BOARD OF WATER SUPPLY
KA ʻOIHANA WAI
CITY AND COUNTY OF HONOLULU

630 SOUTH BERETANIA STREET • HONOLULU, HAWAIʻI 96843
Phone: (808) 748-5000 • boardofwatersupply.com

July 21, 2026

NOTICE

The Board of Water Supply, City and County of Honolulu, Regular Meeting will be held on Monday, July 27, 2026, at 2:00 p.m. in the Boardroom, Public Service Building, 630 South Beretania Street, Honolulu, HI 96843.

Limited seating will be available for in-person testifiers in the Boardroom. The public may also view the livestream of the meeting from the lobby of the Board of Water Supply, Public Service Building, 630 South Beretania Street, Honolulu, HI 96843.

Public parking for this meeting is available in the Public Service Building customer parking lot.

TESTIMONY

Testimony may be submitted as follows:

- Written testimony should include the submitter's address, email address, and phone number. Testimony should be received by Monday, July 27, 2026, at noon. Submit written testimony by:
  - Email to board@hbws.org
  - Online at boardofwatersupply.com/testimony
  - Mail to Board of Water Supply, 630 South Beretania Street, Honolulu, HI 96843
  - Fax to (808) 748-5079
- Oral testimony will be accepted remotely and in person during the meeting. Pre-registration is encouraged to facilitate as much remote and in-person testimony as reasonably possible during the time allotted. Testifiers should also consider submitting a written version of their oral testimony.
  - To testify remotely by phone or video using the Zoom videoconferencing platform, please submit your request by:
    - Email to board@hbws.org
    - Online at boardofwatersupply.com/testimony

    Zoom registration instructions, as well as participant guidelines, will be sent to the contact information provided. Once confirmed as registered, testifiers will receive an email containing the links and instructions to join the Zoom session. Submit your request to testify remotely by Friday, Friday July 24, 2026, at noon.
  - To testify in person at the Board of Water Supply, Public Service Building, 630 South Beretania Street, Honolulu, HI 96843, please pre-register by submitting your request by Monday, July 27, 2026:
    - Email to board@hbws.org
    - Online at boardofwatersupply.com/testimony

In-person testifiers should check in with building security and then with testimony staff located in the lobby. Testifiers will be escorted to and from the Board Room. On-site registration will be available for walk-in requests.

Testimony is limited to two (2) minutes and shall be presented by the registered speaker only. Testimony submitted in writing or orally, electronically or in person, for use in the meeting process is public information. All testimony will be included as part of the approved meeting minutes at boardofwatersupply.com/boardmeetings.

MATERIALS AVAILABLE FOR INSPECTION

Meeting materials ("board packet" under HRS §92-7.5) are accessible at www.boardofwatersupply.com/boardmeetings.

VIEWING THE MEETING

The meeting will be viewable via live streaming on the BWS website: www.boardofwatersupply.com/live. Video will appear on screen. You may have to click the arrow on video to start it. You may have to unmute audio, as muted audio tends to be the default setting.

SPECIAL REQUESTS AND ACCOMMODATIONS

If you require special assistance, an auxiliary aid or service, and/or an accommodation due to a disability to participate in this meeting (i.e., sign language interpreter, interpreter for language other than English, or wheelchair accessibility), please call Joy at (808) 748-5172 or email your request to board@hbws.org **at least three business days prior to the meeting date**. If a response is received after the requested three business days before the meeting date deadline, we will try to obtain the auxiliary aid/service or accommodation, but we cannot guarantee that the request will be filled.

Upon request, this notice is available in alternate formats such as large print, Braille, or electronic copy.

The agenda for July 27, 2026, Regular Meeting of the Board of Water Supply is as follows:

REGULAR MEETING

ITEMS REQUIRING BOARD ACTION

1. Approval of the Minutes of the Public Hearing and Regular Meeting Held on June 22, 2026

2. Adoption of Resolution No. 1018, 2026, Reimbursement of Capital Expenditures from the Proceeds of Indebtedness

3. Adoption of Resolution No. 1019, 2026, for the WIFIA Project Water System Revenue Loan for the Kalaeloa Seawater Desalination Facility Project

ITEMS FOR INFORMATION

1. Update on the Board of Water Supply's Response to the Potential Impacts of the Red Hill Fuel Contamination

2. Status Update of Groundwater Levels at All Index Stations

3. Water Main Repair Report for June 2026

If the need arises with respect to any item on this agenda, Hawai'i Revised Statutes Sections 92-5(a)(4), the Board may consult with its attorneys in executive session on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and/or liabilities relating to that item.

EXECUTIVE SESSION

The Board anticipates convening into Executive Session Pursuant to Hawai'i Revised Statutes Section 92-4 and 92-5 (a)(4) to Consult in a Closed Meeting with the Board's Attorney on Questions and Issues Pertaining to Claims and Other Matters on the Board's Powers, Duties, Privileges, Immunities, and/or Liabilities.

1. Approval of the Minutes of the Executive Session Held on June 22, 2026

2. To Consult with the Board's Attorney on Questions and Issues Pertaining to the Board's Powers, Duties, Privileges, Immunities and Liabilities Pertaining to Matters Concerning the Board of Water Supply's Proposed Settlement of Civil No. 1CCV-26-0000693, City and County of Honolulu, acting by and through the Board of Water Supply vs. Hawaii MMGD, a Delaware limited liability company, formerly known as MMGD, LLC, a Maryland limited liability company, and James Campbell Company LLC, a Delaware limited liability company, Relating to the Acquisition of

Lot 3164 (Ōla'i Street) by Eminent Domain, Tax Map Key: 9-1-031:008, and to Request Authorization to Make a Settlement Offer [Hawai'i Revised Statutes (HRS) §92-4], [HRS §92-5(a)(3)], [HRS §92-5(a)(4)] and [HRS §92-5(a)(8)]

3. To Consult with the Board's Attorney on Questions and Issues Pertaining to the Board of Water Supply's Proposed Settlement of Claim #24-037B, Relating to Property Damages at 2036 Pauoa Road, Honolulu, Hawai'i Following an 8" Cast Iron Main Break at 2106 Kāneali'i Avenue, Honolulu, Hawai'i on December 6, 2023 [HRS §92-5(a)(4)]

4. To Consult with the Board's Attorney on Questions and Issues Pertaining to the Board's Powers, Duties, Privileges, Immunities, and Liabilities Pertaining to Matters Concerning the Evaluation of the Chief Engineer [HRS §92-5(a)(4)]

M I N U T E S

To watch the recording of this meeting, please click on the following link:
https://vimeo.com/bwshonolulu/july-27-2026. Closed captioning is available.

THE REGULAR MEETING OF THE
BOARD OF WATER SUPPLY

July 27, 2026

At 2:02 PM on July 27, 2026, in the Public Service Building Board Room at 630 South Beretania Street, Honolulu, Hawai'i, Chair Lance Wilhelm called to order the Regular Meeting.

Present:	Lance Wilhelm, Chair Jonathan Kaneshiro, Vice Chair Nā'ālehu Anthony, Board Member Jeffrey Laupola, Board Member Darian Chun, Board Member
Also Present:	Ernest Lau, Manager and Chief Engineer Erwin Kawata, Deputy Manager Jennifer Elflein, Program Administrator, Customer Care via Vimeo Kathleen Elliott-Pahinui, Information Officer, Communications Office via Zoom Megan Marumatsu, Executive Assistant I, Executive Support Office via Vimeo Daniel Lee, Acting Assistant Program Administrator, Field Operations Division Jennifer Faler, Program Administrator, Capital Projects Division Leanne Matsumoto, Waterworks Controller, Finance Division Michele Thomas, Executive Assistant I, Human Resources Office via Vimeo Henderson Nu'uhiwa, Program Administrator, Information Technology Division Michael Matsuo, Land Administrator, Land Division Kirk Iwamoto, Water Quality Laboratory Director, Water Quality Division Barry Usagawa, Program Administrator, Water Resources Division Kimberly Kuwaye, Manager's Secretary Joy Cruz-Achiu, Board Secretary Stella Bernardo, Information Specialist II, Communications Office via Zoom Michele Harman, Community Relations Specialist I, Communications Office via Zoom Wayne Maria, Information Specialist II, Communications Office

	Darren Hodge, Managing Director, PFM Financial Advisors, LLC Devin Brennan, Esq., Orrick Law Firm
Others Present:	Jessica Wong, Deputy Corporation Counsel via Zoom Jeff Lau, Deputy Corporation Counsel
Absent:	Edwin Sniffen, Ex-Officio Gene Albano, Ex-Officio

Chair Wilhelm welcomed everyone to the July 27, 2026, Regular Meeting of the Board of Water Supply (BWS). He stated that the Board of Water Supply is dedicated to providing safe, dependable, and affordable supply of water now and into the future.

Before continuing the meeting, Chair Wilhelm stated that a recording would play to share reminders for public participation and virtual meeting regulations required by law.

The recording played: Goals for this meeting under Hawai'i Revised Statutes, Section 92-7.5 are accessible at www.boardofwatersupply.com/boardmeeting. The Public may attend this meeting in person at the Public Service building located at 630 South Beretania Street. The Public may also view a live stream of today's meeting on our website at www.boardofwatersupply.com/live. We have been accepting written or oral testimony for today's meeting. Instructions and an online submittal form are available at boardofwatersupply.com/testimony. The deadline to submit advance written testimony has passed. Testimony received by noon today has been distributed to the board members. We will continue to accept written testimony today through our online form. Oral testimony in person or remotely will be accepted during today's meeting. To facilitate as much in-person and remote testimony as reasonably possible during the time allotted, preregistration and submittal of a written version of testimony at boardofwatersupply.com/testimony is strongly encouraged. To testify in person, please register using our online form or come to the public service building at 630 South Beretania Street. We have a representative in the lobby to provide intake and further instructions. To request to testify remotely, please complete the online form at boardofwatersupply.com/testimony. Requestors will receive an email containing links and instructions on how to join the Zoom session. Testifiers will have two minutes to state their position. A timekeeper will alert testifiers when there is one minute remaining. Once the two minutes are up, please summarize to allow time for questions from the Board. Then, make room for the next testifier. Board members attending any board meeting remotely must be visible to the Public to be considered, present, and meet quorum guidelines. Board members participating remotely must also disclose their location and anyone present at their location during roll call. Meeting participants who are calling or video conferencing in, please mute your microphone when you're not speaking. If you have a question, comment, or wish to enter or second a motion on an action item, please unmute your microphone and identify yourself before continuing to speak. If you encounter technical issues during today's meeting, please use the Zoom chat to send a direct message to our support team. Their names are listed in the message to all participants. To open the chat window, please click the text Bubble icon on the Zoom Toolbar.

Chair Wilhelm requested a roll call for the Regular Meeting. In the Board room, Vice Chair Jonathan Kaneshiro responded aye; Board Member Nā'ālehu Anthony responded aye; Board Member Jeffrey Laupola responded aye; and Board Member Darian Chun responded aye. Chair Lance Wilhelm was also present in the Board room. Board Member Edwin Sniffen and Board Member Gene Albano were absent.

Chair Wilhelm introduced those in the Boardroom: Manager Ernest Lau, Deputy Manager Erwin Kawata, Board Secretary Joy L. Cruz-Achiu, Manager Secretary Kimberly Kuwaye, Information Specialist II Wayne Maria, and Deputy Jeff Lau from the City and County Corporation Counsel. Also, from City and County Corporation Counsel, Deputy Jessica Wong joined via Zoom.

REGULAR MEETING

APPROVAL OF MINUTES	Approval of the Minutes of the Regular Meeting Held June 22, 2026.
MOTION TO APPROVE	Jonathan Kaneshiro and Nāʻālehu Anthony motioned and seconded, respectively, to approve the Minutes of the Regular Meeting Held on June 22, 2026

Ms. Cruz-Achiu conducted a roll call vote: Vice Chair Jonathan Kaneshiro, aye; Board Member Nāʻālehu Anthony, aye; Board Member Jeffrey Laupola, aye; Board Member Darian Chun, aye; and Chair Lance Wilhelm, aye. Ms. Cruz-Achiu announced that the motion passed with five ayes. Board Member Edwin Sniffen and Board Member Gene Albano were absent.

THE MINUTES OF THE REGULAR MEETING HELD ON JUNE 22, 2026, WERE APPROVED AT THE JULY 27, 2026, BOARD MEETING			
	AYE	NO	COMMENT
LANCE WILHELM	X		
JONATHAN KANESHIRO	X		
NĀʻĀLEHU ANTHONY	X		
JEFFREY LAUPOLA	X		
DARIAN CHUN	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO			ABSENT

"July 27, 2026

ADOPTION OF RESOLUTION NO. 1018, 2026, REIMBURSEMENT OF CAPITAL EXPENDITURES FROM THE PROCEEDS OF INDEBTEDNES

Chair and Members
Board of Water Supply
City and County of Honolulu
Honolulu, Hawai'i 96843

Chair and Members:

Subject: Adoption of Resolution No. 1018, 2026, Reimbursement of Capital Expenditures from the Proceeds of Indebtedness

We recommend the adoption of Resolution No. 1018, 2026, Declaring the Official Intent of the Board of Water Supply of the City and County of Honolulu to Reimburse Itself for Certain Capital Expenditures from the Proceeds of Indebtedness.

The Resolution establishes the time limit for reimbursement of capital expenditures at eighteen months. This brings the Board of Water Supply into compliance with Section 1.150 of the U. S. Treasury Regulations and does not bind the Board to make any expenditure, incur any indebtedness, or proceed with the Project.

The Resolution establishes a limit of $266,810,000 and attaches the FY 2027 Capital Improvement Program.

Respectfully Submitted,

/s/ ERNEST Y. W. LAU, P.E
Manager and Chief Engineer

Attachment"

DISCUSSION: Leanne Matsumoto, Waterworks Controller, Finance Division, gave the report. There were no comments or discussion.

MOTION TO APPROVE: Jeffrey Laupola and Jonathan Kaneshiro motioned and seconded, respectively, the Adoption of Resolution No. 1018, 2026, Reimbursement of Capital Expenditures from the Proceeds of Indebtedness

Ms. Cruz-Achiu conducted a roll call vote: Vice Chair Jonathan Kaneshiro, aye; Board Member Nāʻālehu Anthony, aye; Board Member Jeffrey Laupola, aye; Board Member Darian Chun, aye; and Chair Lance Wilhelm, aye. Ms. Cruz-Achiu announced that the motion passed with five ayes. Board Member Edwin Sniffen and Board Member Gene Albano were absent.

ADOPTION OF RESOLUTION NO. 1018, 2026, REIMBURSEMENT OF CAPITAL EXPENDITURES FROM THE PROCEEDS OF INDEBTEDNESS WAS ADOPTED AT THE JULY 27, 2026, BOARD MEETING			
	AYE	NO	COMMENT
LANCE WILHELM	X		
JONATHAN KANESHIRO	X		
NĀʻĀLEHU ANTHONY	X		
JEFFREY LAUPOLA	X		
DARIAN CHUN	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO			ABSENT

BOARD OF WATER SUPPLY
CITY AND COUNTY OF HONOLULU

RESOLUTION NO. 1018, 2026

A RESOLUTION DECLARING THE OFFICIAL INTENT OF THE BOARD OF WATER SUPPLY OF THE CITY AND COUNTY OF HONOLULU TO REIMBURSE ITSELF FOR CERTAIN CAPITAL EXPENDITURES FROM THE PROCEEDS OF INDEBTEDNESS

WHEREAS, the Board intends to provide for the acquisition, construction, rehabilitation and/or equipping of certain capital facilities for the Board constituting water system facilities and other capital improvements for the use and benefit of the Board comprising improvements related to the FY 2027 Capital Improvement Program and other related facilities (the "Project"); and

WHEREAS, the Board expects to pay certain expenditures (the "Reimbursement Expenditures") in connection with the Project prior to the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, the Board reasonably expects that debt obligations for the Project in an amount not expected to exceed $266,810,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, proceeds of such debt obligations will be allocated to Reimbursement Expenditures no later than 18 months after the later of (i) the date the cost is paid, or (ii) the date the Project is placed in service or abandoned (but in no event more than three years after the cost is paid); and

WHEREAS, the Board may issue debt obligations for the Project in connection with obligations for other projects;

BE IT RESOLVED by the Board of Water Supply of the City and County of Honolulu, Hawaii, as follows:

1. It is hereby found and determined that it is the intent of the Board that bonds be authorized and issued by the Board to provide monies to carry out one or more purposes of the Board, including the acquisition and construction of improvements to the water system of the Board as specified in Schedule I attached hereto.

2. This declaration is made solely for purposes of establishing compliance with the requirements of Section 1.150 2 of the Treasury Regulations, and this declaration does not bind the Board to make any expenditure, incur any indebtedness, or proceed with the Project.

3. The Board hereby declares its official intent to use proceeds of the indebtedness to reimburse itself for the Reimbursement Expenditures after adoption of this resolution.

4. This resolution shall take effect upon the adoption thereof.

ADOPTED:

Lance Wilhelm
Chair

Honolulu, Hawai'i
July 27, 2026

ADOPTION OF RESOLUTION NO. 1018, 2026, REIMBURSEMENT OF CAPITAL EXPENDITURES FROM THE PROCEEDS OF INDEBTEDNESS WAS ADOPTED AT THE JULY 27, 2026, BOARD MEETING			
	AYE	NO	COMMENT
LANCE WILHELM	X		
JONATHAN KANESHIRO	X		
NĀ'ĀLEHU ANTHONY	X		
JEFFREY LAUPOLA	X		
DARIAN CHUN	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO			ABSENT

SCHEDULE I

See attached FY 2027 Capital Improvement Program Budget

Board of Water Supply
Capital Improvement Program
FY 2027

Summary by Categories	Operating Fund (1)	State Revolving Fund (2)	Special Expendable Fund (3)	Improvement Fund (4)	Total
I. Research and Development	24,550,000	-	-	-	24,550,000
II. Renewal and Replacement					
A. Pumps	30,550,000	4,200,000	-	-	34,750,000
B. Reservoirs	-	-	-	-	-
C. Pipelines	10,200,000	58,000,000	-	-	68,200,000
D. Treatment	5,310,000	50,000,000	-	-	55,310,000
E. Facilities	24,550,000	2,000,000	-	-	26,550,000
Category II - sub-total	70,610,000	114,200,000	-	-	184,810,000
III. Capacity Expansion					
A. Pumps	-	-	-	-	-
B. Reservoirs	-	-	-	-	-
C. Pipelines	2,400,000	-	-	-	2,400,000
D. Treatment	-	-	-	-	-
E. Facilities	-	-	12,000,000	-	12,000,000
Category III - sub-total	2,400,000	-	12,000,000	-	14,400,000
Total - Categories I - III	97,560,000	114,200,000	12,000,000	-	223,760,000
Construction Cost Index Account	6,585,000	11,300,000	1,200,000	-	19,085,000
Contract Adjustment Account	16,840,000	1,325,000	1,250,000	4,550,000	23,965,000
Capital Improvement Program - Total	120,985,000	126,825,000	14,450,000	4,550,000	266,810,000

(1) Operating Fund is defined as rate revenue or cash.
(2) State of Hawai'i Department of Health State Revolving Fund (SRF) loan program is defined as low interest project loans from the State of Hawai'i.
(3) Special Expendable Fund is a restricted fund in which water system facilities charges are deposited and the funding reserved for water system capacity expansion projects.
(4) Improvement Fund is defined as the proceeds of Water System Revenue Bonds.

			Operating Fund	State Revolving Fund	Special Expendable Fund	Improvement Fund	Total
I. Research and Development							
1. Monitoring Well for Red Hill Contamination Response - Group IV	Drill and case one monitoring well for use as "sentinel" well to warn of the presence of an underground fuel plume from the Red Hill fuel contamination.	CONST	4,000,000	-	-	-	4,000,000
2. Waikele Gulch Exploratory Well	Drill, install, test pump, and sample two exploratory wells. Install a temporary bridge to access the well site.	CONST	7,000,000	-	-	-	7,000,000
3. Exploratory Wells For Red Hill Contamination Response - Ka'ōnohi 850'	Prepare design for one (1) exploratory well, environmental assessment, and Public Infrastructure Map (PIM) Amendment for the well, pump station and connecting pipelines at Ka'ōnohi 850'.	P&E	1,750,000	-	-	-	1,750,000
4. DLNR Windward Exploratory Well State Well Number (3-2449-002)	Prepare environmental assessment and Public Infrastructure Map (PIM) Amendment for one (1) production well at the existing DLNR Windward Exploratory Well (Well 3-2449-002).	P&E	500,000	-	-	-	500,000
5. Schofield Plateau Exploratory Wells	Prepare feasibility study, environmental assessment, and Public Infrastructure Map (PIM) Amendment for four (4) exploratory wells at Schofield Plateau near Monsanto Company Kunia.	P&E	550,000	-	-	-	550,000
6. Beretania Public Service Building Emergency Generator and Island-Wide PV Systems Study	Perform site investigation and study to determine options to provide an emergency generator for the Beretania Public Service Building, and suitable PV systems with battery storage for BWS facilities.	P&E	1,000,000	-	-	-	1,000,000
7. Construction Management for Various BWS Construction Projects	Provide construction management and training services for selected BWS construction projects.	P&E	6,000,000	-	-	-	6,000,000
8. Construction Management for Various BWS - WSO Construction Projects	Provide construction management and training services for selected BWS - WSO construction projects.	P&E	750,000	-	-	-	750,000
9. Project Management for Various BWS Projects	Provide project management, engineering and training services for selected BWS projects.	P&E	3,000,000	-	-	-	3,000,000
Total Category I - Research and Development			**24,550,000**	**-**	**-**	**-**	**24,550,000**

			Operating Fund	State Revolving Fund	Special Expendable Fund	Improvement Fund	Total
II. Renewal and Replacement							
A. Pumps							
10. Permanent Generators at Various Locations	Install up to two (2) permanent generators and appurtenances at selected BWS facilities.	CONST	8,000,000	-	-	-	8,000,000
11. Hawai'i Loa Booster No. 2 Pump and MCC Replacement	Replace booster pumps; replace MCC, SCADA system, and all electrical components and appurtenances; and limited control building upgrades.	CONST	5,750,000	-	-	-	5,750,000
12. Ka'ōnohi Booster No. 2 MCC Replacement and Facility Repairs	Replace booster pumps; replace MCC, SCADA system, and all electrical components and appurtenances; and limited control building upgrades.	CONST	5,000,000	-	-	-	5,000,000
13. Makakilo Booster No. 1 Electrical Upgrades and Facility Repair	Replace booster pumps and temporary pumping connections; replace MCC, SCADA system, and all electrical components and appurtenances; and limited control building upgrades.	CONST	4,000,000	-	-	-	4,000,000
14. Kailua Heights Booster Electrical Upgrades and Facility Repair	Replace booster pumps; replace MCC, SCADA system, and all electrical components and appurtenances; and limited control building upgrades.	CONST	-	3,000,000	-	-	3,000,000
15. Niu Valley Booster No. 1 MCC Replacement and Facility Repairs	Replace booster pumps; replace MCC, SCADA system, and all electrical components and appurtenances; and limited control building upgrades.	CONST	3,000,000	-	-	-	3,000,000
16. Pump Renewal and Replacement	Renewal and replacement of various BWS pumps and plant facilities.	CONST	4,000,000	-	-	-	4,000,000
17. Makakilo Well MCC Replacement	Install motor control center replacement.	P&E	-	500,000	-	-	500,000
18. Bella Vista Booster No. 1	Install booster pump and appurtenances from the Bella Vista 180' Reservoir to the Metro 405' system.	P&E	-	700,000	-	-	700,000
19. Pump Renewal and Replacement	Renewal and replacement of various BWS pumps and plant facilities.	P&E	300,000	-	-	-	300,000
20. Temporary Pumping Connections	Install connections for temporary pumps at critical pump stations to improve reliability.	P&E	500,000	-	-	-	500,000
Pumps Total			**30,550,000**	**4,200,000**	**-**	**-**	**34,750,000**

			Operating Fund	State Revolving Fund	Special Expendable Fund	Improvement Fund	Total
B. Reservoirs							
			-	-	-	-	-
Reservoirs Total			-	-	-	-	-
C. Pipelines							
21. Hakimo Road: 24-Inch Water Mains	Install 24-inch mains and appurtenances along Hakimo Road, from Farrington Highway to Ulehawa Road - approximately 4,150 linear feet. Replace check valve within the Lualualei Booster Station.	CONST	-	10,000,000	-	-	10,000,000
22. Ihiloa Loop and Ehupua Place Area WSI	Install 8-inch and 4-inch mains and appurtenances along Ihiloa Loop, from 100' East of Laukahi Street to ʻŌhiʻaloke Street; along ʻŌhiʻaloke Street, from Ihiloa Loop to ʻEhupua Place; along ʻEhupua Place, from ʻŌhiʻaloke Street to end (640 system); along ʻEhupua Place, from ʻŌhiʻaloke Street to end (405ʻ system); along Poʻola Street, from 170' North of Kiaʻi Place to Panalea Place; along Palaʻole Place, from Poʻola Street to end; and along Panalea Place, from Poʻola Street to end - approx. 4,300 lin. ft.	CONST	-	10,000,000	-	-	10,000,000
23. Pacific Heights Road Area Water System Improvements	Install 12-inch, 8-inch and 4-inch mains and appurtenances along Pacific Heights Road, from 2695 Pacific Heights Road to Von Hamm Place - approx. 1,500 lin. ft.	CONST	-	2,500,000	-	-	2,500,000
24. Moanalua Road: 8-Inch Water Main Near Hekaha Street	Install 8-inch mains and appurtenances along Moanalua Road to repair a main break leak - approx. 20 lin. ft.	CONST	-	300,000	-	-	300,000
25. McCully Bridge 16-Inch Main Replacement of Pipe Supports	Install concrete pipe supports beams and saddles, and appurtenances for the 16-inch main along the McCully Street Bridge.	CONST	-	6,000,000	-	-	6,000,000

			Operating Fund	State Revolving Fund	Special Expendable Fund	Improvement Fund	Total
26. Lower Mariners Ridge Water System Improvements	Install 12-inch mains and appurtenances along Kaluanui Road, from Kalo'alo'a Street to Kaluanui Place/Ka'ahue Street - approx. 1,480 lin. ft. Install 8-inch mains and appurtenances along Kalo'alo'a Street, from Ka'ahue Street to Kaluanui Road; along Ka'ahue Street, from Kalo'alo'a Street to Kaluanui Road; and along Kaluanui Place from Kaluanui Road to Kaluanui Way - approx. 2,875 lin. ft. Install 8-inch and 2 1/2-inch mains and appurtenances along Kawaiki Place, from Ka'ahue Street to end; along Kauku Place, from Ka'ahue Street to end; along Kapoho Place, from Ka'ahue Street to end; along Kapāpala Place, from Ka'ahue Street to end; along Ka'ohe Place, from Ka'ahue Street to End; along Kamoi Place, from Ka'ahue Street to End; along Kakiwa Place, from Kaluanui Road to end; along Kakapa Place, from Kaluanui Road to end; along Kaipuha'a Place, from Kaluanui Road to end; along Kahuwai Place, from Kaluanui Road to end; along Kahauloa Place, from Kaluanui Road to end; and along Kaluanui Way, from end to end - approx. 4,665 lin. ft.	CONST	-	15,000,000	-	-	15,000,000
27. Kellog Street: 12-Inch Water Main	Install 12-inch mains and appurtenances along Kellog Street, from Kilani Avenue to the North end of Kellog Street - approx. 1,420 lin. ft. Install 8-inch mains and appurtenances along Auwai Drive, from Kellog Street to Kolekole Drive - approx. 700 lin. ft. Repair the leaking 12-inch water main along the steep hillside on the southeast side of Kaukonahua Gulch (past the North End of Kellog Street).	CONST	-	6,500,000	-	-	6,500,000
28. Kapolei Parkway 24-Inch R-1 Water Main	Install 24-inch mains and appurtenances along Kapolei Parkway, from near FH No. L04892 to Kamōkila Boulevard - approx. 700 lin. ft.	CONST	-	1,700,000	-	-	1,700,000
29. Monterey Drive and Sierra Drive: 8-Inch Water Mains	Install 8-inch mains and appurtenances along Monterey Drive, from Lurline Drive to Mariposa Drive; and along Sierra Drive, from Wilhelmina Rise to Wilhelmina Rise near Manini Way - approx. 3,360 lin. ft. Install 8-inch and 4-inch mains and appurtenances along Monterey Place, from Monterey Drive to end; and along Lanipili Place, from Monterey Drive to end -	CONST	-	6,000,000	-	-	6,000,000

			Operating Fund	State Revolving Fund	Special Expendable Fund	Improvement Fund	Total
30. Water Sampling Stations at Various Locations	Install water sampling stations at various locations.	CONST	1,000,000	-	-	-	1,000,000
31. Service Lateral Replacement at Various Locations	Install and replace service laterals at various locations.	CONST	1,500,000	-	-	-	1,500,000
32. Water Main Installation and Replacement	Install and replace water mains at various locations.	CONST	100,000	-	-	-	100,000
33. Water System Improvements at Various Locations	Install mains and appurtenance to replace high risk water mains at various locations throughout the island.	P&E	7,000,000	-	-	-	7,000,000
34. Fire Hydrant Installations at Various Location	Fire hydrant installations at various locations.	P&E	500,000	-	-	-	500,000
35. Water Main Installation & Replacement	Install and replace water mains at various locations.	P&E	100,000	-	-	-	100,000
Pipelines Total			**10,200,000**	**58,000,000**	**-**	**-**	**68,200,000**
D. Treatment							
36. PFAS Treatment Facility at Ka'amilo Wells	Install four (4) new GAC vessels, backwash tank system, including pump and filter setup, and piping.	CONST	-	14,000,000	-	-	14,000,000
37. PFAS Treatment Facility at Moanalua Wells	Install eight (8) new GAC vessels, backwash tank system, including pump and filter setup, and piping.	CONST	-	26,000,000	-	-	26,000,000
38. PFAS Treatment Facility at Pearl City Shaft	Install two (2) new GAC vessels, backwash tank system, including pump and filter setup, chlorinator infrastructure and piping.	CONST	-	10,000,000	-	-	10,000,000
39. GAC Corrosion Control at Various Locations	Perform corrosion control of selected BWS GAC facilities. CM services funding included for this project.	CONST	3,500,000	-	-	-	3,500,000
40. Granular Activated Carbon Disposal Options	Develop an implementation plan for the construction of a GAC reactivation plant. Design RFP development, provide project management services to monitor DBOM progress and provide operations management oversight for 12-month period after construction complete.	P&E	1,000,000	-	-	-	1,000,000
41. Treatment Repair and Rehabilitation	Repair and replacement of various BWS treatment facilities.	P&E	810,000	-	-	-	810,000
Treatment Total			**5,310,000**	**50,000,000**	**-**	**-**	**55,310,000**

			Operating Fund	State Revolving Fund	Special Expendable Fund	Improvement Fund	Total
E. Facilities							
42. Kalama Valley Pressure Reducing Valve Improvements	Install two pressure reducing valves and 12-inch main and appurtenances along Hawai'i Kai Drive, West of Kalama Valley. Install PRVs underground in vaults along with communication and supervisory controls.	CONST	-	2,000,000	-	-	2,000,000
43. Pump Station Instrumentation & Controls and SCADA Upgrade	Upgrade instrumentation and controls equipment at various pump stations and revamp SCADA system to provide smarter functionality.	CONST	2,000,000	-	-	-	2,000,000
44. Security Improvements at Various Locations	Security improvements and enhancements includes, but not limited to fencing, doors and windows, vegetation setbacks and access control systems at various BWS locations.	CONST	4,000,000	-	-	-	4,000,000
45. Facility Repair and Renovation	Repair, renovation, reroofing, fencing and repainting of selected BWS facilities.	CONST	10,000,000	-	-	-	10,000,000
46. Pump Station Building Repairs	Reroofing, painting, exterior and interior repairs of selected pump station building facilities.	CONST	3,000,000	-	-	-	3,000,000
47. Mauna 'Olu 530 Open Reservoir Dam Assessment	Conduct geotechnical investigation and prepare slope stability analysis of dam embankment under various loading conditions; update Hydrologic and Hydraulic Study; conduct topographic survey and prepare topographic map of dam and reservoir site; and identify and evaluate options to establish upstream control of outlet works.	P&E	800,000	-	-	-	800,000
48. Kona Low Storm Repairs	Repairs to access roads and facilities damaged by the Kona Low Storm in March 2026	P&E	2,000,000	-	-	-	2,000,000
49. Facility Repair and Renovation	Repair, renovation, reroofing, fencing and repainting of selected BWS facilities.	P&E	2,000,000	-	-	-	2,000,000
50. Monitoring Well Assessment and Repair	Provide well condition assessment and associated repair services for monitor wells.	P&E	150,000	-	-	-	150,000
51. Professional Services for BWS Projects	Obtain services of archaeologists, botanists, environmental engineers, water quality labs, planners, government agencies and others.	P&E	300,000	-	-	-	300,000
52. Pump Station Assessment and Operations/Repairs	Update pump station condition assessments and operations database.	P&E	300,000	-	-	-	300,000
Facilities Total			**24,550,000**	**2,000,000**	**-**	**-**	**26,550,000**
Total Category II - Renewal and Replacement			**70,610,000**	**114,200,000**	**-**	**-**	**184,810,000**

			Operating Fund	State Revolving Fund	Special Expendable Fund	Improvement Fund	Total
III. Capacity Expansion							
A. Pumps							
			-	-	-	-	-
Pumps Total			-	-	-	-	-
B. Reservoirs							
			-	-	-	-	-
Reservoirs Total			-	-	-	-	-
C. Pipelines							
53. Kalākaua Avenue 16-Inch Main and Saratoga Road 12-Inch Main	Install 16-inch main and appurtenances along Kalakaua Avenue, from Ala Wai Bridge to Ka'iulani Avenue - approx. 5,260 lin. ft. Install 12-inch main and appurtenances along Saratoga Road, from Kalākaua Avenue to Kalia Road - approx.	P&E	1,500,000	-	-	-	1,500,000
54. Honolulu District 42-Inch Mains - Liliha to Mō'ili'ili AIS	Prepare and submit an archaeological inventory survey (AIS) plan, and conduct and complete an AIS for the Honolulu District 42-Inch Mains - Liliha to Mo'ili'ili.	P&E	900,000	-	-	-	900,000
Pipelines Total			2,400,000	-	-	-	2,400,000
D. Treatment							
			-	-	-	-	-
Treatment Total			-	-	-	-	-

			Operating Fund	State Revolving Fund	Special Expendable Fund	Improvement Fund	Total
E. Facilities							
55. Kalaeloa Sea Water Desalination Facility	Design-Build-Operate-Maintain (DBOM) contract for a 1.7 MGD desalination facility with limited oversizing for future expansion. Install 16-inch transmission main along the project boundary from desalination facility to Ōla'i Street; along Ōla'i Street, from end to Kalaeloa Boulevard; along Kalaeloa Boulevard, from Ōla'i Street to the existing 16-inch main near the Northern end of TMK 9-1-031:022 - approx. 4,800 lin. ft.	CONST	-	-	12,000,000	-	12,000,000
Facilities Total			**-**	**-**	**12,000,000**	**-**	**12,000,000**
Total Category III - Capacity Expansion			**2,400,000**	**-**	**12,000,000**	**-**	**14,400,000**
Total Categories I - III			**97,560,000**	**114,200,000**	**12,000,000**	**-**	**223,760,000**
Construction Cost Index Adjustment			**6,585,000**	**11,300,000**	**1,200,000**	**-**	**19,085,000**
Contract Adjustment Account			**16,840,000**	**1,325,000**	**1,250,000**	**4,550,000**	**23,965,000**
FY27 Capital Improvement Program Total			**120,985,000**	**126,825,000**	**14,450,000**	**4,550,000**	**266,810,000**

"July 27, 2026

ADOPTION OF RESOLUTION NO. 1019, 2026, FOR THE WIFIA PROJECT WATER SYSTEM REVENUE LOAN FOR THE KALAELOA SEAWATER DESALINATION FACILITY PROJECT

Chair and Members
Board of Water Supply
City and County of Honolulu
Honolulu, Hawai'i 96843

Chair and Members:

Subject: Adoption of Resolution No. 1019, 2026, for the WIFIA Project Water System Revenue Loan for the Kalaeloa Seawater Desalination Facility Project

We recommend the adoption of Resolution No. 1019, 2026 for the WIFIA Project Water System Revenue Loan for the Kalaeloa Seawater Desalination Facility Project.

Following extensive negotiations with the United States Environmental Protection Agency (acting by and through the Administrator of the Environmental Protection Agency) (the "WIFIA Lender"), the Board has determined to enter into a WIFIA Loan Agreement, to be dated on or around August 5, 2026 (the "Agreement"), with the WIFIA Lender, to finance eligible costs relating to the planning, design, and construction of the Kalaeloa Seawater Desalination Facility Project (the "Desalination Project"), a seawater reverse osmosis facility, including on site and off site ancillary improvements. The WIFIA Lender has agreed to take a junior and subordinate lien for the repayment of the loan ("WIFIA Loan") it will make to the Board in an amount not to exceed $108,612,012. The WIFIA Resolution will pledge the Net Revenues of the Water System as security for the payment of the debt service on the WIFIA Loan except that such pledge for the WIFIA Loan will be subject to and subordinate to the pledge made or to be made in resolutions, including Resolution No. 717, 2001 adopted April 26, 2001, for bonds issued or to be issued under and pursuant to such resolutions ("Senior Debt") as more fully described below, as well as parity to the pledge made to the State Department of Health under Resolution No. 741, 2004 adopted by the Board on February 23, 2004, as from time to time amended and supplemented as permitted thereby (the "SRF Resolution"), and the Revolving Credit Agreement, dated July 8, 2026 (the "Revolving Credit Agreement"), by and between the Board and Bank of America, N.A. (the "Bank").

The WIFIA Resolution

The WIFIA Resolution is an Agreement with the WIFIA Lender. The WIFIA Resolution sets forth the basic terms of the security between the Board and the WIFIA Lender with respect to repayment of the WIFIA Loan. The WIFIA Resolution and the Agreement together contain the terms of that security.

WIFIA Loan. The WIFIA Loan to be obtained by the Board under and pursuant to the WIFIA Resolution does not count towards the constitutional debt limit applicable to the issuance of general obligation bonds by the City and County. However, the City and County must prepare and file supplemental debt statements required by Hawaii Revised Statutes, Chapter 47C with respect to the WIFIA Loan.

Security for the Payment of the WIFIA Loan. Resolution No. 717, 2001 does not permit the pledge of the Net Revenues of the Water System for the payment and security of the obligations issued under and pursuant to another general resolution that is superior than or on a parity with the pledge made for bonds issued under and pursuant to Resolution No. 717, 2001. However, Resolution No. 717, 2001 does permit the pledge of the Net Revenues on a junior and subordinate basis for the payment and security of bonds and other obligations issued as "Subordinate Obligations" that are payable from the Net Revenues deposited into the Subordinate Obligation Fund created by Resolution No. 717, 2001.

The WIFIA Loan to be issued under the WIFIA Resolution is a Subordinate Obligation for purposes of Resolution No. 717, 2001 and is a limited special obligation of the Board payable solely from and secured by the funds pledged therefor by the WIFIA Resolution. The WIFIA Resolution pledges as security for the payment of the principal and prepayment price (if any) of, and interest on, the WIFIA Loan in accordance with their terms and the provisions of the WIFIA Resolution: (i) the proceeds of sale of the WIFIA Loan pending application thereof, (ii) the Net Revenues, and (iii) certain funds and accounts held thereunder (the "Pledged Funds and Accounts"). The WIFIA Resolution provides that the WIFIA Lender shall have a lien on, and a security interest in, such proceeds, the Net Revenues, and the Pledged Funds and Accounts for such purpose and subject to such provisions of the WIFIA Resolution. However, the WIFIA Resolution provides that the lien and security interest for the payment of the WIFIA Loan shall be subject and subordinate to the lien and security interest for the payment of Senior Debt. The WIFIA Resolution does permit the pledge of the Net Revenues for the payment and security of bonds and obligations issued under and pursuant to other general resolutions that is on a parity with the pledge made for the WIFIA Loan (such bonds and the WIFIA Loans are collectively called "Parity Debt").

Under both Resolution No. 717, 2001 and the WIFIA Resolution, Net Revenues mean generally (i) the moneys collected by or on behalf of the Board from the rates, rentals, fees and charges prescribed for the use and services of, and the facilities and commodities furnished by, the Water System, including, among other things, investment income, but excluding, among other things, certain contributions in-aid-of construction and assessment, impact and other similar fees and gifts, grants, and donations, less (ii) the operating and maintenance expenses of the Water System.

Funds and Accounts Under the WIFIA Resolution. The Pledged Funds and Accounts under the WIFIA Resolution include the WIFIA Revenue Fund and, within the WIFIA Revenue Fund, the WIFIA Debt Service Account and the WIFIA Improvement Account. The WIFIA Debt Service Account is used to pay debt service on and prepayment price of WIFIA Loans. The WIFIA Improvement Account is used to pay the cost of improvements to be financed and is to be funded from the proceeds of WIFIA Loans made by the WIFIA Lender.

The WIFIA Resolution provides that in each month, after setting aside the amounts required by resolutions authorizing and securing Senior Debt, Net Revenues on deposit in the Subordinate Obligation Fund are to be transferred to the WIFIA Revenue Fund in the amounts required by the WIFIA Resolution. Amounts in the WIFIA Revenue Fund are then transferred to the various accounts therein as provided in the WIFIA Resolution.

Certain Covenants and Agreements Under the WIFIA Resolution and the Agreement. Among the various covenants and agreements made by the Board in the WIFIA Resolution are the (i) rate covenant, and (ii) the additional debt covenant.

The Agreement provides that the Board shall fix, charge and collect rates and other charges in each fiscal year such that, generally, the Net Revenues in such fiscal year will be not less than the greater of: (i) the sum of the aggregate debt service on Senior Debt and aggregate debt service on Parity Debt in such fiscal year and the amount required to be paid by all resolutions authorizing Senior Debt and Parity Debt for reserves and other purposes in such fiscal year; or (ii) 1.10 times the aggregate debt service on all Senior Debt and 1.10 times the aggregate debt service on all Parity Debt and 1.00 times the amount required to be paid in connection with reimbursements under certain credit support facilities in such fiscal year. Failure to maintain this rate covenant constitutes an event of default under the Agreement and the WIFIA Resolution unless the Board takes the remedial action prescribed in the Agreement.

Under the WIFIA Resolution and Agreement, the Board may not, with certain exceptions, issue additional Parity Debt unless the additional debt covenants in the WIFIA Resolution and Agreement are complied with at the time such additional Parity Debt is issued. Such covenant requires, generally, that either:

A. The Net Revenues for: (a) the most recent fiscal year, or (b) any consecutive twelve (12) months' period out of twenty-four (24) months immediately preceding the month in which the WIFIA Loans are issued were not less than the greater of: (x) the sum of (1) the maximum of the sum of aggregate debt service on all Senior Debt and Parity Debt then outstanding and aggregate debt service on the proposed WIFIA Loans in any fiscal year or the twelve (12) month period selected and (2) the amount required to be paid by all resolutions authorizing Senior Debt and Parity Debt for reserves and other purposes for the fiscal year or the twelve (12) month period selected; or (y) the sum of (1) 1.10 times the maximum of the sum of aggregate debt service on all Senior Debt and Parity Debt then outstanding and on the aggregate debt service on the proposed WIFIA Loans in any fiscal year or the twelve (12) month period selected and (2) 1.00 times the amount required to be paid by all resolutions authorizing Senior Debt and Parity Debt for other purposes for the fiscal year or the twelve (12) month period selected, or

B. The Net Revenues to be derived in each of the five (5) fiscal years following the earlier of: (i) the end of the period during which interest is capitalized or, if no interest is to be capitalized, the fiscal year in which the proposed WIFIA Loans are issued, and (ii) the date on which substantially all improvements to be financed with the proceeds of the proposed WIFIA Loans are expected to commence operations, or, if the proceeds of such series of WIFIA Loans will not be used to fund the costs of improvements, the fiscal year in which the proposed series of WIFIA Loans are issued, are estimated to be not less than the greater of: (x) the sum of (1) the maximum of the sum of aggregate debt service on all Senior Debt and Parity Debt then outstanding and aggregate debt service on the proposed WIFIA Loans in any such fiscal year, and (2) the amount required to be paid by all resolutions authorizing Senior Debt and Parity Debt for reserves and other purposes; and (y) the sum of (1) 1.10 times the maximum of the sum of aggregate debt service on all Senior Debt and Parity Debt then outstanding and aggregate debt service on the proposed WIFIA Loans in any such fiscal year, and (2) the amount required to be paid in connection with reimbursements under certain credit support facilities in such fiscal year.

Events of Defaults and Remedies. The WIFIA Resolution and the Agreement set forth certain events and occurrences, such as a failure to punctually pay debt service on the outstanding WIFIA Loans or a failure to observe a covenant, which constitute events of defaults. Any event of default, if not cured within the period prescribed in the WIFIA Resolution, will permit the WIFIA Lender to take action and exercise remedies permitted under the WIFIA Resolution and the Agreement, including acceleration of the principal of the outstanding WIFIA Loan and appointment by a court of a receiver for the Water System. The exercise of any such remedy is subject to the prior rights of the holders of Senior Debt.

Authorization of the Agreement. The WIFIA Resolution also authorizes various officers of the Board to execute the Agreement with the WIFIA Lender, which is additionally attached hereto.

Respectfully Submitted,

/s/ ERNEST Y. W. LAU, P.E
Manager and Chief Engineer

Attachment"

DISCUSSION: Leanne Matsumoto, Waterworks Controller, Finance Division; Darren Hodge, Managing Director, PFM Financial Advisors, LLC; and Devin Brennan, Esq., Orrwick Law Firm, gave the report.

Manager Ernest Lau recognized the BWS Team: Finance Division, Water Resources Division, PFM Financial Advisors, and Orrwick Law Firm for their hard work. He shared that the BWS is the first in Hawai'i to secure a Water Infrastructure Finance and Innovation Act (WIFIA) loan from the United States Environmental Protection Agency (EPA). Manager Lau also shared that WIFIA Loans are available only for projects of $20 million (M) or more and offer flexible terms.

Mr. Darren Hodge explained the WIFIA Loan can be drawn at any time before a project is completed. Once the BWS closes the loan, the rate is locked. EPA has been amenable to allowing a one-time rate reset if interest rates decrease in the future, but it is at EPA's discretion. One requirement for a rate reset is that the WIFIA loan be undrawn at the time of the reset.

Manager Ernest Lau commented that the WIFIA loan is part of BWS's efforts to finance its projects and meet customer needs, while remaining cost-effective. He thanked the Board for its support and the BWS team for its hard work.

Chair Lance Wilhelm asked when the BWS anticipates making its first draw from the WIFIA loan.

Ms. Leanne Matsumoto responded that construction is set to start in October 2027. The BWS intends to use its United States Bureau of Reclamation (USBR) and Special Expenditure funds before making a draw from the WIFIA loan. She mentioned that, depending on the rates, the BWS can also use its other line of credit.

Manager Lau added that the Kalaeloa seawater desalination project is an important step to diversify Oahu's water resources. The BWS was granted federal funding from the USBR ($19M) and the American Rescue Plan ($25M), both of which do not require repayment.

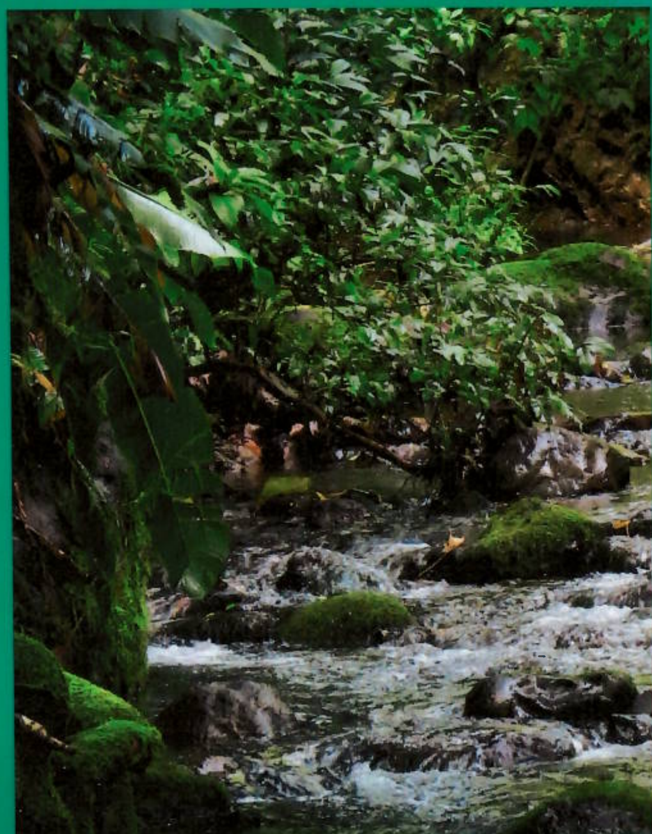
Chair Wilhelm expressed his appreciation for the hard work of staff and consultants on this effort. He commented that building capital, being creative with each dollar, and diversifying are important.

MOTION TO APPROVE

Jeffrey Laupola and Jonathan Kanehiro motioned and seconded, respectively, to Adopt Resolution No. 1019, 2026, for the WIFIA Project Water System Revenue Loan for the Kalaeloa Seawater Desalination Facility Project.

Ms. Cruz-Achiu conducted a roll call vote: Vice Chair Jonathan Kaneshiro, aye; Board Member Nāʻālehu Anthony, aye; Board Member Jeffrey Laupola, aye; Board Member Darian Chun, aye; and Chair Lance Wilhelm, aye. Ms. Cruz-Achiu announced that the motion passed with five ayes. Board Member Edwin Sniffen and Board Member Gene Albano were absent.

ADOPTION OF RESOLUTION NO. 1019, 2026 FOR THE WIFIA PROJECT WATER SYSTEM REVENUE LOAN FOR THE KALAELOA SEAWATER DESALINATION FACILITY PROJECT WAS ADOPTED AT THE JULY 27, 2026, BOARD MEETING			
	AYE	NO	COMMENT
LANCE WILHELM	X		
JONATHAN KANESHIRO	X		
NĀʻĀLEHU ANTHONY	X		
JEFFREY LAUPOLA	X		
DARIAN CHUN	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO			ABSENT



WIFIA LOAN PRESENTATION

Darren Hodge
July 27, 2026
boardofwatersupply.com

PROJECT OVERVIEW

- The Kalaeloa Seawater Desalination Facility Project (the "Project") is anticipated be funded through a variety of sources

Funding Source	Expected Amount
ARPA Funding	$25,000,000
USBR Grant	$18,973,728
Previously Incurred Eligible Costs	$410,000
Cash	$68,761,428
WIFIA Loan	$108,612,012
Total Funding Sources	**$221,757,168**

- The $108.6 million WIFIA provides a flexible source of financing that BWS plans on utilizing to pay for a portion of projected Project costs

OVERVIEW OF THE WIFIA LOAN PROCESS

- The WIFIA Loan process consists of three phases

Current phase

Project Selection

- Letter of Interest (LOI) submission
- LOI evaluation
- Invitation to apply

Project Approval

- Application submission
- Application evaluation
- Application approval

Negotiation and Closing

- Negotiation activities
- Term sheet finalized
- Credit agreement execution

WIFIA LOAN BENEFITS

- Able to fund up to 49% of Eligible Project Costs
  - Eligible Project Costs are project costs, issuance expenses, interest on interim financing
  - BWS negotiated additional project cost contingency into its definition of Eligible Project Costs allowing it to increase the maximum amount of the WIFIA Loan
- BWS only draws on the WIFIA Loan what it needs
- Lower interest rate than a comparable taxable bond in today's market
- Interest is only paid on amounts drawn
- Flexible prepayment provisions
- EPA is willing to accept a subordinate lien at no additional interest rate premium

WIFIA LOAN CONSIDERATIONS

- Ongoing reporting requirements to the EPA
  - Quarterly construction reports
  - Annual financial reporting
- Project delays past the Development Default date provide EPA the ability to default the loan making all drawn amounts immediately due and payable
  - To-date, EPA has been willing to work with borrowers whose projects have experienced delays by adjusting substantial completion and development default dates. However, this flexibility is at EPA's discretion.
- In the event of a government shutdown, WIFIA funding is not guaranteed/protected – however, to date, in speaking with EPA on this matter, they have not failed to fund a loan due to government shutdowns

WIFIA LOAN AGREEMENT

- Together with the WIFIA Resolution, the WIFIA Loan Agreement contains the terms and provisions governing the repayment of the WIFIA Loan
- Key terms/features within the WIFIA Loan Agreement include:
  - Additional Bonds Test: Test which must be met before additional debt/obligations are issued.
  - Development Default Date: Date by which if the Project is not substantially complete, EPA has the ability (but not the obligation) to declare the loan in default. Tied to the expected Substantial Completion Date.
  - Disbursement Schedule: Draw schedule for the WIFIA Loan. The WIFIA loan can be drawn slower, but not faster, than the draws outlined in the Disbursement Schedule.
  - Expected Substantial Completion Date: Date by which the Project is expected to be substantially complete.
  - Interest Rate: Set at closing. Equal to the interest rate on a comparable US Treasury (SGLS) + 1 basis point.
  - Loan Repayment Schedule: Dates and project amounts of loan repayments.
  - Prepayment: Prepayable at any time; partial prepayments will occur on a pro-rata basis.
  - Rate Covenant: Covenant by BWS to set rates and charges annually to meet operating expenses and debt service payments – requires rates and charges to be budgeted annually in order to meet a minimum debt service coverage ratio.

OVERVIEW OF THE PROPOSED WIFIA LOAN

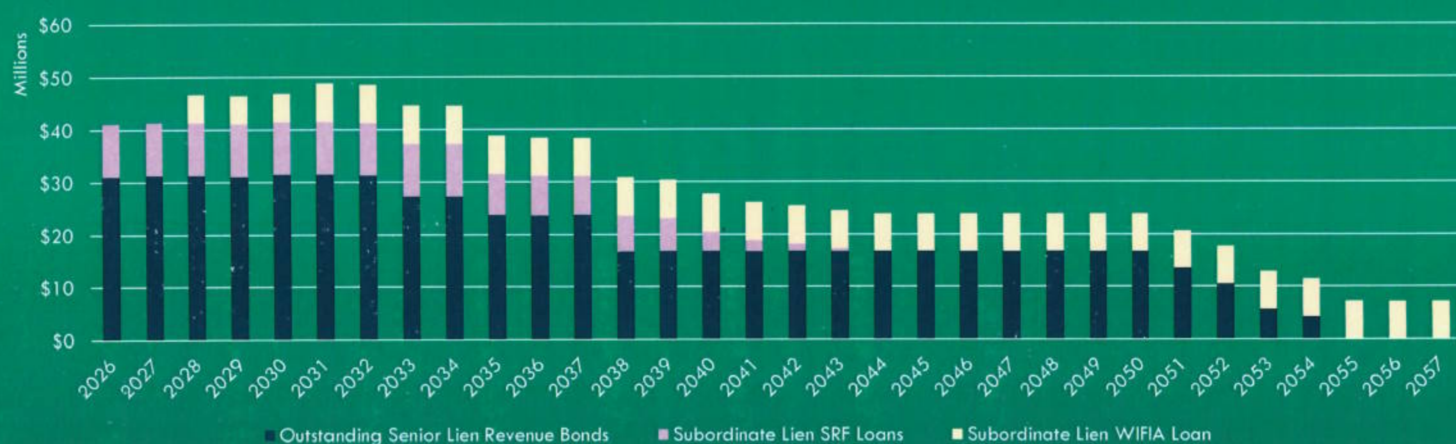
Funding Source	WIFIA Terms*
Targeted Closing Date	August 2026
Loan Amount	$108,612,012
First Interest Payment	July 1, 2027[a]
Loan Amortization	July 1, 2030 – July 1, 2056
Lien	Subordinate Lien
Current Loan Rate	5.06%[b]

* Preliminary, subject to change.

a) Interest payments begin once a draw is made on the WIFIA Loan.

b) As of July 8, 2026. Final WIFIA Loan Rate will be set on day of closing.

Projected Debt Service (Fiscal Year)



Mahalo!

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BOARD OF WATER SUPPLY
CITY AND COUNTY OF HONOLULU, HAWAII

WIFIA PROJECT
WATER SYSTEM REVENUE LOAN
KALAELOA SEAWATER DESALINATION FACILITY PROJECT

AUTHORIZING UP TO

$108,612,012 PRINCIPAL AMOUNT

ADOPTED JULY 27, 2026

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RESOLUTION

AUTHORIZING AND PROVIDING FOR A WATER INFRASTRUCTURE FINANCE AND INNOVATION ACT LOAN TO BE OBTAINED FROM THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, AN AGENCY OF THE UNITED STATES OF AMERICA, ACTING BY AND THROUGH THE ADMINISTRATOR OF THE ENVIRONMENTAL PROTECTION AGENCY, BY THE BOARD OF WATER SUPPLY OF THE CITY AND COUNTY OF HONOLULU, HAWAII, FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF THE KALAELOA SEAWATER DESALINATION FACILITY, PART OF THE WATER SYSTEM OF THE CITY AND COUNTY; COVENANTING AS TO ESTABLISHMENT, MAINTENANCE, REVISION AND COLLECTION OF CHARGES AND RATES FOR THE USE AND SERVICES OF THE WATER SYSTEM AND THE COLLECTION AND DISBURSEMENT OF REVENUES DERIVED THEREFROM; PLEDGING ON A JUNIOR AND SUBORDINATE BASIS THE NET REVENUES DERIVED FROM THE WATER SYSTEM TO THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE LOAN AS THE SAME FALL DUE; CREATING AND ESTABLISHING CERTAIN FUNDS AND ACCOUNTS AND MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING.

WHEREAS, pursuant to the City Charter (as hereinafter defined) of the City and County of Honolulu (the "**City and County**") there has been established a department of water supply known as the Board of Water Supply (the "**Board**"), consisting of a seven-member policy-making board of water supply, the manager and chief engineer of the board of water supply (the "**Manager**") and the necessary staff;

WHEREAS, pursuant to the City Charter, the Board has the full and complete authority to manage, control and operate water systems owned and under the jurisdiction of the City and County, including all the City and County water rights and water sources, together with all materials, supplies and equipment and all real and personal property used or useful in connection with such water systems, and has pursuant to such authority managed, controlled and operated such water systems;

WHEREAS, the City Council of the City and County (the "**City Council**") has, pursuant to a resolution adopted on September 20, 1995, approved the exercise by the Board of all or any part of the powers vested in the City and County and the Board pursuant to Chapter 49, Hawaii Revised Statutes, with respect to the water systems of the City and County; provided, however, that the Board shall not issue revenue bonds in excess of $18,000,000 unless further approval of the City Council is obtained;

WHEREAS, the City Council has, pursuant to resolutions duly adopted from time to time, found and determined that it is necessary and advisable and in the best interest of the Board that the Board issue under the Board's name revenue bonds at one time or from time to time in an aggregate principal amount not to exceed the amounts set forth in such resolutions and that such revenue bonds be authorized, issued, secured and delivered under and pursuant to, and in accordance with, the Constitution and statutes of the State of Hawaii, including, particularly, Chapter 49, Hawaii Revised Statutes, the City Charter and such water system bond resolutions as the Board shall adopt from time to time;

WHEREAS, the Board expects that the City Council will approve from time to time the issuance of additional revenue bonds by the Board;

WHEREAS, the Board, pursuant to Bond Resolution No. 717, 2001 adopted on April 26, 2001 (as it has been amended and supplemented, the "**First Bond Resolution**"), has heretofore authorized revenue bonds of the Board payable from the revenues of the Water System (hereinafter defined) of the Board after payment of operating expenses of the Water System in order to finance additions, improvements, enlargements, acquisitions, extensions, expansion and betterments to and other purposes of the Water System;

WHEREAS, the First Bond Resolution establishes a Subordinate Obligation Fund and permits the issuance of bonds, notes or other evidences of indebtedness of the Board payable therefrom;

WHEREAS, the Board, pursuant to Resolution No. 741, 2004 adopted on February 23, 2004 (as it has been amended and supplemented, the "**SRF Loan Resolution**"), has heretofore authorized State Revolving Fund loans to be obtained from time to time from the State of Hawaii Department of Health to finance improvements to the Water System (the "**SRF Loans**");

WHEREAS, pursuant to the SRF Loan Resolution, the Board provided for payment of the principal of and interest on the SRF Loans from the net revenues of the Water System (*i.e.*, revenues after payment of operating expenses of the Water System) deposited in the Subordinate Obligation Fund;

WHEREAS, the United States Environmental Protection Agency, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency (the "**WIFIA Lender**"), has agreed to make a loan (the "**WIFIA Loan**") to the Board pursuant to the Water Infrastructure Finance and Innovation Act, §5021 *et seq*. of Public Law 113-121, as amended, classified at 33 U.S.C. §§3901-3915 (collectively, and as the same may be further amended from time to time, "**WIFIA**") to finance certain improvements to the Water System, being a portion of the costs of the Kalaeloa Seawater Desalination Facility, located in Oahu Hawaii, including planning, design, and construction of a seawater reverse osmosis facility, and on-site and off-site ancillary facilities (the "**Project**");

WHEREAS, it is necessary and advisable and in the best interest of the City and County and the Board that the Board obtain such loan from the WIFIA Lender and provide for the payment of the principal of and interest on such loan from the net revenues of the Water System (*i.e.*, revenues after payment of operating expenses of the Water System) deposited in the Subordinate

Obligation Fund on a parity with the payment of the WIFIA obligations required to be paid from the Subordinate Obligation Fund, including without limitation the SRF Loans; and

WHEREAS, the Board hereby finds and determines that it is in the best interest of the City and County and the Board to adopt this Resolution authorizing and providing for the WIFIA Loan to be obtained from the WIFIA Lender, and making certain pledges, agreements and covenants with respect to the repayment of the principal of and interest on such loan and the operation and maintenance of the Water System;

BE IT RESOLVED BY THE BOARD OF WATER SUPPLY OF THE CITY AND COUNTY OF HONOLULU:

ARTICLE I

DEFINITIONS; CONTRACT AND AUTHORITY

Section 1.01. ***Definitions of Special Terms***. Unless the context shall clearly indicate some other meaning or may otherwise require, capitalized terms used and not defined herein shall have the respective meanings defined in the First Bond Resolution and the terms defined in this Section shall, for all purposes of this resolution and of any resolution or other instrument amendatory hereof or supplemental hereto and of any certificate, opinion, instrument or document herein or therein mentioned, have the meanings herein specified, with the following definitions to be equally applicable to both the singular and plural forms of any terms herein defined and vice versa:

"***Accrued Debt Service***" means, with respect to the WIFIA Loan and as of any date of computation, an amount equal to the sum of: (i) interest on the WIFIA Loan accrued and unpaid and to accrue to the end of the then current calendar month in which the date of computation falls, and (ii) (A) principal and redemption premium which are then due and unpaid for the WIFIA Loan and (B) that portion of the principal and redemption premium for the WIFIA Loan next due which would have accrued to the end of such calendar month if deemed to accrue monthly from a date one year prior to its due date; and with respect to the Debt other than the WIFIA Loan and as of any date of computation, an amount equal to the sum of: (i) interest on such Debt accrued and unpaid and to accrue to the end of the then current calendar month in which the date of computation falls, and (ii) principal, sinking fund installment and redemption premium which are then due and unpaid for such Debt and that portion of the principal (as determined in accordance with the resolution authorizing such Debt) and redemption premium for such Debt next due which would have accrued to the end of such calendar month if deemed to accrue monthly from a date one year prior to its due date.

