

**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

March 15, 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. **Approval of the minutes of the meeting of January 19, 2016**
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 of 2016 Budget Calendar**
This item will include a review of the 2016 Budget Calendar.
8. **Review, consideration and possible action to accept the Statement of Revenues, Expenditures and Net Assets of the Land Corporation as of February 29, 2016**
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 29, 2016.

9. **Appoint a committee to review and recommend a revision to the Endowment Agreement between the Land Corporation and the Advancement Foundation**
This item may include action as described above.
10. **Review, consideration and possible action to approve the District's request for a grant of \$250,000 to support the Presidents' plans on scholarships and student assistance for FY 16/17**
This item may include action as described above.
11. **Preliminary discussion on FY 16/17 funding allocations per the Allocation of Funds Policy**
This item will include a discussion as identified above.
12. **Review, consideration and possible action to approve a resolution to create a standing Investment Committee**
This item may include action as described above.
13. **Review, consideration and possible action to revise the Allocation of Funds Policy**
This item may include action as described above.
14. **Directors' Comments**
15. **Adjournment**

MISSION-WEST VALLEY LAND CORPORATION

Board of Directors
Regular Meeting
Minutes
January 19, 2016

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 Anne Kepner at 5:02 p.m. in the Mission College Campus Center, Room 219, Santa Clara, CA

2. Roll Call

Directors Adrienne Grey (arrived at 5:35pm), Anne Kepner – President, Steve Landau, Jack Lucas – Vice President, Bob Owens, 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/Landau, 5/0/0, with Grey absent and not voting)

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

None.

5. Election of Corporate Officers to serve in 2016

There was a motion by Owens, seconded by Lucas, to “elect Kepner as President.” The motion passed. (5/0/0, with Grey absent and not voting)

There was a motion by Kepner, seconded by Lucas, to “elect Owens as Vice President.” The motion passed. (5/0/0, with Grey absent and not voting)

There was a motion by Owens, seconded by Lucas, to “elect Maduli as Secretary/Treasurer.” The motion passed. (5/0/0, with Grey absent and not voting)

6. Approval of the minutes of the meeting of November 17, 2015

There was a motion by Owens, seconded by Landau, to “approve the November 17, 2015, meeting minutes as presented.” The motion passed. (5/0/0, with Grey absent and not voting)

7. Officers’ Report

Mr. Maduli reported that the ground lease for Lakha Properties at the Mercado Center ends in September 2016. A preliminary market valuation has been commissioned and the findings will be reported at the March meeting. Negotiations with Lakha will begin in June.

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

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.

Mr. Owens asked why special project funds have not yet been spent. Mr. Maduli replied that the funds have been spent, are being invoiced, and should appear on the March statement.

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

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

Ms. Cindy Schelcher, Dean of Advancement; Mr. Dave Sandretto, Foundation President; and Mr. Bill McFarland, Foundation Treasurer, provided information on the Advancement Foundation Endowment Fund. The information included:

- How funds are used
- Number of students awarded
- Amount of awards
- Categories of students served
- Investment information – strategy and return on investment
- Draft of the FY 14/15 Financial Audit

If the Land Corporation approves the \$480,672 transfer, Ms. Kepner asked if 480 students would receive \$1,000 awards. Ms. Schelcher responded that the money would be used for scholarships but would also be used for other student assistance.

Chancellor Schmitt stated that many people are unhappy that the funds are not directly connected to the colleges. Moving forward, he is suggesting that each college submit a broad plan on how they would use the funds. The plans would be reviewed by both the Land Corporation and the Foundation. If approved, each college would need to provide a year-end status report on how the funds were distributed. Mr. Owens added that he would like the colleges to communicate the general criteria to be used in distributing the funds, and he would like to see that information at the March meeting. Ms. Kepner asked if the money being provided by the Land Corporation would be evenly distributed between the two colleges. Ms. Schelcher replied that it would. Moving forward, the Endowment Fund would still benefit individual students but would also be used for broader student assistance purposes. With this change, a revised agreement between the Land Corporation and the Foundation is needed.

There was a motion by Lucas, seconded by Watanabe, to “transfer the FY 14/15 amount of \$480,672 to the Endowment Fund/Advancement Foundation.” The motion passed. (5/1/0, with Owens voting against)

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

Mr. Maduli reported that the Land Corporation’s FY 14/15 Financial Report has been completed and that it “presents fairly,” meaning it is a clean audit.

