

**EDUCATION ENHANCEMENT RESERVE
JOINT POWERS AGREEMENT**

THIS EDUCATION ENHANCEMENT RESERVE JOINT POWERS AGREEMENT ("Agreement") is dated for identification this 30 day of May 2023, and is entered into by and between the SHORELINE REGIONAL PARK COMMUNITY, whose address is 500 Castro Street, P.O. Box 7540, Mountain View, California, 94039-7540 (hereinafter referred to as "SHORELINE COMMUNITY"), and the MOUNTAIN VIEW LOS ALTOS UNION HIGH SCHOOL DISTRICT, a California public school district in Santa Clara County, California, and the MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT, a California public school district in Santa Clara County, California (hereinafter referred to collectively as "DISTRICTS"). SHORELINE COMMUNITY and DISTRICTS shall be hereinafter referred to collectively as "the Parties" or individually as "Party."

WITNESSETH:

A. WHEREAS, pursuant to California Government Code Section 6502, commonly known as the "Joint Exercise of Powers Act," two (2) or more public agencies may, by agreement, jointly exercise any power common to the contracting parties; and

B. WHEREAS, each of the Parties to this Agreement is a "public agency" as that term is defined in California Government Code Section 6500; and

C. WHEREAS, in accordance with Government Code Section 6506, the Parties wish to provide for the administration of this Agreement by a board constituted pursuant to this Agreement; and

D. WHEREAS, the CITY OF MOUNTAIN VIEW (hereinafter referred to as "CITY") and DISTRICTS have a long history of collaboration on programs and facilities for the betterment of the Mountain View community. The collaborations have included CITY staffing and resources that benefit both DISTRICTS and the broader Mountain View community simultaneously, such as staffing and maintenance of sports centers; scheduling of athletic fields; Library programs such as teen services, Summer Reading program, and Mobile Library Services; maintenance of playing fields at elementary and middle schools; and provision of CITY-owned land for high school use. Additionally, CITY has provided subsidies, discounted fees, or staffing and resources that directly benefit DISTRICTS, such as Police services through School Resource Officers and the Crossing Guard program; the Safe Routes to School Program; fire safety education and emergency preparedness services; the "Beyond the Bell" after-school program at four (4) elementary schools and one (1) middle school, "the BEAT" after-school program at another middle school, and access to golf course and performing arts programs. CITY and the Mountain View Whisman School District also collaborated on the award-winning Graham Reservoir/Sports Field project and the 777 Middlefield Road teacher/City staff housing project; and

E. WHEREAS, SHORELINE COMMUNITY was formed in 1969 and continues in its development phase. SHORELINE COMMUNITY is dedicated to enhancing the overall strength and vitality of the region, including the public schools that serve the Mountain View community; and

F. WHEREAS, SHORELINE COMMUNITY recognizes that there is a financial impact on DISTRICTS from the existence of SHORELINE COMMUNITY. DISTRICTS recognize the continuing and perpetual nature of SHORELINE COMMUNITY in meeting critical environmental, open space and recreation needs of the Mountain View community and the South Peninsula region as a whole; and

G. WHEREAS, SHORELINE COMMUNITY seeks to collaborate with DISTRICTS to foster and develop educational programs for DISTRICTS' students. SHORELINE COMMUNITY is one of the most significant high-technology locations in the world. The ability of SHORELINE COMMUNITY to continue to play such a critical role depends, in part, on quality schools attracting the necessary employment base to SHORELINE COMMUNITY, as well as providing a locally available supply of highly trained and skilled employees; and

H. WHEREAS, SHORELINE COMMUNITY and DISTRICTS have identified an approach to assist DISTRICTS with DISTRICTS' technology education and other educational programs which support the vitality of SHORELINE COMMUNITY;

I. WHEREAS, SHORELINE COMMUNITY and DISTRICTS entered into an agreement in 2006 ("2006 Agreement") in order to create an education enhancement reserve to provide funds to enhance the educational and technical capacity of students in DISTRICTS; and

