

ANNUAL REPORT

Fiscal Year 1965

RYUKYU DOMESTIC WATER CORPORATION



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FOREWORD

FY 1965 was an important year of growth for the Ryukyu Domestic Water Corporation.

Probably the most significant event was the award of a contract for constructing a water treatment plant at Ishikawa. This and certain other key master water plan projects, for which contracts were awarded in FY 1965, launched the RDWC on the development of a modern water system for Okinawa.

Another important development was the transfer of 684 retail customers of the corporation to municipalities which have joined the Island Water System. It is the basic policy of the RDWC to continue to encourage the local municipalities to develop their own water distribution systems for eventual integration into the Island Water System.

To assist the water development program on OKinawa, the United States Government contributed \$4 million to RDWC in FY 1965. In addition, \$4.979 million was made available from the USCAR General Fund for further expansion and development of water sources and systems on Okinawa.

The demand for potable water on Okinawa continued to rise in FY 1965. Potable water consumption of RDWC customers increased from 2.415 billion gallons in FY 1964 to 3.078 billion gallons in FY 1965.

Through the medium of this annual report, the RDWC intends to show the results of its financial and related activities and operations for FY 1965, the financial position of the Corporation as of 30 June 1965, and the plans of the Corporation for FY 1966.

JINSUKE OKUDA
President
Ryukyu Domestic Water Corporation

Naha, Okinawa
30 June 1965

SCHEMATIC DIAGRAM OF THE
INTEGRATED ISLAND WATER SYSTEM
(PRINCIPAL FEATURES ONLY)

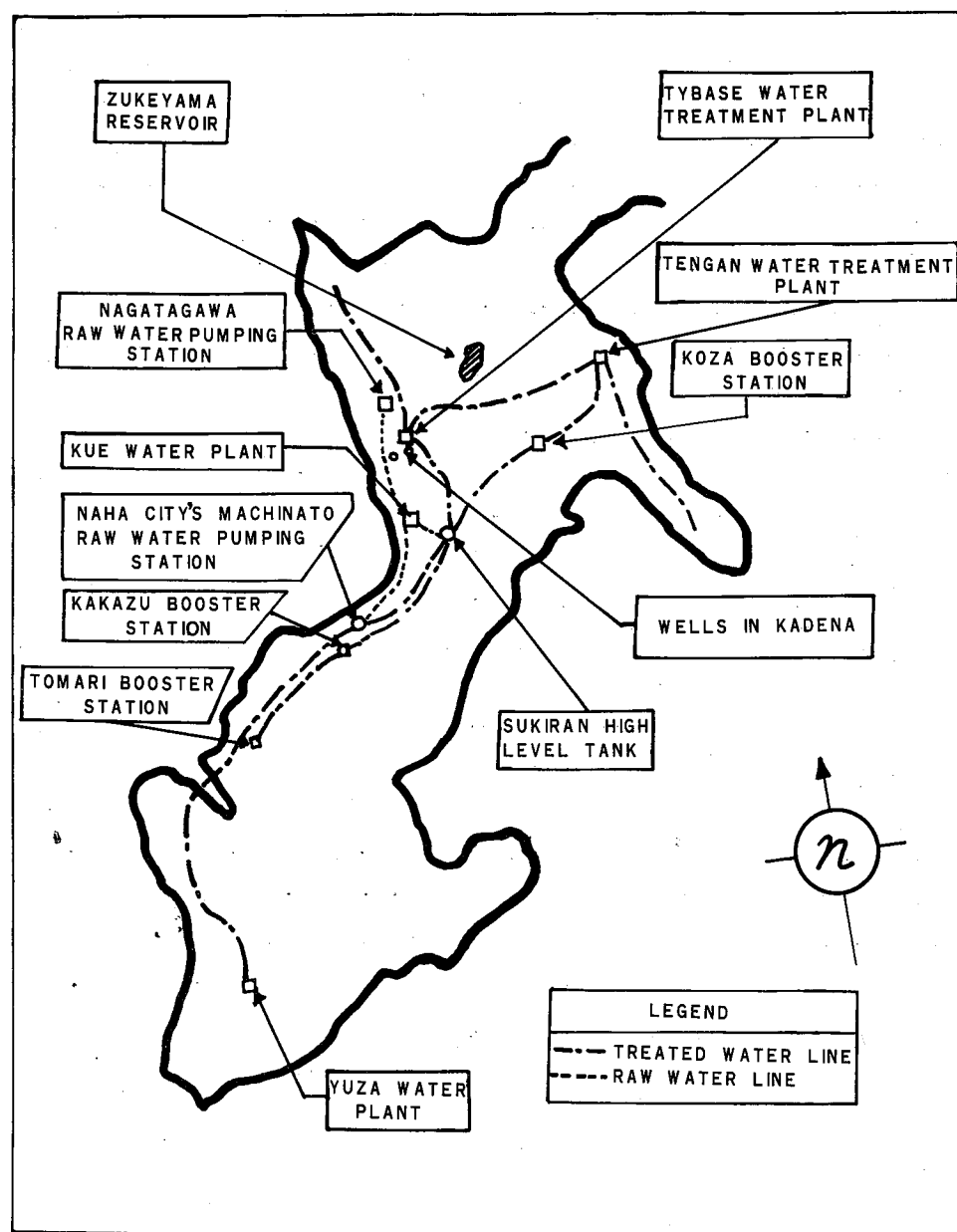


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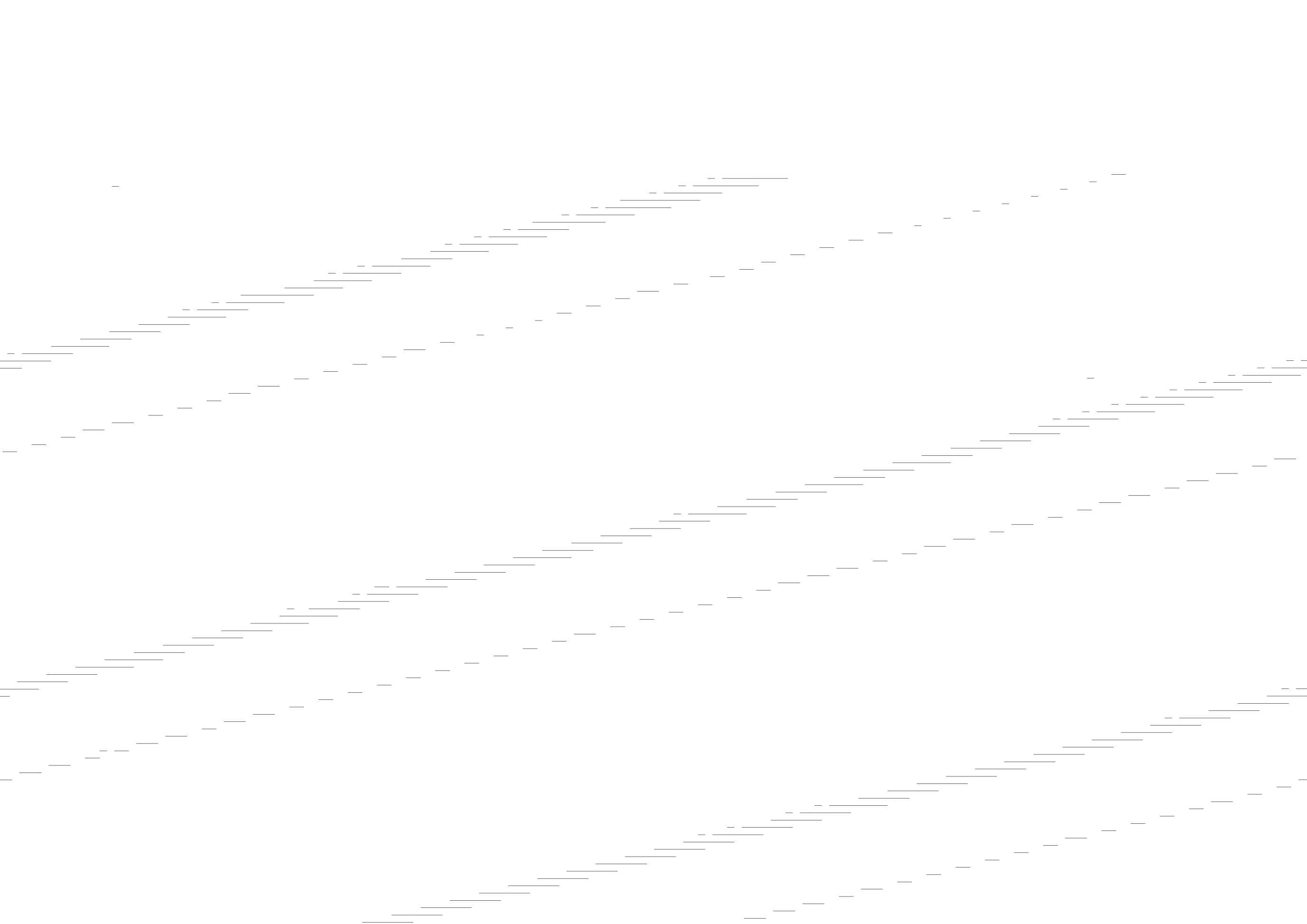
SECTION I
GENERAL INFORMATION

