



Coast Community College District Enterprise, Inc.

BOARD OF DIRECTORS SPECIAL MEETING

Tuesday, September 10, 2013 at 12:00 P.M.

BOARD OFFICE CONFERENCE ROOM

1370 Adams Avenue, Costa Mesa, CA 92626

MINUTES

I. Call to Order

The meeting was called to order at 12:02 p.m.

II. Roll Call

Present

Mr. David Cline, Ms. Jane Hilgendorf, Mr. Susumu Yokoyama, Dr. Andrew Jones, Mr. Tanner Kelly, and Mr. Ray Roberts.

Absent

Mr. Nguyen.

In Attendance

Dr. Jack P. Lipton, Dr. Richard Pagel, Ms. Janet Houlihan, Ms. Daniela Thompson, Ms. Julie Frazier-Mathews, Ms. Geri Wile, Ms. Colleen Rymas, Mr. Rick Kapko, and Mr. Jim Moreno.

III. Opportunity for Public Comment

None.

Chairman Cline advised that it was the practice of the Enterprise Corporation to perform an Oath of Office for all new Student Trustees serving as Ex Officio Members to the Enterprise Board of Directors.

IV. Approval of Minutes from Meeting of June 11, 2013

On a motion by Ms. Hilgendorf, seconded by Dr. Jones, the Board of Directors voted 5-0 to approve the Minutes of June 11, 2013 as amended, striking the Student Trustee as present on the roll call.

Members Voting Yes:	Ms. Hilgendorf, Mr. Cline, Mr. Yokoyama, Dr. Jones, and Mr. Roberts
Members Voting No:	None
Members Absent:	Mr. Nguyen

Tanner Kelly was sworn in as Board of Director to the Enterprise Corporation by Chairman Cline.

Chairman Cline provided an overview of the September 10, 2013 Annual Shareholders Meeting and explained that the Terms of Office for Mr. Nguyen and Mr. Yokoyama had expired on July 12, 2013. Mr. Cline further shared that Mr. Kapko and Mr. Yokoyama were elected by the Shareholders and would begin their term on October 1, 2013; Mr. Nguyen was not re-elected.

On a motion by Ms. Hilgendorf, seconded by Mr. Cline, the Board of Directors voted 6-0 to send Mr. Nguyen a scroll signed by the Officers and Chairman of the Enterprise Corporation, in appreciation for his work on the Enterprise Board of Directors.

Members Voting Yes:	Ms. Hilgendorf, Mr. Cline, Mr. Yokoyama, Mr. Kelly, Dr. Jones, Mr. Kelly, and Mr. Roberts
Members Voting No:	None
Members Absent:	Mr. Nguyen

Item V Election of the Chairman of the Board of Directors and Election of the Vice Chairman of the Board of Directors was moved for discussion later in the meeting.

VI. Update on Swap Meet Operations

a) Orange Coast College

Dr. Pagel provided an update on swap meet operations and an overview of the construction developments taking place over the next fifteen years at Orange Coast College. He further provided a status report on various construction projects and student housing.

b) Golden West College

Ms. Houlihan provided an update on swap meet operations at Golden West College and informed the Board of Directors that Golden West College had many new exciting projects underway. Amongst these were: the shift of truck deliveries through Gothard Street (to minimize noise levels and traffic congestion), the investigation of a bimonthly evening food fair, the possible contracting of an external custodial crew for the swap meet, and the development of a public safety swap meet office (that will include swap meet specific restrooms).

c) Review of the June 30, 2013 Financial Statements

Ms. Thompson provided an overview of the unaudited June 30, 2013 Financial Statements and advised that these documents would be adjusted after the audit. She further advised that, because the Enterprise Corporation overpaid taxes in the last two years, there was an anticipated refund that would be applied to this year's tax return.

Ms. Thompson shared that she anticipated the auditor's findings by the end of the month and offered to have the updated information at the December Meeting of the Enterprise Board of Directors.

Ms. Thompson also shared that the Enterprise Corporation had closed the year with a net profit of roughly \$200,000 as anticipated.

Mr. Cline asked Trustee Moreno if the financial statements were satisfactory, and Trustee Moreno indicated that everything was transparent and satisfactory to the Board of Trustees.

VII. Report on Ratification of Staff Board Deliverables per Master Agreement Requirements Sections 8, 10, 11, 13, 22, and 28

The Board of Directors and Officers voiced concerns and requested clarification regarding the itemizing of expenses for each campus, and the Officers shared that a unified chart of accounts was a goal for FY 13-14 on which they would be evaluated.

On a motion by Dr. Jones, seconded by Mr. Yokoyama, the Board of Directors voted 6-0 to ratify the financial statements as required by the deliverables and as presented, subject to auditing, with a notation indicating that the financial statements would be revised to reflect a more uniform approach from both colleges.

