NEW ISSUE
FULL BOOK-ENTRY

RATINGS:
Fitch: AA+
Moody's: Aa1
(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 2020C Bonds and Series 2020D Bonds (collectively, the "Tax-Exempt Bonds") is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). In the further opinion of Bond Counsel, interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is of the opinion that the Bonds and the income therefrom are exempt from all taxation by the State of Hawaii or any county or other political subdivision thereof, except inheritance, transfer, estate and certain franchise taxes. Bond Counsel is of the further opinion that interest on the Series 2020E Bonds, is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" in this Official Statement.

$279,325,000
CITY AND COUNTY OF HONOLULU
General Obligation Bonds

$184,110,000	$54,060,000	$41,155,000
Series 2020C	Series 2020D	Series 2020E (Taxable)

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

The City and County of Honolulu General Obligation Bonds, Series 2020C, Series 2020D and Series 2020E (Taxable) (the "Series 2020C Bonds," "Series 2020D Bonds" and the "Series 2020E 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 ("HART")) (the "City and County") 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 bear interest at the rates shown following the inside cover. Interest on the Bonds will be payable on January 1 and July 1 of each year, commencing on July 1, 2021. 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) finance capital costs of the City and County and for other public purposes; (ii) purchase equipment; and (iii) pay the costs of issuance of the Bonds.

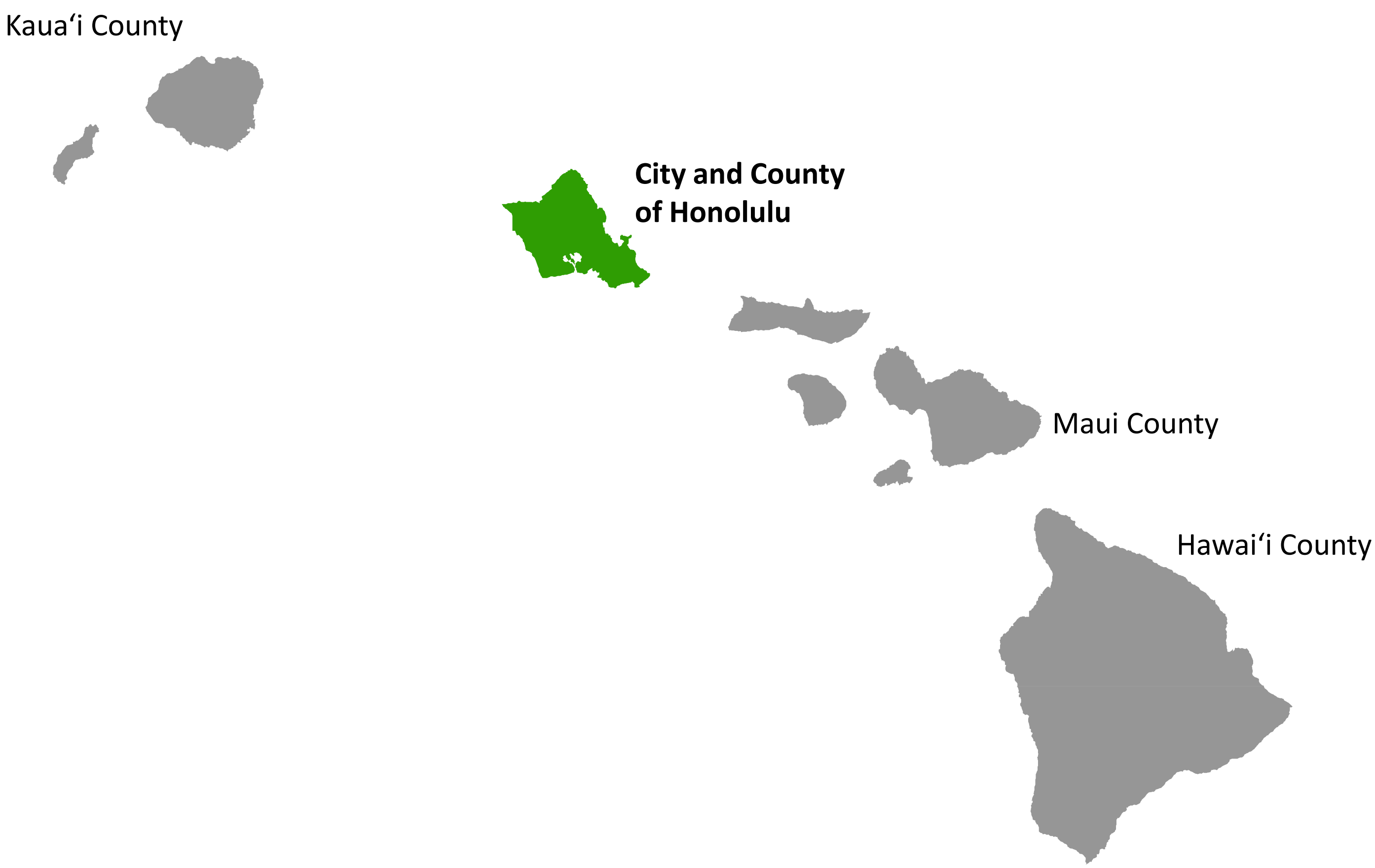
The Bonds are the absolute and unconditional general obligations of the City and County. The principal and interest payments on the Bonds are a first charge on the general fund of the City and County, and the full faith and credit of the City and County are pledged to the punctual payment of such principal and interest. For the payment of the principal of and interest on the Bonds, the City and County 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.

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. 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 5, 2020.

BofA Securities

Piper Sandler & Co. **Stifel**

July 22, 2020


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

$279,325,000
CITY AND COUNTY OF HONOLULU
General Obligation Bonds

$184,110,000
Series 2020C Bonds

Year (July 1)	Principal Amount ($)	Interest Rate	Yield	Price		CUSIP† (438687)
2021	1,005,000	4.000%	0.200%	103.436		MW2
2022	4,420,000	4.000%	0.270%	107.084		MX0
2023	4,600,000	4.000%	0.290%	110.726		MY8
2024	4,790,000	4.000%	0.380%	114.020		MZ5
2025	4,985,000	4.000%	0.440%	117.257		NA9
2026	5,190,000	4.000%	0.560%	119.954		NB7
2027	5,400,000	4.000%	0.690%	122.283		NC5
2028	5,620,000	4.000%	0.820%	124.293		ND3
2029	5,880,000	5.000%	0.900%	135.011		NE1
2030	6,180,000	5.000%	0.990%	137.745		NF8
2031	6,495,000	5.000%	1.060%	136.955	C	NG6
2032	6,830,000	5.000%	1.140%	136.057	C	NH4
2033	7,180,000	5.000%	1.250%	134.834	C	NJ0
2034	7,510,000	4.000%	1.500%	122.931	C	NK7
2035	7,855,000	5.000%	1.340%	133.844	C	NL5
2036	8,220,000	4.000%	1.590%	122.005	C	NM3
2037	4,000,000	3.000%	1.910%	109.793	C	NP6
2037	4,535,000	4.000%	1.630%	121.596	C	NN1
2038	8,905,000	5.000%	1.470%	132.428	C	NQ4
2039	9,315,000	4.000%	1.710%	120.783	C	NR2
2040	9,695,000	4.000%	1.750%	120.379	C	NS0
2041	9,840,000	4.000%	1.790%	119.977	C	NT8
2041	250,000	5.000%	1.590%	131.136	C	NU5
2042	10,560,000	5.000%	1.620%	130.816	C	NV3
2043	11,100,000	5.000%	1.650%	130.496	C	NW1
2044	375,000	3.000%	2.180%	107.268	C	NX9
2044	11,235,000	4.000%	1.880%	119.077	C	NY7
2045	12,140,000	5.000%	1.700%	129.965	C	NZ4

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C Priced to July 1, 2030 first optional redemption date

$54,060,000
Series 2020D Bonds

Year (July 1)	Principal Amount ($)*	Interest Rate	Yield	Price	CUSIP‡ (438687)
2021	4,675,000	5.000%	0.200%	104.340	PA7
2022	6,040,000	5.000%	0.270%	108.983	PB5
2023	6,350,000	5.000%	0.290%	113.617	PC3
2024	6,680,000	5.000%	0.380%	117.893	PD1
2025	7,020,000	5.000%	0.440%	122.105	PE9
2026	7,380,000	5.000%	0.560%	125.755	PF6
2027	7,760,000	5.000%	0.690%	129.015	PG4
2028	8,155,000	5.000%	0.820%	131.932	PH2

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$41,155,000
Series 2020E Bonds
(Taxable)

Year (July 1)	Principal Amount ($)*	Interest Rate	Yield	Price	CUSIP[†] (438687)
2021	1,055,000	0.420%	0.420%	100.000	PJ8
2022	1,385,000	0.520%	0.520%	100.000	PK5
2023	1,395,000	0.640%	0.640%	100.000	PL3
2024	1,400,000	0.670%	0.670%	100.000	PM1
2025	1,415,000	0.960%	0.960%	100.000	PN9
2026	1,430,000	1.190%	1.190%	100.000	PP4
2027	1,445,000	1.340%	1.340%	100.000	PQ2
2028	1,470,000	1.490%	1.490%	100.000	PR0
2029	1,490,000	1.590%	1.590%	100.000	PS8
2030	1,515,000	1.640%	1.640%	100.000	PT6
2031	1,540,000	1.840%	1.840%	100.000	PU3
2032	1,570,000	1.940%	1.940%	100.000	PV1
2033	1,600,000	2.020%	2.020%	100.000	PW9
2034	1,635,000	2.120%	2.120%	100.000	PX7
2035	1,670,000	2.170%	2.170%	100.000	PY5
2036	1,710,000	2.220%	2.220%	100.000	PZ2
2037	1,745,000	2.320%	2.320%	100.000	QA6
2038	1,790,000	2.420%	2.420%	100.000	QB4
2039	1,835,000	2.490%	2.490%	100.000	QC2
2040	1,880,000	2.550%	2.550%	100.000	QD0
2041	1,930,000	2.590%	2.590%	100.000	QE8
2042	1,980,000	2.640%	2.640%	100.000	QF5
2043	2,035,000	2.670%	2.670%	100.000	QG3
2044	2,090,000	2.690%	2.690%	100.000	QH1
2045	2,145,000	2.720%	2.720%	100.000	QJ7

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City and County of Honolulu

State of Hawaii

(Incorporated 1907)

MAYOR

Kirk Caldwell

CITY COUNCIL

Ikaika Anderson

Brandon J. C. Elefante

Carol Fukunaga

Ann H. Kobayashi

Joey Manahan

Ron Menor

Kymberly Marcos Pine

Heidi Tsuneyoshi

Tommy Waters

ACTING DIRECTOR OF BUDGET AND FISCAL SERVICES

Manuel T. Valbuena

ACTING CORPORATION COUNSEL

Paul S. Aoki

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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CITY AND COUNTY OF HONOLULU
General Obligation Bonds

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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 $279,325,000 aggregate principal amount of General Obligation Bonds, Series 2020C Bonds, Series 2020D Bonds and Series 2020E Bonds (Taxable) (the "Series 2020C Bonds," "Series 2020D Bonds" and "Series 2020E Bonds," respectively, and collectively, the "Bonds").

COVID-19 EMERGENCY

The following information regarding recent developments in finances and operations of the City and County supplements and amends information set forth below describing City and County revenues and information contained in "CITY AND COUNTY REVENUES" and APPENDIX A - ECONOMIC AND DEMOGRAPHIC FACTORS, certain of which historical information predates the COVID-19 pandemic or was prepared before the outbreak of COVID-19 and should be considered in light of possible negative impacts from COVID-19.

COVID-19, a highly contagious, upper respiratory tract illness caused by a novel strain of coronavirus, is having significant adverse health and financial impacts throughout the world, including the City and County. The World Health Organization declared the spread of COVID-19 to be a pandemic, and the Secretary of Health, Education and Welfare of the United States, the Governor of the State of Hawaii and the Mayor of the City and County have each declared states of emergency. Since the first case was reported on February 17, 2020, there have been over 1,200 confirmed cases of COVID-19 in the State of Hawaii and over 900 confirmed cases of COVID-19 on the island of Oahu. Hawaii has the lowest per capita rate of COVID-19 cases in the nation at 70.5 per 100,000 people, and approximately 98.40% of Hawaii's infected persons have recovered.

On March 4, 2020, State of Hawaii Governor David Y. Ige proclaimed the spread of COVID-19 in Hawaii to be a disaster, declared a state of emergency in Hawaii and announced State responses, including the use of disaster relief funds, to address the spread of COVID-19. The Governor subsequently issued ten (10) supplemental proclamations and a series of executive orders closing non-essential business and government activities for the duration of the public health emergency, which has been extended until July 31, 2020. On March 17, 2020, the Governor asked visitors to postpone their trips to Hawaii. The State then implemented a mandatory fourteen (14) day self-quarantine requirement for all persons entering the State, as well as for inter-island travelers, as a majority of the early-detected infected persons in Hawaii were visitors and returning residents. All arriving passengers are subject to health screenings, temperature scans and reporting requirements. The quarantine requirement for persons traveling inter-island in the State was cancelled effective on June 16, 2020. The quarantine requirement for persons entering the State has been extended through August 31, 2020. The State has delayed from August 1, 2020 to September 1, 2020, a modification of the mandatory self-quarantine for travelers entering Hawaii who show proof that they have had a negative molecular-based COVID-19 test result from a Clinical Laboratory Improvements Amendments-certified laboratory within 72 hours of travel. The State presently has 179 contact tracers, each with a capacity to trace 20 people per day, and is currently training several hundred additional contact tracers.

Also on March 4, 2020, Honolulu Mayor Kirk Caldwell issued a proclamation declaring a state of emergency in the City and County. He subsequently issued supplemental proclamations and a series of orders ("Emergency Orders") closing all non-essential business, including bars, restaurants and most retail stores, and banning public gatherings for the duration of the emergency. The Emergency Orders prohibited all non-essential travel and business activity, except designated businesses and operations in the City and County. The Emergency Orders initially required everyone except essential workers to shelter in place and work from home through June 2020. The Emergency Orders have been modified, and most medium risk non-essential businesses have gradually been permitted to re-open in phases beginning in mid-May 2020. Shopping malls were closed for two months, except for markets, drug stores and take-out food service, until reopening was allowed with conditions and restrictions on May 15, 2020. Non-essential interisland travel was permitted in mid-June 2020, and higher risk businesses such as gyms and bars are being permitted to open at restricted capacities in late June 2020. All businesses and operations permitted to reopen have been ordered to comply with social distancing requirements by requiring wearing of face masks and maintaining six feet social distancing or other safety measures for employees and members of the public. The Emergency Orders also mandate face coverings for indoor businesses and City and County buildings, as well as outdoors where physical distancing is not practical.

The spread of COVID-19 to Hawaii and responsive measures have had a negative impact on the national and international economy as well as State's economy. U.S. and international financial markets have experienced a downturn and global crude oil prices have declined significantly. Economic activity in the State has slowed significantly, due to the closure of non-essential businesses and substantial reduction in visitors to Hawaii. Airlines have suspended nearly all flights to and from the State and the US Mainland and Asia, resulting in a 91% reduction in air seat capacity. Visitor arrivals to Hawaii dropped from an average of 30,000 to 35,000 people a day to 200 people a day in March 2020, and have risen slightly to between 400 to 600-plus people a day in June 2020 and to between 700 to 900 people a day in early July 2020. In April 2020, 4,564 visitors came to Hawaii, as compared to 856,250 visitors in April 2019. In May 2020, 9,116 visitors arrived in Hawaii, as compared to 841,376 visitors in May 2019. In the first five months of 2020, total visitor arrivals dropped 49.5% to 2,139,166. Many of Waikiki's major hotels have closed for the duration of the Emergency Orders through June 2020. Oahu's hotel occupancy rate in April 2020, the first full month of the quarantine, was 8.0%, a 72% decline from April 2019. Waikiki's hotel occupancy rate in April 2020 was 5.4%. In May 2020, Oahu's hotel occupancy rate was 13%, an 84% decline from May 2019. Honolulu's unemployment rate has increased from less than 3% before the COVID-19 pandemic to 19.9% in May 2020.

The impact on State finances has been severe. The State's expenditures to respond to the COVID-19 pandemic were not budgeted, and State tax revenues have declined with the suspension of economic activity. The State Department of Taxation has reported that May 2020 tax collections were likely to be less than 50% of May 2019 tax collections. On May 15, the State Department of Business, Economic Development and Tourism predicted that Hawaii's economic growth would decline by 12.1 % in the next year. On May 28, 2020, the State's Council on Revenues predicted that State tax revenues would decrease by 7% for the fiscal year ending June 30, 2020 from the fiscal year ended June 30, 2019, and State tax revenues would decrease an additional 12% for the fiscal year ending June 30, 2021. The amount of the decrease is approximately $2.3 billion.

The COVID-19 pandemic and responsive measures are expected to have an adverse impact on City and County revenues. The Governor's emergency proclamation suspended distribution of the counties' share of the transient accommodations tax levied on hotel room charges and other visitor accommodations, an estimated loss of 3% of general fund revenues over a full fiscal year. Since the start of the COVID-19 pandemic, the City and County has experienced reduced revenues due to the closures of City facilities including golf courses, the Honolulu Zoo, the Blaisdell Center and Hanauma Bay, and from reduced ridership on the City and County bus system. The City and County Department of Budget and Fiscal Services ("BFS") expects the COVID-19 pandemic to impact revenues from real property tax, transient accommodations tax, fuel tax and motor vehicle weight tax. BFS has projected decreases in future revenues from all sources to be approximately $15.4 million in fiscal year 2020 and $62 million in fiscal year 2021. The primary source of the revenue shortfall in fiscal year 2020 is a decrease in The Bus and Handi-Van revenues. The primary source of the decrease in fiscal year 2021 revenues is anticipated to be from real property revenues and transient accommodation tax revenues. In addition the City and County is projecting a significant decrease in collections from the general excise and use tax surcharge in fiscal years 2020 and 2021 and a near-zero collection of transient accommodation tax surcharge until the quarantine for travelers to Hawaii is ended, used to fund the Honolulu Rail Transit Project (formerly known as the Honolulu High Capacity Transit Corridor Project).

In response to the COVID-19 pandemic, the federal government recently enacted the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), which created the Coronavirus Relief Fund for State and Local Governments. The U.S. Treasury Department is distributing $150 billion to state and local governments under a population-based formula to reimburse state and local governments for COVID-19-related medical, public health, economic support, and other emergency response costs incurred and spent between March 1, 2020 and December 30, 2020, provided that such costs were not included in the most recently approved City and County budget. The City and County received an allocation of $387 million under the CARES Act. The City and County also received approximately $132 million in additional COVID-19-related federal aid, including approximately $90.8 million in Transit Infrastructure Grants from the U.S. Department of Transportation, $22.0 million for Emergency Solutions Grants, $8.5 million from the U.S. Department of Housing and Urban Development, $4.9 million from the U.S. Department of Health, Education and Welfare, and $1.9 million from the U.S. Department of Justice. The City expects to spend all COVID-19-related federal aid on COVID-19-related expenses. Besides paying for increased public safety services, the City and County has implemented programs to provide direct loans and grants for households, child care, small businesses and community services for at risk groups, including a $50 million Small Business Relief and Recovery Program and a $25 million Hardship Relief for Individuals Program. The City and County does not expect to receive any financial assistance from the State.

