

SUPPLEMENTAL AGREEMENT NO. 1
TO MODIFY AN AGREEMENT FOR
THE STATE REVOLVING FUND LOAN
WITH THE COUNTY OF HAWAII
FOR THE CONSTRUCTION OF WASTEWATER PROJECT



Project No. NPS0062 10

Project Title: Hawaii County Cesspool Conversion Project (also referred to as Replacement of Large Capacity Cesspools or Large Capacity Cesspool Conversions)

THIS SUPPLEMENTAL AGREEMENT NO. 1, is made and entered into as of the 15th day of April 2011, by and between the DIRECTOR OF THE DEPARTMENT OF HEALTH, STATE OF HAWAII, ("DIRECTOR") and the COUNTY OF HAWAII, ("COUNTY"), a Hawaii municipality with principal offices located at 25 Aupuni Street, Room 210, Hilo, Hawaii 96720, (collectively the "parties"). This supplemental agreement is further identified as the DEPARTMENT'S ADM. SERV. OFFICE LOG NO. 07-085a-11. The undersigned WITNESS THAT:

WHEREAS, the parties on December 15, 2003, entered into an interim agreement for "State Revolving Fund Loan With The County of Hawaii For The Construction Of Wastewater Project," which agreement shall be referred to as the "Interim Agreement";

WHEREAS, the parties on September 15, 2006, entered into a "Final Agreement" to replace the "Interim Agreement," which agreement is further identified as the DEPARTMENT'S ADM. SERV. OFFICE LOG NO. 07-085;

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WHEREAS, the parties wish to amend section 3, "ESTIMATED COST OF CONSTRUCTION," on page 4, in the Final Agreement by replacing the "**Project Budget**," Exhibit "A," with a new "**Project Budget**," Exhibit "G," which is the actual eligible cost breakdown of the **project**;

WHEREAS, the parties wish to amend section 5, "LOAN AMOUNT," on page 5, in the Final Agreement to reduce the loan amount to EIGHT MILLION, THREE HUNDRED SIXTY-THREE THOUSAND, SEVEN HUNDRED SEVENTY-TWO AND 53/100 DOLLARS (\$8,363,772.53) to reflect the total amount of **payments** actually paid to the COUNTY;

WHEREAS, the parties wish to amend paragraph "a" of section 11, "REPAYMENT OF LOAN," on page 10, in the Final Agreement to reflect the **semiannual** loan **repayment** amounts, which are based on the new loan **repayment** schedule, Exhibit "H," with an annual interest rate of .50%;

WHEREAS, the parties wish to add the Loan **Repayment** Amortization and Fee Schedule, Exhibit "H," to accurately reflect the **repayment** amounts, due dates, and loan fee payments which are based on **payments** made to the COUNTY according to paragraph "a" and "b" of section 11 of the Final Agreement;

WHEREAS, the parties wish to amend section 11, "REPAYMENT OF LOAN," on page 10, in the Final Agreement to add new paragraph "h" to reflect the new **repayment** schedule, Exhibit "H";

WHEREAS, the parties wish to amend section 33, "LOAN FEE," on page 28, of the Final Agreement to reflect the new loan

repayment schedule, Exhibit "H";

WHEREAS, the parties desire to modify, alter, and change the Final Agreement to provide for these changes;

NOW, THEREFORE, the parties mutually agree that the Final Agreement is hereby modified, altered, and changed as follows:

