PRELIMINARY OFFICIAL STATEMENT DATED JUNE 25, 2024

NEW ISSUE
FULL BOOK-ENTRY

RATINGS:
Fitch: AA+
S&P: AA+
(See "Bond 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 2024A Bonds, Series 2024B Bonds, and Series 2024C Bonds (each term as defined below and, collectively, the "Tax-Exempt Bonds") 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 Tax-Exempt Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Tax-Exempt 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 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 is of the further opinion that interest on the Series 2024D Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. 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 Bonds. See "TAX MATTERS" in this Official Statement.

$170,150,000*
CITY AND COUNTY OF HONOLULU
General Obligation Bonds

$117,600,000*
Series 2024A

$18,385,000*
Series 2024B

$9,050,000*
Series 2024C
(Honolulu Rail Transit Project)

$25,115,000*
Series 2024D
(Taxable)

Dated: Date of Delivery **Due: As shown following inside cover**

The City and County of Honolulu General Obligation Bonds, Series 2024A, Series 2024B, Series 2024C (Honolulu Rail Transit Project) and Series 2024D (Taxable) (the "Series 2024A Bonds", the "Series 2024B Bonds", the "Series 2024C Bonds" and the "Series 2024D Bonds", respectively, and collectively, the "Bonds") are being issued by the City and County of Honolulu (excluding the semi-autonomous agencies, currently the Board of Water Supply and the Honolulu Authority for Rapid Transportation) 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 Bonds, purchases of the 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 Bonds will not receive physical delivery of certificates. Payment of the principal of, and premium, if any, and interest on, the 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. Purchases of the Bonds may initially be made in the denomination of $5,000 or any integral multiple thereof.

The Bonds will be dated as of the date of delivery thereof and will mature on the dates and will bear interest at the rates shown following the inside cover. Interest on the Series 2024A Bonds, the Series 2024B Bonds and the Series 2024C Bonds will be payable on January 1 and July 1 of each year, commencing on July 1, 2025, and interest on the Series 2024D Bonds will be payable on January 1 and July 1 of each year, commencing on January 1, 2025. Certain of the Bonds are subject to redemption prior to the stated maturity thereof as described herein.

The Bonds are being issued for the following purposes: (i) to finance capital costs of the City and County of Honolulu and for other public purposes, including improvements to the City and County's H-POWER waste to energy facility; (ii) to purchase equipment; (iii) to finance capital costs of the Rail Transit Project (as defined herein); and (iv) to pay the costs of issuance of the Bonds.

The Bonds are the absolute and unconditional general obligations of the City and County of Honolulu. The principal and interest payments on the Bonds are a first charge on the general fund of the City and County of Honolulu, and the full faith and credit of the City and County of Honolulu are pledged to the punctual payment of such principal and interest. For the payment of the principal of and interest on the Bonds, the City and County of Honolulu has the power and is obligated to levy ad valorem taxes, without limitation as to rate or amount, on all real property subject to taxation by the City and County of Honolulu.

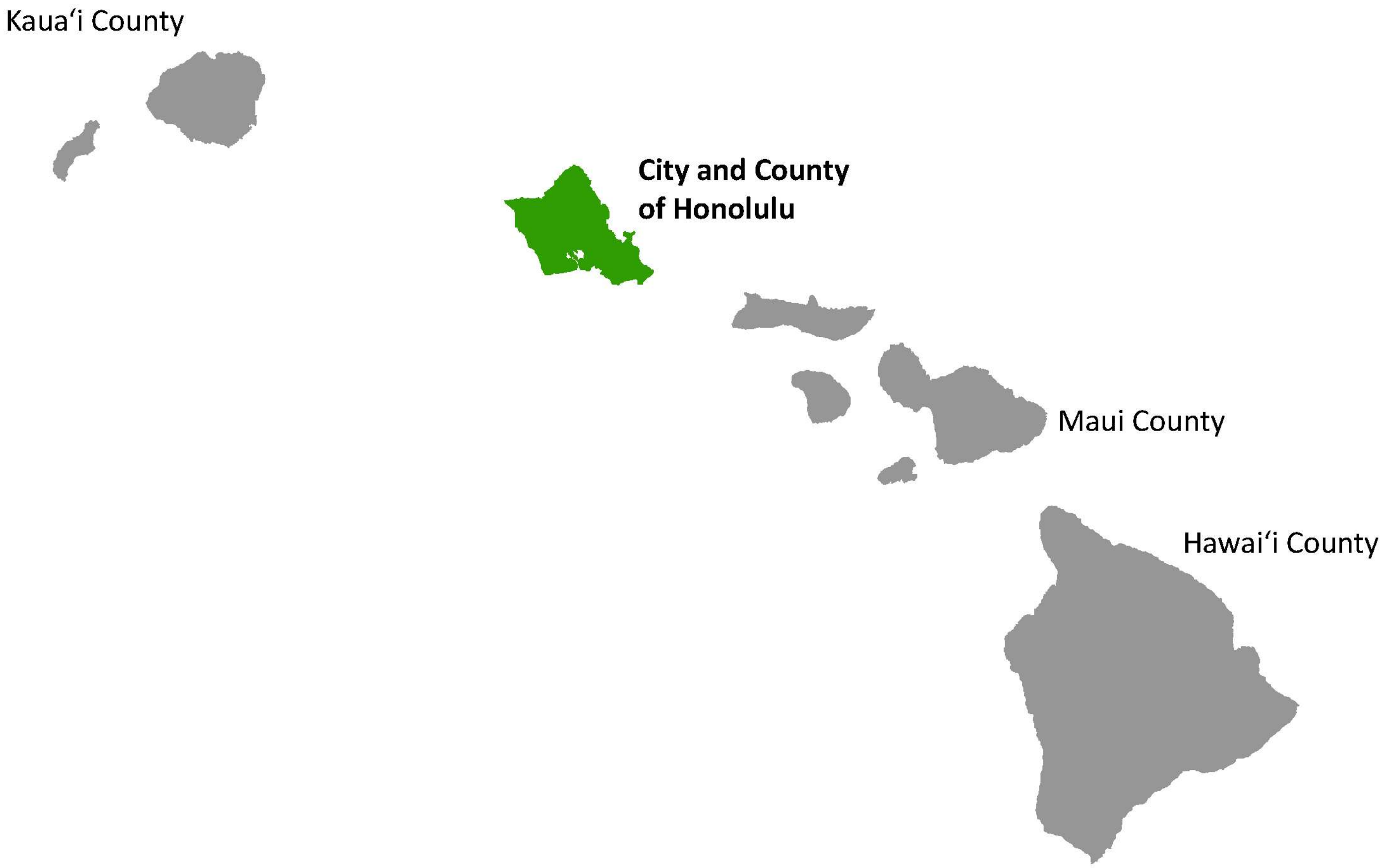
The Bonds are offered when, as and if issued and received by the Underwriters, and are subject to the approval of validity of legal matters by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City and County of Honolulu. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Dentons US LLP, Honolulu, Hawaii, and Katten Muchin Rosenman LLP, New York, New York. It is expected that the Bonds in definitive form will be available for delivery to DTC, in New York, New York, on or about July 24, 2024.

BofA Securities

Morgan Stanley **Raymond James**

July __, 2024

* Preliminary, subject to change.



Kauaʻi County
City and County
of Honolulu
Maui County
Hawaiʻi County

$170,150,000*
CITY AND COUNTY OF HONOLULU
General Obligation Bonds

$117,600,000*
Series 2024A Bonds

Year (July 1)*	Principal Amount*	Interest Rate	Yield	Price	CUSIP† (438687)
2025	$2,420,000				
2026	2,545,000				
2027	2,675,000				
2028	2,815,000				
2029	2,955,000				
2030	3,110,000				
2031	3,270,000				
2032	3,435,000				
2033	3,610,000				
2034	3,795,000				
2035	3,990,000				
2036	4,195,000				
2037	4,410,000				
2038	4,640,000				
2039	4,875,000				
2040	5,125,000				
2041	5,390,000				
2042	5,665,000				
2043	5,955,000				
2044	6,260,000				
2045	6,580,000				
2046	6,920,000				
2047	7,275,000				
2048	7,650,000				
2049	8,040,000				
	$117,600,000				

$18,385,000*
Series 2024B Bonds

Year (July 1)*	Principal Amount*	Interest Rate	Yield	Price	CUSIP† (438687)
2025	$1,915,000				
2026	2,015,000				
2027	2,120,000				
2028	2,225,000				
2029	2,340,000				
2030	2,460,000				
2031	2,590,000				
2032	2,720,000				
	$18,385,000				

* Preliminary, subject to change.
† 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. 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 Underwriters 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 Bonds.

$9,050,000*
Series 2024C Bonds
(Honolulu Rail Transit Project)

Year (July 1)*	Principal Amount*	Interest Rate	Yield	Price	CUSIP† (438687)
2025	$185,000				
2026	195,000				
2027	205,000				
2028	215,000				
2029	230,000				
2030	240,000				
2031	250,000				
2032	265,000				
2033	280,000				
2034	290,000				
2035	305,000				
2036	325,000				
2037	340,000				
2038	355,000				
2039	375,000				
2040	395,000				
2041	415,000				
2042	435,000				
2043	460,000				
2044	480,000				
2045	505,000				
2046	535,000				
2047	560,000				
2048	590,000				
2049	620,000				
	$9,050,000				

$25,115,000*
Series 2024D Bonds (Taxable)

Year (July 1)*	Principal Amount*	Interest Rate	Yield	Price	CUSIP† (438687)
2025	$1,130,000				
2026	1,190,000				
2027	1,250,000				
2028	1,315,000				
2029	1,385,000				
2030	1,460,000				
2031	1,535,000				
2032	1,620,000				
2033	1,710,000				
2034	1,805,000				
2035	1,910,000				
2036	2,015,000				
2037	2,135,000				
2038	2,260,000				
2039	2,395,000				
	$25,115,000				

* Preliminary, subject to change.
† 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. 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 Underwriters 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 Bonds.

City and County of Honolulu

State of Hawaii

(Incorporated 1907)

MAYOR

Rick Blangiardi

CITY COUNCIL

Radiant Cordero

Esther Kiaʻāina

Val A. Okimoto

Tyler Dos Santos-Tam

Calvin K.Y. Say

Augie Tulba

Andria Tupola

Tommy Waters

Matt Weyer

DIRECTOR OF BUDGET AND FISCAL SERVICES

Andrew T. Kawano

CORPORATION COUNSEL

Dana M. O. Viola

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

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

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do 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 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 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 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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OFFICIAL STATEMENT

$170,150,000*
CITY AND COUNTY OF HONOLULU
General Obligation Bonds

$117,600,000*
Series 2024A

$18,385,000*
Series 2024B

$9,050,000*
Series 2024C
(Honolulu Rail Transit Project)

$25,115,000*
Series 2024D (Taxable)

INTRODUCTION

This Official Statement, which includes the cover page and the appendices hereto, is provided for the purpose of presenting certain information relating to the City and County of Honolulu, Hawaii (excluding the semi-autonomous agencies, currently the Board of Water Supply and the Honolulu Authority for Rapid Transportation ("HART")) (the "City and County," the "City," "Honolulu" or "Oahu"), and its $170,150,000* aggregate principal amount of City and County of Honolulu General Obligation Bonds, Series 2024A, Series 2024B, Series 2024C (Honolulu Rail Transit Project) and Series 2024D (Taxable) (the "Series 2024A Bonds", the "Series 2024B Bonds", "Series 2024C Bonds" and the "Series 2024D Bonds", respectively, and collectively, the "Bonds"). The Bonds are anticipated to be delivered on July 24, 2024.

AUTHORITY FOR AND PURPOSE OF ISSUANCE

Authority for Issuance

The Bonds are being issued pursuant to and in full compliance with the Constitution and laws of the State of Hawaii, including Chapter 47, Hawaii Revised Statutes, the Revised Charter of the City and County 1973 (2017 Edition), as amended ("Charter"), and certain authorizing ordinances and resolutions of the City and County. The Bonds are being issued pursuant to Certificates of the Director of Budget and Fiscal Services of the City and County.

Purpose of Issuance

Proceeds of the Bonds will be used to: (i) finance capital costs of the City and County and for other public purposes, including improvements to the City and County's H-POWER waste to energy facility; (ii) to purchase equipment; (iii) to finance capital costs of the Rail Transit Project (as defined herein); and (iv) to pay the costs of issuance of the Bonds.

SOURCES AND USES OF PROCEEDS

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

Sources of Funds:	**Series 2024A Bonds**	**Series 2024B Bonds**	**Series 2024C Bonds**	**Series 2024D Bonds**	**Total**
Par Amount of Bonds					
[Net] Original Issue [Premium/Discount]					
Total Sources of Funds					
Uses of Funds:					
Project Fund					
Costs of Issuance & Additional Proceeds					
Total Uses of Funds					

* Preliminary, subject to change.

THE BONDS

Description of the Bonds

The Bonds will be dated as of the date of delivery thereof, will mature serially on the respective dates and years and in the principal amounts shown following the inside cover page hereof, and will bear interest at the rates per annum shown following the inside cover page hereof (computed on the basis of a 360 day year). Interest on the Series 2024A Bonds, the Series 2024B Bonds and the Series 2024C Bonds will be payable on January 1 and July 1 of each year, commencing on July 1, 2025, and interest on the Series 2024D Bonds will be payable on January 1 and July 1 of each year, commencing on January 1, 2025. Certain of the Bonds will be subject to redemption prior to the stated maturity thereof as described herein.

The Bonds are expected to be available for delivery to The Depository Trust Company ("DTC"), in New York, New York, on or about July 24, 2024. The Bonds, when issued, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds (together with its successors, if any, in such capacity, the "Securities Depository"). So long as the Securities Depository or its nominee is the registered owner of the Bonds, individual purchases of the Bonds will be made in book-entry form only (the "Book-Entry System"), in authorized denominations of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds. Principal of and interest on the Bonds will be paid to the Securities Depository, which will in turn remit such principal and interest to its Participants (as defined in Appendix D), for subsequent distribution to the Beneficial Owners (as defined in Appendix D) of the Bonds. The Bonds may be transferred or exchanged in the manner described in the Bonds and as referenced in accompanying proceedings of the City and County. See Appendix D, "Book-Entry System."

Payment of Bonds

The principal of and interest on the Bonds will be payable in lawful money of the United States of America. The principal of the Bonds shall be payable only at the principal office of the Paying Agent (initially, U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association)), and the payment of the interest on the Bonds shall be made by the Paying Agent on each interest payment date to the person appearing on the Bond Register of the City and County as the registered owner thereof on the applicable record date, by check or draft mailed or otherwise delivered to such registered owner at its address as it appears on such Bond Register. The record date is the fifteenth day before an interest payment date. Payment of the principal of all Bonds shall be made upon the presentation and surrender of such Bonds as the same shall become due and payable. The person in whose name any Bond is registered at the close of business on any record date with respect to any interest payment date shall be entitled to receive the interest payable on such interest payment date notwithstanding the cancellation of such Bond upon any registration of transfer or exchange thereof subsequent to the record date and prior to such interest payment date. So long as the Book-Entry System for the Bonds is in effect, principal of and interest on such Bonds will be paid to the Securities Depository as the registered owner of the Bonds. See Appendix D, "Book-Entry System."

REDEMPTION

Optional Redemption

The Series 2024A Bonds, the Series 2024C Bonds and the Series 2024D Bonds maturing on or after July 1, 20__ are subject to redemption prior to the stated maturity thereof at the option of the City and County on or after July 1, 20__, in whole or in part at any time, from any maturities selected by the City and County (in its sole discretion), at a redemption price equal to 100% of the principal amount of the Series 2024A Bonds, the Series 2024C Bonds and the Series 2024D Bonds or portions thereof to be redeemed plus accrued interest to the date of redemption.

The Series 2024B Bonds are not subject to redemption prior to maturity.

Optional Make Whole Redemption

The Series 2024D Bonds maturing prior to July 1, 20__, are subject to redemption at the option of the City and County, in whole or in part (and if in part in any order of maturity selected by the City and County and within a maturity on a pro-rata basis), on any date at a redemption price equal to the greater of:

(1) 100% of the principal amount of the Series 2024D Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Series 2024D Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2024D Bonds are to be redeemed, discounted to the date on which such Series 2024D Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Comparable Treasury Yield (defined below) plus __ basis points (____%);

Plus, in each case, accrued interest on such Series 2024D Bonds to be redeemed to the redemption date.

For purposes of the foregoing, the following terms have the following meanings:

"Calculation Agent" means a commercial bank or an investment banking institution of national standing that is a primary dealer of United States government securities in the United States and designated by the City and County (which may be one of the institutions that served as an underwriter for the Series 2024D Bonds).

"Comparable Treasury Issue" means the United States Treasury security selected by the Calculation Agent as having a maturity comparable to the remaining term to maturity of the Series 2024D Bonds being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term to maturity of the Series 2024D Bonds being redeemed.

"Comparable Treasury Price" means, with respect to any date on which a Series 2024D Bond or portion thereof is being redeemed, either: (a) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations, and (b) if the Calculation Agent is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations will be the average, as determined by the Calculation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the Calculation Agent, at 5:00 p.m. New York City time on a date selected by the Calculation Agent which is not less than three business days and not more than 20 business days preceding the date fixed for redemption.

"Comparable Treasury Yield" means the yield that represents the weekly average yield to maturity for the preceding week appearing in the most recently published statistical release designated "H.15(519) Selected Interest Rates" under the heading "Treasury Constant Maturities," or any successor publication selected by the Calculation Agent that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity. for the maturity corresponding to the remaining term to maturity of the Bonds being redeemed. The Comparable Treasury Yield will be determined no sooner than the third business day nor earlier than the twentieth calendar day preceding the applicable date fixed for redemption. If the H.15(519) statistical release sets forth a weekly average yield for United States Treasury securities that have a constant maturity that is the same as the remaining term to maturity of the Series 2024D Bonds being redeemed, then the Comparable Treasury Yield will be equal to such weekly average yield. In all other cases, the Comparable Treasury Yield will be calculated by interpolation on a straight-line basis between the weekly average yields on the United States Treasury securities that have a constant maturity: (i) closest to and greater than the remaining term to maturity of the Series 2024D Bonds being redeemed; and (ii) closest to and less than the remaining term to maturity of the Series 2024D Bonds being redeemed. Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward. If, and only if, weekly average yields for United States Treasury securities for the preceding week are not available in the H.15(519) statistical release or any successor publication, then the Comparable Treasury Yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price (each as defined herein) as of the date fixed for redemption.

"Reference Treasury Dealer" means a primary dealer of United States Government securities in the United States (which may be one of the institutions that served as an underwriter for the Series 2024D Bonds) appointed by the City and County and reasonably acceptable to the Calculation Agent.

Selection for Redemption

If less than all of the Series 2024A Bonds, the Series 2024C Bonds or the Series 2024D Bonds are called for redemption, the City and County will designate the maturities from which the Series 2024A Bonds, the Series 2024C Bonds or the Series 2024D Bonds are to be redeemed. For so long as the Series 2024A Bonds, the Series 2024C Bonds or the Series 2024D Bonds are registered in book entry form and DTC or a successor securities depository is the sole registered owner of such the Series 2024A Bonds, the Series 2024C Bonds or the Series 2024D Bonds, if fewer than all of such the Series 2024A Bonds, the Series 2024C Bonds or the Series 2024D Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Series 2024A Bonds, Series 2024C Bonds or Series 2024D Bonds to be redeemed shall be selected: (i) by lot, in the case of any redemption of the Series 2024A Bonds or the Series 2024C Bonds, and (ii) on a pro rata pass through distribution of principal basis in accordance with DTC procedures, in the case of any redemption of the Series 2024D Bonds; provided that, so long as the Series 2024D Bonds are held in book-entry form, the selection for redemption of the Series 2024D Bonds as described above under "Optional Make Whole Redemption" will be made in accordance with the operational arrangements of DTC then in effect, and if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, all Series 2024D Bonds to be so redeemed will be selected for redemption in accordance with DTC procedures by lot; provided further that any such redemption must be performed such that all the Series 2024A Bonds, the Series 2024C Bonds or the Series 2024D Bonds remaining outstanding will be in authorized denominations. See Appendix D, "Book Entry System."

In connection with any repayment of principal of the Series 2024D Bonds, the Paying Agent will direct DTC to make a pass-through distribution of principal to the owners of such Series 2024D Bonds. A form of Pro Rata Pass Through Distribution of Principal Notice will be provided to the Paying Agent that includes a table of factors reflecting the relevant scheduled redemption payments, based on the current schedule of mandatory sinking fund payments, which is subject to change upon certain optional redemptions. and DTC's currently applicable procedures, which are subject to change.

For purposes of calculating pro rata pass-through distributions of principal, "pro rata" means, for any amount of principal or interest to be paid, the application of a fraction to such amounts where (a) the numerator is equal to the amount due to the owners of the relevant Series 2024D Bonds on a payment date and (b) the denominator is equal to the total original par amount of the relevant Series 2024D Bonds.

It is the City and County's intent that redemption allocations made by DTC with respect to the Series 2024D Bonds be made on a pro rata pass-through distribution of principal basis as described above. However, the City and County cannot provide any assurance that DTC, DTC's direct and indirect participants, or any other intermediary will allocate the redemption of the Series 2024D Bonds on such basis.

If the Series 2024A Bonds, the Series 2024C Bonds or the Series 2024D Bonds are not registered in book-entry form and if fewer than all of the Series 2024A Bonds, the Series 2024C Bonds or the Series 2024D Bonds of the same maturity and bearing the same interest rate are to be redeemed, the Series 2024D Bonds of such maturity and bearing such interest rate to be redeemed will be selected on a pro rata basis, and the particular Series 2024A Bonds and Series 2024C Bonds of such maturity and bearing such interest rate to be redeemed will be selected by lot, provided that any such redemption must be performed such that all the Series 2024A Bonds, the Series 2024C Bonds or the Series 2024D Bonds remaining outstanding will be in authorized denominations.

Notice of Redemption

Notice of redemption of any Series 2024A Bonds, Series 2024C Bonds or Series 2024D Bonds will be mailed, at least once not less than thirty (30) days prior to the date fixed for redemption, to the holder in whose name the Series 2024A Bond, the Series 2024C Bond or the Series 2024D Bond is registered upon the Bond Register. The failure of the registered holder to receive such notice by mail or any defect in such notice shall not affect the sufficiency of the proceedings for the redemption of any Series 2024A Bond, Series 2024C Bond or Series 2024D Bond. If a Series 2024A Bond, Series 2024C Bond or Series 2024D Bond is of a denomination in excess of $5,000, portions of the principal sum thereof in amounts of $5,000 or any integral multiple thereof may be redeemed, and if less than all of the principal sum thereof is to be redeemed, in such case, upon the surrender of such Series 2024A Bond, Series 2024C Bond or Series 2024D Bond to the Paying Agent, there shall be issued to the registered holder thereof, without charge therefor, for the then unredeemed balance of the principal sum thereof, Series 2024A Bonds, Series 2024C Bonds or Series 2024D Bonds of like series, maturity and interest rate in any of the authorized denominations.

Any notice of optional redemption may state that such redemption may be conditional upon the receipt by the City and County on the date fixed for redemption of moneys sufficient to pay in full the redemption price of the Series 2024A Bonds, the Series 2024C Bonds or the Series 2024D Bonds proposed to be redeemed. If the notice contains such condition, and moneys sufficient to pay in full the redemption price of the Series 2024A Bonds, the Series 2024C Bonds or the Series 2024D Bonds proposed to be redeemed are not received on or prior to the date fixed for redemption, such notice of redemption shall be null and void and of no force and effect, the City and County shall not redeem or be obligated to redeem any Series 2024A Bonds, Series 2024C Bonds or Series 2024D Bonds, and the Paying Agent at the City and County's direction shall give notice, in the same manner as notice of redemption is given, that moneys sufficient to pay in full the redemption price of the Series 2024A Bonds, the Series 2024C Bonds or the Series 2024D Bonds proposed to be redeemed were not received on or prior to the date fixed for redemption and such redemption did not occur. In the event of any such failure to redeem, all Series 2024A Bonds, Series 2024C Bonds or Series 2024D Bonds surrendered for redemption shall be promptly returned to the holder or holders by the Paying Agent.

If notice of redemption of any Series 2024A Bond, Series 2024C Bond or Series 2024D Bond (or any portion of the principal sum thereof) has been duly given, and if on or before the date fixed for such redemption the City and County has duly made or provided for the payment of the principal sum to be redeemed to the date fixed for such redemption, then such Series 2024A Bond, Series 2024C Bond or Series 2024D Bond (or the portion of the principal sum thereof to be redeemed) shall become due and payable upon such date fixed for redemption and interest thereon shall cease to accrue and become payable from and after the date fixed for such redemption on the principal sum thereof to be redeemed. See Appendix D, "BOOK-ENTRY SYSTEM," for a discussion of the notice of redemption to be given to Beneficial Owners of the Series 2024A Bonds, the Series 2024C Bonds or the Series 2024D Bonds when the Book-Entry System for the Series 2024A Bonds, the Series 2024C Bonds or the Series 2024D Bonds is in effect.

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DEBT SERVICE ON THE BONDS

Set forth below is a schedule of debt service payments required for the Bonds for each fiscal year of the City and County, beginning with the fiscal year ending June 30, 2025.

CITY AND COUNTY OF HONOLULU
General Obligation Bonds,
Series 2024A Bonds, Series 2024B Bonds, Series 2024C Bonds and Series 2024D Bonds

Debt Service Requirements

Fiscal Year Ending June 30,	Principal	Interest	Total
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
Totals:			

SECURITY FOR THE BONDS

Security Provisions

The Constitution and other laws of the State of Hawaii provide that the interest and principal payments on the Bonds shall be a first charge on the General Fund of the City and County. Under such laws, the full faith and credit of the City and County are pledged to the payment of such principal and interest, and for such payment the City Council has the power and is obligated to levy ad valorem taxes without limitation as to rate or amount on all the real property subject to taxation by the City and County.

Outstanding and Expected General Obligation Bonds and Notes

The capital improvement budgets for the fiscal years ended June 30, 1999 through 2024, authorized and appropriated a total of $10,595,573,353 for public improvements to be financed from the proceeds of general obligation bonds or notes. As of March 31, 2024, $5,368,175,719 of general obligation bonds and notes (including reimbursable general obligation bonds) had been issued to finance appropriations for such fiscal years, $2,448,871,644 of such appropriations had lapsed pursuant to the terms of the Revised Charter of the City and County, and $3,995,545,000 of general obligation bonds (excluding the Bonds) are outstanding. It is expected that $2,778,525,990, the balance of such appropriations, will be funded from the proceeds of the Bonds or of other general obligation bond or note issues to be issued in the future.

