

Declaration of Mutual Intent

Between

Scotts Valley Unified School District

and

Scotts Valley Sports Complex/Falcon Club

Background

The Scotts Valley High School (SVHS) track and principal outdoor athletic field (used primarily for football, soccer, and lacrosse) are structurally deficient and are lacking in appropriate seating and related facilities for spectators. Scotts Valley Unified School District (SVUSD) does not at present have the financial resources to remedy this situation.

Scotts Valley Sports Complex (SVSC) is a sub-committee and project of the Falcon Club, a 501(c)3 non-profit organization, and was formed in 2014. The group is of the opinion that the funding needed for the construction of a new track, field and stadium seating can be obtained via a focused and concerted donation/fundraising campaign. Recent estimates place the full cost of this project at approximately \$6M (not including interest).

SVUSD is encouraged by the information that has been presented by SVSC and wishes to support SVSC's efforts as a means to both reduce burdens on the District's taxpayers and complete the project sooner (in turn saving more money). SVSC has indicated that many of their prospective donors have requested clarity as to SVUSD's commitment to move forward on this project, as a consideration that may impact the amount and schedule of their donations. This Memorandum of Understanding (MOU) acknowledges this request for clarity and sets forth the understanding between the SVUSD and SVSC relative to financing the construction of a stadium, field and all-weather track at SVHS.

Purpose

SVSC declares that it is not possible to acquire the full amount of donated funds prior to starting the project. SVSC understands that SVUSD does not have uncommitted available funds. SVSC and SVUSD agree that outside financing (a loan) will be necessary.

SVSC has no assets, and the Falcon Club has existing financial commitments to fund the athletic program. SVUSD will therefore need to be responsible for the payments on this loan.

SVSC's and SVUSD's mutually shared objective is for donations and increased Falcon Club revenues (resulting from events held at the completed stadium) to fully cover the payments on this loan. This aligns with SVUSD's overriding goal of effectively utilizing its limited financial resources to optimize the overall experience for SVUSD students.

Agreements

SVSC and SVUSD intend to accomplish the above by undertaking the following activities:

- SVSC will secure cash and pledges⁽¹⁾ totaling \$2.5M prior to SVUSD signing the loan agreement
- SVSC will raise additional donations and pledges, including a minimum of \$700K in cash, before SVUSD signs the loan agreement
- SVSC will continue their fundraising efforts until the loan is paid in full.
- Falcon Club will commit gate monies from Football, Lacrosse, Boys Soccer, Girls Soccer, and Track in excess of \$10,000 collected annually, to go towards loan repayment
- SVUSD will gradually assume financial responsibility for the cost of coaches' stipends, currently funded by the Falcon Club, as part of the normal budget development process and to the extent that funds are available
- SVUSD and SVSC agree to set a mid-October date to discuss progress

⁽¹⁾ Secure pledges are those backed by a contract whose terms provide reasonable assurance, to both SVSC and SVUSD, that the donation will be received in full and on a known schedule.

Reporting

- SVSC will provide an annual accounting of fundraising progress to SVUSD. SVSC will annually identify the total amount of cash on hand, along with multi-year pledges currently signed that identify anticipated payments.
- Falcon Club will provide regular, comprehensive and transparent financial reports indicating compliance with the submission of gate receipts noted above.
- SVUSD will communicate with Falcon Club early and throughout the budget process as recommendations for coaches stipend funding for the coming year are developed.

Funding

This MOU is not a commitment of funds by SVUSD. This MOU establishes the general parameters by which the parties agree as reasonable to move forward with the financing of the project.

Duration

This MOU is at-will and may be modified by mutual consent of authorized officials from SVUSD and SVSC. This MOU shall become effective upon signature by the authorized officials from SVUSD and SVSC and will remain in effect until modified or terminated by any one of the partners by mutual consent. In the absence of mutual agreement by the authorized officials from SVUSD and SVSC this MOU shall end on 2032.

Contact Information

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_____ Date: _____
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SVSC Co-Chair

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