PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 3, 2026

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 2026A Bonds, Series 2026B Bonds, Series 2026C Bonds, Series 2026D Bonds, Series 2026E Bonds, Series 2026F Bonds and Series 2026G Bonds (each term as defined below and, collectively, the "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 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is of the opinion that the Bonds and the income therefrom are exempt from all taxation by the State of Hawaii or any county or other political subdivision thereof, except inheritance, transfer, estate and certain franchise taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" in this Official Statement.

$196,020,000*
CITY AND COUNTY OF HONOLULU
General Obligation Bonds

$89,145,000* Series 2026A	$18,590,000* Series 2026B	$9,385,000* Series 2026C (Honolulu Rail Transit Project)	$1,415,000* Series 2026D (Refunding)

$2,000,000* Series 2026E (Refunding)	$61,370,000* Series 2026F (Refunding)	$14,115,000* Series 2026G (Refunding)

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

The City and County of Honolulu General Obligation Bonds, Series 2026A, Series 2026B, Series 2026C (Honolulu Rail Transit Project), Series 2026D (Refunding), Series 2026E (Refunding), Series 2026F (Refunding) and Series 2026G (Refunding) (the "Series 2026A Bonds", the "Series 2026B Bonds", the "Series 2026C Bonds", the "Series 2026D Bonds", the "Series 2026E Bonds", the "Series 2026F Bonds" and the "Series 2026G 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 2026A Bonds, the Series 2026B Bonds and the Series 2026C Bonds will be payable on January 1 and July 1 of each year, commencing on July 1, 2027. Interest on the Series 2026D Bonds, the Series 2026E Bonds, the Series 2026F Bonds and the Series 2026G Bonds will be payable on January 1 and July 1 of each year, commencing on January 1, 2027. 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; (ii) to purchase equipment; (iii) to finance capital costs of the Rail Transit Project (as defined herein); (iv) to refund certain outstanding general obligation bonds of the City and County of Honolulu and (v) 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.

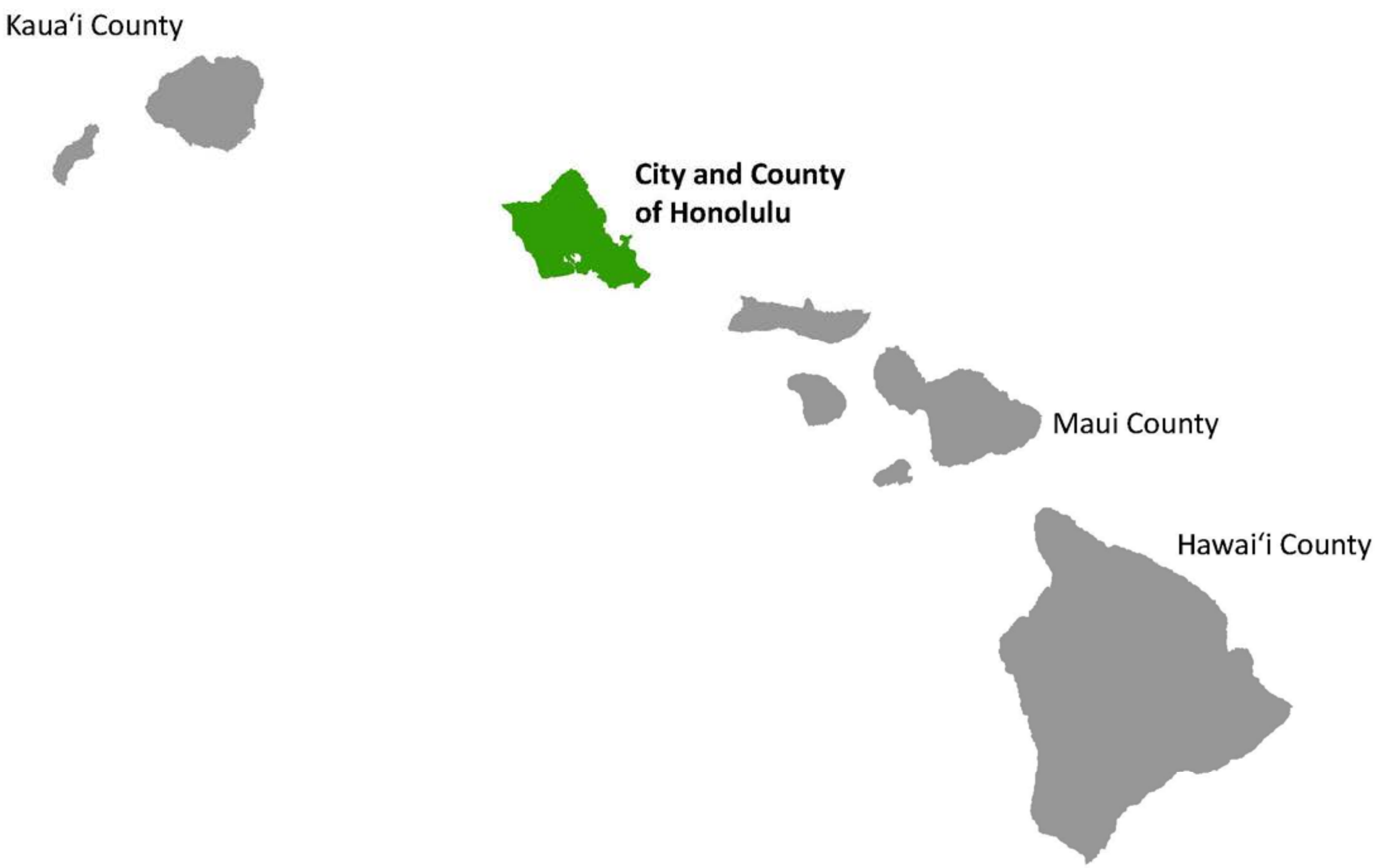
The Bonds are offered when, as and if issued and received by the Underwriters, and are subject to the approval of validity of legal matters by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City and County of Honolulu. Certain legal matters will be passed upon for the Underwriters by their co-counsel, 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 August 27, 2026.

BofA Securities

Morgan Stanley **Raymond James** **Stifel**

August __, 2026

* Preliminary, subject to change.



Kaua‘i County
City and County
of Honolulu
Maui County
Hawai‘i County

$196,020,000*
CITY AND COUNTY OF HONOLULU
General Obligation Bonds

$89,145,000*
Series 2026A Bonds

Maturity Date*	Principal Amount*	Interest Rate	Yield	Price	CUSIP† (438687)
July 1, 2028	$1,970,000				
July 1, 2029	2,070,000				
July 1, 2030	2,175,000				
July 1, 2031	2,290,000				
July 1, 2032	2,405,000				
July 1, 2033	2,530,000				
July 1, 2034	2,660,000				
July 1, 2035	2,795,000				
July 1, 2036	2,940,000				
July 1, 2037	3,090,000				
July 1, 2038	3,250,000				
July 1, 2039	3,415,000				
July 1, 2040	3,590,000				
July 1, 2041	3,775,000				
July 1, 2042	3,965,000				
July 1, 2043	4,170,000				
July 1, 2044	4,385,000				
July 1, 2045	4,610,000				
July 1, 2046	4,845,000				
July 1, 2047	5,095,000				
July 1, 2048	5,355,000				
July 1, 2049	5,630,000				
July 1, 2050	5,920,000				
July 1, 2051	6,215,000				
	$89,145,000				

$18,590,000*
Series 2026B Bonds

Maturity Date*	Principal Amount*	Interest Rate	Yield	Price	CUSIP† (438687)
July 1, 2027	$1,655,000				
July 1, 2028	2,070,000				
July 1, 2029	2,180,000				
July 1, 2030	2,290,000				
July 1, 2031	2,410,000				
July 1, 2032	2,530,000				
July 1, 2033	2,660,000				
July 1, 2034	2,795,000				
	$18,590,000				

* 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.

$9,385,000*
Series 2026C Bonds
(Honolulu Rail Transit Project)

Maturity Date*	Principal Amount*	Interest Rate	Yield	Price	CUSIP† (438687)
July 1, 2028	$205,000				
July 1, 2029	220,000				
July 1, 2030	230,000				
July 1, 2031	240,000				
July 1, 2032	255,000				
July 1, 2033	265,000				
July 1, 2034	280,000				
July 1, 2035	295,000				
July 1, 2036	310,000				
July 1, 2037	325,000				
July 1, 2038	340,000				
July 1, 2039	360,000				
July 1, 2040	380,000				
July 1, 2041	395,000				
July 1, 2042	420,000				
July 1, 2043	440,000				
July 1, 2044	460,000				
July 1, 2045	485,000				
July 1, 2046	510,000				
July 1, 2047	535,000				
July 1, 2048	565,000				
July 1, 2049	590,000				
July 1, 2050	625,000				
July 1, 2051	655,000				
	$9,385,000				

$1,415,000*
Series 2026D Bonds
(Refunding)

Maturity Date*	Principal Amount*	Interest Rate	Yield	Price	CUSIP† (438687)
January 1, 2027	$1,415,000				
	$1,415,000				

* Preliminary, subject to change.
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$2,000,000*
Series 2026E Bonds
(Refunding)

Maturity Date*	Principal Amount*	Interest Rate	Yield	Price	CUSIP† (438687)
July 1, 2029	$1,000,000				
July 1, 2030	1,000,000				
	$2,000,000				

$61,370,000*
Series 2026F Bonds
(Refunding)

Maturity Date*	Principal Amount*	Interest Rate	Yield	Price	CUSIP† (438687)
July 1, 2031	$8,995,000				
July 1, 2032	9,455,000				
July 1, 2033	9,940,000				
July 1, 2034	10,450,000				
July 1, 2035	10,985,000				
July 1, 2036	11,545,000				
	$61,370,000				

$14,115,000*
Series 2026G Bonds
(Refunding)

Maturity Date*	Principal Amount*	Interest Rate	Yield	Price	CUSIP† (438687)
July 1, 2029	$2,070,000				
July 1, 2030	2,175,000				
July 1, 2031	2,285,000				
July 1, 2032	2,405,000				
July 1, 2033	2,525,000				
July 1, 2034	2,655,000				
	$14,115,000				

* Preliminary, subject to change.
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City and County of Honolulu

State of Hawaii

(Incorporated 1907)

MAYOR

Rick Blangiardi

CITY COUNCIL

Tommy Waters
Chair

Andria Tupola
Vice Chair

Esther Kiaʻāina
Floor Leader

Radiant Cordero

Scott Y. Nishimoto

Val A. Okimoto

Tyler Dos Santos-Tam

Augie Tulba

Matt Weyer

DIRECTOR OF BUDGET AND FISCAL SERVICES

Andrew T. Kawano

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

$196,020,000*
CITY AND COUNTY OF HONOLULU
General Obligation Bonds

$89,145,000* **Series 2026A**	**$18,590,000*** **Series 2026B**	**$9,385,000*** **Series 2026C (Honolulu Rail Transit Project)**	**$1,415,000*** **Series 2026D (Refunding)**

$2,000,000* **Series 2026E (Refunding)**	**$61,370,000*** **Series 2026F (Refunding)**	**$14,115,000*** **Series 2026G (Refunding)**

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 $196,020,000* aggregate principal amount of City and County of Honolulu General Obligation Bonds, Series 2026A, Series 2026B, Series 2026C (Honolulu Rail Transit Project), Series 2026D (Refunding), Series 2026E (Refunding), Series 2026F (Refunding) and Series 2026G (Refunding) (the "Series 2026A Bonds", the "Series 2026B Bonds", "Series 2026C Bonds", the "Series 2026D Bonds", the "Series 2026E Bonds", the "Series 2026F Bonds" and the "Series 2026G Bonds", respectively, and collectively, the "Bonds"). The Bonds are anticipated to be delivered on August 27, 2026.

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; (ii) purchase equipment; (iii) finance capital costs of the Rail Transit Project (as defined herein); (iv) refund certain outstanding general obligation bonds of the City and County and (v) pay the costs of issuance of the Bonds.

The Refunding Plan

A portion of the proceeds of the Series 2026D Bonds, the Series 2026E Bonds, the Series 2026F Bonds and the Series 2026G Bonds will be used to refund certain of the City and County's outstanding general obligation bonds. Subject to final determination in connection with the pricing of the Bonds, the City and County has identified the bonds set forth in the table below as potential refunding candidates. The City and County will select the refunding bonds based upon market conditions, bond structure or other factors at the time of pricing and the City and County's internal policies for issuing refunding bonds. These policies generally require, among other things, that the refunding generate sufficient present value savings, net of costs of issuance, as a percentage of the principal amount of bonds refunded and that the debt service savings from each maturity to be refunded be analyzed on an individual basis. Selection of the refunded bonds is at the sole and absolute discretion of the City and County.

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* Preliminary, subject to change.

Schedule of Refunded Bonds[*]

Series	Maturity	Principal Amount Refunded	Interest Rate	CUSIP[†]
2011A	8/1/2035	$6,950,000	4.50%	438687R80
2011A	8/1/2036	7,410,000	4.50	438687R98
2016A	10/1/2029	3,840,000	5.00	4386703X7
2016A	10/1/2030	4,015,000	4.00	4386703Y5
2016A	10/1/2031	4,180,000	4.00	4386703Z2
2016A	10/1/2032	4,350,000	4.00	4386704A6
2016A	10/1/2033	4,525,000	4.00	4386704B4
2016A	10/1/2034	4,710,000	4.00	4386704C2
2016A	10/1/2035	4,890,000	3.50	4386704D0
2016A	10/1/2036	5,065,000	3.50	4386704E8
2016C	10/1/2031	8,365,000	4.00%	4386705K3
2016C	10/1/2032	8,705,000	4.00%	4386705L1
2016C	10/1/2033	9,060,000	4.00%	4386705M9
2016C	10/1/2034	9,430,000	4.00%	4386705N7

Upon issuance of the Bonds a portion of the proceeds of the Series 2026D Bonds, the Series 2026E Bonds, the Series 2026F Bonds and the Series 2026G Bonds will be deposited into one or more escrow funds (the “Refunding Escrow Fund”) to be established with U.S. Bank Trust Company, National Association, the escrow agent (the “Escrow Agent”) for the purpose of effecting the refunding of the City and County’s General Obligation Bonds Series 2011A (the “Refunded Series 2011 Bonds”), the City and County’s General Obligation Bonds Series 2016A (the “Refunded Series 2016A Bonds”) and the City and County’s General Obligation Bonds Series 2016C (the “Refunded Series 2016C Bonds”) set forth in the table above. Monies deposited in the Refunding Escrow Fund will be sufficient without reinvestment to pay, and will be applied to pay the interest on such Refunded Series 2011 Bonds, Refunded Series 2016A Bonds and Refunded Series 2016C Bonds to and including the applicable redemption date thereof and, on such date, to pay the principal or redemption price of the applicable Refunded Series 2011 Bonds, Refunded Series 2016A Bonds and Refunded Series 2016C Bonds then outstanding. The maturing principal of and interest on the monies held in the Refunding Escrow Fund are pledged solely for the benefit of the holders of such Refunded Series 2011 Bonds, Refunded Series 2016A Bonds and Refunded Series 2016C Bonds. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein for a discussion of certain mathematical computations relating to the Refunding Escrow Fund, the Series 2026D Bonds, the Series 2026E Bonds, the Series 2026F Bonds, the Series 2026G Bonds, the Refunded Series 2011 Bonds, the Refunded Series 2016A Bonds and the Refunded Series 2016C Bonds.

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[*] Preliminary, subject to change.

