

**Honolulu Authority for Rapid Transportation**

**RESOLUTION NO. 2016-24**

**RELATING TO THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION'S REQUEST TO THE CITY AND COUNTY OF HONOLULU TO DRAW FROM THE CITY'S GENERAL OBLIGATION TAX EXEMPT COMMERCIAL PAPER PROGRAM**

WHEREAS, pursuant to Section 17-109 of Article XVII of the Revised Charter of the City and County of Honolulu 1973, as amended ("Charter"), and at the request of the Honolulu Authority for Rapid Transportation ("HART"), the Honolulu City Council ("Council") may by resolution approve the issuance and sale of bonds for the construction of the Honolulu High Capacity Transit Corridor Project ("HHCTCP"), now known as the Honolulu Rail Transit Project; and

WHEREAS, Ordinance 01-28, as amended by Ordinance 04-36, Ordinance 10-15, Ordinance 15-46, and as may be further amended ("CP Ordinance"), sets forth the authority of the City and County of Honolulu (the "City") to issue and sell general obligation commercial paper pursuant to certain specified terms; and

WHEREAS, the CP Ordinance increases the maximum amount of such commercial paper permitted to be issued and sold, and expands the purposes for which proceeds of such commercial paper may be applied to include public improvements, including equipment, relating to the HHCTCP; and

WHEREAS, HART is required under Charter Section 17-109 and the CP Ordinance to make a request to the Council for the issuance and sale of bonds and other forms of indebtedness, which can currently take the form of general obligation bonds, general obligation commercial paper notes, general obligation bond anticipation notes and other forms of general obligation indebtedness, which proceeds will be used for the HHCTCP (the "HHCTCP Commercial Paper"); and

WHEREAS, the CP Ordinance requires HART and the City to have entered into a memorandum of understanding subject to the provisions of the CP Ordinance; and

WHEREAS, the memorandum of understanding sets forth the obligations of HART to the City concerning HHCTCP Commercial Paper and providing for HART's reimbursement to the City for any payments of principal and interest and any other costs incurred by the City relating to the issuance of HHCTCP Commercial Paper; and

WHEREAS, HART and the City have entered into the memorandum of understanding pursuant to Resolution No. 15-313, approving the memorandum of understanding and authorizing its execution by the Director of the Department of Budget and Fiscal Services, as well as the execution of any incidental or related agreements, amendments and documents in furtherance of the memorandum of understanding so long as such agreements, amendments and documents do not incur additional obligations on the part of the City; and

WHEREAS, pursuant to Resolution No. 15-314, the Council: (a) authorized the issuance, sale and use of proceeds of the General Obligation Bonds (including General Obligation Commercial Paper Notes) for the payment of the costs of public improvements, including equipment, relating to the HHCTCP, as well as the payment, refunding or refinancing

of the HHCTCP Commercial Paper; and (b) determined that \$350,000,000 would be the maximum aggregate principal amount of such General Obligation Bonds (including General Obligation Commercial Paper Notes) to be issued for such issue; and

WHEREAS, HART now wishes to draw on the \$350,000,000 from the City's General Obligation Tax Exempt Commercial Paper Program; and

WHEREAS, a copy of the Honolulu Authority for Rapid Transportation, Honolulu, Hawaii Request Pursuant to Memorandum of Understanding Referred to Herein Commercial Paper Notes, Subissue B-1 & Subissue B-2 ("Request") is attached hereto as "Exhibit 1" and incorporated herein by this reference; and

WHEREAS, a copy of the Certificate of the Honolulu Authority for Rapid Transportation is attached hereto as "Exhibit 2" and incorporated herein by this reference;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. That the Executive Director and CEO of HART is authorized to execute the Request in substantially the same form as the proposed document attached hereto as Exhibit "1";
2. That the Executive Director and CEO of HART is authorized to execute the Certificate of the Honolulu Authority for Rapid Transportation in substantially the same form as the proposed document attached hereto as Exhibit "2";
3. That the Executive Director and CEO of HART may make execute multiple Requests provided that: (a) the maximum aggregate amount of such Requests does not exceed \$350,000,000; (b) the Executive Director and CEO inform the Board in writing when a Request has been executed;
4. That the Executive Director and CEO of HART is authorized to execute any incidental or related agreements and documents in furtherance of the above agreements so long as such agreements and documents do not incur additional obligations on the part of HART; and
5. That copies of this Resolution be transmitted to the Honolulu City Council and the Director of the Department of Budget and Fiscal Services.

ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on \_\_\_\_\_.

Exhibit A – Issuance of Tax Exempt Commercial Paper FY2017

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Board Chair

ATTEST:

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Board Administrator

Honolulu Authority for Rapid Transportation, Honolulu, Hawaii  
Request Pursuant to Memorandum of Understanding Referred to Herein  
Commercial Paper Notes, Subissue B-1 & Subissue B-2

No. \_\_\_\_\_

1. The Honolulu Authority for Rapid Transportation of Honolulu, Hawaii (“HART”) hereby requests the City and County of Honolulu, Hawaii (the “City”), in accordance with the Memorandum of Understanding dated May 7, 2015 between HART and the City, and all amendments and supplements hereto and hereafter executed by HART and the City (the “MOU”), to draw the following amount of funds from the City’s General Obligation Tax Exempt Commercial Paper Program (the “TECP”) on the following date and transfer/deposit these funds to the special transit fund (the “Transit Fund”) established pursuant to Article XVII, Section 17-114 of the Revised Charter of the City and County of Honolulu 1973, as amended (“Charter” or “RCH”). The General Obligation Commercial Paper Notes are described in Schedule I hereto, bearing such dates and in such amount, at such interest rates and maturing on such dates as are set forth in such Schedule I.

Amount of Draw: \_\_\_\_\_

Date of Request: \_\_\_\_\_

2. HART hereby represents and warrants that: (i) no Events (as defined in the MOU) exist under the MOU; (ii) HART has performed all of the covenants and agreements that it is required to have performed and to have continuously complied with under the MOU and any related agreements, such as the Certificate of HART; (iii) this request and delivery of TECP proceeds have been duly authorized by HART; and (iv) immediately after the issuance and delivery of such Commercial Paper for the draw amount and giving effect to any intermediate application of the proceeds thereof to the payment of the Commercial Paper outstanding will be indicated opposite Item 1 on Schedule I, and the Stated Amount under the Credit Agreement at such times will be indicated opposite Item 2 on Schedule I. Item 3 on Schedule I indicates the respective amounts of the proceeds of sale of the Commercial Paper which are to be deposited into the Subissue B-1 Principal Account or Subissue B-2 Principal Account, respectively, or transferred to the City for deposit into the Transit Fund.

3 HART acknowledges that the City, as it deems appropriate, will be issuing long term General Obligation Bonds, as permanent funding, to replace the outstanding short term Commercial Paper under the TECP program which issuance and draws were authorized by HART.

4. Unless otherwise defined herein, the terms used in this Request have the respective meanings given to such terms in the MOU. The terms used in the attached Schedule I have the meanings given to such terms in the Certificate of the Director of Budget and Fiscal Services of the City dated as of December 23, 2015, and all amendments and supplements hereto hereafter executed by the Director pursuant to the terms hereof.

IN WITNESS WHEREOF the undersigned has executed this Request as of this date:

\_\_\_\_\_.

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

By \_\_\_\_\_  
DANIEL GRABASKAS  
Executive Director and CEO

16-01898/486155

Honolulu Authority for Rapid Transportation, Honolulu, Hawaii, Request Pursuant to Memorandum of Understanding Referred to Herein, Commercial Paper Notes, Subissue B-1 & Subissue B-2

## SCHEDULE I

**TERMS OF COMMERCIAL PAPER, SUBISSUE B-1**

| <u>Note<br/>Number</u> | <u>Direct<br/>Participant</u> | <u>Principal<br/>Amount</u> | <u>Date of<br/>Issuance</u> | <u>Interest<br/>Rate</u> | <u>Maturity<br/>Date</u> |
|------------------------|-------------------------------|-----------------------------|-----------------------------|--------------------------|--------------------------|
|------------------------|-------------------------------|-----------------------------|-----------------------------|--------------------------|--------------------------|

Purchase price of all Notes: 100% of the principal amount thereof.

| <u>Item No.</u> | <u>Descriptions</u>  | <u>Amount</u> |
|-----------------|--|---------------|
| 1               | Principal Amount of Commercial Paper Outstanding Under Authorizing Certificate | \$            |
| 2               | Stated Amount Under Credit Agreement   | \$            |
| 3               | Application of Proceeds:   |               |
|                 | Amount to be deposited to Subissue B-1 Principal Account                       | \$            |
|                 | Amount to be transferred to City and County                                    | \$            |

The terms used in this Schedule I have the respective meanings given to such terms in the Certificate of the Director of Budget and Fiscal Services of the City and County of Honolulu, Hawaii, dated as of December 23, 2015, and all amendments and supplements hereto hereafter executed by the Director pursuant to the terms hereof.

## SCHEDULE I

**TERMS OF COMMERCIAL PAPER, SUBISSUE B-2**

| <u>Note<br/>Number</u> | <u>Direct<br/>Participant</u> | <u>Principal<br/>Amount</u> | <u>Date of<br/>Issuance</u> | <u>Interest<br/>Rate</u> | <u>Maturity<br/>Date</u> |
|------------------------|-------------------------------|-----------------------------|-----------------------------|--------------------------|--------------------------|
|------------------------|-------------------------------|-----------------------------|-----------------------------|--------------------------|--------------------------|

Purchase price of all Notes: 100% of the principal amount thereof.

| <u>Item No.</u> | <u>Descriptions</u>  | <u>Amount</u> |
|-----------------|--|---------------|
| 1               | Principal Amount of Commercial Paper Outstanding Under Authorizing Certificate | \$            |
| 2               | Stated Amount Under Credit Agreement   | \$            |
| 3               | Application of Proceeds:   |               |
|                 | Amount to be deposited to Subissue B-2 Principal Account                       | \$            |
|                 | Amount to be transferred to City and County                                    | \$            |

The terms used in this Schedule I have the respective meanings given to such terms in the Certificate of the Director of Budget and Fiscal Services of the City and County of Honolulu, Hawaii, dated as of December 23, 2015, and all amendments and supplements hereto hereafter executed by the Director pursuant to the terms hereof.

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**CERTIFICATE**  
**OF THE DIRECTOR OF BUDGET AND FISCAL SERVICES OF THE**  
**CITY AND COUNTY OF HONOLULU, HAWAII, PROVIDING FOR THE**  
**ISSUANCE AND SALE AND FIXING THE FORM AND DETAILS OF**  
**\$350,000,000 MAXIMUM OUTSTANDING PRINCIPAL AMOUNT OF**  
**GENERAL OBLIGATION COMMERCIAL PAPER NOTES, ISSUE B OF**  
**SAID CITY AND COUNTY; AND PROVIDING FOR OTHER RELATED**  
**MATTERS.**

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**CERTIFICATE  
OF THE DIRECTOR OF BUDGET AND FISCAL SERVICES OF THE  
CITY AND COUNTY OF HONOLULU, HAWAII, PROVIDING FOR THE  
ISSUANCE AND SALE AND FIXING THE FORM AND DETAILS OF  
\$350,000,000 MAXIMUM OUTSTANDING PRINCIPAL AMOUNT OF  
GENERAL OBLIGATION COMMERCIAL PAPER NOTES, ISSUE B OF  
SAID CITY AND COUNTY; AND PROVIDING FOR OTHER RELATED  
MATTERS.**

I, the undersigned, NELSON H. KOYANAGI, JR., being the duly appointed Director of Budget and Fiscal Services (the "Director") of the City and County of Honolulu, Hawaii (the "City and County"), and under Part I of Chapter 47, Hawaii Revised Statutes, as amended, and the Revised Charter of the City and County, the officer having the responsibility for issuing, selling, paying interest on and redeeming bonds, notes and other instruments of indebtedness of the City and County authorized by the City Council thereof, DO HEREBY CERTIFY, as of December 23, 2015, as follows:

**ARTICLE I**

**DEFINITIONS**

**SECTION 101. Definitions.** Unless the context shall clearly indicate some other meaning, the terms defined in this Section shall, for all purposes of this Certificate and of any certificate or other instrument supplemental hereto and of any opinion or instrument or other document herein mentioned, have the meanings herein specified, with the following definitions to be equally applicable to both the singular and plural forms of any of the terms herein defined and vice versa.

"Advance" and "Advance Bond" and "Advance Maturity Date" have the respective meanings specified in the Credit Agreement.

