

**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

January 19, 2016

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. **Election of Corporate Officers to serve for 2016**
This item may include election of individuals to serve as President, Vice President, Secretary and Treasurer for the calendar year.
6. **Approval of the minutes of the meeting of November 17, 2015**
7. **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.
8. **Review, consideration and possible action to accept the Statement of Revenues, Expenditures and Net Assets of the Land Corporation as of December 31, 2015**

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 December 31, 2015.

9. **Possible action to amend the current fiscal year budget to transfer the FY 14/15 amount of \$480,672 to the Endowment Fund/Advancement Foundation**

This item may include review, consideration and possible action as described above as well as a presentation from the Foundation.

10. **Review, consideration and possible action to accept receipt of the Land Corporation's annual fiscal audit as prepared by Johanson & Yau, and covering the period from July 1, 2014 through June 30, 2015**

This item may include action as described above.

11. **Review, consideration and possible action to approve an Investment Policy and amount to be invested, and approve Lindbrook Capital as the investment firm**

This item may include action as described above.

12. **Director's Reports**

13. **Adjournment**

MISSION-WEST VALLEY LAND CORPORATION

Board of Directors
Regular Meeting
Minutes
November 17, 2015

1. Call to order

A regular meeting of the Board of Directors of the Mission-West Valley Land Corporation was called to order by Vice President Anne Kepner at 5:00 p.m. in the West Valley College Board Room, Saratoga, CA

2. Roll Call

Directors Adrienne Grey (arrived at 5:10pm), Anne Kepner – Vice President, Jack Lucas, Bob Owens, Chad Walsh (arrived at 5:07pm), and Karl Watanabe; Secretary/Treasurer Ed Maduli.

3. Approval of the order of the agenda

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

4. Election of Corporate Officers to serve for the remainder of 2015

Due to the resignation of Director Heimlich, who served as the Land Corporation President, an election was necessary to fill the vacancy. There was a motion by Owens, seconded by Lucas, to “elect Kepner as President, Lucas as Vice President, and Maduli as Secretary/Treasurer.” The motion passed. (4/0/0, with Grey and Walsh absent and not voting)

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

None.

6. Approval of the minutes of the meeting of September 15, 2015

There was a motion by Watanabe, seconded by Owens, to “approve the September 15, 2015, meeting minutes as presented.” The motion passed. (4/0/0, with Grey and Walsh absent and not voting)

7. Officers' Report

Mr. Maduli reported that a rent adjustment for the Lakha property is due September 2016. Valuation of the property is being determined and rent negotiations will begin in January. He then provided information on items to expect at upcoming meetings:

- January – Financial Audit, report on Allocation of Funds status reports.
- March – preliminary discussion on funding allocations.
- May – review and consider funding amounts for categories identified in the Allocation of Funds Policy.

8. Report on the outcome of the Allocation of Funds Status Report ad hoc committee meeting

Ms. Kepner reported that the workgroup last met on July 22. Another meeting will be scheduled to finalize a process and template for future reports. It is anticipated that the recommended process and template will be presented to the Land Corporation Board at its January 19 meeting. Mr. Owens will replace Mr. Heimlich on this committee.

9. Review, consideration and possible action to accept the Statement of Revenues, Expenditures and Net Assets of the Land Corporation as of October 31, 2015

Mr. Maduli noted that there is \$4 million in the contingency reserve and approximately \$3.3 million in undesignated funds for approximately \$7.3 million in unallocated funds. These funds currently reside in the LAIF account. Additionally, in January after the presentation of its annual financial audit, Land Corporation will consider giving \$480,672 to the Advancement Foundation for the Endowment fund.

