



Coast Community College District Enterprise, Inc.

BOARD OF DIRECTORS REGULAR MEETING

October 13, 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 12:00 p.m.

II. Roll Call

Present:

Mr. David Cline, Mr. Rick Kapko, Mr. Jim McIlwain, Ms. Jane Hilgendorf, Mr. Raymond Roberts, Interim Chancellor Gene Farrell and Student Trustee Quentin Cronk

Absent:

None

In Attendance:

Trustee Lorraine Prinsky, Dr. Andy Dunn, Dr. Richard Pagel, Ms. Janet Houlihan, Dr. Jack Lipton, Ms. Rachel Snell, Mr. Doug Bennett, 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 July 14, 2015

On a motion by Mr. McIlwain, seconded by Mr. Roberts, the Board of Directors voted to approve the minutes of the meeting of July 14, 2015.

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

Members Voting No: None

Members Absent: None

V. Report on Shareholders Meeting

As there was not a quorum, the Shareholder Meeting would need to be re-scheduled. In the meantime, Mr. Cline clarified that the Enterprise by-laws allowed the current Board to continue until there was a resignation or reappointment by the Shareholders.

VI. Audit Committee Report and Discussion (Per Coast Community College District Board Policy and Administrative Procedures 3600)

Mr. Cline clarified that the Audit Committee consisted of the entire Board of Directors of the Enterprise Corporation and this meeting complied with Board Policy 3600. Ms. Tina Henton from Vicente Lloyd and Stutzman joined the meeting by phone to give a report on the 2014-2015 Financial Audit. She reported that last year they did get everything worked out with some additional procedures that the Board had requested them to review and this had been completed. It was determined that there was an amount owed between the two campuses and that was reflected in last year's report. The adjustments that were made to last year's report were the amounts that were needed to true-up balances related to the tax information. Ms. Henton reported there were no findings and no management letter issued. This year field work had been completed and reviewed and the Enterprise was good as far as the balances go. She added that this information would be provided to Mr. Tim Evans to complete the task work for 2014-2015 to get it finalized.

Ms. Henton concluded by indicating that the timeline for Fall 2014 was to have a draft by the beginning of November, to present final results to the Board at next Board meeting.

VII. Update on Swap Meet Operations

Orange Coast College – Dr. Pagel reported they were in the process of hiring a new Director of College and Community Services to have oversight over Swap Meet operations plus additional duties of community education, reprographics area, mailroom, and facilities rentals, to work Thursday – Monday to allow for additional oversight over the weekend, starting the first of the year. He noted that Mr. Mike Canet had announced he would be retiring after 43 years, and Dr. Pagel hoped he would stay on for a while longer to help the new Director get settled. Dr. Pagel indicated the solar project would start in October; it would be challenging for the swap meet during their busy season before the holidays and they would have to work with the construction team to make sure swap meet vendors and operations were protected and treated fairly. Some vendors would need to be relocated but they did not anticipate this would have an impact on revenue. Dr. Pagel added that this project would be completed by spring and by June next year the solar panel grid would be up and operational and that is when the campus would hit the peak energy season. They would have a Conditional Use Permit that they would need to work with the City of Costa Mesa on because of the construction. There was a designated footprint for the swap meet in the Conditional Use Permit so they would have to relocate the spaces they were losing and get permission from the City. He added that they might be able to move people by the Horticulture Center and there was also a dirt lot that could be used for parking.

Golden West College – Ms. Houlihan reported that the project for the Public Safety building and the main entrance had some challenges, they had to close off a road, resulting in approximately a \$30,000 loss. She indicated that they did not have the ability to switch the vendors to other locations. Also they had to shut down about 90 parking spaces for a weekend, and had to use a dirt lot for parking. This project was somewhat small but there were impacts. Ms. Houlihan indicated that they were trying to identify potential issues with the Math/Science building. If they had to move vendors, the affected vendors were given discounts in an attempt to accommodate their concerns and work with them. It was a huge coordinated effort and they had not lost any vendors.

The projected rains were discussed. Dr. Pagel indicated that the swap meets run rain or shine, but heavy rains would affect shoppers.

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

Mr. Cline indicates these requirements were set out in the Master Agreement, showing how funds were reported and distributed back to the District. The Fourth Quarter Financial Statements for FY 2014-2015 were reviewed; Statement of Net Assets, Statement of Revenue and Expenses showed a net revenue of \$8,784. The District had raised the fees they were charging the swap meets as far as facility rental rates and also there had been an increase in the amount they were paying the Foundation and these were driving the profits down.