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SOURCES AND USES OF PROCEEDS

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

Sources of Funds:	**Series 2026A Bonds**	**Series 2026B Bonds**	**Series 2026C Bonds**	**Series 2026D Bonds**	**Series 2026E Bonds**	**Series 2026F Bonds**	**Series 2026G Bonds**	**Total**
Par Amount of Bonds	$	$	$	$	$	$	$	$
Net Original Issue [Premium/Discount]								
Total Sources of Funds	$	$	$	$	$	$	$	$
Uses of Funds:								
Project Fund	$	$	$	$	$	$	$	$
Deposit to Refunding Escrow Fund								
Costs of Issuance & Additional Proceeds								
Total Uses of Funds	$	$	$	$	$	$	$	$

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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 2026A Bonds, the Series 2026B Bonds and the Series 2026C Bonds will be payable on January 1 and July 1 of each year, commencing on July 1, 2027. Interest on the Series 2026D Bonds, the Series 2026E Bonds, the Series 2026F Bonds and the Series 2026G Bonds will be payable on January 1 and July 1 of each year, commencing on January 1, 2027. 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 August 27, 2026. 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 2026A Bonds and the Series 2026C 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 2026A Bonds and the Series 2026C Bonds or portions thereof to be redeemed plus accrued interest to the date of redemption.

The Series 2026B Bonds, the Series 2026D Bonds, the Series 2026E Bonds, the Series 2026F Bonds and the Series 2026G Bonds are not subject to redemption prior to maturity.

Selection for Redemption

If less than all of the Series 2026A Bonds or the Series 2026C Bonds are called for redemption, the City and County will designate the maturities from which the Series 2026A Bonds or the Series 2026C Bonds are to be redeemed. For so long as the Series 2026A Bonds or the Series 2026C Bonds are registered in book entry form and DTC or a successor securities depository is the sole registered owner of such Series 2026A Bonds or Series 2026C Bonds, if fewer than all of such Series 2026A Bonds or Series 2026C Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Series 2026A Bonds or Series 2026C Bonds to be redeemed shall be selected by lot; provided that any such redemption must be performed such that all the Series 2026A Bonds or the Series 2026C Bonds remaining outstanding will be in authorized denominations. See Appendix D, "Book Entry System."

If the Series 2026A Bonds or the Series 2026C Bonds are not registered in book-entry form and if fewer than all of the Series 2026A Bonds or the Series 2026C Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Series 2026A Bonds or the Series 2026C 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 2026A Bonds or the Series 2026C Bonds remaining outstanding will be in authorized denominations.

Notice of Redemption

Notice of redemption of any Series 2026A Bonds or Series 2026C 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 2026A Bond or the Series 2026C 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 2026A Bond or Series 2026C Bond. If a Series 2026A Bond or Series 2026C 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 2026A Bond or Series 2026C 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 2026A Bonds or Series 2026C 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 2026A Bonds or the Series 2026C Bonds proposed to be redeemed. If the notice contains such condition, and moneys sufficient to pay in full the redemption price of the Series 2026A Bonds or the Series 2026C 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 2026A Bonds or Series 2026C 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 2026A Bonds or the Series 2026C 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 2026A Bonds or Series 2026C Bonds surrendered for redemption shall be promptly returned to the holder or holders by the Paying Agent.

If notice of redemption of any Series 2026A Bond or Series 2026C 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 2026A Bond or Series 2026C 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 2026A Bonds or the Series 2026C Bonds when the Book-Entry System for the Series 2026A Bonds or the Series 2026C Bonds is in effect.

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, 2027.

CITY AND COUNTY OF HONOLULU
General Obligation Bonds,
Series 2026A Bonds, Series 2026B Bonds, Series 2026C Bonds, Series 2026D Bonds, Series 2026E Bonds, Series 2026F Bonds and Series 2026G Bonds

Debt Service Requirements

Fiscal Year Ending June 30,	Principal	Interest	Total
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
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 2026, authorized and appropriated a total of $11,657,792,178 for public improvements to be financed from the proceeds of general obligation bonds or notes. As of June 30, 2026, $5,663,455,762 of general obligation bonds and notes (including reimbursable general obligation bonds) had been issued to finance appropriations for such fiscal years, $4,707,132,159 of such appropriations had lapsed pursuant to the terms of the Revised Charter of the City and County, and $3,618,579,999 of general obligation bonds (excluding the Bonds) are outstanding. It is expected that $1,287,204,256, 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, which includes the entire island of Oahu and a number of small outlying islands, is a major metropolitan city with a resident population of 988,403 (approximately 69.0% of the state's population) as of July 1, 2025. Of the eight major islands that constitute the State of Hawaii, Oahu, with an area of 597 square miles, is smaller than the Islands of Hawaii and Maui but larger than the Islands of Kauai, Molokai, Lanai, Niihau and Kahoolawe. With slightly less than a tenth of the land area in the entire State, Oahu contains nearly three-fourths of the State's resident population.

Honolulu is the seat of the State Government and is the State's trade, finance, communication, and transportation center. Most federal establishments and personnel (both civilian and military, including substantial Army, Navy, Air Force, Marine and Coast Guard installations), manufacturing, major educational and scientific, and significant agricultural activities are located on Oahu.

Reference is made to Appendix A 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 and won reelection to a second mayoral term in 2024. The next regular mayoral general election will take place in November 2028. 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, 2029. 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 2028. 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, 2025, 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 76.1% of General Fund revenues for fiscal year 2025, 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). 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. 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 3, 2026, the City Council adopted Resolution 26-62, setting tax rates for the various general classes of real property for fiscal year 2026-2027. The fiscal year 2026-2027 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 2026-2027 tax rate for the Hotel and Resort class is $13.90 per $1,000 of net taxable real property. The fiscal year 2026-2027 tax rate for properties classified as Commercial or Industrial is $12.40 per $1,000 of net taxable real property. The fiscal year 2026-2027 tax rate for the bed and breakfast home class is $6.50 per $1,000 of net taxable real property. The Transient Vacation class is divided into two tiers, with Tier 1 taxed at $9.00 per $1,000 of net taxable real property, and Tier 2 taxed at $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 2026 and 2027 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 2023 through 2027.

Table 1

ASSESSED VALUATION OF REAL PROPERTY[1]
Fiscal Years 2026 and 2027
(values in thousands)

	2026	**2027**
Gross assessed valuation	$354,804,268	$358,739,325
Less exemption valuation	(45,982,586)	(47,102,762)
Assessor's net taxable value	308,821,682	311,636,563
Less 50% of valuations on appeal	(1,594,960)	(1,806,584)
Net assessed valuation for rate purposes	$307,226,722	$309,829,979

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

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Table 2

REAL PROPERTY NET ASSESSED VALUES BY CLASSIFICATION AND TAX RATES
Fiscal Years 2023–2027
(values in thousands)

	2023		2024		2025		2026		2027	
Classification	**Value**	**Rate**	**Value**	**Rate**	**Value**	**Rate**	**Value**	**Rate**	**Value**	**Rate[(1)]**
Residential	$181,289,316	$ 3.50	$197,803,526	$ 3.50	$196,545,261	3.50	$199,366,219	3.50	$200,291,308	3.50
Hotel and Resort	14,577,690	13.90	17,603,467	13.90	17,400,654	13.90	17,943,579	13.90	17,654,346	13.90
Commercial	22,682,496	12.40	23,446,116	12.40	24,322,400	12.40	24,186,553	12.40	24,571,090	12.40
Industrial	12,922,230	12.40	14,356,571	12.40	14,254,167	12.40	14,804,683	12.40	15,015,272	12.40
Agricultural	1,307,093	5.70	1,394,616	5.70	1,524,607	5.70	1,555,091	5.70	1,561,554	5.70
Vacant Agricultural	47,653	8.50	43,193	8.50	37,293	8.50	36,333	8.50	47,112	8.50
Preservation	454,521	5.70	471,298	5.70	510,649	5.70	515,377	5.70	527,937	5.70
Public Service [(2)]	--	--	--	--	--	--	--	--	--	--
Residential A [(3)]										
Tier 1	20,217,855	4.50	29,223,862	4.50	27,421,651	4.00	29,487,091	4.00	29,921,924	4.00
Tier 2	11,963,663	10.50	16,159,324	10.50	16,438,369	11.40	17,485,951	11.40	18,183,984	11.40
Transient Vacation [(4)]										
Tier 1	--	--	--	--	1,237,463	9.00	1,231,712	9.00	1,363,479	9.00
Tier 2	--	--	--	--	409,845	11.50	547,372	11.50	627,671	11.50
Bed and Breakfast Home [(5)]	--	6.50	--	6.50	71,622	6.50	66,761	6.50	64,302	6.50
Total All Classes	$265,462,517		$300,501,973		$300,173,981		$307,226,722		$309,829,979	

(1) *Based on rates effective for fiscal year 2026.*

(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 assessed value and Tier 2 taxed at $9.00 per $1,000 of assessed value. 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 assessed value (Tier 1 remains the same rate at $4.50 per $1,000 of assessed value.). On June 7, 2023, the City Council adopted Resolution 23-33 FD1, setting tax rates for the various general classes of real property for Fiscal Year 2024, and decreasing the Residential A class Tier 1 to $4.00 per $1,000 of assessed value and increasing Tier 2 to $11.40 per $1,000 of assessed value. Effective with Fiscal Year ending June 30, 2028, Ordinance 25-44 changed the Residential A class from two to three tiers based on the valuation of the property.*

(4) *Effective with the Fiscal Year ended 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. On June 5, 2024, the City Council adopted Resolution 24-61, setting the tax rates for Transient Vacation class Tier 1 at $9.00 per $1,000 of assessed value and Tier 2 at $11.50 per $1,000 of assessed value. Effective with Fiscal Year ending June 30, 2028, Ordinance 25-44 changed the Transient Vacation classification from two tiers to three tiers.*

(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, 2023 to 2027 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 averaging 0.01%. The fiscal year 2026'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 2023 – 2027
(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]
2023	265,462,517	5.66	1,505,686	110.2%
2024	300,501,973	5.71	1,717,937	101.3%
2025	300,173,981	5.72	1,717,594	N/A
2026	307,226,722	5.79	1,777,902	N/A
2027	309,829,979	5.79	1,796,489	N/A

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

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The following two tables identify the ten largest real property taxpayers in the City and County for the fiscal year 2025-2026. 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 2025 - 2026

Taxpayer [2]	Type of Business	Gross Assessed Valuation [3]	% of Total Assessed Valuation
Bishop Estate	Educational Trust Estate	$ 2,560,028,900	0.83%
Hilton, et al.	Hotel/Resort	2,525,599,000	0.82%
Kyo-Ya Company	Hotel/Resort	2,400,449,500	0.78%
Brookfield Property Partners [4]	Real Estate Investment	2,249,938,200	0.73%
Outrigger Enterprises Group	Hotel/Resort	1,610,306,600	0.52%
Disney	Hotel/Resort	1,468,457,900	0.48%
A & B Properties Inc.	Real Estate Investment	1,049,654,300	0.34%
DEG, LLC	Real Estate Investment	927,614,400	0.30%
Ko Olina Hotel	Hotel/Resort	715,789,500	0.23%
Halekulani Corp	Hotel/Resort	688,719,200	0.22%
		$16,196,557,500	5.25%

(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, 2024 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 2025 - 2026

Taxpayer [2]	Type of Business	Gross Assessed Valuation [3]	% of Total Assessed Valuation
Hilton, et al.	Hotel/Resort	$ 35,107,319	1.97%
Kyo-Ya Company	Hotel/Resort	33,358,240	1.88%
Brookfield Property Partners [4]	Real Estate Investment	27,841,840	1.57%
Outrigger Enterprises Group	Hotel/Resort	22,205,662	1.25%
Bishop Estate	Educational Trust Estate	18,940,121	1.07%
A & B Properties Inc.	Real Estate Investment	12,534,323	0.71%
Disney	Hotel/Resort	10,205,876	0.57%
Ko Olina Hotel	Hotel/Resort	9,604,595	0.54%
Halekulani Corp.	Hotel/Resort	9,559,557	0.54%
Maps Waikiki Hotel, LLC	Hotel/Resort	9,541,159	0.54%
		$188,898,692	10.64%

(1) *Excludes property owned by governmental entities.*
(2) *Taxpayer's name as recorded on real property tax records.*
(3) *Tax levied as of July 2025.*
(4) *Formerly General Growth Properties.*

Oahu Transient Accommodations Tax. 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 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. For the first two years the ordinance allocated 66.7% of Oahu TAT revenue to the general fund (including 58.33% for the general fund and 8.34% to a special 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 was increased to 50%, at the expense of the general fund's share, which was reduced to 50% (including 41.66% for the general fund and 8.34% to a special natural resources account within the general fund). Monies deposited into the natural resources account was used to supplement, and 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 $54.1 million in Oahu TAT annual collections allocated to the general fund for fiscal year 2026. The City has budgeted for $53.3 million in Oahu TAT annual collections allocated to the general fund for fiscal year 2027.

The following presents the Oahu TAT allocated to the general fund for Fiscal Years ended June 30, 2023 through June 30, 2025:

Table 6

OAHU TRANSIENT ACCOMMODATIONS TAX
Fiscal Years 2023 – 2025

Fiscal Year (Ended June 30)	(Dollars in Millions)
2023	$62.4
2024	60.0
2025	52.4

State Transient Accommodations Tax. Pursuant to HRS Chapter 237D the State imposes a transient accommodations tax ("TAT") 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 TAT rate for Honolulu is currently fixed at 11.00%. On January 1, 2031, the State TAT rate for Honolulu is scheduled to be 10.00%. Tax at the rate of 1% on the gross receipts subject to the State TAT is and will be deposited through December 31, 2030 into a mass transit special fund to help pay for construction of the Rail Transit Project, and tax at the rate of 0.75% on the gross receipts subject to the State TAT will be used to fund environmental projects in the State. 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) $11 million is distributed to the convention center enterprise special fund, (3) an amount sufficient to maintain a fund balance of $5 million in the tourism emergency special fund is distributed to the tourism emergency special fund, and (4) $3 million is distributed to the special land and development fund.

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, 2024 and June 30, 2025, the City and County received $341.8 million and $357.9 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 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, rebounded in fiscal year 2022, and has continued through fiscal year 2026 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 $51.3 million and $49.6 million of public service company tax revenues in the fiscal years ended June 30, 2024 and June 30, 2025, 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, 2024 and June 30, 2025, the City and County collected $189.8 million and $194.0 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, 2024 and June 30, 2025, the City and County's fuel tax collections were $45.1 million and $44.8 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, 2024 and June 30, 2025, the City and County collected $62.5 million and $60.6 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 76.1% of the City and County's General Fund revenues in fiscal year 2025) 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 2021 through 2025.

Table 7

GENERAL FUND REVENUES AND EXPENDITURES,
INCLUDING TRANSFERS
(Dollars in Millions)
Fiscal Years 2021 – 2025

Fiscal Year	Revenues	Expenditures
2021	$1,786.0	$1,817.2
2022	1,751.5	1,805.9
2023	1,984.7	1,864.5
2024	2,271.5	1,981.4
2025	2,369.4	2,295.6

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 July 1, 2026. Set forth in Table 9 is a detailed schedule of all outstanding general obligation funded debt of the City and County as of July 1, 2026. Table 10 provides debt service charges on outstanding general long-term debt of the City and County as of July 1, 2026.

