COUNTY OF KAUA\l

BOARD OF WATER SUPPLY

SPECIAL BOARD MEETING

Friday, November 4, 2011

9:12 - 10:10 a.m.

Second Floor, Microbiology Lab Building

Kauai County Department of Water

4398 Pua Loke Street

Lihue, Kauai, Hawaii 96766

REPORTED BY:

TERRI R. HANSON, CSR 482

Registered Professional Reporter
APPEARANCES

CHAIRMAN:
Roy Oyama

BOARD MEMBERS:
Clyde Nakaya
Randall Nishimura
Raymond McCormick
Daryl Kaneshiro
Michael Dahilig
Larry Dill

DEPUTY MANAGER:
William Eddy
SPECIAL BOARD MEETING

CHAIRMAN OYAMA: Good morning, this is November the 4th, 2011, and the Board of Water Supply of the County of Kauai, Special Board Meeting, Second Floor, Microbiology Lab Building, Kauai County Department of Water, 4398 Pua Loke Street, Lihue, Kauai, Hawaii 96766.

Before we begin, I would like to introduce directly Ms. Terri Hanson, Court Reporter, from Ralph Rosenberg Court Reporters, who will be giving us -- do you want to say what you call that? I'm not sure because I haven't been familiar with it. So Carol will conduct the role call, but Terri will be recording today's meeting. Terri Hanson.

THE COURT REPORTER: I'm just recording what everybody says. So if you can speak up and talk one at a time, that would be great.

CHAIRMAN OYAMA: Okay. Very good. Thank you very much in advance. Thank you very much.

So Carol, can we have the roll call, please.

MS. BEARDMORE: Roy Oyama.

CHAIRMAN OYAMA: Here.

MS. BEARDMORE: Mike Dahilig.

MR. DAHilig: Present.

MS. BEARDMORE: Larry Dill.
MR. DILL: Here.

MS. BEARDMORE: Daryl Kaneshiro.

MR. KANESHIRO: Here.

MS. BEARDMORE: Raymond McCormick.

MR. MCCORMICK: Here.

MS. BEARDMORE: Clyde Nakaya.

MR. NAKAYA: Here.

MS. BEARDMORE: Randall Nishimura.

MR. NISHIMURA: Here.

MS. BEARDMORE: We have quorum.

CHAIRMAN OYAMA: Thank you very much.

So the item, acceptance of agenda, what I'd like to do is after the agenda is accepted more or less for any public input if there is any because it's a special meeting and a lot of information, so I think we might have some response from the public.

So board members.

MR. KANESHIRO: I move to approve the agenda.

MR. DAHILIG: Second that motion.

CHAIRMAN OYAMA: Move and second to accept the agenda. Thank you very much.

Any discussion?

If not, all in favor say aye.

Opposed no.
And hearing none, motion carried. Thank you.
So we're open for public input at this time.
We have none. Thank you, Faith.

MR. NISHIMURA: Mr. Chairman.
CHAIRMAN OYAMA: Yes.

MR. NISHIMURA: I move that we receive into
the record the handout, Part 4, fixing rates for the
furnishing of water service in the County of Kauai.
There's no date on it, but this was handed out at the
meeting today.

MR. DILL: Second.
CHAIRMAN OYAMA: Seconded. Thank you,
Larry. We move and second it. Any discussion?

MR. NISHIMURA: Mr. Chair.
CHAIRMAN OYAMA: Yes.

MR. NISHIMURA: I would just like to
confirm for the record that this submission is not a
material violation that would require reposting and
setting up a new meeting for sunshine rule purposes.

MS. SUZUKI: It's not.
CHAIRMAN OYAMA: Thank you very much,
Andrea. All right. So we'll continue. If not, we'll
be voting to receive the amendment. Okay.
All in favor say aye.
Opposed no.
Hearing none, motion carried. Thank you.


Mr. Eddy.

MR. EDDY: Thank you, Chair.

