



Coast Community College District Enterprise, Inc.

BOARD OF DIRECTORS REGULAR MEETING

November 14, 2019 at 12:00pm

Board Office Conference Room

1370 Adams Ave., Costa Mesa, CA 92626

MINUTES

1. Call to Order

The meeting was called to order at 12:00 p.m.

2. Roll Call

Present:

David Cline, Richard Armendariz, Spencer Finkbeiner, and Dr. John Weispfenning

Absent:

Regina Blankenhorn, Richard Kapko and Laura Reichelt

In Attendance:

Trustee David Grant, Janet Houlihan, Dr. Rich Pagel, Paul Wisner, Dana Swart, Rachel Snell, Jane Burton, Candy Lundell, Julia Clevenger and Dr. Jack Lipton.

3. Opportunity for Public Comment

There were no requests to address the Enterprise Board.

4. Approval of Minutes from Regular Meeting of July 25, 2019

On a motion by Mr. Cline, seconded by Dr. Weispfenning, the Board of Directors voted to approve the minutes of the Regular Meeting of July 25, 2019.

Motion carried with the following vote:

Ayes: Mr. Cline, Mr. Armendariz, Mr. Finkbeiner, and Dr. Weispfenning

Nos: None

Abstain: None

Absent: Ms. Blankenhorn, Mr. Kapko and Ms. Reichelt

5. Report on the Annual Shareholders Meeting of September 5, 2019

President Pagel reported that two Board Members were reappointed at the Annual Shareholders Meeting; Regina Blankenhorn and Richard Kapko, who would serve through September 30, 2021. Shareholders were updated on the progress of revisions to the Master Agreement and Bylaws. The impact of construction at the campuses and the reevaluation of short-term employees was considered with regard to future planning.

6. Report, Discussion, and Possible Action Regarding External Auditor's Financial Statements for year end 2018/2019

Tina Henton, Principal of CliftonLarsonAllen summarized the Enterprise Corporation's final audit report for the year ended June 2019. There was a new reporting standard implemented that year that did not impact the Enterprise Corporation. The accounting estimates were correct, and there were no findings or issues to disclose. The only anomaly reported was a refund from the IRS due to Orange Coast College. Financial statements were reviewed and reported to have an "unmodified opinion", meaning amounts were fairly stated with appropriate disclosures, and accounting was performed in accordance with accepted principles.

President Pagel noted that this was the final year CliftonLarsonAllen would serve the Enterprise Corporation as a new external auditor had been engaged for the upcoming year.

On a motion by Mr. Cline, seconded by Mr. Finkbeiner, the Board of Directors voted to accept the audited financial statements for the fiscal years ended June 30, 2018 and 2019.

Motion carried with the following vote:

Ayes: Mr. Cline, Mr. Armendariz, Mr. Finkbeiner, and Dr. Weispfenning

Nos: None

Abstain: None

Absent: Ms. Blankenhorn, Mr. Kapko and Ms. Reichelt

7. Swap Meet Operations/Construction Update

Orange Coast College

- Construction impacts on swap meet operations necessitated a vendor fee increase, which would be deferred until summer of 2020.
- Housing facilities posed new challenges for student ingress and egress during swap meet hours that would be investigated in 2020.
- A fee reduction to the college of approximately \$100,000 was being considered to offset projected revenue losses resulting from construction impact.

Golden West College

- The Math and Science construction project adjacent to the swap meet was completed.
- The Language Arts construction project was scheduled to begin in summer of 2020.
- A recent power outage on a Saturday necessitated closure of the swap meet on Sunday, resulting in a \$25,000 revenue loss. A claim had been filed with Southern California Edison to recover the loss.
- The vendor fee increase initially scheduled for January was being deferred until summer of 2020.
- New Park automated parking software, allowing patrons to purchase preferred parking via smart phone application, was being explored as a means to generate additional revenue.

8. Review, Discussion and Possible Action regarding Increase in Vendor Fees for the 2019/2020 year

President Pagel reported that the fee increase of \$5 for all vendor spaces at both campuses would be implemented in summer of 2020. Additional information would be brought to the Board at the next meeting relative to the fiscal impact, as well as a comparison of operations costs at the Cypress College swap meet. The last vendor fee increase had been in 2009.

9. 2019-2020 Budget and Financial Reports, and Report and Ratification of Staff Board Deliverables per Master Agreement Requirements Sections 8, 10, 11, 13, 20, and 28

Mr. Dana Swart provided an overview of the financial statements for the year ended June 30, 2019. He noted a combined cash balance of \$1,324,137 with total assets of \$1,559,895 and total liabilities of \$895,907. Total revenue was \$6,276,560. 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 \$5,653,381. Other expenses paid directly to vendors were \$621,931, for total expenses of \$6,275,312. Net revenue was \$1,248. Purchase Orders and Checks were reviewed. Mr. Swart noted that the financial statements provided by CliftonLarsonAllen reflected a difference of timing and tax reporting from his fourth quarter statement.

On a motion by Mr. Cline, seconded by Mr. Finkbeiner, the Board voted to ratify purchase orders and checks and to accept the financials as presented.