In the prewar period, municipal water works were confined to the cities of Naha and Nago on Okinawa, and these served only limited portions of their respective areas. Consequently, Ryukyuan citizens received their water supply mostly from springs, wells and rain water tanks.

The U.S. Army developed a potable water system on Okinawa in the early days of the occupation and since that time has supplied municipalities, institutions and individuals with water which was excess to the needs of the military. As the U. S. Army's water system was designed to meet only military needs, and developed water sources and pumping and distribution mains were inadequate to satisfy the increasing demands of the Ryukyuan economy, the U.S. Army and USCAR agreed, in 1958, to jointly assume responsibility for planning, funding, constructing and operating an integrated island water system which would serve both the military and Ryukyuan population.

The Ryukyu Domestic Water Corporation (RDWC), therefore, was established as an instrumentality of the United States Civil Administration of the Ryukyu Islands (USCAR) for the purpose of providing water for the use and benefit of the Ryukyuan people and for the industrial development of the Ryukyu Islands. To accomplish its mission, the RDWC is entrusted with the responsibility for acquiring, constructing, maintaining and operating certain water facilities in the Island.

The management of the RDWC is vested in the Board of Directors, which is composed of five members appointed by the Civil Administrator, USCAR. This Board is empowered to exercise those powers prescribed by its Charter and other applicable laws and ordinances. Members of the Board are appointed from USCAR, United States Army, Ryukyu Islands (USARYIS), Government of the Ryukyu Islands (GRI), RDWC, and from the citizenry of the Ryukyu Islands.



SECTION I
WATER SUPPLY IN THE RYUKYU ISLANDS

The main source of potable water for the people on Okinawa is the Integrated Island Water System. This system consists of facilities owned by USARYIS and the RDWC. The Integrated Island Water System is currently capable of producing approximately 25.5 million gallons of water per day. Major raw water sources for the Island Water System are primarily surface streams such as the Bishi and Tengan rivers. Deep wells are currently capable of supplying 6 million gallons of water per day. All civilian communities along the west coast from Naha to Yomitan in central Okinawa and certain communities along the east coast from Kitanakagusuku to Yonagusuku in central Okinawa are provided potable water from the Island water System. The treated water is conveyed from the facilities of the Island Water System through the water distribution systems of the municipalities to the consumers.

Naha City is the second major producer of potable water on Okinawa. Naha City's water treatment facility and distribution system, however, serve only the densely populated capital city of Okinawa. The facility of Naha City is capable of treating 6 million gallons of water per day. The Island Water System provides up to 2 million gallons of raw water per day to supplement the raw water resources of Naha City.

Other independent water systems on Okinawa are operated by Nago-cho and by the Southern District Eastern Sector Water Association which is composed of municipalities (Kochinda, Gushichan, Haeburu and Osato) located in Southern Okinawa.

Independent water systems also serve the islands of Miyako and Yaeyama. The water system on Miyako is operated by the Miyako Island Water Association which is composed of the municipalities of Hirara, Shimoji, Ueno and Gusukube. Ishigaki City operates the water system on Yaeyama.

In addition to these water systems, which serve the greater

part of the population in the Ryukyu Islands, remote areas and offshore islands have developed simple water systems which depend on shallow wells, small springs, or streams for their water supply.

SECTION II
FISCAL YEAR 1965 IN REVIEW

A. Operations

During FY 1965, the Integrated Island Water System produced a total of 7.161 billion gallons of potable water at a cost of 12.9 cents per 1,000 gallons. Of the total production, 3.078 billion gallons (43 percent) were sold by the RDWC to local communities. The treated water was sold at the following rates by the RDWC:

<u>Customer</u>	<u>Average Rate</u>
Municipalities	21.94 cents per 1,000 gallons
Others	37.10 cents per 1,000 gallons

Raw water made available from the Integrated Island Water System and sold by RDWC to Naha City totaled 628 million gallons in FY 1965.

The Corporation continued to encourage the local municipalities to develop their own water distribution systems for eventual integration into the Island Water System. In this connection, 684 retail water customers of the Corporation were transferred to the municipalities during FY 1965. On 30 June 1965, only 226 retail customers were being served by the RDWC.

B. Construction Projects

Implementation of the master water plan moved into its third year as the RDWC received additional capital contributions of \$8.979 million in FY 1965. Of the \$8.979 million, contributions of \$4 million were made from U.S. appropriated funds and \$4,979 million from the USCAR General Fund. These funds were programmed for the following master water plan projects:

1. U.S. appropriated funds:
 - a. Development of northern water supply system-stage I. Construction of Ishikawa Water Treatment Plant, \$3,200,000

- b. Eastside water transmission system. Installation of pipeline, \$800,000
2. USCAR General Fund
 - a. Pumping station (near Jaku), \$250,000
 - b. Eastside water transmission system Storage facility (at Naha), \$450,000
 - c. Storage facility (at Kitanakagusuku-son), \$450,000
 - d. Central feeder system Design, \$20,000
 - e. Development of northern water supply system (stage I)
 - (1) Initial phase
 - (a) Transmission mains and raw water collection pipelines Installation of pipeline, \$930,000
 - (b) Reservoir and dam, \$1,300,000
 - (c) Pumping station, \$250,000
 - (2) Second and final phase Design, \$100,000
 - f. Definitive studies and explorations for development and utilization of water sources in northern Okinawa, \$150,000
 - g. Definitive study and exploration for construction of a dam and reservoir on Machinato River, \$15,000
 - h. Wells and other facilities, \$1,064,000