First of all, I want to thank all of you board members for your hard work over the past year deliberating the finances of the department. And I thank you for being here today for the special board meeting.

The Department of Water is unlike any other agency in the county government in that it is an enterprise-funded agency that operates solely on revenue from rates.

The board is tasked under the Hawaii revised statutes in the county charter with the immense responsibility to set reasonable rates to ensure the efficient and effective operations of the water works of the county.

The board met that responsibility and last year engaged a financial consultant to look at the current finances of the department and to chart a course for the next five years. The consultant conducted the financial analysis using the established method of AWWA, American
Water Works Association's rate setting standards.

Six objectives emerged as key for developing the water rate options and water rate structure. The objectives are: debt service coverage, cost of service, system replacement, user pays principle, adequate working capital, and the leak rebate program.

A total of 18 models were prepared by our consultant and deliberated by this board. The option No. 10D was moved forward by the finance committee based on its ability to meet the stated objectives.

The first objective, debt service coverage, refers to the amount of available cash on hand to pay for principal and interest owed. The industry standard for triple A rated utilities and the recommendation of the consultant is to maintain the minimum debt service coverage ratio of 1.5. The rate structure that we recommend today provides that coverage.

The second objective is cost of service, which AWWA defines as the operating and capital costs incurred in meeting the various aspects of providing water service.

The option we recommend today will meet the cost-of-service needs and the general use rate as determined by our consultant is $3.48 per thousand gallons.
The third objective is to meet the water system replacement needs. There are in excess of $500 million worth of water plan 2020 projects yet to be completed. The recommended rate structure provides for cash funding of capital projects in the amounts ranging from $4 million to $7 million per year over the next five years. The recommended rate structure also allows for borrowing in similar amounts.

The fourth objective is to be mindful of the user pays principle which requires the user of the service to carry the financial burden for that service. Our existing customers are not to bear the financial burden of future customers. However, it is incumbent on this department to plan for natural population growth. The recommended rate option would provide sufficient amounts of cash and debt carrying capabilities.

Fifth objective is to provide sufficient amounts of working capital. The Government Financial Officers Association's best practices define that as adequate levels of fund balance to mitigate current and future risks.

The financial consultants recommended that the department maintain enough working capital to cover at least three months of operating costs and establish an emergency reserve fund in the amount of 25 percent of
operating revenue.

The recommended rate structure will allow the department to meet both of these objectives by the year 2016. Option 10D the department feels is the best option. It affords the ability to maintain the water system, it affords the ability to replace the aging system components, and affords the ability to increase system capacity in anticipation of natural population growth, but most importantly it provides the least financial risk to our customers.

It is imperative that we fulfill our mission of providing safe, sufficient, and affordable drinking water by maintaining and in some cases replacing this aging system. In order to do that, we must increase rates.

The alternative is that our system will deteriorate beyond our ability to maintain it properly and we will have to borrow money to repair it, paying interest to lenders.

The best strategy is to put the money into our system directly and take care of it properly.

The current difficult economic conditions make it hard for our families. Imposing a rate hike at this time might seem inopportune. However, allowing the water system to continue to deteriorate will only
increase the future financial burden on our current
customers and the next generation.

Acknowledging the difficult current financial
burdens on your community, the department recommends an
annual review of revenues and receivables to determine
whether the scheduled rate increases can be reduced or
defered.

To summarize, the department strongly
recommends investing in our water system today to bring
about the changes we know need to occur.

With that, Honorable Board Members, our report
is before you, and I humbly ask for your approval of the
recommended rate structure.

Thank you, Mr. Chair.

CHAIRMAN OYAMA: Thank you. Board Members,
any questions? Discussion, debate?

MR. NISHIMURA: Chair.

CHAIRMAN OYAMA: Sure.

MR. NISHIMURA: Just for the record, I want
to make sure that everybody understands that the rate
increases that have been purported do not match with the
rate increases that I see put before us.