1. Section 3, titled "ESTIMATED COST OF CONSTRUCTION," on page 4, of the Final Agreement is modified to read as follows:

"3. ESTIMATED COST OF CONSTRUCTION The estimated cost of the construction is SEVEN MILLION, SEVEN HUNDRED FORTY-TWO THOUSAND, THREE HUNDRED TWENTY DOLLARS (\$7,742,320), and the estimated total eligible cost of the construction **project** is SEVEN MILLION, SEVEN HUNDRED FORTY-TWO THOUSAND, THREE HUNDRED TWENTY DOLLARS (\$7,742,320). Pursuant to Section 203(a) (2) of the **Clean Water Act**, 33 U.S.C. sec. 1283(a) (2), the only items eligible for SRF participation are those items specified as "eligible" in the Plans and Specifications Approval Letter dated June 27, 2006 or those costs allowable under 40 CFR sec. 35.2250 (the DIRECTOR is deemed the "Regional Administrator" for the application here of this federal regulation). The **Project** Budget, which is the breakdown of the total eligible cost, is attached hereto as Exhibit "G" and made a part hereof."

2. Section 4, titled "LOAN AMOUNT," on page 5, of the Final Agreement is modified to read as follows:

"4. LOAN AMOUNT Subject to the availability of

federal funds, the DIRECTOR shall loan the COUNTY a total amount not to exceed EIGHT MILLION, THREE HUNDRED SIXTY-THREE THOUSAND, SEVEN HUNDRED SEVENTY-TWO AND 53/100 DOLLARS (\$8,363,772.53), consisting of TWO MILLION, FIVE HUNDRED FORTY-SEVEN THOUSAND, SIX HUNDRED SIXTY-FIVE DOLLARS (\$2,547,665) of federal funds under the Capitalization Grant, which shall be paid from Appropriation Account No. S-07-341-H-015206-00-398; FIVE HUNDRED EIGHTY-NINE THOUSAND, EIGHT HUNDRED EIGHTY-THREE DOLLARS (\$589,883) of CWSRF match funds, which shall be paid from Appropriation Account No. S-07-341-H-015206-00-396; THREE MILLION DOLLARS (\$3,000,000) of federal funds under the Capitalization Grant, which shall be paid from Appropriation Account No. S-07-341-H-017206-00-398; SIX HUNDRED THOUSAND DOLLARS (\$600,000) of CWSRF match funds, which shall be paid from Appropriation Account No. S-07-341-H-017206-00-396; and ONE MILLION, SIX HUNDRED TWENTY-SIX THOUSAND, TWO HUNDRED TWENTY-FOUR AND 53/100 DOLLARS (\$1,626,224.53) of CWSRF principal loan **repayments** from federal funds, which shall be paid from Appropriation Account No. S-07-341-H-018206-00-402."

3. Paragraph "a" of section 11, titled, "**REPAYMENT OF LOAN**", page 10, of the Final Agreement is modified to read as follows:

"11. **REPAYMENT OF LOAN** The loan, including interest shall be repaid as follows:

a. The COUNTY shall repay the loan amount, starting

on **repayment** no. 9 on September 15, 2011 of the Loan **Repayment** Amortization and Fee Schedule, together with all interest accruing thereon, in thirty (30) **semiannual** installments of TWO HUNDRED TWENTY-EIGHT THOUSAND, SEVEN HUNDRED TWENTY-THREE AND 47/100 DOLLARS (\$228,723.47), with the last **semiannual** installment at TWO HUNDRED TWENTY-EIGHT THOUSAND, FOUR HUNDRED THIRTY-FIVE AND 14/100 DOLLARS (\$228,435.14) on **repayment** no. 39 on September 15, 2026. The actual **repayments** will be based on **payments** made to the COUNTY. The COUNTY repaid the principal and interest amounts of the loan to the DIRECTOR in eight **semiannual** installments; two equal **semiannual** installments of ONE HUNDRED SIXTY-EIGHT THOUSAND, FIVE HUNDRED TWENTY-EIGHT AND 52/100 DOLLARS (\$168,528.52) on September 15, 2007 and March 15, 2008; two equal **semiannual** installments of TWO HUNDRED TWENTY THOUSAND, SIX HUNDRED FIFTY AND 64/100 DOLLARS (\$220,650.64) on September 15, 2008 and March 15, 2009; and four equal **semiannual** installments of TWO HUNDRED TWENTY-EIGHT THOUSAND, SEVEN HUNDRED TWENTY-THREE AND 47/100 DOLLARS (\$228,723.47) on September 15, 2009, March 15, 2010, September 15, 2010, and March 15, 2011, based on an annual interest rate of .50%, twenty (20) year amortization (Exhibit "H"). The last **semiannual** installment of principal and interest shall be repaid to the DIRECTOR not later than twenty (20) years after the date of the Final Agreement, which was established as September 15, 2006."