There was a motion by Lucas, seconded by Owens, to “accept the October 31, 2015, Statement of Revenues, Expenditures and Net Assets as presented.” The motion passed. (5/0/0, with Grey absent and not voting)

10. Review, consider, and comment on the 1st reading of the draft investment strategy policy for the Land Corporation's undesignated fund balance

Ms. Kepner reported that the committee met twice with Lindbrook Capital, the investment advisors chosen through the Advancement Foundation RFP process. The committee communicated to Lindbrook its goals for a policy and investment return, 3%, and were provided a draft document for review. The committee made several revisions to the original document and that document is now being

presented for a first reading. Ms. Kepner asked Board members to read the policy and provide feedback to either her or Mr. Maduli prior to January Land Corporation meeting. It is anticipated that the policy and an initial investment amount will be approved at the January 19 meeting.

Mr. Owens noted that a standing subcommittee will need to be created as a result of the new investment policy and, as a result, the Land Corporation by-laws will need to be revised. Ms. Kepner added that the subcommittee will likely meet quarterly. Mr. Walsh asked if the investment manager was also a fiduciary. Mr. Maduli stated that representatives from Lindbrook Capital would be present at the next meeting and can be asked.

Ms. Grey will join the Investment Committee as Mr. Heimlich's replacement.

11. Director's Reports

None.

12. Adjournment

Meeting adjourned at 5:20pm.

January 19, 2016

To: Board of Directors
Mission-West Valley Land Corporation

From: Jerry Donnard
Bookkeeper

Subject: December 2015 Financial Statement

Attached is the financial statement for December 31, 2015.

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 statement.

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

As of December 31, 2015

	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	\$ 475,000
<i>Sobrato/S-3: Phase I</i>	1,109,700	91,800	550,800
<i>Sobrato/S3: Phase II</i>	1,605,350	130,437	782,623
<i>Quality Technology</i>	1,204,683	100,390	602,342
<i>General Interest Revenue</i>	17,000	-	7,334
Gross Revenue	\$ 4,886,733	\$ 401,794	\$ 2,418,099
Expenses:			
Administrative and Operating Expenses			
<i>Audit & Tax Preparation Services</i>	\$ 13,500	\$ -	\$ 13,500
<i>Office Supplies</i>	500		
<i>Property Taxes</i>	540		530
<i>Insurance</i>	1,700		
<i>Legal Fees</i>	50,000	784	4,981
<i>Financial Services</i>	7,000	248	2,295
<i>Consultant</i>	40,000		18,126
<i>WVMCCD Rent Fees (25% of Revenues)</i>	1,217,433		301,346
Total Administrative and Operating Expenses	\$ 1,330,673	\$ 1,031	\$ 340,777
Scheduled Maintenance			
<i>14/15 Scheduled Maintenance</i>			
<i>15/16 Scheduled Maintenance</i>			
Total Scheduled Maintenance Expenses	\$ -	\$ -	\$ -
Excess of Revenues Over Expenses Before Special Project Expenses			
	\$ 3,556,060	\$ 400,763	\$ 2,077,322
Special Projects Ongoing			
<i>Capital Improvements</i>	\$ 405,086	\$ 140,626	\$ 222,948
<i>Special Projects</i>	190,956		18,364
<i>Purchase ERP Software</i>	1,100,000	1,100,000	1,100,000
<i>ADA Transition Plan for WVC</i>	75,000	2,958	2,958
<i>MC Educational & Facility Master Plan</i>	250,000		
<i>Fund Backfill/Overtime Support for ERP</i>	300,000		
<i>Food Truck</i>	150,000		150,000
<i>Teaching & Learning Innovation Fund</i>	100,000		
<i>Student Success Innovation Fund</i>	50,000		
<i>Tech Refresh & Instructional Equipment</i>	400,000		
<i>Student Assistance</i>	150,000		
<i>Entrepreneurial Funds</i>	50,000		
Total Special Projects Expenses	\$ 3,221,042	\$ 1,243,585	\$ 1,494,271
Excess of Revenues Over Expenses			
	\$ 335,018	\$ (842,822)	\$ 583,051
<i>Current Year Contributions to Endowment Fund</i>			
	\$ 486,973		
<i>Assignment of Interest to Endowment</i>			
	872		
Total 15-16 Endowment Contribution	\$ 487,846	\$ -	\$ -
Excess of Revenues Over Expenses and Endowment			
	\$ (152,828)	\$ (842,822)	\$ 583,051

