by the City and County has occurred and is continuing in the payment of the principal of or premium, if any, or interest on any Parity Debt including, without limitation, regularly scheduled payments on Swap Contracts which constitute Parity Debt. No bankruptcy, insolvency or other similar proceedings pertaining to the City and County or any issuer or instrumentality of the City and County are pending or presently contemplated. No Default or Event of Default has occurred and is continuing hereunder. No "default" or "event of default" under, and as defined in, any of the other Related Documents has occurred and is continuing. The City and County is not presently in default under any material agreement to which it is a party which could reasonably be expected to have a Material Adverse Effect. The City and County is not in violation of any material term of the organizational documents or authorizing legislation applicable to the City and County or any material term of any bond indenture or agreement to which it is a party or by which any of its Property is bound which could reasonably be expected to result in a Material Adverse Effect. No event has occurred which, with the giving of notice or the passage of time or both, would constitute such a default.

Section 5.09. Insurance. The City and County currently maintains, with respect to the Wastewater System, a system of self-insurance or insurance coverage with insurance companies believed by the City and County to be capable of performing their obligations under the respective

insurance policies issued by such insurance companies to the City and County (as determined in its reasonable discretion) and in full compliance with the Resolution and Section 6.04 hereof.

Section 5.10. Title to Assets. The City and County has good and marketable title to its Wastewater System Property except where the failure to have good and marketable title to any of its Wastewater System Property would not have a Material Adverse Effect. No Wastewater System Property is subject to any Lien other than Liens permitted by the Resolution.

Section 5.11. Incorporation by Reference. The representations and warranties of the City and County contained in the other Related Documents to which the City and County is a party, together with the related definitions of terms contained therein, are hereby incorporated by reference in this Agreement as if each and every such representation and warranty and definition were set forth herein in its entirety, and the representations and warranties made by the City and County in such Sections are hereby made for the benefit of the Bank. No amendment to or waiver of such representations and warranties or definitions made pursuant to the relevant Related Document or incorporated by reference shall be effective to amend such representations and warranties and definitions as incorporated by reference herein without the prior written consent of the Bank.

Section 5.12. Correct Information. All information, reports and other papers and data with respect to the City and County furnished by the City and County to the Bank were, at the time the same were so furnished, correct in all material respects. Any financial, budget and other projections furnished by the City and County to the Bank were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent (subject to the updating or supplementation of any such financial, budget or other projections by any additional information provided to the Bank in writing, the representations contained in this Agreement being limited to financial, budget or other projections as so updated or supplemented), in the judgment of the City and County, a reasonable, good faith estimate of the information purported to be set forth, it being understood that uncertainty is inherent in any projections and that no assurance can be given that the results set forth in the projections will actually be obtained. No fact is known to the City and County that materially and adversely affects or in the future may (as far as it can reasonably foresee) materially and adversely affect the security for any of the Bonds, or the ability of the City and County to repay when due the Obligations, that has not been set forth in the financial statements and other documents referred to in this Section 5.12 or in such information, reports, papers and data or otherwise disclosed in writing to the Bank. The documents furnished and statements made by the City and County in connection with the negotiation, preparation or execution of this Agreement and the Related Documents do not contain untrue statements of material facts or omit to state material facts necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

Section 5.13. Use of Proceeds; Margin Stock. The City and County will not use the proceeds from the issuance or remarketing of the Bonds in contravention of any Law or of any Related Document. The City and County is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds from the issuance or

remarketing of the Bonds will be used to purchase or carry any such Margin Stock or extend credit to others for the purpose of purchasing or carrying any such Margin Stock.

Section 5.14. Tax-Exempt Status. The City and County has not taken any action or omitted to take any action, and has no actual knowledge of any action taken or omitted to be taken by any other Person, which action, if taken or omitted, would adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 5.15. Usury. None of the Related Documents or the Bonds provide for any payments that would violate any applicable Law regarding permissible maximum rates of interest. Under current law, the interest rate payable on Obligations is not subject to any limitation under the laws or constitution of the State.

Section 5.16. Security. The Resolution creates, for the benefit of the owners of the Bonds, and the Obligations, the legally valid, binding and irrevocable Lien on and pledge of the Net Revenues. The Bonds, including Bank Bonds, and the Obligations are secured by a pledge of and lien on Net Revenues on a parity with all other Bonds issued under the Resolution. No filing, registration, recording or publication of the Resolution or any other instrument is required to establish the pledge provided for thereunder or to perfect, protect or maintain the Lien created thereby on the Net Revenues to secure the Bonds and the Obligations.

Section 5.17. Pending Legislation and Decisions. There is no amendment, or to the knowledge of the City and County, proposed amendment to the Constitution of the State or any State Law or any administrative interpretation of the Constitution of the State or any State Law, or any legislation that has passed either house of the legislature of the State, or any judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to result in a Material Adverse Effect.

Section 5.18. Bank Bonds. The Bonds purchased pursuant to Article II will be transferred to or held for the benefit of the Bank free and clear of all liens, security interests or claims of any Person other than the Bank, except for consensual liens or other security interests as may be created by the Bank.

Section 5.19. Paying Agent; Remarketing Agent. U.S. Bank Trust Company, National Association (or a successor or assign approved in writing by the Bank, *provided* that written approval shall not be required in circumstances of succession or assignment due to merger, consolidation or other similar action) is the duly appointed and acting Paying Agent and BofA Securities, Inc. (or their respective successors or assigns approved in writing by the Bank, *provided* that written approval shall not be required in circumstances of succession or assignment due to merger, consolidation or other similar action) is the duly appointed and acting Remarketing Agent.

Section 5.20. Solvency. The City and County is solvent and able to pay its debts as they become due.

Section 5.21. Environmental Matters. The operations of the Wastewater System are in material compliance with all of the requirements of applicable Environmental Laws and are not the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, where a

failure to comply with any such requirement or the need for any such remedial action could reasonably be expected to result in a Material Adverse Effect.

Section 5.22. No Immunity. Under existing Law, the City and County is not entitled to raise the defense of sovereign immunity in connection with any legal proceeding to enforce or collect upon this Agreement, the other Related Documents or the transactions contemplated hereby or thereby, including the payment of the principal of and interest on the Bonds or the payment of the other Obligations.

Section 5.23. No Public Vote or Referendum. There is no public vote or referendum pending, proposed or concluded, the results of which could reasonably be expected to result in a Material Adverse Effect.

Section 5.24. Swap Contracts. The City and County has not entered into any Swap Contract relating to Debt (i) wherein any termination payment thereunder is senior to or on a parity with the payment of the Bonds or the other Obligations or (ii) which requires the City and County to post cash collateral to secure its obligations thereunder.

Section 5.25. Sanctions Concerns and Anti-Corruption Laws. (a) *Sanctions Concerns.* Neither the City and County, nor, to the knowledge of the City and County, any director or officer thereof, is an individual or entity that is, or is owned or controlled by any individual or entity that is (i) currently the subject or target of any Sanctions, (ii) included on OFAC's List of Specially Designated Nationals, HMT's Consolidated List of Financial Sanctions Targets and the Investment Ban List, or any similar list enforced by any other relevant sanctions authority or (iii) located, organized or resident in a Designated Jurisdiction.

(b) *Anti-Corruption Laws.* The City and County has conducted its business in compliance with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption legislation in other jurisdictions, and has instituted and maintained policies and procedures designed to promote and achieve compliance with such Laws.

Section 5.26. Taxes. The City and County has filed or caused to be filed, if any, all material tax returns required by Law to be filed and has paid or caused to be paid all material Taxes, assessments and other governmental charges levied upon or in respect of any of its properties, assets or franchises, other than Taxes the validity or amount of which are being contested in good faith by the City and County by appropriate proceedings and for which the City and County shall have set aside on its books adequate reserves in accordance with GAAP.

Section 5.27. No Tax or Fee. None of the execution or delivery of this Agreement or the other Related Documents, the provision of liquidity support hereunder or the purchase of Bonds by the Bank will give rise to any tax or fee imposed by any local or state agency or governmental body, except for those which have been paid.

ARTICLE VI

COVENANTS

The City and County covenants and agrees with the Bank that it will do the following so long as any amounts may be drawn hereunder, and thereafter, so long as any Obligations remain unpaid or unfulfilled under this Agreement, unless the Bank shall otherwise consent in writing:

Section 6.01. Existence, Etc. The City and County (a) shall maintain its existence pursuant to its Revised Charter and the Laws of the State and (b) shall not liquidate or dissolve, or sell or lease or otherwise transfer or dispose of all or any substantial part of the Wastewater System, or combine, merge or consolidate with or into any other entity or change the use of facilities or assets that generate Net Revenues.

Section 6.02. Maintenance of Properties. The City and County shall, in all material respects, maintain, preserve and keep its Wastewater System Property in good repair, working order and condition (ordinary wear and tear excepted), except to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

Section 6.03. Compliance with Laws; Taxes and Assessments. The City and County shall comply with all Laws applicable to it and its Wastewater System Property, except where non-compliance could not reasonably be expected to result in a Material Adverse Effect, such compliance to include, without limitation, paying all Taxes, assessments and governmental charges imposed upon it or its Wastewater System Property before the same become delinquent, unless and to the extent that the same are being contested in good faith and by appropriate proceedings and reserves are provided therefor that in the opinion of the City and County are adequate.

Section 6.04. Insurance. The City and County shall maintain insurance (or self-insure) with respect to the Wastewater System with reputable insurance companies or associations believed by the City and County at the time of purchase of such insurance to be financially sound and in such amounts and covering such risks as are usually carried by organizations engaged in the same or a similar business and similarly situated, which insurance may provide for reasonable deductibles from coverage. The City and County shall upon request of the Bank furnish a certificate setting forth in summary form the nature and extent of the insurance maintained pursuant to this Section 6.04.

Section 6.05. Reports. The City and County shall furnish to the Bank in form and detail satisfactory to the Bank:

(a) *Annual Report.* As soon as available, and in any event within two hundred forty (240) days after the end of each Fiscal Year of the City and County, the audited financial statements of the City and County, consisting of a balance sheet and a statement of revenues, expenditures and changes in fund balances and a cash flow statement of the City and County setting forth in comparative form to the budget for such Fiscal Year and the corresponding figures (if any) for the preceding Fiscal Year, all in reasonable detail and prepared in accordance with generally accepted accounting principles for state and local governments consistently applied, together with the opinion of the City and County's independent accountants.

(b) *Rating Agency Communications*. Promptly upon delivery or receipt thereof, copies of any communications, reports or financial statements delivered or received by it from any taxing authority or rating agency with respect to the Wastewater System or the transactions contemplated hereby.

(c) *Compliance Certificate.* In connection with the financial statements required to be delivered by the City and County pursuant to Section 6.05(a) hereof, a Compliance Certificate signed by a City and County Representative (x) stating that there exists on the date of such certificate no Default or Event of Default, or if any Default or Event of Default then exists, specifying the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and any remedial steps taken or proposed to correct such Event of Default or Default and (y) demonstrating compliance with the financial covenants set forth in Section 6.09 hereof

(d) *Budget.* As soon as available, and in any event within forty-five (45) days following the adoption thereof, the operating budget of the City and County relating to the Wastewater System.

(e) *Paying Agent Notices.* As soon as available all notices, certificates, instruments, letters and written commitments in connection with the Bonds provided to the Paying Agent other than those notices, certificates, instruments, letters and written commitments that relate solely to the routine issuance and payment of the Bonds.

(f) *Notices of Resignation of the Paying Agent.* As promptly as practicable, written notice to the Bank of any resignation of the Paying Agent immediately upon receiving notice of the same.