If we look at page 1 of 10, we are moving from
-- and I'll focus primarily on the 5/8" meter because
that is where the department has focused their
presentations to the board.

We are going from a $10 service charge to a $17.75 service charge, which equates to a 78-percent increase as opposed to an 11-percent increase that has been suggested to us. This equates to roughly 22 percent per year over the three and a half year time frame of the increase.

And I'm hoping that where this increase is coming about is based on the consumptive values that they are reporting. And even there we're going from on the first block from 5 percent to 11 percent per year, and that's just on the consumptive value.

So if you are going to support this rate structure, just be aware of what you are voting in favor of.

I agree that there is a need to keep up with the replacement of the system, and I would like to point out to the other members that we have borrowed significantly in the past, and that if we are going to cash fund some of these things that it is coming primarily out of the pockets of our rate holders.

I believe that although that this option 10D is a conservative one, and I would like to correct the record that the finance committee voted two to one to recommend this option to the full board as opposed to
being unanimous as reported in the papers, too.

And to that extent, I cannot support the
current proposal, and I'll leave it at that. Thank you.

CHAIRMAN OYAMA: Thank you. Will.

MR. EDDY: Chairman, maybe I can shed a
little bit of light --

CHAIRMAN OYAMA: Please.

MR. EDDY: -- on how the revenue increase
is calculated and how the water use rates and service
charges were revised to reflect the increased revenue.

If you could please turn to the financial
analysis, page 16 of 34. This is the table that we
really focused on over the past year. Once you get to
the page 16, you'll see on the left-hand column is where
we show the 11.2 percent over four years.

Yeah, the numbers are very small on the bottom
right-hand corner, the page numbers. It will be page 16
of 34. Right here.

CHAIRMAN OYAMA: It's too small.

MR. EDDY: Yes. I'm sorry. It's so small.

So now when we say we're increasing revenue,
the proposal is to increase revenues by 11.2 percent.
It's done in the broad fashion of taking our historical
revenue figures and then increasing those figures by
11.2 percent.
Now, how that's translated into our use rates and service charges is a method that is a standard method in the AWWA manual M1 for cost-of-service analysis. And that cost-of-service analysis is in this financial package. So the cost-of-service analysis determines where we are currently in the different categories of service charge, use rates, agricultural use rates, private fire protection, and public fire protection.

And then they use that to distribute this 11.2 percent revenue increase fairly and equitably among those use rate service charges, private fire service lines, and public service lines.

So the proposed rates that we see in the Part 4 are not even 11.2 percent in each category. They're weighted more heavily in some categories than others because the financial consultant has determined that different categories mean different factors to bring them to cost of service.

So our service charge increase is indeed more than 11.2 percent per year. And likewise, our use charges, which are on the second page of Part 4 are less than 11.2 percent. And again, that was as determined by the consultant and actually is a variable that we can adjust if desired.
MR. DILL: Mr. Chair.

CHAIRMAN OYAMA: Yes.

MR. DILL: As chair of the finance committee, I can tell you that we labored long and hard over this proposal, and I personally do support this proposed increase.

I'd like to address Mr. Nishimura's comments and also clarify perhaps what the deputy manager was saying. If you could look at page 17 of 34, down at the bottom, it shows you based upon the proposed rate increases in line 80 what the average 5/8" meter bill will be per month. And if you look at those numbers, it goes from estimated 2011 44.40, 49.37, 54.90, et cetera. Each of those increases on the average bill is exactly 11.2 percent. So that's where the 11.2 percent comes from.

As pointed out by the deputy manager, that's a combination of many factors, what we call the standby charge. Or what do we call it?

MR. EDIY: The service charge.

MR. DILL: The service charge is going up more significantly than that, but the consumption charge, the volume charge, is much less significant, 11.2. So the combination of all those factors when you dial it down to the average monthly bill for a 5/8"
meter it works out to 11.2 percent over four years.

And I support this because I feel that the
department over the last several years has begun to make
a conservative effort to catch up on the infrastructure
needs that are required to be addressed out there after
many years of neglect, and this will continue that
effort.

