

**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)

NOTICE OF REGULAR MEETING and AGENDA

June 17, 2014

5:00 p.m.

Campus Center, Room 219

Mission College

Santa Clara, California

1. **Call to order**
2. **Roll Call**
3. **Approval of the order of the agenda**
4. **Oral communications from the public on items not listed elsewhere on the agenda**
5. **Approval of the minutes of the meeting of May 20, 2014**
6. **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.

7. **Review, consideration and possible action to accept the Statement of Revenues, Expenditures and Net Assets of the Land Corporation as of May 31, 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 May 31, 2014.

8. **Review, consideration and possible action to approve an Operating Budget for the 2014-15 Fiscal Year beginning on July 1, 2014**

This item may include review, consideration and possible action to approve an Operating Budget for the 2014-15 fiscal year beginning on July 1, 2014.

9. **Review, consideration and possible action regarding the selection of a qualified asset management consultant to provide the Land Corporation with land development and operational management**

This item may include review, consideration and possible action to select a qualified asset management consultant to provide the Land Corporation with land development and operational management.

10. **Update from the Allocation of Funds Policy Review Ad-hoc Committee**

This item will include an update from the Allocation of Funds Policy Review ad-hoc committee.

11. **Director's Reports**

12. **Adjournment**

MISSION-WEST VALLEY LAND CORPORATION

Board of Directors

Regular Meeting

Minutes

May 20, 2014

1. Call to order

A regular meeting of the Board of Directors of the Mission-West Valley Land Corporation was called to order by Bob Owens at 5:10 p.m. in the Board Room, West Valley College, Saratoga, CA

2. Roll Call

Directors Adrienne Grey, Jack Lucas, Bob Owens, and Buck Polk; Secretary/Treasurer Ed Maduli. Director Nick Heimlich arrived at 5:24pm, and Land Corporation President Chad Walsh arrived at 5:27pm. Land Corporation Vice President Karl Watanabe, absent.

3. Approval of the order of the agenda

The order of the agenda was approved as presented. (Polk/Lucas, 4/0/0, with Heimlich, Walsh and Watanabe absent and not voting).

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

None.

5. Approval of the minutes of the meeting of March 18, 2014

The March 18, 2014, meeting minutes were approved as presented. (Polk/Lucas, 4/0/0, with Heimlich, Walsh and Watanabe absent and not voting).

6. Approval of the minutes of the meeting of April 28, 2014

The April 28, 2014, meeting minutes were approved as presented. (Lucas/Owens, 4/0/0, with Heimlich, Walsh and Watanabe absent and not voting).

7. **Officers' Report**

Mr. Maduli reported that the RFP for the Asset Management Consultant closed on May 7, and only two responses were received. Following a discussion with the Land Corporation President, it was decided to extend the RFP until May 29. Additional responses are expected. Interviews are tentatively scheduled for the week of June 2. Mr. Owens asked if the Land Corporation Directors would be involved in the interview and selection process. Mr. Maduli responded that President Walsh has recommended that the following individuals serve on the committee: Walsh, Owens, Polk, and Maduli. If other Directors are interested in serving, they should contact President Walsh.

8. **Review, consideration and possible action to accept the Statement of Revenues, Expenditures and Net Assets of the Land Corporation as of April 30, 2014**

The April 30, 2014, Statement of Revenues, Expenditures and Net Assets was accepted as presented. (Polk/Lucas, 4/0/0, with Heimlich, Walsh and Watanabe absent and not voting).

9. **Possible action to amend the current fiscal year budget to transfer the FY 11/12 amount of \$385,140 to the Endowment Fund/Advancement Foundation**

Mr. Maduli reported that the FY 11/12 Endowment Fund transfer of \$385,140 was never made. At the time of the request, the Board of Directors discussed the issue but never acted upon it. The oversight was discovered after the FY 12/13 transfer was approved.

Ms. Cindy Schelcher, Dean of Advancement; Mr. Bill McFarland, Advancement Foundation Treasurer; Mr. Dave Sandretto, Advancement Foundation President; and Mr. Rob Fernandez, former Advancement Foundation President, were in attendance and available to respond to questions from the Board. Mr. Lucas asked if approving this transfer would bring the Foundation up-to-date on scheduled transfers. Mr. Maduli responded in the affirmative. Mr. Heimlich asked about the criteria used for awarding scholarships from the Endowment Fund, about who reviews the scholarship applications, and how one applies for a scholarship. Mr. Fernandez stated that an explanation of the Endowment fund process could be found in the documents provided to the Land Corporation Director's at the start of the meeting, and that all applications are reviewed by the Foundation, with help from the colleges.