Statement of Changes in Fund Balance

Projected Statement of
Revenues and Expenses
From June 30, 2015

Net Assets June 30, 2015	\$ 8,594,547
less Amortization of Prepaid Expenses	\$ 14,977
	\$ 8,579,570

Restrictions and Designations of Net Assets	
Endowment Fund	\$ 480,672
Land	\$ 16,702
Reserve for Prepaid Commission	\$ 577,802
Contingency Reserve	\$ 4,000,000
Undesignated Fund Balance	\$ 3,504,394

Excess of Revenues over Expenses in 15-16	\$ 335,018
less Amortization of Prepaid Expenses	\$ 14,977
Projected net increase in fund balance	\$ 320,041

Transfer of Endowment to Adv. Foundation

Projected Net Assets June 30, 2016	\$ 8,899,611
Restrictions and Designations of Net Assets	
Endowment Fund	\$ 968,752
Land	\$ 16,702
Reserve for Prepaid Commission	\$ 562,825
Contingency Reserve	\$ 4,000,000
Undesignated Fund Balance	\$ 3,351,332

Current Month Cash Balance:

Month End Checking Acct Balance	\$ 80,522
Month End LAIF Acct Balance	\$ 10,282,208

Previous Month Cash Balance:

Month End Checking Acct Balance	\$ 330,761
Month End LAIF Acct Balance	\$ 9,632,208

**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 \$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 9/7/2012
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 \$ 385,140
Sep 2014		\$279	\$464,983	0.24% Actual	
Dec 2014		\$291	\$465,273	0.25% Actual	3/30/2015
Mar 2015		\$302	\$873	0.26% Actual	\$ 464,703
Jun 2015	\$479,800	\$1	\$480,672	0.28% Actual	\$872
Sep 2015		\$385	\$481,057	0.32% Actual	\$6,585,101
Dec 2015		\$241	\$481,298	0.20% Estimate	
Mar 2016		\$241	\$481,538	0.20% Estimate	
Jun 2016	\$486,973	\$241	\$968,752	0.20% Estimate	\$1,106

Outstanding Balance

2014/2015	\$480,672
2015/2016	\$488,080
Total	\$968,752



Statement of Investment Policy
Objectives & Constraints

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GENERAL INFORMATION

Background

The Mission-West Valley Land Corporation (“Land Corp”) is a non-profit 501 (c) (3) organization that was created by the West Valley-Mission College Community College Board in 1985 to administer ground leases for 56 acres of prime real estate near Mission College. Not needed for educational purposes, the lands are regarded as excess district property. The Land Corporation benefits both West Valley College in Saratoga and Mission College in Santa Clara.

Mission Statement

The primary purpose of the Mission-West Valley Land Corporation is to promote the success of West Valley-Mission Community College District through the utilization of proper facilities and creation of programs that enhance community life, including programs that enrich educational, cultural and community services opportunities.

Purpose of Investment Policy Statement

1. Define and assign responsibilities of all involved parties.
2. Establish the investment horizon for which Land Corp’s assets are managed.
3. Establish a clear understanding of the Land Corp’s investment policies, objectives, and constraints.
4. Provide objectives and constraints to Investment Advisors and Managers regarding the investment of Land Corp’s assets.
5. Establish a basis for monitoring investment activity and evaluating investment results.
6. Provide Investment Advisor oversight of the Investment Managers. Ensure that Land Corp’s Investment Policies are in adherence with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) with revisions 2004, which sets forth appropriate practices for Financial Management of plan assets.

Key Provisions of UPMIFA

- No investment is inherently prudent or imprudent except in how its inclusion or exclusion impacts the portfolios as a whole.
- Fiduciaries are expected to use all reasonably available strategies to improve the risk-reward relationship of the portfolio.
- Fiduciaries are obliged to ensure that the portfolio investments are spread across asset classes to enhance performance and reduce risk.
- The possible effect of inflation must be considered as part of the investment strategy. As a result, the use of equities is encouraged to allow the possibility that the portfolio growth outpace inflation.
- Fiduciaries have a duty to either demonstrate investment skills in managing plan investments or to delegate and oversee investment management by another more qualified organization.