J. WHEREAS, SHORELINE COMMUNITY and DISTRICTS entered into an amendment to the 2006 Agreement in 2011 to provide additional funding to DISTRICTS for a three (3) year period to temporarily mitigate the State of California's reduced funding to public schools; and

K. WHEREAS, the Parties entered into a successor agreement dated June 20, 2013 for identification, to create an Education Enhancement Reserve in which funds would be used to enhance the educational and technology capacity of students in DISTRICTS' schools who, in turn, would contribute to the availability of a local technology workforce necessary to further SHORELINE COMMUNITY objectives (as amended, "2013 Agreement"); and

L. WHEREAS, in December 2017, the Mountain View City Council adopted the North Bayshore Precise Plan ("NBPP"), which allows for the creation of new residential neighborhoods and up to nine thousand eight hundred fifty (9,850) housing units in the area governed by the NBPP; and

M. WHEREAS, recognizing the increase in school enrollment that would result when such housing was developed, the NBPP includes Policy 5 (Funding for Schools) of Section 3.4.5 (Local School Policies); and

N. WHEREAS, this Policy 5 states that the Parties shall develop an agreement to allocate revenue related to growth in assessed value due to new residential development pursuant to the annual tax allocation for each school district; and

O. WHEREAS, SHORELINE COMMUNITY and the DISTRICTS worked together to develop an amendment to Section 3.4 (Property Tax Revenue Calculations and Payment) of the 2013 Agreement in accordance with Policy 5; and

P. WHEREAS, the Joint Powers Agreement Board met on June 5, 2019 and approved recommending the amendment to the governing bodies of the SHORELINE COMMUNITY and DISTRICTS; and

Q. WHEREAS, the Amendment to Education Enhancement Reserve Joint Powers Agreement, dated September 5, 2019 for identification, was approved by the SHORELINE COMMUNITY Board on June 25, 2019, by the MOUNTAIN VIEW LOS ALTOS UNION HIGH SCHOOL DISTRICT Board on September 3, 2019, and the MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT Board on September 5, 2019; and

R. WHEREAS, the Parties began conversations regarding the terms of a successor agreement in June 2019, as required by the 2013 Agreement; and

S. WHEREAS, the Parties have expressed an interest to enter into a long-term agreement that meets the purposes and obligations of the SHORELINE COMMUNITY and supports the DISTRICTS in fulfilling their critical role in providing education services to the future residents of the SHORELINE COMMUNITY; and

T. WHEREAS, in 1977, the SHORELINE COMMUNITY Board of Directors approved and adopted the North Bayshore Area Plan ("Shoreline Area Plan") to accomplish the purposes of the 1969 legislation ("Shoreline Act") that created the SHORELINE COMMUNITY; and

U. WHEREAS, the Shoreline Area Plan describes the then-existing land uses in the SHORELINE COMMUNITY, the vision of SHORELINE COMMUNITY development, including the proposed land uses and the public facilities and services required to serve the proposed development, and the related uses of SHORELINE COMMUNITY funds; and

V. WHEREAS, the Shoreline Area Plan states that it is subject to periodic review and updating as new information, potentials or constraints emerge; and

W. WHEREAS, the SHORELINE COMMUNITY intends to update the Shoreline Area Plan to address the increased demand for infrastructure, school district facilities, affordable housing, and services generated by new development in the SHORELINE COMMUNITY, including the need for high-quality technological education created by residential development and that will contribute to the sound and economic growth of the SHORELINE COMMUNITY; and

X. WHEREAS, during the time in which the Shoreline Area Plan is being updated and the Parties are negotiating a long-term agreement, DISTRICTS seek the certainty of a continuing agreement to inform DISTRICTS' budget process for Fiscal Year 2023-24; and

Y. WHEREAS, the Education Enhancement Reserve Joint Powers Agreement Board of Directors established by the 2013 Agreement met on November 29, 2022 and expressed an interest to establish a short-term successor agreement to be adopted as soon as possible to ensure continuity of payments and to meet again prior to June 30, 2023 to discuss a process and timeline for negotiating a longer-term agreement; and