And I'll also note that as we have discussed
previously that if a rate increase is not warranted in
any particular year of these scheduled increases, the
board can also choose to defer them for a period of time
until it is deemed to be necessary.

But I believe this is necessary to generate the
necessary funds to do the work that the department needs
to do.

CHAIRMAN OYAMA: Thank you, Mr. Dill.

Any more? Any action? Make the motion to act
on it?

MR. DILL: I'll make a motion,
Mr. Chairman, that we move to adopt this as presented.

CHAIRMAN OYAMA: Second?

MR. MCCORMICK: Second.

CHAIRMAN OYAMA: Very good. Thank you.

Any more discussion on this motion?

MR. KANESHIRO: I have a question.
CHAIRMAN OYAMA: Sure.

MR. KANESHIRO: You know, there's a part that our deputy talked about deferral, that there will be a certain point that we could defer the rates. How are you going to really come to that point? I mean, is there a system in place that you can be able to do that? I mean, it sounds great, but is there a system in place where you can come to that point? Because actually you're going to have to come to a point sometime if you're going to make the deferral. So do we have a system in place? Do we have a procedure in place to be able to identify that situation?

MR. EDDY: Well, we could certainly make one if we wanted. But the system that is in place is our budget process that we start every year and that we go through our finances tooth and comb. And so I propose that during the budget process that we review our finances.

MR. KANESHIRO: So only during the budget process, so it will be a yearly process that we will do that. So we perhaps after the first year or the second year, maybe in the second year or third year in the first quarter we already hit your goals, you know. So are we still going to continue to collect the fees, the rate structure we have set before us at that point or is
there a red flag that's going to be pointed out that, you know, we've hit it in the first quarter?

    I mean, these are things that, you know, that obviously you wait until the end of the year again, you may have gone 8 months or 10 months or even 11 months collecting these fees. So at that point if you say, Oh, I think we're okay. We're good.

    Now, what do we do? Do we reimburse the customers? Or I mean, you know, have there been talks about what that also involved?

    MR. EDDY: Well, our budget deliberations, these start early. We start in March, sometimes even February. So we're just beyond half the year. Now, we're past two quarters, so we're in the third quarter, let's say. So that would give us a good glimpse of what happened in the first two quarters and give us the time to make adjustments. And the department is making that commitment today to do that review. And we can talk about how it's done and give you more details if that's what's desired.

    CHAIRMAN OYAMA: Yes, Daryl.

    MR. KANESHIRO: As stated here, we recommend after review on a -- probably an annual basis and that was some of the concerns I had, because you're just reviewing on an annual basis. We may reach some of
the goals previous to that, you know, previous to the
last quarter and so forth.

CHAIRMAN OYAMA: Mr. Eddy, I assume this
has been the past practice, right, that you mentioned?

MR. EDDY: It is our practice to review the
budget yearly and starting in the third quarter.

MR. KANESHIRO: So what I'm hearing then is
before we even do our annual budget, you may come with a
proposal before us in order to state that we're coming
close to reaching what we're trying to achieve with this
current rate, and therefore, perhaps we should see the
fact that coming the next quarter, we may be, is that
what I'm hearing from you?

MR. EDDY: I think it would probably work
well to be, you know, right in concert with the budget
process because it is a process that, you know, we're
funding projects, we're counting our receivables, and we
have the best numbers at that time. So I propose that
we do it in concert with the budget examination.

MR. DILL: Mr. Chair, I believe it's true
that in the past that the board has approved rate
increases, scheduled rate increases, but then later
chosen to defer them. And I guess I assume that happens
as a result of the budget process that the department
goes through annually. So I agree with Mr. Kaneshiro.
I would like to make sure we have a firm commitment from the department that the budget review process is done in a timely fashion to give us sufficient time to review to make sure that the annually scheduled rate increase can be addressed satisfactorily and justifiable and consideration is given to whether it makes sense to defer them or not.

