



Coast Community College District Enterprise, Inc.

BOARD OF DIRECTORS REGULAR MEETING

January 18, 2018 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:

Regina Blankenhorn, David Cline, Sharon Donoff, Richard Kapko, Student Trustee Javier Venegas and Chancellor John Weispfenning

Absent:

Richard Armendariz

In Attendance:

Jane Burton, Julia Clevenger, Dr. Jack Lipton, Rachel Kubik, Candy Lundell, Trustee Jim Moreno, Dr. Richard Pagel, Fred Rocha, Dr. Andreea Serban, Dana Swart and Paul Wisner

III. Opportunity for Public Comment

There were no requests to address the Enterprise Board.

IV. Approval of Minutes from Regular Meeting of October 12, 2017

On a motion by Ms. Donoff, seconded by Student Trustee Venegas, the Board of Directors voted to approve the minutes of the Regular Meeting of August 17, 2017.

Members Voting Yes: Mr. Cline, Ms. Donoff, Mr. Kapko, Student Trustee Venegas and
Chancellor Weispfenning

Members Voting No: None

Members Abstaining: Ms. Blankenhorn

Members Absent: Mr. Armendariz

V. Swap Meet Operations/Construction Update

a. Orange Coast College: Report provided by Julia Clevenger

- The annual vendor meeting was held the prior weekend and was well attended. Topics included a summary of past year's activities, advertising assistance, staff introductions and a

question and answer session. New Swap Meet Manager Ruben Barriga was introduced to vendors.

- Construction of the Aquatic Center was delayed and anticipated to begin in the fourth quarter of 2018. Completion of construction was estimated to be approximately 2 years.
- A meeting would be held in the summer to advise vendors of the impact of the Aquatic Center, which includes the elimination of approximately 120 spaces. Efforts were underway to move vendors from affected spaces. Additional spaces would not be added in order to remain within the allowable footprint of the site. It may be necessary to amend the conditional use permit with the City of Costa Mesa to expand selling space and parking in the future.
- The loss of approximately 8% of vendor spaces was anticipated to impact revenue proportionately.
- Overall Swap Meet operations were running smooth. Forty four thousand shoppers attended the Swap Meet in December. Attendance continued to surpass the neighboring Orange County Marketplace held at the fairgrounds.

b. Golden West College: Report provided by Candy Lundell

- The second Sunday of the month a lottery was conducted to assign spaces for the upcoming month. Spaces were allocated through February.
- Construction of the Student Services and Math & Science buildings would not affect Swap Meet operations. Criminal Justice Center construction fencing would impact shopper parking.
- Recently departed, key vendors had been replaced and shopper traffic remained constant.
- Vendor space pricing was reviewed and reported to be comparable with market rates.
- The Secret Shopper program continued to be successful in identifying areas in need of improvement and resulted in increased compliance from vendors. No illegal activity had been reported, and the frequency of inspections would be reduced to bi-monthly. This action represented a proactive measure providing legal protection for the corporation. The April 12, 2018 meeting would include a stand-alone item to provide a more detailed report on practices and processes of the Secret Shopper program and the possibility of action for public record.

VI. Financial Reports (Combined for GWC and OCC), and Report and Ratification of Staff Board Deliverables per Master Agreement Requirements Sections 8, 10, 11, 13, 20, 22 and 28

It was requested at the October 12, 2017 meeting to reconcile the master agreement with the Board policy and the financial statements. The policy and agreement were in line with regard to fees that the Enterprise paid to the District for the use of the facility. The financial statements would be revised to reference “facilities fee” in lieu of “rent”.

Daniela Thompson’s resignation was formalized at the October 12, 2017 meeting, and Dana Swart was welcomed as the newly appointed Enterprise CFO.

For the period ending September 30, 2017 there was \$1.8 million in total revenue and \$1.7 million in expenses, resulting in \$122,965 net revenue for both campuses. Current year income compared to last year had decreased 4.75%. Income was 22.24% higher than current budgeted income. Expenses were 4.38% higher than last year and 14.66% higher than the current budget. The cash balance was \$1,450,474. Salaries were anticipated to be higher in the second quarter.