Z. WHEREAS, the Parties are committed to negotiate in good faith to reach a longer-term successor agreement in timely manner; and

AA. WHEREAS, SHORELINE COMMUNITY intends to maintain continuity of payments to DISTRICTS; and

BB. WHEREAS, SHORELINE COMMUNITY and DISTRICTS have successfully collaborated for many years to foster and develop educational programs for DISTRICTS' students; and

CC. WHEREAS, SHORELINE COMMUNITY and DISTRICTS intend to continue and increase collaboration with the support of SHORELINE COMMUNITY through this Agreement.

NOW, THEREFORE, in consideration of the mutual terms, covenants, and conditions herein agreed, the parties hereto agree as follows:

ARTICLE I—PURPOSE

To further SHORELINE COMMUNITY objectives and provide for substantial contributions by SHORELINE COMMUNITY to the sound and economic growth of the Shoreline Community, it is the purpose of this Agreement to create an Education Enhancement Reserve in which funds provided by SHORELINE COMMUNITY shall be used to improve, rehabilitate, develop, or redevelop school district facilities that serve the residents of the SHORELINE COMMUNITY and enhance the educational and technology capacity of students in DISTRICTS' schools that serve the residents and workforce needs of the SHORELINE COMMUNITY.

ARTICLE II—POWERS

To achieve the purpose of this Agreement, the Parties are accorded the following powers and duties:

2.1 This Agreement will be administered through a three (3) member, unpaid Board of Directors to be known as the Education Enhancement Reserve Joint Powers Agreement Board of Directors (the "JPA Board") comprised of the Superintendent of each of the DISTRICTS and

the SHORELINE COMMUNITY Manager, or their designees. The JPA Board will meet at least one (1) time per year and on a more frequent basis as determined necessary by a majority of the JPA Board. The SHORELINE COMMUNITY Manager shall serve as Chair.

2.2 The respective boards of DISTRICTS and SHORELINE COMMUNITY shall retain all policy-making authority with respect to the actions of the JPA Board.

ARTICLE III—PAYMENTS

3.1 Except as provided in Article IV, the SHORELINE COMMUNITY Manager shall include payments described in this Article in the annual budget of SHORELINE COMMUNITY. The payments will be facilitated through the use of two (2) restricted reserves (collectively, "Education Enhancement Reserve") to be maintained by the Treasurer of SHORELINE COMMUNITY on each of DISTRICTS' behalf.

3.2 For Fiscal Year 2023-24, each DISTRICT shall receive a Minimum Payment, Adjustment Payment and One-Time Additional Payment as follows:

a. Minimum Payment: Upon execution of the Agreement, DISTRICTS will receive a Minimum Payment for Fiscal Year 2023-24 greater than the payments they received in Fiscal Year 2022-23 under Article III of the 2013 Agreement, as amended on September 5, 2019, i.e.:

(1) Mountain View Whisman School District: \$5,686,451.

(2) Mountain View Los Altos Union High School District: \$3,640,595.

b. Adjustment Payment: On or before December 31, 2023, DISTRICTS will receive an Adjustment Payment for Fiscal Year 2023-24 calculated by applying to the Minimum Payment the same percentage change in property tax revenues compared to the preceding fiscal year (e.g., Fiscal Year 2022-23).

For purposes of illustration, here is an example (fictitious numbers are used for ease of calculation):

Assuming the Minimum Payment is \$1,000 in Fiscal Year 1 and the property tax revenues increase by ten percent (10%) between Fiscal Year 1 and the prior Fiscal Year, the Adjustment Payment for Fiscal Year 2 would be \$100.

c. One-Time Additional Payment: On or before December 31, 2023, DISTRICTS will receive a One-Time Additional Payment for Fiscal Year 2023-24 equal to ten percent (10%) of the Adjustment Payment.