2. As of 30 June 1965, the RDWC expended \$1,673,323 for approved master water plan projects. Contracts were awarded for the following projects during FY 1965:

- a. Design
 - (1) Storage facility at Kitanakagusuku-son
 - (2) Central feeder system
- b. Construction
 - (1) Modification of Tybase Water Treatment Plant in Kadena
 - (2) Water storage facility at Naha

(3) Water treatment plant and 10-million gallon water storage tank at Ishikawa

(4) Development of northern water supply system-initial phase of stage 1 (Transmission main from Kanna to route #30)

Installation of pipeline

(5) Eastside Water transmission system

Installation of pipeline

3. The following project was completed during the reporting period:

Westside water transmission system (at Rycom Plaza and Futenma)

C. Financial Summary

As of 30 June 1965, total assets of RDWC were \$19,060,382.05 compared with \$9,453,000.83 at the end of FY 1964. Of these assets, cash amounted to \$14,355,349.83 as against \$5,707,215.48 at the end of FY 1964. Of the \$14,355,349.83 cash balance, \$13,647,105.13 consisted primarily of capital contributions made to RDWC in FY 1963, FY 1964 and FY 1965 from U.S. appropriated funds and from the USCAR General Fund for financing the construction of needed water projects under the master water plan. Fixed assets (net), including construction in progress, totaled \$4,316,690.52, an increase of \$792,325.47 from 30 June 1964.

The capital and retained earnings of RDWC increased from \$9,379,213.91 at the end of FY 1964 to \$18,977,150.03 as of 30 June 1965. The increase of \$9,597,936.12 consisted of: \$8,979,000.00 of capital contributions from U.S. appropriated funds and from the USCAR General Fund for constructing master water plan projects; \$26,878.67 of donation of fixed assets; and \$592,057.45 of earnings realized from operations during FY 1965.

Gross profit and other income items increased from \$516,604.62 in FY 1964 to \$730,973.96 in FY 1965. Operating expenses increased \$24,718.56, from \$114,197.95 in FY 1964 to \$138,916.51 in FY 1965.

SECTION IV PROPOSED CAPITAL OUTLAY PROGRAM FOR FISCAL YEAR 1966

As the demand for potable water by the local population increases each year, it becomes increasingly imperative to continually explore and develop existing water sources and systems and to launch the expansion of a water supply system in northern Okinawa. Accordingly, the following projects, totaling \$4,635,000, have been proposed for implementation in FY 1966 under the master water plan for the Island Water System:

1. Storage facility at Machinato
2. Northern Water development facility-stage I
(Second and final phase)
3. Design of northern water development facility-stage II
(Initial Phase)
4. Reservoir and dam on Machinato river
5. Transmission main (highway 5 to highway 1).
6. Design of booster pumping stations

SECTION V

THE CERTIFIED PUBLIC ACCOUNTANTS' AUDIT REPORT

ARTHUR J. DELLINGER & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 2
GINOWAN, OKINAWA
TELEPHONE 099-4006

ACCOUNTANTS' OPINION

Board of Directors,
Ryukyu Domestic Water Corporation,
Naha, Okinawa, Ryukyu Islands.

We have examined the balance sheet of Ryukyu Domestic Water Corporation as of June 30, 1965 and the related statement of income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Financial statements of the previous year were examined by other independent accountants.

In our opinion, the accompanying balance sheet and statement of income and retained earnings present fairly the financial position of Ryukyu Domestic Water Corporation at June 30, 1965, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Arthur J. Dellinger & Associates

Oyama, Okinawa
August 14, 1965

RYUKYU DOMESTIC WATER CORPORATION

(An instrumentality of the United States Civil Administration of the Ryukyu Islands)

COMPARATIVE BALANCE SHEET

	June 30	
	1965	1964
ASSETS		
Current assets:		
Cash - (Note 1)		
General fund	\$ 708,244.70	\$ 763,693.68
Construction fund	13,647,105.13	4,943,521.80
Accounts receivable -		
Trade	79,921.35	90,140.18
Other	1,362.23	22,748.70
Accrued interest	227,465.41	107,049.60
Inventories of meters and supplies - (Note 2)	69,335.35	-
Prepaid expenses	10,257.36	1,481.82
Total current assets	<u>14,743,691.53</u>	<u>5,928,635.78</u>
Fixed assets (on the basis of cost):		
Land, at transferor's cost	9,407.91	9,407.91
Depreciable fixed assets, less reserve for depreciation, 1955 - \$207,725.31; 1964 - \$145,432.26	2,847,286.31	2,723,478.94
Construction in progress - Master Water Plan Projects	1,459,996.30	791,478.20
Total fixed assets	<u>4,316,690.52</u>	<u>3,524,365.05</u>
TOTAL	<u>\$19,060,382.05</u>	<u>\$9,453,000.83</u>
LIABILITIES AND CAPITAL AND RETAINED EARNINGS		
Current liabilities:		
Accounts payable -		
Trade	\$ 66,067.25	\$ 23,799.32
Other	1,116.50	23,349.96
Accrued accounts	1,105.62	-
Customers' deposits	3,465.00	20,284.86
Accumulated annual leave payable	1,663.35	1,352.78
Accumulated separation allowances payable	9,814.30	-
Total current liabilities	<u>83,232.02</u>	<u>73,786.92</u>
Capital and retained earnings:		
Capital - (Note 3)	17,288,318.21	8,282,439.54
Retained earnings	1,688,831.82	1,096,774.37
Total capital and retained earnings	<u>18,977,150.03</u>	<u>9,379,213.91</u>
TOTAL	<u>\$19,060,382.05</u>	<u>\$9,453,000.83</u>

See Notes To Financial Statements.

ARTHUR J. DELLINGER & ASSOCIATES - CERTIFIED PUBLIC ACCOUNTANTS

RYUKYU DOMESTIC WATER CORPORATION

(An instrumentality of the United States Civil Administration of the Ryukyu Islands)

COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS

	Year ended June 30	
	1965	1964
Sales - (Note 4)	\$ 761,327.65	\$ 656,128.57
Cost of sales	420,599.48	300,386.40
Gross earnings on sales	<u>340,728.17</u>	<u>355,742.17</u>
Operating expenses:		
Depreciation	68,893.34	76,149.09
Salaries, annual leave and separation allowances	35,209.69	25,752.13
Land rent	21,667.30	1,100.37
Office rent	-	915.00
Repairs and maintenance - office equipment and vehicles	3,881.01	1,543.09
Field maintenance expenses	2,341.77	3,641.56
General and office supplies	1,395.16	1,259.95
Audit fee	1,000.00	800.00
Telephone, telegraph and postage	936.48	1,263.54
Insurance	881.77	574.97
Training expenses	880.07	-
Utilities	617.21	576.74
Travel expenses	317.77	-
Miscellaneous	894.94	621.51
Total operating expenses	<u>138,916.51</u>	<u>114,197.95</u>
Net operating income	<u>201,811.66</u>	<u>241,544.22</u>
Other income and expenses:		
Service charges	144.00	383.00
Interest on time deposits	395,724.27	154,653.07
Interest on delinquent accounts	2,222.11	3,046.57
Miscellaneous	297.15	240.00
Profit on sales of assets	530.44	2,539.81
Total other income	<u>399,017.97</u>	<u>160,862.45</u>
Less - Prior year expenses (Note 5)	8,772.18	-
Other income - net	<u>390,245.79</u>	<u>160,862.45</u>
Net income	592,057.45	402,406.67
Retained earnings, beginning of year	<u>1,096,774.37</u>	<u>694,367.70</u>
Retained earnings, end of year	<u>\$1,688,831.82</u>	<u>\$1,096,774.37</u>

See Notes To Financial Statements.