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Table 8

STATEMENT OF FUNDED DEBT
July 1, 2026

1. Gross assessed valuation of real property, January 29, 2025			$ 358,739,324,700
2. Less exempt valuation			47,102,762,400
3. Assessor's net taxable value			311,636,562,300
4. Less valuations on appeal			3,613,167,200
5. Taxpayers' valuation			308,023,395,100
6. Add 50% of valuation on appeal			1,806,583,600
7. Net assessed valuation of real property for rate purposes			309,829,978,700
8. Limit of funded debt as set by the Constitution of the State of Hawaii			$ 46,474,796,805 [1]
9. Funded debt:			
a. General obligation bonds		$ 3,618,579,999	
b. Revenue bonds		2,985,445,000 [2]	
c. Notes payable:			
State of Hawaii		493,461,051	
d. Gross funded indebtedness		$ 7,097,486,050	
Less exclusions:			
e. Revenue bonds			
Self-supporting Board of Water Supply	$ 380,435,000		
Self-supporting wastewater system	2,605,010,000		
f. General obligation bonds issued for H-Power waste disposal facility	321,800,000		
g. General obligation bonds issued for Housing	5,866,660		
h. General obligation bonds issued for solid waste	172,948,645		
i. General obligation bonds issued for wastewater system	158,101		
j. State of Hawaii Revolving Fund loans payable for the Wastewater System	365,098,310		
k. State of Hawaii Revolving Fund loans payable for the Board of Water Supply	128,362,741	3,979,679,457	
l. Net funded debt			3,117,806,593
10. Gross limit of additional funded debt			$ 43,356,990,212

11. Less general obligation bonds authorized and unissued: [3]

Authorizing Ordinance	Total Authorized [4]	Amount Issued	Amount Unissued	
Ordinance No. 98-29	$ 56,536,531	56,536,531	-	
Ordinance No. 07-26	212,235,135	212,235,135	-	
Ordinance No. 08-14	287,587,651	287,587,651	-	
Ordinance No. 09-13	321,075,026	321,075,026	-	
Ordinance No. 10-13	344,000,417	344,000,417	-	
Ordinance No. 11-12	159,611,379	159,611,379	-	
Ordinance No. 12-21	180,120,234	180,120,234	-	
Ordinance No. 13-21	223,597,132	223,597,132	-	
Ordinance No. 14-16	266,987,965	266,987,965	-	
Ordinance No. 15-22	226,988,211	226,988,211	-	
Resolution No. 17-173 [5]	350,000,000	350,000,000	-	
Ordinance No. 16-11	230,195,240	230,195,240	-	
Ordinance No. 17-26	246,298,476	246,298,476	-	
Ordinance No. 18-20	267,844,611	267,844,611	-	
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	299,408,749	299,408,749	-	
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	261,966,863	261,966,863	-	
Ordinance No. 21-16	243,951,948	243,951,948	-	
Resolution No. 21-142 [5]	329,785,000	329,785,000	-	
Ordinance No. 22-11	222,078,041	222,078,041	-	
Resolution No. 23-125 [5]	141,965,000	141,965,000	-	
Ordinance No. 23-17	317,177,584	92,192,153	224,985,431	
Ordinance No. 24-19	409,832,405	-	409,832,405	
Ordinance No. 25-32	652,386,420	-	652,386,420	
	$ 6,950,660,018	$ 5,663,455,762	$ 1,287,204,256	1,287,204,256

12. Net limit of additional funded debt	$ 42,069,785,956

[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 July 1, 2026.*
[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 July 1, 2026

Direct Debt	Effective Interest Rate	Original Amount of Issue	Maturing Serially From/To	Optional Call Dates	Outstanding
General Obligation Bonds:					
August 4, 2011 Series A	4.18832%	141,235,000	8/1/2016-36	8/1/2021	14,360,000
November 20, 2012 Series A	3.19593%	255,050,000	11/1/2017-37	11/1/2022	18,575,000
December 4, 2012 Series C	2.06925%	32,145,000	11/1/2013-27	11/1/2022	5,010,000
April 2, 2015 Series A	3.39016%	379,550,000	10/1/2015-39	10/1/2025	-
April 2, 2015 Series B	2.79899%	210,480,000	10/1/2018-31	10/1/2025	-
April 2, 2015 Series C	2.98153%	249,240,000	10/1/2019-33	10/1/2025	-
April 2, 2015 Series E	3.60112%	22,060,000	10/1/2015-39	Non-callable	14,445,000
October 26, 2016 Series A	2.89193%	96,385,000	10/1/2018-41	10/1/2026	74,145,000
October 26, 2016 Series C	2.48346%	100,065,000	10/1/2021-34	10/1/2026	71,820,000
October 26, 2016 Series D	2.80674%	143,815,000	10/1/2017-34	10/1/2026	79,890,000
September 14, 2017 Series A	3.29119%	181,420,000	9/1/2019-42	9/1/2027	148,185,000
September 14, 2017 Series B	1.50321%	34,475,000	9/1/2018-25	Non-callable	-
September 14, 2017 Series D	2.65841%	138,440,000	9/1/2022-33	9/1/2027	100,830,000
September 14, 2017 Series E	2.69098%	35,050,000	9/1/2022-34	9/1/2027	26,365,000
September 14, 2017 Series G	3.67074%	20,060,000	9/1/2018-42	Non-callable	15,490,000
September 5, 2018 Series A	3.56130%	231,525,000	9/1/2020-43	9/1/2028	194,740,000
September 5, 2018 Series B	2.24923%	47,160,000	9/1/2019-26	Non-callable	7,145,000
September 5, 2018 Series F	3.75896%	182,340,000	9/1/2021-36	Non-callable	135,950,000
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	140,870,000
January 31, 2019 Series B [3][4]	3.50599%	40,075,000	9/1/2019-43	9/1/2028	32,895,000
August 21, 2019 Series C	2.68418%	198,260,000	8/1/2021-44	8/1/2029	171,595,000
August 21, 2019 Series D	1.20109%	57,870,000	8/1/2020-27	Non-callable	17,070,000
August 21, 2019 Series G	1.26252%	9,225,000	8/1/2023-28	Non-callable	4,820,000
August 21, 2019 Series J	2.02304%	96,970,000	8/1/2022-27	Non-callable	33,590,000
March 5, 2020 Series A [3][4]	2.46489%	21,765,000	9/1/2020-44	3/1/2030	18,315,000
March 5, 2020 Series B [3]	1.36259%	273,460,000	3/1/2025-31	3/1/2030	204,610,000
August 5, 2020 Series C	2.45660%	184,110,000	7/1/2021-45	7/1/2030	164,310,000
August 5, 2020 Series D	0.64415%	54,060,000	7/1/2021-28	Non-callable	23,295,000
August 5, 2020 Series E	2.29648%	41,155,000	7/1/2021-45	Non-callable	34,505,000
September 3, 2020 Series F	1.54621%	67,010,000	1/1/2021-35	7/1/2030	49,975,000
August 4, 2021 Series A	2.06415%	169,630,000	7/1/2022-46	7/1/2031	155,875,000
August 4, 2021 Series B	0.63298%	33,270,000	7/1/2022-29	Non-callable	18,655,000
August 4, 2021 Series C	2.50730%	20,055,000	7/1/2022-46	Non-callable	17,570,000
August 4, 2021 Series D [3][4]	1.91784%	42,915,000	7/1/2022-46	7/1/2031	38,730,000
August 4, 2021 Series E [3]	0.84947%	329,785,000	3/1/2022-31	Non-callable	281,300,000
August 4, 2022 Series A (Forward Delivery)	1.15823%	147,020,000	11/1/2023-29	Non-callable	90,245,000
August 4, 2022 Series B	3.70141%	75,065,000	7/1/2023-47	7/1/2032	71,495,000
August 4, 2022 Series C	2.28567%	22,390,000	7/1/2023-30	Non-callable	15,320,000
August 24, 2023 Series A	4.07628%	77,330,000	7/1/2024-48	7/1/2033	75,340,000
August 24, 2023 Series B	3.04686%	23,125,000	7/1/2024-31	Non-callable	18,495,000
August 24, 2023 Series C [3][4]	3.99856%	28,605,000	7/1/2024-48	7/1/2033	27,700,000
August 24, 2023 Series D [3]	3.05217%	141,965,000	3/1/2024-31	Non-callable	106,225,000
July 24, 2024 Series A	4.03303%	116,270,000	7/1/2025-49	7/1/2034	116,270,000
July 24, 2024 Series B	3.05118%	18,485,000	7/1/2025-32	Non-callable	16,910,000
July 24, 2024 Series C [3][4]	3.91052%	9,775,000	7/1/2025-49	7/1/2034	9,775,000
July 24, 2024 Series D	4.97427%	25,120,000	1/1/2025-2039	Non-callable	23,950,000
July 31, 2025 Series A	4.57344%	75,030,000	7/1/2027-50	7/1/2035	75,030,000
July 31, 2025 Series B	2.99965%	18,420,000	7/1/2026-33	Non-callable	18,420,000
July 31, 2025 Series C [2]	4.47253%	9,920,000	7/1/2027-50	7/1/2035	9,920,000
July 31, 2025 Series D	3.67299%	263,005,000	1/1/2026-7/1/2039	7/1/2035	244,265,000
July 31, 2025 Series E	2.83326%	118,235,000	1/1/2026-7/1/2031	Non-callable	101,195,000
July 31, 2025 Series F	3.31570%	211,520,000	1/1/2026-7/1/2036	7/1/2035	193,135,000
July 31, 2025 Series G	2.68112%	37,960,000	7/1/2026-30	Non-callable	37,960,000
		$ 5,769,300,000			$ 3,618,580,000
Notes Payable - State of Hawaii	Various	1,014,180,186	Various	Non-callable	493,461,051
Total Gross Direct Debt		$ 6,783,480,186			$ 4,112,041,051
Less exclusions:					
Bonds issued for solid waste				$ 172,948,645	
Bonds issued for housing				5,866,660	
Bonds issued for H-Power waste disposal facility				321,800,000	
Bonds issued for wastewater system				2,605,010,000	
State of Hawaii Revolving Fund loans payable for the Wastewater System				365,098,310	
State of Hawaii Revolving Fund loans payable for the Board of Water Supply				128,362,741	3,599,086,356
Net Funded Debt					$ 512,954,695

(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 susbsidy 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, Series 2023C and Series 2024C 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 July 1, 2026[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
2027	346,655,000	160,188,079	35,754,362	4,122,156	546,719,597	38,686,251	18,601,471	489,431,875
2028	357,795,000	141,688,911	28,814,288	3,777,927	532,076,126	40,114,012	17,156,355	474,805,759
2029	345,680,000	125,129,078	27,293,168	3,478,604	501,580,850	39,373,084	15,649,476	446,558,290
2030	352,260,000	108,513,658	27,527,340	3,182,936	491,483,934	38,735,179	14,146,064	438,602,691
2031	338,725,000	92,017,134	27,764,324	2,884,420	461,390,878	38,164,049	12,662,641	410,564,188
2032	173,525,000	76,548,616	27,236,966	2,582,944	279,893,526	39,675,273	11,142,738	229,075,515
2033	158,045,000	68,950,332	19,882,955	2,300,094	249,178,381	38,677,779	9,614,620	200,885,982
2034	162,470,000	61,657,100	20,120,798	2,055,502	246,303,400	37,271,959	8,151,406	200,880,035
2035	151,470,000	54,635,355	20,360,197	1,807,961	228,273,513	37,175,281	6,734,054	184,364,178
2036	141,630,000	48,041,194	19,699,247	1,559,714	210,930,155	27,906,756	5,461,301	177,562,098
2037	141,770,000	41,708,198	19,943,735	1,315,226	204,737,159	29,093,566	4,302,621	171,340,972
2038	119,960,000	36,133,433	20,190,896	1,067,697	177,352,026	13,243,089	3,459,593	160,649,344
2039	105,770,000	29,718,057	19,905,384	818,430	156,211,871	11,832,324	2,969,459	141,410,088
2040	110,410,000	26,728,983	17,781,839	571,377	155,492,199	12,330,925	2,480,037	140,681,237
2041	86,630,000	22,542,810	16,135,846	360,018	125,668,674	8,207,323	2,075,537	115,385,814
2042	90,385,000	18,789,480	8,697,596	162,718	118,034,794	8,517,459	1,768,524	107,748,811
2043	88,200,000	14,873,456	2,742,739	91,323	105,907,518	8,840,582	1,444,422	95,622,514
2044	78,110,000	11,201,798	2,775,228	56,931	92,143,957	7,917,995	1,125,380	83,100,582
2045	62,400,000	8,240,485	1,228,003	27,067	71,895,555	8,209,532	830,052	62,855,971
2046	50,415,000	5,914,363	1,243,400	11,669	57,584,432	7,403,736	552,170	49,628,526
2047	37,580,000	4,122,989			41,702,989	3,969,904	350,010	37,383,075
2048	25,160,000	2,739,018			27,899,018	1,707,692	234,058	25,957,268
2049	21,005,000	1,584,744			22,589,744	1,797,692	144,288	20,647,764
2050	14,530,000	687,956			15,217,956	1,892,308	49,673	13,275,975
2051	6,000,000	155,838			6,155,838			6,155,838
Totals: *	$ 3,566,580,000	$ 1,162,511,064	$ 365,098,311	$ 32,234,714	$ 5,126,424,089	$ 500,743,750	$ 141,105,950	$ 4,484,574,389

(1) *Excludes self-supporting revenue bonds and State revolving fund notes payable*

(2) *Excludes $52,000,000 of Commercial Paper Issue A ("Taxable") allocable to the City*

(3) *Includes $365,098,310 State of Hawaii notes payable for various sewer projects.*

(4) *Includes loan fees charged to interest for State of Hawaii 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, 2021 through 2025.

Table 11

GENERAL OBLIGATION INDEBTEDNESS
Fiscal Years 2021–2025

	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**
2021	$3,546,910,573	$560,795,603	$4,107,706,176	--	$4,107,706,176
2022	3,633,646,353	574,437,242	4,208,083,595	--	4,208,083,595
2023	3,560,684,127	539,175,873	4,099,860,000	--	4,099,860,000
2024	3,491,934,978	503,610,022	3,995,545,000	--	3,995,545,000
2025	3,353,904,424	541,110,576	3,895,015,000	--	3,895,015,000

(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 Revolving Credit Agreement with Bank of America, N.A, with a current expiration date of June 1, 2028. 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, with a current expiration date of July 10, 2028. The commercial paper notes will have maturities of up to 270 days. The authorization to issue commercial paper notes expires on July 1, 2035.

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 may require reimbursement to the General Fund for debt service paid on certain general obligation bonds. This reimbursement can come from revenues, user taxes, assessments, or income from the bonded facilities or systems. 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 also entered into an equipment lease with First Hawaiian Leasing, Inc. to finance $24,869,829.52 for the installation of various energy savings equipment at various City and County building facilities throughout Oahu. This lease requires the City and County to make annual lease payments of $1,821,112.06 for 20 years beginning August 1, 2022. Annual lease payments are made from City and County's General Funds.

The City and County has also entered into another equipment lease with First Hawaiian Leasing, Inc. to finance $41,450,811.83 for the installation of various energy savings equipment at other City and County building facilities throughout Oahu. This lease requires the City and County to make annual lease payments of $3,441,159.60 for 20 years beginning November 1, 2023. Annual lease payment are made from City and County's General Funds.

The City and County entered into an equipment lease with First Hawaiian Leasing, Inc. to finance $40,419,021.00 for the installation of various energy-saving equipment at various City and County Park facilities throughout Oahu. This lease requires the City and County to make annual lease payments of $3,220,058.03 for 20 years, beginning April 1, 2024. Annual lease payments are made from the City and County's General Fund.