On April 22, 2020, BFS proposed decreasing anticipated revenues by $62 million and decreasing anticipated expenses by $64 million in Bill No. 20, the City and County's proposed operating budget for fiscal year 2020-2021. The City and County anticipates using monies from the Coronavirus Relief Fund to pay for all COVID-19-related expenses incurred through December 30, 2020, thus minimizing adverse impacts on the City and County's $1.6 billion annual general fund operating budget. The City and County does not plan to spend any of its reserves in the fiscal year 2021 budget, planning instead to add $7 million to reserves.

On May 6, 2020, the City and County announced a one-time real property tax payment program to provide relief to taxpayers who have experienced economic hardship due to the COVID-19 pandemic and stay-at-home/work-at-home orders. The program would allow the semi-annual real property tax payments due on August 20, 2020 to be paid in four equal installments payable on August 20, September 20, October 20 and November 18, 2020. Although real property tax collections are the largest single source of City and County revenues (approximately 76.1% of the City and County's General Fund revenues in fiscal year 2019), the payment program for tax collections is not presently expected to have a significant adverse impact on City and County revenues in the fiscal year ending June 30, 2021. The City and County cannot predict the effect the COVID-19 pandemic may have on future property values on Oahu, and any impact on property tax revenues in future years.

As of June 30, 2019, the City and County's portfolio of cash, U.S. government securities and certificates of deposit totaled $2.74 billion, primarily in liquid investments maturing in less than one year. The City and County anticipates that its portfolio is expected to be adequate to fund municipal services and make timely debt service payments. The City and County plans to issue commercial paper notes and general obligation bonds to fund expenditures for capital projects.

It is likely that the fiscal impact of the COVID-19 pandemic on the City and County will continue to change as the situation further develops. The fiscal impact will depend on future events outside of the City and County's control, including actions of the federal government and the State.

AUTHORITY FOR AND PURPOSE OF ISSUANCE

Authority for Issuance

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

Purpose of Issuance

Proceeds of the Bonds will be used to: (i) finance capital costs of the City and County and for other public purposes, including improvements to the City and County's H-Power waste to energy facility; (ii) purchase equipment; and (iii) pay the costs of issuance of the Bonds. The Rail Transit Project, formerly known as the Honolulu High-Capacity Transit Corridor Project, is referred to as the "Honolulu Rail Transit Project" or "Rail Transit Project."

SOURCES AND USES OF PROCEEDS

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

Sources of Funds:	**Series 2020C**	**Series 2020D**	**Series 2020E**
Par Amount of Bonds	$184,110,000.00	$54,060,000.00	$41,155,000.00
Original Issue Premium	46,583,287.75	11,113,508.70	--
Total Sources of Funds	$230,693,287.75	$65,173,508.70	$41,155,000.00
Uses of Funds:			
Project Fund	$230,000,000.00	$65,000,000.00	$41,000,000.00
Costs of Issuance and Additional Proceeds	693,287.75	173,508.70	155,000.00
Total Uses of Funds	$230,693,287.75	$65,173,508.70	$41,155,000.00

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 hereof (computed on the basis of a 360 day year). Interest on the Bonds will be payable on January 1 and July 1 of each year, commencing on July 1, 2021. 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 5, 2020. 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, 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 2020C Bonds and the Series 2020E Bonds maturing on and after July 1, 2031, are subject to redemption prior to the stated maturity thereof at the option of the City and County on or after July 1, 2030, respectively, 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 Bonds or portions thereof to be redeemed plus accrued interest to the date of redemption. The Series 2020D bonds are not subject to redemption.

Optional Make Whole Redemption

The Series 2020E Bonds maturing on or before July 1. 2030, are subject to redemption at the option of the City and County, in whole or in part (and if in part in any order of maturity selected by the City and County and within a maturity on a pro-rata basis), on any date at a redemption price equal to the greater of:

(1) 100% of the principal amount of the Series 2020E Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Series 2020E Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2020E Bonds are to be redeemed, discounted to the date on which such Series 2020E Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Comparable Treasury Yield (defined below) plus 20 basis points;

Plus, in each case, accrued interest on such Series 2020E Bonds to be redeemed to the redemption date.

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

"Calculation Agent" means a commercial bank or an investment banking institution of national standing that is a primary dealer of United States government securities in the United States and designated by the City and County (which may be one of the institutions that served as an underwriter for the Series 2020E Bonds).

"Comparable Treasury Issue" means the United States Treasury security selected by the Calculation Agent as having a maturity comparable to the remaining term to maturity of the Series 2020E Bonds being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term to maturity of the Series 2020E Bonds being redeemed.

"Comparable Treasury Price" means, with respect to any date on which a Series 2020E Bond or portion thereof is being redeemed, either: (a) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations, and (b) if the Calculation Agent is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations will be the average, as determined by the Calculation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the Calculation Agent, at 5:00 p.m. New York City time on a date selected by the Calculation Agent which is not less than three business days and not more than 20 business days preceding the date fixed for redemption.

"Comparable Treasury Yield" means the yield that represents the weekly average yield to maturity for the preceding week appearing in the most recently published statistical release designated "H.15(519) Selected Interest

Rates" under the heading "Treasury Constant Maturities," or any successor publication selected by the Calculation Agent that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity, for the maturity corresponding to the remaining term to maturity of the Bonds being redeemed. The Comparable Treasury Yield will be determined no sooner than the third business day nor earlier than the twentieth calendar day preceding the applicable date fixed for redemption. If the H.15(519) statistical release sets forth a weekly average yield for United States Treasury securities that have a constant maturity that is the same as the remaining term to maturity of the Series 2020E Bonds being redeemed, then the Comparable Treasury Yield will be equal to such weekly average yield. In all other cases, the Comparable Treasury Yield will be calculated by interpolation on a straight-line basis between the weekly average yields on the United States Treasury securities that have a constant maturity: (i) closest to and greater than the remaining term to maturity of the Series 2020E Bonds being redeemed; and (ii) closest to and less than the remaining term to maturity of the Series 2020E Bonds being redeemed. Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward. If, and only if, weekly average yields for United States Treasury securities for the preceding week are not available in the H.15(519) statistical release or any successor publication, then the Comparable Treasury Yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price (each as defined herein) as of the date fixed for redemption.

"Reference Treasury Dealer" means a primary dealer of United States Government securities in the United States (which may be one of the institutions that served as an underwriter for the Series 2020E Bonds) appointed by the City and County and reasonably acceptable to the Calculation Agent.

Selection for Redemption

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

Notice of Redemption

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

If notice of redemption of any 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 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 Bonds when the Book-Entry System for the 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, 2022. Please note that the City and County has sold an additional series of general obligation bonds in the principal amount of $67,010,000 on the same day.

CITY AND COUNTY OF HONOLULU
General Obligation Bonds,
Series 2020C Bonds, Series 2020D Bonds and Series 2020E Bonds

Debt Service Requirements

FY Ending June 30	Principal	Interest	Total
2022	$6,735,000.00	$16,244,406.40	$22,979,406.40
2023	11,845,000.00	11,134,932.00	22,979,932.00
2024	12,345,000.00	10,636,717.00	22,981,717.00
2025	12,870,000.00	10,114,013.00	22,984,013.00
2026	13,420,000.00	9,564,531.00	22,984,531.00
2027	14,000,000.00	8,985,730.50	22,985,730.50
2028	14,605,000.00	8,377,240.50	22,982,240.50
2029	15,245,000.00	7,738,332.50	22,983,332.50
2030	7,370,000.00	7,252,260.50	14,622,260.50
2031	7,695,000.00	6,926,492.00	14,621,492.00
2032	8,035,000.00	6,583,026.00	14,618,026.00
2033	8,400,000.00	6,220,504.00	14,620,504.00
2034	8,780,000.00	5,838,865.00	14,618,865.00
2035	9,145,000.00	5,475,674.00	14,620,674.00
2036	9,525,000.00	5,093,648.50	14,618,648.50
2037	9,930,000.00	4,695,773.00	14,625,773.00
2038	10,280,000.00	4,341,450.00	14,621,450.00
2039	10,695,000.00	3,926,224.00	14,621,224.00
2040	11,150,000.00	3,472,794.25	14,622,794.25
2041	11,575,000.00	3,045,778.50	14,620,778.50
2042	12,020,000.00	2,599,865.00	14,619,865.00
2043	12,540,000.00	2,081,685.50	14,621,685.50
2044	13,135,000.00	1,486,882.25	14,621,882.25
2045	13,700,000.00	923,779.50	14,623,779.50
2046	14,285,000.00	332,672.00	14,617,672.00
Totals:	$279,325,000.00	$153,093,276.90	$432,418,276.90

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 2020, authorized and appropriated a total of $8,660,236,890 for public improvements to be financed from the proceeds of general obligation bonds or notes. As of March 31, 2020, $4,150,494,783 of general obligation bonds and notes (including reimbursable general obligation bonds) had been issued to finance appropriations for such fiscal years, and $2,867,854,030 of such appropriations had lapsed pursuant to the terms of the Revised Charter of the City and County. It is expected that $1,641,888,077, 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 – Honolulu Rail Transit Project" for a discussion of the Rail Transit Project. See also "DEBT STRUCTURE - Commercial Paper Program" for a discussion of the City and County's short term commercial paper note program.

THE CITY AND COUNTY OF HONOLULU

Introduction

Honolulu, the capital and principal city of the State of Hawaii, is located on the Island of Oahu. The City and County of Honolulu includes the entire Island of Oahu and a number of small outlying islands. Of the eight major islands that constitute the State of Hawaii, Oahu, with an area of 597 square miles, is smaller than the Islands of Hawaii and Maui but larger than the Islands of Kauai, Molokai, Lanai, Niihau and Kahoolawe.

With slightly less than a tenth of the land area in the entire State, Oahu contains nearly three-fourths of the State's resident population. According to the U.S. Census Bureau, as of July 1, 2018, the resident population of the State was 1,420,491, and that of Oahu was 980,080, approximately 69% of the total State population.

Honolulu is the seat of the State Government and is the State's trade, finance, communication, and transportation center. Most federal establishments and personnel (both civilian and military, including substantial army, navy, air force, marine and coast guard installations), manufacturing, major educational and scientific, and significant agricultural activities are located on Oahu.

There are no active volcanoes on the Island of Oahu. The Kīlauea Volcano which experienced several months of activity in 2018, is located on the Island of Hawaii, over 200 miles away from the City and County.

Reference is made to Appendix A hereto 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 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 transient accommodations tax (a portion which 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 the Honolulu Authority for Rapid Transportation ("HART")) are supervised by and report directly to the Managing Director as principal administrative aide to the Mayor. The Mayor serves a four-year term. The next regular mayoral election will take place in November 2020. 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.

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 I, III, V, VII and IX will expire on January 2, 2021, while the current terms of councilmembers for council districts II, IV, VI and VIII will expire on January 2, 2023. 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. The next regular election for Prosecuting Attorney will take place in November 2020. 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, operate, maintain and expand a fixed guideway mass Rail Transit Project for the City and County. Although HART remains responsible for development and construction of the rail system, responsibility for operation and maintenance of the rail system has been 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 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 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, 2019, are accessible from the City and County’s website at http://www.honolulu.gov/budget/budget-cafr.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 B 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 allocation of the State transient accommodation 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 2019, and the allocation of the State transient accommodation tax are described below. See also Table 13 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 1990 (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 and (10) bed and breakfast home. In determining the value of land, consideration is given to its highest and best use, selling prices, 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 $100,000 ($140,000 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 $60,000. 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, 2020, the City Council adopted Resolution 20-64, setting tax rates for the various general classes of real property for fiscal year 2020-2021. The Residential A class is divided into two tiers, with Tier 1 taxed at $4.50 per $1,000 of assessed value up to $1,000,000. Resolution 20-64 continues the tax rate set by Resolution 19-55 for Tier 2 to $10.50 per $1,000 of assessed value in excess of $1,000,000, and the tax rate for the Hotel and Resort class to $13.90 per $1,000 of assessed value. The bed and breakfast home class is a newly created category and the tax rate for this class is $6.50 per $1,000 of assessed value. As described above, on May 6, 2020, the City and County announced a one-time real property tax payment program that would allow semi-annual real property tax payments due on August 20, 2020 to be made in four equal installments payable on August 20, September 20, October 20 and November 18, 2020.

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 2020 and 2021 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 2017 through 2021.

Table 1

ASSESSED VALUATION OF REAL PROPERTY [(1)]
Fiscal Years 2020 and 2021
(values in thousands)

	2020	2021
Gross assessed valuation	$275,377,551	$279,992,764
Less exemption valuation	(31,279,485)	(35,229,641)
Assessor's net taxable value	244,098,066	244,763,123
Less 50% of valuations on appeal	(1,841,643)	(2,131,754)
Net assessed valuation for rate purposes	$242,256,423	$242,631,369

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

Table 2

REAL PROPERTY NET ASSESSED VALUES BY CLASSIFICATION AND TAX RATES
Fiscal Years 2017–2021
(values in thousands)

	2017		2018		2019		2020		2021	
Classification	**Value**	**Rate**	**Value**	**Rate**	**Value**	**Rate**	**Value**	**Rate**	**Value**	**Rate**[(1)]
Residential	$144,692,257	$3.50	$151,308,633	$3.50	$159,413,159	$3.50	$167,062,408	$ 3.50	$165,572,576	$ 3.50
Hotel and Resort	11,348,555	12.90	13,060,028	12.90	15,097,681	12.90	17,044,297	13.90	17,074,878	13.90
Commercial	17,219,480	12.40	18,525,784	12.40	19,734,369	12.40	21,720,592	12.40	22,521,578	12.40
Industrial	9,141,610	12.40	9,597,471	12.40	10,344,796	12.40	11,703,470	12.40	12,642,471	12.40
Agricultural	996,002	5.70	1,042,709	5.70	1,122,026	5.70	1,180,447	5.70	1,149,524	5.70
Vacant Agricultural	50,311	8.50	50,802	8.50	46,330	8.50	46,152	8.50	45,342	8.50
Preservation	464,899	5.70	523,317	5.70	548,498	5.70	547,162	5.70	534,138	5.70
Public Service [(2)]	38	--	30	--	31	--	7,008	--	135	--
Residential A [(3)]	15,713,428	6.00	17,461,143	Var.						
Tier 1					11,883,007	4.50	13,560,140	4.50	13,978,008	4.50
Tier 2					8,452,088	9.00	9,384,746	10.50	9,112,719	10.50
Bed and Breakfast Home[(4)]	--	--	--	--	--	--	--	--	--	--
Total All Classes	$199,626,580		$211,569,917		$226,641,985		$242,256,423		$242,631,369	

(1) *Based on rates effective for fiscal year 2020.*

(2) *As discussed above and under "Public Service Company Tax" below, the public service 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.)*

(4) *Class authorized effective October 1, 2020. No property has been placed in this class.*

Assessments are determined as of October 1 of each year. Notices of assessments are sent to taxpayers on or prior to December 15 of 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 (subject to the one-time real property tax payment program allowing payment in four equal monthly installments payable on August 20, September 20, October 20 and November 18, 2020, for the fiscal year ending June 30, 2021 only) 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, 2017 to 2021 are shown in the table below. Over the past five years, the City and County's uncollectible real property tax write-offs continued to be exceptionally low at 0.01%. The current fiscal year 2020's delinquency rate is not higher than normal. The City and County cannot predict the effect the COVID-19 pandemic may have on future property tax delinquency rates and property tax revenues in future years.

Table 3

STATEMENT OF REAL PROPERTY TAX LEVIES AND COLLECTIONS SHOWING ASSESSED VALUATIONS AND TAX RATES
Fiscal Years 2017 – 2021
(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)]
2017	$199,626,580	$5.43	$1,082,733	100.6%
2018	$211,569,917	$5.49	$1,166,383	100.4%
2019	$226,641,985	$5.59	$1,265,146	100.4%
2020	$242,256,423	$5.80	$1,405,893	N/A
2021	$242,631,369	$5.86	$1,421,446	N/A

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

(2) *Collections within fiscal year of levy.*

In the fiscal year ended June 30, 2019, real property tax revenues (excluding $41.2 million of public service company tax collections as discussed under "Public Service Company Tax" below) totaled $1.27 billion, which accounted for approximately 76.1% of the General Fund revenues for the year. The following two tables identify the ten largest real property taxpayers in the City and County for the fiscal year 2019-2020. 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. As of May 30, 2020, two of the ten largest taxpayers had a delinquent balance.

Table 4

TEN LARGEST REAL PROPERTY TAXPAYERS [1]
BY ASSESSED VALUE
Fiscal Year 2019 - 2020

Taxpayer [2]	Type of Business	Gross Assessed Valuation [3]	% of Total Assessed Valuation
Kyo-Ya Company	Hotel/Resort	$ 2,449,140,500	0.89%
Hilton, et al.	Hotel/Resort	2,275,389,400	0.83%
Bishop Estate	Educational Trust	2,238,194,300	0.81%
General Growth Properties	Real Estate Investment	2,180,194,000	0.79%
Disney	Hotel/Resort	1,369,928,800	0.50%
Outrigger Hotels Hawaii	Hotel/Resort	1,192,541,000	0.43%
DEG, LLC	Real Estate Investment	927,038,800	0.34%
Howard Hughes	Real Estate Investment	881,275,100	0.32%
Ko Olina Hotel	Hotel/Resort	729,760,400	0.27%
A & B Properties Inc.	Real Estate Investment	697,405,100	0.25%
		$14,940,867,400	5.43%

(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, 2018 at 100% of market value.*

Table 5

TEN LARGEST REAL PROPERTY TAXPAYERS [1]
BY AMOUNT OF TAX LEVIED
Fiscal Year 2019 - 2020

Taxpayer [2]	Type of Business	Amount of Tax Levied[3]	% of Total Amount Levied
Kyo-Ya Company	Hotel/Resort	$ 34,034,930	2.44%
Hilton, et al.	Hotel/Resort	31,572,477	2.26%
General Growth Properties	Real Estate Investment	27,020,867	1.93%
Bishop Estate	Educational Trust	19,027,620	1.36%
Outrigger Hotels Hawaii	Hotel/Resort	16,341,651	1.17%
Ko Olina Hotel	Hotel/Resort	9,842,145	0.70%
Disney	Hotel/Resort	9,521,108	0.68%
Maps Waikiki Hotel LLC	Hotel/Resort	8,566,170	0.61%
Halekulani Corp	Hotel/Resort	8,470,837	0.61%
A & B Properties Inc.	Real Estate Investment	8,173,092	0.58%
		$172,570,897	12.34%

(1) *Excludes property owned by governmental entities.*
(2) *Taxpayer's name as recorded on real property tax records.*
(3) *Tax Levied as of July 2019*

Allocation of State Transient Accommodation Tax. The transient accommodations tax ("TAT") is levied 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. The TAT rate is currently fixed at 10.25%, through December 31, 2030, at which point it is scheduled to revert to 9.25%. Revenue generated from this 1% increase will be deposited to a mass transit special fund to help pay for construction of the Rail Transit Project. See "DEBT STRUCTURE – Honolulu Rail Transit Project." All other TAT revenues are distributed annually by statute in the following order of priority, with the excess to be deposited into the general fund of the State: (1) $1.5 million is distributed to the Turtle Bay conservation easement special fund, (2) $16.5 million is distributed to the convention center enterprise special fund, (3) $79 million is distributed to the tourism special fund, and (4) $103 million is distributed to the counties. The City and County receives 44.1% of the revenues distributed to the counties. As described under "COVID-19 EMERGENCY," the State has suspended distribution of the counties' share of TAT revenues to the counties, but not the collections, if any, of the 1% surcharge, for the duration of the COVID-19 emergency.

