

**MISSION-WEST VALLEY LAND CORPORATION  
BOARD OF DIRECTORS**

(It is noted that all members of the Board of Trustees of the West Valley-Mission Community College District are members of this Board and all or a majority of the Trustees may be in attendance at this meeting)

**AMENDED AGENDA**

**NOTICE OF REGULAR MEETING**

**March 18, 2014**

**5:00 p.m.**

Board Room  
West Valley College  
Saratoga, California

- 1. Call to order/Roll Call**
- 2. Approval of the order of the agenda**
- 3. Oral communications from the public on items not listed elsewhere on the agenda**
- 4. Approval of the minutes of the meeting of February 18, 2014**
- 5. Officers' Report**

This item may include a report on matters not noticed elsewhere on the agenda. The report may include information regarding the status of the Land Corporation's ground tenants, construction and/or the general business of the Land Corporation.

- 6. Review, consideration and possible action to accept the Statement of Revenues, Expenditures and Net Assets of the Land Corporation as of February 28, 2014**

This item may include review, consideration and possible action to accept the Statement of Revenues, Expenditures and Net Assets of the Land Corporation as of February 28, 2014.

- ~~**7. Directors and Officers Liability Coverage**~~

~~This item may include review, consideration and possible action to provide Directors and Officers liability coverage for Land Corporation Directors.~~

**8. Discussion of Land Corporation Allocation of Funds Policy**

This item may include review, consideration and possible action to amend the Land Corporation Allocation of Funds Policy.

**9. Director's Reports**

**10. Adjournment**

**MISSION-WEST VALLEY LAND CORPORATION**

Board of Directors

Regular Meeting

Minutes

February 18, 2014

A regular meeting of the Board of Directors of the Mission-West Valley Land Corporation was called to order by President Walsh at 4:30 p.m. in the Campus Center, Room 219, Mission College, Santa Clara CA

**Directors present:** Heimlich, Lucas, Owens, Polk, Walsh, Watanabe, and Grey (arrived 4:47)

Ex-Officio's Davis, Maduli, Peck and Schmitt

**Directors absent:**

**Others present:** McFarland, Moore, Perlberger, Sandretto, Schelcher

**1. Call to order/Roll Call**

**2. Approval of the order of the agenda**

There was a motion by Heimlich, seconded by Owens, to "approve the order of the agenda as presented." The motion carried unanimously (6-0, with Grey absent and not voting).

**3. Oral communications from the public on items not listed elsewhere on the agenda**

None.

**4. Approval of the minutes of the meeting of November 19, 2013**

There was a motion by Owens, seconded by Heimlich, to "approve the minutes as presented." The motion carried unanimously (6-0, with Grey absent and not voting).

**5. Approval of the minutes of the meeting of December 10, 2013**

There was a motion by Polk, seconded by Heimlich, to "approve the minutes as presented." The motion carried unanimously (6-0, with Grey absent and not voting).

**6. Officers' Report**

Mr. Maduli reported that the Land Corporation tax return had been filed. He also reported that various administrative agreements related to the Land Corporation are in order and will be acted upon later in the meeting. Additionally, bank statements for the Land Corporation have been updated to reflect the District's address instead of the consultants address, and the Accountant will update signature authority cards.

**7. Closed Session and possible direction to negotiators**

Conference with Real Property Negotiators (Government Code Section 54956.8) Property: 2811-2821 Mission College Blvd., leased to Sobrato Development Companies and successors in interest SI 27, LLC, a California Limited Liability Company, and SI 29, LLC, a California Limited Liability Company and further subleased to other entities and located on Mission College Blvd., Santa Clara, CA, concerning issues related to a request from our tenant to consider an adjustment to the valuation schedule under the sub-ground leases.

Negotiators: Mark Perlberger and Alan Gennis

Negotiating Parties: Sobrato Development Companies, SI 27, LLC, and SI 29, LLC, and the Land Corporation

**8. Report of action taken in Closed Session**

The negotiators received direction.