(g) *Offering Memorandum and Material Event Notices.* (A) Within ten (10) days after the issuance of any securities by the City and County payable from or secured by Net Revenues with respect to which a final official statement or other offering or disclosure document has been prepared by the City and County, (1) a copy of such official statement or offering circular or (2) notice that such information has been filed with EMMA and is publicly available; and (B) during any period of time the City and County is subject to continuing disclosure requirements under Rule 15c2-12 promulgated pursuant to the Securities Exchange Act of 1934, as amended (17 C.F.R. Sec. 240-15c2-12), or any successor or similar legal requirement with respect to the Bonds or any other securities of the City and County payable from or secured by Net Revenues, immediately following any dissemination, distribution or provision thereof to any Person, (1) a copy of any reportable event notice (as described in b(5)(i)(C) of Rule 15c2-12) disseminated, distributed or provided in satisfaction of or as may be required pursuant to such requirements or (2) notice that such event notice has been filed with EMMA and is publicly available.

(h) *Notice of Default or Event of Default.* (i) Promptly upon obtaining knowledge of any Default or Event of Default, or notice thereof, and in any event within five (5) days thereafter, a certificate signed by a City and County Representative specifying in reasonable detail the nature and period of existence thereof and what action the City and County has taken or proposes to take with respect thereto; (ii) promptly following a written request of the Bank, a certificate of a City and County Representative as to the existence or absence, as the case may be,

of a Default or an Event of Default under this Agreement; and (iii) promptly upon obtaining knowledge of any "default" or "event of default" as defined under any Bank Agreement, notice specifying in reasonable detail the nature and period of existence thereof and what action the City and County has taken or proposes to take with respect thereto.

(i) *Litigation.* As promptly as practicable, written notice to the Bank of all actions, suits, investigations or proceedings pending or threatened against the City and County before any arbitrator of any kind or before any court or any other Governmental Authority which could reasonably be expected to result in a Material Adverse Effect.

(j) *Liquidity.* (i) The City and County agrees to use best efforts to obtain an Alternate Credit Facility to replace this Agreement in the event (x) the City and County shall fail to request an extension of the Expiration Date pursuant to Section 2.12 or the Bank shall decide not to extend the Expiration Date pursuant to Section 2.12 hereof (such replacement to occur on or before such Expiration Date), (y) there shall have occurred a mandatory tender of Eligible Bonds under the Series 2026 Certificate or (z) the Bank shall furnish a Default Tender pursuant to Section 8.03(d) to the Paying Agent or (aa) the minimum ratings assigned to Parity Debt are not maintained unless, in each event, the City and County has provided funds (which may be remarketing proceeds) for the purchase of all Bank Bonds at par plus accrued interest through the Purchase Date and notifies the Bank in writing of its decision not to provide an Alternate Credit Facility.

(i) The City and County agrees that any Alternate Credit Facility will require, as a condition to the effectiveness of that Alternate Credit Facility, that the provider of such Alternate Credit Facility or the City and County provide funds (which may be remarketing proceeds) on the Substitution Date for the purchase of all Bank Bonds at par plus accrued interest (at the Bank Rate) through the Substitution Date. On the Substitution Date or on any date the City and County provides the funds required by clause (i) of this paragraph if no Alternate Credit Facility is to be provided, the City and County shall pay in full all other amounts due hereunder (including, without limitation, any Differential Interest Amount, Excess Bank Bond Interest and unpaid interest thereon).

(ii) The City and County shall not permit an Alternate Credit Facility to become effective with respect to less than all of the Bonds without the prior written consent of the Bank.

(k) *Amendments.* Promptly after the adoption thereof, copies of any amendments to the Related Documents.

(l) *Other Information.* Such other information regarding the business affairs, financial condition and/or operations of the City and County as the Bank may from time to time reasonably request, and prompt notice of any material changes in accounting or financial reporting practices.

The City and County will be deemed to have complied with the requirement to provide the information set forth in this Section 6.05 to the extent such information has been duly posted within such time period on the City and County website (www.honolulu.gov) or EMMA, respectively.

Section 6.06. Maintenance of Books and Records. The City and County will keep proper books of record and account in which full, true and correct entries will be made in accordance with GAAP. All financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the financial statements, except as otherwise specifically prescribed herein. Except as provided in the immediately preceding sentence, in preparing any financial data or statements contemplated or referred to in this Agreement, the City and County shall not vary or modify the accounting methods or principles from the accounting standards employed in the preparation of its audited financial statements described in Section 5.06 hereof.

Section 6.07. Access to Books and Records. The City and County will permit any Person designated by the Bank (at the expense of the Bank, unless and until a Default or Event of Default has occurred, at which time such expenses shall be borne by the City and County) to visit any of the offices of the City and County to examine the books and financial records (except books and financial records the examination of which by the Bank is prohibited by law or by attorney or client privilege), including minutes of meetings of any relevant governmental committees or agencies, and make copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of the City and County with their principal officers, employees and independent public accountants, all at such reasonable times and as often as the Bank may reasonably request.

Section 6.08. Compliance With Documents. The City and County agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in the Resolution and each of the other Related Documents to which it is a party, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety all of which shall be deemed to be made for the benefit of the Bank and shall be enforceable against the City and County. To the extent that any such incorporated provision permits the City and County or any other party to waive compliance with such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to the City and County or any other party, for purposes of this Agreement, such provision shall be complied with unless it is specifically waived by the Bank in writing and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Bank which shall only be evidenced by the written approval by the Bank of the same. No termination or amendment to such covenants and agreements or defined terms or release of the City and County with respect thereto made pursuant to the Resolution or any of the other Related Documents to which the City and County is a party, shall be effective to terminate or amend such covenants and agreements and defined terms or release the City and County with respect thereto in each case as incorporated by reference herein without the prior written consent of the Bank. Notwithstanding any termination or expiration of the Resolution or any such other Related Document to which the City and County is a party, the City and County shall continue to observe the covenants therein contained for the benefit of the Bank until the termination of this Agreement and the payment in full of the Bonds and all other Obligations. All such incorporated covenants shall be in addition to the express covenants contained herein and shall not be limited by the express covenants contained herein nor shall such incorporated covenants be a limitation on the express covenants contained herein.

Section 6.09. Rate Covenant. The City and County covenants and agrees that it shall take any and all action necessary such that Net Revenues in each Fiscal Year shall equal an amount at least sufficient to satisfy the rate covenant provisions of the Resolution.

Section 6.10. No Impairment. The City and County will neither take any action, nor cause the Paying Agent to take any action, under the Resolution or any other Related Document which would materially adversely affect the rights, interests, remedies or security of the Bank under this Agreement or any other Related Document or which could reasonably be expected to result in a Material Adverse Effect.

Section 6.11. Application of Bond Proceeds. The City and County will not take or omit to take any action, which action or omission will in any way result in the proceeds from the issuance or remarketing of the Bonds being applied in a manner other than as provided in the Series 2026 Certificate.

Section 6.12. Paying Agent. The City and County will not, without the prior written consent of the Bank (which consent shall not be unreasonably withheld) remove, or seek to remove, the Paying Agent. The City and County shall at all times maintain a Paying Agent, a Registrar (as defined in the Paying Agent Agreement) and Tender Agent (as defined in the Paying Agent Agreement) pursuant to the terms of the Series 2026 Certificate that is acceptable to the Bank.

Section 6.13. Limitation on Additional Debt. The City and County will not issue and/or incur any additional Debt payable from or secured by Net Revenues, unless the City and County provides the Bank with the certificates required pursuant to Section _____ of the Resolution.

Section 6.14. Related Documents. Except to cure an ambiguity or inconsistency, to cure any defective provisions contained in a Related Document for the purpose of more clearly expressing the intent of such Related Document or to enter into an amendment which would not have a material adverse effect on the rights, interests, security, remedies or obligations of the Bank or the holders of the Bonds or the Bank Bonds, the City and County shall not enter into or consent to any amendments of or supplements to any Related Document or any waiver of the requirements thereof without the prior written consent of the Bank.

Section 6.15. Liens. The City and County shall not, directly or indirectly, incur, create or permit to exist any Lien on all or any part of the security provided by the Resolution that is senior to or on a parity with the Lien securing the Bonds and the Obligations, other than (i) Liens created under and in accordance with the terms of the Resolution; (ii) the Liens created for the benefit of the Bonds and the Obligations and other Parity Debt that has heretofore or may hereafter be issued; and (iii) Liens which could not reasonably be expected to materially adversely affect the interests, rights, remedies or security of the Bank under this Agreement and the other Related Documents; and (iv) the pledge of and lien on Net Revenues securing bonds issued under the First Bond Resolution.

Section 6.16. Conversions and Redemptions. (a) The City and County shall provide thirty (30) days written notice to the Bank prior to any Conversion Date.

(b) The City and County shall provide thirty (30) days written notice to the Bank prior to the date of any proposed optional redemption or purchase in lieu of redemption of Bonds pursuant to Section 10 of the Series 2026 Certificate.

Section 6.17. Disclosure to Participants, Bank Transferees and Non-Bank Transferees. The City and County shall permit the Bank to disclose the financial information received by it pursuant to this Agreement to each Participant of the Bank pursuant to Section 9.07 of this Agreement, subject to confidentiality restrictions and use restrictions customary for financial institutions.

Section 6.18. Other Agreements. The City and County shall not enter into any agreement containing any provision which would be violated or breached by the performance by the City and County of its obligations hereunder or under the Related Documents. In the event that the City and County has entered into or shall enter into, or otherwise consent to any amendment, supplement or other modification of, any Bank Agreement which includes financial covenants not included in this Agreement, any other more favorable terms (including, without limitation, events of default and remedies, but subject to any applicable cure periods related thereto) granted to any Person or Persons, or covenants that are more restrictive as to the City and County (excluding any additional or more restrictive (i) events of default under any agreement the remedy for which is an immediate termination or suspension of the obligations of the related liquidity provider and (ii) conditions to funding thereunder) than those contained in this Agreement, this Agreement shall be deemed to be amended to include such additional or more restrictive terms or covenants or events of default or remedies so long as such additional or more restrictive terms or covenants or events of default or remedies remain in effect under the other agreement or instrument. Notwithstanding anything to the contrary contained in this Section 6.18, each party hereto agrees that (i) to the extent that the incorporation of any different or more restrictive covenants, different or additional events of default and/or greater rights and remedies adds any Immediate Termination Event or Suspension Event or changes any existing Immediate Termination Event or Suspension Event, such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies shall only become effective upon an amendment to this Agreement pursuant to Section 9.01 and (ii) no different or more restrictive covenants, different or additional events of default and/or greater rights and remedies shall be deemed incorporated into this Section 6.18 if (a) such incorporation would cause the interest on any of the Bonds to be includable in the gross income of the Owners thereof for federal tax purposes or (b) such incorporation would affect provisions related to automatic termination or suspension of the Bank's obligation to advance funds for the purchase of Eligible Bonds or the conditions precedent to the Bank's obligation to make such advances unless prior to such provisions being incorporated, the Rating Agencies then providing a rating on the Bonds have confirmed that the incorporation of such provisions will not, by themselves, cause a reduction, suspension or withdrawal of the rating they assign to the Bonds.

The City and County shall not, directly or indirectly, enter into or otherwise consent to any Bank Agreement relating to any Debt of the City and County secured by a pledge of or Lien on Net Revenues, which such Bank Agreement provides the counterparty thereto with additional or more restrictive events of default the remedy for which is in an immediate termination or suspension of the obligations of the related provider than are provided to the Bank in this Agreement without the prior written consent of the Bank.

Section 6.19. Immunity from Jurisdiction. To the fullest extent permitted by Law, the City and County agrees not to assert the defense of sovereign immunity, if available, in any proceeding to enforce any of the obligations of the City and County under this Agreement or any other Related Document (a) for monetary damages or (b) for the execution or enforcement of any judgment in any federal or state court of competent jurisdiction.

