

NA LEO O HAWAII BOARD MEETING
Monday, May 3, 2021
Na Leo `O Conference Room

Chair Onizuka called the meeting of the Board on Thursday, May 20, 2021 at 2:40 pm at the Na Leo Conference Room. All members were present, with BM Kiriū participating via zoom. There was neither any member of the general public nor staff (although invited by the Chair) in attendance.

Statement from the public: There was no statement from the public.

Minutes: BM Mukai moved, and BM Kelly seconded to approve the minutes of April 5, 2021. Chair Onizuka asked whether there were any additions or changes to the minutes and hearing none, the Board unanimously approved.

Financial Report: As the financial reports for the months of January/February/March were presented to the Board at the meeting, Treasurer Kiriū noted that time was needed to review them and requested that they be considered at a subsequent Board meeting. Concurrently, she suggested that it would be timely to have the auditor (Carbonaro CPAs) of the financials ending December 2019 be present to discuss its findings with the Board.

BM Mukai moved, and Treasurer Kiriū seconded to have the January/February/March financial reports be deferred and the auditor present at the next Board meeting. During the discussion, some BMs asked of the status of the December 2020 report. Vice-chair and interim Pres/CEO Takase noted he would look into it and make sure that the CPA start working on it. An update would be provided at the next Board meeting.

The motion was unanimously approved.

Interim President/CEO Report: Vice-Chair/Interim Pres/CEO Takase (hereinafter VC Takase) noted that he continued to meet with all employees to reassure the Board's support of the staff and that it was still business as usual. He noted that some of the staff's reaction was mixed.

Because the discussion focused on personnel matters, BM Zelko-Schleuter moved, and BM Kelly seconded to go into Executive Session to discuss personnel matters and legal counsel's advice to the Board's Litigation Committee consisting of VC Takase and BMs Mukai and Fuke. The motion was unanimously approved, and the Board began its Executive Session at 3:50 pm.

At 4:55pm, the Board returned to its regular meeting. VC Takase moved and BM Zelko-Schleuter seconded to approve the following matters discussed at the Executive Session:

- To have an informal get together with the entire staff on Thursday, May 20, at 3:30pm. A letter from the Chair inviting all to this get together would be provided to all staff. (BM Fuke elected to develop a draft of the invitation.)
- To immediately create a new password to access the ADP system - a system designed to access the budget and payroll - that would be limited to certain staff (and for the moment, not including Pres/CEO Stacy Higa who is on leave) and the Board's Chair, Vice-Chair, and Treasurer. (VC Takase will follow up on this with NL's IT staff.)
- To authorize the Treasurer to be the second and only person authorized to sign all payroll and related checks. As Pres/CEO Higa is on leave and for the moment with no password access, the Treasurer will be, de facto, the only person signing the checks.
- To conduct a search for an interim Pres/CEO, led by Chair Onizuka and BM Mukai. That person would be hired on a contract with an estimated average time of 19 hours/week for an estimated 2-3 month period. Contract amount would be \$5,000 a month, although actual amount would be negotiable.

The motion was unanimously approved without further discussion.

Next Meeting: After a brief discussion, Chair Onizuka declared that the next meeting would be held on Thursday, May 20, 2021, beginning at 2:30pm in the NL Conference Room. VC Takase will contact and request the auditor to be present at the meeting. This would be followed by the gathering with the staff at 3:30pm.

Adjournment:

BM Mukai moved, and BM Kelly seconded to adjourn. Motion was unanimously approved at 5:00 pm.

Respectfully Submitted,

Howard Kelly, Secretary
Sidney Fuke, Under Secretary




NA LEO `O HAWAI`I BOARD MEETING
Thursday, May 20, 2021
Na Leo `O Hawai`i Conference Room

Chair Onizuka called the meeting of the Board on Thursday, May 20, 2021 at 2:35 pm at the Na Leo `O Hawai`i Conference Room. Except for BMs Mukai and Zelko=Scheulter, the other seven (7) members were present, with BM Kiriū participating via zoom. The only other attendee was Ms. Rosanne Connell of Carbonaro CPAs and Management Group.

Statement from the public: VC Takase recognized and introduced Ms. Connell as the person presenting the auditor’s report. There was no statement from the public.

Minutes: BM Kelly moved, and VC Takase seconded to approve the regular and executive session minutes of the May 5, 2021 meeting. Chair Onizuka asked whether there were any additions or changes to the minutes and hearing none, the Board unanimously approved both minutes.