RESPONSIBILITIES AND DELEGATION OF AUTHORITY

Mission – West Valley Land Corporation Board

The Mission – West Valley Land Corporation Board of Directors has fiduciary responsibility for directing and monitoring investment management of the Land Corp's portfolio of assets. The Board is authorized to delegate certain responsibilities for directing and monitoring investment management of the Land Corp's liquid investment assets.

Pursuant to this policy, the Board delegates the direct management and fiduciary oversight of the management of all Land Corp's liquid investment assets to the Land Corp's Investment Committee.

Mission – West Valley Land Corporation Investment Committee

The Land Corp's Investment Committee is responsible for formulating and implementing investment policy for the portfolio of liquid investment assets on behalf of the Land Corp's Board of Directors.

Responsibilities

1. Determine Investment Management Policy and Portfolio Time Line, Target Return, Asset Allocation, Reallocation Policy, and Social Responsibility Policy.
2. Perform oversight of all investment management costs, expectations, and performance.
3. Monitor asset allocation to ensure it is within the constraints of policy.
4. Review and monitor performance of Investment Advisors and Managers to achieve investment objectives within policy constraints.
5. Determine if objectives and constraints are appropriate and reasonable; make recommendations to the Land Corp Board as necessary.
6. Other tasks as determined by the Board.

Investment Management Policy

1. Preservation of Capital: Consistent with overall policy Investment, managers should make reasonable efforts to produce long-term investment results sufficient to meet objectives.
2. Adherence to Investment Discipline: Investment Managers are expected to adhere to the investment management objectives and constraints for which they were hired. Investment Managers will be evaluated quarterly by the Investment Advisor for adherence to these objectives and constraints. Investment Advisors and Investment Managers are to make reasonable efforts to control risk.

Portfolio Time Line, Target Return, Account Allocation, and Social Responsibility Policy

1. Portfolio Time Line: The portfolio shall be invested with the objective of protecting principal while producing long-term appreciation so that purchasing power of the principal is not eroded by inflation.
2. Target Return: The current objective of the aggregate portfolio assets is to generate a 3% return. Over the long term, the objective is to exceed the annual rate of inflation (as measured by the Consumer Price Index) by 1% after advisory, money management, and custodial fees and transaction costs.
3. Asset Reallocation: If the Investment Committee or Investment Advisor directs a change to the investment allocation prior to the next reallocation date, the entire account balance will be realigned according to this new designation. The portfolio may be rebalanced at the discretion of the Investment Advisor and/or Investment Committee to assure that the asset allocation ranges remain reasonable.
4. Social Responsibility: The Land Corp Board of Directors recognizes that its fiduciary responsibility does not end with maximizing return and minimizing risk. It believes that in light of the systemic social, environmental and economic challenges of our time, fiduciary responsibility in the coming decades will dictate the integration of prudent financial management practices with principles of environmental stewardship, concern for community, and corporate accountability to shareholders and stakeholders alike.

The Committee is authorized to delegate certain functions and responsibilities to professional investment experts. These experts may include, but are not limited to:

1. Investment Advisors
2. Investment Managers
3. Custodians

Investment Advisor

The Investment Advisor is an objective expert. The advisor's primary roles are to provide professional investment advice to the Investment Committee regarding the management of the Land Corp's liquid investment assets and to provide oversight of Investment Managers.

Responsibilities

1. In consultation with the Investment Committee, conduct searches for, select, hire, and terminate Investment Managers on behalf of the Land Corp.
2. Provide a common reporting format for Investment Managers to include performance comparison against appropriate benchmark, historical quarterly performance calculated on a time-weighted basis, net and gross of fees, and roll-up of assets under management.
3. Monitor the performance of Investment Managers and provide the Investment Committee insight into their ability and progress towards achieving the desired investment objectives.
4. Communicate to the Investment Committee on matters relating to capital market performance and how these events impact their investment strategies.
5. Assist as needed in a periodic review of investment policy and recommend changes.
6. Other tasks as determined by the Investment Committee.

