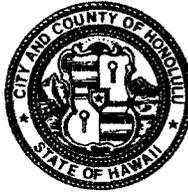


DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
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MUFI HANNEMANN
MAYOR



MARY P. WATERHOUSE
ACTING DIRECTOR
MAR 2 8 22 AM '05
PATRICK T. KUBOTA
DEPUTY DIRECTOR
CITY CLERK
HONOLULU, HAWAII

RECEIVED

February 25, 2005

Councilmember Ann H. Kobayashi, Chair
and Committee Members
Budget Committee
City Council
Honolulu, Hawaii 96815

RE: RESOLUTION 05-070

Requesting the City Auditor to contract a firm or person to Conduct a Detailed Study of the Cost Impacts to the City of a Captive Insurance Company

Dear Chair Kobayashi and Committee Members:

This administration is not opposed to Resolution 05-070.

As expressed in the September 30, 2004 letter, we are working with our broker, Marsh USA, Inc., to prepare a broader, more holistic business needs assessment, that will help identify the City's overall risk profile, prioritize the most significant risks and develop an overall risk financing strategy to address the City's risk financing needs. It may well be that the ultimate risk financing strategy incorporates a captive component, but we believe the risks should determine the solution. We are still finalizing the details of this assessment, and we anticipate completing the study by June 30, 2005.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Patricia Waterhouse".

MARY PATRICIA WATERHOUSE
Acting Director

MPW:bb

Dept. Com. No. 133