ARTHUR J. DELLINGER & ASSOCIATES - CERTIFIED PUBLIC ACCOUNTANTS

RYUKYU DOMESTIC WATER CORPORATION

(An instrumentality of the United States Civil Administration of the Ryukyu Islands)

NOTES TO FINANCIAL STATEMENTS

June 30, 1965

1. Cash at June 30, 1965 consists of the following:

Petty cash and change funds	\$	200.00
Demand deposits		279.83
Interest bearing time deposits		<u>14,354,870.00</u>
Total		<u>\$14,355,349.83</u>

2. Inventories at June 30, 1965 are summarized as follows:

Residue materials from completed projects		\$39,715.65
Master meters, meters, check valves, meter boxes, etc.		<u>29,619.70</u>
Total		<u>\$69,335.35</u>

Inventories are stated at assigned values which are based on and are less than acquisition costs.

3. Additional capital investment of \$9,005,878.67 during the year was provided by the following sources:

Cash contributions for Master Water Plan Projects:		
From High Commissioner's General Fund		\$4,979,000.00
From U. S. Appropriated Funds - ARIA		<u>4,000,000.00</u>
Transfer of raw water facilities from U. S. Appropriated Funds - ARIA		<u>26,878.67</u>
Total		<u>\$9,005,878.67</u>

4. Sales for the year ended June 30, 1965 consist of the following:

	<u>M/Gallons</u>	
Treated water:		
Municipalities	2,863,357	\$628,222.74
Housing companies	117,751	41,212.85
Individual customers	<u>96,869</u>	<u>38,420.04</u>
Total treated water sales	3,077,987	707,855.63
Raw water sales to Naha City	<u>628,506</u>	<u>50,280.48</u>
Total water sales	<u>3,706,493</u>	<u>758,136.11</u>
Connections and repair services		<u>3,191.54</u>
Total sales		<u>\$761,327.65</u>

5. Prior year expenses consist of the following:

Audit fee for the year ended June 30, 1964 pursuant to method adopted during the year under review		\$1,000.00
Prior year separation allowance recorded as liability pursuant to plan adopted during the year under review		<u>7,772.18</u>
Total		<u>\$8,772.18</u>

6. The corporation is exempt from all taxes.

ARTHUR J. DELLINGER & ASSOCIATES - CERTIFIED PUBLIC ACCOUNTANTS

Water Storage Facility at Naha

The construction of a 10 million-gallon storage tank was awarded to a local contractor for \$347,500 in June 1965.



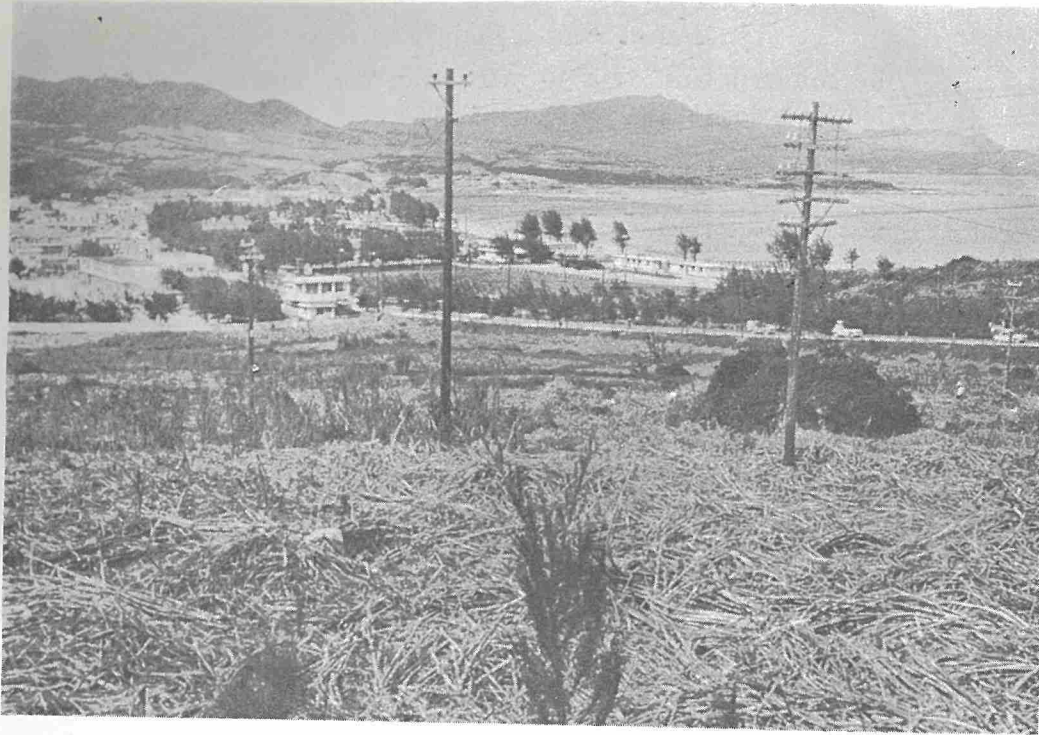
Grading site of the Naha water Storage facility.



Construction site of Naha Water tank with Naha harbor in the background.

ISHIKAWA WATER

The multi-million dollar Ishikawa Water Treatment Plant, is expected to be completed by the end of FY 1967. It is



Site of Ishikawa Water Treatment Plant



Grading of site of the Ishikawa Water Treatment Plant.

TREATMENT PLANT

capable of producing 20 million gallons per day of water, the largest water treatment plant on Okinawa.



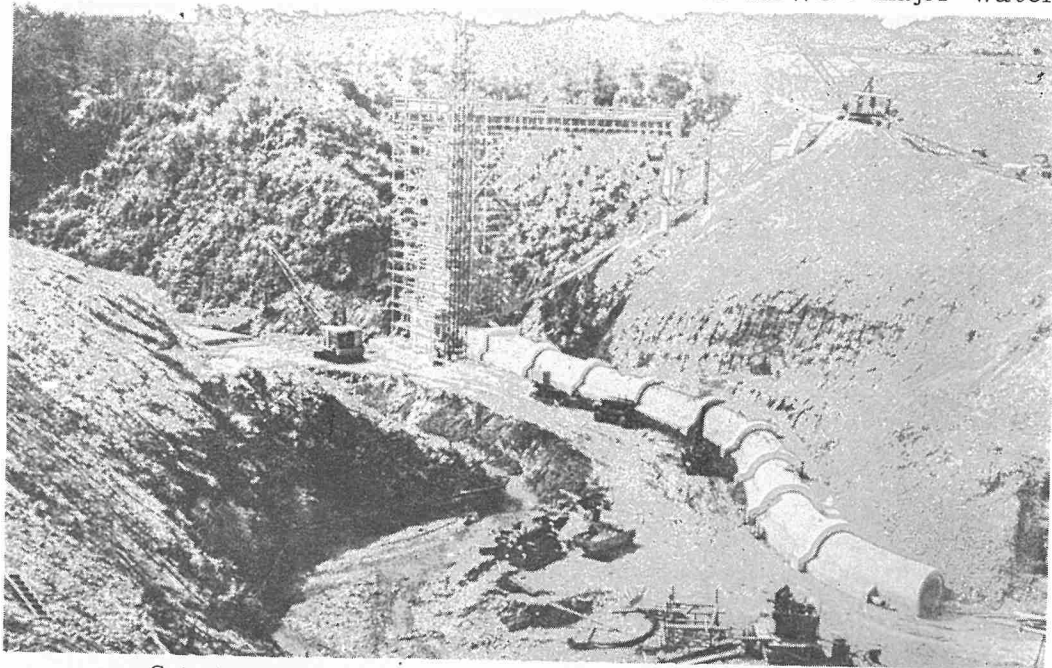
Lt. Col. William H. Beauchamp (right), the Alternate Board Chairman for RDWC and Maj. Richard B. Boughton, (let), U.S. Army Engineer District, Okinawa actively engaged in th ground-breaking ceremony for the new water treatment plant at Ishikawa



