

APPROVED

**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.