

NAPA PIPE SITE TERM SHEET
Between the County of Napa and
Napa Redevelopment Partners, LLC

This Term Sheet, dated as of May ____, 2013, summarizes certain basic terms of a proposed Development Agreement and related documents between the County of Napa, a municipal corporation ("**County**") and Napa Redevelopment Partners, LLC, a Delaware limited liability company ("**NRP**"), relating to the proposed development of the real property generally known as the "Napa Pipe Site," more particularly described on Exhibit 1 attached hereto (the "**Site**").

RECITALS

A. In March 2007, the Napa County Board of Supervisors received an initial application from NRP for a General Plan amendment related to development of 3,200 dwelling units and a mix of other uses on the 154-acre Napa Pipe Site at 1025 Kaiser Road in unincorporated Napa County.

B. The County and the City of Napa conducted a "study group" process funded by NRP to analyze three threshold issues: water supply, traffic, and fiscal impacts. The final reports were issued December 8, 2008, and provided to the Board of Supervisors and the City Council.

C. Subsequent to the City-County study group process, NRP revised its proposal to 2,580 dwelling units, to reserve 19-acres of the Site for possible future uses, and also submitted additional applications for the proposed new neighborhood of residential, neighborhood-serving retail, light industrial research and development ("**R&D**") warehousing, office space, hotel, and related infrastructure and public community facilities and open space.

D. In January 2009 the County issued a Notice of Preparation for preparation of a Draft Environmental Impact Report ("**Draft EIR**") on the NRP proposal and the Planning Commission held a series of five public workshops on the proposal.

E. On June 23, 2009 (Resolution No. 09-88), the Board of Supervisors certified the County's Housing Element Environmental Impact Report and adopted a General Plan amendment updating the Housing Element which identified the Napa Pipe Site as a location for multifamily housing and contained the program to, among other things, rezone 20 acres of the Napa Pipe property to allow housing development at a minimum density of 20 dwelling units per acre (Housing Element Program H-4e). The Housing Element identified Program H-4e as the likely first phase of a larger development, and the County must rezone at least 20 acres of the Napa Pipe property, allowing at least 304 units (202 of them by right) to fulfill its Housing Element commitment.

F. On October 23, 2009, the County published the Draft EIR for the then proposed Napa Pipe project proposal. In response to comments on the Draft EIR, NRP modified its proposal to eliminate the possibility for on-Site disposal of wastewater to the Napa River, to include a possible school site across Kaiser Road and the possible use of surface water from Mill Creek, a tributary of the Sacramento River in Tehama County. These project changes were analyzed in a Supplement to the Draft EIR published February 14, 2011 ("**Supplement**"). The Supplement also included additional information on Site remediation and air quality.

G. On February 3, 2012, the County published the Final EIR which consists of the Draft EIR, the Supplement, and the comments and responses to comments, as well as a list of text changes to the Draft EIR and the Supplement. Consistent with an analysis of wastewater treatment conducted by the Napa Sanitation District, NRP reduced the number of dwelling units to 2,050.

H. NRP's then pending proposal and staff's recommendation for a smaller alternative with 700-945 dwelling units were presented to the Planning Commission for their consideration at a public hearing commencing on February 21, 2012, and on May 2, 2012, the Commission recommended that the Board certify the Final EIR, adopt CEQA findings, adopt a Water Supply Assessment, adopt a General Plan amendment, and a zoning ordinance slightly modifying staff's recommendations.

I. On or about June, 2012, NRP submitted a revised project proposal and requested re-hearing by the Planning Commission before consideration by the Board of Supervisors. The modified proposal resembled the Planning Commission's May 2, 2012 recommendation in many ways, and also included rezoning to permit a Costco store. The new alternative was analyzed in a Supplemental Environmental Analysis ("**SEA**") to the Final EIR dated September 19, 2012. The SEA, described the modified proposal and how its impacts are addressed in the environmental analysis.

J. On October 3, 2012, in connection with the revised project proposal, the Planning Commission conducted a public hearing and again recommended that the Board certify the Final EIR, adopt CEQA findings, adopt a Water Supply Assessment, adopt a General Plan amendment, and adopt a Zoning Ordinance (collectively, the "**Basic Approvals**").

K. The revised project proposal is a mixed-use neighborhood containing 700 to 945 housing units, senior housing, a Costco, neighborhood-serving retail and restaurants, community facilities, R&D, light industrial, warehousing and office space, parks and public open space and other public amenities, and uses, all as generally set forth on the Land Use Plan dated April 2013, attached as Exhibit 2 ("**Land Use Plan**") and the Project Description attached as Exhibit 3 (together the "**Project**").

L. The Project includes significant affordable housing at greater levels of affordability than required under the County Code and will address the County's Regional Housing Need Assessment ("**RHNA**") by implementing Program H-4e in the County's 2009 Housing Element.

M. The Project will provide substantial public benefits in excess of those required, including privately-financed, publicly-accessible parks and access to the Napa River.

N. As specified in the Mitigation Monitoring and Reporting Program ("**MMRP**") adopted by the Board of Supervisors, the Project will implement project-specific mitigation measures and contribute its "fair share" to cumulative mitigation

measures identified in the Final EIR to address potentially significant environmental impacts.