"Authorized Officer" means the Director of Budget and Fiscal Services of the City and County, the Deputy Director of Budget and Fiscal Services of the City and County, the Chief of Treasury Division of the Department of Budget and Fiscal Services, and/or such other officers as may be designated by the Director of Budget and Fiscal Services in writing to the Bank.

"Authorized Denominations" means denominations of \$100,000 and any integral of \$1,000 in excess thereof.

"Bank Bonds" means the General Obligation Refunding Bank Bonds issued by the City and County pursuant to Section 504 hereof and the Credit Agreement, consisting of the Advance Bond and the Term Loan Bond.

"Bond Counsel" means Orrick, Herrington & Sutcliffe LLP, or any other firm of nationally recognized standing in the field of municipal bonds appointed by the City and County.

“Book-Entry Commercial Paper” means Commercial Paper issued in book-entry-only form through the Depository pursuant to Section 303 hereof.

“Business Day” means any day other than (i) a Saturday or Sunday, (ii) a legal holiday or a day on which banking institutions in New York City, New York, Honolulu, Hawaii, and in any city in which the principal office of the Issuing and Paying Agent or the office of the Credit Bank at which drawings and/or demands are required to be presented or honored under the Letter of Credit, are authorized by law or executive order to close, or (iii) a day on which the New York Stock Exchange is closed.

“Certificate” means this Certificate, as executed by the Director, and all amendments and supplements hereto hereafter executed by the Director pursuant to the terms hereof.

“City Council” means the City Council of the City and County.

“Code” means the Internal Revenue Code of 1986, as amended, or any successor statute.

“Commercial Paper” and “Commercial Paper Notes” means collectively, (1) Commercial Paper Subissue B-1, and (2) Commercial Paper Subissue B-2, issued by the City and County pursuant to this Certificate and the Ordinance, and individually, either (1) Commercial Paper Subissue B-1, or (2) Commercial Paper Subissue B-2 as context requires. For the purposes of Section 201, “Commercial Paper” shall include any other issue of commercial paper pursuant to the Ordinance.

“Commercial Paper Subissue B-1” and “Commercial Paper Notes Subissue B-1” means the General Obligation Commercial Paper Notes, Issue B-1 issued by the City and County pursuant to this Certificate and the Ordinance.

“Commercial Paper Subissue B-2” and “Commercial Paper Notes Subissue B-2” means the General Obligation Commercial Paper Notes, Issue B-2 issued by the City and County pursuant to this Certificate and the Ordinance.

“Commitment Termination Date” means the date on which the Letter of Credit is scheduled to expire in accordance with the terms thereof.

“Conversion Date” shall have the meaning specified in the Credit Agreement.

“Credit Agreement” means the Reimbursement Agreement dated as of December 1, 2015, between the City and County and the Credit Bank, authorized by Section 501 hereof, as the same may be amended or supplemented, or any other credit or liquidity agreement in replacement thereof or supplemental thereto as may be entered into by the City and County from time to time with the Credit Bank, and any other agreement entered into between the City and County and a Credit Bank pursuant to which any Substitute Letter of Credit is issued.

“Credit Bank” means Sumitomo Mitsui Banking Corporation, acting through its New York Branch, or its successor in interest under the Letter of Credit and the Credit Agreement or any issuer of a Substitute Letter of Credit.

“Dealer Agreements” means, collectively, the Subissue B-1 Dealer Agreement and the Subissue B-2 Dealer Agreement.

“Dealers” means, collectively, the Subissue B-1 Dealer and the Subissue B-2 Dealer.

“Depository” means (i) DTC, (ii) any other Person appointed by the City and County to serve as securities depository for the Master Notes, and (iii) in each case, its successors and assigns.

“Drawing” means a drawing by the Issuing and Paying Agent under the Letter of Credit or, if applicable, a Substitute Letter of Credit.

“DTC” means the Depository Trust Company, New York, New York, and its successors and assigns.

“Effective Date” means the date of this Certificate first written above.

“Eligible Securities” means securities in which the City and County may legally invest pursuant to State law and which comply with the guidelines established from time to time by the City and County for investment of its funds as set forth in Section 46-50, Hawaii Revised Statutes.

“Final Drawing Notice” has the meaning set forth in the Credit Agreement.

“General Obligation Bonds” means general obligation bonds issued from time to time by the City and County to pay the costs of public improvements for which appropriations are made in capital budget ordinances of the City and County, including equipment, and general obligation bonds issued to refund such bonds or to refund Commercial Paper.

“Holder” means any Person to whom a Commercial Paper Note is registered or endorsed, or to the order of whom such Commercial Paper Note is payable.

“Interest Account” means collectively, the Subissue B-1 Interest Account and the Subissue B-2 Interest Account or, individually, the Subissue B-1 Interest Account or the Subissue B-2 Interest Account, as context requires.

“Issuing and Paying Agent” means U.S. Bank National Association, appointed by the Director pursuant to this Certificate and the Issuing and Paying Agent Agreement to serve as Issuing and Paying Agent in accordance with the Issuing and Paying Agent Agreement, and any successor thereto appointed pursuant to this Certificate.

“Issuing and Paying Agent Agreement” means the Issuing and Paying Agent Agreement dated as of December 1, 2015, between the City and County and the Issuing and Paying Agent, authorized by Section 602 hereof, as the same may be amended or supplemented, and any other issuing and paying agent agreement in replacement thereof or supplemental thereto as may be entered into by the City and County from time to time with respect to the Commercial Paper.

“Latest Maturity Date” means 270 days after July 1, 2025, as such date may be extended by ordinance of the City Council.

“Letter of Credit” means the Letter of Credit issued by the Credit Bank to the Issuing and Paying Agent on or after the Effective Date and before any Commercial Paper is issued hereunder, and any Substitute Letter of Credit.

“Master Notes” means the Master Notes issued pursuant to Section 303 in the forms set forth in Exhibit A hereto.

“Notice of No Issuance” has the meaning of the term “No-Issuance Notice” as defined in the Credit Agreement.

“Offering Memorandum” means any offering memorandum or other offering statement containing information concerning the Commercial Paper, the City and County and its financial condition and such other information as may be desirable in connection with the sale of the Commercial Paper.

“Ordinance” means Ordinance No. 01-28 adopted by the City Council on May 30, 2001, and approved by the Mayor of the City and County on June 4, 2001, as amended by Ordinance No. 04-36 adopted by the City Council on October 13, 2004, and approved by the Mayor of the City and County on October 27, 2004, and by Ordinance No. 10-15 adopted by the City Council on July 14, 2010, and approved by the Mayor of the City and County on July 20, 2010, and by Ordinance No. 15-46 adopted by the City Council on November 18, 2015, and approved by the by the Mayor of the City and County on November 20, 2015.

“Outstanding” means, (a) when used with reference to the Commercial Paper, as of any date, the Commercial Paper theretofore or thereupon issued pursuant to this Certificate except: (i) any Commercial Paper cancelled by the Issuing and Paying Agent; (ii) the Commercial Paper in lieu of or in substitution for which other Commercial Paper shall have been or is thereupon being authenticated and delivered pursuant to the terms hereof; and (iii) the Commercial Paper deemed to be no longer Outstanding; and (b) when used with reference to Bank Bonds, as of any date, the principal amount of Loans or Drawings, as applicable, which shall not have been repaid pursuant to the terms of the Credit Agreement; *provided, however*, that notwithstanding the foregoing, the Commercial Paper or all or a portion of the principal amount of a Bank Bond shall not be deemed Outstanding for purposes of this Certificate to the extent the proceeds of other Commercial Paper or Drawings are to be applied toward the payment thereof.

“Payment Fund” means, collectively, the Subissue B-1 Payment Fund and the Subissue B-2 Payment Fund, or individually, the Subissue B-1 Payment Fund or the Subissue B-2 Payment Fund, as context requires.

“Person” means an individual, a partnership, a corporation, a trust, a joint venture, an unincorporated organization or a government or any department or agency thereof or any other entity.

“Principal Account” means collectively, the Subissue B-1 Principal Account and the Subissue B-2 Principal Account or, individually, the Subissue B-1 Principal Account or the Subissue B-2 Principal Account, as context requires.

“Rating Agency” means each nationally recognized credit rating agency which is then rating the Commercial Paper at the request of the Director.

“Refunding Bonds” means general obligation bonds issued by the City and County for purpose of providing for the retirement of principal of the Commercial Paper or Bank Bonds.

“Related Agreements” means the Dealer Agreements, the Issuing and Paying Agent Agreement, the Credit Agreement and the Letter of Credit.

“Request” means a request made, or instructions given, by telephone or electronic transmission by, or in writing from, an Authorized Officer pursuant to Section 401(c) hereof, and in the form set forth in Exhibit B hereto.

“Revenue Bonds” means revenue bonds issued from time to time by the City and County or the Board of Water Supply of the City and County of Honolulu, as applicable, to pay the costs of public improvements, including equipment (1) for which appropriations are made in capital budget ordinances of the City and County, including public improvements relating to the water system managed by the Board of Water Supply of the City and County of Honolulu, or (2) public improvements relating to the water system managed by the Board of Water Supply of the City and County of Honolulu.

“State” means the State of Hawaii.

“Stated Amount” means the amount available to be drawn on the Letter of Credit.

“Stated Expiration Date” has the meaning specified in the Letter of Credit.

“Subissue B-1 Dealer” means Merrill Lynch, Pierce, Fenner & Smith Incorporated, appointed by the Director pursuant to this Certificate to serve as dealer in accordance with the Subissue B-1 Dealer Agreement, and any successor thereto appointed pursuant to this Certificate.

“Subissue B-1 Dealer Agreement” means the Dealer Agreement, dated December 23, 2015, by and between the City and County and the Subissue B-1 Dealer, authorized by Section 601 hereof, as the same may be amended or supplemented, and any other

dealer agreement entered into by the City and County with respect to the Commercial Paper Subissue B-1.

“Subissue B-1 Interest Account” means the Subissue B-1 Interest Account created in the Subissue B-1 Payment Fund pursuant to Section 302 hereof.

“Subissue B-1 Payment Fund” means the special purpose trust fund established pursuant to Section 302 of this Certificate, consisting of a Subissue B-1 Principal Account and a Subissue B-1 Interest Account, and to be held by the Issuing and Paying Agent for the payment of the principal of and interest on the Commercial Paper Subissue B-1 and the Subissue B-1 Bank Bonds.

“Subissue B-1 Principal Account” means the Subissue B-1 Principal Account created in the Subissue B-1 Payment Fund pursuant to Section 302 hereof.

“Subissue B-2 Dealer” means Citigroup Global Markets Inc., appointed by the Director pursuant to this Certificate to serve as dealer in accordance with the Subissue B-2 Dealer Agreement, and any successor thereto appointed pursuant to this Certificate.

“Subissue B-2 Dealer Agreement” means the Dealer Agreement, dated December 23, 2015, by and between the City and County and the Subissue B-2 Dealer, authorized by Section 601 hereof, as the same may be amended or supplemented, and any other dealer agreement entered into by the City and County with respect to the Commercial Paper Subissue B-2.

“Subissue B-2 Interest Account” means the Subissue B-2 Interest Account created in the Subissue B-2 Payment Fund pursuant to Section 302 hereof.

“Subissue B-2 Payment Fund” means the special purpose trust fund established pursuant to Section 302 of this Certificate, consisting of a Subissue B-2 Principal Account and a Subissue B-2 Interest Account, and to be held by the Issuing and Paying Agent for the payment of the principal of and interest on the Commercial Paper Subissue B-2 and the Subissue B-2 Bank Bonds.

“Subissue B-2 Principal Account” means the Subissue B-2 Principal Account created in the Subissue B-2 Payment Fund pursuant to Section 302 hereof.

“Substitute Letter of Credit” means any letter of credit, line of credit, standby funding agreement or other form of liquidity or credit support for the Commercial Paper, provided that any such facility provides a source of funds for the full and timely payment of the principal of and interest on the Commercial Paper.

“Tax Certificate” means each Tax Certificate executed by the City and County pursuant to Section 702 hereof, as the same may be revised from time to time in accordance with the provisions thereof.

“Term Loan” and “Term Loan Bond” have the respective meanings specified in Section 504 hereof and in the Credit Agreement.

SECTION 102. *Use of Terms.* Any defined term used in the plural preceded by the definite article shall be taken to encompass all members of the relevant class. Any defined term used in the singular preceded by "any" shall be taken to indicate any number of the members of the relevant class. Any pronoun of any gender shall include all genders.