The City and County has also entered into a new equipment lease with TD Equipment Finance, Inc. to finance $13,389,599.06 for the installation of various energy savings equipment at other City and County building facilities throughout Oahu. This lease requires the City and County to make annual lease payments of $1,328,021.00 for 14 years beginning August 1, 2027. Annual lease payment are made from City and County's General Fund.

Revenue Indebtedness

As of June 30, 2026, the Board of Water Supply of the City and County had issued $380,435,000 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 June 30, 2026, the outstanding amounts of senior and junior lien revenue bonds were $2,469,280,000 and $135,730,000 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 proposed a $5.5 billion, five-year capital improvement program (fiscal year 2026 to fiscal year 2030) to upgrade its wastewater treatment plant and collection system facilities and anticipates issuing approximately $1.7 billion of additional revenue bonds to finance a portion of the costs associated with the program. See also "WASTEWATER CONSENT DECREE" herein for a discussion of the consent decree pertaining to the wastewater system.

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.

Multi-Family Rental Housing Program

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 2022 the City and County's Department of Planning and Permitting initiated a Multi-Family Rental Housing Program to facilitate increasing and preserving the supply of affordable rental housing in Honolulu. The City and County appointed a Chief of Affordable Housing and Strategy whose duties entailed overseeing this initiative. The program provides interim and permanent financing through the sale of tax exempt private activity bonds, the proceeds of which will be used to finance projects that reserve at least 20% of their dwelling units for tenants whose incomes are 50% or less of Area Gross Median Income or at least 40% of their units for tenants whose incomes are 60% or less of Area Gross Median Income.

Since its inception the Multi-Family Rental Housing Program has financed four projects:

- In May 2023 the City and County issued $100,535,000 of Multifamily Housing Revenue Bonds and loaned the bond proceeds to Komohale Maunakea Venture LP ("Komohale Maunakea"). Komohale Maunakea 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 Maunakea has rehabilitated the building and continues to rent all of the units to families earning no more than 60% of the median annual income by family size in Honolulu.

- In October 2023 the City and County issued $30,000,000 of Multifamily Housing Revenue Bonds to finance the acquisition and renovation of Jack Hall Waipahu Apartments, an existing 144-unit project in Waipahu.

- In April 2025 the City and County issued $29,445,000 of Multifamily Housing Revenue Bonds and loaned the bond proceeds to Komohale West Loch Venture LP ("Komohale West Loch"). Komohale West Loch combined the bond funds with an FHA insured loan, a Hawaii Housing Finance and Development Corporation loan and low-income housing tax credit investments to finance the construction of Kaleima`o Village, a new 127-unit low rise apartment complex in Ewa Beach on vacant City and County land. The project will be rented to low-income families.

- In October 2025, the City and County issued $107,710,000 of Multifamily Housing Revenue Governmental Lender Notes and loaned the proceeds to Kuhio Park Low Rise Phase 1, LP ("KPLR"). KPLR combined the note proceeds with State Rental Housing Revolving Fund financing, Hawaii Public Housing Authority financing, Bank of Hawaii financing, low-income housing tax credit equity, and other project sources to finance the redevelopment of Kuhio Park Low Rises Phase 1, a 304-unit low-income rental housing development in Honolulu. The project is located on land owned by the State of Hawaii through the Hawaii Public Housing Authority and includes 302 affordable housing units and two management staff units.

Any bonds issued through the Multi-Family Rental Housing Program 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.

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, its Series 2021C Bonds in the amount of $20,055,000 and its Series 2024D Bonds in the amount of $25,120,000 to fund additional 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 82% 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. However, H-POWER receipts were 651,867 tons in 2023, 663,315 tons in 2024, and 649,021 tons in 2025. The lower figures primarily reflect the temporary diversion of an average of approximately 100,000 tons of waste per year to the landfill during planned maintenance and other operational periods when processing capacity was reduced.

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 mile short of the original 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 exploring 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 $9.569 billion, plus estimated financing costs of $510 million, resulting in a total estimated project cost of $10.079 billion. This cost estimate includes approximately $137 million in unallocated contingency.

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 $6.55 billion, which represents 65 percent of forecast total project funding. Through quarter ended March 2026, HART had received a cumulative $4.5 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 May 2026, HART had received a cumulative $495 million from the TAT since this tax was authorized.

• Federal Funding – Funding under the FFGA the FTA totals $1.55 billion. HART has received approximately $806.3 million through 2017. Following the execution of the amended FFGA in February 2024, on April 24, 2024, the City and County received a tranche of $125 million in grant funds – the first disbursement since 2017. Following the award of the City Center Guideway and Stations Contract, on December 19, 2024, the City and County received the second tranche of $250 million. In May 2026, the City and County received the third tranche of

$125 million following completion of the Airport Guideway Section (Segment 2) described below. The remaining $244 million is expected to be funded in two tranches, upon the achievement of certain milestones. See - ADDITIONAL RISK CONSIDERATIONS REGARDING THE CITY AND COUNTY OF HONOLULU – Federal Funding Risks" herein.

• 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 $50 million Flex Funding from the Federal Highway Administration (FHWA) to the FTA.

• City Subsidy – In a previously approved 2018 Recovery Plan, the 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 $165 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 $55 million in Fiscal Year 2025 and is forecasting another $61 million through the end of June, Fiscal Year 2026.

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, and by the first quarter of fiscal year 2022 both GET and TAT collections have exceeded pre-COVID levels. Since the Recovery Plan was accepted by the FTA in September 2022, GET and TAT collections between fiscal year 2022 and fiscal year 2026 exceed Recovery Plan projections for the same period.

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. The City and County issued its $9,775,000 Series 2024C Bonds (Honolulu Rail Transit Project) in July 2024 to finance capital costs of the Rail Transit Project. The City and County issued its $9,920,000 Series 2025C Bonds (Honolulu Rail Transit Project) in July 2025 to finance capital costs of the Rail Transit Project. 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, and is expected to reimburse the City and County for all costs, interest, principal, and debt service for the Series 2026C Bonds.

Proceeds of the Series 2026C 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 has contributed $165 million of the $214 million City Subsidy as of the fiscal year ended June 30, 2026.

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.

Operating Segment 2 of the Rail Transit Project opened to the public in October 2025. Segment 2 includes 5.2 additional miles of rail guideway and provides service to four additional rail stations, including stations at Joint Base Pearl Harbor-Hickam and the Daniel K. Inouye International Airport. Upon the opening of Segment 2, the Rail Transit Project now operates from Kapolei to Middle Street, and 84 percent of the entire guideway and 13 of 19 rail stations are operational.

HART awarded the City Center Guideway and Stations (Operating Segment 3) Design-Build contract to Tutor Perini Corporation in August 2024 and Notice to Proceed was issued in December 2024. The first phase of construction in Segment 3 involves the relocation of utilities in preparation for the construction of the rail guideway columns. The utility relocation from Middle Street, along Dillingham Boulevard, to Ka'aahi Street is expected to be complete in late 2026. Utility relocation in Downtown Honolulu, from the site of the future Iwilei rail station to the Civic Center station is complete. Guideway column construction began in early 2026.

Future Operations and Maintenance Costs. The current fiscal year 2026 DTS budget for the Rail Transit Project operations and maintenance is approximately $108 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, 2022 through 2026 are shown in the table below.

Table 12

EXPENDITURES FOR CAPITAL IMPROVEMENTS
Fiscal Years 2022–2026
(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
2022 [3]	798.7	244.0	335.0	-	579.0	24.0	195.7	219.7	27.5%
2023 [3]	783.0	222.1	79.2	-	301.3	216.3	265.4	481.7	61.5%
2024 [3]	749.9	317.2	247.5	-	564.7	8.3	176.9	185.2	24.7%
2025 [4]	1,063.5	409.8	325.7	-	735.5	156.3	171.7	328.0	30.8%
2026 [4]	1,293.1	652.4	324.1	-	976.5	159.5	157.1	316.6	24.5%

[1] *Inclusive of encumbrances.*
[2] *Funds from current revenues and surplus.*
[3] *Adjusted for lapses until June 30, 2026.*
[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 $194.8 million for the period ended June 30, 2025, representing an investment yield of 4.56%. As of June 30, 2025, the City and County's portfolio of cash, U.S. government securities and certificates of deposit totaled $5.08 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, 2021 through June 30, 2025. The City and County deposited $10 million to the fund in fiscal year 2026 and $6 million is appropriated for fiscal year 2027.

Table 13

RESERVE FOR FISCAL STABILITY FUND BALANCE
(Dollars in Millions)
Fiscal Years 2021 – 2025

Fiscal Year	Reserve for Fiscal Stability Fund Balance
2021	138.0
2022	145.4
2023	154.6
2024	169.1
2025	182.2

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 "Bus and Paratransit System") are deposited. City ordinances authorize the City to contract with a private, nonprofit corporation to operate and maintain the Bus and Paratransit 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 Bus and Paratransit System, but OTS operates and maintains the buses and Handi-Vans comprising the Bus and Paratransit 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 2025, the City collected fare revenues comprising approximately 15.7% of the Bus and Paratransit System's $326 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, 2029 and March 31, 2030. Pursuant to the Bus and Paratransit 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 $6.97 million in fiscal year 2025. 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 2026 plan year beginning January 1, 2026 was projected to be 95.7%. City contributions to this plan were $22.2 million in fiscal year 2025. 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 2025.

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, 2025, as audited by the firm of KMH 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. KMH 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, 2021 through 2025, 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, 2021 through June 30, 2025
(In thousand dollars)

	FY Ended June 30, 2021	FY Ended June 30, 2022	FY Ended June 30, 2023	FY Ended June 30, 2024	FY Ended June 30, 2025
ASSETS:					
Cash and securities	$407,652	$372,328	$492,665	$772,353	$931,413
Receivables:					
Real property taxes	22,855	22,187	26,987	32,251	25,728
Other	11,418	32,383	44,437	48,920	49,068
Due from other funds	3,993	6,762	1,923	4,855	2,825
Total Assets	$445,918	$433,660	$566,012	$858,379	$1,009,034
LIABILITY AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 60,115	$ 92,580	$ 80,010	$ 70,953	$ 84,338
Due to other funds	13	42	11,381	17,592	17,134
Accrued payroll and fringes	26,898	29,061	27,476	30,567	97,963
Deferred revenues	21,755	29,230	44,186	46,291	42,835
Total Liabilities	$108,781	$150,913	$163,053	$165,403	$242,270
Fund Balances:					
Reserved for encumbrances	$ 87,077	$ 91,360	$ 93,025	$107,118	$134,820
Unreserved-undesignated	250,060	191,387	309,934	585,858	631,944
Total Fund Balances	$337,137	$282,747	$402,959	$692,976	$766,764
Total Liabilities and Fund Balances	$445,918	$433,660	$566,012	$858,379	$1,009,034

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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, 2021 through June 30, 2025
(In thousand dollars)

	FY Ended June 30, 2021	FY Ended June 30, 2022	FY Ended June 30, 2023	FY Ended June 30, 2024	FY Ended June 30, 2025
REVENUES:					
Real property tax[(1)]	$1,470,579	$1,469,227	$1,626,685	$1,768,010	$1,842,801
Licenses and permits	46,957	42,561	45,597	46,327	55,491
Intergovernmental	59	53	59	56	8
Charges for services	6,843	7,544	10,840	55,630	57,245
Fines and forfeits	678	1,094	1,460	3,299	2,409
Miscellaneous	68,329	33,177	88,453	131,603	120,578
Total Revenues	$1,593,445	$1,553,656	$1,773,094	$2,004,925	$2,078,532
EXPENDITURES:					
Current:					
General government	$ 173,182	$ 159,216	$ 177,387	$ 199,658	$270,994
Public safety	460,727	460,388	483,981	513,661	573,753
Highways and streets	14,168	9,401	12,198	11,357	17,226
Sanitation	--	--	48	28	2
Human services	10,338	13,083	11,936	15,451	19,173
Culture recreation	80,176	79,169	82,525	131,978	97,947
Utilities or other enterprises	3,504	13,984	440	822	1,017
Miscellaneous	464,338	483,053	482,403	490,179	499,068
Capital outlay	5,390	4,986	3,779	2,959	10,731
Debt service:					
Principal retirement	--	4,894	6,596	11,186	11,872
Interest charges	--	803	894	1,444	6,923
Total Expenditures	$1,211,823	$1,228,977	$1,262,187	$1,378,723	$1,508,706
Excess of Revenues over Expenditures	$ 381,622	$ 324,679	$ 510,907	$ 626,202	$ 569,826
OTHER FINANCING SOURCE (USES):					
Leases and subscriptions	$ --	$ 2,122	$ 7,749	$ 55,821	$ 82,497
Sales of capital assets	--	--	18	7	147
Transfers-in	192,575	195,747	203,846	210,706	208,205
Transfers-out	(605,385)	(576,938)	(602,308)	(602,719)	(786,887)
Total Other Financing Sources (Uses)	$(412,810)	$(379,069)	$(390,695)	$ (336,185)	$ (496,038)
Revenues and Other Sources over (under) Expenditures and Other Uses	$ (31,188)	$ (54,390)	$ 120,212	$ 290,017	$73,788
Fund Balance--July 1	368,325	337,137	282,747	402,959	692,976
Fund Balance--June 30	$ 337,137	$ 282,747	$ 402,959	$ 692,976	$ 766,764

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

Table 16

CITY AND COUNTY OF HONOLULU
GOVERNMENTAL FUNDS – STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For Fiscal Year Ended June 30, 2025 with Comparative Totals For Fiscal Year Ended June 30, 2024 (In thousand dollars)

	Governmental Funds						
Revenues:	General Fund (1)	Highway Fund	G.O. Bond & Interest Redemption Fund	Federal Grants Funds	Other Governmental Funds	2025	2024
Taxes	$ 1,842,801	$ 105,405	$ --	$ --	$25,926	$ 1,974,132	$ 1,900,723
Licenses and permits	55,678	200,205	--	--	6,518	262,401	249,415
Intergovernmental	8	--	--	--	386,028	386,036	322,818
Charges for services	58,894	6,388	--	--	29,367	94,649	90,681
Fines and forfeits	2,409	--	--	--	36	2,445	3,847
Miscellaneous:							
Recoveries	12,661	1,421	--	--	--	14,082	31,254
Interest	103,115	--	--	--	6,680	109,795	99,548
Other	13,159	1,828	--	--	16,157	31,144	31,267
Total Revenues	$ 2,088,725	$ 315,247	$ --	$ --	$ 470,712	$ 2,874,684	$ 2,729,553
Expenditures:							
Current:							
General government	$ 272,364	$ 24,308	$ --	$ --	$ 167,625	$ 464,297	$ 311,441
Public safety	573,753	20,271	--	--	23,477	617,501	556,930
Highways and streets	17,226	29,868	--	--	4,265	51,359	40,929
Sanitation	2	--	--	--	--	2	28
Human services	28,912	--	--	--	134,490	163,402	141,767
Culture recreation	97,947	--	--	--	36,082	134,029	165,364
Utilities or other enterprises	1,017	5,086	--	--	68,516	74,619	108,535
Miscellaneous:							
Retirement and health benefits	353,239	40,285	--	--	16,607	410,131	504,641
Other	145,829	2,331	--	--	660	148,820	49,092
Capital outlay	10,731	838	--	--	139,379	150,948	201,350
Debt service:							
Principal	11,872	3,849	237,244	--	1,972	254,937	239,391
Interest	6,923	353	146,484	--	377	154,137	149,042
Bond issuance costs	--	--	--	--	492	492	552
Total Expenditures	$ 1,519,815	$ 127,189	$ 383,728	$--	$593,942	$ 2,624,674	$ 2,469,062
Revenues over (under) Expenditures	$ 568,910	$ 188,058	$ (383,728)	$--	$ (123,230)	$ 250,010	$ 260,491
Other Financing Sources (Uses):							
Proceeds of tax-exempt commercial paper	$--	$--	$--	$--	$--	$--	$ 52,000
Proceeds of general obligation bonds	--	--	--	--	99,213	99,213	112,291
Bond Premium	--	--	--	--	11,287	11,287	9,719
Proceeds of refunding bonds	--	--	--	--	--	--	158,733
Bond Premium/(Discount) on Refunding Bonds	--	--	--	--	--	--	12,962
Refunding of bonds and commercial paper	--	--	--	--	--	--	(170,600)
Leases and subscriptions	82,497	114	--	--	2,775	85,386	62,527
Sales of capital assets	236	979	--	--	--	1,215	743
Operating transfers in	223,718	--	277,995	--	15,841	517,554	537,501
Operating transfers out	(786,887)	(194,669)	--	--	(23,988)	(1,005,544)	(819,369)
Total Other Financing Sources (Uses)	$ (480,436)	$ (193,576)	$ 277,995	$ --	$ 105,128	$ (290,889)	$ (43,493)
Net Change in fund balance	88,474	(5,518)	(105,733)	--	(18,102)	(40,879)	216,998
Fund Balances – July 1	$ 879,017	$ 101,558	$ 1,073,934	$ --	$ 391,867	$ 2,446,376	$ 2,229,378
Fund Balance Adjustment	--	--	--	--	--	--	--
Fund Balances – June 30	$ 967,491	$ 96,040	$ 968,201	$ --	$ 373,765	$ 2,405,497	$ 2,446,376