O. In connection with the Project and the Basic Approvals, NRP and the County desire to enter into this Term Sheet, setting forth terms and conditions for negotiation of a Development Agreement to be brought before the Board of Supervisors subsequent to its action on the Basic Approvals.

TERM SHEET

A. Subject to the general conditions set forth in Section 6, this Term Sheet is intended to be the basis for negotiation of a Development Agreement between the County and NRP and such other related documents and entitlements as may be appropriate (together "**Development Documents**").

1. Development Project.

(a) Project Description. The "Project", as set forth on the Land Use Plan, and as more particularly described in the Project Description attached as Exhibit 3, contains:

(i) Up to 945 residential housing units, of which 20% would be deed restricted, as described in Exhibit 4 ("**Affordable Housing Plan**"), as affordable to moderate, low and very-low income households, provided as follows: (i) NRP would convey developable land located on separate blocks integrated within the overall block structure of the Project to a qualified affordable housing developer who would construct 70 affordable to low income households and 70 affordable to very low income households; and (ii) 50 units of housing affordable to moderate income households and integrated within market-rate residential buildings or blocks.

Additionally, it is anticipated that the Project will include a substantial number of housing units appropriate for members of the Napa County workforce. To ensure members of Napa's workforce have the maximum likelihood of obtaining housing at Napa Pipe, the Project will include an outreach and marketing program applicable to all

affordable and market rate units that will provides members of the local workforce with preferential access to units for sale. The parties expressly acknowledge that a major public policy goal of the County is to expand opportunities for housing the Napa workforce. As such, the Project was designed with a focus on housing for full-time Napa residents. In furtherance of that principle, the Development Agreement will include mutually acceptable detailed outreach and marketing program directed at maximizing the permanent housing opportunities for the Napa workforce.

The affordable housing program and workforce housing program are more particularly described in the Affordable Housing Plan attached hereto as Exhibit 4.

(ii) Approximately 154,000 square foot Costco with a gas station;

(iii) Approximately 40,000 square feet of neighborhood-serving retail and restaurants;

(iv) A hotel of approximately 150 rooms, including ancillary facilities such as a spa, located within the portion of the Site.

(v) A continuing care retirement community of 150 suites. NRP, at its election, shall have the right to meet the requirements of the County's affordable housing ordinance for the retirement community units through on-Site 20% affordable housing or through the payment of a per-unit in-lieu fee in accordance with the County's affordable housing ordinance.

(vi) Approximately 15,600 square feet of various community facilities;

(vii) A 10-acre school site on or off-Site, shown as Option A and Option B on the Land Use Plan;

(viii) Parkland, and other open space amenities, as described in the Project Description and shown on Exhibit 2 (Land Use Plan) and Exhibit 5 ("Open Space and Community Facilities");

(ix) Industrial zoning on the balance of the Site to accommodate up to 90,000 square feet of office space and 75,000 square feet of warehouse/R&D development; and

(x) Site remediation, grading to raise the elevation of the Site, on- and off-Site infrastructure necessary to serve the Project, as well as on-Site utilities and public services, as described in the Project Description and Phasing Plan attached hereto as Exhibit 6.

Together, the Land Use Plan (Exhibit 2), Project Description (Exhibit 3), Affordable Housing Plan (Exhibit 4), and Open Space and Community Facilities (Exhibit 5), set forth, among other things, the basic uses, density, intensity, location, general open space, height, densities and open space and utilities for the proposed Project, as also further described in Planning Commission Resolution No. 2012-05, adopted on October 3, 2012, and consistent with Ordinance No. _____ creating the Napa Pipe Zoning District, and Resolution No. _____ creating the Napa Pipe Mixed Use land use designation in the Napa County General Plan.

(b) Phasing. It is currently anticipated that development of the Project will occur in several phases, as generally described below, and more particularly described and shown on the phasing maps attached as Exhibit 6 ("Phasing Plan"). The Phasing Plan also describes those infrastructure and public benefit components of the Project that are pre-requisites to vertical construction in subsequent Phases.

(i) Phase 1, Site preparation, including initiation of Site remediation, grading, commencement of installation of major underground infrastructure and access roads to and from the Site, wetland restoration, commercial development on the Costco parcel, safety improvements to the railroad right of way, and improvement of the "farm" area;

(ii) Phase 2, completion of Site remediation and grading to raise the elevation of the western parcel, commencement of appropriate major infrastructure components, including public parks, recreation facilities and infrastructure serving the

initial residential area(s) in the northwest corner of the Site and in the vicinity of the dry docks, residential development (up to 350 units) in those areas and of the mixed-use area in the vicinity of the dry docks and a 150 unit continuing care retirement complex;

(iii) Phase 3, a hotel, residential development (up to 350 units) east and south of Phase 2, and associated park improvements; and

(iv) Phase 4, remaining residential development (up to 245 units), approximately 14,000 square feet of commercial development in southwest portion of Site, 90,000 square feet of office uses in the eastern portion of the Site, 75,000 square feet of light industrial and R&D warehouse uses in the eastern portion of the Site.

