MEMORANDUM OF UNDERSTANDING

This MEMORANDUM OF UNDERSTANDING is made and entered into this 1ST day of JULY 2011 (this "MOU"), by and between the HONOLULU AUTHORITY FOR RAPID TRANSPORTATION, whose mailing address is 1099 Alakea Street, Suite 1700, Honolulu, Hawaii, 96813, hereinafter referred to as "HART," and the BOARD OF WATER SUPPLY, City and County of Honolulu, whose mailing address is 630 South Beretania Street, Honolulu, Hawaii, 96843, hereinafter referred to as the "BWS." HART and the BWS are hereinafter collectively referred to as the "parties" and either may be referred to individually as a "party," all as governed by the context in which such words are used.

RECITALS:

WHEREAS, water, electrical, and communication lines were installed under the Hawaii Department of Transportation's ("HDOT's") Federal-Aid Project No. STP-8930(2), North-South Road, Phase 1B ("HDOT Project");

WHEREAS, in order to minimize impacts and costs to the future Honolulu High-Capacity Transit Corridor Project ("HHCTCP"), realignment of the planned water lines under North-South Road needed to be done to avoid potential conflict with the proposed rail guideway alignment;

WHEREAS, the BWS requested a change to the HDOT Project and provided $928,324.51 to HDOT to compensate HDOT's contractor for a contract change order to the HDOT Project for work to realign the planned waterlines;

WHEREAS, the BWS understood it would be reimbursed by the Department of Transportation Services, City and County of Honolulu ("DTS"), at a later date contingent upon DTS completing the environmental review process required for the HHCTCP and receiving approval from the Federal Transit Administration ("FTA") to undertake utility relocation;

WHEREAS, with receipt of the Record of Decision ("ROD") from the FTA on January 18, 2011, DTS completed the National Environmental Policy Act requirements necessary for the HHCTCP and received approval from the FTA to undertake utility relocation; and

WHEREAS, pursuant to Section 16-129 of the Revised Charter of the City and County of Honolulu 1973 (2000 Ed.), as amended, all lawful obligations and liabilities owed by or to the City relating to the City's fixed guideway mass transit system on June 30, 2011 shall remain in effect on July 1, 2011 and be assumed by HART.

NOW, THEREFORE, in accordance with the foregoing Recitals, which are incorporated into this MOU by reference, HART and the BWS, in consideration of the foregoing and the mutual promises hereinafter set forth, the sufficiency and adequacy of which are hereby acknowledged, and intending to be legally bound, hereby mutually agree as follows:

1. Upon execution of this MOU, HART shall pay to the BWS a sum total of NINE HUNDRED TWENTY-EIGHT THOUSAND THREE HUNDRED TWENTY-FOUR AND 51/100 DOLLARS ($928,324.51) as reimbursement for the BWS' expenditures to HDOT to coordinate water line relocation in the HDOT Project in anticipation of the HHCTCP.

IN WITNESS WHEREOF, the parties have executed this MOU by their duly authorized officers or agents on the day and year first written above.

APPROVED AS TO FORM:

By _____
Its: ~~Chief~~ Deputy Legal Counsel

BOARD OF WATER SUPPLY

By _____
Its: Acting Manager and
Chief Engineer

APPROVED AS TO FORM:

By _____
Its: Deputy Corporation Counsel

HONOLULU AUTHORITY
FOR RAPID TRANSPORTATION

By _____
Its: Interim Executive Director