Motion carried with the following vote:

Ayes:	Mr. Cline, Mr. Armendariz, Mr. Finkbeiner, and Dr. Weispfenning
Nos:	None
Abstain:	None
Absent:	Ms. Blankenhorn, Mr. Kapko and Ms. Reichelt

Mr. Swart presented the 2019/2020 budget and reviewed year-to-date activity. The model for expenditures was changed to the assessment model for both colleges, and both were operating in parallel with consistent financial representation.

On a motion by Mr. Cline, seconded by Mr. Finkbeiner, the Board voted to accept the 2019/2020 budget as presented, which reflected Orange Coast College and Golden West College using the same accounting methodology.

Motion carried with the following vote:

Ayes:	Mr. Cline, Mr. Armendariz, Mr. Finkbeiner, and Dr. Weispfenning
Nos:	None
Abstain:	None
Absent:	Ms. Blankenhorn, Mr. Kapko and Ms. Reichelt

10. Review, Discussion and Possible Action regarding Job Descriptions and Compensation for Officers of the Enterprise, Inc.

President Pagel reported that a subcommittee consisting of Regina Blankenhorn, David Cline and Rick Kapko met and their recommendation would be presented for discussion at a future meeting.

On a motion by Mr. Finkbeiner, seconded by Mr. Cline, the Board voted to agendize the review, discussion and possible action regarding job descriptions and compensation for officers of the Enterprise Corporation at the January 23, 2020 meeting.

Motion carried with the following vote:

Ayes:	Mr. Cline, Mr. Armendariz, Mr. Finkbeiner, and Dr. Weispfenning
Nos:	None
Abstain:	None
Absent:	Ms. Blankenhorn, Mr. Kapko and Ms. Reichelt

11. Review, Discussion and Possible Action Regarding Bylaws, Master Agreement and Articles of Incorporation

President Pagel presented a summary of revisions to the Bylaws and Master Agreement. The anticipated increase in costs and salaries necessitated additional review of the Master Agreement. The Bylaws reflected updates to job duties and Board member terms. He recommended bringing subsequent revisions back to the Board of Directors Meeting in January. The Master Agreement remained in effect until June 30, 2021 with the review process running ahead of schedule.

12. Review, Discussion, and Possible Action regarding Appointing Crowe LLP Accounting Firm for the 2019/2020 External Financial Audit and Preparation of Tax Returns

President Pagel reported that the Coast Community College District Board of Trustees accepted Crowe LLP as the District's external auditor at their November 6, 2020 meeting. He noted that historically the Enterprise Corporation had used the same auditor as the District to leverage cost savings. He recommended continuing the practice by engaging Crowe LLP to conduct the audit in 2020 and prepare tax returns. An introductory meeting would be scheduled with them in January.

On a motion by Dr. Weispfenning, seconded by Mr. Finkbeiner, the Board voted to appoint Crowe LLP as the Enterprise Corporation's external auditor to prepare 2020 audited financial statements and tax returns under a separate contract apart from the District.

Motion carried with the following vote:

Ayes:	Mr. Cline, Mr. Armendariz, Mr. Finkbeiner, and Dr. Weispfenning
Nos:	None
Abstain:	None
Absent:	Ms. Blankenhorn, Mr. Kapko and Ms. Reichelt

13. Recess to Closed Session

Conducted in accordance with applicable sections of California law. Closed Sessions are not open to the public. The Board recessed to discuss the following:

Conference with Legal Counsel: Existing Litigation

Pursuant to sub-section "d-1" of Government Code Section 54956.9

Ofilia Llamas vs. Laura Adrade et al., Orange County Superior Court Case No. 30-2018-01009138

Frida Robertson vs. Mario Vargas et al., Orange County Superior Court Case No. 30-2019-01076976

14. Report of Action in Closed Session

Secretary of the Enterprise, Jane Burton, reported the following action from closed session:

On a motion by Mr. Finkbeiner, seconded by Dr. Weispfenning, the Board voted to approve the settlement agreement with Ofilia Lamas.

Motion carried with the following vote:

Ayes:	Mr. Cline, Mr. Armendariz, Mr. Finkbeiner, and Dr. Weispfenning
Nos:	None
Abstain:	None
Absent:	Ms. Blankenhorn, Mr. Kapko and Ms. Reichelt

15. Future Agenda Items

Vendor fees
Compensation of officers
Insurance indemnification conflict in vendor contracts
External auditor agreement
Participation in the Huntington Beach 4th of July Parade

16. Meeting Dates

January 23, 2020

17. Adjournment

On a motion by Mr. Finkbeiner, seconded by Mr. Cline, the Board of Directors voted to adjourn the meeting at 1:33 p.m.

Motion carried with the following vote:

Ayes:	Mr. Cline, Mr. Armendariz, Mr. Finkbeiner, and Dr. Weispfenning
Nos:	None
Abstain:	None
Absent:	Ms. Blankenhorn, Mr. Kapko and Ms. Reichelt



Jane Burton, Secretary of the Enterprise