**9. Possible action to amend the current fiscal year budget to transfer the FY 12/13 amount of \$429,609 to the Endowment Fund/Advancement Foundation**

Mr. Maduli reported that two things must take place before the transfer from the Land Corporation to the Endowment Fund/Advancement Foundation can take place: 1) the Advancement Foundation audit must be completed and available for the Land Corporation Directors, and 2) a report by the Advancement Foundation must be provided. The audit has been provided and members of the Advancement Foundation were in attendance to provide the report.

Ms. Cindy Schelcher, Dean of Advancement; Mr. Bill McFarland, Advancement Foundation Treasurer; and Mr. Dave Sandretto, Advancement Foundation President, provided an update on the activities of the Advancement Foundation, including the number of scholarships provided; audit highlights; investment activities; and investment strategies, which include increasing holdings while minimizing risks. Mr. Sandretto reported that the Advancement Foundation will

solicit a Request for Proposals for investment management, which he hopes will be completed by June 2014. Mr. Heimlich asked that the Advancement Foundation provide to the Land Corporation Board an email update on its current investments and investment policy, and then provide regular updates as changes are made to the investments. Mr. Walsh expressed his appreciation of the professionalism and commitment of the Advancement Foundation Board, especially since it is comprised of volunteers.

There was a motion by Lucas, seconded by Polk, to “amend the current fiscal year budget to transfer the FY 12/13 amount of \$429,609 to the Endowment Fund/Advancement Foundation.” The motion carried unanimously (7-0).

**10. Review, consideration and possible action to accept the Statement of Revenues, Expenditures and Net Assets of the Land Corporation as of November 30, 2013**

There was a motion by Owens, seconded by Polk, to “accept the Statement of Revenues, Expenditures and Net Assets of the Land Corporation as of November 30, 2013.” The motion carried unanimously (7-0).

**11. Review, consideration and possible action to accept the Statement of Revenues, Expenditures and Net Assets of the Land Corporation as of December 31, 2013**

There was a motion by Heimlich, seconded by Owens, to “accept the Statement of Revenues, Expenditures and Net Assets of the Land Corporation as of December 31, 2013.” The motion carried unanimously (7-0).

**12. Review, consideration and possible action to approve funding for Scheduled Maintenance in Land Corporation fiscal year 2013-2014**

There was a motion by Heimlich, seconded by Owens, to “approve funding for Scheduled Maintenance in the amount of \$184,806 in Land Corporation fiscal year 2013-2014” The motion carried unanimously (7-0).

**13. Possible action to approve a one-time allocation of \$200,000 in funding for a Classification Study for all employee groups in the 2014-15 Land Corporation Fiscal Year**

Mr. Polk began the discussion by stating that he is opposed to the Land Corporation funding the classification study. He believes the study should take place, but that it is the District’s obligation to fund it. Mr. Owens questioned the request being made in FY 13/14 when the funding is actually for FY 14/15. He

believes the request should come forward in FY 14/15 and adhere to the funding procedures for special projects as outlined in the Land Corporation Allocation of Funds Policy and Procedures. Mr. Heimlich agreed with the previous comments and expressed concern about the potential for increasing salaries prior to balancing the budget; on-going salary adjustments would increase the deficit. He added that funding the study would not provide any returns on the investment. Ms. Grey stated that the Land Corporation was created to maximize land income of the District and to benefit the colleges and students that it serves. The Land Corporation was not created to benefit itself. She believes funding the classification study is entirely within the purpose of the Land Corporation. Additionally, the amount requested is an insignificant amount when it is being used to address the general sentiment that District employees feel they are underpaid, which was also the opinion of the study conducted by the Brain Trust in 2008. This new study could confirm or reject that assumption.

Mr. Moore stated that the classification study is long overdue. Classification studies are typically performed every ten years; the District's last study was conducted in 1995/96. A classification study requires a consultant(s) to interview employees and their supervisors to determine job responsibilities and duties. Once the information is compiled, the consultant will compare positions with similar positions outside of the District to determine salary placement. The District's Executive Management Team believed that, because this expense is a special one, the Land Corporation could fund it. The District's budget would absorb on-going costs as a result of the study.

Chancellor Schmitt indicated that, prior to this, he had never heard about classification studies. After researching the issue, he is compelled to move forward.