Each residential development phase will provide for parks and public amenities, as well as appropriate infrastructure and other improvements to serve that residential development area, as shown on Exhibit 6. Each phase will also provide for proportional allocation of affordable housing, as described in the Affordable Housing Plan. Prior to annexation of the Site (or affected residential portion of the Site) to the City of Napa ("**City**"), the number of residential building permits issued shall not exceed the number permitted under the County's Growth Management System Ordinance, which will include, without limitation, any permits that have accrued within the prior three years.

Sequencing within each phase may vary and overlap between phases, which will be permitted subject to reasonable requirements of the Development Agreement. It is the intention that, subject to certain infrastructure, public benefit and affordable housing pre-requisites as described in the Phasing Plan (Exhibit 6), NRP be able to develop the Site in its discretion and on its own schedule.

Prior to issuance of building permits for residential or commercial development in each Phase of development, NRP shall obtain the regulatory permits, approvals and authorizations required to construct the infrastructure improvements associated with the proposed development or Phase. Construction of infrastructure and other community benefit facility improvements, including the open space parcels described in the Open

Space Plan, will be phased, as show in in the Phasing Plan, and included in applicable subdivision maps and related improvement plans and agreements (or separate improvement agreements) with adequate security approved by the County, to provide the access, utility and open space improvements necessary to accommodate the proposed development. (See Phasing Plan and description of Prerequisites). If CFD decides to proceed with funding from a community facilities district (CFD), it shall demonstrate in accordance with the Financing Plan adequate funding sources to meet NRP's construction and maintenance obligations for infrastructure and open space within the phase. Prior to issuance of building permits for residential or commercial development in Phases 3 and 4, NRP shall satisfy the phasing requirements applicable to the Affordable Homes for the immediately prior phase, as described in the Affordable Housing Plan attached hereto as Exhibit 4.

2. Term. The Development Agreement will have a term of 20 years commencing with the effective date of the Development Agreement, as the commencement date may be extended until the Development Agreement and other Project Approvals are Finally Approved. The Development Agreement will provide, among other things that the Master Tentative Map for the Project will have a term equal to the term of the Development Agreement.

"Finally Approved" means the statute of limitations for the filing of any litigation or other administrative or legal or equitable challenge to any aspect of the environmental approvals, Basic Approvals or Project Approvals, as described in Section 3(a), and the deadline for the submittal of any referenda, shall have expired without any action whatsoever having been filed concerning such approvals, or if any such action has been filed, after such challenge, including any appeal(s), has been dismissed or resolved in favor of the Basic Approvals and Project Approvals to the satisfaction of NRP.

3. Development Agreement.

(a) Entitlements. On January 14, 2013, the Board of Supervisors certified the EIR, and on May 21, 2013 the Board made CEQA compliance findings, and adopted amendments to the General Plan and the Zoning Code and Map creating a

Napa Pipe Zoning District (hereinafter collectively the "**Basic Approvals**"). Upon endorsement of this Term Sheet and as anticipated in Section 4 hereof (Schedule), NRP intends to seek the following County approvals for the Project :(i) a Development Agreement which includes among items an Infrastructure Plan, a Financing Plan and an Affordable Housing Plan; (ii) a tentative subdivision map; and (iii) a Development Plan and Design Guidelines (hereinafter collectively the "**Project Approvals**"). In addition, the parties anticipate that other approvals will be necessary including, as part of the Development Documents, grading permits, and building permits and other approvals from various state and regional agencies, as described in Exhibit 6 (Phasing Plan) and Exhibit 7, (List of Approvals).

(b) Use Limitations. Consistent with this Term Sheet and Basic Approvals set forth herein, and subject to the provisions of Section 6, the Development Agreement shall provide for the maximum density and intensity of use, including the maximum height and size of proposed buildings, provide for the provisions of and the reservation or dedication of land for public purposes, provide for the delivery of public benefits, and provide for funding or construction, as applicable, of on-Site and off-Site improvements generally consistent with the Phasing and Infrastructure Plan contemplated by this Term Sheet, and will limit the County's ability to impose any new conditions on the Project beyond those that are consistent with the Basic Approvals and Project Approvals which would materially or adversely affect NRP's ability to implement the Project, except as may be necessary to mitigate significant adverse physical effects on the environment, if any, or to comply with Existing Laws. The parties will explore possible financing mechanisms to be addressed in the Development Agreement, which may include the formation of a community services district, a community facilities district, and/or other infrastructure financing in connection with the Project. NRP currently anticipates that Project financing would be consistent with the Financing Plan attached hereto as Exhibit 8. Notwithstanding the foregoing, any provisions in the Development Agreement imposing obligations on the County related to these financing mechanisms shall be subject to the County's approval in its sole discretion, and shall include conditions as necessary to fully protect the County and the City from liability or costs related thereto. Without limiting the foregoing, if the Development Agreement

includes public financing mechanisms, it shall also include a financing plan that includes protections to shield the County from liability and identifies actions required by the parties to implement the proposed public financing.