On a motion by Ms. Hilgendorf, seconded by Mr. Roberts, the Board of Directors voted to ratify the expenditures and obligations under the Master Agreement and present them to the District in compliance with the Master Agreement at the November 18th Board Meeting.

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| Members Voting Yes: | Mr. Cline, Mr. Kapko, Mr. McIlwain, Ms. Hilgendorf, Mr. Roberts, and Mr. Farrell |
| Members Voting No: | None |
| Members Absent: | None |

IX. Report and Ratification of 2015-2016 Budget

Dr. Pagel reported both swap meets were running about the same as far as revenue was concerned with expenses about the same: \$1.3 million in operating expenses, total expenses about \$3.1 million. He indicated there would be some upcoming challenges with construction and changes in staff, and that this did not reflect a possible increase in vendor fees that was being considered. He added that there needed to be a discussion about timing of a fee increase in light of the disruption to vendors with the OCC solar project and other projects. Mr. Cline noted that \$2 million in parking space fees goes to the District plus a management oversight fee of at 1 ½% goes to the District Foundation, stressing that the swap meets are feeding substantial amounts that create an additional cash source for the District. Dr. Pagel added that these funds are a major part of income for the colleges that is put into General Funds and reallocated to the campuses.

On a motion by Mr. McIlwain, seconded by Ms. Hilgendorf, the Board of Directors voted to ratify the budget as presented.

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| Members Voting Yes: | Mr. Cline, Mr. Kapko, Mr. McIlwain, Ms. Hilgendorf, Mr. Roberts, and Mr. Farrell |
| Members Voting No: | None |
| Members Absent: | None |

X. Reports

- a. Vision 2020 Rev. 1 (GWC and OCC Facilities Maps)**
- b. Facilities Update – College Construction Projects**

Dr. Pagel reported that over the summer both revised master plans had been adopted by the Board, and that they had finished up the CEQA processes. Golden West College had gone through to certification. Orange Coast College was getting ready to finish up on November 2nd.

The Planetarium and Recycling center were the next major OCC projects. Dr. Pagel indicated that the Recycling Center would provide a safer entrance, alleviate traffic, increase spaces, and benefit the swap

meet. Golden West had finished the CEQA process, registered with the County, and would be moving forward. Ms. Houlihan indicated that the construction on the Criminal Justice Center would have an impact on how we bring vendors in for the swap meet and they would be working closely on construction to mitigate sound issues for local residents.

c. Rate Increase Discussion

Discussion took place regarding a possible vendor rate increase. Dr. Pagel indicated that he and Ms. Houlihan had initially discussed having a rate increase in January, as it has been over 5 years since the last increase, however, now felt that they should probably wait until at least April to notify the vendors, for the increase to go into effect July 1, 2016. They would like the increase to go into effect for both swap meets at the same time. It was agreed that the new Director of College and Community Services at Orange Coast College should do an analysis of swap meets/charges and bring a recommendation to the Enterprise Board at a future meeting before a final decision is made.

d. OCC Director of College and Community Services – New Position

Dr. Pagel expressed his excitement about getting this position on board, as it would give the Enterprise more support. He explained it would hopefully start in December and General Funds/Enterprise Funds would fund the position.

e. Extension of Master Agreement

Dr. Pagel indicated he would like to go into negotiations with the District to continue the agreement, review any needed changes, and bring this back in Spring as the Master Agreement would expire in June 2016. Dr. Lipton expressed that there were some provisions in the agreement that may need to be re-worked. Dr. Pagel indicated he would meet with Dr. Dunn to review the agreement and that this would be placed on the next meeting agenda.


XI. Future Agenda Items

The next meeting was scheduled for January 12, 2016. Suggested items of business were the rate increase, extension of master agreement, shareholder meeting and director appointments.

XII. Adjournment

On a motion by Mr. Roberts, seconded by Mr. Kapko, the Board of Directors voted to adjourn the meeting at 1:10 p.m.

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| Members Voting Yes: | Mr. Cline, Mr. Kapko, Mr. McIlwain, Ms. Hilgendorf, Mr. Roberts, and Mr. Farrell |
| Members Voting No: | None |
| Members Absent: | None |


Secretary of the Enterprise