For purposes of illustration, here is an example (fictitious numbers are used for ease of calculation):

Assuming the Minimum Payment is \$1,000 in Fiscal Year 1 and the property tax revenues increase by ten percent (10%) between Fiscal Year 1 and the prior Fiscal Year, and the Adjustment Payment is \$100 in the above example, the One-Time Additional Payment would be \$10.

In this example, the total payment (Minimum plus Adjustment plus One-Time Additional) would be \$1,110.

3.3 New Residential Property Tax Payment (NR-PTP): In addition to the above Minimum Payment, Adjustment Payment, and One-Time Additional Payment, an annual NR-PTP shall be made based on the residential property development in the Shoreline Community that occurs after the December 12, 2017 adoption of the North Bayshore Precise Plan (Policy 3.4.5.5) (hereinafter New Residential Development).

The first NR-PTP will be made by December 31 of the fiscal year following the addition of New Residential Development assessed value (AV) to the Santa Clara County (County) July 1 tax roll (Tax Roll) (e.g., the July 1, 2021 Tax Roll is for Fiscal Year 2021-22, and any payment from new residential development would be made by December 31, 2022).

In Year 1, the New Residential Development AV shall be calculated by subtracting the Base Residential AV Year 0, as adjusted by the California Consumer Price Index (CCPI) (see Example C in Attachment 1), from the total residential Tax Roll AV. Base Residential Tax Roll AV shall mean the residential Tax Roll AV shown on the Tax Roll prior to the addition of new residential AV due to New Residential Development. The New Residential Development AV will then be multiplied by the one percent (1%) tax increment rate to determine the New Residential Property Tax Revenues. New Residential Property Tax Revenues will then be multiplied by the Increment Allocation Factor (IAF) for the largest tax rate area (TRA) in the Shoreline Community, currently TRA 05-004, as established and provided by the County, for each DISTRICT for the applicable fiscal year to determine the NR-PTP.

Each subsequent fiscal year, the Base Residential AV from the prior fiscal year will be multiplied by the annual CCPI, or other inflationary factor utilized by the County to adjust the tax roll, to determine the Base Residential AV to be used to calculate the NR-PTP.

Attachment 1 to this Agreement includes an example for how the NR-PTP will be calculated for illustrative purposes, using fictitious numbers.

3.4. DISTRICTS shall use payments for expenditures consistent with the goals of this Agreement. Expenditures shall include, without limitation, the following: (1) acquisition of materials, equipment, and licenses to provide students and staff with access to current and regularly updated technological tools, resources, and infrastructure; (2) materials, equipment,

licenses, personnel, and consultants in support of student preparation for further education and the development of skills considered critical for the success of businesses and operations in SHORELINE COMMUNITY; (3) costs reasonably associated with the impact of SHORELINE COMMUNITY on DISTRICTS' students, schools, and facilities, including, without limitation, impact on student enrollment, traffic, and safety; and (4) creating and maintaining learning environments that provide academic rigor and foster 21st Century Learning Skills such as critical thinking and problem solving, collaboration and leadership, initiative and entrepreneurialism, and effective communication. Draw-downs from the Education Enhancement Reserve may be treated as grant to DISTRICTS.

ARTICLE IV—SUSPENSION OF PAYMENT AND AMENDMENT

4.1 **Suspension of Payment:** The Minimum Payment in Section 3.2(a) of this Agreement will be paid upon execution of this Agreement, with the Adjustment Payment and One-Time Additional Payment in Section 3.2(b)-(c) to be paid on or before December 31, 2023. The SHORELINE COMMUNITY's payments under this Agreement are expressly subordinate to the SHORELINE COMMUNITY's existing obligations that are secured by a pledge of tax increment.

SHORELINE COMMUNITY agrees to forgo issuance of any new bonds or Certificates of Participation during Fiscal Year 2023-24.

Payments made pursuant to this Agreement may be suspended in whole or in part in the event of a financial, environmental, natural, or other disaster that preempts SHORELINE COMMUNITY's ability to make the payments. This determination shall be made solely and exclusively by SHORELINE COMMUNITY.

