



Coast Community College District Enterprise, Inc.

BOARD OF DIRECTORS REGULAR MEETING

**January 10, 2019 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:

David Cline, Richard Armendariz, Regina Blankenhorn, Laura Reichelt, Richard Kapko, Amber Gil, and Dr. John Weispfenning

Absent:

None

In Attendance:

Trustee David Grant, Janet Houlihan, Julia Clevenger, Dana Swart, Rachel Kubik, Rachel Snell, Dr. Rich Pagel, Jane Burton, Tina Henton, and Dr. Jack Lipton.

III. Opportunity for Public Comment

There were no requests to address the Enterprise Board.

IV. Approval of Minutes from Regular Meeting of October 11, 2018

On a motion by Ms. Blankenhorn, seconded by Mr. Kapko, the Board of Directors voted to approve the minutes of the Regular Meeting of October 11, 2018.

Members Voting Yes: Ms. Blankenhorn, Mr. Cline, Ms. Reichelt, Mr. Kapko, and Dr. Weispfenning

Members Voting No: None

Members Abstaining: Mr. Armendariz and Ms. Gil

Members Absent: None

V. Report on the Annual Shareholders Meeting

Dr. Pagel provided a brief report on the Annual Shareholders Meeting of November 27, 2018, indicating that the shareholders had received an update on the operations at both swap-meets, and had voted unanimously to appoint Laura Reichelt to the Board of Directors for a two-year term, taking the seat of Sharon Donoff who had not sought reappointment.

Mr. Cline welcomed Ms. Reichelt to the Board.

VI. Election of Chair and Vice Chair of the Enterprise Board of Directors

On a motion by Mr. Cline, seconded by Mr. Kapko, the Board of Directors elected Richard Armendariz to serve as Chair of the Enterprise Board of Directors.

Members Voting Yes:	Ms. Blankenhorn, Mr. Cline, Ms. Reichelt, Mr. Kapko, Mr. Armendariz, Ms. Gil, and Dr. Weispfenning
Members Voting No:	None
Members Abstaining:	None
Members Absent:	None

On a motion by Ms. Blankenhorn, seconded by Mr. Cline, the Board of Directors elected Rick Kapko to serve as Vice Chair of the Enterprise Board of Directors.

Members Voting Yes:	Ms. Blankenhorn, Mr. Cline, Ms. Reichelt, Mr. Kapko, Mr. Armendariz, Ms. Gil, and Dr. Weispfenning
Members Voting No:	None
Members Abstaining:	None
Members Absent:	None

Dr. Pagel presented Mr. Cline with a certificate of thanks for his years serving as Chair on the Enterprise Board. It was proposed that consideration be given to these positions being rotational going forward.

VII. Swap Meet Operations/Construction Update

- a. **Orange Coast College:** Report provided by Julia Clevenger. She noted things were going as well as they could with construction projects, and that they had good rapport with Moss and C. W. Driver. The Kinesiology and Aquatics project had started and the fence line had been moved into the swap meet footprint; some vendors had been moved but things had gone smoothly on the whole.
- b. **Golden West College:** Report provided by Janet Houlihan. She noted things were going well. The Math/Science building was going up and they would need to do some parking lot improvements. They had seen a large increase in shoppers over winter break, and had opened for two additional days. Some vendors had expressed interest in a Friday evening event in the summer so they would start looking at the marketing of that event. Ms. Houlihan reported that monthly vendors had increased.

Dr. Pagel noted that Friday evenings looked like they could work, there just hadn't been enough time to get this into place over the holidays. This could go outside of the Conditional Use Permit that OCC has with the City of Costa Mesa; they are currently allowed a certain number of sporadic days the campus could hold such an event. They may need to go back to the City if this became viable and turned into regularly scheduled events. They were also adding music, such as mariachi groups, sporadically as this had been well received in the past. He added that they were at this point just trying to get things settled with the huge amount of construction currently taking place on campus.

VIII. 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

Mr. Dana Swart provided an overview of the financial statements for the three months ending September 30, 2018. He noted we had a healthy cash balance of \$1.5 million with total assets of \$1.7 million and total liabilities of \$994,883 most of which was payable to the District. First quarter sales of \$1,608 million, total revenue of \$1,612 million. Mr. Swart indicated he had revised this report to

closely mirror the Master Agreement; Master Agreement expenses were expenses paid to the District for management oversight, parking space rent, trademark license, salaries, benefits and facility rental for a total of \$1.3 million. Other expenses paid directly to vendors was \$176,000, for total expenses of \$1,5 million and total revenue of \$82,000. Mr. Swart was complimented on the new format of the report.

Ms. Houlihan reported that they had started working on combining reporting of expenses of both swap-meets, with the hope that this would be completed by July 1st.

Dr. Pagel pointed out a loss for Orange Coast College for \$1,223 but indicated they anticipated breaking even or making a little money. The Deliverables, purchase orders and checks were reviewed; Mr. Swart noted that at this time of the year a lot of purchase orders had been generated causing the numbers to be high, but these would decrease (OCC PO's \$256,308 and GWC PO's \$1,4298,614; OCC's checks \$873,833 and GWC \$323,556).