See "BUDGET PROCESS AND FINANCIAL MANAGEMENT – Budgets and Expenditures" for more information relating to lapsing of capital budget appropriations. See also "DEBT STRUCTURE - Commercial Paper Program" and "DEBT STRUCTURE – Honolulu Rail Transit Project" for a discussion of the City and County's short term commercial paper note program, and reimbursement of certain general obligation bonds issued to finance the Rail Transit Project.

THE CITY AND COUNTY OF HONOLULU

Introduction

Honolulu, the capital and principal city of the State of Hawaii, is located on the Island of Oahu. The City and County of Honolulu includes the entire Island of Oahu and a number of small outlying islands. 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. According to the U.S. Census Bureau, as of July 1, 2023, the resident population of the State was 1,435,138 and that of Oahu was 995,638, approximately 69.4% of the total State 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 for certain additional demographic and economic information with respect to the State and the City and County.

Government and Organization

Introduction. Government in the State of Hawaii is highly centralized. There are only two levels of local government in Hawaii, State government and county government. The State assumes several major functions usually performed by local governments in other jurisdictions. Foremost among these, in terms of cost, are health, education, welfare, and judicial functions. For example, the public schools and public medical facilities in the City and County are administered and funded by the State. The State is also responsible for the operation and maintenance of all airports and harbors. See Appendix A for certain information relating to the State. The City and County provides a broad range of municipal services that are provided by local governments in other states. These services include public safety (police, fire protection, emergency services and public prosecutor), maintenance and repair of certain highways and streets, sanitation, social services, culture and recreation, public improvements, planning and zoning, water supply and general administrative services.

Because there are no separate city or township governments or any special districts in the City and County with taxing powers, there are no overlapping taxes at the local government level. With the exception of real property taxes, the county transient accommodations tax, the public service company tax on certain public utilities, the public utility franchise tax on electric power and light companies and vehicle weight taxes, the State collects all taxes for both itself and the counties. Under the State Constitution, the power to impose real property taxes is reserved exclusively to the counties. The principal taxes imposed by the State are the general excise and use taxes (including the excise tax surcharge collected by the State on behalf of the City and County as described under "CITY AND COUNTY REVENUES – General Fund – Excise and Use Tax"), the State transient accommodations tax (a surcharge on which tax is allocated to the counties as mentioned under "CITY AND COUNTY REVENUES – General Fund – *Allocation of State Transient Accommodation Tax*") and the personal and corporate income taxes. In addition, the State imposes taxes on liquor, tobacco, fuel, insurance premiums, banks and other financial corporations, inheritances, estates and real property transfers.

The City and County of Honolulu was incorporated in 1907. The City and County is governed by the provisions of its Charter and applicable State law.

Mayor and Executive Branch. Under the provisions of and except as otherwise provided in the Charter of the City and County, the executive power of the City and County is vested in and exercised by the Mayor, as chief executive officer. The Department of the Corporation Counsel reports directly to the Mayor, and all other executive departments and agencies of the City and County (excepting the Mayor's office staff and the City and County's semi-autonomous agencies – currently the Board of Water Supply and HART) are supervised by and report directly to the Managing Director as principal administrative aide to the Mayor.

Rick Blangiardi, a retired television executive, was inaugurated as Mayor on January 2, 2021, for a four-year term. The next regular mayoral general election will take place in November 2024. No person may be elected to the office of the Mayor for more than two consecutive full terms. Pursuant to the Charter of the City and County, the Department of Budget and Fiscal Services manages the budget and the finances of the City and County, including debt management. Andrew T. Kawano is the Director of Budget and Fiscal Services.

City Council. Under the provisions of and except as otherwise provided in the Charter of the City and County, the legislative power of the City and County is vested in and exercised by the City Council. The City Council is the policy-making body of the City and County. Its major functions include approval of the budget, establishment of all fees and rates (other than those under the jurisdiction of semi-autonomous agencies) and taxes, appropriation of funds, approval of indebtedness and establishment of community plans and zoning. The City Council is comprised of nine members, each of whom represents a separate council district. Pursuant to Section 16-122 of the City Charter, councilmembers serve for staggered four-year regular terms. The current terms of councilmembers for Council districts II, IV, VI and VIII will expire on January 2, 2027, while the current terms of councilmembers for Council districts I, III, V, VII and IX will expire on January 2, 2025. Section 3-102 of the City Charter provides that "No person shall be elected to the office of councilmember for more than two consecutive four-year terms."

City and County Prosecuting Attorney. Under the provisions of the Charter, the Prosecuting Attorney is elected for a four year term, not to exceed two consecutive full terms. The next regular general election for Prosecuting Attorney will take place in November 2024. The Department of the Prosecuting Attorney prosecutes violations of the Hawaii Penal Code and other criminal statutes and ordinances.

Semi-Autonomous Agencies. The City and County may create, by Charter or ordinance, semi-autonomous agencies with such powers as are granted by the applicable Charter provision or ordinance. Two semi-autonomous agencies have been created by Charter:

- The Board of Water Supply maintains exclusive management and control over the public water system servicing the Island of Oahu. The Board consists of seven members, of which the Chief Engineer of the City Department of Facilities Maintenance and the Director of the State Department of Transportation are ex-officio members, with five other members appointed by the Mayor and confirmed by the City Council.

- HART was created, effective July 1, 2011, to develop a fixed guideway Rail Transit Project for the City and County. Although HART remains responsible for the planning, design, development and construction of the rail system, responsibility for operation and maintenance of the rail system was transferred, pursuant to a Charter amendment approved by the voters in the 2016 general election, to the City and County's Department of Transportation Services, which operates the City and County's bus and Handi-Van services. As provided in Section 17-104 of the City Charter, HART is governed by a ten (10) member Board. The voting membership comprises the Director of the State Department of Transportation, the Director of the City and County's Department of Transportation Services, and six (6) volunteers from the community; three (3) appointed by the Mayor and three (3) appointed by the City Council. The voting members appoint the ninth (9th) voting member to the Board. The Director of the City and County Department of Planning and Permitting is a non-voting ex officio member. Act 1 (First Special Session 2017) additionally provided for four (4) non-voting members; two (2) members appointed by the Senate President and two (2) members appointed by the Speaker of the House. See "DEBT STRUCTURE - Honolulu Rail Transit Project" for certain information regarding HART and the Rail Transit Project.

Recalls, Initiatives and Charter Amendments. The Mayor, Prosecutor and any member of the City Council may be recalled pursuant to petition initiated by the voters in accordance with procedures provided in the Charter of the City and County. Also, voters may propose and adopt ordinances by initiative powers in accordance with procedures set forth in the Charter. Such initiative powers do not extend to any ordinance authorizing or repealing the levy of taxes, the appropriation of moneys, the issuance of bonds, the salaries of City and County employees and officers, or any matters governed by collective bargaining contracts.

Amendments or revisions to the Charter may be initiated by resolution of the City Council or by petition of the voters presented to the City Council. In addition, under the Charter of the City and County, after November 1 of every year ending in "4," a charter commission is appointed. Six members of the charter commission are appointed by the Mayor and six members of the charter commission are appointed by the presiding officer of the City Council, with one member appointed by the Mayor and confirmed by the City Council. Prior to September 1 of the year ending in "6" that immediately follows the appointment of the charter commission, there is a mandatory review of the Charter by the charter commission. No amendments or revisions to the Charter become effective unless approved by a majority of the voters voting thereon at a duly called election.

CITY AND COUNTY REVENUES

The taxes and other revenues discussed below account for substantially all the tax receipts and other revenues of the City and County. All tax receipts are credited to either the General Fund or the Special Revenue Funds of the City and County. The audited financial statements of the revenues and expenditures of these funds for the fiscal year ended June 30, 2023, are accessible from the City and County's website at http://www.honolulu.gov/budget/budget-acfr.html, or may be obtained from the City and County 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. Information on the City and County's website other than the audited financial statements is not part of this Official Statement. See "FINANCIAL INFORMATION AND ACCOUNTING – Financial Statements" for certain financial information based on the City and County's audited financial statements. See also Appendix A for a discussion of certain economic conditions that could potentially impact the City and County's revenues, including conditions relating to the current national and international economic environment.

General Fund

The General Fund is utilized to account for all financial resources except those required to be accounted for in another fund. The sources of revenues of the General Fund are: (i) real property taxation; (ii) licenses and permits; (iii) intergovernmental revenues (including the surcharge on the State transient accommodations tax); (iv) charges for services; (v) fines and forfeits; and (vi) miscellaneous revenues. Real property taxes, which accounted for approximately 76.9% of General Fund revenues for fiscal year 2023, and other sources of revenues are described below. See also the tables under "FINANCIAL INFORMATION AND ACCOUNTING."

Real Property Taxation. Under the State Constitution, all functions, powers and duties relating to taxation of real property reside in the counties. In the case of the City and County of Honolulu, Chapter 8, Revised Ordinances of Honolulu 2021 (the "Tax Ordinance") governs administration, setting of tax rates, assessment and collection of real property tax, including exemption therefrom, dedication of land and appeals. While each county has exclusive authority over real property tax within its jurisdiction, the Hawaii State Association of Counties has recommended uniformity in the methods of assessing real property. In support of such recommendation, the City Council adopted Resolution No. 89-509 on November 8, 1989, but recognized that other provisions of real property tax law need not be uniform.

Under the Tax Ordinance, all real property in the City and County, except as exempted or otherwise taxed, is subject each year to a tax upon the fair market value thereof. Real property in the City and County is classified and taxed as: (1) residential, (2) commercial, (3) industrial, (4) agricultural, (5) vacant agricultural, (6) preservation, (7) hotel and resort, (8) public service, (9) residential A, (10) bed and breakfast home, and (11) transient vacation. In determining the value of real property, consideration is given to its highest and best use, comparable sales, actual and potential use, advantage or disadvantage of factors such as location, accessibility, transportation facilities, availability of water and its cost, easements, zoning, dedication as to usage, and other influences which fairly and reasonably bear upon the question of value. Real property owned by the governments of the United States, the State of Hawaii or the several counties of the State are excluded from taxation, but are taxable when leased to or occupied by a private entity under certain conditions described in the Tax Ordinance. Real property owned and actually and exclusively used for an exempt purpose by hospitals and religious, educational, military, community and charitable organizations are exempt from taxation under certain conditions described in the Tax Ordinance. In addition, real property owned and occupied as a principal residence is exempt from taxation to the extent of $120,000 ($160,000 for persons age 65 and over). The City and County increased the property tax exemption from $100,000 to $120,000 and from $140,000 to $160,000 for individuals aged 65 and up on June 30, 2023. The estimated cost to the City and County of the increased exemption was expected to be $10.6 million. In lieu of taxing the real property of public service companies, the City and County collects a public service company tax on the gross income of such companies allocable to operations within the City and County, as discussed below under "Public Service Company Tax."

Under the Tax Ordinance, real property tax relief is provided in the form of a real property tax credit to homeowners whose combined income of all title holders of the property does not exceed $80,000. Currently, qualified homeowners' taxes are limited to 3% of the combined income of all title holders of the property. The City and County raised the income threshold to receive a property tax credit from $60,000 to $80,000 on June 30, 2023. The estimated cost of this increase to the City and County is unknown as the City and County does not maintain income information in its database. Homeowners must apply for the tax credit by September 30 preceding the tax year in which a credit is being sought thereby providing the City and County time to make allowances for the credits in its budget.

As noted above, real property owned by the federal government generally is excluded from taxation. This exclusion applies to all military housing located within a military base. In lieu of taxing such property, the City and County collects an annual contribution of approximately $50 for each dwelling located on a military base. The City and County also applies a 20% discount to the assessed fair market value of military housing situated on federal property located outside a military base and subject to government-imposed restrictions on the use of the property.

Additionally, to encourage agriculture, land dedicated to a specific agricultural use or as vacant agricultural land is classified as agricultural or vacant agricultural, respectively. Dedicated land is assessed based on the term of the dedication period. Land dedicated for a specific agricultural use for five years is assessed at 3% of its fair market value and for ten years at 1%. Land dedicated for pasture use for a period of five or ten years is assessed at 1% of its fair market value. Vacant agricultural land dedications must be for ten years and are assessed at 50% of their fair market value.

Under the State Constitution, the City and County is permitted to adjust its real property tax rates upward or downward annually with City Council approval. In the past, the City and County has at times increased the tax rates applicable to certain classes of real property when needed to produce sufficient revenues to support its budgeted expenditures.

On June 5, 2024, the City Council adopted Resolution 24-61, setting tax rates for the various general classes of real property for fiscal year 2024-2025. The corresponding City Council Bill 15(2024) was introduced in March 2024 and is pending adoption. If adopted, the fiscal year 2024-2025 tax rate for the Residential class is $3.50 per $1,000 of net taxable real property. The Residential A class is divided into two tiers, with Tier 1 taxed at $4.00 per $1,000 of net taxable real property up to $1,000,000, and Tier 2 taxed at $11.40 per $1,000 of net taxable real property in excess of $1,000,000. The fiscal year 2024-2025 tax rate for the Hotel and Resort class is $13.90 per $1,000 of net taxable real property. The fiscal year 2024-2025 tax rate for properties classified as Commercial or Industrial is $12.40 per $1,000 of net taxable real property. The fiscal year 2024-2025 tax rate for the bed and breakfast home class is $6.50 per $1,000 of net taxable real property. If City Council Bill 15(2024) is adopted, effective with the Fiscal Year ending June 30, 2025, a new classification for Transient Vacation will be added and will apply to certain transient vacation property. The Transient Vacation classification will be split into two tiers based on the valuation of the property. The Tier 1 tax rate will apply to the net taxable value of the property up to $800,000 and the Tier 2 tax rate will apply to the net taxable value of property in excess of $800,000. The Transient Vacation Tier 1 tax rate will be $9.00 per $1,000 of net taxable real property and the Tier 2 tax rate will be $11.50 per $1,000 of net taxable real property.

From time to time, proposed ordinances to amend the City and County's real property tax laws are introduced in City Council for consideration. Certain of these proposed amendments, if enacted, could have the effect of reducing the real property tax revenues of the City and County. It is not possible to predict whether or in what form any such proposals may be enacted, or the potential effects of such proposals, if enacted, on the real property tax revenues of the City and County.

The assessed valuation of real property in the City and County for fiscal years 2024 and 2025 is shown in Table 1 below, with the valuation of governmentally owned real property excluded from both the gross assessed valuation and the exemption valuation. Table 2 shows the net taxable values and applicable tax rates for each class of property for fiscal years 2021 through 2025.

Table 1

ASSESSED VALUATION OF REAL PROPERTY[(1)]
Fiscal Years 2024 and 2025
(values in thousands)

	2024	2025
Gross assessed valuation	$343,065,354	$346,361,866
Less exemption valuation	(40,733,270)	(44,688,244)
Assessor's net taxable value	302,332,084	301,673,622
Less 50% of valuations on appeal	(1,830,111)	(1,499,641)
Net assessed valuation for rate purposes	$300,501,973	$300,173,981

[(1)] *At 100% of fair market value.*

Table 2

REAL PROPERTY NET ASSESSED VALUES BY CLASSIFICATION AND TAX RATES
Fiscal Years 2021–2025
(values in thousands)

	2021		2022		2023		2024		2025	
Classification	**Value**	**Rate**	**Value**	**Rate**	**Value**	**Rate**	**Value**	**Rate**	**Value**	**Rate**[1]
Residential	$165,572,576	$ 3.50	$166,173,890	$ 3.50	$181,289,316	$ 3.50	$197,803,526	$ 3.50	$196,545,261	3.50
Hotel and Resort	17,074,878	13.90	13,921,018	13.90	14,577,690	13.90	17,603,467	13.90	17,400,654	13.90
Commercial	22,521,578	12.40	22,447,994	12.40	22,682,496	12.40	23,446,116	12.40	24,322,400	12.40
Industrial	12,642,471	12.40	12,701,179	12.40	12,922,230	12.40	14,356,571	12.40	14,254,167	12.40
Agricultural	1,149,524	5.70	1,247,210	5.70	1,307,093	5.70	1,394,616	5.70	1,524,607	5.70
Vacant Agricultural	45,342	8.50	58,415	8.50	47,653	8.50	43,193	8.50	37,293	8.80
Preservation	534,138	5.70	457,033	5.70	454,521	5.70	471,298	5.70	510,649	5.70
Public Service[2]	135	--	--	--	--	--	--	--		
Residential A[3]										
Tier 1	13,978,008	4.50	14,052,292	4.50	20,217,855	4.50	29,223,862	4.50	27,421,651	4.00
Tier 2	9,112,719	10.50	9,063,131	10.50	11,963,663	10.50	16,159,324	10.50	16,438,369	11.40
Transient Vacation[4]										
Tier 1	--	--	--	--	--	--	--	--	1,237,463	9.00
Tier 2	--	--	--	--	--	--	--	--	409,845	11.50
Bed and Breakfast Home[5]	--	--	--	6.50	--	6.50	--	6.50	71,622	6.50
Total All Classes	$242,631,369		$240,122,162		$265,462,517		$300,501,973		$300,173,981	

(1) *Based on rates effective for fiscal year 2025, which is currently under City Council discussion and pending Mayor's approval.*
(2) *The Public Service Company Tax classification of property was established in the fiscal year ended June 30, 2002, but the City and County does not currently tax property in this category.*
(3) *Effective with the fiscal year ended June 30, 2015, Ordinance 13-33 created a new classification, Residential A, which applies to certain residential property valued at $1 million or more which is not subject to a current home exemption. On June 6, 2018, the City Council adopted Resolution 18-62, setting tax rates for the various general classes of real property for fiscal year 2018, and dividing the Residential A class into two tiers, with Tier 1 taxed at $4.50 per $1,000 of net taxable real property and Tier 2 taxed at $9.00 per $1,000 of net taxable real property. On June 5, 2019, the City Council adopted Resolution 19-55, setting tax rates for the various classes of real property for fiscal year 2020, and increasing the Hotel and Resort rate to $13.90 and increasing Residential A class Tier 2 rate to $10.50 per $1,000 of net taxable real property (Tier 1 remains the same rate at $4.50 per $1,000 of net taxable real property.). On June 7, 2023, the City Council adopted Resolution 23-33, setting tax rates for the various general classes of real property for Fiscal Year 2025, and decreasing the Residential A class Tier 1 to $4.00 per $1,000 of net taxable real property and increasing Tier 2 to $11.40 per $1,000 of net taxable real property.*
(4) *Effective with the Fiscal Year ending June 30, 2025, Ordinance 23-5 created a new classification, Transient Vacation, which applies to certain transient vacation property, which has two tiers based on the valuation of the property. Tier 1 tax rate of $9.00 per $1,000 applies to the net taxable value of the property up to $800,000, and Tier 2 tax rate of $11.50 per $1,000 applies to the net taxable value of property in excess of $800,000. The tax rates are currently under City Council discussion.*
(5) *Class authorized effective October 1, 2020.*

Assessments are determined as of October 1 preceding each year. Notices of assessments are sent to taxpayers on or prior to December 15 preceding each year. Prior to the following January 15, taxpayers may appeal such assessments on the grounds that the assessed value of the property in question exceeds its market value by more than 10%, that an exemption was improperly denied or that the assessment was otherwise contrary to law. Appeals are heard by the City and County's Boards of Review or the State Tax Appeals Court. The City and County manages its property tax appeals to mitigate financial risk with mandatory reserves for 50% of the contested amounts.

Subject to the foregoing right to appeal, real property taxes are levied on July 1 and a lien for real property taxes attaches on that date. Real property taxes are billed on July 20 of each year based on assessed valuations as of the previous October 1, and are due in two equal installments on the following August 20 and February 20. Real property taxes receivable as of June 30 of each year are deemed delinquent and amounts which are not collected within sixty days of the end of the fiscal year are reported as deferred revenue.

Annual assessments, levies and average tax rates and collection percentages for the fiscal years ending June 30, 2021 to 2025 are shown in the table below. Over the past five years, the City and County's uncollectible real property tax write-offs continued to be exceptionally low at 0.01%. The current fiscal year 2024's delinquency rate is not higher than normal.

Table 3

STATEMENT OF REAL PROPERTY TAX LEVIES AND COLLECTIONS SHOWING ASSESSED VALUATIONS AND TAX RATES
Fiscal Years 2021 – 2025
(values in thousands)

Fiscal Year	Net Valuation for Tax Rate Purposes[1]	Weighted Average Tax Rate Per $1,000	Amount of Levies	Percent of Collections to Levy[2]
2021	$242,631,369	5.86	1,421,446	97.9%
2022	240,122,162	5.75	1,379,569	110.1%
2023	265,462,517	5.66	1,505,686	N/A
2024	300,501,973	5.71	1,717,937	N/A
2025	300,173,981	5.72	1,717,594	N/A

(1) *At 100% of fair market value.*
(2) *Collections within fiscal year of levy.*

The following two tables identify the ten largest real property taxpayers in the City and County for the fiscal year 2023-2024. Table 4 lists the taxpayers according to the assessed value of their real property, and Table 5 lists the taxpayers according to the amount of tax levied on such property.

Table 4

TEN LARGEST REAL PROPERTY TAXPAYERS[1] BY ASSESSED VALUE
Fiscal Year 2023 - 2024

Taxpayer[2]	Type of Business	Gross Assessed Valuation[3]	% of Total Assessed Valuation
Hilton, et al.	Hotel/Resort	$2,368,650,400	0.79%
Bishop Estate	Educational Trust Estate	2,273,468,100	0.76
Kyo-Ya Company	Hotel/Resort	2,228,738,800	0.74
Brookfield Property Partners [4]	Real Estate Investment	2,174,713,000	0.72
Disney	Hotel/Resort	1,348,228,800	0.45
Outrigger Enterprises Group	Hotel/Resort	1,207,159,100	0.40
A & B Properties Inc.	Real Estate Investment	1,027,958,800	0.34
Maps Waikiki Hotel LLC	Hotel/Resort	645,572,200	0.21
Halekulani Corp	Hotel/Resort	641,296,500	0.21
W2005 WKI Realty LLC	Hotel/Resort	564,671,500	0.19
		$14,480,457,200	4.81%

(1) *Excludes property owned by governmental entities.*
(2) *Taxpayer's name as recorded on real property tax records.*
(3) *Assessed valuation as of October 1, 2022 at 100% of market value.*
(4) *Formerly General Growth Properties.*

Table 5

TEN LARGEST REAL PROPERTY TAXPAYERS [1] BY AMOUNT OF TAX LEVIED Fiscal Year 2023 - 2024

Taxpayer[2]	Type of Business	Amount of Tax Levied[3]	% of Total Amount Levied
Hilton, et al.	Hotel/Resort	$ 32,925,734	1.92%
Kyo-Ya Company	Hotel/Resort	30,971,153	1.80
Brookfield Property Partners [4]	Real Estate Investment	26,911,841	1.57
Bishop Estate	Educational Trust Estate	18,817,482	1.10
Outrigger Enterprises Group	Hotel/Resort	16,613,235	0.97
A & B Properties Inc.	Real Estate Investment	12,243,070	0.71
Disney	Hotel/Resort	9,370,291	0.55
Maps Waikiki Hotel LLC	Hotel/Resort	8,973,454	0.52
Halekulani Corp.	Hotel/Resort	8,900,341	0.52
W2005 WKI Realty LLC	Hotel/Resort	7,848,934	0.46
		$173,575,535	10.12%

(1) *Excludes property owned by governmental entities.*
(2) *Taxpayer's name as recorded on real property tax records.*
(3) *Tax levied as of July 2023.*
(4) *Formerly General Growth Properties.*

Transient Accommodations Tax. The State transient accommodations tax ("TAT") is levied under HRS Chapter 237D on the furnishing of a room, apartment, suite or the like customarily occupied by the transient for less than 180 consecutive days for each letting by a hotel, apartment, motel, condominium property regime or cooperative apartment, rooming house or other place in which lodgings are regularly furnished to transients for consideration, including the fair market rental value of time share vacation units and the gross receipts of transient accommodations brokers, travel agents and tour packagers. The State's TAT rate for Honolulu is currently fixed at 10.25%, through December 31, 2030, at which point it is scheduled to revert to 9.25%. Revenue generated from this 1% surcharge through December 31, 2030, has been and will continue to be deposited to a mass transit special fund to help pay for construction of the Rail Transit Project. See "DEBT STRUCTURE – Honolulu Rail Transit Project." All other TAT revenues are distributed annually by statute in the following order of priority, with the excess to be deposited into the general fund of the State: (1) $1.5 million is distributed to the Turtle Bay conservation easement special fund, (2) $16.5 million is distributed to the convention center enterprise special fund, and (3) $79 million is distributed to the tourism special fund. Prior to the start of the COVID-19 pandemic up to $103 million was formerly distributed to the counties. The City and County's former share was 44.1% of the State's TAT revenues distributed to the counties.

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The following presents the City and County's allocable share of the transient accommodations tax and the percentage of General Fund revenues represented by this tax for the five fiscal years ended June 30, 2019 through 2023:

Table 6

TRANSIENT ACCOMMODATIONS TAX
Fiscal Years 2019 – 2023

Fiscal Year (Ended June 30)	Allocable Share[1] (Dollars in Millions)	Percent of General Fund Revenues[2]
2019	$45.4	3.1%
2020	37.9	2.3
2021[3]	0.0	0.0
2022[4]	40.2	2.6
2023	62.4	3.5

(1) Represents the City and County's share of total transient accommodations tax revenues collected by the State and the City
(2) Represents the City and County's share of total transient accommodations tax revenues as a percentage of its General Fund revenues.
(3) This variance is a result of the State repealing the allocation of the TAT to the counties as a result of the pandemic's effect on tourism.
(4) Revenue collections resumed in December 2021.

On March 4, 2020, the Governor of the State of Hawaii issued a Proclamation and Executive Orders related to the COVID-19 Emergency. The Governor's emergency orders suspended distribution of the counties' allocated share of the State transient accommodations tax for the duration of the COVID-19 pandemic, but not the collections, if any, of the 1% surcharge, as set forth above. With the significant decline in tourism, the State of Hawaii did not distribute the full $103 million of State TAT revenue to the counties in fiscal year 2020, as it had in prior fiscal years. In fiscal year 2020, the City and County of Honolulu's allocated share was $37.9 million. The suspension precluded any distribution of this revenue to the counties in fiscal year 2021. The State Legislature in its 2021 regular session approved HB 862 abolishing the counties' allocated share of the State's transient accommodations tax effective July 1, 2021, and authorizing the counties to impose a county transient accommodations tax of up to 3% of gross rental proceeds. On July 6, 2021, Governor Ige vetoed HB 862, and the Legislature promptly overrode the Governor's veto.