4. Paragraph "h" of section 11, titled, "**REPAYMENT**"

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OF LOAN", is added to the Final Agreement to read as follows:

"h. The Loan **Repayment** Amortization and Fee Schedule, which is based on the date of the Final Agreement, **payments** made to the COUNTY, **repayment** amounts, due dates, and loan fees, is attached as Exhibit "H," with an annual interest rate of .50% and is made part of this agreement and effective April 15, 2011. The COUNTY shall repay the principal and interest to the DEPARTMENT OF HEALTH according to the **repayment** due dates as reflected in the latest Loan **Repayment** Amortization and Fee Schedule Exhibit "H," with an annual interest rate of .50%."

5. Section 33, titled, "LOAN FEE," on page 28, of the Final Agreement, is modified to read as follows:

"33. LOAN FEE

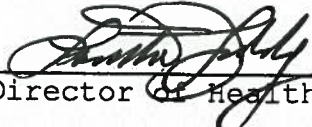
a. The COUNTY shall pay the DIRECTOR a **semiannual** loan fee payable on the same dates that corresponding **repayments** of the principal and interest on the loan are due, starting on **repayment** no. 9 on September 15, 2011 of the Loan **Repayment** Amortization and Fee Schedule, in thirty (30) **semiannual** installments with the last **semiannual** loan fee at TWO HUNDRED EIGHTY-FOUR AND 83/100 DOLLARS (\$284.83) on **repayment** no. 39 on September 15, 2026. The COUNTY paid the loan fee amounts to the DIRECTOR in eight **semiannual** installments; one **semiannual** installment of SEVEN THOUSAND, EIGHT HUNDRED EIGHTEEN AND 65/100 DOLLARS (\$7,818.65) on September 15, 2007; one **semiannual** installment of SEVEN THOUSAND, SIX HUNDRED THIRTY-TWO AND 20/100 DOLLARS (\$7,632.20) on March 15, 2008; one

semiannual installment of NINE THOUSAND, SEVEN HUNDRED THIRTY-FIVE AND 72/100 DOLLARS (9,735.72) on September 15, 2008; one **semiannual** installment of NINE THOUSAND, FOUR HUNDRED EIGHTY-ONE AND 37/100 DOLLARS (\$9,481.37) on March 15, 2009; one **semiannual** installment of NINE THOUSAND, FIVE HUNDRED SIXTY-NINE AND 91/100 DOLLARS (\$9,569.91) on September 15, 2009; one **semiannual** installment of NINE THOUSAND, THREE HUNDRED SEVEN AND 68/100 DOLLARS (\$9,307.68) on March 15, 2010; one **semiannual** installment of NINE THOUSAND, FORTY-FOUR AND 86/100 DOLLARS (\$9,044.86) on September 15, 2010; and one **semiannual** installment of EIGHT THOUSAND, SEVEN HUNDRED EIGHTY-ONE AND 75/100 DOLLARS (\$8,781.75) on March 15, 2011, based on Exhibit "H," with an annual interest rate of .50%. The **semiannual** loan fee is calculated by taking one half per cent (0.5%) of the outstanding principal balance at the time the **semiannual repayment** is due. A Loan **Repayment** Amortization and Fee Schedule, Exhibit "H," with an annual interest rate of .50% is attached to accurately reflect the **semiannual** loan fee payments due under this agreement."