There was a motion by Owens, seconded by Lucas, 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.” The motion passed unanimously.

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

Ms. Kepner provided a brief summary on how the idea for an investment policy came about. Once the Land Corporation decided to consider the idea, an Investment Policy subcommittee was established to develop a draft policy that defined principles of investments as well as a desired rate of return. The

subcommittee has been working with Lindbrook Capital, the investment firm selected through an extensive process by the Foundation. Tyler Dritz and Ben Posen, co-founders of Lindbrook Capital, were in attendance and provided information on the firm and answered questions related to the proposed investment policy.

There was a motion by Owens, seconded by Grey, to “approve the Land Corporation Investment Policy as developed by Lindbrook Capital and reviewed by the Land Corporation Investment Policy subcommittee.” The motion passed unanimously.

An amount to be invested also had to be approved. Mr. Maduli stated that the amount to be invested would come from the contingency reserve and undesignated fund balance. His recommendation was that the Land Corporation invest an amount equal to the annual projected rent income of approximately \$5 million. Mr. Owens asked how much of the money would be liquid. Mr. Maduli responded that all funds would be liquid. It was noted that a standing Investment Committee would need to be created. The committee would meet quarterly to review investments and would report back to the full Land Corporation Board.

There was a motion by Owens, seconded by Grey, to “invest \$5 million of the Land Corporation’s available funds.” The motion passed unanimously.

Mr. Lucas asked staff about how they felt working with Lindbrook Capital. Members of the Investment Policy subcommittee and the Foundation members in attendance agreed that Lindbrook Capital staff are easy to work with, very responsive, and very knowledgeable. Mr. McFarland added that the firm has great on-line reports. There was a motion by Grey, seconded by Owens, to “approve Lindbrook Capital as the Land Corporation’s investment firm.” The motion passed unanimously.

12. Directors’ Comments

Mr. Lucas asked for a correction and a wording change related to item #12 above. Going forward, this item will be changed to “Directors’ Comments.” Mr. Lucas also asked that a timeline/calendar be provided for special project funding requests. Mr. Maduli stated that he would create the calendar and provide it to all Directors.

13. Adjournment

Meeting adjourned at 5:58pm.

2016 Land Corporation Budget CalendarJanuary 19, 2016

- Accept Bimonthly Statement of Revenues, Expenditures and Net Assets
- Accept annual external fiscal audit report

March 15, 2016

- Accept Bimonthly Statement of Revenues, Expenditures and Net Assets
- Accept status report on the six categories of funding requests
- Consider funding allocation for the six categories for the following fiscal year

May 17, 2016

- Accept Bimonthly Statement of Revenues, Expenditures and Net Assets
- Approve Tentative Budget
- Accept 1st Quarterly Investment Report
- Approve funding requests for Capital Improvements & Special Projects, Technology Refresh & Equipment, Maintenance, and Student Assistance

July 19, 2016

- Accept Bimonthly Statement of Revenues, Expenditures and Net Assets
- Approve Final Budget
- Accept 2nd Quarterly Investment Report

September 20, 2016

- Accept Bimonthly Statement of Revenues, Expenditures and Net Assets
- Accept status report of funding for the Improvement Fund and Entrepreneurial Fund

November 16, 2016

- Accept Bimonthly Statement of Revenues, Expenditures and Net Assets
- Accept annual external fiscal audit report
- Accept 3rd Quarterly Investment Report
- Accept status report of funding for the Improvement Fund and Entrepreneurial Fund

March 15, 2016

To: Board of Directors
Mission-West Valley Land Corporation

From: Jerry Donnard
Bookkeeper

Subject: February 2016 Financial Statement

Attached is the financial statement for February 29, 2016.

