

**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 24, 2017**

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 2017**  
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 15, 2016**
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.

Adjourn to Closed Session

**8. Closed Session and possible direction to negotiators**

Negotiations with Lakha Properties – Santa Clara, LLC, regarding issues associated with its ground lease and the potential land revaluation and ground rent adjustment pursuant to certain terms of the ground lease

Property: 3101 Mission College Blvd.

Negotiators: Jack Kent and Alan Gennis

Negotiating Parties: Lakha Properties – Santa Clara, LLC, and the Land Corporation

Resume Regular Session

**9. Report of Action taken in Closed Session**

This item may include a report of actions taken in closed session as described above.

**10. Review, consideration and possible action to accept the Statement of Revenues, Expenditures and Net Assets of the Land Corporation as of December 31, 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 December 31, 2016.

**11. Review of 2017 Budget Calendar**

This item will include a review of the 2016 Budget Calendar.

**12. Review, consideration and possible action to revise the Allocation of Funds Policy**

This item may include action as described above.

**13. Directors' Comments**

**14. Adjournment**

**MISSION-WEST VALLEY LAND CORPORATION**

Board of Directors

Regular Meeting

Minutes

November 15, 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 Vice President Bob Owens at 5:00 p.m. in the Mission College Campus Center, Room 219, Santa Clara, CA

**2. Roll Call**

Directors Susan Fish, Adrienne Grey (arrived 5:03pm), Anne Kepner – President (arrived at 5:04pm), Jack Lucas, Bob Owens – Vice President, and Karl Watanabe; Secretary/Treasurer Ed Maduli.

**3. Approval of the order of the agenda**

The order of the agenda was approved as presented. (Fish/Lucas, 4/0/0, with Grey and Kepner 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 September 20, 2016**

There was a motion by Lucas, seconded by Watanabe, to “approve the September 20, 2016, meeting minutes as presented.” The motion passed. (4/0/0, with Grey and Kepner absent and not voting)

**6. Officers’ Report**

Mr. Maduli reported that a mediation session with Lakha Properties, regarding land revaluation and rent increase, has been scheduled in January. Both parties agree with the chosen mediator.

**7. Review, consideration and possible action to accept the Statement of Revenues, Expenditures and Net Assets of the Land Corporation as of October 31, 2016**

There was a motion by Lucas, seconded by Watanabe, to “accept the October 31, 2016, Statement of Revenues, Expenditures and Net Assets as presented.” The motion passed. (5/0/0, with Kepner absent and not voting)

**8. Review, consideration and possible action to approve funding for online educational resources in the amount of \$100,000**

Chancellor Schmitt spoke to his proposal for online educational resources, which would compensate instructors, both full-time and part-time, for moving all teaching materials on-line. The funding provided by the Land Corporation would allow for a \$500 stipend per semester, per course (not per class regardless of the number of units) to instructors who participate in the program. The instructors must commit to the program for two years. The funding would cover approximately 50 courses over a two year period. The program will benefit students by eliminating the need to buy books, which is the majority of educational costs.

Ms. Fish inquired about courses that have labs attached and how those would be affected. Chancellor Schmitt responded that he did not know and would follow-up. Mr. Lucas expressed concern for students who do not have personal computers. Chancellor Schmitt responded that those students would have access to public computers in libraries and the colleges' computer labs. Ms. Grey added that instructional materials could still be printed, inexpensively, for those students who prefer hard copies in which they can make notes. She then inquired about funding this proposal through the statewide initiative which also encourages online educational resources. Chancellor Schmitt replied that state funding is only available for institutions that are converting entire programs. This institution is just trying to get instructors to start using online educational resources and hope that they will champion the cause and get others involved.

Ms. Grey inquired about how the funding would be split between the colleges. Chancellor Schmitt stated that stipends would be provided on a first come, first served basis. Ms. Kepner stated that moving to on-line materials would reduce bookstore revenues and asked how the colleges' would deal with that. The Chancellor replied that since the decrease in revenues would be gradual it allows time for the colleges to adjust. He added that he expects that bookstores will eventually become extinct. President Peck stated that he is in favor of the program because it will decrease costs to students.

Mr. Lucas asked from where in the Land Corporation budget the funding would come. Mr. Maduli answered that the funding would come from the undesignated fund balance.

There was a motion by Grey, seconded by Fish, to "approve funding for online educational resources in the amount of \$100,000." The motion passed unanimously.

**9. Directors' Comments**

Mr. Owens inquired about the next Investment Committee meeting. Ms. Kepner replied that it is scheduled to take place in January 2017.

**10. Adjournment**

Meeting adjourned at 5:26pm.

January 24, 2017

To: Board of Directors  
Mission-West Valley Land Corporation

From: Jerry Donnard  
Bookkeeper

**Subject: December 2016 Financial Statement**

Attached is the financial statement for December 31, 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 statements.