Deliverables: Management oversight fees paid to the District of \$23,556; property license fees were \$519,128; trademark licenses \$15,000; use of District employees (salaries and benefits) \$740,793; use

of District facilities \$86,950, with a reimbursement to the District for other expenses \$1,385,427. The total reimbursement to the District was \$1,723,229.

Discussion ensued for clarification of the usage guidelines and fees for parking spaces at each college identified in section 10. A decrease in the future number of available spaces was predicted. A future business model modification might be considered to balance anticipated income with revenue relative to market demand and the economic environment. Current advertising efforts included social media, college websites and print media. The April 12, 2018 meeting would include an agenda item to further explore advertising.

Dr. Lipton noted fees discrepancies between pages 3, 5, 9 and 10 of the financial report. Mr. Swart clarified that it was due to the timing of generation of purchase orders relative to the check register. Additionally, budget projections had not been annualized to reflect seasonal changes. It was noted that the line item "bank deficit" on page 5 of the financial report would be changed to "bank fees". Mr. Swart would meet with campus Finance Directors to rectify the reports and postpone Board ratification to April. The District would be advised that accounting was being reviewed and updated, and the quarterly expense and revenue statement would be coming forward later in the year.

On a motion by Mr. Cline, seconded by Mr. Kapko, the Board of Directors voted to transmit a status report to the Board of Trustees in lieu of a quarterly report advising that the information was under review for better transparency and would be forthcoming after the April Enterprise Board meeting.

Members Voting Yes:	Mr. Cline, Ms. Donoff, Mr. Kapko, Ms. Blankenhorn, Student Trustee Venegas and Chancellor Weispfenning
Members Voting No:	None
Members Absent:	Mr. Armendariz

VII. Discussion and Action Regarding External Audit Reports

a. Acceptance of CliftonLarsonAllen, LLP

Dr. Pagel reported that CliftonLarsonAllen was formed by the merger of Vicenti, Lloyd & Stutzman in 2017. The Enterprise and the District had both currently and historically utilized the same auditor.

b. Review and Approval of the 2016-2017 Audit Report

The audited financial report was not available for review and was moved to the April 12, 2018 meeting agenda.

c. Authorization to use CliftonLarsonAllen, LLP for the 2017-2018 Audit

Dr. Pagel indicated that past performance and service from Vicenti, Lloyd & Stutzman had been satisfactory and should be anticipated to continue following the merger to CliftonLarsonAllen.

On a motion by Mr. Cline, seconded by Mr. Kapko, the Board of Directors voted to approve CliftonLarsonAllen to continue as the financial auditor for 2017-2018, and to provide the Board of directors the opportunity to form an Audit Committee for the subsequent year.

Members Voting Yes:	Mr. Cline, Ms. Donoff, Mr. Kapko, Ms. Blankenhorn, Student Trustee Venegas and Chancellor Weispfenning
Members Voting No:	None
Members Absent:	Mr. Armendariz

VIII. Update on Proposition 51

Dr. Pagel reported that the Golden West College Language Arts Building project was included in the Governor's 2018-2019 preliminary budget proposal. It was one of only five projects approved statewide.

IX. Future Agenda Items

- a. Advertising
- b. Operations Compliance
- c. Audited Financial Reports
- d. Conditional Use Permits

X. Future Meeting Dates

- a. April 12, 2018
- b. July 12, 2018
- c. October 11, 2018

XI. Adjourn

On a motion by Ms. Donoff, seconded by Ms. Blankenhorn, the Board of Directors voted to adjourn the meeting at 1:22 p.m.

Members Voting Yes:	Mr. Cline, Ms. Donoff, Mr. Kapko, Ms. Blankenhorn, Student Trustee Venegas and Chancellor Weispfenning
Members Voting No:	None
Members Absent:	Mr. Armendariz



Secretary of the Enterprise