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 February 29, 2016

	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	\$ 633,333
<i>Sobrato/S-3: Phase I</i>	1,109,700	91,800	734,400
<i>Sobrato/S3: Phase II</i>	1,605,350	130,437	1,043,497
<i>Quality Technology</i>	1,204,683	100,390	803,122
<i>General Interest Revenue</i>	17,000	-	16,110
Gross Revenue	\$ 4,886,733	\$ 401,794	\$ 3,230,463
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	2,500	7,481
<i>Financial Services</i>	7,000	360	3,083
<i>Consultant</i>	40,000		18,126
<i>WVMCCD Rent Fees (25% of Revenues)</i>	1,217,433	301,346	602,691
Total Administrative and Operating Expenses	\$ 1,330,673	\$ 304,206	\$ 645,410
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	\$ 97,589	\$ 2,585,053
Special Projects Ongoing			
<i>Capital Improvements</i>	\$ 405,086	\$ -	\$ 222,948
<i>Special Projects</i>	190,956		50,007
<i>Purchase ERP Software</i>	1,100,000		1,100,000
<i>ADA Transition Plan for WVC</i>	75,000		2,958
<i>MC Educational & Facility Master Plan</i>	250,000		
<i>Fund Backfill/Overtime Support for ERP</i>	300,000		22,432
<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		1,094
Total Special Projects Expenses	\$ 3,221,042	\$ -	\$ 1,549,440
Excess of Revenues Over Expenses	\$ 335,018	\$ 97,589	\$ 1,035,613
<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)	\$ 97,589	\$ 1,035,613

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	\$ 968,957
Land	\$ 16,702
Reserve for Prepaid Commission	\$ 562,825
Contingency Reserve	\$ 4,000,000
Undesignated Fund Balance	\$ 3,351,127

Current Month Cash Balance:

Month End Checking Acct Balance	\$ 180,052
Month End LAIF Acct Balance	\$ 9,390,985

Previous Month Cash Balance:

Month End Checking Acct Balance	\$ 82,531
Month End LAIF Acct Balance	\$ 9,390,985

**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		\$445	\$481,502	0.37% Actual	
Mar 2016		\$241	\$481,743	0.20% Estimate	
Jun 2016	\$486,973	\$241	\$968,957	0.20% Estimate	\$1,311

Outstanding Balance

2014/2015	\$480,672
2015/2016	\$488,284
Total	\$968,957

**Mission West Valley Land Corporation
Endowment Agreement**

This Endowment Agreement is entered into between Mission West Valley Land Corporation, a California nonprofit public benefit corporation ("Granter"), and West Valley Mission Community College District Advancement Foundation ("Grantee"), an independent 501 C(3) charitable organization.

1. Gift. Subject to the conditions set forth below and upon the return of an executed copy of this Endowment Agreement, Grantor shall transfer a sum of \$3,884,540 to Grantee for the purposes set forth herein (the "Endowment Fund").

2. Purposes.

(a) *Initial Purpose.* The Endowment Fund shall be used for the sole and exclusive purpose of an endowment that is to be used to support the following programs. The Grantee shall employ reasonable efforts to apply the majority of available funds to the purposes set forth in (i).

(i) Enrollment Fees and/or Book Grants, or other directly related instructional materials.

A. For recently graduated high school students. Entering high school students during their first and/or second year at West Valley or Mission College who maintain full-time status.

B. For students showing promise and/or financial need. Any full or part-time student who exhibits exceptional academic and/or personal achievement and who qualifies under the Board of Governor's fee waiver criteria.

C. For Senior Citizens. Any individual over the age of 65 who enrolls in one class or up to 4 units, whichever is higher and demonstrates economic need.

(ii) Miscellaneous. Other projects that serve students enrolled at Mission College or West Valley College and support a critical need in or about the Bay Area or District that are not eligible for other funds as determined to the satisfaction of the Advancement Foundation.

Grantee shall further define criteria and/or eligibility requirements for the programs set forth in sections 2(a)(i)A, B, and C and section 2(a)(ii) consistent with those sections, and shall determine, in its sole discretion, which students qualify for scholarships and which projects to fund.

(b) *Additional Contributions.* Additional contributions may be made from time to time to the Endowment Fund by the Grantor or by others. All such additional contributions designated to the Endowment Fund not specified for current uses set forth in 2(a) shall be added to the principal of the Endowment Fund. Such additional contributions shall not contain restrictions, conditions, or designations which are inconsistent or in conflict with this Agreement.