The following presents the City and County's allocable share of the transient accommodations tax and the percentage of General Fund revenues represented by this tax for the five fiscal years ended June 30, 2015 through 2019:

Table 6

TRANSIENT ACCOMMODATIONS TAX

Fiscal Year (Ended June 30)	Allocable Share [(1)] (Dollars in Millions)	Percent of General Fund Revenues [(2)]
2015	$45.4	4.0%
2016	45.4	3.8
2017	45.4	3.5
2018	45.4	3.3
2019	45.4	3.1

[(1)] *Represents the City and County's share of total transient accommodations tax revenues collected by the State.*
[(2)] *Represents the City and County's share of total transient accommodations tax revenues as a percentage of its General Fund revenues.*

As described above the Governor's emergency proclamations suspended distribution of the counties' share of the transient accommodations tax for the duration of the COVID-19 pandemic. In addition, with the significant decline in tourism, the City and County does not anticipate collecting its full allocable share of this revenue source in fiscal year 2020 or fiscal year 2021.

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 gross 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) on the base State general excise and use tax to fund a locally preferred alternative for a mass transit project. Effective January 1, 2007, the City and County imposed this surcharge on all Oahu business activity subject to general excise and use tax. This surcharge is currently scheduled to expire on December 31, 2030. For the fiscal years ended June 30, 2018 and June 30, 2019, the City and County received $274.3 million and $267.3 million, respectively, from the general excise and use tax surcharge, net of an administrative fee charged by the State. 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 surcharge are being applied to build a rail transit system for Oahu. See "DEBT STRUCTURE – Honolulu Rail Transit Project" for additional information concerning the proposed transit system, including information concerning anticipated cost increases. As described under "COVID-19 EMERGENCY" above, the suspension of normal business activity and imposition of a 14 day quarantine for incoming visitors has resulted in a significant decline in tourism in particular and business activity in general, and a decline in the corresponding tax revenues.

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 $35.2 million and $41.2 million of public service company tax revenues in the fiscal years ended June 30, 2018 and June 30, 2019, respectively.

Other Revenues. In addition to the real property tax revenues, revenues from the allocation of the State transient accommodation tax, 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, 2018 and June 30, 2019, the City and County collected $147.4 million and $172.6 million of vehicle weight taxes, respectively.

County Fuel Tax. The City and County fuel tax, authorized by Sections 243-4 and 243-5, Hawaii Revised Statutes, is imposed on liquid fuels sold or used within its jurisdiction, except that it does not apply to aviation fuel; and it is imposed only on that portion of diesel fuel used on the public highways. Pursuant to Resolution No. 89-92, adopted by the City Council on May 24, 1989, the fuel tax for the City and County was increased from 11.5 cents per gallon to 16.5 cents per gallon, effective July 1, 1989. The proceeds from the fuel tax are limited by Section 243-6, Hawaii Revised Statutes, to expenditures for such purposes as designing, constructing, repairing and maintaining highways, roads and streets, highway tunnel and bridges, street lights and storm drains, and for functions connected with county traffic control and safety. In the fiscal years ended June 30, 2018 and June 30, 2019, the City and County's fuel tax collections totaled $51.8 million and $51.1 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, 2018 and June 30, 2019, the City and County collected $42.3 million and $47.0 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 2019) 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 2015 through 2019.

Table 7

GENERAL FUND REVENUES AND EXPENDITURES, INCLUDING TRANSFERS
(Dollars in Millions)

Fiscal Year	Revenues	Expenditures
2015	$1,261.9	$1,258.1
2016	1,349.2	1,388.4
2017	1,436.8	1,427.8
2018	1,525.2	1,485.2
2019	1,668.6	1,628.7

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 March 31, 2020. Set forth in Table 9 is a detailed schedule of all outstanding general obligation funded debt of the City and County as of March 31, 2020. Table 10 provides debt service charges on outstanding general long-term debt of the City and County as of March 31, 2020.

Table 8

STATEMENT OF FUNDED DEBT
As of March 31, 2020

1.	Gross assessed valuation of real property, January 29, 2020			$ 279,992,763,600
2.	Less exempt valuation			35,229,640,900
3.	Assessor's net taxable value			244,763,122,700
4.	Less valuations on appeal			4,263,508,300
5.	Taxpayers' valuation			240,499,614,400
6.	Add 50% of valuation on appeal			2,131,754,150
7.	Net assessed valuation of real property for rate purposes			$ 242,631,368,550
8.	Limit of funded debt as set by the Constitution of the State of Hawaii			$ 36,394,705,283[1]
9.	Funded debt:			
	a. General obligation bonds		$ 3,726,645,000	
	b. Revenue bonds		2,460,495,000 [2]	
	c. Notes payable:			
	State of Hawaii		375,969,975	
	d. Gross funded indebtedness		$ 6,563,109,975	
	Less exclusions:			
	e. Revenue bonds			
	Self-supporting Board of Water Supply	$ 260,490,000		
	Self-supporting wastewater system	2,200,005,000		
	f. General obligation bonds issued for H-Power waste disposal facility	353,110,000		
	g. General obligation bonds issued for Housing	24,152,570		
	h. General obligation bonds issued for solid waste	139,558,386		
	i. General obligation bonds issued for wastewater system	584,299		
	j. State of Hawaii Revolving Fund loans payable for the Wastewater System	290,325,672		
	k. State of Hawaii Revolving Fund loans payable for the Board of Water Supply	85,190,841	3,353,416,768	
	l. Net funded debt			3,209,693,207
10.	Gross limit of additional funded debt			$ 33,185,012,076
11.	Less general obligation bonds authorized and unissued: [3]			

Authorizing Ordinance	Total Authorized [4]	Amount Issued	Amount Unissued
Ordinance No. 98-29	$ 178,425,865	$ 177,199,935	$ 1,225,930
Ordinance No. 07-26	211,455,283	211,415,527	39,756
Ordinance No. 08-14	294,821,577	294,765,331	56,246
Ordinance No. 09-13	314,774,003	314,558,920	215,083
Ordinance No. 10-13	355,062,679	354,109,353	953,326
Ordinance No. 11-12	176,814,923	176,150,620	664,303
Ordinance No. 12-21	211,689,802	210,428,098	1,261,704
Ordinance No. 13-21	301,725,904	300,605,095	1,120,809
Ordinance No. 14-16	335,773,796	331,057,715	4,716,081
Ordinance No. 15-22	276,502,868	236,004,937	40,497,931
Ordinance No. 16-11	377,096,210	144,013,710	233,082,500
Ordinance No. 17-26	348,902,184	127,004,334	221,897,850
Ordinance No. 18-20	516,301,126	25,000,507	491,300,619
Ordinance No. 19-10	644,855,938	-	644,855,938
	$ 4,544,202,158	$ 2,902,314,082	$ 1,641,888,076

		1,641,888,076
12.	Net limit of additional funded debt	$ 31,543,124,000

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(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 of March 31, 2020.*
(4) *After deducting authorized amounts which have lapsed pursuant to the Charter of the City and County of Honolulu.*

Table 9
GENERAL OBLIGATION FUNDED DEBT
OF THE CITY AND COUNTY OF HONOLULU
As of March 31, 2020

Direct Debt	Effective Interest Rate	Original Amount of Issue	Maturing Serially From/To	Optional Call Dates	Outstanding
General Obligation Bonds:					
December 15, 2010 Series A(1)	3.72842%	$ 151,100,000	12/1/2015-35	Non-callable	$ 127,720,000
December 15, 2010 Series B	4.34416%	196,670,000	12/1/2015-35	12/1/2020	7,020,000
August 4, 2011 Series A	4.18832%	141,235,000	8/1/2016-36	8/1/2021	24,025,000
August 4, 2011 Series B	3.41586%	163,110,000	8/1/2016-27	8/1/2021	25,475,000
November 20, 2012 Series A	3.19593%	255,050,000	11/1/2017-37	11/1/2022	86,795,000
November 20, 2012 Series B	2.43342%	290,735,000	11/1/2016-29	11/1/2022	225,250,000
November 20, 2012 Series D	2.79934%	17,880,000	11/1/2017-28	Non-callable	4,245,000
November 20, 2012 Series F	1.97868%	50,605,000	11/1/2017-21	Non-callable	20,825,000
November 20, 2012 Series G	2.25624%	191,230,000	11/1/2017-23	Non-callable	112,665,000
December 4, 2012 Series C	2.06925%	32,145,000	11/1/2013-27	11/1/2022	18,520,000
April 2, 2015 Series A	3.39016%	379,550,000	10/1/2015-39	10/1/2025	336,075,000
April 2, 2015 Series B	2.79899%	210,480,000	10/1/2018-31	10/1/2025	188,645,000
April 2, 2015 Series C	2.98153%	249,240,000	10/1/2019-33	10/1/2025	237,345,000
April 2, 2015 Series E	3.60112%	22,060,000	10/1/2015-39	Non-callable	18,810,000
October 26, 2016 Series A	2.89193%	96,385,000	10/1/2018-41	10/1/2026	91,380,000
October 26, 2016 Series B	1.38078%	38,540,000	10/1/2017-24	Non-callable	26,025,000
October 26, 2016 Series C	2.48346%	100,065,000	10/1/2021-34	10/1/2026	100,065,000
October 26, 2016 Series D	2.80674%	143,815,000	10/1/2017-34	10/1/2026	123,535,000
September 14, 2017 Series A	3.29119%	181,420,000	9/1/2019-42	9/1/2027	177,355,000
September 14, 2017 Series B	1.50321%	34,475,000	9/1/2018-25	Non-callable	27,715,000
September 14, 2017 Series D	2.65841%	138,440,000	9/1/2022-33	9/1/2027	138,440,000
September 14, 2017 Series E	2.69098%	35,050,000	9/1/2022-34	9/1/2027	35,050,000
September 14, 2017 Series F	2.01647%	3,725,000	9/1/2020-21	Non-callable	3,725,000
September 14, 2017 Series G	3.67074%	20,060,000	9/1/2018-42	Non-callable	19,220,000
September 5, 2018 Series A	3.56130%	231,525,000	9/1/2020-43	9/1/2028	231,525,000
September 5, 2018 Series B	2.24923%	47,160,000	9/1/2019-26	Non-callable	43,250,000
September 5, 2018 Series E	3.75896%	2,185,000	9/1/2020	Non-callable	2,185,000
September 5, 2018 Series F	3.75896%	182,340,000	9/1/2021-36	Non-callable	182,340,000
January 31, 2019 Series A(2)	2.44193%	209,950,000	9/1/2023-30	9/1/2028	209,950,000
January 31, 2019 Series B(2)(3)	3.50599%	40,075,000	9/1/2019-43	9/1/2028	39,300,000
August 21, 2019 Series C	2.68418%	198,260,000	8/1/2021-44	8/1/2029	198,260,000
August 21, 2019 Series D	1.20109%	57,870,000	8/1/2020-27	Non-callable	57,870,000
August 21, 2019 Series E(2)(4)	1.42818%	175,545,000	9/1/2023-30	6/1/2023	175,545,000
August 21, 2019 Series F	1.19647%	8,095,000	8/1/2020	Non-callable	8,095,000
August 21, 2019 Series G	1.26252%	9,225,000	8/1/2023-28	Non-callable	9,225,000
August 21, 2019 Series I	2.02304%	980,000	8/1/2021	Non-callable	980,000
August 21, 2019 Series J	2.02304%	96,970,000	8/1/2022-27	Non-callable	96,970,000
March 5, 2020 Series A(2)(3)	2.46489%	21,765,000	9/1/2020-44	3/1/2030	21,765,000
March 5, 2020 Series B(2)	1.36259%	273,460,000	3/1/2025-31	3/1/2030	273,460,000
		$ 4,698,470,000			$ 3,726,645,000
Notes Payable - State of Hawaii	Various	647,746,646	Various	Non-callable	375,969,975
Total Gross Direct Debt		$ 5,346,216,646			$ 4,102,614,975
Less exclusions:					
Bonds issued for solid waste				$ 139,558,386	
Bonds issued for housing				24,152,570	
Bonds issued for H-Power waste disposal facility				353,110,000	
Bonds issued for wastewater system				584,299	
State of Hawaii Revolving Fund loans payable for Wastewater System				290,325,672	
State of Hawaii Revolving Fund loans payable for Board of Water Supply				85,190,841	892,921,768
Net Funded Debt					$ 3,209,693,207

(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 2020 is 5.9%. BABs subsidy payments are subject to sequestration through federal fiscal year 2024 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.*

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

(3) *Series 2019B and Series 2020A Bonds not reimbursable from GET and TAT surcharge.*

(4) *Series 2019E Bonds bearing interest at a Flexible Rate will have the rate of interest for a Flexible Segment determined by the Remarketing Agent.*

Table 10

CITY AND COUNTY OF HONOLULU
DEBT SERVICE CHARGES ON OUTSTANDING GENERAL LONG-TERM DEBT
As of March 31, 2020 (1)

FY Ending June 30	General Obligation Bonds Principal	General Obligation Bonds Interest	Other Debt (2) Principal	Other Debt (2) Interest (3)	Gross Debt Service Charges	Reimbursable Debt Principal	Reimbursable Debt Interest	Net Debt Service Charges
2020	$ 0	$ 36,957,751	$ 7,391,792	$ 764,107	$ 45,113,650	$ 7,391,792	$ 5,286,319	$ 32,435,539
2021	183,375,000	165,402,618	23,770,676	2,537,305	375,085,599	53,782,954	20,453,382	300,849,263
2022	189,745,000	152,660,115	24,039,581	2,344,470	368,789,166	53,182,288	18,835,059	296,771,819
2023	187,165,000	145,237,679	24,942,796	2,137,174	359,482,649	52,821,119	17,742,390	288,919,140
2024	238,450,000	136,615,494	24,968,583	1,927,429	401,961,506	53,851,275	16,608,769	331,501,462
2025	251,045,000	126,856,345	25,089,250	1,718,062	404,708,657	51,182,827	15,455,394	338,070,436
2026	255,590,000	115,416,969	25,210,500	1,507,826	397,725,295	52,248,723	14,294,141	331,182,431
2027	260,715,000	103,861,847	22,798,101	1,301,129	388,676,077	50,838,008	13,092,689	324,745,380
2028	263,890,000	92,256,974	15,206,217	1,118,613	372,471,804	44,282,593	11,865,652	316,323,559
2029	245,560,000	80,799,630	13,518,043	988,413	340,866,086	41,417,193	10,657,732	288,791,161
2030	254,150,000	69,424,380	13,583,067	863,959	338,021,406	42,103,215	9,443,076	286,475,115
2031	237,395,000	57,990,892	13,648,784	738,777	309,773,453	41,750,320	8,202,939	259,820,194
2032	145,860,000	47,935,079	12,948,012	612,783	207,355,874	42,190,716	6,932,690	158,232,468
2033	131,185,000	41,721,114	5,694,025	507,070	179,107,209	33,352,669	5,700,681	140,053,859
2034	137,195,000	35,693,786	5,754,081	440,265	179,083,132	34,518,243	4,520,641	140,044,248
2035	121,255,000	30,002,263	5,813,465	372,740	157,443,468	33,478,938	3,340,714	120,623,816
2036	113,005,000	24,752,539	4,970,243	306,764	143,034,546	23,423,609	2,326,379	117,284,558
2037	105,535,000	19,836,314	5,030,176	246,831	130,648,321	24,295,647	1,461,914	104,890,760
2038	83,780,000	15,758,576	5,090,553	186,171	104,815,300	8,312,685	874,079	95,628,536
2039	68,070,000	12,515,844	4,641,544	126,051	85,353,439	6,635,580	652,570	78,065,289
2040	71,060,000	9,530,582	3,344,526	70,208	84,005,316	6,328,676	457,352	77,219,288
2041	45,750,000	7,085,830	2,500,144	33,775	55,369,749	2,893,261	309,145	52,167,343
2042	47,665,000	5,173,540	824,975	5,156	53,668,671	2,095,000	229,665	51,344,006
2043	43,635,000	3,102,840	--	--	46,737,840	2,183,333	142,407	44,412,100
2044	31,605,000	1,360,350	--	--	32,965,350	1,007,500	72,858	31,884,992
2045	13,965,000	342,550	--	--	14,307,550	1,054,167	26,354	13,227,029
Totals: *	$ 3,726,645,000	$ 1,538,291,901	$ 290,779,134	$ 20,855,078	$ 5,576,571,113	$ 766,622,331	$ 188,984,991	$ 4,620,963,791

(1) *Excludes self-supporting revenue bonds and State revolving fund notes payable.*
(2) *Includes $290,779,134 State of Hawaii notes payable for various sewer projects, storm dewatering facility and storm water equipment.*
(3) *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, 2015 through 2019.

Table 11

GENERAL OBLIGATION INDEBTEDNESS
Fiscal Years 2015–2019

	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
2015	$2,315,209,167	$576,023,161	$2,891,232,328	$341,737	$2,891,574,065
2016	2,199,482,264	549,546,277	2,749,028,541	--	2,749,028,541
2017	2,285,896,974	535,796,241	2,821,693,215	--	2,821,693,215
2018	2,764,760,790	529,565,390	3,294,326,180	--	3,294,326,180
2019	3,050,672,765	526,114,472	3,576,787,237	--	3,576,787,237

(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.*

Other than the Series 2019E Bonds, 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 2019E Bonds and the Series 2020B 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 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. The City and County is authorized to issue General Obligation Commercial Paper Notes, Issue B 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. The commercial paper notes will have maturities of up to 270 days. The authorization to issue commercial paper notes expires on July 1, 2025..

Reimbursement to General Fund for Debt Service

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

Pension and Other Post-Employment Benefits Liability

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

Leases

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

The City and County has entered into various other capital and operating leases for lesser amounts expiring at various dates through 2052. The leases are financed from general resources. There are no capital lease expenditures for such leases for the fiscal year ended June 30, 2019, and future operating lease expenditures for such leases are projected to be minor amounts in the aggregate through 2052.

Revenue Indebtedness

As of March 31, 2020, the Board of Water Supply of the City and County had issued \$260,490,000 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 March 31, 2020, the outstanding amounts of senior and junior lien revenue bonds were \$1,931,715,000 and \$268,290,000, respectively. Such revenue bond obligations are limited obligations of the City and County, are excluded for purposes of determining the funded indebtedness of the City and County, and do not constitute a general or moral obligation or a pledge of the full faith and credit or taxing power of the City and County or the State.

The City and County has adopted a \$2.72 billion, five-year capital improvement program (fiscal year 2020 to fiscal year 2024) to upgrade its wastewater treatment plant and collection system facilities and anticipates issuing approximately \$1.6 billion of additional revenue bonds to finance a portion of the costs associated with the program. See also "LITIGATION" herein for a discussion of the consent decree pertaining to the wastewater system.

The City and County has issued and has outstanding private activity revenue bonds for housing purposes for which it served as conduit issuer.

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

H-Power Waste Disposal Facility

The H-Power waste disposal facility, a waste-to-energy facility, which produces electricity that is sold to Hawaiian Electric Company, Inc. has been in commercial operation since May 1990. 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 project included new air-pollution control equipment mandated by federal law, which became operational in April 2011. 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 proposes to issue its Series 2020E Bonds in the amount of $41,140,000 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 2,500 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. Modification to accept and process sewage sludge now keeps that sludge and associated bulky waste out of the landfill. In total, the H-Power facility reduces the volume of waste going to the landfill by an estimated 90%, and is a large component in reducing the need for a daily use landfill on the island.

The volume of waste received by the H-Power facility has declined during the COVID-19 pandemic, due to a stay at home orders and temporary closures of businesses. The Department of Environmental Services does not consider the temporary decrease to be material.