There was a motion by Grey to "approve a one-time allocation of \$200,000 in funding for a Classification Study for all employee groups in the 2014-15 Land Corporation Fiscal Year." The motion failed due to lack of a second.

Mr. Lucas suggested that Director's conduct their own research on classification studies and that this item be brought back for further review. Mr. Owens stated that he would like to see the item back on the agenda, but in compliance with established policy and procedures. Mr. Heimlich believes that the funding policy lacks guidance on what should be funded. He suggested revising the policy to include priorities and criteria.

14. **Review, consideration and possible action to enter into a contract for accounting services with Jerry Donnard**

Mr. Maduli reported that the last contract with the Land Corporation's accountant was approved in 2003. The new contract is being proposed as a five-year agreement. Duties and responsibilities will remain as is.

There was a motion by Owens, seconded by Polk, to "enter into a contract for accounting services with Jerry Donnard." The motion carried unanimously (7-0).

**15. Review, consideration and possible action to enter into a contract for legal counsel with Coblenz Patch Duffy & Bass, LLP**

There was a motion by Owens, seconded by Polk, to "enter into a contract for legal counsel with Coblenz Patch Duffy & Bass, LLP." The motion carried unanimously (7-0).

**16. Review, consideration and possible action regarding a Conflict Waiver with Atkinson, Andelson, Loya, Ruud & Romo**

There was a motion by Owens, seconded by Heimlich, to "approve a Conflict Waiver with Atkinson, Andelson, Loya, Ruud & Romo." The motion carried unanimously (7-0).

**17. Review, consideration and possible action to enter into a contract for legal counsel with Atkinson, Andelson, Loya, Ruud & Romo**

Mr. Owens asked about an item in the contract referencing \$4,000 for one-day of training. He also believes the contract should not be for three-years. Mr. Walsh responded that there will be no training, and that legal counsel is needed to address two specific issues. Mr. Maduli added that the issues should be resolved quickly, at which point the contract would be terminated.

There was a motion by Polk, seconded by Lucas, to "enter into a contract for legal counsel with Atkinson, Andelson, Loya, Ruud & Romo." The motion carried unanimously (7-0).

**18. Review, consideration and possible action regarding the continuation of Johanson & Yau to conduct the annual, fiscal year-end audit of the financial activities, records and books of the Land Corporation through June 30, 2015**

There was a motion by Owens, seconded by Heimlich, to "approve continuation of Johanson & Yau to conduct the annual, fiscal year-end audit of the financial activities, records and books of the Land Corporation through June 30, 2015." The motion carried unanimously (7-0).

**19. Request for Proposal for Asset Management Consultant**

Mr. Maduli stated that he was tasked with developing a Request for Proposal (RFP) for an asset management consultant. He is requesting input on a timeline, selection process, and Director involvement. Mr. Walsh commented that he would like everyone on the Board who is interested to be involved in the process, both paper-screening and interviews. Mr. Heimlich asked that the RFP be structured in a way to attract maximum bidders – both individuals and companies. Mr. Owens asked that a real estate professional be involved during the selection process since the current Board does not include that type of expertise. Mr. Walsh stated that current legal counsel would likely be involved, but that additional experts would be welcomed. Mr. Maduli expects to have the selection process complete by July 1, 2014.

**20. Director's Reports**

None.

**21. Adjournment**

Meeting adjourned at 5:49pm.



March 18, 2014

To: Board of Directors  
Mission-West Valley Land Corporation

From: Jerry Donnard  
Bookkeeper

Subject: Financial Statement

Attached is the financial statement for February 28, 2014.

Please refer to the footnotes for any unusual or unexpected fluctuations in the Monthly or Year-to-Date expenses.

Please contact the Vice Chancellor or me if there are any questions regarding the statements.