(c) Existing Laws. Except as specifically set forth in the Development Agreement, no further modification of the Napa County Municipal Code or General Plan, nor any ordinance or regulation which limits the rate of development over time shall be applicable or modify existing laws and regulations applicable to the Project as of the date of the Project Approvals ("**Existing Laws**"), whether such modification, ordinance or regulation is adopted by initiative or otherwise.

(d) Impact Fees and Exactions. Without limiting subsection 3(c) above, the Development Agreement shall specify those impact fees and exactions applicable to the Project, which shall include, without limitation, the County's non-residential affordable housing impact fees (as set forth in Chapter 18.07 et seq. of the Napa County Planning Code), the transportation impact fee established for this Project as established in the MMRP and, subject to agreement between the County and the City of Napa, City impact fees for fire and paramedic facilities. The Development Agreement shall limit the imposition of new impact fees and exactions for the term of the Development Agreement except as may otherwise be expressly provided in the Development Agreement. Any limit on new fees and exactions under the Development Agreement shall not include terms of water service separately negotiated between NRP and the water service provider, the requirements of, and fees payable under Building Codes in effect from time to time generally applicable on a Countywide (or Citywide, in the case of annexation) basis to similar land uses, terms of sewer service separately negotiated between NRP and the Napa Sanitation District as sewer service provider, or other utility connection fees in effect from time to time generally applicable on a Countywide (or City-wide in the case of annexation) basis to similar land uses. The Development Agreement shall not limit the applicability of the County's Building Code and life safety regulations in effect and as amended from time to time.

(e) Affordable Housing Contribution. In addition to impact fees and exactions described in subsection (d) above, as part of the extraordinary public benefits package provided under the Development Agreement, NRP shall make a contribution to the County's affordable housing fund in accordance with payment amounts and terms to be set forth in the Development Agreement a portion of which will be used by the County together with all other non-residential affordable housing impact fees from the Project and funds provided from the County's Affordable Housing Trust Fund to the extent allocated to the Site in accordance with the Affordable Housing Trust Fund Policies and Procedures Manual for use by Affordable Developers (as defined in the Affordable Housing Plan attached hereto) for the development of low and very-low income units on the Site, and a portion of which will be used by the County to fund the County's Proximity Housing Assistance Program to provide homebuyer assistance for market-rate and affordable residential ownership units developed on the Site, and/or for the development of low and very-low income units on the Site.

(f) Pace of Development. The Development Agreement shall provide that NRP shall be able to develop the Napa Pipe Site in accordance with its own time schedule, and in such order as it determines subject to the prerequisites identified in the Phasing Plan (Exhibit 6) and applicable limits in the County's Growth Management System Ordinance, described in Section 1(b) above.

(g) Transfer. The Development Agreement will provide that there shall be no restriction on NRP's ability to sell, transfer, or assign its rights and interest under the Development Agreement or any other Project Approvals or Development Documents in whole or in part or any of its duties or obligations under the Development Agreement or other entitlement ("**Transfer**"), subject to prior written notice to County that identifies the proposed transferee and includes a written assumption of all assigned obligations thereunder, and further provided, that any such duties or obligations under the Development Agreement or other entitlement may only be Transferred in connection with Transfer of all or a portion of the Site. Upon the Transfer of NRP's rights under the Development Agreement (or any successor thereto), the same shall be released from

any and all obligations under the Development Documents) with respect to the portion of the Site so transferred.

(h) Permit Processing. The County may retain a third party permit review consultant, with the experience and ability to do so and reasonably acceptable to NRP for processing applications for permit reviews and inspections the reasonable costs of which shall be at NRP's sole cost and expense.

4. Schedule. The County and NRP intend to proceed expeditiously and in good faith to negotiate the terms of the Project Approvals and Development Documents, consistent with the provisions of this Term Sheet and the Basic Approvals, with a goal of completion by October 31, 2013.

5. City Consultation, Annexation and Services.

(a) NRP recognizes the importance of City engagement in the planning process, and encourages the County to consult with City in connection with the negotiation of the Development Agreement during the negotiation period described above, and consistent with this Term Sheet, including, without limitation, with respect to further development and implementation of Project Phasing and Infrastructure Plan, and final Development Plan and Design Guidelines to be adopted by the County with the Development Agreement as part of the Development Documents.

(b) NRP and the County anticipate the possibility of future annexation of the Site, in phases, to the City of Napa. After County endorsement of the Term Sheet and adoption of the other Basic Approvals, and subject to the completion of an agreement between City and County, it is anticipated that proceedings would be initiated for inclusion of the Site in the City's sphere of influence and rezoning of the Site consistent with the County's adopted zoning, with the expectation that such proceedings may be concluded concurrent with the Project Approvals. At that time, and subject to obtaining a "will serve" letter as described in Section 5(c) below, NRP would support amendment of the City's Rural Urban Limit and annexation of the Site in a manner consistent with the Project Approvals.