On December 1, 2021, the Honolulu City Council passed and on December 14, 2021, Mayor Blangiardi approved Ordinance 21-33 that authorized the immediate implementation of a county transient accommodations tax ("Oahu TAT") of three percent on the same furnishing of a room customarily occupied by a transient as subject to the State TAT. For the first two years the ordinance allocates 66.7% of Oahu TAT revenue to the general fund (including 58.33% for the general fund and 8.34% for a natural resources account within the general fund), and, 33.33% to the Rail Transit Project. After the first two years the Rail Transit Project's share will increase to 50%, at the expense of the general fund's share, which will be reduced to 50% (including 41.66% for the general fund and 8.34% for the natural resources account within the general fund). Monies deposited into the natural resources account shall be used to supplement, not supplant funds regularly appropriated to mitigate the impact of visitors on public facilities and natural resources, including restoration, operation and maintenance of beaches and parks. The City has budgeted for $94 million in Oahu TAT annual collections for fiscal year 2024.

General Excise and Use Tax. Under Chapter 237, Hawaii Revised Statutes, the State imposes on businesses a general excise and use tax equal to 4.0% of their taxable income derived from business activity in the State. Section 46-16.8, Hawaii Revised Statutes, permits counties with a population greater than five hundred thousand to impose a 0.5% surcharge (to be collected and distributed by the State) (the "GET Surcharge") on the taxable income to fund a locally preferred alternative for a mass transit project. Effective January 1, 2007, the City and County imposed the GET Surcharge on all Oahu business activity subject to general excise and use tax. This surcharge is currently scheduled to expire on December 31, 2030. Effective September 2017, the State lowered the administrative fee to 1% of gross surcharge revenues; prior to September 2017 the administrative fee charged by the State was 10%. Proceeds of the GET Surcharge are being applied to build the Rail Transit Project. See "DEBT STRUCTURE – Honolulu Rail Transit Project" for additional information concerning the proposed transit system, including information concerning anticipated cost increases. For the fiscal years ended June 30, 2022 and June 30, 2023, the City and County received $289.1 million and $322.7 million, respectively, from the GET Surcharge, net of an administrative fee charged by the State. The suspension of normal business activity and imposition of a quarantine for incoming visitors has resulted in a significant decline in tourism in particular and business activity in general, and a decline in the corresponding tax revenues in fiscal year 2021. Business activity in general, and tourism in particular, have rebounded in fiscal year 2022, fiscal year 2023 and fiscal year 2024 to date.

Public Service Company Tax. Under Chapter 239, Hawaii Revised Statutes, if a county exempts real property owned or leased (if the lessee is required to pay any real property taxes) by a public service company from real property taxes, the county is entitled to collect a public service company tax on the gross income of the company allocable to operations within that county. The public service company tax is imposed at rates between 1.885% and 4.2%, based on the ratio between each company's net income and gross income. Currently, the City and County does not tax the real property of public service companies, and it received approximately $37.3 million and $44.9 million of public service company tax revenues in the fiscal years ended June 30, 2022 and June 30, 2023, respectively.

Other Revenues. In addition to the real property tax revenues, county transient accommodations tax revenues, the State transient accommodation tax surcharge, the excise and use tax surcharge, fuel tax and the public service company tax, the City and County receives revenues from State and federal grants, sales of licenses and permits, rentals of City and County-owned property and charges for services.

Special Revenue Funds

The Special Revenue Funds are utilized to account for the revenues derived from a specific source (other than special assessments) or which are applied to finance specified activities as required by law or administrative regulation. The primary sources of revenues of the Special Revenue Funds are outlined below.

***Vehicle Weight Tax**.* Under Section 249-2, Hawaii Revised Statutes, the counties are authorized to impose an annual tax on the net weight of all vehicles used on the public highways. In accordance with Section 249-13, Hawaii Revised Statutes, the City and County currently imposes taxes between 7.0 cents per pound and 7.5 cents per pound, depending on the type of vehicle, with a minimum tax of $12.00 per vehicle. Under State law, the counties collect the vehicle weight tax in connection with their vehicle registration and licensing function. The proceeds from the county vehicle weight tax are restricted by Section 249-18, Hawaii Revised Statutes, to highway and related expenditures in the City and County, including $500,000 for police purposes. In the fiscal years ended June 30, 2022 and June 30, 2023, the City and County collected $188.6 million and $187.6 million of vehicle weight taxes, respectively.

County Fuel Tax. The City and County fuel tax, authorized by Sections 243-4 and 243-5, Hawaii Revised Statutes, is imposed on liquid fuels sold or used within its jurisdiction, except that it does not apply to aviation fuel; and it is imposed only on that portion of diesel fuel used on the public highways. Pursuant to Resolution No. 89-92, adopted by the City Council on May 24, 1989, the fuel tax for the City and County was increased from 11.5 cents per gallon to 16.5 cents per gallon, effective July 1, 1989. The proceeds from the fuel tax are limited by Section 243-6, Hawaii Revised Statutes, to expenditures for such purposes as designing, constructing, repairing and maintaining highways, roads and streets, highway tunnel and bridges, street lights and storm drains, and for functions connected with county traffic control and safety. In the fiscal years ended June 30, 2022 and June 30, 2023, the City and County's fuel tax collections totaled $45.4 million and $45.5 million, respectively.

Public Utilities Franchise Tax. Section 240-1, Hawaii Revised Statutes, requires all electric power companies and gas companies operating as public utilities to pay the county in which business is conducted a tax equal to 2½% of the companies' gross receipts for sales in such county, unless such county in its charters with such utilities has agreed to a lower rate of tax. The rate for such tax in the City and County is the full 2½% for all such utilities. In the fiscal years ended June 30, 2022 and June 30, 2023, the City and County collected $44.6 million and $44.9 million of such taxes, respectively.

Certain Recent Legislative Proposals

In recent years, certain legislative proposals have been introduced in the State Legislature from time to time to reduce projected shortfalls in the State's operating budget or to fund certain governmental purposes by requiring that collections of real property taxes otherwise due to the City and County be retained by or transferred to the State. The City and County cannot predict whether or in what form any legislative proposals affecting the City and County's tax revenues may be enacted into law in the future. The enactment of any such legislation could have a material adverse impact on the City and County's future receipt of tax revenues affected thereby. However, the power to levy and collect real property taxes (which accounted for approximately 76.9% of the City and County's General Fund revenues in fiscal year 2023) is conferred on the counties by the State Constitution, and an amendment to the State Constitution to authorize State collection or use of real property tax revenues must precede any such legislation.

Revenues and Expenditures

The following table presents the General Fund revenues and expenditures, including transfers out for debt service, mass transit subsidy and other purposes, and transfers in for recovery of debt service and other purposes, in fiscal years 2019 through 2023.

Table 7

GENERAL FUND REVENUES AND EXPENDITURES, INCLUDING TRANSFERS
(Dollars in Millions)
Fiscal Years 2019 – 2023

Fiscal Year	Revenues	Expenditures
2019	$1,668.6	$1,628.7
2020	1,805.1	1,730.8
2021	1,786.0	1,817.2
2022	1,751.5	1,805.9
2023	1,984.7	1,864.5

DEBT STRUCTURE

Legal Requirements

Debt Limit. The creation of general debt by the counties in the State of Hawaii is governed by the State Constitution, applicable provisions of the Hawaii Revised Statutes, and further in the case of the City and County, by the Revised Charter of the City and County.

The State Constitution provides that the funded debt of each county that is outstanding and unpaid at any time may not exceed 15% of the net assessed valuation for tax rate purposes of real property in such county, as determined by the last tax assessment rolls pursuant to law.

Pursuant to a resolution enacted by the City Council in 1996, the City and County has adopted debt and financial policies, which have been amended periodically, including the establishment of a contingency reserve, a limitation on debt service as a percentage of General Fund revenues and a limitation on variable rate debt. The most recent amendment, Resolution 06-222, replaced the long-term contingency reserve "rainy day fund" with a reserve for fiscal stability fund that more clearly defines the permitted uses of the fund. See "BUDGET PROCESS AND FINANCIAL MANAGEMENT – Reserve for Fiscal Stability Fund" herein.

Debt Structure and Security. The State Constitution provides that all general obligation bonds with a term of more than two years shall be in serial form maturing in substantially equal installments of principal, or maturing in substantially equal installments of both principal and interest, the first installment of principal to mature not later than five years from the date of issue of such series, and the last installment not later than twenty-five years from the date of such issue; provided that the last installment on general obligation bonds sold to the federal government, on reimbursable general obligation bonds, and on bonds constituting instruments of indebtedness under which a county incurs a contingent liability as a guarantor shall mature not later than thirty-five years from the date of issue of such bonds.

Chapter 47, Hawaii Revised Statutes, is the general law for the issuance of general obligation bonds of the counties, and sets forth the provisions relating to the issuance and sale of general obligation bonds, including details such as method of authorization, maximum maturities, maximum interest rates, denominations, method of sale, form and execution of such bonds and terms of redemptions and refundings.

The Revised Charter of the City and County provides that the City Council, by the affirmative vote of at least two-thirds of its entire membership, may authorize the issuance of general obligation bonds not to exceed the amount and only for the purposes prescribed by the State Constitution. The authorization is enacted in the form of an ordinance.

The State Constitution provides that the interest and principal payments on general obligation bonds shall be a first charge on the general fund of the county issuing such bonds.

Exclusions. In determining the funded debt of a county, the Constitution provides for the following exclusions:

1. Bonds that have matured, or that mature in the then current fiscal year, or that have been irrevocably called for redemption and the redemption date has occurred or will occur in the then fiscal year, or for the full payment of which moneys or securities have been irrevocably set aside.

2. Revenue bonds, if the issuer thereof is obligated by law to impose rates, rentals and charges for the use and services of the public undertaking, improvement or system or the benefits of a loan program or a loan thereunder or to impose a user tax, or to impose a combination of rates, rentals and charges and user tax, as the case may be, sufficient to pay the cost of operation, maintenance and repair, if any, of the public undertaking, improvement or system or the cost of maintaining a loan program or a loan thereunder and the required payments of the principal of and interest on all revenue bonds issued for the public undertaking, improvement or system or loan program, and if the issuer is obligated to deposit such revenues or tax or a combination of both into a special fund and apply the same to such payments in the amount necessary therefor.

3. Special purpose revenue bonds, if the issuer thereof is required by law to contract with a person obligating such person to make rental or other payments to the issuer in an amount at least sufficient to make the required payment of the principal of and interest on such special purpose revenue bonds.

4. Bonds issued under special improvement statutes when the only security for such bonds is the properties benefited or improved or the assessments thereon.

5. General obligation bonds issued for assessable improvements, but only to the extent that reimbursements to the general fund for the principal and interest on such bonds are in fact made from assessment collections available therefor.

6. Reimbursable general obligation bonds issued for a public undertaking, improvement or system but only to the extent that reimbursements to the general fund for the principal and interest on such bonds are in fact made from the net revenue, or net user tax receipts, or combination of both, as determined for the immediately preceding fiscal year.

7. Reimbursable general obligation bonds issued by the State for a county, whether issued before or after November 7, 1978 (the date of ratification of the Constitutional amendments), but only for as long as reimbursement by the county to the State for the payment of principal and

interest on such bonds is required by law; provided that in the case of bonds issued after the aforementioned date, the consent of the governing body of the county has first been obtained; and provided further that during the period that such bonds are excluded by the State, the principal amount then outstanding shall be included within the funded debt of such county.

8. Bonds constituting instruments of indebtedness under which the county incurs a contingent liability as a guarantor, but only to the extent the principal amount of such bonds does not exceed 7% of the principal amount of outstanding general obligation bonds not otherwise excluded herein; provided that the county shall establish and maintain a reserve in an amount in reasonable proportion to the outstanding loans guaranteed by the county as provided by law.

9. Bonds issued by the county to meet appropriations for any fiscal period in anticipation of the collection of revenues for such period or to meet casual deficits or failures of revenue, if required to be paid within one year.

Funded Debt and Debt Margin

Under State law, a political subdivision (such as the City and County) is required annually, as of each July 1, and upon each issuance to determine and certify the amount of its funded debt and exclusions therefrom. Table 8 sets forth the City and County's most recent summary statement of funded debt and exclusions as of April 3, 2024. Set forth in Table 9 is a detailed schedule of all outstanding general obligation funded debt of the City and County as of April 3, 2024. Table 10 provides debt service charges on outstanding general long-term debt of the City and County as of April 3, 2024.

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Table 8

STATEMENT OF FUNDED DEBT
As of April 3, 2024

1. Gross assessed valuation of real property, January 30, 2024			$346,361,865,900
2. Less exempt valuation			44,688,243,600
3. Assessor's net taxable value			301,673,622,300
4. Less valuations on appeal			2,999,282,700
5. Taxpayers' valuation			298,674,339,600
6. Add 50% of valuation on appeal			1,499,641,350
7. Net assessed valuation of real property for rate purposes			$300,173,980,950
8. Limit of funded debt as set by the Constitution of the State of Hawaii			$ 45,026,097,143[1]
9. Funded debt:			
a. General obligation bonds		$3,995,545,000	
b. Revenue bonds		2,691,870,000[2]	
c. Notes payable:			
State of Hawaii		495,723,976	
d. Gross funded indebtedness		$7,183,138,976	
Less exclusions:			
e. Revenue bonds			
Self-supporting Board of Water Supply	$ 412,450,000		
Self-supporting wastewater system	2,279,420,000		
f. General obligation bonds issued for H-Power waste disposal facility	339,435,000		
g General obligation bonds issued for Housing	9,526,754		
h. General obligation bonds issued for solid waste	154,338,302		
i. General obligation bonds issued for wastewater system	309,966		
j. State of Hawaii Revolving Fund loans payable for the Wastewater System	365,101,006		
k. State of Hawaii Revolving Fund loans payable for the Board of Water Supply	130,622,970	3,691,203,998	
l Net funded debt			3,491,934,978
10. Gross limit of additional funded debt			$ 41,534,162,165
11. Less general obligation bonds authorized and unissued:[3]			

Authorizing Ordinance	Total Authorized[4]	Amount Issued	Amount Unissued	
Ordinance No. 98-29	$ 178,425,865	$ 177,199,935	$ 1,225,930	
Ordinance No. 07-26	211,407,834	211,407,834	-	
Ordinance No. 08-14	294,337,000	294,281,790	55,210	
Ordinance No. 09-13	314,281,285	314,281,285	-	
Ordinance No. 10-13	354,760,409	354,613,057	147,352	
Ordinance No. 11-12	176,375,270	176,150,620	224,650	
Ordinance No. 12-21	211,182,316	210,428,098	754,218	
Ordinance No. 13-21	300,692,153	300,605,095	87,058	
Ordinance No. 14-16	330,407,322	328,712,843	1,694,479	
Ordinance No. 15-22	259,681,345	255,679,215	4,002,130	
Resolution No. 17-173[5]	350,000,000	350,000,000	-	
Ordinance No. 16-11	350,138,084	310,917,843	39,220,241	
Ordinance No. 17-26	337,681,666	310,086,090	27,595,576	
Ordinance No. 18-20	507,873,345	339,027,210	168,846,135	
Resolution No. 18-127[5]	209,950,000	209,950,000	-	
Resolution No. 18-132[5]	40,075,000	40,075,000	-	
Ordinance No. 19-10	605,867,495	234,002,840	371,864,655	
Resolution No. 19-141[5]	175,545,000	175,545,000	-	
Resolution No. 19-334[5]	273,460,000	273,460,000	-	
Ordinance No. 20-16	451,468,211	30,001,964	421,466,247	
Ordinance No. 21-16	736,430,125	-	736,430,125	
Resolution No. 21-142[5]	329,785,000	329,785,000	-	
Ordinance No. 22-11	350,497,250	-	350,497,250	
Resolution No. 23-125[5]	141,965,000	141,965,000	-	
Ordinance No. 23-17	654,414,734	-	654,414,734	
	8,146,701,709	5,368,175,719	2,778,525,990	2,778,525,990

12. Net limit of additional funded debt	$ 38,755,636,175

(1) *The limit of the funded debt is set at a sum equal to 15% of the net assessed valuation for tax rate purposes of real property.*
(2) *Does not include revenue bonds issued as a conduit issuer for housing.*
(3) *Amounts shown are as of March 31, 2024.*
(4) *After deducting authorized amounts which have lapsed pursuant to the Charter of the City and County of Honolulu.*
(5) *Honolulu Authority for Rapid Transportation.*

Table 9

GENERAL OBLIGATION FUNDED DEBT OF THE CITY AND COUNTY OF HONOLULU As of April 3, 2024

Direct Debt	Effective Interest Rate	Original Amount of Issue	Maturing Serially From/To	Optional Call Dates	Outstanding
General Obligation Bonds:					
December 15, 2010 Series A[(1)]	3.72842%	151,100,000	12/1/2015-35	Non-callable	39,320,000
August 4, 2011 Series A	4.18832%	141,235,000	8/1/2016-36	8/1/2021	20,360,000
November 20, 2012 Series A	3.19593%	255,050,000	11/1/2017-37	11/1/2022	69,775,000
December 4, 2012 Series C	2.06925%	32,145,000	11/1/2013-27	11/1/2022	9,740,000
April 2, 2015 Series A	3.39016%	379,550,000	10/1/2015-39	10/1/2025	292,610,000
April 2, 2015 Series B	2.79899%	210,480,000	10/1/2018-31	10/1/2025	137,840,000
April 2, 2015 Series C	2.98153%	249,240,000	10/1/2019-33	10/1/2025	184,430,000
April 2, 2015 Series E	3.60112%	22,060,000	10/1/2015-39	Non-callable	15,980,000
October 26, 2016 Series A	2.89193%	96,385,000	10/1/2018-41	10/1/2026	80,305,000
October 26, 2016 Series B	1.38078%	38,540,000	10/1/2017-24	Non-callable	5,665,000
October 26, 2016 Series C	2.48346%	100,065,000	10/1/2021-34	10/1/2026	83,970,000
October 26, 2016 Series D	2.80674%	143,815,000	10/1/2017-34	10/1/2026	95,060,000
September 14, 2017 Series A	3.29119%	181,420,000	9/1/2019-42	9/1/2027	158,895,000
September 14, 2017 Series B	1.50321%	34,475,000	9/1/2018-25	Non-callable	10,175,000
September 14, 2017 Series D	2.65841%	138,440,000	9/1/2022-33	9/1/2027	120,575,000
September 14, 2017 Series E	2.69098%	35,050,000	9/1/2022-34	9/1/2027	30,880,000
September 14, 2017 Series G	3.67074%	20,060,000	9/1/2018-42	Non-callable	16,795,000
September 5, 2018 Series A	3.56130%	231,525,000	9/1/2020-43	9/1/2028	207,855,000
September 5, 2018 Series B	2.24923%	47,160,000	9/1/2019-26	Non-callable	20,405,000
September 5, 2018 Series F	3.75896%	182,340,000	9/1/2021-36	Non-callable	155,375,000
December 10, 2018 CP-Issue A[(2)]	Variable	Not applicable	6/1/2026	Non-callable	52,000,000
January 31, 2019 Series A[(3)]	2.44193%	209,950,000	9/1/2023-30	9/1/2028	188,065,000
January 31, 2019 Series B[(3)(4)]	3.50599%	40,075,000	9/1/2019-43	9/1/2028	35,205,000
August 21, 2019 Series C	2.68418%	198,260,000	8/1/2021-44	8/1/2029	182,905,000
August 21, 2019 Series D	1.20109%	57,870,000	8/1/2020-27	Non-callable	32,515,000
August 21, 2019 Series G	1.26252%	9,225,000	8/1/2023-28	Non-callable	7,800,000
August 21, 2019 Series J	2.02304%	96,970,000	8/1/2022-27	Non-callable	65,855,000
March 5, 2020 Series A[(3)(4)]	2.46489%	21,765,000	9/1/2020-44	3/1/2030	19,575,000
March 5, 2020 Series B[(3)]	1.36259%	273,460,000	3/1/2025-31	3/1/2030	273,460,000
August 5, 2020 Series C	2.45660%	184,110,000	7/1/2021-45	7/1/2030	174,085,000
August 5, 2020 Series D	0.64415%	54,060,000	7/1/2021-28	Non-callable	36,995,000
August 5, 2020 Series E	2.29648%	41,155,000	7/1/2021-45	Non-callable	37,320,000
September 3, 2020 Series F	1.54621%	67,010,000	1/1/2021-35	7/1/2030	57,305,000
August 4, 2021 Series A	2.06415%	169,630,000	7/1/2022-46	7/1/2031	164,460,000
August 4, 2021 Series B	0.63298%	33,270,000	7/1/2022-29	Non-callable	26,675,000
August 4, 2021 Series C	2.50730%	20,055,000	7/1/2022-46	Non-callable	18,905,000
August 4, 2021 Series D[(3)(4)]	1.91784%	42,915,000	7/1/2022-46	7/1/2031	41,175,000
August 4, 2021 Series E[(3)]	0.84947%	329,785,000	3/1/2022-31	Non-callable	329,785,000
August 4, 2022 Series A (Forward Delivery)	1.15823%	147,020,000	11/1/2023-29	Non-callable	129,035,000
August 4, 2022 Series B	3.70141%	75,065,000	7/1/2023-47	7/1/2032	74,935,000
August 4, 2022 Series C	2.28567%	22,390,000	7/1/2023-30	Non-callable	20,455,000
August 24, 2023 Series A	4.07628%	77,330,000	7/1/2024-48	7/1/2033	77,330,000
August 24, 2023 Series B	3.04686%	23,125,000	7/1/2024-31	Non-callable	23,125,000
August 24, 2023 Series C[(3)(4)]	3.99856%	28,605,000	7/1/2024-48	7/1/2033	28,605,000
August 24, 2023 Series D[(3)]	3.05217%	141,965,000	3/1/2024-31	Non-callable	141,965,000
		$5,055,200,000			$3,995,545,000
Notes Payable - State of Hawaii	Various	828,748,926	Various	Non-callable	495,723,976
Total Gross Direct Debt		$5,883,948,926			$4,491,268,976
Less exclusions:					
Bonds issued for solid waste				$154,338,302	
Bonds issued for housing				9,526,754	
Bonds issued for H-Power waste disposal facility				339,435,000	
Bonds issued for wastewater system				309,966	
State of Hawaii Revolving Fund loans payable for the Wastewater System				365,101,006	
State of Hawaii Revolving Fund loans payable for the Board of Water Supply				130,622,970	999,333,998
Net Funded Debt					$3,491,934,978

(1) *Issued as Build America Bonds (BABs). For purposes of this table, the effective interest rate on BABs is shown net of the 35% interest subsidy payable by the U.S. Treasury under the American Recovery and Reinvestment Act of 2009. Beginning on March 1, 2013 federal spending cuts resulting from budget sequestration reduced the BABs interest subsidy by 5.1%. The sequestration rate for federal fiscal year 2021-2030 is 5.7%. BABs subsidy payments are subject to sequestration through federal fiscal year 2030 unless Congress takes action to modify or eliminate the sequester. For budgetary purposes, interest on BABs is included in the City and County's operating budget without deduction of the federal interest subsidy.*

(2) *The maximum authorized outstanding principal amount of notes under the City and County's commercial paper is $100,000,000.*

(3) *Bonds issued for Honolulu Rail Transit Project.*

(4) *Series 2019B, Series 2020A, Series 2021D, and Series 2023C Bonds not reimbursable from GET and TAT surcharge.*

Table 10

CITY AND COUNTY OF HONOLULU
DEBT SERVICE CHARGES ON OUTSTANDING GENERAL LONG-TERM DEBT
As of April 3, 2024[1]

FY Ending June 30	General Obligation Bonds[2] Principal	General Obligation Bonds[2] Interest	Other Debt[3] Principal	Other Debt[3] Interest [4]	Gross Debt Service Charges	Reimbursable Debt Principal	Reimbursable Debt Interest	Net Debt Service Charges
2024	-	$ 5,896,755	$ 8,282,713	$ 702,376	$ 14,881,844	-	$ 331,607	$ 14,550,237
2025	$ 270,180,000	175,239,512	34,292,779	3,816,310	483,528,601	$ 32,935,985	17,634,425	432,958,191
2026	327,375,000	160,733,588	34,525,858	3,492,178	526,126,624	34,059,718	16,507,261	475,559,645
2027	344,340,000	145,298,339	32,226,689	3,170,184	525,035,212	35,267,386	15,310,001	474,457,825
2028	353,125,000	129,154,347	24,749,454	2,870,952	509,899,753	36,524,166	14,038,387	459,337,200
2029	340,700,000	112,895,787	23,177,365	2,622,599	479,395,751	35,590,223	12,721,869	431,083,659
2030	346,970,000	96,586,321	23,359,928	2,378,539	469,294,788	34,749,302	11,417,989	423,127,497
2031	333,125,000	80,400,886	23,544,657	2,132,278	439,202,821	33,975,491	10,144,208	395,083,122
2032	166,995,000	65,440,963	22,964,388	1,883,713	257,284,064	35,252,564	8,859,434	213,172,066
2033	149,510,000	58,462,447	15,556,803	1,654,437	225,183,687	33,818,354	7,584,754	183,780,579
2034	156,180,000	51,778,370	15,740,400	1,464,091	225,162,861	35,074,584	6,319,795	183,768,482
2035	140,840,000	45,495,123	15,924,874	1,271,477	203,531,474	34,126,490	5,056,686	164,348,298
2036	133,175,000	39,652,033	15,208,309	1,078,844	189,114,186	25,073,349	3,950,614	160,090,223
2037	132,610,000	33,888,697	15,396,485	890,668	182,785,850	26,084,485	2,951,538	153,749,827
2038	111,890,000	28,778,272	15,586,627	700,158	156,955,057	10,196,148	2,264,762	144,494,147
2039	97,290,000	24,415,921	15,243,382	508,624	137,457,927	8,630,677	1,932,353	126,894,897
2040	101,485,000	20,227,733	13,061,380	320,028	135,094,141	8,961,111	1,611,063	124,521,967
2041	77,450,000	16,507,472	11,356,196	167,859	105,481,527	7,015,400	1,324,953	97,141,174
2042	80,730,000	13,231,349	4,902,720	30,642	98,894,711	7,263,228	1,080,584	90,550,899
2043	78,050,000	9,811,266			87,861,266	7,521,736	820,808	79,518,722
2044	67,425,000	6,669,529			74,094,529	6,529,918	571,175	66,993,436
2045	51,150,000	4,274,022			55,424,022	6,746,455	350,690	48,326,877
2046	38,580,000	2,535,466			41,115,466	5,864,505	149,694	35,101,267
2047	25,125,000	1,363,539			26,488,539	2,348,750	28,570	24,111,219
2048	12,045,000	640,875			12,685,875			12,685,875
2049	7,200,000	173,156			7,373,156			7,373,156
Totals: *	$3,943,545,000	$1,329,551,768	$365,101,007	$31,155,957	$5,669,353,732	$503,610,025	$142,963,220	$5,022,780,487

(1) *Excludes self-supporting revenue bonds and State revolving fund notes payable.*
(2) *Excludes $52,000,000 of Commercial Paper Issue A allocable to the City.*
(3) *Includes $365,101,007 State of Hawai'i notes payable for various sewer projects.*
(4) *Includes loan fees charged to interest for State of Hawai'i notes payable.*
* *Totals may not add due to rounding.*

Trend of General Obligation Indebtedness

The following table sets forth the outstanding general obligation indebtedness of the City and County as of June 30 of each of the fiscal years ended June 30, 2019 through 2023.