"***Act***" means Chapter 49, Hawaii Revised Statutes, and all laws amendatory or supplemental thereto.

"***Assumed Debt Service***" means for any Fiscal Year the aggregate amount of principal and interest which would be payable on Debt if each Excluded Principal Payment were amortized on a substantially level debt service basis or other amortization schedule provided by the Manager for either: (1) a period and rate of interest specified by the Board in the Supplemental Resolution pursuant to which such Debt was issued or as otherwise set forth from time to time by the Manager in a written certificate; or (2) a period that commencing on the date of calculation of such Assumed Debt Service and ending on the date specified by the Manager not exceeding forty (40) years from the date of calculation, such Assumed Debt Service to be calculated on a level debt service basis or other amortization schedule provided by the Manager, based on a fixed interest rate equal to either (x) the Bond Buyer 25-Bond Revenue Bond Index (or, if such index is no longer published, any other comparable revenue bond index) or (y) the rate at which the Board could borrow for such period, as set forth in a certificate of a financial advisor or investment banker, delivered to the Paying Agent, who may rely conclusively on such certificate, such certificate to be delivered within thirty (30) days of the date of calculation.

"***Authorized Officer***" means the Manager, the Chief Financial Officer, the Waterworks Controller, the Assistant Waterworks Controller, or other officer designated by resolution of the Board.

"***Board***" means the Board of Water Supply of the City and County established under Article VII of the City Charter or any successor thereto.

"***Business Day***" means any day which is not a Saturday, Sunday or a legal holiday in the State, the State of New York or a day on which banking institutions chartered by the State, the State of New York or the United States of America are legally authorized to close in the City and County or the City of New York.

"***Chief Financial Officer***" means the Chief Financial Officer or other officer or deputy officer of the Board charged with the responsibility for managing and supervising the financial and fiscal matters of the Board.

"***City and County***" means the City and County of Honolulu, Hawaii.

"***City Charter***" means the 1973 Revised Charter of the City and County of Honolulu (1994 Edition), as the same may be amended from time to time.

"***City Council***" mean the Council of the City and County.

"***Consulting Engineer***" means any engineer or engineering firm or corporation retained from time to time pursuant to Section 7.02 to perform the acts and carry out the duties provided for such Consulting Engineer in this Resolution.

"***Debt***" means any Junior Debt, Parity Debt and Senior Debt.

"***Debt Service***" means, as of any particular date of computation, with respect to the WIFIA Loan and with respect to any period, the aggregate of the amounts to be paid or set aside in such period for the payment (or retirement) of the principal and prepayment price (if any) of, and interest on, the WIFIA Loan and fees due the WIFIA Lender under WIFIA Loan Agreements; *provided, however*, that the term "Debt Service" shall not include interest on the WIFIA Loan to the extent it is to be paid from amounts expressly set aside in the WIFIA Revenue Fund or any other provisions made for the payment of such interest; and with respect to any Debt other than the WIFIA Loan and with respect to any period, (i) the aggregate of the amounts to be paid or set aside in such period for the payment (or retirement) of the principal and prepayment price (if any) of, and interest on, such Debt and such fees as the resolution authorizing such Debt may provide, or (ii) the aggregate amounts determined in accordance with calculations otherwise specified in such resolution for such purpose; *provided, however*, that the term "Debt Service" shall not include interest on Debt to the extent it is to be paid from other provisions made for the payment of such interest; *provided further* that, at the option of the Manager, the term "Debt Service" shall not include Excluded Principal Payments (and the interest related thereto assuming such interest is expected to be paid from the same source as the Excluded Principal Payments) and Assumed Debt Service shall be included instead, provided that no such determination shall affect the security for such Debt or the obligation of the Board to pay such payments from Revenues or amounts on deposit therefor in any applicable reserve fund.

"***Department***" means the Department of Water Supply of the City and County, consisting of the Board, the Manager and necessary staff.

"***Director of Budget and Fiscal Services***" means the Director of Budget and Fiscal Services of the City and County appointed pursuant to and having the powers as set forth in the City Charter.

"***Eligible Project Costs***" means a portion of the costs of the Project as approved by the WIFIA Lender pursuant to the WIFIA Loan Agreement.

"***Event of Default***" shall have the meaning ascribed to such term in the WIFIA Loan Agreement.

"***Excluded Principal Payments***" means each payment of principal of Debt which (i) the Board intends to pay with moneys that are not Revenues but from future debt obligations of the Board (such as commercial paper, balloon indebtedness or bond anticipation notes), grants from the State or federal government, or any agency or instrumentality thereof, or any other source of funds of the Board, or (ii) is part of a line of credit or revolving line of credit or similar agreement.

"***First Bond Resolution***" means Resolution No. 717, 2001 adopted by the Board on April 26, 2001, as from time to time amended and supplemented as permitted thereby.

"***First Resolution Obligations***" means bonds, notes and other evidences of indebtedness issued under and pursuant to the First Bond Resolution.

"***Fiscal Year***" means the twelve month period established by the Board or provided by law from time to time as its fiscal year, and which, as of the date of adoption of this Resolution, is the twelve month period commencing on July 1 of any year and ending on June 30 of the following year.

"***Fitch***" means Fitch Inc., its successors and their assigns and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized rating agency, if any, designated by the Board.

"***General Fund***" means the General Fund created pursuant to Section 6.01 of the First Bond Resolution.

"***Government Obligations***" means direct obligations of the United States of America, the principal of, and interest on, which are guaranteed by the United States of America, provided, that the full faith and credit of the United States of America is pledged to any such direct obligation or guarantee.

"***Improvements***" means the acquisition, purchase, construction, reconstruction, improvement, betterment or extension of the Water System.

"***Investment Securities***" means investment securities which are legal for the investment of funds of the Board and not otherwise proscribed by a WIFIA Loan Agreement.

"***Junior Debt***" means bonds, notes and other obligations, other than Reimbursable Obligations, which, as provided by the resolutions under and pursuant to which such obligations are issued, are payable from and secured by the Net Revenues, subject and subordinate to the pledge of the Net Revenues made by this Resolution. The liens and pledges securing Junior Debt shall be junior and subordinate to the liens and pledges securing Senior Debt and Parity Debt.

"***Junior Resolution***" means any resolution adopted by the Board authorizing and securing Junior Debt.

"***Kroll***" means Kroll Bond Rating Agency, LLC, its successors and their assigns and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Kroll" shall be deemed to refer to any other nationally recognized rating agency, if any, designated by the Board.

"***Manager***" means the Manager and Chief Engineer of the Board or his duly appointed and authorized deputy.

"***Moody's***" means Moody's Investors Service, its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized rating agency, if any, designated by the Board.

"***Net Revenues***" means, with respect to any period, the Revenues during such period less amounts required to pay Operation and Maintenance Expenses.

"***Operating Fund***" means the Operating Fund described in Section 6.01 of the First Bond Resolution.

"***Opinion of Counsel***" means a written opinion of counsel selected by the City and County or the Board. Any Opinion of Counsel may be based (insofar as it relates to factual matters or information which is in the possession of the Board) upon a Written Certificate of the Board unless such counsel knows, or in the exercise of reasonable care should have known, that such Written Certificate is erroneous.

"***Other Senior Resolution***" means any resolution adopted by the Board, other than the First Bond Resolution, authorizing and securing Senior Debt.

"***Other Subordinate Resolution***" means any resolution adopted by the Board, other than this Resolution, authorizing and securing Subordinate Obligations, including without limitation the SRF Loan Resolution and the Revolving Line of Credit Resolution.

"***Outstanding***" or "***outstanding***" when used with reference to the WIFIA Loan means, as of any date, the WIFIA Loan theretofore or thereupon incurred pursuant to this Resolution, except as deemed to be no longer outstanding hereunder as provided in Section 10.01, and when used with reference to other Debt, shall have the meaning ascribed to such term in the First Bond Resolution, Other Senior Resolution, Other Subordinate Resolution or Junior Resolution pursuant to which such Debt was issued.

"***Parity Debt***" means Subordinate Obligations and other bonds, notes and other obligations which, as provided by the resolutions under and pursuant to which Subordinate Obligations are issued and in accordance with this Resolution and the First Bond Resolution, are payable from and secured by the Net Revenues on a parity with the pledge of the Net Revenues made by this Resolution.

"***Paying Agent***" means the Board, the Director of Budget and Fiscal Services or the bank or trust company designated for the payment of the principal and prepayment price (if any) of, and interest on, the WIFIA Loan.

"***Project***" means the Kalaeloa Seawater Desalination Facility, located in Oahu Hawaii, including planning, design, and construction of a seawater reverse osmosis facility, and on-site and off-site ancillary facilities.

"***Rate Stabilization Account***" means the Rate Stabilization Account in the Operating Fund, created in Section 6.01 of the First Bond Resolution.

"***Rating Agency***" means any nationally recognized credit rating agency which has rated the WIFIA Loan at the request of the Director of Budget and Fiscal Services or an Authorized Officer, and may include Fitch, Moody's, Kroll and S&P.

"***Reimbursable Obligation Fund***" means the Reimbursable Obligation Fund created in Section 6.01 of the First Bond Resolution.

"***Reimbursable Obligations***" means reimbursable general obligation bonds issued and delivered or to be hereafter issued and delivered by the City and County to finance certain costs related to the Water System, the debt service on which the Board is required by State law to reimburse the City and County's General Fund.

"***Renewal and Replacement Fund***" means the Renewal and Replacement Fund, created pursuant to Section 6.01 of the First Bond Resolution.

"***Resolution***" means this Loan Resolution as from time to time amended or supplemented by one or more Supplemental Resolutions.

"***Revenues***" means (i) the Revenues (as such term is defined in the First Bond Resolution); (ii) all income from investments of moneys held under this Resolution including investment income on amounts held in the WIFIA Revenue Fund and funds and accounts therein; and (iii) all payments made by Counterparties pursuant to Interest Rate Exchange Agreements.

"***Revolving Line of Credit Resolution***" means Resolution No. 1016, 2026 adopted by the Board on June 22, 2026, as from time to time amended and supplemented as permitted thereby.

"***S&P***" means S&P Global Ratings, a S&P Global Inc. business, its successors and assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, S&P shall be deemed to refer to any other nationally recognized rating agency designated by the Board.

"***Senior Debt***" means First Resolution Obligations issued under the First Bond Resolution and bonds, notes and obligations issued under Other Senior Resolutions which, as provided by such resolutions, are payable from and secured by the Net Revenues prior to the pledge of the Net Revenues made by this Resolution but which do not include Project Obligations.

"***SRF Loan Resolution***" means Resolution No. 741, 2004 adopted by the Board on February 23, 2004, as from time to time amended and supplemented as permitted thereby.

"***State***" means the State of Hawaii.

"***Subordinate Obligation Fund***" means the Subordinate Obligation Fund created in Section 6.01 of the First Bond Resolution.

"***Subordinate Obligations***" means bonds, notes and other evidences of indebtedness issued pursuant to Section 3.08 of the First Bond Resolution, and includes the WIFIA Loan obtained under and pursuant to this Resolution.

"***Supplemental Resolution***" means any resolution adopted by the Board and becoming effective pursuant to and in compliance with the provisions of Article IX, which amends or supplements the provisions of this Resolution or any other Supplemental Resolution.

"***Water System***" means all plants and properties, both real and personal and tangible and intangible, now or hereafter existing, of the Board, used for or pertaining to the supplying, purification, filtration, transmission and distribution of water or incidental or necessary to the preservation of the Board's wells and water supply and the integrity thereof. Without limiting the generality of the foregoing, said term shall include: (1) the existing plants and properties comprising the Water System of the Board, as of the date of adoption of the First Bond Resolution; and (2) all improvements thereafter constructed or otherwise acquired, including, without limitation, water properties acquired by annexations or water properties acquired through the Board's participation in any regional water system, purchase of water rights, conservation or reclamation projects and appliances.

"***WIFIA***" means the Water Infrastructure Finance and Innovation Act, § 5021 *et seq.* of Public Law 113-121, as amended, classified at 33 U.S.C. §§ 3901-3915 (collectively, and as the same may be further amended from time to time).

"***WIFIA Debt Service Account***" means the WIFIA Debt Service Account in the WIFIA Revenue Fund, created pursuant to Section 5.01.

"***WIFIA Improvement Account***" means the WIFIA Improvement Account, created pursuant to Section 5.01.

"***WIFIA Lender***" means the United States Environmental Protection Agency, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency.

"***WIFIA Loan***" means the loan authorized by Article III of this Resolution and made pursuant to the WIFIA Loan Agreement.

"***WIFIA Loan Agreement***" means the Loan Agreement entered into by the WIFIA Lender and the Board under which the WIFIA Lender makes the WIFIA Loan to the Board and the Board obtains such loan from the WIFIA Lender, substantially in the form attached hereto as Exhibit A, as the same may be amended and supplemented.

"***WIFIA Note***" means the Board of Water Supply of the City and County of Honolulu Kalaeloa Seawater Desalination Facility Project, WIFIA Note, evidencing the WIFIA Loan in an aggregate principal amount up to $108,612,012.

"***WIFIA Revenue Fund***" means the WIFIA Revenue Fund in the Subordinate Obligation Fund, created pursuant to Section 5.01.

"***Written Certificate***," "***Written Direction***," "***Written Request***," or "***Written Statement***" of the Board means an instrument in writing signed on behalf of the Board by an Authorized Officer thereof. Any such instrument and any supporting opinions or certificates may, but need not, be combined in a single instrument with any other instrument, opinion or certificate, and the two or more so combined shall be read and construed so as to form a single instrument. Any such instrument may be based, insofar as it relates to legal, accounting or engineering matters, upon the Opinion of Counsel, or an opinion or certificate of accountants or the Consulting Engineer, unless the Authorized Officer signing such Written Certificate or Direction or Request or Statement knew, or in the exercise of reasonable care should have known, that the opinion or certificate with respect to the matters upon which such Written Certificate or Direction or Request or Statement may be based, as aforesaid, is erroneous. The same Authorized Officer, or the same counsel, accountant or engineer, as the case may be, need not certify or opine to all of the matters required to be certified to or opined upon under any provision of this Resolution, but different Authorized Officers, counsel, accountants or engineer may certify or opine to different facts, respectively.

Section 1.02. ***Definitions of General Terms***. Unless the context shall clearly indicate otherwise or otherwise require, in this Resolution words importing persons include firms, partnerships, associations, corporations (public and private), public bodies and natural persons, and also include executors, administrators, trustees, receivers or other representatives.

Unless the context shall clearly indicate otherwise or otherwise require, in this Resolution the terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms, refer to this Resolution as a whole and not to any particular section or subdivision hereof.

Unless the context shall clearly indicate otherwise or otherwise require, in this Resolution: (i) references to Articles, Sections and other subdivisions, whether by number or letter or otherwise, are to the respective or corresponding Articles, Sections or subdivisions of this Resolution as such Articles, Sections or subdivisions may be amended from time to time; and (ii) the word "heretofore" means before the time of adoption of this Resolution, the word "now" means at the time of adoption of this Resolution, and the word "hereafter" means after the time of adoption of this Resolution.

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

Section 1.04. ***Resolution and WIFIA Loan Constitute a Contract***. In consideration of the acceptance of the WIFIA Loan by the WIFIA Lender, each of the obligations, duties, limitations and restraints imposed upon the Board by this Resolution shall be deemed to be a covenant between the Board and the WIFIA Lender, and this Resolution and every provision and covenant hereof shall be deemed to be and shall constitute a continuing contract and agreement between the Board and the WIFIA Lender, to secure the full and final payment of the principal and prepayment price of and interest on the WIFIA Loan.

ARTICLE II

COMPUTATIONS; CERTIFICATES AND OPINIONS; EVIDENCE OF ACTION BY THE BOARD

Section 2.01. ***Computations***. Unless the facts shall then be otherwise, all computations required for the purposes of this Resolution shall be made on the assumption that (i) the principal of and interest on all Debt issued and outstanding shall be paid as and when the same become due; (ii) all credits required by all resolutions authorizing and securing Debt for the payment of accrued debt service on Debt to be made thereunder shall be made in the amounts and at the times required by such resolutions, as applicable; and (iii) all Debt required to be redeemed in satisfaction of sinking fund requirements from moneys deposited therefor shall be redeemed on the respective sinking fund installment dates therefor in the amounts and at the times required by all resolutions authorizing and securing Debt.

Section 2.02. ***Certificates and Opinions***. Except as otherwise specifically provided in this Resolution each certificate or opinion with respect to compliance with a condition or covenant provided for in this Resolution shall include: (i) a statement that the person making such certificate or opinion has read such covenant or condition; (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (iii) a statement that, in the opinion of such person, an examination and investigation has been made as is necessary to enable the expression of an informed opinion as to whether or not such covenant or condition has been complied with; (iv) a statement as to whether or not, in the opinion of such person, such covenant or condition has been complied with; and (v) an identification of any other certificates or opinions relied on in such certificate or opinion.

Any Opinion of Counsel may be qualified by reference to the exercise of the constitutional powers of the United States of America, the sovereign police powers of the State, and judicial discretion and to bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights.

Section 2.03. ***Evidence of Action by the Board.*** Except as otherwise specifically provided in this Resolution, any request, direction, command, order, notice, certificate or other instrument of, by or from the Board shall be effective and binding upon the Board for the purposes of this Resolution if signed by the person or persons authorized to execute the same by statute, City Charter or by-law or by a resolution or vote of the Board.

ARTICLE III

AUTHORIZATION AND OBTAINING OF WATER SYSTEM REVENUE WIFIA LOAN

Section 3.01. ***Authorization of WIFIA Loan; Principal Amount; Designation.*** The WIFIA Loan, entitled to the benefit, protection and security of the Resolution, is hereby authorized to be obtained from the WIFIA Lender in an aggregate principal amount not to exceed $108,612,012. The WIFIA Loan may be obtained and include disbursements on different dates; provided that no WIFIA Loan disbursement shall be obtained later than eight years from the date of adoption of this Resolution. For purposes of this Resolution, the WIFIA Loan is obtained when the Board receives money from the WIFIA Lender and the principal amount of such WIFIA Loan is the actual amount of money that the Board receives.

Section 3.02. ***Pledge of Revenues, Funds and Other Moneys.*** (A) The WIFIA Loan is a limited, special obligation of the Board payable solely from and secured by the funds pledged therefor. Subject to Section 3.02(B), there are hereby pledged as security for the payment of the principal and prepayment price (if any) of, and interest on, the WIFIA Loan in accordance with its terms and the provisions of this Resolution, subject only to the provisions of this Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in this Resolution: (i) the proceeds of the WIFIA Loan pending application thereof in accordance with the provisions hereof and the WIFIA Loan Agreement, (ii) the Net Revenues, which pledge shall be subject to and subordinate to the pledge of the Net Revenues made by the First Bond Resolution and other resolutions authorizing and securing Senior Debt except to the extent provided by such resolutions, and on parity with the pledge of Net Revenues made by the SRF Loan Resolution and other resolutions authorizing and securing Parity Debt, and (iii) the WIFIA Revenue Fund, including the investments, if any, in such funds and accounts; and the WIFIA Lender shall have to the extent permitted by law, a lien on, and a security interest in, such proceeds, Net Revenues, and funds and accounts for such purpose and subject to such provisions of this Resolution. For the avoidance of doubt, the WIFIA Revenue Fund is solely for the benefit of the WIFIA Lender.

(B) So long as any Senior Debt is outstanding for purposes of the resolutions authorizing and securing such Senior Debt, the pledge of the Net Revenues made by this Resolution is, and is hereby expressly declared to be, subordinate and junior in all respects to the pledge of the Net Revenues made by such resolutions unless otherwise provided or permitted by such resolutions. On and after the date, if any, that Senior Debt is no longer outstanding as provided in such resolutions, the pledge of the Net Revenues made by this Resolution, the SRF Loan Resolution and other resolutions authorizing and securing Parity Debt, shall be prior and superior in all respects to any pledge of the Net Revenues made by any other resolution, including the pledge which may be made by any resolution authorizing and securing Reimbursable Obligations. There shall be additionally pledged on and after such date as security for the payment of the principal and prepayment price (if any) of, and interest on, Parity Debt, including the WIFIA Loan, in accordance with its terms and the provisions of this Resolution and resolutions authorizing and securing other Parity Debt, subject only to the provisions of this Resolution and such other resolutions permitting the application thereof for the purposes and on the terms and conditions set forth in this Resolution, the SRF Loan Resolution and such other resolutions, (i) the Operating Fund but excluding any accounts therein not specifically pledged by this Resolution, the SRF Loan Resolution or such other resolutions, (ii) the Renewal and Replacement Fund, (iii) the Rate Stabilization Account and (iv) the General Fund. After such date, unless otherwise provided in any resolution authorizing and securing Parity Debt, the deposit and transfer of Net Revenues into the Operating Fund, the Renewal and Replacement Fund, the Rate Stabilization Account and the General Fund as provided in the First Bond Resolution shall remain in effect. So long as any Parity Debt, including the WIFIA Loan, is outstanding for purposes of the resolutions authorizing and securing Parity Debt, including this Resolution and the SRF Loan Resolution, the pledge of the Net Revenues made by this Resolution and such other resolutions is, and is hereby expressly declared to be, prior and superior to the pledge which may be made by any resolution, indenture or other instrument authorizing and securing Junior Debt and Reimbursable Obligations. For the avoidance of doubt, no Debt created at any time by Other Subordinate Resolutions may be senior to the WIFIA debt.

(C) The pledge of, and lien on, and security interest in, the proceeds of the WIFIA Loan and the Net Revenues as received by the Board and the aforesaid funds and accounts shall be valid and irrevocable: (i) from and after the time that, if required by State law, a financing statement is filed with respect to such pledge, lien and security interest as required by State law, and, upon such filing; or (ii), if no financing statement is so required by State law, upon delivery of the proceeds of the WIFIA Loan, and all the Net Revenues as received by the Board and the aforesaid funds and accounts shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of the pledge shall be valid as against, and prior to the lien of, all parties having claims of any kind in tort, contract or otherwise against the Board irrespective of whether such parties have notice thereof.

(D) The principal and prepayment price (if any) of, and interest on, the WIFIA Loan shall not be payable from any funds of the Board other than moneys to the credit of the WIFIA Revenue Fund nor shall the WIFIA Loan constitute a general obligation of the Board, or create a charge upon any other revenues or property of the Board, except the Net Revenues and other moneys and securities pledged under this Resolution. The WIFIA Loan is not a general or moral obligation of the State of Hawaii or any political subdivision thereof, including the Board, and the faith and credit of the State or any political subdivision thereof, including the Board, are not pledged to the payment of the principal and prepayment price (if any) of, or interest on, the WIFIA Loan, and the WIFIA Lender shall not have the right to compel the exercise of the taxing power of the State or any political subdivision thereof, including the Board, in connection with any default with respect to the WIFIA Loan. The provisions of this subsection (D) are hereby incorporated in substance into the WIFIA Loan.

(E) Unless otherwise provided in the WIFIA Loan Agreement, the WIFIA Lender shall not be required to see that the moneys derived from such WIFIA Loan are applied to the purpose or purposes for which the WIFIA Loan is incurred. The validity of the WIFIA Loan shall neither be dependent upon nor affected by the validity or regularity of any proceedings relating to the acquisition, purchase, construction, reconstruction, improvement, betterment or extension of the Water System nor the use and application of the proceeds of the WIFIA Loan. The WIFIA Loan is deemed to contain a recital that it is incurred pursuant to the Act, which recital shall be conclusive evidence of its validity and of the regularity of its issuance.

(F) The obligation for the payment of Reimbursable Obligations shall be subordinate and inferior to the lien and security interest for the payment of Debt, including the WIFIA Loan. Reimbursable Obligations shall be payable from the Reimbursable Obligation Fund.

Section 3.03. ***Execution and Delivery of WIFIA Loan and WIFIA Note; Authentication of WIFIA Note***. (A) Any Authorized Officer to whom the Board has delegated the power to determine any of the foregoing shall execute the WIFIA Loan Agreement evidencing such determinations or other actions taken pursuant to such delegation, and such WIFIA Loan Agreement shall be conclusive evidence of the determinations or actions of the Authorized Officer as to the matters stated therein.

(B) The Chair or Vice-Chair of the Board is hereby authorized and directed to execute by his or her manual or facsimile signature the WIFIA Note in the name of the Board to evidence the Board's payment obligations with respect to the WIFIA Loan; the program administrator, Finance Division, as the Waterworks Controller, is hereby authorized and directed to countersign by his or her manual or facsimile signature the WIFIA Note, and the seal of the Board shall be affixed or a facsimile of such seal shall be imprinted on the WIFIA Note.

(C) If a Paying Agent for the WIFIA Note is appointed as provided in clause (6) of subsection (A) of Section 3.05, such Paying Agent is hereby authorized to authenticate by manual signature the WIFIA Note, and deliver the same to or upon the order of the Board, in such amounts and at such times as such Paying Agent shall be directed in writing by an Authorized Officer.

Section 3.04. ***Additional Debt***. Upon the satisfaction of the applicable conditions set forth in the WIFIA Loan Agreement, the First Bond Resolution, Other Senior Resolutions, the SRF Loan Resolution, Other Subordinate Resolutions, or any Junior Resolution, as applicable, the Board may at any time or from time to time, issue additional Debt.

Section 3.05. ***Delegation of Authority***. (A) There is hereby delegated to any Authorized Officer of the Board, subject to the limitations contained herein and in the Resolution and the Act, the power with respect to the WIFIA Loan to determine and carry out the following:

(1) The terms and provisions of the WIFIA Loan to be obtained from the WIFIA Lender to finance the cost of the Project; *provided, however,* that all terms and provisions shall be in the best interest of the Board and shall carry out the purposes of the Board;

(2) The principal amount and designation and title of the WIFIA Loan to be obtained; provided however, that the aggregate principal amount of the WIFIA Loan shall not exceed $108,612,012;

(3) The specific Eligible Project Costs to be financed from the proceeds of the WIFIA Loan, as shall be further set forth in Part B of Schedule I of the WIFIA Loan Agreement;

(4) The date or dates, maturity date or dates and principal amount of the WIFIA Loan (its maturity date not to be later than July 1, 2056);

(5) The interest rate or rates of the WIFIA Loan, the date from which interest on the WIFIA Loan shall accrue, the dates on which interest on the WIFIA Loan shall be payable, if any; provided, however, that the anticipated true interest cost (as determined by an Authorized Officer of the Board, which determination shall be conclusive) on the WIFIA Loan shall not exceed ten percent (10%) per annum;

(6) The Paying Agent for the WIFIA Loan, if other than the Board, and the place of payment of the principal, prepayment price of and interest on the WIFIA Loan;

(7) The prepayment terms, if any, for the WIFIA Loan, provided, however, that the prepayment price of the WIFIA Loan at the election or direction of the Board shall not be greater than the principal amount of the WIFIA Loan to be prepaid, plus accrued interest thereof to the prepayment date;

(8) Any other provisions with respect to funds and accounts and subaccounts therein, if applicable, and the Revenues and application thereof, as provided in this Article V of the Resolution;

(9) Directions for the application of the proceeds of the WIFIA Loan; and

(10) Any other provisions deemed advisable by an Authorized Officer of the Board, not in conflict with the provisions this Resolution.

(B) Such Authorized Officer shall set forth in the WIFIA Loan Agreement the determinations or other actions taken pursuant to the authority granted in this Resolution and the WIFIA Loan Agreement shall be conclusive evidence of the action or determination of such Authorized Officer as to the matters stated therein.

Section 3.06. ***Execution of Documents***. Any Authorized Officer of the Board is hereby authorized to execute and deliver, in the name and on behalf of the Board, any and all documents and instruments, and to do and cause to be done any and all acts and things, such Authorized Officer deems necessary or advisable in connection with obtaining the WIFIA Loan from the WIFIA Lender and to carry out the transactions contemplated by this Resolution. All actions (not inconsistent with the provisions of this Resolution) heretofore taken by or at the direction of the Board and its directors, officers, counsel, advisors, or employees, directed toward the incurrence of the WIFIA Loan are hereby ratified, confirmed and approved.

ARTICLE IV

TERMS AND PROVISIONS OF WIFIA LOAN

Section 4.01. ***Terms and Provisions of WIFIA Loan***. The principal and prepayment price (if any) of, and interest on, the WIFIA Loan shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts. The principal amount, principal payment date, interest payment date and prepayment price and provisions of the WIFIA Loan are set forth in the WIFIA Loan Agreement and the related Loan Repayment Amortization and Fee Schedule. The fees charged by the WIFIA Lender with respect to the WIFIA Loan are set forth in the WIFIA Loan Agreement. The Loan Repayment Amortization and Fee Schedule delivered pursuant to the WIFIA Loan Agreement shall be considered an evidence of indebtedness for purposes of the Act.

ARTICLE V

FUNDS AND ACCOUNTS; INVESTMENT OF MONEYS

Section 5.01. ***Establishment of Funds and Accounts***. (A) There has heretofore been established in the City and County Treasury at the request of the Board a "Board of Water Supply Operating Fund" (the "**Operating Fund**") into which all Revenues collected by the Board have been deposited and from which operating expenses of the Board and debt service on Reimbursable Obligations have been paid and in which certain working capital and operating reserves have been maintained. In addition, there has heretofore been established certain Funds and Accounts in the City and County Treasury pursuant to the First Bond Resolution. All such Funds and Accounts shall continue so long as the WIFIA Loan or any First Resolution Obligations are Outstanding.

(B) There are hereby created and established in the Subordinate Obligation Fund established pursuant to the First Bond Resolution a WIFIA Revenue Fund of the Board to be maintained so long as the WIFIA Loan is Outstanding and the following accounts shall be established in the WIFIA Revenue Fund and shall be maintained so long as the WIFIA Loan is Outstanding:

(1) WIFIA Debt Service Account; and

(2) WIFIA Improvement Account.

Section 5.02. ***Operating Fund***. (A) The First Bond Resolution provides that from and after the time of authentication and delivery of the first series of First Resolution Obligations under the First Bond Resolution, Revenues shall continue to be collected by the Board and deposited, as soon as practicable, into the Operating Fund and from the amounts deposited in the Operating Fund, the Board shall pay the current Operation and Maintenance Expenses of the Board, including any transfer to the Rebate Account of such amount as is necessary to pay the Rebate Amount or to set aside a reserve for such payment, and shall make the transfers to other Funds and Accounts as provided in Section 5.02(B) of the First Bond Resolution. In addition, there shall be deposited in the Operating Fund all other amounts required by the City Charter, the First Bond Resolution and this Resolution to be so deposited.

(B) The First Bond Resolution further provides that, on the fifth (5th) day before the end of each month, after paying the Operating and Maintenance Expenses for such month and setting aside an amount sufficient to pay the Operating and Maintenance Expenses expected to be incurred for the balance of such month and making the transfer, if any, to the Rebate Account, and after making all transfers to the Payment Account, the Common Reserve Account and all Series Reserve Accounts created pursuant to the First Bond Resolution and reserving a reasonable and necessary amount in the Operating Fund for working capital and operating reserves, the Board shall transfer to the Subordinate Obligation Fund an amount equal to all Subordinate Obligation Requirements, if any, theretofore accrued and unpaid and not met from any other source and to accrue and become payable during the succeeding calendar month and not met from any other source;

(C) For purposes of the First Bond Resolution, the Subordinate Obligation Requirement shall be, with respect to Subordinate Obligations which are Parity Debt and any period of time, the amount required to be deposited in the Subordinate Obligation Fund pursuant to the resolutions, indentures or other instruments authorizing and securing Parity Debt. After satisfying the deposit requirements for Senior Debt set forth in the First Bond Resolution, there shall be set aside in the Subordinate Obligation Fund in each month an amount sufficient to meet the Subordinate Obligation Requirement for such month with respect to Parity Debt prior to setting aside an amount sufficient to meet the Subordinate Obligation Requirement for Junior Debt and other Subordinate Obligations that are not Parity Debt. Subject to the foregoing, the Subordinate Obligation Requirement with respect to the WIFIA Loan shall be as follows: there shall be transferred from the Subordinate Obligation Fund to the WIFIA Debt Service Account of the WIFIA Revenue Fund on the fifth (5th) day before the end of each month an amount such that the amount held therein shall equal the Accrued Debt Service for the WIFIA Loan Outstanding on said date.

Section 5.03. ***WIFIA Debt Service Account*.** (A) The Board shall pay out of the WIFIA Debt Service Account directly to the WIFIA Lender: (i) on or before each interest payment date for the WIFIA Loan the amount required for the interest payable on such date; (ii) on or before each principal payment date, an amount equal to the principal, if any, due on such date; and (iii) on or before any prepayment date for the WIFIA Loan, the amount required for the payment of the prepayment price of and interest on the WIFIA Loan then to be prepaid.

(B) Moneys set aside from time to time in the WIFIA Debt Service Account or with any Paying Agent for the purpose of paying the principal and prepayment price (if any) of, and interest on, the WIFIA Loan shall be held in trust for the WIFIA Lender in respect of which the same shall have been so set aside.

(C) When the WIFIA Loan is refunded in whole or in part or is otherwise paid within the meaning of Article X, moneys may be withdrawn from the WIFIA Debt Service Account to pay or provide for the payment for refunding of such WIFIA Loan; *provided* that immediately after such withdrawal or transfer there shall be on deposit to the credit of the WIFIA Debt Service Account an amount equal to the Accrued Debt Service for the WIFIA Loan then Outstanding after taking into account such refunding or payment.

Section 5.04. ***WIFIA Improvement Account***. (A) As soon as practicable on the date on which any draw on the WIFIA Loan is made, there shall be deposited in the WIFIA Improvement Account the amount required to be deposited therein pursuant to the WIFIA Loan Agreement. In addition, the Board shall deposit in the WIFIA Improvement Account such moneys other than proceeds of the WIFIA Loan as the Board shall determine to be proper or appropriate to pay the Eligible Project Costs.

(B) Moneys, including proceeds of the WIFIA Loan, in the WIFIA Improvement Account, pending their application as provided in this Resolution and the WIFIA Loan Agreement, shall be subject to a prior and paramount lien and charge in favor of the WIFIA Lender, and the WIFIA Lender shall have a valid claim on and security interest in such moneys for the further security of the WIFIA Loan until paid out or transferred as herein provided. In the event that there is an insufficiency in the WIFIA Debt Service Account to pay Debt Service after all transfers have been made pursuant to and in accordance with Article VI, the Board shall transfer from the WIFIA Improvement Account such amount (or all remaining amounts in such WIFIA Improvement Account if less than the required amount) as is deemed necessary by an Authorized Officer for deposit in the WIFIA Revenue Fund, which, together with the amounts then on credit to the WIFIA Debt Service Account, is sufficient to pay Debt Service on the WIFIA Loan.

Section 5.05. ***Investment of Funds***. (A) Moneys in the WIFIA Improvement Account not required for immediate disbursement for the purposes for which said Account is created shall, to the fullest extent practicable and reasonable, be invested and reinvested to the extent allowed by law, solely in Investment Securities which shall mature or be subject to redemption or payment at par at the option of the holder thereof not later than such times as shall be necessary to provide moneys when needed to provide payments from such Account.

(B) Moneys in the WIFIA Debt Service Account not required for immediate disbursement for the purposes for which such Account is created shall, to the fullest extent practicable and reasonable, be invested and reinvested to the extent allowed by law, solely in Government Obligations which shall mature or be subject to redemption at the option of the holder thereof not later than such times as shall be necessary to provide moneys when needed to provide payments from such Account.

(C) To the extent permitted in this Resolution, all income received from the investment or reinvestment of moneys in the funds and accounts established hereunder shall be deposited in the fund, account or subaccount from which such investments are made and applied as a credit against the next succeeding deposit or credit required to be made pursuant to Section 5.02.

(D) Nothing in this Resolution shall prevent any Investment Securities obtained as investments of funds held under this Resolution from being issued or held in book-entry form.

(E) None of the Director of Budget and Fiscal Services, any Authorized Officer or any Paying Agent shall be liable for any depreciation in value of any investments made by the Board.

Section 5.06. ***Valuation and Sale of Investment Securities***. (A) Investment Securities in any Fund, Account or Subaccount created under the provisions of this Resolution shall be deemed at all times to be part of such Fund, Account or Subaccount, and any profit realized from the liquidation of such investment shall be deposited in such Fund, Account or Subaccount and any loss resulting from liquidation of such investment shall be charged to such Fund, Account or Subaccount. Any net profits remaining after accumulating the sum of all profits realized and losses suffered from the liquidation of such investments in any Fund, Account or Subaccount during each semiannual period ending January 1 and July 1 shall be transferred or paid as provided in subsection (C) of Section 5.05.

(B) In computing the amount in any Fund, Account or Subaccount, Investment Securities therein shall be valued at cost or accreted market value, whichever is lower, exclusive of accrued interest. The Board shall determine the value of Investment Securities held in any Fund, Account or Subaccount as frequently as it deems necessary, but not less often than annually.

(C) Except as otherwise provided in this Resolution, any Depositary shall use its best efforts to sell at the best price obtainable, or present for redemption, any Investment Securities held in any Fund, Account or Subaccount whenever it shall be necessary, and upon oral request (later confirmed in writing) from an Authorized Officer in order to provide moneys to meet any payment or transfer from such Fund, Account or Subaccount. No Depositary shall be liable or responsible for any loss resulting from any such investment, sale, liquidation or presentation for investment made in the manner provided above.

ARTICLE VI

CONCERNING THE PAYING AGENTS AND DEPOSITORIES

Section 6.01. ***Appointment of Depositories; Acceptance of Duties***. The Director of Budget and Fiscal Services may appoint one or more Paying Agents and Depositories as of the date of obtaining the WIFIA Loan and may at any time or from time to time appoint one or more other Paying Agents or other Depositories; *provided* that the Director of Budget and Fiscal Services may be designated Paying Agent and/or Depositary. Each Paying Agent, other than the Director of Budget and Fiscal Services, and each Depositary, other than the Director of Budget and Fiscal Services, shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by executing and delivering to the Board and the Director of Budget and Fiscal Services a written acceptance thereof.

Section 6.02. ***Statement by Paying Agents and Depositaries of Funds and Accounts and Other Matters***. Not more than sixty (60) days after the close of each Fiscal Year, each Paying Agent and Depositary appointed hereunder shall furnish the Board, a statement setting forth (to the extent applicable) in respect to such Fiscal Year: (i) all transactions relating to the receipt, disbursement, and application of all moneys received by such Paying Agent or Depositary pursuant to the terms of this Resolution; (ii) the amount held by such Paying Agent or Depositary at the end of such Fiscal Year on deposit in or to the credit of each Fund, Account and Subaccounts provided for in this Resolution and the value of Investment Securities therein; (iii) a brief description of all obligations held by such Paying Agent or Depositary as an investment of moneys in any Fund, Account and Subaccounts hereunder as of the end of such Fiscal Year; (iv) the principal amount of the WIFIA Loan prepaid by such Paying Agent or Depositary during such Fiscal Year from moneys available therefor in any Fund, Account and Subaccount pursuant to the provisions of this

Resolution and the WIFIA Loan; (v) in the case of the Depositary, the principal amount of the WIFIA Loan prepaid or retired during such Fiscal Year and the prepayment prices thereof, if any; and (vi) any other information which the Board may reasonably request.

Section 6.03. ***Paying Agents or Depositories Hereunder Not Liable for Acts of the Board or Other Paying Agents or Depositories; No Representations by Paying Agent or Depositary.*** No Paying Agent or Depositary hereunder shall be responsible or have any liability for any act of the Board or of any other Paying Agent or Depositary. No Paying Agent or Depositary hereunder shall be responsible in any manner whatsoever for the correctness of the recitals, statements and representations in this Resolution or in the WIFIA Loan, all of which are made by the Board solely. No Paying Agent or Depositary hereunder makes any representation as to the validity of this Resolution or of the WIFIA Loan incurred hereunder, and no Paying Agent or Depositary hereunder shall incur any liability or responsibility in respect of any such matters.

Section 6.04. ***Paying Agents and Depositories May Buy, Hold, Sell or Deal in Other Indebtedness of the Board.*** Each Paying Agent and each Depositary and each of its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any other form of indebtedness of the Board; own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the Board, and make disbursements for the Board and enter into any commercial or business arrangement therewith.

Section 6.05. ***Reimbursement of Paying Agents and Depositories for Fees, Expenses and Charges.*** Each Paying Agent and each Depositary shall also be entitled to reasonable fees and to reimbursement by the Board for all expenses and charges reasonably incurred by it in the performance of its duties hereunder. Neither Paying Agent nor Depositary shall have a lien for such fees and reimbursement on the moneys pledged to secure the WIFIA Loan hereunder at any time held by it hereunder, prior to the lien or claim of the WIFIA Lender on all such moneys.

ARTICLE VII

COVENANT SECURING WIFIA LOAN

The Board hereby covenants and agrees with the WIFIA Lender as follows:

Section 7.01. ***Compliance with Provisions of Resolutions and WIFIA Loan Agreement.*** The Board shall comply with the terms and provisions of the WIFIA Loan Agreement, including without limitation the rate covenant set forth therein, this Resolution, the First Bond Resolution and the SRF Loan Resolution in accordance with their respective terms.

Section 7.02. ***Consulting Engineer.*** The Board may from time to time retain and appoint, as Consulting Engineer, an independent consulting engineer or engineering firm or corporation having special skill, knowledge and experience in analyzing the operations of water systems, preparing rate analyses, forecasting the loads and revenues of water systems, preparing feasibility reports respecting the financing of water systems and advising on the operation of water facilities, who shall be available to advise the Board, upon request, and to make such investigations and determinations as may be necessary from time to time under the provisions of this Resolution.

Section 7.03. ***Sound Improvements***. The Board shall not expend any of the income, revenues, receipts, profits and other moneys derived by it from the ownership or operation of the Water System for any Improvements that, in the sole opinion of the Manager, will not properly and advantageously contribute to the conduct of the business of the Water System in an efficient and economical manner unless required to do so by law or to permit the continued operation of the Water System or to preserve or protect the Water System, including the Board's wells and water supply and the integrity thereof.

Section 7.04. ***Further Assurances***. The Board shall, at any and all times, insofar as it may be authorized so to do, pass, make, do, execute, acknowledge and deliver all and every such further resolutions, indentures, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming any and all of the rights, Revenues and other funds hereby pledged or charged with or assigned to the payment of the WIFIA Loan or intended so to be, or which the Board may hereafter become bound to pledge or charge or assign.

Section 7.05. ***Protection of Security***. The Board is duly authorized under all applicable law to obtain the WIFIA Loan, to adopt this Resolution and to pledge the Net Revenues and other moneys, securities and funds purported to be pledged by this Resolution in the manner and to the extent provided in this Resolution. The Net Revenues and other moneys, securities and funds so pledged are and will be free and clear of any other pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by this Resolution, except as otherwise expressly provided herein, and all action on the part of the Board to that end has been duly and validly taken. The WIFIA Loan is and will be a valid and legally enforceable obligation of the Board in accordance with its terms and the terms of this Resolution. The Board shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other moneys, securities and funds pledged under this Resolution and all the rights of the WIFIA Lender hereto against all claims and demands of all persons whomsoever.

Section 7.06. ***Insurance***. The Board shall comply with the requirements of Section 8.04 of the First Bond Resolution.

ARTICLE VIII

DEFAULTS AND REMEDIES

Section 8.01. ***Suits at Law or Equity and Mandamus; Appointment of a Receiver***. If an Event of Default shall happen and shall not have been remedied, then and in every such case, but subject to the provisions, limitations and conditions of the First Bond Resolution and all other resolutions authorizing Senior Debt and Section 8.02 hereof so far as the remedies provided in the First Bond Resolution, all other resolutions authorizing Senior Debt and Section 8.02 are concerned, the WIFIA Lender shall be entitled to proceed, protect and enforce the rights vested in the WIFIA Lender by this Resolution and the WIFIA Loan Agreement by such appropriate judicial proceeding as the WIFIA Lender shall deem most effectual to protect and enforce any such right, either by suit in equity or by action of law, whether for the specific performance of any covenant or agreement contained in this Resolution or the WIFIA Loan Agreement, or in aid of the exercise of any power granted in this Resolution or the WIFIA Loan Agreement, or to enforce any other legal or equitable right vested in the WIFIA Lender by this Resolution or the WIFIA Loan Agreement or by law; provided, however, that no judicial proceeding shall be brought seeking the appointment of a receiver to take possession of the Water System or to manage, receive and apply the Revenues unless the holders of not less than a majority in principal amount of Senior Debt issued under each resolution authorizing and securing Senior Debt and then outstanding and the holders of not less than a majority in principal amount of Parity Debt issued under each resolution authorizing and securing Parity Debt and then outstanding shall have joined in or consented to such proceeding.

Section 8.02. ***Application of Revenues in an Event of Default***. (A) During the continuance of an Event of Default, the Revenues received by a receiver appointed pursuant to the provisions of Section 8.01 as the result of the taking of possession of the business and properties of the Water System, shall be applied by the receiver: first, to the payment of all necessary and proper Operation and Maintenance Expenses of the Water System and all other proper disbursements or liabilities made or incurred by the receiver; second, to the then due and overdue payments required to be made under the First Bond Resolution and all other resolutions authorizing Senior Debt, including the making up of deficiencies therein; third, to the then due and overdue payments on a ratable basis from the Subordinate Obligation Fund required by all resolutions authorizing Subordinate Obligations that are Parity Debt, including this Resolution with respect to payments into the WIFIA Revenue Fund (for the avoidance of doubt, such payments are to be made from the Subordinate Obligation Fund and not the WIFIA Revenue Fund), including the making up of deficiencies therein; fourth, to the then due and overdue payments on a ratable basis for Junior Debt required by all resolutions authorizing Junior Debt; and last, for any lawful purpose in connection with the Water System. For the avoidance of doubt, the WIFIA Revenue Fund is solely for the benefit of the WIFIA Lender.

(B) In the event that at any time the payments by the receiver into the WIFIA Revenue Fund pursuant to the preceding subsection (A) shall be insufficient for the payment of the principal and prepayment price (if any) of, and interest then due on, the WIFIA Loan, such funds and other of its moneys received or collected for the benefit or for the account of WIFIA Lender by the receiver shall be applied as follows:

(1) Unless the principal of the WIFIA Loan shall have become due and payable,

First, to the payment to the WIFIA Lender of all installments of interest then due (including any interest on overdue principal) in the order of the maturity of such installments, earliest maturities first; and

Second, to the payment to the WIFIA Lender of the principal and premium, if any, due and unpaid upon the WIFIA Loan at the time of such payment.

(2) If the principal of the WIFIA Loan shall have become due and payable, to the payment of the principal and interest then due and unpaid upon the WIFIA Loan without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, ratably, according to the

amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

(C) Whenever moneys are to be applied pursuant to the foregoing paragraphs, such moneys shall be applied by the receiver at such times, and from time to time, as it in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future.

(D) If and whenever all overdue installments of interest on the WIFIA Loan, together with the reasonable and proper charges, expenses, and liabilities of the WIFIA Lender, its agents and attorneys, and all other sums payable by the Board under this Resolution including the principal and prepayment price (if any) of the WIFIA Loan which shall then be payable, shall either be paid in full by or for the account of the Board or provision satisfactory to the receiver shall be made for such payment, and all defaults under this Resolution and the WIFIA Loan Agreement shall be made good and secured to the satisfaction of the receiver or provision deemed by the receiver to be adequate therefor, the receiver shall pay over to the Board all of its moneys, securities, funds and Revenues then remaining unexpended for the account of the WIFIA Lender (except moneys, securities, funds or Revenues deposited or pledged, or required by the terms of this Resolution to be deposited or pledged, with the Director of Budget and Fiscal Services), control of the business and possession of the property of the Board shall be restored to the Board, and thereupon the Board shall be restored to its former positions and rights under this Resolution, and all Revenues shall thereafter be applied as provided in Article V. No such payment over to the Board by the receiver or resumption of this application of Revenues as provided in Article V, shall extend to or affect any subsequent default under this Resolution or impair any right consequent thereon.

Section 8.03. ***WIFIA Lender May Direct Proceedings***. Anything contained in this Resolution to the contrary notwithstanding, the WIFIA Lender shall be authorized and empowered (1) to direct the time, method, and place of conducting any proceeding for any remedy available to the WIFIA Lender; or (2) to consent to the waiver of any Event of Default or its consequences. No waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 8.04. ***Remedies Not Exclusive; Waivers of Default; Abandonment of Proceedings; Adverse Determination***. (A) No remedy by the terms of this Resolution conferred upon or reserved to the WIFIA Lender is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder to the WIFIA Lender or now or hereafter existing at law or in equity or by statute.

(B) No delay or omission of the WIFIA Lender to exercise any right or power arising upon the occurrence of a default hereunder or under the WIFIA Loan Agreement, including an Event of Default, shall impair any right or power or shall be construed to be a waiver of any such default or to be acquiescence therein. Every power and remedy given by this Article and the WIFIA Loan Agreement to the WIFIA Lender may be exercised from time to time and as often as may be deemed expedient by the WIFIA Lender.

(C) In case the WIFIA Lender shall have proceeded to enforce any right under this Resolution or the WIFIA Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the WIFIA Lender, then and in every such case the Board and the WIFIA Lender shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the WIFIA Lender shall continue as if no such proceedings had been taken.

Section 8.05. ***Remedies Subject to Rights of Holders of First Resolution Obligations and Other Senior Debt***. (A) In the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization or other similar proceedings in connection therewith, relative to the Board, or to property of the Board, and in the event of any proceedings for voluntary liquidation, dissolution or other winding up of the Board, the holders of all First Resolution Obligations and other Senior Debt then outstanding shall be entitled to receive payment in full of all principal and interest on all such First Resolution Obligations and other Senior Debt before the WIFIA Lender and holders of other Parity Debt are entitled to receive any payment from the trust estate under the First Bond Resolution and other resolutions authorizing and securing Senior Debt consisting of the Net Revenues and funds held under the First Bond Resolution and such other resolutions (hereinafter in this section referred to as the "**Trust Estate**") on account of principal (and premium, if any) or interest on the WIFIA Loan.

(B) In the event that the WIFIA Loan or any other Parity Debt is declared due and payable before its expressed maturity because of the occurrence of an event of default (under circumstances when the provisions of (A) above shall not be applicable), the holders of all First Resolution Obligations and other Senior Debt outstanding at the time the WIFIA Loan or other Parity Debt so became due and payable because of such occurrence of such an event of default shall be entitled to receive payment in full of all principal and interest on all such First Resolution Obligations and other Senior Debt before the WIFIA Lender and holder of other Parity Debt are entitled to receive any accelerated payment from the Trust Estate of principal (and premium, if any) or interest.

(C) If any event of default with respect to the First Resolution Obligations or other Senior Debt shall have occurred and be continuing (under circumstances when the provisions of (A) above shall not be applicable), the holders of all First Resolution Obligations and other Senior Debt then outstanding shall be entitled to receive payment in full of all principal and interest on all such First Resolution Obligations and other Senior Debt before the WIFIA Lender and holders of other Parity Debt are entitled to receive any accelerated payment from the Trust Estate of principal (and premium, if any) or interest.

(D) No First Resolution Obligation or other Senior Debt holder shall be prejudiced in his right to enforce subordination of the WIFIA Loan or other Parity Debt, as the case may be, by any act or failure to act on the part of the Board.

(E) The provisions of (A), (B), (C) and (D) above are solely for the purpose of defining the relative rights of the holders of First Resolution Obligations and other Senior Debt on the one hand, and the WIFIA Lender and holders of other Parity Debt on the other hand, and nothing in this Resolution shall impair, as between the Board and the WIFIA Lender or holders of other Parity Debt, the obligation of the Board to pay to the WIFIA Lender or such holders the principal thereof and premium, if any, and interest thereon in accordance with their respective terms, nor shall anything therein prevent the WIFIA Lender and such holders from exercising all remedies otherwise permitted by applicable law or hereunder upon default thereunder, subject to the rights under (A), (B), (C) and (D) above of the holders of First Resolution Obligations and other Senior Debt to receive cash, property or securities otherwise payable or deliverable ratably to the WIFIA Lender and holders of other Parity Debt. Insofar as a trustee or paying agent for the WIFIA Loan and other Parity Debt is concerned, the foregoing provisions shall not prevent the application by such trustee or paying agent of any moneys deposited with such trustee or paying agent for the purpose of the payment of or on account of the principal (and premium, if any) and interest on the WIFIA Loan or other Parity Debt if such trustee or paying agent did not have knowledge at the time of such application that such payment was prohibited by the foregoing provisions.

ARTICLE IX

AMENDING AND SUPPLEMENTING OF RESOLUTION

Section 9.01. ***Amending and Supplementing of Resolution Without Consent of the WIFIA Lender***. (A) The Board, from time to time and at any time and without the consent or concurrence of the WIFIA Lender (other than with respect to clause (3) below), may adopt a Supplemental Resolution: (i) to make any changes, modifications, amendments or deletions hereto which may be required to permit this Resolution to be qualified under the Trust Indenture Act of 1939, as amended; (ii) to make any changes, modifications, amendments or deletions hereto which may be required in connection with any merger, consolidation or combination of all or a portion of the Department of Environmental Services of the City and County and the Department or the Board; provided, however, that no such changes, modifications, amendments or deletions shall reduce the pledge of the Net Revenues to a level that is lower than the pledge made in Section 3.02 without the express consent of the WIFIA Lender; or (iii) if the Board, in consultation with and with the consent of the WIFIA Lender, determines that the rights of the WIFIA Lender shall not be materially adversely affected thereby, for any one or more of the following purposes:

(1) to make any changes or corrections in this Resolution as to which the Board shall have been advised by counsel that the same are verbal corrections or changes or are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained in this Resolution, or to insert in this Resolution such provisions clarifying matters or questions arising under this Resolution as are necessary or desirable;

(2) to add additional covenants and agreements of the Board for the purpose of further securing the payment of the WIFIA Loan;

(3) to surrender any right, power or privilege reserved to or conferred upon the Board by the terms of this Resolution;

(4) to confirm as further assurance any lien, pledge or charge, or the subjection to any lien, pledge, or charge, created or to be created by the provisions of this Resolution;

(5) to grant to, or to confer upon, the WIFIA Lender any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon it; and

(6) to modify in any other respect any of the provisions of this Resolution.

(B) The Board shall not adopt any Supplemental Resolution authorized by the foregoing provisions of this Section unless the Board receives an Opinion of Counsel to the effect that the adoption of such Supplemental Resolution is permitted by one or more of the foregoing provisions of this Section.

(C) The Board shall furnish a notice of each amendment or supplement made pursuant to this Section 9.01 and a copy of the Supplemental Resolution effecting such amendment or supplement to each Rating Agency which has rated the WIFIA Loan at least fifteen (15) days prior to the effective day of the Supplemental Resolution.

Section 9.02. ***Amendment of Resolution With Consent of WIFIA Lender***. (A) With the written consent of the WIFIA Lender, the Board from time to time and at any time may adopt a Supplemental Resolution for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Resolution, or modifying or amending the rights and obligations of the Board hereunder, or modifying or amending in any manner the rights of the WIFIA Lender. Nothing in this paragraph contained, however, shall be construed as making necessary the written consent of the WIFIA Lender to the adoption of any Supplemental Resolution authorized by the provisions of Section 9.01. A modification or amendment of the provisions of Article VI with respect to the Operating Fund or the WIFIA Revenue Fund or, after there no longer remains any Senior Debt outstanding under resolutions authorizing and securing Senior Debt, a modification or amendment to change the designation of funds, accounts or subaccounts and to incorporate the applicable provisions of the First Bond Resolution or other resolutions authorizing and securing Senior Debt herein, therein shall not be deemed a change in the terms of payments; *provided* that no such modification or amendment shall, except upon the written consent of the WIFIA Lender, reduce the amount or amounts required to be deposited in the WIFIA Revenue Fund and the accounts therein.

(B) It shall not be necessary that the written consent of the WIFIA Lender approve the particular form of wording of the proposed amendment or supplement or of the Supplemental Resolution affecting such amendment or supplement, but it shall be sufficient if such consent approve the substance of the proposed amendment or supplement.

(C) The Board shall furnish a notice of each amendment or supplement made pursuant to this Section 9.02 and a copy of the Supplemental Resolution effecting such amendment or supplement to each Rating Agency which has rated the WIFIA Loan at least fifteen (15) days prior to the effective day of the Supplemental Resolution.

Section 9.03. ***Effectiveness of Supplemental Resolution***. No Supplemental Resolution shall take effect unless the Director of Budget and Fiscal Services shall have received: (i) an Opinion of Counsel (upon which opinion the Director of Budget and Fiscal Services shall be fully protected in relying) to the effect that such Supplemental Resolution is in due form and has been duly adopted in accordance with the provisions hereof and applicable law and that the provisions thereof are valid and binding upon the Board; and (ii) with respect to any Supplemental Resolution requiring the written consent of the WIFIA Lender, such consent. Upon the adoption (pursuant to this Article and applicable law) by the Board of any Supplemental Resolution amending or supplementing the provisions of this Resolution, the delivery to the Director of Budget and Fiscal Services of such Opinion of Counsel and provision of the written consent required by Section 9.02, if any, or upon such later date as may be specified in such Supplemental Resolution, (i) this Resolution and the WIFIA Loan shall be modified and amended in accordance with such Supplemental Resolution, (ii) the respective rights, limitations of rights, obligations, duties and immunities under this Resolution of the Board, any Paying Agent and the WIFIA Lender shall thereafter be determined, exercised and enforced under this Resolution subject in all respects to such modifications and amendments; and (iii) all of the terms and conditions of any such Supplemental Resolution shall be a part of the terms and conditions of the WIFIA Loan and of this Resolution for any and all purposes.

Section 9.04. ***Supplemental Resolution Affecting Director of Budget and Fiscal Services and Paying Agents***. No Supplemental Resolution changing, amending or modifying any of the rights, duties and obligations of the Director of Budget and Fiscal Services or any Paying Agent shall take effect unless the Board shall have obtained the written consent of the Director of Budget and Fiscal Services or such Paying Agent, as applicable.

ARTICLE X

DEFEASANCE; MONEYS HELD FOR PAYMENT OF DEFEASED LOAN

Section 10.01. ***Discharge of Liens and Pledges; Loan No Longer Outstanding and Deemed to Be Paid Hereunder***. (A) The obligations of the Board under this Resolution and the liens; pledges, charges, trusts, covenants and agreements of the Board herein made or provided for, shall be fully discharged and satisfied as to the WIFIA Loan and such WIFIA Loan shall no longer be deemed to be Outstanding hereunder:

(1) when such WIFIA Loan shall have been canceled or is subject to cancellation, or shall have been purchased by or behalf of the Board from moneys held under this Resolution; or

(2) when payment of the principal and prepayment price (if any) of the WIFIA Loan, plus interest on such principal to the due date thereof (whether such due date be by reason of maturity or upon redemption or prepayment, or otherwise) shall have been made or caused to be made in accordance with the terms thereof.

At such time as the WIFIA Loan shall be deemed to be no longer Outstanding hereunder, as aforesaid, the WIFIA Loan, except for the purposes of any payment from such moneys, Investment Securities and, except for the provisions of the WIFIA Loan that survive per the terms of the WIFIA Loan Agreement, shall no longer be secured by or entitled to the benefits of this Resolution.

