



Coast Community College District Enterprise, Inc.

BOARD OF DIRECTORS REGULAR MEETING

Tuesday, March 11, 2014 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 p.m.

II. Roll Call

Present:

Mr. David Cline, Ms. Jane Hilgendorf, Mr. Richard Kapko, and Mr. Ray Roberts

Absent:

Mr. Susumu Yokoyama, Student Trustee Tanner Kelly and Chancellor Andrew Jones

In Attendance:

Dr. Jack P. Lipton, Mr. W. Andy Dunn, Dr. Rich Pagel, Ms. Janet Houlihan, Trustee David Grant, Ms. Daniela Thompson, Ms. Julie Frazier-Mathews, Mr. Bill Kerwin, Mr. Paul Wisner, Mr. Doug Bennett, Ms. Rachel Kubick, Ms. Renee Graves, Mr. Timothy Evans, and Ms. Tina Henton of Vicente Lloyd and Stutzman

III. Opportunity for Public Comment:

There were no requests to address the Enterprise Board.

IV. Approval of Minutes from Meeting of December 10, 2013

On a motion by Mr. Kapko, seconded by Ms. Hilgendorf, the Board of Directors voted 4-0 to approve the minutes of the meeting of December 10, 2013.

Members Voting Yes: Ms. Hilgendorf, Mr. Cline, Mr. Kapko and Mr. Roberts

Members Voting No: None

Members Absent: Mr. Yokoyama, Mr. Kelly and Dr. Jones

V. Update on Swap Meet Operations

a. Orange Coast College

Dr. Pagel provided an update on swap meet operations, indicating that they were in the process of putting a construction management team together to build the restrooms out, to be funded by OCC's Capital Fund expenditures and Enterprise would rent the building. Dr. Pagel commented that they had some issues with the Conditional Use Permit with the City of Costa Mesa when events occur at the stadium on Saturdays and Sundays, however, they were working things out and were in compliance with the Conditional Use Permit.

Dr. Pagel reported that the Master Plan was moving forward. Currently a traffic study was being completed and it was anticipated that the upcoming changes to the Recycling Center would alleviate some of the current traffic issues. He indicated that the California Environmental Quality Act (CEQA) process would need to be filed with the Board after a public notice and input. He said that currently they were in the middle of the process, anticipating an open forum in May but prior to that a report would be released on the impact of the OCC Building Program, with recommendations being brought to the Board in the summer.

b. Golden West College

Ms. Houlihan gave an update on swap meet operations, indicating they had contracted out clean up and were still fine tuning it. They were also going through a CEQA process with traffic studies and had the same time line for completion in the summer. tBP Architects were working to design public safety swap meet offices and restrooms. She indicated there was a need for more supervision and oversight around the perimeter of the swap meet, and also an emergency operations center for the campus that would come out of Measure M funds. Ms. Houlihan added that they should know the design and cost estimates by the next quarterly meeting. She also reported that there was a concern about the impact to the parking lot due to a Skate Park on Gothard and that this would cause some challenges. She added that they were trying to work with the Skate Park specifically regarding the parking on McFadden and Gothard. Parking was particularly tough on weekends, especially with college athletic events, and she felt this would affect the athletic events rather than the swap meet.

c. Review of Financial Statement

Ms. Thompson provided an overview of the financial statements, indicating that overall the Enterprise Corporation was doing very well with a net profit as of December 31, 2013 of \$341,000, an increase of 30% over prior year. It was pointed out that there would be expenses in the second half of the fiscal year that could affect this profit. Ms. Thompson indicated that at the request of Mr. Kapko, the YTD Budget had been included in the Revenue and Expenses portion of the report and she would update this every quarter.

Discussion took place as to the changes that would need to be made if employees became Enterprise employees instead of District employees and the potential need to contract with a company to assist with payroll. It was noted that this is part of the Master Agreement that would need to be modified if this change is made. Dr. Pagel and Ms. Houlihan indicated this would be something to be considered further, and they would bring a fully developed plan back in June.

VI. Report and Ratifications of Staff Board Deliverables Per Master Agreement Requirements Sections 8, 10, 11, 13, 20, 22, and 28

Ms. Thompson provided an overview of the Statement of Revenue and Expenses, and explained the Deliverables Per Master Agreement Requirements Legend for Trustee Grant. Dr. Lipton provided clarification of the difference between Section 13 Expenses and Section 20 Enterprise Expenditures, and pointed out that these items would need to be brought to the Board of Trustees, as defined by the Master Agreement. It was also noted that the dates for the Ratification/ Approval of PO's and the Ratification of Checks should be revised from October - December 2013 to July 1 - December, 2013.

Dr. Pagel and Ms. Houlihan provided clarification on Salaries, Benefits and O/H Expenses, and explained that the two campuses do not currently have aligned financial statements, however, the new auditor would be helping to re-align the two colleges and provide recommendations for future reporting.

On a motion by Ms. Hilgendorf, seconded by Mr. Kapko, the Board of Directors ratified these expenditures by a vote of 4-0 as presented according to the financial statements as re-dated, and approved their delivery to the District per the terms of the Master Agreement.