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

*As of December 31, 2016*

	<b>Budget (Col A)</b>	<b>Current Month (Col B)</b>	<b>Year to date Actual (Col C)</b>
<b>Revenues</b>			
<b>Ground Lease Revenues</b>			
<i>LAKHA Properties</i>	\$ 950,000	\$ 79,167	\$ 475,000
<i>Sobrato/S-3: Phase I</i>	1,764,423	147,393	871,965
<i>Sobrato/S3: Phase II</i>	1,822,465	152,405	857,077
<i>Quality Technology</i>	1,237,210	103,101	618,605
<i>General Interest Revenue</i>	17,000	-	5,845
<b>Gross Revenue</b>	<b>\$ 5,791,098</b>	<b>\$ 482,066</b>	<b>\$ 2,828,492</b>
Change in Value of Investments		\$ -	\$ (4,619)
<b>Total Revenues</b>	<b>\$ 5,791,098</b>	<b>\$ 482,066</b>	<b>\$ 2,823,873</b>
<b>Expenses:</b>			
<b>Administrative and Operating Expenses</b>			
<i>Audit &amp; Tax Preparation Services</i>	\$ 13,500	\$ -	\$ 14,000
<i>Office Supplies</i>	500		
<i>Property Taxes</i>	540		537
<i>Insurance</i>	1,700		
<i>Legal Fees</i>	50,000	947	40,667
<i>Financial Services</i>	7,000	225	2,723
<i>Consultant</i>	40,000		10,574
<i>WVMCCD Rent Fees (25% of Revenues)</i>	1,443,524	-	291,328
<b>Total Administrative and Operating Expenses</b>	<b>\$ 1,556,764</b>	<b>\$ 1,172</b>	<b>\$ 359,828</b>
<b>Scheduled Maintenance</b>			
<i>16/17 Scheduled Maintenance</i>	\$ 200,000	\$ -	\$ 46,195
<b>Total Scheduled Maintenance Expenses</b>	<b>\$ 200,000</b>	<b>\$ -</b>	<b>\$ 46,195</b>
<b>Excess of Revenues Over Expenses Before</b>			
<b>Special Project Expenses</b>	<b>\$ 4,034,333</b>	<b>\$ 480,894</b>	<b>\$ 2,417,850</b>
<b>Special Projects Ongoing</b>			
<i>Special Projects 15/16</i>	\$ 88,017	\$ -	\$ 24,914
<i>Special Projects 16/17</i>	390,000		
<i>ADA Transition Plan for WVC</i>	27,309		13,067
<i>MC Educational &amp; Facility Master Plan</i>	125,000		24,694
<i>Teaching &amp; Learning Innovation Fund</i>	100,000		34,662
<i>Student Success Innovation Fund</i>	50,000		3,188
<i>Capital Improvements</i>	1,100,000		190,554
<i>Tech Refresh &amp; Instructional Equipment</i>	400,000		164,968
<i>Student Assistance</i>	150,000		9,646
<i>Entrepreneurial Fund</i>	75,000		26,904
<b>Total Special Projects Expenses</b>	<b>\$ 2,505,326</b>	<b>\$ -</b>	<b>\$ 492,596</b>
<b>Excess of Revenues Over Expenses</b>	<b>\$ 1,529,007</b>	<b>\$ 480,894</b>	<b>\$ 1,925,255</b>
<i>Current Year Contributions to Endowment Fund</i>	\$ 577,410		
<i>Assignment of Interest to Endowment</i>	2,275		
<b>Total 16-17 Endowment Contribution</b>	<b>\$ 579,685</b>	<b>\$ -</b>	<b>\$ -</b>

## Statement of Changes in Fund Balance

Statement of Revenues  
and Expenses From June  
30, 2016

<b>Net Assets June 30, 2016</b>	<b>\$ 8,968,668</b>
<b>less Amortization of Prepaid Expenses</b>	<b>\$ 14,977</b>
	<b><u>\$ 8,953,691</u></b>

Restrictions and Designations of Net Assets	
Endowment Fund	\$ 550,699
Land	\$ 16,702
Reserve for Prepaid Commission	\$ 562,825
Contingency Reserve	\$ 4,000,000
Undesignated Fund Balance	\$ 3,823,465

<b>Excess of Revenues over Expenses in 16-17</b>	<b>\$ 1,529,007</b>
<b>less Amortization of Prepaid Expenses</b>	<b>\$ 14,977</b>
<b>Projected net increase in fund balance</b>	<b><u>\$ 1,514,030</u></b>

### Transfer of Endowment to Adv. Foundation

<b>Projected Net Assets June 30, 2017</b>	<b>\$ 10,467,721</b>
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Restrictions and Designations of Net Assets	
Endowment Fund	\$ 1,130,383
Land	\$ 16,702
Reserve for Prepaid Commission	\$ 547,848
Contingency Reserve	\$ 4,000,000
Undesignated Fund Balance	\$ 4,772,788