(B) Notwithstanding the foregoing, in the case the WIFIA Loan is to be redeemed or otherwise prepaid prior to its stated maturity, no payment under subsection (A) above shall constitute such discharge and satisfaction as aforesaid until the WIFIA Loan Agreement shall have been irrevocably designated for prepayment and proper notice of such prepayment shall have been previously given to the WIFIA Lender.

(C) Any moneys deposited with the Paying Agents for the WIFIA Loan as provided in this Resolution may, at the direction of the Board and in accordance with the terms of the WIFIA Loan Agreement, also be invested and reinvested in Investment Securities, maturing in the amounts and times as hereinbefore set forth. All income from all Investment Securities in the hands of the Paying Agents pursuant to this Section which is not required for the payment of the WIFIA Loan and interest and premium thereon with respect to which such moneys shall have been so deposited, shall be paid to the Board for deposit in the Operating Fund free and clear of any trust, lien, security interest, pledge or assignment securing the WIFIA Loan or otherwise existing under this Resolution.

(D) Notwithstanding any provision of any other section of this Resolution which may be contrary to the provision of this Section, all moneys or Investment Securities set aside and held in trust pursuant to the provisions of this Section for the payment of the WIFIA Loan (including interest and premium thereof, if any) shall be applied to and used solely for the payment of the WIFIA Loan (including interest and premium thereof, if any).

(E) Anything in Article X to the contrary notwithstanding, if moneys or Investment Securities have been deposited or set aside with a Paying Agent pursuant to this Section for the payment of the WIFIA Loan and the WIFIA Loan shall be deemed to have been paid and to be no longer Outstanding hereunder as provided in this Section, but the WIFIA Loan shall not have in fact been actually paid in full, no amendment to the provisions of this Article shall be made without the consent of the WIFIA Lender.

ARTICLE XI

MISCELLANEOUS

Section 11.01. ***Benefits of Resolution Limited to the Board, Director of Budget and Fiscal Services and WIFIA Lender***. With the exception of rights or benefits herein expressly conferred, nothing expressed or mentioned in or to be implied from this Resolution or the WIFIA Loan is intended or should be construed to confer upon or give to any person other than the Board, the Director of Budget and Fiscal Services, and the WIFIA Lender, any legal or equitable right, remedy or claim under or by reason of or in respect to this Resolution or any covenant, condition, stipulation, promise, agreement or provision herein contained. This Resolution and all of the covenants, conditions, stipulations, promises, agreements and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Board, the Director of Budget and Fiscal Services, and the WIFIA Lender as herein and therein provided.

Section 11.02. ***Resolution Binding Upon Successors or Assigns of the Board***. All the terms, provisions, conditions, covenants, warranties and agreements contained in this Resolution shall be binding upon the successors and assigns of the Board and shall inure to the benefit of the WIFIA Lender.

Section 11.03. ***No Personal Liability***. No member of the Board and no officer or employee of the Board shall be individually or personally liable for the payment of the principal and prepayment price (if any) of, or interest on, the WIFIA Loan. Nothing herein contained shall, however, relieve any such member, officer or employee from the performance of any duty provided or required by law.

Section 11.04. ***Notice to WIFIA Lender***. Except as is otherwise provided in this Resolution any provision in this Resolution for the mailing of a notice or other paper to WIFIA Lender shall be fully complied with if it is mailed postage prepaid to the WIFIA Lender at its address as furnished from time to time to the Board.

Section 11.05. ***Waiver of Notice***. Whenever in this Resolution the giving of notice by mail, publication, or otherwise is required, the giving of such notice may be waived by the person entitled to receive such notice, and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.06. ***Non-Business Days***. Whenever this Resolution requires any action to be taken on a day which is not a Business Day, such action shall be taken on the first Business Day occurring thereafter. Whenever in this Resolution the time within which any action is required to be taken or within which any right will lapse or expire shall terminate on a day which is not a Business Day, such time shall continue to run until midnight on the next succeeding Business Day.

Section 11.07. ***Partial Invalidity***. (A) If any one or more of the covenants or agreements or portions thereof provided in this Resolution on the part of the Board or the Director of Budget and Fiscal Services or any Paying Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, then such covenant or covenants, or such agreement or agreements, or such portions thereof, shall be deemed severable from the remaining covenants and agreements or portions thereof provided in this Resolution and the invalidity thereof shall in no way affect the validity of the other provisions of this Resolution or of the WIFIA Loan, but the WIFIA Lender shall retain all the rights and benefits accorded to it hereunder and under any applicable provisions of law.

(B) If any provision of this Resolution shall be held or deemed to be or shall, in fact, be inoperative or unenforceable or invalid as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable or invalid in any other case or circumstance, or of rendering any other provision or provisions herein contained inoperative or unenforceable or invalid to any extent whatever.

Section 11.08. ***Law and Place of Enforcement of This Resolution***. This Resolution shall be construed and interpreted in accordance with the laws of the State of Hawaii and all suits and actions arising out of this Resolution shall be instituted in a court of competent jurisdiction in said State.

Section 11.09. ***Effect of Article and Section Headings and Table of Contents***. The heading or titles of the several articles and sections hereof, and any table of contents appended hereto or to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Resolution.

Section 11.10. ***Repeal of Inconsistent Resolution***. Any resolution of the Board, and any part of any resolution, inconsistent with this Resolution is hereby repealed to the extent of such inconsistency.

Section 11.11. ***Effectiveness of This Resolution***. This Resolution shall become effective upon its adoption, provided that the WIFIA Loan shall be effective upon its execution and delivery by the WIFIA Lender and the Board.

INTRODUCED BY:

LANCE WILHELM, Chair
Date of Introduction: July 27, 2026

ADOPTION OF RESOLUTION NO. 1019, 2026, FOR THE WIFIA PROJECT WATER SYSTEM REVENUE LOAN FOR THE KALAELOA SEAWATER DESALINATION FACILITY PROJECT WAS ADOPTED AT THE JULY 27, 2026, BOARD MEETING			
	AYE	NO	COMMENT
LANCE WILHELM	X		
JONATHAN KANESHIRO	X		
NĀ'ĀLEHU ANTHONY	X		
JEFFREY LAUPOLA	X		
DARIAN CHUN	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO			ABSENT

The above and foregoing resolution is hereby approved as to form and legality this July 27, 2026.

Deputy Corporation Counsel
City and County of Honolulu

JESSICA Y. WONG

EXHIBIT A

FORM OF WIFIA LOAN AGREEMENT

Execution Version
WIFIA CUSIP Number: [__]

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY

WIFIA LOAN AGREEMENT

For Up to $108,612,012

With

BOARD OF WATER SUPPLY OF THE CITY AND COUNTY OF HONOLULU

For the

KALAELOA SEAWATER DESALINATION FACILITY PROJECT

(WIFIA ID – N22138HI)

Dated as of [__], 2026

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WIFIA LOAN AGREEMENT

THIS WIFIA LOAN AGREEMENT (this "**Agreement**"), dated as of the Effective Date, is by and between the Borrower (as defined herein) and the **UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**, an agency of the United States of America ("**EPA**"), acting by and through the Administrator of the Environmental Protection Agency (the "**Administrator**"), with an address at 1200 Pennsylvania Avenue NW, Washington, DC 20460 (the "**WIFIA Lender**").

RECITALS:

WHEREAS, the Congress of the United States of America enacted the Water Infrastructure Finance and Innovation Act, § 5021 *et seq*. of Public Law 113-121, as amended by Section 1445 of the Fixing America's Surface Transportation Act of 2015, as further amended by Section 5008 of the Water Infrastructure Improvements for the Nation Act of 2016, Section 4201 of America's Water Infrastructure Act of 2018, and by Sections 50214 and 50215 of the Infrastructure Investment and Jobs Act of 2021 (collectively, and as the same may be amended from time to time, the "**Act**" or "**WIFIA**"), which is classified at 33 U.S.C. §§ 3901-3915;

WHEREAS, the Act authorizes the WIFIA Lender to enter into agreements to provide financial assistance with one or more eligible entities to make secured loans with appropriate security features to finance a portion of the eligible costs of projects eligible for assistance;

WHEREAS, the Borrower has requested that the WIFIA Lender make the WIFIA Loan (as defined herein) in a principal amount not to exceed the Maximum Principal Amount (as defined herein) to be used to pay a portion of the Eligible Project Costs (as defined herein) pursuant to the Application (as defined herein);

WHEREAS, pursuant to the WIFIA Term Sheet (as defined herein), the Administrator has approved WIFIA financial assistance for the Project to be provided in the form of the WIFIA Loan, subject to the terms and conditions contained herein;

WHEREAS, based on the Application and the representations, warranties and covenants set forth herein, the WIFIA Lender proposes to make funding available to the Borrower for a portion of the costs of the Project through the issuance of the WIFIA Note (as defined herein), upon the terms and conditions set forth herein;

WHEREAS, the Borrower agrees to repay any amount due pursuant to this Agreement and the WIFIA Note in accordance with the terms and provisions hereof and of the WIFIA Note; and

WHEREAS, the WIFIA Lender has entered into this Agreement in reliance upon, among other things, the information and representations of the Borrower set forth in the Application and the supporting information provided by the Borrower.

NOW, THEREFORE, the premises being as stated above, and for good and valuable consideration, the receipt and sufficiency of which are acknowledged to be adequate, and intending to be legally bound hereby, it is hereby mutually agreed by and between the Borrower and the WIFIA Lender as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

Section 1. Definitions. Capitalized terms used in this Agreement shall have the meanings set forth below in this Section 1 or as otherwise defined in this Agreement, except as otherwise expressly provided herein. Any term used in this Agreement that is defined by reference to any other agreement shall continue to have the meaning specified in such agreement, whether or not such agreement remains in effect.

"**Act**" has the meaning provided in the recitals hereto.

"**Additional Construction Contract**" means, with respect to the Project, each Construction Contract entered into after the Effective Date.

"**Additional Debt Test**" has the meaning ascribed to such term in **Part D of Schedule I** (*WIFIA Loan Specific Terms*).

"**Additional Debt**" means Additional Senior Debt, Additional Parity Debt and Additional Junior Debt.

"**Additional Junior Debt**" means any Junior Debt permitted under Section 15(a) (*Indebtedness*), which Junior Debt are issued or incurred after the Effective Date. The liens and pledges securing Additional Junior Debt shall be junior and subordinate to the liens and pledges securing the WIFIA Loan and the WIFIA Note.

"**Additional Parity Debt**" means any Parity Debt permitted under Section 15(a) (*Indebtedness*), which Parity Debt are issued or incurred after the Effective Date. For the avoidance of doubt, no Additional Parity Debt can be senior to the WIFIA Loan and Note.

"**Additional Senior Debt**" means any Senior Debt permitted under Section 15(a) (*Indebtedness*), which Senior Debt are issued or incurred after the Effective Date. For the avoidance of doubt, no Additional Senior Debt can be Project Obligations.

"**Administrator**" has the meaning provided in the preamble hereto.

"**Agreement**" has the meaning provided in the preamble hereto.

"**Aggregate Debt Service**" means, with respect to the WIFIA Loan and for any period and as of any date of computation, the sum of the amounts of WIFIA Debt Service for such period with respect to the WIFIA Loan; and with respect to Debt other than the repayment of the WIFIA Loan and for any period and as of any date of computation, the sum of the amounts of Debt Service (as defined in the WIFIA Loan Resolution) for such period with respect to all series of Debt.

"**Agreement**" has the meaning provided in the preamble hereto.

"**Application**" means the Borrower's application for WIFIA financial assistance received by the WIFIA Lender on the Application Receipt Date.

"**Application Receipt Date**" has the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*).

"**Assumed Debt Service**" means for any Fiscal Year the aggregate amount of principal and interest which would be payable on Debt if each Excluded Principal Payment were amortized on a substantially level debt service basis or other amortization schedule provided by the Manager for either: (1) a period and rate of interest specified by the Board in the Supplemental Resolution (as such term is defined in the WIFIA Loan Resolution) pursuant to which such Debt was issued or as otherwise set forth from time to time by the Manager in a written certificate; or (2) a period that commencing on the date of calculation of such Assumed Debt Service and ending on the date specified by the Manager not exceeding forty (40) years from the date of calculation, such Assumed Debt Service to be calculated on a level debt service basis or other amortization schedule provided by the Manager, based on a fixed interest rate equal to either (x) the Bond Buyer 25-Bond Revenue Bond Index (or, if such index is no longer published, any other comparable revenue bond index) or (y) the rate at which the Board could borrow for such period, as set forth in a certificate of a financial advisor or investment banker, delivered to the Paying Agent, who may rely conclusively on such certificate, such certificate to be delivered within thirty (30) days of the date of calculation.

"**Bankruptcy Related Event**" means, with respect to the Borrower, (a) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any of its debts, or of a substantial part of the assets thereof, under any Insolvency Laws, or (ii) the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official for the Borrower or for a substantial part of the assets thereof and, in any case referred to in the foregoing subclauses (i) and (ii), such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered; (b) the Borrower shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official therefor or for a substantial part of the assets thereof, (ii) generally not be paying its debts as they become due unless such debts are the subject of a bona fide dispute, or become unable to pay its debts generally as they become due, (iii) fail to make a payment of WIFIA Debt Service in accordance with the provisions of Section 8 (*Repayments*) and such failure is not cured within thirty (30) days following notification by the WIFIA Lender of failure to make such payment, (iv) make a general assignment for the benefit of creditors, (v) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition with respect to it described in clause (a) of this definition, (vi) commence a voluntary proceeding under any Insolvency Law, or file a voluntary petition seeking liquidation, reorganization, an arrangement with creditors or an order for relief, in each case under any Insolvency Law, (vii) file an answer admitting the material allegations of a petition filed against it in any proceeding referred to in the foregoing subclauses (i) through (v), inclusive, of this clause (b), or (viii) take any action for the purpose of effecting any of the foregoing, including seeking approval or legislative enactment by any Governmental Authority to authorize commencement of a voluntary proceeding under any Insolvency Law; (c) (i) any Person shall commence a process pursuant to which all or a substantial part of the Pledged Collateral may be sold or otherwise disposed of in a public or private sale or disposition pursuant to a foreclosure of the Liens thereon securing the Debt, or (ii) any Person shall commence a process pursuant to which all or a substantial part of the Pledged Collateral may be sold or otherwise disposed of pursuant to a sale or disposition of such Pledged Collateral in lieu of foreclosure; or (d) any receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official shall transfer, pursuant to directions issued by the holders of the Debt, funds on deposit in any of the System Accounts upon the occurrence and during the continuation of an Event of Default under this Agreement or an event of default under any Other Financing Document for application to the prepayment or repayment of any principal amount of the Debt other than in accordance with the provisions of the First Bond Resolution or the WIFIA Loan Resolution.

"**Base Case Financial Model**" means the financial model or plan, prepared by the Borrower and delivered to the WIFIA Lender as part of the Application, forecasting the capital costs of the Water System (including the Project) and the estimated debt service coverage, rates, revenues, operating expenses and major maintenance requirements of the Water System (as may be applicable) for the Forecast Period and based upon assumptions and methodology provided by the Borrower and acceptable to the WIFIA Lender as of the Effective Date, which model or plan shall have been provided to the WIFIA Lender as a fully functional Microsoft Excel-based financial model or such other format agreed with the WIFIA Lender.

"**Borrower**" has the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*).

"**Borrower Fiscal Year**" means (a) as of the Effective Date, the Initial Borrower Fiscal Year or (b) such other fiscal year as the Borrower may hereafter adopt after giving thirty (30) days' prior written notice to the WIFIA Lender in accordance with **Part E of Schedule V** (*Reporting Requirements*).

"**Borrower's Authorized Representative**" means any Person who shall be designated as such pursuant to Section 21 (*Borrower's Authorized Representative*).

"**Business Day**" means any day which is not a Saturday, Sunday or legal holiday in the State of Hawaii or the State of New York, or a day on which banking institutions chartered by the State, the State of New York or the United States of America are legally authorized to close in the City and County of New York, or a day on which offices of the Federal Government or the State are authorized to be closed or on which commercial banks are authorized or required by law, regulation or executive order to be closed in New York, New York or the Project Location.

"**Capitalized Interest Period**" has, if applicable, the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*), or if designated as "Not Applicable" in **Schedule I**, means capitalized interest shall not be applicable with respect to the WIFIA Loan hereunder.

"**Closing Certificate**" has the meaning provided in Section 11(a) (*Conditions Precedent to Effectiveness*).

"**Construction Contract**" means, with respect to the Project, any prime contract entered into by the Borrower that involves any construction activity (such as demolition, site preparation, civil works construction, installation, remediation, refurbishment, rehabilitation, or removal and replacement services) for the Project. For the avoidance of doubt, "**Construction Contract**" shall include each Existing Construction Contract and, upon the effectiveness thereof, each Additional Construction Contract.

"**Construction Monitoring Report**" means a report on the status of the Project, substantially in the form of **Exhibit F** (*Form of Construction Monitoring Report*), unless otherwise agreed to be in a different form by the WIFIA Lender.

"**Construction Period**" means the period from the Effective Date through (and including) the end of the Federal Fiscal Year during which the Substantial Completion Date occurs.

"**Construction Period Servicing Fee**" has the meaning ascribed to such term in **Part F of Schedule I** (*WIFIA Loan Specific Terms*).

"**Construction Schedule**" means (a) the initial schedule or schedules on which the construction timetables for the Project are set forth, attached hereto as **Part B of Schedule II** (*Project Details*), and (b) any updates thereto included in the Construction Monitoring Report most recently submitted to the WIFIA Lender in accordance with **Part C of Schedule V** (*Reporting Requirements*).

"**CPI**" means the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for All Items, 1982-84=100 (not seasonally adjusted) or its successor, published by the Bureau of Labor Statistics and located at https://www.bls.gov/news.release/cpi.t01.htm.

"**Debt**" means debt of the Borrower that is secured by a pledge and lien on all or a portion of the Revenues, including the Senior Debt, Parity Debt, and Junior Debt.

"**Debt Service Payment Commencement Date**" means the earlier to occur of (a) the first Payment Date immediately following the later of (i) the first Disbursement or (ii) if there is a Capitalized Interest Period, the end of the Capitalized Interest Period, in each case as set forth in the WIFIA Loan Amortization Schedule; or (b) the Payment Date falling closest to, but not later than, the fifth anniversary of the Substantial Completion Date.

"**Default**" means any event or condition that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"**Default Rate**" has the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*).

"**Development Default**" means (a) the Borrower abandons work or fails, in the reasonable judgment of the WIFIA Lender, to diligently prosecute the work related to the Project or (b) the Borrower fails to achieve Substantial Completion of the Project by the Development Default Date, unless such failure to achieve Substantial Completion shall occur by reason of an Uncontrollable Force that is not due to the fault or gross negligence of the Borrower (and which the Borrower could not reasonably have avoided or mitigated), in which case the Development Default Date shall be extended by the number of days equal to the duration of such Uncontrollable Force.

"**Development Default Date**" has the meaning ascribed to such term in **Part B of Schedule I** (*WIFIA Loan Specific Terms*), unless a later date is otherwise agreed by the WIFIA Lender in its sole discretion.

"**Disbursement**" means a disbursement of WIFIA Loan proceeds, subject to and in accordance with this Agreement.

"**Dollars**" and "**$**" means the lawful currency of the U.S.

"**Effective Date**" means the date of this Agreement, as specified in **Part A of Schedule I** (*WIFIA Loan Specific Terms*).

"**Electronic Signature**" means any electronic symbol or process attached to or logically associated with a contract or other record and executed or adopted by a person with the intent to sign such contract or record pursuant to State law or, if the State has not adopted its equivalent, then the federal: Electronic Signatures in Global and National Commerce Act (15 U.S.C. § 7001 et seq.), as amended from time to time.

"**Eligible Project Costs**" means amounts in the Project Budget approved by the WIFIA Lender, which are paid by or for the account of the Borrower in connection with the Project (including, as applicable, Project expenditures incurred prior to the receipt of WIFIA credit assistance), which shall arise from the following:

(a) development-phase activities, including planning, feasibility analysis (including any related analysis necessary to carry out an eligible project), revenue forecasting, environmental review, permitting, preliminary engineering and design work and other preconstruction activities;

(b) construction, reconstruction, rehabilitation, and replacement activities;

(c) the acquisition of real property or an interest in real property (including water rights, land relating to the Project and improvements to land), environmental mitigation (including acquisitions pursuant to 33 U.S.C. § 3905(8)), construction contingencies, and acquisition of equipment; or

(d) capitalized interest (with respect to Debt other than the WIFIA Loan) necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses, and other carrying costs during construction;

provided, that Eligible Project Costs must be consistent with all other applicable federal law, including the Act.

"**Eligible Project Costs Documentation**" means all supporting documentation with respect to the Eligible Project Costs, including copies of invoices and records evidencing incurred or previously paid Eligible Project Costs, which documentation should contain sufficient detail satisfactory to the WIFIA Lender (e.g., if the Borrower intends to utilize WIFIA Loan proceeds to make construction progress payments for Eligible Project Costs, the documentation should demonstrate that such progress payments are commensurate with the cost of the work that has been completed).

"**EMMA**" means the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)1 of the Securities Exchange Act of 1934, as amended, and its successors.

"**EPA**" has the meaning provided in the preamble hereto.

"**Event of Default**" has the meaning provided in Section 17(a) (*Events of Default and Remedies*).

"**Event of Loss**" means any event or series of events that causes any portion of the Water System to be damaged, destroyed or rendered unfit for normal use for any reason whatsoever, including through a casualty, a failure of title, or any loss of such property through eminent domain.

"**Excluded Principal Payments**" means each payment of principal of Debt which (i) the Board intends to pay with moneys that are not Revenues but from future debt obligations of the Board (such as commercial paper, balloon indebtedness or bond anticipation notes), grants from the State or federal government, or any agency or instrumentality thereof, or any other source of funds of the Board, or (ii) is part of a line of credit or revolving line of credit or similar agreement.

"**Existing Construction Contract**" means each Construction Contract of the Borrower in effect as of the Effective Date as set forth in **Part C of Schedule II** (*Project Details*).

"**Existing Indebtedness**" means indebtedness of the Borrower that has been issued or incurred prior to the Effective Date, as listed and described in **Part A of Schedule III** (*Borrower Disclosures*).

"**Federal Fiscal Year**" means the fiscal year of the Federal Government, which is the twelve (12) month period that ends on September 30 of the specified calendar year and begins on October 1 of the preceding calendar year.

"**Federal Government**" means the U.S. and its departments and agencies.

"**FEIN**" means a Federal Employer Identification Number.

"**Final Disbursement Date**" means the earliest of (a) the date on which the WIFIA Loan has been disbursed in full; (b) the last anticipated date of disbursement set forth in the then-current WIFIA Loan Disbursement Schedule; (c) the date as of which the Borrower has certified to the WIFIA Lender that it will not request any further disbursements under the WIFIA Loan; (d) the date on which the WIFIA Lender terminates its obligations relating to disbursements of any undisbursed amounts of the WIFIA Loan in accordance with Section 17 (*Events of Default and Remedies*); and (e) the date that is one (1) year after the Substantial Completion Date.

"**Final Maturity Date**" has the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*).

"**Financial Statements**" has the meaning provided in Section 12(q) (*Financial Statements*).

"**First Bond Resolution**" means Resolution No. 717, 2001 adopted by the Borrower on April 26, 2001, as amended and supplemented from time to time.

"**First Resolution Obligations**" means bonds, notes and other evidences of indebtedness issued under and pursuant to the First Bond Resolution.

"**Flow of Funds**" has the meaning ascribed to such term in **Part D of Schedule I** (*WIFIA Loan Specific Terms*).

"**Forecast Period**" means, as of any date, the time period from and including the then-current Borrower Fiscal Year until the later ending date of either (a) the five (5) immediately succeeding Borrower Fiscal Years or (b) the end of the Borrower Fiscal Year in which the Borrower's then-currently effective capital improvement plan for the Water System concludes.

"**GAAP**" means generally accepted accounting principles for U.S. state and local governments, as established by the Government Accounting Standards Board (or any successor entity with responsibility for establishing accounting rules for governmental entities), in effect from time to time in the U.S.

"**Governmental Approvals**" means all authorizations, consents, approvals, waivers, exceptions, variances, filings, registrations, permits, orders, licenses, exemptions and declarations of or with any Governmental Authority.

"**Governmental Authority**" means any federal, state, provincial, county, city, town, village, municipal or other government or governmental department, commission, council, court, board, bureau, agency, authority or instrumentality (whether executive, legislative, judicial, administrative or regulatory), of or within the U.S. or its territories or possessions, including the State and its counties and municipalities, and their respective courts, agencies, instrumentalities and regulatory bodies, or any entity that acts "on behalf of" any of the foregoing, whether as an agency or authority of such body.

"**Indemnitee**" has the meaning provided in Section 32 (*Indemnification*).

"**Initial Borrower Fiscal Year**" has the meaning ascribed to such term in **Part A of Schedule I** (*Loan Specific Terms*).

"**Initial Construction Period Servicing Fee**" has the meaning ascribed to such term in **Part F of Schedule I** (*WIFIA Loan Specific Terms*).

"**Insolvency Laws**" means the U.S. Bankruptcy Code, 11 U.S.C. § 101 *et seq.*, as from time to time amended and in effect, and any state bankruptcy, insolvency, receivership, conservatorship or similar law now or hereafter in effect.

"**Interest Only Period**" has, if applicable, the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*), or if designated as "Not Applicable" in **Schedule I**, means no interest only period shall be applicable with respect to the WIFIA Loan hereunder.

"**Interest Payment Date**" has the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*).

"**Interim Financing**" means interim bond anticipation notes, commercial paper or other short-term temporary financing, in each case with a maturity not later than five (5) years following the issuance or incurrence thereof, the proceeds of which are applied to pay Eligible Project Costs.

"**Investment Grade Rating**" means a rating of 'BBB-', 'Baa3', 'bbb-', or 'BBB (low)', or higher, from a Nationally Recognized Rating Agency.

"**Junior Debt**" means bonds, notes and obligations, other than Reimbursable Obligations, which, as provided by the resolutions under and pursuant to which such obligations are issued, are payable from and secured by the Net Revenues, subject and subordinate to the pledge of the Net Revenues made by the WIFIA Loan Resolution. The liens and pledges securing Junior Debt shall be junior and subordinate to the liens and pledges securing Senior Debt and Parity Debt.

"**Legal Entity**" has the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*).

"**Lien**" means any mortgage, pledge, hypothecation, assignment, mandatory deposit arrangement, encumbrance, attachment, lien (statutory or other), charge or other security interest, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever, including any sale-leaseback arrangement, any conditional sale or other title retention agreement, any financing lease having substantially the same effect as any of the foregoing, and the filing of any financing statement or similar instrument under the UCC or any other applicable law.

"**Loss Proceeds**" means any proceeds of builders' risk or casualty insurance (other than any proceeds from any policy of business interruption insurance insuring against loss of revenues upon the occurrence of certain casualties or events covered by such policy of insurance) or proceeds of eminent domain proceedings resulting from any Event of Loss.

"**Manager**" means the Manager and Chief Engineer of the Borrower or his or her duly appointed and authorized deputy.

"**Material Adverse Effect**" means a material adverse effect on (a) the Water System, the Project or the Revenues, (b) the operations, properties, or financial condition of the Borrower, (c) the legality, validity or enforceability of any material provision of any WIFIA Loan Document, (d) the ability of the Borrower to enter into, perform or comply with any of its material obligations under any WIFIA Loan Document, (e) the validity, enforceability or priority of the Liens provided under the WIFIA Loan Documents in favor of the WIFIA Lender on the Pledged Collateral or (f) the WIFIA Lender's rights or remedies available under any WIFIA Loan Document.

"**Maximum Principal Amount**" has the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*).

"**Nationally Recognized Rating Agency**" means any nationally recognized statistical rating organization registered with, and identified as such by, the Securities and Exchange Commission.

"**NEPA**" means the National Environmental Policy Act of 1969, as amended, and any successor statute of similar import, and regulations thereunder, in each case as in effect from time to time.

"**NEPA Determination**" has the meaning ascribed to such term in **Part B of Schedule I** (*WIFIA Loan Specific Terms*).

"**Net Revenues**" has the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*).

"**Operating Fund**" has the meaning ascribed to such term in **Part D of Schedule I** (*WIFIA Loan Specific Terms*).

"**Operating Period Servicing Fee**" has the meaning ascribed to such term in **Part F of Schedule I** (*WIFIA Loan Specific Terms*).

"**Operation and Maintenance Expenses**" has the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*).

"**Organizational Documents**" means: (a) the constitutional and statutory provisions that are the basis for the existence and authority of the Borrower, including any enabling statutes, ordinances or public charters and any other organic laws establishing the Borrower and (b) the resolutions, bylaws, or other organizational documents (including any amendments, modifications or supplements thereto) of or adopted by the Borrower by which the Borrower, its powers, operations or procedures or its securities, bonds, notes or other obligations are governed or from which such powers are derived.

"**Other Financing Documents**" means any agreement, instrument, or document (excluding the WIFIA Loan Documents) entered into between the Borrower and a holder of Debt providing for the issuance of Debt secured by a pledge and lien on all or a portion of the Revenues.

"**Other Senior Resolution**" means any resolution adopted by the Borrower, other than the First Bond Resolution, authorizing and securing Senior Debt.

"**Other Subordinate Resolution**" means any resolution adopted by the Borrower, other than the WIFIA Loan Resolution and the SRF Loan Resolution, authorizing and securing Subordinate Obligations.

"**Outstanding**" means (a) with respect to Debt other than the WIFIA Loan, Debt that has not been cancelled or legally defeased or discharged under the terms thereof, and (b) with respect to the WIFIA Loan, the (i) entire amount available to be drawn under this Agreement (including amounts drawn and amounts that remain available to be drawn), less (ii) any amount that has been irrevocably determined will not be drawn under this Agreement, less (iii) the aggregate principal amount of the WIFIA Loan Balance that has been repaid or prepaid.

"**Parity Debt**" means Subordinate Obligations, the WIFIA Note and corresponding WIFIA Debt Service payments, and other bonds, notes and obligations which, as provided by any applicable Other Subordinate Resolution, are payable from and secured by the Net Revenues on a parity with the pledge of the Net Revenues made by the WIFIA Loan Resolution. For the avoidance of doubt, no debt created by Other Subordinate Resolutions or by the SRF Loan Resolution may be senior to the WIFIA debt, and no Senior Debt is or will be a Project Obligation.

"**Patriot Act**" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended, and all regulations promulgated thereunder.

"**Paying Agent**" has, if applicable, the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*), or if designated as "Not Applicable" in **Schedule I**, means a trustee shall not be applicable with respect to the WIFIA Loan hereunder.

"**Payment Date**" means each Interest Payment Date and each Principal Payment Date.

"**Payment Default**" has the meaning provided in Section 17(a)(i) (*Payment Default*).

"**Permitted Debt**" means:

(a) Existing Indebtedness;

(b) the WIFIA Loan;

(c) Additional Senior Debt that satisfies the requirements of Section 15(a) (*Indebtedness*);

(d) Additional Parity Debt that satisfies the requirements of Section 15(a) (*Indebtedness*);

(e) Additional Junior Debt that satisfies the requirements of Section 15(a) (*Indebtedness*); and

(f) indebtedness incurred in respect of hedging transactions permitted under the WIFIA Loan Documents.

"**Permitted Investments**" has the meaning ascribed to the term "Investment Securities" in the First Bond Resolution (as it exists on the date of this Agreement).

"**Permitted Liens**" means:

(a) Liens imposed pursuant to the WIFIA Loan Documents;

(b) Liens imposed pursuant to the First Bond Resolution, the SRF Resolution and any Other Financing Documents, subject (except with respect to Existing Indebtedness and related Other Financing Documents, including the First Bond Resolution and the SRF Resolution) to the provisions of Section 15(a) (*Indebtedness*). For the avoidance of doubt, no such Liens associated with Project Obligations shall be senior to Senior Project Obligations;

(c) Liens imposed by law, including Liens for taxes that are not yet due or are being contested in compliance with Section 14(j) (*Material Obligations*);

(d) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than thirty (30) days or are being contested in compliance with Section 14(j) (*Material Obligations*);

(e) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance, and other social security laws or regulations;

(f) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(g) judgment Liens in respect of judgments that do not constitute an Event of Default under Section 17(a)(viii) (*Material Adverse Judgment*); and

(h) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that, in any case, do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower.

"**Person**" means and includes an individual, a general or limited partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organization and any Governmental Authority, including in each case such Person's successors and permitted assigns.

"**Pledged Collateral**" has the meaning ascribed to such term in **Part D of Schedule I** (*WIFIA Loan Specific Terms*).

"**Pledged Revenues**" has the meaning ascribed to such term in **Part D of Schedule I** (*WIFIA Loan Specific Terms*).

"**Principal Payment Date**" has the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*).

"**Project**" has the meaning ascribed to such term in **Part B of Schedule I** (*WIFIA Loan Specific Terms*).

"**Project Budget**" means the budget for the Project attached to this Agreement as **Part A of Schedule II** (*Project Details*) showing a summary of Total Project Costs with a breakdown of all Eligible Project Costs and the estimated sources and uses of funds for the Project.

"**Project Location**" has the meaning ascribed to such term in **Part B of Schedule I** (*WIFIA Loan Specific Terms*).

"**Project Obligations**" means any obligation in each case all or a portion of the proceeds of which are or will be applied at any time to fund all or any portion of Total Project Costs with respect to any WIFIA Project.

"**Projected Substantial Completion Date**" has the meaning ascribed to such term in **Part B of Schedule I** (*WIFIA Loan Specific Terms*).

"**Public Benefits Report**" means the report, in the form attached hereto as **Exhibit C** (*Form of Public Benefits Report*).

"**Rate Covenant**" has the meaning ascribed to such term in **Part D of Schedule I** (*WIFIA Loan Specific Terms*).

"**Reimbursable Obligations**" means reimbursable general obligation bonds issued and delivered or to be issued and delivered by the City and County of Honolulu to finance certain costs related to the Water System, the debt service on which the Borrower is required by State law to reimburse the City and County of Honolulu's General Fund (as defined in the First Bond Resolution).

"**Related Documents**" means the WIFIA Loan Documents and the Other Financing Documents.

"**Required Deposits**" means, for any period, (i) the Required Deposits under and as defined in the First Bond Resolution, exclusive of transfers from the Operating Fund to the Subordinate Obligation Fund for further transfer to the WIFIA Revenue Fund but inclusive of all other transfers from the Operating Fund to the Subordinate Obligation Fund; (ii) the amounts, if any, required to be paid into the SRF Debt Service Account and each SRF Series Reserve Account, each as defined in and pursuant to the SRF Loan Resolution; (iii) the Required Deposits under and as defined in Other Senior Resolutions and Other Subordinate Resolutions; and (iv) the amounts, if any, required to be paid into the WIFIA Debt Service Account..

"**Requisition**" means the request for Disbursement in the form attached hereto as **Exhibit D** (*Form of Requisition*).

"**Revenues**" has the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*).

"**SAM**" means the federal System for Award Management (www.SAM.gov) (or any successor system or registry).

"**Sanctions Laws**" means collectively, any applicable anti-drug trafficking, anti-terrorism, anti-money laundering, anti-bribery, or anti-corruption laws or regulations, as applicable, including those contained in the Bank Secrecy Act of 1970 (as amended) and the U.S. Patriot Act.

"**Senior Debt**" means First Resolution Obligations issued under the First Bond Resolution and bonds, notes and obligations issued under Other Senior Resolutions which, as provided by such resolutions, are payable from and secured by the Net Revenues prior to the pledge of the Net Revenues made by the WIFIA Loan Resolution but which do not include Project Obligations.

"**Senior Project Obligations**" means the WIFIA Loan Agreement and the WIFIA Note and any other Project Obligations that are Parity Debt.

"**Servicer**" means such entity or entities as the WIFIA Lender shall designate from time to time to perform, or assist the WIFIA Lender in performing, certain duties hereunder.

"**Servicing Fee**" means the Servicing Set-Up Fee and any Construction Period Servicing Fee or Operating Period Servicing Fee.

"**Servicing Set-Up Fee**" has the meaning ascribed to such term in **Part F of Schedule I** (*WIFIA Loan Specific Terms*).

"**SRF Loan Resolution**" means that certain State Revolving Fund Water System Loan Resolution No. 741, 2004, as supplemented and amended from time to time in accordance with the terms thereof.

"**State**" has the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*).

"**Subordinate Obligations**" means bonds, notes and other evidences of indebtedness issued pursuant to Section 3.08 of the First Bond Resolution, and includes the WIFIA Loan.

"**Substantial Completion**" means, with respect to the Project, the stage at which the Project is able to perform the functions for which the Project is designed.

"**Substantial Completion Date**" means the date on which the Borrower certifies to the WIFIA Lender, with evidence satisfactory to the WIFIA Lender and notice to the WIFIA Lender in accordance with **Part E of Schedule V** (*Reporting Requirements*), that Substantial Completion has occurred.

"**System Accounts**" has the meaning ascribed to such term in **Part D of Schedule I** (*WIFIA Loan Specific Terms*).

"**Total Project Costs**" means (a) the costs paid or incurred or to be paid or incurred by the Borrower in connection with or incidental to the acquisition, design, construction and equipping of the Project, including legal, administrative, engineering, planning, design, insurance and financing (including costs of issuance); (b) amounts, if any, required by the WIFIA Loan Documents to be paid into any fund or account upon the incurrence of the WIFIA Loan or any other Debt, in each case in respect of the Project; (c) payments when due (whether at the maturity of principal, the due date of interest, or upon optional or mandatory prepayment) in respect of any indebtedness of the Borrower (other than the WIFIA Loan), in each case in connection with the acquisition, design, construction and equipping of the Project; and (d) costs of equipment and supplies and initial working capital and reserves required by the Borrower for the commencement of operation of the Project, including general administrative expenses and overhead of the Borrower.

"**Trustee**" has, if applicable, the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*), or if designated as "Not Applicable" in **Schedule I**, means a trustee shall not be applicable with respect to the WIFIA Loan hereunder.

"**Trustee Location**" has, if applicable, the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*), or if designated as "Not Applicable" in **Schedule I**, means a trustee location shall not be applicable with respect to the WIFIA Loan hereunder.

"**Uncontrollable Force**" means any cause beyond the control of the Borrower, including: (a) a hurricane, tornado, flood or similar occurrence, landslide, earthquake, fire or other casualty, strike or labor disturbance, freight embargo, act of a public enemy, explosion, war, blockade, terrorist act, insurrection, riot, general arrest or restraint of government and people, civil disturbance or similar occurrence, sabotage, pandemic, or act of God (provided, that the Borrower shall not be required to settle any strike or labor disturbance in which it may be involved) or (b) the order or judgment of any federal, state or local court, administrative agency or governmental officer or body, if it is not also the result of willful or negligent action or a lack of reasonable diligence of the Borrower and the Borrower does not control the administrative agency or governmental officer or body; provided, that the diligent contest in good faith of any such order or judgment shall not constitute or be construed as a willful or negligent action or a lack of reasonable diligence of the Borrower.

"**Uniform Commercial Code**" or "**UCC**" means the Uniform Commercial Code, as in effect from time to time in the State.

"**Unique Entity Identifier**" or "**UEI**" means, with respect to any Person, the unique entity identifier issued by the Federal Government through SAM.gov for such person.

"**Updated Financial Model/Plan**" means (a) an updated Base Case Financial Model or (b) a financial plan in a format agreed with the WIFIA Lender, in each case reflecting the then-current and projected conditions for the Forecast Period, in accordance with **Part A of Schedule V** (*Reporting Requirements*).

"**U.S.**" means the United States of America.

"**Water System**" has the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*).

"**WIFIA**" has the meaning provided in the recitals hereto.

"**WIFIA CUSIP Number**" has the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*).

"**WIFIA Debt Service**" means with respect to any Payment Date occurring on or after the Debt Service Payment Commencement Date, the principal portion of the WIFIA Loan Balance and any interest payable thereon (including interest accruing after the date of any filing by the Borrower of any petition in bankruptcy or the commencement of any bankruptcy, insolvency or similar proceeding with respect to the Borrower), in each case, (a) as set forth on the WIFIA Loan Amortization Schedule and (b) due and payable on such Payment Date in accordance with the provisions of Section 8(a) (*Payment of WIFIA Debt Service*).

"**WIFIA Debt Service Account**" has, if applicable, the meaning ascribed to such term in **Part D of Schedule I** (*WIFIA Loan Specific Terms*), or if designated as "Not Applicable" in **Schedule I**, means a separate debt service account designated for the WIFIA Lender shall not be applicable with respect to the WIFIA Loan hereunder.

"**WIFIA Debt Service Reserve Account**" has, if applicable, the meaning ascribed to such term in **Part D of Schedule I** (*WIFIA Loan Specific Terms*), or if designated as "Not Applicable" in **Schedule I**, means a separate debt service reserve account designated for the WIFIA Lender shall not be applicable with respect to the WIFIA Loan hereunder.

"**WIFIA Debt Service Reserve Requirement**" has, if applicable, the meaning ascribed to such term in **Part D of Schedule I** (*WIFIA Loan Specific Terms*), or if designated as "Not Applicable" in **Schedule I**, means a separate debt service reserve requirement shall not be applicable with respect to the WIFIA Loan hereunder.

"**WIFIA Improvement Account**" means the WIFIA Improvement Account in the WIFIA Revenue Fund, created pursuant to Section 5.01 of the WIFIA Loan Resolution.

"**WIFIA Interest Rate**" has the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Term*).

"**WIFIA Lender**" has the meaning provided in the preamble hereto.

"**WIFIA Lender's Authorized Representative**" means the Administrator and any other Person who shall be designated as such pursuant to Section 22 (*WIFIA Lender's Authorized Representative*).

"**WIFIA Loan**" means the secured loan made by the WIFIA Lender to the Borrower on the terms and conditions set forth herein, pursuant to the Act, in a principal amount not to exceed the Maximum Principal Amount, to be used in respect of Eligible Project Costs.

"**WIFIA Loan Amortization Schedule**" means the loan amortization schedule reflected in **Schedule VI** (*WIFIA Loan Amortization Schedule*), as amended from time to time in accordance with Section 8(c) (*Adjustments to WIFIA Loan Amortization Schedule*).

"**WIFIA Loan Balance**" means (a) the aggregate principal amount of the WIFIA Loan disbursed by the WIFIA Lender to the Borrower hereunder, *plus* (b) if applicable, capitalized interest added to the principal balance of the WIFIA Loan pursuant to Section 8(a)(iii) (*Payment of WIFIA Debt Service*), *minus* (c) the aggregate principal amount of the WIFIA Loan repaid or prepaid by the Borrower, as reflected from time to time in the WIFIA Loan Amortization Schedule in accordance with Section 8(c) (*Adjustments to WIFIA Loan Amortization Schedule*).

"**WIFIA Loan Disbursement Schedule**" means the disbursement schedule set forth in **Schedule VI** (*WIFIA Loan Amortization Schedule*), reflecting the anticipated disbursement of proceeds of the WIFIA Loan, as such schedule may be amended from time to time pursuant to Section 4(b) (*Disbursement Conditions*).

"**WIFIA Loan Documents**" means this Agreement, the WIFIA Note, the WIFIA Term Sheet and the WIFIA Loan Resolution.

"**WIFIA Loan Resolution**" has the meaning ascribed to such term in **Part E of Schedule I** (*WIFIA Loan Specific Terms*).

"**WIFIA Note**" has, if applicable, the meaning ascribed to such term in **Part E of Schedule I** (*WIFIA Loan Specific Terms*), or if designated as "Not Applicable" in **Schedule I,** means a bond as evidence of the Borrower's Obligation shall not be applicable with respect to the WIFIA Loan hereunder.

"**WIFIA Revenue Fund**" has the meaning ascribed to such term in **Part D of Schedule I** (*WIFIA Loan Specific Terms*).

"**WIFIA Term Sheet**" has the meaning ascribed to such term in **Part E of Schedule I** (*WIFIA Loan Specific Terms*).

Section 2. Interpretation. The rules of interpretation set forth below in this Section 2 shall apply to this Agreement, except as otherwise expressly provided herein.

(a) Unless the context shall otherwise require, the words "hereto," "herein," "hereof" and other words of similar import refer to this Agreement as a whole.

(b) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders and vice versa.

(c) Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise require.

(d) The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation."

(e) Whenever the Borrower's knowledge is implicated in this Agreement or the phrase "to the Borrower's knowledge" or a similar phrase is used in this Agreement, the Borrower's knowledge or such phrase(s) shall be interpreted to mean to the best of the Borrower's knowledge after reasonable and diligent inquiry.

(f) Unless the context shall otherwise require, references to preambles, recitals, sections, subsections, clauses, schedules, exhibits, appendices and provisions are to the applicable preambles, recitals, sections, subsections, clauses, schedules, exhibits, appendices and provisions of this Agreement.

(g) The recitals, schedules and exhibits to this Agreement, and the appendices and schedules to such exhibits, are hereby incorporated by reference and made an integral part of this Agreement.

(h) The headings or titles of this Agreement and its sections, schedules or exhibits, as well as any table of contents, are for convenience of reference only and shall not define or limit its provisions.

(i) Unless the context shall otherwise require, all references to any resolution, contract, agreement, lease or other document shall be deemed to include any amendments or supplements to, or modifications or restatements or replacements of, such documents that are approved from time to time in accordance with the terms thereof and hereof.

(j) Every request, order, demand, application, appointment, notice, statement, certificate, consent or similar communication or action hereunder by any party shall, unless otherwise specifically provided, be delivered in writing in accordance with Section 31 (*Notices*) and signed by a duly authorized representative of such party.

(k) References to "disbursements of WIFIA Loan proceeds" or similar phrasing shall be construed as meaning the same thing as "paying the purchase price of the WIFIA Note."

(l) Whenever this Agreement requires a change in principal amount, interest rate or amortization schedule of the WIFIA Loan, it is intended that such change be reflected in the WIFIA Note. Whenever there is a prepayment of the WIFIA Loan, it is intended that such prepayment be implemented through a prepayment of the WIFIA Note.

(m) Whenever this Agreement sets forth a time period for a number of days by when a deliverable must be provided or an action must be taken, such time period shall be computed on the basis of a three hundred sixty (360)-day year of twelve (12) thirty (30)-day months.

(n) Unless the context shall otherwise require, references to any Person shall be deemed to include such Person's successors and permitted assigns.

(o) Where a term used herein is defined by cross-reference to the First Bond Resolution (i.e., "as defined in the First Bond Resolution"), such term shall have the meaning provided in the First Bond Resolution as it exists on the date of this Agreement and, with 30 days' prior written notice to the WIFIA Lender, as amended or supplemented in accordance with its terms and the terms hereof.

ARTICLE II
THE WIFIA LOAN

Section 3. WIFIA Loan Amount. The principal amount of the WIFIA Loan shall not exceed the Maximum Principal Amount.

Section 4. Disbursement Conditions.

(a) WIFIA Loan proceeds shall be disbursed solely in respect of Eligible Project Costs paid or incurred and approved for payment by or on behalf of the Borrower in connection with the Project, including, for the avoidance of doubt, Eligible Project Costs that were initially funded with Interim Financing proceeds. Each Disbursement of the WIFIA Loan shall be made pursuant to the procedures of **Schedule IV** (*Requisition Procedures*) and subject to the requirements of this Section 4 and the conditions set forth in Section 11(b) (*Conditions Precedent to Disbursements*); provided, that no Disbursements shall be made after the Final Disbursement Date.

(b) Subject to this Section 4, any scheduled Disbursement (as reflected in the WIFIA Loan Disbursement Schedule) that remains undrawn as of its scheduled date shall automatically be available for the next scheduled Disbursement date, up to the Final Disbursement Date, with the effect of automatically updating the WIFIA Loan Disbursement Schedule (and the WIFIA Loan Amortization Schedule) without need for the WIFIA Lender's approval. The Borrower may also amend the WIFIA Loan Disbursement Schedule by submitting a revised version thereof to the WIFIA Lender no later than thirty (30) days prior to the proposed effective date of such amendment, together with a detailed explanation of the reasons for such revisions. Such revised WIFIA Loan Disbursement Schedule shall become effective upon the WIFIA Lender's approval thereof, which approval shall be deemed granted if the WIFIA Lender has not objected within thirty (30) days from receipt of the revised schedule, and which approval shall have the effect of updating the WIFIA Loan Amortization Schedule to reflect the updated WIFIA Loan Disbursement Schedule.

Section 5. Term. The term of the WIFIA Loan shall extend from the Effective Date to the Final Maturity Date or to such earlier date as all amounts due or to become due to the WIFIA Lender hereunder have been irrevocably paid in full in immediately available funds.

Section 6. Interest Rate. The Borrower shall pay interest on the WIFIA Loan Balance at the WIFIA Interest Rate; provided, that, upon the occurrence of an Event of Default, the Borrower shall pay interest on the WIFIA Loan Balance at the Default Rate, (a) in the case of any Payment Default, from (and including) its due date to (but excluding) the date of actual payment of the overdue amount of principal of the WIFIA Loan and accrued interest thereon and (b) in the case of any other Event of Default, from (and including) the date of such occurrence to (but excluding) the earlier of the date on which (i) such Event of Default has been cured (if applicable) in accordance with the terms of this Agreement or waived by the WIFIA Lender and (ii) the WIFIA Loan Balance has been irrevocably paid in full in immediately available funds. Interest shall (x) accrue on the WIFIA Loan commencing on the date of the first disbursement of the WIFIA Loan, (y) be payable commencing on the Debt Service Payment Commencement Date and (z) be computed on the WIFIA Loan Balance on the basis of a three hundred sixty (360)-day year of twelve (12) thirty (30)-day months.

Section 7. Security and Priority; Flow of Funds.

(a) As security for the WIFIA Loan, and concurrently with the issuance and delivery of this Agreement, the Borrower has pledged, assigned and granted to the WIFIA Lender for its benefit, Liens on the Pledged Collateral to the extent and in the manner and priority set forth in the WIFIA Loan Resolution. No Project Obligations shall have a Lien on Net Revenues that is senior in right of payment and right of security to the Lien securing the WIFIA Loan. The Lien on the Pledged Revenues to secure the WIFIA Loan for the benefit of the WIFIA Lender is and shall be (i) senior in right of payment and right of security to any other Project Obligations except Project Obligations that are Parity Debt; (ii) on a parity in right of payment and right of security to the Lien on the Net Revenues in favor of the Parity Debt, (iii) senior in right of payment and right of security to the Lien on the Net Revenues in favor of the Junior Debt, and (iv) subordinate only (except as otherwise required by law) to the Lien on Net Revenues in favor of the Senior Debt. The WIFIA Loan shall be additionally secured by the WIFIA Revenue Fund, the WIFIA Debt Service Account and the WIFIA Improvement Account, including all amounts on deposit therein or credited thereto, each of which is pledged in the WIFIA Loan Resolution only to the WIFIA Lender and any subsequent holder of the WIFIA Note. As evidence of the Borrower's obligation to repay the WIFIA Loan, the Borrower shall issue and deliver to the WIFIA Lender, as the registered owner, on or prior to the Effective Date, the WIFIA Note.

(b) Amounts deposited in the Operating Fund shall be applied in the order of priority described in, and in accordance with, the Flow of Funds. No amendment to the Flow of Funds provisions of the First Bond Resolution memorialized in Part D of Schedule I (*WIFIA Loan Specific Terms*) may be done without the written consent of the WIFIA Lender.

Section 8. Repayments.

(a) Payment of WIFIA Debt Service.

(i) No WIFIA Debt Service shall be due or payable prior to the Debt Service Payment Commencement Date. The Borrower shall pay (A) WIFIA Debt Service in the amounts and manner and on the Payment Dates as set forth in the WIFIA Loan Amortization Schedule, as the same may be revised pursuant to Section 8(c) (*Adjustments to WIFIA Loan Amortization Schedule*) and (B) payments of any other amounts on each other date on which payment thereof is required to be made hereunder; provided, that, in either case if any such date is not a Business Day, payment shall be made on the next Business Day following such date. WIFIA Loan proceeds borrowed and repaid may not be reborrowed.

(ii) Notwithstanding anything herein to the contrary, the WIFIA Loan Balance and any accrued interest thereon shall be due and payable in full on the Final Maturity Date.

(iii) If a Capitalized Interest Period is applicable as set forth in **Part C of Schedule I** (*WIFIA Loan Specific Terms*), during the Capitalized Interest Period, no payment of principal or interest on the WIFIA Loan will be required to be made. On each Interest Payment Date occurring during the Capitalized Interest Period (including the day immediately following the end of the Capitalized Interest Period), interest accrued and not paid on the WIFIA Loan during each such six (6)-month period shall be capitalized and added to the WIFIA Loan Balance, as set forth in the WIFIA Loan Amortization Schedule. Within thirty (30) days after (i) each Interest Payment date, and (ii) the end of the

Capitalized Interest Period, the WIFIA Lender shall give written notice to the Borrower stating the WIFIA Loan Balance as of the close of business on such Interest Payment Date or the last day of the Capitalized Interest Period, as applicable, which statement thereof shall be deemed conclusive absent manifest error; provided, however, that no failure to give or delay in giving such notice shall affect any of the obligations of the Borrower hereunder or under any of the other WIFIA Loan Documents. Notwithstanding the foregoing, the Capitalized Interest Period shall end immediately upon written notification to the Borrower by the WIFIA Lender that an Event of Default has occurred and that the WIFIA Lender is ending the Capitalized Interest Period, in which case interest shall no longer be capitalized, payments of interest shall be due and payable beginning on the next Interest Payment Date and payments of principal shall be due and payable beginning on the next Principal Payment Date, in each case in accordance with the terms hereof.

(iv) If an Interest Only Period is applicable as set forth in **Part C of Schedule I** (*WIFIA Loan Specific Terms*), during the Interest Only Period, the WIFIA Debt Service payable by the Borrower shall consist of one hundred percent (100%) of the amount of interest then due and payable on the WIFIA Loan Balance, and no payment of principal on the WIFIA Loan will be due and payable during the Interest Only Period.

(v) Any defeasance of the WIFIA Loan in accordance with applicable law shall not be deemed a repayment or prepayment of the WIFIA Loan in full, and the Borrower shall comply with all of its obligations hereunder and under the other WIFIA Loan Documents (other than with respect to payments of WIFIA Debt Service, which payments shall continue to be made in accordance with the WIFIA Loan Amortization Schedule by the succeeding entity assuming the Borrower's payment obligations), unless otherwise agreed by the WIFIA Lender, until the irrevocable payment in full in immediately available funds of the WIFIA Loan Balance, together with all accrued interest, fees and expenses with respect thereto.

(b) Manner of Payment. Payments under this Agreement (and the WIFIA Note, which payments shall not be duplicative) shall be made in Dollars and in immediately available funds (without counterclaim, offset or deduction) in accordance with the payment instructions provided by the WIFIA Lender prior to the relevant payment, as may be modified in writing from time to time by the WIFIA Lender; provided, that the failure to provide updated payment instructions shall not affect in any manner the Borrower's obligations hereunder or under any other WIFIA Loan Document.

(c) Adjustments to WIFIA Loan Amortization Schedule.

(i) The WIFIA Lender may, from time to time, modify the WIFIA Loan Amortization Schedule included in Schedule VI (WIFIA Loan Amortization Schedule) to reflect (A) any change to the WIFIA Loan Balance, (B) any change to the date and amount of any principal or interest due and payable or to become due and payable by the Borrower hereunder in accordance with this Agreement, (C) any mathematical corrections as the WIFIA Lender may determine are necessary, and (D) with the consent of the Borrower (not to be unreasonably withheld), such other information as the WIFIA Lender may determine is necessary for administering the WIFIA Loan and this Agreement. Any calculations described above shall be rounded up to the nearest whole cent. Any adjustments or revisions to the WIFIA Loan Amortization Schedule as a result of a decrease in the WIFIA Loan Balance shall be applied to reduce future payments due on the WIFIA Loan in inverse order of maturity, other than prepayments which shall be applied in accordance with Section 9(b) (General Prepayment Instructions). If the WIFIA Loan Amortization Schedule is modified pursuant to this Section 8(c), the WIFIA Lender shall provide the Borrower with a copy of such revised WIFIA Loan Amortization Schedule, but no failure to provide or delay in providing the Borrower with such copy shall affect any of the obligations of the Borrower under this Agreement or the other WIFIA Loan Documents. The WIFIA Lender may also, from time to time or when so requested by the Borrower, advise the Borrower by written notice of the amount of the WIFIA Loan Balance as of the date of such notice. Absent manifest error, the WIFIA Lender's determination of the WIFIA Loan Balance and all matters as set forth on the WIFIA Loan Amortization Schedule shall be deemed conclusive evidence thereof absent manifest error; <u>provided,</u> that neither the failure to make any such determination, modification, or recordation nor any error in such determination, modification, or recordation shall affect in any manner the Borrower's obligations hereunder or under any other WIFIA Loan Document.

(ii) The Borrower shall have the right to propose adjustments to the WIFIA Loan Amortization Schedule exercisable once on or prior to the date that is one hundred twenty (120) days preceding the first Principal Payment Date, such adjustments to be submitted by the Borrower to the WIFIA Lender in the form of an updated Schedule VI (WIFIA Loan Amortization Schedule), together with (A) an explanation setting out the reason for such proposed adjustments (such as material unforeseen changes to the Project schedule, costs, or the Borrower's funding strategy), and (B) an updated rating affirmation or current public rating from a Nationally Recognized Rating Agency on the WIFIA Loan (or other Parity Obligations, as the WIFIA Lender may agree) demonstrating the Borrower's continued creditworthiness; provided that (x) the form of and any adjustment to the WIFIA Loan Amortization Schedule, together with the Borrower's explanation and the rating affirmation, shall be acceptable to the WIFIA Lender, (y) the weighted average life of the WIFIA Loan shall not exceed forty-two (42) years measured as of the initial Disbursement date and (z) the WIFIA Loan Amortization Schedule shall comply with all applicable requirements under this Agreement and law. Such revised WIFIA Loan Amortization Schedule shall become effective upon the approval by the WIFIA Lender in its sole discretion.

Section 9. <u>Prepayment.</u>

(a) <u>Optional Prepayments.</u> The Borrower may prepay the WIFIA Loan, without penalty or premium, (i) in full on any date or (ii) in part on any (and, if in part, the amounts thereof to be prepaid shall be determined by the Borrower; <u>provided,</u> that such prepayment shall be in principal amounts of $500,000 or any integral multiple of $1.00 in excess thereof), in each case from time to time but not more than once annually in accordance with 33 U.S.C. § 3908(c)(4)(A). The Borrower may make such prepayment by paying to the WIFIA Lender such principal amount of the WIFIA Loan to be prepaid, together with the unpaid interest accrued on the amount of principal so prepaid to the date of such prepayment and all fees and expenses then due and payable to the WIFIA Lender. Each prepayment of the WIFIA Loan pursuant to this

Section 9(a) shall be made on such date, which shall be a Payment Date unless otherwise Agreed by the WIFIA Lender, and in such principal amount as shall be specified by the Borrower in a written notice, signed by the Borrower's Authorized Representative and delivered to the WIFIA Lender not less than twenty (20) days prior to the requested date of prepayment, unless otherwise agreed by the WIFIA Lender. At any time between delivery of such written notice and the applicable optional prepayment, the Borrower may, without penalty or premium, rescind its announced optional prepayment by further written notice to the WIFIA Lender. Anything in this Section 9(a) to the contrary notwithstanding, the failure by the Borrower to make any optional prepayment shall not constitute a breach or default under this Agreement.

(b) General Prepayment Instructions. Upon the WIFIA Lender's receipt of confirmation from the Paying Agent that payment in full in immediately available funds of the entire WIFIA Loan Balance and any unpaid interest, fees and expenses with respect thereto has occurred as a result of a prepayment, the WIFIA Lender shall surrender the WIFIA Note to the Borrower or its authorized representative, by mail in accordance with Section 31 (*Notices*) or as otherwise agreed between the parties hereto, with a PDF copy of the WIFIA Note stamped "cancelled" delivered by electronic means to the Borrower immediately upon such confirmation. If the Borrower prepays only part of the unpaid balance of principal of the WIFIA Loan, the WIFIA Lender shall make a notation on the WIFIA Loan Amortization Schedule indicating the amount of principal of and interest on the WIFIA Loan then being prepaid. Absent manifest error, the WIFIA Lender's determination of such matters as set forth on an updated WIFIA Loan Amortization Schedule shall be conclusive evidence thereof; provided, that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner the Borrower's obligations hereunder or under any other WIFIA Loan Document. All partial prepayments of principal shall be applied to reduce the WIFIA Loan Balance such that the remaining scheduled principal payments for the WIFIA Loan set out in the WIFIA Loan Amortization Schedule are reduced substantially *pro rata*. If such funds have not been so paid on the prepayment date, such principal amount of the WIFIA Loan shall continue to bear interest until payment thereof at the rate provided for in Section 6 (*Interest Rate*).