Mr. Hirosada Ohama (right), the Vice President of RDWC, and Mr. Kamakichi Oshiro (left), Contractor for the project, participated in the ground-breaking ceremony for the Ishikawa water treatment plant.

Tengan

The Tengan earth-filled dam under construction of water in a reservoir which is second only to the Zukeyama dam and reservoir (600,000,000 gallons). The Tengan-dam and reservoir is one of RDWC's major water



Gate tower and outlet under construction at Tengan Dam.



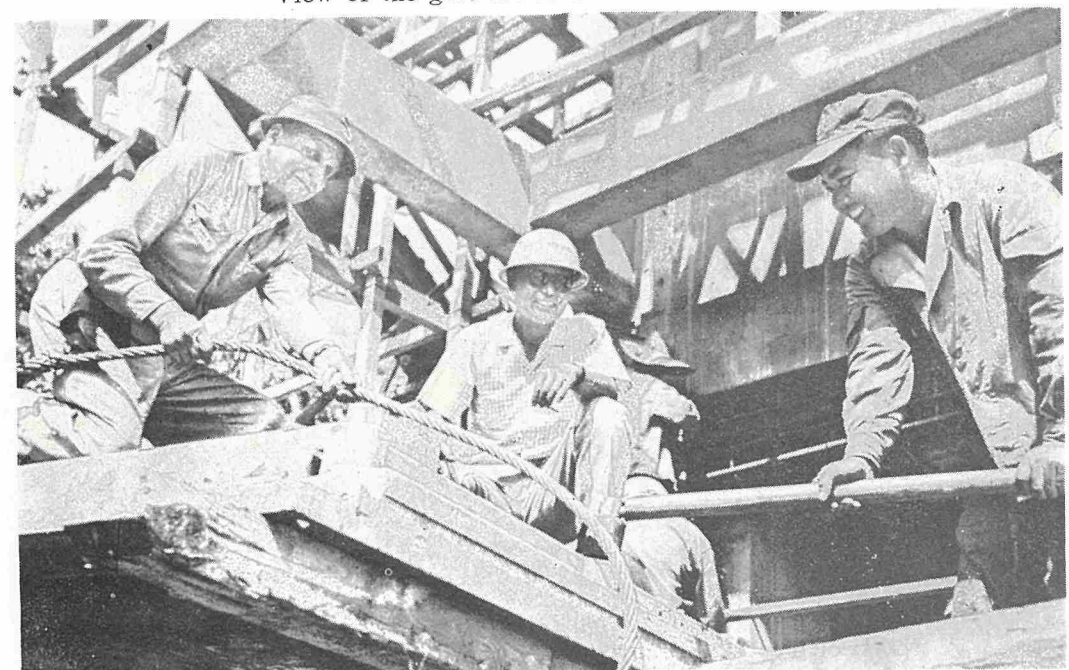
Close-up view of gate tower under construction.

Dam

at Yamashiro-ku, Ishikawa City will retain 330,000,000 gallons of water in a reservoir (600,000,000 gallons). development projects.



View of the gate tower under construction.



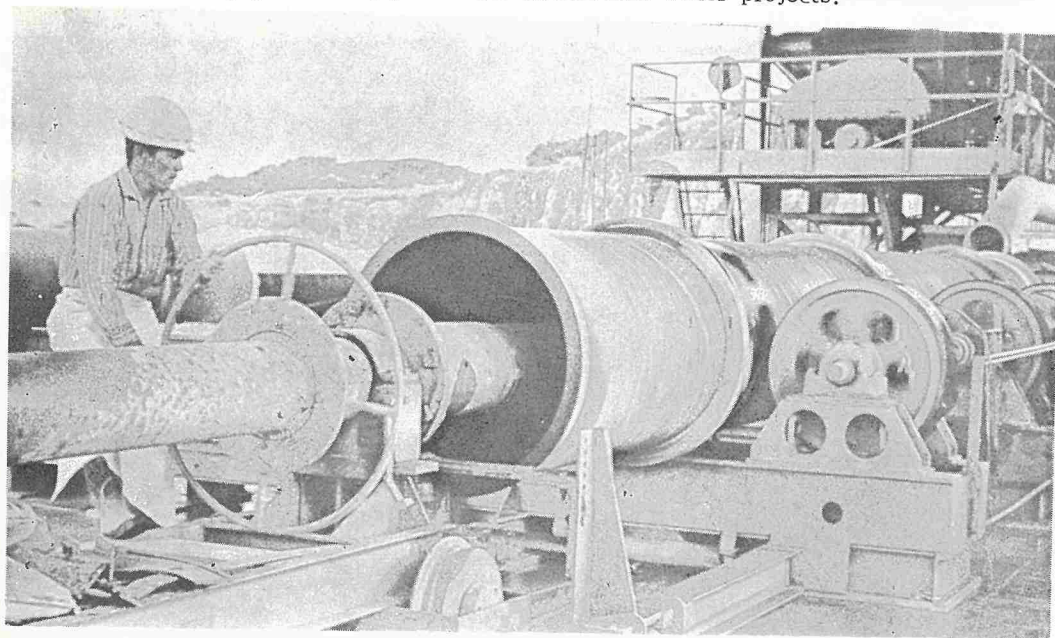
Engineers engaged in construction of gate tower.

PIPE PROCUREMENT

The American pipe manufacturing company was awarded a \$ 2,440,000 contract in September 1965 for producing pipe requirements of RDWC.



Locally produced pipe for use in RDWC's water projects.



A section of pipe manufacturing machinery of the American pipe Manufacturing Company used to produce pipe for RDWC water projects.