## ARTICLE II

### AUTHORITY FOR ISSUANCE; DETERMINATION OF DIRECTOR

SECTION 201. *Ordinance.* The Ordinance authorizes the Director (i) to issue, sell and deliver at any time and from time to time as shall be determined by the Director to be in the best interests of the City and County, but not later than July 1, 2025, as such date may be extended by ordinance of the City Council, general obligation notes in an aggregate principal amount at any one time outstanding not to exceed \$450,000,000, for the purpose of (a) refunding all or a part of any General Obligation Bonds and any Commercial Paper and any reimbursement or repayment obligations to the provider of any credit or liquidity facility as the Director shall determine to be in the best interest of the City and County; (b) paying the cost of any public improvements, including equipment, (1) for which an appropriation is made in a capital budget ordinance, including public improvements related to the wastewater system of the City and County, (2) public improvements relating to the water system managed by the Board of Water Supply of the City and County of Honolulu, or (3) if not included in (1) above, public improvements, including equipment, relating to the Honolulu High Capacity Transit Project managed by the Honolulu Authority for Rapid Transportation ("HHCTP"), and for which General Obligation Bonds or Revenue Bonds are authorized to be issued, in advance of the issuance of such General Obligation Bonds or Revenue Bonds, or, in the case of equipment, instead of the issuance of General Obligation Bonds or Revenue Bonds; and (c) paying all costs incurred in the issuance of such Commercial Paper and the refunding of any General Obligation Bonds; (ii) to determine, in accordance with and subject to the provisions of the Ordinance, the designation of the Commercial Paper; the dates of issuance, amounts and maturity dates of the Commercial Paper; the registration privileges and place or places at which such Commercial Paper may be paid or registered, which may include the office of the Director; any redemption or defeasance provisions relating to the Commercial Paper; and all other details of the Commercial Paper; (iii) to enter into such issuing and paying agent agreements, dealer agreements or functionally similar agreements as may be necessary or desirable for the purpose of providing for the issuance and sale of the Commercial Paper; (iv) to issue and sell the Commercial Paper from time to time, in accordance with Section 47-8, Hawaii Revised Statutes, as amended, and the Ordinance, at such price or prices and upon such terms and conditions as the Director shall approve and determine to be in the best interest of the City and County, and to retain bond counsel, dealers, issuing and paying agents, registrars and financial and accounting consultants, upon such terms and conditions as the Director of Budget and Fiscal Services shall deem advisable and in the best interest of the City and County; and (v) to provide for liquidity or credit enhancement, or both, for the Commercial Paper, for the payment of principal of and interest on the Commercial Paper, if in the judgment of the Director such liquidity or credit enhancement will facilitate the marketing of the Commercial Paper to the advantage of the City and County or will result in debt service cost savings, and, in connection therewith, to enter into such line of credit agreement, letter of credit agreement, insurance agreement or other agreement as will provide such liquidity or credit enhancement, or both, upon such terms and conditions as the

Director deems necessary and proper; and the Ordinance further provided other authorizations, covenants and provisions with respect to the Commercial Paper.

**SECTION 202. *Determination of Director.*** The Director deems it advisable and in the best interest of the City and County that there be, and hereby determines that there shall be, issued, sold and delivered from time to time after the date hereof, pursuant to the authority and provisions of the Ordinance and for the purposes authorized thereby, commercial paper in a principal amount not to exceed Three Hundred Fifty Million Dollars (\$350,000,000) at any one time Outstanding.

### ARTICLE III

#### DETAILS OF COMMERCIAL PAPER

**SECTION 301. *Details of Commercial Paper.*** The Commercial Paper (a) shall be issued as provided herein from time to time, commencing on or after the Effective Date, and not later than July 1, 2025, unless such date is extended by the City Council; (b) shall be sold pursuant to Part I of Chapter 47, Hawaii Revised Statutes, as amended, the Revised Charter of the City and County, and the Ordinance; (c) (1) with respect to the Commercial Paper Subissue B-1, shall be designated "City and County of Honolulu, Hawaii, General Obligation Commercial Paper Notes, Issue B-1", and (2) with respect to the Commercial Paper Subissue B-2, shall be designated "City and County of Honolulu, Hawaii, General Obligation Commercial Paper Notes, Issue B-2"; (d) shall be issued in Authorized Denominations, in fully registered form without coupons; (e) unless otherwise directed by an Authorized Officer, shall be numbered in ascending consecutive numerical order in the order of issuance; (f) shall not be subject to redemption prior to maturity; and (g) shall be issued on such dates, mature and become due and payable on such dates, be of such numbers and Authorized Denominations, and shall otherwise have such terms and conditions, all as shall be specified in a Request given or delivered to the Issuing and Paying Agent pursuant to Section 401(c) hereof. Each Commercial Paper Note (1) shall be dated as of the date of its issuance, (2) shall mature on any Business Day not later than 270 days from its date of issuance or three Business Days before the Stated Expiration Date, whichever is earlier, and (3) shall bear interest from its date, payable at maturity of principal, computed on the basis of a 365 or 366 day year and actual days elapsed, including the issue date and excluding the maturity date.

Both principal of and interest on the Commercial Paper 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. Except in the case of the Book-Entry Commercial Paper, the principal of and interest on the Commercial Paper shall be payable upon presentation and surrender thereof at the designated office or offices of the Issuing and Paying Agent.

**SECTION 302. *Payment Funds.*** (a) (1) There is hereby created and established with the Issuing and Paying Agent a separate and special purpose trust fund of the City and County for the benefit of the Holders and the Credit Bank to be designated as the "City and County of Honolulu, Hawaii, Commercial Paper Payment Fund, Issue B-1" (the "Subissue B-1 Payment Fund"). There shall be created in the Subissue B-1 Payment Fund two accounts, a "Subissue B-1 Principal Account" and a "Subissue B-1 Interest Account."

(2) Pursuant to the Issuing and Paying Agent Agreement, the City and County shall deposit or cause to be deposited to the Subissue B-1 Principal Account amounts made available to the Issuing and Paying Agent upon demand thereof to the City and County, Drawings under the Letter of Credit, or, to the extent such funds are insufficient or unavailable, proceeds of the Commercial Paper Subissue B-1, in each case to the extent to be used to pay, or to reimburse or repay the Credit Bank for amounts drawn under the Letter of Credit (including Advances and Term Loans made under the Credit Agreement) to pay, the principal of Commercial Paper Subissue B-1 or to pay or prepay the principal of Subissue B-1 Bank Bonds. Such proceeds shall be applied by the Issuing and Paying Agent, and the City and County has directed in the Issuing and Paying Agent Agreement that such proceeds shall be applied, to such payments on the date such proceeds are received by it, first to pay the principal of Outstanding Commercial Paper Subissue B-1 and then, to the extent of any such proceeds not required for such purpose, to reimburse or repay the Credit Bank for amounts drawn under the Letter of Credit (including Advances and Term Loans made under the Credit Agreement) to pay principal of the Commercial Paper Subissue B-1 and to pay or prepay the principal of Subissue B-1 Bank Bonds. Such proceeds shall be segregated from other amounts in the Subissue B-1 Principal Account and shall not be invested prior to the application thereof to such purposes.

(3) The City and County shall deposit or cause to be deposited in the Subissue B-1 Principal Account the proceeds of Refunding Bonds or other moneys to the extent required, or expected to be required, for the payment of, and for the reimbursement or repayment of amounts drawn under the Letter of Credit (including Advances and Term Loans made under the Credit Agreement) to pay, principal of the Commercial Paper Subissue B-1 or to pay or prepay the principal of Subissue B-1 Bank Bonds. Such moneys and proceeds shall be applied by the Issuing and Paying Agent to the payment of the principal of the Commercial Paper Subissue B-1 or to reimburse or repay principal Drawings under the Letter of Credit or pay or prepay the principal of Subissue B-1 Bank Bonds, as the same become due and payable.

~~Pending the expenditure of moneys deposited in the Subissue B-1 Principal Account pursuant to this subsection (a), such moneys (other than proceeds of Drawings which shall remain uninvested and shall not be commingled with any other moneys in the Subissue B-1 Interest Account) may be invested and reinvested in any Eligible Securities, and such investments may be liquidated, all at the direction of any Authorized Officer. Any income received from such investments and reinvestments shall be deposited, as received, in the Subissue B-1 Principal Account and applied by the Issuing and Paying Agent to the payment of principal of the Commercial Paper Subissue B-1 and Subissue B-1 Bank Bonds or reimbursement of principal Drawings under the Letter of Credit as the same become due and payable, if required therefor, and if not so required shall at the direction of any Authorized Officer be paid to the City and County. If at any time it shall become necessary that some or all of the investments of such moneys be sold or redeemed in order to provide moneys necessary for the purposes of this subsection (c), the Issuing and Paying Agent, without the necessity of any direction of the City and County other than that set forth in the Issuing and Paying Agent Agreement, shall effect such sale or redemption (employing any commercially reasonable method of effecting any such sale).~~

(4) Pursuant to the Issuing and Paying Agent Agreement, the City and County shall cause to be deposited in the Subissue B-1 Interest Account proceeds of Drawings to the

extent to be used to pay the interest on Outstanding Commercial Paper Subissue B-1, or, to the extent such funds are insufficient, amounts made available to the Issuing and Paying Agent upon demand thereof to the City and County. Such proceeds shall be segregated from other amounts in the Subissue B-1 Principal Account and shall not be invested prior to their application to such purpose.

(5) The City and County shall also deposit or cause to be deposited to the Subissue B-1 Interest Account proceeds of Refunding Bonds or other moneys to the extent required, or expected to be required, for the payment of, and for the reimbursement or repayment of amounts drawn under the Letter of Credit (including Advances and Term Loans under the Credit Agreement) to pay, the interest on the Commercial Paper Subissue B-1 or to pay interest on Subissue B-1 Bank Bonds. Such moneys shall be applied by the Issuing and Paying Agent to the payment of the interest on the Commercial Paper Subissue B-1 and the Subissue B-1 Bank Bonds or to reimburse or repay interest Drawings as the same become due and payable.

Pending the expenditure of moneys deposited in the Subissue B-1 Interest Account pursuant to this subsection (a), such moneys (other than proceeds of Drawings which shall remain uninvested and shall not be commingled with any other moneys in the Subissue B-1 Interest Account) may be invested and reinvested in any Eligible Securities, and such investments may be liquidated, all at the direction of any Authorized Officer. Any income received from such investments and reinvestments shall be deposited, as received, in the Subissue B-1 Interest Account and applied by the Issuing and Paying Agent to the payment of the interest on the Commercial Paper Subissue B-1 and Subissue B-1 Bank Bonds or to reimburse interest Drawings as the same become due and payable, if required therefor, and if not so required shall at the direction of any Authorized Officer be paid to the City and County. If at any time it shall become necessary that some or all of the investments of such moneys be sold or redeemed in order to provide moneys necessary for the purposes of this subsection (e), the Issuing and Paying Agent, without the necessity of any direction of the City and County other than that set forth in the Issuing and Paying Agent Agreement, shall effect such sale or redemption (employing any commercially reasonable method of effecting any such sale).

(b) (1) There is hereby created and established with the Issuing and Paying Agent a separate and special purpose trust fund of the City and County for the benefit of the Holders and the Credit Bank to be designated as the "City and County of Honolulu, Hawaii, Commercial Paper Payment Fund, Issue B-2" (the "Subissue B-2 Payment Fund"). There shall be created in the Subissue B-2 Payment Fund two accounts, a "Subissue B-2 Principal Account" and a "Subissue B-2 Interest Account."

(2) Pursuant to the Issuing and Paying Agent Agreement, the City and County shall deposit or cause to be deposited to the Subissue B-2 Principal Account amounts made available to the Issuing and Paying Agent upon demand thereof to the City and County, Drawings under the Letter of Credit, or, to the extent such funds are insufficient or unavailable, proceeds of the Commercial Paper Subissue B-2, in each case to the extent to be used to pay, or to reimburse or repay the Credit Bank for amounts drawn under the Letter of Credit (including any Advances and Term Loans made under the Credit Agreement) to pay, the principal of Commercial Paper Subissue B-2 or to pay or prepay the principal of Subissue B-2 Bank Bonds. Such proceeds shall be applied by the Issuing and Paying Agent, and the City and County has

directed in the Issuing and Paying Agent Agreement that such proceeds shall be applied, to such payments on the date such proceeds are received by it, first to pay the principal of Outstanding Commercial Paper Subissue B-2 and then, to the extent of any such proceeds not required for such purpose, to reimburse or repay the Credit Bank for amounts drawn under the Letter of Credit (including any Advances and Term Loans made under the Credit Agreement) to pay principal of the Commercial Paper Subissue B-2 and to pay or prepay the principal of Subissue B-2 Bank Bonds. Such proceeds shall be segregated from other amounts in the Subissue B-2 Principal Account and shall not be invested prior to the application thereof to such purposes.