There was a motion by Lucas, seconded by Grey, to "amend the current fiscal year budget to transfer the FY 11/12 amount of \$385,140 to the Endowment

Fund/Advancement Foundation.” The motion passed 6/0/0, with Watanabe absent and not voting.

10. Directors and Officers Liability Coverage

Mr. Maduli reported that the Land Corporation does not currently offer Directors and Officers Liability Coverage to its directors and officers. This coverage would be in addition to what is provided under the District’s property and liability plan, and would provide coverage for personal claims against directors and officers. The District received several quotes for this additional coverage, and Mr. Maduli is recommending that the Land Corporation consider the proposal from Allied Work Assurance Company, which has an annual premium of \$1,533. Mr. Walsh stated his intent to vote for the coverage, and added that he believes Land Corporation Director’s should be afforded the same rights and coverage consistent with industry standards.

There was a motion by Grey, seconded by Polk, to “enter into a contract with Allied Work Assurance Company, which has an annual premium of \$1,533, for Directors and Officers coverage.” The motion passed, 5/1/0, with Owens voting no and Watanabe absent and not voting.

11. Update from the Allocation of Funds Policy Review Ad-hoc Committee

Mr. Heimlich reported that the ad-hoc committee met on April 16, 2014, and that there was not a lot of external participation. The committee discussed and refined areas of need, and is waiting for feedback from staff regarding categories and funding levels. There will be at least one additional meeting before proposed revisions to the policy are presented for review and approval. Ms. Grey stated that she would like feedback from staff on current progress. Mr. Maduli reported that staff at the colleges and in Central Services have been tasked with identifying specific areas of need and determining a dollar amount associated with them. It is anticipated that the information will be compiled by the end of May. Mr. Polk believes that the college Athletic Director’s need to be involved in the process. Mr. Maduli replied that PE/athletics fall under the “capital improvements” category, and he is working with the colleges to obtain information on their needs. The college Presidents both indicated that discussions have taken place regarding this issue.

12. Review, consideration and possible action to enter into an agreement with Equinox Search to aid in the recruitment for Asset Management Consultant Services

Mr. Maduli reported that, due to the low number of responses received for the Asset Management Consultant Services RFP, consideration was given to using a search firm to help with the recruitment process. Equinox Search was

recommended by the Land Corporation's attorney. The fee proposal submitted by Equinox Search is very high and, since receiving the proposal, other individuals and firms have shown interest in responding to the RFP. Most of the Directors expressed concern about the \$50,000 fee proposed by Equinox Search and preferred taking a wait-and-see attitude regarding the outcome of the RFP extension before making a decision on a search firm.

No action was taken.

13. Director's Reports

None.

14. Adjournment

Meeting adjourned at 5:58pm.

ITEM 7

June 17, 2014

To: Board of Directors
Mission-West Valley Land Corporation

From: Jerry Donnard
Bookkeeper

Subject: Financial Statement

Attached is the financial statement for May 31, 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 May 31, 2014

	Budget (Col A)	Current Month (Col B)	Year to date Actual (Col C)
Revenues			
Ground Lease Revenues			
<i>LAKHA Properties</i>	\$ 950,000	\$ 79,167	\$ 870,833
<i>Sobrato/S-3: Phase I</i>	1,077,300	94,500	985,500
<i>Sobrato/S3: Phase II</i>	1,450,204	238,177	1,319,767
<i>Quality Technology</i>	1,144,405	95,367	1,049,038
<i>General Interest Revenue</i>	20,000	-	15,088
Gross Revenue	\$ 4,641,910	\$ 507,211	\$ 4,240,227
Other Income	\$ -	\$ 112,500	\$ 112,500
Total Revenues	\$ 4,641,910	\$ 619,711	\$ 4,352,727
Expenses:			
Administrative and Operating Expenses			
<i>Audit & Tax Preparation Services</i>	\$ 15,000	\$ -	\$ 12,500
<i>Office Supplies</i>	500		195
<i>Property Taxes</i>	530		518
<i>Legal Fees</i>	60,000	50	48,849
<i>Financial Services</i>	7,000	383	4,185
<i>Executive Director/Project Manager</i>	84,000	7,000	77,000
<i>WVMCCD Rent Fees (25% of Revenues)</i>	1,155,477		836,534
Total Administrative and Operating Expenses	\$ 1,322,507	\$ 7,433	\$ 979,782
Scheduled Maintenance			
<i>12/13 Scheduled Maintenance</i>	313,165	\$ -	\$ 252,174
<i>13/14 Scheduled Maintenance</i>	184,806		\$ 50,518
Total Scheduled Maintenance Expenses	\$ 497,971	\$ -	\$ 302,692
Other Expenses			
<i>District 2013-2014 Budget Support</i>	1,500,000	\$ -	\$ 1,500,000
Total Other Expenses	\$ 1,500,000	\$ -	\$ 1,500,000
Excess of Revenues Over Expenses Before Special Project Expenses			
	\$ 1,321,431	\$ 612,278	\$ 1,570,253
Special Projects Ongoing			
<i>District Instruction and Student Services Programs</i>	\$ 1,500,000	\$ -	\$ 1,500,000
<i>MC Center for Innovation & Technology (MC2IT)</i>	250,000	-	250,000
Total Special Projects Expenses	\$ 1,750,000	\$ -	\$ 1,750,000
Excess of Revenues Over Expenses	\$ (428,569)	\$ 612,278	\$ (179,747)
<i>Current Year Contributions to Endowment Fund</i>	\$ 462,191		
<i>Assignment of Interest to Endowment</i>	2,039		
Total 13-14 Endowment Contribution	\$ 464,230	\$ -	\$ -
Excess of Revenues Over Expenses and Endowment	\$ (892,799)	\$ 612,278	\$ (179,747)

