



Coast Community College District Enterprise, Inc.

BOARD OF DIRECTORS REGULAR MEETING

September 9, 2014 at 12 noon

Board Office Conference Room

1370 Adams Avenue, Costa Mesa, CA 92626

MINUTES

I. Call to Order

The meeting was called to order at 12:00 p.m.

II. Roll Call

Present:

Mr. David Cline, Ms. Jane Hilgendorf, Mr. Richard Kapko, Mr. Ray Roberts, and Mr. Susumo Yokoyama, and Interim Chancellor Tom Harris

Absent:

Student Trustee Alex Parkin

In Attendance:

Dr. Jack Lipton, Dr. Rich Pagel, Mr. Andy Dunn, Ms. Rachel Snell, Ms. Janet Houlihan, Trustee Jim Moreno, Ms. Daniela Thompson, Ms. Julie Frazier-Mathews, Mr. Doug Bennett, and Ms. Rachel Kubick

III. Opportunity for Public Comment:

There were no requests to address the Enterprise Board.

Mr. Cline reported that the terms of office for Mr. Roberts, Ms. Hilgendorf and himself had expired on August 22, 2014. However, based on the by-laws, the Directors could serve until their successors had been elected, and a Shareholders Meeting would need to be scheduled to elect or appoint Directors to fill the positions. Enterprise President Dr. Pagel was directed to call a Shareholders Meeting to take place prior to the next Board of Directors Meeting.

IV. Approval of Minutes from Meeting of June 10, 2014

On a motion by Mr. Kapko, seconded by Ms. Hilgendorf, the Board of Directors voted 6-0-1 to approve the minutes of the meeting of June 10, 2014 as amended.

Members Voting Yes: Ms. Hilgendorf, Mr. Cline, Mr. Kapko, Mr. Roberts, Dr. Harris and Mr. Yokoyama
Members Voting No: None
Members Absent: Mr. Parkin

V. Update on Swap Meet Operations

Dr. Pagel reported that Orange Coast College was moving along with the CEQA process. He indicated that the City of Costa Mesa had expressed concern with traffic on Adams with the Swap Meet operations and the Recycling Center, and our desire to grow the Recycling Center from 8 to 45 parking spaces. Dr. Pagel indicated that at the last Board of Trustees Meeting Dudek had been authorized to conduct an additional traffic study, to review the Conditional Use Permit that Enterprise has with the City of Costa Mesa, to ensure we are in compliance. Dr. Pagel indicated that this last year there had been a lot of construction on the campus and he acknowledged Doug Bennett and the team for their work with the vendors during this time. He reported that overall the Swap Meet was running very well. New software systems were being looked at, including Booth Tracker, the system that Golden West Swap Meet is currently using, however, at this point in time they were not ready to make a proposal to change the software.

Ms. Houlihan reported Golden West Swap Meet operations were running smoothly, with a compliance officer making sure there were no counterfeit items being sold. She indicated that a lotto was held the second Sunday of each month for vendor spaces. Construction on the Public Safety Building that would incorporate swap meet restrooms and a storage facility was anticipated to start in spring. Ms. Houlihan indicated that this would impact some food vendors who would need to be moved to other locations, and the main entrance to the campus off Goldenwest would also be going through some construction affecting traffic flow of the Swap Meet.

VI. Report on and Ratification of Staff Board Deliverables per Master Agreement Requirements Section 8, 10, 11, 13, 20, 22 and 28
IX. Report and Ratification of 2014-2015 Budget

Ms. Thompson provided an overview of the Fourth Quarter Financial Statements that included a Statement of Net Assets, a Statement of Revenue and Expenses (showing the deliverables per the Master Agreement), Ratification/Approval of PO's and Ratification of Checks. Ms. Thompson responded to questions regarding Benefits, Contributions, Cash Balances and Telephone/Utilities. Ms. Thompson pointed out that the account numbers were now included for the Checks and PO's, along with a legend to the Master Agreement. Mr. Cline clarified that this was the Year-End Statement and that an audit was currently underway. It was also noted that there was a requirement to make a formal report to the Board of Trustees once the Enterprise Directors had accepted it as the year-end statement, subject to the audit.

On a motion by Mr. Cline, seconded by Mr. Kapko, the Board of Directors voted 6-0-1 to accept the Year-End Statement approved by the Board for presentation to the Shareholders and then, subject to the audit by VLS of this financial statement, for presentation to the Board of Trustees in compliance with the Master Agreement.

Members Voting Yes: Ms. Hilgendorf, Mr. Cline, Mr. Kapko, Mr. Roberts, Dr. Harris and Mr. Yokoyama
Members Voting No: None
Members Absent: Mr. Parkin

After review of the Tentative Annual Budget, on a motion by Mr. Kapko, seconded by Ms. Hilgendorf, the Board of Directors voted 6-0-1 to approve the budget as presented.

Members Voting Yes: Ms. Hilgendorf, Mr. Cline, Mr. Kapko, Mr. Roberts, Dr. Harris and Mr. Yokoyama
Members Voting No: None
Members Absent: Mr. Parkin

VII. Report on and Ratification of Enterprise Director and Officer Liability Insurance Umbrella Coverage for FY 2014-2015

Dr. Pagel reported that the insurance had been placed with the parameters that were approved at the last meeting, increasing coverage to \$5 million and adding a second layer for a total of \$10 million.