Investment Manager

The Investment Manager has full discretion to make investment decisions for assets placed under its control while adhering to the objectives and constraints provided by the Investment Committee and Investment Advisor. Land Corp's liquid investment assets are managed within class allocation ranges.

Responsibilities

1. Be a bank, insurance company, or investment advisor as recommended by the Investment Committee and defined by the Investment Advisor Act of 1940.
2. Provide written description of Manager's investment strategy.
3. Buy, sell, or hold individual securities in the portfolio.
4. Meet or exceed the target return specified in the Portfolio Timeline, Target Return, Asset allocation and Social Responsibility Policy, as updated.
5. Provide monthly investment performance to the Investment Advisor and quarterly and annual reports to the Investment Committee and Board of Directors.
6. All monthly, quarterly and annual reports written and in the format designated by Investment Advisor.
7. Communicate major changes in economic outlook or investment strategies.
8. Provide detailed and timely information on the history of the firm, key personnel, key clients, fee schedule, and any qualitative change to the Investment Manager or their organization.
9. Avoid any conflict of interest cited in the Land Corp's policies.
10. Disclose all compensation received by all parties in association with investments made on behalf of the Land Corp.

INVESTMENT MONITORING AND CONTROL PROCEDURES

Portfolio Design

The portfolio design is constrained to Fixed Income assets that can be allocated within policy constraints to develop an asset allocation with acceptable risk and return.

Portfolio Review and Reallocation

The portfolio asset allocation will be reviewed quarterly to evaluate performance. If an asset class exceeds the reallocation range during the quarter, the Investment Advisor may reallocate the entire account balance to bring the asset classes back within range. The Investment Advisor may request changes to asset class allocation at any time, and the Investment Advisor may reallocate assets within policy constraints at any time.

Asset Classes, Benchmarks, Allocations, and Ranges

Asset Classes	Long Term Target	Allocation Range	Benchmark
Stable Growth - Core Plus Fixed Income	50%	30-70%	Barclays Capital US Aggregate
<i>US Investment Grade Corporate</i>			
<i>Government</i>			
<i>Agency Mortgage Backed</i>			
<i>Non- Agency Mortgage Backed</i>			
<i>Asset Backed</i>			
<i>Commercial Mortgage Backed</i>			
<i>Bank Loan</i>			
<i>TIPS</i>			
<i>Convertible</i>			
<i>Opportunistic: EM Debt</i>			
<i>Private Debt</i>			
Liquidity - Enhanced Cash Management	50%	30-70%	Citi 3 Month T-Bill
<i>Government</i>			
<i>US Investment Grade Corporate</i>			
<i>Commercial Paper</i>			
<i>Taxable Municipal</i>			
<i>Agency Mortgage Backed</i>			
<i>Commercial Mortgage Backed</i>			
Total Fixed Income			Barclays Capital Government Credit 1-3 Year

Internal Revenue Code Considerations

The investment of Mission – West Valley Land Corporation liquid assets shall not result in an act of “self-dealing” with a “disqualified person” (within the meaning of Section 4941 of the Internal Revenue Code). The Internal Revenue Code, Section 4944, prohibits the Land Corp from investing in such a manner that it jeopardizes the Land Corp’s purposes. All managers should be aware that Reg. 4944 1(a)(2) requires IRS to “closely scrutinize” derivatives activity in the Land Corp portfolio.

ADOPTION

Adopted by the below signed:

Mission-West Valley Land Corporation President

Date

Mission-West Valley Land Corporation Treasurer

Date

Mission-West Valley Land Corporation Investment Committee Chair

Date

Approved and adopted by the Mission-West Valley Land Corporation Board of Directors

Date of Meeting and Minutes