IT IS FURTHER UNDERSTOOD AND AGREED THAT this Supplemental Agreement No. 1 is supplemental to the Interim and Final Agreement and all terms, conditions, and provisions thereof, unless specifically modified, altered, and changed herein, remain in full force and effect.

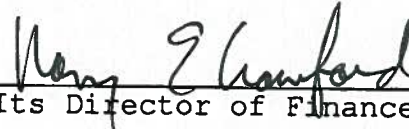
IN WITNESS WHEREOF, the parties hereto have executed this Supplemental Agreement No. 1 effective as of the day and year first above written.

DEPARTMENT OF HEALTH,
STATE OF HAWAII

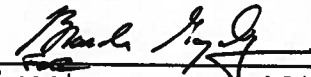
By 
Its Director of Health

COUNTY OF HAWAII


By 
Its Mayor

By 
Its Director of Finance

APPROVED AS TO CONTENT:


Director Public Works
Department of ~~Environmental Management~~
COUNTY OF HAWAII


APPROVED AS TO FORM:


Deputy Attorney General
State of Hawaii

APPROVED AS TO FORM AND LEGALITY:


Deputy Corporation Counsel
COUNTY OF HAWAII

Approved as to Availability of Funds
in the amounts and for the purposes
set forth herein.


2AS DIRECTOR OF FINANCE

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PROJECT BUDGET

The COUNTY and the DIRECTOR acknowledge that the actual cost of the **Project** has not been determined as of the effective date of this Agreement. **Project** cost adjustments may be made as a result of construction bidding or mutually agreed upon **Project** changes. The final cost shall be established after all **Project** costs are reviewed subsequent to **Project** performance certification. Changes in **Project** costs may also occur as a result of the COUNTY's **Project** audit or an independent audit under the Single Audit Act. Until this Agreement is amended, the COUNTY agrees to the following estimates for the **Project** cost:

1. Architectural engineering basic fees (Design Allowance)	\$ 391,483.00
2. Other architectural engineering fees	
3. Project inspection fees - CM (Brown and Caldwell)	
4. Construction and project improvement	7,693,649.11
Segment No. 1 - George M Oye Inc	
Segment No. 2 - William C Loeffler Construction Inc	
Segment No. 3 - MIRA Image Construction	
Segment No. 4 - William C Loeffler Construction Inc	
Segment No. 5 - Isemoto Contracting Co Ltd	
5. Equipment	
6. Total (Line 1 through 5)	8,085,132.11
7. Less: Ineligible Exclusions	
8. Add: Contingencies	278,640.42
9. Total Eligible Project Amount	8,363,772.53
10. SRF loan requested of Line 10	8,363,772.53
11. County share	
12. Other shares	
13. Total project costs (Lines 11,12,&13)	\$8,363,772.53

Exhibit "G"

******LOAN REPAYMENT AMORTIZATION AND FEE SCHEDULE****
WASTEWATER BRANCH**

Project Description: **Hawaii County Cesspool Conversion Project
(also referred to as Replacement of Large Capacity Cesspools or
Large Capacity Cesspool Conversions)**

Borrower: **County of Hawaii**

Loan No.: **NPS0062 10**

Loan Amount **\$ 8,363,772.53**

Amount Loaned **\$ 8,363,772.53**

	<u>Annual</u>	<u>Semiannual</u>
Interest Rate	0.500%	0.250% *
Loan Fee Rate	0.250%	0.125% **

Date	# of
<u>First Payment</u>	<u>Semiannual</u>
Month (MM)	Payments
Day (DD)	39
Year (YY)	2007