(c) Mandatory Prepayment Upon or Prior to Issuance or Existence of Project Obligations Senior to Senior Project Obligations. The Borrower shall prepay one hundred percent (100%) of the WIFIA Loan Balance in full in immediately available funds upon the incurrence or existence of any Project Obligation secured by a pledge of Net Revenues on a basis senior to Senior Project Obligations. Such prepayment shall be made prior to or concurrently with the incurrence, application or existence of such Project Obligations and shall include all accrued and unpaid interest on the amount to be prepaid to the date of prepayment, without prepayment premium, and shall further include payment of all other Debt in respect of the WIFIA Loan, including fees and expenses, then due and payable. The Borrower shall provide written notice to the WIFIA Lender not less than thirty (30) days prior to the date on which the Borrower expects to issue such Project Obligations, and the anticipated date of the proposed mandatory prepayment; provided, that the Borrower's failure to deliver such notice shall not diminish, impair or otherwise affect the Borrower's obligation to make such mandatory prepayment as and when the circumstances requiring such mandatory prepayment have occurred.

Section 10. Fees and Expenses.

(a) Fees. The Borrower shall pay to the WIFIA Lender:

(i) the Servicing Set-Up Fee, which shall be due and payable within thirty (30) days after receipt by the Borrower of an invoice from the WIFIA Lender with respect thereto (or, if earlier, the date of the first Disbursement of the WIFIA Loan);

(ii) the Construction Period Servicing Fee, which shall accrue on the first Business Day of the then-current Federal Fiscal Year and shall be due and payable on or prior to each November 15 during the period beginning from the Effective Date through (and including) the end of the Federal Fiscal Year during which the Substantial Completion Date occurs; provided, that the Initial Construction Period Servicing Fee shall be due and payable within thirty (30) days after receipt by the Borrower of an invoice from the WIFIA Lender with respect thereto (or, if earlier, the date of the first Disbursement of the WIFIA Loan); and

(iii) the Operating Period Servicing Fee, which shall accrue on the first Business Day of the then-current Federal Fiscal Year and shall be due and payable on or prior to each November 15, beginning with the first November 15 following the end of the Federal Fiscal Year during which the Substantial Completion Date occurs, until (and including) the Final Maturity Date; provided, that the Operating Period Servicing Fee due and payable with respect to the Federal Fiscal Year during which the Final Maturity Date occurs shall be equal to the *pro-rata* monthly portion of the then applicable Operating Period Servicing Fee multiplied by the number of partial or whole months remaining between October 1 and the Final Maturity Date.

(b) The amount of each Construction Period Servicing Fee (other than the initial Construction Period Servicing Fee) and each Operating Period Servicing Fee shall be adjusted in proportion to the percentage change in CPI for the calendar year immediately preceding the calendar year during which such fee is due. The WIFIA Lender shall notify the Borrower of the amount of each such fee at least thirty (30) days before payment is due, which determination shall be conclusive absent manifest error.

(c) Expenses. The Borrower agrees, whether or not the transactions hereby contemplated shall be consummated, to reimburse the WIFIA Lender on demand from time to time, within thirty (30) days after receipt by the Borrower of any invoice from the WIFIA Lender, for any and all fees, costs, charges, and expenses incurred by it (including the fees, costs, and expenses of its legal counsel, financial advisors, auditors and other consultants and advisors) in connection with the negotiation, preparation, execution, delivery, and performance of this Agreement and the other WIFIA Loan Documents and the transactions hereby and thereby contemplated, including attorneys', and engineers' fees and professional costs, including all such fees, costs, and expenses incurred as a result of or in connection with: (i) the enforcement of or attempt to enforce, or the monitoring, protection or preservation of any right or claim under, the Liens on the Pledged Collateral or any provision of this Agreement or any of the other WIFIA Loan Documents or the rights of the WIFIA Lender thereunder; (ii) any amendment, modification, re-execution, waiver, or consent with respect to this Agreement or any other WIFIA Loan

Document; and (iii) any work-out, restructuring, or similar arrangement of the obligations of the Borrower under this Agreement or the other WIFIA Loan Documents, including during the pendency of any Event of Default.

(d) The obligations of the Borrower under this Section 10 shall survive the payment or prepayment in full or transfer of the WIFIA Note, the enforcement of any provision of this Agreement or the other WIFIA Loan Documents, any such amendments, waivers or consents, any Event of Default, and any such workout, restructuring, or similar arrangement.

ARTICLE III
CONDITIONS PRECEDENT

Section 11. Conditions Precedent.

(a) Conditions Precedent to Effectiveness. Notwithstanding anything in this Agreement to the contrary, this Agreement shall not become effective until each of the following conditions precedent has been satisfied or waived in writing by the WIFIA Lender in its sole discretion:

(i) The Borrower shall have duly executed and delivered to the WIFIA Lender this Agreement, the WIFIA Term Sheet, the WIFIA Loan Resolution and the WIFIA Note, each in form and substance satisfactory to the WIFIA Lender.

(ii) The Borrower shall have delivered to the WIFIA Lender complete and fully executed copies of any Related Document with respect to which all or a portion of the proceeds are or will be applied to fund all or any portion of Total Project Costs, in each case that has been entered into on or prior to the Effective Date, along with a certification in the Closing Certificate that each such document is complete, fully executed and in full force and effect, and that all conditions contained in the Related Documents that are necessary to the closing of the WIFIA transaction contemplated hereby (if any) have been fulfilled.

(iii) The Borrower shall have delivered to the WIFIA Lender fully executed copies of each Existing Construction Contract, together with any amendments, waivers or modifications thereto.

(iv) Counsels to the Borrower shall have rendered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit H-1** (*Opinions Required from General Counsel*)) and bond counsel to the Borrower shall have rendered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit H-2** (*Opinions Required from Bond Counsel*)).

(v) The Borrower shall have delivered to the WIFIA Lender a certificate, signed by the Borrower's Authorized Representative, substantially in the form attached hereto as **Exhibit B** (*Form of Closing Certificate*) (the "**Closing Certificate**"), designating the Borrower's Authorized Representative, confirming such person's position and incumbency, and certifying as to the satisfaction of the certain conditions precedent (and, if requested by the WIFIA Lender, has provided evidence satisfactory to the WIFIA Lender of such satisfaction), including the following:

(A) as of the Effective Date, (1) the maximum principal amount of the WIFIA Loan (excluding any interest that is capitalized in accordance with the terms hereof), together with the amount of any other credit assistance provided under the Act to the Borrower, does not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs; (2) the aggregate amount of Eligible Project Costs previously incurred prior to the Effective Date does not exceed fifty-one percent (51%) of Eligible Project Costs; and (3) the total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan (excluding any interest that is capitalized in accordance with the terms hereof), does not exceed eighty percent (80%) of Total Project Costs;

(B) the Borrower is in compliance with NEPA and any applicable federal, state or local environmental review and approval requirements with respect to the Project;

(C) the Borrower has (1) obtained a FEIN (as evidenced by the delivery of a copy of the Borrower's W-9), (2) obtained a Unique Entity Identifier, and (3) registered with, and obtained confirmation of active SAM registration status;

(D) the Borrower has obtained the WIFIA CUSIP Number;

(E) the representations and warranties of the Borrower set forth in this Agreement and in each other WIFIA Loan Document to which the Borrower is a party are true and correct on and as of the date hereof, except to the extent that such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct as of such earlier date; and

(F) no Material Adverse Effect, or any event or condition that could reasonably be expected to have a Material Adverse Effect, has occurred or arisen and not been disclosed to the WIFIA Lender since the date of the Application.

(vi) The Borrower shall have provided evidence to the WIFIA Lender's satisfaction, prior to the Effective Date, of the assignment by at least one (1) Nationally Recognized Rating Agency of a public Investment Grade Rating on the WIFIA Loan, along with a certification in the Closing Certificate that no such rating has been reduced, withdrawn or suspended as of the Effective Date.

(vii) The Borrower shall have delivered to the WIFIA Lender the Public Benefits Report.

(viii) The Borrower shall have paid in full all invoices delivered by the WIFIA Lender to the Borrower as of the Effective Date for any applicable Servicing Fees and the fees and expenses of the WIFIA Lender's counsel and financial advisors and any auditors or other consultants retained by the WIFIA Lender for the purposes hereof.

(ix) The Borrower shall have provided evidence to the WIFIA Lender's satisfaction, prior to the Effective Date, demonstrating that it owns and has valid legal and beneficial title to the real property interests in the Project site free and clear of any Lien of any kind, except for Permitted Liens, and such evidence may include a release letter, together with the original quit claim deed and amendments thereto.

(b) Conditions Precedent to Disbursements. Notwithstanding anything in this Agreement to the contrary, the WIFIA Lender shall have no obligation to make any Disbursement of the WIFIA Loan to the Borrower (including the initial Disbursement hereunder) until each of the following conditions precedent has been satisfied or waived in writing by the WIFIA Lender in its sole discretion:

(i) The Borrower shall have delivered to the WIFIA Lender a Requisition that complies with the provisions of Section 4 (*Disbursement Conditions*), **Schedule IV** (*Requisition Procedures*) and **Exhibit D** (*Form of Requisition*), including satisfactory Eligible Project Costs Documentation relating to such Requisition. The Borrower's Authorized Representative shall also certify in such Requisition that:

(A) at the time of, and immediately after giving effect to, any Disbursement of WIFIA Loan proceeds then currently requested, (1) no Default or Event of Default and no event of default under any other Related Document has occurred and is continuing and (2) no event that, with the giving of notice or the passage of time or both, would constitute an event of default under any other Related Document, has occurred and is continuing;

(B) no Material Adverse Effect, or any event or condition that could reasonably be expected to result in a Material Adverse Effect, has occurred since the Effective Date; provided that the Borrower may disclose, and the WIFIA Lender, at its sole discretion, may waive, the occurrence of any such Material Adverse Effect;

(C) the aggregate amount of all Disbursements (including the requested Disbursement amount but excluding any interest that is capitalized in accordance with the terms hereof) does not exceed (1) the Maximum Principal Amount of the WIFIA Loan or (2) the amount of Eligible Project Costs paid or incurred by the Borrower;

(D) the Eligible Project Costs for which reimbursement or payment is being requested has not been reimbursed or paid by any previous disbursement of (1) WIFIA Loan proceeds or (2) any other source of funding for the Project as identified in the Project Budget; provided that such Eligible Project Costs may have been paid from the proceeds of

Interim Project Financing so long as the Disbursement will be applied in accordance with the WIFIA Loan Documents and any Other Financing Documents relating to the Interim Project Financing;

(E) (1) the Borrower, and each of its contractors and subcontractors at all tiers with respect to the Project, has complied with all applicable laws, rules, regulations and requirements, including 40 U.S.C. §§ 3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto) and 33 U.S.C. § 3914 (relating to American iron and steel products); and (2) supporting documentation, such as certified payroll records and certifications for all iron and steel products used for the Project, are being maintained and are available for review upon request by the WIFIA Lender;

(F) the representations and warranties of the Borrower set forth in this Agreement and in each other WIFIA Loan Document are true and correct as of each date on which any disbursement of the WIFIA Loan is made, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties were true and correct as of such earlier date);

(G) the Borrower represents that it has delivered all required deliverables under and in compliance with the requirements of **Schedule V** (*Reporting Requirements*), except as has been otherwise agreed by the WIFIA Lender; and

(H) the amount being requested for Disbursement is with respect to Eligible Project Costs for which all or a portion of the Eligible Project Costs Documentation was previously submitted to and approved by the WIFIA Lender in accordance with **Schedule IV** (*Requisition Procedures*) and **Schedule V** (*Reporting Requirements*) of the WIFIA Loan Agreement, and/or the Borrower has set out in the Requisition (or attached separately to the Requisition) a summary of any Eligible Project Costs that have not otherwise been previously submitted to the WIFIA Lender for approval, together with supporting Eligible Project Costs Documentation.

(ii) If applicable, to the extent necessary to make the representations and warranties in Section 12(f) (*Litigation*) and 12(j)(iii) (*Compliance with Laws*) true, correct and complete as of the date of the applicable Disbursement, the Borrower shall have delivered an updated **Schedule III** (*Borrower Disclosures*).

(iii) The Borrower shall have paid in full (A) any outstanding Servicing Fees due and payable under Section 10 (*Fees and Expenses*) and (B) all invoices delivered by the WIFIA Lender to the Borrower in accordance with Section 31 (*Notices*) of this Agreement, for the fees and expenses of the WIFIA Lender's counsel and financial advisors and any auditors or other consultants retained by the WIFIA Lender for the purposes hereof.

(iv) As a condition to the first disbursement of the WIFIA Loan, the Borrower shall have demonstrated the following to the WIFIA Lender's satisfaction that: (A) the National Historic Preservation Act (NHPA) Section 106 consultation process has concluded; (B) the Borrower has not carried out any destruction, excavation, mobilization or other ground-disturbing work prior to the conclusion of the NHPA Section 106 consultation; and (C) the Borrower shall have provided to the WIFIA Lender supporting documentation, such as consultation and concurrence letters, as part of the requisition process.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

Section 12. Representations and Warranties of Borrower. The Borrower hereby represents and warrants that, as of the Effective Date and, as to each of the representations and warranties below other than those contained in Section 12(b) (*Officers' Authorization*) and the first sentence of Section 12(m) (*Construction Contracts*), as of each date on which any Disbursement of the WIFIA Loan is requested or made:

(a) Organization; Power and Authority. The Borrower is a Legal Entity duly organized and validly existing under its Organizational Documents and the laws of the State, has full legal right, power and authority to do business in the State and to enter into the WIFIA Loan Documents then in existence, to execute and deliver this Agreement and the WIFIA Note, and to carry out and consummate all transactions contemplated hereby and thereby and has duly authorized the execution, delivery and performance of this Agreement, the WIFIA Note, and the other WIFIA Loan Documents. Other than such Organizational Documents and the WIFIA Loan Resolution, there are no additional instruments or documents necessary for the Borrower to execute and deliver, or to perform its obligations under, the WIFIA Loan Documents to which it is a party and to consummate and implement the transactions contemplated by the WIFIA Loan Documents.

(b) Officers' Authorization. As of the Effective Date, the officers of the Borrower executing (or that previously executed) the WIFIA Loan Documents, and any certifications or instruments related thereto, to which the Borrower is a party are (or were at the time of such execution) duly and properly in office and fully authorized to execute the same.

(c) Due Execution; Enforceability. Each of the WIFIA Loan Documents in effect as of any date on which this representation and warranty is made, and to which the Borrower is a party, has been duly authorized, executed and delivered by the Borrower and constitutes the legal, valid and binding agreement of the Borrower enforceable against the Borrower in accordance with its terms, except as such enforceability (i) may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and (ii) is subject to general principles of equity (regardless of whether enforceability is considered in equity or at law).

(d) Non-Contravention. The execution and delivery of the WIFIA Loan Documents to which the Borrower is a party, the consummation of the transactions contemplated by the WIFIA Loan Documents, and the fulfillment of or compliance with the terms and conditions of all of the WIFIA Loan Documents, does not and will not (i) conflict with the Borrower's Organizational Documents, (ii) conflict in any material respect with, or constitute a violation, breach or default (whether immediately or after notice or the passage of time or both) by the Borrower of or under, any applicable law, administrative rule or regulation, any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Borrower is a party or by which it or its properties or assets are otherwise subject or bound, or (iii) result in the creation or imposition of any Lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, other than Permitted Liens.

(e) Consents and Approvals. All Governmental Approvals required as of the Effective Date and required as of any subsequent date on which this representation is made (or deemed made) for the undertaking, construction and completion by the Borrower of the Project and the operation and maintenance of the Water System, and to execute and deliver and perform its obligations under the WIFIA Loan Documents and the Construction Contracts, have been obtained or effected and are in full force and effect. The Borrower is not in default with respect to any Governmental Approval, which default could reasonably be expected to result in a Material Adverse Effect. No consent or approval of any trustee, holder of any indebtedness of the Borrower or any other Person is necessary in connection with the execution, delivery, and performance by the Borrower of the WIFIA Loan Documents and the consummation of any transaction contemplated thereunder, except as have been obtained or made and as are in full force and effect.

(f) Litigation. Except as set forth in **Part B of Schedule III** (*Borrower Disclosures*), there is no action, suit, proceeding or, to the knowledge of the Borrower, any inquiry or investigation, in any case before or by any court or other Governmental Authority pending or, to the knowledge of the Borrower, threatened against or affecting the Water System, the Project or the ability of the Borrower to execute, deliver and perform its obligations under the WIFIA Loan Documents or that in any case could reasonably be expected to result in a Material Adverse Effect.

(g) Security Interests. (i) This Agreement, the First Bond Resolution, the WIFIA Loan Resolution, and the Organizational Documents together establish, and (ii) the Borrower has taken all necessary action to pledge, assign, and grant, in each case for the benefit of the WIFIA Lender, legal, valid, binding and enforceable Liens on the Pledged Collateral purported to be created, pledged, assigned, and granted pursuant to and in accordance with the WIFIA Loan Documents, irrespective of whether any Person has notice of the pledge and without the need for any physical delivery, recordation, filing, or further act, and if applicable, the security interests created in the Pledged Collateral have been duly perfected under applicable State law. Such Liens are in full force and effect and are not subordinate or junior to any other Liens in respect of the Pledged Collateral except for (a) liens arising as senior to such Liens by operation of law and (b) the Liens on the Net Revenues in favor of any Senior Debt, and are senior to any Liens pledged to (i) Subordinate Obligations that are not Parity Debt and (ii) Junior Debt, and are not *pari passu* with any Liens other than the Liens on the Pledged Revenues in favor of the Parity Debt. The Borrower is not in breach of any covenant set forth in Section 14(b) (*Securing Liens*) with respect to the matters described in Section 14(b) (*Securing Liens*). As of the Effective Date and as of each other date this representation and warranty is made, (A) all documents and instruments have been recorded or filed for record in such manner and in such places as are required and all other action as is necessary or desirable has been taken to establish a legal, valid, binding, and enforceable and, if applicable, perfected, Lien on the Pledged Collateral in favor of the WIFIA Lender to the extent contemplated by this Agreement, the First Bond Resolution, and the WIFIA Loan Resolution, and (B) all taxes and filing fees that are due and payable in connection with the execution, delivery or recordation of any instruments, certificates or financing statements in connection with the foregoing, have been paid. Neither the attachment, validity, enforceability, priority or, if applicable, perfection, of the security interest in the Pledged Collateral granted pursuant to this Agreement is governed by Article 9 of the UCC.

(h) No Debarment. The Borrower has fully complied with its verification obligations under 2 C.F.R. § 180.320 and confirms, based on such verification, that, to its knowledge, neither the Borrower nor any of its principals (as defined in 2 C.F.R. § 180.995 and supplemented by 2 C.F.R § 1532.995) (i) is debarred, suspended or voluntarily excluded from participation in Government contracts, procurement or non-procurement matters; (ii) is presently indicted for or otherwise criminally or civilly charged by a Governmental Authority with commission of any of the offenses listed in 2 C.F.R. § 180 or 2 C.F.R. § 1532; and (iii) have, within the three (3) year period preceding the Effective Date, (x) been convicted for or had a civil judgment rendered against the Borrower for any of the offenses within such period or (y) had any public transactions (federal, state or local) terminated for cause or default.

(i) No Lobbying. Pursuant to 31 U.S.C. § 1352, to the best of the Borrower's knowledge and belief, (A) no Federal appropriated funds have been paid or will be paid, by or on behalf of the Borrower, to any Person for influencing or attempting to influence an officer or employee of an agency, a member (or employee of a member), officer, or employee of the U.S. Congress, in connection with the making of the WIFIA Loan, execution (including amendments or modifications) of the WIFIA Loan Documents, or any other federal action under 31 U.S.C. § 1352(a)(2); and (B) if any funds other than Federal appropriated funds have been paid or will be paid to any Person for influencing or attempting to influence an officer or employee of any agency, a member (or employee of a member), officer, or employee of the U.S. Congress in connection with the WIFIA Loan, the Borrower has completed and submitted to the WIFIA Lender Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(j) Compliance with Laws.

(i) The Borrower, and to the best of its knowledge, each of its contractors and subcontractors at all tiers with respect to the Project, has complied with all applicable laws, rules, regulations and requirements, including 40 U.S.C. §§ 3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto), 33 U.S.C. § 3914 (relating to American iron and steel products), 20 C.F.R. § 180.320 and 20 C.F.R. § 1532 (relating to non-debarment), 31 U.S.C. § 1352 and 40 C.F.R. § 34.100 (relating to non-lobbying), 42 U.S.C. § 4601 *et seq.* and 40 CFR 35.10025(b)(6) (relating to the Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970), and any applicable Sanctions Laws.

(ii) To ensure such compliance, the Borrower has included in all contracts with respect to the Project (A) the contract clauses relating to applicable federal requirements (such as Davis-Bacon) and (B) requirements that its contractors (1) shall comply with all applicable laws, rules, regulations, and requirements set forth in this Section 12(j) and follow applicable federal guidance and (2) incorporate in all subcontracts (and cause all subcontractors to include in lower tier subcontracts) such terms and conditions as are required to be incorporated therein by any applicable laws, rules, regulations and requirements set forth in this Section 12(j).

(iii) Except as set forth in **Part C of Schedule III** (*Borrower Disclosures*), the Borrower is in compliance with all laws applicable to the Water System (including the Project) relating to environmental, health or safety matters.

(k) Credit Ratings. The WIFIA Loan has received a public Investment Grade Rating from at least one (1) Nationally Recognized Rating Agency, written evidence of such rating has been provided to the WIFIA Lender prior to the Effective Date, and such rating has not been reduced to a rating below an Investment Grade Rating, withdrawn or suspended as of the Effective Date.

(l) No Defaults. No Default or Event of Default, and no default or event of default by the Borrower under any other Related Document, has occurred and is continuing.

(m) Construction Contracts. **Part C of Schedule II** (*Project Details*) sets forth a list of the Existing Construction Contracts as of the Effective Date. With respect to each Construction Contract executed as of any date on which this representation and warranty is made and which has not expired in the normal course in accordance with its terms, such Construction Contract is in full force and effect.

(n) Information. The information furnished by, or on behalf of, the Borrower to the WIFIA Lender, when taken as a whole, is true and correct in all material respects (other than for projections and other forward-looking statements contained in the Base Case Financial Model and any Updated Financial Model/Plan which have been made in good faith and based on reasonable assumptions), and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading as of the date made or furnished.

(o) Insurance. The Borrower is in compliance with all insurance obligations required under each Construction Contract and the WIFIA Loan Documents (including Section 14(f) (*Insurance*) hereof) as of the date on which this representation and warranty is made. To the extent the Borrower self-insures, the Borrower's self-insurance program is actuarially sound.

(p) No Prohibited Liens. Except for Permitted Liens, the Borrower has not created, and is not under any obligation to create, and has not entered into any transaction or agreement that would result in the imposition of, any Lien on the Pledged Collateral, the Water System, the Project, the Revenues, or the Borrower's respective rights in any of the foregoing.

(q) Financial Statements. Each income statement, balance sheet and statement of operations and cash flows (collectively, "**Financial Statements**") delivered to the WIFIA Lender pursuant to **Part B of Schedule V** (*Reporting Requirements*) has been prepared in accordance with GAAP and presents fairly, in all material respects, the financial condition (including any liabilities or obligations that are required to be disclosed in accordance with GAAP) of the Borrower as of the respective dates of the balance sheets included therein and the results of operations of the Borrower for the respective periods covered by the statements of income included therein.

(r) Securities Laws. Under existing law, the WIFIA Note may be issued and sold without registration under the Securities Act of 1933, as amended, and any State blue sky laws.

(s) No Delinquent Taxes or Federal Debt. The Borrower has paid all applicable taxes and other material taxes and assessments payable by it that have become due (other than those taxes or assessments that it is contesting in good faith and by appropriate proceedings, for which adequate reserves have been established to the extent required by GAAP). The Borrower has no delinquent federal debt (including tax liabilities but excluding any delinquencies that have been resolved with the appropriate federal agency in accordance with the standards of the Debt Collection Improvement Act of 1996).

(t) Sufficient Funds. The amount of the WIFIA Loan, when combined with all other funds committed for the development and construction of the Project as set forth under the various sources of funds in the Project Budget, will be sufficient to carry out the Project, pay all Total Project Costs anticipated for the development and construction of the Project and achieve Substantial Completion by the Projected Substantial Completion Date. The total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan (excluding any interest that is capitalized in accordance with the terms hereof), does not exceed eighty percent (80%) of Total Project Costs. The Updated Financial Model/Plan most recently delivered to the WIFIA Lender pursuant to **Part A of Schedule V** (*Reporting Requirements*) demonstrates that the projected Revenues are sufficient to meet the WIFIA Loan Amortization Schedule. The Borrower has developed, and identified adequate revenues to implement, a plan for operating, maintaining, and repairing the Project over the useful life of the Project.

(u) Sovereign Immunity. The Borrower either has no immunity from the jurisdiction of any court of competent jurisdiction or from any legal process therein which could be asserted in any action to enforce the obligations of the Borrower under any of the WIFIA Loan Documents to which it is a party or the transactions contemplated hereby or thereby, including the obligations of the Borrower hereunder and thereunder, or, to the extent that the Borrower has such immunity, the Borrower has waived such immunity pursuant to Section 14(m) (*Immunity*).

(v) Senior Debt. (i) The only Outstanding Debt that is senior to the WIFIA Loan is the Senior Debt and (ii) no Project Obligations secured by Net Revenues on a basis senior to the Senior Project Obligations exist and no proceeds from the Senior Debt have been used to pay any Total Project Costs.

(w) Accuracy of Representations and Warranties. The representations, warranties and certifications of the Borrower set forth in this Agreement and the other WIFIA Loan Documents are true, correct, and complete, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties shall be true, correct, and complete as of such earlier date).

Section 13. Representations and Warranties of WIFIA Lender. The WIFIA Lender represents and warrants that:

(a) Power and Authority. The WIFIA Lender has all requisite power and authority to make the WIFIA Loan and to perform all transactions contemplated by the WIFIA Loan Documents to which it is a party.

(b) Due Execution; Enforceability. The WIFIA Loan Documents to which it is a party have been duly authorized, executed and delivered by the WIFIA Lender, and are legally valid and binding agreements of the WIFIA Lender, enforceable in accordance with their terms.

(c) Officers' Authorization. The officers of the WIFIA Lender executing each of the WIFIA Loan Documents to which the WIFIA Lender is a party are duly and properly in office and fully authorized to execute the same on behalf of the WIFIA Lender.

ARTICLE V
COVENANTS

Section 14. Affirmative Covenants. The Borrower covenants and agrees as follows until the date the WIFIA Note and all of the obligations of the Borrower under this Agreement (other than contingent indemnity obligations) are irrevocably paid in full in immediately available funds and the WIFIA Lender no longer has any commitment to make Disbursements to the Borrower, unless the WIFIA Lender waives compliance in writing:

(a) Rate Covenant. (i) The Borrower shall comply with all requirements and conditions specified in the Rate Covenant.

(b) Securing Liens. The Borrower shall at any and all times, to the extent permitted by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable in connection with assuring, conveying, granting, assigning, securing and confirming the Liens on the Pledged Collateral (whether now existing or hereafter arising) granted to the WIFIA Lender for its benefit pursuant to the WIFIA Loan Documents, or intended so to be granted pursuant to the WIFIA Loan Documents, or which the Borrower may become bound to grant. The Borrower shall at all times maintain the Pledged Collateral free and clear of any Lien that has priority over, or equal rank with, the Liens created by this Agreement, other than Permitted Liens, and all organizational, regulatory or other necessary action on the part of the Borrower to that end shall be duly and validly taken at all times. The Borrower shall at all times, to the extent permitted by law, defend, preserve and protect the Liens on the Pledged Collateral granted pursuant to the WIFIA Loan Documents and for the benefit of the WIFIA Lender under the WIFIA Loan Documents against all claims and demands of all Persons whomsoever, subject to Permitted Liens.

(c) Use of Proceeds. The Borrower shall use the proceeds of the WIFIA Loan solely for purposes permitted by applicable law, this Agreement and the other WIFIA Loan Documents.

(d) Prosecution of Work; Verification Requirements.

(i) The Borrower shall diligently prosecute the work relating to the Project and complete the Project in accordance with the Construction Schedule (and on or prior to the Development Default Date), the Governmental Approvals in connection with the Project, and prudent utility and industry practice.

(ii) The Borrower shall comply with Subpart C of 2 C.F.R. Part 180, as supplemented by Subpart C of 2 C.F.R. Part 1532 (relating to debarment), including the verification requirements set forth in 2 C.F.R. §§ 180.300 and 180.320, and shall include in its contracts with respect to the Project similar terms or requirements for compliance.

(e) Operations and Maintenance. The Borrower shall operate and maintain the Water System (including the Project) substantially in accordance with the Updated Financial Model/Plan most recently delivered by the Borrower to the WIFIA Lender pursuant to **Part A of Schedule V** (*Reporting Requirements*) and its operations and maintenance plan (that incorporates the Project). The Borrower shall operate and maintain the Water System (including the Project) in a reasonable and prudent manner and in good repair, working order and condition and in accordance with the requirements of all applicable laws and each applicable WIFIA Loan Document. The Borrower shall at all times do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the Governmental Approvals and any other rights, licenses, franchises, and authorizations material to the conduct of its business and the operation and maintenance of the Water System.

(f) Insurance. Subject in all respects to the requirements set forth in Section 8.04 of the First Bond Resolution:

(i) except as provided in Section 14(f)(iii), the Board shall keep, or cause to be kept, the works, plants and facilities comprising the properties of the Water System and the operations thereof insured to the extent available at reasonable cost with responsible insurers, with policies payable to the Board, against risks of direct physical loss, damage to or destruction of the aboveground structures, and the equipment and contents therein, of the Water System arising from accidents, casualties or negligence, and other causes customarily insured against, at least to the extent that similar insurance is usually carried by utilities operating like properties, including liability insurance and workman's compensation insurance; provided, however, that any time while any contractor engaged in constructing any part of the Water System shall be fully responsible therefor, the Board shall not be required to keep such part of the Water System insured. All policies of insurance shall be for the benefit of the WIFIA Lender and the Board as their respective interests may appear;

(ii) in the event of any loss or damage to the properties of the Water System covered by insurance, the Board will: (a) with respect to each such loss, promptly repair and reconstruct to the extent necessary to the proper conduct of the operations of the Water System the lost or damaged portion thereof and shall apply the proceeds of any insurance policy or policies covering such loss or damage for that purpose to the extent required therefor, unless, in case of loss or damage involving $250,000 or more, the Board shall determine that such repair and reconstruction not be undertaken; and (b) if the Board shall not use the entire proceeds of such insurance to repair or reconstruct such lost or damaged property, the proceeds of such insurance policy or policies or any portion thereof not used for such repair or reconstruction, as the case may be, shall be paid into the Operating Fund;

(iii) if the Board does not obtain insurance from responsible insurers as provided in Section 14(f)(i), the Board shall self-insure; *provided, however*, that if the Board fails to carry insurance against any of the risks normally insured against by operators of facilities similar to the Water System, it must secure the concurrence of an independent insurance consultant. In making its decision whether to concur in such self-insurance, the independent insurance consultant shall: (i) make an estimate of the added financial risks, if any, assumed by the Board as a result of the self-insurance; (ii) consider the availability of commercial insurance, the terms upon which such insurance is available and the costs of such available insurance, and the effect of such terms and costs upon the Board's costs and charges for its services; and (iii) determine whether the added financial risk, if any, being assumed by the Board is prudent in light of the savings to be realized from such self-insurance or in light of the general availability of insurance;

(iv) nothing contained herein shall prohibit or be deemed to prohibit the Board from including insurance required by this Section 14(f) from being maintained as part of a blanket insurance policy of the Board; and

(v) the Borrower shall cause all liability insurance policies that it maintains (excluding property damage, automobile or workers' compensation insurance), to reflect the WIFIA Lender as an additional insured to the extent of its insurable interest.

(g) Maintain Legal Structure. The Borrower shall maintain its existence as a Legal Entity organized and existing under its Organizational Documents and the laws of the State.

(h) System Accounts; Permitted Investments.

(i) The Borrower shall maintain the Operating Fund in accordance with the terms of the First Bond Resolution and the WIFIA Loan Resolution. All Revenues received shall be deposited into the Operating Fund in accordance with the terms of the First Bond Resolution and the WIFIA Loan Resolution. The Borrower shall not apply any portion of the Revenues in contravention of the First Bond Resolution, the WIFIA Loan Resolution or this Agreement. Any funds then on deposit in the WIFIA Debt Service Account (if applicable) shall only be used for payments of WIFIA Debt Service by the Borrower in accordance with the WIFIA Loan Documents.

(ii) If a WIFIA Debt Service Reserve Requirement is applicable as set forth in **Part D of Schedule I** (*WIFIA Loan Specific Terms*), the Borrower shall maintain the WIFIA Debt Service Reserve Account in an amount equal to the WIFIA Debt Service Reserve Requirement. If the WIFIA Debt Service Reserve Account is funded with proceeds of the WIFIA Loan, amounts in the WIFIA Debt Service Reserve Account shall be applied only to make payments with respect to the WIFIA Note.

(iii) Amounts on deposit in the System Accounts shall be held uninvested or invested in Permitted Investments as provided in the First Bond Resolution and the WIFIA Loan Resolution, as applicable.

(i) Compliance with Laws.

(i) The Borrower shall, and shall require its contractors and subcontractors at all tiers with respect to the Project to, comply with all applicable laws, rules, regulations and requirements, including 40 U.S.C. §§ 3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto), 33 U.S.C. § 3914 (relating to American iron and steel products), 20 C.F.R. § 180.320 and 20 C.F.R. § 1532 (relating to non-debarment), 31 U.S.C. § 1352 (relating to non-lobbying), and any applicable Sanctions Laws.

(ii) To ensure such compliance, the Borrower shall include in all contracts with respect to the Project (A) the contract clauses relating to applicable federal requirements (such as Davis-Bacon) and (B) requirements that its contractors (1) shall comply with all applicable laws, rules, regulations, and requirements set forth in this Section 14(i) and follow applicable federal guidance and (2) incorporate in all subcontracts (and cause all subcontractors to include in lower tier subcontracts) such terms and conditions as are required to be incorporated therein by any applicable laws, rules, regulations and requirements set forth in this Section 14(i).

(j) Material Obligations. The Borrower shall pay its material obligations payable from the Revenues promptly and in accordance with their terms and pay and discharge promptly all taxes, assessments and governmental charges or levies lawfully imposed upon it or upon the Pledged Collateral or other assets of the Water System, before the same shall become delinquent or in default, as well as all lawful and material claims for labor, materials and supplies or other claims which, if unpaid, might give rise to a Lien upon the Water System or any part thereof or on the Revenues or the Pledged Collateral, all in accordance with the First Bond Resolution and the SRF Loan Resolution (in each case, as it exists on the date of this Agreement) and the WIFIA Loan Resolution; provided, however, that such payment and discharge shall not be required with respect to any such tax, assessment, charge, levy, claim or Lien so long as the validity or amount thereof shall be contested by the Borrower in good faith by appropriate proceedings and so long as the Borrower shall have set aside adequate reserves with respect thereto in accordance with and to the extent required by GAAP, applied on a consistent basis.

(k) SAM Registration and Unique Entity Identifier. The Borrower shall obtain and maintain, on or prior to the Effective Date through the Final Maturity Date, an active SAM registration status and a Unique Entity Identifier.

(l) Events of Loss; Loss Proceeds. If an Event of Loss shall occur with respect to the Water System (including the Project) or any part thereof, the Borrower shall (i) diligently pursue all of its rights to compensation against all relevant insurers, reinsurers and Governmental Authorities, as applicable, in respect of such Event of Loss; and (ii) apply all Loss Proceeds in accordance with Section 14(f)(2) (*Insurance*) hereto.

(m) Immunity. To the fullest extent permitted by applicable law, the Borrower agrees that it will not assert any immunity (and hereby waives any such immunity) it may have as a governmental entity from lawsuits, other actions and claims, and any judgments with respect to the enforcement of any of the obligations of the Borrower under this Agreement or any other WIFIA Loan Document.

(n) Accounting and Audit Procedures.

(i) The Borrower shall establish fiscal controls and accounting procedures sufficient to assure proper accounting for all (A) Revenues, operating expenses, capital expenses, depreciation, reserves, debt issued and outstanding and debt payments and (B) Project-related costs, Requisitions submitted, WIFIA Loan proceeds received, payments made by the Borrower with respect to the Project, and other sources of funding for the Project (including amounts paid from such sources for Project costs so that audits may be performed to ensure compliance with and enforcement of this Agreement). The Borrower shall use accounting, audit and fiscal procedures conforming to GAAP, including, with respect to the WIFIA Loan, accounting of principal and interest payments, disbursements, prepayments and calculation of interest and principal amounts outstanding.

(ii) The Borrower shall have a single or program-specific audit conducted in accordance with 2 C.F.R. Part 200 Subpart F and 31 U.S.C. § 7502 from (and including) the first Borrower Fiscal Year in which a Disbursement is made under this Agreement and annually thereafter to the extent required by applicable law, except in all cases to the extent biennial audits are permitted for the Borrower pursuant to 2 C.F.R. § 200.504 and 31 U.S.C. § 7502(b). Upon reasonable notice, the Borrower shall cooperate fully in the conduct of any periodic or compliance audits conducted by the WIFIA Lender, or designees thereof, pursuant to 40 C.F.R. Part 35, 31 U.S.C. § 7503(b), or 31 U.S.C. § 6503(h) and shall provide full access to any books, documents, papers or other records that are pertinent to the Project or the WIFIA Loan, to the WIFIA Lender, or the designee thereof, for any such project or programmatic audit.

(o) Access; Records.

(i) So long as the WIFIA Loan or any portion thereof shall remain outstanding and until five (5) years after the WIFIA Loan shall have been paid in full, the WIFIA Lender shall have the right, upon reasonable prior notice, to visit, monitor and/or inspect any portion of the Project and its operations, to examine books of account and records of the Borrower relating to the Project, to make copies and extracts therefrom at the Borrower's expense, and to discuss the Borrower's affairs, finances and accounts relating to the Project with, and to be advised as to the same by, its officers and employees and its independent public accountants (and by this provision the Borrower irrevocably authorizes its independent public accountants to discuss with the WIFIA Lender the affairs, finances and accounts of the Borrower, whether or not any representative of the Borrower is present, it being understood that nothing contained in this Section 14(o) is intended to confer any right to exclude any such representative from such discussions), all at such reasonable times and intervals as the WIFIA Lender may request. The Borrower agrees to pay all out-of-pocket expenses incurred by the WIFIA Lender in connection with the

WIFIA Lender's exercise of its rights under this Section 14(o) at any time when an Event of Default shall have occurred and be continuing.

(ii) The Borrower shall maintain and retain all pertinent files relating to the Project and the WIFIA Loan, as may be necessary for the WIFIA Lender to facilitate an effective and accurate audit and performance evaluation of the Project, until five (5) years after the later of the date on which (A) all rights and duties under this Agreement and under the WIFIA Note (including payments) have been fulfilled and any required audits have been performed and (B) any litigation relating to the Project, the WIFIA Loan or this Agreement is finally resolved or, if the WIFIA Lender has reasonable cause to extend such date, a date to be mutually agreed upon by the WIFIA Lender and the Borrower. The Borrower shall provide to the WIFIA Lender in a timely manner all records and documentation relating to the Project that the WIFIA Lender may reasonably request from time to time.

Section 15. Negative Covenants. The Borrower covenants and agrees as follows until the date the WIFIA Note and all of the Debt of the Borrower under this Agreement (other than contingent indemnity obligations) are irrevocably paid in full in immediately available funds and the WIFIA Lender no longer has any commitment to make Disbursements to the Borrower, unless the WIFIA Lender waives compliance in writing:

(a) Indebtedness.

(i) Program Requirements. The Borrower may not create, incur or suffer to exist (A) any Debt (1) the payments with respect to which are senior or prior in right of payment by the Borrower of the WIFIA Loan, other than the Senior Debt or (2) secured by a Lien on the Pledged Collateral that is senior to the Lien on the Pledged Collateral in favor of the WIFIA Lender, other than the Lien on the Pledged Revenues in favor of the Senior Debt or (3) all or a portion of the proceeds of which are or will be applied at any time to fund all or any portion of Total Project Costs, that are secured by a Lien on any assets or property of the Borrower other than the Pledged Revenues or (B) any Project Obligations that are secured by a pledge of Net Revenues on a basis senior to Senior Project Obligations. The Borrower shall not incur any indebtedness of any kind payable from, secured or supported by the Pledged Collateral, including Permitted Debt, without the prior written consent of the WIFIA Lender, while an Event of Default relating to a Payment Default or a Bankruptcy Related Event has occurred and is continuing.

(ii) Issuance of Additional Debt. The Borrower shall not issue or incur any Additional Debt other than Junior Debt except in accordance with all requirements and conditions set forth in the Additional Debt Test.

(b) No Lien Extinguishment or Adverse Amendments. The Borrower shall not, and shall not permit any Person to, without the prior written consent of the WIFIA Lender, (i) extinguish the Rate Covenant; (ii) extinguish or impair the Liens on the Pledged Collateral or any dedicated source of repayment of the WIFIA Loan or any other Debt (the proceeds of which are applied to fund Total Project Costs), in each case granted pursuant to this Agreement; (iii) amend, modify, replace or supplement any Related Document or permit a waiver of any provision thereof in a manner that could adversely affect the WIFIA Lender or could reasonably be expected to result in a Material Adverse Effect (provided that the Borrower may supplement Related Documents for the purpose of issuing Additional Debt in accordance with Section 15(a)); or (iv) terminate, assign or replace any Related Document in a manner that could adversely affect the WIFIA Lender or could reasonably be expected to have a Material Adverse Effect.

(c) No Prohibited Liens. Except for Permitted Liens, the Borrower shall not create, incur, assume or permit to exist any Lien on the Project, the Pledged Collateral, the Revenues, or the Borrower's respective rights in any of the foregoing, and, except for Permitted Liens, the Pledged Collateral will be free and clear of any Lien that is of equal rank with or senior to the pledge of the Borrower hereunder in favor of the WIFIA Lender.

(d) Restricted Payments and Transfers. The Borrower shall not permit Revenues, or any funds in any accounts held under the WIFIA Loan Resolution, to be paid or transferred or otherwise applied for purposes other than ownership, operation or maintenance of the Water System.

(e) No Prohibited Sale, Lease or Assignment. The Borrower shall not sell, lease or assign its rights in and to the Water System or a substantial portion of the assets included in the Water System, unless such sale, lease or assignment (i) could not reasonably be expected to have a Material Adverse Effect and (ii) is made by the Borrower in the ordinary course of business.

(f) Mergers and Acquisitions. The Borrower shall not, and shall not agree to, reorganize, consolidate with or merge into another Person unless (i) such reorganization, merger or consolidation is with or into another entity established by State law and such reorganization, merger or consolidation is permitted by State law, and in each case, does not adversely affect or impair to any extent or in any manner (A) the Revenues or other elements of the Pledged Collateral or (B) the availability of the Revenues for the payment and security of the obligations of the Borrower under this Agreement; and (ii) the Borrower provides to the WIFIA Lender notice of such reorganization, consolidation or merger in accordance with **Part E of Schedule V** (*Reporting Requirements*) and such other information concerning such reorganization, consolidation or merger as shall have been reasonably requested by the WIFIA Lender.

(g) Hedging. The Borrower shall not enter into any swap or hedging transaction, including any such transaction that is speculative or creates extraordinary leverage or risk, without the prior written consent of the WIFIA Lender.

(h) Ground Disturbing Work. The Borrower shall not in respect to the Project perform any destruction, excavation, or other ground-disturbing work (including (A) construction, reconstruction, rehabilitation and replacement activities; (B) modifying, removing or demolishing structures; and (C) changing the visual, atmospheric, audible or land use characteristics of an area), until the Borrower has demonstrated to the WIFIA Lender's satisfaction that the National Historic Preservation Act Section 106 consultation process relating to the Project has concluded.

Section 16. Reporting Requirements. The Borrower agrees to comply with each of the reporting requirements set out in **Schedule V** (*Reporting Requirements*), unless otherwise agreed or waived by the WIFIA Lender in writing.

ARTICLE VI
EVENTS OF DEFAULT AND REMEDIES

Section 17. Events of Default and Remedies.

(a) An "**Event of Default**" shall exist under this Agreement if any of the following occurs; provided, that the occurrence of an event set forth in sub-clauses (v) through (and including) (ix) below shall not constitute an Event of Default under this Agreement until the WIFIA Lender has provided a notice of such Event of Default to the Borrower; provided, further, that nothing in this paragraph is intended to limit any obligation of the Borrower hereunder, including any obligation to cure any event or condition contemplated under this Section 17(a):

(i) Payment Default. The Borrower shall fail to (A) pay when due any part of the principal amount of or interest on the WIFIA Loan (including WIFIA Debt Service required to have been paid pursuant to the provisions of Section 8 (*Repayments*)), and such failure continues for a period of five (5) days, when and as the payment thereof shall be required under this Agreement or the WIFIA Note or on the Final Maturity Date (each such failure, a "**Payment Default**") or (B) make any mandatory prepayment required pursuant to the provisions of Section 9 (*Prepayment*).

(ii) Occurrence of a Bankruptcy Related Event. A Bankruptcy Related Event shall occur with respect to the Borrower.

(iii) Acceleration of Debt. Any acceleration shall occur of the maturity of any Debt, or any such Debt shall not be paid in full upon the final maturity thereof.

(iv) Invalidity of WIFIA Loan Documents. (A) Any WIFIA Loan Document ceases to be in full force and effect (other than as a result of the termination thereof in accordance with its terms) or becomes void, voidable, illegal or unenforceable, or the Borrower contests in any manner the validity or enforceability of any WIFIA Loan Document to which it is a party or denies it has any further liability under any WIFIA Loan Document to which it is a party, or purports to revoke, terminate or rescind any WIFIA Loan Document to which it is a party; (B) the WIFIA Loan Resolution ceases (other than as expressly permitted thereunder) to be effective or to grant a valid and binding security interest on any material portion of the Pledged Collateral other than as a result of actions or a failure to act by, and within the control of, the WIFIA Lender, or any other holder of Debt secured by the Pledged Collateral, and with the priority purported to be created thereby; or (C) any event occurs that results in the impairment in the validity, enforceability, perfection or priority of the WIFIA Lender's security interest in the Pledged Collateral.

(v) Covenant Default. The Borrower shall fail to observe or perform any covenant, agreement or obligation of the Borrower under this Agreement, the WIFIA Note or any other WIFIA Loan Document (other than in the case of any Payment Default or any Development Default), and such failure shall not be cured within ninety (90) days after receipt by the Borrower from the WIFIA Lender of written notice thereof; provided, that if such failure is capable of cure but cannot reasonably be cured within such ninety (90)-day cure period, then such failure shall not constitute an Event of Default, if and so long as within such ninety (90)-day cure period the Borrower shall commence actions reasonably designed to cure such failure and shall diligently pursue such actions until such failure is cured.

(vi) Misrepresentation Default. Any of the representations, warranties or certifications of the Borrower made in or delivered pursuant to the WIFIA Loan Documents (or in any certificates delivered by the Borrower in connection with the WIFIA Loan Documents) shall prove to have been false or misleading in any material respect when made or deemed made; provided, that no Event of Default shall be deemed to have occurred under this Section 17(a)(vi) if and so long as (A) such misrepresentation is not intentional, (B) such misrepresentation is not a misrepresentation in respect of Section 12(g) (*Security Interests*), Section 12(h) (*No Debarment*), Section 12(i) (*No Lobbying*), or Section 12(j) (*Compliance with Laws*), (C) in the reasonable determination of the WIFIA Lender, such misrepresentation has not had, and would not reasonably be expected to result in, a Material Adverse Effect, (D) in the reasonable determination of the WIFIA Lender, the underlying issue giving rise to the misrepresentation is capable of being cured and (E) the underlying issue giving rise to the misrepresentation is cured by the Borrower within thirty (30) days after the date on which the Borrower first became aware (or reasonably should have become aware) of such misrepresentation.

(vii) Enforcement of Other Financing Documents. The holder(s) of Debt under any Other Financing Document exercises remedies permitted thereunder for an event of default that has occurred and is continuing (and has not been cured or waived by the expiration of any applicable grace period), in respect of the performance of any covenant, agreement or obligation of the Borrower under such Other Financing Document.

(viii) Material Adverse Judgment. Any final, non-appealable judgment related to the Pledged Collateral that results in the impairment of (A) the Borrower's ability to comply with any of its payment obligations under the WIFIA Note or this Agreement or (B) the existence, priority or perfection (if applicable) of the WIFIA Lender's security interest in the Pledged Collateral.

(ix) Development Default. A Development Default shall occur.

(b) Upon the occurrence of any Bankruptcy Related Event, all obligations of the WIFIA Lender hereunder with respect to the Disbursement of any undisbursed amounts of the WIFIA Loan shall automatically be deemed terminated.

(c) Upon the occurrence of any Event of Default, the WIFIA Lender, by written notice to the Borrower, may exercise any or all of the following remedies:

(i) the WIFIA Lender may suspend or terminate all of its obligations hereunder with respect to the Disbursement of any undisbursed amounts of the WIFIA Loan;

(ii) the WIFIA Lender may cease permitting interest on the WIFIA Loan to be capitalized (if applicable);

(iii) the WIFIA Lender may apply the Default Rate provisions of Section 6 (*Interest Rate*);

(iv) the WIFIA Lender may suspend or debar the Borrower from further participation in any Government program administered by the WIFIA Lender and notify other departments and agencies of such default; and

(v) the WIFIA Lender shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of any sums due and unpaid hereunder or under the WIFIA Note or the other WIFIA Loan Documents, and may prosecute any such judgment or final decree against the Borrower and collect in the manner provided by law out of the property of the Borrower the moneys adjudged or decreed to be payable, and the WIFIA Lender shall have all of the rights and remedies of a creditor, including all rights and remedies of a secured creditor under the Uniform Commercial Code (if applicable), and may take such other actions at law or in equity as may appear necessary or desirable to collect all amounts payable by the Borrower under this Agreement, the WIFIA Note or the other WIFIA Loan Documents then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement, the WIFIA Note or the other WIFIA Loan Documents.

(d) Subject to the rights of holders of First Resolution Obligations and other Senior Debt then outstanding as provided in Section 8.05 of the WIFIA Loan Resolution, if a right of acceleration is or has been granted for the benefit of any holder of Debt and such Debt has been accelerated, then the WIFIA Lender shall have the right to declare the unpaid principal amount of the WIFIA Note to be, and the same shall thereupon forthwith become, immediately due and payable, together with the interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under this Agreement, the WIFIA Note or the other WIFIA Loan Documents, all without presentment, demand, notice, declaration, protest or other requirements of any kind, all of which are hereby expressly waived.

(e) No action taken pursuant to this Section 17 shall relieve the Borrower from its obligations pursuant to this Agreement, the WIFIA Note or the other WIFIA Loan Documents, all of which shall survive any such action.

ARTICLE VII
MISCELLANEOUS

Section 18. Disclaimer of Warranty. The WIFIA Lender makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for a particular purpose or fitness for use of the Project or any portion thereof or any other warranty with respect thereto. In no event shall the WIFIA Lender be liable for any incidental, indirect, special or consequential damages incidental to or arising out of this Agreement or the Water System (including the Project) or the existence, furnishing, functioning or use of the Project or any item or products or services provided for in this Agreement.

Section 19. No Personal Recourse. No official, employee or agent of the WIFIA Lender or the Borrower or any Person executing this Agreement or any of the other WIFIA Loan Documents shall be personally liable on this Agreement or such other WIFIA Loan Documents by reason of the issuance, delivery or execution hereof or thereof.

Section 20. No Third-Party Rights. The parties hereby agree that this Agreement creates no third-party rights against the Borrower, the Federal Government, or the WIFIA Lender, solely by virtue of the WIFIA Loan, and that no third-party creditor of the Borrower shall have any right against the WIFIA Lender with respect to the WIFIA Loan made pursuant to this Agreement.

Section 21. Borrower's Authorized Representative. The Borrower shall at all times have appointed a Borrower's Authorized Representative by designating such Person or Persons from time to time to act on the Borrower's behalf pursuant to a written certificate furnished to the WIFIA Lender and the Servicer, if any, containing the specimen signature or signatures of such Person or Persons and signed by the Borrower.

Section 22. WIFIA Lender's Authorized Representative. The WIFIA Lender hereby appoints the Director of the WIFIA Program, whose notice details are set forth below in Section 31 (*Notices*), to serve as the WIFIA Lender's Authorized Representative under this Agreement until such time as a successor or successors shall have been appointed. Thereafter, the successor in office shall serve as the WIFIA Lender's Authorized Representative. The WIFIA Lender shall provide notice to the Borrower within a reasonable time period following the succession.

Section 23. Servicer. The WIFIA Lender may from time to time designate another entity or entities to perform, or assist the WIFIA Lender in performing, the duties of the Servicer or specified duties of the WIFIA Lender under this Agreement and the WIFIA Note. The WIFIA Lender shall give the Borrower written notice of the appointment of any successor or additional Servicer and shall enumerate the duties or any change in duties to be performed by any Servicer. Any references in this Agreement to the WIFIA Lender shall be deemed to be a reference to the Servicer with respect to any duties which the WIFIA Lender shall have delegated to such Servicer. The WIFIA Lender may at any time assume the duties of any Servicer under this Agreement and the WIFIA Note. The Borrower shall cooperate and respond to any reasonable request of the Servicer for information, documentation or other items reasonably necessary for the performance by the Servicer of its duties hereunder.

Section 24. Amendments, Waivers and Termination. No amendment, modification, termination, or waiver of any provision of this Agreement or the WIFIA Note shall in any event be effective without the prior written consent of each of the parties hereto. Notwithstanding the foregoing sentence, if the first Disbursement of the WIFIA Loan has not occurred on or prior to the Final Disbursement Date, the WIFIA Lender or the Borrower may terminate this Agreement upon no less than ten (10) Business Days' prior written notice to the other party. Once terminated, this Agreement may not be reinstated.

Section 25. Governing Law. This Agreement shall be governed by the federal laws of the United States of America if and to the extent such federal laws are applicable and the internal laws of the State, if and to the extent such federal laws are not applicable.

Section 26. Severability. In case any provision in or obligation under this Agreement shall be invalid, illegal, or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

Section 27. Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective permitted successors and assigns and shall inure to the benefit of the parties hereto and their permitted successors and assigns. Neither the Borrower's rights or obligations hereunder or under the WIFIA Note nor any interest herein or therein may be assigned or delegated by the Borrower without the prior written consent of the WIFIA Lender.

Section 28. Remedies Not Exclusive. No remedy conferred herein or in the WIFIA Note or reserved to the WIFIA Lender is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the WIFIA Note or now or hereafter existing at law or in equity or by statute.

Section 29. Delay or Omission Not Waiver. No delay or omission of the WIFIA Lender to exercise any right or remedy provided hereunder or under the WIFIA Note upon a default of the Borrower (except a delay or omission pursuant to a written waiver) shall impair any such right or remedy or constitute a waiver of any such default or acquiescence therein. Every right and remedy given by this Agreement or under the WIFIA Note or by law to the WIFIA Lender may be exercised from time to time, and as often as may be deemed expedient by the WIFIA Lender.

Section 30. Counterparts and Electronic Signatures. This Agreement and any amendments, waivers, consents or supplements hereto or in connection herewith may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. Electronic Signatures are effective, valid and enforceable for any document executed by the WIFIA Lender and any counterpart thereto, and any notice to, request to, or communication with, the WIFIA Lender. Electronic delivery of an executed counterpart of a signature page of this Agreement or of any document or instrument delivered in connection herewith in accordance with Section 31 (*Notices*) shall be effective as delivery of an original executed counterpart of this Agreement or such other document or instrument, as applicable; provided that following the electronic delivery of the executed WIFIA Note for loan closing purposes, the Borrower shall deliver by courier the original executed WIFIA Note to the WIFIA Lender at:

USEPA William Jefferson Clinton Building South
Attn: Dany Lavergne, Room 4232E
(WIFIA ID – N22138HI)
1200 Pennsylvania Avenue N.W.
Washington, DC 20004
Phone: (202) 564-7874

Section 31. Notices.

(a) All notices, requests, or communication hereunder shall be given in writing.

(b) Notices to the WIFIA Lender should be made by (i) email to the email address noted below for the WIFIA Lender or (ii) submission through another electronic medium or transmission system as designated by and in a format acceptable to the WIFIA Lender, unless otherwise instructed by the WIFIA Lender:

If to WIFIA Lender:

Environmental Protection Agency
WJC-E 7334A
1200 Pennsylvania Avenue NW
Washington, D.C. 20460
Attention: WIFIA Director
Email: WIFIA_Portfolio@epa.gov

(c) Notices to the Borrower should be made by (i) nationally recognized courier service, (ii) hand delivery, (iii) email, to the email address noted below for the Borrower, or (iv) another electronic medium in a format acceptable to the Borrower, unless otherwise instructed by the Borrower's Authorized Representative:

If to Borrower: The notice details set forth in **Part G of Schedule I** (*WIFIA Loan Specific Terms*)

(d) Each such notice, request or communication shall be effective (x) if delivered by hand or by nationally recognized courier service, when delivered at the address specified in this Section 31 (or in accordance with the latest unrevoked written direction from the receiving party), and (y) if given by email or other electronic method, when such email is delivered to the email address specified in this Section 31 or submitted to the electronic medium as directed by the receiving party and with the sender's receipt of an acknowledgement from the intended recipient (such as by a "read receipt," return email, or other written acknowledgement) (or in accordance with the latest unrevoked written direction from the receiving party); provided, that notices received on a day that is not a Business Day or after 5:00 p.m. Eastern Time on a Business Day will be deemed to be effective on the next Business Day.

Section 32. Indemnification. The Borrower shall, to the extent permitted by law, indemnify the WIFIA Lender, the Servicer (if any), and any official, employee, agent, advisor or representative of the WIFIA Lender (each such Person being herein referred to as an "**Indemnitee**") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, fines, penalties, costs and expenses (including the fees, charges and disbursements of any counsel for any Indemnitee and the costs of environmental remediation), whether known, unknown, contingent or otherwise, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (a) the execution, delivery and performance of this Agreement, any Construction Contract, or any Related Document, (b) the WIFIA Loan or the use of the proceeds thereof, or (c) the violation of any law, rule, regulation, order, decree, judgment or administrative decision relating to the environment, the preservation or reclamation of natural resources, the management, release or threatened release of any hazardous material or to health and safety matters; in each case arising out of or in direct relation to the Project; provided, that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities, fines, penalties, costs or related expenses are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. In case any action or proceeding is brought against an Indemnitee by reason of any claim with respect to which such Indemnitee is entitled to indemnification hereunder, the Borrower shall be entitled, at its expense, to participate in the defense thereof; provided, that such Indemnitee has the right to retain its own counsel, at the Borrower's expense, and such participation by the Borrower in the defense thereof shall not release the Borrower of any liability that it may have to such Indemnitee. Any Indemnitee against whom any indemnity claim contemplated in this Section 32 is made shall be entitled, after consultation with the Borrower and upon consultation with legal counsel wherein such Indemnitee is advised that such indemnity claim is meritorious, to compromise or settle any such indemnity claim. Any such compromise or settlement shall be binding upon the Borrower for purposes of this Section 32. Nothing herein shall be construed as a waiver of any legal immunity that may be available to any Indemnitee. To the extent permitted by applicable law, neither the Borrower nor the WIFIA Lender shall assert, and each of the Borrower and the WIFIA Lender hereby waives, any claim against any Indemnitee or the Borrower, respectively, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any Construction Contract, or any Related Document, the other transactions contemplated hereby and thereby, the WIFIA Loan or the use of the proceeds thereof, provided, that nothing in this sentence shall limit the Borrower's indemnity obligations to the extent such damages are included in any third party claim in connection with which an Indemnitee is entitled to indemnification hereunder. All amounts due to any Indemnitee under this Section 32 shall be payable promptly upon demand therefor. The obligations of the Borrower under this Section 32 shall survive the payment or prepayment in full or transfer of the WIFIA Loan, the enforcement of any provision of this Agreement or the other Related Documents, any amendments, waivers (other than amendments or waivers in writing with respect to this Section 32) or consents in respect hereof or thereof, any Event of Default, and any workout, restructuring or similar arrangement of the obligations of the Borrower hereunder or thereunder.

Section 33. Sale of WIFIA Loan. The WIFIA Lender shall not sell the WIFIA Loan at any time prior to the later of (a) the Substantial Completion Date and (b) other than with respect to a sale or transfer to another Governmental Entity within the Federal Government, the Final Disbursement Date. After such date, the WIFIA Lender may sell the WIFIA Loan to another entity or reoffer the WIFIA Loan into the capital markets only in accordance with the provisions of this Section 33. Such sale or reoffering shall be on such terms as the WIFIA Lender shall deem advisable. However, in making such sale or reoffering the WIFIA Lender shall not change the terms and conditions of the WIFIA Loan without the prior written consent of the Borrower in accordance with Section 24 (*Amendments, Waivers and Termination*). Prior to any sale or reoffering of the WIFIA Loan, the WIFIA Lender shall provide reasonable written notice to the Borrower of the WIFIA Lender's intention to consummate such a sale or reoffering. The provision of any notice pursuant to this Section 33 shall neither (x) obligate the WIFIA Lender to sell nor (y) provide the Borrower with any rights or remedies in the event the WIFIA Lender, for any reason, does not sell the WIFIA Loan.

Section 34. Effectiveness. This Agreement shall be effective on the Effective Date.

Section 35. Release of Lien. Upon the irrevocable payment in full in immediately available funds by the Borrower of the WIFIA Loan Balance, together with all accrued interest, fees and expenses with respect thereto, the WIFIA Lender shall cancel and discharge the Lien on the Pledged Collateral and surrender the WIFIA Note to the Borrower in accordance with Section 9(b) (*General Prepayment Instructions*).