Honolulu Rail Transit Project

Rail Transit Project Overview and Funding. The City and County, through HART, is constructing a new 20-mile fixed guideway Rail Transit Project to provide rail service along Oahu's east-west corridor between East Kapolei and Ala Moana Shopping Center. Nearly 70% of Oahu's population lives within the area served by this corridor, and the population of this area is projected to continue to grow faster than the balance of Oahu.

Given the size and cost of the Rail Transit Project, HART is building the system in four (4) multi-year phases. The first two (2) phases of the Rail Transit Project cover eleven (11) miles from East Kapolei to Aloha Stadium. The third phase is five (5) miles from Aloha Stadium to Middle Street, and the fourth phase is just over four (4) miles from Middle Street to the Ala Moana Shopping Center.

Design and construction contracts are in place for fifteen (15) miles of the Rail Transit Project, from East Kapolei through Middle Street. Construction has been completed on the first two phases of the guideway and the Rail Operations Center, including maintenance and storage facilities. The Rail Operations Center was built on property currently owned by the State Department of Hawaiian Homes Lands pursuant to an interim seventy-five (75) year license to build, pending a complex land exchange for certain other property owned by the City and County, with such exchange being subject to a number of conditions. As of March 31, 2020, more than $5.3 billion worth of contracts had been awarded with $3.8 billion incurred for planning and design, site acquisition, vehicles, guideway and track construction. As of March 27, 2020, overall progress of the Rail Transit Project was 56.6% complete.

HART submitted a Recovery Plan to the U.S. Department of Transportation, Federal Transit Administration ("FTA") in September 2017 based upon an estimated project budget of $8.165 billion for the Rail Transit Project (excluding financing costs), and a full revenue service date of December 31, 2025. The FTA conducted a Rail Transit Project update ("Risk Refresh") in June 2018 that indicated there was a likelihood that the cost of construction of the Rail Transit Project as currently scoped will exceed its currently budgeted Rail Transit Project revenue by approximately $134 million (excluding financing costs), and take until September 2026 to complete. HART, with the concurrence of the City Council, revised and updated its Recovery Plan in November 2018 to reflect the cost estimate of $8.299 billion (excluding finance costs) stated in Final Risk Refresh Report. In May 2019, HART, with the approval of the City Council, further updated its Recovery Plan ("Revised Recovery Plan") pursuant to FTA instruction. In September 2019, the FTA approved the Revised Recovery Plan but has not yet provided the funding required under such plan. The following tables summarize the costs and sources of funds to complete construction of the Rail Transit Project:

Contract Summary Status	Total Estimate at Completion (millions)
Active Construction (includes allocated contingency)	$4,080
Unawarded Construction (includes allocated contingency)	$1,431
Staff and Consultants (includes allocated contingency)	$1,937
Completed Contracts	$ 628
Unallocated Contingency	$ 222
Total Capital Project (excludes finance costs)	**$8,299**

Source: Revised Recovery Plan, Figure 5-2 (numbers rounded)

Sources and Uses	Funding (millions)
SOURCES	
Beginning Cash Balance	$ 298
GET	$5,990
TAT	$1,182
Federal Grant	$1,550
City Subsidy	$ 214
All Other	$ 13
Total Funding Sources	*$9,248*
USES	
Capital Expenditures exclusive of Financing	**$8,299**
Financing Costs (Interest and Fees)	$ 840
Total Capital Expenditures including Financing Costs	*$9,139*
Ending Cash Balance	$ 109

Source: Revised Recovery Plan, Figure 6-3 (numbers may not match due to rounding)

As shown in the above schedule, the primary funding source for budgeted costs related to construction of the Rail Transit Project is identified as revenue generated by the 0.5% general excise and use tax surcharge implemented by the City and County on January 1, 2007, which is projected to total $5.990 billion from October 2009 through December 31, 2030 (the expiration of the surcharge as extended in 2017). The second major funding source is revenue generated from a dedicated 1.0% increase in the State transient accommodation tax implemented on January 1, 2018, which is expected to total $1.182 billion through December 2030. Local revenue projections for the project were originally conservative compared to the actual collections which were designed to try to minimize any unexpected drop in revenues.

As of March 31, 2020, the City and County had received $208 million from the general excise and use tax surcharge, net of administrative fees charged by the State and $49 million from transient accommodations tax for fiscal year 2020. In fiscal year 2019, the City and County had received approximately $250 million from the general excise and use tax surcharge and $75 million from the transient accommodations tax. As of March 31, 2020, the City and County had received a cumulative $2.7 billion from the general excise and use tax surcharge, net of administrative fees charged by the State and a cumulative $130.25 million from transient accommodations tax since these tax surcharges were authorized. Although the Governor's emergency proclamations suspending distribution of the counties' share of the transient accommodations tax during the pendency of the COVID-19 pandemic does not suspend distribution of the dedicated 1.0% surcharge to the State transient accommodation tax, the decline in tourism will significantly affect this revenue source. The City and County and HART do not have sufficient information to project the full impact of the stay-at-home order on general excise and use tax collections, but they estimate a significant decrease in collections from the general excise and use tax in fiscal years 2020 and 2021 as well as a near-zero collection of transient accommodation tax until the quarantine for travelers to Hawaii is ended. The full impact of the decline in tourism and the recovery path is not known at this point in time, and the City and County and HART have not determined the full extent of the shortfall in general excise and use tax and transient accommodations tax collections.

The third major funding source is the $1.550 billion grant from the FTA, under a full-funding grant agreement (the "FFGA") dated December 19, 2012. See "CITY AND COUNTY REVENUES – General Fund – Excise and Use Tax" for a discussion of the excise and use tax surcharge imposed by the City and County. The City and County and HART have drawn down $806.27 million obligated by the FTA under the FFGA. The United States Congress has appropriated the remaining $743.73 million, but the FTA has not yet obligated this amount.

Pending receipt of revenues from general excise and use tax surcharge, the City and County, not HART, has issued bonds to provide interim financing of a portion of the capital improvement costs of the Rail Transit Project. 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. However, the City and County and HART have 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 general excise and use tax surcharge and the transit accommodation tax. Only obligations incurred as part of the "City Subsidy" described below will not be reimbursed.

The City and County issued its $209,950,000 General Obligation Bonds, Series 2019A Bonds (Honolulu Rail Transit Project) and $175,545,000 General Obligation Bonds, Series 2019E Bonds (Honolulu Rail Transit Project), to fund the portion of the Rail Transit Project anticipated to be funded by the surcharge on the excise and use tax and the transient accommodation tax. 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 excise and use tax and the transient accommodation tax. HART is reimbursing the City and County for all costs, interest, principal, and debt service for the Series 2019A Bonds, the Series 2019E Bonds and Series 2020B Bonds.

On September 5, 2019, the FTA approved HART's Recovery Plan reflecting a project cost estimate of $8.299 billion. The revised Recovery Plan provides for a City Subsidy in the total amount of $214 million ("City Subsidy"). The City and County has issued its Series 2019B Bonds in the principal amount of $40,075,000 to provide the first installment of the City Subsidy in the Revised Recovery Plan. The City and County has issued 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. The City and County has contributed $69 million of the $214 million City Subsidy to date. The City and County also approved Ordinance No. 18-39, that limits the total amount of City revenues that may be appropriated and expended for the costs identified as the City Subsidy in the Revised Recovery Plan to an aggregate total of $214 million and $26 million in any fiscal year after fiscal year 2020.

Public Private Partnership. On September 28, 2018, HART and City and County's Department of Transportation Services ("DTS") entered into a cooperative purchase agreement to jointly procure a design-build-finance-operate-maintain (DBFOM) delivery method that is currently planned to include the construction of the final four (4) miles of the Rail Transit Project, the construction of the Pearl Highlands Garage and Transit Center, and the operations and maintenance of the Rail Transit Project for a thirty (30) year term. HART and DTS issued Part 1 of the Request for Proposals for the P3 DBFOM contract in September 2018. HART and DTS are currently conducting Part 2 of the Request for Proposals solicitation process. Award of the P3 contract is expected to occur in the third calendar quarter of 2020, with the financial closing expected to occur in the first calendar quarter of 2021.

Fiscal Controls. On January 30, 2020, the HART Board of Directors accepted an Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters prepared by KMH LLP, dated January 7, 2020. The Internal Control Report cited three material weaknesses and a significant deficiency.

First, HART reports on a cash basis throughout the fiscal year and only prepared accrual basis financial statements for its annual report for year-end closing at June 30 2019. Second, account reconciliations and supporting schedules needed to be prepared for year-end closing process are not ready and available for management review to ensure accuracy and validity of the financial information provided. Consequently, the preparation of the trial balance for audit is delayed. There were several follow-up requests regarding clarification of the information contained in the supporting schedules, further delaying the closing process. Third, HART's management did not appropriately account for an obligating event which was related to a liability for environmental remediation due to a lack of understanding with the accrual requirement stated in the GASB 49. Also, the Internal Control Report notes as a significant deficiency the failure to document change orders to contracts.

HART concurred with all these findings and is currently working to build up the internal control functions and working to fill positions in the fiscal section to streamline the financial closing process. Through additional staffing, HART will take steps to ensure accounting guidance in GASB 49 is being addressed. HART is working to implement an internal audit process to resolve issues related to documentation for change order procedures.

As a condition of extending the general excise and use tax surcharge, the State Legislature requested the State Legislative Auditor to conduct an audit of HART's finances and financial management for the fiscal year ended June 30, 2018. The State Auditor released a total of four reports in 2019. The reports: (i) criticized HART for awarding contracts prematurely and inaccurately reporting project costs and completion schedule, and (ii) criticized HART's use of third party consultants rather than City employees to manage and control the project. HART's Board is implementing internal policies and procedures to address these concerns. No further audits are expected in the near future.

On January 17, 2019, the City Auditor issued an audit report stating that HART violated state procurement requirements by making after-the-fact payment to contractors for work done without proper notice to proceed, and criticizing change orders and contract amendments made without proper documentation in fiscal years ended prior to June 30, 2018. Management has strengthened its oversight procedures and approval processes for change orders and contract amendment based on the auditor's recommendations.

Future Operations and Maintenance Costs. In the November 2016 election, voters approved a Charter amendment to transfer operating and maintenance responsibilities for the Rail Transit Project from HART to DTS. Operation of the rail system will be paid from passenger fares and subsidized by the City and County. The amount, sources of funding, and time period for subsidization by the City and County have not been determined at this time. DTS and HART are discussing the impact of this transfer of responsibilities and expect to finalize an operational and maintenance plan prior to the interim revenue service date of March 2021. The Revised Recovery Plan estimated that the cost to operate the Rail Transit Project for the fiscal year ending June 30, 2021, when interim passenger service is scheduled to commence, will be approximately $39 million. The Revised Recovery Plan estimated that the cost to operate the Rail Transit Project for the fiscal year ending June 30, 2026, when the system is scheduled to be fully operational will be approximately $127 million, which will be only partially offset by fare box revenues projected in the amount of approximately $40 million. Although the projections are estimates that may change, neither HART nor the City and County has revised these estimates to date. HART and Hitachi Rail Honolulu Joint Venture, the contractor responsible to provide, operate and maintain the rail passenger vehicles, are presently negotiating contract amendments that may impact these estimates. In fiscal year 2019, the City and County provided an annual operating subsidy of approximately $200 million for the City's bus and Handi-Van (accessible) public transportation system.

Bondholder Risks. Cost estimates for construction of the remaining phases of the guideway and all twenty-one (21) stations continue to have budgetary risks. Risks associated with the project fall into four categories: (i) cost increases due to delay, materials, changed scope and site acquisition; (ii) capital costs above projections; (iii) a shortfall of the general excise and use tax surcharge and transient accommodation tax revenues; and (iv) a failure by the FTA to obligate the remaining grant amount and/or a request for reimbursement of amounts drawn under the FFGA. It is not possible to predict at this time whether or to what extent additional cost increases may occur or the timing of the FTA's review, or what financial impact any such cost increases or delays may have on the Rail Transit Project, HART, or the City and County, 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. As described under "COVID-19 EMERGENCY" above, the suspension of normal business activity and imposition of a 14 day quarantine for incoming visitors has resulted in a significant decline in tourism in particular and business activity in general, and a decline in the general excise and use tax and transient accommodations tax revenues dedicated to fund the Rail Transit Project. The City and County has not predicted the full extent of this revenue shortfall or identified a source of replacement revenue.

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.

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, 2016 through 2020 are shown in the table below.

Table 12

EXPENDITURES FOR CAPITAL IMPROVEMENTS
Fiscal Years 2016–2020
(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
2016 (3)	609.2	280.8	143.5	0.0	424.3	47.7	137.2	184.9	30.4%
2017 (3)	929.4	381.7	365.4	0.0	747.1	50.7	134.5	182.3	19.6%
2018 (4)	1,075.8	349.1	494.3	0.0	843.4	62.6	169.8	232.4	21.6%
2019 (4)	1,019.6	516.3	204.2	0.0	720.5	46.5	252.6	299.1	29.3%
2020 (4)	1,159.9	644.9	253.7	0.0	898.6	68.5	192.8	261.3	22.5%

(1) *Inclusive of encumbrances.*
(2) *Funds from current revenues and surplus.*
(3) *Adjusted for lapses until March 31, 2020.*
(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 $46 million for the period ended June 30, 2019, representing an investment yield of 2.03%. As of June 30, 2019, the City and County's portfolio of cash, U.S. government securities and certificates of deposit totaled $2.74 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 fund balance was $121 million as of June 30, 2019. The City and County has appropriated $7 million for the fund in fiscal year 2020. The City and County has not made any withdrawal, and does not intend to make any withdrawal from the Reserve for Fiscal Stability Fund in fiscal year 2020.

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 acquire real estate or any interest in real estate for: land conservation to protect 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 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 a minimum of 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.

Bus 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 "Public Transit System") are deposited. City ordinances authorize the City to contract with a private, nonprofit corporation to operate and maintain the Public Transit System. The City has contracted with Oahu Transit Services, Inc. ("OTS") to serve as transit management services contractor. The City owns all of the assets and equipment of the Public Transit System, but OTS operates and maintains the buses and Handi-Vans comprising the Public Transit System and employs nearly 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 2019, the City collected fare revenues comprising approximately 21.5% of the Public Transit System's $267 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 March 31, 2019 and June 30, 2025. Pursuant to the Public Transit System management contract, the City reimburses OTS for employee pension contributions paid during the fiscal year, subject to approval through the City's annual budgeting process. Non-bargaining unit employees are covered under a noncontributory, single-employer defined benefit pension plan. City contributions to this plan were $5.1 million in fiscal year 2019. 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 2018 plan year beginning January 1, 2018 was projected to be 92%. City contributions to this plan were $19.1 million in fiscal year 2019. 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 2019.

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, 2019, as audited by the firm of Accuity LLP, may be found at the City and County's website at http://www.honolulu.gov/budget/ budget-cafr.html, or may be obtained from the City and County by request to the attention of the Director of Budget and Fiscal Services, City and County of Honolulu, 530 South King Street, Honolulu, Hawaii 96813. Accuity LLP has not reviewed this Official Statement and has no responsibility with respect to this Official Statement. Information on the City and County's website other than the basic financial statements is not part of this Official Statement.

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

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

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, 2014 through 2019, and has been summarized from the Director's Annual Financial Reports for the related fiscal years.

Table 13

CITY AND COUNTY OF HONOLULU
GENERAL FUND
BALANCE SHEET
For Fiscal Years Ended June 30, 2015 through June 30, 2019
(In thousand dollars)

	FY Ended June 30, 2015	FY Ended June 30, 2016	FY Ended June 30, 2017	FY Ended June 30, 2018	FY Ended June 30, 2019
ASSETS:					
Cash and securities	$256,132	$226,590	$124,601	$229,492	$284,622
Receivables:					
Real property taxes	13,385	12,729	15,330	11,598	11,444
Other	16,886	14,192	16,371	17,022	22,177
Due from other funds	19,276	20,967	132,327	71,185	57,230
Total Assets	$305,679	$274,478	$288,629	$329,297	$375,473
LIABILITY AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 28,182	$ 34,995	$ 39,354	$ 35,334	$ 42,683
Due to other funds	12	106	1	1	--
Accrued payroll and fringes	21,938	23,346	24,369	24,445	25,738
Deferred revenues	11,241	10,885	10,825	15,432	13,065
Total Liabilities	$ 61,373	$ 69,332	$ 74,549	$ 75,212	$ 81,486
Fund Balances:					
Reserved for encumbrances	$ 74,282	$ 65,124	$ 74,155	$ 81,709	77,711
Unreserved-undesignated	170,024	140,022	139,925	172,376	216,276
Total Fund Balances	244,306	205,146	214,080	254,085	293,987
Total Liabilities and Fund Balances	$305,679	$274,478	$288,629	$329,297	$375,473

Table 14

CITY AND COUNTY OF HONOLULU
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For Fiscal Years Ended June 30, 2015 through June 30, 2019
(In thousand dollars)

	FY Ended June 30, 2015	FY Ended June 30, 2016	FY Ended June 30, 2017	FY Ended June 30, 2018	FY Ended June 30, 2019
REVENUES:					
Real property tax [1]	$ 993,433	$1,054,429	$1,131,298	$1,206,241	$1,310,999
Licenses and permits	43,432	43,559	44,641	43,461	48,014
Intergovernmental revenues[2]	45,521	45,413	45,429	45,494	45,676
Charges for services	8,257	7,463	7,263	8,280	8,011
Fines and forfeits	806	878	840	762	1,111
Miscellaneous	48,837	51,702	55,463	62,022	77,341
Total Revenues	$1,140,286	$1,203,444	$1,284,934	$1,366,260	$1,491,152
EXPENDITURES:					
Current:					
General government	$ 135,007	$ 137,729	$ 149,797	$ 152,434	$158,321
Public safety	365,200	380,881	409,075	421,922	437,244
Highways and streets	2,588	4,515	7,547	10,167	11,269
Sanitation	3,822	3,475	1,012	154	240
Health and human resources	5,083	8,390	8,857	9,277	10,203
Culture and recreation	62,014	67,939	67,908	72,738	77,556
Utilities or other enterprises	--	--	75	7	945
Miscellaneous	246,646	271,138	289,397	319,996	362,079
Capital outlay	3,973	4,900	8,494	3,911	3,837
Debt service:					
Principal retirement	864	521	--	--	--
Interest charges	58	26	--	--	--
Total Expenditures	$ 825,255	$ 879,514	$ 942,162	$ 990,606	$1,061,694
Excess of Revenues over Expenditures	$ 315,031	$ 323,930	$ 342,772	$ 375,654	$ 429,458
OTHER FINANCING SOURCES (USES):					
Capital Leases	$ --	$ --	$ --	$ --	$ --
Sales of general fixed assets	21	345	5	--	10
Operating transfer-in	121,601	145,455	151,816	158,907	177,442
Operating transfer-out	(432,795)	(508,890)	(485,659)	(494,556)	(567,008)
Total Other Financing Sources (Uses)	$(311,173)	$(363,090)	$(333,838)	$(335,649)	$(389,556)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	$ 3,858	$ (39,160)	$ 8,934	$ 40,005	$ 39,902
Fund Balance--July 1	240,448	244,306	205,146	214,080	254,085
Fund Balance--June 30	$ 244,306	$ 205,146	$ 214,080	$ 254,085	$293,987

(1) *Includes public service company taxes collected in lieu of real property taxes. See "CITY AND COUNTY REVENUES – General Fund – Public Service Company Tax" herein.*

(2) *Beginning in Fiscal Year 2012, all monies collected for the county surcharge on state excise and use tax are recorded as general revenues of HART rather than as general revenues of the City and County.*