Table 11

GENERAL OBLIGATION INDEBTEDNESS
Fiscal Years 2019–2023

General Obligation Bonds

FY Ended June 30	Non-Reimbursable[(1)]	Reimbursable for Other Purposes[(2)]	Total General Obligation Bonds	Notes Payable	Total General Obligation Debt
2019	$3,050,672,765	$526,114,472	$3,576,787,237	--	$3,576,787,237
2020	3,209,693,207	517,405,255	3,727,098,462	--	3,727,098,462
2021	3,546,910,573	560,795,603	4,107,706,176	--	4,107,706,176
2022	3,670,115,781	566,849,220	4,236,965,001	--	4,236,965,001
2023	3,491,934,978	503,610,022	3,995,545,000	--	3,995,545,000

(1) *Direct debt.*
(2) *Pursuant to the State Constitution, the general obligation bonds issued to finance the H-Power waste disposal facilities, water facilities, sewer treatment facilities, the West Loch Subdivision and other low income housing projects may be classified as reimbursable general obligation bonds based on reimbursements having actually been made to the General Fund of the City and County for payment of the principal of and interest on such bonds from the revenues of such undertakings, as determined for the immediately preceding fiscal year.*

All of the City and County's outstanding long-term general obligation indebtedness (which excludes general obligation commercial paper indebtedness) has been issued as fixed rate obligations. As described under the caption "DEBT STRUCTURE – Honolulu Rail Transit Project" HART is required to reimburse the City and County for all costs, interest, principal, and debt service for the Series 2019A Bonds, the Series 2020B Bonds, the Series 2021E Bonds and the Series 2023D Bonds. The City and County has not entered into any derivative product contracts with respect to its general obligation indebtedness and has no outstanding private placements of general obligation indebtedness. The Clean Water State Revolving Fund Loan Program makes low interest rate loans available for publicly owned wastewater treatment works, for nonpoint source control management and estuary conservation and management. State revolving fund loans for storm water projects are general obligations not reimbursable by wastewater revenues.

Commercial Paper Program

The City and County is authorized to issue up to $450,000,000 in commercial paper notes under two separate programs. The City and County is authorized to issue General Obligation Commercial Paper Notes, Issue A (the "Issue A Notes") of up to $100,000,000 to pay the capital cost of public improvements of the City and County, including improvements to the water system and wastewater system. Liquidity and credit support for the Issue A Notes is provided under a Letter of Credit issued by Bank of America, N.A. The City and County is authorized to issue General Obligation Commercial Paper Notes, Issue B (the "Issue B Notes") of up to $350,000,000 to pay the capital cost of the Rail Transit Project, as well as the capital cost of public improvements of the City and County, including improvements to the water system and wastewater system. Liquidity and credit support for the Issue B Notes is provided under a Letter of Credit issued by Sumitomo Mitsui Banking Corporation, acting through its New York Branch. The commercial paper notes will have maturities of up to 270 days. The authorization to issue commercial paper notes expires on July 1, 2025.

Reimbursement to General Fund for Debt Service

All general obligation bonds of the City and County are payable as to principal and interest from the General Fund of the City and County. The City Council for certain purposes may require that the General Fund be reimbursed for the payment from such fund of the debt service on certain general obligation bonds, such reimbursement to be made from any revenues, user taxes, assessments or other income derived from the facilities or systems funded by the bonds. To the extent that reimbursements are not made, the City and County would be required to apply other money in the General Fund, including receipts from taxes, to pay debt service on general obligation bonds. As noted in footnote 2 to Table 11 above, reimbursable general obligation bonds have been issued to finance capital projects for water facilities, assessable public improvements, H-Power waste disposal facility, wastewater treatment facilities, the West Loch Subdivision and other low-income housing projects. As described under the caption "DEBT STRUCTURE – Honolulu Rail Transit Project" below, HART is also required to reimburse the City and County for all costs, interest, principal, and debt service for the Series 2019A Bonds, the Series 2020B Bonds, the Series 2021E Bonds and the Series 2023D Bonds, as well for any commercial paper notes issued to pay for HART. As shown in the Statement of Funded Debt in Table 8, reimbursable general obligation bonds issued for assessable public improvements, housing projects, H-Power waste disposal facility and wastewater treatment facilities are excluded in determining the funded debt of the City and County beginning in the fiscal year when reimbursements are, in fact, made to the General Fund. It is the current policy of the City and County to finance water and wastewater facility improvements with revenue bonds instead of reimbursable general obligation bonds.

Pension and Other Post-Employment Benefits Liability

The City and County provides retirement, disability and death benefits for all regular employees of the City and County through the Employees' Retirement System of the State. See "EMPLOYEE RELATIONS AND EMPLOYEE BENEFITS" herein for a discussion of the City and County's liability under the Employee's Retirement System of the State for the payment of such benefits.

Leases

The City and County has entered into an equipment lease with First Hawaiian Leasing, Inc. to finance the $37,328,000 cost of installation of approximately 53,500 LED streetlights and related control and communications systems on City and County streets and highways throughout Oahu. This lease requires the City and County to make annual lease payments of $4,020,433 for 10 years beginning November 1, 2019. Annual lease payments are made from the City and County's Highway Fund, not from general funds.

The City and County has entered into various other leases for lesser amounts expiring at various dates through 2052. The leases are financed from general resources. Future lease expenditures for such leases are projected to be minor amounts in the aggregate through 2052.

Revenue Indebtedness

As of April 3, 2024, the Board of Water Supply of the City and County had issued $412,450,000 of outstanding revenue bonds to finance capital improvements for the water system of the Board of Water Supply. Such revenue bonds are payable solely out of the water system revenues, assets and funds pledged under the applicable security documents. Such revenue bonds are limited obligations of the City and County, are excluded for purposes of determining the funded indebtedness of the City and County, and do not constitute a general or moral obligation or a pledge of the full faith and credit or taxing power of the City and County or the State.

The City and County has issued senior and junior lien revenue bonds to finance improvements to the City and County's wastewater system and to refund certain reimbursable general obligation bonds of the City and County issued to finance the wastewater system. As of April 3, 2024, the outstanding amounts of senior and junior lien revenue bonds were $2,103,315,000 and $176,105,000, respectively. Such revenue bond obligations are limited obligations of the City and County, are excluded for purposes of determining the funded indebtedness of the City and County, and do not constitute a general or moral obligation or a pledge of the full faith and credit or taxing power of the City and County or the State.

The City and County has adopted a $2.848 billion, five-year capital improvement program (fiscal year 2024 to fiscal year 2028) to upgrade its wastewater treatment plant and collection system facilities and anticipates issuing approximately $1.860 billion of additional revenue bonds to finance a portion of the costs associated with the program. See also "LITIGATION" herein for a discussion of the consent decree pertaining to the wastewater system.

The City and County had previously issued and has outstanding private activity revenue bonds for housing purposes for which the City and County served as conduit issuer. In 2023 the City and County determined to reinstate the issuance of private activity revenue bonds for housing, and appointed a Chief of Affordable Housing and Strategy whose duties entailed overseeing this initiative. On May 31, 2023, the City and County issued $100,535,000 of private activity bonds and loaned the bond proceeds to Komohale Maunakea Venture LP ("Komohale"). Komohale combined the bond funds with a $105,700,000 FHA insured loan and low income housing tax credit investments to finance the purchase of the 379 unit affordable Maunakea Apartment Tower in downtown Honolulu. Komohale will rehabilitate the building and continue to rent all of the units to families earning no more than 60% of the median annual income by family size in Honolulu.

All of the City and County's outstanding revenue indebtedness has been issued as fixed rate obligations. The City and County has not entered into any derivative product contracts with respect to its revenue bond indebtedness and has no outstanding private placements of revenue bond indebtedness other than the Series 2017 Senior Wastewater Revenue Bonds that were issued pursuant to a private placement but are not subject to acceleration. The Clean Water State Revolving Fund Loan Program makes low interest rate loans available for publicly owned wastewater treatment works, for nonpoint source control management and estuary conservation and management. State revolving fund loans for wastewater projects are secured solely by wastewater revenues. State revolving fund loans for storm water projects are general obligations not reimbursable by wastewater revenues. None of the City and County's general obligation indebtedness may be accelerated ahead of holders of the Bonds.

H-POWER Waste Disposal Facility

The H-POWER waste disposal facility, a waste-to-energy facility that produces electricity sold to Hawaiian Electric Company, Inc., has been in commercial operation since May 1990. In April 2011, the new air-pollution control equipment mandated by federal law became operational. In October 2012, the City and County completed a $300 million expansion project at the H-POWER facility, adding a third boiler capable of burning an additional 300,000 tons of waste per year. The additional boiler entered commercial operations on April 2, 2013. In 2009 and 2010, the City and County issued $325.7 million aggregate principal amount of reimbursable general obligation bonds to fund the costs of the expansion and air-pollution control projects. In 2018, the City and County advance refunded a series of the Series 2010 Bonds and issued $20,000,000 of bonds to fund improvements to the H-POWER facility. The City and County issued its Series 2020E Bonds in the amount of $41,155,000 and its Series 2021C Bonds in the amount of $20,055,000 to fund additional improvements to the H-POWER facility. Proceeds of the Series 2024D Bonds are expected to be used to fund additional capital improvements to the H-POWER facility.

The H-POWER facility is the cornerstone of the City and County's integrated solid waste management system. It converts approximately 2,000 tons of waste per day into enough electricity to power 60,000 homes, about 10% of Oahu's electricity consumption. Using waste-to-energy, Honolulu ranks among the top cities in the nation in landfill diversion. The expansion of the plant to add a third boiler enabled the City and County to increase capacity and to process bulky wastes, tires, and treated medical waste. Modifications made in 2015 to accept and process sewage sludge now keeps that sludge and associated bulky waste out of the landfill. The H-POWER facility reduces the volume of waste going to the landfill by an estimated 90%, and is a large component in extending the capacity of the municipal landfill on the island.

The amount of waste received by the H-POWER facility temporarily declined by about 10% during the peak of the COVID-19 pandemic, dropping from 774,787 tons in calendar year 2019, to 706,940 tons and 693,106 tons in calendar year 2020 and 2021, respectively. H-POWER receipts returned to close to pre-pandemic levels in 2022, when it received 726,891 tons. H-Power receipts were 651,867 tons in 2023. The lower figure was due to about 90,000 tons diverted to the landfill during maintenance outages.

Honolulu Rail Transit Project

Honolulu Rail Transit Project Overview. HART is the semi-autonomous public transit authority responsible for the planning, design, development and construction of the Honolulu Rail Transit Project (the "Rail Transit Project"), an 18.9-mile, automated fixed-guideway rail system with 19 stations extending from East Kapolei to the Civic Center Station, just east of downtown Honolulu.

Full Funding Grant Agreement and Recovery Plan. On December 19, 2012, the U.S. Department of Transportation, Federal Transit Administration ("FTA") and the City and County signed a Full Funding Grant Agreement ("FFGA") providing for federal funding of the Rail Transit Project under the FTA Capital Investment Grant program. The FFGA also set forth certain contractual obligations of HART (the "FFGA Scope").

In 2021, HART announced an increase in estimated project costs reflecting the fact that then existing forecast funding would be insufficient to complete the project in accordance with the FFGA Scope. On June 3, 2022, a Recovery Plan was submitted to the FTA. In the 2022 Recovery Plan, in order to deliver a functional rail system within the currently estimated funding available, HART proposed that the project scope, and the corresponding FFGA Scope, be truncated to establish an interim terminus of the Rail Transit Project at the Civic Center Station, located at the corner of Halekauwila Street and South Street in Honolulu. This location is two stations and approximately 1.0 mile short of the current FFGA terminus at the Ala Moana Transit Center. HART explained its belief that a truncated FFGA Scope, with an interim terminus at the Civic Center Station and supported by an enhanced City and County bus network, will provide a functional rail system. In addition, HART proposed that the construction of the Pearl Highlands Parking Garage be deferred from the FFGA Scope due to its high estimated cost. HART committed to explore more cost-effective alternative solutions for the parking garage.

The 2022 Recovery Plan was accepted by the FTA, with no modifications, on September 30, 2022. HART and the FTA agreed to an amendment to the FFGA, based on the truncated scope as proposed in the Recovery Plan. The amended FFGA was finalized and signed by the City and County on February 1, 2024.

HART remains steadfastly committed to build the rail system to the Ala Moana Transit Center and to develop an acceptable alternative for the Pearl Highlands Parking Garage. HART will continue to evaluate and pursue cost reductions, risk mitigation opportunities, and additional funding to complete the original FFGA Scope of the Rail Transit Project.

Estimated Project Costs. The estimate at completion of the Rail Transit Project for the truncated FFGA Scope is $9.148 billion, plus estimated financing costs of $564 million, resulting in a total estimated project cost of $9.71 billion. This cost estimate includes approximately $700 million in unallocated contingencies.

Project Funding. Funding for the Rail Transit Project is provided by six primary sources, as follows:

• General Excise and Use Tax Surcharge – In 2005, the Hawaii State Legislature approved a dedicated 0.5 percent GET Surcharge to be provided to HART for the funding of the Rail Transit Project. Funding from the GET surcharge is in place through December 31, 2030 and is currently forecast to total approximately $6.4 billion, which represents 65 percent of forecast total project funding. Through quarter ended March, 2024, HART had received a cumulative $3.6 billion from the GET Surcharge since this surcharge was authorized.

• Transient Accommodations Tax – In 2017, the Hawaii State Legislature approved a dedicated 1.0 percent State TAT to be provided to HART for the funding of the Rail Transit Project, through December 31, 2030. TAT funding for the project is currently forecast to be approximately $1.1 billion. Through quarter ended March 2024, HART had received a cumulative $357 million from the TAT since this tax was authorized.

• Federal Funding – Funding under the Full Funding Grant Agreement with the FTA totals $1.55 billion. HART has received approximately $806.3 million through 2017. On April 24, 2024, the City and County received the first tranche of $125 million in grant funds. The remaining $619 million is expected to be funded in four tranches upon the achievement of certain milestones. Upon achievement of the next milestone, award of the Operating Segment 3 contract described below, the City and County expects to receive an additional $250 million.

• Other Federal Funding – HART has been granted a total of $167.8 million in other Federal grants, including $4.0 million from the American Recovery and Reinvestment Act of 2009, $70.0 from the American Rescue Plan Act of 2021, $63.8 million under the 2022 Congressional Omnibus Bill, and $30 million Flex Funding from the Federal Highway Administration (FHWA) to the FTA.

• City Subsidy – In a previously approved 2018 Recovery Plan, the Honolulu City Council approved funding in the total amount of $214 million (the "City Subsidy"). The City Subsidy is the only portion of the project budget expected to be paid from City and County property tax revenues. City Ordinance No. 18-39 limits the total amount of City and County revenues that may be appropriated and expended for the purpose of the City Subsidy to a total of $214 million and $26 million in any fiscal year after fiscal year 2020. A total of $145 million of this amount has been provided to the Rail Transit Project to date.

• Oahu TAT Funding – As described under "CITY AND COUNTY REVENUES – General Fund" above, effective December 14, 2021, the City and County established the Oahu TAT as a county transient accommodations tax of three percent on gross proceeds from transient accommodations rentals on Oahu. For the first two years, the ordinance allocates 33.33% of the Oahu TAT revenue to the Rail Transit Project, and after the first two years the Rail Transit Project's share will increase to 50% of the Oahu TAT. HART received $33 million in Fiscal Year 2023 and is forecasting another $39 million through the end of June, Fiscal Year 2024.

During 2020 and 2021, both GET Surcharge and State TAT were adversely impacted by the COVID-19 pandemic. However, in the first calendar quarter of 2021, GET Surcharge and State TAT began a strong recovery. Beginning with the first quarter of fiscal year 2022, both GET and TAT collections have exceeded pre-COVID levels and continue to be favorable to Recovery Plan projections.

The City and County, not HART, has issued bonds to provide interim financing of a portion of the capital costs of the Rail Transit Project pending receipt of revenues from permanent funding sources. These bonds constitute general obligations of the City and County and, as such, are backed by the full faith and credit of the City and County. The City and County and HART have executed a memorandum of understanding pursuant to which HART is required to reimburse the City and County for debt service and other costs associated with such obligations from collections of the GET Surcharge and the State TAT. Only obligations incurred as part of the "City Subsidy" described above will not be reimbursed.

The City and County issued its $209,950,000 General Obligation Bonds, Series 2019A Bonds (Honolulu Rail Transit Project), $175,545,000 General Obligation Bonds, Series 2019E Bonds (Honolulu Rail Transit Project), and $329,785,000 General Obligation Bonds, Series 2021E Bonds (Honolulu Rail Transit Project) to finance the portion of the Rail Transit Project anticipated to be funded by the GET Surcharge and the State TAT. The City and County issued its $273,460,000 Series 2020B Bonds (Honolulu Rail Transit Project) in March 2020 to refund previously issued General Obligation Bonds, Series 2017H Bonds (Honolulu Rail Transit Project Index Floating Rate), also anticipated to be funded by the surcharge on the GET Surcharge and the State TAT. The City and County issued its $28,605,000 Series 2023C Bonds (Honolulu Rail Transit Project) in August 2023 to refund outstanding commercial paper notes relating to the Rail Transit Project and its $141,965,000 Series 2023D Bonds (Honolulu Rail Transit Project) in August 2023 to refund previously issued General Obligation Bonds, Series 2019E Bonds (Honolulu Rail Transit Project), also anticipated to be funded by the surcharge on the GET Surcharge and the State TAT. HART is reimbursing the City and County for all costs, interest, principal, and debt service for the Series 2019A Bonds, the Series 2019E Bonds, the Series 2020B Bonds, the Series 2021E Bonds, the Series 2023C Bonds and the Series 2023D Bonds.

Proceeds of the Series 2024C Bonds are expected to be used to finance capital costs of the Rail Transit Project.

The City and County issued its Series 2019B Bonds in the principal amount of $40,075,000 to provide the first installment of $44,000,000 of the City Subsidy, its Series 2020A Bonds in the principal amount of $21,765,000 to fund the City and County's $25,000,000 capital contribution to the City Subsidy for fiscal year 2020, its Series 2021D Bonds in the principal amount of $42,915,000 to fund the City and County's $26,000,000 capital contribution to the City Subsidy for fiscal year 2021 and $21,000,000 capital contribution to the City Subsidy for fiscal year 2022. The City and County had contributed $116 million of the $214 million City Subsidy as of the fiscal year ended June 30, 2022 and contributed an additional $17,000,000 in fiscal year 2023, and $12,000,000 for fiscal year 2024 for a total funding to-date of $145 million.

Project Status. The Rail Transit Project, excluding park-and-ride facilities, is currently separated into three operating segments, as follows: Operating Segment 1 – West Side Stations and Guideway: East Kapolei Station to

Aloha Stadium Station; Operating Segment 2 – Airport Guideway and Stations: Aloha Stadium Station to Middle Street – Kalihi Transit Center; and Operating Segment 3 – City Center Guideway and Stations: Middle Street – Kalihi Transit Center to the Civic Center Station in Kakaako.

In the November 2016 election, voters approved a Charter amendment to transfer operating and maintenance responsibilities for the Rail Transit Project from HART to the City and County's Department of Transportation Services ("DTS"). Operation of the rail system is funded from passenger fares and subsidized by the City and County, in the same manner that the City and County provides an annual operating subsidy for the City and County's bus and Handi-Van (accessible) public transportation system.

Operating Segment 1 of the Rail Transit Project was named "Skyline" and opened to the public on June 30, 2023. The construction, testing and commissioning of the first segment was completed in early June, 2023. Operating Segment 1 consists of 10.75 miles of rail guideway, 9 rail stations, 12 four-car trains and the 43-acre Maintenance and Service Facility. These assets were transferred to the City and County's DTS on June, 9, 2023, in order to begin operations.

It is estimated in late 2025 Operating Segment 2 of the Rail Transit Project will open to the public. Segment 2 will include 5.2 additional miles of rail guideway and will provide service to four additional rail stations, including stations at Joint Base Pearl Harbor-Hickam and the Daniel K. Inouye International Airport. As of May 2024, construction of the rail guideway in Segment 2 is complete and construction of the four stations in this segment is expected to be complete in the second quarter of 2024. Core Systems work, including electrical, communications, and train control systems, began in late 2022. The transfer of Operating Segment 2 to DTS is expected in late-2025 with operations expected to begin soon thereafter. Upon the opening of Segment 2, 84 percent of the entire guideway and 13 of 19 rail stations will be operational.

The first phase of construction in Operating Segment 3 involves the relocation of utilities in preparation for the construction of the rail guideway columns. The utility relocation work began in 2022 from Middle Street, along Dillingham Boulevard, through downtown Honolulu and will end in the vicinity of Cooke Street. A procurement for the construction of Segment 3, which includes approximately 3 miles of the rail guideway and 6 stations, began in April 2023 and is expected to be awarded in late-2024.

Future Operations and Maintenance Costs. The fiscal year 2024 DTS budget for the first segment of rail operations and maintenance is approximately $85 million. The 2022 Recovery Plan estimated that the annual cost to operate and maintain the Rail Transit Project in 2031 when the system is scheduled to be fully operational, will be approximately $153 million. Operating costs will be only partially offset by fare box revenues.

Bondholder Risks. Cost estimates for construction of the remaining phases of the HART guideway and stations continue to have budgetary risks. Risks associated with the Rail Transit Project fall into three categories: (i) cost increases above projections due to delay, labor and materials cost escalations, changed scope, remediation and site acquisition; (ii) a shortfall of the GET Surcharge and TAT revenues; and (iii) a failure by the FTA to obligate the remaining grant amount and/or a request for reimbursement of amounts drawn under the FFGA.

The City and County cannot predict the full extent of any potential delays or additional cost increases that may occur or the financial impact any such delays or cost increases may have on the Rail Transit Project, including the potential impact of cost increases and funding delays on HART's ability to reimburse the City and County for debt service payments on debt obligations issued to finance the costs of the Rail Transit Project.

No Default

The City and County has never defaulted on the payment when due of the principal of or interest on any indebtedness.

There are no so-called "moral obligation" bonds of the City and County outstanding or authorized which contemplate a voluntary appropriation by the City Council of General Fund revenues in such amounts as may be necessary to make up any deficiency in either a debt service fund or any other funds or accounts.

BUDGET PROCESS AND FINANCIAL MANAGEMENT

Budgets and Expenditures

The Charter of the City and County provides for: (1) an annual executive budget consisting of an operating and capital budget, including a statement of relationships between operating and capital items for the executive branch, and (2) a legislative budget setting forth the expenditures of the legislative branch. Appropriations in the legislative and executive operating budget ordinances are valid only for the fiscal year for which made, and any part of such appropriations which has not been expended or encumbered on the basis of firm commitments lapses at the end of the fiscal year. Appropriations in the executive capital budget ordinance are valid only for the fiscal year for which made and for twelve months thereafter, and any part of such appropriations which is not expended or encumbered lapses twelve months after the end of the fiscal year.

Budgeted expenditures for capital improvements of the City and County, exclusive of capital outlays of the semi-autonomous Board of Water Supply and HART, for the fiscal years ended June 30, 2019 through 2023 are shown in the table below.

Table 12

EXPENDITURES FOR CAPITAL IMPROVEMENTS
Fiscal Years 2019–2023
(in millions dollars)

		Bond Funds				Cash			
Fiscal Year	Grand Total	General Obligation	Sewer Revenue	Finance Hsg. Dev.	Total(1)	Federal Grants	Cash(2)	Total	Cash as % of Total
2019(3)	996.2	512.4	204.2	0.0	716.6	46.5	233.1	279.6	28.1%
2020(3)	1,159.9	643.7	253.7	0.0	897.4	71.9	190.6	262.5	22.6%
2021(4)	1,406.6	452.8	552.5	0.0	1,005.3	121.1	280.2	401.3	28.5%
2022(4)	1,412.8	741.9	335.8	0.0	1,077.7	74.4	260.7	335.1	23.7%
2023(4)	1,038.3	350.5	79.8	0.0	430.3	279.4	328.6	608.0	58.6%

(1) *Inclusive of encumbrances.*
(2) *Funds from current revenues and surplus.*
(3) *Adjusted for lapses until June 30, 2023.*
(4) *Budgeted amounts plus single purpose added.*

Cash Management and Investments

The investment of funds by the City and County is governed by and conforms to Section 46-50, Hawaii Revised Statutes, which authorizes investments in bonds or interest bearing notes or obligations of the county, of the State, of the United States, or of agencies of the United States for which the full faith and credit of the United States are pledged for the payment of principal and interest; Federal Farm Credit System notes and bonds; Federal Agricultural Mortgage Corporation notes and bonds; Federal Home Loan Bank notes and bonds; Federal Home Loan Mortgage Corporation bonds; Federal National Mortgage Association notes and bonds; securities of a mutual fund whose portfolio is limited to bonds or securities issued or guaranteed by the United States or an agency thereof; Tennessee Valley Authority notes and bonds; repurchase agreements fully collateralized by any such bonds or securities; federally insured savings accounts; time certificates of deposit; certificates of deposit open account; bonds of any improvement district of any county of the State, provided the bonds are of investment grade or supported by the general obligation pledge of the county in which the improvement district is located; bank, savings and loan association, and financial services loan company repurchase agreements; 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 a triple-A rating by Standard & Poor's, Moody's, Duff & Phelps, Fitch, or any other major national securities rating agency; commercial paper with an A1/P1 or equivalent rating by any national securities rating service; bankers' acceptance with an A1/P1 or equivalent rating by any national securities rating service; and securities of a money market fund that is rated AAA or its equivalent by a nationally recognized rating agency or whose portfolio consists of securities that are rated as first tier securities by a nationally recognized statistical rating organization as provided in Title 17 of Code of Federal Regulations Section 270.2a-7; provided in each case the investments are due to mature not more than five years from the date of investment.