Section 6.20. Swap Contracts. Without the prior written consent of the Bank, the City and County will not enter into any Swap Contract relating to Debt (a) wherein any termination payments thereunder are senior to or on parity with the payment of the Bonds (including Bank Bonds) or the other Obligations or (b) which requires the City and County to post cash collateral to secure its obligations thereunder.

Section 6.21. Budget and Appropriation. To the fullest extent permitted and/or required by Law, the City and County shall cause the appropriate City and County official(s) to take any and all ministerial actions that may be necessary to facilitate the payment of the principal of and interest on the Bonds and the payment of all other Obligations and to include the principal and interest on the Bonds and the payment of all other Obligations in the annual budget of the City and County (including any necessary appropriations related thereto).

Section 6.22. Use of Bank's Name. The City and County shall not include any information concerning the Bank in any offering document for the Bonds that is not supplied in writing, or otherwise approved, by the Bank expressly for inclusion therein.

Section 6.23. Maintenance of Tax-Exempt Status of Bonds. The City and County shall not take any action or omit to take any action which, if taken or omitted, would adversely affect the tax-exempt status of the Bonds.

Section 6.24. Investment Policy. All investments of the City and County have been and will be made in accordance with the terms of the Investment Policy.

Section 6.25. Environmental Laws. The City and County shall comply with all applicable Environmental Laws and cure any defect thereto (or cause other Persons to cure any such defect) to the extent necessary to bring its Wastewater System Property back into compliance with Environmental Laws and to comply with any cleanup orders issued by a Governmental Authority having jurisdiction thereover. The City and County shall at all times use commercially reasonable efforts to render or maintain any Wastewater System Property safe and fit for its intended uses. The City and County shall also immediately notify the Bank of any actual or alleged material failure to so comply with or perform, or any material breach, violation or default under any Environmental Law.

Section 6.26. Federal Reserve Board Regulations. The City and County shall not use the proceeds of any credit extension, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose, in each case in violation of, or for a purpose which violates, or would be inconsistent with, Regulation T, U or X of the Board of Governors of the Federal Reserve System. The City

and County shall not use the proceeds of the Bonds for any purpose other than as provided for in the Resolution and not in contravention of applicable law.

Section 6.27. Underlying Rating. The City and County shall at all times maintain a rating on its long-term unenhanced Parity Debt from at least two Rating Agencies. The City and County covenants and agrees that it shall not at any time withdraw any long-term unenhanced rating on its Parity Debt from any of Fitch, Moody's or S&P if the effect of such withdrawal would be to cure a Default or an Event of Default under this Agreement.

Section 6.28. Selection of Bonds for Redemption or Purchase. Permit the redemption (pursuant to the terms of the Series 2026 Certificate) of any and all Bank Bonds prior to selecting, or causing to be selected, for redemption any Bonds that are not Bank Bonds. The City and County shall not declare, instruct the Paying Agent to declare or permit an optional redemption of the Bonds pursuant to the Series 2026 Certificate unless such optional redemption will be funded from sources other than moneys provided by the Bank under this Agreement.

Section 6.29. Remarketing Agent. (a) The City and County shall at all times cause a Remarketing Agent to be in place, which Remarketing Agent shall be acceptable to the Bank. The City and County will cause the Remarketing Agent to use its best efforts to remarket all Bonds up to the Maximum Interest Rate (as defined in the Series 2026 Certificate) that are tendered for purchase and will not direct the Remarketing Agent to cease its attempts to remarket Bonds tendered for purchase for any reason (including without limitation that any interest rate charged hereunder may be less than the interest rate that would be required to be paid to any potential purchaser of such Bonds in order that the Bonds may be sold at a purchase price equal to the par value thereof plus accrued interest thereon).

(b) If any Bank Bonds remain outstanding for a period of ten (10) consecutive Business Days, at the written direction of the Bank, the City and County shall cause the Remarketing Agent to be replaced with a Remarketing Agent reasonably satisfactory to the Bank within five (5) Business Days of the receipt of such written direction.

(c) Any remarketing agreement entered into by the City and County in relation to the Bonds shall provide that the remarketing agent will resign only upon providing sixty (60) days prior written notice to the City and County, the Paying Agent and the Bank.

Section 6.30. Bank Bonds. Upon the request of the Bank, the City and County will cause a Rating Agency or Rating Agencies acceptable to the Bank to issue a rating on such Bank Bonds (and their related CUSIP numbers) of at least Investment Grade which action shall be at the sole expense of the City and County.

Section 6.31. Sanctions. The City and County will not directly or indirectly, use any proceeds from the issuance or remarketing of the Bonds, or lend, contribute or otherwise make available such proceeds to any Person, to fund any activities of or business with any Person, or in any Designated Jurisdiction, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any Person of Sanctions.

Section 6.32. Anti-Corruption Laws. The City and County will not directly or indirectly, use any proceeds from the issuance or remarketing of the Bonds for any purpose which would

breach the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption legislation in other jurisdictions.

Section 6.33. Additional Covenants. (a) *Maintenance of Approvals.* The City and County shall at all times maintain in effect, renew and comply with all the terms and conditions of all consents, licenses, approvals and authorizations as may be necessary or appropriate under any applicable law or regulation for its execution, delivery and performance of this Agreement and the other Related Documents.

(b) *Accuracy of Information.* All data, certificates, reports, opinions of counsel, documents and other information furnished to the Bank, whether pursuant to this Agreement, or in connection with or pursuant to an amendment or modification of, or waiver under, this Agreement shall, at the time the same are so furnished, (i) be complete and correct in all material respects to the extent necessary to give the Bank true and accurate knowledge of the subject matter thereof, and (ii) not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading, and the furnishing of the same to the Bank shall constitute a representation and warranty by the City and County to that effect. Each financial statement furnished to the Bank, whether pursuant to this Agreement, or in connection with or pursuant to an amendment or modification of, or waiver under, this Agreement, shall, at the time the same is so furnished, fairly present the financial condition and results of operations of the City and County.

(c) *Obligations under Related Documents.* The City and County shall take all actions as may be reasonably requested by the Bank to enforce the material obligations under the Related Documents of each of the other parties thereto.

ARTICLE VII

CONDITIONS PRECEDENT TO BANK'S OBLIGATION TO PURCHASE ELIGIBLE BONDS AND TERM OUT FUNDING

Section 7.01. Conditions Precedent to Purchase and Term Out Funding.

(a) *Conditions Precedent to Purchase.* The obligation of the Bank to purchase Eligible Bonds hereunder on any date is subject to the satisfaction of the following conditions, unless waived in writing by the Bank:

(i) no Immediate Termination Event or Suspension Event shall have occurred and be continuing and the Bank's obligations hereunder shall not otherwise have been terminated; and

(ii) the Bank shall have timely received the applicable Notice of Bank Purchase as provided in Section 2.02.

Each Notice of Bank Purchase delivered pursuant to Section 7.01(a)(ii) shall constitute a representation and warranty by the City and County on each Purchase Date (i) that the condition described in Section 7.01(a)(i) has been satisfied on such Purchase Date, and (ii) that all

representations and warranties of the City and County hereunder are true and correct in all material respects as though made on such date, except to the extent that any such representation or warranty expressly refers to an earlier date in which case such representation or warranty was true and correct in all material respects as of such earlier date; *provided, however,* that a failure of the City and County to comply with the foregoing will not result in the termination of the Available Commitment.

As promptly as possible after satisfaction of the conditions set forth in clauses (i) and (ii) of this Section 7.01(a) and, in any event, simultaneously with the Bank's wiring of the funds requested pursuant to the Notice of Bank Purchase, the Bank (or its nominee) shall receive the validly authorized, authenticated and issued Bank Bonds to be purchased by the Bank on such Purchase Date, accompanied by duly executed instruments in blank with an appropriate guarantee of signature in form satisfactory to the Bank (or its nominee), or registered in such name or names as the Bank has directed. If the Bonds purchased pursuant to Section 2.02 are Book Entry Bonds, the beneficial ownership of such Bonds shall be credited to the account of the Bank, or if directed in writing by the Bank, a nominee or designee of the Bank, maintained at DTC, and such Bonds shall be registered in the name of the Bank or its nominee or designee on the records maintained by the Paying Agent, and, prior to the sale of any Bank Bond by the Bank as provided in Section 2.04, the Bank agrees to give all notices in the manner and by the time required by DTC.

(b) *Conditions Precedent to Term Out Funding.* The obligation of the Bank to provide term out funding contemplated by Section 3.03 hereof on any Amortization Commencement Date shall be subject to no Default or Event of Default having occurred and be continuing on such Amortization Commencement Date and the representations and warranties of the City and County set forth in Article V hereof being true and correct in all material respects as of such Amortization Commencement Date, except to the extent a representation or warranty relates specifically to an earlier date (in which case such representation or warranty shall be true and correct as of such date), and the Bank having received a certificate, signed by the City and County and dated the applicable Amortization Commencement Date, confirming that all of the foregoing conditions have been satisfied.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

The occurrence of any of the following events set forth in Sections 8.01 and 8.02 shall constitute an event of default (each, an *"Event of Default"*):

Section 8.01. Events of Default not Permitting Immediate Termination or Suspension.

(a) *Payments.* The City and County shall (i) default on the payment of the principal of or interest on any Debt (other than Parity Debt) including, without limitation, any regularly scheduled payments on Swap Contracts, beyond the period of grace, if any, provided in the instrument or agreement under which such Debt (other than Parity Debt) was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Debt, or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, and such event

of default shall continue beyond any applicable period of grace specified in any underlying indenture, contract or instrument providing for the creation of or concerning such Debt, if the effect of such event of default is to accelerate the maturity of such Debt, or (iii) the City and County shall fail to pay any Obligation (other than those described in Section 8.02(b)) when due and such failure shall continue for a period of five (5) Business Days after written notice from the Bank.

(b) *Representations*. Any representation or warranty made by or on behalf of the City and County in this Agreement (or incorporated herein by reference) or in any other Related Document or in any certificate or statement delivered hereunder or thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made or delivered.

(c) *Other Covenants*. (i) The City and County shall default in the due performance or observance of any of the covenants set forth in Sections 6.01, 6.05(b), 6.05(f), 6.05(h), 6.05(i), 6.05(j), 6.08, 6.09, 6.11, 6.12, 6.13, 6.14, 6.15, 6.18, 6.19, 6.20, 6.21, 6.22, 6.23, 6.26, 6.27 or 6.29 hereof; or (ii) the City and County shall default in the due performance or observance of any other term, covenant or agreement contained in this Agreement or any other Related Document and such default, if capable of being remedied, shall remain unremedied for a period of thirty (30) days after written notice thereof shall have been given to the City and County by the Bank.

(d) *Ratings Downgrade.* The long-term rating by Moody's (if Moody's is then maintaining a rating on any Parity Debt), Fitch or S&P of the Bonds or any other Parity Debt (without regard to third party credit enhancement) is suspended or withdrawn, in each case for a credit-related reason, or reduced below "A3" (or its equivalent), "A-" (or its equivalent) or "A-" (or its equivalent), respectively.

(e) *Other Documents*. Any *"event of default"* under any Related Document (as defined respectively therein) shall have occurred.

(f) *Invalidity or Contest of Validity*. Any material provision of any of the Related Documents shall cease to be valid and binding, or the City and County or any Governmental Authority shall contest any such provision or the City and County or any agent or trustee on behalf of the City and County, shall deny that it has any or further liability under any of the Related Documents.

Section 8.02. Events of Default Permitting Immediate Termination or Suspension.

(a) *Event of Insolvency.* An Event of Insolvency with respect to the City and County shall have occurred.

(b) *Payment Default.* The City and County shall fail to pay the principal of or interest or sinking fund installments on any Bonds (whether by scheduled maturity, required prepayment, redemption or otherwise) (including any Bank Bond, other than with respect to an acceleration of the principal of and interest on Bank Bonds in accordance with Section 3.03 or Section 8.03(e) hereof).