Table 15
CITY AND COUNTY OF HONOLULU
GOVERNMENTAL FUNDS – STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For Fiscal Year Ended June 30, 2019 with Comparative Totals For Fiscal Year Ended June 30, 2018 (In thousand dollars)

	Governmental Funds				Totals (Memorandum Only)	
Revenues:	General Fund [1]	Highway Fund	G.O. Bond & Interest Redemption Fund	Other Governmental Funds	2019	2018
Taxes	$ 1,310,999	$ 98,187	--	$ 18,981	$ 1,428,167	$ 1,317,905
Special assessments	--	--	--	3	3	1
Licenses and permits	48,014	179,010	--	6,528	233,552	202,456
Intergovernmental	45,676	--	--	151,237	196,913	193,864
Charges for services	8,011	5,312	--	23,664	36,987	36,117
Fines and forfeitures	1,111	36	--	240	1,387	968
Miscellaneous:						
Reimbursements and recoveries	50,425	3,065	9,737	--	63,227	57,646
Interest	21,479	--	683	1,760	23,922	10,247
Other - primarily rents, concessions, trust receipts	7,596	2,995	--	19,193	29,784	29,783
Total revenues	$ 1,493,311	$ 288,605	$ 10,420	$ 221,606	$ 2,013,942	$ 1,848,987
Expenditures:						
Current:						
General government	$ 158,378	$ 21,268	--	$ 13,109	$ 192,755	$ 187,390
Public safety	437,244	32,612	--	17,704	487,560	467,036
Highways and streets	11,269	21,896	--	10,633	43,798	32,723
Sanitation	240	--	--	--	240	236
Health and human resources	17,092	--	--	86,677	103,769	114,340
Culture-Recreation	77,556	--	--	29,841	107,397	101,718
Utilities or other enterprises	945	3,374	--	79,180	83,499	32,919
Miscellaneous:						
Retirement and health benefits	334,133	39,480	--	15,535	389,148	335,263
Other	27,946	2,329	--	605	30,880	35,430
Capital outlay	3,837	150	--	229,893	233,880	236,770
Debt service:						
Principal retirement	--	--	192,798	--	192,798	162,764
Interest charges	--	--	116,728	--	116,728	99,446
Bond issuance costs	--	--	1,820	--	1,820	1,785
Total expenditures	$ 1,068,640	$ 121,109	$ 311,346	$ 483,177	$ 1,984,272	$ 1,807,820
Revenues over (under) Expenditures	$ 424,671	$ 167,496	$ (300,926)	$ (261,571)	$ 29,670	$ 41,167
Other financing sources (uses):						
Proceeds of tax-exempt commercial paper	--	--	$ 50,000	$ 44,000	$ 94,000	$ 120,000
Proceeds of general obligation bonds	--	--	126,785	277,871	404,656	565,321
Proceeds of refunding bonds	--	--	124,054	--	124,054	166,521
Bond Premium/(Discount)	--	--	24,539	35,134	59,673	64,546
Bond Premium/(Discount) on Refunding Bonds	--	--	20,453	--	20,453	--
Refunding of bonds and commercial paper	--	--	(144,000)	--	(144,000)	(232,819)
Sales of fixed assets	10	645	--	--	655	493
Operating transfers in	192,756	--	247,038	19,551	459,345	423,502
Operating transfers out	(567,008)	(154,084)	--	(12,323)	(733,415)	(666,371)
Total Other Financing Sources (Uses)	$ (374,242)	(153,439)	448,869	364,233	$ 285,421	$ 441,193
Revenues and Other Sources over (under) Expenditures and Other Uses	50,429	14,057	147,943	102,662	315,091	482,360
Fund Balances – July 1 as previously stated/restated	375,220	28,096	492,641	117,078	1,013,035	530,675
Fund Balances – June 30	$ 425,649	$ 42,153	$ 640,584	$ 219,740	$ 1,328,126	$ 1,013,035

(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 16

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, 2015 through June 30, 2019
(In thousand dollars)

	FY Ended June 30, 2015	FY Ended June 30, 2016	As Restated FY Ended June 30, 2017	FY Ended June 30, 2018	FY Ended June 30, 2019
REVENUES:					
Taxes	$1,109,836	$1,162,021	$1,233,030	$1,317,905	$1,428,167
Special assessments	5	4	3	1	3
Licenses and permits	177,867	181,696	183,126	202,456	233,552
Intergovernmental revenues	189,868	206,181	196,166	193,864	196,913
Charges for services	34,066	32,998	34,232	36,117	36,987
Fines and forfeitures	973	970	920	968	1,387
Miscellaneous [(1)]	74,743	73,636	83,335	97,676	116,933
Total Revenues	$1,587,358	$1,657,506	$1,730,812	$1,848,987	$2,013,942
EXPENDITURES:					
Current:					
General government	$ 166,414	$ 170,516	$ 180,019	$ 187,390	$ 192,755
Public safety	410,702	426,883	456,401	467,036	487,560
Highways and streets	26,193	28,376	33,774	32,723	43,798
Sanitation	3,822	3,685	1,015	236	240
Health and human resources	90,973	97,293	98,392	114,340	103,769
Culture-Recreation	88,415	94,610	94,737	101,718	107,397
Utilities or other enterprises	58,420	62,775	43,282	32,919	83,499
Miscellaneous	284,343	310,913	334,352	370,693	420,028
Capital outlay	157,512	218,948	273,847	236,770	233,880
Debt service:					
Principal retirement	97,055	116,249	175,468	162,764	192,798
Interest charges	88,106	99,244	96,193	99,446	116,728
Bond issuance costs	2,052	--	687	1,785	1,820
Total Expenditures	1,474,007	1,629,492	1,788,167	1,807,820	$1,984,272
Revenues over (under) Expenditures	$ 113,351	$ 28,014	$ (57,355)	$ 41,167	$ 29,670
OTHER FINANCING SOURCES (USES):					
Proceeds of general obligation bonds	$ 280,845	$ --	$ 134,925	$ 565,321	$ 404,656
Proceeds of tax-exempt commercial paper	100,000	--	130,000	120,000	94,000
Proceeds of refunding bonds	517,146	--	87,090	166,521	124,054
Payment of refunded bonds/commercial paper	(546,799)	--	--	--	--
Bond premium/(discount)	125,697	--	34,233	64,546	59,673
Bond Premium on Refunding Bonds/(Discount)	--	--	--	--	20,453
Refunding of bonds and commercial paper	--	--	(94,592)	(232,819)	(144,000)
Loss on refunding bonds	(44,822)	--	(10,963)	--	--
Sales of fixed assets	316	972	780	493	655
Operating transfers-in	338,450	415,385	400,233	423,502	459,345
Operating transfers-out	(568,389)	(661,117)	(633,559)	(666,371)	(733,415)
Total Other Financing Sources (Uses)	$202,444	$(244,760)	$ 48,147	$ 441,193	285,421
Net change in fund balances	$315,795	$(216,746)	$ (9,208)	$ 482,360	$ 315,091
Fund Balances—July 1	$ 440,834	$ 756,629	$ 539,883	$ 530,675	$1,013,035
Fund Balances—June 30	$ 756,629	$ 539,883	$ 530,675	$1,013,035	$1,328,126

[(1)] *As of June 30, 2017, the advances and repayments from component units reported as other financing sources (uses) have been restated as balance sheet transactions which resulted as an adjustment to the 2017 net position.*

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 14 recognized bargaining units ("BU"s) 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 14 (ocean safety and water safety officers). The City and County employed 10,995 individuals in the first quarter of 2020.

Each bargaining unit designates an employee organization as the exclusive representative of all employees of the unit, which organization negotiates with the public employer. The State and the counties are required to bargain collectively with the bargaining units. Decisions by the employer representatives are determined by simple majority vote. For matters concerning BUs 01, 02, 03, 04, 10, 13 and 14, 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, if final and binding arbitration is not agreed upon, it 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 for wages and health benefits for the period from July 1, 2017 to June 30, 2019 (June 30, 2021 with respect to certain bargaining units) and negotiations for the period beginning July 1, 2019 is as follows:

BU 01 (blue-collar workers): An agreement was ratified by the United Public Workers ("UPW") on August 14, 2017, covering the four-year period from July 1, 2017, through June 30, 2021. The last two years of the agreement provided for across the board wage adjustments of 2% on July 1, 2019, and 2% on July 1, 2020. Pursuant to a "reopener" provision in the agreement, the parties conducted further negotiations in April 2019 and reached an agreement that provides for an across the board wage adjustment of 1.2% on January 1, 2020, and 1.2% on January 1, 2021. The "reopener" agreement was ratified by UPW on April 25, 2019. On June 5, 2019, the City Council approved appropriations for these wage adjustments.

BU 02 (blue-collar supervisors): The current contract expired June 30, 2019. An agreement for a new contract was ratified by the Hawaii Government Employees Association ("HGEA") on October 24, 2019, providing for a $2,000 lump sum payment for all employees on July 1, 2019; across-the-board increases and/or step adjustments of 5.29% on July 1, 2020; and an across-the-board increase of 1.20% on January 1, 2021. The agreement also provides for adjustments to uniform allowances, and meal allowances. The agreement is subject to funding by the State legislature and county councils, and approval of the Governor and county mayors.

BU 03 (white-collar workers): The current contract expired June 30, 2019. An agreement for a new contract was ratified by HGEA on January 8, 2020, providing for a $2,800 lump sum payment for all employees on July 1, 2019; various across-the-board increases, step adjustments, and lump sum payments on July 1, 2020; and an across-the-board increase of 3.46% on January 1, 2021. The agreement also provides for adjustments to standby pay. The agreement is subject to funding by the State legislature and county councils, and approval of the Governor and county mayors.

BU 04 (white-collar supervisors): The current contract expired June 30, 2019. An agreement for a new contract was ratified by HGEA on March 3, 2020, providing a 5.98% lump sum payment for all employees July 1, 2019. The agreement also provides for the elimination of the lowest step on the salary schedule and an across-the-board increase of 3.60% July 1, 2020. On January 1, 2021, an across-the-board increase of 3.74% is provided. The agreement also provides for adjustments to standby pay and time off for certain instances of overtime worked. The agreement is subject to funding by the State legislature and county councils, and approval of the Governor and county mayors.

BU 10 (institutional health and correctional workers): An agreement was ratified by the UPW covering the four-year period from July 1, 2017, through June 30, 2021. The contract provided for across the board wage adjustments of 2.0% on July 1, 2019, and 2.0% on July 1, 2020. Pursuant to a "reopener" provision in the agreement, the parties conducted further negotiations in April of 2019 and reached an agreement that provides for across the board wage adjustment of 0.74% on January 1, 2020, and 1.07% on January 1, 2021. The "reopener" agreement was ratified by UPW on April 25, 2019. On June 5, 2019, the City Council approved appropriations for these wage adjustments.

BU 11 (firefighters): An arbitration award was issued April 8, 2019, covering the two- year period from July 1, 2019, through June 30, 2021. The award provides for across the board wage adjustments of 2% on July 1, 2019, and 2% on July 1, 2020. The award also provides for the continuation of step movement adjustments for eligible employees, a new intergovernmental movement catch-up step movement program, and a lump sum bonus ranging from $1,800 to $2,500 payable on July 1, 2019 and July 1, 2020.

BU 12 (police officers): An arbitration award was issued November 7, 2017 covering the four-year period from July 1, 2017, through June 30, 2021. The award provides for across the board wage adjustments of 2% on July 1, 2019, and 2% on July 1, 2020. The award also provides for continuation of step movement adjustments for eligible employees, a $500 increase to firearm maintenance allowance, and lump sum bonuses ranging from $1,800 to $2,500 payable on July 1, 2019, and July 1, 2020.

BU 13 (professional and scientific employees): The current contract expired on June 30, 2019. An agreement for a new contract was ratified by HGEA on October 11, 2019, providing for across-the-board increases of 2.15% on July 1, 2019 and 2.03% on July 1, 2020, step movements for eligible employees, and a $750 lump sum payment each year for employees not eligible for step movements during the contract. The agreement also provides for adjustments to standby pay, uniform allowances, and meal allowances. The agreement is subject to funding by the State legislature and county councils, and approval of the Governor and county mayors.

BU 14 (ocean safety and water safety officers): An arbitration award was issued on April 15, 2020, for the two-year period from July 1, 2019 through June 30, 2021. The award provides for across-the-board wage adjustments of 4.5% on July 1, 2019 and 4.5% on July 1, 2020. The agreement is subject to funding by the State legislature and county councils, and approval of the Governor and county mayors.

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.

The COVID-19 pandemic has also had a negative impact on the national and international economy and has thrown U.S. and international financial markets into a downturn that could lead to a global recession. The impact of coronavirus on the financial markets may have a material adverse effect on the assets of ERS and EUTF. It is possible that a reduction in the value of these assets would have the effect of requiring an increase to the State's actuarially recommended contributions to these employee benefit plans in future years.

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 ending 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, 2018 and July 1, 2019:

Table 17

City and County of Honolulu
Retiree Health Care Plan Membership

Category	July 1, 2018	July 1, 2019
Retirees	7,370	7,484
Deferred Inactives	911	904
Actives	8,576	8,585

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, 2019 ("2019 Valuation Report"), the Trust Fund's actuarial consultant calculated the Annual Required Contributions for the fiscal years ending June 30, 2021 and 2022 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 $2.491 billion, and its unfunded actuarial accrued liability was estimated to be $1.897 billion, with a funded ratio of 23.8%. The actuarial calculations for the City and County assumed full prefunding of its obligation and a discount rate of 7%.

The City and County reported a net OPEB unfunded actuarial accrued liability of $1.897 billion as of July 1, 2019, compared with $1.893 billion as of July 1, 2018. 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 $190.106 million for fiscal year 2021 and $197.569 million for fiscal year 2022 with full prefunding, compared to $183.677 million for fiscal year 2020. The City and County's annual OPEB ARC was $177.331 million for fiscal year 2019 and $166.876 million for fiscal year 2018.

The City and County's net OPEB unfunded actuarial accrued liability for fiscal year 2019 was allocated among various funds as follows:

Fund	Amount
General Fund	$1,688,620,000
Sewer Fund	115,348,000
Transportation Fund	4,160,000
Refuse	76,205,000
H-Power	567,000
Recycling	6,051,000
Total:	$1,890,951,000

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 2015–2019, the City and County transferred the following respective amounts to the Trust Fund for this purpose: $47.1 million, $30.8 million, $48.8 million, $63.1 million and $83.7 million.

Act 268, Session Laws of Hawaii 2013, requires the Hawaii Employer-Union Health Benefits Trust Fund ("EUTF") 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 Annual Required Contribution ("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 following table shows the City and County's ARC, actual contributions and, for fiscal years 2012 to 2019, the contribution requirements of Act 268. Through fiscal year 2018 the City and County has exceeded the percentage of ARC requirement.

Table 18

City and County of Honolulu: History of OPEB Contributions
(Dollars in Thousands)

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]
2012	$153,979	$63,077	$40,000	$103,077	67%	0%	NA
2013	140,695	68,101	38,500	106,601	76	0	NA
2014	144,624	65,511	41,540	107,051	74	0	NA
2015	147,058	64,683	47,123	111,806	76	20	$15,708
2016	152,205	69,470	30,845	100,315	66	40	30,845
2017	161,233	79,905	48,797	128,702	80	60	48,797
2018	166,876	87,989	63,110	151,009	91	80	63,110
2019	177,331	93,600	83,731	177,331	100	100	83,731

[1] The Act 268 minimum contributions are based on the required statutory percentages applied to the difference between the ARC and projected pay-as-you-go amounts of $68.518 million for FY 2015 and $75.092 million for FY 2016, rather than the actual pay-as-you-go amounts for retirees.

The following table sets forth the OPEB funding progress for the City and County since FY 2009:

Table 19

City and County of Honolulu: OPEB Funding Progress
(Dollars in Thousands)

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, 2009	$ 40,110	$1,924,859	$1,884,749	2.1%	$556,742	338.5%
July 1, 2011	40,177	1,776,061	1,735,884	2.3	548,355	316.6
July 1, 2013	123,406	1,795,635	1,672,229	6.9	551,642	303.1
July 1, 2015	242,593	2,009,083	1,766,490	12.1	613,054	288.1
July 1, 2017	372,671	2,241,999	1,869,328	16.6	647,203	288.8
July 1, 2018	464,588	2,357,481	1,892,893	19.7	659,664	286.9
July 1, 2019	594,033	2,491,272	1,897,239	23.8	691,143	274.5

The OPEB ARC, actuarial accrued liability, and unfunded actuarial accrued liability are provided by the Trust Fund's actuary, measured in the 2019 Valuation Report. Significant actuarial methods and assumptions utilized in the 2019 Valuation Report are as follows:

Amortization method	Level percentage, closed
Equivalent single amortization period	17.2 years
Asset valuation method	Smoothed
Actuarial assumptions	
Inflation rate	2.50%

Investment rate of return	7.00%
Projected salary increase	3.50%
Healthcare inflation rates	
PPO	8.00% initial, declining to 4.86% after 12 years
HMO	8.00% initial, declining to 4.86% after 12 years
Dental	5.00% for the first 2 years; then 4.00% for all future years
Vision	0.00% for the first 2 years; then 2.50% for all future years
Medicare Part B	5.00% initial, declining to 4.70% after 11 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 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, 2019, 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 2018 actuarial valuation report (the "2018 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, 2019, the City and County reported a liability of $2.424 billion for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018 was $13.405 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, 2018, the City and County's proportion was 18.20%, which was an increase of 0.38% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the City and County recognized pension expense of $346 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 2017-2020 are set forth in Table 23 below. Contributions to the System from the City and County, excluding its component units, for June 30, 2019, 2018, and 2017 were $176.46 million, $157.686 million and $139.569 million, respectively.

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

Table 20

SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS

Fiscal Year (June 30)	Statutorily Required Contribution	Actual Contributions Recognized by the Plan	Contribution Deficiency (Excess)	City and County's Covered Payroll	Contributions as a % of Covered Payroll
2013	$ 93,503	$ 87,840	$ (5,663)	$509,130	17.25%
2014	102,885	87,979	(14,906)	536,304	16.40
2015	121,465	132,308	10,843	578,043	22.89
2016	135,217	129,245	(5,972)	599,494	21.56
2017	140,342	139,569	(773)	626,639	22.27
2018	152,657	157,686	5,029	640,203	24.63
2019	176,114	176,416	302	666,311	26.48

The following table presents the sensitivity of the City and County's proportionate share of the net pension liability, recorded at June 30, 2018, 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 21

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City and County's share of net pension liability ($000)	$3,201,299	$2,424,496	$1,784,201

The total pension liability in the 2018 Valuation Report was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The same rates were applied to all periods. There were no changes to ad hoc postemployment benefits including COLA. Post-retirement mortality rates were based on either the Client Specific Tables, for general employees, or the 1994 US Group Annuity Mortality Static Table, for police and firefighters. Pre-retirement mortality rates were based on the RP-2000 Mortality Tables.

The actuarial assumptions used in the 2018 Valuation Report were based on the results of an actuarial experience study for the five-year period ending June 30, 2015. ERS updates the experience study every five years.

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, 2018, 2017, and 2016 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.

Hawaii Employees' Retirement System

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 2019 Valuation Report, presenting the actuarial condition of the ERS as of June 30, 2019.