**Mission West Valley Land Corporation**  
**Statement of Revenues, Expenses and Changes in Fund Balance**  
**Budget vs Actual**

*As of February 28, 2014*

	<b>Budget (Col A)</b>	<b>Current Month (Col B)</b>	<b>Year to date Actual (Col C)</b>
<b>Revenues</b>			
<b>Ground Lease Revenues</b>			
<i>LAKHA Properties</i>	\$ 950,000	\$ 79,167	\$ 633,333
<i>Sobrato/S-3: Phase I</i>	1,077,300	89,100	712,800
<i>Sobrato/S3: Phase II</i>	1,450,204	108,159	865,272
<i>Quality Technology</i>	1,144,405	95,367	762,937
<i>General Interest Revenue</i>	20,000	\$ -	\$ 10,948
<b>Gross Revenue</b>	<b>\$ 4,641,910</b>	<b>\$ 371,793</b>	<b>\$ 2,985,290</b>
<b>Expenses:</b>			
<b>Administrative and Operating Expenses</b>			
<i>Audit &amp; Tax Preparation Services</i>	\$ 15,000	\$ -	\$ 12,500
<i>Office Supplies</i>	500		160
<i>Property Taxes</i>	530		518
<i>Legal Fees</i>	60,000	433	38,872
<i>Financial Services</i>	7,000	518	3,195
<i>Executive Director/Project Manager</i>	84,000	7,000	56,000
<i>WVMCCD Rent Fees (25% of Revenues)</i>	1,155,477	-	557,689
<b>Total Administrative and Operating Expenses</b>	<b>\$ 1,322,507</b>	<b>\$ 7,950</b>	<b>\$ 668,935</b>
<b>Scheduled Maintenance</b>			
<i>12/13 Scheduled Maintenance</i>	313,165	\$ 78,461	\$ 194,708
<i>13/14 Scheduled Maintenance</i>	184,806 <sup>(1)</sup>		
<b>Total Scheduled Maintenance Expenses</b>	<b>\$ 497,971</b>	<b>\$ 78,461</b>	<b>\$ 194,708</b>
<b>Other Expenses</b>			
<i>District 2013-2014 Budget Support</i>	1,500,000	\$ -	\$ 1,500,000
<b>Total Other Expenses</b>	<b>\$ 1,500,000</b>	<b>\$ -</b>	<b>\$ 1,500,000</b>
<b>Excess of Revenues Over Expenses Before Special Project Expenses</b>			
	<b>\$ 1,321,431</b>	<b>\$ 285,382</b>	<b>\$ 621,647</b>
<b>Special Projects Ongoing</b>			
<i>District Instruction and Student Services Programs</i>	\$ 1,500,000	\$ -	\$ 1,500,000
<i>MC Center for Innovation &amp; Technology (MC2IT)</i>	250,000	-	250,000
<b>Total Special Projects Expenses</b>	<b>\$ 1,750,000</b>	<b>\$ -</b>	<b>\$ 1,750,000</b>
<b>Excess of Revenues Over Expenses</b>			
	<b>\$ (428,569)</b>	<b>\$ 285,382</b>	<b>\$ (1,128,353)</b>
<b>Current Year Contributions to Endowment Fund</b>			
<i>Assignment of Interest to Endowment</i>	\$ 462,191		
	2,080		
<b>Total 13-14 Endowment Contribution</b>	<b>\$ 464,271</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Excess of Revenues Over Expenses and Endowment</b>			
	<b>\$ (892,840)</b>	<b>\$ 285,382</b>	<b>\$ (1,128,353)</b>

FOOTNOTES:

1) Addition of 2013/2014 Scheduled Maintenance approved at February 18, 2014 Board Meeting.

## Statement of Changes in Fund Balance

Statement of Revenues  
and Expenses From June  
30, 2013

<b>Net Assets June 30, 2013</b>	<b>\$ 8,922,236</b>
<b>less Amortization of Prepaid Expenses</b>	<b>\$ 14,977</b>
	<b>\$ 8,907,259</b>

Restrictions and Designations of Net Assets	
Endowment Fund	\$ 814,750
Land	\$ 16,702
Reserve for Prepaid Commission	\$ 607,756
Contingency Reserve	\$ 1,500,000
Undesignated Fund Balance	\$ 5,968,051

<b>Excess of Revenues over Expenses in 13-14</b>	<b>\$ (428,569)</b>
<b>less Amortization of Prepaid Expenses</b>	<b>\$ 14,977</b>
<b>Projected net increase in fund balance</b>	<b>\$ (443,546)</b>