CHAIRMAN OYAMA: Any more discussion?

If not, ready for the question. Okay.

If you're ready for the question to vote on it, can we have a roll call vote, please.

MS. SUZUKI: Board Member Nakaya.

MR. NAKAYA: Aye.

MS. SUZUKI: Board Member Nishimura.

MR. NISHIMURA: No.

MS. SUZUKI: Board Member McCormick.

MR. MCCORMICK: Aye.

MS. SUZUKI: Chair Oyama.

CHAIRMAN OYAMA: Aye.

MS. SUZUKI: Board Member Kaneshiro.

MR. KANESHIRO: No.

MS. SUZUKI: Board Member Dahilig.

MR. DAHILIG: Kanalua.

MS. SUZUKI: Board Member Dill.

MR. DILL: Aye.
MS. SUZUKI: I don't know what we have.

MR. NISHIMURA: Chair.

CHAIRMAN OYAMA: Yes.

MR. NISHIMURA: I think -- and I don't know what the standards are for the Department of Water. Under the rules, no vote is considered a vote in the affirmative, I believe, unless we have specific language otherwise. We have to go check that. And I think you can abstain from voting.

CHAIRMAN OYAMA: We'll have a recess about five minutes to find the answer. Recess, five minutes.

(A break was had.)

CHAIRMAN OYAMA: The meeting please come to order. We're back in session.

MS. SUZUKI: And so we're going to do this over again, but I'm going to have you tell me how to spell your vote.

MR. DAHILIG: K-a-n-a-l-u-a.

MS. SUZUKI: And then tell me what you think it means.

MR. DAHILIG: It means that I'm undecided.

MS. SUZUKI: Is that an abstention or is it a silent vote?

MR. DAHILIG: It can be equated to a silent vote.
MS. SUZUKI: All right. And so you called for a vote. I don't know that a silent abstention is a vote. So we're going to go call for all the ayes, then we're going to call for all the nays, and then you can call for all the silents, and then just so we have it for the record, and then we will take it from there.

CHAIRMAN OYAMA: Okay. So we take the vote, a roll call again?

MS. SUZUKI: Yes, we'll call for the ayes, and then we'll call for the nays, and then we'll call for the silents.

CHAIRMAN OYAMA: Okay, okay. We'll take a revote, and we'll call for the ayes, which is the positive, and no is in the negative, and the abstain is silent. Okay?

MS. SUZUKI: Yes.

CHAIRMAN OYAMA: That's the process.

MR. NISHIMURA: Mr. Chair.

CHAIRMAN OYAMA: Yes.

MR. NISHIMURA: Is a simple majority required for this?

MS. SUZUKI: Yes.

MR. NISHIMURA: Okay.

MS. SUZUKI: I think just call for the ayes.
CHAIRMAN OYAMA: I'm going to call for the ayes. Okay.

All in favor say aye.

All opposed say no.

Okay. And any abstaining? One abstain.

MS. SUZUKI: An abstention works as a no vote.

CHAIRMAN OYAMA: So it's three to four.

Right?

Raise your hands. Ayes raise your hand.

That's four.

And the nays.

Three.

So how does it reckon?

MS. SUZUKI: Vote is for the ayes.

CHAIRMAN OYAMA: The ayes have it. Okay.

So the ayes have the motion. So it's passed. All right.

Any more subjects?

We're back to new business.

Board discussion and possible action on amending the rules and regulations, Part 4, fixing rates for the furnishing of water service in the County of Kauai as it relates to rates and use charges for the furnishing of water service for fiscal year, FY 2012 to
2016. Any discussion?

MR. EDDY: Thank you. The proposed rate
schedules are before you on all the sheets there, and
these rates reflect what our financial consultant has
determined and calculated in their rate study.

MR. DILL: Option 10D?

MR. EDDY: Option 10D, yes.

CHAIRMAN OYAMA: Any questions?

MR. NISHIMURA: Chair.