(c) *Parity Debt.* The City and County shall default on the payment of the principal, interest, sinking fund installments or any other amount due as debt service on any Parity

Debt including, without limitation, any regularly scheduled payments on Swap Contracts which constitute Parity Debt, but excluding bank bonds, the payment of which has been accelerated prior to maturity under the related liquidity facility, insurance policy, line of credit, standby bond purchase agreement or other liquidity support or mechanism obtained, delivered, made, entered into or otherwise obtained for the purpose of securing the purchase of tendered Parity Debt of the City and County, beyond the period of grace, if any, provided in the instrument or agreement under which such Parity Debt was created or incurred.

(d) *Contest of Validity.* (i) Any provision of this Agreement, the Fee Letter, the Resolution, the Series 2026 Certificate or the Bonds relating to (x) the payment of the principal of or interest on Bonds or Bank Bonds or (y) the pledge of and lien on the Net Revenues shall at any time for any reason cease to be valid and binding or fully enforceable on the City and County as determined by any Governmental Authority of competent jurisdiction in a final nonappealable judgment, (ii) the City and County shall publicly repudiate or contest the validity or enforceability of (A) any of this Agreement, the Fee Letter, the Resolution, the Series 2026 Certificate or the Bonds, in each case, in its entirety, or (B) any provision of this Agreement, the Fee Letter, the Resolution, the Series 2026 Certificate or the Bonds relating to the pledge of or lien on the Net Revenues, or the City and County's ability or obligation to pay the principal of or interest on the Bonds or the Bank Bonds or any Governmental Authority having appropriate jurisdiction over the City and County shall make a finding or ruling or shall enact or adopt legislation or issue an executive order or enter a judgment or decree which contests the validity or enforceability of any provision described in clause (i) above or (iii) the City and County shall repudiate that it has any or further liability or obligation under this Agreement, the Bonds, the Resolution or the Series 2026 Certificate.

(e) *Investment Grade Rating.* The long-term unenhanced rating assigned by Moody's (if Moody's is then maintaining a rating on any Parity Debt), Fitch (if Fitch is then maintaining a rating on any Parity Debt) and S&P (if S&P is then maintaining a rating on any Parity Debt) to any Parity Debt shall either be (x) withdrawn or suspended (for credit related reasons) or (y) reduced below "Baa3" (or its equivalent), "BBB-" (or its equivalent) and "BBB-" (or its equivalent), respectively.

(f) *Judgments.* Any final, unappealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, which are not covered by insurance, in an aggregate amount not less than $20,000,000 shall be entered or filed against the City and County or against any of its Property and remain unpaid, unvacated, unbonded or unstayed for a period of sixty (60) days.

(g) *Existence.* The dissolution or termination of the existence of the City and County.

Section 8.03. Remedies. Upon the occurrence of an Event of Default, the Bank may take one or more of the following actions:

(a) In the case of any Event of Default specified in Section 8.02 other than an Event of Default specified in Section 8.02(d)(ii) or 8.02(d)(iii) (each an *"Immediate Termination Event"*), the Available Commitment shall immediately be reduced to zero, in which case the

obligations of the Bank to purchase Eligible Bonds shall immediately terminate without notice or demand and, thereafter, the Bank shall be under no obligation to purchase Eligible Bonds. Promptly upon such Event of Default, the Bank shall give written notice of same to the Paying Agent, the City and County and the Remarketing Agent; *provided,* that the Bank shall incur no liability or responsibility whatsoever by reason of its failure to give such notice, and such failure shall in no way effect the termination of the Available Commitment and of the obligations of the Bank to purchase Eligible Bonds pursuant to this Agreement. The Paying Agent shall immediately notify all Owners of the termination of the Available Commitment and the obligation of the Bank to purchase the Eligible Bonds.

(b) In the case of an Event of Default specified in Section 8.02(d)(ii) or 8.02(d)(iii), the Bank's obligation to purchase Eligible Bonds shall be immediately suspended without notice or demand and thereafter the Bank shall be under no obligation to purchase Eligible Bonds until such obligation is reinstated pursuant to this Section 8.03(b). Promptly upon the Bank obtaining knowledge of any such Suspension Event, the Bank shall give written notice to the City and County, the Paying Agent and the Remarketing Agent of such suspension; *provided* that the Bank shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the suspension of the Bank's obligation to purchase Eligible Bonds. If a court with jurisdiction to rule on the validity of the provisions described in Section 8.02(d)(ii) or 8.02(d)(iii) shall enter a final, non-appealable judgment that any such provision is not valid and binding on the City and County, then the Purchase Period, the Available Commitment and the Bank's obligation to purchase Eligible Bonds shall immediately terminate. If a court with jurisdiction to rule on the validity of the provisions described in Section 8.02(d)(ii) or 8.02(d)(iii) shall enter a final, nonappealable judgment that such provisions are valid and binding on the City and County, the Bank's obligation to purchase Eligible Bonds under this Agreement shall be automatically reinstated and the terms of this Agreement will continue in full force and effect (unless the obligation of the Bank to purchase Eligible Bonds hereunder shall otherwise have terminated or been suspended as provided in this Agreement). Notwithstanding the foregoing, if, upon the earlier of the expiration of the Purchase Period and the date which is three (3) years after the effective date of suspension of the Bank's obligation pursuant to this Section 8.03(b), litigation is still pending and a judgment regarding the validity of the provisions described in Section 8.02(d)(ii) or 8.02(d)(iii) that are the cause of such Suspension Event has not been obtained, then the Available Commitment, the Purchase Period and the obligation of the Bank to purchase Eligible Bonds shall at such time immediately terminate and thereafter the Bank shall be under no obligation to purchase Eligible Bonds.

(c) Upon the occurrence of a Default described in Section 8.02(a), the obligation of the Bank to purchase Bonds under this Agreement shall be immediately suspended until the proceeding referred to therein is terminated prior to the court entering an order granting the relief sought in such proceeding. In the event such proceeding is so terminated prior to becoming an Immediate Termination Event, the obligations of the Bank to purchase Bonds hereunder shall be reinstated and the terms of this Agreement will continue in full force and effect (unless the obligations of the Bank to purchase Bonds hereunder shall have otherwise terminated in accordance with the terms hereof) as if there had been no such suspension.

(d) In the case of any Event of Default the Bank may give written notice in the form of Exhibit B of such Event of Default to the City and County, the Paying Agent and

Remarketing Agent stating that an Event of Default has occurred hereunder and directing that the Bonds be called for mandatory tender pursuant to Section 2.09 of the Series 2026 Certificate (a *"Default Tender"*). The Available Commitment, the Purchase Period and the obligation of the Bank to purchase Eligible Bonds shall terminate five (5) Business Days following such Default Tender, and, thereafter, the Bank shall be under no further obligation hereunder to purchase Eligible Bonds.

(e) Upon the occurrence of any Event of Default as specified in any provision of this Article VIII, the Bank may take any other action or remedies available to it under this Agreement, the Related Documents or otherwise pursuant to law or equity in order to enforce the rights of the Bank hereunder, under the Related Documents or otherwise. Following any such Event of Default (i) all amounts owed to the Bank hereunder and with respect to any Bank Bonds shall bear interest at the Default Rate until paid, and such interest shall be payable on demand, (ii) the Bank may by written notice to the City and County declare that all amounts owed to the Bank hereunder and with respect to the Bank Bonds be immediately due and payable, such amounts shall be immediately due and payable and the Bank Bonds shall be subject to immediate mandatory tender (*provided* that the obligations of the City and County hereunder and under the Bank Bonds shall become immediately due and payable without such notice upon the occurrence of an Event of Default described in Section 8.02(a) above), and (iii) the Bank shall have all remedies provided at law or equity, including, without limitation, the right to set-off and specific performance. The Bank shall promptly provide the Paying Agent and the City and County notice of any acceleration of the amounts due hereunder or under the Bank Bonds.

(f) The remedies provided in this Section 8.03 shall only be exclusive with respect to Events of Default to the extent described in this Section 8.03 and to the extent they are obtained by the Bank. If, for any reason whatsoever, the Bank is not able to obtain all such remedies, then the Bank hereby reserves the right and shall have the right to pursue any other available remedies, whether provided by law, equity, or any Related Document.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Amendments and Waivers. No amendment or waiver of any provision of this Agreement nor consent to any departure by the City and County from any such provision shall in any event be effective unless the same shall be in writing and signed by the Bank in the case of waivers and signed by the parties hereto in the case of amendments; *provided, however,* that the Expiration Date may be extended in accordance with Section 2.12 hereof by instruments in writing signed solely by the Bank and with written notice to the Paying Agent, the Remarketing Agent, the City and County, S&P, Fitch and Moody's; provided, further, that no amendment to any Immediate Termination Event or Suspension Event (each an *"EMMA Amendment"*) shall become effective for (a) ten (10) calendar days after the City and County has posted such EMMA Amendment on EMMA (or such other service or services of the Municipal Securities Rulemaking Board (*"MSRB"*), or any successor to the MSRB, that may replace EMMA) and (b) fifteen (15) calendar days after the Paying Agent has provided notice of such EMMA Amendment to the holders of the Bonds. Additionally, the City and County will use its best efforts to post such EMMA Amendment on Bloomberg ten (10) calendar days prior to the effective date of such EMMA Amendment. In

the event that the City and County and the Bank enter into any EMMA Amendment, the City and County hereby covenants to (1) post a final draft of such EMMA Amendment on EMMA ten (10) calendar days prior to the effective date of such EMMA Amendment (such effective date to be a date as determined by the City and County and the Bank) and (2) to cause the Paying Agent to provide notice of such EMMA Amendment to the holders of the Bonds fifteen (15) calendar days prior to the effective date of such EMMA Amendment (such effective date to be a date as determined by the City and County and the Bank). Failure of the City and County to comply with the covenants described in the preceding sentence shall be considered a covenant default under Section 8.01(c)(i). Notwithstanding anything set forth in this Section 9.01, any amendment to any provision of this Agreement other than an EMMA Amendment, whether or not contained in an amendment to this Agreement which includes an EMMA Amendment, shall become effective on the date set forth in such amendment whether or not the City and County has complied with the third to last sentence of this paragraph prior to the effective date of such amendment.

Any waiver of or amendment to any provision of this Agreement shall be effective only in the specific instance and for the specific purpose for which given. In the event any agreement contained in this Agreement should be breached by the City and County and thereafter waived by the Bank, such waiver shall be limited to the particular breach so waived for the specific period set out in such waiver and such waiver shall not constitute a waiver of such breach for any other period and shall not waive any other or similar breach hereunder.

Section 9.02. Notices; Effectiveness; Electronic Communications. (a) *Notices Generally.* Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in clause (a) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by fax transmission or e-mail transmission as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, to the address, fax number, e-mail address or telephone number specified for the City and County, the Paying Agent or the Bank on Schedule 9.02 hereof. Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by fax transmission shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in clause (a) below, shall be effective as provided in such clause (b).

(b) *Electronic Communications.* Notices and other communications to the Bank hereunder may be delivered or furnished by electronic communication (including e-mail, FPML messaging and Internet or intranet websites) pursuant to an electronic communications agreement (or such other procedures approved by the Bank). The Bank or the City and County may each, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it provided that approval of such procedures may be limited to particular notices or communications.

(c) Unless the Bank otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an

acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices and other communications posted to an Internet or intranet website shall be deemed received by the intended recipient upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return email address or other written acknowledgment) indicating that such notice or communication is available and identifying the website address therefor; *provided* that, for both clauses (i) and (ii), if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(d) *Change of Address, Etc.* Each of the City and County, the Paying Agent and the Bank may change its address, fax number or telephone number or e-mail address for notices and other communications hereunder by notice to the other parties hereto.