### Transfer of Endowment to Adv. Foundation

<b>Projected Net Assets June 30, 2014</b>	<b>\$ 8,463,713</b>
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Restrictions and Designations of Net Assets	
Endowment Fund	\$ 1,279,021
Land	\$ 16,702
Reserve for Prepaid Commission	\$ 592,779
Contingency Reserve	\$ 1,500,000
Undesignated Fund Balance	\$ 5,075,211

### Current Month Cash Balance:

Month End Checking Acct Balance	\$ 292,499
Month End LAIF Acct Balance	\$ 7,412,466

### Previous Month Cash Balance:

Month End Checking Acct Balance	\$ 13,644
Month End LAIF Acct Balance	\$ 7,412,466

**Schedule for  
Restriction on reserves for endowment  
effective 6/30/00**

	Contributions	Additions/ Interest	Cumulative Balance	LAIF interest rate	Endowment Transfers
Jun 2000 Beginning Balance	\$325,450				
Jun 2001		\$4,539	<b>\$345,820</b>	5.32% Actual	
Jun 2002	\$372,772	\$2,443	<b>\$730,587</b>	2.75% Actual	\$11,995
Jun 2003	\$402,746	\$3,289	<b>\$1,149,334</b>	1.77% Actual	\$16,001
Jun 2004	\$357,445	\$5,384	<b>\$1,858,517</b>	1.44% Actual	\$18,826
Jun 2005	\$358,231	\$13,443	<b>\$2,258,442</b>	2.85% Actual	\$41,694
Sep 2005		\$17,955	\$2,276,397	3.18% Actual	
Dec 2005		\$20,658	\$2,297,055	3.63% Actual	
Mar 2006		\$23,143	\$2,320,198	4.03% Actual	
Jun 2006	\$381,977	\$26,276	<b>\$2,728,451</b>	4.53% Actual	\$88,032
Sep 2006		\$33,628	\$2,762,079	4.93% Actual	
Dec 2006		\$35,286	\$2,797,365	5.11% Actual	
Mar 2007		\$36,156	\$2,833,521	5.17% Actual	
Jun 2007	\$426,809	\$37,048	<b>\$3,297,378</b>	5.23% Actual	\$142,118
Sep 2007		\$43,196	\$3,340,574	5.24% Actual	
Dec 2007		\$41,423	\$3,381,997	4.96% Actual	
Mar 2008		\$35,342	\$3,417,339	4.18% Actual	
Jun 2008	\$440,632	\$26,570	<b>\$3,884,540</b>	3.11% Actual	\$146,530
Sep 2008		\$26,900	\$3,911,441	2.77% Actual	
Dec 2008		\$24,838	\$3,936,278	2.54% Actual	
Mar 2009		\$18,796	\$3,955,074	1.91% Actual	6/18/2009
Jun 2009	\$450,341	\$14,930	<b>\$535,806</b>	1.51% Actual	<b>\$85,464</b>
Sep 2009		\$1,206	\$537,011	0.90% Actual	
Dec 2009		\$806	\$537,817	0.60% Actual	2/1/2010
Mar 2010		\$753	\$2,764	0.56% Actual	<b>\$535,806</b>
Jun 2010	\$458,214	\$4	<b>\$460,982</b>	0.56% Actual	\$2,768
Sep 2010		\$588	\$461,569	0.51% Actual	10/15/2010
Dec 2010		\$531	\$1,118	0.46% Actual	<b>\$460,982</b>
Mar 2011		\$1	\$1,119	0.51% Actual	
Jun 2011	\$423,201	\$1	<b>\$424,321</b>	0.48% Actual	\$1,121
Sep 2011		\$403	\$424,724	0.38% Actual	
Dec 2011		\$403	\$425,127	0.38% Actual	
Mar 2012		\$404	\$425,531	0.38% Actual	
Jun 2012	\$383,546	\$383	<b>\$809,461</b>	0.36% Actual	\$1,593
Sep 2012		\$708	\$385,849	0.35% Actual	9/7/2012
Dec 2012		\$309	\$386,157	0.32% Actual	<b>\$424,321</b>
Mar 2013		\$270	\$386,428	0.28% Actual	
Jun 2013	\$428,090	\$232	<b>\$814,750</b>	0.24% Actual	\$1,519
Sep 2013		\$530	\$815,280	0.26% Actual	
Dec 2013		\$530	\$815,810	0.26% Actual	
Mar 2014		\$510	\$816,320	0.25% Estimate	
Jun 2014	\$462,191	\$510	<b>\$1,279,021</b>	0.25% Estimate	\$2,080