4.2 **Potential Claims for Revenues and Amendment:** The payments set forth pursuant to this Agreement are exclusive and in lieu of any other potential claims for revenues from SHORELINE COMMUNITY for the term of this Agreement. In the event that the net benefit of the payments is diminished in whole or in part by the manner in which DISTRICTS are funded or are required to report these payments, this Agreement will need to be amended, if possible, before future payments are made. If the Parties cannot agree on an amendment, SHORELINE COMMUNITY reserves the right to discontinue payments until an acceptable amendment, if any, can be agreed upon by the Parties.

4.3 **Documents and Assurances:** The JPA Board, through its Chair, shall execute any and all documents as may be requested in writing by SHORELINE COMMUNITY to implement this Article, including, but not limited to, recognition and assurances that the payments pursuant to this Agreement are subordinate to other obligations of SHORELINE COMMUNITY.

4.4 In consideration of the payments provided by SHORELINE COMMUNITY to the Education Enhancement Reserve in this Agreement, the SHORELINE COMMUNITY's specific commitments set forth in Section 4.1 of this Agreement, and the stated intent of SHORELINE COMMUNITY and the DISTRICTS to enter into a longer-term agreement that meets the purposes

and obligations of the SHORELINE COMMUNITY and supports the DISTRICTS in fulfilling their critical role in providing education services to the future residents of the SHORELINE COMMUNITY, DISTRICTS covenant that DISTRICTS will not take any action or cause any action to be taken, including actions at law or administrative or legislative action to overturn, revoke, or change the financial structure of SHORELINE COMMUNITY provided in the Mountain View Shoreline Regional Park Community Act ("Shoreline Act") for the duration of this Agreement. Furthermore, DISTRICTS understand and agree the payments described in Article III of this Agreement shall be modified as set forth herein if any of the following occur:

4.4.1. If subsequent events result in either DISTRICT receiving its full property tax allocation that would have been allocated by law to such DISTRICT in the absence of the existence of SHORELINE COMMUNITY, then each DISTRICT which received its full property tax allocation during a fiscal year shall not receive the payment described in Article III of this Agreement for that fiscal year; and/or

4.4.2. If a restructuring of SHORELINE COMMUNITY tax structure occurs, through legislative or legal changes, which results in the transfer to either DISTRICT of revenues historically received by SHORELINE COMMUNITY, the payment to each DISTRICT required under Article III of this Agreement will be reduced dollar-for-dollar equal to the amount of that transfer received by such DISTRICT during such fiscal year; and/or

4.4.3. If either DISTRICT files a legal challenge to the existence of SHORELINE COMMUNITY or the validity of any provision of the Shoreline Act or proposes legislation to overturn, revoke, or change the financing structure of SHORELINE COMMUNITY, or causes such action to be taken, in violation of the first paragraph of this Section 4.4, then the payment described under Article III of this Agreement to DISTRICT which filed the legal challenge, proposed the legislation, or caused such action to be taken, shall be suspended until such challenge or proposed legislation has been finally resolved.

4.5 Subject to Section 4.1 above and in the event that a third party files a legal challenge to the existence of SHORELINE COMMUNITY or the validity of any provision of the Shoreline Act or proposes legislation to overturn, revoke, or change the financing structure of SHORELINE COMMUNITY, the Parties hereto agree to meet and confer with each other to discuss the potential fiscal implications of such legal challenge or proposed legislation on SHORELINE COMMUNITY and SHORELINE COMMUNITY's ability to carry out its obligations hereunder.

ARTICLE V—DURATION

5.1 Term and Termination: This Agreement shall become effective upon execution by all Parties and shall supersede any prior agreements. This Agreement shall continue in full force and effect until June 23, 2024, provided SHORELINE COMMUNITY remains in existence. This Agreement may be extended by written agreement of all Parties on the same or different terms negotiated by the Parties so long as the Parties continue to negotiate in good faith on a longer-

term agreement. By June 30, 2023, the JPA Board shall meet and discuss a process and timeline for developing and adopting a successor agreement.