(3) The City and County shall deposit or cause to be deposited in the Subissue B-2 Principal Account the proceeds of Refunding Bonds or other moneys to the extent required, or expected to be required, for the payment of, and for the reimbursement or repayment of amounts drawn under the Letter of Credit (including any Advances and Term Loans made under the Credit Agreement) to pay, principal of the Commercial Paper Subissue B-2 or to pay or prepay the principal of Subissue B-2 Bank Bonds. Such moneys and proceeds shall be applied by the Issuing and Paying Agent to the payment of the principal of the Commercial Paper Subissue B-2 or to reimburse or repay principal Drawings under the Letter of Credit or pay or prepay the principal of Subissue B-2 Bank Bonds, as the same become due and payable.

Pending the expenditure of moneys deposited in the Subissue B-2 Principal Account pursuant to this subsection (b), such moneys (other than proceeds of Drawings which shall remain uninvested and shall not be commingled with any other moneys in the Subissue B-2 Interest Account) may be invested and reinvested in any Eligible Securities, and such investments may be liquidated, all at the direction of any Authorized Officer. Any income received from such investments and reinvestments shall be deposited, as received, in the Subissue B-2 Principal Account and applied by the Issuing and Paying Agent to the payment of principal of the Commercial Paper Subissue B-2 and Subissue B-2 Bank Bonds or reimbursement of principal Drawings under the Letter of Credit (including Advances and Term Loans under the Credit Agreement) as the same become due and payable, if required therefor, and if not so required shall at the direction of any Authorized Officer be paid to the City and County. If at any time it shall become necessary that some or all of the investments of such moneys be sold or redeemed in order to provide moneys necessary for the purposes of this subsection (c), the Issuing and Paying Agent, without the necessity of any direction of the City and County other than that set forth in the Issuing and Paying Agent Agreement, shall effect such sale or redemption (employing any commercially reasonable method of effecting any such sale).

(4) Pursuant to the Issuing and Paying Agent Agreement, the City and County shall cause to be deposited in the Subissue B-2 Interest Account proceeds of Drawings to the extent to be used to pay the interest on Outstanding Commercial Paper Subissue B-2, or, to the extent such funds are insufficient, amounts made available to the Issuing and Paying Agent upon demand thereof to the City and County. Such proceeds shall be segregated from other amounts in the Subissue B-2 Principal Account and shall not be invested prior to their application to such purpose.

(5) The City and County shall also deposit or cause to be deposited to the Subissue B-2 Interest Account proceeds of Refunding Bonds or other moneys to the extent required, or expected to be required, for the payment of, and for the reimbursement or repayment

of amounts drawn under the Letter of Credit (including Advances and Term Loans under the Credit Agreement) to pay, the interest on the Commercial Paper Subissue B-2 or to pay interest on Subissue B-2 Bank Bonds. Such moneys shall be applied by the Issuing and Paying Agent to the payment of the interest on the Commercial Paper Subissue B-2 and the Subissue B-2 Bank Bonds or to reimburse or repay interest Drawings as the same become due and payable.

Pending the expenditure of moneys deposited in the Subissue B-2 Interest Account pursuant to this subsection (b), such moneys (other than proceeds of Drawings which shall remain uninvested and shall not be commingled with any other moneys in the Subissue B-2 Interest Account) may be invested and reinvested in any Eligible Securities, and such investments may be liquidated, all at the direction of any Authorized Officer. Any income received from such investments and reinvestments shall be deposited, as received, in the Subissue B-2 Interest Account and applied by the Issuing and Paying Agent to the payment of the interest on the Commercial Paper Subissue B-2 and Subissue B-2 Bank Bonds or to reimburse interest Drawings as the same become due and payable, if required therefor, and if not so required shall at the direction of any Authorized Officer be paid to the City and County. If at any time it shall become necessary that some or all of the investments of such moneys be sold or redeemed in order to provide moneys necessary for the purposes of this subsection (e), the Issuing and Paying Agent, without the necessity of any direction of the City and County other than that set forth in the Issuing and Paying Agent Agreement, shall effect such sale or redemption (through its ordinary and customary practices).

**SECTION 303. *Book-Entry Commercial Paper.*** (a) Subject to subsection (f) of this Section, the Commercial Paper shall be issued (i) in the form of one or more fully registered master notes (each, a "Master Note") the ownership of which shall be registered in the name of the nominee of the Depository (initially, with respect to DTC, Cede & Co.) and which may be transferred or exchanged only as hereinafter provided in this Section and, to the extent not inconsistent herewith, in accordance with the procedures of the Depository as then in effect, and (ii) otherwise in book-entry only form through the Depository.

(b) The ownership and transfer of Master Notes shall be registered on books of the Issuing and Paying Agent, which shall be kept for that purpose at the designated office of the Issuing and Paying Agent. The Master Notes shall be transferable by the registered owner thereof in person or by its attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Issuing and Paying Agent duly executed by the registered owner or its duly authorized attorney. Upon the registration of transfer of a Master Note, the Issuing and Paying Agent shall issue in the name of the transferee a new Master Note, evidencing the City and County's obligations with respect to the same Book-Entry Commercial Paper as the instrument surrendered.

(c) In order to qualify the Commercial Paper for the Depository's book-entry system, any Authorized Officer is hereby authorized from time to time to execute and deliver on behalf of the City and County to such Depository a letter or letters from the City and County representing such matters as shall be necessary or advisable to so qualify the Commercial Paper (each, a "Representation Letter"). The execution and delivery of a Representation Letter shall not in any way impose upon the City and County any obligation whatsoever with respect to persons having interests in the Commercial Paper other than the Holders thereof and the

Depository. In addition to the execution and delivery of a Representation Letter, the Authorized Officers and the other officers and employees of the City and County are hereby authorized to take any other actions, not inconsistent with this Certificate, to qualify the Commercial Paper for the Depository's book-entry system.

(d) The Depository and its nominee shall be deemed to be, and shall be treated by the City and County and the Issuing and Paying Agent as, the sole and exclusive Holder of the Master Notes and of all Book-Entry Commercial Paper evidenced thereby, and the beneficial owners of Book-Entry Commercial Paper shall not be deemed to be or be treated as the Holders thereof, for the purposes of payment of the principal of and interest on such Book-Entry Commercial Paper, payments under the Master Notes, giving any notice permitted or required to be given to Holders under this Certificate, registering the transfer of the Master Notes, obtaining any consent or other action to be taken by Holders, or for any and all other purposes whatsoever, and neither the City and County nor the Issuing and Paying Agent shall be affected by any notice to the contrary. The Issuing and Paying Agent shall pay all principal of and interest on Book-Entry Commercial Paper only to or upon the order of the Depository or its nominee, and all such payments shall be valid and effective to fully satisfy and discharge the City and County's obligations with respect to the principal of and interest on such Book-Entry Commercial Paper to the extent of the sum or sums so paid.

(e) With respect to all Book-Entry Commercial Paper, neither the City and County nor the Issuing and Paying Agent shall have any responsibility or obligation to any Depository participant or indirect participant, or any nominee of any thereof, any Person claiming a beneficial ownership interest in Book-Entry Commercial Paper under or through the Depository or any Depository participant or indirect participant, or any other Person which is not shown on the books of the Issuing and Paying Agent as being the Holder of a Master Note, with respect to: (1) sending transaction statements; (2) maintaining, supervising or reviewing, or the accuracy of, any records maintained by the Depository or any Depository participant or other nominees of such beneficial owners; (3) payment or the timeliness of payment by the Depository to any Depository participant, or by any Depository participant or other nominees of beneficial owners to any beneficial owners, of any amount in respect of the principal of or interest on Book-Entry Commercial Paper; (4) delivery or timely delivery by the Depository to any Depository participant, or by any Depository participant or other nominees of beneficial owners to any beneficial owners, of any notice which is permitted or required to be given to Holders under this Certificate; or (5) any consent or other action taken by the Depository or its nominee as Holder of Book-Entry Commercial Paper.

(f) The Depository may determine not to continue to act as securities depository for the Commercial Paper, and the City and County may determine to discontinue the book-entry only issuance of the Commercial Paper through the Depository and in such case shall deliver a written notice to the Issuing and Paying Agent and the Dealer to that effect. In either case, if the City and County determines to replace the Depository with another qualified securities depository, the City and County shall prepare or direct the preparation of one or more new, separate, fully registered Master Notes, registered in the name of such successor or substitute qualified securities depository or its nominee, or make such other arrangements acceptable to the City and County, the Issuing and Paying Agent and the replacement Depository as are not inconsistent with the terms of this Certificate. If the City and County fails to identify

or elects not to select another securities depository to replace the Depository, this Certificate may be amended pursuant to Section 904 to provide for the issuance of either bearer or fully registered Commercial Paper Notes as the City and County may elect. To effectuate the foregoing, the City and County will from time to time furnish or cause to be furnished to the Issuing and Paying Agent an adequate supply of Commercial Paper Notes for safekeeping, completion, authentication and delivery in accordance with the provisions of this Certificate, as so amended, and of the Issuing and Paying Agent Agreement. Such Commercial Paper Notes shall be substantially in the form prescribed by this Certificate, serially or otherwise appropriately numbered, with the principal amount, rate of interest, date of issue and maturity date left blank. For purposes of administrative efficiency, the City and County may request that the Issuing and Paying Agent arrange, on behalf of the City and County, for the preparation and printing of such Commercial Paper Notes, the costs of which shall be payable by the City and County in accordance with the provisions of the Issuing and Paying Agent Agreement. Each such Note will have been executed on behalf of the City and County by the officers of the City and County duly authorized to take such action from time to time pursuant to this Certificate. When any Commercial Paper Notes are delivered to the Issuing and Paying Agent, the Issuing and Paying Agent shall sign and return a receipt therefor to the City and County. In the event any officer of the City and County executes a Commercial Paper Note by facsimile signature, the Issuing and Paying Agent is authorized to honor the signature, regardless of by whom or by what means the purported facsimile signature thereon may have been affixed thereto, if such facsimile signature resembles the facsimile specimen from time to time filed with the Issuing and Paying Agent and certified by any Authorized Officer of the City and County.

**SECTION 304. *Execution and Authentication.*** The Commercial Paper Notes shall be executed in the name of the City and County by the Mayor and by the Director, in each case by his or her manual or facsimile signature, and the seal of the City and County or a facsimile thereof shall be impressed, imprinted or reproduced thereon. Both such signatures may be facsimile signatures.

Each Commercial Paper Note will bear thereon a counter-signature for authentication duly executed by the Issuing and Paying Agent. At any time and from time to time, the City and County may deliver to the Issuing and Paying Agent Commercial Paper Notes executed by the City and County as aforesaid. No order or direction of the City and County or any other instrument shall be necessary to authorize countersigning by the Issuing and Paying Agent of the Commercial Paper Notes delivered in accordance with the provisions hereof.

No Commercial Paper Note shall be valid or obligatory for any purpose unless there appears on such Commercial Paper Note a counter-signature for authentication substantially in the form set forth in Exhibit A hereto, executed by the Issuing and Paying Agent by manual signature, and such counter-signature upon any Commercial Paper Note shall be conclusive evidence, and the only evidence, that such Commercial Paper Note has been duly certified or registered and delivered.

**SECTION 305. *Form of Commercial Paper.*** The Commercial Paper shall be printed, lithographed, engraved, typewritten or otherwise produced, all as determined and approved by an Authorized Officer.

Each Commercial Paper Note and the Certificate of Authentication to appear on such Commercial Paper Note shall be substantially in the form set forth in Exhibit A hereto, with such appropriate insertions, omissions, substitutions and other variations as are permitted or required by this Certificate and may have such letters, number or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures) and such legends and endorsements thereon as may, consistently herewith, be approved by an Authorized Officer.

**SECTION 306. *Negotiability, Registration and Exchangeability.*** (a) Each Commercial Paper Note issued hereunder shall be, and shall have all of the qualities and incidents of, a negotiable instrument under the laws of the State of Hawaii, and each successive Holder, in accepting any of the Commercial Paper, shall be conclusively deemed to have agreed that such Commercial Paper shall be, and have all of the qualities and incidents of, negotiable instruments under the laws of the State of Hawaii.