(e) *Reliance by Bank.* The Bank shall be entitled to rely and act upon any notices (including, without limitation, telephonic or electronic notices) purportedly given by or on behalf of the City and County even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The City and County shall indemnify the Bank and the Related Parties from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the City and County except to the extent caused by the gross negligence or willful misconduct of the Bank. All telephonic notices to and other telephonic communications with the Bank may be recorded by the Bank, and each of the parties hereto hereby consents to such recording.

Section 9.03. No Waiver; Cumulative Remedies. No failure by the Bank to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other Related Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any other Related Document preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under each other Related Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Section 9.04. Expenses; Indemnity. (a) The City and County shall pay (i) all reasonable out-of-pocket expenses incurred by the Bank and its Affiliates (including but not limited to the reasonable fees, charges and disbursements of counsel for the Bank and due diligence expenses), in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the other Related Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the Bank in connection with the purchase of Bonds hereunder or any request for purchase hereunder and (iii) all out-of-pocket expenses incurred by the Bank (including the fees, charges and disbursements of any counsel for the Bank and due diligence expenses), and shall pay all fees and time charges for attorneys who may be employees of the Bank, in connection with the enforcement or protection of

its rights (A) in connection with this Agreement and the other Related Documents, including its rights under this Section, or (B) in connection with the Bank's purchase of Bonds hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Bank purchase of Bonds.

(b) *Indemnification by the City and County.* To the extent permitted by law, the City and County shall indemnify the Bank and each Related Party of the Bank (each such Person being called an *"Indemnitee"*) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the reasonable fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all reasonable fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the City and County) arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Related Document, the Official Statement or any agreement or instrument contemplated hereby or thereby (including, without limitation, the Indemnitee's reliance on any Communication executed using an Electronic Signature, or in the form of an Electronic Record), the performance by the parties hereto of their respective obligations hereunder or thereunder, or the consummation of the transactions contemplated hereby or thereby, or, the administration of this Agreement and the other Related Documents (including in respect of any matters addressed in Section 3.01), (ii) any Bank Bonds or the use or proposed use of the proceeds therefrom (including any refusal by the Bank to honor a demand for payment hereunder if the documents presented in connection with such demand do not strictly comply with the terms of this Agreement), or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the City and County; *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the negligence or willful misconduct of such Indemnitee. Without limiting the provisions of Section 2.13, this Section 9.04(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) *Waiver of Consequential Damages, Etc.* To the fullest extent permitted by applicable Law, the City and County shall not assert, and hereby waives, and acknowledges that no other Person shall have, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Related Document, the Official Statement or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Bank Bonds or the use of the proceeds thereof. No Indemnitee referred to in clause (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Related Documents, the Official Statement or the transactions contemplated hereby or thereby.

(d) *No Liability of the Bank.* The City and County agrees that the Bank shall have no liability or responsibility for the acts or omissions of the Paying Agent or the Remarketing

Agent in respect of the use of this Agreement or any purchase of Eligible Bonds by the Bank hereunder. The Bank shall have no responsibility for, nor incur any liability in respect of, any act, or any failure to act, by the Paying Agent or the Remarketing Agent which results in the failure of the Paying Agent to deliver a Notice of Bank Purchase to the Bank or to comply with the applicable provisions of the Resolution or any other Related Document. Neither the Bank nor any of its officers or directors shall be liable or responsible for: (a) the use which may be made of this Agreement or for any acts or omissions of the Paying Agent, any agent of the Paying Agent and any transferee beneficiary in connection therewith; (b) the validity or genuineness of documents, or of any endorsement(s) thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged; (c) payment by the Bank against presentation of documents which do not comply with the terms of this Agreement, including failure of any documents to bear any reference or adequate reference to this Agreement; or (d) any other circumstances whatsoever in making or failing to make payment under this Agreement; except only that the City and County shall have a claim against the Bank and the Bank shall be liable to the City and County to the extent of any direct, as distinguished from consequential or punitive (the right to receive consequential or punitive damages being hereby waived), damages suffered by the City and County when the City and County proves such were caused by the Bank's negligence or willful misconduct in connection with its obligations hereunder as determined by a court of competent jurisdiction in a final, non-appealable judgment thereof. In furtherance and not in limitation of the foregoing, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary. The Bank is hereby expressly authorized and directed to honor any demand for payment which is made under this Agreement without regard to, and without any duty on its part to inquire into the existence of, any disputes or controversies between or among the City and County, the Paying Agent, any transferee beneficiary of this Agreement or any other Person or the respective rights, duties or liabilities of any of them, or whether any facts or occurrences represented in any of the documents presented under this Agreement are true and correct.

(e) *Payments.* All amounts due under this Section 9.04 shall be payable not later than thirty (30) days after demand therefor.

(f) *Survival.* The agreements in this Section 9.04 and the indemnity provisions of Section 9.04(b) shall survive the term of this Agreement and the repayment, satisfaction or discharge of all the other Obligations and the termination of this Agreement.

Section 9.05. Obligations Absolute. The payment obligations of the City and County under this Agreement shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including, without limitation, the following circumstances:

(a) any lack of validity or enforceability of this Agreement or any of the other Related Documents;

(b) any amendment or waiver of or any consent to departure from all or any of the Related Documents (unless consented to in writing by the Bank);

(c) the existence of any claim, set-off, defense (other than the defense of payment) or other right which the City and County may have at any time against the Paying Agent or any other beneficiary, or any transferee, of this Agreement (or any persons or entities for whom the Paying Agent, any such beneficiary or any such transferee may be acting), the Bank, or any other person or entity, whether in connection with this Agreement, the transactions contemplated herein or in the Related Documents, or any unrelated transaction;

(d) any statement or any other document presented hereunder proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or

(e) payment by the Bank under this Agreement against presentation of a draft or certificate which does not comply with the terms of this Agreement.

Section 9.06. Payments Set Aside. To the extent that any payment by or on behalf of the City and County is made to the Bank, or the Bank exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Bank in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred.

Section 9.07. Successors and Assigns.

(a) *Successors and Assigns Generally.* The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the City and County may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Bank and the Bank may not assign or otherwise transfer its rights or obligations hereunder except in accordance with clause (e) of this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in clause (b) of this Section and, to the extent expressly contemplated hereby, the Related Parties of the Bank) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) *Participations.* The Bank may at any time, without the consent of, or notice to, the City and County, sell participations to any Person (other than a natural person or the City and County or any of the City and County's Affiliates) (each, a *"Participant"*) in all or a portion of the Bank's rights and/or obligations under this Agreement; *provided* that (i) the Bank's obligations under this Agreement shall remain unchanged, (ii) the Bank shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the City and County shall continue to deal solely and directly with the Bank in connection with the Bank's rights and obligations under this Agreement.

Any agreement or instrument pursuant to which the Bank sells such a participation shall provide that the Bank shall retain the sole right to enforce this Agreement and to approve any

amendment, modification or waiver of any provision of this Agreement; *provided* that such agreement or instrument may provide that the Bank will not, without the consent of the Participant, agree to any amendment, waiver or other modification that affects such Participant. The City and County agrees that each Participant shall be entitled to the benefits of Sections 2.13, 2.14 and 9.04 to the same extent as if it were the Bank and had acquired its interest by assignment pursuant to clause (e) of this Section.

(c) *Limitations upon Participant Rights*. A Participant shall not be entitled to receive any greater payment under Section 2.13 or 2.14 than the Bank would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the City and County's prior written consent.

(d) *Certain Pledges*. In addition to the rights of the Bank set forth above, the Bank may at any time pledge or grant a security interest in all or any portion of its rights or interest under this Agreement and the Related Documents to secure obligations of the Bank or an Affiliate of the Bank, including any pledge or assignment to secure obligations to a Federal Reserve Bank or to any state or local governmental entity or with respect to public deposits; *provided* that no such pledge or assignment shall release the Bank from any of its obligations hereunder or substitute any such pledgee or assignee for the Bank as a party hereto.

(e) *Assignments*. The Bank may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Available Commitment); *provided* that any such assignment shall be subject to the following conditions: (i) the consent of the City and County shall be required unless an Event of Default has occurred and is continuing at the time of such assignment and (ii) in connection with any such assignment of its Available Commitment, the City and County shall have received written notice from each Rating Agency then rating the Bonds that such ratings will not be lowered or withdrawn as a result of such assignment.

Section 9.08. Treatment of Certain Information; Confidentiality. (a) Each of the City and County and the Bank agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates, its auditors and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Related Document or any action or proceeding relating to this Agreement or any other Related Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section 9.08, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the City and County and its obligations, this Agreement or payments hereunder, (g) on a confidential basis to (i) any rating agency in connection with rating the City and County or the credit facilities provided hereunder or

(ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers or other market identifiers with respect to the credit facilities provided hereunder, (h) with the consent of the City and County, (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section 9.08 or (y) becomes available to the Bank or any of its Affiliates on a nonconfidential basis from a source other than the City and County or (j) is independently discovered or developed by a party hereto without utilizing any Information received from the City and County or violating the terms of this Section 9.08. For purposes of this Section 9.08, *"Information"* means all information received from the City and County relating to the City and County or any of their respective businesses, other than any such information that is available to the Bank or the Paying Agent on a nonconfidential basis prior to disclosure by the City and County, *provided* that, in the case of information received from the City and County after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section 9.08 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. In addition, the Bank may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Bank in connection with the administration of this Agreement and the other Related Documents. For the avoidance of doubt, nothing herein prohibits any individual from communicating or disclosing information regarding suspected violations of laws, rules or regulations to a governmental, regulatory, or self-regulatory authority without any notification to any person.

(b) Except as otherwise provided below in this paragraph, the City and County agrees that it will not in the future issue any press release or public disclosure using the name of the Bank or its Affiliates or referring to this Agreement. The City and County may, after consultation with the Bank, file (or cause to be filed) with the Municipal Securities Rulemaking Board under its Electronic Municipal Market Access (EMMA) system or otherwise a copy of this Agreement and agreements between the Bank and the City and County related to this Agreement, in each case redacted in a manner satisfactory to the Bank to prevent disclosure of any signatures, account information, information regarding pricing, or other proprietary or other confidential information regarding the transactions contemplated hereby, or a summary of this Agreement and such related agreements (in each case as so redacted). The City and County shall be permitted to include in such redacted copies of this Agreement (or summaries thereof) such information as shall be necessary to comply with requirements of applicable law (including federal or state securities laws and the regulations promulgated thereunder) and the requirements of its continuing disclosure agreements to the extent that such disclosure is required to cause the underwriting, issuance, sale or remarketing of bonds or other obligations issued by the City and County to be in compliance with applicable law. The City and County may include any such redacted copies of this Agreement and related agreements (or summaries thereof) in any official statement, offering circular or other disclosure document prepared in connection with any issuance of Debt by the City and County.

Section 9.09. Right of Setoff. If an Event of Default shall have occurred and be continuing, the Bank and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other

obligations (in whatever currency) at any time owing by the Bank or any such Affiliate to or for the credit or the account of the City and County in respect of the Wastewater System (including moneys on deposit in the Sewer Fund) against any and all of the obligations of the City and County now or hereafter existing under this Agreement or any other Related Document to the Bank or its Affiliates, irrespective of whether or not the Bank or its Affiliates shall have made any demand under this Agreement or any other Related Document and although such obligations of the City and County may be contingent or unmatured, secured or unsecured, or are owed to a branch, office or Affiliate of the Bank different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness. The rights of the Bank and its Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that the Bank or its Affiliates may have under applicable Law. The Bank agrees to notify the City and County promptly after any such setoff and application, *provided* that the failure to give such notice shall not affect the validity of such setoff and application.