ARTICLE VI—GENERAL PROVISIONS

6.1 **Severability**: It is hereby declared to be the intention of the signatories to this Agreement that the paragraphs, sentences, clauses, and phrases of this Agreement are severable and if any phrase, clause, sentence, paragraph, or article of this Agreement shall be declared unconstitutional or invalid for any reason by the valid judgment or decree of a court of competent jurisdiction, such unconstitutionality or invalidity shall not affect any of the remaining paragraphs, clauses, phrases, sentences, and articles of this Agreement.

6.2 **Notices**: All notices required or given pursuant to this Agreement shall be deemed properly served when deposited, postage prepaid, in the United States Mail, addressed as follows:

To: SHORELINE COMMUNITY:

Shoreline Community Manager
Shoreline Regional Park Community
500 Castro Street
P.O.Box 7540
Mountain View, CA 94039-7540

To: MOUNTAIN VIEW LOS ALTOS UNION HIGH SCHOOL DISTRICT:

Superintendent
Mountain View Los Altos Union High School District
1299 Bryant Avenue
Mountain View, CA 94040

To: MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT:

Superintendent
Mountain View Whisman School District
750 San Pierre Way, Suite A
Mountain View, CA 94043

6.3 **Nonreliance**: SHORELINE COMMUNITY and DISTRICTS remain independent entities, and no covenant or representation contained herein shall be interpreted to require any action or forbearance by any party contrary to the independent will or action of said agency.

6.4 **Amendment**: This Agreement may be amended in writing and signed by all the Parties.

6.5 Entire Agreement: This Agreement contains the entire understanding between the Parties with respect to the subject matter herein. There are no representations, agreements, or understandings (whether oral or written) between or among the Parties relating to the subject matter of this Agreement which are not fully expressed herein.

6.6 Public Records: The Parties recognize and acknowledge that SHORELINE COMMUNITY is subject to the California Public Records Act, California Government Code Section 7920.000 and following. Public records are subject to disclosure.

IN WITNESS WHEREOF, the Parties hereby execute this Agreement.

SHORELINE REGIONAL PARK COMMUNITY:

By:

Manager

MOUNTAIN VIEW LOS ALTOS UNION HIGH SCHOOL DISTRICT:

By:

Superintendent

APPROVED AS TO CONTENT:

Community Manager

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT:

By:

Superintendent

FINANCIAL APPROVAL:

Treasurer

APPROVED AS TO FORM:

Counsel

Attachment 1
Examples for the New Residential Property Tax Payment

The NR-PTP will be calculated as follows (all numbers are for illustrative purposes only and are not to be considered a projection):

Illustrative Example A Year 1—Calculation of New Residential Property Tax Revenues

Total Residential Tax Roll AV Year 1	\$138,600,000
Base Residential AV Year 0 (adjusted by CCPI)	(38,600,000)
Residential Development AV Year 1	\$100,000,000
Tax Increment Rate	1.0%
Residential Property Tax Revenues Year 1	\$1,000,000

Illustrative Example B Year 1—Calculation of NR-PTP

	<u>MVWSD</u>	<u>MVLAUHSD</u>
Increment Allocation Factor	23.76%	15.21%
NR-PTP (by the following December 31)	\$237,600	\$152,100

Illustrative Example A Year 2—Calculation of New Residential Property Tax Revenues

Total Residential Tax Roll AV Year 2	\$238,600,000
Base Residential AV Year 1 (adjusted by CCPI)	(39,372,000)
Residential Development AV Year 2	\$199,228,000
Tax Increment Rate	1.0%
Residential Property Tax Revenues Year 2	\$1,992,280

Illustrative Example B Year 2—Calculation of NR-PTP

	<u>MVWSD</u>	<u>MVLAUHSD</u>
Increment Allocation Factor	23.76%	15.21%
NR-PTP (by the following December 31)	\$473,366	\$303,026