Chapter 38-3, Hawaii Revised Statutes, provides for collateralization of all public funds on deposit with banks and savings and loan associations, except that portion of deposits insured under the laws of the United States.

The City and County manages its own investment portfolio in accordance with the foregoing statutes 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 financial instruments 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.

Interest earnings from funds invested by the City and County totaled $59.87 million for the period ended June 30, 2023, representing an investment yield of 3.46%. As of June 30, 2023, the City and County's portfolio of cash, U.S. government securities and certificates of deposit totaled $4.18 billion, primarily in liquid investments maturing in less than one year.

Under the City Charter, the City and County's Treasury is subject to an audit and verification at such times as necessary, by representatives of the City Council.

Inter-Fund Borrowing

Under State law, the Director of Budget and Fiscal Services may, with the consent of the City Council, use any portion of moneys belonging to any funds under his or her control, except pension or retirement funds, funds set aside for redemption of bonds or the payment of interest thereon, and private trust funds, for the purpose of paying warrants and checks drawn against any fund temporarily depleted. All sums so used are required to be repaid to the credit of the fund from which taken immediately after the replenishment of such depleted fund.

State law also provides that whenever there are moneys in any fund of the City and County, except pension or retirement funds, funds under the control of any independent board or commission, funds set aside for redemption of bonds or the payment of interest thereon and private trust funds, which, in the judgment of the Director of Budget and Fiscal Services of the City and County, are in excess of the amounts necessary for the immediate requirements of the respective funds, and where, in such officer's judgment, such action will not impede the necessary or desirable financial operations of the City and County, said Director may, with notification to the City Council, make temporary transfers or loans therefrom, without interest, to other funds of the City and County for undertaking public improvements for which the issuance and sale of general obligation bonds have been duly authorized by the City Council. Such transfers shall be made only after passage by the City Council of an ordinance or resolution authorizing the public improvements. Amounts transferred under such statutory authorization shall not exceed the total sum of unissued authorized bonds of the City and County. The funds from which the transfers or loans are made shall be reimbursed by the Director of Budget and Fiscal Services from the proceeds of the bond sales upon the eventual issuance and sale of the bonds, or by appropriations of the City Council.

Reserve for Fiscal Stability Fund

Pursuant to the Charter, the City and County maintains a special fund known as the Reserve for Fiscal Stability Fund designated for economic and revenue downturns and emergency situations. The fund is maintained outside the General Fund in the City and County's Treasury and is available for appropriation only in the event of an emergency or certain economic and revenue triggers, including an increase in unemployment by more than 2% over three fiscal quarters, a decline in net taxable real property value by 2% or more from the preceding fiscal year, a decline in General Fund and Highway Fund revenues of 2% or more from the preceding fiscal year, a decline in Transient Accommodation Tax revenues of 5% or more from the preceding fiscal year, or an increase in nondiscretionary expenditures by more than 5% of the preceding fiscal year's revenues. Deposits to the fund are made from General Fund and Highway Fund surpluses and, by resolution, the fund is targeted to be at least 5% of expenditures, with an optimal target equal to 8% of expenditures. The following table sets forth the Reserve for Fiscal Stability Fund balance for fiscal years ended June 30, 2019 through June 30, 2023. The City and County deposited $7 million to the fund in fiscal year 2024 and $5 million is appropriated for fiscal year 2025.

Table 13

RESERVE FOR FISCAL STABILITY FUND BALANCE
(Dollars in Millions)
Fiscal Years 2019 – 2023

Fiscal Year	Reserve for Fiscal Stability Fund Balance
2019	$120.6
2020	129.9
2021	138.0
2022	145.4
2023	154.6

Affordable Housing Fund

Pursuant to the Charter, the City and County maintains a special fund known as the Affordable Housing Fund to be used by the City and County to provide and maintain affordable rental housing for persons earning less than 60% of the median household income in the City and County in order to provide and expand affordable housing and suitable living environments principally for persons of low and moderate income through land acquisition, development, construction and maintenance of affordable housing for rental, provided that the housing remains affordable for at least 60 years. In adopting each fiscal year's budget and capital program, the City Council is required to appropriate a minimum of one-half of one percent of the estimated real property tax revenues for deposit into the Affordable Housing Fund. Any balance remaining in the fund at the end of any fiscal year will remain in the fund, accumulating from year to year.

Clean Water and Natural Lands Fund

Pursuant to the Charter, the City and County maintains a special fund known as the Clean Water and Natural Lands Fund to be used by the City and County to purchase or acquire real estate or any interest in real estate for: land conservation in the City for the protection of watershed lands in order to preserve water quality and supply; preservation of forests, beaches, coastal areas and agricultural lands; public outdoor recreation and education; preservation of historic or culturally important land areas and sites; protection of significant habitats or ecosystems; conservation of land to reduce erosion, floods, landslides and runoff; and acquisition of public access to public land and open space. In adopting each fiscal year's budget and capital program, the City Council is required to appropriate one-half of one percent of the estimated real property tax revenues for deposit into the Clean Water and Natural Lands Fund. Any balance remaining in the fund at the end of any fiscal year will remain in the fund, accumulating from year to year. A Charter amendment approved by voters in the 2016 general election established a Clean Water and Natural Lands Advisory Commission, and requires all proposals for use of the funds to be submitted to the Department of Budget and Fiscal Services for review, and qualified proposals to be submitted by the Department to the Commission, which will make a recommendation to the City Council for approval.

Grants In Aid Fund

Pursuant to the Charter, the City and County maintains a special fund known as the Grants in Aid Fund to be used by the City and County to award grants in aid to tax exempt non-profit organizations that provide services to economically and/or socially disadvantaged populations or provide services for public benefit in the areas of the arts, culture, economic development or the environment. In adopting each fiscal year's budget and capital program, the City Council is required to appropriate a minimum of one-half of one percent of the estimated General Fund revenues for deposit into the Grants in Aid Fund. In addition, a minimum of $250,000 from the Grants in Aid Fund must be expended annually in each council district. Any balance remaining in the fund at the end of any fiscal year will remain in the fund, accumulating from year to year. The City Council may waive the requirements pertaining to the annual appropriation of General Fund revenues to the Grants in Aid Fund for any particular fiscal year by a two-thirds vote of its entire membership upon a finding that an emergency exists due to a public calamity or that the City and County could not otherwise fulfill its legal obligations. A Charter amendment approved by the voters in the 2016 general election made the Grants in Aid Fund the sole source of funds (with certain specified exceptions) for grants funded by the City and County to tax exempt non-profit organizations for the purposes described above.

Honolulu Zoo Fund

Pursuant to a Charter amendment approved by the voters in the 2016 general election, the Honolulu Zoo Fund was established as a special fund to pay for the operation, repair, maintenance and improvement of the Honolulu Zoo. In adopting each fiscal year's budget and capital program, the City Council is required to appropriate a minimum of one-half of one percent of the estimated real property tax revenues for deposit into the Fund. Any balance remaining in the Fund at the end of any fiscal year will remain in the Fund, accumulating from year to year.

Transportation Fund and Transit Management Services Contractor

Pursuant to City ordinances, the City and County maintains a special fund known as the Bus Transportation Fund into which fund all revenues of the City bus system and special transit service (Handi-Van) system (collectively "Multimodal Public Transit System") are deposited. City ordinances authorize the City to contract with a private, nonprofit corporation to operate and maintain the Multimodal Public Transit System. The City has contracted with Oahu Transit Services, Inc. ("OTS") to serve as transit management services contractor. The City owns all of the assets and equipment of the Multimodal Public Transit System, but OTS operates and maintains the buses and Handi-Vans comprising the Multimodal Public Transit System and employs a little over 2,000 employees. OTS's financial results are reported as a discretely presented component unit of the City. See "BUDGET PROCESS AND FINANCIAL MANAGEMENT - Bus Transportation Fund and Transit Management Services Coordinator" below. During fiscal year 2023, the City collected fare revenues comprising approximately 15.7% of the Multimodal Public Transit System's $285.8 million annual budget. City general funds accounted for the balance of the budget.

Over 90% of OTS's employees are represented by the Hawaii Teamsters, Local 996, under collective bargaining agreements that expire between June 30, 2025 and March 31, 2030. Pursuant to the Multimodal Public Transit System management contract, the City reimburses OTS for employee pension contributions paid during the fiscal year, subject to approval through the City's annual budgeting process. Non-bargaining unit employees are covered under a noncontributory, single-employer defined benefit pension plan. City contributions to this plan were $6.3 million in fiscal year 2023. Bargaining unit employees are covered under the Western Conference of Teamsters Pension Plan, a noncontributory, cost sharing multiple-employer defined benefit pension plan for over 600,000 members. This plan's funded ratio for the 2024 plan year beginning January 1, 2024 was projected to be 95.2%. City contributions to this plan were $21.3 million in fiscal year 2023. OTS also maintains separate defined benefit OPEB plans for its bargaining unit and non-bargaining unit employees. Additional information on these retirement obligations may be found at Notes 10 and 11 to the City and County's audited financial statements for fiscal year 2023.

FINANCIAL INFORMATION AND ACCOUNTING

Independent Audit

The Charter of the City and County requires that at least once every year the City Council obtain an independent audit of the accounts and other evidences of financial transactions of the City and County and of every agency. The audit is made by a certified public accountant or a firm of certified public accountants designated by the City Council. The basic financial statements of the City and County for the year ended June 30, 2023, as audited by the firm of Accuity LLP, may be found at the City and County's website at http://www.honolulu.gov/budget/ budget-acfr.html, or may be obtained from the City and County 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. Accuity LLP has not reviewed this Official Statement and has no responsibility with respect to this Official Statement. Information on the City and County's website other than the basic financial statements is not part of this Official Statement.

The government-wide financial statements and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable (determinable) and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty days of the end of the current fiscal period. Revenues not considered available are recorded as unearned revenues. Revenues susceptible to accrual are real property taxes collected within sixty days after fiscal year end, fuel taxes, rents and concessions, interest and special assessments. Licenses and permits revenues, franchise taxes, charges for current services, fines, forfeitures, penalties and other miscellaneous revenues are not susceptible to accrual because they are not measurable until received in cash.

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Financial Statements

The following four tables set forth the balance sheet and the statement of revenues and expenditures and changes in fund balance for the General Fund and the balance sheet and the combined statement of revenues and expenditures and changes in fund balance for all governmental fund types and expendable trust funds for the fiscal years shown in such tables. The information set forth in such financial statements has been prepared by the Director of Budget and Fiscal Services of the City and County based on audited financial statements for the fiscal years ended June 30, 2019 through 2023, and has been summarized from the Director's Annual Financial Reports for the related fiscal years.

Table 14

CITY AND COUNTY OF HONOLULU
GENERAL FUND
BALANCE SHEET
For Fiscal Years Ended June 30, 2019 through June 30, 2023
(In thousand dollars)

	FY Ended June 30, 2019	FY Ended June 30, 2020	FY Ended June 30, 2021	FY Ended June 30, 2022	FY Ended June 30, 2023
ASSETS:					
Cash and securities	$ 284,622	$ 401,946	$ 407,652	$ 372,328	$ 492,665
Receivables:					
Real property taxes	11,444	17,892	22,855	22,187	26,987
Other	22,177	26,301	11,418	32,383	44,437
Due from other funds	57,230	1,233	3,993	6,762	1,923
Total Assets	$ 375,473	$ 447,372	$ 445,918	$ 433,660	$ 566,012
LIABILITY AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 42,683	$ 37,276	$ 60,115	$ 92,580	$ 80,010
Due to other funds	--	172	13	42	11,381
Accrued payroll and fringes	25,738	26,102	26,898	29,061	27,476
Deferred revenues	13,065	15,497	21,755	29,230	44,186
Total Liabilities	$ 81,486	$ 79,047	$ 108,781	$ 150,913	$ 163,053
Fund Balances:					
Reserved for encumbrances	$ 77,711	$ 110,176	$ 87,077	$ 91,360	$ 93,025
Unreserved-undesignated	216,276	258,149	250,060	191,387	309,934
Total Fund Balances	293,987	368,325	337,137	282,747	402,959
Total Liabilities and Fund Balances	$ 375,473	$ 447,372	$ 445,918	$ 433,660	$ 566,012

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Table 15

CITY AND COUNTY OF HONOLULU
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For Fiscal Years Ended June 30, 2019 through June 30, 2023
(In thousand dollars)

	FY Ended June 30, 2019	FY Ended June 30, 2020	FY Ended June 30, 2021	FY Ended June 30, 2022	FY Ended June 30, 2023
REVENUES:					
Real property tax [(1)]	$ 1,310,999	$ 1,447,893	$ 1,470,579	$ 1,469,227	$ 1,626,685
Licenses and permits	48,014	43,757	46,957	42,561	45,597
Intergovernmental revenues	45,676	37,902	59	53	59
Charges for services	8,011	6,970	6,843	7,544	10,840
Fines and forfeits	1,111	1,017	678	1,094	1,460
Miscellaneous	77,341	76,621	68,329	33,177	88,453
Total Revenues	$ 1,491,152	$ 1,614,160	$ 1,593,445	$ 1,553,656	$ 1,773,094
EXPENDITURES:					
Current:					
General government	$ 158,321	$ 164,794	$ 173,182	$ 159,216	$ 177,387
Public safety	437,244	463,259	460,727	460,388	483,981
Highways and streets	11,269	9,209	14,168	9,401	12,198
Sanitation	240	421	--	--	48
Health and human resources	10,203	9,511	10,338	13,083	11,936
Culture and recreation	77,556	79,195	80,176	79,169	82,525
Utilities or other enterprises	945	659	3,504	13,984	440
Miscellaneous	362,079	391,586	464,338	483,053	482,403
Capital outlay	3,837	6,758	5,390	4,986	3,779
Debt service:					
Principal retirement	--	--	--	4,894	6,596
Interest charges	--	--	--	803	894
Total Expenditures	$ 1,061,694	$ 1,125,392	$ 1,211,823	$ 1,228,977	$ 1,262,187
Excess of Revenues over Expenditures	$ 429,458	$ 488,768	$ 381,622	$ 324,679	$ 510,907
OTHER FINANCING SOURCES (USES):					
Capital Leases	$ --	$ --	$ --	$ 2,122	$ 7,749
Sales of general fixed assets	10	--	--	--	18
Operating transfer-in	177,442	190,928	192,575	195,747	203,846
Operating transfer-out	(567,008)	(605,358)	(605,385)	(576,938)	(602,308)
Total Other Financing Sources (Uses)	$ (389,556)	$ (414,430)	$ (412,810)	$ (379,069)	$ (390,695)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	$ 39,902	$ 74,338	$ (31,188)	$ (54,390)	$ 120,212
Fund Balance--July 1	254,085	293,987	368,325	337,137	282,747
Fund Balance--June 30	$ 293,987	$ 368,325	$ 337,137	$ 282,747	$ 402,959

[(1)] *Includes public service company taxes collected in lieu of real property taxes.*

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Table 16

CITY AND COUNTY OF HONOLULU

GOVERNMENTAL FUNDS – STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For Fiscal Year Ended June 30, 2023 with Comparative Totals For Fiscal Year Ended June 30, 2022 (In thousand dollars)

	Governmental Funds					Totals (Memorandum Only)	
Revenues:	General Fund[(1)]	Highway Fund	G.O. Bond & Interest Redemption Fund	Federal Grants Funds	Other Governmental Funds	2023	2022
Taxes	$ 1,626,685	$ 107,146	$ --	$ --	$ 22,572	$ 1,756,403	$ 1,579,865
Licenses and permits	45,597	193,156	--	--	7,420	246,173	243,207
Intergovernmental	59	--	--	319,668	118,026	437,753	447,930
Charges for services	12,324	4,493	--	--	28,006	44,823	40,061
Fines and forfeitures	1,460	3	--	--	274	1,737	1,770
Miscellaneous:							
Reimbursements and recoveries	40,465	1,722	--	--	--	42,187	94,350
Interest	36,964	--	--	116	2,048	39,128	(19,509)
Other - primarily rents, concessions, trust receipts	13,427	1,724	--	115	16,991	32,257	29,641
Total revenues	$ 1,776,981	$ 308,244	$ --	$ 319,899	$ 195,337	$ 2,600,461	$ 2,417,315
Expenditures:							
Current:							
General government	$ 177,427	$ 23,776	$ --	$ 140,654	$ 9,549	$ 351,406	$ 356,530
Public safety	483,981	18,102	--	8,263	9,092	519,438	494,721
Highways and streets	12,451	22,760	--	--	16,110	51,321	47,710
Sanitation	48	--	--	--	--	48	--
Health and human resources	22,457	--	--	16,974	95,111	134,542	128,435
Culture-Recreation	82,525	--	--	409	29,576	112,510	109,639
Utilities or other enterprises	440	3,332	--	112,850	12,925	129,547	192,254
Miscellaneous:							
Retirement and health benefits	436,922	40,168	--	--	16,398	493,488	493,237
Other	45,481	2,232	--	--	713	48,426	41,245
Capital outlay	3,779	32	--	43,192	132,925	179,928	131,122
Debt service:							
Principal retirement	6,596	3,692	167,689	831	998	179,806	173,179
Interest charges	894	479	146,409	87	145	148,014	191,013
Bond issuance costs	--	--	906	--	--	906	583
Total expenditures	$ 1,273,001	$ 114,573	$ 315,004	$ 323,260	$ 323,542	$ 2,349,380	$ 2,359,668
Revenues over (under) Expenditures	$ 503,980	$ 193,671	$ (315,004)	$ (3,361)	$ (128,205)	$ 251,081	$ 57,647
Other financing sources (uses):							
Proceeds of tax-exempt commercial paper	$ --	$ --	$ --	$ --	$ 17,000	$ 17,000	$ --
Proceeds of general obligation bonds	--	--	--	--	97,455	97,455	526,558
Bond Premium/(Discount)	--	--	--	--	13,583	13,583	130,818
Proceeds of refunding bonds	--	--	138,679	--		138,679	23,680
Bond Premium/(Discount) on Refunding Bonds	--	--	22,716	--	--	22,716	2,320
Refunding of bonds and commercial paper	--	--	(160,489)	--	--	(160,489)	(301,000)
Leases and subscriptions	7,749	8	--	386	1,420	9,563	2,171
Sales of fixed assets	18	572	--	--	--	590	649
Operating transfers in	219,568	--	282,226	--	18,418	520,212	508,015
Operating transfers out	(602,308)	(150,436)	--	--	(31,131)	(783,875)	(745,349)
Total Other Financing Sources (Uses)	$ (374,973)	$ (149,856)	$ 283,132	$ 386	$ 116,745	$ (124,566)	$ 147,862
Revenues and Other Sources over (under) Expenditures and Other Uses	129,007	43,815	(31,872)	(2,975)	(11,460)	126,515	205,509
Fund Balances – July 1	$ 443,589	$ 61,651	$ 1,181,857	$ 19,288	$ 396,478	$ 2,102,863	$ 1,897,354
Fund Balances – June 30	$ 572,596	$ 105,466	$ 1,149,985	$ 16,313	$ 385,018	$ 2,229,378	$ 2,102,863

[(1)] *General Fund figures differ from previous table. General Fund figures above include certain revenues and expenditures attributed to the General Fund under Governmental Auditing Standards Board Statement No. 54.*

Table 17

CITY AND COUNTY OF HONOLULU
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For Fiscal Years Ended June 30, 2019 through June 30, 2023
(In thousand dollars)

	FY Ended June 30, 2019	FY Ended June 30, 2020	FY Ended June 30, 2021	FY Ended June 30, 2022	FY Ended June 30, 2023
REVENUES:					
Taxes	$1,428,167	$1,565,080	$1,573,704	$1,579,865	$1,756,403
Special assessments	3	--	--	--	--
Licenses and permits	233,552	232,474	245,007	243,207	246,173
Intergovernmental revenues	196,913	246,979	592,383	447,930	437,753
Charges for services	36,987	30,762	28,210	40,061	44,823
Fines and forfeitures	1,387	1,264	1,008	1,770	1,737
Miscellaneous	116,933	134,824	116,802	104,482	113,572
Total Revenues	$2,013,942	$2,211,383	$2,557,114	$2,417,315	$2,600,461
EXPENDITURES:					
Current:					
General government	$192,755	$231,651	$ 474,670	$356,530	$351,406
Public safety	487,560	515,800	547,680	494,721	519,438
Highways and streets	43,798	52,274	58,203	47,710	51,321
Sanitation	240	421	270	--	48
Health and human resources	103,769	111,051	180,714	128,435	134,542
Culture-Recreation	107,397	111,262	108,387	109,639	112,510
Utilities or other enterprises	83,499	71,671	170,286	192,254	129,547
Miscellaneous	420,028	450,824	529,961	534,482	541,914
Capital outlay	233,880	196,400	209,391	131,122	179,928
Debt service:					
Principal retirement	192,798	160,928	153,362	173,179	179,806
Interest charges	116,728	145,493	163,320	191,013	148,014
Bond issuance costs	1,820	2,629	1,000	583	906
Total Expenditures	$1,984,272	$2,050,404	$2,597,244	$2,359,668	$2,349,380
Revenues over (under) Expenditures	$29,670	$160,979	$(40,130)	$ 57,647	$251,081
OTHER FINANCING SOURCES (USES):					
Proceeds of general obligation bonds	$ 404,656	$ 432,096	$205,745	$526,558	$97,455
Proceeds of tax-exempt commercial paper	94,000	--	301,000	--	17,000
Proceeds of refunding bonds	124,054	378,337	67,010	23,680	138,679
Bond Premium	59,673	69,263	49,257	130,818	13,583
Bond Premium on Refunding Bonds	20,453	78,549	19,578	2,320	22,716
Refunding of bonds and commercial paper	(144,000)	(496,815)	(85,606)	(301,000)	(160,489)
Leases and subscriptions	--	--	--	2,171	9,563
Sales of fixed assets	655	569	509	649	590
Operating transfers-in	459,345	497,131	521,212	508,015	520,212
Operating transfers-out	(733,415)	(783,934)	(806,794)	(745,349)	(783,875)
Total Other Financing Sources (Uses)	$ 285,421	$175,196	$271,911	$147,862	$ (124,566)
Net change in fund balances	$315,091	$336,175	$231,781	$ 205,509	$126,515
Fund Balances—July 1 as previously stated	$1,013,035	$1,328,126	$1,664,301	$1,897,354	$2,102,863
Prior period adjustment	--	--	1,272	--	--
Fund Balances—July 1 as restated (1)	$1,013,035	$1,328,126	$1,665,573	$1,897,354	$2,102,863
Fund Balances—June 30	$1,328,126	$1,664,301	$1,897,354	$2,102,863	$2,229,378

(1) *Restatement resulting from the implementation of GASB Statement No. 84 which reclassified former agency funds and private-purpose trust funds to governmental funds, proprietary funds, and custodial funds.*

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 of Honolulu employed 10,605 as of February 1, 2024.

Each bargaining unit designates an employee organization as the exclusive representative of all employees of the unit, which organization 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 Hawaii State Supreme Court and the board of directors of the Hawaii Health Systems Corporation has one vote each if such employers has 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 interest arbitration. Although the statute characterizes interest 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 concerning wages and health benefits for the contract period beginning July 1, 2021 is as follows:

BU 01 (blue-collar workers): An agreement on an amendment to extend the two-year agreement (July 1, 2021 — June 30, 2023) through June 30, 2025 was ratified by the United Public Workers ("UPW") in February 2022 and approved by the City Council. The amended agreement provides for a $1,000 one-time lump sum payment effective July 1, 2021 to all employees who were employed on June 30, 2021 and continue to be employed as of July 1, 2021; across-the-board ("ATB") wage increases of 3.72% per month effective October 1, 2022; wage increases of 5% ATB per month effective July 1, 2023; and wage increases of 5% ATB per month effective July 1, 2024. The agreement also provides for increases in employer contributions to the Hawaii Employer-Union Health Benefits Trust Fund ("Trust Fund") plans for fiscal years 2022 – 2025.

BU 02 (blue-collar supervisors): An agreement on an amendment to extend the two-year agreement (July 1, 2021 — June 30, 2023) through June 30, 2025 was ratified by the Hawaii Government Employees Association ("HGEA") in April 2022, and approved by the City Council. The amended agreement provides for a 1% one-time lump sum payment effective July 1, 2021, based on June 30, 2021 annual base pay for all employees employed as of June 30, 2021 and continue to be employed as of July 1, 2021; salary increases of 3.72% ATB effective July 1, 2022; salary increases of 5% ATB effective July 1, 2023; and salary increases of 5% ATB effective July 1, 2024. The agreement also provides for increases in employer contributions to the Trust Fund plans for fiscal years 2022 – 2025.

BU 03 (white-collar workers): An agreement on an amendment to extend the two-year agreement (July 1, 2021 — June 30, 2023) through June 30, 2025 was ratified by the HGEA in April 2022, and approved by the City Council. The amended agreement provides for a $1,000 one-time lump sum payment effective July 1, 2021, for all employees who were employed as of June 30, 2021 and continue to be employed as of July 1, 2021; salary increases of 3.72% ATB effective October 1, 2022; salary increases of 5% ATB effective July 1, 2023; and salary increases of 5% ATB effective July 1, 2024. The agreement also provides for increases in employer contributions for Trust Fund plans for fiscal years 2022 – 2025.

BU 04 (white-collar supervisors): An agreement on an amendment to extend the two-year agreement (July 1, 2021 — June 30, 2023) through June 30, 2025 was ratified by the HGEA in April 2022, and approved by the City Council. The amended agreement provides for a 1% one-time lump sum payment effective July 1, 2021, based on June 30, 2021 annual base pay for all employees who were employed as of June 30, 2021 and continue to be employed as of July 1, 2021; salary increases of 3.72% ATB effective July 1, 2022; salary increases of 4.96% ATB effective July 1, 2023; and salary increases of 5% ATB effective July 1, 2024. The agreement also provides for increases in uniform maintenance and meal allowances; and increases in employer contributions for Trust Fund plans for fiscal years 2022 – 2025.