Members Voting Yes: Ms. Hilgendorf, Mr. Cline, Mr. Kapko and Mr. Roberts

Members Voting No: None

Members Absent: Mr. Yokoyama, Mr. Kelly and Dr. Jones

VII. Report and Ratification of Enterprise Director and Officer Liability Insurance Umbrella Coverage for FY 2013-2014

Mr. Kerwin gave an update on the results of his research to increase the amount of Director and Officer liability coverage provided by the existing provider up to \$10 million. He indicated that the insurer that provides the D & O Coverage was comfortable with the limits of \$2 million primary and \$500,000 excess coverage based on the Enterprise reportable assets of approximately \$1.7 million, however, at the direction of the Board he could shop other insurance carriers who currently provide this coverage at the direction of the Board. He indicated that the options available were that they could buy a policy from another carrier or purchase excess coverage to supplement the \$500,000 excess.

Mr. Kerwin also pointed out that there could also be an additional \$1 million of coverage in effect through the Statewide Association of Community Colleges, which acts as a secondary layer of protection, increasing the Board's full coverage to \$3.5 million.

On a motion by Ms. Hilgendorf, seconded by Mr. Kapko, the Board of Directors directed Mr. Kerwin, by a vote of 4-0, to obtain, with a budget not to exceed \$30,000, an additional \$10 million liability Director and Officer Umbrella coverage.

Members Voting Yes: Ms. Hilgendorf, Mr. Cline, Mr. Kapko, and Mr. Roberts

Members Voting No: None

Members Absent: Mr. Yokoyama, Mr. Kelly and Dr. Jones

VIII. Discussion and Possible Action Regarding a New Outside Auditor for the Enterprise Corporation

Representatives from Vicente Lloyd and Stutzman provided their history with the Enterprise Corporation.

On a motion by Mr. Kapko, seconded by Mr. Roberts, the Board of Directors approved by a vote of 4-0 the engagement of Vicente Lloyd and Stutzman as auditor for the Enterprise Corporation, under the contract that had been established with the Coast Community College District. It was agreed that their first action would be to work with the Officers on financial statements and provide them with a budget.

Members Voting Yes: Ms. Hilgendorf, Mr. Cline, Mr. Kapko, and Mr. Roberts

Members Voting No: None

Members Absent: Mr. Yokoyama, Mr. Kelly and Dr. Jones

IX. Reports

a. Timeline and Process for 2013/2014 Corporate Officers Goal Setting and Evaluations

The job descriptions of President, Vice President, Secretary and Chief Financial Officer were considered and December 2014 was agreed to as a date for completion of goals.

b. Progress on Accounts Consolidation

This item was discussed earlier in the meeting.

c. Revenue Enhancement Strategies

d. Impact of Construction on Orange Coast College and Golden West College Swap Meets

Discussion took place about possible preferred parking, and also holding Food Fairs on Saturday and Sunday evenings. Additionally, the possibility of raising rates was discussed. Construction would be impacting the swap meets and customers, and it was agreed that a discussion regarding a rate increase could be re-addressed by the Board in June with analysis and timing of when they would consider raising rate, e.g. in conjunction with the restroom completion, and also include an analysis of what other swap meets were charging.

X. Recommendations and Possible Action on Alternate Management Strategies for the Enterprise Corporation

Dr. Pagel and Ms. Houlihan reported on a company called Newport Diversified of Las Vegas that runs some local swap meets such as Cypress and Santa Fe Springs. They indicated that the pros and cons of turning over the management of the Enterprise to a company would need to be weighed very carefully as the campuses would lose their flexibility, e.g. with sporting events etc. and the ability to contribute to bond initiatives.

Dr. Pagel indicated they had met with the Chancellor and he had directed them to look at alternative management of swap meets. The option of enhancing support for the Vice Presidents and the teams who run the swap meets was discussed, perhaps with a different management structure with an umbrella Chief Operating Officer over both swap meets in a full time position, to relieve the loads and create a structure where they could remain in their current form. It was suggested that Dr. Pagel and Ms. Houlihan communicate further with this company, to get an idea of what the cost would be, take a tour of the facilities they oversee and bring the information back to the June meeting.

XI. Ratification of Resolution to Set Future Meeting Dates Through the End of 2014

On a motion by Ms. Hilgendorf, seconded by Mr. Kapko, the Board voted to ratify Resolution #14-1 to adopt the following schedule of regular meetings for Fiscal Year 2014: June 10, 2014, September 9, 2014 and December 9, 2014.

Members Voting Yes: Ms. Hilgendorf, Mr. Cline, Mr. Kapko, and Mr. Roberts

Members Voting No: None

Members Absent: Mr. Yokoyama, Mr. Kelly and Dr. Jones

XII. Future Agenda Items

Suggested future agenda items were:

- a. Projections for Financial Statements
- b. D & O Insurance
- c. Short Term Hourly Employees
- d. Additional Information from the Auditors
- e. Alternative Management Strategies

XIII. Adjourn

There being no further business to discuss, on a motion by Ms. Hilgendorf, seconded by Mr. Kapko, the Board of Directors voted to adjourn the meeting at 1:40 p.m.

Members Voting Yes: Ms. Hilgendorf, Mr. Cline, Mr. Kapko and Mr. Roberts

Members Voting No: None

Members Absent: Mr. Yokoyama, Mr. Kelly and Dr. Jones

Secretary of the Enterprise