Section 9.10. Integration; Effectiveness. This Agreement, the other Related Documents, and any separate letter agreements with respect to fees payable to the Bank, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Bank and when the Bank shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding, upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

Section 9.11. Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Related Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Bank, regardless of any investigation made by the Bank or on its behalf and notwithstanding that the Bank may have had notice or knowledge of any Default or Event of Default at the time of the execution of this Agreement, or the making of any Term Out Funding hereunder, and shall continue in full force and effect as long as any Bank Bonds or any other Obligation hereunder shall remain unpaid or unsatisfied or the Available Commitment shall remain outstanding.

Section 9.12. Severability. If any provision of this Agreement or the other Related Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Related Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 9.13. Governing Law; Jurisdiction; Etc. Governing Law. This Agreement and the other Related Documents (except, as to any other Related Document, as expressly set forth therein) and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Related Document (except, as to any other Related Document, as expressly set forth therein) and the transactions contemplated

hereby and thereby shall be governed by, and construed in accordance with, the Law of the State of New York; *provided* that the power and authority of the City and County to execute, deliver and perform this Agreement shall be governed by, and construed in accordance with, the Law of the State.

(a) *Submission to Jurisdiction.* Each of the parties hereto irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any state court of the State of New York and the federal courts located in the State of New York, in any action or proceeding arising out of or relating to this Agreement or any other Related Document, or for recognition or enforcement of any judgment. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. Nothing in this Agreement or in any other Related Document shall affect any right that the Bank may otherwise have to bring any action or proceeding relating to this Agreement or any other Related Document against the City and County or its Properties in the courts of any jurisdiction.

(b) *Waiver of Venue.* Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent permitted by applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Related Document in any court referred to in paragraph (a) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) *Service of Process.* Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 9.02. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by applicable Law.

Section 9.14. Waiver of Jury Trial. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable Law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Agreement or any other Related Document or the transactions contemplated hereby or thereby (whether based on contract, tort or any other theory). Each party hereto (a) certifies that no representative, agent or attorney of any other person has represented, expressly or otherwise, that such other Person would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement and the other Related Documents by, among other things, the mutual waivers and certifications in this Section.

Section 9.15. No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the City and County acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a) (i) the services regarding this Agreement provided by the Bank and any Affiliate thereof are arm's-length commercial transactions between the City and County, on the one hand, and the Bank and its Affiliates, on the other hand, (ii) the City and County has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the City and County is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions

contemplated hereby and by the other Related Documents; (b) (i) the Bank and its Affiliates each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary, for the City and County, or any other Person and (ii) neither the Bank nor any of its Affiliates has any obligation to the City and County with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Related Documents; and (c) the Bank and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the City and County, and neither the Bank nor any of its Affiliates has any obligation to disclose any of such interests to the City and County. To the fullest extent permitted by Law, the City and County, hereby waives and releases any claims that it may have against the Bank or any of its Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated hereby.

Section 9.16. Electronic Execution of Certain Documents. This Agreement, any Related Document and any other Communication, including Communications required to be in writing, may be in the form of an Electronic Record and may be executed using Electronic Signatures. The City and County and the Bank agree that any Electronic Signature on or associated with any Communication shall be valid and binding on such Person to the same extent as a manual, original signature, and that any Communication entered into by Electronic Signature, will constitute the legal, valid and binding obligation of such Person enforceable against such Person in accordance with the terms thereof to the same extent as if a manually executed original signature was delivered. Any Communication may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Communication. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention. The Bank may, at its option, create one or more copies of any Communication in the form of an imaged Electronic Record (*"Electronic Copy"*), which shall be deemed created in the ordinary course of the Bank's business, and destroy the original paper document. All Communications in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same legal effect, validity and enforceability as a paper record. Notwithstanding anything contained herein to the contrary, the Bank is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Bank pursuant to procedures approved by it; provided, further, without limiting the foregoing, (a) to the extent the Bank has agreed to accept such Electronic Signature, the Bank shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of the City and County without further verification and regardless of the appearance or form of such Electronic Signature, and (b) upon the request of the Bank, any Electronic Signature shall be promptly followed by a manually executed counterpart.

The Bank shall not be responsible for or have any duty to ascertain or inquire into the sufficiency, validity, enforceability, effectiveness or genuineness of any Related Document or any other agreement, instrument or document (including, for the avoidance of doubt, in connection with the Bank's reliance on any Electronic Signature transmitted by telecopy, emailed .pdf or any other electronic means). The Bank shall be entitled to rely on, and shall incur no liability under or in respect of this Agreement or any other Related Document by acting upon, any Communication

(which writing may be a fax, any electronic message, Internet or intranet website posting or other distribution or signed using an Electronic Signature) or any statement made to it orally or by telephone and believed by it to be genuine and signed or sent or otherwise authenticated (whether or not such Person in fact meets the requirements set forth in the Related Documents for being the maker thereof).

The City and County hereby waives (i) any argument, defense or right to contest the legal effect, validity or enforceability of this Agreement and/or any other Related Document based solely on the lack of paper original copies of this Agreement and/or such other Related Document, and (ii) waives any claim against the Bank for any liabilities arising solely from the Bank's reliance on or use of Electronic Signatures, including any liabilities arising as a result of the failure of the City and County to use any available security measures in connection with the execution, delivery or transmission of any Electronic Signature.

Each of the parties represents and warrants to the other parties that it has the capacity and authority to execute this Agreement and any other Communication through electronic means and there are no restrictions on doing so in that party's statutory authority.

Section 9.17. USA Patriot Act. The Bank hereby notifies the City and County that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the *"Act"*), it is required to obtain, verify and record information that identifies the City and County, which information includes the name and address of the City and County and other information that will allow the Bank to identify the City and County in accordance with the Act. The City and County shall, promptly following a request by the Bank, provide all such other documentation and information that the Bank requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Act.

Section 9.18. Time of the Essence. Time is of the essence of the Related Documents.

Section 9.19. Entire Agreement. This Agreement and the other Related Documents represent the final agreement among the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements among the parties.

Section 9.20. Further Assurances. From time to time upon the request of either party hereto, the other shall promptly and duly execute, acknowledge and deliver any and all such further instruments and documents as the requesting party may in its reasonable discretion deem necessary or desirable to confirm this Agreement, and the other Related Documents, to carry out the purpose and intent hereof and thereof or to enable the requesting party to enforce any of its rights hereunder or thereunder. At any time, and from time to time, upon request by the Bank, the City and County will, at the City and County's expense, (a) correct any defect, error or omission which may be discovered in the form or content of any of the Related Documents, and (b) make, execute, deliver and record, or cause to be made, executed, delivered and recorded, any and all further instruments, certificates, and other documents as may, in the opinion of the Bank, be necessary or desirable in order to complete, perfect or continue and preserve the Lien of the Resolution. Upon any failure by the City and County to do so, the Bank or the Paying Agent may make, execute and record any

and all such instruments, certificates and other documents for and in the name of the City and County, all at the sole expense of the City and County, and the City and County hereby appoints the Bank and the Paying Agent the agent and attorney-in-fact of the City and County to do so, this appointment being coupled with an interest and being irrevocable. In addition, at any time, and from time to time, upon request by the Bank or the Paying Agent, the City and County will, at the City and County's expense, provide any and all further instruments, certificates and other documents as may, in the opinion of the Bank or the Paying Agent, be necessary or desirable in order to verify the City and County's identity and background in a manner satisfactory to the Bank or the Paying Agent, as the case may be.

Section 9.21. No Third-Party Rights. Nothing in this Agreement, whether express or implied, shall be construed to give to any Person other than the parties hereto any legal or equitable right, remedy or claim under or in respect of this Agreement, which is intended for the sole and exclusive benefit of the parties hereto.

Section 9.22. US QFC Stay Rules.

To the extent that the Related Documents provide support, through a guarantee or otherwise, for any Swap Contract or any other agreement or instrument that is a QFC (such support, *"QFC Credit Support"*, and each such QFC, a *"Supported QFC"*), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the *"U.S. Special Resolution Regimes"*) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Related Documents and any Supported QFC may in fact be stated to be governed by the Laws of the State of New York and/or of the United States or any other state of the United States): In the event a Covered Entity that is party to a Supported QFC (each, a *"Covered Party"*) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the Laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Related Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Related Documents were governed by the Laws of the United States or a state of the United States.

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Covered Entity" means (a) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (b) a "covered bank" as that term is defined in, and

interpreted in accordance with, 12 C.F.R. § 47.3(b); or (c) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

[SIGNATURES BEGIN ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers, all as of the day and year first above written.

THE CITY AND COUNTY OF HONOLULU, HAWAII

By: _____
Name: Andrew T. Kawano
Title: Director of Budget and Fiscal Services

DEPARTMENT OF ENVIRONMENTAL SERVICES CITY AND COUNTY OF HONOLULU

By: _____
Name: Roger Babcock, Jr., Ph.D., P.E.
Title: Director of Environmental Services

Approved as to form and legality:

By: _____
Name: Dana M.O. Viola
Title: Corporation Counsel
City and County of Honolulu

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Paying Agent, Registrar and Tender Agent

By: _____
Name: _____
Title: _____

BANK OF AMERICA, N.A.

By: _____
Name: Grace Barvin
Title: Senior Vice President

SCHEDULE 9.02

Bank:

Bank of America, N.A.
333 South Hope Street, Suite 3820
Mail Code: CA9-193-38-01
Los Angeles, California 90071-1406
Attention: Lily I. Azhari
Telephone: (213) 345-3169
Email:lily.azhari@bofa.com

with a copy to:

Bank of America, N.A.
555 California Street, Suite 610
San Francisco, California 94104
Attention: Grace Barvin
Telephone: (415) 913-2325
Email: grace.barvin@bofa.com

If to the City and County, to:

Department of Budget and Fiscal Services
530 South King Street, Room 208
Honolulu, Hawaii 96813
Attention: Director of Budget and Fiscal Services
Telephone: (808) 768-3900
E-Mail: bfsmail@honolulu.gov

with a copy to:

Department of Budget and Fiscal Services
530 South King Street, Room 115
Honolulu, Hawaii 96813
Attention: Chief, Treasury Division of Budget and Fiscal Services
Telephone: (808) 768-3990
E-Mail: BFSTreas@honolulu.gov

Paying Agent:

U.S. Bank Trust Company, National Association
633 W. 5th St., 24th Floor
Los Angeles, CA 90071
Attention: Global Corporate Trust Services
Telephone: _____
Email: _____

Remarketing Agent:

BofA Securities, Inc.
_____
_____
Attention: _____
Telephone: _____
Email: _____

EXHIBIT A

NOTICE OF BANK PURCHASE

The undersigned, a duly authorized officer of U.S. Bank Trust Company, National Association (the *"Paying Agent"*), hereby certifies to Bank of America, N.A. (the *"Bank"*), in accordance with the Standby Bond Purchase Agreement, dated as of December [__], 2026 (the *"Standby Agreement"*), by and among The City and County of Honolulu (the *"City and County"*), the Paying Agent, and the Bank, relating to the City and County's $[Par Amount] Wastewater System Revenue Bonds, (Second Bond Resolution), Junior Series 2026A (Green Bonds) (all capitalized terms herein having the meanings ascribed thereto in the Standby Agreement), that:

1. Eligible Bonds have been tendered or deemed tendered for purchase pursuant to Section 2.08 or 2.09 of the Series 2026 Certificate.

2. To the Paying Agent's actual knowledge, no Event of Default described in Section 8.02 of the Standby Agreement has occurred.

3. Insufficient moneys are available for such purchase pursuant to Section ___ of the Resolution.

4. The Paying Agent hereby requests the payment of Purchase Price in the amount of $_____.

5. The portion of the Purchase Price requested hereby relating to the principal of the Eligible Bonds for which there is not sufficient moneys referred to above is $_____, which amount does not exceed the Available Principal Commitment, and the portion of the Purchase Price requested hereby relating to accrued interest on the Eligible Bonds for which there is not sufficient moneys referred to above is $_____[1], which amount does not exceed the Available Interest Commitment.