(c) Prior to the Project Approvals, NRP will seek to obtain a "will serve" letter, or similar instrument indicating commitment on commercially reasonable terms to provide potable water service to the Project from the City of Napa. If NRP is not able to obtain water supplies from the City of Napa, NRP will seek to obtain a "will serve" letter, or similar instrument indicating commitment to provide potable water service to the Project from another municipal water system, investor-owned water company, or mutual water company. Potable water service will be based exclusively upon surface water supplies. In the event that NRP is not successful in obtaining a will serve letter from the City of Napa, then the County will consider a request from NRP to utilize groundwater as a supplemental supply in conjunctive use with water imported from outside Napa County, approval of which will be in the exercise of County's sole discretion.

(d) Upon annexation, NRP and City shall, in accordance with Government Code Sec. 65865.3(a), have the rights and obligations with respect to each other under the Development Agreement as if the Site had remained in the unincorporated territory of the County. NRP intends that the term of the Development Agreement shall, to the extent authorized by Government Code Sec. 65805(a), be extended by agreement so that the duration of the Development Agreement remains the same as if the Site had remained in the territory of the County.

6. General Conditions. While this Term Sheet summarizes certain essential terms of a potential Development Documents, it does not set forth all the material terms and conditions of those documents, all of which will be informed by a full public participation process. This Term Sheet, including any and all of its Exhibits, is not intended to and will not become contractually binding on the County or NRP and no legal obligation will exist except to negotiate in good faith for the term of this Term Sheet, unless and until the parties have negotiated, executed, and delivered mutually acceptable agreements, based upon information produced from environmental review of the Project under the California Environmental Quality Act and other public review and hearing procedures and subject to all applicable governmental approvals.

The County retains absolute discretion before action on the Project Approvals by the Board of Supervisors of the County of Napa, the County of Napa Planning Commission, or any other governmental agency, if applicable, to (1) determine to approve or deny any discretionary permit or other approval of the County in connection with the Project; (2) make such modifications to the Development Documents and the Project as may be necessary to mitigate significant environmental impacts in connection therewith; (3) select other feasible alternatives or adopt feasible mitigation measures to avoid or substantially lessen significant environmental impacts; (4) balance the benefits of the Project against any significant environmental impacts prior to taking final action if such significant impacts cannot be otherwise be avoided; or (5) determine not to proceed with the Project.

NAPA REDEVELOPMENT PARTNERS, LLC
a Delaware limited liability company

COUNTY OF NAPA,
a municipal corporation

By: _____

By: _____

Date: _____

Date: _____

List of Exhibits

- Exhibit 1 Site Description
- Exhibit 2 Land Use Plan
- Exhibit 3 Project Description
- Exhibit 4 Affordable Housing Plan
- Exhibit 5 Open Space and Community Facilities
- Exhibit 6 Phasing Plan
- Exhibit 7 List of Approvals
- Exhibit 8 CFD – Financing Plan - TBP

EXHIBIT 1

Site Description

The Project is located on a 154-acre former industrial site located at 1025 Kaiser Road in unincorporated Napa County, approximately three miles south of downtown Napa and adjacent to the City of Napa boundary. The Site is comprised of Assessor's Parcel Number (APN) 046-412-005 (+/- 63 acres) and APN 046-400-030 (+/- 91 acres). Both parcels are currently designated as Study Area in the General Plan and zoned I-AC (Industrial – Airport Compatibility). The boundary between the two parcels is established by an existing Union Pacific Railroad ("**UPRR**") right-of-way running in a north-south direction. The railroad right-of-way is privately owned by UPRR, which would maintain its ownership during and following project completion.

The Site is approximately ¼ mile west of Highway 221/Soscol Avenue and ¼ mile north of Highway 29. The Interstate 80/Interstate 680 interchange is nine miles to the east, via Highways 29 and 12. The Napa County Airport is approximately two miles to the south. The Site is urbanized, but is outside the City of Napa's voter-approved Rural Urban Limit ("**RUL**") line. Approximately 18.5 acres at the south end of the Site are within the City of Napa's Sphere of Influence ("**SOI**"), as established by the Napa County Local Agency Formation Commission ("**LAFCO**").

The Site is flat and is bounded by the Napa River to the west, industrial uses to the north and the Napa Valley Corporate Park to the east and south. Bedford Slough also lies to the south, and associated wetlands are located both on and adjacent to the Site.

Exhibit 2

Revised Development Plan

(Attached)

LAND USE PLAN

WESTERN PARCEL (APN 046-412-005)

- 700 dwelling units of mixed type, or 945 dwelling units with state density bonuses
- Parks and recreation areas
- 150-unit Senior Housing (CCRC)
- 150-suite hotel with associated uses
- 40,000 square feet of neighborhood retail and restaurants
- 10,000 square feet of office

EASTERN PARCEL (APN 046-400-030)

- 90,000 square feet of office
- Parks, Recreation Areas, and CSA Farm
- 75,000 square feet of Light Industrial / R&D / Warehousing
- 154,000 square feet of Costco

KEY TO LAND USES

- Publicly Accessible Parks and Open Space
- Farm
- Area for Seniors Housing (CCRC)
- Possible Location of Ground-Floor Retail (Residential Above)
- Area for Community Buildings
- Area for Hotel and Accessory Uses
- Areas for Office, R&D, Warehouse, and/or Light Industrial Uses
- Area for Membership Warehouse Club Retail
- Mix of Apartments, Condominiums, Rowhouses, Carriage Houses, and Single-Family Housing (Courtyard Homes)



Exhibit 3

Project Description

Due to its historic use for industrial purposes, the Site is subject to a clean-up order issued by the Regional Water Quality Control Board – San Francisco Bay Region. The Site will be cleaned up as part of the development process. Following the clean-up, imported fill will be used to raise the elevation of the Site to 12 feet NGVD29. Consistent with the Phasing Plan, a southern access road will be constructed to Corporate Drive, and all other required roads, infrastructure, and utilities will be constructed. Five existing unimproved at-grade crossings of the railroad track will be replaced with three, improved crossings. Safety improvements along the railroad corridor will include crossing gates and fencing.