The demographic data for each annual June 30 valuation is collected as of the March 31 preceding the valuation date. As of March 31, 2019, the contributory plan covered 681 active employees or 1.0% of all active members of the System, the noncontributory plan covered approximately 11,967 active employees or 18.0%, and the Hybrid Plan covered 48,878 active members or 73.6%. 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, 2019, the System's membership comprised approximately 66,383 active employees, 9,321 inactive vested members and 49,885 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, 2017, 2018 and 2019:

Table 22

SYSTEM MEMBERSHIP

Category	March 31, 2017	March 31, 2018	March 31, 2019
Active	65,911	66,271	66,383
Inactive, vested	9,241	9,249	9,321
Retirees and beneficiaries	46,927	48,569	49,885
Total	**122,079**	**124,089**	**125,589**

Funded Status

The statutory employee and employer contribution rates are intended to provide for the normal cost plus the amortization of the UAAL over a period not in excess of 30 years. Based on the current contribution rates of 31.00% for police and fire employees and 19.00% for all other employees, the future contribution rates established in statute (See "—Funding Policy" below), and the new benefit tier for employees hired after June 30, 2012, the actuary has determined that, as of the 2019 Valuation Report, the remaining amortization period is 26 years.

Based on the 2019 Valuation Report, the System's Unfunded Actuarial Accrued Liability ("UAAL") increased to $14,074.3 million, compared to $13,404.7 million for 2018. The financial market performed below the projected rate in fiscal year 2018 resulting in a return of 5.7% on the market value of assets for fiscal year 2018, compared to 7.9% in fiscal year 2017. The funded ratio was 55.2% in fiscal year 2019 based on smoothed assets and is the same funded ratio as the in the previous valuation. Based on the assumptions used in preparing the 2019 Valuation Report and the future contribution rates established by the Legislature effective July 1, 2017, the actuary determined that, as of the 2019 Valuation Report, the remaining amortization period increased to 26 years from 25 years as of June 30, 2018. Thus, the current contribution rate are sufficient to eliminate UAAL over a period of 30 years or less as mandated by Hawaii Revised Statutes Section 88-122(e)(1).

Funding Policy

Act 17, SLH 2017, which became effective July 1, 2017, established the employer contribution rates set forth below. These contributions rates were increased to bring the System's funding period within 30 years:

Employer Contribution effective starting	**Police Officers and Firefighters (% of total payroll)**	**Other Employees (% of total payroll)**
July 1, 2017	28.0	18.0
July 1, 2018	31.0	19.0
July 1, 2019	36.0	22.0
July 1, 2020	41.0	24.0

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

Actuarial Methods

The System's actuary uses the individual entry age normal cost method. The most recent valuation was performed for the fiscal year beginning July 1, 2019 and ending June 30, 2020.

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, 2019 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.

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, 2020 was 14.13% of payroll, which was 15.72% of payroll less than the total contributions required by law (23.61% from employers plus 6.24% in the aggregate from employees). Since only 7.89% of the employers' 23.61% contribution is required to meet the normal cost (6.24% comes from the employee contribution), it is intended that the remaining 15.72% of payroll will be used to amortize any unfunded actuarial accrued liabilities over a period of years in the future, assuming that pay for new entrants increases by 3.50% per year. Due to the changes enacted in 2011 (increases in the employer contribution rates and new benefits and contribution rates for members hired after June 30, 2012), the percentage of payroll available to amortize the unfunded actuarial liabilities is expected to increase each year for the foreseeable future.

Actuarial Valuation

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

The System's actuary uses certain assumptions (including rates of salary increase, probabilities of retirement, termination, death and disability, and an investment yield rate assumption) to determine the amount that an employer must contribute in a given year to provide sufficient funds to the System to pay benefits when due. The Board of Trustees periodically evaluates and revises the assumptions used by the System for actuarial valuations, including by commissioning experience studies to evaluate the actuarial assumptions to be used by the System. The current assumptions were adopted by the Board of Trustees based on the recommendations of the System's actuary in the most recent experience study dated July 30, 2019, and are reflected in the 2019 Valuation Report.

The actual investment returns of the System for fiscal years 2010 through 2019 shown below are market returns, net of investment and administrative expenses.

Table 24

Fiscal Year	Percentage
2010	11.96%
2011	21.25%
2012	-0.14%
2013	12.57%
2014	17.77%
2015	4.23%
2016	-0.78%
2017	13.68%
2018	7.89%
2019	5.67%
2020	1.26%*

Source: Report on Investment Activity for the ERS prepared The Northern Trust Company (2010 to 2013), and The Bank of New York Mellon (2014 to 2016), for 2017 as set forth in the Valuation Report for the year ending June 30, 2017, for 2018 as set forth in the Valuation Report for the year ending June 30, 2018, and for 2019 as set forth in the 2019 Valuation Report; and reported in the System's Comprehensive Annual Financial Reports.
** Estimated*

The 2019 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 26-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 2023. 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 26-year term.

Table 25 shows the System's funding progress for the ten most recent actuarial valuation dates. Table 26 shows the System's projected funding progress through the fiscal year ending June 30, 2048. 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 25

SCHEDULE OF FUNDING PROGRESS
(Dollar amounts in millions)

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)
2009	$11,400.1	$17,636.4	$6,236.3	64.6%	$4,030.1	154.7%
2010	11,345.6	18,483.7	7,138.1	61.4%	3,895.7	183.2%
2011 *	11,942.8	20,096.9	8,154.2	59.4%	3,916.0	208.2%
2012	12,242.5	20,683.4	8,440.9	59.2%	3,890.0	217.0%
2013	12,748.8	21,243.7	8,494.9	60.0%	3,906.7	217.4%
2014	13,641.8	22,220.1	8,578.3	61.4%	3,991.6	214.9%
2015 *	14,463.7	23,238.4	8,774.7	62.2%	4,171.4	210.4%
2016 *	14,998.7	27,439.2	12,440.5	54.7%	4,258.9	292.1%
2017	15,720.6	28,648.6	12,928.0	54.9%	4,265.0	303.1%
2018	16,512.7	29,917.4	13,404.7	55.2%	4,383.7	305.8%
2019 *	17,322.2	31,396.4	14,074.3	55.2%	4,519.7	311.4%

Source: 2019 Valuation Report

* *New assumption effective on valuation date.*

Table 26

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
2019	$ 1,067	$ 31,396	$ 17,322	$ 14,074	55.2%
2020	1,200	32,617	18,292	14,325	56.1
2021	1,233	33,838	19,384	14,453	57.3
2022	1,267	35,061	20,504	14,557	58.5
2023	1,303	36,285	21,654	14,631	59.7
2024	1,340	37,511	22,836	14,674	60.9
2025	1,379	38,734	24,052	14,682	62.1
2026	1,420	39,954	25,303	14,651	63.3
2027	1,462	41,171	26,595	14,576	64.6
2028	1,507	42,386	27,933	14,453	65.9
2029	1,553	43,598	29,321	14,276	67.3
2030	1,602	44,810	30,770	14,041	68.7
2031	1,653	46,024	32,284	13,740	70.1
2032	1,705	47,239	33,871	13,368	71.7
2033	1,760	48,457	35,539	12,918	73.3
2034	1,818	49,679	37,296	12,383	75.1
2035	1,877	50,908	39,154	11,754	76.9
2036	1,939	52,146	41,123	11,023	78.9
2037	2,003	53,395	43,215	10,181	80.9
2038	2,071	54,661	45,444	9,217	83.1
2039	2,141	55,948	47,826	8,122	85.5
2040	2,215	57,262	50,379	6,883	88.0
2041	2,291	58,609	53,120	5,489	90.6
2042	2,371	59,996	56,070	3,926	93.5
2043	2,453	61,429	59,249	2,180	96.5
2044	2,539	62,916	62,680	236	99.6
2045	2,628	64,463	66,385	(1,923)	103.0
2046	2,721	66,075	70,388	(4,313)	106.5
2047	2,817	67,761	74,714	(6,953)	110.3
2048	2,916	69,526	79,390	(9,865)	114.2

Source: 2019 Valuation Report

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

The total assets of the System on a market value basis available for benefits amounted to approximately $14.5 billion as of June 30, 2015, $14.1 billion as of June 30, 2016, $15.7 billion as of June 30, 2017, $16.6 billion as of June 30, 2018, $17.2 billion as of June 30, 2019, and $16.2 billion as of March 31, 2020. Actuarial certification of assets as of June 30, 2015 was $14.5 billion, as of June 30, 2016 was $15.0 billion, as of June 30, 2017 was $15.7 billion, as of June 30, 2018 was $16.5 billion and as of June 30, 2019 was $17.3 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 27

ACTUARIAL VALUE OF ASSETS

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)
2010	11,345.6	9,821.6	86.6%	61.4%	53.1%
2011	11,942.8	11,642.3	97.5%	59.4%	57.9%
2012	12,242.5	11,285.9	92.2%	59.2%	54.6%
2013	12,748.8	12,357.8	96.9%	60.0%	58.2%
2014	13,641.8	14,203.0	104.1%	61.4%	63.9%
2015	14,463.7	14,505.5	100.3%	62.2%	62.4%
2016	14,998.7	14,070.0	93.8%	54.7%	51.3%
2017	15,720.6	15,698.3	99.9%	54.9%	54.8%
2018	16,512.7	16,598.4	100.5%	55.2%	55.5%
2019	17,322.2	17,227.0	99.5%	55.2%	54.9%

Source: 2010-2019 Valuation Reports.

As of June 30, 2019, the UAAL of the System was $14.074 billion, an increase from $13.405 billion as of June 30, 2018. 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 2018 and 2019:

Table 28

NORMAL COST

	June 30,					
	2018			2019		
	Police and Firefighters	Other Employees	All Employees	Police and Firefighters	Other Employees	All Employees
Normal cost as % of payroll:	25.46%	12.38%	13.90%	26.55%	12.46%	14.13%
Employee contribution rate:	12.49%	5.24%	6.08%	12.53%	5.39%	6.24%
Effective employer normal cost rate:	12.97%	7.14%	7.82%	14.02%	7.07%	7.89%

Source: 2019 Valuation Report.

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 29

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Dollar amounts in thousands)

June 30,	Actual Contribution
2010	547,613
2011	534,858
2012	548,353
2013	581,447
2014	653,128
2015	717,793
2016	756,558
2017	781,244
2018	847,595
2019	922,635

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 December 31, 2019. The crisis risk offset asset class consists of bonds and other defensive investment strategies intended to preserve value in declining markets.

Table 30

ASSET ALLOCATION
(as of December 31, 2019)

	Actual Allocation		Target Allocation		
Asset Type	**Amount ($mm)**	**Percentage**	**Amount ($mm)**	**Percentage***	**Allocation Difference**
Broad Growth	$13,259.7	73.7%	$12,228.0	68.0%	5.7%
Principal Protection	1,205.6	6.7%	1,438.6	8.0%	-1.3%
Crisis Risk Offset	2,548.3	14.25%	2,877.2	16.0%	-1.8%
Real Return	545.5	3.0%	1,438.6	8.0%	-5.0%
Opportunities	30.1	0.2%	0.0	0.0%	0.2%
Other	392.7	2.2%	0.0	0.0%	2.2%
Total	**$ 17,981.9**	**100.0%**	**$17,982.4**	**100.0%**	

Source: Valuations provided by BNY Mellon - December 31, 2019; values unaudited.

* Target Percentages are the Risk-Based Policy Targets effective 1/1/2018. Numbers subject to changes and rounding errors.

Employer Contribution Rate.

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

Table 31

EMPLOYER CONTRIBUTION RATES

Actuarial Valuation as of June 30	Total Calculated Employer Contribution Rate for all Employees (% of total payroll)*	Funding Period (Years)
2015	17.89%	26.0
2016	17.91%	66.0
2017	19.16%	26.0
2018	20.36%	25.0
2019	23.61%	26.0

* *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.*

The increase in the funding period in the valuation as of June 30, 2016 was primarily due to the decrease in the investment return assumption from 7.65% to 7.00%. The decrease in funding period following the valuations as of June 30, 2017, June 30, 2018 and June 30, 2019 is primarily due to investment gains and mandated increase in employer contributions.

Summary of Actuarial Certification Statement.

A summary of the actuarial certification of the System as of June 30, 2018 and June 30, 2019 is set forth below:

Table 32

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF HAWAII
Summary of Actuarial Certification as of June 30, 2018 and 2019
(Includes all counties)

ASSETS	2018	2019
Total current assets	$16,512,744,474	$17,322,194,107
Present value of future employee contributions	2,425,178,684	2,584,483,322
Present value of future employer normal cost contributions	2,664,690,218	2,757,121,922
Unfunded actuarial accrued liability	13,404,656,909	14,074,253,578
Present value of future employer Early Incentive Retirement Program contribution	N/A	N/A
TOTAL ASSETS	$35,007,270,285	$36,738,052,999
LIABILITIES		
Present value of benefits to current pensioners and beneficiaries	$16,008,847,800	$16,871,118,207
Present value of future benefits to active employees and inactive members	18,998,422,485	$19,866,934,792
TOTAL LIABILITIES	$35,007,270,285	$36,738,052,999

Source: Gabriel, Roeder, Smith & Company.

Recent Developments

Act 19 Session Laws of Hawaii, 2018 ("Act 19") signed into law by Governor Ige on June 4, 2018, allows the State and counties to pay employer contributions to the ERS in advance of the fiscal year in which the contributions are required and to receive credit against future required payments. Act 19 does not require separate accounts to be established or maintained for each contributing entity that would restrict the use of such funds to only the particular employees of the contributing entity. Act 19 acknowledges that for purposes of the standards of the Government Accounting Standards Board, the ERS is a cost-sharing multiple-employer pension plan in which the pension obligations to the employees of the State and the counties are pooled and the assets of the ERS can be used to pay the pensions of all State and county employees who are members of the system.

The turmoil in the U.S. and international financial markets created by the COVID-19 pandemic resulted in a significant decline in ERS' asset values in the first quarter of 2020. Since that time, financial markets and asset values have appreciably recovered.

The first calendar quarter of 2020 stock market performance was the worst first quarter in history, while the second calendar quarter was one of the best second quarters. The System's Broad Growth Portfolio, which is exposed to U.S. growth and economic risk, lost 14% in the first calendar quarter (third fiscal quarter), but the Crisis Risk Offset Portfolio—designed to perform in periods of adverse market conditions, gained 10.9%. In the second calendar quarter, Broad Growth regained 6.2% and the entire System finished the fiscal year ended June 30, 2020, positive 1.26%. The Crisis Risk Offset Portfolio was able to redeploy performance gains back into the public equity markets to recapture some of the rally. The System maintained strong liquidity throughout the downturn and was not a forced seller of securities. The effects of the coronavirus negatively impacted institutional portfolios in their public markets portfolios in February and March, recovering in April through June. The impact to private markets, such as private real estate and private equity, demonstrated challenged performance towards the end of the fiscal year but will likely recover as global economies reopen.

ERS' long term view of expected returns has not changed. Long term returns continue to approximate ERS' 7% long term rate of return assumption. The ERS' annual stress test shows that ERS can withstand a -20% return in one year followed by 20 years with annual 5% returns (2 percentage points below the assumed rate) before returning to 7%, and will require only moderate rate increases to ensure that the funding period never extends beyond 30 years in any future annual valuation. At this time the City and County cannot predict what impact, if any, the COVID-19 pandemic and recovery will have on ERS, its assets or the City and County's future funding obligations to ERS.

OTHER INFORMATION REGARDING THE CITY AND COUNTY OF HONOLULU

Climate Change, Sea Level Rise and Flooding

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

At the November 2016 election, the citizens of the City and County approved, by a significant margin, amendments to the City and County's Charter to establish an Office of Climate Change, Sustainability and Resiliency (the "Resilience Office"). The amendments to the Charter, adopted on June 30, 2017, charges the Resilience Office with, among other things: (i) tracking climate change science and its potential impact on the City and County; (ii) coordinating actions and policies within the City and County to increase community preparedness, protect economic activity, protect the coastal areas and beaches and to develop resilient infrastructure; (iii) developing or coordinating City and County policies and programs to improve the environmental performance of City and County operations and advance environmental priorities; (iv) integrating sustainable and environmental values into City and County plans, programs and policies; (v) coordinating with federal and state agencies regarding climate change, sustainability and the environment; (vi) convening a climate change commission (the "City and County Climate Commission") consisting of five members with expertise in climate change in Hawaii no less than twice a year; and (vii) providing appropriate advice to the Mayor, City Council and executive departments of the City and County. Under the amendments to the Charter, the City and County Climate Commission is charged with gathering the latest science and information on climate change effects in the City and County and providing advice as is deemed appropriate to the executive for climate change and sustainability, the Mayor, City Council, and executive departments of the City and County.

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 Climate Change Act anticipates that the State Climate Commission will provide direction, facilitation, coordination and planning among state and county agencies, federal agencies, and other partners about climate change mitigation (reduction of greenhouse gases) and climate change resiliency strategies, including, but not limited to, sea level rise adaptation, water and agricultural security, and natural resource conservation. The State Climate Commission is placed under the Department of Land and Natural Resources (DLNR) for administrative purposes and is to be headed jointly by the Chairperson of the Board of Land and Natural Resources and the Director of the Office of Planning (OP), or their designees.

On July 17, 2018, Mayor Caldwell issued a formal directive (the "Climate Change Directive") 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 Commission. The City and County Climate 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 State Report found that there is a growing vulnerability to potential coastal flooding, erosion, land loss, and high wave impacts in Hawaii resulting from a projected sea level rise of 3.2 feet by end of the century, with periodic high tide flooding in the exposure area by mid-century. The City and County Climate Commission described the impact on Oahu of such sea level rise without action in response and, through its Sea Level Rise Guidance and Climate Change Brief, provided advice and recommendations to the Mayor, City Council and Executive Departments. The Climate Change Directive requires all departments and agencies under the Mayor's jurisdiction to take several actions, including: (i) viewing climate change and the need for mitigation and adaptation as an urgent matter, and taking a proactive approach to reducing greenhouse gas emissions and protecting and preparing the City and County for the physical and economic impacts of climate change; (ii) using the Sea Level Rise Guidance and State Report in their planning, programing, and capital improvement decisions to mitigate impacts to infrastructure and critical facilities subject to sea level rise, which may include elevation or relocation of infrastructure and critical facilities, the elevating of surfaces, structures, and utilities, and/or other adaptation measures; (iii) proposing revisions to shoreline rules and regulations to incorporate sea level rise and conserve a natural, unarmored shoreline wherever possible; and (iv) working cooperatively to develop and implement land use policies, hazard mitigation actions, and design and construction standards that mitigate and adapt to the impacts of climate change and sea level rise. The Climate Change Directive strongly encourages independent agencies, city-affiliated entities, and city-related institutions to help advance these efforts and adopt similar initiatives. In addition to the efforts described above, the Department of Environmental Services is actively including climate change and sea level rise issues in its planning for new, upgraded, and rehabilitated facilities.

In October 2018, the City Council approved Resolution 18-221, CD1, FD1 supporting the 2018 Global Climate Action Summit "Fossil Fuel Free Streets" declaration, and requesting the City administration to create a Climate Action Plan that establishes comprehensive milestones to transition Oahu to 100 percent renewable energy on the path to carbon neutrality by 2045.

The United States Congress has appropriated \$345 million for fiscal year 2019 for a project to design and install flood control improvements within the Ala Wai watersheds to mitigate the risk of flooding, especially in the Manoa and Waikiki areas. The State and the City and County entered into a memorandum of agreement, effective September 19, 2019, committing the State to pay the project's local funding requirement and the City and County to maintain the project. On October 29, 2019, the Circuit Court of the First Circuit, State of Hawaii enjoined the State from proceeding with the financing for the project until an environmental impact statement for the project is accepted under the Hawaii Environmental Impact Statements law.