BU 10 (institutional health and correctional workers): An agreement on an amendment to extend the two year agreement (July 1, 2021—June 30, 2023) through June 30, 2025, was ratified by the UPW in March 2022 and approved by the City Council. The amended agreement provides for a $1,000 one-time lump sum payment effective July 1, 2021 to all employees who were employed on June 30, 2021, and continue to be employed as of July 1, 2021; wage increases of 2.94% ATB per month, developmental career plan (“DCP”) movements, and continuation of the DCP movements effective September 1, 2022; wage increases of 5% ATB per month, discontinuation of the DCP, and movements of employees on Step B to Step C effective July 1, 2023; and wage increases of 5% ATB per month effective July 1, 2024. The agreement also provides for increases to employer contributions for the Trust Fund plans for fiscal years 2022 – 2025.

BU 11 (firefighters): An interest arbitration award for the Hawaii Fire Fighters Association (“HFFA”) was issued on April 4, 2022, for the four-year period from July 1, 2021 through June 30, 2025, and approved by the City Council. The award provides for the continuation of step movements effective July 1, 2021; salary increases of 3% ATB and continuation of step movements effective July 1, 2022, salary increases of 4% ATB and continuation of step movements effective July 1, 2023; and salary increases of 4% ATB and continuation of step movements effective July 1, 2024. The parties also agreed to increase the employer contributions for Trust Fund plans for part of fiscal years 2022 – 2025.

BU 12 (police officers): An interest arbitration award for the State of Hawaii Organization of Police Officers (“SHOPO”) was issued on July 26, 2022, for the four-year period from July 1, 2021 through June 30, 2025, and approved by the City Council. The award provides for the continuation of step movements effective July 1, 2021; salary increases of 5% ATB and continuation of step movements effective July 1, 2022; salary increases of 5% ATB and continuation of step movements effective July 1, 2023; and salary increases of 5% ATB, continuation of step movements, and one-time lump sum bonuses ranging from $1800 to $2000, effective July 1, 2024. The parties also agreed to increase the employer contributions for Trust Fund plans for part of fiscal year 2023 and fiscal years 2024 and 2025.

BU 13 (professional and scientific employees): An agreement on an amendment to extend the two-year agreement (July 1, 2021 — June 30, 2023) through June 30, 2025 was ratified by the HGEA in April 2022, and approved by the City Council. The amended agreement provides for a 2% one-time lump sum payment based on June 30, 2021 annual base pay for employees who were employed on Step M as of June 30, 2021 and continue to be employed as of July 1, 2021; step movements effective July 1, 2022 for employees who were eligible for step movements during the period July 1, 2021 to June 30, 2022; continuation of step movements for eligible employees effective July 1, 2022; salary increases of 2% ATB effective July 1, 2022; deletion of Step C, and salary increases of 4% ATB effective July 1, 2023; and salary increases of 3.59% ATB effective July 1, 2024. The agreement also provides for increases in employer contributions for Trust Fund plans for fiscal years 2022 – 2025.

BU 15 (ocean safety and water safety officers): An interest arbitration award for the HGEA BU 15 was issued on July 22, 2022, for the four-year period from July 1, 2021 through June 30, 2025, and approved by the City Council. The award provides for the continuation of step movements and a 1% one-time lump sum payment, based on June 30, 2021 annual base pay for all employees employed as of June 30, 2021 and continue to be employed as of July 1, 2021, effective July 1, 2021; salary increases of 3% ATB and continuation of step movements effective July 1, 2022; salary increases of 4% ATB and continuation of step movements effective July 1, 2023; and salary increases of 4% ATB and continuation of step movements effective July 1, 2024. The parties also agreed to increase the employer contributions for Trust Fund plans for part of fiscal year 2023.

By resolution passed on May 15, 2024, the City Council approved the Mayor's executive reorganization authority to create a Department of Ocean Safety to which ocean safety and water safety officers would be transferred. A charter amendment will be proposed to the electorate in the 2024 election to establish a Commission to oversee the Department of Ocean Safety.

The State recently settled a claim for hazard pay by members of BUs 02, 03, 04 and 13 represented by HGEA. Under the agreement employees who physically reported for work on 420 days or more during the period March 4, 2020 to March 25, 2022 will receive hazard pay of $20,000 in two installments in October 2024 and March 2025. Employees who physically reported for work fewer than 420 days during that period, including employees who worked from home, will receive hazard pay of $10,000, also payable in two installments. The 2024 Legislature has appropriated approximately $450 million to fund this settlement. The State Department of Education and the County of Maui have reached similar settlements with unions.

City and County employees within BUs 01, 02, 03, 04, 10, 12, 13, and 15 have filed claims for temporary hazard pay related to the COVID-19 pandemic, which claims remain unresolved at this time. The City and County has recently concluded arbitration hearings regarding a class grievance filed by the UPW regarding temporary hazard pay for City and County employees in BUs 01 and 10 and SHOPO regarding temporary hazard pay for City and County police officers in BU 12. Although no specific dates were set by the arbitrator, the City and County currently anticipates arbitration decisions in July 2024. The City and County proposes to reprogram remaining American Rescue Plan Act State and Local Fiscal Recovery Funds Program monies to pay any hazard pay negotiated or awarded in arbitration. The City and County cannot predict the amount, if any, the City and County may be liable to fund temporary hazard pay claims related to the COVID-19 pandemic.

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 Hawaii Employer-Union Health Benefits Trust Fund (the "Trust Fund" or "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

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, 2022 and July 1, 2023:

Table 18

City and County of Honolulu
Retiree Health Care Plan Membership

Category	July 1, 2022	July 1, 2023
Retirees	7,932	8,098
Deferred Inactives	784	769
Actives	8,438	8,453

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, 2023 ("2023 EUTF Valuation Report"), the Trust Fund's actuarial consultant calculated the Annual Required Contributions for the fiscal years ending June 30, 2025 and 2026 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 $2.472 billion, and its unfunded actuarial accrued liability was estimated to be $1.247 billion, with a funded ratio of 49.5%. 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 $1.247 billion as of July 1, 2023, compared with $1.301 billion as of July 1, 2022. 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 $194.748 million for fiscal year 2026 and $192.820 million for fiscal year 2025 with full prefunding, compared to $190.911 million for fiscal year 2024. The City and County's annual OPEB ARC was $188.090 million for fiscal year 2023 and $197.569 million for fiscal year 2022.

The City and County's net OPEB unfunded actuarial accrued liability for fiscal year 2023 was allocated among various funds as follows:

Fund	Amount
General Fund	$1,114,016,000
Sewer Fund	71,197,000
Transportation Fund	6,224,000
Refuse	49,166,000
H-Power	249,000
Recycling	3,859,000
Total:	$1,244,711,000

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 2019–2022, the City and County transferred the following respective amounts to the Trust Fund for this purpose: $83.7 million, $83.7 million, and $96.4 million and $99.5 million. There were no transfers to prefund the City and County's OPEB obligations for the fiscal year 2023.

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.

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The following table shows the City and County's ARC, actual contributions and, for fiscal years 2014 to 2023, the contribution requirements of Act 268. Through fiscal year 2018 the City and County has exceeded the percentage of ARC requirement.

Table 19

City and County of Honolulu: History of OPEB Contributions
(Dollars in Thousands)
Fiscal Years 2014 – 2023

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]
2014	$144,624	$65,511	$41,540	$107,051	74%	0%	NA
2015	147,058	64,683	47,123	111,806	76	20	$15,708
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	--

(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 $68.518 million for FY 2015 and $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 2013:

Table 20

City and County of Honolulu: OPEB Funding Progress
(Dollars in Thousands)
Fiscal Years 2013 – 2023

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, 2013	$ 123,406	$1,795,635	$1,672,229	6.9%	$551,642	303.1%
July 1, 2015	242,593	2,009,083	1,766,490	12.1	613,054	288.1
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

The OPEB ARC, actuarial accrued liability, and unfunded actuarial accrued liability are provided by the Trust Fund's actuary, measured in the 2023 EUTF Valuation Report. Significant actuarial methods and assumptions utilized in the 2023 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	3.00%
Healthcare inflation rates	
PPO	6.30% initial, declining to 4.25% after 21 years
HMO	6.30% initial, declining to 4.25% after 21 years
Dental	4.00%
Vision	2.50%
Medicare Part B	5.00% initial, declining to 4.25% after 21 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 are covered under the Employees' Retirement System of the State (the "System" or "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. 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, 2023, 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 2022 actuarial valuation report (the "2022 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, 2023, the City and County reported a liability of $2.408 billion for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 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, 2023 was $13.710 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, 2022, the City and County's proportion was 18.57%, which was a decrease of 0.20% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the City and County recognized pension expense of $203 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 2013-2023 are set forth in Table 21 below. Contributions to the System from the City and County, excluding its component units, for June 30, 2023, 2022, and 2021 were $269,336 million, $253.756 million, and $245.628 million, respectively.

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.

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Table 21

SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
Fiscal Years 2013 – 2023 (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
2013	$ 93,503	$ 87,840	$ (5,663)	$509,130	17.25%
2014	102,885	87,979	(14,906)	536,304	16.40
2015	121,465	132,308	10,843	578,043	22.89
2016	135,217	129,245	(5,972)	599,494	21.56
2017	140,342	139,569	(773)	626,639	22.27
2018[a]	154,219	159,115	4,896	649,455	24.50
2019[a]	177,773	178,100	327	675,044	26.38
2020[a]	214,275	214,735	460	697,585	30.78
2021[a]	248,028	247,806	(222)	708,949	34.95
2022[a]	255,144	254,958	(186)	678,939	37.55
2023	269,262	269,336	74	693,191	38.85

[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, 2023, 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 22

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City and County's share of net pension liability ($000)	$3,346,480	$2,408,410	$1,631,867

The total pension liability in the 2022 ERS Valuation Report was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Payroll growth rate	3.00% to 3.50% per annum
Investment rate of return	7.00% per annum

The same rates were applied to all periods. There were no changes to ad hoc postemployment benefits including COLA. Post-retirement mortality rates were projected on a fully generational basis by the long-term rates of scale UMP form 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 2023 ERS Valuation Report were based on the results of an actuarial experience study, dated June 14, 2022 adopted by the Board of Trustees based on the recommendations of the System's actuary.

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, 2023, 2022 and 2021 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 2023 actuarial valuation report (the "2023 ERS Valuation Report"), presenting the actuarial condition of the ERS as of June 30, 2023.

The demographic data for each annual June 30 valuation is collected as of the March 31 preceding the valuation date. As of March 31, 2023, the contributory plan covered 432 active employees or 0.7% of all active members of the System, the noncontributory plan covered approximately 8,700 active employees or 13.5%, and the Hybrid Plan covered 50,279 active members or 78.3%. 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, 2023, the System's membership comprised approximately 64,243 active employees, 8,997 inactive vested members, and 54,973 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, 2021, 2022 and 2023:

Table 23

SYSTEM MEMBERSHIP

Category	March 31, 2021	March 31, 2022	March 31, 2023
Active	65,561	64,234	64,243
Inactive, vested	9,011	9,031	8,997
Retirees and beneficiaries	52,618	53,990	54,973
Total	**127,190**	**127,255**	**128,213**

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 period not in excess of 30 years. Based on the current contribution rates of 41.00% for police and fire employees and 24.00% for all other employees, the future contribution rates established by statute (See "—Funding Policy" below), and the new benefit tier for employees hired after June 30, 2012, the actuary has determined that, as of the 2023 ERS Valuation Report, the remaining amortization period is 23 years.

Based on the 2023 ERS Valuation Report, the System's UAAL increased to $13.710 billion, compared to $13.505 billion in 2022. The market return of 3.81% fell short of the ERS's 7.0% benchmark and completely offset deferred investment gains from previous years. The funded ratio was 62.2% in Fiscal Year 2023 based on the actuarial value of assets. Based on the assumptions used in preparing the 2023 ERS Valuation Report and the future contribution rates established by the Legislature effective July 1, 2017, the actuary determined that, as of the 2023 ERS Valuation Report, the remaining amortization period is 23 years. Thus, the current contribution rate is sufficient to eliminate UAAL over a period of 30 years or less as mandated by Section 88-122(e)(1), HRS.

The State Legislature in 2024 approved SB 3070, which, if approved by the Governor, will reduce the maximum funding period, as defined by Section 88-21, HRS, to 25 years as of June 30, 2024, 24 years as of June 30, 2025, 23 years as of June 30, 2026, 22 years as of June 30, 2027, 22 years as of June 30, 2028, 21 years as of June 30, 2029 and 20 years as of June 30, 2030.

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 30 years:

Table 24

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

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, 2022 and ended June 30, 2023.

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, 2023 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, 2023 was 14.57% of payroll, which was 18.14% of payroll less than the total contributions required by law (26.00% from employers plus 6.71% in the aggregate from employees). Since only 7.86% of the employers' 26.00% contribution is required to meet the normal cost (6.71% comes from the employee contribution), it is intended that the remaining 18.14% 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 3.50% per year. Due to the changes enacted in 2011 (increases in the employer contribution rates and new benefits and contribution rates for members hired after June 30, 2012), 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. 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, 2021, and are reflected in the 2023 ERS Valuation Report.

The actual investment returns of the System for fiscal years 2013 through 2023 shown below are market returns, net of investment and administrative expenses.

Table 25

Fiscal Years 2013 – 2023

Fiscal Year	Percentage
2013	12.57
2014	17.77
2015	4.23
2016	-0.78
2017	13.68
2018	7.89
2019	5.67
2020	2.09
2021	26.90
2022	0.80
2023	3.80

Source: Report on Investment Activity for the ERS prepared The Northern Trust Company (2013), The Bank of New York Mellon (2014-2016), the ERS Valuation Reports (2017-2023).

The 2023 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 23-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 2024. 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 24-year term.

Table 26 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, 2052. 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 26

SCHEDULE OF FUNDING PROGRESS
(Dollar amounts in millions)
Fiscal Years 2013 – 2023

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)
2013	$12,748.8	$21,243.7	$8,494.9	60.0%	$3,906.7	217.4%
2014	13,641.8	22,220.1	8,578.3	61.4	3,991.6	214.9
2015 *	14,463.7	23,238.4	8,774.7	62.2	4,171.4	210.4
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

Source: 2013 - 2023 ERS Valuation Report
* *New assumption effective on valuation date.*

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Table 27

PROJECTED FUNDING PROGRESS*
(Dollar amounts in millions)

Fiscal Year (ending June 30)	Employer Contributions	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio
2023	$ 1,244	$ 36,225	$ 22,515	$ 13,710	62.2%
2024	1,275	37,481	23,710	13,771	63.3
2025	1,310	38,729	24,926	13,803	64.4
2026	1,346	39,973	26,171	13,802	65.5
2027	1,383	41,212	27,448	13,764	66.6
2028	1,422	42,448	28,762	13,687	67.8
2029	1,462	43,682	30,116	13,565	68.9
2030	1,504	44,912	31,517	13,394	70.2
2031	1,547	46,138	32,968	13,171	71.5
2032	1,592	47,361	34,473	12,888	72.8
2033	1,638	48,580	36,039	12,541	74.2
2034	1,686	49,795	37,671	12,124	75.7
2035	1,735	51,009	39,377	11,631	77.2
2036	1,786	52,220	41,166	11,054	78.8
2037	1,839	53,432	43,045	10,387	80.6
2038	1,894	54,646	45,024	9,622	82.4
2039	1,951	55,867	47,117	8,750	84.3
2040	2,011	57,099	49,337	7,762	86.4
2041	2,073	58,347	51,698	6,649	88.6
2042	2,137	59,616	54,216	5,400	90.9
2043	2,203	60,909	56,905	4,004	93.4
2044	2,272	62,233	59,784	2,449	96.1
2045	2,343	63,591	62,869	722	98.9
2046	2,417	64,989	66,178	(1,189)	101.8
2047	2,493	66,432	69,732	(3,299)	105.0
2048	2,572	67,927	73,551	(5,624)	108.3
2049	2,654	69,480	77,661	(8,180)	111.8
2050	2,737	71,094	82,081	(10,987)	115.5
2051	2,823	72,773	86,835	(14,062)	119.3
2052	2,912	74,520	91,945	(17,426)	123.4

Source: 2023 ERS Valuation Report.

* *Assumes all actuarial assumptions exactly met, including a 7.00% annual return on the current actuarial value of assets. No assurance can be given that any of such assumptions will reflect the actual results experienced by the System. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the System, and variances between the assumptions and actual results may cause an increase or decrease in, among other things, the System's actuarial accrued liability, actuarial value of assets or funded ratio.*

The total assets of the System on a market value basis available for benefits amounted to approximately $17.2 billion as of June 30, 2019, and $17.4 billion as of June 30, 2020, $21.9 billion as of June 30, 2021, $21.9 billion as of June 30, 2022, $22.4 billion as of June 30, 2023, and $23.3 billion as of March 31, 2024. Actuarial certification of assets as of June 30, 2019 was $17.3 billion, as of June 30, 2020 was $18.1 billion, as of June 30, 2021 was $19.9 billion, as of June 30, 2022 was $21.3 billion, and as of June 30, 2023 was $22.5 billion.

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 ration based on market value assets:

Table 28

ACTUARIAL VALUE OF ASSETS
Fiscal Years 2013 – 2023

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)
2013	$12,748.8	$12,357.8	96.9%	60.0%	58.2%
2014	13,641.8	14,203.0	104.1	61.4	63.9
2015	14,463.7	14,505.5	100.3	62.2	62.4
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

Source: 2013-2023 ERS Valuation Reports.

As of June 30, 2023, the UAAL of the System was $13.710 billion, an increase from $13.505 billion as of June 30, 2022. 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 2022 and 2023:

Table 29

NORMAL COST

	June 30,					
	2022			2023		
	Police and Firefighters	Other Employees	All Employees	Police and Firefighters	Other Employees	All Employees
Normal cost as % of payroll:	27.31%	12.96%	14.60%	27.21%	12.94%	14.57%
Employee contribution rate:	12.75	5.79	6.59	12.78	5.92	6.71
Effective employer normal cost rate:	14.56	7.17	8.01	14.43	7.02	7.86

Source: 2023 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 30

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Dollar amounts in thousands)
Fiscal Years 2013 – 2023

June 30,	Actual Contribution
2013	$ 581,447
2014	653,128
2015	717,793
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

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, 2023:

Table 31

ASSET ALLOCATION
(as of September 30, 2023)

	Actual Allocation		Target Allocation		Allocation Difference
Asset Type	Amount ($mm)	Percentage	Amount ($mm)	Percentage*	
Broad Growth	$14,910.6	67.2%	$14,431.9	65.0%	2.2%
Diversifying Strategies	6,848.3	30.8	7,771.0	35.0	-4.2
Other	443.9	2.0	0.0	0.0	2.0
Total	$22,202.9	100.0%	$22,202.9	100.0%	

* *Target allocation percentages are interim policy targets effective July 1, 2022. Numbers subject to changes and rounding errors.*
Source: Valuations provided by BNY Mellon – September 30, 2023; 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 32

EMPLOYER CONTRIBUTION RATES

Actuarial Valuation as of June 30	Total Calculated Employer Contribution Rate for all Employees (% of total payroll)*	Funding Period (Years)
2017	19.16	26.0
2018	20.36	25.0
2019	23.61	26.0
2020	26.00	26.0
2021	25.94	24.0
2022	25.92	24.0
2023	25.89	23.0

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

As previously noted, the current funding period for paying off the UAAL of the ERS is 23 years one year less than the prior year's funding period. Normally, the funding period is expected to decrease by one year each year if all assumptions are met. While this result may seem surprising given the actuarial losses on both the assets and liabilities of the System in Fiscal Year 2023, the UAAL was expected to increase slightly during this portion of the financing process. 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, meaning larger payments towards the unfunded liabilities of the System. As such, even though the total unfunded liabilities increased slightly from Fiscal Year 2022, the period over which the unfunded liabilities are to be paid off decreased by one year. Accordingly, the funding period remains less than the statutorily required minimum of 30 years and the ERS remains on track to achieve full funding in the same timeframe as originally set by the Legislature when passing the current contribution rates in 2017.

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Summary of Actuarial Certification Statement.

A summary of the actuarial certification of the System as of June 30, 2022 and June 30, 2023 is set forth below:

Table 33

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF HAWAI`I
Summary of Actuarial Certification as of June 30, 2022 and 2023
(Includes all counties)

ASSETS	2022	2023
Total current assets	$21,317,835,653	$22,514,931,693
Present value of future employee contributions	3,029,993,793	3,157,666,999
Present value of future employer normal cost contributions	2,962,888,008	2,952,738,757
Unfunded actuarial accrued liability	13,504,942,967	13,709,685,560
TOTAL ASSETS	$40,815,660,421	$42,335,023,009
LIABILITIES		
Present value of benefits to current pensioners and beneficiaries	$19,633,778,364	$20,428,643,371
Present value of future benefits to active employees and inactive members	21,181,882,057	21,906,379,638
TOTAL LIABILITIES	$40,815,660,421	$42,335,023,009

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 2023, the actuarial investment loss was equal to $29.8 million. The loss was caused by individual salary increases being more than expected by the assumptions. On the asset side, ERS experienced an actuarial loss as well. This result was due to shortfall in returns in 2023 which completely offset deferred investment gains from previous years. In addition to these changes, ERS currently experiences negative amortization (interest on the UAAL is greater than the contributions towards the elimination of the UAAL). As a result, the UAAL increased (in dollars) based on this actuarial valuation as of June 30, 2023 and ERS's underfunded status as measured by the UAAL is now $13.71 billion.

The funded ratio is currently 62.2% compared with the 61.2% 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

COVID-19

The COVID-19 pandemic had an adverse impact on the finances and operations of the City and County and the State. The City and County general fund revenues decreased in fiscal years 2020 and 2021 as a result of reductions in State transient accommodation tax revenues and reductions in collections from the transient accommodation tax surcharge and the general excise and use tax surcharge.

Business activity in the State in general and the visitor industry in particular has gradually returned to pre-COVID-19 levels. The Oahu TAT and the State GET and transient accommodations surcharge collections have all recovered to exceed pre-COVID-19 levels of collections. Although domestic travel to the State from the United States mainland in 2023 and early 2024 has surpassed pre-COVID-19 levels, international travel has not yet fully recovered to levels experienced pre-COVID-19. Japanese tourism has not rebounded to pre-COVID-19 pandemic levels due to certain travel restrictions that were not removed until May 2023, the high dollar to yen exchange rate, and competition from other destinations.

In connection with the COVID-19 pandemic, the City and County received an allocation of $387 million under the Coronavirus Aid, Relief and Economic Security Act, approximately $386 million of American Rescue Plan Act funds and approximately $132 million in additional COVID-19-related federal aid.

No assurances can be given that a resurgence of COVID-19 or the emergence of a new pandemic or public health emergency would not have a material adverse effect on the finances and operations of the City and County.

Red Hill Bulk Fuel Storage Facility

The U.S. Navy's Red Hill Bulk Fuel Storage Facility in Halawa Valley supports military operations in the Pacific. The facility can store up to 250 million gallons of fuel. It consists of 20 steel lined tanks, encased in concrete, and built into cavities that were mined inside of Halawa Valley during World War II. Each of the 20 tanks at Red Hill measures 100 feet in diameter and is 250 feet in height, and has a storage capacity of approximately 12.5 million gallons. The tanks are connected to three pipelines that run 2.5 miles through a tunnel to fueling piers at Pearl Harbor. The Red Hill Facility stored three types of petroleum fuel - marine diesel for ships and two types of jet fuel, JP-5 and JP-8. Historically the Red Hill Facility also stored Navy Special Fuel Oil, Navy distillate, motor gasoline and aviation gasoline.

The Red Hill Facility sits approximately 100 feet directly above the Southern Oahu Basal Aquifer. One of nine sole-source aquifers, the Environmental Protection Agency ("EPA") has previously determined this aquifer and its Halawa Shaft to be the "principal source of drinking water" for Urban Honolulu. Citizens connected to municipal water supplies in the area around Red Hill receive their drinking water from either the Honolulu Board of Water Supply or the Joint Base Pearl Harbor-Hickam Water System ("JBPHHWS").

In January 2014, in the course of refilling Tank 5 following its maintenance and repair work, the U.S. Navy identified an estimated fuel release of up to 27,000 gallons of JP-8 jet fuel from the tank and reported the release to the Hawaii Department of Health ("DOH"). The U.S. Navy subsequently drained the tank and collected samples from existing monitoring wells. Results taken in and around Tank 5 indicated a spike in levels of hydrocarbons in soil vapor and groundwater. In response to the January 2014 fuel release from the facility, EPA and DOH negotiated an enforceable agreement, known as an Administrative Order on Consent ("AOC"), with the U.S. Navy and the Defense Logistics Agency ("DLA"). The Order requires the Navy and DLA to take actions, subject to DOH and EPA approval, to address fuel releases and implement infrastructure improvements to protect human health and the environment.

The U.S. Navy operates its own water system that provides water service to Joint Base Pearl Harbor-Hickam facilities and residential housing. On May 6, 2021, the Navy reported approximately 38 gallons of JP-5 was released into the environment from pipeline releases near Tanks 18 and 20. On July 23, 2021, the Navy reported a release of approximately 150 gallons at Kilo Pier. On November 20, 2021, the Navy reported approximately 14,000 gallons of water and JP-5 were released from a cracked valve in a fire suppression drain line at a location approximately ¼-mile downhill of the bulk fuel tank and contained in a sump located in close proximity to Red Hill Shaft.

In late November, 2021, hundreds of families living on Joint Base Pearl Harbor-Hickam ("JBPHH") and the U.S. Army's Aliamanu Military Reservation and Red Hill Housing, reported petroleum odors coming from residential tap water supplied by the U.S. Navy water system; there were also reports of health issues arising from the contaminated drinking water. Approximately 93,000 U.S. Navy water system users were impacted. It was confirmed that the source of the petroleum was the nearby Red Hill Bulk Fuel Storage Facility, which contaminated the Red Hill Well, the Navy's primary source for its water system. EPA partnered with the U.S. Navy, U.S. Army and DOH in an Interagency Drinking Water System Team ("IDWST") to restore safe drinking water to the affected residents and workers beginning in December, 2021. The IDWST team completed drinking water restoration in March 2022.