(c) *Change in Purpose or Change in Circumstances.* If any of the initial programs set forth in paragraph 2(a) become impractical or impossible to continue, then the purpose of the Endowment Fund may be modified only with the written consent of Grantor. The Grantee may request modification of the purpose, but said written consent shall be granted at the sole and absolute discretion of Grantor.

3. Investment and Spending Instructions.

(a) *Spending Policy.* Earnings (but not principal) generated by the Endowment Fund shall be used for the sole and exclusive purposes set forth in this Agreement. The initial amount of the Endowment Fund and any additional contributions received pursuant to Section 2(b) shall not be available for expenditure, regardless of default provisions in any applicable law.

(b) *Investment Policy.* The Endowment Fund shall be invested with a view to long term appreciation so that the purchasing power of the Endowment is not eroded by inflation, in accordance with the Grantee's Investment Guidelines.

(c) *Prohibited Administrative Costs.* Grantee may not allocate any charges against the Endowment Fund or the earnings thereon for administration, overhead, indirect or related costs, except as permitted pursuant to this paragraph and paragraph 3(d).

(i) Initially, the parties anticipate that the Business Services Department of the West Valley-Mission Community College District (the "District") shall provide financial management of disbursements, audit, disbursements, audit and related activities, in order to ensure adequate internal controls of endowment funds. The Grantee shall pay the amount of \$5,000, adjusted annually by an inflation index equal to the State of California community college apportionment COLA, to the District for District Business Services department support. The amount paid pursuant to this subparagraph (c)(i) shall be a permissible expense of the Endowment Fund.

(ii) The parties also anticipate that the Grantee shall also pay to the District an "Annual Administrative Fee" which shall be an amount agreed by Grantee and the District. The initial Annual Administrative Fee for the fiscal year ending in 2010 shall be \$20,000, and such amount may be adjusted from time to time by the Grantee and the District. Grantee may allocate the Annual Administrative Fee as an expense of the Endowment Fund, but only to the extent of the Authorized Fee Expense. For these purposes, "Authorized Fee Expense" means the lesser of (x)

five percent (5%) of the gross earnings generated on and by the Endowment Fund in the prior fiscal year or (y) \$60,000 per year. If the District assesses an Annual Administrative Fee that exceeds the Authorized Fee Expense, the Grantor shall make an additional contribution to Grantee for 50% of the amount by which the Annual Administrative Fee exceeds the Authorized Fee Expense, and Grantee shall pay any remaining amount from sources other than the Endowment Fund.

(d) *Allowable Costs.* The costs of outside investment and endowment management fees of professional financial managers and advisors shall be allowable, whether the Endowment Fund is separately managed or commingled with an endowment pool containing other funds. If commingled, the Endowment shall bear not more than its proportionate share of the fees and costs.

4. Obligations of Grantee.

(a) To maximize the utilization of available funding sources and avoid the Endowment Fund supplanting other sources of grants, Grantee shall establish internal controls to ensure Endowment Fund grant award recipients have used reasonable efforts to obtain and/or exhaust other sources of grants such as the Board of Governor's foe waivers, college/district grants, and similar programs, before requesting a grant from this Endowment Fund.

(b) Grantee shall establish appropriate policies and procedures to further define program requirements and adequately administer the grant selection, awarding, and monitoring process, consistent with the purposes set forth above.

(c) Until otherwise notified by Grantor and for so long as Grantor or Grantor's successor is in existence, Grantee shall submit to Grantor full and complete annual reports not later than 180 days after the close of each fiscal year. Said annual reports shall consist of at least the following: a narrative description of the manner in which the earnings (if any) arising from the Endowment Fund have been used in the preceding fiscal year; a CPA audited financial statement describing the Grantee's financial condition, balance sheet, performance of investments and grant disbursement amounts by type vs. earnings.

(d) Grantee shall maintain records of receipts and expenditures and shall make its books and records available to Grantor at reasonable times. The Grantee's Board shall annually certify grant awards were made in compliance with the established purposes and that adequate internal controls exist to meet the requirements of Section 4(a). Grantee shall provide certification and outside audited financial statements to Grantor annually.