In May 2019, the City and County issued its Oahu Resilience Strategy. The Resilience Office, assisted by 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 formally adopted the Oahu Resilience Strategy as a guiding policy document for the City and County of Honolulu.

The City and County has recently initiated efforts to develop a city-wide Climate Action Plan to reduce emissions, a Climate Adaptation Strategy to protect city infrastructure, and to prepare an application to become a participating jurisdiction of the FEMA National Flood Insurance Program Community Rating System (CRS). These initiatives will address near-term and long-term climate and flood risk reduction measures that support municipal and property owner physical and economic resilience (e.g., flood insurance premium reductions from maintaining standing in CRS and/or enhanced flood resilience practices).

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 Carbon Disclosure Project (CDP) raised Honolulu's rating from C Awareness in 2018 to B Management in 2019. 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.

At this time the City and County is not able to determine if, or to what extent, the Resilience Office, the City and County Climate Change Commission and the other activities being undertaken will affect the City and County. The City and County is unable to predict whether, or to what extent, the foregoing measures will ameliorate the adverse impacts of climate change, which will likely be material and similar to the impacts experienced by other similarly situated municipalities.

Storm Water

The City and County's Department of Facility Maintenance (DFM) is responsible for operation and maintenance of the City and County's roadways, drainage and flood control systems. On January 15, 2015, the State of Hawaii Department of Health 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 Clean Water Act. The DFM's Storm Water Quality Division is responsible for administration and enforcement of the City and County's permit to discharge storm water runoff and certain non-storm water discharge into the State's receiving waters.

Pursuant to this permit, the City and County prepared its Storm Water Management Program Plan on February 16, 2016. 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 Clean Water Act.

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 consulting engineer 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 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; and the City and County does not contemplate imposing such a fee until fiscal year 2021 - 2022.

Natural Disasters

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

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

Cybersecurity

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

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

To mitigate the risk and/or damage from cybersecurity incidents or cyber-attacks, the City and County invests in multiple forms of cybersecurity and operational safeguards. Additionally, the City'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.

Short-term Rentals

The City Council enacted and on June 29, 2019, the Mayor approved Ordinance No. 19-18 to regulate short-term rentals in the City and County of Honolulu. 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 the Ordinance, far exceeding the number of such units permitted under Honolulu's Land Use Ordinance ("LUO"). The LUO presently permits short-term rentals, for periods of less than 30 days in Resort zoning districts, the Resort Mixed Use Precinct of the Waikiki Special District, and in the A-1 and A-2 Apartment zoning district, within 3,500 feet of a Resort zoning district, 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.

Effective August 1, 2019, fines for unpermitted short-term rentals are increased to $5,000 per day and $10,000 for recurring violations. Effective October 1, 2020, 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 non-conforming use certificate number of all short-term rental units hosted. Also effective October 1, 2020, the City and County Department of Planning and Permitting is authorized to issue additional non-conforming use certificates for a number of bed and breakfast homes equal to one-half percent of all housing units in each community plan area. 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 bed and breakfast homes may be taxed at a higher rate than residential dwellings. The ordinance does not permit issuance of new non-conforming use permits for transient vacation units, defined as accommodations provided in units other than a bed and breakfast home (not occupied by the owner of the unit). Short-term rentals and bed and breakfast homes were ordered to close during the COVID-19 pandemic as they were not considered essential businesses.

At this time the City and County is unable to predict whether, or to what extent, the foregoing measures will ameliorate the adverse impacts of short term rentals. The City and County does not anticipate the foregoing measures will have a material impact on City and County revenues.

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, 2015 through 2019, settlements and judgments against the City and County paid from the General Fund totaled $1,910,539, $5,100,262, $9,120,316, $11,899,560 and $5,944,185, respectively.

Several lawsuits have been filed against the City and County which have the potential collectively to surpass the amount paid in the fiscal year ended June 30, 2019. One case filed against the City and County involves rain and flooding in East Honolulu in the spring of 2018 and has the potential to become certified as a class action. Another case involves rain and tidal flooding in the Mapunapuna Industrial Subdivision. The City and County has taken remedial action to alleviate further flooding and is currently attempting to mediate the remaining claims. Other cases involve earth movement and property damage and employment claims. A number of cases involve various significant personal injuries involving City and County vehicles, employees, premises or roads.

These cases are in various preliminary stages of litigation and liability has not been established at this time and 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, based on the foregoing, the expected liability arising out of pending litigation would not constitute a significant impairment of the financial position of the City and County.

Wastewater Consent Decree

In addition to the pending cases discussed above, a consent decree was entered by the United States District Court in Hawaii to settle certain previous environmental lawsuits relating to the City and County's wastewater system. The Court retains continuing jurisdiction to enforce the consent decree. The following is a brief discussion of the consent decree and the City and County's obligations thereunder.

A wastewater consent decree, approved by the Environmental Protection Agency ("EPA"), the State of Hawaii's Department of Health ("DOH"), the Sierra Club, Hawaii Chapter, Our Children's Earth Foundation, and Hawaii's Thousand Friends, was entered by the United States District Court in Hawaii. Three previous environmental lawsuits were dismissed. The City and County's appeal of the EPA's January 2009 final decisions denying the City and County's applications to renew its permit variances from secondary treatment for the Honouliuli and Sand Island Wastewater Treatment Plants ("WWTP") was dismissed on February 2, 2011. The consent decree allows 10 years for completion of work on the collection system, 14 years for the upgrade of the Honouliuli WWTP to secondary treatment, and up to 25 years, with the possibility of a three-year extension, for the upgrade of the Sand Island WWTP to secondary treatment. The City and County is expected to incur approximately $3.2 billion in 2010 dollars in capital costs through fiscal year 2020 (which coincides with the term of the collection system portion of the consent decree). This amount will largely be spent on the collection system, and much of it will go toward work that was already required or planned. This amount also includes a portion of the costs of treatment plant upgrades at Sand Island and Honouliuli. Costs for the treatment plant upgrades include approximately $550 million in 2010 dollars to replace primary treatment facilities at both plants and $1.15 billion in 2010 dollars to upgrade the plants to secondary treatment plants. As part of the settlement, the City and County paid a civil penalty in the amount of $800,000 to the United States, and $800,000 to the State of Hawaii. In addition, the City and County paid $800,000 to the Sierra Club, Hawaii Chapter, Our Children's Earth Foundation, and Hawaii's Thousand Friends, to fund four supplemental environmental projects.

The consent decree was lodged with the federal court on August 11, 2010, and was subject to a 30-day public comment period. The United States then filed its motion to enter the consent decree on November 15, 2010, which included its responses to the public comments received. The consent decree became effective upon its entry by the Court on December 17, 2010. The City and County also settled the nonprofit organizations' claim for their attorneys' fees and costs, for an additional payment of $1.1 million.

The consent decree was amended to a First Amended Consent Decree as ordered on March 27, 2012. This amendment modified the consent decree to substitute construction of a Kaneohe-Kailua gravity tunnel and an associated influent pump station for the construction of a new force main between the City and County's Kaneohe pump station and its Kailua treatment plant and to eliminate requirements to proceed with and maintain storage projects in Kaneohe and Kailua. This tunnel and influent pump station were substantially completed on June 21, 2018.

In addition to the 2010 Consent Decree, the City and County is complying with the terms of an Administrative Order on Consent that the City and County and DOH voluntarily entered into on March 13, 2017 ("2017 Administrative Order on Consent"). The 2017 Administrative Order on Consent resolved all liability of the City and County for certain 2015 wastewater spills, and the City and County made no admissions as to fact, violation, fault, or liability in entering the 2017 Administrative Order on Consent. Pursuant to the 2017 Administrative Order on Consent, the City and County has agreed to conduct a storm water inflow detection, identification, and quantification study in certain high density or ultra-urbanized areas; to revise its Standard Operating Procedures to improve response to spill prevention alarms; to upgrade its Supervisory Control and Data Acquisition (SCADA) system; to revise its sewage spill volume estimate procedures; and to pay a monetary penalty of $100,000.00 to DOH, which has been paid.

TAX MATTERS

Tax-Exempt Bonds

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2020C Bonds and Series 2020D Bonds (collectively, the "Tax-Exempt Bonds") is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). In the further opinion of Bond Counsel, interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that the Tax-Exempt 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 expects to deliver an opinion at the time of issuance of the Tax-Exempt Bonds substantially in the form set forth in Appendix B hereto.

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

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

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

Although Bond Counsel is of the opinion that interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and State of Hawaii tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Tax-Exempt Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

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

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

Bond Counsel's engagement with respect to the Tax-Exempt Bonds ends with the issuance of the Tax-Exempt Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City and County or the Beneficial Owners regarding the tax exempt status of the Tax-Exempt Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the City and County and its appointed counsel, including the 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 bonds is difficult, obtaining an independent review of IRS positions with which the City and County legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Tax-Exempt Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the Tax-Exempt Bonds, and may cause the City and County or the Beneficial Owners to incur significant expense.

Taxable Bonds

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, the Series 2020E Bonds (also defined herein as the "Taxable 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 observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Taxable Bonds. Bond Counsel expects to deliver an opinion at the time of issuance of the Taxable Bonds substantially in the form set forth in Appendix B hereto.

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

As used herein, "U.S. Holder" means a beneficial owner of a Taxable Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, "Non-U.S. Holder" generally means a beneficial owner of a Taxable Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Taxable Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Taxable Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Taxable Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Notwithstanding the rules described below, it should be noted that certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable Bonds at the time that such income, gain or loss is recognized on such financial statements instead of under the rules described below (in the case of original issue discount, such requirements are only effective for tax years beginning after December 31, 2018).

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

U.S. Holders

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

To the extent that the issue price of any maturity of the Taxable Bonds is less than the amount to be paid at maturity of such Taxable Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Taxable Bonds) by more than a de minimis amount, the difference may constitute original issue discount ("OID"). U.S. Holders of Taxable Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

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

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

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

Information Reporting and Backup Withholding. Payments on the Taxable Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Taxable Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Taxable Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Taxable 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 the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Non-U.S. Holders

Interest. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act," payments of principal of, and interest on, any Taxable Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, a such term is defined in the Code, which is related to the City and County through stock ownership and (2) a bank which acquires such Taxable Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the beneficial owner of the Taxable Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

Disposition of the Taxable Bonds. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "FATCA," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the City and County or a deemed retirement due to defeasance of the Taxable Bond) or other disposition of a Taxable Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the City and County) or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A Taxable Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that, at the time of such individual's death, payments of interest with respect to such Taxable Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding. Subject to the discussion below under the heading "FATCA," under current U.S. Treasury Regulations, payments of principal and interest on any Taxable Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the Taxable Bond or a financial institution holding the Taxable Bond on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. The current backup withholding tax rate is 24%.

Foreign Account Tax Compliance Act ("FATCA")—U.S. Holders and Non-U.S. Holders

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

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

LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approval of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City and County. Complete copies of the proposed forms of Bond Counsel opinions are 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 counsel, Dentons US LLP, Honolulu, Hawaii and Katten Muchin Rosenman LLP, New York, New York.

BOND RATINGS

Fitch Ratings has assigned to the Bonds a rating of "AA+" with a stable outlook. Moody's Investors Service has assigned to the Bonds a rating of and "Aa1" with a negative 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 Moody's Investors Service, 99 Church Street, New York, New York 10007. 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., Piper Sandler & Co. and Stifel, Nicolaus & Company, Incorporated (collectively, the "Underwriters"). The Underwriters have agreed to purchase the Bonds at an aggregate purchase price of $336,004,328.05 (equal to the principal amount of such Bonds, plus an original issue premium of $57,696,796.45, less an underwriting discount of $1,017,468.40). 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.

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.

/s/ Manuel T. Valbuena
Manuel T. Valbuena
Acting 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 980,080 (approximately 69% of the state's population) as of July 1, 2018. Honolulu's underlying economy is strong, 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 Koolau 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 year ago. The last major volcanic eruption on Oahu was Koolau 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 2020 Quarterly Statistical Economic Report ("QSER") or from other materials prepared by DBEDT, some of which may be found at http://dbedt.hawaii.gov/. Certain visitor industry statistics have been excerpted from Hawaii Tourism Authority publications.

The COVID-19 pandemic has materially adversely affected Hawaii's economy, and is expected to affect the significance of certain historical information presented for periods prior to the outbreak of the COVID-19 pandemic in March 2020.

Certain Economic Indicators

Employment. The following table presents certain annual employment statistics for the City and County for 2016 through 2019 and the first quarter of 2019 and 2020. The City and County's unemployment rate of 2.5% in the first quarter of 2020 prior to the COVID-19 pandemic compared favorably to the 2.6% unemployment rate for the State in the first quarter of 2020 and for the nation as a whole (3.8% in the first quarter of 2020). Unemployment statistics for the first quarter of 2020 do not reflect the full impact of the COVID-19 pandemic as over 200,000 people filed claims for unemployment compensation, and the unemployment rate for the City and County has risen to 20% in April 2020.

Table I
EMPLOYMENT STATISTICS

	Annual Average				1st Quarter		
	2016	**2017**	**2018**	**2019**	**2019**	**2020**	**% Change Year Ago**
Civilian Labor Force	466,150	464,750	458,050	450,550	452,300	454,500	0.5%
Civilian Employment	453,150	453,900	447,000	438,950	440,550	443,300	0.6%
Unemployed	13,000	10,850	11,050	11,650	11,800	11,200	-5.1%
Unemployment Rate	2.8%	2.3%	2.4%	2.6%	2.6%	2.5%	-0.1%

Data benchmarked by DLIR in March 2020 and reflect revised population controls and model re-estimation; 2020 data are preliminary.
Source: State of Hawaii, Department of Business, Economic Development & Tourism.

Personal Income. In recent years, per capita personal income for Honolulu residents has consistently been higher than for the State of Hawaii and the United States as a whole. The following table presents the per capita personal income for Honolulu residents in comparison to the State and the country for the years 2015 through 2019. As indicated below, the per capital personal income in the State in 2019 was 3.7% higher than in 2018.

Table II
PER CAPITA PERSONAL INCOME

Year	Honolulu	State of Hawaii	United States
2015	$53,208	$49,495	$48,961
2016	$54,860	$51,051	$49,862
2017	$57,049	$53,138	$51,869
2018	$59,608	$55,414	$54,420
2019	N/A	$57,450	N/A

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Housing Market. The following table presents the annual average resale prices for single-family homes and condominiums in Honolulu from 2015 through 2019.

Table III
AVERAGE RESALE PRICES

	Single Family Homes		Condominiums	
Year	**Average Resale Price**	**% Change**	**Average Resale Price**	**% Change**
2015	$ 863,969	5.1%	$435,810	-5.4%
2016	$ 884,427	2.4%	$572,223	31.3%
2017	$ 945,206	6.9%	$619,177	8.2%
2018	$1,032,415	9.2%	$615,019	-0.7%
2019	$ 967,045	-6.3%	$545,748	-11.3%

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

State and County Governments

With Honolulu as the State capital, most State government activity is concentrated on the Island of Oahu. In 2019, the State government generated 72,900 jobs, of which more than 75% were located on Oahu. The largest number of State employees work in public education and the State university system, with approximately 83% of these employed on Oahu. In addition, the City and County government employed approximately 10,955 individuals in the first quarter of 2020.

Federal Government and Military

The federal government plays an important role in Hawaii's economy. According to the most recent U.S. Bureau of Economic Analysis ("BEA") data, the total compensation of employees ("COE") of federal government employees in Hawaii was about $8.8 billion in 2018, up 3.8% from the previous year. The total COE of combined military and civilian federal employees in Hawaii accounted for about 17.9% of Hawaii's total COE in 2018. Between 2008 and 2018, the annual average compounded growth rate for COE was 3.5% for Federal civilian personnel and 1.3% for military personnel in Hawaii. The military personnel accounted for 55.6% of the total Federal COE in 2018. The federal government accounted for about 10.9% of State GDP in Hawaii in 2017, a majority of which is defense related.

The Hawaii based Pacific Command is responsible for over 50% of global command activity and is essential to national security. Over 90% of the U.S. military presence in Hawaii is on Oahu. In total, the defense industry provides over 102,000 jobs with annual household incomes totaling $8.7 billion. Generally, the median earnings for active-duty service members and Department of Defense ("DoD") civilians are higher than that of other full-time employees in Hawaii. Military construction projects total $627 million for fiscal year 2018 and fiscal year 2019.

The U.S. Army recently completed a Supplemental Programmatic Environmental Assessment for its Army 2020 force structure realignment. The assessment evaluates a scenario in which the Army would eliminate 16,606 soldiers and civilians from Schofield Barracks and 3,786 from Fort Shafter, both of which are located on the island of Oahu. In response, the Chamber of Commerce of Hawaii's Military Affairs Council launched a campaign to maintain the number of military members in Hawaii and acquired signatures on a petition to keep troops in Hawaii. The Army held a "listening session" on the impact of reducing forces in Hawaii in January 2015. The DoD is considering relocating 2,700 Marines from Okinawa to Hawaii between 2027 and 2031.

The Pearl Harbor Naval Shipyard is the largest industrial/repair complex and employer in Hawaii, with a workforce of nearly 5,200 civilians. Pearl Harbor Naval Shipyard contributes more than $925 million into Hawaii's economy annually.

Hawaii continues to host RIMPAC (Rim of the Pacific Exercise) held during even-numbered years, to enhance interoperability between Pacific Rim Armed Forces. Twenty-five nations, more than 51 surface ships and submarines, 200 aircraft and 25,000 personnel participated in RIMPAC 2018.

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. The federal budget sequestration has not had a material adverse effect on the City and County or the State.

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 thirteen financial 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 deposits totaling $44.8 billion as of June 30, 2019, 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, and all of the populated areas of the island are served by a bus transit system (TheBus) with ridership of approximately 66 million annually. According to the 2019 Public Transportation Fact Book published by the

American Public Transportation Association, the City and County hosts the 24th largest transit agency in the nation and the 12th largest bus agency in an urbanized area.

The City and County is constructing the Honolulu Rail Transit Project, a new 20-mile fixed guideway mass transit system to provide rail service along the island's east-west corridor between Kapolei and downtown Honolulu (Ala Moana Center). Over 60% of the City and County's population currently lives within the area served by this corridor, and this area is projected to continue to grow faster than the rest of Oahu. See "DEBT STRUCTURE – Honolulu Rail Transit Project" for additional information regarding this Rail Transit Project.

Honolulu is the hub of air and sea transportation for the entire Pacific. Honolulu 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 29th largest U.S. Airport in 2018 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, Annual Report to Congress 2019, ranks Honolulu Harbor among the top 25 ports in the country in 2018 by container cargo throughput, handling 1,728 total vessel calls, 15.18 million short tons of foreign and domestic cargo, and 1.27 million twenty-foot equivalent units of container cargo. The State Department of Transportation, Harbors Division manages, maintains and operates the State's Harbors Systems to provide for the efficient movement of cargo and passengers. The U.S. military moves most of its cargo through the State's Harbors System.

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 five years and the first quarters of 2019 and 2020.

Table IV
ESTIMATED VALUE OF BUILDING PERMITS
(Dollars in Thousands)

Year	State	Change from Prior Year	City & County of Honolulu	Change from Prior Period
2015	$3,963,607	19.6%	$2,436,954	17.6%
2016	$3,240,649	-18.2%	$2,141,467	-12.1%
2017	$3,127,828	-3.5%	$2,007,815	-6.2%
2018	$3,268,292	4.5%	$1,985,648	-1.1%
2019	$3,221,446	-1.4%	$2,063,293	3.9%
2019 Q1	$ 761,026	8.7%	$ 524,146	33.0%
2020 Q1	$ 784,793	3.1%	$ 438,633	-16.3%

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

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

- The Airports Division's modernization program, which commenced in 2013, is ongoing. The program includes significant capital improvements such as expanding Daniel K. Inouye International Airport's Inter-Island terminal and main terminal, constructing consolidated car rental facilities at Daniel K. Inouye International Airport and Kahului, Maui, and installing energy saving equipment in airports statewide. Additionally, in February 2018, plans were announced for the construction of a new approximately 800,000 square foot Diamond Head concourse at Daniel K.