Members Voting Yes:	Ms. Hilgendorf, Mr. Cline, Mr. Yokoyama, Mr. Kelly, Dr. Jones, and Mr. Roberts
Members Voting No:	None
Members Absent:	Mr. Nguyen

VIII. Ratification of Enterprise Operations Director and Officer Liability Insurance Coverage for FY 2013-2014

Ms. Houlihan presented on behalf of Risk Services Manager Mr. Bill Kerwin and reminded the Board of Directors that Ms. Colleen Rymas had previously discussed options for Directors and Officers Liability Insurance. The Enterprise Corporation had selected Zurich, with a deductible of \$10,000 and a premium of \$5,000. The premium, however, was increased by \$3,000 and the deductible was increased by \$5,000. These increases led to the recommendation to select Access as the provider of Directors and Officers Liability Insurance. The options were either a premium of \$7,000 with a \$25,000 deductible, or a policy with a \$10,000 deductible and premium of \$7,100.

Ms. Frazier-Mathews offered to include a reference to Binder tab numbers on future Agenda Items that referenced the contents of the Enterprise Board of Directors and Officer's Binders. (*The content of these binders are available upon request*).

Dr. Jones asked if the Directors and Officers Insurance premium had been increased due to claims and Dr. Pagel responded that this was a reflection of the market rather than claims against the policy.

Dr. Lipton questioned whether two million dollars would provide sufficient coverage. Chairman Cline suggested that umbrella policies with higher limits be investigated.

Mr. Roberts inquired about the insurance coverage provided to the colleges for the use of the parking lots, excluding the use of the swap meets. Dr. Pagel advised that this question be addressed as an Agenda Item at the December 10, 2013 Meeting of the Enterprise Board of Directors when Mr. Kerwin would be present.

On a motion by Mr. Cline, second by Mr. Yokoyama, the Board of Directors voted 6-0 to ratify the Access Directors and Officers Liability Insurance Policy with a \$10,000 deductible and \$7,100 premium, as bound. They also requested that Access provide the Enterprise Corporation with information on an umbrella policy of varying amounts, ranging from ten million to a hundred million, and to authorize the Chairman and Officers to review the umbrella policies and potentially amend the policy if practical and beneficial to the Corporation with this Amendment be presented for ratification at the December 10, 2013 Meeting of the Enterprise Board of Directors.

Members Voting Yes:	Ms. Hilgendorf, Mr. Cline, Mr. Yokoyama, Mr. Kelly, Dr. Jones, and Mr. Roberts
Members Voting No:	None
Members Absent:	Mr. Nguyen

IX. Report on Affordable Health Care Act of 2010 and Impact to the Coast Community College District and CCCD Enterprise, Inc. (CCCD Human Resources)

Ms. Wile provided an update on the Affordable Health Care Act of 2010 and its impact to the Coast Community College District and CCCD Enterprise, Inc. She shared that the previously required Employer Mandate had been suspended through January 2015 and that the District was not required to report every employee to the IRS or legally required to offer insurance to those who exceed thirty hours of work a week; the Benefits Committee decided to keep the threshold at twenty eight hours.

Additionally, Ms. Wile reported on the Individual Mandate, where individuals must become insured or pay a penalty, starting in 2014. She indicated the District would distribute an announcement indicating that the Market Place was available.

The Corporation then discussed the possible impact of these changes to the Enterprise Corporation.

X. Reports

a) Timeline and Process for 2013/2014 Corporate Officer Goal Setting and Evaluations

Ms. Houlihan summarized that the Officers had met and provided goals to Chairman Cline for review and consideration. She further shared that the Officers would meet to develop a timeline for meeting goals for the 13/14 Fiscal Year and would submit them to Chairman Cline by the end of September 2013. She added that the Officers would be evaluated on these goals at the end of the fiscal year.

This item would be returned to the December 10, 2013 Meeting of the Enterprise Board of Directors as an information item.

b) Mission Statement, Ethics, and Operating Values - (Employee Handbook)

Ms. Houlihan indicated that she would work with the team to develop an Employee Handbook by the end of the year and that the Mission Statement was revised in March and needed to be adopted. The Board of Directors and Officers discussed the two versions presented at the Meeting. Dr. Jones and Mr. Kelly expressed their desire to see aspirational goals included in the Mission Statement. The Officers of the Corporation agreed to develop and provide an Organization Chart.

On a motion by Mr. Kelly and second by Dr. Jones, the Board of Directors voted 6-0 to adopt the Mission Statement dated April 9, 2013 as presented.