Section 36. Separate Utility System. Nothing contained in the WIFIA Loan Documents shall prevent the Borrower from authorizing and issuing bonds, notes, warrants, certificates or other obligations or evidences of indebtedness, other than Senior Debt, Parity Debt and Junior Debt, to acquire or construct facilities for the collection, treatment or disposal of sewage or wastewater, and any incidental properties to be constructed or acquired in connection therewith, which facilities shall be a utility system separate and apart from the Water System and which bonds or other obligations or evidences of indebtedness shall be payable solely from the revenues or other income derived from the ownership or operation of such separate system; provided, however, that the Borrower will not issue bonds, notes, warrants, certificates or other obligations or evidences of indebtedness for the purpose of acquiring or constructing such a separate utility system unless and until a report of a consulting engineer shall be delivered to the Borrower's Director of Budget and Fiscal Services to the effect that: (i) the plan for developing the separate utility system is consistent with sound planning, and the separate utility system is of such character that it would be useful to the Borrower; (ii) the separate utility system can be economically and effectively utilized by the Borrower; (iii) the cost of the services of the separate utility system is reasonable in comparison to alternative sources; and (iv) in the opinion of the consulting engineer, the acquisition, construction or operation of such separate utility system will not result in a reduction of the Revenues below the amounts required to be maintained under the Rate Covenant.

Section 37. Survival. The indemnification requirements of Section 32 (*Indemnification*), the reporting and record keeping requirements of Section 14(o) (*Access; Records*) and the payment requirements of Section 10 (*Fees and Expenses*) shall survive the termination of this Agreement as provided in such Sections, as well as the waiver of any sovereign immunity, to the extent the Borrower has such immunity, pursuant to Section 12(u) (*Sovereign Immunity*) and Section 14(m) (*Immunity*).

Section 38. Integration. This Agreement, together with the other WIFIA Loan Documents, constitutes the entire contract between the parties relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

[The remainder of this page intentionally left blank; signature pages immediately follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

BOARD OF WATER SUPPLY OF THE CITY AND COUNTY OF HONOLULU,
by its authorized representative

By: ______________________________
Name: Ernest Y.W. Lau, P.E.
Title: Manager and Chief Engineer

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator of the Environmental Protection Agency

By: ______________________________
Name: Lee M Zeldin
Title: Administrator

SCHEDULE I

WIFIA LOAN SPECIFIC TERMS

No.	Item	WIFIA Loan Specific Term
PART A.	***Key Borrower Metrics***	
1.	Effective Date	[__], 2026.
2.	Borrower	Board of Water Supply of the City and County of Honolulu, a Legal Entity organized and existing under the laws of the State.
3.	Legal Entity	Department of water supply.
4.	State	Hawai'i
5.	Borrower FEIN	[99-6000397][1]
6.	Borrower Unique Entity Identifier	MXJRU9ACKMC3
7.	Initial Borrower Fiscal Year	The fiscal year of the Borrower commencing on July 1 of any given calendar year and ending on June 30 of the immediately succeeding calendar year.
8.	Application Receipt Date	November 20, 2023.
9.	WIFIA CUSIP Number	[__], as the CUSIP number for the WIFIA Loan for purposes of monitoring through EMMA.
10.	Water System	All plants and properties, both real and personal and tangible and intangible, now or hereafter existing, of the Borrower, used for or pertaining to the supplying, purification, filtration, transmission and distribution of water or incidental or necessary to the preservation of the Borrower's wells and water supply and the integrity thereof. Without limiting the generality of the foregoing, said term shall include: (1) the existing plants and properties comprising the Water System of the Borrower, as of the date of adoption of the First Bond Resolution; and (2) all improvements thereafter constructed or otherwise acquired, including, without limitation, water properties acquired by annexations or water properties acquired through the Borrower's participation in any regional water system, purchase of

[1] **Note to Borrower**: Please confirm FEIN.

No.	Item	WIFIA Loan Specific Term
		water rights, conservation or reclamation projects and appliances.
11.	Revenues	(i) The Revenues (as defined in the First Bond Resolution); (ii) all income from investments of moneys held under the WIFIA Loan Resolution including investment income on amounts held in the WIFIA Revenue Fund and funds and accounts therein; and (iii) all payments made by counterparties pursuant to Interest Rate Exchange Agreements (as defined in the First Bond Resolution). For the avoidance of doubt, "Revenues" excludes any and all federal funds.
12.	Net Revenues	With respect to any period, the Revenues during such period less amounts required to pay Operation and Maintenance Expenses.
13.	Operation and Maintenance Expenses	The costs and expenses of operating and maintaining the Water System, including, without limiting the generality of the foregoing: (i) all expenses includable in the operation and maintenance expense accounts of the Borrower relating to the Water System according to GAAP, exclusive of depreciation and amortization of property values or losses; (ii) to the extent not included in the preceding clause (i) or paid from proceeds of bonds issued pursuant to Section 3.01 of the First Bond Resolution or otherwise, the Borrower's share of the costs and expenses of operating and maintaining any plants and properties jointly owned with others; and (iii) any Rebate Amounts (as defined in the First Bond Resolution).
14.	Trustee/Paying Agent	U.S. Bank Trust Company, National Association Richard P Krupske Vice President | Client Manager O: 206-340-4750 M: 206-503-5892 richard.krupske@usbank.com
15.	Trustee Location	U.S. Bank West Side Flats St Paul 60 Livingston Ave. Saint Paul, MN 55107
16.	[Reserved]	Not Applicable.

No.	Item	WIFIA Loan Specific Term
PART B.	***Key Project Metrics***	
17.	Project	The project is the Kalaeloa Seawater Desalination Facility, located in Oahu Hawaii, and consists of planning, design, and construction of a seawater reverse osmosis facility, and on-site and off-site ancillary facilities.
18.	Project Location	The County of Honolulu, Hawaiʻi.
19.	Projected Substantial Completion Date	July 17, 2029, as such date may be adjusted in accordance with **Part C of Schedule V** (*Reporting Requirements*).
20.	Development Default Date	July 17, 2031.
21.	NEPA Determination	Finding of No Significant Impact for the Project issued by EPA on [__], 202[_] in accordance with NEPA.
22.	[Reserved]	Not Applicable.
PART C.	***Key Loan Metrics***	
23.	Maximum Principal Amount	Principal amount up to one hundred eight million six hundred twelve thousand thirteen Dollars ($108,612,012) (excluding interest that is capitalized in accordance with this Agreement).
24.	WIFIA Interest Rate	[__]% per annum.
25.	Default Rate	Interest rate equal to the sum of (a) the WIFIA Interest Rate plus (b) 500 basis points.
26.	Interest Payment Date	Each January 1 and July 1, beginning on the Debt Service Payment Commencement Date.
27.	Capitalized Interest Period	Not Applicable.
28.	Interest Only Period	The period from (and including) the Debt Service Payment Commencement Date and ending on [__] (or on such earlier date as all amounts due or to become due to the WIFIA Lender hereunder have been irrevocably paid in full in cash).

No.	Item	WIFIA Loan Specific Term
29.	Principal Payment Date	Each [month and date], beginning on [__] (which initial Principal Payment Date may be adjusted by a revised WIFIA Loan Amortization Schedule in accordance with Section 8(c) (*Adjustments to WIFIA Loan Amortization Schedule*).
30.	Final Maturity Date	The earliest of (a)July 1, 2056; (b) the date on which the maturity of the WIFIA Loan and corresponding WIFIA Note have been accelerated or subject to mandatory redemption or prepayment (as the case may be) prior to maturity thereof; and (c) the Payment Date immediately preceding the date that is thirty-five (35) years following the Substantial Completion Date.
31.	[Reserved]	Not Applicable.
PART D.	***Key Security Metrics***	
32.	Lien priority	Subordinated.
33.	Springing lien	Not Applicable. Instead, there is a Covenant and Mandatory Prepayment provision regarding Project Obligations.
34.	Dedicated revenue source	Revenues.
35.	Pledged Revenues	Net Revenues, on a basis subordinate to Senior Debt as provided in the First Bond Resolution, and on parity with Parity Debt, and on a basis senior to any Subordinate Obligations that are not Parity Debt and any Junior Debt.
36.	Pledged Collateral	The WIFIA Loan shall be secured by all amounts set forth in the WIFIA Revenue Fund, the WIFIA Debt Service Account and the WIFIA Improvement Account, including all amounts on deposit therein or credited thereto, and by a subordinate Lien on the Pledged Revenues.
37.	System Accounts	The Operating Fund, the Subordinate Obligation Fund (as defined in the First Bond Resolution), the WIFIA Revenue Fund, the WIFIA Debt Service Account, and the WIFIA Improvement Account.

No.	Item	WIFIA Loan Specific Term
38.	Operating Fund	The Borrower's existing fund where all Revenues are deposited when and as received by the Borrower, to be maintained so long as the WIFIA Note is Outstanding.
39.	WIFIA Revenue Fund	The WIFIA Revenue Fund in the Subordinate Obligation Fund (as defined in the First Bond Resolution) with the accounts therein being solely for the benefit of the WIFIA Lender pursuant to the WIFIA Loan Resolution and in accordance with this Agreement.
40.	WIFIA Debt Service Account	The WIFIA Debt Service Account in the WIFIA Revenue Fund established solely for the benefit of the WIFIA Lender pursuant to the WIFIA Loan Resolution and in accordance with this Agreement.
41.	WIFIA Improvement Account	The WIFIA Improvement Account in the WIFIA Revenue Fund established solely for the benefit of the WIFIA Lender pursuant to the WIFIA Loan Resolution and in accordance with this Agreement.
42.	WIFIA Debt Service Reserve Account	Not Applicable.
43.	WIFIA Debt Service Reserve Requirement	Not Applicable.
44.	Rate Covenant	The rate covenant set forth in **Annex A**. The Borrower shall not amend, modify, or supplement the Rate Covenant without the prior written consent of the WIFIA Lender.
45.	Additional Debt Test	The requirements and conditions set forth in **Annex B**.
46.	Flow of Funds	The requirements and conditions specified in **Annex C**.
47.	[Reserved]	Not Applicable.
PART E.	***Other Key WIFIA Loan Documents***	
48.	WIFIA Note	The note issued and delivered by the Borrower in substantially the form of **Exhibit A** (*Form of WIFIA Note*).
49.	WIFIA Loan Resolution	Resolution No. [__], adopted by the Borrower on [__], 2026, authorizing WIFIA projects that will improve the Water System.

No.	Item	WIFIA Loan Specific Term
50.	WIFIA Term Sheet	WIFIA term sheet, dated as of [__], 2026, between the Borrower and the WIFIA Lender.
51.	[Reserved]	Not Applicable.
PART F. Fees		
52.	Servicing Set-Up Fee	A servicing set-up fee equal to $19,610.00.
53.	Construction Period Servicing Fee	An annual construction period servicing fee equal to $19,610.00.
54.	Initial Construction Period Servicing Fee	The initial Construction Period Servicing Fee in a pro-rated amount equal to $1,630.00.
55.	Operating Period Servicing Fee	An annual operating period servicing fee equal to $9,810.00.
PART G. Borrower Related Notices		
56.	Borrower notice details	Board of Water Supply of the City and County of Honolulu 630 South Beretania Street Honolulu, HI 96843 www.boardofwatersupply.com Attention: Tyrus Kawashima and Kelly Nakano Email: tkawashima@hbws.org; knakano@hbws.org with copies to: Ernest Lau elau@hbws.org and Leanne Matsumoto lmatsumoto@hbws.org
57.	Trustee notice details	Not Applicable.

ANNEX A

RATE COVENANT

(a) The Borrower shall, subject to the remainder of this paragraph, fix, charge and collect such rates and other charges for the Water System during each Borrower Fiscal Year, which will be at least sufficient to yield, during each Borrower Fiscal Year, Net Revenues in an amount equal to the greater of:

(i) the sum of (A) the Aggregate Debt Service on Senior Debt and the Aggregate Debt Service on Parity Debt in such Borrower Fiscal Year and (B) the Required Deposits for such Borrower Fiscal Year; or

(ii) 1.10 times the Aggregate Debt Service on Senior Debt and 1.10 times the Aggregate Debt Service on Parity Debt in such Borrower Fiscal Year plus 1.00 times the aggregate Support Facility Reimbursement Obligations (as defined in the First Bond Resolution) outstanding as of the end of such Borrower Fiscal Year.

(b) The failure in any Borrower Fiscal Year to comply with the foregoing rate covenant in subsection (a) above shall not constitute an Event of Default if the Borrower complies with subsection (c) below.

(c) Prior to the end of each Borrower Fiscal Year the Manager shall complete a review of the financial condition of the department of water supply of the City and County of Honolulu for the purpose of estimating whether the Net Revenues for such Borrower Fiscal Year and for the next succeeding Borrower Fiscal year will be sufficient to comply with the Rate Covenant in subsection (a) above and shall by a written certificate make a determination with respect thereto. Such review shall take into consideration the completion of any uncompleted improvement and the issuance of future Debt if necessary to finance the completion of such improvements. Such written certificate shall set forth a reasonably detailed statement of the actual and estimated Revenues, Operation and Maintenance Expenses, Aggregate Debt Service, and any other estimates or assumptions upon which such determination was based, and shall be filed with the Borrower on or before July 1 in each year. If the Manager determines that the Revenues may not be so sufficient, the Manager or the Borrower shall forthwith make a study for the purpose of determining a schedule of fees, rates and charges which, in the opinion of the Manager or the Borrower, will cause sufficient Revenues to be collected in the following Borrower Fiscal Year to comply with such Rate Covenant in subsection (a) above and will cause additional Revenues to be collected in such following and later Borrower Fiscal Years sufficient to eliminate the amount of any deficiency at the earliest practicable time, or the Manager or the Borrower may elect to cause the consulting engineer to make such a study and render such opinion. The Borrower shall as promptly as practicable, but no later than one hundred twenty (120) days following such determination by the Manager or the Borrower, or receipt of the consulting engineer's recommendation, adopt and place in effect a schedule of fees, rates and charges as so determined or recommended pursuant to this Rate Covenant.

ANNEX B

ADDITIONAL DEBT TEST

The Borrower shall not issue or incur any Additional Debt other than Junior Debt except in accordance with all requirements and conditions set forth below:

(a) With respect to the issuance of Additional Senior Debt:

(i) the audited figures or, to the extent audited figures are not available, figures taken by an independent certified public accountant from the Borrower's books and records, show that the Net Revenues for: (x) the most recent Borrower Fiscal Year, or (y) any consecutive twelve (12) months'-period out of twenty-four (24) months immediately preceding the month in which such Senior Debt are issued were not less than the sum of (A) 1.20 times the maximum of the sum of the Aggregate Debt Service on all Senior Debt then outstanding and the Aggregate Debt Service on the proposed Senior Debt in any Borrower Fiscal Year, and (B) 1.00 times the aggregate Support Facility Reimbursement Obligations (as defined in the First Bond Resolution) outstanding under the Other Financing Documents; or

(ii) the Net Revenues to be derived in each of the five (5) Borrower Fiscal Years following the earlier of: (x) the end of the period during which interest is capitalized or, if no interest is to be capitalized, the Borrower Fiscal Year in which the proposed Senior Debt is issued, and (y) the date on which substantially all Improvements (as defined in the First Bond Resolution) to be financed with the proceeds of the proposed Senior Debt are expected to commence operations, or, if the proceeds of such Senior Debt will not be used to fund the costs of Improvements, the Borrower Fiscal Year in which the proposed Senior Debt is issued, is estimated to be not less than the sum of (A) 1.20 times the maximum of the sum of the Aggregate Debt Service on all Senior Debt then outstanding and the Aggregate Debt Service on the proposed Senior Debt in any such Borrower Fiscal Year, and (B) 1.00 times the aggregate Support Facility Reimbursement Obligations (as defined in the First Bond Resolution) outstanding under the Other Financing Documents;

provided that, with respect to the issuance of Additional Senior Debt that are Refunding Bonds (as defined in the First Bond Resolution), the requirements in section (a) above need not be complied with if the maximum annual Debt Service in any Borrower Fiscal Year on the proposed Refunding Bonds does not exceed the maximum annual Debt Service in any Borrower Fiscal Year on the refunded Senior Debt by more than ten percent (10%).

(b) With respect to the issuance of Additional Parity Debt:

(i) the audited figures or, to the extent audited figures are not available, figures taken by an independent certified public accountant from the Borrower's books and records, show that the Net Revenues for: (x) the most recent Borrower Fiscal Year, or (y) any consecutive twelve (12) months'-period out of twenty-four (24) months immediately preceding the month in which such Parity Debt is issued were not less than the greater of:

(1) the sum of (A) the maximum of the sum of the Aggregate Debt Service on all Senior Debt and Parity Debt then outstanding and the Aggregate Debt Service on the proposed Debt in any Borrower Fiscal Year or the twelve (12) month-period selected and (B) the Required Deposits for such Borrower Fiscal Year or the twelve (12) month period selected, or

(2) the sum of (A) 1.10 times the maximum of the sum of the Aggregate Debt Service on all Senior Debt and Parity Debt then outstanding and the Aggregate Debt Service on the proposed Parity Debt in any Borrower Fiscal Year or the twelve (12) month-period selected, and (B) 1.00 times the aggregate Support Facility Reimbursement Obligations (as defined in the First Bond Resolution) outstanding under the Other Financing Documents; or

(ii) the Net Revenues to be derived in each of the five (5) Borrower Fiscal Years following the earlier of: (x) the end of the period during which interest is capitalized or, if no interest is to be capitalized, the Borrower Fiscal Year in which the proposed Parity Debt is issued, and (y) the date on which substantially all Improvements (as defined in the WIFIA Loan Resolution) to be financed with the proceeds of the proposed Parity Debt are expected to commence operations, or, if the proceeds of such Parity Debt will not be used to fund the costs of improvements, the Borrower Fiscal Year in which the proposed Parity Debt is issued, are estimated to be not less than the greater of:

(1) the sum of (A) the maximum of the sum of the Aggregate Debt Service on all Senior Debt and Parity Debt then outstanding and the Aggregate Debt Service on the proposed Parity Debt in any such Borrower Fiscal Year, and (B) the Required Deposits for any such Borrower Fiscal Year, or

(2) the sum of (A) 1.10 times the maximum of the sum of the Aggregate Debt Service on all Senior Debt and Parity Debt then outstanding and the Aggregate Debt Service on the proposed Parity Debt in any such Borrower Fiscal Year, and (B) 1.00 times the aggregate Support Facility Reimbursement Obligations (as defined in the First Bond Resolution) outstanding under the Other Financing Documents;

provided that, with respect to the issuance of Additional Parity Debt for the purpose of refunding (including by purchase) at any time all or a portion of any Parity Debt Outstanding ("**Refunding Parity Debt**"), the requirements in section (b) above need not be complied with if the maximum annual Debt Service in any Borrower Fiscal Year on the proposed Refunding Parity Debt does not exceed the maximum annual Debt Service in any Borrower Fiscal Year on the Parity Debt to be refunded by more than ten percent (10%); and

provided further that, calculations of Net Revenues under the Additional Debt Test may include adjustments to Net Revenues of the type permitted by Section 3.05 of the First Bond Resolution in connection with the issuance of additional First Resolution Obligations.

ANNEX C

FLOW OF FUNDS

Reference is made to Section 6.02 (*Operating Fund*) of the First Bond Resolution, which is set forth verbatim below. Capitalized terms used in this **Annex C** shall have the respective meanings assigned to such terms in the First Bond Resolution.

[*Section 6.02 of the First Bond Resolution to be inserted*].

SCHEDULE II

PROJECT DETAILS

PART A. **Project Budget.**

SOURCES OF FUNDS	AMOUNT ($ USD)	PERCENTAGE (%)
WIFIA Loan	$108,612,012	48.98%
Borrower Cash (Impact Fees)	$68,761,428	31.01%
Previously Incurred Eligible Costs	$410,000	0.18%
Federal Grant: American Rescue Plan Act	$25,000,000	11.27%
Federal Grant: US Bureau of Reclamation	$18,973,728	8.56%
Total Sources of Funds	**$221,757,168**	**100%**
USES OF FUNDS	**AMOUNT ($ USD)**	**PERCENTAGE (%)**
Design and Construction	$149,648,118	67.48%
Planning	$12,190,242	5.50%
Land Purchase	$6,210,000	2.80%
Purchase Olai Street	$309,000	0.14%
Other Capital Costs	$5,855,373	2.64%
Previously Incurred Costs	$410,000	0.18%
Financing Costs	$500,000	0.23%
Project Contingency	$46,634,435	21.03%
Total Uses of Funds	**$221,757,168**	**100%**
Total Eligible Project Costs	**$221,757,168**	**100%**
Total Project Costs	**$221,757,168**	**100%**

PART B. **Construction Schedule.**

Projected Substantial Completion Date: July 17, 2029.

PROJECT ELEMENT	DESIGN COMPLETION	CONSTRUCTION START	CONSTRUCTION END
Kalaeloa Seawater Desalination Facility	5/15/2026	5/15/2026	7/17/2029

PART C. **Existing Construction Contracts.**

Contract Name	Effective Date	Amount	Parties	Description
Service Agreement for the Kalaeloa Seawater Desalination Facility	6/2/2023	$149,648,118	The Board of Water Supply of	To permit, design, construct, start-up, acceptance test, operate

Design, Build, Operate and Maintain Project Oahu, Hawaii			the City and County of Honolulu (the “BWS”) and Kalaeloa Desalco LLC (the “DBOM Contractor”)	and maintain the Kalaeloa Desalination Facility

SCHEDULE III

BORROWER DISCLOSURES

PART A. **Existing Indebtedness.**

1. Senior Debt

1.	Series 2020A Bonds	$52,045,000.00
2.	Series 2020B Bonds	$35,195,000.00
3.	Series 2021A Bonds	$45,280,000.00
4.	Series 2021B Bonds	$34,590,000.00
5.	Series 2022A Bonds	$76,715,000.00
6.	Series 2022B Bonds	$44,740,000.00
7.	Series 2023 Bonds	$17,425,000.00
8.	Series 2024 Bonds	$56,755,000.00

2. Parity Debt

1.	Revolving Line of Credit (Not To Exceed)	$50,000,000
2.	SRF Loans	
	Kamehameha Highway 16-Inch and 8-Inch Mains (Heeia)	$2,044,724.39
	Kapiolani Boulevard 12-Inch Main	$2,030,965.55
	Kalihi Water System Improvements, Part III	$2,117,061.07
	Honolulu BWS Water System Improvements 1: Woodlawn WSI Pt II, Wilhemina Rise Reservoir Replacement, Wahiawa 1074 Reservoir Repair, Ewa Beach WSI Pt II	$3,025,691.13
	Honolulu BWS Loan Refinance 1	$10,831,142.58
	Honolulu BWS Water System Improvements 2 (Liliha, Kapahulu, and Pensacola)	$5,607,620.85
	Honolulu BWS Pro-Fi SFY2017	$2,868,126.48
	Energy Savings Performance Contracting	$21,822,178.11
	Honolulu BWS Pro-Fi SFY2019	$5,345,146.76
	Honolulu BWS Pro-Fi SFY2020	$10,006,851.45
	Diamond Head WSI Part III	$2,784,689.54
	Honouliuli Water Recycling Facility	$5,169,903.09
	Moiliili WSI Part IV	$4,661,225.62
	Honolulu BWS Pro-Fi SFY2021	$9,292,278.49
	Honolulu BWS Pro-Fi SFY2022	$9,443,286.04
	Honolulu BWS Pro-Fi SFY2023	$16,471,745.99
	Honolulu BWS Pro-Fi SFY2024	$2,671,619.96
	HBWS LCRR Compliance	$1,309,962.46
	Waipio Heights Wells and WH Wells I Water Treatment Design (EC-02)	-

	Mililani Wells II Water Treatment Design (EC-03)	-
	Honolulu BWS Pro-Fi SFY2025	$9,010,000.00
	Kahilinai Place and Aiea Heights Drive Area WSI	$1,453,142.20
	Professional Services to Address Emerging Contaminants & PFAS	-
	Ma'ili'ili Road 20-Inch Main, Pa'akea Road to Lualualei Homestead Road	-
	Ali'ipoe Drive and Pa'ihi Street Area Water System Improvements	-
	Waiapo Place, Waihua Place and Waimomona Place Water System Improvements	-
	Mililani Wells I WTP Improvements (fka HBWS-EC04)	-
	Manana Wells Control Valve Installation	-
	Ka'ahumanu Wells Control Valve Renovation	-
	Kualakai Parkway 16 in Recycled (PF $1,837,178)	-
	East Kapolei 215 R-1 3.0 MG Reservoir (PF$2,337,177)	-

3. Junior Debt

1.	N/A	N/A

PART B. Litigation Disclosure.

PENDING LITIGATION

1. In the normal course of business, claims and lawsuits are filed against the City and the BWS and their respective officers and employees. The BWS is insured for $15,000,000 (aggregate) which is in excess of a $1,000,000 self-insured-retention limit. Claims against the City that relate to the Water System are chargeable against the BWS. In the Fiscal Year ended June 30, 2025, the BWS paid judgments and claims in the amount of $686,551.

2. In the aggregate, lawsuits and claims pending as of June 30, 2025, made against the BWS have the potential to surpass the amount paid for claims in the Fiscal Year ending June 30, 2024. Ongoing cases filed against the BWS involve allegations that BWS water main breaks caused or contributed to landslides and erosion that damaged properties located in Palolo Valley. Another case involves a claim that the BWS breached a license agreement regarding usage of the BWS's abandoned water mains. Other pending cases involve construction contract disputes, personal property damages or bodily injuries.

3. These cases are in various stages of litigation, and liability has not been established at this time. The BWS intends to vigorously defend itself in these cases.

4. In the opinion of BWS management, based on an analysis of the known claims and litigation, there is no present or pending litigation that would materially impair the financial position of the BWS.

5. The City's Department of the Corporation Counsel has further advised that there is no controversy or litigation now pending or, to the best of its actual knowledge, threatened, which seeks to restrain or enjoin the execution, issuance, sale, or delivery of the WIFIA Loan or that in any way contests the validity of the WIFIA Loan; or any proceedings of the BWS taken with respect to the authorization, sale, or issuance of the WIFIA Loan, the pledge or application of any moneys provided for the payment of or security for the WIFIA Loan.

6. [Borrower to add the US District Court litigation regarding the Project parcel conveyance.]

PART C. <u>Environmental Matter Disclosure.</u>

None.

SCHEDULE IV

REQUISITION PROCEDURES

This **Schedule IV** sets out the procedures which the Borrower agrees to follow in submitting Requisitions for any Disbursement of the WIFIA Loan. The Borrower expressly agrees to the terms hereof, and further agrees that (i) the rights of the WIFIA Lender contained herein are in addition to (and not in lieu of) any other rights or remedies available to the WIFIA Lender under the WIFIA Loan Documents, and (ii) nothing contained herein shall be construed to limit the rights of the WIFIA Lender to take actions including administrative enforcement action and actions for breach of contract against the Borrower if it fails to carry out its obligations under the WIFIA Loan Agreement during the term thereof.

PART A. General Requirements.

(a) Manner of Request: All requests by the Borrower for a Disbursement shall be made in writing by electronic submission to the WIFIA Lender, in accordance with Section 31 (*Notices*) of the WIFIA Loan Agreement.

(b) Required Documentation: Any request by the Borrower should include the submission of:

(i) a Requisition, in the form attached as **Exhibit D** (*Form of Requisition*), completed and executed by the Borrower's Authorized Representative, and otherwise in form and substance satisfactory to the WIFIA Lender; and

(ii) all Eligible Project Costs Documentation that has not otherwise been provided to the WIFIA Lender in accordance with **Part C of Schedule V** (*Reporting Requirements*) of the WIFIA Loan Agreement.

(c) Timing: Any request for a Disbursement must be received by the WIFIA Lender and the Servicer (if any) at or before 5:00 P.M. (Eastern Time) on either:

(i) the first (1^{st}) Business Day of a calendar month in order to obtain the requested Disbursement by the fifteenth (15^{th}) day of such calendar month;

(ii) the fifteenth (15^{th}) day of a calendar month, in order to obtain the requested Disbursement by the first (1^{st}) day of the immediately following calendar month;

provided, that, (x) if any such day is not a Business Day, the Disbursement request or payment (as the case may be) shall be made by the next succeeding Business Day; (y) the Borrower shall not request to receive more than one (1) Disbursement per month or every thirty (30) days (whichever is longer); and (z) no Disbursements shall be made after the Final Disbursement Date.

PART B. <u>WIFIA Lender Review Process</u>.

(a) The WIFIA Lender shall review the Requisition and the Eligible Project Costs Documentation for compliance with WIFIA Disbursement requirements.

(b) If a Requisition is approved by the WIFIA Lender, the WIFIA Lender will notify the Borrower of such approval and of the amount so approved. A Requisition containing an apparent mathematical error will be corrected by the WIFIA Lender, after telephonic or email notification to the Borrower, and will thereafter be treated as if submitted in the corrected amount. If the amount requested for Disbursement in the Requisition exceeds the available balance of the WIFIA Loan proceeds remaining to be disbursed, the Disbursement request will be treated as if submitted in the amount of the balance so remaining, and the WIFIA Lender will so notify the Borrower.

(c) The WIFIA Lender shall be entitled to withhold approval (in whole or in part) of any pending or subsequent requests for the Disbursement of WIFIA Loan proceeds if: (i) a Default or an Event of Default shall have occurred and be continuing or (ii) the Borrower (1) knowingly takes any action, or omits to take any action, amounting to fraud or violation of any applicable law, in connection with the transactions contemplated hereby; (2) prevents or materially impairs the ability of the WIFIA Lender to monitor compliance by the Borrower with applicable law pertaining to the Project or with the terms and conditions of the WIFIA Loan Agreement; (3) fails to observe or comply with any applicable law, or any term or condition of the WIFIA Loan Agreement; (4) fails to satisfy the conditions set forth in Section 4 (*Disbursement Conditions*) and Section 11(b) (*Conditions Precedent to Disbursements*) of the WIFIA Loan Agreement; or (5) fails to deliver Eligible Project Costs Documentation satisfactory to the WIFIA Lender at the times and in the manner specified by the WIFIA Loan Agreement; <u>provided</u>, that in such case of sub-clause (5) above, the WIFIA Lender may, in its sole discretion, partially approve a Requisition in respect of any amounts for which adequate Eligible Project Costs Documentation has been provided and may, in its sole discretion, disburse in respect of such properly documented amounts. The WIFIA Lender will notify the Borrower of any withholding, and the reasons therefor.

(d) A Requisition may be rejected in whole or in part by the WIFIA Lender if it is: (i) submitted without signature; (ii) submitted under signature of a Person other than a Borrower's Authorized Representative; (iii) submitted after prior Disbursement of all proceeds of the WIFIA Loan; or (iv) submitted without adequate Eligible Project Costs Documentation. The WIFIA Lender will notify the Borrower of any Requisition so rejected, and the reasons therefor. Any Requisition rejected for the reasons specified under this paragraph (d) must be resubmitted in proper form in order to be considered for approval.

SCHEDULE V

REPORTING REQUIREMENTS

PART A. **Updated Financial Model/Plan.**

The Borrower shall provide to the WIFIA Lender, not later than two hundred seventy (270) days after the end of each Borrower Fiscal Year, an Updated Financial Model/Plan. The Updated Financial Model/Plan shall reflect the Borrower's reasonable expectations, using assumptions that the Borrower believes to be reasonable, and include: (a) the Borrower's capital improvement plan, major maintenance plan, projected rates and charges, projected debt outstanding and annual debt service, projected Revenues and projected Operating Expenses for a reasonable projection period consistent with the Borrower's operating and financial planning and demonstrating that the Borrower has developed and identified adequate revenues to implement a plan for operating, maintaining, and repairing the Project; (b) evidence of compliance with the Rate Covenant for the most recent Borrower Fiscal Year for which the Borrower's Financial Statements are available and the projected debt service coverage ratios (including projected Rate Covenant coverages) through the Forecast Period; and (c) a written narrative identifying any material changes to the underlying assumptions from the previous Updated Financial Model/Plan.

PART B. **Annual Financial Statements.**

The Borrower shall deliver to the WIFIA Lender, as soon as available, but no later than two hundred seventy (270) days after the end of each Borrower Fiscal Year, a copy of the audited income statement and balance sheet of the Borrower as of the end of such Borrower Fiscal Year and the related audited statements of operations and of cash flow of the Borrower for such Borrower Fiscal Year, (a) setting forth in each case in comparative form the figures for the previous fiscal year, (b) certified without qualification or exception, or qualification as to the scope of the audit, by an independent public accounting firm selected by the Borrower and (c) which shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein (except, with respect to the annual financial statements, for changes approved or required by the independent public accountants certifying such statements and disclosed therein).

PART C. **Construction Monitoring.**

(a) The WIFIA Lender shall have the right in its sole discretion to monitor (or direct its agents to monitor) the development of the Project, including environmental compliance, design, and construction of the Project. The Borrower shall be responsible for administering construction oversight of the Project in accordance with applicable federal, state and local governmental requirements. The Borrower agrees to cooperate in good faith with the WIFIA Lender in the conduct of such monitoring by promptly providing the WIFIA Lender with such reports, documentation or other information as shall be requested by the WIFIA Lender or its agents, including any independent engineer reports, documentation or information.

(b) Construction Monitoring Report. During the period beginning from the first quarter following bid advertisement of the first Construction Contract for the Project, through and until Substantial Completion of the Project, the Borrower shall furnish to the WIFIA Lender, on a quarterly basis, the Construction Monitoring Report. The report shall be delivered to the WIFIA Lender within thirty (30) days of the end of each such quarter (or if such day is not a Business Day, on the next following Business Day). If the then-current projection for the Substantial Completion Date is a date different than the Projected Substantial Completion Date, the Borrower shall provide in the Construction Monitoring Report a description in reasonable detail to the reasonable satisfaction of the WIFIA Lender of the reasons for such projected delay or difference. The Projected Substantial Completion Date shall automatically be adjusted to the new date specified by the Borrower in the Construction Monitoring Report unless the WIFIA Lender objects to the adjustment in writing to the Borrower within sixty (60) days following receipt of such Construction Monitoring Report on the basis that such report does not demonstrate the matters specified in this paragraph.

(c) Quarterly Certification of Eligible Project Costs. If requested by the WIFIA Lender, on a basis not more frequently than quarterly, the Borrower shall submit to the WIFIA Lender, concurrently with the delivery of the Construction Monitoring Report, a certificate, in the form of **Exhibit E** (*Form of Certification of Eligible Project Costs Documentation*), signed by the Borrower's Authorized Representative, and attaching Eligible Project Costs Documentation as applicable. If there are no applicable Eligible Project Costs for such quarter, the Borrower may notify the WIFIA Lender by written confirmation of the same by email in accordance with Section 31 (*Notices*) of the WIFIA Loan Agreement. Within sixty (60) days following the receipt of such certificate and accompanying Eligible Project Costs Documentation (if applicable), the WIFIA Lender shall notify the Borrower confirming (i) which Eligible Project Costs incurred by the Borrower set forth in the certification have been approved or denied (and, if denied, the reasons therefor) and (ii) the cumulative amount of Eligible Project Costs that have been approved as of the date of such notice. Any such approved amounts of Eligible Project Costs shall then be deemed to be available for Disbursement at such time as the Borrower submits a Requisition in respect of such approved amounts in accordance with Section 4 (*Disbursement Conditions*).

(d) Final Specifications. The Borrower shall deliver to the WIFIA Lender, prior to bid advertisement for the Project (including each sub-project or component, if applicable), a copy of the final specifications relating to the development and construction of the Project (or such sub-project or component, as the case may be), demonstrating compliance with all applicable federal requirements and including a summary of the scope of work thereunder.

PART D. Public Benefits Report.

The Borrower shall deliver to the WIFIA Lender the Public Benefits Report (a) no later than thirty (30) days prior to the Effective Date, (b) within ninety (90) days following the Substantial Completion Date and (c) within ninety (90) days following the fifth (5^{th}) anniversary of the Substantial Completion Date. The Borrower agrees that information described in the Public Benefits Report may be made publicly available by the WIFIA Lender at its discretion.

PART E. Notices.

(a) The Borrower shall, within fifteen (15) days (or such other time as may be specified below) after the Borrower learns of the occurrence, give the WIFIA Lender notice of any of the following events or receipt of any of the following notices, as applicable, setting forth details of such event:

(i) Substantial Completion: the occurrence of Substantial Completion, such notice to be provided in the form set forth in **Exhibit G** (*Form of Certificate of Substantial Completion*);

(iii) Defaults; Events of Default: any Default or Event of Default;

(iv) Litigation: (1) the filing of any litigation, suit or action, or the commencement of any proceeding, against the Borrower before any arbitrator, Governmental Authority, alternative dispute resolution body, or other neutral third-party, that could reasonably be expected to have a Material Adverse Effect, and (2) any final, non-appealable judgment related to the Pledged Collateral that could reasonably be expected to result in the impairment of (A) the Borrower's ability to comply with any of its payment obligations under the WIFIA Note or this Agreement or (B) the existence, priority or perfection (if applicable) of the WIFIA Lender's security interest in the Pledged Collateral;

(v) Delayed Governmental Approvals: any failure to receive or delay in receiving any Governmental Approval or making any required filing, notice, recordation or other demonstration to or with a Governmental Authority, in each case to the extent such failure or delay will or could reasonably be expected to result in a delay to any major milestone date (including the Projected Substantial Completion Date) set forth in the Construction Schedule, together with a written explanation of the reasons for such failure or delay and the Borrower's plans to remedy or mitigate the effects of such failure or delay;

(vi) Environmental Notices: any material notice of violation related to the Project or any material change to the Project that could reasonably be expected to affect the NEPA Determination;

(vii) Amendments: except as otherwise agreed by the WIFIA Lender in writing, copies of any fully executed amendments, modifications, replacements or supplements to any Related Document; provided, that such notice may be accomplished through the posting of the relevant documents on EMMA under the WIFIA CUSIP Number with a reference to the relevant WIFIA provision of this Agreement;

(viii) Related Document Defaults: any material breach or default or event of default on the part of the Borrower or any other party under any Related Document; provided, that such notice may be accomplished through the posting of the relevant documents on EMMA under the WIFIA CUSIP Number with a reference to the relevant WIFIA provision of this Agreement;

(ix) Uncontrollable Force: the occurrence of any Uncontrollable Force that could reasonably be expected to materially and adversely affect the Project;

(x) Ratings Changes: any change in the rating (not including outlook) assigned to the WIFIA Loan or any Debt, in each case by any Nationally Recognized

Rating Agency that has provided a public rating on such indebtedness, and any notices, reports or other written materials (other than those that are ministerial in nature) received from any such rating agencies; provided, that such notice may be accomplished through the posting of the relevant documents on EMMA under the WIFIA CUSIP Number with a reference to the relevant WIFIA provision of this Agreement;

(xi) 2 C.F.R. § 180.350 Notices: any notification required pursuant to 2 C.F.R. § 180.350, whether attributable to a failure by the Borrower to disclose information previously required to have been disclosed or due to the Borrower or any of its principals meeting any of the criteria set forth in 2 C.F.R. § 180.335;

(xii) Issuance of Debt: copies of any final issuing instrument (together with any continuing disclosure documents, ordinances, official statement, certifications or cash flow projections in connection therewith), prepared in connection with the incurrence of any Permitted Debt (including any Additional Debt), together with a confirmation by the Borrower that such additional indebtedness satisfies the applicable requirements under the definition of "Permitted Debt"; provided, that such notice may be accomplished through the posting of the relevant documents on EMMA under the WIFIA CUSIP Number with a reference to the relevant WIFIA provision of this Agreement;

(xiii) Postings on EMMA: the posting of any document on EMMA in accordance with the requirements of any continuing disclosure agreement or similar document with respect to any Outstanding Debt relating to annual financial information and operating data and the reporting of significant events; provided, that such notice may be accomplished through the posting of the relevant document on EMMA under the WIFIA CUSIP Number with a reference to the relevant WIFIA provision of this Agreement;

(xiv) SAM / Unique Entity Identifier: any change in the Borrower's SAM registration status (including any exclusions, expiration or inactive registration) or Unique Entity Identifier (including any expiration or change in effectiveness); provided, that such notice may be accomplished through the posting of the relevant document on EMMA under the WIFIA CUSIP Number [with a reference to the relevant WIFIA provision of this Agreement];

(xv) Reorganization, Consolidation or Merger: the occurrence of any reorganization, consolidation, or merger, together with the agreements and documents authorizing the reorganization, consolidation or merger;

(xvi) Fiscal Year: any change to or adoption of any fiscal year other than the Initial Borrower Fiscal Year; provided, that such notice may be accomplished through the posting of the relevant document on EMMA under the WIFIA CUSIP Number with a reference to the relevant WIFIA provision of this Agreement; and

(xvii) Other Adverse Events: the occurrence of any other event or condition, including without limitation any notice of breach from a contract counterparty or any holder of any Debt, that could reasonably be expected to result in a Material Adverse Effect.

(b) The Borrower shall, at any time while the WIFIA Loan remains Outstanding, promptly deliver to the WIFIA Lender such additional information regarding the business, financial, legal or organizational affairs of the Borrower or regarding the Water System, the Project or the System Revenues as the WIFIA Lender may from time to time reasonably request. The Borrower agrees that the delivery of any documents or information under and pursuant to this Agreement shall not be construed as compliance with, or affect in any manner, any obligations of the Borrower under any other contracts, agreements, decrees, Governmental Approvals, or other documents with EPA (other than the WIFIA Loan Documents) or the Federal Government.

SCHEDULE VI

WIFIA LOAN AMORTIZATION SCHEDULE

Honolulu Board of Water Supply - Kalaeloa Seawater Desalination - N22138HI
WIFIA Loan Amortization Schedule

Closing Date	8/5/2026	Debt Service Payment Commencement Date	7/1/2027
Loan Amount	$ 108,612,012.00	Initial Principal Payment Date	7/1/2030
Interest rate	4.86%	Final Maturity Date	7/1/2056
Weighted Avg Life (years-months)	19-4		

Period Start Date	Period End Date	Period Payment Date	Period Repayment Type	Disbursements In Period	Capitalized Interest	Interest Payment	Principal Repayment	% of Maximum Principal Outstanding	Semi-annual Debt Service Payment	Ending Balance
8/5/2026	12/31/2026	1/1/2027	Interest Only Total	$0.00	$0.00	$0.00	$0.00	N/A	$0.00	$0.00
1/1/2027	6/30/2027	7/1/2027	Interest Only Total	$108,612,012.00	$0.00	$2,639,271.90	$0.00	N/A	$2,639,271.90	$108,612,012.00
7/1/2027	12/31/2027	1/1/2028	Interest Only Total	$0.00	$0.00	$2,639,271.90	$0.00	N/A	$2,639,271.90	$108,612,012.00
1/1/2028	6/30/2028	7/1/2028	Interest Only Total	$0.00	$0.00	$2,639,271.90	$0.00	N/A	$2,639,271.90	$108,612,012.00
7/1/2028	12/31/2028	1/1/2029	Interest Only Total	$0.00	$0.00	$2,639,271.90	$0.00	N/A	$2,639,271.90	$108,612,012.00
1/1/2029	6/30/2029	7/1/2029	Interest Only Total	$0.00	$0.00	$2,639,271.90	$0.00	N/A	$2,639,271.90	$108,612,012.00
7/1/2029	12/31/2029	1/1/2030	Interest Only Total	$0.00	$0.00	$2,639,271.90	$0.00	N/A	$2,639,271.90	$108,612,012.00
1/1/2030	6/30/2030	7/1/2030	Level Payment (annual p, semiannual i)	$0.00	$0.00	$2,639,271.90	$2,029,150.96	N/A	$4,668,422.86	$106,582,861.04
7/1/2030	12/31/2030	1/1/2031	Interest Only Total	$0.00	$0.00	$2,589,963.53	$0.00	N/A	$2,589,963.53	$106,582,861.04
1/1/2031	6/30/2031	7/1/2031	Level Payment (annual p, semiannual i)	$0.00	$0.00	$2,589,963.53	$2,127,767.69	N/A	$4,717,731.22	$104,455,093.35
7/1/2031	12/31/2031	1/1/2032	Interest Only Total	$0.00	$0.00	$2,538,258.77	$0.00	N/A	$2,538,258.77	$104,455,093.35
1/1/2032	6/30/2032	7/1/2032	Level Payment (annual p, semiannual i)	$0.00	$0.00	$2,538,258.77	$2,231,177.20	N/A	$4,769,435.97	$102,223,916.15
7/1/2032	12/31/2032	1/1/2033	Interest Only Total	$0.00	$0.00	$2,484,041.17	$0.00	N/A	$2,484,041.17	$102,223,916.15
1/1/2033	6/30/2033	7/1/2033	Level Payment (annual p, semiannual i)	$0.00	$0.00	$2,484,041.17	$2,339,612.41	N/A	$4,823,653.58	$99,884,303.74
7/1/2033	12/31/2033	1/1/2034	Interest Only Total	$0.00	$0.00	$2,427,188.59	$0.00	N/A	$2,427,188.59	$99,884,303.74
1/1/2034	6/30/2034	7/1/2034	Level Payment (annual p, semiannual i)	$0.00	$0.00	$2,427,188.59	$2,453,317.58	N/A	$4,880,506.17	$97,430,986.16
7/1/2034	12/31/2034	1/1/2035	Interest Only Total	$0.00	$0.00	$2,367,572.97	$0.00	N/A	$2,367,572.97	$97,430,986.16
1/1/2035	6/30/2035	7/1/2035	Level Payment (annual p, semiannual i)	$0.00	$0.00	$2,367,572.97	$2,572,548.81	N/A	$4,940,121.78	$94,858,437.35
7/1/2035	12/31/2035	1/1/2036	Interest Only Total	$0.00	$0.00	$2,305,060.03	$0.00	N/A	$2,305,060.03	$94,858,437.35
1/1/2036	6/30/2036	7/1/2036	Level Payment (annual p, semiannual i)	$0.00	$0.00	$2,305,060.03	$2,697,574.68	N/A	$5,002,634.71	$92,160,862.67
7/1/2036	12/31/2036	1/1/2037	Interest Only Total	$0.00	$0.00	$2,239,508.97	$0.00	N/A	$2,239,508.97	$92,160,862.67
1/1/2037	6/30/2037	7/1/2037	Level Payment (annual p, semiannual i)	$0.00	$0.00	$2,239,508.97	$2,828,676.81	N/A	$5,068,185.78	$89,332,185.86
7/1/2037	12/31/2037	1/1/2038	Interest Only Total	$0.00	$0.00	$2,170,772.12	$0.00	N/A	$2,170,772.12	$89,332,185.86
1/1/2038	6/30/2038	7/1/2038	Level Payment (annual p, semiannual i)	$0.00	$0.00	$2,170,772.12	$2,966,150.51	N/A	$5,136,922.63	$86,366,035.35
7/1/2038	12/31/2038	1/1/2039	Interest Only Total	$0.00	$0.00	$2,098,694.66	$0.00	N/A	$2,098,694.66	$86,366,035.35
1/1/2039	6/30/2039	7/1/2039	Level Payment (annual p, semiannual i)	$0.00	$0.00	$2,098,694.66	$3,110,305.42	N/A	$5,209,000.08	$83,255,729.93
7/1/2039	12/31/2039	1/1/2040	Interest Only Total	$0.00	$0.00	$2,023,114.24	$0.00	N/A	$2,023,114.24	$83,255,729.93
1/1/2040	6/30/2040	7/1/2040	Level Payment (annual p, semiannual i)	$0.00	$0.00	$2,023,114.24	$3,261,466.26	N/A	$5,284,580.50	$79,994,263.67
7/1/2040	12/31/2040	1/1/2041	Interest Only Total	$0.00	$0.00	$1,943,860.61	$0.00	N/A	$1,943,860.61	$79,994,263.67
1/1/2041	6/30/2041	7/1/2041	Level Payment (annual p, semiannual i)	$0.00	$0.00	$1,943,860.61	$3,419,973.52	N/A	$5,363,834.13	$76,574,290.15
7/1/2041	12/31/2041	1/1/2042	Interest Only Total	$0.00	$0.00	$1,860,755.26	$0.00	N/A	$1,860,755.26	$76,574,290.15

1/1/2042	6/30/2042	7/1/2042	Level Payment (annual p, semiannual i)	$0.00	$0.00	$1,860,755.26	$3,586,184.24	N/A	$5,446,939.50	$72,988,105.91
7/1/2042	12/31/2042	1/1/2043	Interest Only Total	$0.00	$0.00	$1,773,610.98	$0.00	N/A	$1,773,610.98	$72,988,105.91
1/1/2043	6/30/2043	7/1/2043	Level Payment (annual p, semiannual i)	$0.00	$0.00	$1,773,610.98	$3,760,472.79	N/A	$5,534,083.77	$69,227,633.12
7/1/2043	12/31/2043	1/1/2044	Interest Only Total	$0.00	$0.00	$1,682,231.49	$0.00	N/A	$1,682,231.49	$69,227,633.12
1/1/2044	6/30/2044	7/1/2044	Level Payment (annual p, semiannual i)	$0.00	$0.00	$1,682,231.49	$3,943,231.77	N/A	$5,625,463.26	$65,284,401.35
7/1/2044	12/31/2044	1/1/2045	Interest Only Total	$0.00	$0.00	$1,586,410.96	$0.00	N/A	$1,586,410.96	$65,284,401.35
1/1/2045	6/30/2045	7/1/2045	Level Payment (annual p, semiannual i)	$0.00	$0.00	$1,586,410.96	$4,134,872.83	N/A	$5,721,283.79	$61,149,528.52
7/1/2045	12/31/2045	1/1/2046	Interest Only Total	$0.00	$0.00	$1,485,933.55	$0.00	N/A	$1,485,933.55	$61,149,528.52
1/1/2046	6/30/2046	7/1/2046	Level Payment (annual p, semiannual i)	$0.00	$0.00	$1,485,933.55	$4,335,827.65	N/A	$5,821,761.20	$56,813,700.87
7/1/2046	12/31/2046	1/1/2047	Interest Only Total	$0.00	$0.00	$1,380,572.94	$0.00	N/A	$1,380,572.94	$56,813,700.87
1/1/2047	6/30/2047	7/1/2047	Level Payment (annual p, semiannual i)	$0.00	$0.00	$1,380,572.94	$4,546,548.87	N/A	$5,927,121.81	$52,267,152.00
7/1/2047	12/31/2047	1/1/2048	Interest Only Total	$0.00	$0.00	$1,270,091.80	$0.00	N/A	$1,270,091.80	$52,267,152.00
1/1/2048	6/30/2048	7/1/2048	Level Payment (annual p, semiannual i)	$0.00	$0.00	$1,270,091.80	$4,767,511.15	N/A	$6,037,602.95	$47,499,640.85
7/1/2048	12/31/2048	1/1/2049	Interest Only Total	$0.00	$0.00	$1,154,241.28	$0.00	N/A	$1,154,241.28	$47,499,640.85
1/1/2049	6/30/2049	7/1/2049	Level Payment (annual p, semiannual i)	$0.00	$0.00	$1,154,241.28	$4,999,212.19	N/A	$6,153,453.47	$42,500,428.66
7/1/2049	12/31/2049	1/1/2050	Interest Only Total	$0.00	$0.00	$1,032,760.42	$0.00	N/A	$1,032,760.42	$42,500,428.66
1/1/2050	6/30/2050	7/1/2050	Level Payment (annual p, semiannual i)	$0.00	$0.00	$1,032,760.42	$5,242,173.90	N/A	$6,274,934.32	$37,258,254.76
7/1/2050	12/31/2050	1/1/2051	Interest Only Total	$0.00	$0.00	$905,375.60	$0.00	N/A	$905,375.60	$37,258,254.76
1/1/2051	6/30/2051	7/1/2051	Level Payment (annual p, semiannual i)	$0.00	$0.00	$905,375.60	$5,496,943.55	N/A	$6,402,319.15	$31,761,311.21
7/1/2051	12/31/2051	1/1/2052	Interest Only Total	$0.00	$0.00	$771,799.87	$0.00	N/A	$771,799.87	$31,761,311.21
1/1/2052	6/30/2052	7/1/2052	Level Payment (annual p, semiannual i)	$0.00	$0.00	$771,799.87	$5,764,095.01	N/A	$6,535,894.88	$25,997,216.20
7/1/2052	12/31/2052	1/1/2053	Interest Only Total	$0.00	$0.00	$631,732.36	$0.00	N/A	$631,732.36	$25,997,216.20
1/1/2053	6/30/2053	7/1/2053	Level Payment (annual p, semiannual i)	$0.00	$0.00	$631,732.36	$6,044,230.03	N/A	$6,675,962.39	$19,952,986.17
7/1/2053	12/31/2053	1/1/2054	Interest Only Total	$0.00	$0.00	$484,857.57	$0.00	N/A	$484,857.57	$19,952,986.17
1/1/2054	6/30/2054	7/1/2054	Level Payment (annual p, semiannual i)	$0.00	$0.00	$484,857.57	$6,337,979.61	N/A	$6,822,837.18	$13,615,006.56
7/1/2054	12/31/2054	1/1/2055	Interest Only Total	$0.00	$0.00	$330,844.66	$0.00	N/A	$330,844.66	$13,615,006.56
1/1/2055	6/30/2055	7/1/2055	Level Payment (annual p, semiannual i)	$0.00	$0.00	$330,844.66	$6,646,005.41	N/A	$6,976,850.07	$6,969,001.15
7/1/2055	12/31/2055	1/1/2056	Interest Only Total	$0.00	$0.00	$169,346.73	$0.00	N/A	$169,346.73	$6,969,001.15
1/1/2056	6/30/2056	7/1/2056	Level Payment (annual p, semiannual i)	$0.00	$0.00	$169,346.73	$6,969,001.15	N/A	$7,138,347.88	$0.00
Total				**$108,612,012.00**	**$0.00**	**$101,892,105.56**	**$108,612,012.00**		**$210,504,117.56**	

Period Repayment Type Definitions:

No Payment: Interest in the period is capitalized and added to the outstanding principal balance. // Interest Only Total: Interest is paid as it accrues. // Level Payment (semiannual): Level semiannual payments of principal and interest. // Level Payment (annual p, semiannual i): This option makes the sum of one annual principal and two semiannual interest payments constant (i.e., level). // Level Payment (one payment per year): This option makes level annual payments of principal and interest and capitalizes the interest in the non-payment periods. // Fixed Principal ($): Fixed amount in a period is paid and interest is paid as it accrues. // Fixed Principal (%): Fixed % of total max outstanding principal (i.e., draws + capitalized interest) in a period is paid and interest is paid as it accrues.

EXHIBIT A

FORM OF WIFIA NOTE

BOARD OF WATER SUPPLY OF THE CITY AND COUNTY OF HONOLULU

KALAELOA SEAWATER DESALINATION FACILITY PROJECT

(WIFIA ID – N22138HI)
WIFIA NOTE

Interest Rate	**Final Maturity Date**	**Dated Date**	**WIFIA CUSIP**
[__]%, subject to the Default Rate (as defined and in accordance with the WIFIA Loan Agreement)	July 1, 2063, subject to adjustment as set forth in the WIFIA Loan Agreement	[__]	[__]

Registered Owner	**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator of the Environmental Protection Agency**
Maximum Principal Amount	**$108,612,012 (excluding capitalized interest, if any)**

BOARD OF WATER SUPPLY OF THE CITY AND COUNTY OF HONOLULU, a department of water supply duly organized and validly existing under the laws of the State (the "**Borrower**"), for value received, hereby promises to pay to the order of the **UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**, acting by and through the Administrator of the United States Environmental Protection Agency, or its assigns (the "**WIFIA Lender**"), the lesser of (x) the Maximum Principal Amount set forth above and (y) the aggregate unpaid principal amount of all Disbursements made by the WIFIA Lender (such lesser amount, together with any interest that is capitalized and added to principal in accordance with the provisions of the WIFIA Loan Agreement (as defined below), being hereinafter referred to as the "**Outstanding Principal Sum**"), together with accrued and unpaid interest (including, if applicable, interest at the Default Rate, as defined in the WIFIA Loan Agreement) on the Outstanding Principal Sum and all fees, costs and other amounts payable in connection therewith, all as more fully described in that certain WIFIA Loan Agreement, dated as of the date hereof, by and between the WIFIA Lender and the Borrower (the "**WIFIA Loan Agreement**"). All capitalized terms used in this WIFIA Note and not defined herein shall have the meanings set forth in the WIFIA Loan Agreement.

The WIFIA Debt Service hereof shall be payable in the amounts, manner and on the Payment Dates as set forth in the WIFIA Loan Amortization Schedule in accordance with the WIFIA Loan Agreement (which WIFIA Loan Amortization Schedule may be revised from time to time in accordance with the WIFIA Loan Agreement), until paid in full (which Loan Amortization Schedule, as modified from time to time in accordance with the terms of the WIFIA Loan Agreement, is incorporated in and is a part of this WIFIA Note). The WIFIA Lender is hereby authorized to modify the WIFIA Loan Amortization Schedule from time to time to reflect the amount of each Disbursement made thereunder and the date and amount of principal or interest paid by the Borrower thereunder and otherwise in accordance with the terms of the WIFIA Loan Agreement. Absent manifest error, the WIFIA Lender's determination of such matters as set forth on the WIFIA Loan Amortization Schedule to the WIFIA Loan Agreement shall be conclusive evidence thereof; provided, however, that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner the Borrower's obligations hereunder or under any other WIFIA Loan Document.

Payments hereon are to be made in accordance with Section 8(b) (*Manner of Payment*) and Section 31 (*Notices*) of the WIFIA Loan Agreement as the same become due. Principal of and interest on this WIFIA Note shall be made in Dollars and in immediately available funds (without counterclaim, offset or deduction). Any payment in respect of the WIFIA Note shall be treated as a payment in respect of the WIFIA Loan and any prepayment of principal in respect of the WIFIA Loan shall be treated as a redemption in respect of the WIFIA Note. If the Final Maturity Date is adjusted in accordance with the WIFIA Loan Agreement, the due date of this WIFIA Note shall be deemed to be amended to change the due date to such revised Final Maturity Date without any further action required on the part of the Borrower or the WIFIA Lender and such amendment shall in no way amend, modify or affect the other provisions of this WIFIA Note without the prior written agreement of the WIFIA Lender. Any such amendment shall be reflected in a revised Loan Amortization Schedule.

This WIFIA Note has been executed under and pursuant to the WIFIA Loan Documents and is issued to evidence the obligation of the Borrower under the WIFIA Loan Documents to repay the loan made by the WIFIA Lender and any other payments of any kind required to be paid by the Borrower under the WIFIA Loan Agreement or the other WIFIA Loan Documents referred to therein. Reference is made to the WIFIA Loan Agreement for all details relating to the Borrower's obligations hereunder.

Payment of the obligations of the Borrower under this WIFIA Note is secured pursuant to the WIFIA Loan Agreement. The Lien on the Pledged Collateral securing this WIFIA Note in favor of the WIFIA Lender is (i) subordinate in right of payment and right of security to the Lien on the Pledged Collateral in favor of the Senior Debt, (ii) on a parity in right of payment and right of security to the Lien on the Pledged Collateral in favor of the Parity Debt and (iii) senior in right of payment and right of security to the Lien on the Pledged Collateral in favor of the Junior Debt.

This WIFIA Note shall be subject to mandatory prepayment on the terms and conditions set forth in the WIFIA Loan Agreement.

This WIFIA Note may be prepaid at the option of the Borrower in whole or in part (and, if in part, the principal installments and amounts thereof to be prepaid are to be determined in accordance with the WIFIA Loan Agreement; provided, however, such prepayments shall be in principal amounts of at least $1,000,000 or any integral multiple of $1 in excess thereof), without penalty or premium, and otherwise in accordance with the WIFIA Loan Agreement.

Any delay on the part of the WIFIA Lender in exercising any right hereunder shall not operate as a waiver of any such right, and any waiver granted with respect to one default shall not operate as a waiver in the event of any subsequent default.

All acts, conditions and things required by the Constitution and laws of the State to happen, exist, and be performed precedent to and in the issuance of this WIFIA Note have happened, exist and have been performed as so required. This WIFIA Note is issued with the intent that the federal laws of the United States of America shall govern its construction to the extent such federal laws are applicable and the internal laws of the State shall govern its construction to the extent such federal laws are not applicable.

IN WITNESS WHEREOF, **BOARD OF WATER SUPPLY OF THE CITY AND COUNTY OF HONOLULU** has caused this WIFIA Note to be executed in its name and its seal to be affixed hereto and attested by its duly authorized officer, all as of the Effective Date set forth above.

BOARD OF WATER SUPPLY OF THE CITY AND COUNTY OF HONOLULU,
by its authorized representative

(SEAL)

By:______________________________
Name:
Title:

ATTEST:

By:___________________
Name:
Title:

CERTIFICATE OF AUTHENTICATION

This WIFIA Note is the WIFIA Note described in the within-mentioned [__].

[NAME OF TRUSTEE]

By: ____________________________
Authorized Signer

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the Undersigned hereby unconditionally sells, assigns and transfers unto

(*Please Insert Social Security or other identifying number of Assignee(s)*):

the within WIFIA Note and all rights thereunder.

Dated: _______________

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within note in every particular, without alteration or enlargement or any change whatever.