CHAIRMAN OYAMA: Yes.

MR. NISHIMURA: The agenda item reflects
rate changes for fiscal year 2012 to 2016. Am I to
understand that these rates will be in effect until
2016?

MR. EDDY: Yes. The last column on the
amended table shows effective July 1st, 2014. So it's
scheduled that these rates will continue through 2016,
and the financial analysis reflects that.

MR. NISHIMURA: Okay. Just for the record,
Mr. Chair, I would like to make note that there be no
further rate changes between 2014 and 2016. And that
may change after I leave. But one of the overriding
fears that I have is that we're going to implement all
these changes and then come to 2014 and look at more
increases in 2015 and 2016. And then in that case I do
not think that this board would be doing justice to our public. That's just my opinion. Thank you.

CHAIRMAN OYAMA: Okay. Any more?

MR. EDDY: Mr. Chair.

CHAIRMAN OYAMA: Yes.

MR. EDDY: Can I just make one clarification? What was shown here on July 1st, 2014, is the beginning of a budget cycle. So it is in effect from July 1st, 2014 to June 30th, 2015. So the rates shown in the last column actually do stretch into 2015. And just as a matter of our regular speak on budgets, we would say this budget is our 2015 budget.

MR. DILL: So clarification, the fiscal years 2012 to 2016, which to me mean ends July 30th, 2016?

MR. EDDY: Correct.

MR. DILL: So that rate that's effective July 1st, 2014, remains in effect according this through June 30, 2016?

MR. EDDY: That's correct.

MR. DILL: So that is correct?

MR. EDDY: That is correct.

CHAIRMAN OYAMA: Any more?

MR. NISHIMURA: This item, the cost-of-power adjustment, why have we not updated that?
The last page.

MR. EDDY: Tess, could I ask you to speak on the cost-of-power adjustment, please.

MS. YANO: We used the last calculation that we had in 2012, budget 2012. The first worksheet our consultant did change it. It was lower, but he changed it to use as a base, our 2012 budget because that's a variable that we didn't know if it goes up or it goes down.

CHAIRMAN OYAMA: Okay. Anybody?

MR. NISHIMURA: Is there a reason why Schedule A isn't included?

MR. EDDY: It could possibly be deleted, but our rate study really didn't go into detail on this subject. And, therefore, we didn't change it.

MR. DILL: Mr. Chair.

CHAIRMAN OYAMA: Sure.

MR. DILL: Schedule A items I don't think it's necessary to include in here, however, I don't think it's in conflict with anything that we're trying to do, what the cost-of-power adjustment is intended to do because the cost-of-power adjustment, as I understand it; I'd ask the deputy to confirm; is recalculated annually based on the historical actual power cost consumption of the department, and that's reflected in
going forward to recover the cost to the department. So it's not addressed in the same way the cost-of-service basis that our rates are. It is based on historical actual power consumption and bills. Is that correct?

MR. EDDY: Can you confirm that?

MS. YANO: Yes.

CHAIRMAN OYAMA: Tess said yes.

So any more?

Mr. Greg, do you have any?

MR. FUJIKAWA: No.

CHAIRMAN OYAMA: Thank you. Anyone on the board?

If not, to fix rates? Any action?

MR. DILL: Mr. Chair.

CHAIRMAN OYAMA: Yes.

MR. DILL: I know we have a public hearing scheduled on this. So not being familiar with the procedure, is it appropriate that we take action and eventually adopt these rates before the public hearing?

MS. SUZUKI: No, the proper motion would be to move it forward to the small business.

MR. DILL: Okay. Thank you.

MR. NISHIMURA: Question. I believe there was a concern on the part of the department to try and schedule -- already schedule a public hearing, tentative
public hearing. Would that be incorporated into the
motion?

MS. SUZUKI: We can schedule it without a
motion. So I think the only thing would be -- 'cause
you have to --

MR. NISHIMURA: 31 days or something like
that.

MS. SUZUKI: Yeah. But I don't think it is
necessary to be in the motion.