### Current Month Cash Balance:

Month End Checking Acct Balance	\$ 190,305
Month End LAIF Acct Balance	\$ 5,880,916
Fidelity Investments as of 11/30/16	\$ 4,995,381

### Previous Month Cash Balance:

Month End Checking Acct Balance	\$ 9,616
Month End LAIF Acct Balance	\$ 5,580,916
Fidelity Investments as of 11/30/16	\$ 4,995,381



**Schedule for  
Restriction on reserves for endowment  
effective 6/30/00**

	Contributions	Additions/ Interest	Cumulative Balance	LAIF interest rate	Total Interest	Endowment Transfers
Jun 2000 Beginning Balance	\$325,450					
Jun 2001			<b>\$345,820</b>	5.32% Actual		
Jun 2002	\$372,772		<b>\$730,587</b>	2.75% Actual	\$11,995	
Jun 2003	\$402,746		<b>\$1,149,334</b>	1.77% Actual	\$16,001	
Jun 2004	\$357,445		<b>\$1,858,517</b>	1.44% Actual	\$18,826	
Jun 2005	\$358,231		<b>\$2,258,442</b>	2.85% Actual	\$41,694	
Jun 2006	\$381,977		<b>\$2,728,451</b>	4.53% Actual	\$88,032	
Jun 2007	\$426,809		<b>\$3,297,378</b>	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	<b>\$3,884,540</b>	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	<b>\$535,806</b>	1.51% Actual	\$85,464	<b>\$3,884,540</b>
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		<b>\$535,806</b>
Jun 2010	\$458,214	\$4	<b>\$460,982</b>	0.56% Actual	\$2,768	
Sep 2010		\$588	\$461,569	0.51% Actual		10/15/2010
Dec 2010		\$531	\$1,118	0.46% Actual		<b>\$460,982</b>
Mar 2011		\$1	\$1,119	0.51% Actual		
Jun 2011	\$423,201	\$1	<b>\$424,321</b>	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	<b>\$809,461</b>	0.36% Actual	\$1,593	9/7/2012
Sep 2012		\$708	\$385,849	0.35% Actual		<b>\$424,321</b>
Dec 2012		\$309	\$386,157	0.32% Actual		
Mar 2013		\$270	\$386,428	0.28% Actual		
Jun 2013	\$428,090	\$232	<b>\$814,750</b>	0.24% Actual	\$1,519	
Sep 2013		\$530	\$815,280	0.26% Actual		6/17/2014
Dec 2013		\$530	\$815,810	0.26% Actual		\$ <b>429,609</b>
Mar 2014		\$469	\$816,279	0.23% Actual		6/20/2014
Jun 2014	\$462,725	\$449	<b>\$464,704</b>	0.22% Actual	\$1,978	\$ <b>385,140</b>
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		\$ <b>464,703</b>
Jun 2015	\$479,800	\$1	<b>\$480,672</b>	0.28% Actual	\$872	
Sep 2015		\$385	\$481,057	0.32% Actual		
Dec 2015		\$445	\$481,502	0.37% Actual		4/14/2016
Mar 2016		\$554	\$1,384	0.46% Actual		<b>\$480,672</b>
Jun 2016	\$549,313	\$2	<b>\$550,699</b>	0.55% Actual	\$1,385	
Sep 2016		\$826	\$551,525	0.60% Actual		<b>\$7,065,773</b>
Dec 2016		\$483	\$552,007	0.35% Estimate		
Mar 2017		\$483	\$552,490	0.35% Estimate		
Jun 2017	\$577,410	\$483	<b>\$1,130,383</b>	0.35% Estimate	\$2,275	

**Outstanding Balance**

2015/2016 \$550,698

**Total** \$550,698

## **2017 Land Corporation Budget Calendar**

### January 24, 2017

- Accept Bimonthly Statement of Revenues, Expenditures and Net Assets

### March 7, 2017

- 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 (Proforma Budget)

### May 2, 2016

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

### July 11, 2017

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

### September 5, 2017

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

### November 14, 2017

- Accept Bimonthly Statement of Revenues, Expenditures and Net Assets
- Accept 3<sup>rd</sup> Quarterly Investment Report

**Mission-West Valley Land Corporation**  
**Policy on Allocation of Funds**  
Revised March 15, 2016

**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%~~ 5% 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 [the colleges' scholarship program based on an approved criteria](#). ~~The amount provided by the Land Corporation shall be the difference between \$500,000 and the amount provided by the Foundation. 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 the Chancellor's 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 Chancellor.
- L. These policies are to remain in effect until June 30, ~~2017~~ 2019, 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 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 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 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 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 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. Directors' 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	\$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	
• Scholarship Endowment (para 1J )	\$500,000
5. Maintenance (para 1C)	\$200,000
6. Entrepreneurial Funds (para 1K)	\$100,000
	<u>Total \$2,550,000</u>