6. Upon completion of purchase, the Paying Agent will cause the beneficial ownership of such Bonds to be credited to the account of the Bank or, if directed in writing by the Bank, its nominee or designee with DTC and register such Bonds in the name of the Bank or its nominee or designee on the books maintained by the Paying Agent, and will promptly deliver such Bonds as the Bank may otherwise direct in writing, and prior to such delivery will hold such Bonds in trust for the benefit of the Bank.

7. The funds requested hereunder shall be transferred to the Paying Agent as follows:

Bank:_____
Address:_____
ABA#:_____

[1] To be used only if the Bonds are to be purchased on a date other than an Interest Payment Date that would have occurred without regard to the Purchase Date.

Account name or reference:_____

8. The Purchase Date is _____, _____.

IN WITNESS WHEREOF, the Paying Agent has executed and delivered this Notice of Bank Purchase as of the ____ day of _____, _____.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Paying Agent

By:
Name:
Title:

EXHIBIT B

FORM OF DEFAULT NOTICE

[Date]

U.S. Bank Trust Company, National Association,
as Paying Agent
_____
_____
_____
Attention: _____

$[Par Amount]
City and County of Honolulu
Wastewater System Revenue Bonds
(Second Bond Resolution), Junior Series 2026A (Green Bonds)

Ladies and Gentlemen:

The undersigned, duly authorized officer of Bank of America, N.A. (the *"Bank"*), pursuant to Section 8.03 of the Standby Bond Purchase Agreement, dated as of December [__], 2026 (the *"Agreement"*), by and among U.S. Bank Trust Company, National Association, as Paying Agent, The City and County of Honolulu and the Bank, hereby request you cause a mandatory tender of all Eligible Bonds pursuant to Section 2.09 of the Series 2026 Certificate as described in Section 8.03(d) of the Agreement, and we hereby further notify you that an Event of Default (as defined in the Agreement) pursuant to Section 8.01 or 8.02 of the Agreement has occurred.

Sincerely,

BANK OF AMERICA, N.A.

By:
Name:
Title:

cc: BofA Securities, Inc.
The City and County of Honolulu

EXHIBIT C

FORM OF REQUEST FOR EXTENSION OF EXPIRATION DATE

[Date]

Bank of America, N.A.

_____
_____
_____
Attention: _____

Re: Request for Extension of Expiration Date

Ladies/Gentlemen:

Reference is hereby made to that certain Standby Bond Purchase Agreement, dated as of December [__], 2026 (the *"Agreement"*), and among The City and County of Honolulu (the *"City and County"*), U.S. Bank Trust Company, National Association, as Paying Agent (the *"Paying Agent"*), and Bank of America, N.A. (the *"Bank"*). All capitalized terms contained herein that are not specifically defined shall be deemed to have the definitions set forth in the Agreement. The City and County hereby requests, pursuant to Section 2.12 of the Agreement, that the Expiration Date be extended by **[___]** days/**[___]** year**[s]**. Pursuant to Section 2.12 of the Agreement, we have enclosed along with this request the following information:

1. The outstanding principal amount of the Bonds;

2. The nature of any and all Events of Default and all conditions, events and acts which with notice or lapse of time or both would become an Event of Default; and

3. Any other pertinent information previously requested by the Bank.

The Bank is required to notify the Paying Agent, the City and County and the Remarketing Agent of its decision with respect to this request for extension within _____ (__) days of the date of receipt hereof. If the Bank fails to notify the City and County of its decision within such __-day period, the Bank shall be deemed to have rejected such request.

Very truly yours,

THE CITY AND COUNTY OF HONOLULU, HAWAII

By: _____
Name: _____
Title: _____

cc: U.S. Bank Trust Company, National Association, as Paying Agent

EXHIBIT D

NOTICE REGARDING EXTENSION

[Date]

U.S. Bank Trust Company, National Association,
as Paying Agent

_____
_____
_____
Attention: _____

The City and County of Honolulu
Address
Attention: _____

Re: Standby Bond Purchase Agreement, dated as of December [__], 2026 (the *"Agreement"*), by and among Bank of America, N.A. (the *"Bank"*), U.S. Bank Trust Company, National Association, as Paying Agent, and The City and County of Honolulu (the *"City and County"*)

Ladies and Gentlemen:

The undersigned, duly authorized officers of the Bank, hereby advise you, with reference to the Agreement (any capitalized term used herein and not defined shall have its respective meaning as set forth in the Agreement), that: **[**Complete as Appropriate*]**:

1. At the request and for the account of the City and County, we hereby extend the Expiration Date to **[*indicate new date*]**.

2. Except as specifically provided in paragraph (1) above and hereinbelow, all of the terms and conditions of the Agreement remain unchanged and in full force and effect.

3. This Notice Regarding Extension is an integral part of the Agreement.

4. Additional terms regarding this extension are as follows: **[*add text, as appropriate*]**.

OR

5. The Expiration Date will not be extended at this time.

IN WITNESS WHEREOF, the undersigned, on behalf of the Bank, has executed and delivered this Notice Regarding Extension as of the _____ day of _____.

BANK OF AMERICA, N.A.

By:
Name:
Title:

cc: BofA Securities, Inc.

EXHIBIT E

NOTICE OF TERMINATION

[Date]

U.S. Bank Trust Company, National Association,
as Paying Agent

_____
_____
_____
Attention: _____

Re: $[Par Amount] City and County of Honolulu Wastewater System Revenue Bonds, (Second Bond Resolution), Junior Series 2026A (Green Bonds)

Ladies and Gentlemen:

The undersigned, duly authorized officers of Bank of America, N.A. (the *"Bank"*), pursuant to Section 8.03 of the Standby Bond Purchase Agreement, dated as of December [__], 2026 (the *"Agreement"*), by and among U.S. Bank Trust Company, National Association, as Paying Agent, The City and County of Honolulu and the Bank, hereby notifies you that the Bank has purchased all Eligible Bonds following the mandatory tender thereof pursuant to Section 2.09 of the Series 2026 Certificate as described in Section 8.03(d) of the Agreement. Effective upon your receipt of this Notice of Termination, the Agreement shall be terminated.

Sincerely,

BANK OF AMERICA, N.A.

By: _____
Name: _____
Title: _____

cc: BofA Securities, Inc.
The City and County of Honolulu

EXHIBIT F

FORM OF CERTIFICATE OF COMPLIANCE

Financial Statement Date: _____, ____

To: Bank of America, N.A.,

Ladies and Gentlemen:

Reference is hereby made to that Standby Bond Purchase Agreement dated as of December [__], 2026 (the *"Agreement"*), by and among The City and County of Honolulu (the *"City and County"*), U.S. Bank Trust Company, National Association, as Paying Agent and Bank of America, N.A.. Capitalized terms used herein that are not defined shall have the meaning set forth in the Agreement.

The undersigned City and County Representative hereby certifies as of the date hereof that he/she is the _____ of the City and County, and that, as such, he/she is authorized to execute and deliver this Certificate to the Bank on the behalf of the City and County, and that:

1. Attached hereto as Schedule 1 are the year-end audited financial statements required by Section 6.05(a) of the Agreement for the fiscal year of the City and County ended as of the above date, together with the report and opinion of an independent certified public accountant required by such section.

2. The undersigned has reviewed and is familiar with the terms of the Agreement and has made, or has caused to be made under his/her supervision, a review of the transactions and condition (financial or otherwise) of the City and County during the accounting period covered by the attached financial statements.

3. A review of the activities of the City and County during such fiscal period has been made under the supervision of the undersigned with a view to determining whether during such fiscal period the City and County performed and observed all its Obligations under the Related Documents, and

[select one:]

[to the best knowledge of the undersigned during such fiscal period, the City and County performed and observed each covenant and condition of the Related Documents applicable to it, and no Default or Event of Default has occurred and is continuing.]

--or--

[the following covenants or conditions have not been performed or observed and the following is a list of each such Default or Event of Default and its nature and status:]

4. The representations and warranties of the City and County contained in Article V of the Agreement are true and correct on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this Certificate, the representations and warranties contained in Section 5.06 of the Agreement shall be deemed to refer to the most recent statements furnished pursuant to Section 6.05 of the Agreement, including the statements in connection with which this Certificate is delivered.

Delivery of an executed counterpart of a signature page of this Certificate by fax transmission or other electronic mail transmission (*e.g.* "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Certificate.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of _____, _____.

THE CITY AND COUNTY OF HONOLULU,
HAWAII

By: _____
Name: _____
Title _____

EXHIBIT F

FORM OF REMARKETING AGREEMENT

REMARKETING AGREEMENT

BY AND BETWEEN

CITY AND COUNTY OF HONOLULU

AND

BofA SECURITIES, INC.
as Remarketing Agent

Dated as of December ___, 2026

Relating to

$000,000,000

City and County of Honolulu
Wastewater System Revenue Bonds
(Second Bond Resolution) Junior Series 2026A (Green Bonds)

REMARKETING AGREEMENT

THIS REMARKETING AGREEMENT, dated as of December ___, 2026 (this "Remarketing Agreement"), by and between CITY AND COUNTY OF HONOLULU, a political subdivision of the State of Hawaii (the "City and County"), and BofA SECURITIES, INC., a _____ corporation ("Remarketing Agent"), sets forth the agreement pursuant to which the Remarketing Agent shall act as the Remarketing Agent under the Bond Certificate as defined below.

I. RECITALS

1.01 The Bonds. The City and County proposes to issue $25,000,000 in principal amount of its City and County of Honolulu Wastewater System Revenue Bonds (Second Bond Resolution) Junior Series 2026A (Green Bonds) (the "Bonds") pursuant to a Bond Series Certificate, including Multimodal Annex attached as Appendix C, dated as of December ___, 2026 (the "Bond Certificate"), made by the Director of Budget and Fiscal Services of the City and County. Terms used in this Remarketing Agreement without definition but defined in the Bond Certificate shall have the meanings given in the Bond Certificate.

1.02 The Standby Bond Purchase Agreement. In order to support the payment of principal of and interest on the Bonds, at the request of City and County, Bank of America, N.A., a national banking association (the "Bank"), has entered into a Standby Bond Purchase Agreement (the "Standby Bond Purchase Agreement") with the City and County and U.S. Bank Trust Company, National Association, a national banking association, as Paying Agent, Registrar and Tender Agent (the "Tender Agent").

1.03 The Paying Agent Agreement. The City and County has appointed the Tender Agent under a Paying Agent Agreement (the "Paying Agent Agreement") dated as of December ___, 2026, by and between the City and County and the Tender Agent, in order to induce the purchase of the Bonds by all who shall at any time and from time to time become Owners of the Bonds, and to provide for the orderly disposition of Bonds so tendered for purchase.

1.04 The Remarketing Agreement. The City and County has appointed the Remarketing Agent under this Remarketing Agreement, in order to provide for the orderly disposition of Bonds so tendered for purchase.

2.01 Obligations Under this Agreement. The Remarketing Agent agrees to the terms of the Bonds and the Bond Certificate insofar as they bear on, and establish rights, duties and obligations of the Remarketing Agent, and to perform the duties of the Remarketing Agent as set forth in the Bonds and the Bond Certificate. The Remarketing Agent shall have no further duties or implied covenants or obligations.

2.02 Remarketing of the Bonds.

(a) The Remarketing Agent shall offer for sale and use its best efforts to sell all Bonds tendered or deemed tendered for purchase under the Bond Certificate.

(b) The Remarketing Agent shall continue to attempt to remarket Bonds, provided that the Tender Agent shall not release for delivery to the Purchaser any Bonds which

have been remarketed unless the Tender Agent has received notice from the Bank that the Standby Bond Purchase Agreement has been reinstated to cover the remarketed Bonds and all other outstanding Bonds.