(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, 2021 through June 30, 2025
(In thousand dollars)

	FY Ended June 30, 2021	FY Ended June 30, 2022	FY Ended June 30, 2023	FY Ended June 30, 2024	FY Ended June 30, 2025
REVENUES:					
Taxes	$1,573,704	$1,579,865	$1,756,403	$1,900,723	$1,974,132
Licenses and permits	245,007	243,207	246,173	249,415	262,401
Intergovernmental revenues	592,383	447,930	437,753	322,818	386,036
Charges for services	28,210	40,061	44,823	90,681	94,649
Fines and forfeitures	1,008	1,770	1,737	3,847	2,445
Miscellaneous	116,802	104,482	113,572	162,069	155,021
Total Revenues	$2,557,114	$2,417,315	$2,600,461	$2,729,553	$2,874,684
EXPENDITURES:					
Current:					
General government	$ 474,670	$ 356,530	$ 351,406	$ 311,441	$464,297
Public safety	547,680	494,721	519,438	556,930	617,501
Highways and streets	58,203	47,710	51,321	40,929	51,359
Sanitation	270	--	48	28	2
Health and human services	180,714	128,435	134,542	141,767	163,402
Culture recreation	108,387	109,639	112,510	165,364	134,029
Utilities or other enterprises	170,286	192,254	129,547	108,535	74,619
Miscellaneous	529,961	534,482	541,914	553,733	558,991
Capital outlay	209,391	131,122	179,928	201,350	150,948
Debt service:					
Principal retirement	153,362	173,179	179,806	236,391	254,937
Interest charges	163,320	191,013	148,014	149,042	154,137
Bond issuance costs	1,000	583	906	552	492
Total Expenditures	$2,597,244	$2,359,668	$2,349,380	$2,469,062	$2,624,674
Revenues over (under) Expenditures	$ (40,130)	$ 57,647	$ 251,081	$ 260,491	$ 250,010
OTHER FINANCING SOURCE (USES):					
Proceeds of tax-exempt commercial paper	$ 301,000	$ --	$ 17,000	$ 52,000	$ --
Proceeds of general obligation bonds	205,745	526,558	97,455	112,291	99,213
Bond Premium	49,257	130,818	13,583	9,719	11,287
Proceeds of refunding bonds	67,010	23,680	138,679	158,733	--
Bond Premium on Refunding Bonds	19,578	2,320	22,716	12,962	--
Refunding of bonds and commercial paper	(85,606)	(301,000)	(160,489)	(170,600)	--
Leases and subscriptions	--	2,171	9,563	62,527	85,386
Sales of fixed assets	509	649	590	743	1,215
Operating transfers-in	521,212	508,015	520,212	537,501	517,554
Operating transfers-out	(806,794)	(745,349)	(783,875)	(819,369)	(1,005,544)
Total Other Financing Sources (Uses)	$ 271,911	$ 147,862	$ (124,566)	$ (43,493)	$ (290,889)
Net change in fund balances	$ 231,781	$ 205,509	$ 126,515	$ 216,998	$ (40,879)
Fund Balances—July 1 as previously stated	$1,664,301	$1,897,354	$2,102,863	$2,229,378	$2,446,376
Prior period adjustment	1,272	--	--	--	--
Fund Balances—July 1 as restated [(1)]	$1,665,573	$1,897,354	$2,102,863	$2,229,378	$2,446,376
Fund Balances—June 30	$1,897,354	$2,102,863	$2,229,378	$2,446,376	$2,405,497

[(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 employed 11,589 individuals as of June 15, 2026.

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

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

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

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

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

BU 03 (white-collar workers): The parties reached agreement on a contract for the four-year period from July 1, 2025 through June 30, 2029 which was ratified by the HGEA in April 2025, and approved by the City Council. The amended agreement provides for an ATB wage increase of 3.5% effective July 1, 2025, one step movement for employees on Step C to Step L effective July 1, 2026, an ATB wage increase of 4% effective July 1, 2027, one step movement for employees on Step C to Step L effective July 1, 2028, and an ATB wage increase of 0.37% effective

July 1, 2028. The agreement also provides for increases in meal and uniform allowances, changes to travel reimbursements, and increases in employer contributions to the Trust Fund plans for fiscal years 2026 and 2027. Employer contributions to the Trust Fund for fiscal years 2028 and 2029 are to be determined.

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

BU 10 (institutional health and correctional workers): The parties reached agreement on a contract for the four-year period from July 1, 2025 through June 30, 2029, which was ratified by the UPW in April 2025 and approved by the City Council. The amended agreement provides for ATB wage increases of 3.5% effective July 1, 2025, 3.79% effective July 1, 2026, 4% effective July 1, 2027, and 4% effective July 1, 2028. The agreement also provides for increases in meal allowances, changes to travel reimbursements, and increases in employer contributions to the Trust Fund plans for fiscal years 2026 and 2027. Employer contributions to the Trust Fund for fiscal years 2028 and 2029 are to be determined.

BU 11 (firefighters): An interest arbitration award for the Hawaii Fire Fighters Association ("HFFA") was issued on March 27, 2026, for the four-year period from July 1, 2025 through June 30, 2029, which was approved by the City Council. The award provides for an ATB wage increase of 3% effective July 1, 2025; an ATB wage increase of 3% effective July 1, 2026; an ATB wage increase of 2.5% effective July 1, 2027; an ATB wage increase of 2.5% effective July 1, 2028 and no step movements for the duration of the agreement. The parties agreed to increase the employer contributions for Trust Fund plans for fiscal years 2026 and 2027. Employer contributions to the Trust Fund for fiscal years 2028 and 2029 are to be determined.

BU 12 (police officers): An interest arbitration award for the State of Hawaii Organization of Police Officers ("SHOPO") was issued on September 24, 2025, for the four-year period from July 1, 2025 to June 30, 2029, and approved by the City Council. The award provides for an ATB wage increase of 5% and the continuation of step movements effective July 1, 2025; an ATB wage increase of 5%, the continuation of step movements, and a one-time lump sum retention bonus of $1,800 effective July 1, 2026; an ATB wage increase of 5% and the continuation of step movements effective July 1, 2027; and an ATB wage increase of 5% and the continuation of step movements effective July 1, 2028. The agreement also provides for increases in employer contributions to the Trust Fund plans for fiscal years 2026 and 2027. Employer contributions to the Trust Fund for fiscal years 2028 and 2029 are to be determined.

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

BU 15 (ocean safety and water safety officers): An interest arbitration award was issued on July 1, 2026, for the four-year period from July 1, 2025 through June 30, 2029, and is pending approval by the legislative bodies. The award provides for an ATB wage increase of 2.61%, continuation of step movements, and a one-time lump sum payment of $2,000 for employees who are not eligible for step movements for the duration of the contract period effective July 1, 2025; an ATB wage increase of 2.49% and continuation of step movements effective July 1, 2026; an ATB wage increase of 2.47% and continuation of step movements effective July 1, 2027; an ATB wage increase of 3.12% and continuation of step movements effective July 1, 2028. The parties agreed to increase the employer contributions for Trust Fund plans for fiscal years 2026 and 2027. Employer contributions to the Trust Fund for fiscal years 2028 and 2029 are to be determined.

The City and County and HGEA reached a settlement agreement regarding temporary hazard pay related to the COVID-19 pandemic. HGEA employees in BUs 02, 03, 04, and 13 received either a $15,000 or $7,500 lump sum, depending on whether they filed a timely claim for temporary hazard pay in December 2025. HGEA employees in BU 15 received a temporary hazard pay differential of 15% for hours worked between the period of March 5, 2020, to March 5, 2022 in December 2025. The City and County and SHOPO reached a settlement agreement and paid BU 12 employees a temporary hazard pay differential of 15% for hours worked between the period of March 5, 2020, to March 5, 2022 in September 2025. For UPW employees in BUs 01 and 10, the arbitrator in the union's class grievance regarding temporary hazard pay claims related to the COVID-19 pandemic awarded UPW employees a temporary hazard pay differential of 15% for hours worked between the period of March 5, 2020, to March 5, 2022, in June 2025. Via Mayor's Directive, civil service excluded managers/excluded employees received a one-time $7,500 lump sum payment in December 2025. The City and County and HFFA recently reached a settlement agreement and paid BU 11 employees hazard pay in the amount of $1.80 for each hour actually worked during the period March 5, 2020 to March 5, 2022 in June 2026. The City Council had appropriated $115,000,000 in a provision for hazard pay in the fiscal year 2025 operating budget with another $34,400,000 appropriated in fiscal year 2026 to cover the City's total estimated temporary hazard pay to HGEA, SHOPO, UPW, HFFA, Oahu Transit Services, and civil service excluded managers/excluded employees.

Employee Benefits

Set forth below is certain information regarding health care benefits, pension benefits and other post-employment benefits for which City and County employees are eligible. The information included under the captions "Pensions" and "Other Post-Employment Benefits" below relies on information produced by the Employees' Retirement System of the State (the "System" or "ERS") and the 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, 2024 and July 1, 2025:

Table 18

City and County of Honolulu
Retiree Health Care Plan Membership

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

Since July 1, 2017, the Trust Fund has been required to complete annual actuarial studies of the OPEB obligations of the State and each of the four counties. In the most recent actuarial valuation report as of July 1, 2025 ("2025 EUTF Valuation Report"), the Trust Fund's actuarial consultant calculated the Annual Required Contributions for the fiscal years ending June 30, 2027 and 2028 and provided an estimate of the actuarial accrued OPEB liabilities under GASB 45 for each participating employer. The City and County's actuarial accrued liability was estimated to be $2,475 billion, and its unfunded actuarial accrued liability was estimated to be $873.7 million, with a funded ratio of 64.7%. The actuarial calculations for the City and County assumed full prefunding of its obligation and a discount rate of 7%.

The City and County reported a net OPEB unfunded actuarial accrued liability of $873.7 million as of July 1, 2025, and $1.017 billion as of July 1, 2024. Based on this valuation, the City and County's consulting actuary determined the City and County's annual required contribution ("ARC") is estimated to be approximately $198.662 million for fiscal year 2028, $196.695 million for fiscal year 2027, $194.748 million for fiscal year 2026, $192.820 million for fiscal year 2025, and $190.911 million for fiscal year 2024.

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

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

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

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

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

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

<u>Table 19</u>

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

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

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

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

Table 20

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

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

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

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

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

Pensions

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

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

At June 30, 2025, the City and County reported a liability of $2.522 billion for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The System's net pension liability as of June 30, 2024 was $14.008 billion. The City and County's proportion of the net pension liability was based on the actual employer contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2024, the City and County's proportion was 17.82%, which was a decrease of 0.58% from its proportion measured as of June 30, 2023.

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

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

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

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Table 21

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

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

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

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

Table 22

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

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

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

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

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

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

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

Employees' Retirement System of the State

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

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

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

Table 23

SYSTEM MEMBERSHIP

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

Funded Status

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

Based on the 2025 ERS Valuation Report, the System's UAAL increased to $14.410 billion from $14.008 billion in 2024. ERS's liability grew faster than expected due to two sources: (1) individual salary increases being more than expected by the assumptions, and (2) the recognition of Temporary Hazard Pay payments in liabilities. On the assets side, ERS experienced an actuarial loss as a result of returns in 2025 not achieving the assumed 7% in addition to continued recognition of deferred asset losses from prior years. The funded ratio improved from 63.0 to

63.6% in Fiscal Year 2025 based on the actuarial value of assets. Based on the assumptions used in preparing the 2025 ERS Valuation Report and the future contribution rates established by the Legislature effective July 1, 2017 (See "Funding Policy" below), the actuary determined that, as of the 2025 ERS Valuation Report, the remaining amortization period is 21 years. Thus, the current contribution rate is sufficient to eliminate UAAL over a period of 24 years or less in 2025 as mandated by Section 88-122(e)(1), HRS.

Funding Policy

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

Table 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

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

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

Actuarial Methods

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

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

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

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

Actuarial Valuation

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

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

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

Table 25

Fiscal Years 2016 – 2025

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

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

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

Table 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, 2025. The projection assumes no actuarial gains or losses in the actuarial liabilities or the actuarial value of assets. In addition, the projection reflects the changes made to the benefits and member contribution rates of employees hired after June 30, 2012, but does not take into account the increased employer contributions required by Act 17, SLH 2017.

Table 26

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

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

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

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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
2025	$1,397	$39,616	$25,206	$14,410	63.6%
2026	1,429	40,980	26,582	14,399	64.9%
2027	1,467	42,360	28,010	14,350	66.1%
2028	1,506	43,732	29,473	14,259	67.4%
2029	1,548	45,098	30,976	14,122	68.7%
2030	1,591	46,459	32,526	13,933	70.0%
2031	1,635	47,815	34,126	13,689	71.4%
2032	1,679	49,165	35,782	13,383	72.8%
2033	1,727	50,509	37,498	13,010	74.2%
2034	1,776	51,846	39,282	12,565	75.8%
2035	1,828	53,180	41,141	12,038	77.4%
2036	1,880	54,509	43,084	11,424	79.0%
2037	1,935	55,834	45,118	10,716	80.8%
2038	1,992	57,159	47,255	9,904	82.7%
2039	2,051	58,486	49,506	8,980	84.6%
2040	2,113	59,820	51,885	7,935	86.7%
2041	2,177	61,168	54,410	6,758	89.0%
2042	2,243	62,532	57,093	5,439	91.3%
2043	2,313	63,918	59,952	3,966	93.8%
2044	2,384	65,332	63,005	2,327	96.4%
2045	2,458	66,777	66,268	509	99.2%
2046	2,535	68,258	69,761	(1,503)	102.2%
2047	2,614	69,781	73,505	(3,724)	105.3%
2048	2,696	71,353	77,523	(6,169)	108.6%
2049	2,781	72,979	81,836	(8,857)	112.1%
2050	2,868	74,664	86,470	(11,806)	115.8%
2051	2,958	76,412	91,448	(15,036)	119.7%
2052	3,050	78,225	96,794	(18,569)	123.7%
2053	3,145	80,108	102,535	(22,428)	128.0%
2054	3,242	82,064	108,701	(26,638)	132.5%

* *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.*

Source: 2025 ERS Valuation Report.