(e) Grantee shall not use any portion or proceeds from the Grant:

(i) to carry on propaganda, or otherwise to attempt to influence legislation

(within the meaning of Internal Revenue Code Section 4945(d)(1)),

(ii) to influence the outcome of any specific public election, or to carry on, directly or indirectly, any voter registration drive (within the meaning of Internal Revenue Code Section 4945(d)(2),

(iii) to make any grant to an individual or to another organization unless such grant shall be specifically described in Section 2 hereof,

(iv) to undertake any activity for any purpose other than one specified in Internal Revenue Code Section 170(c)(2)(B), or

(v) to provide material support of any violent or terrorist activities.

(f) Grantee shall notify Grantor of any organizational changes directly related to this grant during the term of the grant, including, but not limited to, any changes in key personnel and changes in the Grantees' tax-exempt status.

(g) On dissolution of the Grantee, the principal and any earnings remaining in the Endowment Fund shall be distributed in accordance with the Grantee's Articles of Incorporation, provided, however, that the restrictions on this Endowment Fund as set forth herein shall not be altered. This Agreement shall be interpreted in a manner consistent with the Grantor's intention.

(h) In the event of a material breach of any provisions of this Agreement by Grantee, Grantee (or Grantee's successor) shall return to Grantor the entire principal amount and any earnings thereon that have not been expended.

5. Miscellaneous. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts entered into between California residents and wholly to be performed in California. This Agreement constitutes the entire agreement between the parties and supersedes any prior agreements between the parties. This Agreement may not be modified, and no provision waived, without the prior written consent of the party against whom enforcement of the amendment or waiver is sought. All notices under this Agreement shall be in writing, and shall be deemed given when personally delivered, and sent by confirmed fax or other electronic transmission, or three (3) days after being sent by a nationally recognized overnight delivery service to the address of the party to be noticed as set forth herein or such other address as such party last provided to the other by written notice. In any action or proceeding to enforce rights under this Agreement, the prevailing party will be entitled to recover costs and attorney's fees. The sole and exclusive remedy for breach of this Agreement shall be the return of the entire principle, together with any earnings thereon to the extent that such earnings have not been expended. No incidental or consequential damages shall be awarded.

GRANTEE:

**The West Valley – Mission Community
College Advancement Foundation**

By: 

Its: Robert C. Fernandez

Dated: 4-9-09

GRANTOR:

Mission West Valley Land Corporation

By: 

Its: Board President / CEO

Dated: 4/9/09

Land Corporation Proposed Funding Categories For FY 2016-17

1. Innovation Fund		\$150,000
• Teaching & Learning Innovation Fund (para 1H)	\$100,000	
• Student Success Innovation Fund	\$ 50,000	
2. Capital Improvements & Special Projects (para II)		\$1,490,000
• Capital Improvements	\$1,100,000	
• Special Projects	\$ 390,000	
3. Technology Refresh & Instructional Equipment (para 1I)		\$400,000
4. Student Assistance (para 1J)		\$150,000
5. Maintenance (para 1C)		\$200,000
6. Entrepreneurial Funds (para 1K)		\$ 75,000
		<u>Total \$2,465,000</u>

RESOLUTION

MISSION-WEST VALLEY LAND CORPORATION

Approving the formation of the Land Corporation Investment Committee

WHEREAS, Land Corporation Bylaws, Article 8, Section 1, may, by resolution adopted by a majority of the Board of Directors, designate one or more committees; and

WHEREAS, Land Corporation has entered into an agreement with Lindbrook Capital to invest a portion of Land Corporation’s liquid assets; and

WHEREAS, Land Corporation Board of Directors, through its Statement of Investment Policy Objectives & Constraints has delegated the direct management and fiduciary oversight of the management of all Land Corporation’s liquid investment assets to the Land Corporation’s Investment Committee;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Mission-West Valley Land Corporation hereby approves the formation of the Land Corporation Investment Committee.

PASSED AND ADOPTED by the Board of Directors of the Mission-West Valley Land Corporation this 15th day of March, 2016, by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTENTIONS:

This is to certify that this is a true and correct copy of the resolution as adopted and approved at a regular meeting of the Board of Directors of the Mission-West Valley Land Corporation.