APPENDIX NO. 1

BOARD OF DIRECTORS AND ADVISORS OF THE RYUKYU DOMESTIC WATER CORPORATION

(As of 30 June 1965)

Board of Directors

<u>Name and Status</u>	<u>Principal Business</u>
Lt Col Peter J. Accorti Chairman	Director, Public Works Department, USCAR
Mr. Seiko Kohagura Member	Deputy Chief Executive, Government of the Ryukyu Islands
Mr. Omer E. Roller Member	Water Director, USARYIS Engineer Group
Mr. Nobuo Takaramura Member	President, Ryukyu Development Loan Corporation
Mr. Jinsuke Okuda Member	President, Ryukyu Domestic Water Corporation

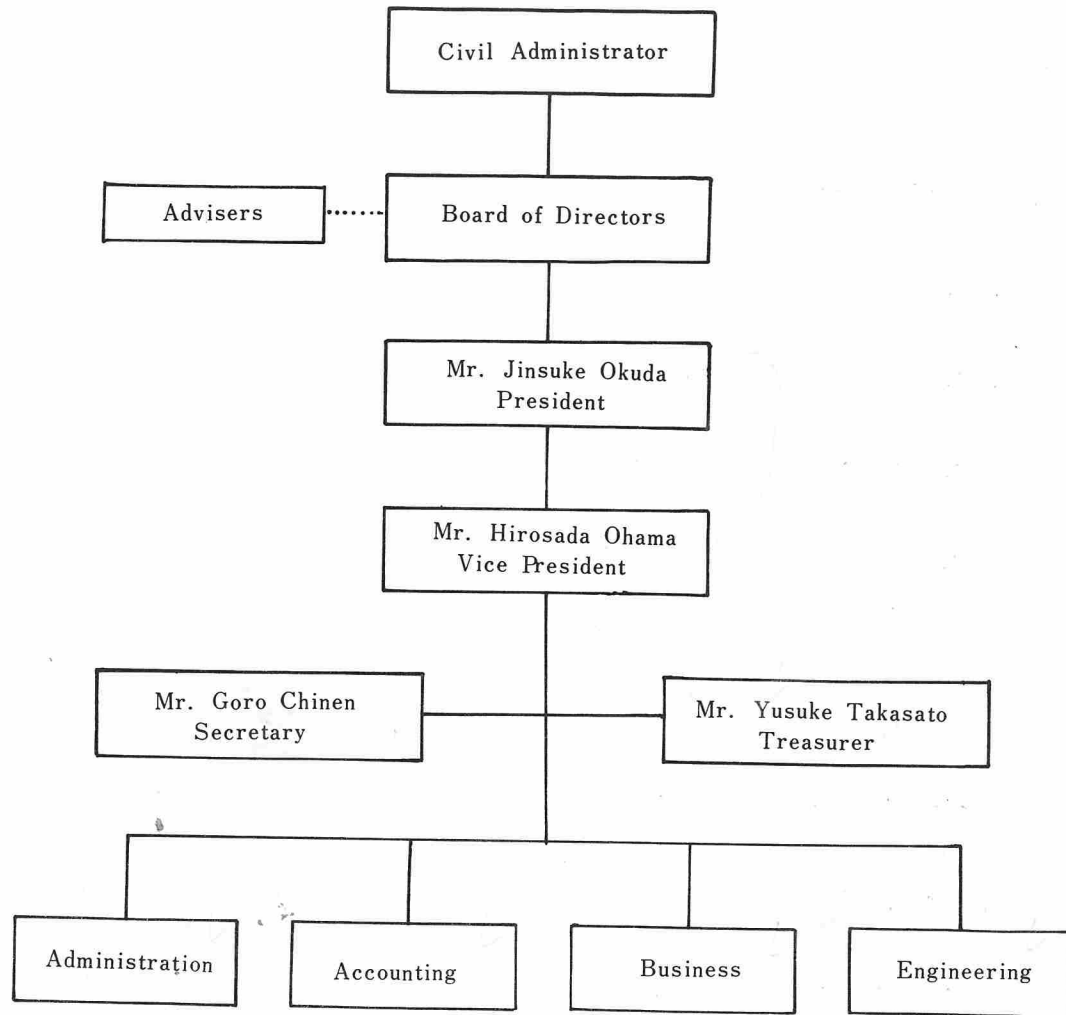
Advisers

<u>Name and Status</u>	<u>Principal Business</u>
Colonel Marvin G. Krieger Legal Adviser	Director, Legal Affairs Department, USCAR
Major Melvin J. Larsen Financial Adviser	Chief, Program, Budget and Fiscal Division, Comptroller Department, USCAR
Mr. Leonard H. Dicke Technical Adviser	Utility Engineer, Public Works Department, USCAR
Mr. Gerson Mandel Technical Adviser	Chief, Planning and Reports Branch, Engineering Division, U.S. Army Engineer District, Okinawa

APPENDIX NO. 2

ORGANIZATION CHART
OF
THE RYUKYU DOMESTIC WATER CORPORATION

30 June 1965



APPENDIX NO. 3

UNITED STATES CIVIL ADMINISTRATION OF THE
RYUKYU ISLANDS
OFFICE OF THE HIGH COMMISSIONER
APO 331

HICOM ORDINANCE
NUMBER 8
Change No. 1
Change No. 2
Change No. 3

4 September 1958
30 June 1960
29 November 1963
31 July 1964

ESTABLISHMENT
OF THE
RYUKYU DOMESTIC WATER CORPORATION

1. There is hereby created and established a public corporate entity under the name of Ryukyu Domestic Water Corporation having the powers, duties and responsibilities set forth in the attached Charter which constitutes a part of this Ordinance.

2. This Ordinance shall become effective on the fourth day of September 1958.

FOR THE HIGH COMMISSIONER:

1 Incl:
Charter

S/ VONNA F. BURGER
Brigadier General, USA
Civil Administrator

**CHARTER
OF THE
RYUKYU DOMESTIC WATER CORPORATION**

4 September 1958, as amended

ARTICLE I

PURPOSE OF RYUKYU DOMESTIC WATER CORPORATION

For the purpose of acquiring, maintaining, and operating domestic water producing properties and facilities in the Ryukyus for collection, treatment, transmission, distribution and sale of water for the use and benefit of, the Ryukyuan people, for industrial development, and for other purposes, there is created, as an instrumentality of the United States Civil Administration of the Ryukyu Islands (hereinafter referred to as USCAR), a body corporate by the name of "Ryukyu Domestic Water Corporation" (hereinafter referred to as the "Corporation").

ARTICLE II

PRINCIPAL OFFICE

The address and principal office of the Corporation shall be Naha, Okinawa, Ryukyu Islands.

ARTICLE III

DIRECTORS

1. The Board of Directors of the Corporation (hereinafter referred to as the "Board") shall be composed of five members to be appointed by the Civil Administrator of the Ryukyu Islands or his lawful successor. The Civil Administrator shall designate one of the directors to serve as Chairman of the Board. One or more additional individuals may be appointed to serve as alternate members at the call of the Chairman during the absence

or unavailability of a regular member. The Civil Administrator shall designate the President and Vice President of the Corporation. The Offices of the President and Vice President shall be full-time positions at rates of compensation determined by the Civil Administrator.

2. The members of the Board shall serve at the pleasure of the appointing authority, but, unless sooner removed from office, shall serve for terms specified by the appointing authority at the time of appointment. A successor of a member of the Board shall be appointed in the same manner as the original member.

3. Vacancies in the Board, so long as there shall be four regularly appointed members in office, shall not impair the powers of the Board to execute the functions of the Corporation. A quorum shall consist of four members made up of regular members or a combination of regular and alternate appointed members of the Board for the transaction of the business of the Board. The concurrence of three members at the meeting of the Board shall be necessary for a resolution of the Board.

4. The Board shall have the general management and control of the business affairs and property of the Corporation, and is empowered to exercise all the powers that may be exercised or performed by the Corporation under this Charter and applicable laws and ordinances.