The total assets of the System on a market value basis available for benefits amounted to approximately $21.9 billion as of June 30, 2021, $21.9 billion as of June 30, 2022, $22.4 billion as of June 30, 2023, $23.7 billion as of June 30, 2024, and $24.9 billion as of June 30, 2025. Actuarial certification of assets as of June 30, 2021 was $19.9 billion, as of June 30, 2022 was $21.3 billion, as of June 30, 2023 was $22.5 billion, as of June 30, 2024 was $23.8 billion, and as of June 30, 2025 was $25.2 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 2016 – 2025

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

Source: 2016-2025 ERS Valuation Reports.

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

Table 29

NORMAL COST

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

Source: 2025 ERS Valuation Report.

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

Table 30

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

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

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

Asset Allocation

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

Table 31

ASSET ALLOCATION
(as of September 30, 2025)

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

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

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Employer Contribution Rate.

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

Table 32

EMPLOYER CONTRIBUTION RATES

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

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

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

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

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Summary of Actuarial Certification Statement.

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

Table 33

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

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

Source: Gabriel, Roeder, Smith & Company.

Recent Developments

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

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

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

ADDITIONAL RISK CONSIDERATIONS REGARDING THE CITY AND COUNTY OF HONOLULU

Federal Funding Risks

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

Federal Tax Law Risks

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

Red Hill Bulk Fuel Storage Facility

The U.S. Navy's Red Hill Bulk Fuel Storage Facility ("Red Hill") consists of 20 steel-lined underground storage tanks that were built from 1940 to 1943. Each tank is 100 feet in diameter and 250 feet tall. When in service, Red Hill was used to store up to 250 million gallons of fuel. The tanks are located 100 feet above the sole-source groundwater aquifer that provides drinking water to the Navy and the Honolulu Board of Water Supply ("BWS"). Since construction at the beginning of World War II, Red Hill has experienced numerous leaks of fuel, including a 27,000-gallon leak of jet fuel in January 2014 that led to the Navy entering into an Administrative Order of Consent with the EPA and State Department of Health ("DOH") requiring the Navy to conduct various studies to improve tank inspection, repair, maintenance practices, and better understand the condition of the tanks, identify upgrade alternatives, assess the risk of future leaks, determine the area's groundwater flow direction, and remediate contaminant releases.

The Navy has its own water system that provides potable water service to Joint Base Pearl Harbor Hickam (JBPHH) facilities and residential housing. In late November 2021, hundreds of families living at JBPHH, 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, which contaminated the Red Hill Well, the Navy's primary source for its water system.

In response to the complaints of fuel odors in tap water from Navy housing residents, the Navy stopped pumping groundwater from its Red Hill Shaft water source on Sunday, November 28, 2021. Since both the Red Hill Shaft and the BWS's Halawa Shaft obtain their water from the same sole source aquifer, the BWS reduced its groundwater pumping from its Halawa Shaft on Tuesday, November 30, 2021, when informed by the DOH that the Navy had shut down pumping from the Red Hill shaft. On December 2, 2021, the Navy determined its Red Hill Shaft water source was contaminated with petroleum and was the source of fuel odors present in JBPHH housing tap water. In response to this finding and to protect its customers and water system from contamination, the BWS shut down its Halawa Shaft groundwater pumping station . At that time, the Halawa Shaft delivered 20% of the water used by the metropolitan Honolulu water system. Additionally, on December 8, 2021, the BWS was informed about potential contamination at the Navy's Aiea-Halawa Shaft. The BWS immediately took steps in response to protect its customers and water system by shutting down its own nearby Aiea Well and Halawa Well stations.

On December 6, 2021, the DOH issued an Emergency Order that suspended fuel operations at Red Hill, ordered the Navy to submit a plan to safely defuel Red Hill within 30 days, ordered the Navy to install a drinking water treatment system at Red Hill, and take certain other corrective actions. The Navy challenged the Emergency

Order on December 7, 2021. After holding evidentiary hearings on December 20, 2021 and December 21, 2021, the appointed hearings officer issued a Proposed Decision and Order, Findings of Fact, and Conclusions of Law on December 27, 2021, that affirmed the Emergency Order. The Deputy Director of the DOH issued a Final Decision, Order, Findings of Fact, and Conclusions of Law on January 3, 2022, which upheld and finalized the Emergency Order. The U.S. Department of Justice filed appeals in both federal and state court on February 2, 2022, challenging the decision. On May 6, 2022, the DOH issued the final Emergency Order, replacing its December 6, 2021 Emergency Order, requiring that the Navy permanently close Red Hill.

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 December 15, 2023, the Navy completed the defueling of 104.6 million gallons of fuel from the Storage Facility. After completing the defueling, the Navy reported 64,000 gallons of residual fuel still remain in low points and difficult to reach places within the piping system of the Facility, along with 28,000 gallons of sludge at the bottom of the tanks. The Navy removed approximately 60,000 gallons of residual fuel from low points of the pipeline and valves by March 2024. The remaining 4,000 gallons of residual fuel are in difficult reach parts of the facility that will require removal of the pipelines. This work and removal of the 28,000 gallons of sludge are anticipated to be completed by June 2027.

Defueling the tanks did not address and failed to resolve the fuel contaminants from past releases already in the aquifer and geologic rock under and surrounding the tanks, which remain and pose an ever-present threat to existing BWS water sources in the vicinity of the Red Hill Facility. In addition to the catastrophic fuel spill that occurred on November 20, 2021, contaminating the Navy's Red Hill Shaft water sources serving drinking water to Joint Base Pearl Harbor Hickam, records also indicate as much as 1.9 million gallons of fuel may have leaked or spilled over the eight-decade history of the Facility.

In addition to the releases of fuel from Red Hill into the environment, there have also been releases of aqueous film forming foam (AFFF) liquid from the Navy's fire suppression system, including at least a release on November 29, 2022 of approximately 1,100 gallons of AFFF concentrate in Adit 6. AFFF consists of a class of chemicals known as per- and polyfluoroalkyl substances (PFAS). Certain PFAS chemicals are now designated as hazardous substances and regulated by the EPA.

In response to various releases from Red Hill, the BWS has maintained closure of its Halawa Shaft and Aiea and Halawa Well stations, continues to monitor its water sources for contamination and install additional monitoring wells to collect data to assess the impact to its water sources. The BWS also continues to call on the regulatory agencies and Navy to conduct studies to determine the precise nature and extent of the contamination, including its transport and fate in the environment, before the BWS can reasonably consider restarting the three well stations (Halawa Shaft, Halawa Wells and Aiea Wells) that were shut down due to the November 2021 catastrophic fuel release. The shutdown of these wells caused involuntary loss of water capacity to the BWS system, requiring the BWS to take inordinate, costly steps that continue to this day to compensate for the loss. In October 2023, the BWS filed a claim under the Federal Tort Claims Act (FTCA) with the Navy for costs incurred resulting from the November 2021 contamination crisis and subsequent shut down of its three well stations. The total estimated amount of the claim is $1.2 billion, which consists of approximately $25 million for costs incurred to adjust its operations and $1.183 billion to construct new water wells to replace BWS Halawa Shaft, Halawa Wells and Aiea Wells. On January 10, 2025, the Navy denied BWS' claim. BWS is currently considering its legal options and next steps. Total damages may increase as the BWS obtains additional information concerning the scope and extent of the Navy's contaminant releases.

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 may result in mandatory water conservation measures and possible moratoriums on new water use to prevent the effects of over pumping other well stations.

Since 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 above an environmental action level in any of these well stations, including the Halawa Shaft. However, PFAS has been detected at Halawa Shaft and Halawa Wells. The PFAS levels at Halawa Shaft are near the U.S. Environmental Protection Agency (EPA) maximum contaminant levels. Additionally, the Navy has determined that it is necessary to treat water from its Aiea-Halawa Shaft to remove both PFAS and total petroleum hydrocarbons (TPH). The 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 BWS closed the Halawa Shaft to limit and/or prevent further transport of contaminants in the aquifer into or toward the Halawa Shaft, which is necessary to prevent contaminants from entering the BWS's urban Honolulu water system. In that regard, the Navy has not re-started its Red Hill Shaft because of the contamination and its inability to address DOH's contamination-related concerns. Nor has the Navy been able to provide reliable groundwater flow and fate-and-transport modeling as required by the 2015 AOC.

The 2025 Legislature approved Act 197, SLH 2025 that directs the State Department of Land and Natural Resources to develop a public dashboard as a part of a public education program focused on efforts to remediate water and soil contaminated from Red Hill fuel releases. The Act also authorizes the creation of a special fund to receive grants and contributions to address Red Hill fuel contamination.

On July 1, 2025, BWS filed suit against the Navy in U.S. District Court to recover $1.2 billion in damages. The damages include the estimated cost to clean up the contamination and protect the aquifer against potential further contamination. The City and County cannot predict the outcome of this litigation.

Climate Change, Sea Level Rise and Resilience

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

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

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

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

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

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

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

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

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

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

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

In recognition of the City and County's overall improved stance on addressing climate change, and its ramp up of data, reporting, and disclosure processes and capacity, the CDP (formally the "Carbon Disclosure Project") raised the City and County's rating from C, Awareness, in 2018 to A- in 2026 (up from a B in 2022). CDP is an independent, global not-for-profit dedicated to providing carbon emissions data reporting and transparency platforms, and shepherding climate action opportunities for investors, companies, cities, states, and regions. The CDP rating process has become the widely accepted best practice for climate action and adaptation reporting. Additionally, as a result of varied enhancements and actions taken by the City and County the American Council for an Energy Efficient Economy scored the City and County as #29 out of 100 US Cities for 2025, an improvement upon the 2019 score of #47.

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

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

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

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

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

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

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

On November 5, 2024, the voters of the City and County approved a new City charter amendment to create a climate resiliency fund for the City and County equivalent to one half of one percent of annual property tax revenues. The funds can be used to support initiatives and projects aimed at mitigating the impacts of climate change, enhancing the resilience of the City's infrastructure and communities, and promoting sustainable practices. Ordinance 25-23 codified the Climate Resiliency Fund (CRF) into the Revised Ordinances of Honolulu on May 28, 2025. Thereafter, Resolution 25-204 and Resolution 25-221 approved the Climate Resiliency Fund allocations for Fiscal Year (FY) 2026 in August and September 2025, including several projects that address cesspools, storm water, drainage, and stream maintenance across Oahu; and appropriations for the FY 2027 were incorporated into the Bill 22 (2026), the FY 2027 Operating Budget. The Climate Resiliency Fund expands the City's investment in climate solutions by requiring that appropriations to the fund may not substitute for, but must be in addition to, those appropriations historically made for the purposes stated in Ordinance 25-23. Further, monies appropriated but not encumbered at the end of the fiscal year lapse back into the fund rather than the General Fund and will continue to be set aside for the uses of the special fund. Per Ordinance 25-23, the climate resiliency fund may also be used for the payment of principal, interest, and premium, if any, due with respect to bonds issued after enactment of the ordinance, and pursuant to Charter § 3-116 or 3-117, in whole or in part, for the purpose enumerated above and for the payment of costs associated with the purchase, redemption, or refunding of such bonds.

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

Storm Water

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

Pursuant to this permit, the City and County is in the process of revising its Storm Water Management Program Plan on February 1, 2027. The Plan describes the City and County's programs to reduce discharge of pollutants, protect streams and nearshore water quality and satisfy the requirements of the 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 2029 at the earliest.

Natural Disasters

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

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

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

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

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

Cybersecurity

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

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

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

While many organizations rely on a strong defense around its network, the City and County has also been building internal defenses to protect from attacks from within the organization. The City and County's Network Division started to adopt the concept of zero trust over eight years ago, assuming that an attack can come from any employee or computer. This strategy requires a substantially more complex web of isolated networks, and a commensurate increase in the number of security devices.

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

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).

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, Hawaii 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, Hawaii 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 Waimānalo Gulch Sanitary Landfill ("WGSL"), located on an approximately 200 acre site in Kapolei, is the only permitted public municipal solid waste landfill on the Island of Oahu. Since the WGSL's opening in 1987 the 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 Hawaii State Land Use Commission issued a Decision and Order approving the Honolulu City Planning Commission's order that requires the City and County to take several actions with respect to WGSL, including that the City and County must identify an alternative landfill site by December 31, 2022. In 2021, Mayor Blangiardi appointed a Landfill Advisory Committee ("LAC") to assist in the selection of a new landfill site. After factoring in various restrictions and regulations (including Act 73, Session Laws of Hawaii 2020 ("Act 73"), which prohibits siting landfills in conservation districts and within one-half mile of any residential, school or hospital property line), ENV proposed six potential sites for the LAC to examine and score.

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

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

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

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

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

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

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

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, 2022 through 2026, settlements and judgments against the City and County paid from the General Fund totaled $7,460,305, $11,403,636, $14,556,991, $12,490,918, and $3,552,674, 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, 2025. These cases involve earth movement, flooding, and property damage, various significant personal injuries involving City and County vehicles, equipment, employees, premises or roads, a number of police-involved excessive force, wrongful death, wrongful arrest, and sexual assault cases, negligent management of city facility causing damage to an adjacent property, and employee allegations of discrimination, harassment, and retaliation.

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 continues in litigation. The City and County defended itself vigorously against the claims brought in this lawsuit, and a final judgment in favor of all defendants, including the City and County, was entered by the trial court (Circuit Court of the First Circuit, State of Hawaii) on January 30, 2024. The judgment was appealed by the Plaintiffs and cross-appeals were filed by the State of Hawaii and the City and County. The appeal is pending in the Supreme Court of the State of Hawaii. The City and County is unable to determine the outcome and, if the Circuit Court's ruling is overturned, the City and County would be unable to predict the magnitude of its potential liability or whether any such liability would have a material effect on the financial condition of the City and County.

Wastewater Consent Decree

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 "USEPA"), 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 for the upgrade of the Sand Island WWTP to secondary treatment.

The collection system portion of the Consent Decree was closed with EPA and DOH approval via letter dated January 28, 2021, with a final collection system project was completed by the agreed-upon deadline of May 31, 2022. The City and County also completed secondary treatment upgrades to the Honouliuli WWTP prior to the consent decree deadline of June 1, 2024. The Honouliuli WWTP portion of the Consent Decree was closed with EPA and DOH approval via letter dated November 25, 2025. Improvements to the Sand Island WWTP are on schedule to meet the consent decree deadline of December 31, 2035.

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

TAX MATTERS

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 2026A Bonds, Series 2026B Bonds, Series 2026C Bonds, Series 2026D Bonds, Series 2026E Bonds, Series 2026F Bonds and Series 2026G Bonds (collectively, the "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 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel 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. 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 Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 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 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 Bonds is the first price at which a substantial amount of such maturity of the 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 Bonds accrues daily over the term to maturity of such 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 Bonds to determine taxable gain or loss upon trade or business disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

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 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 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 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 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 Bonds may adversely affect the value of, or the tax status of interest on, the 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 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 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 federal or state legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 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 Bonds. Prospective purchasers of the 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 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 Bonds ends with the issuance of the 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 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 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 Bonds, and may cause the City and County or the Beneficial Owners to incur significant expense.