EXHIBIT B

FORM OF CLOSING CERTIFICATE

Reference is made to that certain WIFIA Loan Agreement, dated as of [__], 2026 (the "**WIFIA Loan Agreement**"), by and between Board of Water Supply of the City and County of Honolulu (the "**Borrower**") and the United States Environmental Protection Agency, acting by and through the Administrator (the "**WIFIA Lender**"). Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement.

In connection with Section 11(a) (*Conditions Precedent to Effectiveness*) of the WIFIA Loan Agreement, the undersigned, as the Borrower's Authorized Representative, does hereby certify on behalf of the Borrower and not in his/her personal capacity, as of the date hereof:

(a) pursuant to Section 11(a)(v) of the WIFIA Loan Agreement, attached hereto as Annex A is an incumbency certificate that lists all persons, together with their positions and specimen signatures, who are duly authorized by the Borrower to execute the WIFIA Loan Documents to which the Borrower is or will be a party, and who have been appointed as a Borrower's Authorized Representative in accordance with Section 21 (*Borrower's Authorized Representative*) of the WIFIA Loan Agreement;

(b) pursuant to Section 11(a)(ii) of the WIFIA Loan Agreement, the Borrower has delivered to the WIFIA Lender copies of any Related Document with respect to which all or a portion of the proceeds are or will be applied to fund all or any portion of Total Project Costs, that has been entered into on or prior to the Effective Date, and each such document is complete, fully executed, and in full force and effect, and all conditions contained in the Related Documents that are necessary to the closing of the WIFIA transaction contemplated hereby (if any) have been fulfilled;

(c) pursuant to Section 11(a)(v)(A) of the WIFIA Loan Agreement, (i) the maximum principal amount of the WIFIA Loan (excluding any capitalized interest), together with the amount of any other credit assistance provided under the Act to the Borrower, does not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs; (ii) the aggregate amount of Eligible Project Costs previously incurred prior to the Effective Date does not exceed fifty-one percent (51%) of Eligible Project Costs; and (iii) the total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan (excluding any capitalized interest), does not exceed eighty percent (80%) of Total Project Costs;

(d) pursuant to Section 11(a)(v)(B) of the WIFIA Loan Agreement, the Borrower is in compliance with NEPA and any applicable federal, state or local environmental review and approval requirements with respect to the Project;

(e) pursuant to Section 11(a)(v)(C) of the WIFIA Loan Agreement, the Borrower has (i) obtained a FEIN, as evidenced by the Borrower's W-9 which is attached hereto as Annex B-1, and a Unique Entity Identifier, in each case as set forth on Part A of Schedule I (*WIFIA Loan Specific Terms*) to the WIFIA Loan Agreement, and (ii) registered with, and obtained confirmation of active SAM registration status, which confirmation is attached hereto as Annex B-2;

(f) pursuant to Section 11(a)(v)(D) of the WIFIA Loan Agreement, the Borrower has obtained the WIFIA CUSIP Number, as set forth on **Part A of Schedule I** (*WIFIA Loan Specific Terms*) to the WIFIA Loan Agreement, and which confirmation is attached hereto as Annex C;

(g) pursuant to Section 11(a)(v)(E) of the WIFIA Loan Agreement, the representations and warranties of the Borrower set forth in the WIFIA Loan Agreement and in each other WIFIA Loan Document to which the Borrower is a party are true and correct on and as of the date hereof, except to the extent that such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct as of such earlier date;

(h) pursuant to Section 11(a)(v)(F) of the WIFIA Loan Agreement, no Material Adverse Effect, or any event or condition that could reasonably be expected to have a Material Adverse Effect, has, except as disclosed in writing to the WIFIA Lender, occurred or arisen since the date of the Application; and

(i) pursuant to Section 11(a)(vi) of the WIFIA Loan Agreement, the rating letter delivered to the WIFIA Lender pursuant to such Section 11(a)(vii) has not been reduced, withdrawn or suspended as of the Effective Date.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date first mentioned above.

BOARD OF WATER SUPPLY OF THE CITY AND COUNTY OF HONOLULU,
by its authorized representative

By: ______________________________
Name:
Title:

ANNEX A TO EXHIBIT B

INCUMBENCY CERTIFICATE

The undersigned certifies that he/she is the [Secretary][2] of Board of Water Supply of the City and County of Honolulu, a department of water supply duly organized and validly existing under the laws of the State, (the "**Borrower**"), and as such he/she is authorized to execute this certificate and further certifies that the following persons have been elected or appointed, are qualified, and are now acting as officers or authorized persons of the Borrower in the capacity or capacities indicated below, and that the signatures set forth opposite their respective names are their true and genuine signatures. He/She further certifies that any of the officers listed below is authorized to sign agreements and give written instructions with regard to any matters pertaining to the WIFIA Loan Documents as the Borrower's Authorized Representative (each as defined in that certain WIFIA Loan Agreement, dated as of the date hereof, between the Borrower and the United States Environmental Protection Agency, acting by and through the Administrator):

Name	Title	Signature
[__]	[__]	____________________
[__]	[__]	____________________
[__]	[__]	____________________
[__]	[__]	____________________
[__]	[__]	____________________

IN WITNESS WHEREOF, the undersigned has executed this certificate as of this [__] day of [__], 2026.

BOARD OF WATER SUPPLY OF THE CITY AND COUNTY OF HONOLULU,
by its authorized representative

By: ______________________________
Name:
Title:

---

[2] **Note to Borrower**: Please confirm and provide names and titles of any authorized representatives that intend to sign the WIFIA loan documents, related certificates, and disbursement requests.

EXHIBIT C

FORM OF PUBLIC BENEFITS REPORT

Pursuant to Section 11(a)(vii) and **Part D of Schedule V** (*Reporting Requirements*) of the WIFIA Loan Agreement (as defined below), Board of Water Supply of the City and County of Honolulu (the "**Borrower**") is providing this Public Benefits Report in connection with the Kalaeloa Seawater Desalination Facility Project (WIFIA ID – N22138HI). Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement, dated as of [__], 2026 (the "**WIFIA Loan Agreement**"), by and between the Borrower and the United States Environmental Protection Agency, acting by and through the Administrator.

Reporting Period: [Prior to the Effective Date][within ninety (90) days following the Substantial Completion Date][within ninety (90) days following the fifth (5^{th}) anniversary of the Substantial Completion Date]:

(i) **The number of total jobs and direct jobs projected to be created by the Project during the period between the Effective Date and the Substantial Completion Date:**

WIFIA projects that the Project will create [__] total jobs, of which the Borrower projects [__] will be direct jobs.

(ii) **Indicate (yes or no) whether the Project will assist the Borrower in complying with applicable regulatory requirements, and if yes, describe how the project assists with regulatory compliance:**

Yes ☐
If yes, additional description: [__]

No ☐

(iii) **The Project will assist the Borrower with the following environmental measure:**

[__].

EXHIBIT D

FORM OF REQUISITION

VIA EMAIL
United States Environmental Protection Agency[1]
1200 Pennsylvania Avenue NW
WJC-E 7334A
Washington, D.C. 20460
Attention: WIFIA Director
Email: WIFIA_Portfolio@epa.gov

Re: Kalaeloa Seawater Desalination Facility Project (WIFIA ID – N22138HI)

Ladies and Gentlemen:

Pursuant to Section 4 (*Disbursement Conditions*) and Schedule IV (*Requisition Procedures*) of the WIFIA Loan Agreement, dated as of [__], 2026 (the "**WIFIA Loan Agreement**"), by and between BOARD OF WATER SUPPLY OF THE CITY AND COUNTY OF HONOLULU (the "**Borrower**") and the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator (the "**WIFIA Lender**"), the Borrower hereby requests a Disbursement in the amount set forth below in respect of Eligible Project Costs paid or incurred by the Borrower. Capitalized terms used but not defined herein have the meaning set forth in the WIFIA Loan Agreement.

In connection with this Requisition, the undersigned, as the Borrower's Authorized Representative, hereby represents and certifies the following:

1.	**Project name**	Kalaeloa Seawater Desalination Facility Project
2.	**Borrower name**	Board of Water Supply of the City and County of Honolulu
3.	**WIFIA Loan ID**	N22138HI
4.	**Borrower Unique Entity Identifier**	MXJRU9ACKMC3
5.	**Borrower FEIN number**	[99-6000397]
6.	**Requisition number**	[__]
7.	**Requested Disbursement amount**	$[__]
8.	**Requested date of Disbursement (the "Disbursement Date")**[2]	[__]
9.	**Total amounts previously disbursed under the WIFIA Loan Agreement**	$[__]

[1] If there is a Servicer for the WIFIA Loan, provide a copy to the Servicer as well and include its notice details here.
[2] Note this should be the actual disbursement date on which the Borrower requests to receive the funds, not the date that this Requisition form is submitted to the WIFIA Lender.

10.	**ACH transfer instructions**	[__]

11. As of the date hereof, and immediately after giving effect to the Disbursement of WIFIA Loan proceeds requested under this Requisition, (a) no Default or Event of Default and no event of default under any other Related Document shall have occurred and be continuing and (b) no event that, with the giving of notice or the passage of time or both, would constitute an event of default under any other Related Document, shall have occurred and be continuing.

12. No Material Adverse Effect, or any event or condition that could reasonably be expected to have a Material Adverse Effect, has, except as disclosed in writing to the WIFIA Lender, occurred and is continuing since the Effective Date.

13. The aggregate amount of all Disbursements (including the requested Disbursement amount under this Requisition but excluding any interest that is capitalized in accordance with the WIFIA Loan Agreement) does not exceed (a) the maximum principal amount of the WIFIA Loan or (b) the amount of Eligible Project Costs paid or incurred by the Borrower.

14. The Eligible Project Costs for which reimbursement or payment is being requested has not been reimbursed or paid by any previous disbursement of (a) WIFIA Loan proceeds or (b) any other source of funding for the Project as identified in the Project Budget other than Interim Financing, as applicable.

15. The Borrower, and each of its contractors and subcontractors at all tiers with respect to the Project, has complied with all applicable laws, rules, regulations and requirements, including 40 U.S.C. §§ 3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto) and 33 U.S.C. § 3914 (relating to American iron and steel products). Supporting documentation, such as certified payroll records and certifications for all iron and steel products used for the Project, are being maintained and are available for review upon request by the WIFIA Lender.

16. The representations and warranties of the Borrower set forth in the WIFIA Loan Agreement and in each other WIFIA Loan Document are true and correct as of the date hereof and as of the Disbursement Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties were true and correct as of such earlier date).

17. The Borrower has delivered all required deliverables under and in compliance with the requirements of Schedule V (*Reporting Requirements*), except as has been otherwise agreed by the WIFIA Lender.[3]

18. The amount hereby being requested for Disbursement is with respect to Eligible Project Costs for which [all][a portion][none] of the Eligible Project Costs Documentation was

[3] The most recent quarterly progress report should set out a summary of the progress of construction of the Project, as well as a general description of the work done for which the funds being requisitioned are being applied and a summary of any material changes/risks. If not, PM should request additional information (including a risk register, if applicable).

previously submitted to and approved by the WIFIA Lender in accordance with Schedule IV (*Requisition Procedures*) and Schedule V (*Reporting Requirements*) of the WIFIA Loan Agreement. The [following table below][attached excel sheet] sets out a summary of any Eligible Project Costs that have not otherwise been previously submitted to the WIFIA Lender for approval, and supporting Eligible Project Costs Documentation in respect of such new Eligible Project Costs is attached hereto.[4]

								WIFIA USE ONLY	
Vendor or Contractor Name[5]	**Invoice Number[6]**	**Invoice Date**	**Payment Date**	**Invoice Amount**	**WIFIA Requested Amount[7]**	**Activity Type[8]**	**Description of Activity[9]**	**Approved Amount**	**Notes**

The undersigned acknowledges that if the Borrower makes a false, fictitious, or fraudulent claim, statement, submission, or certification to the Government in connection with the Project, the Government reserves the right to impose on the Borrower the penalties of 18 U.S.C. § 1001, to the extent the Government deems appropriate.

Date:

____

BOARD OF WATER SUPPLY OF THE CITY AND COUNTY OF HONOLULU,
by its authorized representative

By:

____

Name:
Title:________________________

[4] See Schedules IV, V and Exhibit E of the WIFIA Loan Agreement for additional details on EPC Documentation.

[5] If seeking reimbursement for internal costs, enter "Internally financed activities."

[6] Vendor's number indicated on the invoice sent to the Borrower.

[7] If the amount requested for reimbursement by the WIFIA Lender is less than the total amount of the invoice, include an explanation for the difference.

[8] Specify whether activity is: (a) **Development phase activity**, which includes planning, preliminary engineering, design, environmental review, revenue forecasting and other pre-construction activities; (b) **Construction**, which includes construction, reconstruction, rehabilitation and replacement activities; (c) **Acquisition of real property**, which includes acquiring an interest in real property, environmental mitigation, construction contingencies and acquisition of equipment; (d) **Carrying costs**, including capitalized interest, as necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses and other carrying costs during construction; (e) **WIFIA fees**, including for application and credit processing; or (f) **Other**, with an explanation in the "Description of Activity" column.

[9] Provide a brief description of the activities included in the invoice for which WIFIA funds are being requested and any other notes that will aid in the review of the disbursement request.

EXHIBIT E

FORM OF CERTIFICATION OF ELIGIBLE PROJECT COSTS DOCUMENTATION

VIA EMAIL
United States Environmental Protection Agency[1]
1200 Pennsylvania Avenue NW
WJC-E 7334A
Washington, D.C. 20460
Attention: WIFIA Director
Email: WIFIA_Portfolio@epa.gov

Re: Kalaeloa Seawater Desalination Facility Project (WIFIA ID – N22138HI)

Ladies and Gentlemen:

Pursuant to Part C of Schedule V (*Reporting Requirements*) of the WIFIA Loan Agreement, dated as of [__], 2026 (the "**WIFIA Loan Agreement**"), by and between BOARD OF WATER SUPPLY OF THE CITY AND COUNTY OF HONOLULU (the "**Borrower**") and the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator (the "**WIFIA Lender**"), the Borrower hereby presents this certificate in connection with the Borrower's delivery of Eligible Project Costs Documentation to the WIFIA Lender. Capitalized terms used but not defined herein have the meaning set forth in the WIFIA Loan Agreement.

The undersigned does hereby represent and certify the following:

1. This certificate is being delivered to the WIFIA Lender in connection with the Eligible Project Costs during the period between [__] and [__] (the "**Quarterly Period**").

2. A summary of the Eligible Project Costs incurred, invoiced and/or paid (as the case may be) is set out in the [attached excel sheet][table on the following page:]

							WIFIA USE ONLY	
Vendor or Contractor Name[2]	**Invoice Number**[3]	**Invoice Date**	**Payment Date**	**Invoice Amount**	**Activity Type**[4]	**Description of Activity**[5]	**Approved Amount**	**Notes**

[3] Vendor's number indicated on the invoice sent to the Borrower.
[4] Specify whether activity is: (a) **Development phase activity**, which includes planning, preliminary engineering, design, environmental review, revenue forecasting and other pre-construction activities; (b) **Construction**, which includes construction, reconstruction, rehabilitation and replacement activities; (c) **Acquisition of real property**, which includes acquiring an interest in real property, environmental mitigation, construction contingencies and acquisition of equipment; (d) **Carrying costs**, including capitalized interest on other Project Debt during construction, as necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses

3. The anticipated sources of funding for such Eligible Project Costs are [listed below][set forth in the attached excel sheet].

4. Supporting Eligible Project Costs Documentation for the above Eligible Project Costs for the Quarterly Period are also attached hereto.[6]

5. The most recently delivered Construction Monitoring Report delivered in accordance with Part C of Schedule V (*Reporting Requirements*) sets out a summary of the progress of construction of the Project, no change has occurred since the date of such Construction Monitoring Report that could reasonably be expected to cause a Material Adverse Effect, and the Borrower is otherwise in compliance with Part C of Schedule V (*Reporting Requirements*).

Date: ____________________

BOARD OF WATER SUPPLY OF THE CITY AND COUNTY OF HONOLULU,
by its authorized representative

By: ____________________________
Name:
Title:________________________

and other carrying costs during construction; (e) **WIFIA fees**, including for application and credit processing; or (f) **Other**, with an explanation in the "Description of Activity" column.

[3] Vendor's number indicated on the invoice sent to the Borrower.

[4] Specify whether activity is: (a) **Development phase activity**, which includes planning, preliminary engineering, design, environmental review, revenue forecasting and other pre-construction activities; (b) **Construction**, which includes construction, reconstruction, rehabilitation and replacement activities; (c) **Acquisition of real property**, which includes acquiring an interest in real property, environmental mitigation, construction contingencies and acquisition of equipment; (d) **Carrying costs**, including capitalized interest on other Project Debt during construction, as necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses and other carrying costs during construction; (e) **WIFIA fees**, including for application and credit processing; or (f) **Other**, with an explanation in the "Description of Activity" column.

[5] Provide a brief description of the activities included in the invoice for which WIFIA funds are being requested and any other notes that will aid in the review of the documentation.

[6] See Schedules IV and V of the WIFIA Loan Agreement for additional details on EPC Documentation.

EXHIBIT F

FORM OF CONSTRUCTION MONITORING REPORT

VIA EMAIL
United States Environmental Protection Agency
1200 Pennsylvania Avenue NW
WJC-E 7334A
Washington, DC 20460
Attn: WIFIA Director
Email: WIFIA_Portfolio@epa.gov

Re: Kalaeloa Seawater Desalination Facility Project (WIFIA ID – N22138HI)

This Construction Monitoring Report for the period of [*insert relevant quarterly period*] (the "**Quarterly Period**") is provided pursuant to **Part D of Schedule V** (*Reporting Requirements*) of the WIFIA Loan Agreement, dated as of [__], 2026 (the "**WIFIA Loan Agreement**"), by and between BOARD OF WATER SUPPLY OF THE CITY AND COUNTY OF HONOLULU (the "**Borrower**") and the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator of the Environmental Protection Agency (the "**WIFIA Lender**"). Unless otherwise defined herein, all capitalized terms in this Construction Monitoring Report have the meanings assigned to those terms in the WIFIA Loan Agreement.

1. **Project Status**. Provide a narrative summary of the Project's construction progress during the Quarterly Period, including with respect to the Project components or sub-projects where appropriate. Complete the table in Appendix A to update the Project scope, schedule, and costs with the latest information.

2. **Current Projected Substantial Completion Date**: [ ]

   If the current Projected Substantial Completion Date differs than the date set forth in the Construction Monitoring Report most recently delivered to the WIFIA Lender (or, if no such report has yet been provided, the date of the Projected Substantial Completion Date set forth in the WIFIA Loan Agreement as of the Effective Date), provide a description in reasonable detail for such projected delay or difference:

3. **Material Problems (if any)**

   Note any problems encountered or anticipated during the construction of the Project during the Quarterly Period that (1) impedes Project completion within the scope, costs, and schedule outlined in the WIFIA Loan Agreement or (2) relates to unforeseen complications in connection with the construction of the Project. This may include commissioning/start-up issues, constructability issues for the Project as planned, adverse impacts to Project surroundings, changes in or issues with meeting environmental or federal compliance requirements, and unanticipated or abnormal permit approval timelines. Include an assessment of the impact and any current plans to address the problems.

4. **Other Matters Related to the Project (if applicable)**

Date: ______________________

BOARD OF WATER SUPPLY OF THE CITY AND COUNTY OF HONOLULU,
by its authorized representative

By: ______________________________
Name:
Title:

APPENDIX A

Project Scope		Project Schedule						Project Costs		
Project Component	Completed (Y/N)	Contract/ Vendor	Bid Advertisem ent Date	Contract Award Date	NTP Effective Date	Original Substantial Completion Date	Estimated Substantial Completion Date	Original Contract Amount	Estimated Costs to Complete	Costs Earned or Paid to Date
Total										

Table Definitions:
Project Component – project name or ID as tracked by the borrower
Complete (Y/N) – indication that project is complete, and no additional updates will be provided
Description (program of projects only) – brief overview of scope of work for the project component.
Location (program of projects only) – physical project boundaries
Covered by existing NEPA? (program of projects only) – refer to the environmental review documents that is the basis for the NEPA finding. Is the project within the geographic scope and scope of activities described in the documents?

Contract/Vendor – the contract identifier and contractor that is/will be completing the project construction.
Bid Advertisement Date – the date the bid was advertised
Contract Award date – the date the contract was awarded
NTP Effective date – the effective date to proceed with the construction in the Notice to Proceed
Original Substantial Completion Date – the substantial completion date for the given project as noted in the original contract award
Estimated Substantial Completion Date – the latest date estimate for substantial completion for the given project component

Original Contract Amount – the original contract award amount
Estimated Costs to Complete – the latest cost estimates to complete the given project component
Costs Earned or Paid to Date – the latest incurred contract costs for the given project component
Total – Total the cost amounts across all project components and contracts

EXHIBIT G

FORM OF CERTIFICATE OF SUBSTANTIAL COMPLETION

[*Letterhead of Borrower*] [*Date*]

VIA EMAIL
United States Environmental Protection Agency
1200 Pennsylvania Avenue NW
WJC-E 7334A
Washington, DC 20460
Attn: WIFIA Director
Email: WIFIA_Portfolio@epa.gov

Project: Kalaeloa Seawater Desalination Facility Project (WIFIA ID – N22138HI)

Dear Director:

This notice is provided pursuant to **Part E of Schedule V** (*Reporting Requirements*) of that certain WIFIA Loan Agreement (the "**WIFIA Loan Agreement**"), dated as of [__], 2026, by and between BOARD OF WATER SUPPLY OF THE CITY AND COUNTY OF HONOLULU (the "**Borrower**") and the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through its Administrator (the "**WIFIA Lender**").

Unless otherwise defined herein, all capitalized terms in this certificate have the meanings assigned to those terms in the WIFIA Loan Agreement.

I, the undersigned, in my capacity as the Borrower's Authorized Representative and not in my individual capacity, do hereby certify to the WIFIA Lender that:

(a) the Project has satisfied each of the requirements for Substantial Completion set forth in the Construction Contracts;

(b) Substantial Completion has been declared under each of the relevant Construction Contracts and copies of the notices of Substantial Completion under such agreements are attached to this certification;

(c) Substantial Completion, as defined in the WIFIA Loan Agreement, has been achieved and the Substantial Completion Date is [__]; and

(d) The total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan (excluding any interest that is capitalized in accordance with the terms hereof), does not exceed eighty percent (80%) of Total Project Costs.

BOARD OF WATER SUPPLY OF THE CITY AND COUNTY OF HONOLULU,
by its authorized representative

By: ______________________________
Name:
Title:

EXHIBIT H-1

[OPINIONS REQUIRED FROM GENERAL COUNSEL]

An opinion of the counsel of the Borrower, dated as of the Effective Date, to the effect that:

[(a) the Borrower is duly formed, validly existing, and in good standing under the laws of the jurisdiction of its organization;

(b) the Borrower has all requisite power and authority to conduct its business and to execute and deliver, and to perform its obligations under the WIFIA Loan Documents to which it is a party;

(c) the execution and delivery by the Borrower of, and the performance of its respective obligations under, the WIFIA Loan Documents to which it is a party, have been duly authorized by all necessary organizational or regulatory action, and other than the Borrower's Organizational Documents, no further instruments or documents are necessary for the Borrower to execute and deliver, and to perform its obligations under, the WIFIA Loan Documents to which it is a party and to consummate and implement the transactions contemplated by the WIFIA Loan Documents;

(d) the Borrower has duly executed and delivered each WIFIA Loan Document to which it is a party and each such WIFIA Loan Document constitutes the legal, valid and binding obligation of such party enforceable against such party in accordance with their respective terms;

(e) no authorization, consent, or other approval of, or registration, declaration or other filing with any governmental authority of the United States of America or of the State is required on the part of the Borrower for the execution and delivery by such party of, and the performance of such party under, any WIFIA Loan Document to which it is a party other than authorizations, consents, approvals, registrations, declarations and filings that have already been timely obtained or made by the Borrower;

(f) the execution and delivery by the Borrower of, and compliance with the provisions of, the WIFIA Loan Documents to which it is a party in each case do not (i) violate the Organizational Documents of the Borrower, (ii) violate the law of the United States of America or of the State or (iii) conflict with or constitute a breach of or default under any material agreement or other instrument known to such counsel to which the Borrower is a party, or to the best of such counsel's knowledge, after reasonable review, any court order, consent decree, statute, rule, regulation or any other law to which the Borrower is subject;

(g) the Borrower is not an investment company required to register under the Investment Company Act of 1940, as amended; and

(h) to the knowledge of such counsel after due inquiry, except as previously disclosed to the WIFIA Lender, there are no actions, suits, proceedings or investigations against the Borrower by or before any court, arbitrator or any other Governmental Authority in connection with the Related Documents or the Water System (including the Project) that are pending.]

EXHIBIT H-2

[OPINIONS REQUIRED FROM BOND COUNSEL]

An opinion of bond counsel, dated as of the Effective Date, to the effect that:

[(a) the Borrower has been duly created and validly exists as a department of water supply of the State under and pursuant to the laws of the State (including the [*Borrower enabling legislation*] as amended to the date hereof) (the "**Borrower Act**"), with good right and power to issue the WIFIA Note;

(b) the Borrower has the right and power under the laws of the State, including the Borrower Act, to enter into the WIFIA Loan Documents, and each has been duly authorized, executed and delivered by the Borrower, is in full force and effect, and constitutes a legal, valid and binding agreement of the Borrower enforceable against the Borrower in accordance with its respective terms and conditions;

(c) the WIFIA Note (i) is secured by the Pledged Collateral, (ii) is enforceable under the laws of the State without any further action by the Borrower or any other Person, (iii) is evidence of the Borrower's debt obligation under the WIFIA Loan Agreement, and (iv) ranks *pari passu* in right of payment and right of security with all Parity Debt and are senior in right of payment and right of security to all Subordinate Debt;

(d) the WIFIA Loan Agreement creates the valid and binding assignment and pledge of the Pledged Collateral to secure the payment of the principal of, interest on, and other amounts payable in respect of, the WIFIA Note, irrespective of whether any party has notice of the pledge and without the need for any physical delivery, recordation, filing or further act;

(e) all actions by the Borrower that are required for the application of Revenues as required under the WIFIA Loan Agreement have been duly and lawfully made;

(f) the Borrower has complied with the requirements of State law to lawfully pledge the Pledged Collateral and use the Revenues as required by the terms of the WIFIA Loan Agreement;

(g) the Borrower is not eligible to be a debtor in either a voluntary or involuntary case under the United States Bankruptcy Code; and

(h) the Borrower is not entitled to claim governmental immunity in any breach of contract action under the WIFIA Loan Documents.]

ITEM FOR INFORMATION NO. 1

"July 27, 2026

UPDATE ON THE BOARD OF WATER SUPPLY'S RESPONSE TO THE POTENTIAL IMPACTS OF RED HILL FUEL CONTAMINATION

Chair and Members
Board of Water Supply
City and County of Honolulu
Honolulu, Hawai'i 96843

Chair and Members:

Subject: Update on the Board of Water Supply's Response to the Potential Impacts of the Red Hill Fuel Contamination

Erwin Kawata, Deputy Manager, will give an Update on the Board of Water Supply's Response to the Potential Impacts of the Red Hill Fuel Contamination.

Respectfully Submitted,

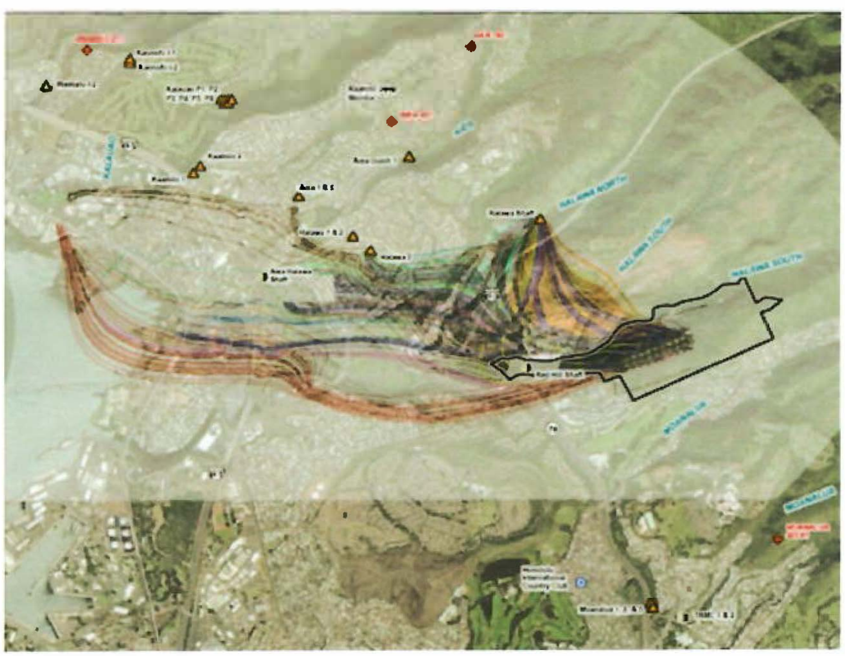
/s/ ERNEST Y. W. LAU, P.E
Manager and Chief Engineer

Attachment"

The foregoing was for information only.

DISCUSSION: Erwin Kawata, Deputy Manager, gave the report.

Board Member Nā'ālehu Anthony asked that the second particle tracking map be displayed. He asked if this tracking assumes Halawa Shaft is pumping.



Deputy Manager Erwin Kawata confirmed that this particle tracking indicates movement, assuming the Halawa Shaft is pumping.

Board Member Anthony commented that per- and polyfluoroalkyl substances (PFAS) detections continue to rise even without Halawa Shaft pumping.

Deputy Manager Kawata responded, "Yes, on natural flow."

Board Member Anthony commented that, even without Halawa Shaft pumping, just natural flow, it seems as if PFAS is being sucked out of a bowl.

Manager Lau replied that pumping Halawa Shaft would make it worse. He stated that the BWS suspects the natural flow of PFAS is from the Red Hill tanks toward the BWS Halawa Shaft to the northwest and is awaiting confirmation from the Environmental Protection Agency (EPA) and the Department of Health (DOH).

Deputy Manager Kawata stated that, even with the Halawa Shaft off, PFAS has been detected.

Board Member Anthony commented that there's still significant controversy over whether the 1,200-gallon Aqueous Film Forming Foam (AFFF) release caused the PFAS being detected.

Deputy Manager Kawata replied that it is cumulative. Past releases are in the vadose zone, or unsaturated rocks can contribute to and influence recent releases.

Manager Lau added that the BWS is unaware whether other substances stored or used at the Red Hill Bulk Fuel Storage Facility contain PFAS. However, the Navy did admit to using AFFF dating back to the 1960s.

Board Member Anthony commented that when detections reach 4 parts per trillion (ppt), the BWS will assess potential hazards and act.

Manager Lau commented that he would not advocate turning Halawa Shaft back on, as it would cause contamination to flow directly into Halawa Shaft and then further across the valley. He stated that turning on Halawa Shaft would require a PFAS treatment system at a minimum, which would cost hundreds of millions of dollars. The BWS is currently installing a temporary PFAS treatment system at Kaamilo Wells, and planning for a permanent PFAS treatment system at Kaamilo Wells, Moanalua Wells, and Pearl City Shaft.

Board Member Anthony inquired if the other two treatment facilities are military-owned and located at Red Hill and Aiea.

Manager Lau responded that the Navy's Aiea Halawa Shaft has detected PFAS and petroleum in its water system and has installed a temporary water treatment system. The Red Hill Shaft has just completed its environmental assessment and will install a water treatment system at an estimated cost of $505M.

Board Member Anthony commented that it would be great to understand the complexity of the rate of change across the different wells and how much time the BWS has to act.

Manager Lau requested that the PFAS detection map be displayed. He explained that the PFAS detections ranged from low to high levels; however, there were detections at the Moanalua Golf Course, which was a surprise since Moanalua Golf Course is located south of Red Hill and not northeasterly, as it was assumed that all contamination would flow. He thanked Moanalua Golf Course for allowing the BWS to install its Site S monitoring well on their property, where perfluorooctanesulfonic acid (PFOS) detections have reached as high as 16 ppt, exceeding the drinking water standard of 4 ppt. Manager Lau stated that PFAS detections have been observed across the Moanalua Freeway, where NMW32 is located, moving westerly to Kaonohi Wells II, which is not pictured and has not been used for years.

Deputy Manager Kawata stated that the map indicates that each well on the Navy's Red Hill property has tested positive for PFAS. He questioned whether the surrounding areas would have the same amount of detections if there were more monitoring wells. Deputy Manager Kawata stated that BWS has been advocating for more monitoring wells, which would enable sampling and better understanding of PFAS presence in the area. He explained that if PFAS is present and a well is pumped, it can affect where

PFAS can go and how far it can travel, potentially beyond what is presented today.

Manager Lau expressed appreciation for the State Legislature's efforts, which have provided the BWS with $12M to assist with drilling monitoring wells and replacement wells. He commented that with the Board's support, funding from the State Legislature, and the BWS funds, the BWS has added wells at Site D, the Animal Quarantine Station, and Site A Halawa District Park, all of which tested positive for PFAS. The BWS is requesting that regulators require the Navy to install additional monitoring wells and conduct extensive testing. The BWS will do the same and share the information it collects.

Vice Chair Kaneshiro asked how confident the BWS is that the detections will relate and connect to Red Hill.

Manager Lau replied that the further away the detections are, the more challenging it becomes. He shared that in 1943 the Red Hill Bulk Fuel Storage Facility was built, a facility that can store up to 250 million gallons of fuel and is located 100 feet above the aquifer. Manager Lau commented that during that time period, Halawa Valley was most likely not developed, and the industrial park did not exist; therefore, Red Hill would be the obvious source. He commented that the BWS is open to receiving information on other facilities in the area that use AFFF or other PFAS-containing chemicals.

Vice Chair Kaneshiro inquired whether there is a unique chemical signature of PFAS.

Deputy Manager Kawata stated that the PFAS detected in the BWS monitoring wells are similar to those detected in the Navy's Red Hill monitoring wells. He added that the PFAS detected are also similar to the types used in firefighting foam formulations, both legacy and more recent ones.

Vice Chair Kaneshiro asked if there were any updates on the University of Hawai'i (UH) tracer study.

Manager Lau replied that there have been no updates released; however, the BWS will meet with UH for an update. The BWS is in conversation with the Red Hill Wai, now part of the Department of Land and Resources (DLNR), and was funded $8M by the State Legislature, regarding the continuation of the dye tracer study. He mentioned that the BWS is also including the dye in its drinking water and monitoring well testing. The last information provided was that the flow would be from mauka (mountain) to makai (sea); however, at the last meeting with UH, it was shared that there was dye moving inland, up toward the hill, and northwesterly across Halawa Valley, which was the BWS's concern from the beginning.

Vice Chair Kaneshiro inquired about fate and transfer. He asked whether there was a way to know the true gradient of where the chemicals are moving.

Manager Lau responded that PFAS may be the ideal tracer because it is water-soluble. He stated that PFAS can now be detected at ppt levels and does not break down; therefore, it will make its way into groundwater. Manager Lau also mentioned that site L4, located near the BWS water tank, is the proposed location for a monitoring well. He commented there is a need for more monitoring wells in the quarry area.

Board Member Jeffrey Laupola had a few questions. He inquired about the cost of each monitoring well and how many monitoring wells the BWS would want.

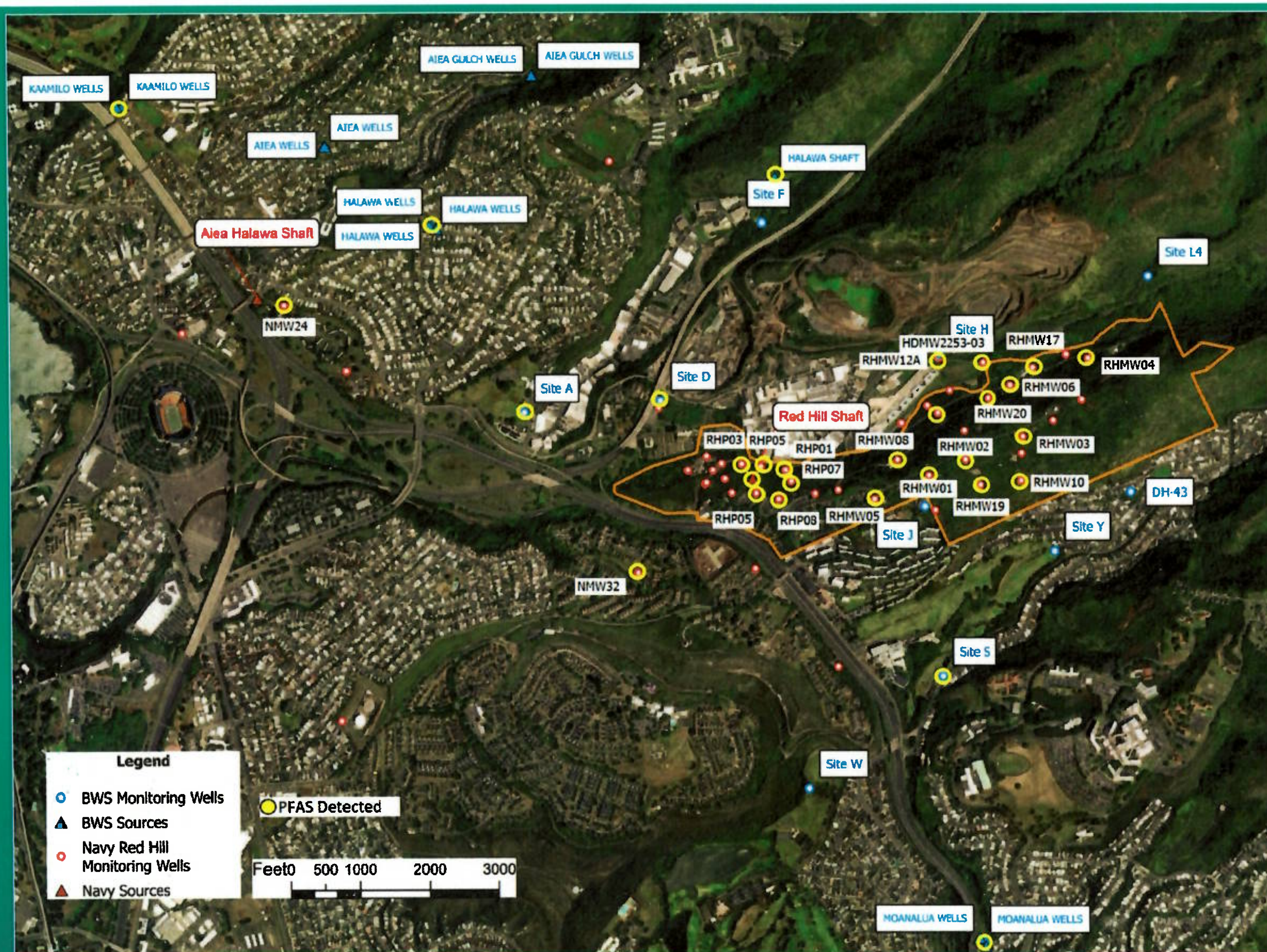
Deputy Manager Kawata responded that each monitoring well can cost $2M to $3M and that, ideally, the BWS wants 100 monitoring wells.

Manager Lau shared that the Navy's Red Hill property is heavily concentrated with red dots, which represent monitoring wells. However, not many monitoring wells are off Navy property, which is needed in the south and northwest to sample and test to determine concentrations. The issue is that Red Hill was a petroleum facility; therefore, over time, different types of PFAS will be found.


JULY 2026
RED HILL UPDATES
boardofwatersupply.com

DISCUSSION TOPIC

- Board of Water Supply (BWS) letter dated June 16 , 2026 to Environmental Protection Agency (EPA) and the Hawai‘i State Department of Health (DOH)
- Discuss per-and polyfluoroalkyl substances (PFAS) detections at BWS and Navy drinking water and groundwater monitoring wells
- Similarities and relationships observed in the data

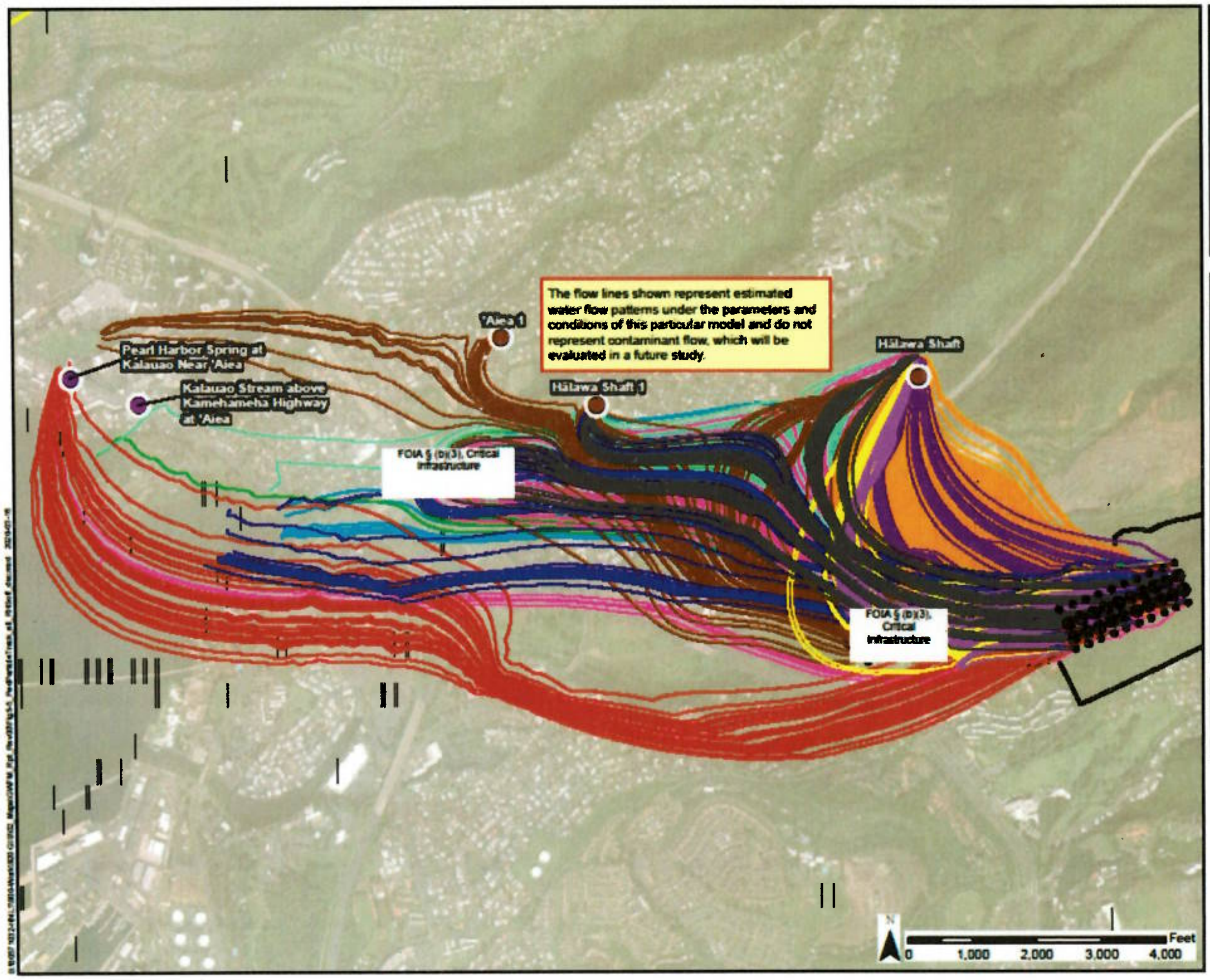

KAAMILO WELLS
KAAMILO WELLS
AIEA GULCH WELLS
AIEA GULCH WELLS
AIEA WELLS
AIEA WELLS
HALAWA SHAFT
Site F
HALAWA WELLS
HALAWA WELLS
HALAWA WELLS
Aiea Halawa Shaft
Site L4
NMW24
Site H
HDMW2253-03
RHMW17
RHMW12A
RHMW04
RHMW06
Site A
Site D
Red Hill Shaft
RHMW20
RHP03
RHP05
RHP01
RHMW08
RHMW02
RHMW03
RHP07
RHMW01
RHMW10
DH-43
RHMW19
RHP05
RHP08
RHMW05
Site J
Site Y
NMW32
Site S
Site W
Legend
BWS Monitoring Wells
BWS Sources
Navy Red Hill Monitoring Wells
Navy Sources
PFAS Detected
Feet0 500 1000 2000 3000
MOANALUA WELLS
MOANALUA WELLS

PFAS DATA OBSERVATIONS

- Widespread occurrence of PFAS in groundwater under Red Hill Facility
- More than 10 different types of PFAS detected
- Similar types of PFAS (PFOS, PFHxS and PFHxA) observed in BWS and Navy monitoring wells
- BWS and Navy wells that contain PFOS, PFHxS and PFHxA located along the same westerly and northwesterly direction away from the Red Hill facility.

PFAS DATA OBSERVATIONS – CONT.

- BWS and Navy detect similar types of PFAS in their respective wells.
- The similarity may suggest possible relationship between the wells and the PFAS detected including groundwater flow direction and PFAS moving with groundwater from one location to another
- The presence of PFOS and PFOA and other PFAS in the Navy wells suggest aqueous film forming foam (AFFF) formulations have been used, stored, and released at the Red Hill Facility



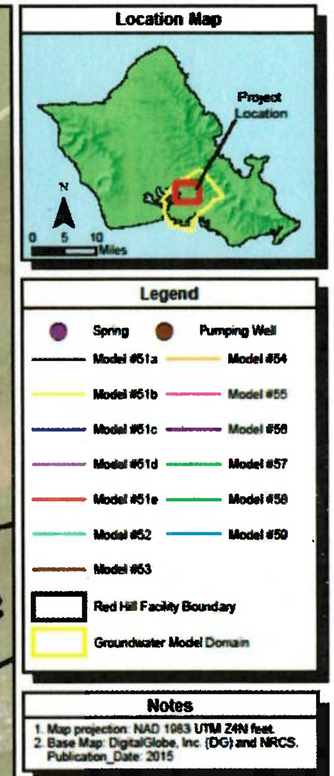
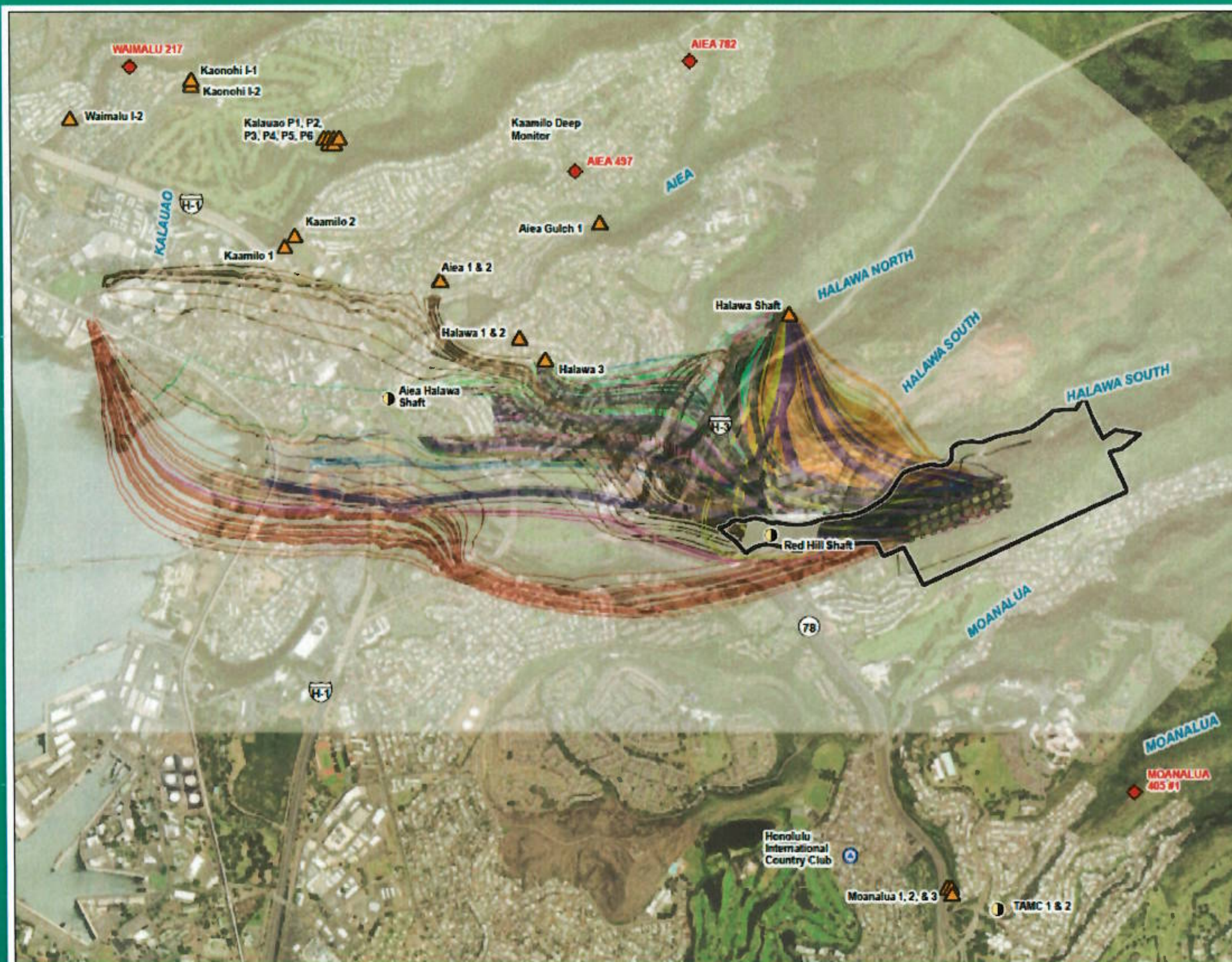


Figure 5-5
Forward Particle Tracking from All Models for
Red Hill Shaft Not Pumping and
Hālawa Shaft Pumping at 12 MGD
Groundwater Flow Model Report
Red Hill Bulk Fuel Storage Facility
JBPHH, O'ahu, HI


WAIMALU 217
Kaonohi I-1
Kaonohi I-2
Waimalu I-2
Kalauao P1, P2, P3, P4, P5, P6
AIEA 782
Kaamilo Deep Monitor
AIEA 497
AIEA
KALAUAO
H-1
Kaamilo 2
Kaamilo 1
Aiea Gulch 1
Aiea 1 & 2
HALAWA NORTH
Halawa Shaft
Halawa 1 & 2
Halawa 3
HALAWA SOUTH
HALAWA SOUTH
Aiea Halawa Shaft
H-3
Red Hill Shaft
78
MOANALUA
H-1
MOANALUA
MOANALUA 405 #1
Honolulu International Country Club
Moanalua 1, 2, & 3
TAMC 1 & 2

PFAS DATA OBSERVATIONS – CONT.

- The similarity in the PFAS data affirms the need and importance of the groundwater (GW) flow model
- The PFAS data could validate the GW flow model predictions with real world information
- More testing needed to better understand and characterize the extent of PFAS present

PFAS DATA OBSERVATIONS – CONT.

- BWS has repeatedly asked EPA, DOH and Navy (as recently as 2026) to increase the sampling and testing of PFAS and petroleum chemicals in the Navy wells
- BWS received replies from EPA that additional sample data is not needed and similar test results in Navy wells spaced far apart does not demonstrate a link between them
- However, EPA wrote to Navy in March 2024, February 2025 and May 2026 expressing the importance of more testing and data

SUMMARY

- The significance of PFAS detections at other well-receptors and the potential for contaminant migration should be investigated
- The PFAS detections in BWS and Navy wells strongly suggest that contaminant migration is possible and should be comprehensively investigated


MAHALO!
July 2026 Red Hill Updates
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BOARD OF WATER SUPPLY
KA 'OIHANA WAI
CITY AND COUNTY OF HONOLULU

630 SOUTH BERETANIA STREET • HONOLULU, HAWAI'I 96843
Phone: (808) 748-5000 • boardofwatersupply.com

June 16, 2026

Mr. Mike Martucci, Acting Administrator
United States Environmental Protection Agency
Pacific Southwest, Region 9
75 Hawthorne Street
San Francisco, California 94105

Dr. Kenneth S. Fink, MD, MGA, MPH
Director
State of Hawai'i
Department of Health
1250 Punchbowl Street
Honolulu, Hawai'i 96813

Dear Mr. Martucci and Dr. Fink:

Subject: Sampling and Testing the Navy's Red Hill Groundwater Monitoring Wells

The Board of Water Supply (BWS) has detected per- and polyfluoroalkyl substances (PFAS) in our drinking water and groundwater monitoring wells that are located in proximity to the Red Hill Bulk Fuel Storage Facility (Red Hill facility). The types of PFAS and the amounts detected are shown below.

All values in ng/L (ppt)											
	PFOA	PFOS	PFHxS	PFHxA	PFHpA	PFHpS	PFPeA	PFPeS	PFBS	PFBA	PFNA
BWS Well Name											
Halawa Shaft	*	3.4	3.6	2.1	*	*	*	*	*	*	*
Halawa Wells	*	3.5	2.7	3.5	*	*	4.6	*	*	*	*
Moanalua Wells	*	2.2	*	*	*	*	*	*	*	2.8	*
Kaamilo Wells	4.0	5.0	3.7	3.8	2.1	*	4.5	*	3.1	*	*
											*
Site J1 monitor well	*	*	*	*	*	*	*	*	*	*	*
Site H1 monitor well	*	*	*	*	*	*	*	*	*	*	*
Site D1 monitor well	*	3.4	2.9	*	*	*	*	*	*	*	*
Site D2 monitor well	5.8	*	11	*	*	*	*	*	*	*	*
Site A1 monitor well	16	13	11	13	7.2	*	19	*	57	8.3	*
Site S1 monitor well	5.6	16	2.4	*	*	*	*	*	*	*	*
* Not detected											
BWS samples collected May 2026. Moanalua Wells samples from May 2023.											
ng/L = nanogram per liter (parts per trillion)											
Drinking water MCL for PFOA and PFOS is 4 ng/L											

The Navy has also detected PFAS in its drinking water and monitoring wells. The table below shows the types and amounts of PFAS detected. The data is from the NAVFAC publication titled *PFAS Substances Data Summary No.1, Red Hill Bulk Fuel Storage Facility, Joint Base Pearl Harbor- Hickam, Oahu, Hawaii, July 2025*. The data for the Navy Aiea-Halawa Shaft was obtained from *Navy Aiea-Halawa Shaft Reactivation Plan-JBPHH Oahu, Hawaii, October 10, 2024*. The data for NMW32 was obtained from *Naval Facilities Engineering Systems Command Pacific, Per- and Polyfluoroalkyl Substances Delineation Baseline Groundwater Wells Investigation Report, November 27, 2023.*

All values in ng/L											
	PFOA	PFOS	PFHxS	PFHxA	PFHpA	PFHpS	PFPeA	PFPeS	PFBS	PFBA	PFNA
Navy Well Name											
RHMW01R	*	*	*	0.16J	0.051J	*	*	*	*	0.38 J	*
RHMW02	0.21J	*	*	0.72J	0.71	*	4.1	*	*	*	0.09
RHMW03	0.77	0.34J	*	5.8	3.5	*	7.4	*	0.49J	2.5	0.34
RHMW04	*	0.17J	*	*	*	*	*	*	*	*	*
RHMW05	*	0.07J	*	*	*	*	*	*	*	0.28J	*
RHMW06	0.23		*	0.11J	0.23J	*	0.23J	*	*	*	*
RHMW07	*	0.16J	0.084J	0.083J	0.092J	*	0.18J	*	0.04J	0.47J	*
RHMW08	1.7	0.16J	0.13J	4.5	4.2	*	10	*	0.098J	6	0.14J
RHMW17	0.88	0.53	0.55	1.5	1.6	*	2.4	*	0.081J	1.2J	0.14J
RHMW17D	0.16J	0.12J	0.2J	0.15J	0.054J	*	*	*	0.068J	*	
RHMW17S	0.68	0.65J	0.35J	1	0.52	*	*	*	0.38J	7.8	0.23J
RHMW18	*	0.075J	*	0.53	0.15J	*	1.5	*	0.047J	0.5J	*
RHMW20	0.16J	0.4	*	0.14J	0.092J	*	0.23J	*	*	0.31J	*
RHMW21	*	0.13J	0.057J	1.1	0.22J	*	3.8	*	*	0.84J	*
RHMW2254-01 (Red Hill Shaft)	0.68	0.73J	0.63	0.67	0.42	*	0.73J	0.071J	0.6	*	*
Navy Aiea-Halawa Shaft	5.09	6.78	4.16	**	**	**	**	**	3.26	**	0.364
RHP01	6.2	14	5.5	4.4	4	0.23J	9.2	0.45	1.9	14	1.1
RHP02	6.8	15	5.4	5.5	4.4	0.22J	11	0.46	3.7	14	1.7
RHP03	3.7	5.6	5	3.7	3.1	0.16J	7	0.47	2.5	7.3	0.54
RHP04A	1.3	1.7	4.6	1.2	0.79	0.07J	1.5	0.49	0.76	1.7	0.56
RHP04B	*	0.14J	*	0.29J	0.12J	*	0.37J	*	*	*	*
RHP04C	0.15	0.28J	0.19J	0.54	0.093J	*	1.6	*	*	*	*
RHP05	4.5	4.6	4.8	3.1	2	0.11J	3.6	0.4J	1.1	2	1.1
RHP06	3.5	5	3.5	3.7	2.6	0.11J	5.1	0.38J	1.7	4.8	0.55
RHP07	4.9	19	5.1	2.6	2.5	0.28J	5.8	0.44	1.4	9.2	1.1
RHP08	1.2	1.8	1.7	0.78J	0.65	0.067J	0.87	0.16J	1.1	1.1J	*
RHP08B	0.28J	0.12J	*	0.11J	0.44J	*	0.99	*	*	0.95J	*
OWDFMW01	1.3	0.95	0.69	2.1	2.5	*	4.6	*	0.29J	3.7	0.41
OWDFMW02A	0.41	0.22	0.16J	2	1.3	*	6.7	*	0.067J	6.6	*
OWDFMW03A	0.28J	0.29J	0.28J	8.4	3.9	*	18	*	0.13J	8.4	0.18J
OWDFMW03B	29	69	62	4100	1200	1.9	4800	9.6	8	1900	1.5
OWDFMW04A	8.1	87	3.8	12	14	0.13J	19	0.39J	2.7	11	2.9
OWDFMW05A	1.2	1.7	2	81	24	0.047J	120	0.25J	0.67	44	0.44
OWDFMW08A	0.34J	0.47	0.8	0.81	0.59	*	3.1	0.083J	0.21J	3.9	0.099J
OWDFMW08B	18	17	12	27	20	0.29J	43	0.8	12	26	2.9
NWM32	5.9	16.0J	**	**	**	**	**	1.7J	**	**	**
* Not detected											
** Not reported	Navy Aiea Halawa Shaft sampled June 2024. RHMW, RHP and OWDF samples collected Sept and Oct 2024										
J = estimated concentration.											

The name of the PFAS abbreviations used in this letter is explained below.

Abbreviation	PFAS Chemical Name
PFOA	Perfluorooctanoic acid
PFOS	Perfluorooctanesulfonic acid
PFHxS	Perfluorohexanesulfonic acid
PFHxA	Perfluorohexanoic acid
PFHpS	Perfluoroheptanesulfonic acid
PFHpA	Perfluoroheptanoic acid
PFPeA	Perfluoropentanoic acid
PFPeS	Perfluoropentanesulfonic acid
PFBS	Perfluorobutanesulfonic acid
PFBA	Perfluorobutanoic acid
PFNA	Perfluorononanoic acid

The location of the BWS drinking water and groundwater monitoring wells relative to the Red Hill facility and the Navy's drinking water and monitoring wells are shown in the map below. Those that have recorded PFAS detections including estimates are highlighted in yellow.

We reviewed the data herein and offer the following observations.

1. There is widespread occurrence of PFAS in this part of the aquifer underneath the Red Hill Facility. More than 10 different types of PFAS chemicals have been detected in samples from perched shallow groundwater and deep groundwater wells.

2. PFOS, PFHxS, and PFHxA appear in many of the BWS production and monitoring wells. The Navy's Red Hill piezometer (RHP), Red Hill monitoring wells (RHMW) and oily waste disposal facility monitoring wells (OWDFMW) also show the presence of these PFAS including PFOA, PFHpA, PFPeA, PFHpS, PFPeS, PFBS, PFBA and PFNA.

3. The Navy's RHP, OWDFMW and RHMW wells show varied levels of PFAS ranging from estimated values below the minimum reporting limits (MRL) to values greater than the MRL as high as 4,800 ng/L. The wide variety of PFAS chemicals detected and the levels found in the groundwater under the Red Hill Facility suggest this area may be a source of PFAS contamination in the aquifer. More testing is needed to better understand and characterize the extent of the types and amount of PFAS present.

4. The BWS and Navy detected similar types of PFAS in their respective wells. This similarity may suggest possible relationships between these wells and the PFAS chemicals being detected. Such relationships may include but not limited to groundwater flow direction and PFAS moving with the groundwater from one location to another.

5. The presence of PFAS chemicals other than PFOS and PFOA in the Navy's monitoring wells suggest aqueous film forming foam (AFFF) formulations containing PFAS with less than eight carbons may have been used and stored at the Red Hill Facility including other PFAS containing products.

