



Coast Community College District Enterprise, Inc.

BOARD OF DIRECTORS REGULAR MEETING

Tuesday, December 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 12:00 p.m.

II. Roll Call

Present

Mr. David Cline, Ms. Jane Hilgendorf, Mr. Susumu Yokoyama, Dr. Andrew Jones, Mr. Rick Kapko, and Mr. Ray Roberts. Mr. Tanner Kelly joined the meeting at 12:10 p.m.

Absent

None.

In Attendance

Dr. Jack P. Lipton, Dr. Richard Pagel, Ms. Janet Houlihan, Ms. Daniela Thompson, Ms. Julie Frazier-Mathews, Mr. Bill Kerwin, Mr. Doug Bennett, Mr. Paul Wisner, Ms. Rachel Kubik, and Mr. Jerry Patterson.

III. Introduction and Induction of New Director, Mr. Rick Kapko

Chairman Cline advised that Trustee Patterson would be sitting in for Trustee Moreno. The Board of Directors held brief introductions to welcome their newest member, Mr. Rick Kapko.

IV. Opportunity for Public Comment

None.

V. Approval of Minutes from Meeting of September 10, 2013

On a motion by Ms. Hilgendorf, seconded by Mr. Yokoyama, the Board of Directors voted 6-0 to approve the Minutes of September 10, 2013.

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

VI. Update on Swap Meet Operations

a) Orange Coast College:

Dr. Pagel provided a brief update on swap meet operations at Orange Coast College.

b) Golden West College:

Ms. Houlihan provided a brief update on swap meet operations at Golden West College and explained that they had recently contracted out cleanup.

c) Review of the September 30, 2013 Financial Statements:

Ms. Thompson provided an overview of the September 30, 2013 Financial Statements and advised that both sites were on target, with combined net revenues of \$388,585. She further informed the Board of Directors that the Audit had been completed and that there were no findings.

Mr. Kapko requested that information be presented quarterly and Dr. Pagel agreed and further offered to provide the information as percentage that reflects variance.

Agenda item # X Reports, Section b) *Progress of Accounts Consolidation* was discussed at this time.

Ms. Houlihan shared that the Officers of the Enterprise Corporation were working very hard toward merging the account structure so that both colleges were using the same system.

Chairman Cline explained that the swap meets emerged and developed independently and were then brought together under the Enterprise Corporation. He further shared that the efforts to harmonize the chart of accounts had been in progress for the last year and a half.

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

The Board of Directors reviewed the duties of the Enterprise Corporation and used this document as a reference to review the Statement of Revenue and Expenses for the period ending September 30, 2013.

Ms. Thompson provided a line by line explanation of the Statement of Revenue and Expenses and described how each related to the Enterprise Master Agreement.

General Counsel asked for clarification regarding the expenses categorized under Section 21 and Section 22 of the Master Agreement. Ms. Houlihan provided an explanation and Mr. Cline advised that in the future, the lines "Salaries and Benefits" would reference Section 22 of the Master Agreement rather than referencing Section 21.

General Counsel further questioned line items referencing Section 20 and the Board discussed the intent of Section 20 of the Master Agreement. Dr. Lipton advised having a separate Agenda item for each section of the contract.

The Board of Directors discussed their preferences for providing the financial statements. Trustee Patterson suggested making the financial statements more transparent to members of the public and Ms. Houlihan offered to add a legend at the bottom of the financial statements that referenced the Master Agreement.

Mr. Cline summarized that the document would start with the Directive 20 "Enterprise Expenditures" with all various expenditures/sections, indexed and pulled out of the financial statements as separate line items.

The Board of Directors and Officers continued their discussion of the financial statement with the goal of achieving complete transparency. Mr. Cline proposed that he lead a subcommittee to determine the best way of achieving this goal without making the process unduly burdensome.

Ms. Houlihan stated that she would work with Ms. Frazier-Mathews to schedule a meeting date in January 2014 for the subcommittee to meet and discuss in depth the line items that make up the Statement of Revenue and Expenses, in January 2014. Mr. Kapko volunteered to be part of the subcommittee.

Mr. Cline advised that Agenda item #8 Report on Ratification of Staff Board Deliverables per Master Agreement Requirements Sections 8, 10, 11, 13, 22, and 28 be postponed and brought back for discussion at the March 11, 2014 Meeting of the Enterprise Board of Directors.

On a motion by Mr. Cline, seconded by Mr. Kapko, the Board of Directors voted 7-0 to postpone Agenda item #8 Report on Ratification of Staff Board Deliverables per Master Agreement Requirements Sections 8, 10, 11, 13, 22, and 28 to be brought back for discussion at the March 11, 2014 Meeting of the Enterprise Board of Directors after review by a subcommittee consisting of Mr. Cline, Mr. Kapko, and others interested.

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

After some discussion Mr. Kelly proposed a motion to have General Counsel review the Master Agreement and present suggested Amendments at the next meeting of the Enterprise Board of Directors. This motion did not receive a second.

After further discussion Mr. Kelly made a motion, seconded by Dr. Jones, to create a subcommittee consisting of Chairman Cline, Dr. Lipton, Ms. Houlihan, and Dr. Pagel to review the Master Agreement.

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

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

Mr. Kerwin provided a verbal analysis of the Enterprise Director and Officer (D&O) Liability Insurance Coverage for FY 2013-2014. Concluding his presentation he advised that, due to a lack of history indicating the need for additional coverage, the minimal risk, and current scope of coverage, the current D&O insurance was more than sufficient.

Mr. Kerwin additionally provided an overview of General Operations Liability Insurance Coverage for FY 2013-2014 and concluded that, due to a lack of frequency, lack of claims, and lack of severity, the current General Operation Insurance coverage was also more than adequate.