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

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.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

In connection with the issuance of the Bonds and the refunding of the Refunded Series 2011 Bonds, the Refunded Series 2016A Bonds and the Refunded Series 2016C Bonds, Precision Analytics will verify the mathematical accuracy of certain computations demonstrating the sufficiency of the moneys on deposit in the Refunding Escrow Fund to pay the interest on the Refunded Series 2011 Bonds, the Refunded Series 2016A Bonds and the Refunded Series 2016C Bonds to and including the applicable redemption date and, on such date, to pay the principal or redemption price of such Refunded Series 2011 Bonds, the Refunded Series 2016A Bonds and the Refunded Series 2016C Bonds then outstanding. Such verification will be based in part on schedules and information provided by the Underwriters with respect to the foregoing computations.

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, Raymond James & Associates, Inc. and Stifel, Nicolaus & Company, Incorporated, as underwriters (the "Underwriters"). 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 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 securities to retail investors through the financial 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 underwriting 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.

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

APPENDIX A

ECONOMIC AND DEMOGRAPHIC FACTORS

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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 988,403 (approximately 69.0% of the state's population) as of July 1, 2025. Honolulu's underlying economy is supported by several diversified areas, which include tourism, the federal government and military operations, State and local governments, manufacturing, construction, real estate, education, research and science, trade and services, communications, finance, and transportation.

Oahu is situated between 21 degrees and 22 degrees north latitude, just below the Tropic of Cancer. The climate has an average mean winter temperature of 70.2 degrees and an average mean summer temperature of 78.6 degrees. Average rainfall varies widely from one area of Oahu to another. Rainfall is comparatively light in the leeward coastal area where the larger part of the population is located. Waikiki, located on the leeward side of Oahu, has a dry climate with annual precipitation averaging about 27 inches; precipitation in the upper reaches of the 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 2026 Quarterly Statistical Economic Report ("QSER") or from other materials prepared by DBEDT, some of which may be found at http://dbedt.hawaii.gov/. Certain visitor industry statistics have been excerpted from Hawaii Tourism Authority publications.

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

Certain Economic Indicators

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

Table I

Employment Statistics

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

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

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

Table II

Per Capita Personal Income

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

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

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

Table III

Median Resale Prices

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

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

State and County Governments

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

Federal Government and Military

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

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

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

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

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

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

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

Finance

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

Transportation

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

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

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

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

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Construction

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

Table IV

Estimated Value of Private Building Permits (Dollars in Thousands)

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

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

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

Urban Core / Waikiki Developments

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

- The Howard Hughes Corporation is developing a master-planned community on 60 acres in Kakaako known as Ward Village. The development as approved to date includes several mixed-use high-rise residential buildings, seven of which are completed - Waiea (171 units), Anaha (311 units), Ae`o (466 units), Ke Kilohana (424 units), `A`ali`i (751 units), Kö`ula (565 units), and Victoria Place (350 units), - and more than one million square feet of retail and commercial space, including Merriman’s restaurant and a multi-story Whole Foods supermarket. Two other towers -- Ulana Ward Village (697 reserved housing units) and The Park Ward Village (546 units) were completed in November 2025 and June 2026, respectively. Construction has commenced for Kalae Ward Village (330 units) with a completion date of 2027. Plans for The Launiu (486 units) have been approved, with a completion date of 2028. Ilima (148 units) and Melia (221 units) are expected to be completed by 2030. Howard Hughes also submitted a permit application for the Mahana Ward Village (340 units + retail space) with an estimated completion date of 2031.

- The Michaels Organization developed the Halewai`olu Senior Residences located at 1331 River Street in Downtown Honolulu, a 17-story mid-rise development on a parcel owned by the City &

County. The project provides 156 one- and two-bedroom affordable rental units for seniors earning 30%-60% AMI that was completed in 2023.

- JL Capital completed Sky Ala Moana, a $500 million mixed-use development consisting of 474 residential condominium units, 299 hotel/condotel units, and a 54,000 square-foot amenity level. The project was completed in the fourth quarter of 2023.

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

- Amazon opened its first Hawaii distribution center on 14.5 acres of land in the Sand Island area of Honolulu in 2024. Amazon recently announced plans to construct a second distribution center on approximately 50 acres of land in Kapolei.

- The University of Hawaii completed construction of its Residences for Innovative Student Entrepreneurs (RISE) development in 2023. The project involved redeveloping the site of the former Atherton YMCA into an innovation and entrepreneurship center and student housing facility. The $70 million facility has 7,263 square feet of multi-purpose co-working, meeting, lab, and classroom space, as well as 374 student housing beds for undergraduate and graduate students. The $170 million graduate student housing facility with 316 units (558 beds) on the Manoa Campus was completed in the summer of 2025.

- Keeaumoku Development LLC completed construction of The Park on Keeaumoku in 2025. The mixed-use development includes 972 condominium units, commercial space as well as a half-acre park. The project was completed in 2025.

- The Ritz-Carlton Residences Waikiki Beach completed a multi-phase, $82 million renovation, including refreshed rooms and suites, new pool experiences, and the introduction of the "Sky Suite Collection."

- The Pacific Development Group completed the first phase of Halawa View Apartments, a 121 affordable unit housing project, in 2021. The second phase of the Halawa View Apartment features 302 low-income rental units (between 30% to 60% AMI) completed in 2025.

- The Hawaii Public Housing Authority (HPHA) and Highridge Costa Development Company received approval from the City and County Department of Planning and Permitting to develop 2,448 new housing units at Mayor Wright Homes. The redevelopment will occur in multiple phases over the next 15 years. Phase I started in 2025.

- The Avalon Group is developing a community and entertainment hub in Downtown Honolulu to include sports facilities, local restaurants, and other entertainment options. Pickles at Forte, an 40,000 square foot indoor pickle ball court, opened in 2025.

- Kamehameha Schools has commenced the Moiliili Gateway project, a redevelopment of 6.5 acres (213,500 square feet) along University Avenue. The redevelopment will encompass the Varsity Center, East-West Building, 2535 Coyne Street, and the surrounding parking lots. Breaking ground in the summer of 2024, the project is scheduled to open in late 2026.

- Hawaii Public Housing Authority (HPHA) and development partner Retirement Housing Foundation's first 250-unit senior citizen affordable housing tower on School Street is under construction. Units are expected to be completed in 2026.

- Hawaii Pacific Health commenced redevelopment of the Straub Benioff Medical Center, a $1 billion, four-phase, 15-year project that will create a health care campus that will triple the existing size to 760,000 square feet. Phase 1 consists of a new parking building and conference center to be completed by 2026.

- Hale Moiliili LP is scheduled to complete construction in late 2026 of Hale Moiliili, a 278 unit residential and commercial mixed-use project, on land in Moiliili leased from the Hawaiian Homes Commission. The $155 million project will offer rental homes to low-income Native Hawaiian families.

- Highridge Costa Development Company is constructing Pohukaina Commons in Kakaako which will consist of two towers that includes a total of 625 workforce mixed-use family rentals. Construction started in 2024, with a completion date of 2027.

- Ālia is a 43-story luxury condominium by Kobayashi Group and BlackSand Capital, located in Kaka'ako's urban core. The $400 million project includes 417 market residences and 40 reserved housing units across more than 450,000 square feet of residential space to be completed in 2027.

- The Kobayashi Group is developing Kuilei Place, a residential condo project in the Moiliili area consisting of 1,005 residential condo units. 60% of the total unit count will be reserved for affordable housing buyers; the remaining 402 units will be sold as market-rate units. The project is valued at approximately $690 million and is expected to be completed in 2028.

- Aria Lane Manoa, developed by Avalon Group, consists of 79 single-family homes and 14 multi-family townhome units. More than 50% of the multi-family units will be available as affordable housing for first-time homebuyers, to be completed in 2028.

- Kaliʻu Ala Moana is an upcoming 39-story, 285-unit luxury condominium located in Honolulu's Kaka'ako district. The project is being developed by ProsPac Holdings and is slated for completion in 2028.

- Hawaii City Plaza LP is currently developing Hawaii Ocean Plaza, a 407-unit condo-hotel on Kapiolani Boulevard to be completed by 2029.

- Muse Honolulu, developed by JL Capital, is proposed project located at 1538 Kapiolani Blvd and will have 331 residential units in a single 400 foot tower. Completion date is 2029.

- Kahuina Kakaako, developed by Stanford Carr, will consist of 860 residential units across two towers. Of the 860 total units in the building, 396 will be sold under the HHFDC affordable housing program. Completion date is 2030.

- Park Lane 2 (aka 1588 Ala Moana), developed by the Kobayashi Group, will feature a combination of market-rate luxury residences and affordable rental housing for households earning up to 80% of the Area Median Income (AMI). The project will also include 291-room hotel and approximately 26,000 square feet of commercial space is proposed to be completed by 2030.

- Manaolana Partners and Kaijima Kagaku USA Inc. is currently developing Manaoʻlana Place, a 37-story, 99 residential units and mixed-use tower which will include a Mandarin Oriental hotel and luxury condominiums near the Hawaii Convention Center. Completion date: TBD.

- Salem Partners is currently developing 1500 Kapiolani, a 500-unit condominium-hotel. Completion date: TBD.

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

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

- Sanko Soflan Holdings is currently developing 130 residential units in Waikiki. Completion date: TBD.

- Brookfield Developers have proposed the construction of Ala Moana Plaza. This project will include 459 market value rentals and 124 affordable rentals priced at 80% of the AMI. Completion date: TBD.

- Koa Partners and Castle & Cooke Hawaii is developing Waiakoa, featuring 1,032 residential units, 60% of which will be designated as affordable housing, alongside community spaces and commercial offerings. The project is situated in Kakaako. Completion date: TBD.

- Hawaii Community Development Authority is developing 50 low-income rental housing at 586 South Street for seniors. Completion date: TBD.

Large Development Projects Across Oahu

- Castle & Cooke Homes Hawaii is building Koa Ridge, a $2.2 billion housing and commercial development on the central Oahu plateau, which when completed will consist of 3,500 single- and multi-family homes (including 30% affordable homes), a medical center, shopping outlets and recreation areas on 576 acres between Mililani and Waipio. The first homes were offered for sale in June 2021, with completion date of 2035.

- D.R. Horton – Schuler Homes is developing Ho‘opili in West Oahu, which will consist of 11,750 (20 year master plan) single- and multi-family homes, commercial and light industrial space, community facilities, three elementary schools, one middle school, a high school, parks and open space, and agricultural areas on 1,289 acres of land. As of 2024, more than 2,700 homes have been built.

- Cottages at Mauna'olu is a Stanford Carr Development in Makaha Valley. This gated single family condominium community spans 26 acres consisting of 118 homes completed in 2024.

- Avalon Group is currently developing the 123-acre Kapolei Business Park West (West Oahu) with 47 industrial lots and the 54-acre Kapolei Business Park Phase 2. An additional expansion of the 3-acre Kapolei Pacific Center will include general and medical offices—existing tenants include the Social Security Administration.

- EAH Housing is developing Aloha Iā Halewilikō, a new affordable housing community for seniors in Aiea. Situated on 3.45 acres of City-owned land, the project consists of 140 rental apartment homes, onsite amenities and tailored services for seniors. The $62 million project was completed in 2026.

- Komohale West Loch Venture LP has broken ground for construction of Kaleima`o Village, a 127 unit affordable rental housing project in Ewa Beach. The $78 million project is being built on 3.7 acres of City-owned land through a joint venture between Stanford Carr Development and Standard Communities to be completed in 2026.

- The Queens Health System is building a new three-story building will provide an additional 77,800 square feet of patient care space for emergency and hospitalized patients at its West Oahu campus. The new facility is expected to be completed in November 2026. The entire expansion and renovation project is expected to be completed by summer 2027.

- WTL Development LLC is developing Laulima in Kapolei, Oahu, which will consist of 2,500 residential units, 750 of which will be affordable housing rentals, as well as a shopping center. The affordable housing phase is expected to be completed in 2027.

- Arete Collective and the Wasatch Group plan to build up to 350 units on permitted land east of the Turtle Bay Resort complex in Kahuku. Targeted completion is 2027.

- Waianiani at The Cove is a 10.8-acre oceanfront mixed-use destination in West Oahu, adjacent to the Four Seasons Resort Oahu at Ko Olina. It will feature an oceanfront amphitheater, restaurants, a cultural pavilion, and an open-air local artisan marketplace open to the public. Targeted completion is 2028.

- California-based developer Kam Sang Company bought land adjacent to Disney's Aulani Resort and intents to develop the Atlantis -- 500 hotel rooms and 500 condo units valued at $2.0 billion. Completion is anticipated by 2030.

- Hoakalei Resort – Haseko Development is building a 140-acre residential resort on the southwest shore of Oahu with 887 homes and townhouses completed and more planned. The project also includes a completed signature Ernie Els golf course and a recreational lagoon. Completion date for overall project is to be determined.

Trade and Services

The economy of both the City and County and the State as a whole is heavily trade and service oriented, largely because of the heavy volume of purchases by visitors to the State. According to the State's Department of Taxation, the State's general excise and use tax base for trade activities exceeded $49.1 billion, and for service activities exceeded $22.5 billion in FY2025. Of the City and County's 462,100 non-agricultural jobs in the first quarter of 2026, retail and wholesale trade together accounted for 55,300 or 12% of total jobs. Professional and business services were 12%, health care and social assistance were 13%, food services and drinking places were 10%, and natural resources, mining and construction were 6% of total non-agricultural jobs. Federal, state, and county government accounted for 96,200 or 21% of total non-agricultural jobs.

Agriculture and Diversified Manufacturing

Agriculture and manufacturing are relatively small sectors in the State's and the City and County's economy. According to the USDA, agricultural sales on Oahu totaled $193 million in 2022, accounting for approximately 29% of the State's agricultural production. About 20% of the land on Oahu is zoned for agriculture, which in 2022 consisted of 1,002 farms encompassing 60,254 acres. Statewide farm employment in 2022 was 11,833, of which 1,875 producers were on Oahu. With the decline of the sugar and pineapple industries, agricultural lands are returning to an era of small farms growing diversified agricultural products. For example, Hawaii aquaculture sales totaled $65.2 million in 2023, according to the USDA's National Agricultural Statistics Service.

Manufacturing on Oahu consists principally of producing cement (one plant), refining oil (two refineries), and converting oil into synthetic natural gas (one plant). Other activities include the manufacturing of garments, plastic and concrete pipe, jewelry and gift items, and the processing and packaging of tropical fruits, nuts and other food items. In the first quarter of 2026, there were approximately 13,000 and 9,800 manufacturing jobs statewide and on Honolulu, respectively. The State Department of Taxation reported that the cumulative total of the General Excise and Use Tax Base for manufacturing during the fiscal year ending June 2025 was $448.7 million, with tax collections of $2.2 million.

Energy

Hawaii has six independent power grids, one for each of the main populated islands. The Hawaii Public Utilities Commission regulates four electric utility companies engaged in the production, purchase, transmission, distribution, and sale of electric energy in the state. Collectively, HECO, MECO and HELCO are known as the "HECO

Companies" and serve about 95% of the State's population. Kaua'i Independent Utility Cooperative (KIUC) on the island of Kauai serves about 5%. The islands of Ni'ihau and Kaho'olawe do not have electric utility service.

Hawaii was the first state in the nation to enact a renewable portfolio standard ("RPS"), requiring the use of renewable sources to generate the equivalent of 100% of electricity sales by 2045, with interim requirements of 15% in 2015, 30% in 2020, 40% in 2030, and 70% in 2040. Hawaii has made significant strides toward 100% renewable energy by 2045, achieving about 36% renewable electricity in 2025 through a combination of solar (rooftop & utility), wind, biomass, and hydro, exceeding earlier goals, with Maui, Kaua'i, and Hawaii Island expected to achieve a 100% RPS by 2035, a decade earlier than planned. However, reliance on imported oil (around 90%) remains a major challenge, even as the state leads in clean energy policy, but needing firm power sources for grid reliability and energy security. Oahu, with its high population and energy demand, faces the biggest challenge to achieving 100% by 2045; reporting a 31% RPS in 2024.

