



Coast Community College District Enterprise, Inc.

BOARD OF DIRECTORS REGULAR MEETING

July 14, 2015 at 12 noon

BOARD OFFICE CONFERENCE ROOM

1370 Adams Ave., Costa Mesa, CA 92626

MINUTES

I. Call to Order

The meeting was called to order at 12:03 p.m.

II. Roll Call

Present:

Mr. David Cline, Mr. Rick Kapko, Mr. Jim McIlwain and Mr. Raymond Roberts

Absent:

Ms. Jane Hilgendorf, Interim Chancellor Gene Farrell and Student Trustee Quentin Cronk

In Attendance:

Trustee Lorraine Prinsky, Dr. Andy Dunn, Dr. Richard Pagel, Ms. Janet Houlihan, Ms. Letitia Clark, Dr. Jack Lipton, Ms. Rachel Snell, Mr. Doug Bennett, Mr. Bill Kerwin, and Ms. Julie Frazier-Mathews

III. Opportunity for Public Comment

There were no requests to address the Enterprise Board.

IV. Approval of Minutes from Meeting of April 8, 2015

On a motion by Mr. McIlwain, seconded by Mr. Roberts, the Board of Directors voted 4-0-3 to approve the minutes of the meeting of April 8, 2015 as amended.

Members Voting Yes: Mr. David Cline, Mr. Rick Kapko, Mr. Jim McIlwain and Mr. Raymond Roberts

Members Voting No: None

Members Absent: Ms. Hilgendorf, Mr. Farrell and Mr. Cronk

V. Update on Swap Meet Operations

Dr. Pagel reported that Orange Coast Swap Meet sales were up and all was going well. The Orange Coast College Rest Room building had been completed and was in use. He noted that there would be some retirements coming up this year in the Swap Meet operation that would give an opportunity to review the operations structure, and distributed a proposed reorganization that would create a new

position, Director of Social Enterprise. Dr. Pagel explained that this position would work Thursday – Monday and would oversee the Enterprise, Facility Rental, Community Education, Reprographics, the Mailroom and Recycling Center. He indicated they would need approximately \$41,000 of additional Enterprise funds for this new position that would significantly improve management oversight, and would provide coverage for the campus especially over the weekends. He recognized Doug Bennett and Mike Canet for the great job they currently do for the Enterprise. Dr. Pagel indicated he would like to be able start the recruitment so that they are prepared when the retirements come through later in the year. Currently, the position was being worked on by District Human Resources and the job description and reorganizational opportunities were being reviewed.

Ms. Janet Houlihan reported that things were moving along at Golden West, indicating they had experienced some challenges with construction of the Public Safety Building and had run into a few unforeseen conditions that had impacted the Swap Meet. She indicated that Candy Lundell had been doing a great job working with the construction team to move the food vendors and assessing the situation to make sure it was safe, and would continue to work through any issues. The project's completion date was now October 2015, and the main entrance project should be completed prior to the start of school. She shared a concern from some vendors who were seeing a decrease in sales due to the issues with the parking lot capacity, and indicated she had been meeting with the team trying to review the impact. She also noted that Saddleback Community College was now holding a monthly Swap Meet.

VI. Review of Financial Statement as of March 31, 2015

Ms. Daniela Thompson reported that the swap meets were doing really well with the assets of the Enterprise at \$2.5 million for 3rd Quarter 2014, and a \$432,183 net profit up to this quarter. She indicated that income was slightly decreased from prior year but it was approximately 5 1/2 % higher than the current budget. Expenses were slightly higher at this point but Ms. Thompson indicated these would come down as there were a lot of the expenses occurring now; at year end it was anticipated the net profit for the year would be \$30,000, which is roughly what was budgeted. A question was raised as to whether there would be an impact because of the solar panels. Dr. Pagel responded that they were looking at a possible fee increase and might expect to see three years down the road shrinking of a footprint so we would need to watch this and work with the campus. He indicated a new facility on the west side of the stadium was being looked at that would impact some of the swap meet operations, plus the college was growing with the opportunity to add more buildings, and this could affect the future of the Orange Coast's swap meet. He added that if the District and college decided to go with housing in the future that would also impact swap meet operations. Dr. Pagel indicated that running the Enterprise in-house gave the Enterprise the ability to work with the campus closely and allow for flexibility, citing the example of the new Math, Business and Computing building and how they have been working with the facilities people on relocating the vendors temporarily.

On a motion by Mr. Kapko, seconded by Mr. Roberts, the Board of Directors voted 4-0-3 to accept the financial statement for submission to the District in compliance with reporting requirements.

Members Voting Yes:	Mr. David Cline, Mr. Rick Kapko, Mr. Jim McIlwain and Mr. Raymond Roberts
Members Voting No:	None
Members Absent:	Ms. Hilgendorf, Mr. Farrell and Mr. Cronk

**VII. Report and Ratification of Staff Board Deliverables per Master Agreement Requirements
Sections 8,10,11,13,20,22 and 28**

Ms. Thompson pointed out that on Page 2 of the Financial Statement, under "Statement of Revenue and Expenses" the deliverables were indicated in the categories. The General Expenses of the Enterprise (#13 and #20) were noted, with a legend on the last page. #28 was the Enterprise's use of the District facility; currently the total was \$215,000 which was on budget. For the annual budget it would be \$287,000. The next item was the Parking Spaces (#10), the budget at year end would be \$2 million which was on target. Management Oversight Fees #8 was slightly behind budget but percentage-wise was close. The Trademark License, #11, was slightly ahead of schedule. She explained that one campus tracks this quarterly and the other campus tracks monthly.

On a motion by Mr. Roberts, seconded by Mr. McIlwain, the Board of Directors voted 4-0-3 to ratify these Staff Board Deliverables per Master Agreement Requirements.