On a motion by Ms. Hilgendorf, seconded by Mr. Yokoyama, the Board of Directors voted 6-0-1 to ratify the adoption of the insurance as presented.

Members Voting Yes: Ms. Hilgendorf, Mr. Cline, Mr. Kapko, Mr. Roberts, Dr. Harris, and Mr. Yokoyama
Members Voting No: None
Members Absent: Mr. Parkin

VIII. Report and Ratification of Tax Review Engagement by Vicenti, Lloyd and Stutzman, LLP

The Board of Directors reviewed the contract with Vicenti, Lloyd and Stutzman for additional services to review Enterprise tax returns paid over the past several years. Dr. Pagel indicated he had authorized this work to take place over the summer and the contract was being brought forward for ratification by the Board of Directors. The total cost for this service was estimated to be \$8,000 - 9,000.

On a motion by Mr. Yokoyama, seconded by Ms. Hilgendorf, the Board of Directors voted 6-0-1 to ratify the Tax Review Engagement and Agreement for Consulting Services as presented, with the addition of the date on the first page of the Agreement.

Members Voting Yes: Ms. Hilgendorf, Mr. Cline, Mr. Kapko, Mr. Roberts, Dr. Harris, and Mr. Yokoyama
Members Voting No: None
Members Absent: Mr. Parkin

IX. Report and Ratification of 2014-2015 Budget

This item was heard earlier in the meeting.

X. Reports

a. Facilities Update

Ms. Houlihan reported that Golden West was working on their CEQA documents and EIR. They had held one community forum to date and planned to continue with the process including traffic studies. She indicated that the expansion of 1800 units by Bella Terra may cause an impact, however, she was not aware of anything at the present time. Ms. Houlihan

added that they are moving forward with the swap meet restrooms, and working on the entrance to create a better traffic flow for students and swap meet shoppers. She added that it was the team's goal to minimize the effects of construction.

Dr. Pagel reported that currently the Orange Coast swap meet was in compliance with the Health Department with the hot water source close to the food truck vendors, however, the facility was temporary. They had hired architects and received bids that were close to \$750,000, much more than budgeted. Based on this, modular structures were considered and they received a bid of \$250,000 plus \$100,000 for site improvements (sewer, gas and electric). This was approved by the Board of Trustees in July 2014 and they were now working with the architects and modular company on a set of documents. It was felt these were a much better option, would allow flexibility and could be moved in the future if needed. This project was being funded by the District and campus, and the Enterprise would rent them back from the campus.

b. Financial Statement Standardization and VLS Assistance

Ms. Thompson reported that Ms. Henton of VLS had made a recommendation to standardize the financials, using either a direct charge or allocation method. Because of the year-end closing and audits, they had been unable to meet with the Directors at the campuses to review the methods and determine which to use. Ms. Thompson indicated that this information would be available to report at the next Directors' Meeting in December.

c. Revenue Enhancement Strategies

i. Rate Increase

Dr. Pagel indicated by April of next year the restroom project would be completed and that appeared to be the best time to consider communicating a rate increase to the vendors, with the increase going into effect in September. He added that both swap meets would take an increase at the same time. Mr. Cline indicated that it would be prudent to raise rates the sooner the better.

Dr. Pagel indicated he could provide a summary of other swap meets' rates at the November meeting.

ii. Solar (Photo Voltaic) Opportunity at Golden West College

Ms. Houlihan reported she had conversations with Southland Industries regarding thermal storage as well as photo voltaic, and had shared the information with some of the Directors and VLS. The cost would be \$3-4 million and the Enterprise cash balance could be used but they would need to partner with the District on the financing aspect. She and Dr. Pagel indicated they would bring more information back if the Board would like to pursue further.

iii. Preferred Parking

Ms. Houlihan indicated that when they do the construction at the Golden West College main entrance, it may create better methodology for instituting preferred parking. The project was estimated to be completed at the end of spring and they could implement preferred parking for fall.

d. Manager Job Description Review

Dr. Pagel gave an overview of initial discussions with District Human Resources regarding the manager job description. He added that they would have to also go through CDMA review. Dr. Pagel indicated he would like to keep this item on the agenda for updates.

XI. Authorization to Form an Audit Committee of the Board of Directors (Per Coast Community College District Board Policy and Administrative Procedures 3600)

On a motion by Mr. Yokoyama, seconded by Mr. Roberts the Board of Directors voted to form an Audit Committee consisting of the existing Board of Directors, as appointed by the Shareholders, to be held either before or after regular board meetings.

Members Voting Yes: Ms. Hilgendorf, Mr. Cline, Mr. Kapko, Mr. Roberts, Dr. Harris, and Mr. Yokoyama
Members Voting No: None
Members Absent: Mr. Parkin

XII. Future Agenda Items

- a. Solar (Photo Voltaic)
- b. Election of Officers
- c. Shareholders Meeting Update
- d. Manager Job Description
- e. Conference with Legal Counsel: Potential Litigation

XIII. Adjourn

There being no further business to discuss, on a motion by Ms. Hilgendorf, seconded by Mr. Yokoyama, the Board of Directors voted 6-0-1 to adjourn the meeting at 1:14 p.m.

Members Voting Yes: Ms. Hilgendorf, Mr. Cline, Mr. Kapko, Mr. Roberts, Dr. Harris, and Mr. Yokoyama
Members Voting No: None
Members Absent: Mr. Parkin


Julie Frazier-Mathews, Secretary of the Enterprise