On a motion by Ms. Blankenhorn, seconded by Mr. Cline, the Board voted to ratify the financials as presented.

Members Voting Yes:	Ms. Blankenhorn, Mr. Cline, Ms. Reichelt, Mr. Kapko, Mr. Armendariz, Ms. Gil, and Dr. Weispfenning
Members Voting No:	None
Members Abstaining:	None
Members Absent:	None

IX. Review, Discussion and Possible Action Regarding External Auditor's Financial Statements

Ms. Tina Henton from CliftonLarsonAllen provided a review of the almost-final draft of the external audit report. The external auditor's report was presented, rendering CLA's opinion on the financial statements. She noted that they had rendered an unmodified opinion. The financial statements included information on the two swap-meets combined and individual campus activity. She pointed out a change in operating income for last year showing a loss due to the work done on the GWC parking lot, with a modest income this year of \$25,815. Ms. Henton commented that the Enterprise was slightly impacted by the effects of the new tax law, however, because we did not have a large income, there were no taxes to pay. The only adjustment this year was related to booking the tax revisions; there was no uncorrected items or management letter. Ms. Henton commented that the tax returns had already been prepared and this report should be finalized the following week.

Dr. Pagel commented that CLS was currently doing a review of AP 3600 which includes the Enterprise being in good standing, and noted he would present this to the Board of Trustees in March in addition to the External Audit report.

On a motion by Chancellor Weispfenning, seconded by Ms. Reichelt, the Board voted to approve the External Auditor's Financial Statements subject to minor finalization, and for them to be submitted to the Board of Trustees and State Chancellor's Office.

Members Voting Yes:	Ms. Blankenhorn, Mr. Cline, Ms. Reichelt, Mr. Kapko, Mr. Armendariz, Ms. Gil, and Dr. Weispfenning
Members Voting No:	None
Members Abstaining:	None
Members Absent:	None

X. Review, Discussion and Possible Action Regarding Code of Ethics/Conflict of Interest Disclosure for the Enterprise Board of Directors

The Enterprise Corporation's Ethics and Operating Values statement and the actions needed by the Board of Directors to re-affirm compliance were reviewed.

On a motion by Mr. Kapko, seconded by Mr. Cline, the Board voted to affirm that the Directors had not engaged in a conflict of interest (in compliance with Section 34 of the Master Agreement) during this past fiscal year, and would continue to abide by the requirement not to have a conflict of interest in the future.

Members Voting Yes:	Ms. Blankenhorn, Mr. Cline, Ms. Reichelt, Mr. Kapko, Mr. Armendariz, Ms. Gil, and Dr. Weispfenning
Members Voting No:	None
Members Abstaining:	None
Members Absent:	None

XI. Review, Discussion and Possible Action Regarding Compensation for Executive Officers/Treasurer

Dr. Pagel distributed job descriptions for the President, Vice President, Chief Financial Officer and Secretary that were created in March 2015 and are part of the Enterprise By-laws and Master Agreement. He indicated that the issue of compensation was being reviewed by the Vice Chancellor of Human Resources, Dr. Marco Baeza, and added that the District was currently undergoing a complete job analysis for all positions. He indicated that these Enterprise job descriptions fell outside of current job titles, and took away from normal job duties. It was noted by Chancellor Weispfenning that there were different ways that compensation could be provided. Dr. Pagel indicated that this was purely a report to the Board and any progress would be reported back to a future meeting. The Board indicated they were looking forward to seeing some recommendations and options.

XII. Establishment of Sub-Committee to Review By-Laws and Master Agreement

Dr. Pagel commented that the By-Laws and Master Agreement had not been reviewed for approximately five years and that a review was timely. He recommended that the four officers establish a sub-committee, to include Dr. Lipton, and return any proposed revisions to the Enterprise Board of Directors at the April meeting.

XIII. Future Agenda Items

- a. Compensation for Executive Officers and Treasurer
- b. Rotation of Officers
- c. Closed Session item

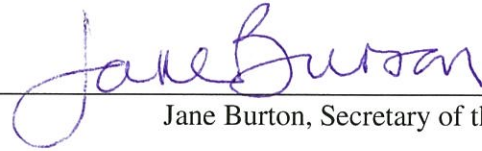
XIV. Meeting Dates

- a. April 11, 2019
- b. July 2019

XV. Adjournment

On a motion by Mr. Kapko, seconded by Mr. Cline, the Board of Directors voted to adjourn the meeting at 1:15 p.m.

Members Voting Yes:	Ms. Blankenhorn, Mr. Cline, Ms. Reichelt, Mr. Kapko, Mr. Armendariz, Ms. Gil, and Dr. Weispfenning
Members Voting No:	None
Members Abstaining:	None
Members Absent:	None



Jane Burton, Secretary of the Enterprise

