

NA LEO `O HAWAI`I BOARD MEETING
Monday, December 5, 2022, 4:30 p.m.
Na Leo `O Hawai`i Studio B

Call to Order: Chair Gerald Takase called the meeting of the Board to order on Monday, December 5, at 4:30 pm at the Na Leo `O Hawai`i Studio B. Attending and participating virtually were BMs Mel Ventura and Treasurer Bill Takaba. Pres/CEO Paul Horner, BMs Wally Lau, Anne Chung, Jennifer Zelko-Schleuter, Brandi Masaoka, Nancy Kelly, and Secretary Sid Fuke were present.

Welcome: The chair acknowledged the presence of former Board member, Howard Kelly. There were no other public member or staff in attendance.

Statement from the public: Likewise, there were no statements from the public.

Action on Minutes: BMs Zelko-Schleuter and Wally Lau, moved and seconded, respectively, to approve the minutes of October 24, 2022. Motion was unanimously approved.

Finance Committee Report: Treasurer Takaba summarized the October financial report. He noted that while there were “paper loss” due to the declination in some of the investments, cash flow is all right and on par. As such, there is no impact to the operation of NLOH. The November report was not ready and should be in time for the next Board meeting.

Relative to the draft 2021 audit prepared by Carbonaro CPA, he noted that 80-90% of the noted deficiencies have already been addressed and/or instituted. As such, he noted that the 2022 audit should paint a different picture.

As for the residual deficiencies, he added that they were items that can and, with the hiring of a business manager, will be easily addressed. Further, with the internal controls procedure already in place, these remaining items should not be an issue.

Pres/CEO Horner commented that the 2022 audit should be completed by the end of December or early January. He will be meeting with the accountants next week and request that the 2021 audit include a statement regarding the changes made to date.

BM Kelly and Chung moved and seconded, respectively, to accept the October financial report. Motion was unanimously carried.

Proposed 2023 Budget: Treasurer Takaba noted that although the “bottom line” reflects a negative, like the October financial report, the deficit is only a “paper” one and not actual loss.

Pres/CEO Horner added that although the proposed budget was predicated upon the same amount of PEG funds for the current year, there will be reduction of PEG funds in the years to come. He did not know what the estimated annual percentage loss might be.

Chair Takase commented that the amount of real property taxes (\$22,000+) for the NLOH's Mohouli Street property and structure as being quite significant. Discussion revolved around the need to seek exemption, as NLOH is a non-profit entity.

The Chair asked Pres/CEO Horner to look into this matter and, if appropriate, apply for the real property tax exemption before the end of this year. Pres/CEO Horner will look into it and report back to the Board.

BM Fuke asked whether there was a need for the budget to more distinctly reflect a separation of the revenue source and corresponding expenditures of the non-profit and for-profit entities more distinctly. Treasurer Takaba noted that through the coding system, this can and has been addressed.

There was also discussion regarding the proposed travel budget of \$28,000 (\$10,000 from travel and \$18,000 for lodging and meals). Pres/CEO Horner expressed his belief that out of state travel should be targeted to staff, as many of them – unlike Board members – have had that kind of travel exposure. And further, the new Board members should be given priority.

Some Board members expressed their belief, that while it may be important and good to have staff also attend, it was equally and perhaps more important for Board members – as policy makers of NLOH - to attend those conferences and see what is happening nationally and globally and then provide appropriate directions to NLOH. Further, having “senior” BMs attend was also important to provide/mentor the newer BMs. In the end, BMs felt that there should be a blend of participants.

It was also brought up that if PEG or NLOH resources are insufficient to accommodate this objective, funds could and should be allocated from the for-profit arm (NLTV).

BMs Zelko-Schleuter and Lau, moved and seconded, respectively, to approve the draft 2023 budget, with the understanding that some adjustments may be needed once the PEG allocation comes in January.

President's Report: Pres/CEO Horner referenced his December 5 report that was previously emailed to the Board. He added that the employees supported Aaron Chung and Barrett Otani as new BMs. He will be interviewing the 2 candidates for the Business Manager position with 2 of his staff - Kuulei and Kyle – in the immediate future. BMs noted that in the end it is his decision, and that Board did not want to get involved in dictating who or who should not be hired.

New Business: At 5:18pm, BMs Fuke and Lau moved and seconded, respectively, to go into Executive Session to review BM candidates to replace outgoing BMs Chung and Fuke and a slate of officers for 2023. The Board got out of Executive Session at 5:38pm.

The Chair reported that the Board has appointed Barrett Otani and Aaron Chung as the new BMs. Further, the 2023 slate of officers will be Chair – Gerald Takase; Vice-Chair – Mel Ventura; Treasurer – Bill Takaba; and Secretary – Nancy Kelly.

Announcement: While there was discussion on a possible annual get together, no date was set. Pres/CEO Horner suggested that it could be in January when the new BMs are on board. The next Board meeting would be subject to the call of the Chair.

Adjournment: BMs Zelko-Schleuter and Kelly moved and seconded, respectively, to adjourn the meeting. The motion was unanimously approved at 5:45 pm.

Respectfully Submitted,

Sidney Fuke, Secretary, December 6, 2022