Illustrative Example A Year 3—Calculation of New Residential Property Tax Revenues

Total Residential Tax Roll AV Year 3	\$300,000,000
Base Residential AV Year 2 (adjusted by CCPI)	(40,159,440)
Residential Development AV Year 3	\$259,840,560
Tax Increment Rate	1.0%
Residential Property Tax Revenues Year 3	\$2,598,406

Illustrative Example B Year 3—Calculation of NR-PTP

	<u>MVWSD</u>	<u>MVLAUHSD</u>
Increment Allocation Factor	23.76%	15.21%
NR-PTP (by following the December 31)	\$617,381	\$395,217

Illustrative Example A Year 4—Calculation of New Residential Property Tax Revenues

Total Residential Tax Roll AV Year 4	\$400,000,000
Base Residential AV Year 3 (adjusted by CCPI)	(39,757,846)
Residential Development AV Year 4	\$360,242,154
Tax Increment Rate	1.0%
Residential Property Tax Revenues Year 4	\$3,602,422

Illustrative Example B Year 4—Calculation of NR-PTP

	<u>MVWSD</u>	<u>MVLAUHSD</u>
Increment Allocation Factor	23.76%	15.21%
NR-PTP (by the following December 31)	\$855,935	\$547,928

Illustrative Example A Year 5—Calculation of New Residential Property Tax Revenues

Total Residential Tax Roll AV Year 5	\$500,000,000
Base Residential AV Year 4 (adjusted by CCPI)	(40,155,424)
Residential Development AV Year 5	\$459,844,576
Tax Increment Rate	1.0%
Residential Property Tax Revenues Year 5	\$4,598,446

Illustrative Example B Year 5—Calculation of NR-PTP

	<u>MVWSD</u>	<u>MVLAUHSD</u>
Increment Allocation Factor	23.76%	15.21%
NR-PTP (by the following December 31)	\$1,092,591	\$699,424

Illustrative Example C—Calculation of Base Residential AV (Following Year 1)

Base Residential Tax Roll AV Year 0	\$38,600,000
Base Residential AV Year 1 (assume 2.0% CCPI)	\$39,372,000
Base Residential AV Year 2 (assume 2.0% CCPI)	\$40,159,440
Base Residential AV Year 3 (assume negative 1.0% CCPI)	\$39,757,846
Base Residential AV Year 4 (assume 1.0% CCPI)	\$40,155,424

Adjustment to the Percentage Change in Property Tax Revenues for the Calculation of the PTP

Beginning in the first year a NR-PTP is made, and every year thereafter, the property tax revenues calculated in Section 3.2 of the Education Enhancement Reserve Joint Powers Agreement shall be reduced by the New Residential Property Tax Revenues calculated in Section 3.3 of the Education Enhancement Reserve Joint Powers Agreement in order to prevent a double-counting of the property tax revenues that is the result of New Residential Development. The PTP shall be calculated annually by multiplying the prior fiscal year PTP by the adjusted percentage growth in property tax revenues as shown below, and subject to the provisions in Section 3.2 of the Education Enhancement Reserve Joint Powers Agreement.

An example of the calculations to adjust the percentage change in property tax revenues and calculate the total payments under Section 3.3 of the Education Enhancement Reserve Joint Powers Agreement is as follows (numbers are used for illustrative purposes only and are not to be considered a projection):

Illustrative Example D Year 1—Calculation of Adjusted % Change in Property Tax Revenues

Property Tax Revenues Received Year 0	\$45,000,000
Property Tax Revenues Received Year 1	\$50,000,000
Less New Residential Property Tax Revenues Year 1	(\$1,000,000)
Net Property Tax Revenues Year 1	\$49,000,000
Adjusted Percentage Change from Year 0 to Year 1	8.9%