2.03 Remarketing Agent Not to Act as Underwriter. The Remarketing Agent, in entering into this Remarketing Agreement, is obligated to remarket the Bonds, and from time to time, determine the interest rate with respect to the Bonds, and perform the duties of Remarketing Agent under the Bond Certificate taking into consideration prevailing financial market conditions. The Remarketing Agent shall not, in fulfilling its obligations, act as an underwriter for Bonds and is in no way obligated to advance its own funds to purchase Bonds and shall not be obligated in any manner for the failure to remarket the Bonds. In acting under this Remarketing Agreement, the Remarketing Agent is acting solely in the capacity of Remarketing Agent to the City and county with respect to determination of the interest rates and remarketing of the Bonds, and does not assume any obligation or relationship of agency or trust for or with the Tender Agent or any Owner

2.04 Remarketing Agent's Liability. The Remarketing Agent shall incur no liability to the City and County or any other party for its actions as Remarketing Agent pursuant to the terms of this Remarketing Agreement and of the Bond Certificate except for its gross negligence or willful misconduct and except as otherwise specifically provided in this Remarketing Agreement. The Remarketing Agent will not be liable to the City and County on account of this Remarketing failure of any person to whom the Remarketing Agent has sold a Bond to pay for such Bond or to deliver any document in respect of such sale. The undertaking of the Remarketing Agent to remarket any Bonds pursuant to the Bond Certificate shall be on a "best efforts" basis as defined in the Bond Certificate.

2.05 Conflict Between Bond Certificate and Remarketing Agreement. Any provision contained in this Remarketing Agreement notwithstanding, in the event of a conflict between any provision in this Remarketing Agreement and any provision in the Bond Certificate, the provision in the Bond Certificate shall be controlling.

III. QUALIFICATIONS OF REMARKETING AGENT

3.01 Qualification of Remarketing Agent. The Remarketing Agent, including any successor appointed pursuant to the Bond Certificate or succeeding to the office pursuant to this Remarketing Agreement, shall be a member of the National Association of Securities Dealers, Inc. having a capitalization of at least $50,000,000 and be authorized by law to perform all the duties imposed upon the Remarketing Agent by this Remarketing Agreement and the Bond Certificate. Successor Remarketing Agents may be appointed from time to time as provided in the Bond Certificate.

3.02 Resignation or Removal of Remarketing Agent. The Remarketing Agent may at any time resign and be discharged of the duties and obligations created under this Remarketing Agreement and under the Bond Certificate by giving at least 60 days notice to the City and County, the Bank and the Tender Agent. The Department may remove the Remarketing Agent at any time upon written notice to City and County, the Bank and the Tender Agent. In the event the Remarketing Agent resigns or is removed, the Remarketing Agent shall pay over, assign and deliver any moneys and Bonds held by the Remarketing Agent in such capacity to the Remarketing Agent's successor. No resignation or removal of the Remarketing

Agent shall be effective without a successor Remarketing Agent being appointed and having agreed to serve in that capacity.

3.03 Successor Remarketing Agents. Any corporation or association into which the Remarketing Agent may be converted or merged, or with which the Remarketing Agent may be consolidated, or to which the Remarketing Agent may sell or transfer its marketing business and assets as a whole or substantially as a whole, including the Remarketing Agent's rights and duties under this Remarketing Agreement, shall become successor Remarketing Agent under this Remarketing Agreement and fully vested with all of the rights, powers, trusts, duties and obligations of the Remarketing Agent under this Remarketing Agreement, without the execution or filing of any instrument or any further act.

3.04 Remarketing Agent May Buy, Hold, Sell or Deal in Bonds and Other Indebtedness of the City and County. The Remarketing Agent may in good faith (a) hold any form of indebtedness or any security issued by the City and County, (b) own, accept or negotiate any drafts, bills of exchange, acceptances or obligations thereof, or (c) make disbursements therefor and enter into any commercial or business arrangement therewith; in each case without any liability on the part of the Remarketing Agent for any real or apparent conflict of interest by reason of any such actions.

IV. ADDITIONAL DISCLOSURE

4.01 Disclosure Document. If the Remarketing Agent determines that it is necessary or desirable to use a disclosure statement in connection with its offering of Bonds, including without limitation upon any conversion of the method by which interest on the Bonds is calculated, the Remarketing Agent will notify City and County, and the City and County will provide the Remarketing Agent with a disclosure document reasonably satisfactory to the Remarketing Agent and its counsel in respect of the Bonds, such as the Official Statement delivered with respect to the Bonds and any supplements thereto. The City and County will supply the Remarketing Agent, at the City and County's expense, with such number of copies of the disclosure document as the Remarketing Agent may from time to time reasonably request and will amend the document (and the documents incorporated by reference in it) so that at all times the document will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements in the document, in the light of the circumstances under which they are made, not misleading.

4.02 Further Matters. In connection with the use by the Remarketing Agent in its remarketing of the Bonds of any disclosure document provided by City and County pursuant to Section 4.01 above, City and County will furnish to the Remarketing Agent such certificates, accountants' letters and opinions of counsel as would be customary in a public offering of tax exempt, government issued debt securities underwritten by the Remarketing Agent. In addition, City and County will, at City and County's own expense, take all steps which the Remarketing Agent or its counsel may consider necessary or desirable: (a) to register a sale of the Bonds by the Remarketing Agent under any federal or state securities law or to qualify the Bond Certificate under the Trust Indenture Act of 1939, as amended, provided that the City and County is not required to consent to service of process in any jurisdiction and is not responsible for compliance with or consequences of failure to comply with any such federal or state securities laws, or (b) to enable the Remarketing Agent to establish a "due diligence" defense to any action commenced against the Remarketing Agent in respect of any disclosure document.

V. MISCELLANEOUS

5.01 Amendments.

(a) This Remarketing Agreement may be amended, without notice to or consent of the Owners, by execution of a written amendment of this Remarketing Agreement by the parties to this Remarketing Agreement, with the consent of the City and County. The City and County shall promptly furnish an informational copy of any amendment to this Remarketing Agreement to S&P Global and to Fitch Ratings. A copy of any amendment to this Remarketing Agreement shall be filed with the City and County and the Bank prior to the date on which such amendment is to become effective.

(b) No amendment will be made to the Bond Certificate which affects the Remarketing Agent without the Remarketing Agent's written consent. The City and County shall cause notice of the execution of any Supplemental Bond Certificate to be mailed by certified or registered mail to the Remarketing Agent. If, in the reasonable determination of the Remarketing Agent, any Supplemental Bond Certificate entered into contains provisions which adversely affect the Remarketing Agent and the Remarketing Agent has not consented to such amendment, the Remarketing Agent may resign effective immediately, without the 60 days notice required by Section 3.02 of this Remarketing Agreement, but subject to the last sentence of Section 3.02.

5.02 Term of Remarketing Agreement. This Remarketing Agreement shall remain in full force and effect until such time as the Standby Bond Purchase Agreement expires or is terminated in accordance with its terms (unless an Alternate Credit Facility or Alternate Liquidity Facility has been obtained prior to such expiration) and the Remarketing Agent has fulfilled and satisfied all of its obligations under this Remarketing Agreement and City and County has fulfilled and satisfied all of City and County's obligations under this Remarketing Agreement, but in no event beyond the final maturity date of the Bonds, whereupon following payment of all amounts due under this Remarketing Agreement, this Remarketing Agreement shall terminate.

5.03 Payment of Fees and Expenses. In consideration of the services to be performed by the Remarketing Agent under this Remarketing Agreement, City and County agrees to pay to the Remarketing Agent, in each year in which Bonds are subject to purchase and remarketing during the term of this Remarketing Agreement, an amount equal to five-one hundredths percent (0.05%) per annum of the maximum principal amount of Bonds outstanding during each calendar quarter, in arrears commencing on the date of issuance of the Bonds, and quarterly thereafter beginning January 1, 2027 (for the period from the date of issuance of the Bonds to such date), and, upon the remarketing of any Bonds in a Fixed Mode, an amount mutually agreed upon at the time of such remarketing plus in each case all reasonable expenses and costs of the Remarketing Agent in effecting the remarketing of any Bonds (including, without limitation, the fees and disbursements of its counsel, blue sky filing fees and expenses and the expenses and costs of preparing, printing, photocopying, executing and delivering any disclosure document and all other agreements and documents contemplated hereby and thereby, including amendments, modifications and supplements to any such agreements and documents at any time during the term of this Remarketing Agreement and any expenses incurred in transferring funds). It is understood and agreed that payment of the fees and expenses described

in this Section shall be made by City and County as soon as reasonably practical upon receipt of an invoice therefor from the Remarketing Agent.

5.04 Captions. The captions or headings in this Remarketing Agreement are for convenience of reference only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Remarketing Agreement.

5.05 Governing Law. This Remarketing Agreement shall be governed by and construed in accordance with the laws of the State of Hawaii without regard to its law of conflicts of law.

5.06 Notices. All notices, demands or documents which are required or permitted to be given or served hereunder shall be in writing and sent by first class, registered, or certified mail, postage prepaid, or by hand delivery, or by electronic mail, with a copy to be sent by first class mail addressed as follows:

As to City and County:	City and County of Honolulu Department of Budget and Fiscal Services 530 South King Street, Room 208 Honolulu, HI 96813 Attn. Director of Budget and Fiscal Services Email: andy.kawano@honolulu.gov
As to the Remarketing Agent:	BofA Securities, Inc. 333 South Hope Street, Suite 3820 Los Angeles, CA 90071 Attn: Frank Lauterbur Email: frank.lauterbur@bofa.com
As to the Tender Agent:	U.S. Bank Trust Company, National Association 60 Livingston Avenue St. Paul, MN 55107 Attn: Richard P. Krupske Email: richard.krupske@usbank.com
As to the Bank:	Bank of America. N.A. 555 California Street, Suite 610 San Francisco, CA 94104 Attn.: Grace Barvin Email: grace.barvin@bofa.com

Any such address may be changed from time to time by serving notice to all other parties is above provided. Service of such notice or demand shall be deemed complete on the day of actual delivery or at the expiration of the third day after the date of nailing, whichever is earlier.

5.07 Paragraph Headings. The headings of paragraphs and subparagraphs herein are inserted only for convenience and reference and shall in no way define, intent or describe the scope or intent of any provision of this Remarketing Agreement.

5.08 Successors. This Remarketing Agreement will inure to the benefit; if and be binding upon the parties to this Remarketing Agreement and their-respective successors and no other person with have any right or obligation under this Remarketing Agreement, except the Department as specifically provided in this Remarketing Agreement.

5.09 Severability. In the event any one or more of the provisions of this Remarketing Agreement shall be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Remarketing Agreement, and this Remarketing Agreement shall be construed and enforced as if such illegal or invalid provisions had not been contained herein so as to continue to provide to the parties hereto, and the Department, as the case may be, the benefits hereof.

5.10 Counterparts. This Remarketing Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same instrument.

(The remainder of this page is blank; the signature page follows)

IN WITNESS WHEREOF, the City and County and the Remarketing Agent have caused this Remarketing Agreement to be executed, as of the date first above written.

Approved as to Form:

By: _____
Corporation Counsel

CITY AND COUNTY OF HONOLULU

By: _____
Andrew Kawano
Director of Budget and Fiscal Services

By: _____
Roger Babcock, Jr., Ph.D., P.E.
Director of Environmental Services

BofA SECURITIES, INC., a _____ corporation

By: _____
Name: _____
Its Authorized Signatory

Remarketing Agent

Report Title:
Issuance and Sale of Wastewater System Revenue Bonds, Junior Series 2026; $210,000,000; Series 2026 Bonds; Series 2026 Resolution; Taxable Bonds; Tax Certificate; Department of Budget and Fiscal Services; Department of Environmental Services.

Description:
Recommendation of the adoption of the Resolution authorizing the issuance and sale of a not to exceed principal amount of Wastewater System Revenue Bonds.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.