MR. NISHIMURA: The main process is to
accept it to make the move so the motions can be -- I
mean, the subject can be referred to small business.

MS. SUZUKI: Yes.

MR. NISHIMURA: Would the board have to
authorize the department to move forward with the public
hearing?

MS. SUZUKI: No, you move it to small
business, small business makes a recommendation.

CHAIRMAN OYAMA: Once you pass small
business, that's the process.

MR. NISHIMURA: You understand that that's
an additional 30 days?

CHAIRMAN OYAMA: Yes.

MR. DILL: So then after that we're going
to have come back to a future board meeting for the
board to actually adopt the rates if we choose to do so.

MR. NISHIMURA: So we're looking at possibly three months?

MS. SUZUKI: The department can schedule. And then if small business decides not to recommend public hearing, we can cancel whatever they schedule.

MR. NISHIMURA: Okay. Understood.

MS. SUZUKI: Understanding that time is a concern.

MR. DAHILIG: Are we bound by small business' recommendation?

MS. SUZUKI: No.

CHAIRMAN OYAMA: So if they recommend no, then we just move forward with the public hearing?

MS. SUZUKI: Yes. There is an advisory committee on this, but it's the process that all agencies go through.

CHAIRMAN OYAMA: Members?

MR. MCCORMICK: Chair, I move that we accept this and move it to small business review.

CHAIRMAN OYAMA: Second?

MR. DILL: Second.

CHAIRMAN OYAMA: Thank you. Any discussion?

MR. NISHIMURA: Mr. Chairman, I make a
motion to amend the motion and eliminate Schedule A from the Rule Part 4 as part of the recommendation and move it to small business.

CHAIRMAN OYAMA: Yes, move to amend to remove Schedule A. Okay. Any second on that amendment?

MR. DILL: Second.

CHAIRMAN OYAMA: Second by Larry. Thank you.

All right. Discussion?

If not, we vote to amend. We're voting to amend now.

All in favor to amend the motion say aye.

Opposed say no.

Hearing none, motion carried.

So now we vote on the final motion which is as amended. Okay.

All in favor as amended say aye.

Opposed to say no.

Hearing none, motion carried. Thank you.

Okay. This is done. So is there any public -- we'll close the discussion and have any public input.

Is there any public? None? Faith?

MS. SHIRAMIZU: None.

CHAIRMAN OYAMA: You're the public now?

MS. SHIRAMIZU: Well, we have a sign-up
sheet, and nobody signed up to speak.

    CHAIRMAN OYAMA: Okay. Thank you. All
right. Since that's all okay, are we ready for
adjournment?

    MR. DILL: So move.

    CHAIRMAN OYAMA: Motion to adjourn.

    MR. NISHIMURA: Second.

    CHAIRMAN OYAMA: Okay. We have
adjournment.

    (Concluded at approximately 10:10 a.m.,
November 4, 2011.)

* * * * *
STATE OF HAWAII  )
     ) ss.
COUNTY OF KAUAI  )

I, TERRI R. HANSON, RPR, CSR 482, do hereby certify:

That on Friday, November 4, 2011, at 9:12 a.m.;
that the foregoing Special Board Meeting, County of
Kauai, Board of Water Supply, was held;

That the foregoing proceedings were taken down by
me in machine shorthand and were thereafter reduced to
typewritten form under my supervision; that the
foregoing represents to the best of my ability, a true
and correct transcript of the proceedings had in the
foregoing matter.

I certify that I am not an attorney for any of
the parties hereto, nor in any way concerned with the
cause.

DATED this 15th day of November, 2011, in Kapaa,
Hawaii.

[Signature]

TERRI R. HANSON, CSR 482
Registered Professional Reporter
Minutes of the November 4, 2011 Special Board Meeting, as recorded by Ralph Rosenberg Court Reporters, Inc.

Approved,

[Signature]

Randall Nishimura
Secretary – Board of Water Supply