

**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

September 16, 2014

4:30 p.m.

Board Room

West Valley College

Saratoga, California

AMENDED AGENDA

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 August 19, 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.

REGULAR ORDER OF AGENDA

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

8. **Review of MC2IT status and accomplishments and further review, consideration and possible action to support STEM Education at Mission College by funding MC2IT**

program development in the amount of \$250,000 to be used to develop fee-based technology courses and a student internship program.

This item will include a presentation from MC2IT Board Members and may include review, consideration and possible action as described above.

- 9. Review, consideration and possible action to amend the Operating Budget for the 2014-15 Fiscal Year beginning on July 1, 2014 to include \$100,000 for a Teaching & Learning Innovation Fund as identified in the Allocation of Funds Policy.**

This item may include review, consideration and possible action to amend the FY 14-15 Operating Budget as described above.

- 10. Review, consideration and possible action to amend the Operating Budget for the 2014-15 Fiscal Year beginning on July 1, 2014 to include \$50,000 for a Student Success Innovation Fund as identified in the Allocation of Funds Policy.**

This item may include review, consideration and possible action to amend the FY 14-15 Operating Budget as described above.

- 11. Review, consideration and possible action to amend the Operating Budget for the 2014-15 Fiscal Year beginning on July 1, 2014 to include \$1,200,000 for Capital Improvements as identified in the Allocation of Funds Policy.**

This item may include review, consideration and possible action to amend the FY 14-15 Operating Budget as described above.

- 12. Review, consideration and possible action to amend the Operating Budget for the 2014-15 Fiscal Year beginning on July 1, 2014 to include \$600,000 for a Special Projects Fund as identified in the Allocation of Funds Policy.**

This item may include review, consideration and possible action to amend the FY 14-15 Operating Budget as described above.

- 13. Review, consideration and possible action to amend the Operating Budget for the 2014-15 Fiscal Year beginning on July 1, 2014 to include \$500,000 for Technology Refresh & Instructional Equipment as identified in the Allocation of Funds Policy.**

This item may include review, consideration and possible action to amend the FY 14-15 Operating Budget as described above.

14. **Review, consideration and possible action to amend the Operating Budget for the 2014-15 Fiscal Year beginning on July 1, 2014 to include \$150,000 for Student Assistance as identified in the Allocation of Funds Policy.**

This item may include review, consideration and possible action to amend the FY 14-15 Operating Budget as described above.

15. **Review, consideration and possible action to amend the Operating Budget for the 2014-15 Fiscal Year beginning on July 1, 2014 to include \$100,000 for an Entrepreneurial Fund as identified in the Allocation of Funds Policy.**

This item may include review, consideration and possible action to amend the FY 14-15 Operating Budget as described above.

16. **Directors' Reports**

17. **Adjournment**

MISSION-WEST VALLEY LAND CORPORATION
Board of Directors
Regular Meeting
Minutes
August 19, 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 President Chad Walsh at 5:00 p.m. in Campus Center Room 219, Mission College, Santa Clara, CA

2. Roll Call

Directors Adrienne Grey (arrived at 5:15pm), Nick Heimlich, Jack Lucas, Bob Owens, Buck Polk, Chad Walsh - President, and Karl Watanabe - Vice President; Secretary/Treasurer Ed Maduli.

3. Approval of the order of the agenda

The order of the agenda was approved as presented. (Owens/Polk, 6/0/0, with Grey 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 June 17, 2014

The June 17, 2014, meeting minutes were approved as presented. (Polk/Owens, 6/0/0, with Grey absent and not voting)

6. Officers' Report

Mr. Jack Kent, the new Asset Management consultant, was introduced. Mr. Maduli reported that he, Mr. Kent, and the Land Corporation attorney met on July 23 to review the Land Corporation's ground leases. There are three main ground leases, which all have rent valuations due as follows:

- Mercado – September 2016

- QTS – October 2018
- Sobrato – December 2023, but incur annual increases based on the CPI index.

Mr. Kent will visit each location to establish contact with key individuals.