Members Voting Yes:	Mr. David Cline, Mr. Rick Kapko, Mr. Jim McIlwain and Mr. Raymond Roberts
Members Voting No:	None
Members Absent:	Ms. Hilgendorf, Mr. Farrell and Mr. Cronk

VIII. Report and Adoption of 2015-2016 Budget

The tentative 2015-2016 budget was reviewed. It was noted that this did not include the proposed rental fee increase that had been discussed and therefore revenues could be adjusted upward. Dr. Pagel indicated they would bring that back at the next meeting with a recommendation for a fee increase. Ms. Thompson indicated she would also provide clarification that the Directors and Officers Liability Insurance was combined with the Property Liability Insurance.

On a motion by Mr. McIlwain, seconded by Mr. Roberts, the Board of Directors voted 4-0-3 to adopt the tentative annual budget as presented.

Members Voting Yes:	Mr. David Cline, Mr. Rick Kapko, Mr. Jim McIlwain and Mr. Raymond Roberts
Members Voting No:	None
Members Absent:	Ms. Hilgendorf, Mr. Farrell and Mr. Cronk

IX. Report and Acceptance of CCCD Enterprise, Inc. Director and Officer Liability Insurance Umbrella Coverage for FY 2015-2016

Mr. Kerwin provided information on Directors and Officers Coverage, Excess Directors and Officers Coverage, Swap Meet General Liability and Swap Meet Excess Liability. For the upcoming policy year for the first layer of Director and Officer Coverage continuing with AXIS insurance, the cost was \$5 million, \$10,000 deductible with a premium of \$16,225. This was approximately a \$2,200 increase over last year's quoted premium due to an increase in the corporation's assets which was currently under review by Janet Houlihan and there was a possibility this could be revised with more accurate figures. The second layer of coverage for Directors and Officers was excess and continuing with Chubb for \$5 million. The premium decreased in this policy period by \$400, for a total premium for \$10 million of \$25,625.

The second item was Swap Meet General Liability, with the first carrier Burlington providing the first layer of swap meet coverage for vendors for Enterprise and the District with a \$2,000,000 limit and \$2,500 deductible. The premium had increased approximately \$450 without any loss experience. For the Excess Liability we had left Scottsdale because of cost and secured coverage with Rockhill for \$5 million second level, for a premium of \$9,014. Total premium of \$45,413. The total premium for the Directors and Officers Coverage and Swap Meet Excess Liability was \$71,038.

On a motion by Mr. Kapko, seconded by Mr. McIlwain, the Board of Directors voted 4-0-3 to accept the insurance report covering Directors and Officers, General Liability, and Excess Liability as presented.

Members Voting Yes: Mr. David Cline, Mr. Rick Kapko, Mr. Jim McIlwain and Mr. Raymond Roberts

Members Voting No: None

Members Absent: Ms. Hilgendorf, Mr. Farrell and Mr. Cronk

XII. Reports

a. Facilities Update

Ms. Houlihan reported that in addition to Campus Safety and the Main Entrance to the campus the College Master Plan calls for a Math/Science building directly adjacent off the Goldenwest parking lot that would have an impact on the swap meet. She added that they were doing some marquis replacement and this would also impact the swap meet at the corner of Edinger and Goldenwest. They were in the process of working with a potential contractor. Also on the other side of campus, the 1800 apartment units next to Bella Terra were filling in and guests were using the free parking at the campus on weekends, impacting swap meet shoppers, and these challenges were being addressed.

Dr. Pagel reported that they would be making a presentation to the Board tomorrow regarding the CEQA process and revised 2020 plan. They were removing the OCC Village from this current plan and also added they had withdrawn the parking structure plan at this time. They had also done a historical structure report on campus and were following the CEQA process with that. The Math Business and Computing building was due to open up for the fall semester for classes, plus there were solar panel and electricity projects. The Recycling Center project would impact the swap meet as far as traffic.

b. Manager Job Description was discussed earlier in the meeting.

c. Winter 2015 Fee Increase January 1, 2016.

Dr. Pagel indicated he would have more information at the next meeting.

d. State of California – Secretary of State Statement of Information

Dr. Pagel reported the report had been filed in May and that we were in good standing.

It was noted that the Master Agreement would expire on June 30, 2016 and this should be discussed at the next meeting.

XIV. Recess to Closed Session

Conducted in accordance with applicable sections of California law. Closed Sessions are not open to the public.

The Board of Directors recessed to Closed Session to discuss the following:

- a. Public Employment Discipline/Dismissal/Release
(Pursuant to *Government Code* Section 54957)
- b. Conference with Legal Counsel: Anticipated Litigation
(Significant exposure to litigation pursuant to *Government Code* Section 54956.9(d)(2))

Two cases, including slip and fall at Golden West College Swap Meet and potential vendor claims at Orange Coast College Swap Meet

XV. Reconvene to Open Session

The Board of Directors reconvened to Open Session at 1:30 p.m.

XVI. Report of Action in Closed Session

There was no action reported from Closed Session.

XVII. Future Agenda Items

Dates for the next Enterprise meetings are October 13, 2015 and January 12, 2016.

- a. Audit and Officer Evaluations
- b. Input to District on Master Agreement Negotiations (Expiration June 2016)

XVIII. Adjourn

On a motion by Mr. Kapko, seconded by Mr. Roberts, the Board of Directors voted 4-0-3 to adjourn the meeting at 1:45 p.m.

Members Voting Yes: Mr. David Cline, Mr. Rick Kapko, Mr. Jim McIlwain and Mr. Raymond Roberts

Members Voting No: None

Members Absent: Ms. Hilgendorf, Mr. Farrell and Mr. Cronk


Secretary of the Enterprise