(b) Any Commercial Paper Note may, in accordance with its terms and the terms hereof, be transferred by the Holder in person or by its duly authorized agent, upon surrender of such Commercial Paper to the Issuing and Paying Agent at its designated office, accompanied by a written instrument of transfer duly executed by the Holder or by its duly authorized agent in form satisfactory to the Issuing and Paying Agent.

(c) Any Commercial Paper may be exchanged for other Commercial Paper of like tenor and character and of Authorized Denominations and having the same maturity, bearing the same rate of interest and of like aggregate principal amount as the Commercial Paper surrendered for exchange, upon surrender of the Commercial Paper to be exchanged to the Issuing and Paying Agent at its designated office. Whenever any Commercial Paper is so surrendered for exchange, the Issuing and Paying Agent shall authenticate and deliver to the Holder requesting the exchange new Commercial Paper of like tenor and character as the ~~Commercial Paper exchanged, executed on behalf of, and furnished by, the City and County.~~

(d) The City and County and the Issuing and Paying Agent may charge the Holder of any Commercial Paper a sum sufficient to reimburse them for any expenses incurred in making any exchange after the first such exchange. The Issuing and Paying Agent or the City and County may also require payment from the Holder of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. Such charges and expenses shall be paid before any such new Commercial Paper shall be delivered.

(e) The City and County and the Issuing and Paying Agent shall not be required to exchange any Commercial Paper during a period beginning at the opening of business on the third Business Day next preceding any maturity date of such Commercial Paper and ending at the close of business on the maturity date.

(f) New Commercial Paper delivered upon any exchange shall be general obligations of the City and County, evidencing the same debt as the Commercial Paper surrendered.

SECTION 307. *Cancellation of Commercial Paper Notes.* All Commercial Paper Notes which at maturity are surrendered to the Issuing and Paying Agent for the collection of the principal thereof and interest thereon or are surrendered for exchange pursuant to the provisions hereof shall, upon payment or issuance of new Commercial Paper Notes, be cancelled and dealt with or destroyed by the Issuing and Paying Agent in accordance with the terms of the Issuing and Paying Agent Agreement. The City and County may require that such destruction be done in the presence of its appointee. The Issuing and Paying Agent shall deliver a certification of such destruction to the City and County.

#### ARTICLE IV

#### ISSUANCE AND SALE OF COMMERCIAL PAPER

SECTION 401. *Issuance and Sale of Commercial Paper.* (a) The Commercial Paper shall be completed, authenticated and delivered by the Issuing and Paying Agent in accordance with the Request to be given or delivered pursuant to subsection (c) of this Section.

(b) The issuance of the Commercial Paper is subject to the following conditions and limitations:

(i) Each Commercial Paper Note shall mature on a Business Day not later than the third Business Day prior to the Stated Expiration Date; provided that, each Commercial Paper Note shall mature not later than 270 days from its date of issuance and in no event later than the Latest Maturity Date.

(ii) Each Commercial Paper Note shall bear interest at an annual rate not in excess of the lower of the maximum rate permitted by applicable law or twelve percent (12%) per annum.

(iii) [reserved].

(iv) On the date of issuance of any Commercial Paper, the sum of (A) the aggregate principal amount of all Commercial Paper then Outstanding after giving effect to the issuance of Commercial Paper on such date, plus (B) interest accrued and to accrue thereon to the date of maturity thereof, after giving effect to (1) the issuance of Commercial Paper on such date, and (2) the payment of Commercial Paper maturing on such day for the payment of which funds are available (or should be available from the proceeds of the Commercial Paper or Refunding Bonds issued on such day) in the Principal Account and the Interest Account in the applicable Payment Fund and to be applied to such payment, is equal to or less than the Stated Amount under the Letter of Credit at such time.

(v) Except as otherwise permitted by the Credit Agreement, no Commercial Paper shall be authenticated, issued or delivered from and after the receipt by the City and County, the Dealers and the Issuing and Paying Agent of a Notice of No Issuance from the Credit Bank, given in accordance with the Credit Agreement.

(vi) (A) Commercial Paper shall mature not earlier than two (2) days from its date of issuance, unless either the City and County or the applicable Dealer has provided three (3) Business Days prior written notice to the Credit Bank with a copy to the Issuing and Paying Agent; provided, however, that no written notice will be required to be provided to the Credit Bank by the City and County or the applicable Dealer in the event that (x) the Commercial Paper is issued with a maturity of one (1) day and the applicable Dealer for such Commercial Paper is the registered Holder of all such Commercial Paper or (y) the applicable Dealer is unable to market Commercial Paper up to the maximum interest rate set forth in Section 401 hereof, the proceeds of which shall be used to repay the principal of and/or interest on maturing Commercial Paper or unreimbursed Drawings or Advances under and as defined in the Credit Agreement, with a maturity of more than one (1) day (in the event that the applicable dealer markets Commercial Paper with a maturity of one (1) day without three (3) Business Days prior written notice to the Credit Bank as described in this clause (y), the applicable Dealer shall be deemed to have certified to the Credit Bank that it is unable to market Commercial Paper up to the maximum interest rate set forth in Section 401 hereof, the proceeds of which shall be used to repay the principal of and/or interest on maturing Commercial Paper or unreimbursed Drawings or Advances under and as defined in the Credit Agreement, with a maturity of more than one (1) day); provided, further, however, that in the event that the Dealer is unable to market Commercial Paper up to the maximum interest rate set forth in Section 401 hereof, the proceeds of which shall be used to repay the principal of and/or interest on maturing Commercial Paper or unreimbursed Drawings or Advances under and as defined in the Credit Agreement, with a maturity of more than one (1) day, it will give the Credit Bank prior written notice of the sale of Commercial Paper with a maturity of one (1) day.

(B) In the event that Commercial Paper is issued with a maturity of one (1) day and the provisions Section 401(b)(vi)(A) above are not satisfied, it shall not be considered a breach of this clause (vi) except to the extent Commercial Paper is issued with a maturity of one (1) day and the provisions Section 401(b)(vi)(a) above are not satisfied on more than three (3) instances in any given calendar year.

(c) Prior to the delivery by the Issuing and Paying Agent of any Commercial Paper, there shall be given or delivered, via telephone, telex or any other communication medium available to the City and County to the Issuing and Paying Agent a Request of the City and County acting by and through the Authorized Officer instructing the Issuing and Paying Agent to authenticate and deliver such Commercial Paper to the purchaser or purchasers therein specified, which Request shall contain instructions with respect to, and approve on behalf of the City and County:

- (i) the aggregate principal amount of the Commercial Paper then to be issued,
- (ii) the rate of interest with respect to each Commercial Paper Note,
- (iii) the issue date of each Commercial Paper Note and the maturity date thereof,

(iv) the sale price of each Commercial Paper Note, which will be 100% of the principal amount thereof,

(v) in the case of Book-Entry Commercial Paper, each direct participant of the Depository to which such Book-Entry Commercial Paper is to be credited on the books of the Depository, and the principal amount (which shall be in Authorized Denomination) of the Commercial Paper to be credited to each such participant, and

(vi) the application of proceeds of sale of such Commercial Paper.

All oral Requests or Requests given by electronic transmission (other than by a time-sharing terminal) given as herein provided shall be confirmed in writing by an Authorized Officer of the City and County as promptly as practicable thereafter. Written Requests and written confirmations of oral or electronically transmitted Requests shall be in substantially the form set forth in Exhibit B.

**SECTION 402. *Application of Proceeds and Other Moneys.*** (a) Drawing proceeds or the proceeds received from the sale of the Commercial Paper shall be deposited by the Issuing and Paying Agent into the applicable Principal Account and/or Interest Account or transferred to the City and County in accordance with the Request of the City and County (provided that amounts of any Drawings made after the receipt of a Notice of No Issuance or a Final Drawing shall only be deposited in the applicable Principal Account and/or Interest Account. Amounts deposited in either Principal Account shall be applied, as provided in Section 302 hereof and Section 7 of the Issuing and Paying Agent Agreement, to refund Commercial Paper through the payment of the principal thereof, to refund Bank Bonds through the payment or prepayment of the principal thereof, or to reimburse or repay the Credit Bank for amounts drawn under the Letter of Credit to pay principal of and interest on the Commercial Paper. Amounts transferred to the City and County shall be applied (i) to the payment of costs of public improvements, including equipment, (a) authorized pursuant to any capital budget ordinance of the City and County, including public improvements relating to the wastewater system of the City and County, to the extent the appropriation for such costs has not lapsed or been satisfied; (b) public improvements relating to the water system managed by the Board of Water Supply of the City and County of Honolulu, for which the Board of Water Supply of the City and County of Honolulu has submitted a request by resolution of the Board of Directors of the Board of Water Supply of the City and County of Honolulu to the City Council to issue general obligation commercial paper for such improvements; or (c) if not included in (a) above, public improvements, including equipment relating to HHCTP; (ii) to pay the principal of, premium (if any) and interest on any General Obligation Bonds to be refunded or any issue of general obligation commercial paper; and (iii) to pay costs of issuance of the Commercial Paper and any related refunding, including without limitation, the initial and first year annual fees of the issuing and paying agents or registrars, the fees of any dealers, financial consultants and bond counsel, rating agency fees, escrow agent fees, fees for verification of refunding escrow calculations, fees and expenses for any liquidity or credit enhancement (including legal fees), the cost of preparation of any documentation relating to the Commercial Paper, including any offering document and definitive Commercial Paper, and any cost of publications required by law.

(b) In accordance with the Ordinance, whenever Commercial Paper Notes are issued and delivered to pay principal of Commercial Paper Notes or Bank Bonds or to reimburse or repay Drawings, and whenever any indebtedness for any Advances or Term Loans is incurred, such new Commercial Paper Notes and such Advances or Term Loans shall be deemed to be and shall be refunding bonds under the provisions of Section 47-17, Hawaii Revised Statutes.

(c) The Issuing and Paying Agent has been instructed in Section 7 of the Issuing and Paying Agent Agreement to deposit to the applicable Principal Account the proceeds of the sale of the Commercial Paper which is issued to refund Outstanding Commercial Paper or to pay Bank Bonds and to apply such proceeds to such purposes.

SECTION 403. *Offering Memorandum.* Any Authorized Officer is hereby authorized to issue an Offering Memorandum and to revise, supplement and update the same from time to time. The City and County hereby authorizes the use of any such Offering Memorandum and all such revisions, supplements and updates in connection with the sale of the Commercial Paper.

## ARTICLE V

### CREDIT AGREEMENT AND BANK BONDS

SECTION 501. *Credit Agreement.* The Director finds and determines that pursuant to the authority and provisions of the Ordinance it is advisable and in the best interests of the City and County to enter into the Credit Agreement pursuant to which the Letter of Credit will be issued, both in the form executed and delivered by the Director as of the Effective Date, and finds and determines that such agreement and the Letter of Credit will facilitate the marketing of the Commercial Paper to the advantage of the City and County and will result in debt service cost savings.

SECTION 502. *Maintenance of Stated Amount.* The City and County covenants that at all times it will maintain a Stated Amount under the Letter of Credit which will at least equal the principal amount of the Outstanding Commercial Paper plus interest accrued and to accrue thereon to the respective maturity dates thereof.

SECTION 503. *Substitution of Letter of Credit.*

(a) The City and County covenants that it will not substitute another credit or liquidity support agreement for the Letter of Credit then in effect, nor will it permit or allow the Credit Bank to assign all or any part of its obligations under the Letter of Credit, to the extent such assignment is subject to the approval by or consent of the City and County, unless, in any such case, such substitution or assignment occurs on a date that is a maturity date for each of the Commercial Paper Notes and, all Commercial Paper Notes secured by such Letter of Credit are retired by such Letter of Credit prior to any substitution thereof.

(b) In the event of any substitution of the Letter of Credit, the City and County shall give prior notice of such substitution to the Dealer and the Issuing and Paying Agent and shall promptly direct the Issuing and Paying Agent to give prompt notice of such

substitution to all Holders of the Outstanding Commercial Paper. The City and County shall prepare the form of such notice.

SECTION 504. **Bank Bonds.** (a) Under the Credit Agreement, the City and County is obligated to repay the entire principal amount of each Drawing on the date such Drawing is honored unless such Drawing becomes an Advance Bond pursuant to the Credit Agreement, in which case the amount of such Drawing and interest thereon shall be repaid as an Advance Bond in accordance with the Credit Agreement.