On December 8, 2021, the Honolulu Board of Water Supply ("BWS") was informed about potential contamination at the Navy's Aiea-Halawa Shaft. BWS immediately took precautionary measures and shut down its Aiea Well and Halawa Shaft.

On March 7, 2022, the Secretary of Defense directed the Secretary of the Navy, in coordination with the Commander of the United States Indo-Pacific Command, to take all steps necessary to defuel and permanently close the Red Hill Bulk Fuel Storage Facility. On June 30, 2022, the Secretary of the Navy in coordination with the DLA issued a defueling plan on behalf of the Department of Defense ("DOD"). The plan provides interim milestones to be achieved throughout the defueling process and shares an initial timeline for defueling the Red Hill Bulk Fuel Storage Facility. On September 7 and 28, 2022, the Navy submitted Defueling Plan Supplemental 1A and Supplemental 1B respectively to respond to EPA and DOH comments and provide additional information. Commencing October 25, 2022, the Navy drained, or "unpacked," almost three miles of fuel facility pipelines linking the Red Hill Bulk Fuel Storage Facility fuel tanks to Pearl Harbor. Unpacking the fuel lines was a required action before the Navy could implement repairs needed to safely defuel all fuel from the Red Hill Bulk Fuel Storage Facility. On November 1, 2022, the U.S. Navy submitted the Red Hill Bulk Fuel Storage Facility Closure Plan to EPA and DOH.

On May 16, 2023, the Navy announced it would commence defueling the Red Hill Bulk Storage Facility on October 16, 2023. The Nay estimated that 104 million gallons of fuel would be removed from the tanks by January 2024, leaving between 100,000 to 400,000 gallons of fuel remaining to be removed.

On June 2, 2023, EPA approved a 2023 Administrative Consent Order (the "Consent Order") with Navy and the DLA that will require steps to ensure the safe defueling and closure of the Red Hill Bulk Storage Facility at Joint Base Pearl Harbor-Hickam. Under the Consent Order, the Navy has committed to properly operate and maintain the JBPHH drinking water system to protect the health and safety of its consumers. The Consent Order continues EPA's work to oversee the Navy's response to the November 2021 fuel release from the Facility and the subsequent decision to close the Facility by the DOD. EPA accepted public comments from December 20, 2022 through February 6, 2023, prior to finalizing the Consent Order.

On June 28, 2023, the Navy announced it had completed all repairs and modifications necessary to commenced defueling the Red Hill Facility. DOH had specified 253 items for the Navy to complete before defueling could commence. The Navy proceeded to remove 104.6 million gallons of fuel from the Red Hill Facility. By December 15, 2023 the Navy had relocated approximately 36 million gallons of fuel to Campbell Industrial Park in Barbers Point, and shipped 39 million gallons to Subic Bay in the Philippines and 12 million gallons to California. The remaining fuel is stored at the Navy's tank farm at Joint Base Pearl Harbor - Hickam. After completing the de-fueling the Navy reported 64,000 gallons of residual fuel remained in low and difficult to reach places within the transmission system. The Navy planned to remove approximately 60,000 gallons of residual fuel by March 2024. The remaining 4,000 gallons of fuel are in difficult to reach parts of the facility that may require removal of the pipelines. This work, and removal of 28,000 gallons of sludge are scheduled to be completed by June 2027.

Defueling the tanks does not resolve removal of the fuel contaminants already in the aquifer and rock under and surrounding the tanks from past releases that remain and pose a continuing threat to existing BWS water sources in the vicinity of the Red Hill Facility. Records indicate that as much as 1.9 million gallons of fuel may have leaked or spilled over the eight-decade history of the facility.

The BWS is presently pumping at higher rates from other well stations that also serve metropolitan Honolulu to make up the 20% loss from shutting down the Halawa Shaft. This condition is being monitored closely as extended pumping at higher rates can cause water salinity levels to rise and affect both the aquifer and the water pumped. Presently, the situation with the BWS wells serving urban Honolulu is stable. However, extended closure of the Halawa Shaft could result in mandatory water conservation measures and moratoriums on new water use to prevent the effects of over pumping other well stations.

In response to the 2014 Tank 5 leak, BWS has been monitoring five BWS well stations that are located closest to Red Hill. To date, no petroleum contamination has been detected in any of these well stations, including the Halawa Shaft. BWS has increased its testing of these wells in response to this incident and will continue to do so until the situation warrants revising the testing frequency. The closure of the Halawa Shaft was done to prevent any petroleum contamination in the aquifer from reaching the Halawa Shaft and ultimately entering the BWS's urban Honolulu water system.

The U.S. Navy is still working to determine the amount of fuel that entered the aquifer affecting its Red Hill Shaft water source. This finding is critical to determining whether the Red Hill Shaft can be treated to remove the contamination. The BWS is tracking the costs of its actions in response to this incident. The BWS cannot predict the ultimate costs of these actions or whether and to what extent it may be reimbursed by the U.S. Navy. The BWS 2018

Long Range Financial Plan developed a scenario for handling a major water source contamination event. BWS has the technical, managerial, and financial expertise to respond to this event. Neither BWS nor the City and County has experienced any material adverse financial impact from this contamination at this time.

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 driver of and the negative impacts of climate change, impacts to which the City and County 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 on Oahu of such sea level rise without action in response 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 and 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. 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 FEMA National Flood Insurance Program Community Rating System ("CRS"). Since joining CRS in 2022, the City and County has successfully renewed standing for 2023 and 2024, and due to practices above minimum NFIP practices, flood insurance policy holders benefit from a 10 percent annual premium reduction.

On June 30, 2021, the US Army Corps of Engineers ("USCAE") and the City and County signed a Feasibility Cost Sharing Agreement for the Ala Wai Canal Flood Risk Management General Reevaluation to further engage community members towards a potential design for flood risk reduction in the Ala Wai Canal Watershed, which also includes Waikīkī. The City and County is also working with the USACE in the Wailele Stream watershed on the North Shore and Wailupe Stream watershed in East Honolulu.

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 the initiation and progress of 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 Leadership in 2023 (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 2021, 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).

On February 28, 2024, the City and County adopted its first-ever climate adaptation strategy, called, Climate Ready Oʻahu. On April 15, 2024, the City and County received another $1 million grant from the EPA through its Environmental Justice Government to Government Program to build partnerships with community-based organizations, and fund and support their missions, initiatives that also implement Climate Ready Oahu, and develop Climate Champions in the communities they serve.

In recognition of increasing temperatures as a result of climate change, and the need to address increasing heat and respond during periods of extreme heat, the City and County has initiated or will initiate significant steps to advance Mayor's Directive 20-14, Actions to Address Increasing Temperatures and the Urban Tree Canopy. Aligned with Directive 20-14 and Climate Ready Oahu, the City and County, through both general funds and federal and state grants, is: updating the street and park tree inventory, and asset management systems; working with disadvantaged communities for tree giveways and education for private properties for both shade and fruit; initiating an urban canopy action plan; updating tree/shade rules, regulations, and practices; investigating heat mortality risks and strategies to mitigate those risks; engaging with the State of Hawaiʻi Department of Health on education and awareness on heat health risks and actions to manage and respond to episodes of higher heat; and, working with non-profit partners to update the islands urban tree canopy assessment and change detection analysis, last conducted with 2013 data.

At this time the City and County is not able to determine if, or 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. The City and County is unable to predict whether, or 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 September 1, 2020, 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. 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 prepared its Storm Water Management Program Plan on September 1, 2021. 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 National Pollutant Discharge Elimination System (NPDES) Municipal Separate Storm Sewer System (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 2026 at the earliest.

Natural Disasters

It is possible that climate change increases the frequency and severity of natural disasters, including hurricanes. 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 of Honolulu is not directly affected by volcanic activity.

On August 22, 2023, in the aftermath of the wildfires on the island of Maui, 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.

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 and other attacks on the City and County Technology.

To mitigate the risk and/or damage from cybersecurity incidents or cyber-attacks, 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.

Short-Term Rentals

The City Council enacted and on April 26, 2022, the Mayor approved Ordinance No. 22-7 to regulate short-term rentals in the City and County. Ordinance No. 22-7 amended Ordinance No. 19-18, the prior administration's attempt to regulate short-term rentals in the City and County. Based on on-line advertising it is estimated there were 8,000 to 10,000 short term rentals available on Oahu prior to enactment of Ordinance No. 19-18, far exceeding the number of such units permitted under Honolulu's Land Use Ordinance ("LUO"). As amended, the LUO presently permits short-term rentals, for periods of less than 90 days in Resort zoning districts, the Resort Mixed Use Precinct of the Waikiki Special District, in certain areas located in the Apartment Precinct of the Waikiki Special District mauka of Kuhio Avenue, in certain areas in the A-1 and A-2 Apartment zoning district in close proximity to the Ko Olina Resort, in certain areas in the A-1 Apartment zoning district in close proximity to the Turtle Bay Resort, and in other zoning districts with a non-conforming use certificate for short-term rental use established prior to 1989. The City and County ceased issuing such permits in 1990, and approximately only 770 such permitted units remain. Unpermitted short term rental in Residential zoning districts were prohibited.

Effective April 26, 2022, fines for unpermitted short-term rentals were increased to an amount not to exceed $10,000 per day for all violations. All short term rentals are now subject to registration requirements, maximum occupancy requirements and off street parking requirements. Hosting platforms that provide booking services for short-term rentals must register with the City and County Department of Planning and Permitting and must provide the registration number or the non-conforming use certificate number of all short-term rental units hosted. Bed and breakfast homes are defined as overnight accommodations in a detached dwelling provided by the owner who occupies the same dwelling. Dwellings used as short term rentals and bed and breakfast homes may be taxed at a higher rate than residential dwellings. The ordinance does not permit issuance of new non-conforming use permits for transient vacation units, defined as accommodations provided in units other than a bed and breakfast home (not occupied by the owner of the unit). Short-term rentals and bed and breakfast homes were ordered to close during the COVID-19 pandemic as they were not considered essential businesses, but have since been allowed to reopen.

On December 21, 2023, U.S. District Judge Derrick Watson enjoined the City and County's implementation of Ordinance 22-7 insofar as it prohibited 30 to 89 day home rentals lawfully in existence as of its effective date. The Court based its decision on Section 46-4, Hawai`i Revised Statutes, that prohibits a county from passing an ordinance that would eliminate or discontinue existing lawful residential uses. In response to this decision, on May 3, 2024, the Governor approved Act 17, SLH 2024, that amended Section 46-4, Hawai`i Revised Statutes to authorize counties to regulate the time, place, manner and duration of a use of property.

The City and County does not anticipate the foregoing measure or its injunction or the amendment will have a material impact on City and County revenues.

Landfill

The Waimanalo 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 City and County's Department of Environmental Services ("ENV") 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 Hawai`i 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 Hawaiʻi 2020 ("Act 73"), which prohibits siting landfills in conservation districts and within one-half mile of any residential, school or hospital property line), ENV proposed six potential sites for the LAC to examine and score.

During a LAC meeting in December 2021, the BWS informed the LAC that BWS objected to the six potential sites on the basis they are all within the BWS No Pass Zone, which is an area 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, ENV submitted an application to the City Planning Commission to modify its Special Use Permit to extend the date by which it is required to identify an alternative landfill site from December 31, 2022 to December 31, 2024. On May 15, 2024, following a series of contested case hearings where the ENV's application was deliberated, the City Planning Commission adopted a decision and order approving the extension request, with certain conditions. The Land Use Commission, must now conduct hearings and issue a final determination approving, denying or approving with conditions the City and County's extension request in the coming months.

ENV had also considered four potential landfill sites on land owned by the U.S. military at Lualualei in Waianae, at Bellows in Waimanalo, at Iroquois Point in Ewa Beach, and on the Waipio Peninsula. Use of any of these sites would require approval from the U.S. military. The U.S. military has informed the City and County that the U.S. military will not allow the use of the Waipio Peninsula, Iroquois Point, or the Bellows sites for a landfill. The current position of the City and County is that its next landfill will not be on the Leeward side of Oahu so the City and County is not pursuing the Lualualei site. The City and County is currently considering pursuing an amendment to Act 73 at the Hawaii State Legislature in order to make other land available for purposes of siting a landfill.

The City and County currently is unable to project the cost of closing WGSL and the cost of opening a new landfill. It is likely that the majority or all of these costs would be paid from general fund sources.

LITIGATION

Pending Cases

In the normal course of business, claims and lawsuits are filed against the City and County. Generally, the City and County is self-insured with respect to general liability claims. In the fiscal years ended June 30, 2019 through 2023, settlements and judgments against the City and County paid from the General Fund totaled $5,944,185, $1,622,940, $7,024,696, $7,460,305, and $11,403,636, respectively.

Several lawsuits that have been filed against the City and County have the potential collectively to surpass the amount paid in the fiscal year ended June 30, 2023. These cases involve earth movement and property damage, various significant personal injuries involving City and County vehicles, employees, premises or roads, damages arising from equal protection violations, and a number of police-involved excessive force, negligence, and wrongful death cases.

The cases described above are in various preliminary stages of litigation so the City and County cannot with reasonable accuracy predict the timing, trajectory, terms or outcome (including liability if any) of these cases. The City and County intends to vigorously defend itself in these cases. In the opinion of the Director of Budget and Fiscal Services of the City and County, the expected liability arising out of the cases described above would not constitute a significant impairment to the financial condition of the City and County.

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 is currently pending in the Intermediate Court of Appeals, State of Hawaii. 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 in the Circuit Court of the First Circuit, State of Hawaii, on January 30, 2024. The plaintiffs appealed the Circuit Court's decision on February 28, 2024. The City and County is unable to determine the outcome of the appeal 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.

Wastewater Consent Decree

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 (the "EPA"), State of Hawaii Department of Health (the "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 Wastewater Treatment Plants ("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. Additionally, a final collection system project was completed by the agreed-upon deadline of May 31, 2022.

The City and County continues to work on the secondary improvements to the two treatment plants. The City and County completed the construction of secondary improvements to the Honouliuli WWTP by the Consent Decree deadline of June 1, 2024. Secondary improvements to the Sand Island WWTP are still underway. The City and County is on schedule to meet the consent decree deadline of December 31, 2035.

TAX MATTERS

Tax-Exempt Bonds

In the opinion of Bond Counsel, 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 2024A Bonds, Series 2024B Bonds, Series 2024C Bonds (collectively, the "Tax-Exempt Bonds") is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and 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 is of the further opinion that interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Tax-Exempt Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. 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 Tax-Exempt Bonds. A complete copy of the opinion of Bond Counsel is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Tax-Exempt Bonds is less than the amount to be paid at maturity of such Tax-Exempt Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Bonds is the first price at which a substantial amount of such maturity of the Tax-Exempt 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 Tax-Exempt Bonds accrues daily over the term to maturity of such Tax-Exempt 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 Tax-Exempt Bonds to determine taxable gain or loss upon trade or business disposition (including sale, redemption, or payment on maturity) of such Tax-Exempt Bonds. Beneficial Owners of the Tax-Exempt Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Tax-Exempt Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Tax-Exempt Bonds in the original offering to the public at the first price at which a substantial amount of such Tax-Exempt Bonds is sold to the public.

Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Tax-Exempt 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 Tax-Exempt Bonds may adversely affect the value of, or the tax status of interest on, the Tax-Exempt Bonds. Accordingly, the opinions of Bond Counsel is 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 Tax-Exempt 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 Tax-Exempt Bonds may otherwise affect an 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 Tax-Exempt 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 Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Bonds ends with the issuance of the Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Bonds, and may cause the City and County or the Beneficial Owners to incur significant expense.

Payments on the Tax-Exempt 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 Tax-Exempt Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Tax-Exempt Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Tax-Exempt 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.

Series 2024D Bonds

In the opinion of Bond Counsel, 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, the Series 2024D Bonds and the income therefrom are exempt from all taxation by the State of Hawai`i or any county or other political subdivision thereof, except inheritance, transfer, estate and certain franchise taxes. Bond Counsel observes that interest on the Series 2024D Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Series 2024D Bonds. The proposed form of opinion of Bond Counsel is contained in APPENDIX B hereto.

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) of the Series 2024D Bonds that acquire their Series 2024D Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax considerations discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Series 2024D Bonds as part of a hedge, straddle or an integrated or conversion transaction, investors whose "functional currency" is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Series 2024D Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Series 2024D Bonds pursuant to this offering for the issue price that is applicable to such Series 2024D Bonds (i.e., the price at which a substantial amount of the Series 2024D Bonds are sold to the public) and who will hold their Series 2024D Bonds as "capital assets" within the meaning of Section 1221 of the Code. The following discussion does not address tax considerations applicable to any investors in the Series 2024D Bonds other than investors that are U.S. Holders.

As used herein, "U.S. Holder" means a beneficial owner of a Series 2024D Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). If a partnership holds Series 2024D Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Series 2024D Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series 2024D Bonds (including their status as U.S. Holders).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Series 2024D Bonds in light of their particular circumstances.

U.S. Holders

Interest. Interest on the Series 2024D Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

Series 2024D Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Series 2024D Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Series 2024D Bond.

Sale or Other Taxable Disposition of the Series 2024D Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the City and County) or other disposition of a Series 2024D Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Series 2024D Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Series 2024D Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Series 2024D Bond (generally, the purchase price paid by the U.S. Holder for the Series 2024D Bond, decreased by any amortized premium. Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Series 2024D Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Series 2024D Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the Series 2024D Bonds. If the City and County defeases any Series 2024D Bond, the Series 2024D Bond may be deemed to be retired and "reissued" for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted U.S. federal income tax basis in the Series 2024D Bond.

Information Reporting and Backup Withholding. Payments on the Series 2024D 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 U.S. Holder of the Series 2024D Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Series 2024D Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2024D Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a 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 the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Foreign Account Tax Compliance Act ("FATCA")

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain "passthru" payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign passthru payments." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Series 2024D Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Series 2024D Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approval of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City and County. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix B hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Dentons US LLP, Honolulu, Hawaii and Katten Muchin Rosenman LLP, New York, New York.

BOND RATINGS

Fitch Ratings has assigned to the Bonds a rating of "AA+" with a stable outlook. S&P Global Ratings Inc. has assigned to the Bonds a rating of "AA+" with a stable outlook. The ratings referred to above reflect only the views of the organization assigning the rating, and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Fitch Ratings, One State Street Plaza, New York, New York 10004; and S&P Global Ratings Inc., 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies concerned, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased for reoffering by BofA Securities, Inc., Morgan Stanley & Co. LLC and Raymond James & Associates, Inc. The Underwriters have agreed to purchase the Bonds at an aggregate purchase price of $__________ (equal to the principal amount of such Bonds, [plus/less] a [net] original issue [premium/discount] of $__________, less an underwriting discount of $__________). The bond purchase contract provides that the Underwriters will purchase all of the Bonds if any are purchased. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial public offering prices set forth in this Official Statement.

BofA Securities, Inc., an underwriter of the 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 Bonds.

Morgan Stanley & Co. LLC, an underwriter of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

The Underwriters and their respective 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. Under certain circumstances, the Underwriters and their respective affiliates may have certain creditor and/or other rights against the City and County and its affiliates in connection with such activities. In the course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their 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 Underwriters and their respective 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.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12"), the City and County will undertake in a certificate of continuing disclosure (the "Continuing Disclosure Certificate"), constituting a written agreement for the benefit of the holders of the Bonds, to provide to the Municipal Securities Rulemaking Board, on an annual basis, certain financial and operating data concerning the City and County, financial statements, notice of certain events and certain other notices, all as described in the Continuing Disclosure Certificate, the form of which is contained in Appendix C; 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 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 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 Bonds, although any Beneficial Owner of the 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 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

MISCELLANEOUS

Additional information may be obtained, upon request, from the Director of Budget and Fiscal Services.

All quotations from, and summaries and explanations of, the State Constitution and laws referred to herein do not purport to be complete, and reference is made to the State Constitution and laws for full and complete statements of their provisions.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of any of the Bonds.

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

APPENDIX A

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 989,408 (approximately 68.9% of the state's population) as of July 1, 2023. 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 Koʻolau 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 Koʻolau 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 2024 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 has materially adversely affected Hawaii's economy since the outbreak of the pandemic in March 2020. The sudden decline of economic activity in March 2020 has impacted the significance of certain historical information presented for periods prior to the outbreak, but statistics for 2023 and the first quarter of 2024 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 2020 through 2023, and the first quarters of 2023 and 2024. In the first quarter of 2024, the unemployment rate in Honolulu decreased 0.3 of a percentage point from 2.9 percent to 2.6 percent from the prior year. In the first quarter of 2024, Honolulu added 7,100 or 1.6 percent non-agricultural wage and salary jobs compared to the same quarter of 2023. The number of jobs increased the most in the Government sector, which added 2,600 jobs or 2.8 percent; followed by Natural Resources, Mining, and Construction which added 2,500 jobs or 9.3 percent; Health Care & Social Assistance, which added 1,800 jobs or 3.3 percent; Food Services and Drinking Places which added 1,700 jobs or 3.8 percent; and Accommodation, which added 1,000 jobs or 5.9 percent. The Information sector lost 2,400 jobs or 29.6 percent in the quarter.

Table I

Employment Statistics

	Annual Average				First Quarter		
	2020	**2021**	**2022**	**2023**	**2023**	**2024**	**% Change Year Ago**
Civilian Labor Force	439,800	449,900	458,150	457,000	457,950	456,850	-0.2%
Civilian Employment	394,700	424,850	442,300	444,500	444,900	445,000	0.0%
Unemployed	45,100	25,050	15,850	12,550	13,000	11,850	-8.8%
Unemployment Rate	10.5%	5.8%	3.5%	2.7%	2.9%	2.6%	-0.3%

Source: State of Hawaii Department of Business, Economic Development and Tourism, County Social, Business and Economic Trends in Hawaii and 2024 Second Quarterly Statistical and Economic Report.

Personal Income. In recent years, per capita personal income for Honolulu residents has consistently been 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 2018 through 2022. As indicated, the per capita personal income in the State in 2022 was 0.5% higher than in 2021.

Table II

Per Capita Personal Income

Year	Honolulu	State of Hawaii	United States
2018	$54,633	$51,546	$53,309
2019	$56,762	$53,912	$55,547
2020	$60,273	$57,036	$59,153
2021	$64,193	$61,464	$64,430
2022	$64,936	$61,779	$65,470

Source: U.S. Department of Commerce, Bureau of Economic Analysis. BEA state per capita personal income statistics are calculated by dividing population into personal income. Data reflects latest updates as of Nov. 16, 2023.

Housing Market. The following table presents the median prices for single-family homes and condominiums in Honolulu from 2019 through 2023.

Table III

Median Resale Prices

	Single Family Homes		Condominiums	
Year	**Median Resale Price**	**% Change**	**Median Resale Price**	**% Change**
2019	$789,000	-0.1	$425,000	1.2
2020	$830,000	4.9	$435,000	2.3
2021	$990,000	16.2	$475,000	8.4
2022	$1,105,000	10.4	$510,000	6.9
2023	$1,050,000	-5.2	$508,500	-0.3

Source: State of Hawaii Department of Business, Economic Development and Tourism.

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 2024, on a statewide basis, there were there were 72,000 State and 18,800 county government workers, with approximately 70% of them employed on Oahu. As reported by DBEDT, the State and City and County employed approximately 51,900 and 11,800 persons, respectively, on Oahu in the first quarter of 2024.

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 Hawai`i. In the first quarter of 2024, the federal government accounted for 35,500 jobs statewide, of which 33,000 were in the City and County.

According to the U.S. Bureau and Economic Analysis ("BEA") data, the State's 2023 Gross Domestic Product (GDP) was $108.0 billion, of which federal civilian and military enterprises were $6.03 billion and $5.97 billion, respectively. Combined, federal civilian and military enterprises were 11.1% of the State's GDP. Total compensation of employees ("COE") of federal government employees and military personnel in Hawaii were $4.8 billion and $5.3 billion, respectively, and accounted for about 17.3% of Hawaii's total COE in 2023. Military personnel accounted for 52.4% of the total federal COE in 2023.

According to DBEDT's Hawaii Defense Economy Project (FY2022), the defense sector is the second largest sector of the State's economy, resulting in $8.8 billion in spending, and accounting for 8.9% of State GDP. Hawaii is ranked second in the United States for the highest defense spending as a share of state GDP, according to the Department of Defense ("DOD"). The defense industry provided over 68,500 active duty, reserve and civilian jobs with an annual payroll totaling $5.3 billion.

The Hawaii-based United States Indo-Pacific Command (USINDOPACOM) is one of six geographic combatant commands defined by the Department of Defense's Unified Command Plan (UCP). USINDOPACOM 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 geo-politically diverse as the Asia-Pacific. The 38 nations comprising the Asia-Pacific region are home to more than 60% of the world's population. Approximately 375,000 U.S. military and civilian personnel are assigned to the USINDOPACOM area of responsibility.

Pearl Harbor Naval Shipyard and Intermediate Maintenance Facility (PHNSY and IMF), as the largest industrial employer in Hawaii with more than 7,100 civilian, military and contractor employees, has an economic impact of approximately $1 billion, accounting for more than 13% of defense spending in the state. About $731 million of the shipyard's total spending funds workforce salaries. The primarily-civilian workforce is largely comprised of long-term residents of Oahu compared to military members who typically relocate every few years. Additionally, PHNSY and IMF's surface ship maintenance efforts are primarily accomplished through private sector contracts.

Hawaii continues to host RIMPAC (Rim of the Pacific Exercise) held during even-numbered years, to enhance interoperability between Pacific Rim Armed Forces. In 2022 post COVID-19 pandemic, the 28th biennial RIMPAC resumed its full-scale operations as the world's largest international marine exercise. Approximately 29 nations, 40 surface ships, 3 submarines, 14 national land forces, over 150 aircraft and more than 25,000 personnel will participate in the 29th biennial RIMPAC exercise scheduled June 26 to August 2, 2024 in and around the Hawaiian Islands.

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 $46.6 billion as of fourth quarter 2023, 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 ridership for FY2023 of approximately 39.9 million annually, which includes 945,868 Handi-Van trips. According to the 2023 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 17th largest bus agency in an urbanized area.

The City and County 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 (Ala Moana Center). The first phase of the City and County's rail transit system officially began passenger operations on June 30, 2023. HART completed construction and delivered the initial operating segment of the Honolulu Rail Project to the City and County Department of Transportation Services (DTS). The initial operating segment consists of 10.75 miles of rail guideway and nine rail stations from East Kapolei to Aloha Stadium. 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 for the operation and maintenance of the transferred assets. Over 60% of the City and County's population currently lives within the area served by this corridor, and this 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 31st busiest U.S. Airport in 2022 based on the number of enplaned passengers, compared with the 32nd busiest in 2021.