5. Regular meetings of the Board shall be held once each month at such time and place as the Board shall, by resolution, designate. Special meetings may be called by the Chairman or by any two Directors by giving three days notice to each Director.

6. Each Director shall be paid by the Corporation such salary or compensation for his service as a Director of the Corporation as shall be specified by the appointing authority, but in no event shall employees of the United States Government or Government of the Ryukyu Islands receive any salary or compensation for their services as Directors of the Corporation. Members of the Board shall, with the approval of the Board, be reimbursed by the Corporation for actual expenses incurred by them in the

performance of the duties vested in the Board by this Charter.

7. Except as otherwise provided by this Charter, and subject to the approval or direction of the authority appointing the members of the Board, the Board shall select and appoint such additional officers and such employees and agents as are necessary for the transaction of the business of the Corporation, and shall fix their compensation, define their duties, and require sufficient bonds of such of them as the Board may designate. Any officer, employee or agent may be removed at the direction, and in the discretion, of the Civil Administrator of the Ryukyu Islands or his lawful successor.

8. The Board shall file with the appointing authority operating and financial statements at such time and in such form as the appointing authority shall direct.

9. Each member of the Board, before entering upon the duties of his office, shall subscribe to an oath faithfully and impartially to perform the duties imposed upon him by this Charter.

ARTICLE IV

OFFICERS

1. The officers of this Corporation shall consist of the president and such other officers as shall be appointed by the Board.

2. The president shall execute and direct the affairs of the Corporation in accordance with the resolutions of the Board of Directors, and shall be the officer who shall execute and deliver, in the name of and on behalf of the Corporation, contracts, conveyances, leases, and other instruments affecting the corporate properties. The president may delegate to the manager of the Corporation the power to execute contracts and such other instruments as are necessary in the routine business activities of the Corporation.

3. The duties and powers of officers other than the presi-

dent shall be defined in the resolution providing for such office and appointment thereto.

ARTICLE V

CORPORATE POWERS

1. Except as otherwise specifically provided in this Charter, the Corporation:

- a. Shall have succession in its corporate name.
- b. May sue and be sued in its corporate name.
- c. Shall adopt and use the Corporate Seal.
- d. May make contracts, as herein authorized.
- e. May purchase or lease and hold such real and personal property as may be necessary or convenient in the transaction of its business.

f. Shall have power to exercise the right of eminent domain, and in the purchase or condemnation of any real estate, or rights therein, the title thereto shall be taken in the name of the Corporation and for the accomplishment of the purposes of this Charter.

g. Shall have power to acquire any property, real or personal or rights therein or thereto, for the collection, treatment, transmission, distribution and sale of water, and shall have power to acquire or to construct dams, pumping stations, treatment plants, transmission lines, and incidental works, including storage facilities, in the Ryukyu Islands, and to unite the various water supply installations into one or more systems by interconnecting pipe lines.

h. Shall have power:

- (1) To convey by deed, lease, or otherwise, all or any portion of the corporate property; Provided, that no transfer authorized herein shall be made without the prior approval of the Civil Administrator of the Ryukyu Islands, or his lawful successor, if the property to be conveyed exceeds \$ 500 in value; And provided further, that no transfer of the

entire corporate properties shall be made for the conduct of any business other than the collection, treatment, transmission, and sale of water or for any purpose in conflict with the purposes for which the Corporation is created.

(2) To lease, consistent with the provisions of subsection (1), all or any portion of the corporate property to other government agencies of the United States of America.

(3) To make loans to and to purchase the obligations of private companies engaged in the distribution and public sale of water in the Ryukyu Islands.

i. Shall have power to produce, to purchase, and to distribute and sell, water to public and private consumers at rates approved by the Civil Administrator of the Ryukyu Islands, or his lawful successor.

j. Shall have power to perform any other lawful acts necessary for the accomplishment of the corporate purposes.

ARTICLE VI

SEAL

The Corporate Seal of this corporation shall be a circular seal bearing the name of the Corporation and the year of incorporation.

ARTICLE VII

EXEMPTION FROM TAXATION

The Corporation, its property, revenues, activities, and operations shall be exempt from all taxation.

ARTICLE VIII

FINANCING

1. There is hereby established a Ryukyu Domestic water Fund (referred to hereinafter as the "Fund"). Receipts from any

operations under this act shall be credited to the Fund. The Fund shall be available for payment of all expenditures of the Corporation under this act.

2. The Board of Directors is authorized to invest, pursuant to approved budget programs, such portion of the Fund as is not required to meet current needs in interest-bearing obligations of the Government of the Ryukyu Islands or of any of its agencies and instrumentalities. Such obligations shall be guaranteed as to principal and interest by the Government of the Ryukyu Islands and shall bear interest at a rate determined by agreement between the Corporation and the Government of the Ryukyu Islands. The interest on, and the proceeds from the sale or redemption of, any obligation held in the Fund shall be credited to and form a part of the Fund.

3. The banking or checking accounts of the Corporation shall be maintained with those banks designated by the Board of Directors, and all such accounts shall be credited to and form a part of the Fund.

4. Whenever any capital in the Fund is determined by the Board of Directors to be in excess of the needs of the Corporation, taking into consideration funds required for operations, plant replacement and expansion, and emergencies, such surplus shall be paid into the General Fund of the USCAR as miscellaneous receipts.

5. The Corporation may borrow, for any of the purposes of the Corporation, sums of money not to exceed a total of \$1,000,000 outstanding at any one time. For this purpose the Corporation is authorized to issue its notes, debentures, bonds or other obligations to be redeemable at the option of the Corporation before maturity in such manner as may be stipulated in such obligations. Any borrowings by the Corporation shall be subject to approval of the Civil Administrator.

ARTICLE IX

BUDGET AND AUDIT

1. The Corporation shall cause to be prepared annually a

business-type budget which shall be submitted to the Civil Administrator for review and approval, under such rules and regulations as the Civil Administrator may establish as to the date of submission, the form and content, the classification of data, and the manner in which such budget program shall be prepared and presented. The budget program shall be a plan of operations, with due allowance given to the need for flexibility, including provision for emergencies and contingencies, in order that the Corporation may properly carry out its activities as authorized by law.

2. The financial transactions of the Corporation shall be audited annually in accordance with principles and procedures applicable to commercial corporate transactions and under such rules, regulations or circumstances as may be prescribed by the Civil Administrator.

ARTICLE X DISSOLUTION

1. Upon dissolution of the Corporation or upon notification by the Civil Administrator of the Ryukyu Islands or his lawful successor that he intends to dissolve the Corporation, the Board shall proceed to liquidate the assets and wind up the affairs of the Corporation. If, after one year from the date of such dissolution or notification the Board has not completed the liquidation of the assets of the Corporation and the winding up of its affairs, the duty of completing these functions shall be transferred to the USCAR which for such purposes shall succeed to all the powers and duties of the Board to carry out the liquidation and the winding up of the affairs of the Corporation.

2. Any balance remaining after the liquidation of all the Corporation's assets, and after provision has been made for payment of all legal obligations, shall be paid into the General Fund of the USCAR.

ARTICLE XI AMENDMENTS

This Charter may be amended only by the Civil Administrator of the Ryukyu Islands or his lawful successor.