Members Voting Yes:	Ms. Hilgendorf, Mr. Cline, Mr. Yokoyama, Mr. Kelly, Dr. Jones, and Mr. Roberts
Members Voting No:	None
Members Absent:	Mr. Nguyen

c) Market Study for Revenue Enhancement Strategies

Ms. Houlihan indicated that the market study for revenue enhancements would be included with the goals and Mr. Cline elaborated on this item indicating that the Officers would be working on this during the next ninety days.

XI. Discussion of Alternate Management Strategies for the Enterprise Corporation

Chairman Cline expressed the need for the Corporation to evaluate its management and use of resources as the Corporation continued to grow, and he advised that alternate management strategies include hiring professional managers whose sole responsibility is managing of the Enterprise Corporation. This would include the required support and activities of the Enterprise Corporation to the language of the job descriptions for the current managers of the Enterprise Corporation, or outsourcing the management of the swap meet and taking the rental arrangements that are in place and giving them the charge to grow.

Mr. Cline advised that a study be conducted to determine the best approach and then requested comments from the Board of Directors.

Ms. Houlihan advised that the studies could be conducted internally, rather than adding cost, by conducting a cost analysis of current positions at the District.

Dr. Lipton advised that the Enterprise Corporation retained the right to hire its own employees directly. Ms. Hilgendorf expressed her opposition to outsourcing.

Mr. Yokoyama raised the question of whether there would be a conflict of interest if employees held dual roles. It was determined that an employee could not be paid twice for the same service; however, the District could be reimbursed for their work.

Dr. Lipton advised that the Enterprise Corporation should reimburse the District for resources required for the activities of the Corporation and would require an amendment to the Appendix of the Enterprise Corporation Master Agreement. The Corporation agreed that the study would be conducted through the offices of the Chancellor. Dr. Jones stated that it could be conducted under \$5,000 and advised that there would be a need for special meeting sixty days from September 10, 2013 to discuss the results from the study and ratify at the December 10, 2013 Meeting of the Enterprise Board of Directors.

On a motion by Dr. Jones, seconded by Mr. Kelly, the Board of Directors voted 6-0 to begin an objective study that would encompass the benefits and liabilities, to survey what would encompass either hiring full time management, expanding the responsibility of the current officers, or outsourcing management, to include comparison of other community colleges.

Members Voting Yes:	Ms. Hilgendorf, Mr. Cline, Mr. Yokoyama, Mr. Kelly, Dr. Jones, and Mr. Roberts
Members Voting No:	None
Members Absent:	Mr. Nguyen

On a motion by Mr. Kelly, seconded by Dr. Jones, the Board of Directors voted 6-0 to direct each Officer to keep appropriate records for compensation in accordance with the Master Agreement and the duties of reimbursement to the District to include recommendations to changes in the Appendices regarding salaries and benefits.

Members Voting Yes:	Ms. Hilgendorf, Mr. Cline, Mr. Yokoyama, Mr. Kelly, Dr. Jones, and Mr. Roberts
Members Voting No:	None

Members Absent: Mr. Nguyen

V. Election of Chairman of the Board of Directors and Election of the Vice Chairman of the Board of Directors

Ms. Hilgendorf nominated Mr. Cline to the position of Chairman and Mr. Yokoyama nominated Ms. Hilgendorf to the position of Vice Chairman.

On a motion by Mr. Yokoyama and seconded Mr. Kelly, the Board of Directors voted 6-0 to appoint Mr. Cline as Chairman and Ms. Hilgendorf as Vice Chairman of the Enterprise Corporation

Members Voting Yes:	Ms. Hilgendorf, Mr. Cline, Mr. Yokoyama, Mr. Kelly, Dr. Jones, and Mr. Roberts
Members Voting No:	None
Members Absent:	Mr. Nguyen

XII. Future Meeting Dates

December 10, 2013	Regular Meeting
March 11, 2014	Regular Meeting
June 10, 2014	Regular Meeting

XII. Future Agenda Items

On a motion by Ms. Hilgendorf, seconded by Mr. Yokoyama, the Board of Directors voted 6-0 to request that the following Agenda Items be featured on the December 10, 2013 Enterprise Board of Directors Meeting Agenda:

- a) Consideration of an External Accounting Auditor
- b) Ratification of Umbrella Policies (Tentative)
- c) Insurance Coverage Provided to the Colleges for the Use of the Parking Lots Excluding Swap Meet Use
- d) Alternate Management Strategies Study Ratification (Report to be presented sixty days from September 10, 2013)

XIV. Adjourn

There being no further business to discuss, it was moved by Ms. Hilgendorf, and seconded by Dr. Jones to adjourn the meeting at 1:54 p.m.

Members Voting Yes:	Ms. Hilgendorf, Mr. Cline, Mr. Yokoyama, Mr. Kelly, Dr. Jones, and Mr. Roberts
Members Voting No:	None
Members Absent:	Mr. Nguyen

Secretary of the Enterprise