The following uses are proposed for the western, 63-acre parcel. This is the parcel that is immediately adjacent to the Napa River:

- *Residential units.* A mixed-use residential neighborhood containing up to 945 residential units at a gross density of 20 dwelling units per acre. Residential buildings will consist of a variety of low-rise and mid-rise buildings. The buildings would vary in style, but would be consistent with the Napa Pipe Development Plan and Design Guidelines as approved by the County. The buildings would vary in appearance, with a maximum height of 55 feet. Residential buildings would consist primarily of townhomes, row houses and condominiums. Residential buildings would have a compact form, and would generally be attached units. Residential units would vary in size from studios to three bedrooms.
- *Affordable Homes.* Residential units that are deed restricted as affordable to low-, very low- and moderate-income households would be integrated throughout the area slated for development. At least 20% of the residential units would be deed restricted as affordable to moderate, low and very-low income households (e.g., 190 units if a total of 945 residential units constructed). Such 190 Affordable Homes will be further allocated as follows: For the Lower Income Homes, 70 units of rental housing deed restricted to remain affordable to very low-income households and 70 units of rental housing deed restricted to remain affordable to low-income households (both of which will be delivered by affordable housing developers on developable land dedicated by NRP integrated into the overall block pattern of the Site); and for the Moderate Homes 50 units of housing deed restricted to remain affordable to moderate income households integrated into the market-rate buildings and blocks.

- *Neighborhood retail.* The area centered on the existing dry docks will include neighborhood-serving retail and restaurant uses in mixed-use buildings. Allowed uses would include those providing goods and services serving local residents, including a day care center (see community facilities, below). The size of the retail spaces would generally range from between 500 and 15,000 square feet. Up to 15,000 square feet of restaurant space and up to 25,000 square feet of retail space are allowed.
- *Riverfront café.* Included in the 15,000 square feet described above, will be a riverfront café, which together with a visitor pavilion and an outdoor community table will be located in and adjacent to an existing building in the northwest corner of the Site, next to the Napa River. A small park (approximately 1.5 acres) will be developed in this area.
- *Senior/Assisted Living.* A 150-unit Continuing Care Retirement complex with 225 beds that would provide independent living for seniors, with common dining, recreational activities, housekeeping and transportation as well as assisted care for seniors.
- *Hotel.* A 150-room hotel with accessory uses will be located in the southern portion of the 63-acre site. The hotel will include accessory uses, such as meeting space, a spa, dining facilities. The meeting space is anticipated to be approximately 20,000 square feet. The hotel as a whole is anticipated to be a total of approximately 200,000 square feet. The design would offer public amenities on the first floor and suites above. The building would not exceed 48 feet in height.
- *Office.* Up to approximately 10,000 square feet of office, would be located in the same general area as the hotel. Buildings would subject to the 48-foot height limit.
- *Community facilities.* The following community facilities will be located on the 63-acre parcel:
 - Existing overhead cranes will be refurbished and integrated into the street-scape.
 - In the dry dock area, small boat harbors, a boathouse, a swimming pool and a sunken outdoor event space will be constructed.
 - An existing gantry crane will be refurbished as an outdoor movie screen adjacent to the sunken event space.

- A neighborhood-serving day care facility of approximately 3,600 square feet of indoor space and 4,500 square feet outdoor space will be integrated into the neighborhood center.
- A transit center will consist of a kiosk that provides information regarding available transit, ticket sales, and a sheltered seating area.
- A large, open plaza will be constructed in the vicinity of the boathouse and dry docks. The plaza will serve as a public gathering place.
- An emergency services building for use by law enforcement and ambulance services will be provided on-Site as part of the Project if requested by the emergency service providers. The station will be located along Kaiser Road at the northern edge of 63-acres parcel, adjacent to the railroad right-of-way.