President, Board of Directors

ATTEST:

Secretary/Treasurer, Board of Directors

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

10-10-06

Revised 7-16-09

Revised 11-12-09

Revised 8-19-14

Revised 3-15-16

I. Allocation of Funds 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 matching 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 \$4,000,000 or an amount equal to its annual debt service payments, whichever is greater. **These funds may be invested.**
- 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 \$150,000 to the District to establish two Innovation/**Improvement** Funds operated by the District. \$100,000 shall be allocated to the Teaching and Learning Innovation/**Improvement** Fund, which is designed to fund faculty, both full and part-time, who have innovative **and improvement** ideas about teaching and learning and need funds to make them real. The approval process will consist of proposals being developed and submitted to a Review Committee

composed entirely of faculty from the two colleges. Recommended proposals will go to the District's Executive Management Team (EMT) for final review and approval. Innovative/**improvement** projects will be considered and funded on a quarterly basis. Reports on funded proposals will be given to Land Corporation quarterly. \$50,000 will be allocated to the Student Success Innovation/**Improvement** Fund for staff and administrators who need funding for innovative **and improvement** ideas about improving student success. A similar review procedure with appropriate administrative and classified staff participation will be enacted. There will be no participation from faculty, except for counselors. Innovative/**improvement** projects will be considered and funded on a quarterly basis. EMT will perform the final review and approval for funding. Reports on funded proposals will be given to Land Corporation on a quarterly basis. Any future Land Corporation contributions to these funds 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 \$150,000.

- I. The Land Corporation shall provide funding for technology refresh and instructional equipment, subject to Board approval. **Funding requests shall be submitted to the Land Corporation at the May meeting.**
- J. The Land Corporation shall provide funding for student assistance programs, subject to Board approval. ~~Funds for these programs will be transferred to the West Valley Mission Community College Foundation, who will manage the funds. The District shall establish student assistance programs, subject to Board approval.~~ **Funding requests shall be submitted to the Land Corporation at the May meeting.**
- K. The Land Corporation shall provide funds to the District to establish an Entrepreneurial Fund, operated by the District. The funds will be granted at ~~chancellor/president~~ **Chancellor** discretion in order to advance creative proposals or projects that are accompanied by some degree of risk. Funds must be reserved for projects and proposals that either need funding expeditiously or projects and proposals that cannot be readily funded in other ways. Funds cannot be spent on items for a chancellor's or president's office. Projects or proposals that are funded must be reported quarterly to the Land Corporation by the ~~appropriate executive~~ **Chancellor**.
- L. These policies are to remain in effect until June 30, 2017, unless otherwise changed by Board action.
- M. The Pro Forma attached as Exhibit A shall be used as a guide in allocating funds to the six funding categories established by the Land Corporation.

II. Procedures for Consideration of Capital Improvements and Special Projects Funding Proposals

- A. The Land Corporation shall annually consider requests for capital improvements and special project funding.
- B. The Land Corporation shall allocate by ~~July 31~~ **March 31** of each fiscal year a set amount of dollars for capital improvement and special project funding needs. The amount of this allocation shall be made known to the District.
- C. Requests for consideration of capital improvements and special project funding proposals by staff must be presented in the following manner:
- No later than ~~October 1~~ **February 1**, 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 ~~November 1~~ **April 1**, the Vice Chancellor will prepare and transmit a report to EMT listing all proposals received and provide background, remarks and recommendations concerning the proposals.
 - No later than ~~November 30~~ **April 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. Capital improvements and special project proposals 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 ~~April~~ **May** of each year, the District shall provide the Land Corporation Board with a written report summarizing the efforts, outcomes and funding status for each capital improvement and special project approved for funding as part of the Land Corporation 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.

ATTACHMENT A

PRO FORMA BUDGET

Land Corporation Proposed Funding Categories

1. Innovation Fund	\$150,000
• Teaching & Learning Innovation Fund (para 1H)	\$100,000
• Student Success Innovation Fund (para 1H)	\$50,000
2. Capital Improvements & Special Projects (para II)	\$1,600,000
• Capital Improvements (para II)	\$1,000,000
• Special Projects (para II)	\$600,000
3. Technology Refresh & Instructional Equipment (para 1I)	
\$500,000	
4. Student Assistance	\$634,150
• Scholarship Endowment (para 1B)	\$484,150
• Other Student Assistance (para 1J)	\$150,000
5. Maintenance (para 1C)	\$200,000
6. Entrepreneurial Funds (para 1K)	
\$100,000	

Total \$3,184,159