Mr. Kerwin agreed to:

1. Research the availability of a \$10 million dollar umbrella policy for D&O insurance.
2. Clarify whether the District's General Liability Policy within the State Wide Association of Community Colleges (SWACC) Memorandum extends protections to the Enterprise and the Enterprise Board. If this is the case, Mr. Kerwin advised that the need for a \$10 million dollar umbrella policy would be negated by the extent of coverage provided.
3. Investigate the options for increasing excess coverage from the current \$500,000 to something in the millions, to allow for two layers of insurance that could only be triggered by exceeding the first layer.

Ms. Houlihan asked how the Foundation Board was covered and Mr. Kerwin indicated that it was done similarly.

Mr. Kerwin offered to prepare a document with the agreed upon information. Mr. Cline indicated that this information would then be shared at the next meeting of the Enterprise Board of Directors.

IX. Discussion Regarding a New Outside Auditor for the Enterprise Corporation

Chairman Cline shared that the Enterprise Board of Directors had been dissatisfied with the work of Vasquez & Company LLP and would like to investigate the options for a new outside Auditor.

Mr. Kelly asked for clarification regarding the source of dissatisfaction. Mr. Cline shared that the first instance was regarding an attempt to obtain an opinion regarding whether the Enterprise Corporation should be disbanded. For over a year the Officers worked with Vasquez to obtain an opinion and were unable to receive a clear answer, at great expense to the organization, Vasquez brought in a second contractor who rendered an opinion that was contrary to the recommendation provided by Vasquez. The second issue related to the reallocation of Enterprise funds to Measure M. There was a possibility that the funds were not appropriately distributed to the various Foundations that funded Measure M. The recommendations provided by Vasquez were determined to be dangerous and undoable.

Dr. Pagel added that the District was currently interviewing various Auditors and would come to a conclusion in early 2014.

Ms. Frazier-Mathews offered to provide the Board of Directors with copies of the reports provided to the Board of Trustees by the three interviewing firms.

This item would return to the Meeting of March 11, 2014.

X. Reports

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

Ms. Houlihan provided a brief overview and suggested that this item be added to the Agenda of items discussed by the subcommittee in January of 2014.

b) Progress of Accounts Consolidation:

This item was discussed during Agenda item #8 Report and Ratification of Staff Board Deliverables Per Master Agreements Sections 8,10,11,13,22 and 28.

c) Revenue Enhancement Strategies:

Ms. Houlihan shared that the Enterprise Corporation was still exploring the possibility of preferred parking. She further shared that at the March 11, 2014 Meeting of the Enterprise Board of Directors, she would provide a report on the possibility of holding a food fair.

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

Dr. Pagel provided a brief update on the restroom project and the new math/business and computing building. He also provided an overview of future projects including: the Recycling Center 2014, Solar Field Project 2015, and possibly Student Housing 2015.

e) Closure of Orange Coast College Swap Meet for Bowl College Series Visiting Team (Weekend January 4-5, 2014):

Mr. Bennett explained that the Orange College swap meet would be closed January 4-5 to allow for the rental of the Orange Coast College Football field to Florida State. Dr. Pagel added that the rental provided Orange Coast College with \$80,000.

XI. Presentation of Study Results on Alternate Management Strategies for the Enterprise Corporation

Ms. Houlihan provided an update on the investigation of alternate management strategies. She shared that the study focused on six colleges for review. According to Ms. Houlihan, Santa Fe Springs was operated independently, Cypress and Los Angeles City were contracted out, Los Angeles Harbor operated in house, Ontario did not want to participate in the survey, and Antelope Valley could not be reached. She further shared that the hope was to reach out to the swap meet Association and ask them to conduct the study. Ms. Houlihan shared that Dr. Jones had asked her and Dr. Pagel to discuss with the College Presidents the impact of operating the swap meets. Chancellor Jones summarized that one of the concerns previously stated was that the time of the Officers who run the Enterprise Corporation was more valuable to the institution. Dr. Jones shared some of the options for continuing to operate internally. One was to either hire employees to focus on the operation and management of the swap meets, or create a hybrid that would be partially outsourced and partially internal. Dr. Jones recommended that the swap meets continue to operate as they had and provide a specific recommendation at the March 11, 2014 Meeting of the Enterprise Board of Directors.

XII. Future Meeting Dates

On a motion by Mr. Cline, seconded by Ms. Hilgendorf, the Board of Directors voted 7-0 to approve the following meeting dates for Calendar Year 2014:

March 11, 2014	Regular Meeting
June 10, 2014	Regular Meeting
September 9, 2014	Regular Meeting
December 9, 2014	Regular Meeting

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

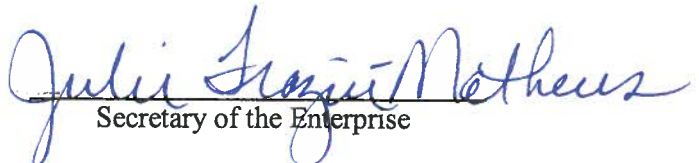
XII. Future Agenda Items

- a) Update on Swap Meet Operations (Review of Financial Statements)
- b) Report on Ratification of Staff Board Deliverables per Master Agreement
- c) Ratification of Enterprise Operations Director and Officer Liability Insurance Coverage for FY 2013-2014
- d) Discussion and Update on a New Outside Auditor for the Enterprise Corporation
- e) Recommendation on Alternate Management Strategies for the Enterprise Corporation

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, Mr. Kapko and Mr. Roberts
Members Voting No:	None
Members Absent:	None


Secretary of the Enterprise