Illustrative Example E Year 1—Calculation of Total Payments under Section 3.3

	<u>MVWSD</u>	<u>MVLAUHSD</u>
PTP Year 0	\$4,000,000	\$2,600,000
Adjusted Percentage Change (see Ex D Year 1)	8.9%	8.9%
PTP Year 1	\$4,356,000	\$2,831,400
NR-PTP Year 1 (see Example B)	237,600	152,100
Total Payments under Section 3.3 Year 1	\$4,593,600	\$2,983,500

Illustrative Example D Year 2—Calculation of Adjusted % Change in Property Tax Revenues

Property Tax Revenues Received Year 1	\$50,000,000
Property Tax Revenue Received Year 2	\$55,000,000
Less New Residential Property Tax Revenues Year 2	(\$1,992,280)
Net Property Tax Revenues Year 2	\$53,007,720
Adjusted Percentage Change from Year 1 to Year 2	6.0%

Illustrative Example E Year 2—Calculation of Total Payments under Section 3.3

	<u>MVWSD</u>	<u>MVLAUHSD</u>
PTP Year 1	\$4,356,000	\$2,831,400
Adjusted Percentage Change (see Ex D Year 2)	6.0%	6.0%
PTP Year 2	\$4,617,360	\$3,001,284
NR-PTP Year 2 (see Example B)	473,366	303,026
Total Payments under Section 3.3 Year 2	\$5,090,726	\$3,304,310

Illustrative Example D Year 3—Calculation of Adjusted % Change in Property Tax Revenues

Property Tax Revenues Received Year 2	\$55,000,000
Property Tax Revenue Received Year 3	\$54,000,000
Less New Residential Property Tax Revenues Year 3	(\$2,598,406)
Net Property Tax Revenues Year 3	\$51,401,594
Adjusted Percentage Change from Year 2 to Year 3	(6.5%)

Illustrative Example E Year 3—Calculation of Total Payments under Section 3.3

	<u>MVWSD</u>	<u>MVLAUHSD</u>
PTP Year 2	\$4,617,360	\$3,001,284
Adjusted Percentage Change (see Ex D Year 3)	(6.5%)	(6.5%)
PTP Year 3	\$4,317,232	\$2,806,201
NR-PTP Year 4 (see Example B)	617,381	395,217
Total Payments under Section 3.3 Year 3	\$4,934,613	\$3,201,418

Illustrative Example D Year 4—Calculation of Adjusted % Change in Property Tax Revenues

Property Tax Revenues Received Year 3	\$54,000,000
Property Tax Revenue Received Year 4	\$58,000,000
Less New Residential Property Tax Revenues Year 4	(\$3,602,422)
Net Property Tax Revenues Year 4	\$54,397,578
Adjusted Percentage Change from Year 3 to Year 4	0.7%

Illustrative Example E Year 4—Calculation of Total Payments under Section 3.3

	<u>MVWSD</u>	<u>MVLAUHSD</u>
PTP Year 3	\$4,317,232	\$2,806,201
Adjusted Percentage Change (see Ex D Year 4)	0.7%	0.7%
PTP Year 4	\$4,347,453	\$2,825,844
NR-PTP Year 4 (see Example B)	855,935	547,928
Total Payments under Section 3.3 Year 4	\$5,203,388	\$3,373,772

Illustrative Example D Year 5—Calculation of Adjusted % Change in Property Tax Revenues

Property Tax Revenues Received Year 4	\$58,000,000
Property Tax Revenue Received Year 5	\$64,000,000
Less New Residential Property Tax Revenues Year 5	(\$4,598,446)
Net Property Tax Revenues Year 5	\$59,401,554
Adjusted Percentage Change from Year 4 to Year 5	2.4%

Illustrative Example E Year 5—Calculation of Total Payments under Section 3.3

	<u>MVWSD</u>	<u>MVLAUHSD</u>
PTP Year 4	\$4,347,453	\$2,825,844
Adjusted Percentage Change (see Ex D Year 5)	2.4%	2.4%
PTP Year 5	\$4,451,792	\$2,893,664
NR-PTP Year 5 (see Example B)	1,092,591	699,424
Total Payments under Section 3.3 Year 5	\$5,544,383	\$3,593,088