**Outstanding Balance**

2011/2012	\$385,140
2012/2013	\$429,609
2013/2014	\$464,272
<b>Total</b>	<b>\$1,279,021</b>

**Mission-West Valley Land Corporation**  
**Policy on Allocation of Funds**

10-10-06

Revised 7-16-09

Revised 11-12-09

**I. Policies**

- A. The Mission-West Valley Land Corporation (“the Land Corporation”) will pay rent to the West Valley-Mission Community College District (“the District”) in an amount equal to 25% of the gross annual (fiscal year) ground lease revenues received by the Land Corporation.
- B. The Land Corporation will contribute 10% of its gross annual ground lease revenue to the Land Corporation Endowment Fund.
- C. The Land Corporation shall provide all or a portion of the funds necessary for the District’s Scheduled Maintenance Project annually, subject to Board approval.
- D. The Land Corporation will typically not consider requests for funding of on-going District or college operations or for other annual or continuing expenses of the District or colleges, except as otherwise specifically provided within these policies.
- E. The Land Corporation will consider any appropriate requests for funding only after providing adequate funding for the fiduciary and financial responsibilities of the Land Corporation itself.
- F. The Land Corporation shall maintain at all times a Contingency Reserve of no less than \$1,500,000 or an amount equal to its annual debt service payments, whichever is greater.
- G. The Land Corporation shall not assume annual debt service obligations in excess of 50% of its then scheduled gross annual ground lease revenues.
- H. The Land Corporation shall allocate \$100,000 to the District to establish an Innovation Fund, provided that this Innovation Fund be established and operated by the District as a revolving fund (meaning any funds expended that result in grant income shall be repaid to the fund out of the grant funds received so as to be available to be used again). Any future Land Corporation contributions to this fund shall be discretionary on the part of the Board and generally shall only consist of the dollars required to bring the fund balance back to \$100,000.

- I. These policies are to remain in effect until July 1, 2016, unless otherwise changed by Board action. The Board may review and update these policies prior to July 1, 2016, to insure the policies adequately reflect the desires of the Board.

## **II. Procedures for Consideration of Special Project and Capital Project Funding Proposals**

- A. The Land Corporation shall regularly consider requests for special project funding for the following approved purposes (listed in no particular order):
  - Capital improvements within the District;
  - One time enhancements of District educational programs;
  - Enhancement of Student Support Services;
  - Specific public relations activities as approved by the Board;
  - Specific fund raising activities to benefit the District as approved by the Board.
- B. The Land Corporation shall allocate, by January 31 of the calendar year preceding the start of the June fiscal year, a set amount of dollars for special projects and capital project needs. The amount of this allocation shall be made known to the District.
- C. Requests for consideration of special project funding and capital project funding proposals by staff must be presented in the following manner:
  - No later than April 1, following the January 31 allocation, proposals shall be transmitted in writing, to the Vice Chancellor. Each proposal must adhere to the funding guidelines contained herein for consideration.
  - No later than May 1, the Vice Chancellor will prepare and transmit a report to EMT listing all proposals received and providing background, remarks and recommendations concerning the proposals.
  - No later than May 30, EMT will meet and consider all proposals received. EMT will recommend approval or rejection of each proposal and shall make its recommendation known to the Chancellor.

The Board will then consider and act on each proposal and recommendation in an expeditious manner.

- D. Special projects approved for funding by the Board shall remain funded for the remainder of the fiscal year in which they are first approved and for the entire following fiscal year, unless specific action is taken by the Board to rescind the approval.

- E. No later than September of each year, the District shall provide the Land Corporation Board with a written report summarizing the efforts, outcomes and funding status for each special project approved for funding and a part of the Land Corporation Special Projects Budget. This report shall be provided at a regular Land Corporation Board Meeting.
- F. Director's project funding requests, or emergency District requests approved by the Chancellor, shall be considered on an as requested basis.