(b) If the Credit Bank honors a principal Drawing which is not reimbursed on the date such Drawing is honored, the amount of such Drawing shall constitute an Advance made by the Credit Bank to the City and County on the date of such Drawing. To evidence all Advances, the Director finds and determines that it is advisable and in the best interest of the City and County to deliver on the effective date of the Credit Agreement, pursuant to the authority and provisions of the Ordinance, one general obligation refunding bond in substantially the form of Exhibit B to the Credit Agreement (the "Advance Bond") duly completed, which Advance Bond shall be payable to the Credit Bank at the times and in the amounts provided therein. All Advances made by the Credit Bank and all payments and prepayments made on account of principal thereof shall be recorded by the Credit Bank on the schedule (or a continuation thereof) attached to the Advance Bond, it being understood, however, that failure by the Credit Bank to make any such endorsement shall not affect the obligations of the City and County under the Credit Agreement or under the Advance Bond in respect of unpaid principal of and interest on the Advances.

(c) The Advance Bond shall bear interest on the unpaid principal amount of each Advance from the date such Advance is made until the principal amount thereof is paid in full at the applicable rate in effect from time to time as set forth in the Credit Agreement, payable at the times set forth therein.

(d) The principal of each Advance shall be repaid in full on the Advance Maturity Dates as set forth in Section 2.03(a)(iv) of the Credit Agreement; *provided* that if the conditions to the making of a Term Loan set forth in the Credit Agreement are satisfied on such Advance Maturity Dates, the principal of the Advances due and payable on such date shall be converted to and paid from the proceeds of a Term Loan; *and provided further* that if such conditions are not satisfied on such Conversion Date, then the Advance shall be due and payable on the related Advance Maturity Date.

(e) Subject to the fulfillment of the conditions set forth in the Credit Agreement, the Credit Bank is obligated to make a loan to the City and County on each Conversion Date in a principal amount equal to the aggregate principal amount of all Advances payable on such date (a "Term Loan"). The proceeds of each Term Loan shall be applied exclusively to the repayment of the principal of the Advances expiring on the date each Term Loan is made (each, a "Term Loan Date").

(f) To evidence all Term Loans, the Director finds and determines that it is advisable and in the best interest of the City and County to deliver on the Effective Date, pursuant to the authority and provisions of the Ordinance, one general obligation refunding bond

in substantially the form of Exhibit C to the Credit Agreement (the "Term Loan Bond") and duly completed, which Term Loan Bond shall be payable to the Credit Bank at the times and in the principal amounts set forth in the Credit Agreement. All Term Loans made by the Credit Bank and all payments and prepayments made on account of the principal of each Term Loan shall be recorded by the Credit Bank on the schedule attached to the Term Loan Bond, it being understood, however, that failure by the Credit Bank to make any such endorsement or any error therein shall not affect the obligations of the City and County under the Credit Agreement or under the Term Loan Bond in respect of unpaid principal of and interest on the Term Loans.

(g) The Term Loan Bond shall bear interest on the unpaid principal amount of each Term Loan from its Term Loan Date until the principal amount thereof is paid in full at a rate per annum equal to the applicable rate in effect from time to time as set forth in the Credit Agreement, payable at the times set forth therein.

(h) (A) Each Advance and each Term Loan which is not paid when due shall bear interest, payable on demand, from the date the same becomes due until such amount is paid in full at the Default Rate, as defined in the Credit Agreement.

(B) From and after the occurrence of an Event of Default as defined in the Credit Agreement and during the continuance of any such Event of Default, all obligations under the Credit Agreement, including, without limitation, each Advance and Term Loan, shall bear interest at the Default Rate, as defined in the Credit Agreement.

(i) Subject to the Credit Agreement, on any Business Day upon not less than one Business Day's notice to the Credit Bank, the City and County may prepay or cause to be prepaid, without penalty, any Term Loan or Advance on the day specified by the City and County, either in whole or in part, in a principal amount equal to at least \$100,000 or any integral multiple thereof, by paying to the Credit Bank (i) the principal amount of the Advance or Term Loan, or portion thereof, being prepaid plus (ii) accrued and unpaid interest on such principal amount; *provided, however*, that all Term Loans shall be prepaid prior to the prepayment of any Advances.

(j) Simultaneously with the sale of any Commercial Paper while any Advances or Term Loans are Outstanding, the City and County shall be obligated, subject to the provisions of this Certificate, and to the extent the proceeds of such Commercial Paper are not required to pay principal of maturing Commercial Paper, (i) to pay or prepay Advances and Term Loans in a principal amount equal to the principal amount of the Commercial Paper sold, and (ii) to pay accrued and unpaid interest on the principal amount of such Advances and Term Loans being paid or prepaid.

(k) Term Loans and Advances shall be paid or prepaid in the order in which made *provided, however*, that all Term Loans shall be prepaid prior to the prepayment of any Advances. In the case of a partial prepayment of any Term Loan, the installments thereof shall be prepaid in the inverse order of their due dates; *provided*, that so long as no Default or Event of Default (as such terms are defined in the Credit Agreement) shall have occurred or be continuing, the City and County may direct the application of any amount so prepaid.

(l) The aggregate Outstanding principal amount of the Commercial Paper Subissue B-1, the Subissue B-1 Advance Bond and the Subissue B-1 Term Loan Bond shall never exceed Two Hundred Million Dollars (\$200,000,000) at any one time. The aggregate Outstanding principal amount of the Commercial Paper Subissue B-2, the Subissue B-2 Advance Bond and the Subissue B-2 Term Loan Bond shall never exceed One Hundred Fifty Million Dollars (\$150,000,000) at any one time.

## ARTICLE VI

### DEALER AGREEMENT; ISSUING AND PAYING AGENT AGREEMENT

SECTION 601. *Dealer Agreement.* Merrill Lynch, Pierce, Fenner & Smith Incorporated and Citigroup Global Capital Markets Inc. are hereby appointed the initial Dealers for the sale by and purchase from the City and County, from time to time, of the Commercial Paper Subissue B-1 and the Commercial Paper Subissue B-2, respectively, upon the terms and conditions and for the fees as set forth in the respective Dealer Agreements. The Director finds and determines that it is advisable and in the best interests of the City and County to enter into the Dealer Agreements in the form executed and delivered by the Director as of the Effective Date.

SECTION 602. *Issuing and Paying Agent Agreement.* U.S. Bank National Association is hereby appointed the initial Issuing and Paying Agent for the completion, authentication and delivery of the Commercial Paper and the payment thereof in New York, New York, upon the terms and conditions and for the fees as set forth in the Issuing and Paying Agent Agreement. The Director finds and determines that it is advisable and in the best interests of the City and County to enter into the Issuing and Paying Agent Agreement in the form executed and delivered by the Director as of the Effective Date.

SECTION 603. *Issuing and Paying Agent.* (a) The City and County covenants to maintain and provide an Issuing and Paying Agent in the City of New York, New York, at all times while any Commercial Paper is Outstanding, which shall be a bank with trust powers, trust company or national banking association with trust powers. Should the Issuing and Paying Agent be replaced, the City and County agrees that it will promptly cause a notice thereof to be sent by first class mail to each Holder of Commercial Paper at the applicable address shown on the books of the Issuing and Paying Agent. Such notice shall give the address of the successor Issuing and Paying Agent. A successor Issuing and Paying Agent may be appointed without the consent of the Holders.

(b) The City and County may remove any Issuing and Paying Agent by giving not less than 30 days' advance written notice to the Issuing and Paying Agent and the Dealer; provided that the City and County has obtained the prior written consent of the Bank in accordance with the Credit Agreement which consent shall not be unnecessarily or unreasonably withheld. A successor Issuing and Paying Agent, meeting all of the qualifications specified in this Certificate, shall be appointed by the City and County with the prior written consent of the Credit Bank in accordance with the Credit Agreement, which consent shall not be unnecessarily or unreasonably withheld or delayed.

(c) The Issuing and Paying Agent may resign at any time by giving written notice of such resignation to the City and County, the Dealer and the Credit Bank, specifying the date as of which the Issuing and Paying Agent proposes that the same become effective, which date shall be not less than 270 days after the date of such notice unless the City and County agrees to an earlier effective date and appoints a successor to take office as of such earlier date. A successor Issuing and Paying Agent, meeting all of the qualifications specified in this Certificate, shall be appointed by the City and County with the prior written consent of the Credit Bank in accordance with the Credit Agreement, which consent shall not be unreasonably withheld or delayed.

(d) Notwithstanding subsections (b) and (c) above, no resignation or removal of any Issuing and Paying Agent shall take effect until a successor has been appointed and has accepted such appointment. On the effective date of any such removal or resignation, the Issuing and Paying Agent shall deliver to the City and County all cancelled or unissued Commercial Paper then held by the Issuing and Paying Agent for disposition in accordance with this Certificate and shall transfer the funds then held by it and the Credit Agreement to the successor Issuing and Paying Agent in accordance with the written instructions of the City and County.

(e) The City and County and the Issuing and Paying Agent may treat the registered Holder of the Commercial Paper as the absolute owner of any Commercial Paper for the purpose of receiving payment thereof and for all purposes, and the City and County and the Issuing and Paying Agent shall not be affected by any notice or knowledge to the contrary.

**SECTION 604. *Responsibilities of the Issuing and Paying Agent With Respect to the Letter of Credit.***

(a) Not later than the time specified in the Letter of Credit for the receipt by the Credit Bank of drawing certificates under the Letter of Credit in order to pay principal of and ~~interest on Outstanding Commercial Paper~~ as the same becomes due and payable, the Issuing and Paying Agent shall submit such drawing certificates in the manner provided in the Letter of Credit in an amount equal to (i) the principal of any Outstanding Commercial Paper due and payable on such date to the extent the proceeds of Commercial Paper to be issued for such purpose, and other amounts deposited in the Principal Account for the payment thereof, are insufficient therefor, and (ii) the interest on any Outstanding Commercial Paper due and payable on such date to the extent the moneys and securities (if any) on deposit in the Interest Account are insufficient therefor. The Issuing and Paying Agent shall deposit the proceeds of any such Drawing to the Principal Account or the Interest Account, as appropriate, and shall apply such proceeds to the payment of the principal of and interest on Commercial Paper becoming due and payable on the date of such Drawing.

(b) The Issuing and Paying Agent shall timely prepare and present to the Credit Bank all certificates, notices and other documents required by the terms of the Issuing and Paying Agent Agreement and the Letter of Credit to effect Drawings under the Letter of Credit.

(c) On the same day upon which any principal of and interest on Outstanding Commercial Paper is due and payable, the Issuing and Paying Agent shall submit a demand for payment to the City and County in an amount equal to the principal of and interest on all

Outstanding Commercial Paper due and payable on such day to the extent (i) in the case of principal only, the amount required to pay such principal is in excess of the proceeds of the Commercial Paper available in the applicable Principal Account to make such payment and any other moneys deposited therein for the payment thereof, and (ii) in the case of interest only, the amount required to pay such interest is in excess of the moneys and securities (if any) on deposit in the applicable Interest Account and any other moneys deposited therein for the payment thereof and (iii) in the case of principal and interest, the amount required to pay such principal and interest in excess of the proceeds of Drawings available for such respective purposes. Such demand shall be made upon the City and County, and the City and County shall make or cause to be made such payment, by such time as the City and County and the Issuing and Paying Agent agree from time to time will permit the Holders of maturing Commercial Paper to be paid the principal thereof and interest thereon as and when the same become due and payable. The Issuing and Paying Agent shall deposit all such payments into the applicable Principal Account or the applicable Interest Account, as appropriate, and shall apply all such amounts to the payment of the principal of and interest on the Commercial Paper becoming due and payable on the date of such demand.

(d) The Issuing and Paying Agent shall accept, and shall be deemed to have knowledge of the contents of, all notices, advices and confirmations furnished by the Credit Bank to the Issuing and Paying Agent pursuant to this Certificate, the Issuing and Paying Agent Agreement and the Credit Agreement (including confirmations of outstanding principal of Bank Bonds and any Notice of No Issuance and Final Drawing Notice and revocations thereof), and shall be deemed to have knowledge of the contents of all other notices, advices and confirmations furnished by the Credit Bank pursuant to the Credit Agreement and actually received by the Issuing and Paying Agent.