Kaua'i and Hawaii Island have the highest renewable penetration. Kaua'i has maintained comparatively stable and lower electricity prices, demonstrating the long-term cost benefits of transitioning away from fossil fuel-dependent generation. In 2024, Hawaii Island reached its highest level of renewable generation, achieving a 59% RPS with geothermal electricity generation accounting for 19.1%. Reducing fuel use through increased power plant efficiency, electrification of transportation, and renewable energy deployment will remain the key mechanisms for reducing ratepayer costs.

Act 258, adopted in 2025, established the "Catastrophic Wildfire Securitization Act" allowing utilities to issue bonds to finance future wildfire costs, including disaster relief, mitigation, and litigation, to be repaid by fixed charges on customer bills that cannot be bypassed. This legislation, subject to the oversight of the Public Utilities Commission, essentially shields the utility's credit rating from future catastrophic wildfire losses, ensuring financial stability in the electricity sector.

In October 2025, the state signed a Strategic Partnering Agreement (SPA) with JERA, Japan's largest power producer, to modernize grid infrastructure, accelerate the retirement of aging assets, and enhance system reliability and resilience, contributing meaningfully to Hawaii's clean energy transition. The development of energy transition infrastructure may include initiatives related to low- and zero-carbon fuels, fuel logistics and distribution networks, the modernization of legacy infrastructure, and integration of renewable technologies at scale.

Education, Research and Science

The University of Hawaii was established in 1907 and currently consists of a research university at Manoa, baccalaureate institutions at Hilo and West Oahu, and a system of seven community colleges on the islands of Kauai, Oahu, Maui, and Hawaii. The State's only law school is located at Manoa and its only medical school (with a new cancer research center) is located at Kakaako in downtown Honolulu. In the Spring semester of 2026, 48,561 students were enrolled in the University of Hawaii System, of which 19,242 were on the Manoa campus.

In addition to the University of Hawaii System, there are three private universities and one private college on Oahu. Federal government research agencies in Honolulu include the U.S. Bureau of Commercial Fisheries and the Environmental Science Services Administration. Among private research organizations on Oahu are the Oceanic Institute and the Bishop Museum.

Visitor Industry

The visitor industry encompasses an array of businesses, including hotels, restaurants, airlines, travel agencies, taxis, tour-bus operators, gift shops, and other service and recreational industries.

The total number of visitor arrivals by air increased 85,695 or 3.6 percent in the first quarter of 2026, compared to the same quarter of 2025. The total average daily census increased by 2,334 or 1.0 percent in the quarter. In 2025, total visitor arrivals by air decreased 40,163 or 0.4 percent, while the average daily census decreased 1,221 or 0.5 percent from the previous year.

In terms of major market areas, from the first quarter of 2025 to the same period of 2026, arrivals from the U.S. West increased 23,940 or 2.0 percent, arrivals from the U.S. East increased 92,298 or 14.3 percent, and arrivals from Japan increased 12,190 or 7.4 percent. In 2025, arrivals from the U.S. West were up 13,044 or 0.3 percent; arrivals from the U.S. East were up 32,221 or 1.4 percent; and Japanese arrivals were up 23,688 or 3.3 percent from the previous year.

The total average daily visitor census was up 1.0 percent or 2,334 visitors per day in the first quarter of 2026, over the same quarter of 2025.

Nominal visitor expenditures by air totaled $6,097.62 million in the first quarter of 2026, an increase of $503.7 million or 9.0 percent from the first quarter of 2025. In 2025, visitor expenditures totaled $21,680.73 million, an increase of $1,192.0 million or 5.8 percent from the previous year.

Total airline capacity, as measured by the number of available seats flown to Hawaii, increased 5.3 percent or 196,405 seats in the first quarter of 2026, domestic seats increased 6.8 percent or 175,897 seats, and international seats decreased 0.3 percent or 20,508 seats, compared to the same quarter of 2025. In 2025, the number of total available seats decreased 1.1 percent or 147,865 seats, domestic seats decreased 0.8 percent or 81,288 seats, and international seats decreased 2.5 percent or 66,577 seats from the previous year.

In the first quarter of 2026, the statewide hotel occupancy rate averaged 76.4 percent, 0.5 of a percentage point higher than the same quarter of 2025. In 2025, the statewide hotel occupancy rate averaged 73.9 percent, 0.5 percentage points lower than the previous year.

Total spending by visitors in May 2026 was $1.77 billion (measured in nominal dollars), up 5.3 percent from May 2025. There were 800,554 total visitors in May 2026, an increase of 3.8 compared to May 2025 (771,038 visitors). Visitors who came in May 2026 also spent more on an average daily basis ($292 per person, +13.1%) compared to a year ago.

While there were more total visitors in May 2026, the total average length of stay was shorter, at 7.60 days, compared to 8.47 days (-10.3%) in May 2025. The statewide average daily census[1] in May 2026 was 196,258 visitors compared to 210,760 visitors (-6.9%) in May 2025.

There were 450,213 visitors to Oahu in May 2026 compared to 466,401 visitors (-3.5%) in May 2025. Visitor spending on Oahu was $736.7 million in May 2026 compared to $787.5 million (-6.4%) in May 2025. The average daily census on Oahu was 93,544 visitors in May 2026 compared to 104,637 visitors (-10.6%) in May 2025.

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DBEDT Projections

According to DBEDT, visitor arrivals are projected to increase by 1.9 percent in 2026, 1.3 percent in 2027, and then grow at 1.0 percent each year in 2028 and 2029. Visitor spending is projected to be $22.8 billion in 2026 and to increase to $25.2 billion by 2029.

Table V

Selected State of Hawaii and Oahu Visitor Statistics

	Year Ended December 31					First Quarter	
	2021	**2022**	**2023**	**2024**	**2025**	**2025**	**2026**
Arrivals by Air – State	6,777,760	9,138,674	9,499,995	9,533,375	9,493,213	2,402,850	2,488,546
Domestic	6,656,779	8,233,186	7,942,159	7,896,390	7,880,369	1,958,986	N/A
International	120,981	905,488	1,557,836	1,636,985	1,612,844	443,864	N/A
Arrivals by Air – Oahu	3,326,622	4,858,170	5,613,409	5,794,854	5,679,047	1,414,609	N/A
Average Daily Visitor Census – State	178,938	232,154	234,724	228,752	227,530	241,803	244,137
Domestic	173,901	206,201	196,268	191,857	190,875	197,497	N/A
International	5,037	25,953	38,456	37,427	36,795	44,306	N/A
Visitor Expenditures – State [(1)]	$13,127	$19,654	$20,663	$20,489	21,681	$5,594	6,098
Hotel Occupancy Rate – State	57.5%	73.7%	74.7%	73.4%	73.9%	75.9%	76.4%
Hotel Occupancy Rate – Oahu	55.6%	75.6%	79.7%	79.8%	78.2%	79.1%	78.2%

[(1)] *In millions of dollars. By persons arriving by air and staying overnight or longer (excludes supplemental business expenditures).*

Sources: State of Hawaii Department of Business, Economic Development & Tourism and Hospitality Advisors, LLC. Note: 2025 and 2026 data are preliminary.

Honolulu's profile as a visitor destination prior to the pandemic was enhanced by its role as host of numerous professional and trade conferences and conventions, as well as major sports events.

The City and County continues to attract major investment to support the visitor industry, including hotels, restaurants, and recreation facilities. Significant development projects related to the visitor industry which are currently under construction or are in the later planning stages in or around Waikiki include: (i) the construction by Hilton Grand Vacations of a 32-story tower consisting of 205 timeshare apartment units at the former King's Village site, next to the Hale Waikiki Apartments and Prince Edwards Apartments, and (ii) the demolition of all the existing hotel towers and structures of the Sheraton Princess Kaiulani Hotel to be replaced by a 33-story hotel, consisting of approximately 1,000 hotel units. The current Planned Development Resort permit was approved in November of 2019, and was extended by six years in 2023.

The following development projects have recently been completed: (a) the $80 million renovation of the Outrigger Reef Waikiki Beach Resort in 2022; (b) a $52 million renovation of Turtle Bay Resort on Oahu's North Shore adding 750 additional units in May 2023; and (c) the renovation of 664 guestroom at the Sheraton Princess Kaiulani hotel in May 2024.

State of the Economy

Hawaii's major economic indicators were mixed in the first quarter of 2026. The civilian labor force, wage and salary jobs, and private building permit authorizations decreased. Meanwhile, visitor arrivals, government contracts awarded, and general excise tax revenues increased.

In the first quarter of 2026, the total number of visitors arriving by air to Hawaii increased 85,695 or 3.6 percent and the daily visitor census increased 2,334 or 1.0 percent.

In the first quarter of 2026, the construction sector added 1,200 jobs or 3.0 percent compared with the same quarter of 2025, while the permit value for private construction decreased $471.9 million or 33.5 percent. Government contracts awarded increased $720.1 million or 202.2 percent, compared with the same quarter of 2025, largely due to paving contracts awarded by the Hawaii Department of Transportation. According to the most recent data available, the contracting tax base increased $132.9 million or 3.8 percent in the fourth quarter of 2025, compared with the same quarter of the previous year. For 2025, the contracting tax base increased $440.4 million or 3.2 percent compared with the previous year.

In the first quarter of 2026, state General Excise Tax revenue increased $39.6 million or 3.2 percent, the Transient Accommodations Tax (TAT) increased $22.2 million or 9.8 percent, the net corporate income tax revenues increased $13.0 million, and the Net Individual Income Tax revenues increased $21.0 million or 3.6 percent.

Labor market conditions were mixed. In the first quarter of 2026, the civilian labor force averaged 687,250 people, a decrease of 2,550 or 0.4 percent over the same period of 2025. The unemployment rate (not seasonally adjusted) was 2.2 percent, 0.2 of a percentage point lower than the first quarter of 2025. Hawaii's non-agricultural wage and salary jobs averaged 642,900 jobs, a decrease of 800 jobs or 0.1 percent from the same quarter of 2025.

In the first quarter of 2026, the private sector added about 2,300 non-agricultural jobs compared to the first quarter of 2025. The number of jobs increased the most in Health Care & Social Assistance, which added 1,400 jobs or 1.8 percent, followed by Construction, which added 1,200 jobs or 3.0 percent, Accommodation, which gained 500 jobs or 1.3 percent, and Food Services and Drinking Places, which added 400 jobs or 0.6 percent.

The job decrease in the first quarter of 2026 was due to job decreases in the government sector. The Government sector lost 3,100 jobs or 2.4 percent in this quarter compared to the same quarter of 2025. The Federal Government lost 3,200 jobs or 9.0 percent, the State Government lost 500 jobs or 0.7 percent, and the Local Government added 600 jobs or 3.1 percent, compared to the first quarter of 2024.

In the fourth quarter of 2025, total annualized nominal GDP increased $7,258 million or 6.1 percent, from the same quarter of 2024. In 2025, total annualized nominal GDP increased $6,980 million or 5.9 percent from the previous year. In the fourth quarter of 2025, total annualized real GDP (in chained 2017 dollars) increased $1,625 million or 1.8 percent from the same quarter of 2024. In 2025, total annualized real GDP increased $2,266 million or 2.5 percent from the previous year.

In the fourth quarter of 2025, total non-farm private sector annualized earnings increased $2,809.4 million or 3.9 percent from the same quarter of 2024. In dollar terms, the largest increase occurred in Health Care and Social Assistance; followed by Professional, Scientific, and Technical Services, and Accommodation and Food Services. During the fourth quarter of 2025, total government earnings increased $631.0 million or 3.2 percent from the same quarter of 2024. Earnings from the federal government increased $329.1 million. Earnings from the state and local governments increased $302.0 million in the quarter.

In the second half of 2025, Honolulu's Consumer Price Index for Urban Consumers (CPI-U) increased 2.3 percent from the same period in 2024 (Table B-14). This is 0.5 percentage points below the 2.8 percent increase for the U.S. CPI-U All Items. It is also lower than the 4.0 percent increase in the Honolulu CPI-U for the second half of 2024 compared to the same period of the previous year. In the second half of 2025, the Honolulu CPI-U increased the most in Food and Beverages (3.8 percent), followed by Recreation (3.3 percent), Medical Care (3.1 percent), Apparel (2.2 percent), Housing (2.1 percent), Transportation (2.0 percent), and Education and Communication (0.7 percent) compared to the second half of 2024.

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APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

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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 2026A, Series 2026B, Series 2026C (Honolulu Rail Transit Project),
Series 2026D, Series 2026E, Series 2026F and Series 2026G
(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 2026A (the "Series 2026A Bonds"), $__________ aggregate principal amount of City and County of Honolulu, General Obligation Bonds, Series 2026B (the "Series 2026B Bonds"), $__________ aggregate principal amount of City and County of Honolulu, General Obligation Bonds, Series 2026C (Honolulu Rail Transit Project) (the "Series 2026C Bonds"), $__________ aggregate principal amount of City and County of Honolulu, General Obligation Bonds, Series 2026D (the "Series 2026D Bonds"), $__________ aggregate principal amount of City and County of Honolulu, General Obligation Bonds, Series 2026E (the "Series 2026E Bonds"), $__________ aggregate principal amount of City and County of Honolulu, General Obligation Bonds, Series 2026F (the "Series 2026F Bonds") and $__________ aggregate principal amount of City and County of Honolulu, General Obligation Bonds, Series 2026G (the "Series 2026G Bonds" and, together with the Series 2026A Bonds, the Series 2026B Bonds, the Series 2026C Bonds, the Series 2026D Bonds, the Series 2026E Bonds and the Series 2026F Bonds, the "Bonds"), pursuant to a Certificate of the Director of Budget and Fiscal Services of the City, dated __________, 2026, relating to the Series 2026A Bonds, the Series 2026B Bonds, the Series 2026D Bonds, the Series 2026E Bonds, the Series 2026F Bonds and the Series 2026G Bonds, and a Certificate of the Director of Budget and Fiscal Services of the City, dated __________, 2026, relating to the Series 2026C Bonds (collectively, 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 that each such document and each signature thereon provided to us is genuine and that each such document has been duly and legally executed by, and that each such document constitutes a valid and binding agreement of, each party thereto 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 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 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and the Bonds and the income therefrom are exempt from all taxation by the State of Hawaii or any county or other political subdivision thereof, except inheritance, transfer, estate and certain franchise taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Dated August __, 2026

CITY AND COUNTY OF HONOLULU
General Obligation Bonds
Series 2026A, Series 2026B, Series 2026C (Honolulu Rail Transit Project), Series 2026D (Refunding), Series 2026E (Refunding), Series 2026F (Refunding) and Series 2026G (Refunding)

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 2026A, Series 2026B, Series 2026C (Honolulu Rail Transit Project), Series 2026D (Refunding), Series 2026E (Refunding), Series 2026F (Refunding) and Series 2026G (Refunding) (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. <u>Purpose of Disclosure Certificate</u>. 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. <u>Definitions</u>. 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, 2026, 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 August __, 2026 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
__ day of August, 2026.

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

EXHIBIT A

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

Name of Issuer:	City and County of Honolulu
Names of Bond Issues:	City and County of Honolulu General Obligation Bonds Series 2026A, Series 2026B, Series 2026C (Honolulu Rail Transit Project), Series 2026D (Refunding), Series 2026E (Refunding), Series 2026F (Refunding) and Series 2026G (Refunding)
Date of Issuance:	August __, 2026

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 August __, 2026. 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

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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.

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