6. The table shows the Navy has more than 30 monitoring wells within the Red Hill facility property showing the presence of PFAS. More testing should be conducted to determine any variability and trends in the PFAS chemicals being detected.

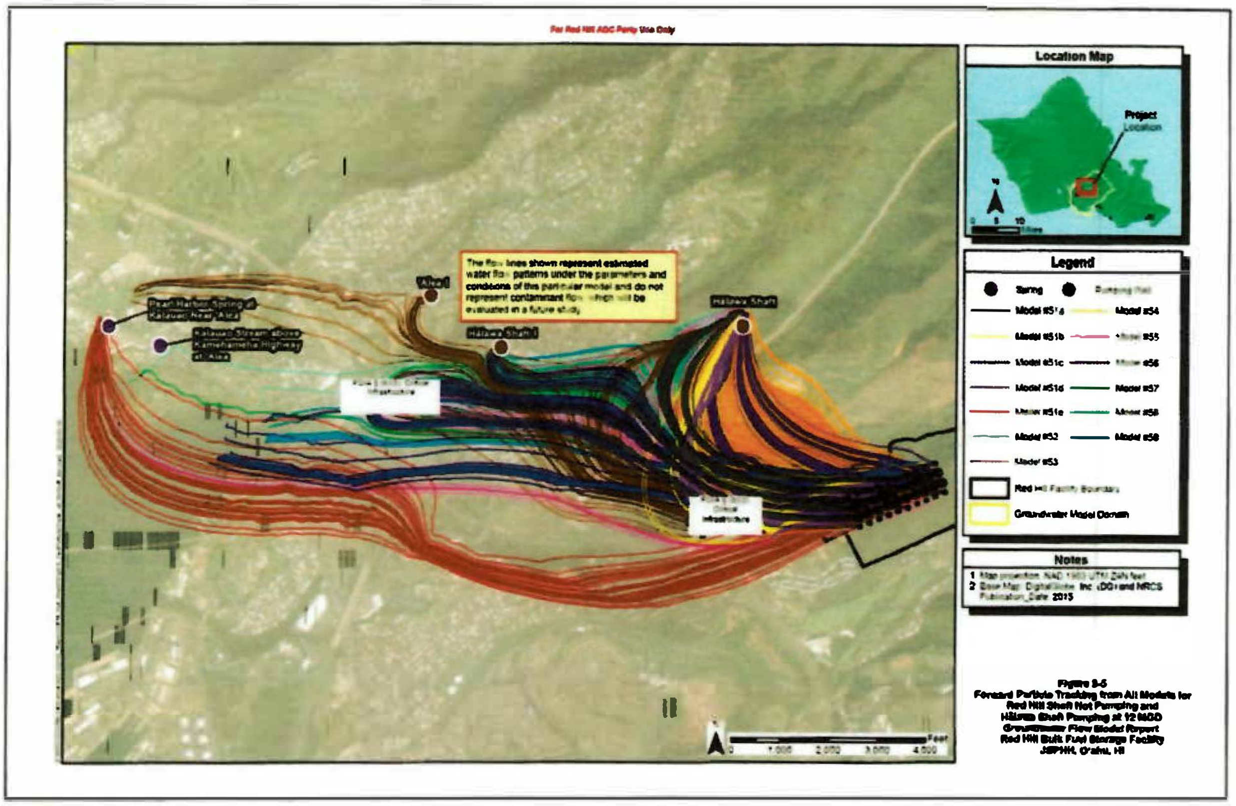
7. The BWS and Navy wells that contain PFOA, PFOS, PFHxS and PFHxA are located along the same westerly direction away from the Red Hill facility. This westerly direction is consistent with current understanding of groundwater flow direction in the area.

8. The Navy's RHP wells, OWDFMW03B, 04A, 05A and 08B, RHMW03 and RHMW08, and Aiea-Halawa Shaft are located in a westerly direction from the Red Hill facility. The BWS Kaamilo Wells, Site D2, and A1 monitoring wells are also located in the same westerly direction away from the Red Hill facility. This alignment of the BWS and Navy wells in the westerly direction and the similar PFAS detected may suggest that PFAS from the Red Hill Facility is flowing with the groundwater and affecting receptor wells in this path. If the Navy and Regulatory Agencies disagree then they should provide the data and studies that conclusively show the Red Hill Facility is not the source of PFAS found at the BWS wells.

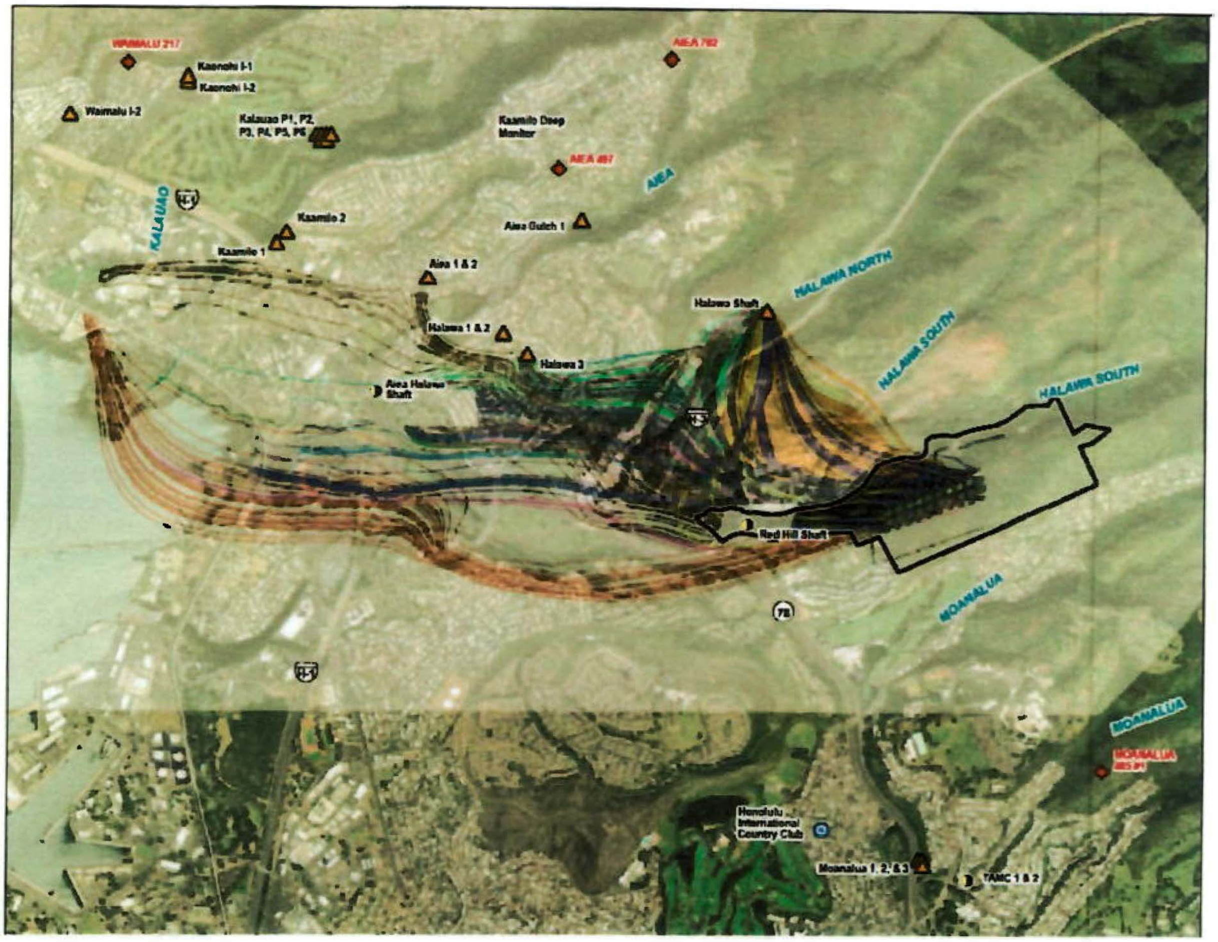
9. The Navy have indicated that the Halawa Industrial area and spills at other sites in Halawa Valley to be the source of PFAS found in the Navy's groundwater monitoring wells. To our knowledge, the Navy does not have any monitoring wells in the Halawa Industrial area nor tested and provided the results of these wells. The Navy and Regulatory Agencies should provide us the data that the Navy is using to conclude PFAS is coming from the Halawa Industrial area or spill sites and not the Red Hill Facility.

10. The Navy has not yet explained the source of the PFOA at NMW32. Until then the PFOA found at NMW32 may have come from the Red Hill Facility based on the position of the well. If the Navy disagrees, then provide the data to show the PFOA at NMW32 did not come from the Red Hill Facility.

Below is an image from the Navy's Groundwater Flow Model Report dated March 25, 2020, showing the particle track when Red Hill Shaft is not operating and the BWS Halawa Shaft is pumping at 12 million gallons per day (MGD). The particle track is the model predicting the direction a contaminant from the Red Hill Facility could take in the groundwater. The model starts the particles at the Red Hill Facility then plots several tracks showing movement northwest toward the BWS Halawa Shaft, and westward toward the Navy Aiea-Halawa Shaft, BWS Aiea Wells and Kaamilo Wells. According to the Navy's Groundwater Flow Model Report, the particle track shown represents estimated water flow patterns that do not represent contaminant flow. However, the similarity of this track with the position of the Navy and BWS monitoring wells containing PFAS located in the westerly direction from the Red Hill Facility and to the northwest at BWS Halawa Shaft cannot be ignored.



The similarity of the particle track with northwest position of the BWS Halawa Shaft and westward orientation of the PFAS containing Navy and BWS wells relative to the Red Hill Facility could also be validating the Navy's groundwater model predictions with real world data and vice versa. Without question, more data is absolutely needed to confirm the model's particle track predictions. Below is the same Navy particle track map from the Navy's Groundwater Flow Model Report dated March 25, 2020 modified to show the locations of various BWS and Navy drinking water sources.



If the Navy and Regulatory Agencies are committed to understanding and mitigating the impact of past PFAS (and petroleum) releases in the aquifer then there should be no hesitation to increase the testing frequency of the Navy's drinking water and groundwater monitoring wells in the vicinity of and away from the Red Hill facility for all PFAS and petroleum chemicals that the test methods can detect. This information will add to the data in this letter and improve our knowledge of how the aquifer is impacted and what mitigation is needed to arrest its movement to other parts of our sole source aquifer water resource.

BWS has repeatedly asked the Navy, as well as United States Environmental Protection Agency (EPA) and Hawaii Department of Health (DOH) (collectively, the "Regulatory Agencies") to weekly sample and analyze all the Navy's groundwater monitoring wells to collect the data needed to determine the location and impact of past releases on the groundwater aquifer to no avail. In a letter to the Regulatory Agencies dated January 22, 2026 (Lau, 2026), BWS asked to include Monitoring Well 16 (MW-16) at the former 'Aiea Laundry facility to the Navy's list of Red Hill groundwater monitoring wells (Red Hill Monitoring Network), increase the testing frequency and to analyze for all of the total petroleum hydrocarbon (TPH), polycyclic aromatic hydrocarbon (PAH), and PFAS chemicals that the test methods can detect. The data will provide critical information that will improve our understanding of groundwater flow direction, contaminant fate and transport and the extent plumes associated with releases are migrating from the Red Hill facility.

The Regulatory Agencies' response dated March 5, 2026 to my January 22 letter (EPA and DOH, 2026) appears to reject expanding the groundwater monitoring near Red Hill, at least as it pertains to MW-16 and PFAS. As part of the basis for its response, the Regulatory Agencies noted that the Navy is currently performing a Remedial Investigation (RI) of PFAS at Red Hill. The Regulatory Agencies further stated that "the existing soil and groundwater data demonstrate two areas of concern for PFAS at the Red Hill facility, one near Adit 6 and one near the Oily Waste Disposal Facility" and the former 'Aiea Laundry facility "is located over a mile from the Red Hill facility, and current data does not demonstrate a link between the contaminants at the two facilities." (emphasis omitted). We ask the Regulatory Agencies to provide us with the data, studies and analysis they used to support this conclusion. Both letters are in Attachment B and C respectively.

As a key stakeholder, BWS does not agree with the Regulatory Agencies' explanation and maintains that increased testing and sampling of the Red Hill Monitoring Network is needed. The Navy's data in this letter clearly show that PFAS is prevalent in the perched shallow groundwater and deep groundwater under the Red Hill Facility. Documented and suspected releases from Red Hill, including the November 29, 2022 release of approximately 1,300 gallons of PFAS-containing aqueous film-forming foam (AFFF) concentrate, have not yet been fully characterized to establish the disposition of the released substances or the environmental impacts to the underlying sole source aquifer.

The Navy's RI, which is being conducted with oversight from the Regulatory Agencies to collect data to characterize site conditions, determine the nature of the released substances, and assess risk to human health and the environment, is too limited. The regulations governing the RI does not preclude the Navy from conducting supplemental testing (external to the RI) to maximize data quality, sufficiently characterize the nature and extent of the risks posed by releases from Red Hill, and meaningfully evaluate potential remedial options, the Navy (and by extension the Regulatory Agencies) beyond what is presently collected. This is particularly true where, as here, the Red Hill Monitoring Network already exists and is currently being monitored by the Navy such that no significant costs would be necessary to expand current monitoring to inform the RI process and future site remediation.

The Regulatory Agencies' suggestion that certain groundwater monitoring well locations are too far from Red Hill to necessitate additional monitoring is contrary to their past letters to the Navy advocating for more testing. On March 1, 2024, the Regulatory Agencies wrote a letter to the Navy asking for additional PFAS sampling once every two months stating the "*detections of PFOS in soil and groundwater may indicate a wider Red Hill problem with PFAS that cannot be solely attributed to the November 2022 AFFF release*" and "*further investigation to determine the source and extent is warranted*". The letter also stated "*additional investigation is also required to determine how co-located contamination from historic PFAS releases may affect risk from Red Hill petroleum releases and the fate and transport of petroleum contamination through the environment under and surrounding Red Hill*".

On February19, 2025 EPA sent another letter to the Navy requesting to collect PFAS groundwater samples. In the letter, EPA stated "*it is very important to identify and address sources of PFAS that are in the immediate vicinity of the Red Hill Shaft drinking source and EPA* *notes that aqueous film forming foam (AFFF) systems at Red Hill date back to at least 1962"* and "*the distribution of contaminants in groundwater around Red Hill Shaft and north and south of the water development tunnel as detected in the RHP series wells suggest releases from or near Adit 3 are potential sources of PFAS contamination in groundwater.*"

On May 5, 2026, EPA wrote another letter to the Navy indicating the "*RI workplan for PFAS is essential to developing a comprehensive understanding of the nature and extent of PFAS and comingled petroleum hydrocarbons in soil and groundwater at the Red Hill Bulk Fuel Storage Facility.*" and the conceptual site model in the final report should include (among other requirements) "*an evaluation of the concentration and mass flux of individual PFAS and total PFAS migrating onto Red Hill, and the mass of individual and total PFAS migrating off the facility.*"

The Regulatory Agencies in these letters express the importance of additional testing for PFAS, collecting more data and determining the nature, extent, directional movement of the contamination in the subsurface. The significance of PFAS detections at other well-receptors and the potential for contaminant migration should be tirelessly investigated and not ignored. The PFAS detections shown in this letter strongly suggest that contaminant migration is possible and should be comprehensively investigated. As shown in the maps herein and in Attachment A, the spatial pattern of detections of PFAS analytes surrounding the Red Hill facility is consistent with groundwater transport in the aquifer. These results affirm the need for and importance of expanded testing. Despite the explanations given to date, neither the Navy nor the Regulatory Agencies have advanced a technically sound rationale to support the conclusion that a water-soluble contaminant cannot or would not have migrated to other groundwater receptors, nor provide the technical data supporting the Navy's current practice of limiting the testing and sampling frequency for PFAS and other contaminants of concern where an existing groundwater monitoring well network exists.

Expanded groundwater monitoring at all wells in the Red Hill Network should be weekly testing for TPH, PAH, and all forms of PFAS. Requiring the Navy to monitor the Red Hill Network for the full suite of contaminants of concern is the most scientifically sound and prudent course of action to inform the Regulatory Agencies' ultimate evaluation of the extent of the contamination emanating from the Red Hill facility as well as the appropriate remedial action to address it. Expanded monitoring of the Red Hill monitor well network will serve to better protect the irreplaceable sole source aquifer upon which all people on O'ahu rely as their primary source of pure drinking water.

If you have any questions, please contact me at (808) 748-5061.

Very truly yours,

ERNEST Y.W. LAU, P.E.
Manager and Chief Engineer

Attachment A – Map of Vicinity of the Red Hill Bulk Fuel Storage Facility – PFAS Detections.

Attachment B - Ernest Y.W. Lau (Lau). 2026. Letter to Mr. Martucci and Dr. Fink Re: Request to Expand Red Hill Monitoring Well Network to Include Existing Basal Aquifer Groundwater Monitoring Well at the Former 'Aiea Laundry Facility. January 22.

Attachment C - U.S. Environmental Protection Agency (EPA) and Hawaii Department of Health (DOH), 2026. Letter to Mr. Lau Re: U.S. Environmental Protection Agency and Hawai'i Department of Health Response to Board of Water Supply Request to Expand Red Hill Monitoring Well Network to Include Existing Basal Aquifer Groundwater Monitoring Well at the Former 'Aiea Laundry Facility, dated January 22, 2026. March 5, 2026.

Attachment D – EPA and DOH Letter to Rear Admiral Stephen Barnett Re: Request for Additional PFAS Sampling. March 1, 2024

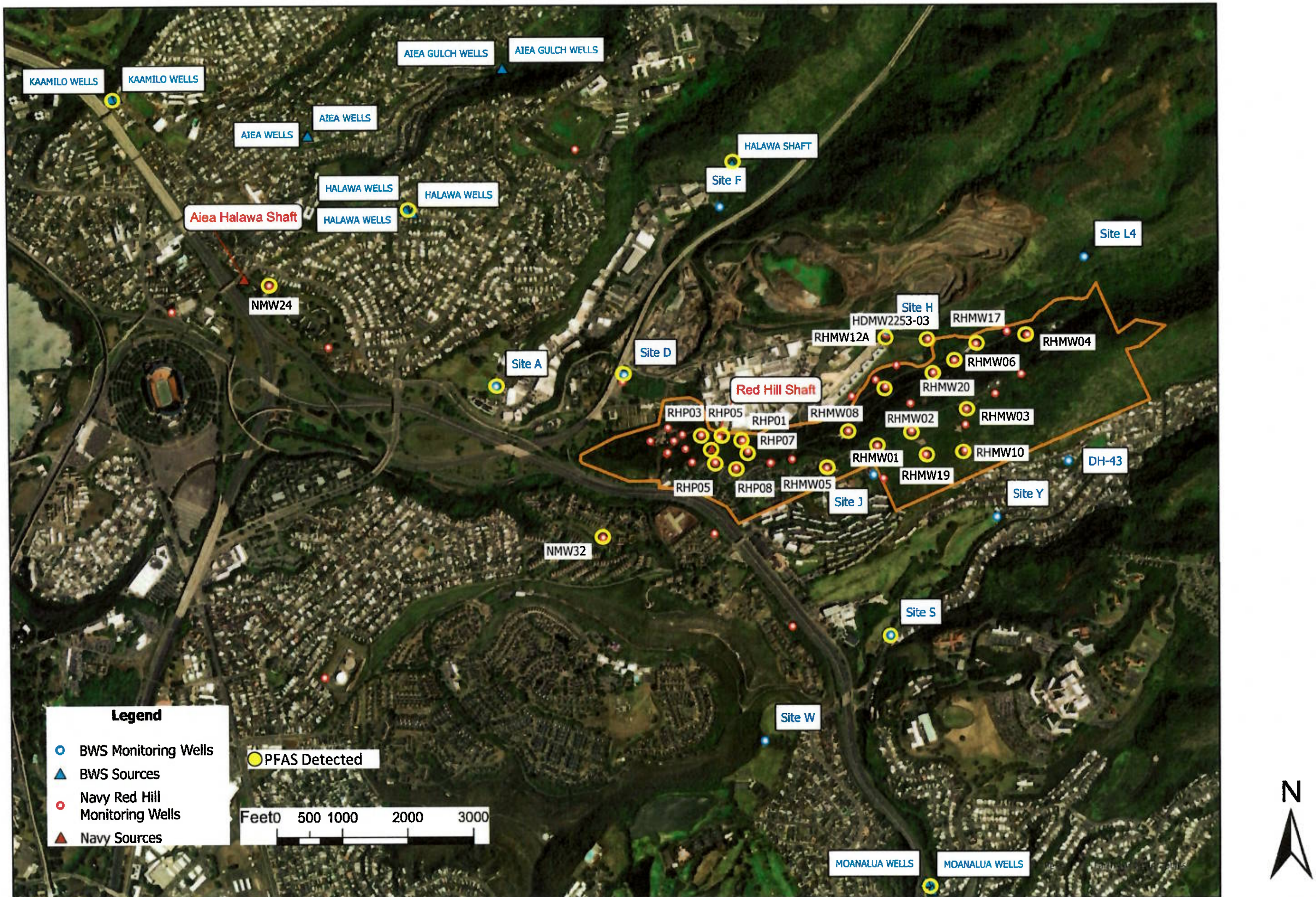
Attachment E – EPA letter to Jocelyn Tamashiro, NAVFAC, Re: Request to Collect PFAS Groundwater Samples. February 19, 2025

Attachment F – EPA letter to Jocelyn Tamashiro, NAVFAC, Re: U.S. EPA Comments on the Revised Draft Remedial investigation Work Plan PFAS, Red Hill Bulk Fuel Storage Facility, Joint Base Pearl Harbor-Hickam, Hawaii. May 5, 2026.

cc: John Chesnutt, Region 9 Superfund Program Section Manager, U.S. Environmental Protection Agency

Gracelda Simmons, Environmental Management Program Manager, Hawai'i State Department of Health

Jocelyn Tamashiro, Environmental Restoration Manager, Naval Facilities Engineering Systems Command Hawai'i



KAAMILO WELLS
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HALAWA SHAFT
Site F
Aiea Halawa Shaft
NMW24
Site L4
Site H
HDMW2253-03
RHMW17
RHMW12A
RHMW04
RHMW06
Site A
Site D
Red Hill Shaft
RHMW20
RHP03
RHP05
RHP01
RHMW08
RHMW02
RHMW03
RHP07
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RHMW10
RHMW19
DH-43
RHP05
RHP08
RHMW05
Site J
Site Y
NMW32
Site S
Site W
Legend
BWS Monitoring Wells
BWS Sources
Navy Red Hill Monitoring Wells
Navy Sources
PFAS Detected
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MOANALUA WELLS
MOANALUA WELLS
N

2026-05-15

Attachment B

BOARD OF WATER SUPPLY
KA ʻOIHANA WAI
CITY AND COUNTY OF HONOLULU

630 SOUTH BERETANIA STREET • HONOLULU, HAWAIʻI 96843
Phone: (808) 748-5000 • boardofwatersupply.com

January 22, 2026

Mike Martucci, Acting Administrator
United States Environmental Protection Agency
Pacific Southwest, Region 9
75 Hawthorne Street
San Francisco, California 94105

Dr. Kenneth S. Fink, Director
State of Hawaiʻi, Department of Health
1250 Punchbowl Street
Honolulu, Hawaiʻi 96813

Dear Mr. Martucci and Dr. Fink,

Subject: Request To Expand Red Hill Monitoring Well Network to Include Existing Basal Aquifer Groundwater Monitoring Well at the Former ʻAiea Laundry Facility

I write to you today as both a Pearl Harbor -Hickam -Kalaeloa Restoration Advisory Board (RAB) Member and the Manager and Chief Engineer of the Board of Water Supply (BWS) to respectfully request the immediate inclusion of the existing monitoring well at the Former ʻAiea Laundry Facility to the monitoring well network for the Red Hill Bulk Fuel Storage Facility monitoring, sampling, and remediation efforts.

On January 10, 2026, RAB members including myself attended a field visit to the Former Aiea Laundry Facility hosted by Naval Facilities Engineering Systems Command (NAVFAC) Hawaiʻi's Environmental Restoration staffs. NAVFAC staffs were thorough in providing an overview of past operations, past investigation and remedial work done, and current ongoing monitoring activities on site. It is my understanding that monitoring wells were installed during the remedial investigation of the facility, but many have since been decommissioned and filled, except for one Monitoring Well 16 (MW-16) that remains today. Enclosed for your reference is Figure 2-5 from the Final Remedial Investigation and Feasibility Study of Former ʻAiea Laundry Facility, dated July 2016.

As subject matter expert of past releases and current per- and polyfluoroalkyl substances (PFAS) investigation at the Red Hill Bulk Fuel Storage Facility, I urge the regulators, the United States Environmental Protection Agency and the Hawai'i State Department of Health, to immediately require the Navy to include MW-16 into the Red Hill monitoring well network for regular testing of total petroleum hydrocarbon(TPH), polycyclic aromatic hydrocarbon, and PFAS. MW-16 is an existing basal aquifer groundwater monitoring well that requires no additional cost to acquire through private owners nor construction cost. The MW-16 is also fully located within military property, an open parking lot, requiring no landowner approval to schedule water sampling events. Furthermore, the location of MW-16 provides a critical sampling data point just southwest of the Navy 'Aiea-Hālawa Shaft and NMW24, which can be used to monitor down gradient flow paths should the contaminant plume migrates.

Should you have any questions or would like to coordinate a meeting to further discuss, please contact me at 808-748-5061.

Very truly yours,

ERNEST Y. W. LAU, P.E.
Manager and Chief Engineer

Enclosure: Figure 2-5. Final Remedial Investigation and Feasibility Study, Former Aiea Laundry Facility, Joint Base Pearl Harbor-Hickam, Oahu, Hawaii. July 2016.

Cc: Kathleen Ho
Hawai'i State Department of Health
Deputy Director of Environmental Health

Jocelyn Tamashiro
Naval Facilities Engineering Systems Command Hawai'i
Environments Restoration Manager

Francie Whitfield
RAB Community Co-Chair

LEGEND

- Existing Basal Aquifer Groundwater Monitoring Well Location
- Basal Aquifer Groundwater Monitoring Well Location (Decommissioned October 2014)
- Laundry Area
- Backyard Area
- St. Elizabeth Church and School Property Boundary

NOTES

1. Base Imagery: Google Earth V6.2.2.6613 (January 1, 2013). DigitalGlobe 2013, USGS 2013. http://www.earth.google.com [October 4, 2013].
2. Map Projection: UTM NAD83 Zone 4

N

0 100 200 Feet

Figure 2-5
October 2014
Existing and Decommissioned
Basal Groundwater Monitoring Well Locations
Remedial Investigation/Feasibility Study
Former Aiea Laundry Facility
PHNC NPL Site
JBPHH, Oahu, Hawaii

Attachment C

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105

STATE OF HAWAII
DEPARTMENT OF HEALTH
KA 'OIHANA OLAKINO
P. O. BOX 3378
HONOLULU, HI 96801-3378

March 05, 2026

Mr. Ernest Y.W. Lau, P.E.
Manager and Chief Engineer
Board of Water Supply - City and County of Honolulu
630 South Beretania St
Honolulu, Hawai'i 96843

Subject: U.S. Environmental Protection Agency and Hawai'i Department of Health Response to Board of Water Supply Request to Expand Red Hill Monitoring Well Network to Include Existing Basal Aquifer Groundwater Monitoring Well at the Former 'Aiea Laundry Facility, dated January 22, 2026

Dear Mr. Lau:

Thank you for your January 22, 2026 letter to the U.S. Environmental Protection Agency (EPA) and Hawai'i Department of Health (HDOH) requesting inclusion of groundwater monitoring well MW-16, located at the Former 'Aiea Laundry Facility, in the Red Hill groundwater monitoring and sampling program. We also appreciate hearing this request from you at the Pearl Harbor-Hickam-Kalaeloa Restoration Advisory Board (RAB) Meeting at the Oahu Veterans Center on January 14, 2026.

Under the Pearl Harbor Naval Complex Federal Facilities Agreement under CERCLA Section 120, the U.S. Navy is performing a Remedial Investigation (RI) of per- and polyfluoroalkyl substances (PFAS) at Red Hill with oversight from the EPA and HDOH. Data from this investigation will guide recommendations to help evaluate the site groundwater monitoring well network.

The Former 'Aiea Laundry Site (Pearl Harbor Naval Complex Superfund Site Operable Unit 11) is currently in the Treatability Study phase for soil vapor remediation and additional monitoring and investigation at the neighboring property continues. The primary site contaminant is tetrachloroethylene (PCE). **The site is located over a mile from the Red Hill facility, and current data does not demonstrate a link between the contaminants at the two facilities.**

As the Navy project manager presented at the RAB meeting on January 14, 2026, the existing soil and groundwater data demonstrate two areas of concern for PFAS at the Red Hill facility, one near Adit 6 and one near the Oily Waste Disposal Facility. EPA and HDOH are reviewing the Navy's updated RI work plan to evaluate the nature and extent of PFAS in soil and groundwater in the two areas of concern. We will continue to evaluate the groundwater monitoring well network to ensure data-driven, strategic expansion. As additional data are collected and the conceptual site model is updated, we can continue to develop and refine technically sound rationale to require additional groundwater monitoring locations. We look forward to your continued engagement on this effort as a key stakeholder and a member of the RAB.

The HDOH appreciates your request to include groundwater monitoring for PFAS at the former 'Aiea Laundry Site. As you are aware, SB 2095 Relating to Environmental Protection which seeks to establish a PFAS working group within the HDOH to investigate the existence and environmental dangers of per- and polyfluoroalkyl substances was heard and passed by the Senate Committee on Agriculture and Environment and the Senate Committee on Health and Human Services. SB 2095 has been referred to the Ways and Means Committee.

The HDOH provided comments in support of continuing the efforts of our internal working group to assess PFAS contamination and to provide recommendations on additional locations appropriate for PFAS testing and assessment and to study sources of potential PFAS contamination in the State.

We appreciate your time in corresponding with EPA and HDOH. If you have any additional questions, please reach out to, Grace Simmons at gracelda.simmons@doh.hawaii.gov or John Chesnutt, section manager, EPA Region 9 Superfund Program at chesnutt.john@epa.gov.

Sincerely,

Gracelda Simmons

Gracelda M. Simmons
Environmental Management Program Manager
Hawai'i State Department of Health

SHARON LIN Digitally signed by SHARON LIN Date: 2026.03.04 09:32:19 -08'00'

Sharon Lin
Assistant Director
EPA Superfund & Emergency Management Division

cc by email only:
Jocelyn Tamashiro, NAVFAC
Joshua Stout, NCTF-RH
Alison Fong, EPA Region 9 Land, Chemicals, and Redevelopment Division

Attachment D

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105

STATE OF HAWAII
DEPARTMENT OF HEALTH
KA 'OIHANA OLAKINO
P. O. BOX 3378
HONOLULU, HI 96801-3378

March 1, 2024

Rear Admiral Stephen Barnett
Commander, Navy Region Hawai'i
850 Ticonderoga St., Ste. 110
Joint Base Pearl Harbor Hickam, HI 96860-5101
(Sent via Electronic Mail)

Subject: Request for Additional PFAS Sampling

Dear Rear Admiral Barnett:

During a meeting on December 7, 2023, the U.S. Department of the Navy (Navy) disclosed that the Red Hill Bulk Fuel Storage Facility (the Facility) Remedial Investigation (RI) will not begin until fiscal year 2025. At the same meeting, the Navy stated it would discontinue the monthly groundwater per- and polyfluoroalkyl substances (PFAS) sampling conducted in response to the November 2022 aqueous film-forming foam (AFFF) release from Adit 6. We also learned that the Navy does not plan to perform interim monitoring at or around locations where Perfluorooctane sulfonic acid (PFOS) exceedances were identified during baseline sampling of 21 wells in September 2023. The U.S. Environmental Protection Agency (EPA) and Hawai'i Department of Health (DOH), collectively the Regulatory Agencies (RAs), request that the Navy continue to monitor the groundwater using the wells identified on the enclosed spreadsheet once every two months until the plumes are delineated. The basis for this request is presented below.

Adit 6 AFFF Release Investigation

Following the November 29, 2022 AFFF release from Adit 6, the Navy submitted the *PFAS-Specific Sampling and Analysis Plan, Red Hill Bulk Fuel Storage Facility, Adit 6*, dated December 7, 2022, in accordance with the DOH's December 2, 2022 Notice of Interest (NOI). Under the *PFAS-Specific Sampling and Analysis Plan*, the Navy sampled ten locations on a weekly basis, including multilevel groundwater monitoring wells, Red Hill Shaft, and the Red

Hill Shaft pre-chlorination point for forty PFAS compounds using EPA Method 1633. In June 2023, the Navy transitioned from weekly to monthly PFAS sampling. The monthly PFAS sampling event was included in the Navy's proposed *Consolidation and Optimization of the Groundwater Sampling Programs, Red Hill Bulk Fuel Storage Facility*, dated May 2023.

The weekly sampling conducted in response to the 2022 AFFF release consistently detected low-level PFAS compounds in multiple wells. The PFAS detected included 6:2 FTS, a primary component of newer formulations of AFFF such as the material released at Adit 6. While the monthly routine sampling results did not exceed current screening levels, detections were persistent, widespread throughout the monitoring area, and not delineated.

Historic and Baseline Sample Results

In 2023, EPA requested that the Navy sample wells throughout the Red Hill Facility. The Navy shared data from the September 2023 Baseline Sampling Event and submitted a full results report on January 16, 2024. The RAs understand that PFAS that exceeded EPA Regional Screening Levels (RSLs) and proposed Maximum Contaminant Levels (MCLs) in groundwater near Adit 3 and south of the freeway during the September 2023 Baseline Sampling Event are longer-chain PFAS compounds that are more commonly associated with legacy AFFF releases.

Although many PFAS compounds detected in groundwater near Adit 6 are more commonly associated with newer AFFF releases and do not initially seem connected to the types of PFAS detected near Adit 3, the legacy compound PFOS was detected in very high concentrations in soil near the entrance to Adit 6. Prior to the November 2022 Adit 6 release, PFOS were also detected in two December 2021 samples from the water in Red Hill Shaft at concentrations that exceed current RSLs and proposed MCLs. PFAS were detected in groundwater samples collected from RHMW2254-01 on December 20 and 27, 2021, at low parts per trillion (ppt) concentrations. Specifically, perfluorooctanoic acid (PFOA) was detected at 2.76 ppt and 3.49 ppt, and perfluorooctanesulfonic acid (PFOS) was detected at 6.72 ppt and 4.35 ppt on the two sampling dates respectively. DOH collected two additional groundwater samples from RHMW2254-01 on December 20 and 27, 2021, and these samples did not detect PFAS. (DOH and EPA, 2022).

These detections of PFOS in soil and groundwater may indicate a wider Red Hill problem with PFAS that cannot be solely attributed to the November 2022 AFFF release. Further investigation to determine the source and extent is warranted. Additional investigation is also required to determine how co-located contamination from historic PFAS releases may affect risk from Red Hill petroleum releases and the fate and transport of petroleum contamination through the environment under and surrounding Red Hill. Until the RI is conducted, additional routine monitoring is needed.

Path Forward

The RAs recommend the following path forward until the RI is completed and the Navy and the RAs better understand the nature and extent of PFAS contamination that was released from the Facility:

- Expedite the Red Hill PFAS RI.
- Perform bi-monthly (every two months) sampling for PFAS in Facility wells using EPA Method 1633:
    - Continue routine sampling of PFAS released in November 2022.
    - Continue and expand existing baseline sampling to continuously monitor and better understand the detections and exceedances of PFAS that the Navy identified during the September 2023 Baseline Sampling Event.
    - Sample all wells listed on the enclosed spreadsheet.
- Evaluate the data to identify trends and better understand seasonal or other variations in PFAS concentrations that may indicate migration towards sensitive receptors or drinking water systems.
- Before disposing the 2021 release fluids stored in the collection, hold, and transfer tank outside of Adit 3, sample its contents for PFAS using EPA Method 1633. Use a Coliwasa to sample the transfer tank sludge as well as the liquid.
- Submit the schematics and map of the entire Red Hill AFFF system.
- Respond to the RAs' July 31, 2023 comments on the *Consolidation and Optimization of the Groundwater Sampling Programs, Red Hill Bulk Fuel Storage Facility*, dated May 2023
- Analyze and compare groundwater samples to the DOH Environmental Action Levels (EALs) for PFAS. Refer to Table A of the April 2023 *Interim Soil and Water Environmental Action Levels (EALs) for Perfluoroalkyl and Polyfluoroalkyl Substances* Memorandum (Ref. RB-037-2023) available at: https://health.hawaii.gov/heer/files/2023/04/PFASEALsUpdateHIDOHApril2023.pdf

References:

DOH and EPA. 2022. Letter: Preliminary Investigation of PFAS. November 2. Link: https://www.epa.gov/system/files/documents/2024-02/epa-hawaii-doh-letter-to-us-navy-prelim-pfas-investigation-2022-11-02.pdf.

EPAa. 2022. Proposed PFAS National Primary Drinking Water Regulation Website. Updated September 22, 2023. Link: https://www.epa.gov/sdwa/and-polyfluoroalkyl-substances-pfas

EPAb. 2022. Rulemaking: Per- and polyfluoroalkyl substances (PFAS): Perfluorooctanoic acid (PFOA) and Perfluorooctanesulfonic acid (PFOS) National Primary Drinking Water Regulation Rulemaking. Docket ID EPA-HQ-OW-2022-0114.
Link : https://www.regulations.gov/search/docket?filter=epa-hq-ow-2022-0114

EPAc. 2023. Regional Screening Levels (RSLs) Website. Updated November 7, 2023. Link: https://www.epa.gov/risk/regional-screening-levels-rsls

DOH.2023.Interim Soil and Water Environmental Action Levels (EALs) for Perfluoroalkyl and Polyfluoroalkyl Substances (PFASs) Website. Updated April 20, 2023.
Link : https://health.hawaii.gov/heer/files/2023/04/PFASEALsUpdateHIDOHApril2023.pdf

If you have any questions regarding this letter, please contact Matthew Cohen, EPA Red Hill Project Coordinator, at Cohen.Matthew@epa.gov or (415) 972-3691; or Kelly Ann Lee, DOH Red Hill Project Coordinator, at KellyAnn.Lee@doh.hawaii.gov or (808) 586-4226.

Sincerely,

/s/ March 1, 2024

Matthew Cohen PG
Red Hill Project Coordinator
U.S. Environmental Protection Agency, Region 9

/s/ March 1, 2024

Kelly Ann Lee
Red Hill Project Coordinator
State of Hawai‘i, Department of Health

Enclosure Table 1: Wells to Sample for PFAS

cc: RDML Marc Williams, Deputy Commander, Navy Closure Task Force – Red Hill
Sherri Eng, Executive Director, Navy Closure Task Force – Red Hill
Milton Johnston, Environmental Director, Navy Closure Task Force – Red Hill
Joshua Stout, ACO/AOC Portfolio Manager, Navy Closure Task Force – Red Hill
CAPT James Sullivan, Commanding Officer, NAVFAC Hawai‘i
CDR Benjamin Dunn, Red Hill Environmental OIC, NAVFAC Hawai‘i
Steven Saepoff, Environmental Restoration Product Line Leader, NAVFAC Hawai‘i
Charlotte Rangel, Remedial Project Manager, NAVFAC Hawai‘i

Wells Recommended for Continued and Expanded PFAS Monitoring

Well ID	Adit 6 Investigation	Baseline	Bi-Monthly
RHMW02	X		X
RHMW03	X		X
RHMW04	X		X
RHMW06	X		X
RHMW10	X		X
RHMW12A	X		X
RHMW16	X		X
RHMW17	X		X
RHMW17D	X		X
RHMW17S	X		X
RHMW225401	X		X
HDMW225303	X		X
RHMW19		X	X
RHMW08		X	X
RHP04c		X	X
RHP01		X	X
RHP01R		X	X
RHP02		X	X
RHP03		X	X
RHP07		X	X
RHMW05		X	X
RHP04A		X	X
RHP05		X	X
NMW32		X	X
RHMW09		X	X
RHMW20		X	X
RHP08		X	X
RHP06		X	X
RHMW07		X	X
NMW25		X	X
RHP04B		X	X
NMW24		X	X
RHMW01		X	X
RHMW18			X

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

Attachment E

REGION 9

SAN FRANCISCO, CA 94105

February 19, 2025

VIA ELECTRONIC MAIL ONLY

Jocelyn Tamashiro
Environmental Restoration Manager
NAVFAC Hawaii, EV3
400 Marshall Road, Building X-11
Joint Base Pearl Harbor-Hickam, Hawai'i 96860

Subject: Request to Collect Per- and Polyfluoroalkyl Substances Groundwater Samples

Dear Ms. Tamashiro:

Thank you for meeting with the Hawai'i Department of Health (DOH) and United States Environmental Protection Agency (EPA) on 22 January 2025 to discuss the first quarter per– polyfluoroalkyl substances (PFAS) groundwater sampling results and proposed path forward. On 31 January 2025, EPA received the U.S. Department of Navy's (Navy) memo in response to a request to collect additional PFAS groundwater samples.

EPA appreciates that Navy plans to add the groundwater wells listed below to the routine sampling program:

- OWDF02B (when sufficient water is available)
- OWDF04B (when sufficient water is available)
- OWDF05B
- OWDF06A
- OWDF06B
- OWDF07A
- OWDF07B
- OWDF07C
- Cluster wells near building 313 (when complete)

During the meeting, EPA also requested that the temporary wells in Adit 3 be added as part of the second quarter PFAS sampling event. Consensus was not reached in the meeting, and we agreed to provide our rationale in writing. We request that the temporary wells in Adit 3 be sampled in the upcoming quarter 2 event because:

- It is very important to identify and address sources of PFAS that are in the immediate vicinity of the Red Hill Shaft (RHS) drinking source. EPA notes that aqueous film forming foam (AFFF) systems at Red Hill date back to at least 1962 and information regarding AFFF system components, testing, and use are not available. Furthermore, the distribution of contaminants in groundwater around RHS and north and south of the water development tunnel as detected in the RHP series wells, suggest releases from or near Adit 3 are potential sources of PFAS contamination in groundwater. The proximity of the Adit 3 to RHS and the Navy proposal to reactivate RHS as a drinking water source makes this a high priority area for investigation.

- At this phase of the remedial investigation, groundwater, and specifically perched water, is an effective medium to sample for identifying sources. It represents water derived locally from the vadose zone and provides a composite sample of an area unlike a discrete soil sample. This sampling assesses perched water contamination, and thus contributes to the objective of determining nature and extent of PFAS contamination in Area B.

- The perched zone has been impacted by previous releases of fuel in Adit 3; the PFAS data would complete the characterization of water quality in the perched water.

- Navy notes the wells were installed for the investigation of fuel releases, not PFAS releases covered under non-Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). However, EPA is unaware of reasons why this distinction would compromise the quality and representativeness of perched groundwater samples. If the concern pertains to potential PFAS content of the materials used to construct the temporary wells, the specific materials should be identified and investigated.

- Navy expressed concern that the data quality would not be suitable for risk assessment purposes. EPA notes that the data for the Adit 3 wells is being collected for screening purposes and data collection for risk assessment can be a separate effort.

- If significant levels of PFAS are detected in the perched wells, then a more robust investigation of potential PFAS sources, including sorbent pads sources of the contamination, would be warranted. Regardless of the original source, significant levels of PFAS in the perched water could have adverse impacts on the basal aquifer and contribute to contamination in the RHS, therefore it should be investigated.

If you have any questions regarding this letter, please contact me at russi.tonya@epa.gov or (415) 972-3706.

Sincerely,

/s/

Tonya Russi
Red Hill Project Coordinator
U.S. Environmental Protection Agency, Region 9

cc: CDR Benjamin Dunn, NCTF-RH
Joshua Stout, NCTF-RH
Charlotte Rangel, NAVFAC
Niels Heidner, NAVFAC
Allison Hutto, DOH
Gracelda Simmons, DOH
John Chesnutt, EPA

REGION 9

SAN FRANCISCO, CA 94105

May 05, 2026

VIA ELECTRONIC MAIL ONLY

Jocelyn Tamashiro
Environmental Restoration Manager
NAVFAC Hawaii, EV3
400 Marshall Road, Building X-11
Joint Base Pearl Harbor-Hickam, Hawai'i 96860

Subject: U.S. Environmental Protection Agency Comments on the *Revised Draft Remedial Investigation Work Plan Per- and Polyfluoroalkyl Substances, Red Hill Bulk Fuel Storage Facility, Joint Base Pearl Harbor-Hickam, Hawaii*, February 2026

Dear Ms. Tamashiro:

Thank you for submitting the *Revised Draft Remedial Investigation Work Plan Per- and Polyfluoroalkyl Substances, Red Hill Bulk Fuel Storage Facility, Joint Base Pearl Harbor-Hickam, Hawaii.* The Remedial Investigation (RI) is essential to developing a comprehensive understanding of the nature and extent of per- and polyfluoroalkyl substances (PFAS) and comingled petroleum hydrocarbons in soil and groundwater at the Red Hill Bulk Fuel Storage Facility (RHBFSF). The Work Plan focuses on two areas: Area A, including Building 313 and the Adit 6 entrance, and Area B, including the westernmost portion of the Red Hill facility around Adit 3 and the Oily Waste Disposal Facility (OWDF). EPA is committed to working with the Navy to expedite the sampling efforts in Area B. Please find attached EPA's comments on the RI Work Plan. We look forward to the Navy's revisions and commencement of field work.

If you have any questions regarding this letter, please contact Tonya Russi at russi.tonya@epa.gov or (415) 972-3706.

Sincerely,

JOHN CHESNUTT Digitally signed by JOHN CHESNUTT Date: 2026.05.05 08:39:32 -07'00'

John Chesnutt
Manager, Superfund Pacific Islands Section
U.S. Environmental Protection Agency, Region 9

TONYA RUSSI Digitally signed by TONYA RUSSI Date: 2026.05.05 07:35:29 -07'00'

Tonya Russi
Red Hill Coordinator
U.S. Environmental Protection Agency, Region 9

Attachment: 1. EPA Comments on Revised Draft Remedial Investigation Work Plan Per- and Polyfluoroalkyl Substances

cc: (email only)
CAPT Gregory deWindt, NCTF-RH
CDR Benjamin Dunn, NCTF-RH
Joshua Stout, NCTF-RH
Charlotte Rangel, NAVFAC
Niels Heidner, NAVFAC
Gracelda Simmons, Hawaii Department of Health
Jennah Oshiro, Hawaii Department of Health
Kelly Ann Lee, Hawaii Department of Health

Attachment 1 – EPA Comments on Revised Draft Remedial Investigation Work Plan Per- and Polyfluoroalkyl Substances

<u>Comments:</u>

1. EPA understands the proposed data collection effort described in this work plan is the first phase of the investigation of PFAS impacts at the Red Hill Facility. EPA appreciates Navy's commitment to fully investigate the PFAS impacts at Red Hill in this and future phases. Accordingly, we have limited our comments to matters most relevant to this initial phase of investigation.

2. Construction projects around the facility are ongoing. Active construction may limit access to potential areas of concern. Please provide all known construction and grading timelines in identified areas of concern. Please describe how you will alert EPA/Hawaii Department of Health in advance of any planned or changed construction that could affect PFAS investigation/cleanup activities (i.e. written notification to EPA project manager, etc.)

3. If additional sampling methods or protocols are implemented, please submit a quality assurance project plan addendum, minimally including project quality objectives, reference limits, sampling design/rationale, and field and laboratory quality control processes.

4. **Page 23 (PDF page 29), Worksheet #6, Communication Pathways:** For Regulatory Agency Interface procedures, please update the language as follows: *The Navy RPM will forward all project documentation. The Navy will ensure EPA Region 9 and DOH are notified of major changes or corrective actions. While input on corrective actions will be sought beforehand whenever possible, notification will occur within 24 hours of implementation.*

5. **Page 43 (PDF page 49), Worksheet #10, 10.1 Overview (objectives of the RI):**
    a. The work plan states, "Characterize the nature and extent of PFAS in Area B…" Please update to "…characterize the nature, extent, and sources of PFAS in soil and groundwater in Area B…"
    b. For the objectives of the RI, please add Area B remedial investigation will include developing a hydrogeologic and contaminant conceptual site model (CSM) for the perched aquifers in the vicinity of the former OWDF facility and beneath Adit 3.

6. **Page 69 (PDF page 75), Worksheet #11, 11.1.2 Step 1 – State the Problem, Area B:** The work plan presents the following conclusion: *"Initial assessments of the monitoring data indicated that PFAS detected in NMW32 probably does not originate from the Facility (DON 2023o)."* The cited reference does not provide this global conclusion. Rather, it states the PFAS found in NMW-32 was not related to aqueous film forming foam (AFFF) product released in November 2022. However, the PFAS detected on the former OWDF represents a different and unknown source. Please remove this statement and reevaluate the connection with NMW-32 following delineation of OWDF impacts.

7. **Page 70 and 71 (PDF page 76), Worksheet #11, 11.3 Step 3 – Identify the Information Inputs to the Decision:** The seventh bullet indicates that the: *"Results from DoD-approved methods to*

assess the potential for COPCs to migrate from soil and perched water measured in the valley fill sediments to the underlying basal groundwater that is a drinking water resource." Please identify project screening levels (PSL) for specific PFAS protective of the leaching-to-groundwater pathway and provide a description of the method for EPA review.

8. **Page 103 (PDF page 109), Worksheet #14, 14.13.1 Data Management Tasks:** Please provide field notes/data sheets to regulators. This should include all information necessary to understand the results (example: water quality collected via a flow-through cell). EPA requests this information be uploaded to the Navy's Environmental Data Management System or other equivalent database accessible to regulators.

9. **Page 138 (PDF page 144) 17.6, Worksheet #17, 17.6 Area B Groundwater Sampling Design and Locations:** EPA recommends installing pressure transducers in Area A and Area B perched wells and temporary wells in Adit 3 to collect continuous groundwater elevation measurements. This information will be important for identifying sources of perched aquifer recharge, temporal response to precipitation events, saturated thickness of the perched zone and the direction and rate of groundwater flow.

Expectations for Future Submittals

10. As part of future phases, when updating the CSM, evaluating fate and transport, and choosing sample locations, please consider pipelines, utility conduits, and other infrastructure that may cause preferential pathways for contaminant migration.

11. EPA acknowledges there is a Department of Defense (DoD) Office of the Secretary of Defense memorandum that stipulates which screening levels the Navy will use. EPA recommends that DoD use the updated regional screening level that reflects the latest science. Rescreening may be needed as new scientific information emerges.

12. Releases to the environment have occurred from the collection, holding and transfer tank (CHT) and holding tank-leach tank (HT/LT) and are currently being investigated for petroleum impacts. These release locations also represent possible PFAS release locations. Future project phases may require PFAS soil and groundwater sampling at CHT and HT/LT locations.

13. PFAS was detected in the perched aquifer beneath Adit 3 (OWDF-08B). EPA expects that future phases of the project will include sampling in Adit 3 to improve our understanding of the distribution of PFAS contamination in the perched aquifer.

14. **Page 63 (PDF page 69), Worksheet #10, 10.4.3.2 Area B:** The report states; *"PFOA is defined in the basal aquifer below the PSL to the west and south of Area B; however, it is not fully defined to the east, or to the north along the Facility boundary toward the Halawa Industrial Park (Figure 17)."* As presented in Figure 20, perfluorooctanoic acid results from OWDFMW-04A, RHP-05 and RHP-06 exceed the PSL in the basal aquifer, suggesting that in future phases of the project, further definition will be necessary to the south and west of the OWDF. The results of the initial phase of soil and groundwater investigation and an updated hydrogeologic CSM should be used to optimize the locations of these basal wells.

15. **Page 77 (PDF page 83), Worksheet #12, Field Quality Control Samples:** From previous Navy responses, EPA understands that the high relative percent difference (RPD) shown for field duplicates are standard for Navy sites on Joint Base Pearl Harbor Hickam (JBPHH). However, the limits in DoD Module 6: Data Validation Guidelines are used as an example of what may be considered a major exceedance. Results with high RPDs may require additional sampling.

16. **Page 96 (PDF page 102), Worksheet #14, 14.7.3 Groundwater Sampling:** EPA requests four quarters of groundwater sampling after all monitoring wells are installed. EPA requests a meeting to discuss groundwater monitoring frequency and the included wells.

17. **PDF page 321, Table B-4, Summary of Area A Perched Groundwater Quarterly Expedited Sampling Analytical Data:** EPA notes PFAS data collected between December 2022-December 2023 at Red Hill monitoring wells after the November 2022 release outside Adit 6 is missing from the analytical data summary. EPA requests this data be reviewed and considered for both the CSM development and the evaluation of impact on basal groundwater quality.

18. At minimum, the CSM in the final report should include the following:
    a. Characterization of seasonal variability in perched aquifer conditions including saturated thicknesses, flow directions and flow rates.
    b. An evaluation of basal groundwater flow direction in the vicinity of the OWDF.
    c. Identification of sources of water recharging the perched aquifers.
    d. Identification of areas where perched aquifers are recharging the basal aquifer.
    e. An estimate of the net mass of PFAS contamination released to the environment in November 2022 that was not recovered through removal activities.
    f. An evaluation of PFAS weathering, transformation, and mobility in the environment.
    g. An evaluation of PFAS mass loading rates to the basal aquifer resulting from individual (impacted) perched aquifers and to the basal aquifer in the vicinity of Adit 6.
    h. An evaluation of the concentration and mass flux of individual PFAS and total PFAS migrating onto Red Hill, and the mass of individual and total PFAS migrating off the facility.
    i. An evaluation of the relationship between PFAS contamination detected at the former OWDF and Red Hill Facility and PFAS contamination detected in offsite wells including NMW-24, 25 and 32.

19. In the final report please include:
    a. A description of the geostatistical methods used to support the development of all plume maps.
    b. A description of previous soil excavations, site grading, and other work that may have affected contaminant occurrence and distribution at or adjacent to the OWDF.
    c. Details about the 2025 removal of the AFFF Retention Tank and ongoing trenching, excavation, and grading near Area B, including locations where soil movement activity occurred.
    d. Cross-section and plan-view figures of soil excavations and site grading.
    e. Figures identifying the footprint of the proposed permanent water treatment facility relative to features on the OWDF such as the former AFFF storage tank, the temporary GAC treatment system infrastructure, existing wells, and soil borings and temporary well

locations.

f. Description of the water releases from Tank 316 in May 2025 and Tank 685 in September 2025, focusing on their impact on potential contaminant transport.
g. A figure showing proposed sampling locations in proximity to the Tank 685 washout area.
h. Discussion of any impact the erosion control project may have on the sampling schedule.

ITEM FOR INFORMATION NO. 2

"July 27, 2026

STATUS UPDATE OF GROUNDWATER LEVELS AT ALL INDEX STATIONS

Chair and Members
Board of Water Supply
City and County of Honolulu
Honolulu, Hawai'i 96843

Chair and Members:

Subject: Status Update of Groundwater Levels at All Index Stations

One aquifer index station was in low groundwater condition for the production month of June 2026. Kaimukī is in Caution Status. The monthly production average for June 2026 was 135.97 million gallons per day.

The Board of Water Supply rainfall index for the month of June 2026 was 136 percent of normal, with a 5-month moving average of 204 percent. As of July 7, 2026, the Hawai'i Drought Monitor shows no drought conditions across the entire island of O'ahu. The National Weather Service is forecasting above-normal precipitation through August 2026.

Almost all monitoring wells exhibited increasing head levels for the month of June 2026. This reflects the relatively higher rainfall over the past several months. Average monthly production for June 2026 is lower than June 2025 and lower than the 5-year monthly average.

Respectfully Submitted,

/s/ ERNEST Y. W. LAU, P.E
Manager and Chief Engineer

Attachment"

The foregoing was for information only.

DISCUSSION: Barry Usagawa, Program Administrator, Water Resources Division, gave the report. There were no comments or discussion.