➤ *Parks and open space.*

The 63-acre parcel includes the following parks and open space:

- A knoll will be constructed at the south end of the shoreline with a winding path to its crest, from which long range views will be available. South of the knoll, the existing wetlands will be preserved and enhanced. Paving around wetlands will be removed, and a landscaped 50-foot buffer would be created. The buffers will be planted with native species. Invasive non-native species would be removed.
- A 0.8-mile-long waterfront park along the Site's western edge will be constructed and maintained by NRP. The waterfront park will accommodate the regional Bay Trail and connect to an emerging countywide trail system. North to south, the trail within this park would be located along the seawall, over the pedestrian/bicycle bridges at the mouths of the dry docks, and along the river front park to the overlook. A pedestrian and bicycle connection at the north end of the Site will provide access to the adjacent Kennedy Park, to the existing bicycle/pedestrian route to downtown Napa, and serve as a link in the Bay Trail and the Napa Valley Vine Trail. The connection will be via a 0.5 mile path around Asylum Slough to be constructed and maintained by NRP, subject to acquisition of right of way (easement or fee title) from an adjacent property owner. The fair market value cost of acquisition of the right of way will be borne by NRP.
- An interpretive learning and nature center of approximately 1,500 square feet will be constructed to provide displays, including photos, maps of suggested tour routes and informative materials about the natural systems of the region. The learning/nature center would have exhibits on the flora and fauna of the area, with a focus on freshwater and saltwater wetlands. The structure will

include restrooms. The nature center will be located near the wetlands on the southwestern portion of the Site.

- The linear park which extends the reach of the Bay Trail, the southern knoll and the wetlands will together encompass approximately 12.5 acres.
- A neighborhood park and playground encompassing approximately 0.8 acres will be constructed in the center of the area.

The following uses are proposed for the eastern, 91-acre parcel. This is the parcel that is located east of the railroad tracks:

- A 154,000 gross square foot Costco and Costco gas station, including a parking lot to accommodate Costco patrons.
- Up to 90,000 square feet of office and 75,000 square feet of warehousing, R&D, or other light industrial uses will be constructed.
- A ten-acre Site across Kaiser Road (Option A) or on the northeastern portion of the Site (Option B) will be reserved for the construction of a school by the Napa Valley Unified School District subject to a separate agreement.
- A linear park, totaling approximately seven acres will be constructed adjacent to the eastern edge of the railroad right-of-way. An area is designated for a potential future train station.
- A community farm of approximately four acres will be developed immediately west of the Costco site.
- Riparian habitat along Bedford Slough will be restored. A wetland will be constructed at the mouth of the slough. [include acreage and detail similar to above (setback, path, native plants, etc.)]

The Project will include sophisticated stormwater management systems, including the use of green roofs, bioretention areas, vegetated swales, and flow-through planters. On- and off-street parking facilities will be provided, as well as sidewalks, street trees, and landscaping. All streets, sidewalks, open spaces, landscaping, and stormwater systems will be privately owned and maintained.

Exhibit 4

Affordable Housing Plan

The Project will contain up to 945 residential homes, of which at least 20% will be affordable to households earning moderate, low and very-low incomes (“**Affordable Homes**”). The Affordable Homes will be controlled through regulatory agreements between the developer of the Site and the County and recorded against the property.

In addition to the units restricted as affordable housing, the Project will include a substantial number of homes to be designed and priced to attract members of the Napa County workforce earning modest household incomes which are greater than the prescribed maximums for the Affordable Homes (“**Workforce Homes**”). The Workforce Homes will not be deed restricted.

The Affordable Homes will include (assuming full build-out of 945 units):

- Land dedication to an affordable housing developer of developable lots sufficient to accommodate the development of the following low- and very-low income homes (collectively, the “**Low-Income Homes**”):
 - 70 units for the Low Income Affordable Homes, households earning between 60-80% for Area Median Income; and
 - 70 for the Very Low Income Affordable Homes, no greater than 50% of the County’s Average Median Income, as published annually by the State of California.
- 50 homes affordable to Moderate Income households, understood to mean households earning between 80% to 120% of the County’s Average Median Income (“**Moderate-Income Homes**”) to be constructed on-Site within market-rate buildings and blocks.

The Low-Income Homes will be:

- Rental housing for income qualified tenants which meet, at a minimum, the program and eligibility criteria of the County’s Affordable Housing Ordinance and the CA Low Income Housing Tax Credit Program.
- Deed-restricted and maintained as Low-Income Homes for a minimum of 40 years – or 55 years in the event County Affordable Housing Trust Fund resources are utilized.
- Located on Affordable Housing Parcels as described below.

The Moderate-Income Homes will be:

- Either for-sale or rental housing for income qualified households which meet, at a minimum, the program and eligibility as established in the County's Affordable Housing Ordinance, and will be deed-restricted to maintain affordability for no less than 40 years.
- Marketed exclusively to moderate income individuals who qualify under the County's Proximity Housing Assistance Program.
- Provided on-Site within market-rate development parcels, proportional to the number of market-rate units constructed within a particular Phase.