Inouye International Airport which is anticipated to add 12-14 wide body gates in the initial phase and be expandable to up to 21 gates as well as a new Customs and Border Protection facility and improved security and baggage screening facilities for the Transportation Security Administration.

- The University of Hawaii is in the process of constructing a new 72,000 square feet state-of-the-art LEED Silver Life Sciences Building which will house teaching, laboratory and office support spaces for the College of Natural Sciences biology, botany and microbiology departments, along with the Pacific Biosciences Research Center. The University has also announced plans for the redevelopment of the Atherton YMCA into the Atherton Mixed Use Student Housing Innovation and Entrepreneurship Center, a 114,000 square feet project to include housing for 350 students and an Innovation Center with incubator spaces, classrooms, offices and retail space.

- 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 will include 4,000 high-rise residences, including the Ke Kilohana, Aalii, Koula towers and Victoria Place, and more than one million square feet of retail and commercial space, including the recently completed Nobu and Merriman's restaurants and a new multi-story Whole Foods supermarket. To date over 480 luxury residential units have been completed and over 1,600 are currently under construction.

- General Growth Properties recently completed a $572 million expansion and renovation of its Ala Moana Shopping Center. The expansion included the addition of a new 167,000-square-foot, three-level Bloomingdale's store, a new 186,000-square-foot, three-level Nordstrom store and an additional 300,000 square feet of in-line mall retail space. Attached to the shopping center are two luxury residential apartment projects built over parking podiums. One Ala Moana, a 23-story tower containing 206 luxury residential units, was completed in late 2014. Park Lane, a nine-story complex containing 215 luxury residential units, was completed in 2017. Adjacent to the shopping center, SamKoo Development has completed construction of 485 additional luxury residential units.

- Downtown Capital recently completed the redevelopment of the former Honolulu Advertiser building and adjacent property into a $400 million, two-tower workforce housing condominium project containing 1,045 units.

- Castle & Cooke Homes Hawaii recently began construction on Koa Ridge, a $2.2 billion housing and commercial development on the central Oahu plateau, which 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.

- D.R. Horton – Schuler Homes recently began developing Hoopili in West Oahu, which will consist of 11,750 single- and multi-family homes, commercial and light industrial space, community facilities, three elementary schools, one middle school, a high school, parks and open space, and agricultural areas on 1,289 acres of land.

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

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

- 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.

- American Savings Bank, FSB completed in March 2019 a new 373,000 square foot, 11-story headquarters building in Downtown Honolulu. The building contains five levels of office space and six levels of parking. Its pre-cast design allows for a collaborative and dynamic working environment with open-floor layouts on each office floor.

- Artspace has completed construction of Ola Ka Ilima Artspace lofts, a $53 million, 84 unit condominium project in which low and moderate income artists receive a preference for tenancy.

- Manaolana Partners and Kaijima Kagaku USA Inc. is currently developing Manaolana Place, a 36-story, mixed use tower that will include a Mandarin Oriental hotel and luxury condominiums near the Hawaii Convention Center.

- ProsPac is currently developing Azure Ala Moana, a $750 million, 408 unit residential unit project scheduled for completion in 2021.

- SamKoo Development is currently constructing The Central Ala Moana, a 512 unit residential condominium project schedule for completion in 2021.

- Ililani LLC is currently developing the 328 unit Ililani affordable housing project in Kakaako, scheduled for completion in 2022.

- OliverMcMillan Kuhio, LLC and Brookfield Properties are currently developing the Lilia Waikiki, a rental housing project comprised of a new 402 unit residential tower and renovation of 53 existing units, scheduled for completion in 2021.

- Hawaii City Plaza LP is currently developing Hawaii Ocean Plaza, a 407-unit condo-hotel scheduled for completion in Fall 2021.

- Halawa View Housing Partners LP is currently developing Halawa View Apartments, a 458 affordable unit housing project scheduled for completion in September 2021.

- The Kobayashi Group and The MacNaughton Group are currently developing Pawaa Affordable Housing, a 201 unit project in a 21 story tower scheduled for completion in 2022.

- MJF Development Corp. is currently developing The Block 803 Waimanu, a 153 unit condominium project.

- Avalon Group is currently developing the Sky Ala Moana Towers, a mixed-use project, including 390 condominium units, 300 hotel rooms and retail space.

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

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

- Kamehameha Schools has commenced the Moiliili Gateway project, a redevelopment of 6.5 acres (213,500 square feet) along University Avenue.

- Cuzco Development is currently developing Keeaumoku Towers, two 42-story towers containing 980 unit residential condominium units.

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

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

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 $36.36 billion and for service activities exceeded $16.66 billion in 2019. Of the State's 657,700 non-agricultural jobs in the first quarter of 2020 prior to the COVID-19 pandemic, retail and wholesale trade together accounted for 88,200 jobs, and professional and business services, financial activities, educational services, healthcare and social assistance services, food and accommodation services, and other services were other major employment sectors. In the first quarter of 2020, professional and business services accounted for approximately 12.1% of non-agricultural jobs in the City and County, health care and social assistance accounted for approximately 11.5%, food service for 10.3%, retail trade for 9.8%, and federal, state and county government for 20.8%.

Agriculture and Diversified Manufacturing

Agriculture and manufacturing are relatively small sectors in the State's and the City and County's economy.

Agricultural sales on Oahu totaled $151 million in 2017, accounting for approximately 27% of the State's agricultural production. About 20% of the land on Oahu is zoned for agriculture, which in 2017 consisted of 927 farms encompassing 71,795 acres. With the decline of the sugar and pineapple industries, agricultural lands are returning to an era of small farms growing diversified agricultural products. For example, Hawaii aquaculture sales totaled $76.4 million in 2017, according to the USDA's National Agricultural Statistics Service.

Manufacturing on Oahu consists principally of producing cement (one plant), refining oil (two refineries), and converting oil into synthetic natural gas (one plant). Other activities include the manufacturing of garments, plastic and concrete pipe, jewelry and gift items, and the processing and packaging of tropical fruits, nuts and other food items. There are more than 1,000 manufacturers statewide. In March 2016, the State's High Technology Development Corporation announced the Manufacturing Assistance Program to provide matching grant funds (up to $100,000) for local manufacturers willing to invest into expanding their production through purchase of new equipment or training or improving the energy efficiency of their operations. The program strives to make Hawaii manufacturers more competitive, reducing imports and increasing exports from the State.

Energy

Hawaii's electricity production and costs are still heavily reliant on oil, but renewable energy has been increasing in all counties. In 2017 approximately 27.6% of Hawaii's electricity was generated from renewable sources, the primary sources being wind, biomass, and geothermal. According to DBEDT's Hawaii State Energy Office, the Island of Oahu has two waste-to-energy facilities, seven solar farms, four biofuel facilities, three wind farms, and one ocean project under development with the capacity to generate at least 311 megawatts of energy. The State administration has set a goal of using 100% reusable energy resources by 2045.

In October 2012, the City and County completed a $300 million expansion of its H-Power waste-to-energy facility, increasing its capacity to over 900,000 tons of municipal solid waste per year. The project included new air pollution control equipment mandated by federal law which became operational in April 2011 and a new boiler that entered commercial operations on April 2013 and currently has the capacity to produce approximately 80 megawatts of energy.

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

Several renewable energy projects are currently in the development and construction stages on Oahu, or have recently been completed. These projects include a 50-megawatt biofuel power plant on the U.S. Army's Schofield Barracks, a 14.3-megawatt solar farm constructed by Pacific Energy Solutions LLC (owned by NextEra Energy

Capital Holdings, Inc.) for the US Navy at the Pearl Harbor Naval Base, a 45-megawatt wind power project developed by Champlin Hawaii Wind Holdings in Kahuku, and a 30-megawatt solar farm developed by Eurus Energy America (owned by Toyota and Tokyo Electric Power) in Waianae. A subsidiary of Clearway Energy, Inc. has recently completed construction of a 46-megawatt solar farm in the Waipio area, a 49-megawatt solar farm adjacent to the First Wind farm at Kawailoa, and a 15-megawatt solar farm in the Mililani/Waipio-Gentry area.

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 fall of 2019, 49,977 students enrolled in the University of Hawaii System, 17,490 of them on the Manoa campus.

In addition to the University of Hawaii System, there are three private universities and one private college on Oahu. Federal government research agencies in Honolulu include the U.S. Bureau of Commercial Fisheries and the Environmental Science Services Administration. Among private research organizations on Oahu are the Oceanic Institute and the Bishop Museum. The three high technology centers located on Oahu are the Mililani Technology Park, the Kaimuki Technology Enterprise and the Manoa Innovation Center.

Visitor Industry

The visitor industry encompasses an array of businesses, including hotels, restaurants, airlines, travel agencies, taxis, tour-bus operators, gift shops and other service and recreational industries. The total number of visitor arrivals by air in 2019 was 10,282,160, an increase of 5.3% over the 9,761,448 visitor arrivals by air in 2018. Of these visitors 7,251,489 were domestic visitors and 3,030,671 were international arrivals. In 2019, 6,193,027 people visited Oahu. Of these visitors, 3,512,210 were domestic visitors and 2,680,817 were international visitors. Total airline capacity to Hawaii, as measured by the number of available seats flown to Hawaii was 13,619,349 in 2019. Domestic seats were 9,813,531 and international seats were 3,805,818. In 2019, nominal visitor expenditures (by air and cruise ship) totaled $17.754 billion.

Visitor arrivals in January and February 2020 continued at 2019's record pace. However, flight cancellations began in February 2020, initially affecting only flights to and from China. On March 13, 2020, cruise ships suspended operations in US ports due to the COVID-19 pandemic. On March 17 Governor David Y. Ige asked visitors to postpone travel to Hawaii, and on March 26, 2020, the Governor ordered all domestic and international passengers arriving by air to Hawaii to observe a mandatory 14-day self-quarantine. This self-quarantine was subsequently extended to inter-island travelers. The quarantine for persons traveling inter-island in the State was cancelled effective June 16, 2020, and replaced by requirements for health screenings, temperature scans and reporting requirements. The quarantine for persons entering the State has been extended through August 31, 2020. The State has delayed from August 1, 2020 to September 1, 2020, a modification of the mandatory self-quarantine by implementing a pre-travel testing program for travelers entering Hawaii who show proof that they have had a negative molecular-based COVID-19 test result from a Clinical Laboratory Improvements Amendments-certified laboratory within 72 hours of travel. The State presently has 179 contact tracers, each with a capacity to trace 20 people per day, and is currently training several hundred additional contact tracers.

Airlines have suspended nearly all flights to and from the State and the US Mainland and Asia, resulting in a 91% reduction in air seat capacity. Visitor arrivals to Hawaii dropped from an average of 30,000 to 35,000 people a day to 200 people a day in March 2020, and have risen slightly to between 400 to 600-plus people a day in June 2020 and to between 700 to 900 people a day in early July 2020. Visitor arrivals were down 53.7% and visitor spending down 52.2% for March 2020 from March 2019, the last month in which there was some semblance of normal visitor activity. In April 2020, 4,564 visitors came to Hawaii, as compared to 856,250 visitors in April 2019. In May 2020, 9,116 visitors arrived in Hawaii, as compared to 841,376 visitors in May 2019. In the first five months of 2020, total visitor arrivals dropped 49.5% to 2,139,166.

In 2019, the statewide hotel occupancy rate averaged 81.2%. In 2019, Oahu's hotel occupancy rate averaged 84.2%. Many of Waikiki's major hotels have closed for the duration of the emergency orders through June 2020.

Oahu's hotel occupancy rate in April 2020, the first full month of the quarantine, was 8.0%, a 72% decline from April 2019. Waikiki's hotel occupancy rate in April 2020 was 5.4%. In May 2020, Oahu's hotel occupancy rate was 13%, an 84% decline from May 2019.

DBEDT assumes the visitor industry in Hawaii will not open until September 2020, and predicts Hawaii may recover 30% of the arrivals from September 2019, and 45% of the arrivals from December 2019, with cruise visitors beginning to arrive in the second half of 2021. Under that schedule, DBEDT predicts 3.4 million visitors will travel to Hawaii in 2020, a decrease of 67.5% from 2019. DBEDT predicts visitor arrivals will increase to 6.2 million in 2021, 8.3 million in 2022 and 9.4 million in 2023, reaching the 2019 level in 2025.

The following historical statistical information regarding the visitor industry should be viewed in that context.

Table V

SELECTED STATE OF HAWAII AND OAHU VISITOR STATISTICS

	Year Ended December 31					Q1[(1)]	
	2015	**2016**	**2017**	**2018**	**2019[(1)]**	**2019**	**2020**
Arrivals by Air – State	8,563,018	8,821,802	9,277,613	9,761,448	10,282,160	2,502,636	2,095,695
Domestic	5,782,140	5,968,779	6,239,748	6,736,736	7,251,489	1,690,889	1,483,416
International	2,780,878	2,853,023	3,037,865	3,024,712	3,030,671	811,747	612,279
Arrivals by Air – Oahu	5,339,912	5,447,229	5,683,344	5,862,358	6,193,027	1,481,081	1,223,012
Average Daily Visitor Census – State	213,934	217,675	229,063	240,341	247,203	254,056	213,433
Domestic	156,026	157,953	164,273	174,611	182,229	178,976	157,879
International	57,908	59,723	64,791	65,731	64,974	75,080	55,554
Visitor Expenditures – State [(2)]	$14,939	$15,754	$16,622	$17,464	$17,702	$4,520	$3,879
Hotel Occupancy Rate – State	78.7%	79.0%	80.2%	80.3%	81.2%	80.5%	70.6%
Hotel Occupancy Rate – Oahu	85.1%	83.9%	83.5%	83.7%	84.2%	82.8%	71.9%

(1) *Data preliminary.*

(2) *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.

Honolulu's profile as a visitor destination is enhanced by its role as host of numerous professional and trade conferences and conventions, as well as major sports events. Conferences and conventions held in Honolulu annually previously attracted thousands of visiting participants statewide, nationally and internationally. The primary site for these events is the Hawaii Convention Center, which is located near Waikiki hotel accommodations and visitor attractions.

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 in the later planning stages in or around Waikiki include: (i) a $500 million renovation of 1,100 rooms in the Sheraton Waikiki Hotel, to be completed in phases, (ii) a $90.7 million redevelopment of the Outrigger Reef on the Beach Resort that will add a 200-room hotel tower and increased meeting space, open recreation and dining areas, (iii) construction of a 32-story tower consisting of 191 timeshare apartment units at previous King's Village, Hale Waikiki Apartment and Prince Edwards Apartments sites to be completed by 2022, and (iv) the demolition of all existing buildings of the Sheraton Princess Kaiulani, with construction of a new 33-story, 1,009 room tower to begin in 2022. The following development projects have recently been completed: (i) the $100 million renovation of the Hale Koa Hotel, (ii) the $250 million 246-unit second tower of the Ritz Carlton Waikiki and (iii) a conversion by Halekulani Corp of 297 rooms in the Waikiki Parc Hotel into 126 suites. The effect of the COVID-19 pandemic on projects in the planning stages is uncertain.

Significant development projects related to the visitor industry in other parts of Oahu include: (i) the new $60 million 183 room extended-stay Residence Inn by Marriott Hotel in Kapolei, opened in October 2019 and (ii) a $52 million renovation of Turtle Bay Resort on Oahu's North Shore that allows 750 additional units.

APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

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APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Date of Delivery]

City and County of Honolulu
Honolulu, Hawaii

Re: City and County of Honolulu General Obligation Bonds,
Series 2020C, Series 2020D and Series 2020E (Taxable)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Honolulu (the "City") in connection with the issuance of $184,110,000 aggregate principal amount of City and County of Honolulu, General Obligation Bonds, Series 2020C (the "Series 2020C Bonds"), $54,060,000 aggregate principal amount of City and County of Honolulu, General Obligation Bonds, Series 2020D (the "Series 2020D Bonds") and $41,155,000 aggregate principal amount of City and County of Honolulu, General Obligation Bonds, Series 2020E (Taxable) (the "Series 2020E Bonds" and, together with the Series 2020C Bonds and Series 2020D Bonds, the "Bonds"), pursuant to a Certificate of the Director of Budget and Fiscal Services of the City dated July 22, 2020, relating to the Bonds (the "Certificate"), and bond authorizing ordinances and resolutions adopted by the City Council and identified in the Certificate (the "Bond Proceedings"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Certificate.

In such connection, we have reviewed the Bond Proceedings, the Certificate, 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 and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Bond Proceedings, the Certificate and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series 2020C Bonds and the Series 2020D 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 Certificate and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against counties in the State of Hawaii. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of 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 documents described in the second paragraph hereof. 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 opinion 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 Certificate has been duly executed and delivered by the Director of Budget and Fiscal Services; and the Certificate constitutes the valid and binding obligation 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 Series 2020C Bonds and the Series 2020D 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 Series 2020C Bonds and the Series 2020D Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Series 2020E Bonds is not excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Dated August 5, 2020

CITY AND COUNTY OF HONOLULU
General Obligation Bonds
Series 2020C, Series 2020D and Series 2020E (Taxable)

This Continuing Disclosure Certificate (this "*Disclosure Certificate*") is provided in connection with the issuance by the City and County of Honolulu, Hawaii (excluding the semi-autonomous agencies, currently the Board of Water Supply and the Honolulu Authority for Rapid Transportation) (the "*City and County*") of $279,325,000 General Obligation Bonds, Series 2020C, Series 2020D and Series 2020E (Taxable) (collectively, the "*Bonds*"). The Bonds are being issued pursuant to the Constitution and laws of the State of Hawaii, including Chapter 47, Hawaii Revised Statutes, and the Revised Charter of the City and County, certain authorizing ordinances and resolutions of the City and County, and a Certificate of the Director of Budget and Fiscal Services of the City and County. Pursuant to such authority, the City and County covenants and agrees as follows:

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

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

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

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

"*Dissemination Agent*" shall mean the Director of Budget and Fiscal Services of the City and County or any successor Dissemination Agent designated in writing by the City and County and which has filed with the City and County a written acceptance of such designation.

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

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

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

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

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

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

Section 3. Provision of Annual Reports. (a) The City and County shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the City and County's fiscal year (presently June 30), commencing with the report for the fiscal year ended June 30, 2019, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City and County may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City and County's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) In a timely manner prior to the date set forth in subsection (a) above, the City and County shall provide the Annual Report to the Dissemination Agent. If the City and County is unable to provide to the MSRB an Annual Report by the date required in subsection (a) above, the City and County shall send a notice to the MSRB in substantially the form attached as Exhibit A.

Section 4. Contents of Annual Reports. The City and County's Annual Report shall contain or include by reference information of the type included in the final Official Statement (the "*Official Statement*") dated July 22, 2020, 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 13 through 16," "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; or

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.

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: ____
Manuel T. Valbuena
Acting Director of Budget and Fiscal Services

The foregoing certificate is hereby
approved as to form and legality this
5th day of August, 2020.

____
Paul S. Aoki
Acting 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 2020C, Series 2020D and Series 2020E (Taxable)

Date of Issuance: August 5, 2020

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 5, 2020. 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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CITY AND COUNTY OF HONOLULU

STATE OF HAWAII

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