BM Mukai arrived at 2:40pm, after action on the minutes.

Financial Report: Chair Onizuka elected to have the discussion of the 2019 audit by Carbonaro CPAs before the financial reports and called upon Ms. Connell.

2019 Financial Audit

Ms. Connell reviewed the seven (7) items listed under “Business Advisory Comments” in its letter of March 19, 2021. She also covered various items found in its audit, particularly in its “Summary of Significant Accounting Policies.”

Independently and also in response to questions from the Board, in summary she made the following observations:

- Overall, Na Leo `O Hawai`i, Inc. (NLOH) is financially solvent. The 2018 losses turned out to gains in 2019.
- NLOH is a non-profit corporation and has a for-profit arm called NLOH Energy Partners, LLC (EP). As such, NLOH’s audit should have included the financial results of EP. However, as that was not available, the opinions expressed in the audit should be considered “qualified”.
- The 2018 audit performed by another auditor included only a summary of EP’s financial statement. However, although requested of the CEO, even that level of information was not available to Carbonaro. Independent of the need of that information to provide a

complete and accurate assessment of NLOH's audit, EP needs it as well for tax and other regulatory purposes and suggested that that be done as soon as possible.

- Having a for profit arm like EP does not jeopardize the status of NLOH. She noted that it is not uncommon for other non-profits to operate in this manner.
- In response to a question, she opined that it would not be unusual to have a financial officer or accountant, given the size of and complexity to effectively manage (because of EP and the receipt of government grants) NLOH's assets. Another option is to have this function contracted out.
- She added that relative to EP, none of the eligible State and Federal tax credits of 35% and 30%, respectively, of the \$1.5 million investment by the end of 2019 was applied for. That was a lost opportunity. Although the assets (PV system) presumably came to NLOH from EP, she could not find the appropriate "paper trail."
- While NLOH is financially solvent, there are areas of improvements that could lead to a more efficient and accurate reporting system. These recommendations, including appropriate internal controls, are outlined in its March 19, 2021 letter under "Business Advisory Comments."
- Carbonaro will be doing the 2020 audit and anticipates a delivery date by the end of September 2021, at the very earliest. She added that it would be good to have the financials for EP so that they can prepare a consolidated audit.

Ms. Connell's presentation and questions and answers concluded at 3:15pm, whereupon she left the meeting.

A brief 5- minute recess was called, and the Board reconvened at 3:20pm.

Financial Report

The financial reports for the months of January/February/March were recommended for approval by Treasurer Kiri.

BM Kelly and VC Takase moved and seconded, respectively. The Board unanimously approved the reports.

Treasurer Kiri also circulated a May 20, 2021 memo to the Board, entitled "Interim Human Resource and Fiscal Oversight Procedures". The memo, which is attached and made a part of this minutes, outlines the steps taken to have the more oversights on personnel matters relating to sick leave, vacation, and overtime, Treasurer's access to the above, and other matters.

Interim President/CEO Report: Vice-Chair/Interim Pres/CEO Takase noted that there was nothing to report and that personnel matters should be covered under an Executive Session.

It was moved by VC Takase and seconded by BM Mukai to go into Executive Session, beginning at 3:25pm. (Note that BM Zelko-Schleuter arrived then).

At 3:35pm, the Board returned to its regular meeting.

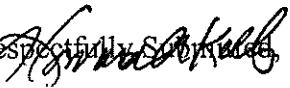
BM Zelko-Schleuter moved, and BM Kelly seconded to accept the resignation of Treasurer Kiriu and concurrently appointing her as Interim CEO/President. The terms of the appointment would be further outlined in a contractual agreement reflecting a minimum of \$6,000 a month plus expenses, an average 19-hour week, and for a minimum of two (2) months, effective the end of the May 20, 2021 board meeting. The motion was unanimously approved with Treasurer Kiriu's abstention.

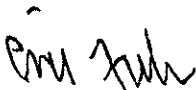
BM Zelko-Schleuter moved, and BM Mukai seconded to nominate BM Takaba as Treasurer. Having no other nominees, the Board voted to unanimously approve the nomination.

Next Meeting: Chair Onizuka declared that it would be subject to the call of the Chair, as the Board was awaiting a report from the organization's attorney.

Adjournment:

VC Takase moved, and BM Kelly seconded to adjourn. Motion was unanimously approved at 3:38 pm.

Respectfully,




Howard Kelly, Secretary, May 26, 2021

Sidney Fuke, Under Secretary, May 26, 2021