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 2024, ranks Honolulu Harbor among the top 25 ports in the country by container cargo throughput, handling 14.8 million short tons of foreign and domestic cargo, and 1.1 million twenty-foot equivalent units of container cargo. The State Department of Transportation, Harbor Division manages, maintains and operates the State's Harbors Systems 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 six 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
2017	3,127,828	-3.6%	2,007,815	-6.7%
2018	3,268,292	4.3%	1,985,648	-1.1%
2019	3,221,446	-1.5%	2,063,293	3.8%
2020	3,108,490	-3.6%	1,816,672	-13.58%
2021	3,747,106	17.0%	2,254,312	19.41%
2022	3,579,323	-4.7%	2,010,381	-12.1%

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

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

- 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 University of Hawaii completed construction of a 70,000 square foot state-of-the-art Life Sciences Building. The Life Sciences Building, which opened in the Fall 2020 semester, houses teaching, laboratory, and office support spaces for the College of Natural Sciences' biology, botany, and microbiology departments, along with the Pacific Biosciences Research Center. In April 2022, the US Green Building Council awarded the Life Sciences Building a Silver Award for leadership in energy and environmental design (LEED). 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 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, six of which are completed - Waiea (171 units), Anaha (311 units), Ae`o (466 units), Ke Kilohana (424 units), `A`ali`i (751 units), and Kö`ula (565 units) - and more than one million square feet of retail and commercial space, including Merriman's restaurant and a multi-story Whole Foods supermarket. Three other towers - Victoria Place (350 units), The Park Ward Village (546 units), and Ulana Ward Village (697 reserved housing units) are currently in development. Howard Hughes broke ground on The Park Ward Village and Ulana Ward Village projects in October 2022 and December 2022, respectively. Plans for Kalae (330 units) and Launiu (486 units) have also been approved. Howard Hughes also submitted a permit application for the Mahana Ward Village (340 units) in June 2023.

- 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.

- D.R. Horton – Schuler Homes is developing Hoʻopili in West Oahu, which will consist of 11,750 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.

- 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.

- Ka Makana Aliʻi – DeBartolo Development has completed the first phase of a 1.4 million square-foot, $500 million shopping center in East Kapolei, including 150 shops and restaurants, two hotels and Macy's as an anchor tenant.

- OliverMcMillan Kuhio LLC, a Brookfield subsidiary completed construction in 2021 of Lilia Waikiki, a mixed use project on Kuhio Avenue in Waikiki comprised of 402 units in a 28-story residential tower, 53 renovated low rise units and 40,000 square feet of retail space anchored by Foodland. All residential units in Lilia Waikiki are rental units, with 20 % of the units to be rented to low income tenants.

- 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.

- ProsPac completed construction of Azure Ala Moana, a $750 million, 408-unit residential unit project in 2021.

- In 2021, MJF Development Corp. completed The Block 803 Waimanu, an 153-unit affordable and market-for sale condominium project in Kakaako.

- SamKoo Development completed The Central Ala Moana, a 512-unit residential condominium project in 2022.

- 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.

- 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. Completed in 2023, the project provides 156 one- and two-bedroom affordable rental units for seniors earning 30%-60% AMI.

- Ililani, LLC's 328-unit Ililani affordable housing and market unit project in Kakaako was recently completed in April 2024.

- Hawaii City Plaza LP is currently developing Hawaii Ocean Plaza, a 407-unit condo-hotel on Kapiolani Boulevard.

- Salem Partners is currently developing 1500 Kapiolani, a 500-unit condominium-hotel.

- Kalaimoku-Kuhio Development Corp. is redeveloping King Kalakaua Plaza, a retail building and hotel.

- Best Hospitality is currently developing the Park Kalia-Waikiki Condo-Hotel, a 170-unit property.

- Sanko Soflan Holdings is currently developing 130 residential units in Waikiki.

- Kamehameha Schools has commenced the Moiliili Gateway project, a redevelopment of 6.5 acres (213,500 square feet) along University Avenue. Breaking ground in the summer of 2024, the project is scheduled to open in late 2025. The redevelopment will encompass the Varsity Center, East-West Building, 2535 Coyne Street, and the surrounding parking lots.

- Manaolana Partners and Kaijima Kagaku USA Inc. is currently developing Manaoʻlana Place, a 36-story, mixed-use tower which will include a Mandarin Oriental hotel and luxury condominiums near the Hawaii Convention Center. The project is anticipated to be completed in 2025.

- Keeaumoku Development LLC began construction on The Park on Keeaumoku in August 2022. The mixed-use development will include 972 condominium units, commercial space as well as a half-acre park. The project is expected to be completed by the first quarter of 2025.

- Amazon purchased approximately 14.5 acres of land in the Sand Island area of Honolulu in 2020 and approximately 50 acres of land in Kapolei in 2021. Amazon is constructing its first Hawaii distribution center on the Sand Island property.

- 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 Apartments will feature 302 low-income apartments and is currently under construction and anticipated to be completed by mid-2025.

- The Avalon Group is converting the downtown office building Davies Pacific Tower into Modea, a condominium project featuring 352 units. Owner-occupant sales are expected to start in 2024 with completion in 2025.

- The Hawaiʻi 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, with Phase I expected to begin in 2025.

- EAH Housing is developing Aloha Iā Halewilikō, a new affordable housing community for seniors in Aiea. The project consists of 140 rental apartment homes, onsite amenities and tailored services for seniors. The $62 million project started construction in 2023, and completion is expected in 2025.

- 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 will start in 2024, with a completion date of 2026.

- Hawai`i Public Housing Authority (HPHA) and development partner Retirement Housing Foundation broke ground on the construction of the first 250-unit senior citizen affordable housing tower on School Street. Units are expected to be completed in 2026.

- 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 to be completed in 2026.

- Hawai`i Pacific Health commenced redevelopment of the Straub Benioff Medical Center, a $100 million, 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 will begin with a new parking building and conference center to be completed by 2026.

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 $47.6 billion and for service activities exceeded $20.2 billion in 2023. Of the City and County's 460,200 non-agricultural jobs in the first quarter of 2024, retail and wholesale trade together accounted for 55,400 or 12% of total jobs. Professional and business services were 12%, heath care and social assistance were 12%, 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 96,700 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. Agricultural sales on Oahu totaled $151 million in 2017, accounting for approximately 27% of the State's agricultural production. About 20% of the land on Oahu is zoned for agriculture, which in 2017 consisted of 927 farms encompassing 71,795 acres. Statewide farm employment in 2019 was 10,783, of which 2,448 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 $76.4 million in 2017, 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 2022, there were approximately 12,500 and 9,200 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 ended June 2022 was $440.5 million, with tax collections of $2.2 million. In 2017, the High Technology Development Corporation's INNOVATE Hawaii program was awarded a five-year $2.5 million federal contract with the National Institute of Standards and Technology (NIST) Manufacturing Extension Partnership. In 2019, that contract was increased to $3.05 million and another $1 million Manufacturing Workforce Development Grant was also awarded in 2019. The program strives to make Hawaii manufacturers more competitive, reducing imports and increasing exports from the State.

Energy

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. The Hawaii State Energy Office reported that in 2022, the passage of Act 240 modified the percentage calculation to reflect net electricity generation instead of net electricity sales. In 2023 Hawaii's statewide renewable electricity portfolio reached 40.7% under the old calculation method

(33.17% using the new calculation method). Hawaii is also keeping pace with its goal of reducing electricity demand by 4,300- gigawatt-hours by 2030 through efficiency and conservation measures.

Hawaiʻi made significant progress toward the 2045 goal with the retirement of the last coal burning plant on Oʻahu in September 2022. Two large fossil fuel units on Oʻahu are planned for retirement in 2024 with several more fossil fuel unit retirements throughout the state by 2030. Statewide, there are 27 large-scale renewable energy projects now actively under different stages of regulatory review and/or development. HSEO is actively supporting the deployment of many of these projects and informing the comprehensive regulatory review 6 of others.

Hawaii's electricity production and costs are still heavily reliant on oil, but renewable energy has been increasing in all counties. In 2021 approximately 33% of Oahu's electricity sales were generated from renewable sources, the primary sources being solar, wind, biomass, and geothermal. According to DBEDT's Hawaii State Energy Office, as of February 2021, the Island of Oahu has 46 existing/operational energy projects over 500 kilowatts, including five fossil fuel plants (Island Energy Services, HECO Kahe Power Plant, Kalaeloa Partners, Par Hawaii Refinery, and the HECO Waiau Power Plant); five biofuels facilities (DOT Emergency Power Facility, Campbell Industrial Park Generating Station, Schofield Generating Station, Pacific Biodiesel Honolulu Plant, and the Honouliuli Wastewater Treatment Plant biogas project); 27 solar PV projects; two feedstock productions (PVT Bioconversion Feedstock and TerViva Pongamia Feedstock Demonstration); two wind (TerraForm Power Kahuku Wind Farm and Kawailoa Wind/First Wind); one energy storage (Campbell Industrial Park Generating Station Flywheel); and one waste to energy plant (City and County of Honolulu H-Power).

In March 2011, First Wind completed Oahu's first large-scale commercial wind farm on the North Shore of the island at Kahuku. At full capacity, the project's twelve turbines produce 30 megawatts of energy, enough power for up to 7,700 homes on Oahu. In 2012, First Wind added another 30 turbines on the North Shore of the island at Kawailoa with the capacity to produce an additional 69 megawatts of energy.

In 2019, Clearway Energy Group completed three grid-scale solar power projects on Oahu. Kawailoa Solar, the 49-megawatt solar farm adjacent to the First Wind facility at Kawailoa, is the largest solar project in the State to date using nearly 500,000 solar panels. Waipio Solar, the 45.9-megawatt solar farm located in Waipio, uses over 160,000 solar panels. Finally, Mililani Solar II, the 14.7-megawatt solar farm located in the Mililani Agricultural Park, uses over 150,000 solar panels. The three projects, which total approximately 110 megawatts, generate renewable energy equivalent to that used by about 18,000 homes on Oahu each year.

Three more renewable energy projects were completed on Oahu in 2020—Aloha Solar Energy Fund II, a 5-megawatt solar project located in Kalaeloa; Mauka FIT 1, a 3.5-megawatt solar project located on the North Shore; and Na Pua Makani Wind Project, a 24-megawatt wind project also located on the North Shore. Additionally, several renewable energy projects are currently in the planning stages on Oahu, with estimated completion dates in 2022 and 2023. These projects include a 12.5-megawatt solar and battery energy storage system ("BESS") project to be developed by AES West Oahu Solar, LLC in West Oahu, a 52-megawatt solar and BESS project to be developed by Hanwha Energy USA Holdings Corp (174 Power Global) in Kunia, a 120-megawatt solar and BESS project to be developed by Longroad Development Company, LLC in Kunia, a 39-megawatt solar and BESS project to be developed by Mililani I Solar, LLC (Clearway) in Mililani, a 30-megawatt solar and BESS project to be developed by AES Distributed Energy Inc. in Waiawa, and a 36-megawatt solar and BESS project to be developed by Waiawa Solar Power LLC (Clearway) in Waiawa.

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 of 2024, 46,418 students were enrolled in the University of Hawaii System, of which 18,324 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. The three high technology centers located on Oahu are the Mililani Technology Park, the Kaimuki Technology Enterprise, and the Manoa Innovation Center.

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.

According to preliminary statistics from the Department of Business, Economic Development and Tourism (DBEDT), total visitor arrivals and total visitor spending in April 2024 decreased compared to April 2023. There were 753,551 visitors to the Hawaiian Islands in April 2024, down 8.9 percent from the same month last year. Total visitor spending measured in nominal dollars was $1.51 billion, which was a 12.6 percent drop from April 2023. When compared to pre-pandemic 2019 levels, April 2024 total visitor arrivals represent an 88.7 percent recovery from April 2019 and total visitor spending was higher than April 2019 ($1.32 billion, +14.3%).

A total of 3,145,047 visitors arrived in the first four months of 2024, which was a 3.9 percent drop from 3,273,869 visitors in the first four months of 2023. Total arrivals decreased 6.9 percent when compared to 3,376,675 visitors in the first four months of 2019. In the first four months of 2024, total visitor spending was $6.73 billion, down from $7.09 billion (-5.1%) in the first four months of 2023, but higher than $5.81 billion (+15.8%) in the first four months of 2019.

There were 441,685 visitors to Oahu in April 2024, down from 454,287 visitors (-2.8%) in April 2023 and 487,367 visitors (-9.4%) in April 2019. Visitor spending was $612.2 million in April 2024, compared to $723.7 million (-15.4%) in April 2023 and $613.3 million (-0.2%) in April 2019. The average daily census on Oahu was 98,954 visitors in April 2024, compared to 108,235 visitors (-8.6%) in April 2023 and 109,204 visitors (-9.4%) in April 2019.

In the first four months of 2024, there were 1,848,839 visitors to Oahu, compared to 1,789,417 visitors (+3.3%) in the first four months of 2023 and 1,954,398 visitors (-5.4%) in the first four months of 2019. For the first four months of 2024, total visitor spending was $2.78 billion, down from $2.83 billion (-1.9%) in the first four months of 2023, but higher than $2.60 billion (+7.1%) in the first four months of 2019.

Total airline capacity, as measured by the number of available seats flown to Hawaii, decreased from 4,471,606 seats in the first four months of 2023 to 4,408,643 seats in April 2024. Domestic seats to and from the US West decreased 7 percent from 794,029 seats to 755,466 seats, while US. East seats increased from 95,603 seats to 96,169 seats in the same time period. International seats to and from Japan increased from 75,108 seats to 111, 198 seats in April 2024, while seats to and from other international destinations decreased slightly.

In the first quarter of 2024, the statewide hotel occupancy rate averaged 76.5 percent, 1.4 percentage points higher than that of the same quarter of 2023. In 2023, the statewide hotel occupancy rate averaged 74.7 percent, 1.1 percentage points higher than the previous year.

DBEDT Projections

According to DBEDT, total visitor arrivals are projected to be 9.6 million visitors in 2024, about the same as the 2023 level and lower than previously forecast. Total visitor arrivals are projected to increase to 9.9 million in 2025, 10.2 million in 2026, and 10.4 million in 2027. Total visitor spending is estimated to increase 0.7 percent in 2024. The forecast then projects an increase of 4.3 percent in 2025, 4.0 percent in 2026, and 3.5 percent in 2027.

Table V

Selected State of Hawaii and Oahu Visitor Statistics

	Year Ended December 31					First Quarter	
	2019	2020	2021	2022	2023	2023	2024
Arrivals by Air – State	10,243,165	2,678,073	6,777,760	9,138,674	9,488,477	2,401,012	2,341,863
Domestic	7,253,806	2,065,689	6,656,779	8,233,186	7,939,297	1,840,316	2,003,103
International	2,989,359	612,384	120,981	905,488	1,549,180	397,909	470,829
Arrivals by Air – Oahu	6,154,248	1,506,316	3,326,622	4,858,170	5,614,956	1,335,130	1,407,154
Average Daily Visitor Census – State	245,733	77,915	178,938	232,154	234,510	250,016	235,136
Domestic	182,288	63,921	173,901	206,201	196,205	206,531	189,308
International	63,445	13,993	5,037	25,953	38,305	43,484	45,827
Visitor Expenditures – State (1)	$17,658	N/A	$13,127	$19,654	$20,708	$5,350	$5,200
Hotel Occupancy Rate – State	80.8%	37.1%	57.5%	73.6%	73.6%	75.1%	76.5%
Hotel Occupancy Rate – Oahu	84.1%	39.2%	55.6%	75.6%	79.6%	77.6%	80.5%

(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: 2023 and 2024 quarterly 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 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 6 years in 2023.

The following development projects have recently been completed: (i) the $500 million renovation of 1,100 rooms in the Sheraton Waikiki Hotel, completed in November 2021, (ii) the $100 million renovation of the Hale Koa Hotel, (iii) a conversion by Halekulani Corp of 297 rooms in the Waikiki Parc Hotel into the Halepuna Waikiki and a renovation of the Halekulani Hotel completed in 2021, (iv) the $80 million renovation of the Outrigger Reef Waikiki Beach Resort, and (v) a $52 million renovation of Turtle Bay Resort on Oahu's North Shore adding 750 additional units.

First Quarter 2024 Comparisons

Hawaii's major economic indicators were mixed in the first quarter of 2024. Wage and salary jobs, private building permit authorizations, and State general fund tax revenues increased. However, visitor arrivals and government contracts awarded decreased.

In the first quarter of 2024, the construction sector added 2,600 jobs or 6.9 percent compared with the same quarter of 2023, while the permit value for private construction increased $216.5 million or 27.4 percent. Government contracts awarded, however, decreased $2,803.4 million or 88.1 percent, compared with the same quarter of 2023.

According to the most recent excise tax base data available, the contracting tax base increased $283.2 million or 10.1 percent in the fourth quarter of 2023, compared with the same quarter of the previous year. For 2023 the contracting tax base increased $1,056.4 million or 9.8 percent compared with the previous year.

In the first quarter of 2024, State general fund tax revenues increased $31.4 million or 1.4 percent over the same period of 2023. The state general excise tax revenue increased $26.8 million or 2.4 percent, the transient accommodations tax (TAT) decreased $4.7 million or 2.0 percent, the net corporate income tax revenues increased $40.6 million or 115.3 percent, and the net individual income tax revenues decreased $28.9 million or 4.2 percent. In 2023, State general fund tax revenues increased $62.7 million or 0.7 percent compared to the previous year.

Labor market conditions were mixed. In the first quarter of 2024, Hawaii's non-agricultural wage and salary jobs averaged 634,000 jobs, an increase of 3,500 jobs or 0.6 percent from the same quarter of 2023.

The job increase in the first quarter of 2024 was due to job increases in the government sector. In this quarter, the private sector lost about 900 non-agricultural jobs compared to the first quarter of 2023. The majority of private sector industries lost jobs in the quarter. The number of jobs decreased the most in Information, which lost 2,500 jobs or 26.3 percent, followed by Financial Activities, which lost 1,000 jobs or 3.6 percent, and Retail Trade, which lost 1,000 jobs or 1.5 percent. Private sector industries that added jobs compared to the first quarter of 2023 include Natural Resources, Mining, and Construction, which added 2,600 jobs or 6.9 percent, Healthcare and Social Assistance, which added 2,000 jobs or 2.7 percent, and Accommodations, which added 800 jobs or 2.1 percent, in the quarter. The Government sector added 4,400 jobs or 3.6 percent in the first quarter of 2024 compared to the same quarter of 2023. The Federal Government added 800 jobs or 2.3 percent, the State Government added 3,200 jobs or 4.7 percent, and the Local Government added 400 jobs or 2.2 percent, compared to the first quarter of 2023.

In the fourth quarter of 2023, total annualized nominal GDP increased $4,728 million or 4.5 percent, from the same quarter of 2022. In 2023, total annualized nominal GDP increased $6,940 million or 6.9 percent from the previous year. In the fourth quarter of 2023, total annualized real GDP (in chained 2017 dollars) increased $952 million or 1.1 percent from the same quarter of 2022. In 2023, total annualized real GDP increased $1,676 million or 2.0 percent from the previous year.

In the fourth quarter of 2023, total non-farm private sector annualized earnings increased $2,979.0 million or 4.7 percent from the same quarter of 2022. In dollar terms, the largest increase occurred in Professional, Scientific & Technical Services, followed by Construction, and Transportation and Warehousing. During the fourth quarter of 2023, total government earnings increased $1,248.6 million or 7.2 percent from the same quarter of 2022. Earnings from the federal government increased $790.1 million. Earnings from the state and local governments increased $458.5 million in the quarter.

APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

City and County of Honolulu
Honolulu, Hawaii

Re: City and County of Honolulu General Obligation Bonds, Series 2024A, Series 2024B, Series 2024C (Honolulu Rail Transit Project) and Series 2024D (Taxable)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Honolulu (the "City") in connection with the issuance of $__________ aggregate principal amount of City and County of Honolulu, General Obligation Bonds, Series 2024A (the "Series 2024A Bonds"), $__________ aggregate principal amount of City and County of Honolulu, General Obligation Bonds, Series 2024B (the "Series 2024B Bonds"), $__________ aggregate principal amount of City and County of Honolulu, General Obligation Bonds, Series 2024C (Honolulu Rail Transit Project) (the "Series 2024C Bonds" and, together with the Series 2024A Bonds and the Series 2024B Bonds, the "Tax-Exempt Bonds") and $__________ aggregate principal amount of City and County of Honolulu, General Obligation Bonds, Series 2024D (Taxable) (the "Taxable Bonds" and, together with the Tax-Exempt Bonds, the "Bonds"), pursuant to Certificates of the Director of Budget and Fiscal Services of the City, each dated __________, 2024, relating to the Bonds (the "Certificates"), and bond authorizing ordinances and resolutions adopted by the City Council and identified in the Certificates (the "Bond Proceedings"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Certificates.

In such connection, we have reviewed the Bond Proceedings, the Certificates, the Tax Certificate of the City, dated the date hereof (the "Tax Certificate"), an opinion of the Corporation Counsel of the City, certificates of the City 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 thereof by, and validity against, any parties other than the City. 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 Bond Proceedings, the Certificates 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 Tax-Exempt 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 Bond Proceedings, the Certificates 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 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. 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 the valid and binding general obligations of the City.

2. The Certificates have been duly executed and delivered by the Director of Budget and Fiscal Services; and the Certificates constitute the valid and binding obligations of the City.

3. Under the Act, the City is obligated to levy ad valorem taxes, without limitation as to rate or amount, for the payment of the Bonds and the interest thereon, upon all the real property within the City subject to taxation by the City.

4. Interest on the Tax-Exempt 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 Tax-Exempt Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Tax-Exempt Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We further observe that interest on the Taxable Bonds is not excludable from gross income for federal income tax purposes. 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

per

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Dated July __, 2024

CITY AND COUNTY OF HONOLULU
General Obligation Bonds
Series 2024A, Series 2024B, Series 2024C (Honolulu Rail Transit Project) and Series 2024D (Taxable)

This Continuing Disclosure Certificate (this "*Disclosure Certificate*") is provided in connection with the issuance by the City and County of Honolulu, Hawaii (excluding the semi-autonomous agencies, currently the Board of Water Supply and the Honolulu Authority for Rapid Transportation) (the "*City and County*") of $_________ General Obligation Bonds, Series 2024A, Series 2024B, Series 2024C (Honolulu Rail Transit Project) and Series 2024D (Taxable) (collectively, the "*Bonds*"). The Bonds are being issued pursuant to the Constitution and laws of the State of Hawaii, including Chapter 47, Hawaii Revised Statutes, and the Revised Charter of the City and County, certain authorizing ordinances and resolutions of the City and County, and a Certificate of the Director of Budget and Fiscal Services of the City and County. Pursuant to such authority, the City and County covenants and agrees as follows:

Section 1. Purpose of Disclosure Certificate. This Disclosure Certificate is being executed and delivered on behalf of 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).

Section 2. Definitions. When the following capitalized terms are used in this Disclosure Certificate, such terms shall have the following meanings:

"*Annual Report*" shall mean 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*" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, 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.

"*Dissemination Agent*" shall mean the Director of Budget and Fiscal Services of 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)(x) and Section (5)(b)(viii), 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.

"*Holder*" shall mean the person in whose name any Bond shall be registered.

"*Listed Events*" shall mean any of the events listed in subsection 5(a) or (b) of this Disclosure Certificate.

"MSRB" shall mean 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.

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

"*Rule*" shall mean 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, 2024, provide to the MSRB an Annual Report which 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; provided that the audited financial statements of the City and County 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. If the City and County's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(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 the City and County is unable to provide to the MSRB an Annual Report by the date required in subsection (a) above, the City and County shall send a notice to the MSRB in substantially the form attached as Exhibit A.

Section 4. Contents of Annual Reports. The City and County's Annual Report shall contain or include by reference information of the type included in the final Official Statement (the "*Official Statement*") dated July __, 2024 relating to the Bonds, as set forth under the following headings and tables: "CITY AND COUNTY REVENUES—Tables 1 through 7," "DEBT STRUCTURE—Tables 8 through 11," "FINANCIAL INFORMATION AND ACCOUNTING—Tables 14 through 17," "EMPLOYEE RELATIONS AND EMPLOYEE BENEFITS," and "LITIGATION"; provided that if the inclusion or format of such information is changed in any future official statement, thereafter the Annual Report shall 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.

The audited financial statements of the City and County for the prior fiscal year shall be 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 City and County's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to subsection 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

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

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; or

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 New York securities market 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)(xvi), 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 or payment in full of all of the Bonds. 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 subsection 5(e).

Section 7. Dissemination Agent. The City and County may, from time to time, 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. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City and County pursuant to this Disclosure Certificate.

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 the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of subsection 3(a), Section 4 or subsection 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, 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 Resolution for amendments to the Resolution with the consent of Holders or (ii) does not materially impair the interests of the Holders or Beneficial Owners of the Bonds, as determined in good faith by the City and County.

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 subsection 5(e), 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 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 Resolution with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the City and County to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. 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.

Section 12. Governing Law. This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State of Hawaii, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State of Hawaii; provided, however, that to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

CITY AND COUNTY OF HONOLULU

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

The foregoing certificate is hereby
approved as to form and legality this
___th day of July, 2024.

____
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
Names of Bond Issues:	City and County of Honolulu General Obligation Bonds Series 2024A, Series 2024B, Series 2024C (Honolulu Rail Transit Project) and Series 2024D (Taxable)
Date of Issuance:	July __, 2024

NOTICE IS HEREBY GIVEN that the City and County of Honolulu has not provided an Annual Report with respect to the above-named Bonds as required by its Continuing Disclosure Certificate dated July __, 2024. The City and County anticipates that the Annual Report will be filed by _______________.

Dated:

CITY AND COUNTY OF HONOLULU

____
Director of Budget and Fiscal Services

APPENDIX D

BOOK-ENTRY SYSTEM

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 Underwriters 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 Underwriters or the City and County.

DTC will act as securities depository for the Bonds. The 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 bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 Section 17A 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 is rated AA+ by Standard & Poor's. 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 and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' 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 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 certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all 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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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.

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. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the 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 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 or its nominee, the Paying Agent, or the City and County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments 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.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City and County or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City and County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.