PRODUCTION, HEAD AND RAINFALL REPORT
MONTH OF JUNE 2026

POTABLE

STATION	MGD
HONOLULU (1)	
KULIOUOU	0.00
WAILUPE	0.00
AINA KOA	0.00
AINA KOA II	0.00
MANOA II	0.89
PALOLO	1.48
KAIMUKI HIGH	1.83
KAIMUKI LOW	0.97
WILDER	8.99
BERETANIA HIGH	1.21
BERETANIA LOW	1.93
KALIHI HIGH	3.81
KALIHI LOW	2.68
KAPALAMA	0.25
KALIHI SHAFT	8.42
MOANALUA	2.41
HALAWA SHAFT	0.00
KAAMILO	0.00
KALAUAO	8.84
PUNANANI	10.58
KAAHUMANU	0.29
HECO WAIAU	2.57
MANANA	0.28
WAIALAE IKI	0.27
WELLS SUBTOTAL:	57.70
MANOA TUNNEL	0.17
PALOLO TUNNEL	0.10
GRAVITY SUBTTL:	0.27
HONOLULU SUBTTL:	57.97

STATION	MGD
WINDWARD (2)	
WAIMANALO II	0.25
WAIMANALO III	0.00
KUOU I	0.02
KUOU II	0.08
KUOU III	0.82
LULUKU	0.96
HAIKU	0.32
IOLEKAA	0.00
KAHALUU	0.57
KAHANA	0.58
PUNALUU I	0.00
PUNALUU II	2.64
PUNALUU III	0.55
KALUANUI	1.13
MAAKUA	0.28
HAUULA	0.21
WELLS SUBTOTAL:	8.42
WAIM. TUNNELS I & II	0.00
WAIM. TUNNELS III&IV	0.23
WAIHEE INCL. WELLS	0.27
WAIHEE TUNNEL	5.70
LULUKU TUNNEL	0.13
HAIKU TUNNEL	0.34
KAHALUU TUNNEL	2.01
GRAVITY SUBTOTAL:	8.67
WIND. SUBTOTAL:	17.09

STATION	MGD
NORTH SHORE (3)	
KAHUKU	0.28
OPANA	1.12
WAIALEE I	0.46
WAIALEE II	0.00
HALEIWA	0.00
WAIALUA	1.59
N.SHORE SUBTOTAL:	3.45

MILILANI (4)	
MILILANI I	1.99
MILILANI II	1.45
MILILANI III	0.61
MILILANI IV	0.00
MILILANI SUBTOTAL:	4.06

WAHIAWA (5)	
WAHIAWA	1.44
WAHIAWA II	1.19
WAHIAWA SUBTOTAL:	2.63

PEARL CITY-HALAWA (6)	
HALAWA 277	0.00
HALAWA 550	0.00
AIEA	0.00
AIEA GULCH 497	1.07
AIEA GULCH 550	0.21
KAONOHI I	1.82
WAIMALU I	0.00
NEWTOWN	1.18
WAIAU	1.05
PEARL CITY I	0.82
PEARL CITY II	0.87
PEARL CITY III	0.36
PEARL CITY SHAFT	0.88
PEARL CITY-HALAWA SUBTOTAL:	8.25

STATION	MGD
WAIPAHU-EWA (7)	
WAIPIO HTS.	1.61
WAIPIO HTS. I	0.74
WAIPIO HTS. II	0.37
WAIPIO HTS. III	1.19
WAIPAHU	6.74
WAIPAHU II	2.36
WAIPAHU III	2.71
WAIPAHU IV	2.99
KUNIA I	6.56
KUNIA II	1.78
KUNIA III	0.00
HOAEAE	6.11
HONOULIULI I	0.00
HONOULIULI II	5.54
MAKAKILO	0.00
WAIPAHU-EWA SUBTOTAL:	38.69

WAIANAE (8)	
MAKAHA I	0.77
MAKAHA II	0.00
MAKAHA III	0.30
MAKAHA V	0.05
MAKAHA VI	0.00
MAKAHA SHAFT	0.00
KAMAILE	0.00
WAIANAE I	0.00
WAIANAE II	0.07
WAIANAE III	0.88
WELLS SUBTOTAL:	2.08
WAIA. C&C TUNNEL	1.40
WAIA. PLANT. TUNNELS	0.35
GRAVITY SUBTOTAL:	1.75
WAIANAE SUBTOTAL:	3.83

NONPOTABLE

NONPOTABLE	MGD
KALAUAO SPRINGS	0.42
BARBERS POINT WELL	0.99
GLOVER TUNNEL NP	0.28
NONPOTABLE TOTAL:	1.69

RECYCLED WATER (MAY 2026)

RECYCLED WATER	MGD
HONOULIULI WRF R-1	6.05
HONOULIULI WRF RO	1.53
RECYCLED TOTAL:	7.58

PRODUCTION, HEAD AND RAINFALL REPORT
MONTH OF JUNE 2026

PRODUCTION SUMMARIES

TOTAL WATER	MGD
PUMPAGE	125.28
GRAVITY	10.69
POTABLE TOTAL:	135.97
NONPOTABLE	1.69
RECYCLED WATER	7.58
TOTAL WATER:	145.24

CWRM PERMITTED USE AND BWS ASSESSED YIELDS FOR BWS POTABLE SOURCES

WATER USE DISTRICTS		A PERMITTED USE/ BWS YLDS	B JUN 2026	C DIFF. A-B
1	HONOLULU	83.32	57.70	25.62
2	WINDWARD	25.02	17.09	7.93
3	NORTH SHORE	4.70	3.45	1.25
4	MILILANI	7.53	4.06	3.47
5	WAHIAWA	4.27	2.63	1.64
6	PEARL CITY-HALAWA	12.25	8.25	4.00
7	WAIPAHU-EWA	50.63	38.69	11.94
8	WAIANAE	4.34	3.83	0.51
TOTAL:		192.06	135.70	56.35

CWRM PERMITTED USE FOR BWS NONPOTABLE SOURCES

WATER USE DISTRICTS		A PERMITTED USE	B JUN 2026	C DIFF. A-B
7	WAIPAHU-EWA (BARBERS POINT WELL)	1.00	0.99	0.01
TOTAL:		1.00	0.99	0.01

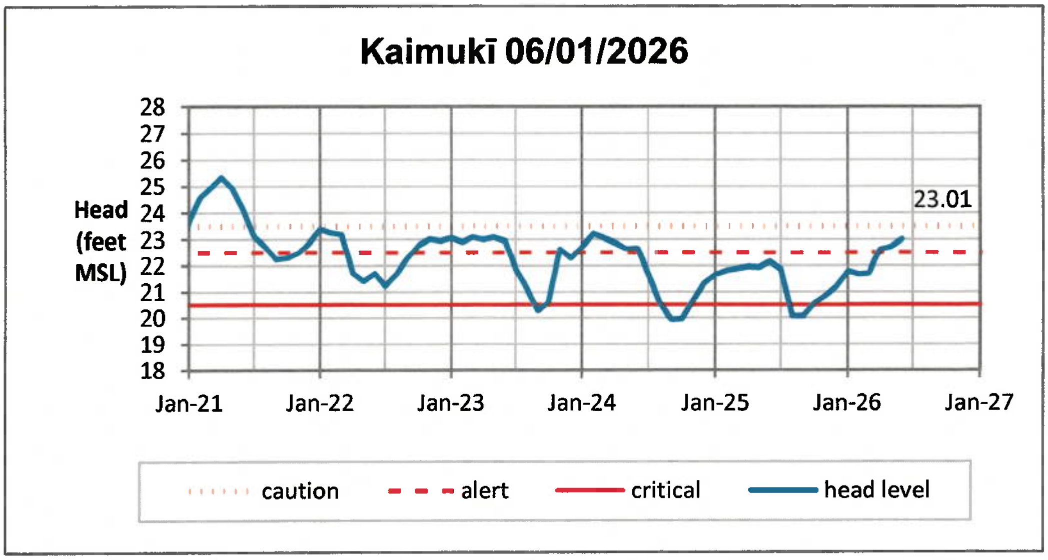
EFFECTIVE WATER DEMAND PER DISTRICT

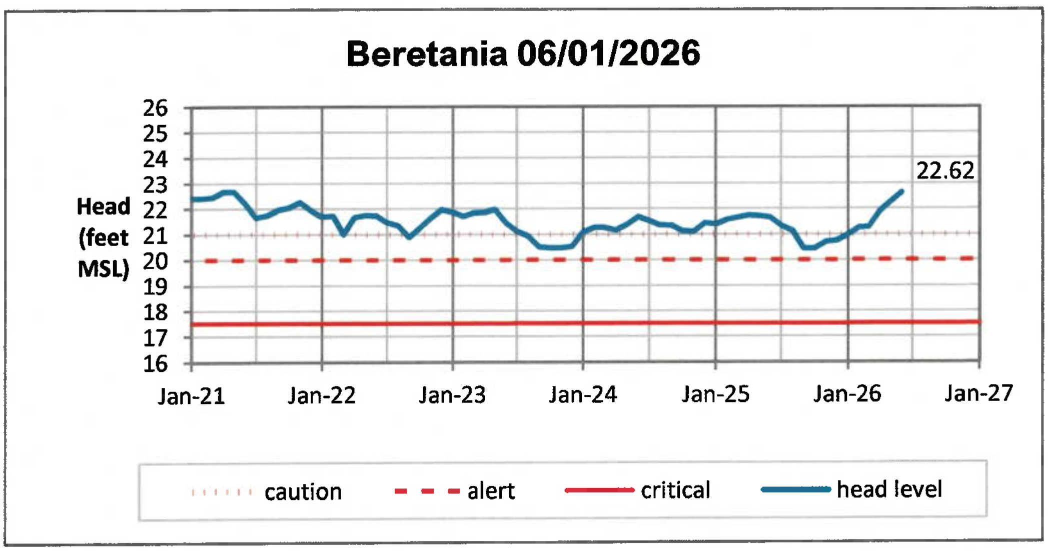
IMPORT/EXPORT BETWEEN WATER USE DISTRICTS

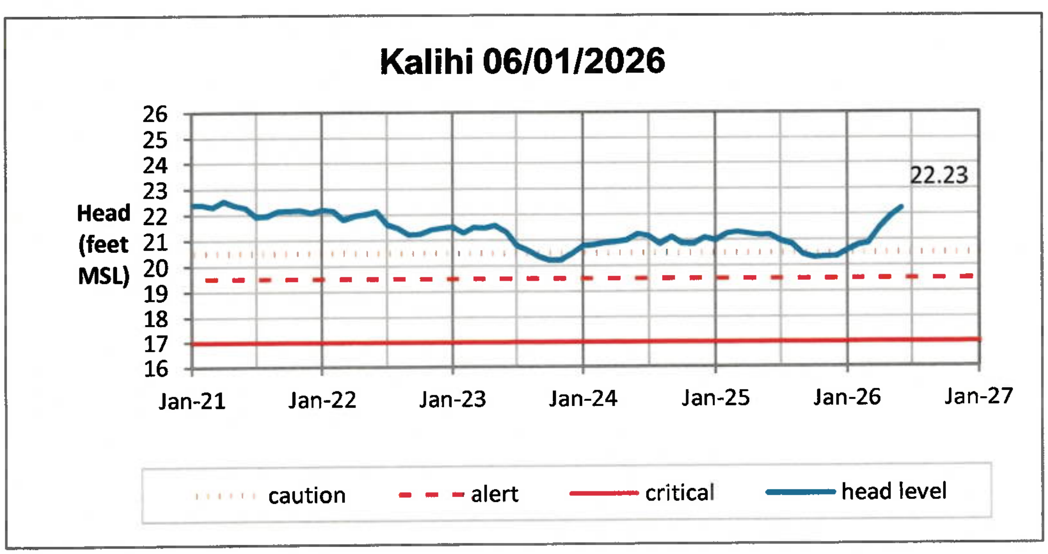
FROM	TO		MGD
2	1	WINDWARD EXPORT	0.10
7	8	BARBERS PT LB	5.93

WATER USE DISTRICTS		SUBTOTAL	IMPORT	EXPORT	EFFECTIVE WATER DEMAND
1	HONOLULU	57.97	0.10	-	58.07
2	WINDWARD	17.09	-	0.10	16.99
3	NORTH SHORE	3.45	-	-	3.45
4	MILILANI	4.06	-	-	4.06
5	WAHIAWA	2.63	-	-	2.63
6	PEARL CITY-HALAWA	8.25	-	-	8.25
7	WAIPAHU-EWA	38.69	-	5.93	32.76
8	WAIANAE	3.83	5.93	-	9.76
TOTAL:		135.97	6.03	6.03	135.97

Head Report


Kaimukī 06/01/2026
28
27
26
25
24
23
22
21
20
19
18
Head
(feet
MSL)
23.01
Jan-21
Jan-22
Jan-23
Jan-24
Jan-25
Jan-26
Jan-27
caution
alert
critical
head level


Beretania 06/01/2026
26
25
24
23
22
21
20
19
18
17
16
Head
(feet
MSL)
22.62
Jan-21
Jan-22
Jan-23
Jan-24
Jan-25
Jan-26
Jan-27
caution
alert
critical
head level


Kalihi 06/01/2026
26
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19
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17
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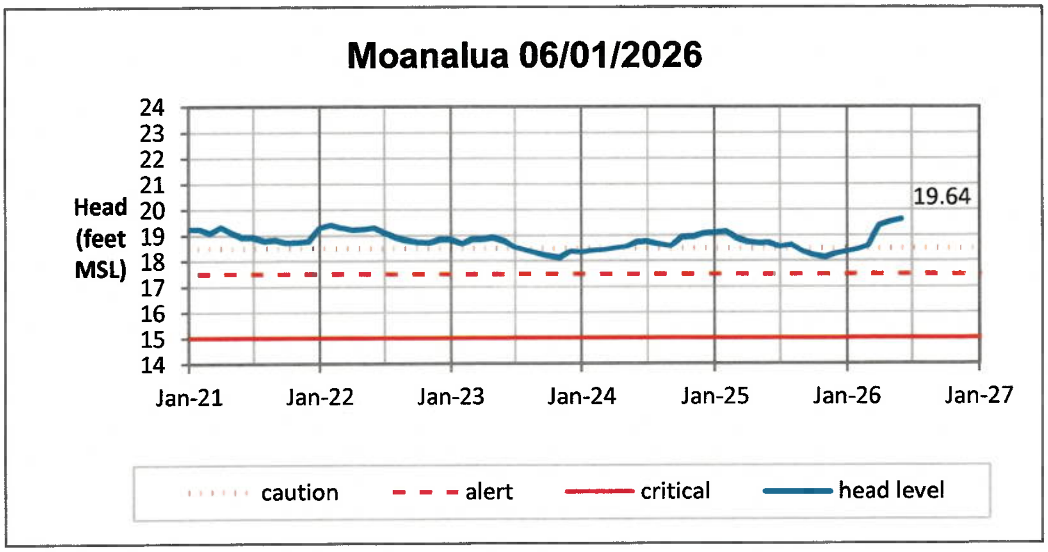
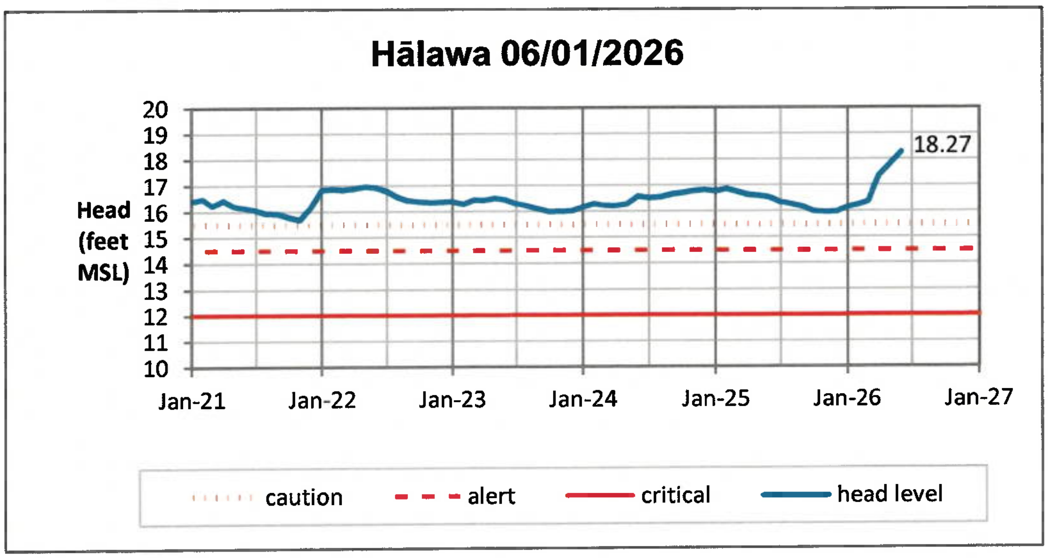
Head
(feet
MSL)
22.23
Jan-21
Jan-22
Jan-23
Jan-24
Jan-25
Jan-26
Jan-27
caution
alert
critical
head level

Head Report



Moanalua 06/01/2026
24
23
22
21
20
19
18
17
16
15
14
Head
(feet
MSL)
19.64
Jan-21
Jan-22
Jan-23
Jan-24
Jan-25
Jan-26
Jan-27
caution
alert
critical
head level



Hālawa 06/01/2026
20
19
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11
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Head
(feet
MSL)
18.27
Jan-21
Jan-22
Jan-23
Jan-24
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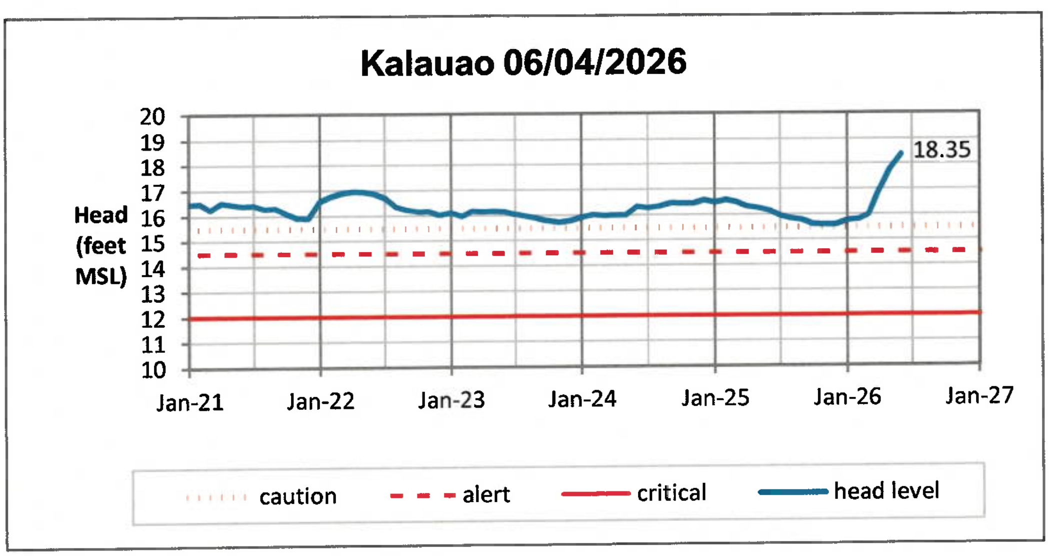
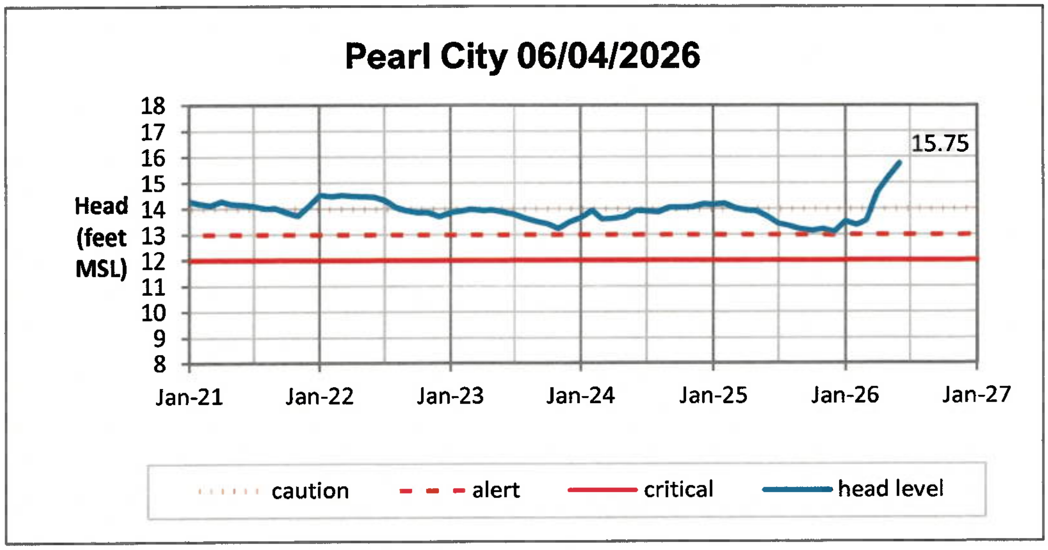
Jan-26
Jan-27
caution
alert
critical
head level



Kalauao 06/04/2026
20
19
18
17
16
15
14
13
12
11
10
Head
(feet
MSL)
18.35
Jan-21
Jan-22
Jan-23
Jan-24
Jan-25
Jan-26
Jan-27
caution
alert
critical
head level

Head Report


Pearl City 06/04/2026
Head (feet MSL)
18
17
16
15
14
13
12
11
10
9
8
Jan-21
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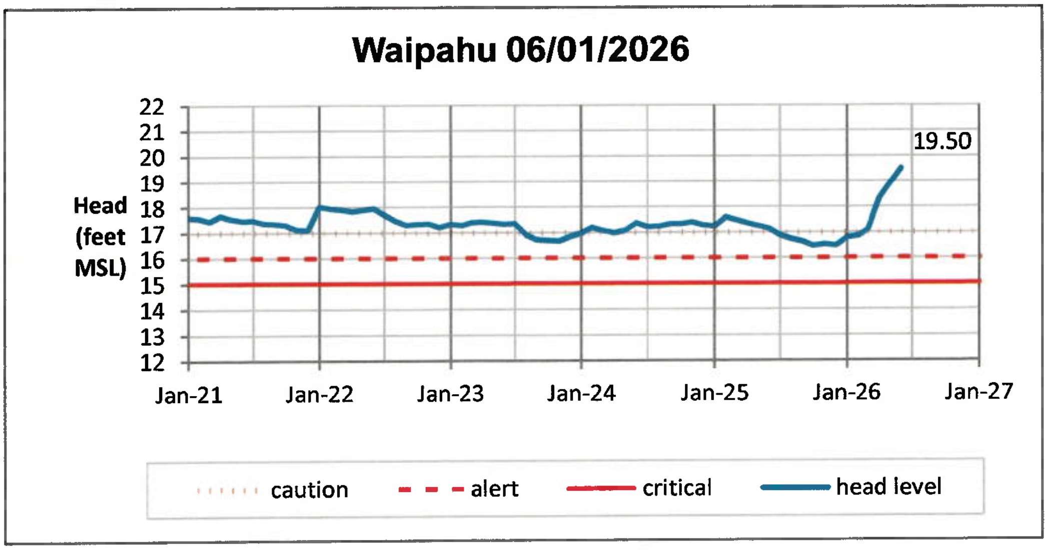
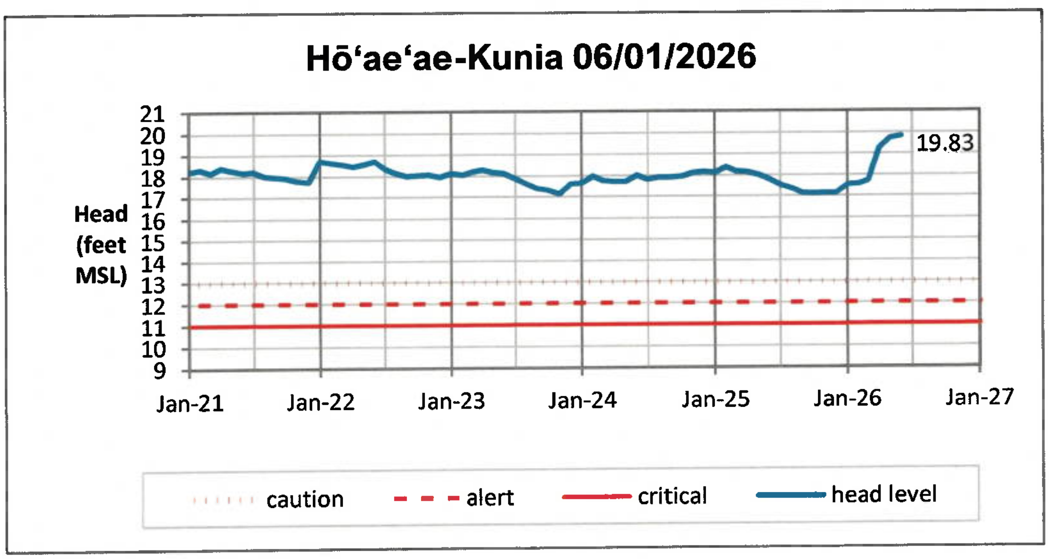
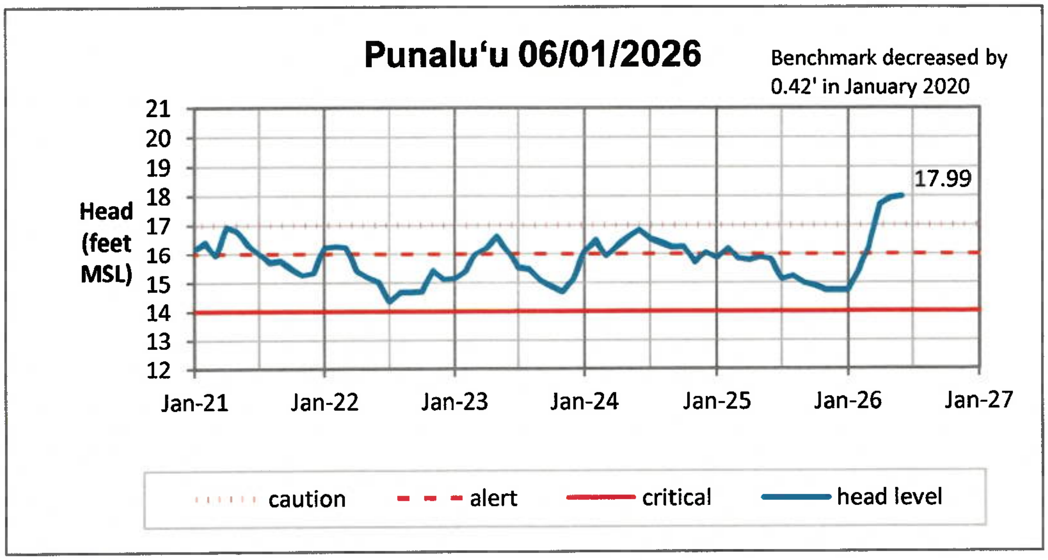
Jan-24
Jan-25
Jan-26
Jan-27
15.75
caution
alert
critical
head level

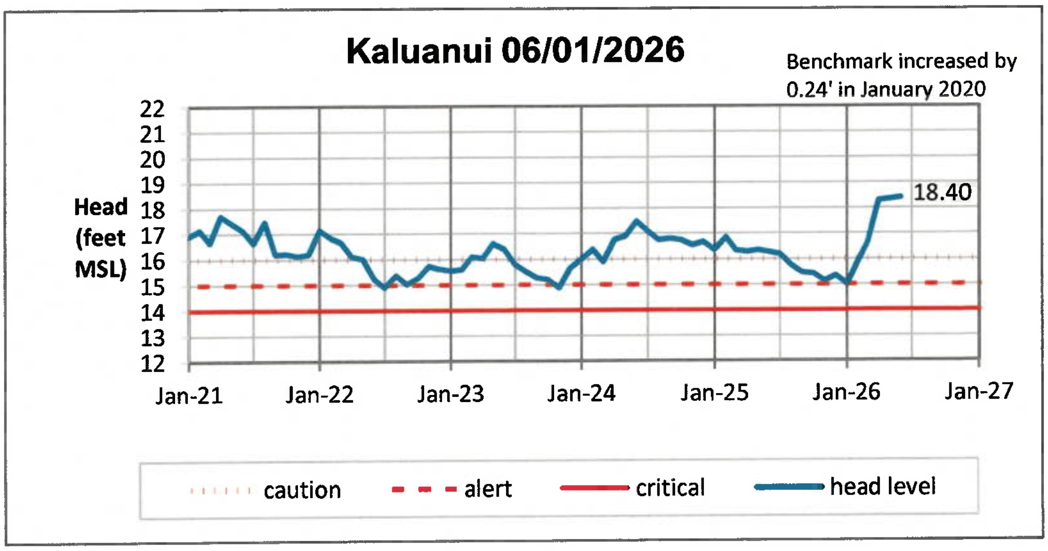

Waipahu 06/01/2026
Head (feet MSL)
22
21
20
19
18
17
16
15
14
13
12
Jan-21
Jan-22
Jan-23
Jan-24
Jan-25
Jan-26
Jan-27
19.50
caution
alert
critical
head level


Hōʻaeʻae-Kunia 06/01/2026
Head (feet MSL)
21
20
19
18
17
16
15
14
13
12
11
10
9
Jan-21
Jan-22
Jan-23
Jan-24
Jan-25
Jan-26
Jan-27
19.83
caution
alert
critical
head level

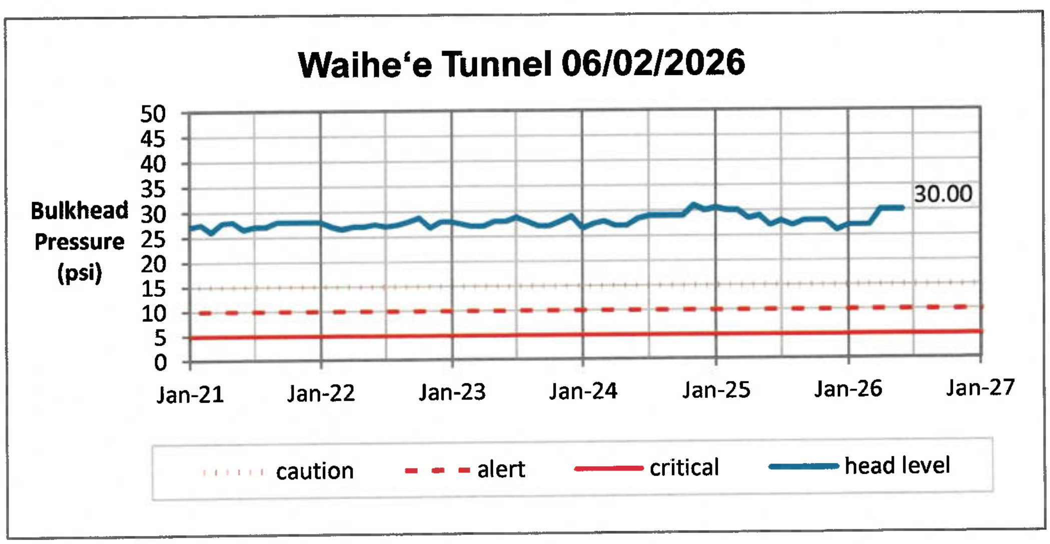
Head Report



Punalu'u 06/01/2026
Benchmark decreased by 0.42' in January 2020
Head (feet MSL)
21
20
19
18
17
16
15
14
13
12
17.99
Jan-21
Jan-22
Jan-23
Jan-24
Jan-25
Jan-26
Jan-27
caution
alert
critical
head level

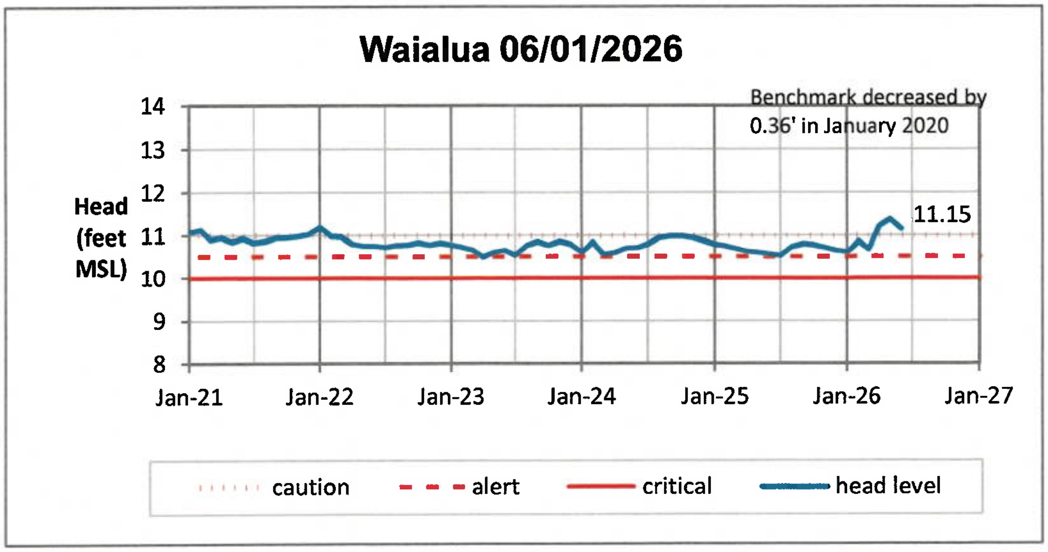


Kaluanui 06/01/2026
Benchmark increased by 0.24' in January 2020
Head (feet MSL)
22
21
20
19
18
17
16
15
14
13
12
18.40
Jan-21
Jan-22
Jan-23
Jan-24
Jan-25
Jan-26
Jan-27
caution
alert
critical
head level

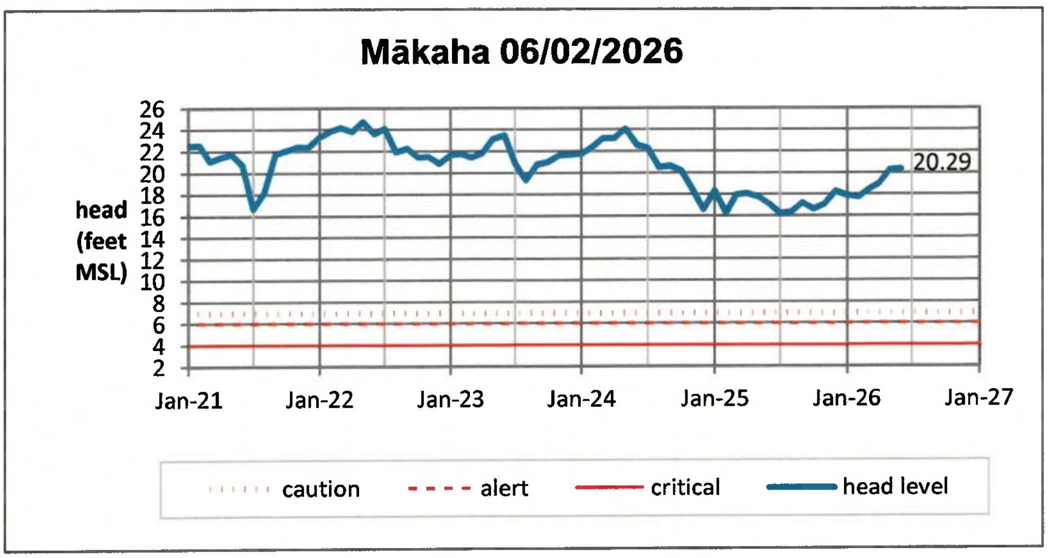


Waihe'e Tunnel 06/02/2026
Bulkhead Pressure (psi)
50
45
40
35
30
25
20
15
10
5
0
30.00
Jan-21
Jan-22
Jan-23
Jan-24
Jan-25
Jan-26
Jan-27
caution
alert
critical
head level

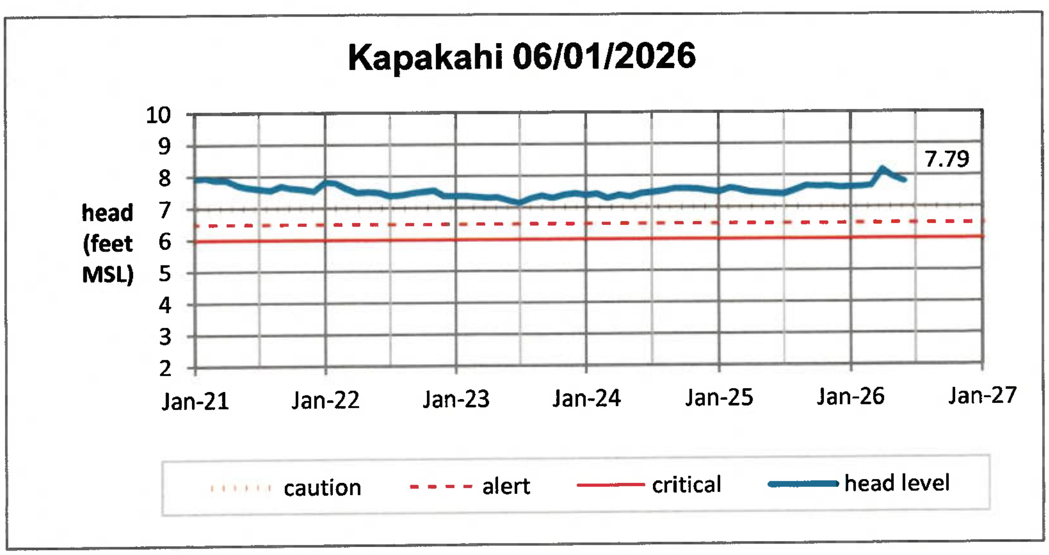
Head Report



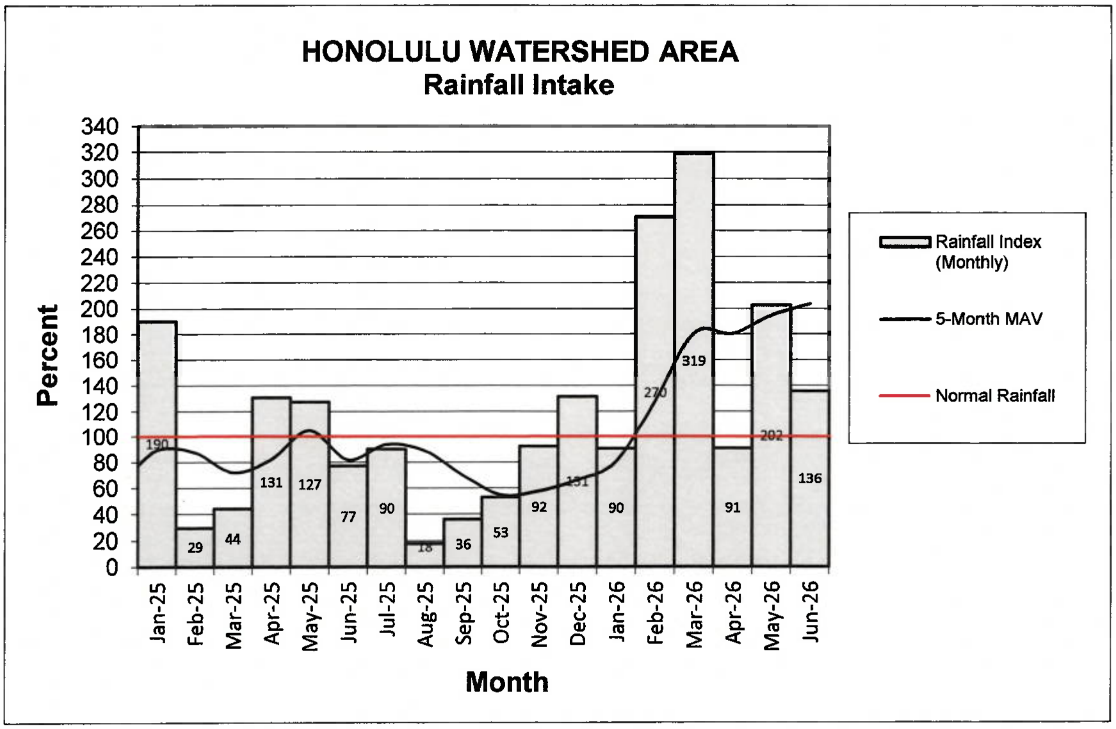
Waialua 06/01/2026
Benchmark decreased by 0.36' in January 2020
Head (feet MSL)
14
13
12
11
10
9
8
11.15
Jan-21
Jan-22
Jan-23
Jan-24
Jan-25
Jan-26
Jan-27
caution
alert
critical
head level

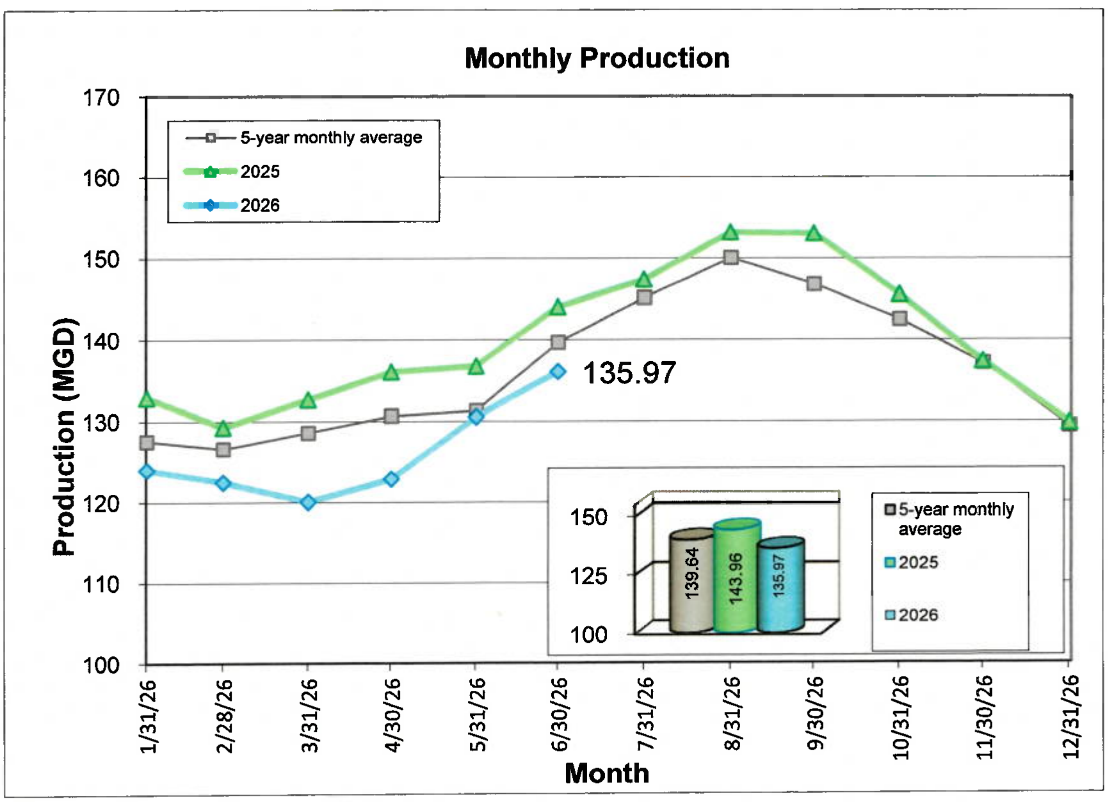


Mākaha 06/02/2026
head (feet MSL)
26
24
22
20
18
16
14
12
10
8
6
4
2
20.29
Jan-21
Jan-22
Jan-23
Jan-24
Jan-25
Jan-26
Jan-27
caution
alert
critical
head level



Kapakahi 06/01/2026
head (feet MSL)
10
9
8
7
6
5
4
3
2
7.79
Jan-21
Jan-22
Jan-23
Jan-24
Jan-25
Jan-26
Jan-27
caution
alert
critical
head level


HONOLULU WATERSHED AREA
Rainfall Intake
Percent
Month
Rainfall Index (Monthly)
5-Month MAV
Normal Rainfall
Jan-25 Feb-25 Mar-25 Apr-25 May-25 Jun-25 Jul-25 Aug-25 Sep-25 Oct-25 Nov-25 Dec-25 Jan-26 Feb-26 Mar-26 Apr-26 May-26 Jun-26
190 29 44 131 127 77 90 18 36 53 92 131 90 270 319 91 202 136

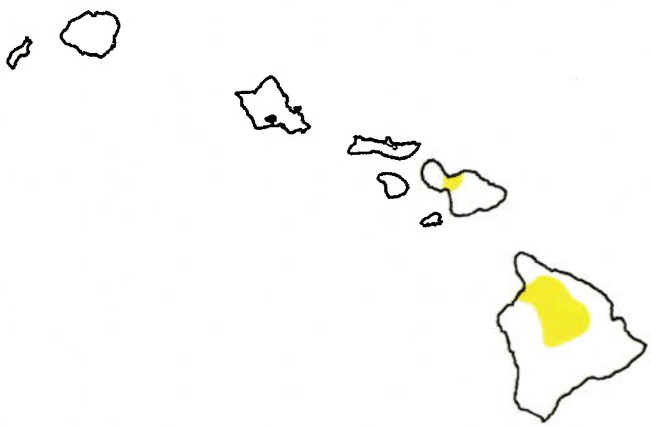

Monthly Production
Production (MGD)
Month
5-year monthly average
2025
2026
135.97
139.64
143.96
135.97
1/31/26 2/28/26 3/31/26 4/30/26 5/31/26 6/30/26 7/31/26 8/31/26 9/30/26 10/31/26 11/30/26 12/31/26

U.S. Drought Monitor

Current | Maps | Data | Summary | About | Conditions & Outlooks | Ag in Drought | En Español | NADM

Hawaii

Home / Hawaii



Map released: Thurs. July 9, 2026

Data valid: July 7, 2026 at 8 a.m. EDT

Intensity

- None
- D0 (Abnormally Dry)
- D1 (Moderate Drought)
- D2 (Severe Drought)
- D3 (Extreme Drought)
- D4 (Exceptional Drought)
- No Data

Authors

United States and Puerto Rico Author(s):

Curtis Riganti, National Drought Mitigation Center

Pacific Islands and Virgin Islands Author(s):

Anthony Artusa, NOAA/NWS/NCEP/CPC

ITEM FOR INFORMATION NO. 3

"July 27, 2026

WATER MAIN REPAIR REPORT FOR JUNE 2026	Chair and Members Board of Water Supply City and County of Honolulu Honolulu, Hawai'i 96843

Chair and Members:

Subject: Water Main Repair Report for June 2026

Daniel Lee, Acting Program Administrator, Field Operations Division, will report on water main repair work for the month of June 2026.

Respectfully submitted,

/s/ ERNEST Y. W. LAU, P.E
Manager and Chief Engineer

Attachment"

The foregoing was for information only.

DISCUSSION: Daniel Lee, Acting Assistant Program Administrator, Field Operations Division, gave the report. There were no comments or discussion.

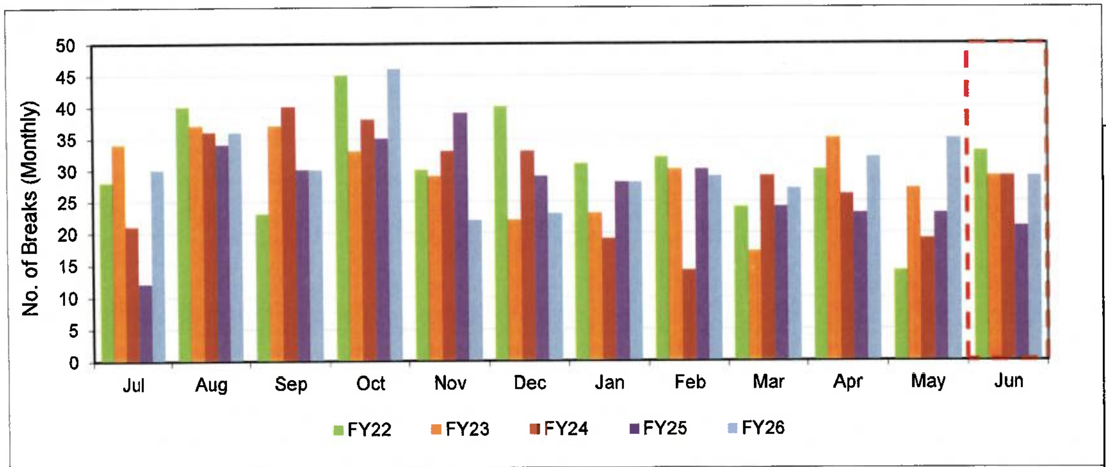
WATER MAIN REPAIR REPORT
for June 2026

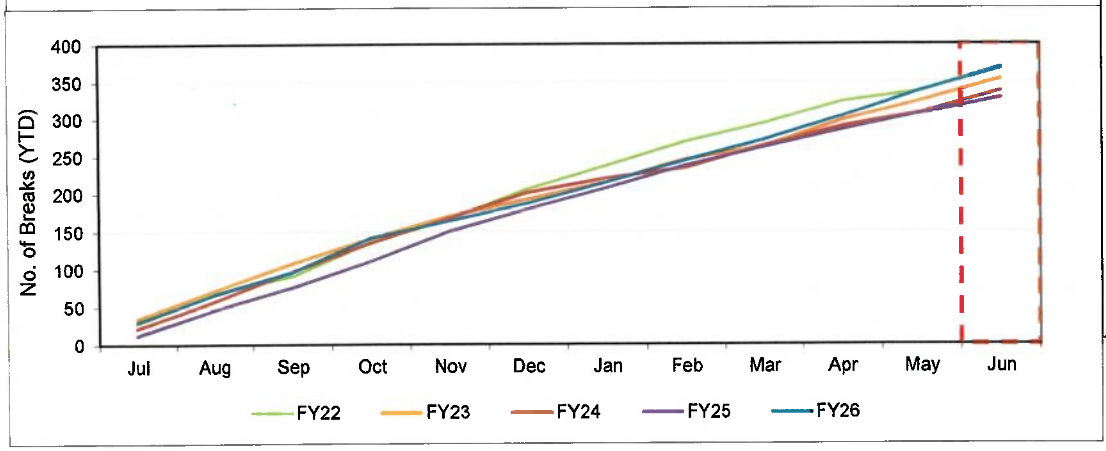
Monthly Main Breaks

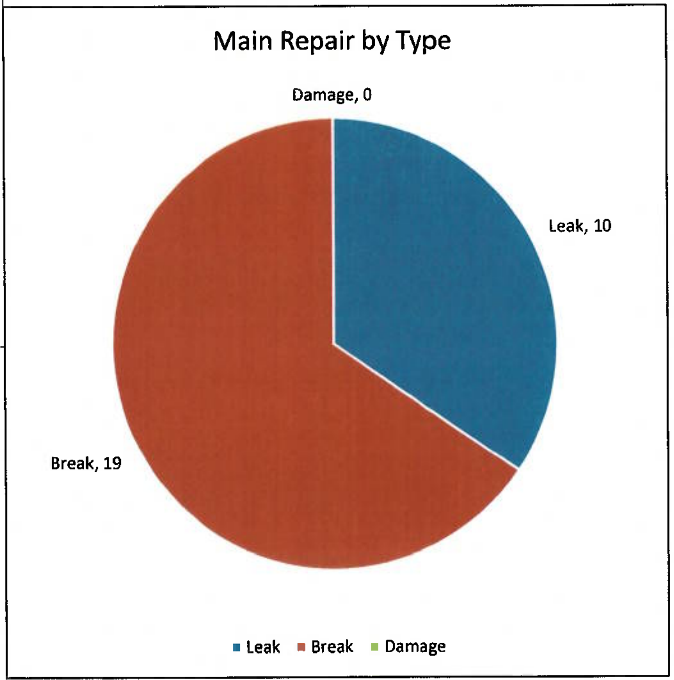
FY	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
2026	30	36	30	46	22	23	28	29	27	32	35	**29**	**367**
2025	12	34	30	35	39	29	28	30	24	23	23	21	**328**
2024	21	36	40	38	33	33	19	14	29	26	19	29	**337**
2023	34	37	37	33	29	22	23	30	17	35	27	29	**353**
2022	28	40	23	45	30	40	31	32	24	30	14	33	**370**

Main Repair by Type

Type	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
Leak	12	15	11	13	7	17	12	5	13	6	11	**10**	132
Break	17	20	17	32	15	5	14	23	12	25	24	**19**	223
Damage	1	1	2	1	0	1	2	1	2	1	0	**0**	12
Total	**30**	**36**	**30**	**46**	**22**	**23**	**28**	**29**	**27**	**32**	**35**	**29**	**367**







Date	Address	Size (In)	Pipe Type
6/4/2026	298 Elelupe Rd, Honolulu	8	CI
6/4/2026	98-1709 Kiawe St, Aiea	8	CI
6/5/2026	2913 Kahawai St, Honolulu	8	PVC
6/6/2026	2458 Lakoloa Pl, Honolulu	8	CI
6/8/2026	1148 Maunawili Rd, Kailua	12	CI
6/8/2026	1292 Kika St, Kailua	8	CI
6/9/2026	2239 N School St, Honolulu	16	CI
6/10/2026	98-1078 Kaonohi St, Aiea	8	CI
6/16/2026	85-723 Farrington Hwy, Waianae	16	DI
6/16/2026	45-143 Kumakua Pl, Kaneohe	12	CI
6/16/2026	1358 Lopaka Pl, Kailua	8	CI
6/16/2026	1170 Maunawili Rd, Kailua	8	DI
6/17/2026	149 Koalele St, Honolulu	6	CI
6/19/2026	1358 Lopaka Pl, Kailua	8	CI
6/19/2026	709 N Vineyard Blvd, Honolulu	12	CI
6/21/2026	2360 Anini Pl, Pearl City	8	CI
6/22/2026	95-745 Lewanuu St, Mililani	4	AC
6/23/2026	61-104 Iliohu Wy, Haleiwa	4	AC
6/24/2026	2002 9th Ave, Honolulu	8	CI
6/25/2026	67-106 Kuoha St, Waialua	6	CI
6/25/2026	2551 10th Ave, Honolulu	8	CI
6/26/2026	2253 Palolo Ave, Honolulu	8	CI
6/26/2026	1629 Ahihi St, Honolulu	8	CI
6/26/2026	3254 Paty Dr, Honolulu	8	PVC
6/26/2026	2281 Palolo Ave, Honolulu	8	CI

Date	Address	Size (In)	Pipe Type
6/26/2026	47-337 Waihee Rd, Kaneohe	12	CI
6/27/2026	895 Ainapo St, Honolulu	8	CI
6/29/2026	1659 Kanapuu Dr, Kailua	12	PVC
6/29/2026	2306 Auhuhu St, Pearl City	8	CI

LEAK DETECTION
for June 2026

POIs Investigated

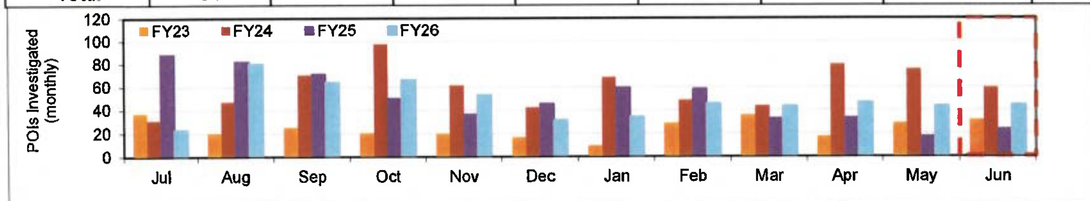
FY	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
2026	23	80	64	66	53	31	34	45	43	46	43	**44**	**572**
2025	88	82	71	50	36	45	59	58	32	33	17	23	594
2024	31	47	70	97	61	42	68	48	43	79	75	59	720
2023	37	20	25	20	19	16	9	28	35	17	28	31	285

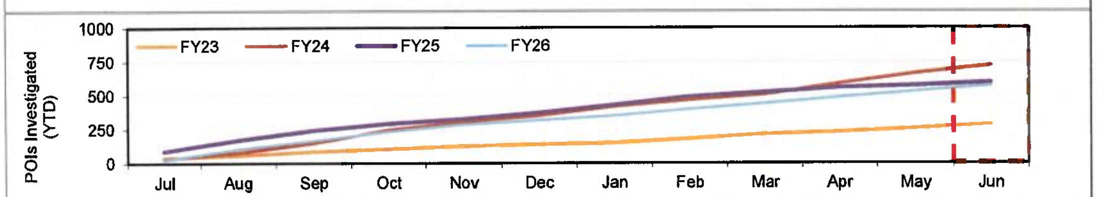
Leaks Found

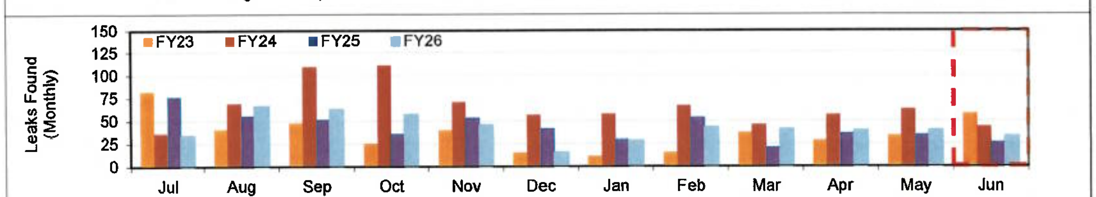
FY	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
2026	34	66	63	57	45	15	28	42	40	38	39	**32**	**499**
2025	76	55	51	35	53	41	29	53	20	35	34	26	508
2024	36	69	109	111	70	56	57	66	45	56	62	43	780
2023	82	40	47	25	39	15	11	15	36	28	33	57	428

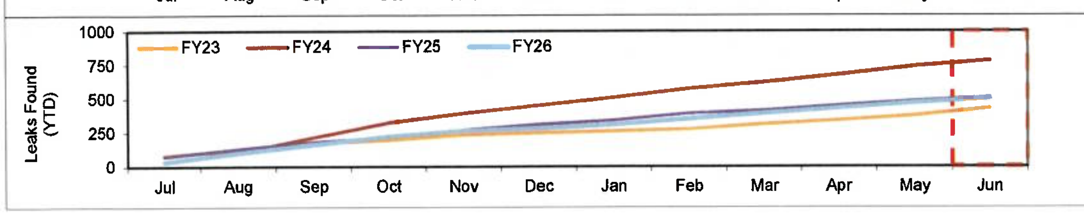
Satellite Leak by Type

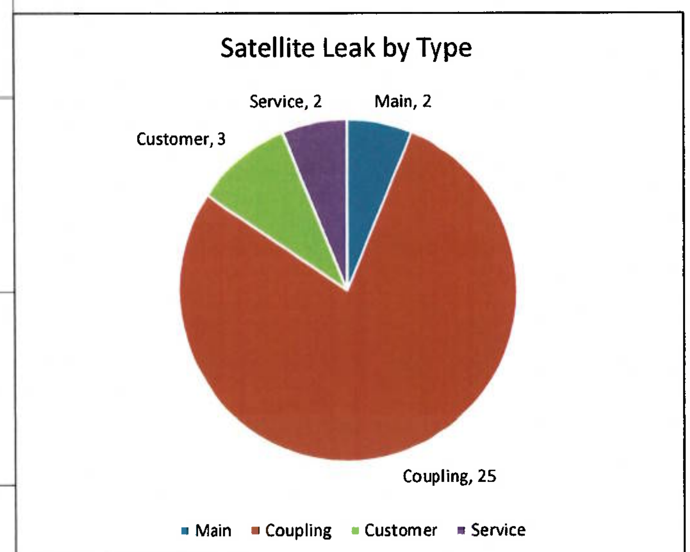
Type	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
Main	2	3	6	2	1	0	1	3	3	4	4	2	31
Coupling	19	49	38	40	26	10	20	16	25	25	28	25	321
Customer	5	11	14	11	12	5	5	21	10	6	7	3	110
Service	8	3	5	4	6	0	2	2	2	3	0	2	37
Total	**34**	**66**	**63**	**57**	**45**	**15**	**28**	**42**	**40**	**38**	**39**	**32**	**499**











MOTION TO RECESS INTO EXECUTIVE SESSION	There being no further business, Chair Wilhelm, at 3:01 PM, called for a motion to adjourn Open Session. Jonathan Kaneshiro so moved; seconded by Jeffrey Laupola and unanimously carried. Upon unanimous approved motion, the Board recessed into Executive Session Pursuant to [HRS § 92-5 (a)(4)] at 3:02 PM to Consider Issues Pertaining to Matters Posted for Discussion at an Executive Session.
OPEN SESSION	The Board reconvened in Open Session at 4:12 PM.

Chair Wilhelm announced that three Executive Session Action Items that require the Board's vote.

EXECUTIVE SESSION #1

"July 27, 2026

APPROVAL OF MINUTES	Approval of the Minutes of the Executive Session on June 22, 2026
MOTION TO APPROVE	Nā'ālehu Anthony and Jonathan Kaneshiro motioned and seconded, respectively, to approve the Minutes of the Executive Session of June 22, 2026.

Ms. Cruz-Achiu conducted a roll call vote: Vice Chair Jonathan Kaneshiro, aye; Board Member Nā'ālehu Anthony, aye; Board Member Jeffrey Laupola, aye; Board Member Darian Chun, aye; and Chair Lance Wilhelm, aye.

Ms. Cruz-Achiu announced that the motion passed with five ayes. Board Member Edwin Sniffen and Board Member Gene Albano were absent.

THE MINUTES OF THE EXECUTIVE SESSION MEETING HELD ON JUNE 22, 2026, WERE APPROVED AT THE JULY 27, 2026, BOARD MEETING			
	AYE	NO	COMMENT
LANCE WILHELM	X		
JONATHAN KANESHIRO	X		
NĀ'ĀLEHU ANTHONY	X		
JEFFREY LAUPOLA	X		
DARIAN CHUN	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO			ABSENT

EXECUTIVE SESSION #2

"July 27, 2026

MOTION TO APPROVE

Jeffrey Laupola and Jonathan Kaneshiro motioned and seconded, respectively, to Authorize the Proposed Settlement of Civil No. 1CCV-26-0000693, City and County of Honolulu, acting by and through the Board of Water Supply vs. Hawaii MMGD, a Delaware limited liability company, formerly known as MMGD, LLC, a Maryland limited liability company, and James Campbell Company LLC, a Delaware limited liability company, Relating to the Acquisition of Lot 3164 (Ōla'i Street) by Eminent Domain, Tax Map Key: 9-1-031:008, and to Request Authorization to Make a Settlement Offer [Hawai'i Revised Statutes (HRS) §92-4], [HRS §92-5(a)(3)], [HRS §92-5(a)(4)] and [HRS §92-5(a)(8)]

Ms. Cruz-Achiu conducted a roll call vote: Vice Chair Jonathan Kaneshiro, aye; Board Member Nā'ālehu Anthony, aye; Board Member Jeffrey Laupola, aye; Board Member Darian Chun, aye; and Chair Lance Wilhelm, aye.

Ms. Cruz-Achiu announced that the motion passed with five ayes. Board Member Edwin Sniffen and Board Member Gene Albano were absent.

TO AUTHORIZE THE PROPOSED SETTLEMENT OF CIVIL NO. 1CCV-26-0000693, CITY AND COUNTY OF HONOLULU, ACTING BY AND TROUGH THE BOARD OF WATER SUPPLY VS. HAWAII MMGD, A DELAWARE LIMITED LIABILTY COMPANY, FORMERLY KNOWN A MMGD, LLC, A MARYLAND LIMITED LIABILITY COMPANY, A JAMES CAMPBELL COMPANY LLC, A DELAWARE LIMITED LIABILITY COMPAN, RELATING TO THE ACQUISITION OF LOT 3164 (ŌLA'I STREET) BY AUTHORIZATION TO MAKE A SETTLEMENT OFFER [HAWAI'I REVISEDSTATUTES (HRS) §92-4], [HRS §92-5(A)(3)], [HRS §92-5(A)(4)], AND [HRS §92-5(A)(8)], WAS AUTHORIZED ON JULY 27, 2026, BOARD MEETING			
	AYE	NO	COMMENT
LANCE WILHELM	X		
JONATHAN KANESHIRO	X		
NĀ'ĀLEHU ANTHONY	X		
JEFFREY LAUPOLA	X		
DARIAN CHUN	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO			ABSENT

EXECUTIVE SESSION #3

"July 27, 2026

MOTION TO APPROVE

Nā'ālehu Anthony and Jonathan Kaneshiro motioned and seconded, respectively, to Authorized the Proposed Settlement of Claim #24-037B, Relating to Property Damages at 2036 Pauoa Road, Honolulu, Hawai'i Following an 8" Cast Iron Main Break at 2106 Kāneali'i Avenue, Honolulu, Hawai'i on December 6, 2023 [HRS §92-5(a)(4)]

Ms. Cruz-Achiu conducted a roll call vote: Vice Chair Jonathan Kaneshiro, aye; Board Member Nā'ālehu Anthony, aye; Board Member Jeffrey Laupola, aye; Board Member Darian Chun, aye; and Chair Lance Wilhelm, aye.

Ms. Cruz-Achiu announced that the motion passed with five ayes. Board Member Edwin Sniffen and Board Member Gene Albano were absent.

TO AUTHORIZE THE PROPOSED SETTLEMENT OF CLAIM #24-37B, RELATING TO PROPERTY DAMAGES AT 2036 PAUOA ROAD, HONOLULU, HAWAI'I FOLLOWING AN 8" CAST IRON MAIN BREAK AT 2106 KĀNEALI'I AVENUE, HONOLULU, HAWAI'I ON DECEMBER 6, 2023 [HRS §92-5(A)(4)], AND [HRS §92-5(A)(8)], WAS AUTHORIZED ON JULY 27, 2026, BOARD MEETING

	AYE	NO	COMMENT
LANCE WILHELM	X		
JONATHAN KANESHIRO	X		
NĀ'ĀLEHU ANTHONY	X		
JEFFREY LAUPOLA	X		
DARIAN CHUN	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO			ABSENT

MOTION TO ADJOURN

There being no further business, Chair Anthony, at 4:15 PM, called for a motion to adjourn the Regular Session. Jonathan Kaneshiro so moved, seconded by Jeffrey Laupola, and unanimously carried.

The minutes of the Regular Meeting held on July 27, 2026, are respectfully submitted,

JOY CRUZ-ACHIU

APPROVED:

LANCE WILHELM
Chair of the Board

AUG 24 2026

Date

THE MINUTES OF THE REGULAR MEETING HELD ON JULY 27, 2026, WERE APPROVED AT AUGUST 24, 2026, BOARD MEETING			
	AYE	NO	COMMENT
LANCE WILHELM	X		
JONATHAN KANESHIRO	X		
NĀʻĀLEHU ANTHONY	X		
JEFFREY LAUPOLA	X		
DARIAN CHUN	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO			ABSENT