(e) Prior to issuing any Commercial Paper, the Issuing and Paying Agent shall independently determine whether, upon the issuance of such Commercial Paper, any of the conditions or limitations contained in clauses (i), (ii) and (iii) of Section 401(b) would not be complied with, and (A) if any such limitations would not then be complied with or (B) if the Issuing and Paying Agent shall be in receipt of a Notice of No Issuance or Final Drawing Notice, unless and until the Issuing and Paying Agent shall be in receipt of written notice from the Credit Bank of the revocation thereof, the Issuing and Paying Agent shall not issue such Commercial Paper. So long as any Notice of No Issuance or Final Drawing Notice is in effect, the Issuing and Paying Agent shall continue to draw on the Letter of Credit for payment of maturing Commercial Paper and the interest thereon, until no Commercial Paper remains Outstanding. If the Issuing and Paying Agent is in receipt of a Final Drawing Notice, it shall draw on the Letter of Credit prior to the termination thereof in an amount equal to all Commercial Paper then Outstanding plus interest thereon to maturity.

(f) The Issuing and Paying Agent shall not draw upon the Letter of Credit with respect to any payment of principal of any Commercial Paper which is, to the knowledge of the Issuing and Paying Agent, registered in the name of the City and County or held for its account. The City and County shall promptly notify the Issuing and Paying Agent in writing of any Commercial Paper so held.

## ARTICLE VII

### CERTAIN COVENANTS OF CITY AND COUNTY

SECTION 701. *Compliance With Certificate and Other Documents.* The City and County will comply with the terms and provisions of this Certificate and any other instrument or contract to which the City and County is a party, the non-compliance with which would materially adversely affect the ability of the City and County to make payments of the principal of and interest on the Commercial Paper when due.

SECTION 702. *Tax Covenant.* The City and County covenants that it will execute and deliver to the Dealers one or more Tax Certificates in the form prescribed by Bond Counsel in connection with the first issuance of the Commercial Paper, and that in connection with any subsequent issuance of the Commercial Paper it will, if requested by the Dealers or Bond Counsel, execute and deliver to the Dealers and Bond Counsel either written confirmation that the facts, estimates, circumstances and reasonable expectations contained therein continue to be accurate as of such issue date or a revised Tax Certificates dated such issue date. Each Request by an Authorized Officer given or made pursuant to Section 401(c) of this Certificate shall constitute a representation by the City and County that the facts, estimates, circumstances and reasonable expectations contained in the latest of such Tax Certificates continue to be true and accurate as of the date of such Request, and that no fact material to the exclusion of the interest on the Commercial Paper from gross income for federal income tax purposes exists which has not been reflected in a revised Tax Certificates. The City and County represents and covenants that it will not expend, or permit to be expended, the proceeds of any Commercial Paper in any manner inconsistent with its reasonable expectations as certified in the Tax Certificates to be executed from time to time with respect to the Commercial Paper; *provided, however,* that the City and County may expend the Commercial Paper proceeds in such manner if the City and County first obtains an unqualified opinion of Bond Counsel to the effect that ~~such expenditure will not in and of itself adversely affect the exclusion of interest on the Commercial Paper from gross income for federal income tax purposes.~~ The City and County represents that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is an issuer whose arbitrage certifications may not be relied upon. The City and County hereby covenants with the Holders from time to time of the Commercial Paper that, so long as any Commercial Paper shall be Outstanding, the City and County shall not take or omit to take or permit any person to take or omit to take any action which would cause interest on the Commercial Paper to be included in the gross income of any Commercial Paper holder for federal income tax purposes.

SECTION 703. *Refunding Bonds; Substitute Letter of Credit.* (a) The City and County covenants that it shall, upon receipt of a Notice of No Issuance or Final Drawing Notice given pursuant to the Credit Agreement and the Letter of Credit, in good faith endeavor to sell a sufficient principal amount of Refunding Bonds (other than the Commercial Paper or the Bank Bonds) in order to have funds available, together with other moneys available therefor, to pay the Commercial Paper and the Bank Bonds and the interest thereon as the same shall become due, or endeavor to obtain a Substitute Letter of Credit.

(b) The City and County covenants that it shall, prior to earlier of (i) the Commitment Termination Date or (ii) the Latest Maturity Date, in good faith endeavor to sell a sufficient principal amount of Refunding Bonds (other than the Commercial Paper or the Bank Bonds) in order to have funds available, together with other moneys available therefor, to pay the Commercial Paper and the Bank Bonds and the interest thereon as the same shall become due.

## ARTICLE VIII

### SECURITY AND REIMBURSEMENTS

SECTION 801. *Security and Sources of Payment.* (a) The Commercial Paper and the Bank Bonds are general obligations of the City and County, and the interest and principal on the Commercial Paper and the Bank Bonds shall be a first charge upon and paid from the General Fund of the City and County. The full faith and credit of the City and County are hereby pledged to the payment of the principal of and interest on the Commercial Paper and the Bank Bonds and accordingly, the City and County is obligated to levy ad valorem taxes for the payment of principal and interest on the Commercial Paper and the Bank Bonds, without limitation as to rate or amount, on all real property subject to taxation by the City and County.

(b) To the extent not paid from the proceeds of the Commercial Paper or Drawings under the Letter of Credit, (i) the principal of the Commercial Paper shall be payable from, and there is hereby pledged to such payment, the moneys and securities on deposit in the applicable Principal Account in the applicable Payment Fund and the proceeds of Refunding Bonds; and (ii) the interest on the Commercial Paper shall be payable from, and there are hereby pledged to such payment, the moneys and securities on deposit in the applicable Interest Account in the applicable Payment Fund.

(c) To the extent not paid from the proceeds of the Commercial Paper, (i) the principal of the Bank Bonds shall be payable from, and there is hereby pledged to such payment, the moneys and securities on deposit in the applicable Principal Account in the applicable Payment Fund and the proceeds of Refunding Bonds, and (ii) the interest on the Bank Bonds shall be payable from, and there are hereby pledged to such payment, the moneys and securities on deposit in the applicable Interest Account in the applicable Payment Fund.

SECTION 802. *Reimbursements.* (a) The principal of and interest on that portion of the Commercial Paper the proceeds of which are attributable to the Highway Improvement Bond Fund, if any, by reason of the application of the proceeds of the Commercial Paper which have been, are being or will be used to finance an appropriation to be financed from the proceeds of the sale of general obligation bonds and expended from such Fund, shall be attributable to and be paid from the Highway Fund. (b) The principal of and interest on that portion of the Commercial Paper the proceeds of which are attributable to the General Improvement Bond Fund, if any, by reason of the application of the proceeds of the Commercial Paper which have been, are being or will be used to finance an appropriation to be financed from the proceeds of the sale of general obligation bonds and expended from such Fund, shall be attributable to and be paid from the General Fund. (c) The principal of and interest on that portion of the Commercial Paper the proceeds of which are attributable to the Solid Waste Improvement Bond Fund, if any, by reason of the application of the proceeds of the Commercial

Paper which have been, are being or will be used to finance an appropriation to be financed from the proceeds of the sale of general obligation bonds and expended from such Fund, shall be attributable to and be paid from the Refuse General Operation Account. (d) The principal of and interest on that portion of the Commercial Paper the proceeds of which are attributable to the Housing Development Account, if any, by reason of the application of the proceeds of the Commercial Paper which have been, are being or will be used to finance an appropriation to be financed from the proceeds of the sale of general obligation bonds and expended from such Fund, shall be attributable to and be paid from transfers made to the General Fund from the Housing Development Account. (e) The principal of and interest on that portion of the Commercial Paper the proceeds of which are attributable to the Transit Fund, if any, by reason of the application of the proceeds of the Commercial Paper which have been, are being or will be used to finance an appropriation to be financed from the proceeds of the sale of general obligation bonds and expended from such Fund, shall be attributable to and be paid from transfers made to the General Fund from the Transit Fund

## ARTICLE IX

### MISCELLANEOUS

**SECTION 901. *Severability of Invalid Provisions.*** If any one or more of the covenants, agreements or provisions or portions thereof herein contained shall be held by a court of competent jurisdiction contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Commercial Paper issued hereunder.

**SECTION 902.—*Payment and Performance on Business Days.*** Whenever under the terms of this Certificate or the Commercial Paper the performance date of any provision hereof or thereof, including the payment of principal of or interest on the Commercial Paper or the Bank Bonds, shall occur on a day other than a Business Day, then the performance thereof need not be made on such day but may be performed on the next succeeding Business Day with the same force and effect as if made on the originally scheduled date of performance, and, with respect to any payment, without any additional interest accruing after the originally scheduled date of payment.

**SECTION 903. *Notification of Rating Agencies.*** The City and County shall give each Rating Agency advance notice in writing of any (i) change of Dealer, (ii) change of Issuing and Paying Agent, (iii) expiration, termination, extension or substitution of the Credit Agreement, (iv) amendment or material change to this Certificate, the Credit Agreement, the Issuing and Paying Agent Agreement or the Dealer Agreement, or (v) termination of the City and County's program with respect to the Commercial Paper. Such notices shall be made as follows: to Moody's Investors Service at 99 Church Street, New York, New York 10007, Attention: Public Finance Department Rating Desk/Regional CP, or to such other addresses or such other Rating Agency or Rating Agencies as the City and County may specify.

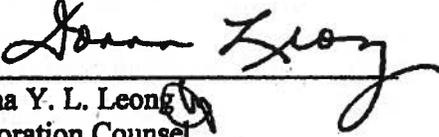
SECTION 904. *Amendment.* This Certificate and the Related Agreements may be amended by the City and County without the consent of the Credit Bank and the Holder of any Commercial Paper, (i) to provide for any modification of the book-entry system, including the issuance of certificated Commercial Paper upon the discontinuance of such system; (ii) to make any changes or corrections required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or omission or mistake or manifest error, or to insert such provisions clarifying matters or questions as are necessary or desirable; or (iii) to modify in any other respect any of the provisions of this Certificate or the Related Agreements if the City and County determines that the rights of the Holders of the Commercial Paper then Outstanding shall not be materially adversely affected thereby. With the consent of the Holders of not less than a majority of the Commercial Paper then Outstanding, the City and County from time to time and at any time may amend this Certificate or any Related Agreement in any manner; provided, however, that, without the specific consent of the Holder of each Commercial Paper Note which would be affected thereby, no such amendment shall: (1) change the fixed maturity date for the payment of the principal of or interest on any Commercial Paper, or reduce the principal amount thereof or the rate of interest thereon; or (2) reduce the aforesaid proportion of Commercial Paper, the Holders of which are required to consent to any such amendment; or (3) give to any Commercial Paper any preference over any other Commercial Paper. Any amendment of this Certificate or any Related Agreement which is not described in clauses (1) through (3) of the preceding sentence and which does not modify the obligation of the Credit Bank under the Letter of Credit shall be deemed conclusively not to materially adversely affect the rights of the Holders of the Commercial Paper.

SECTION 905. *Nonpresentment of Commercial Paper Notes.* In the event any Commercial Paper Note is not presented for payment when the principal of such Commercial Paper Note becomes due, either at maturity or at the date fixed for redemption of such Commercial Paper Note or otherwise, if amounts sufficient to pay such Commercial Paper Note have been deposited with the Issuing and Paying Agent for the benefit of the owner of the Commercial Paper Note and have remained unclaimed for six months after such principal has become due and payable, such amounts, to the extent amounts are owed to the Credit Bank as set forth in a written statement of the Credit Bank addressed to the Issuing and Paying Agent, will be paid to the Credit Bank, with any excess to be paid to the City and County. Upon such payment, all liability of the Issuer and the Issuing and Paying Agent to the holder of any Commercial Paper Note for the payment of such Commercial Paper Note will cease and be completely discharged.

IN WITNESS WHEREOF, I have hereunto set my hand as of the Effective Date first written above.

  
\_\_\_\_\_  
Nelson H. Koyanagi, *Ch.*  
Director of Budget and Fiscal Services  
City and County of Honolulu

The above and foregoing certificate is hereby approved as to form and legality this December 23, 2015.

  
\_\_\_\_\_  
Donna Y. L. Leong  
Corporation Counsel  
City and County of Honolulu

[SIGNATURE PAGE TO CERTIFICATE OF DIRECTOR OF BUDGET AND FISCAL SERVICES  
PROVIDING FOR THE ISSUANCE AND SALE OF NOTES]

[FORM OF MASTER NOTES]

**NOT TO EXCEED \$200,000,000  
CITY AND COUNTY OF HONOLULU, HAWAII  
GENERAL OBLIGATION COMMERCIAL PAPER NOTES, SUBISSUE B-1**

**MASTER NOTE**

\_\_\_\_\_  
(Date of Issuance)

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

CITY AND COUNTY OF HONOLULU, HAWAII (the "Issuer"), for value received, hereby promises to pay to Cede & Co., as nominee of The Depository Trust Company, or to registered assigns: the principal amount, together with unpaid accrued interest thereon, if any, on the maturity date of each obligation identified on the records of the Issuer (the "Underlying Records") as being evidenced by this Master Note, which Underlying Records are maintained by U.S. Bank National Association (the "Issuing and Paying Agent"), as specified on the Underlying Records. Interest shall be calculated at the rate and according to the calculation convention specified on the Underlying Records. Payments shall be made solely from the sources stated on the Underlying Records by wire transfer to the registered owner from the Issuing and Paying Agent without the necessity of presentation and surrender of this Master Note.