<u>PAY NO.</u>	<u>DATE</u>	<u>INTEREST *</u>	<u>PRINCIPAL</u>	<u>INTEREST & PRINCIPAL</u>	<u>LOAN FEE **</u>	<u>TOTAL INTEREST & PRINCIPAL & LOAN FEE</u>	<u>BALANCE</u>
							\$ 6,254,921.53
1	15-Sep-2007	\$ 19,364.55	\$ 149,163.97	\$ 168,528.52	\$ 7,818.65	\$ 176,347.17	\$ 6,105,757.56
2	15-Mar-2008	\$ 15,205.44	\$ 153,323.08	\$ 168,528.52	\$ 7,632.20	\$ 176,160.72	\$ 5,952,434.48
						Repayment #3 based on:	\$ 7,788,574.86
3	15-Sep-2008	\$ 17,169.78	\$ 203,480.86	\$ 220,650.64	\$ 9,735.72	\$ 230,386.36	\$ 7,585,094.00
4	15-Mar-2009	\$ 18,776.50	\$ 201,874.14	\$ 220,650.64	\$ 9,481.37	\$ 230,132.01	\$ 7,383,219.86
						Repayment #5 based on:	\$ 7,655,930.48
5	15-Sep-2009	\$ 18,938.51	\$ 209,784.96	\$ 228,723.47	\$ 9,569.91	\$ 238,293.38	\$ 7,446,145.52
6	15-Mar-2010	\$ 18,462.36	\$ 210,261.11	\$ 228,723.47	\$ 9,307.68	\$ 238,031.15	\$ 7,235,884.41
7	15-Sep-2010	\$ 18,238.39	\$ 210,485.08	\$ 228,723.47	\$ 9,044.86	\$ 237,768.33	\$ 7,025,399.33
8	15-Mar-2011	\$ 17,419.14	\$ 211,304.33	\$ 228,723.47	\$ 8,781.75	\$ 237,505.22	\$ 6,814,095.00
9	15-Sep-2011	\$ 17,175.25	\$ 211,548.22	\$ 228,723.47	\$ 8,517.62	\$ 237,241.09	\$ 6,602,546.78
10	15-Mar-2012	\$ 16,442.61	\$ 212,280.86	\$ 228,723.47	\$ 8,253.18	\$ 236,976.65	\$ 6,390,265.92
11	15-Sep-2012	\$ 16,062.96	\$ 212,660.51	\$ 228,723.47	\$ 7,987.83	\$ 236,711.30	\$ 6,177,605.41
12	15-Mar-2013	\$ 15,292.34	\$ 213,431.13	\$ 228,723.47	\$ 7,722.01	\$ 236,445.48	\$ 5,964,174.28
13	15-Sep-2013	\$ 15,032.99	\$ 213,690.48	\$ 228,723.47	\$ 7,455.22	\$ 236,178.69	\$ 5,750,483.80
14	15-Mar-2014	\$ 14,258.05	\$ 214,465.42	\$ 228,723.47	\$ 7,188.10	\$ 235,911.57	\$ 5,536,018.38
15	15-Sep-2014	\$ 13,953.80	\$ 214,769.67	\$ 228,723.47	\$ 6,920.02	\$ 235,643.49	\$ 5,321,248.71
16	15-Mar-2015	\$ 13,193.78	\$ 215,529.69	\$ 228,723.47	\$ 6,651.56	\$ 235,375.03	\$ 5,105,719.02
17	15-Sep-2015	\$ 12,869.21	\$ 215,854.26	\$ 228,723.47	\$ 6,382.15	\$ 235,105.62	\$ 4,889,864.76

