



Coast Community College District Enterprise, Inc.

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## **BOARD OF DIRECTORS REGULAR MEETING**

**April 12, 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:**

Richard Armendariz, Regina Blankenhorn, David Cline, Javier Venegas

**Absent:**

Sharon Donoff, Richard Kapko and Dr. John Weispfenning

**In Attendance:**

Trustee Jim Moreno, Julia Clevenger, Janet Houlihan, Rachel Kubik, Dr. Jack Lipton, Miles Nevin, Dr. Richard Pagel, Rachel Snell, Paul Wisner and Jane Burton

#### **III. Opportunity for Public Comment**

There were no requests to address the Enterprise Board.

#### **IV. Approval of Minutes from Regular Meeting of January 18, 2018**

On a motion by Student Trustee Venegas, seconded by Ms. Blankenhorn, the Board of Directors voted to approve the minutes of the Regular Meeting of January 18, 2018 as corrected.

Dr. Jack Lipton noted that Trustee Moreno was not a voting member, and as such, his name should be removed from the voting results.

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

## **V. Swap Meet Operations/Construction Update**

### **a. Orange Coast College: Report provided by Julia Clevenger**

- Fencing plans for upcoming construction were in progress. Bursars Office temporary fencing was to be installed June through August.
- Spring attendance was up, averaging approximately 8,000 attendees on Saturdays and 12,000 attendees on Sundays. Additional staff would be on hand in the summer to increase the accuracy of counts. Annual attendance to date was 605,000 attendees since July 1, 2017.
- The OC Fair Marketplace changed ownership and held a grand reopening on March 31, 2017. Vendor and attendee demographic of the OC Fair Marketplace differed and did not impact the OCC Swap Meet.

### **b. Golden West College: Report provided by Janet Houlihan**

- The Math Science Building construction project was completed and disruption to sellers was kept to a minimum.
- Future Language Arts Complex construction plans were reviewed to minimize disruption to Swap Meet operations.
- Attendance had averaged between 12,000-15,000 visitors per weekend.
- Parking remained the most significant challenge to the event. Consideration was given to adding meters to select spaces near the Swap Meet for weekend use/enforcement to provide a priority parking option to visitors. A cost/benefit analysis of metered parking would be forthcoming.
- Golden West Swap Meet had been named #1 Swap Meet in Orange County for the third consecutive year by the OC Weekly.
- Warnings and penalties had been implemented to encourage vendors to clean and vacate their spaces promptly at the conclusion of the event. Dr. Lipton noted that the vendor contract should be amended to incorporate language to address the penalty.
- Future solar panels would be considered to enhance energy efficiency of the site.

## **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, and Discussion of Accounting Methodologies**

President Houlihan and CFO Dana Swart summarized modifications to the reporting structure made in response to feedback for added consistency clarity.

For the period ending December 31, 2017 there was \$1.8 million in total assets and \$1.2 million in total liabilities, resulting in \$600,393 total equity for both campuses. Total revenue was in line with budget at \$3.2 million. Total expenses were \$3.2 million, also in line with budget projection. Net revenue was \$28,168.

Deliverables: management oversight fees paid to the District \$49,058; property license fees \$1,038,984; trademark licenses \$30,000; use of District employees (salaries and benefits) \$1,531,030; use of District facilities \$173,900; reimbursement to the District for other expenses \$2,822,972. The total reimbursement to the District was \$3,248,271.

Purchase Orders issued totaled \$9,414 of additional encumbrances. Checks for both colleges totaled \$1.2 million.

On a motion by Mr. Armendariz, seconded by Student Trustee Venegas, the Board of Directors voted to ratify the financial statements as presented.

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

## **VII. Review and Approval of the 2016-2017 Audited Financial Report**

Tina Henton of CliftonLarsonAllen LLP summarized the recent corporate transition from Vicenti, Lloyd & Stutzman and presented the 2016-2017 Audited Financial Report. Ms. Henton briefly reviewed the elements of the cover letter and report, comprising the balance sheet as of June 30, 2017 and the related statements of income and retained earnings and cash flows for the fiscal year, and related notes to the financial statements. There were no findings or areas of concern to report, thus no management letter was issued. Dr. Lipton requested that the annual tax returns be presented to the Board of Directors and noted the outstanding matter relative to the tax status of the District Foundation.

