

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.