This Master Note evidences the obligation of the Issuer to pay the principal of and interest on, and only on, the Book-Entry Commercial Paper referred to in the Certificate of the Director of Budget and Fiscal Services of the Issuer providing for the issuance and sale and fixing the form and details of the Book-Entry Commercial Paper (the "Authorizing Certificate") and is issued under and pursuant to and in full compliance with the Constitution and laws of the State of Hawaii, including Part I of Chapter 47, Hawaii Revised Statutes, as amended, the Revised Charter of the Issuer, and proceedings of the City Council of the Issuer duly taken thereunder. Reference is hereby made to the Authorizing Certificate for definitions of terms used and not otherwise defined herein, to all of the provisions of which (including provisions for issuance of obligations on a parity of security herewith) the Holder by acceptance of this Master Note hereby assents.

The Book-Entry Commercial Paper and, accordingly, this Master Note constitute a general obligation of the Issuer, and the interest and principal payments hereof are a first charge on the general fund of the Issuer. The full faith and credit of the Issuer are irrevocably pledged to the punctual payment of the principal of and interest on the Book-Entry Commercial Paper and, accordingly, this Master Note according to its terms. The Book-Entry Commercial Paper and, accordingly, this Master Note is also payable as to principal and interest from certain proceeds, moneys and securities more fully described and to the extent provided in the Authorizing Certificate.

At the request of the registered owner, the Issuer shall promptly issue and deliver one or more separate note certificates evidencing each obligation evidenced by this Master Note. As of the date any such note certificate or certificates are issued, the obligations evidenced thereby shall no longer be evidenced by this Master Note.

This Master Note is a valid and binding obligation of the Issuer.

Not Valid Unless Countersigned for Authentication by the Issuing and Paying Agent.

[SEAL]

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Director of Budget and Fiscal Services

Countersigned for Authentication only:

U.S. BANK NATIONAL ASSOCIATION,  
as Issuing and Paying Agent

By: \_\_\_\_\_  
Authorized Signature

Date of Authentication: \_\_\_\_\_

**NOT TO EXCEED \$150,000,000**  
**CITY AND COUNTY OF HONOLULU, HAWAII**  
**GENERAL OBLIGATION COMMERCIAL PAPER NOTES, SUBISSUE B-2**

**MASTER NOTE**

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**(Date of Issuance)**

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), **ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL** inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

CITY AND COUNTY OF HONOLULU, HAWAII (the "Issuer"), for value received, hereby promises to pay to Cede & Co., as nominee of The Depository Trust Company, or to registered assigns: the principal amount, together with unpaid accrued interest thereon, if any, on the maturity date of each obligation identified on the records of the Issuer (the "Underlying Records") as being evidenced by this Master Note, which Underlying Records are maintained by U.S. Bank National Association (the "Issuing and Paying Agent"), as specified on the Underlying Records. Interest shall be calculated at the rate and according to the calculation convention specified on the Underlying Records. Payments shall be made solely from the sources stated on the Underlying Records by wire transfer to the registered owner from the Issuing and Paying Agent without the necessity of presentation and surrender of this Master Note.

This Master Note evidences the obligation of the Issuer to pay the principal of and interest on, and only on, the Book-Entry Commercial Paper referred to in the Certificate of the Director of Budget and Fiscal Services of the Issuer providing for the issuance and sale and fixing the form and details of the Book-Entry Commercial Paper (the "Authorizing Certificate") and is issued under and pursuant to and in full compliance with the Constitution and laws of the State of Hawaii, including Part I of Chapter 47, Hawaii Revised Statutes, as amended, the Revised Charter of the Issuer, and proceedings of the City Council of the Issuer duly taken thereunder. Reference is hereby made to the Authorizing Certificate for definitions of terms used and not otherwise defined herein, to all of the provisions of which (including provisions for issuance of obligations on a parity of security herewith) the Holder by acceptance of this Master Note hereby assents.

The Book-Entry Commercial Paper and, accordingly, this Master Note constitute a general obligation of the Issuer, and the interest and principal payments hereof are a first charge on the general fund of the Issuer. The full faith and credit of the Issuer are irrevocably pledged to the punctual payment of the principal of and interest on the Book-Entry Commercial Paper and, accordingly, this Master Note according to its terms. The Book-Entry Commercial

Paper and, accordingly, this Master Note is also payable as to principal and interest from certain proceeds, moneys and securities more fully described and to the extent provided in the Authorizing Certificate.

At the request of the registered owner, the Issuer shall promptly issue and deliver one or more separate note certificates evidencing each obligation evidenced by this Master Note. As of the date any such note certificate or certificates are issued, the obligations evidenced thereby shall no longer be evidenced by this Master Note.

This Master Note is a valid and binding obligation of the Issuer.

Not Valid Unless Countersigned for Authentication by the Issuing and Paying Agent.

[SEAL]

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Director of Budget and Fiscal Services

Countersigned for Authentication only:

U.S. BANK NATIONAL ASSOCIATION,  
as Issuing and Paying Agent

By: \_\_\_\_\_  
Authorized Signature

Date of Authentication: \_\_\_\_\_

**FORMS OF REQUEST**

City and County of Honolulu, Hawaii  
Request Pursuant to Section 401 of the  
Authorizing Certificate Referred To Herein  
Commercial Paper Notes, Subissue B-1

No. \_\_\_\_\_

1. The City and County of Honolulu, Hawaii (the "City and County") hereby instructs\* U.S. Bank National Association, New York, New York, as Issuing and Paying Agent (the "Agent") under the Certificate of the Director of the City and County dated December 23, 2015 (the "Authorizing Certificate"), to authenticate and deliver to Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Dealer, the General Obligation Commercial Paper Notes described in Schedule I hereto (the "Commercial Paper"), bearing such dates and in such amounts, at such interest rates and maturing on such dates as are set forth in such Schedule I.

2. The City and County hereby represents and warrants that (i) no Event of Default or Default (each as defined in the Credit Agreement) exists under the Credit Agreement, (ii) the City and County has performed all of the covenants and agreements that it is required to have performed under the Authorizing Certificate and the Related Agreements, (iii) the City and County has not received any No Issuance Notice or Final Drawing Notice (as defined in the Credit Agreement) that has not been revoked by the Credit Bank (or, if any such Notice has been received by the City and County and has not been revoked, that the issuance of the Commercial Paper is permitted under the Credit Agreement), (iv) the issuance and delivery of the Commercial Paper have been duly authorized by the City and County, and (v) immediately after the issuance and delivery of such Commercial Paper and giving effect to any immediate application of the proceeds thereof to the payment of the Commercial Paper or Drawings, the principal amount of and interest accrued and to accrue on the Commercial Paper outstanding under the Authorizing Certificate will be as indicated opposite Item 1 on Schedule I, and the Stated Amount under the Credit Agreement at such time will be as indicated opposite Item 2 on Schedule I. Item 3 on Schedule I indicates the respective amounts of the proceeds of sale of the Commercial Paper which are to be deposited into the Subissue B-1 Principal Account or transferred to the City and County.

3. Unless otherwise defined herein, the terms used in this Request have the respective meanings given to such terms in the Authorizing Certificate.

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\* If a confirmation, delete "instructs" and insert "confirms that it has today instructed".

IN WITNESS WHEREOF the undersigned has executed this Request as of this  
date: \_\_\_\_\_.

CITY AND COUNTY OF HONOLULU, HAWAII

By \_\_\_\_\_  
(Authorized Officer)

**SCHEDULE I  
TO EXHIBIT B**

**TERMS OF COMMERCIAL PAPER, SUBISSUE B-1**

| <u>Note<br/>Number</u> | <u>Direct<br/>Participant</u> | <u>Principal<br/>Amount</u> | <u>Date of<br/>Issuance</u> | <u>Interest<br/>Rate</u> | <u>Maturity<br/>Date</u> |
|------------------------|-------------------------------|-----------------------------|-----------------------------|--------------------------|--------------------------|
|------------------------|-------------------------------|-----------------------------|-----------------------------|--------------------------|--------------------------|

Purchase price of all Notes: 100% of the principal amount thereof.

| <u>Item No.</u> | <u>Descriptions</u>  | <u>Amount</u> |
|-----------------|--|---------------|
| 1               | Principal Amount of Commercial Paper Outstanding Under Authorizing Certificate | \$            |
| 2               | Stated Amount Under Credit Agreement   | \$            |
| 3               | Application of Proceeds:   |               |
|                 | Amount to be deposited to Subissue B-1 Principal Account                       | \$            |
|                 | Amount to be transferred to City and County                                    | \$            |

City and County of Honolulu, Hawaii  
Request Pursuant to Section 401 of the  
Authorizing Certificate Referred To Herein  
Commercial Paper Notes, Subissue B-2

No. \_\_\_\_\_

1. The City and County of Honolulu, Hawaii (the "City and County") hereby instructs\* U.S. Bank National Association, New York, New York, as Issuing and Paying Agent (the "Agent") under the Certificate of the Director of the City and County dated December 23, 2015 (the "Authorizing Certificate"), to authenticate and deliver to Citigroup Global Markets Inc., as Dealer, the General Obligation Commercial Paper Notes described in Schedule I hereto (the "Commercial Paper"), bearing such dates and in such amounts, at such interest rates and maturing on such dates as are set forth in such Schedule I.

2. The City and County hereby represents and warrants that (i) no Event of Default or Default (each as defined in the Credit Agreement) exists under the Credit Agreement, (ii) the City and County has performed all of the covenants and agreements that it is required to have performed under the Authorizing Certificate and the Related Agreements, (iii) the City and County has not received any No Issuance Notice or Final Drawing Notice (as defined in the Credit Agreement) that has not been revoked by the Credit Bank (or, if any such Notice has been received by the City and County and has not been revoked, that the issuance of the Commercial Paper is permitted under the Credit Agreement), (iv) the issuance and delivery of the Commercial Paper have been duly authorized by the City and County, and (v) immediately after the issuance and delivery of such Commercial Paper and giving effect to any immediate application of the proceeds thereof to the payment of the Commercial Paper or Drawings, the principal amount of and interest accrued and to accrue on the Commercial Paper outstanding under the Authorizing Certificate will be as indicated opposite Item 1 on Schedule I, and the Stated Amount under the Credit Agreement at such time will be as indicated opposite Item 2 on Schedule I. ~~Item 3 on Schedule I indicates the respective amounts of the proceeds of sale of the Commercial Paper which are to be deposited into the Subissue B-2 Principal Account or transferred to the City and County.~~

3. Unless otherwise defined herein, the terms used in this Request have the respective meanings given to such terms in the Authorizing Certificate.

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\* If a confirmation, delete "instructs" and insert "confirms that it has today instructed".

IN WITNESS WHEREOF the undersigned has executed this Request as of this date: \_\_\_\_\_.

CITY AND COUNTY OF HONOLULU, HAWAII

By \_\_\_\_\_  
(Authorized Officer)

**SCHEDULE I  
TO EXHIBIT B**

**TERMS OF COMMERCIAL PAPER, SUBISSUE B-2**

| <u>Note<br/>Number</u> | <u>Direct<br/>Participant</u> | <u>Principal<br/>Amount</u> | <u>Date of<br/>Issuance</u> | <u>Interest<br/>Rate</u> | <u>Maturity<br/>Date</u> |
|------------------------|-------------------------------|-----------------------------|-----------------------------|--------------------------|--------------------------|
|------------------------|-------------------------------|-----------------------------|-----------------------------|--------------------------|--------------------------|

Purchase price of all Notes: 100% of the principal amount thereof.

| <u>Item No.</u> | <u>Descriptions</u>  | <u>Amount</u> |
|-----------------|--|---------------|
| 1               | Principal Amount of Commercial Paper Outstanding Under Authorizing Certificate | \$            |
| 2               | Stated Amount Under Credit Agreement   | \$            |
| 3               | Application of Proceeds:   |               |
|                 | Amount to be deposited to Subissue B-2 Principal Account                       | \$            |
|                 | Amount to be transferred to City and County                                    | \$            |