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

The June 30, 2014, Statement of Revenues, Expenditures and Net Assets was accepted as presented. (Polk/Owens, 6/0/0, with Grey absent and not voting)

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

The July 31, 2014, Statement of Revenues, Expenditures and Net Assets was accepted as presented. (Owens/Polk, 6/0/0, with Grey absent and not voting)

9. Review, consideration and possible action to ratify the contract with Jack Kent for Asset Management Services

There was a motion to ratify the contract with Jack Kent for Asset Management Services. The motion passed. (Polk/Walsh, 6/0/0, with Grey absent and not voting)

10. Review, consideration and possible action to approve revisions to the Land Corporation's Allocation of Funds Policy

Mr. Heimlich reported that two ad-hoc committee meetings were held to determine funding categories for the revised allocation policy. The funding categories were identified as:

- a. Innovation Fund
- b. Capital Improvements & Special Projects
- c. Technology Refresh & Instructional Equipment
- d. Student Assistance
- e. Maintenance
- f. Entrepreneurial Funds

Funding levels for the categories will be based on available revenues. The pro-forma budget attached to the policy is not binding and can change annually.

Mr. Maduli recommended that, if approved, projects be presented in November for funding consideration. A five-year plan for technology and instructional equipment replacement will also be presented so that the Land Corporation will know the true costs for keeping equipment updated and state-of-the-art.

College Presidents Davis and Peck commented that the Entrepreneurial and Student Assistance funds would allow the colleges to be innovative and initiate programs and services for students that they could not otherwise afford. Those programs and services, in turn, could help with student retention. Mr. Polk inquired about how much money each college wanted. President Davis responded that \$100,000 - \$150,000 would be ideal, but may not be a viable endeavor to begin with. President Peck indicated that he would like to lay the ground work for better advertising and branding since neighboring colleges are expanding into Mission's territory in the next several years. Chancellor Schmitt added that the Entrepreneurial Funds would allow him and the college presidents to respond to emergency requests or special opportunities that would otherwise be missed. Additionally, the funds would allow for innovative and creative opportunities that also involve some risk-taking. Currently, there is no funding for that type of endeavor. Mr. Lucas asked who had authority over the funds. Chancellor Schmitt responded the he and the presidents have authority to use the funds, but the presidents would need his approval before using them. He assured the Land Corporation Directors that none of the funds would be used for their benefit, and that detailed quarterly reports would be provided to show how the funds were spent.

Mr. Walsh asked about the Capital Improvements & Special Projects and Technology Refresh & Instructional Equipment categories and why they needed Land Corporation funding. He wanted to know why those items were not bond funded. Mr. Maduli responded that most maintenance and capital improvement projects are not part of the bond program so bond funds cannot be used; additionally, there will be little to no money from the State to fund them. Also, there will be no funds for new technology. The technology in the four-year-old Fox Center is already outdated and there is no money in the college budget to replace it.

If the revised policy is approved, a draft budget with itemized detail will be presented at the September meeting. Mr. Owens asked for confirmation that the Board is only being asked to approve the policy and not the budget. Mr. Maduli confirmed that the budget is not being approved.

There was a motion to approve the revised Allocation of Funds policy as presented. (Lucas/Heimlich, 6/1/0, with Walsh voting no).

11. Director's Reports

None.

12. Adjournment

Meeting adjourned at 5:50pm.

September 16, 2014

To: Board of Directors
Mission-West Valley Land Corporation

From: Jerry Donnard
Bookkeeper

Subject: Financial Statement

Attached is the financial statement August 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 August 31, 2014