Statement of Changes in Fund Balance

Statement of Revenues
and Expenses From June
30, 2013

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

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

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

Transfer of Endowment to Adv. Foundation

Projected Net Assets June 30, 2014	\$ 8,463,713
---	---------------------

Restrictions and Designations of Net Assets	
Endowment Fund	\$ 1,278,980
Land	\$ 16,702
Reserve for Prepaid Commission	\$ 592,779
Contingency Reserve	\$ 1,500,000
Undesignated Fund Balance	\$ 5,075,252

Current Month Cash Balance:

Month End Checking Acct Balance	\$ 941,438
Month End LAIF Acct Balance	\$ 7,711,997

Previous Month Cash Balance:

Month End Checking Acct Balance	\$ 437,962
Month End LAIF Acct Balance	\$ 7,711,997

**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	\$345,820	5.32% Actual	
Jun 2002	\$372,772	\$2,443	\$730,587	2.75% Actual	\$11,995
Jun 2003	\$402,746	\$3,289	\$1,149,334	1.77% Actual	\$16,001
Jun 2004	\$357,445	\$5,384	\$1,858,517	1.44% Actual	\$18,826
Jun 2005	\$358,231	\$13,443	\$2,258,442	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	\$2,728,451	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	\$3,297,378	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	\$3,884,540	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	\$535,806	1.51% Actual	\$85,464
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	\$535,806
Jun 2010	\$458,214	\$4	\$460,982	0.56% Actual	\$2,768
Sep 2010		\$588	\$461,569	0.51% Actual	10/15/2010
Dec 2010		\$531	\$1,118	0.46% Actual	\$460,982
Mar 2011		\$1	\$1,119	0.51% Actual	
Jun 2011	\$423,201	\$1	\$424,321	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	\$809,461	0.36% Actual	\$1,593
Sep 2012		\$708	\$385,849	0.35% Actual	9/7/2012
Dec 2012		\$309	\$386,157	0.32% Actual	\$424,321
Mar 2013		\$270	\$386,428	0.28% Actual	
Jun 2013	\$428,090	\$232	\$814,750	0.24% Actual	\$1,519
Sep 2013		\$530	\$815,280	0.26% Actual	
Dec 2013		\$530	\$815,810	0.26% Actual	
Mar 2014		\$469	\$816,279	0.23% Actual	
Jun 2014	\$462,191	\$510	\$1,278,980	0.25% Estimate	\$2,039