<u>PAY NO.</u>	<u>DATE</u>	<u>INTEREST *</u>	<u>PRINCIPAL</u>	<u>INTEREST & PRINCIPAL</u>	<u>LOAN FEE **</u>	<u>TOTAL INTEREST & PRINCIPAL & LOAN FEE</u>	<u>BALANCE</u>
18	15-Mar-2016	\$ 12,177.45	\$ 216,546.02	\$ 228,723.47	\$ 6,112.33	\$ 234,835.80	\$ 4,673,318.74
19	15-Sep-2016	\$ 11,747.14	\$ 216,976.33	\$ 228,723.47	\$ 5,841.65	\$ 234,565.12	\$ 4,456,342.41
20	15-Mar-2017	\$ 11,031.44	\$ 217,692.03	\$ 228,723.47	\$ 5,570.43	\$ 234,293.90	\$ 4,238,650.38
21	15-Sep-2017	\$ 10,683.72	\$ 218,039.75	\$ 228,723.47	\$ 5,298.31	\$ 234,021.78	\$ 4,020,610.63
22	15-Mar-2018	\$ 9,968.91	\$ 218,754.56	\$ 228,723.47	\$ 5,025.76	\$ 233,749.23	\$ 3,801,856.07
23	15-Sep-2018	\$ 9,582.76	\$ 219,140.71	\$ 228,723.47	\$ 4,752.32	\$ 233,475.79	\$ 3,582,715.36
24	15-Mar-2019	\$ 8,883.17	\$ 219,840.30	\$ 228,723.47	\$ 4,478.39	\$ 233,201.86	\$ 3,362,875.06
25	15-Sep-2019	\$ 8,476.29	\$ 220,247.18	\$ 228,723.47	\$ 4,203.59	\$ 232,927.06	\$ 3,142,627.88
26	15-Mar-2020	\$ 7,826.23	\$ 220,897.24	\$ 228,723.47	\$ 3,928.28	\$ 232,651.75	\$ 2,921,730.64
27	15-Sep-2020	\$ 7,344.24	\$ 221,379.23	\$ 228,723.47	\$ 3,652.16	\$ 232,375.63	\$ 2,700,351.41
28	15-Mar-2021	\$ 6,684.57	\$ 222,038.90	\$ 228,723.47	\$ 3,375.44	\$ 232,098.91	\$ 2,478,312.51
29	15-Sep-2021	\$ 6,246.71	\$ 222,476.76	\$ 228,723.47	\$ 3,097.89	\$ 231,821.36	\$ 2,255,835.75
30	15-Mar-2022	\$ 5,593.24	\$ 223,130.23	\$ 228,723.47	\$ 2,819.79	\$ 231,543.26	\$ 2,032,705.52
31	15-Sep-2022	\$ 5,123.53	\$ 223,599.94	\$ 228,723.47	\$ 2,540.88	\$ 231,264.35	\$ 1,809,105.58
32	15-Mar-2023	\$ 4,485.59	\$ 224,237.88	\$ 228,723.47	\$ 2,261.38	\$ 230,984.85	\$ 1,584,867.70
33	15-Sep-2023	\$ 3,994.74	\$ 224,728.73	\$ 228,723.47	\$ 1,981.08	\$ 230,704.55	\$ 1,360,138.97
34	15-Mar-2024	\$ 3,387.22	\$ 225,336.25	\$ 228,723.47	\$ 1,700.17	\$ 230,423.64	\$ 1,134,802.72
35	15-Sep-2024	\$ 2,852.51	\$ 225,870.96	\$ 228,723.47	\$ 1,418.50	\$ 230,141.97	\$ 908,931.76
36	15-Mar-2025	\$ 2,250.01	\$ 226,473.46	\$ 228,723.47	\$ 1,136.16	\$ 229,859.63	\$ 682,458.30
37	15-Sep-2025	\$ 1,720.17	\$ 227,003.30	\$ 228,723.47	\$ 853.07	\$ 229,576.54	\$ 455,455.00
38	15-Mar-2026	\$ 1,129.28	\$ 227,594.19	\$ 228,723.47	\$ 569.32	\$ 229,292.79	\$ 227,860.81
39	15-Sep-2026	\$ 574.33	\$ 227,860.81	\$ 228,435.14	\$ 284.83	\$ 228,719.97	\$ -
		\$ 419,618.91	\$ 8,363,772.53	\$ 8,783,391.44	\$ 209,351.56	\$ 8,992,743.00	\$ -