On a motion by Ms. Blankenhorn, seconded by Mr. Armendariz, the Board of Directors voted to accept and approve the 2016-2017 Audited Financial Report as presented.

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

On a motion by Mr. Armendariz, seconded by Ms. Blankenhorn, the Board of Directors voted to forward the 2016-2017 Audited Financial Report as presented to the Board of Trustees and submit to the State Chancellor's Office as required by Section 19 of the Master Agreement.

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

On a motion by Ms. Blankenhorn, seconded by Mr. Cline, the Board of Directors voted to have the audited tax returns be presented to the Board of Directors for review and approval each time they are generated.

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

## **VIII. Discussion and Directive to Staff for Action Necessary to Comply with AP 3600**

President Houlihan reported that pursuant to AP 3600 an annual report is required to be submitted to the Board of Directors that shall include: all financial statements required to be filed with the California Community Colleges Chancellor's Office, a comparison of budgeted and actual expenditures including prior year audited actuals, a description of major accomplishments of the organization, a description of improvements proposed for operation of the organization, a description of programs and associated budgets for current and/or future fiscal year, a description of funds derived from indirect cost payments and the uses of such funds and assessment of good standing. She requested the Board's support to work with Chair Cline to develop the report for the Board of Trustees. Director of Internal Audit Rachel Snell provided the Self-Review Check List, which was identified as a self-reporting mechanism to be included with the annual reports to the Board of Trustees for three years, culminating with a full external audit on the final year. Internal Audit would be providing assistance to the Auxiliary Organizations with compliance.

President Houlihan, Vice President Pagel, Chair Cline, Dr. Lipton and Ms. Snell agreed to meet and review the requirements to ensure compliance with AP 3600 and provide the Board of Directors and the Board of Trustees with necessary information in May.

On a motion by Ms. Blankenhorn, seconded by Mr. Cline, the Board of Directors voted to authorize the Chairman of the Board to work with Enterprise staff to develop the annual report and arrange to have it submitted to the Chancellor and the Board of Trustees.

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

## **IX. Report on Swap Meet Advertising**

Julia Clevenger reported that Orange Coast College advertising efforts included ads placed on the back cover of the Community Education catalog, radio spots, magazine display ads and coupons in Hispanic publications. President Houlihan reported that Golden West College also advertised on the back cover of the Community Education catalog and had been conservative with advertising efforts in order not to exceed available parking. Social media advertising efforts would be increased to include Instagram.

## **X. Secret Shopper Program Update**

Julia Clevenger reported that 90% of non-compliant vendors at Orange Coast College were daily vendors who were asked to remove non-compliant items or leave. Monthly vendors were given written warnings, with a three-strike policy resulting in removal. President Houlihan noted that Golden West College employed the same compliance procedures and that it had been challenging to provide adequate training for secret shoppers.

## **XI. Update on Orange Coast College's Conditional Use Permit**

Vice President Pagel reported that operations were anticipated to remain within the footprint of the existing permit with the City of Costa Mesa, thus no change would be necessary.

**XII. Future Agenda Items**

- a. AP 3600 compliance
- b. Appointment of new officers

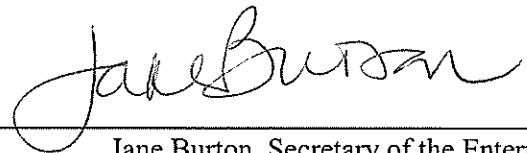
**XIII. Meeting Dates**

- a. July 12, 2018
- b. October 11, 2018
- c. January 10, 2019

**XIV. Adjournment**

On a motion by Mr. Cline, seconded by Student Trustee Venegas, the Board of Directors voted to adjourn the meeting at 1:45 p.m.

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



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Jane Burton, Secretary of the Enterprise