NRP Responsibility will be to:

- Cause the delivery of the Moderate-Income Homes within the market-rate buildings or parcels proportional to the number of market-rate homes developed within each applicable Phase.
- Obtain all environmental, land use, zoning and subdivision approvals associated with the Project and the Affordable Homes.
- Identify and select a nonprofit affordable housing company, with County approval, with sufficient development capacity and management experience to successfully complete the Low Income Homes. NRP has identified MidPen Housing Corporation as the anticipated lead affordable housing developer/manager for the Low Income Homes ("**Affordable Developer**").
- Dedicate environmentally remediated and improved site(s) sufficient in number, size, zoning, and physical characteristics to construct the Low Income Homes ("**Land Dedication**"). Land Dedication is understood to mean the conveyance of land -- at no cost to the Affordable Developer or the County -- of rough graded building pad(s), with all necessary environmental remediation required by applicable regulatory agencies having jurisdiction to allow the residential use to be constructed. Land Dedication includes completion of utilities in the streets and stubbed to the property line, and completion of all on- and off-Site backbone infrastructure and streets in place as necessary to approve, permit, construct, and obtain certificates of occupancy for the Low Income Homes (such land, referred to hereinafter as an "**Developable Affordable Parcel**").
- Provide for a Land Dedication which allows for the development of no less than 50 Low Income Homes in Project Phase 2, 50 Low Income Homes in Project Phase 3, and 40 Low Income Homes in Project Phase 4.

- Negotiate and execute a Purchase and Sale Agreement with the Affordable Developer, as necessary to convey the Land Dedication to the Affordable Developer.
- NRP, in consultation with the County and the Affordable Housing Developer, will cause to be prepared an affordable housing financing plan in conjunction with the preparation of the Development Agreement. The plan will set forth a financing strategy, including roles and responsibilities of each party consistent with this Term Sheet, reasonably designed to result in the construction of the Low Income Homes for each Phase. The strategy will be adjusted for future Phases as necessary to respond to changed circumstances and conditions
- The Purchase and Sale Agreement with the Affordable Developer shall provide the County with an option to obtain title to the Developable Affordable Parcel from and to assume the rights and obligations of the Affordable Developer if the Affordable Developer fails to commence construction thereon within two years after close of escrow, subject to commercially reasonable notice and cure provisions.

Under Purchase Agreements with NRP and regulatory agreement with County - Affordable Developer Responsibility will be to:

- Secure ministerial design review approvals for the Low Income Homes.
- Develop, construct, manage, and operate the Low Income Homes. Subject to and upon Land Dedication to the Affordable Developer, the financing and regulatory obligations for the Low Income Homes will be assumed in the name of the Affordable Developer or an affiliated limited partnership.
- Secure public and private financing for the Low Income Homes, to include but not limited to the CA Low Income Housing Tax Credit Program, other non-County administered funding agencies, County affordable housing fees generated through development of the Site and County affordable housing fees to the extent allocated in accordance with the County's Affordable Housing Trust Fund Policies and Procedures Manual.
- Partner with other qualified nonprofit affordable housing developers, as necessary and requested by the County, to construct and/or manage the Low Income Homes, including assistance to NRP and the County to secure a developer/manager for the Moderate Income Homes.
- Affordable Housing Developer and County will sign a regulatory agreement that among other items requires the development to maintain affordability for a minimum of 40 years – or 55 years if County Affordable Housing Trust Fund Resources are utilized. In addition the agreement will require performance measures on the Affordable Developer. In the event that these performance

measures are not maintained then the County would have the ability to foreclose on the property and identify another developer for the property.

County Responsibility

- Use a portion of NRP's affordable housing contribution required under the Development Agreement and all available non-residential affordable housing impact fees generated from Project development for production of Low Income Homes within the Site.
- Use a portion of NRP's affordable housing contribution required under the Development Agreement to fund the County's Proximity Housing Homebuyers' Assistance Program and/or to fund production of Low Income Homes within the Site, at County's election.
- Prioritize the processing of Project applications for use of funds from the County's Affordable Housing Trust Fund for development of the Low Income Homes, and in accordance with the Affordable Housing Trust Fund Policies and Procedures Manual, prioritize the use of County Affordable Housing Funds for such Low Income Homes to help meet the County's RHNA obligations within unincorporated areas of Napa County.

The Design Program for the Affordable Homes will:

- Allow for a minimum density of 20 dwelling units per acre for the Low Income Homes.
- Allow the Low Income Home to be integrated within the block pattern within separate deed-restricted buildings
- Allow the Moderate Income Homes to be dispersed throughout the mapped Project area integrated into the market-rate buildings and parcels.
- Design the Affordable Homes to meet California GreenPoint Rated standards, with a minimum score of 120 points.

The Rent-Up and/or Sales Program for the Project will:

- Strategically focus outreach/marketing activities within the County of Napa, which will be directed to its key employment sectors, consistent with the criteria of the County's Affordable Housing Fund (if rental) or the County's Proximity Housing Homebuyers' Assistance Program (if for-sale).
- Implement a geographic "live-work" preference at initial rent-up and/or sale, subject to fair-housing and other legal review and sanction by the County.

- Restrict the sale of any Moderate Income Home to owner-occupants and first-time homebuyers.
- Strategically focus Project outreach/marketing activities within the County of Napa, and closely work with its key employment sectors to encourage strong demand and purchase by the Napa County workforce.

Relationship to Phasing

- No subsequent Project phase residential or commercial development may obtain building permits until NRP has satisfied the requirements of Land Dedication for the prior Phase pursuant to procedures more particularly described in the Development Agreement.
- After the initial Phase, no subsequent Project phase residential or commercial development may obtain building permits unless the number of Moderate-Income Homes identified and building permits obtained in the prior Phase is proportional to the number of market-rate homes developed within that prior Phase.