APPENDIX NO. 4

GROWTH OF CAPITAL AND EARNINGS OF THE RYUKYU DOMESTIC WATER CORPORATION

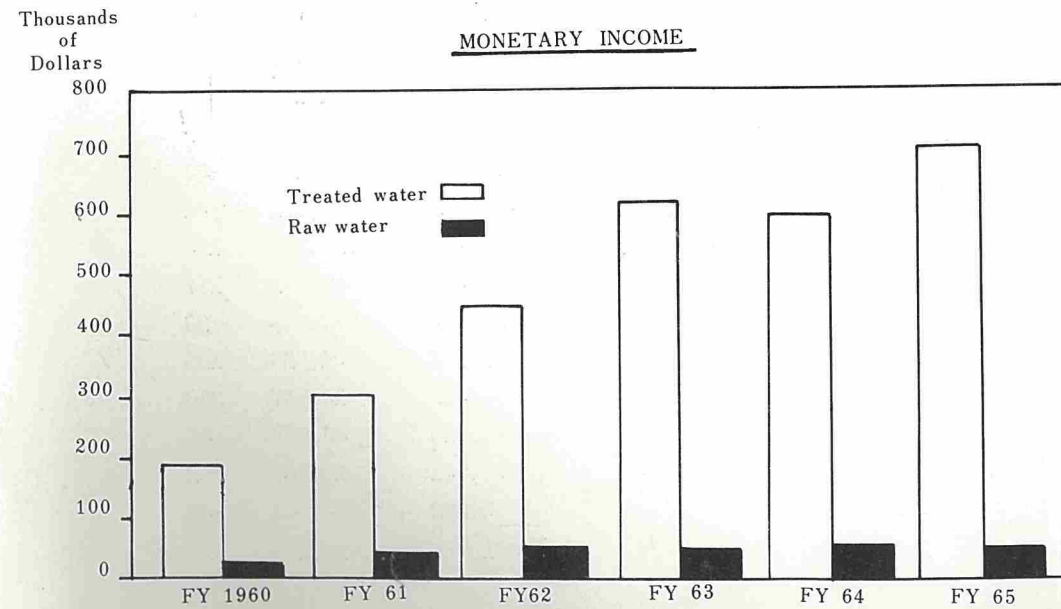
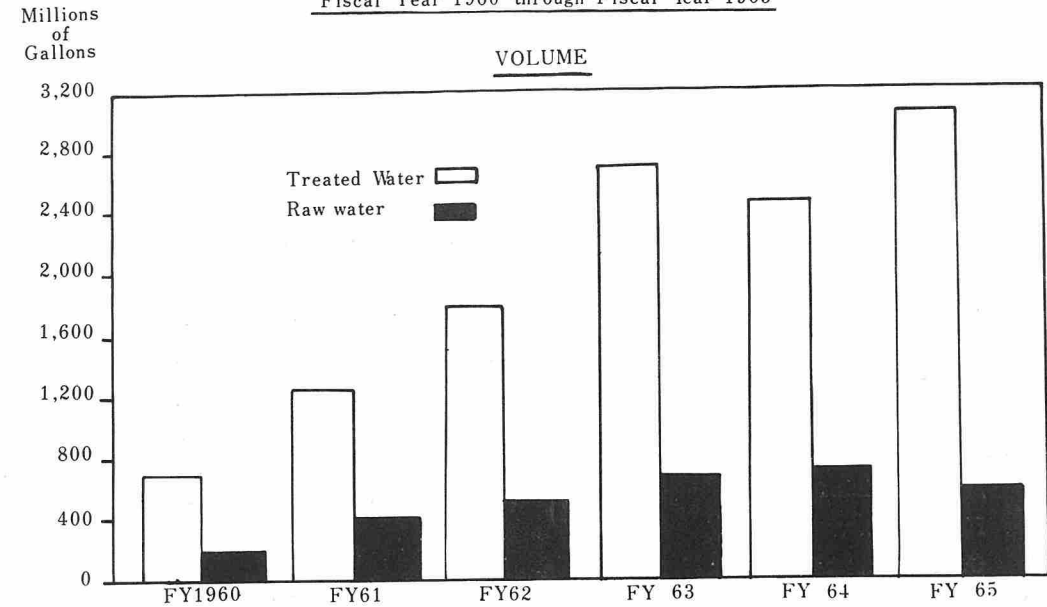
Fiscal Year 1959 through Fiscal Year 1965

Fiscal Year Ended	Capital Contributions				Retained Earnings				
	Add (Deduct) :		Add:		Add:		Add:		
	Beginning of Period	US Appropriated Funds	USCAR General Fund	* Other	End of Period	Beginning of Period	Net Profit	End of Period	
30 June 1959	— 0 —	— 0 —	\$ 137,000	\$ 1,577	\$ 138,577	— 0 —	\$ 37,409	\$ 37,409	\$ 175,986
30 June 1960	\$ 138,577	\$ 255,051	664,051	— 0 —	1,057,679	37,409	60,309	97,718	1,155,397
30 June 1961	1,057,679	(40,579)	1,454,949	— 0 —	2,472,049	97,718	123,358	221,076	2,693,125
30 June 1962	2,472,049	235,449	8,800	— 0 —	2,686,293	221,076	219,522	440,598	3,125,896
30 June 1963	2,686,298	30,137	1,015,000	— 0 —	3,731,435	440,598	253,770	694,368	4,425,803
30 June 1964	3,731,435	2,000,000	2,500,000	51,004	8,282,439	694,368	402,406	1,093,774	9,379,213
30 June 1965	8,282,439	4,026,879	4,979,000	— 0 —	17,288,318	1,096,774	592,058	1,688,832	18,977,150
Total		\$ 6,476,937	\$ 10,758,800	\$ 52,581			\$ 1,688,832		

* Other includes assets donated by the U.S. Army, Ryukyu Islands, the U.S. Army Composite Service Group and the Okinawa Housing Corporation.

APPENDIX NO. 5
ANNUAL SALES OF WATER
BY
THE RYUKYU DOMESTIC WATER CORPORATION

Fiscal Year 1960 through Fiscal Year 1965



APPENDIX No. 6

BREAKDOWN OF WATER SALES
BY
THE RYUKYU DOMESTIC WATER CORPORATION

	In Thousands of Gallons		Percentage of Increase (Decrease)
	FY 1965	FY 1964	
1. Breakdown of sale of treated and raw water:			
Treated water	3,077,987	2,415,441	27
Raw water *	628,506	722,456	(13)
Total	<u>3,706,493</u>	<u>3,137,897</u>	<u>18</u>
2. Breakdown of sale of water by type of customers:			
Municipalities	3,491,873	2,723,188	28
Housing companies	117,751	171,125	(31)
Commerical and residential customers	96,869	243,584	(60)
Total	<u>3,706,493</u>	<u>3,137,897</u>	<u>18</u>
3. Breakdown of sale of water to municipalities:			
Naha	1,603,886	1,567,530	2
Koza	520,206	378,968	37
Ginowan	490,510	348,862	41
Urasoe	335,458	164,635	104
Misato	165,466	59,682	177
Gushikawa	104,794	87,665	20
Chatan	92,278	41,026	125
Kadena	67,436	14,357	370
Yomitan	67,016	45,678	47
Kitanakagusuku	38,941	10,743	262
Yonagusuku	5,882	4,042	46
Total	<u>3,491,873</u>	<u>2,723,188</u>	<u>28</u>

* Note: All sales of raw water were made to Naha City only.