Outstanding Balance

2011/2012	\$385,140
2012/2013	\$429,609
2013/2014	\$464,231
Total	\$1,278,980

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

Fiscal 2014-2015

	Budget (Col A)	Current Month (Col B)	Year to date Actual (Col C)
Revenues			
Ground Lease Revenues			
<i>LAKHA Properties</i>	\$ 950,000	\$ -	\$ -
<i>Sobrato/S-3: Phase I</i>	1,109,700		
<i>Sobrato/S3: Phase II</i>	1,605,350		
<i>Quality Technology</i>	1,176,449		
<i>General Interest Revenue</i>	17,000		
Gross Revenue	\$ 4,858,499	\$ -	\$ -
Expenses:			
Administrative and Operating Expenses			
<i>Audit & Tax Preparation Services</i>	\$ 12,750	\$ -	\$ -
<i>Office Supplies</i>	500		
<i>Property Taxes</i>	540		
<i>Legal Fees</i>	60,000		
<i>Financial Services</i>	7,000		
<i>Consultant</i>	84,000		
<i>WVMCCD Rent Fees (25% of Revenues)</i>	1,210,375		
Total Administrative and Operating Expenses	\$ 1,375,165	\$ -	\$ -
Scheduled Maintenance			
<i>13/14 Scheduled Maintenance</i>	\$ -	\$ -	\$ -
<i>14/15 Scheduled Maintenance</i>			
Total Scheduled Maintenance Expenses	\$ -	\$ -	\$ -
Other Expenses			
<i>District 2014-2015 Budget Support</i>	\$ -	\$ -	\$ -
Total Other Expenses	\$ -	\$ -	\$ -
Excess of Revenues Over Expenses Before Special Project Expenses	\$ 3,483,334	\$ -	\$ -
Special Projects Ongoing	\$ -	\$ -	\$ -
Total Special Projects Expenses	\$ -	\$ -	\$ -
Excess of Revenues Over Expenses	\$ 3,483,334	\$ -	\$ -
<i>Current Year Contributions to Endowment Fund</i>	\$ 484,150		
<i>Assignment of Interest to Endowment</i>	929		
Total 14-15 Endowment Contribution	\$ 485,079	\$ -	\$ -
Excess of Revenues Over Expenses and Endowment	\$ 2,998,255	\$ -	\$ -

Statement of Changes in Fund Balance

Net Assets June 30, 2014		\$ 8,478,690	Projected Statement of
less Amortization of Prepaid Expenses		\$ 14,977	Revenues and Expenses
		\$ 8,463,713	From June 30, 2014
Restrictions and Designations of Net Assets			
Endowment Fund	\$ 464,231		
Land	\$ 16,702		
Reserve for Prepaid Commission	\$ 592,779		
Contingency Reserve	\$ 4,000,000		
Undesignated Fund Balance	\$ 3,390,001		
Excess of Revenues over Expenses in 14-15		\$ 3,483,334	
less Amortization of Prepaid Expenses		\$ 14,977	
Projected net increase in fund balance		\$ 3,468,357	
Transfer of Endowment to Adv. Foundation			
Projected Net Assets June 30, 2015		\$ 11,932,070	
Restrictions and Designations of Net Assets			
Endowment Fund	\$ 949,310		
Land	\$ 16,702		
Reserve for Prepaid Commission	\$ 577,802		
Contingency Reserve	\$ 4,000,000		
Undesignated Fund Balance	\$ 6,388,256		

**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	\$345,820	5.32% Actual	
Jun 2002	\$372,772	\$2,443	\$730,587	2.75% Actual	\$11,995
Jun 2003	\$402,746	\$3,289	\$1,149,334	1.77% Actual	\$16,001
Jun 2004	\$357,445	\$5,384	\$1,858,517	1.44% Actual	\$18,826
Jun 2005	\$358,231	\$13,443	\$2,258,442	2.85% Actual	\$41,694
Jun 2006	\$381,977	\$26,276	\$2,728,451	4.53% Actual	\$88,032
Jun 2007	\$426,809	\$37,048	\$3,297,378	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	\$3,884,540	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	\$535,806	1.51% Actual	\$3,884,540
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	\$535,806
Jun 2010	\$458,214	\$4	\$460,982	0.56% Actual	\$2,768
Sep 2010		\$588	\$461,569	0.51% Actual	10/15/2010
Dec 2010		\$531	\$1,118	0.46% Actual	\$460,982
Mar 2011		\$1	\$1,119	0.51% Actual	
Jun 2011	\$423,201	\$1	\$424,321	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	\$809,461	0.36% Actual	\$1,593
Sep 2012		\$708	\$385,849	0.35% Actual	9/7/2012
Dec 2012		\$309	\$386,157	0.32% Actual	\$424,321
Mar 2013		\$270	\$386,428	0.28% Actual	
Jun 2013	\$428,090	\$232	\$814,750	0.24% Actual	\$1,519
Sep 2013		\$530	\$815,280	0.26% Actual	
Dec 2013		\$530	\$815,810	0.26% Actual	
Mar 2014		\$469	\$816,279	0.23% Actual	
Jun 2014	\$462,191	\$510	\$464,231	0.25% Estimate	\$2,039
Sep 2014		\$232	\$464,463	0.20% Estimate	
Dec 2014		\$232	\$464,696	0.20% Estimate	
Mar 2015		\$232	\$464,928	0.20% Estimate	
Jun 2015	\$484,150	\$232	\$949,310	0.20% Estimate	\$929
					\$6,120,398

Outstanding Balance

2013/2014	\$464,231
2014/2015	\$485,079
Total	\$949,310