	<u>Budget</u> <i>(Col A)</i>	<u>Current</u> <u>Month</u> <i>(Col B)</i>	<u>Year to date</u> <u>Actual</u> <i>(Col C)</i>
Revenues			
Ground Lease Revenues			
<i>LAKHA Properties</i>	\$ 950,000	\$ 79,167	\$ 158,333
<i>Sobrato/S-3: Phase I</i>	1,109,700	91,800	183,600
<i>Sobrato/S3: Phase II</i>	1,805,350	130,437	260,874
<i>Quality Technology</i>	1,176,449	98,037	196,075
<i>General Interest Revenue</i>	17,000		
Gross Revenue	\$ 4,858,499	\$ 399,441	\$ 798,882
Expenses:			
Administrative and Operating Expenses			
<i>Audit & Tax Preparation Services</i>	\$ 12,750	\$ 10,000	\$ 10,000
<i>Office Supplies</i>	500		
<i>Property Taxes</i>	540		
<i>Insurance</i>	1,700		
<i>Legal Fees</i>	60,000	1,413	1,809
<i>Financial Services</i>	7,000	360	878
<i>Consultant</i>	84,000		7,000
<i>WVMCCD Rent Fees (25% of Revenues)</i>	1,210,375		
Total Administrative and Operating Expenses	\$ 1,376,865	\$ 11,773	\$ 19,686
Scheduled Maintenance			
<i>13/14 Scheduled Maintenance</i>	\$ 86,708	\$ 78,567	\$ 78,567
<i>14/15 Scheduled Maintenance</i>			
Total Scheduled Maintenance Expenses	\$ 86,708	\$ 78,567	\$ 78,567
Excess of Revenues Over Expenses Before			
Special Project Expenses	\$ 3,394,928	\$ 309,101	\$ 700,629
Special Projects Ongoing			
<i>Teaching & Learning Innovation Fund</i>	\$ 100,000	\$ -	\$ -
<i>Student Success Innovation Fund</i>	50,000		
<i>Capital Improvements</i>	1,200,000		
<i>Special Projects</i>	600,000		
<i>Technology Refresh & Instructional Equip.</i>	500,000		
<i>Student Assistance</i>	150,000		
<i>Entrepreneurial Fund</i>	100,000		
Total Special Projects Expenses	\$ 2,700,000	\$ -	\$ -
Excess of Revenues Over Expenses	\$ 694,928	\$ 309,101	\$ 700,629
<i>Current Year Contributions to Endowment Fund</i>	\$ 484,150		
<i>Assignment of Interest to Endowment</i>	930		
Total 14-15 Endowment Contribution	\$ 485,080	\$ -	\$ -
Excess of Revenues Over Expenses and			
Endowment	\$ 209,848	\$ 309,101	\$ 700,629

Statement of Changes in Fund Balance

Projected Statement of
Revenues and Expenses
From June 30, 2014

Net Assets June 30, 2014	\$	7,885,352
less Amortization of Prepaid Expenses	\$	14,977
	\$	7,870,375

Restrictions and Designations of Net Assets		
Endowment Fund	\$	464,704
Land	\$	16,702
Reserve for Prepaid Commission	\$	592,779
Contingency Reserve	\$	4,000,000
Undesignated Fund Balance	\$	2,796,190

Excess of Revenues over Expenses In 14-15	\$	694,928
less Amortization of Prepaid Expenses	\$	14,977
Projected net Increase In fund balance	\$	679,951

Transfer of Endowment to Adv. Foundation

Projected Net Assets June 30, 2015	\$	8,550,326
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Restrictions and Designations of Net Assets		
Endowment Fund	\$	949,783
Land	\$	16,702
Reserve for Prepaid Commission	\$	577,802
Contingency Reserve	\$	4,000,000
Undesignated Fund Balance	\$	3,006,039

Current Month Cash Balance:		
Month End Checking Acct Balance	\$	10,663
Month End LAIF Acct Balance	\$	8,591,198

Previous Month Cash Balance:		
Month End Checking Acct Balance	\$	487,284
Month End LAIF Acct Balance	\$	7,716,198

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	\$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	\$424,321
Dec 2012		\$309	\$386,157	0.32% Actual	
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	6/17/2014
Dec 2013		\$530	\$815,810	0.26% Actual	\$ 429,609
Mar 2014		\$469	\$816,279	0.23% Actual	6/20/2014
Jun 2014	\$462,725	\$449	\$464,704	0.22% Actual	\$1,978
Sep 2014		\$232	\$464,936	0.20% Estimate	\$ 385,140
Dec 2014		\$232	\$465,169	0.20% Estimate	
Mar 2015		\$233	\$465,401	0.20% Estimate	
Jun 2015	\$484,150	\$233	\$949,783	0.20% Estimate	\$930
					\$6,120,398

Outstanding Balance	
2013/2014	\$464,703
2014/2015	\$485,080
Total	\$949,783