

**THE TERMS, PROCEDURES, AND REQUIREMENTS
FOR THE CONSIDERATION OF A DEVELOPMENT AGREEMENT
TO REHABILITATE THE MEADOWOOD ESTATE (“TERM SHEET”)**

This Term Sheet, dated September 14, 2021, summarizes certain basic terms, procedures and requirements for the proposed Development Agreement and related documents between the County of Napa, a political subdivision of the State of California ("County") and Meadowood Associates, a California Limited Partnership (together with its wholly owned subsidiary Meadowood Resort, LLC, a Delaware corporation; collectively, "Owner"), relating to the proposed rehabilitation of the real property generally known as the Meadowood Estate, more particularly described on Exhibit 1 attached hereto (the "Site").

RECITALS

A. Owner owns and operates the Meadowood Napa Valley resort club ("Meadowood") as well as The Napa Valley Reserve winery ("TNVR"), which together comprise the Meadowood Estate. The Meadowood Estate includes eleven contiguous legal parcels (Napa County Assessor's Parcel Numbers 025-080-032, -033, -034, -035, and -036, 025-110-049, -050, -064, -065, and -066 and 025-120-007; the "Meadowood Estate").

B. The County originally approved the Meadowood community in 1961, which was comprised of 268 acres and included a resort, country club and residential development. In 1981, the County approved a development agreement and use permit for the redeveloped resort. The Owner and the County revised said development agreement and use permit several times following its approval. In 2008, Napa County adopted its General Plan Update, which included Policy AG-LU103 that confirmed Meadowood's conformance to commercial zoning standards notwithstanding its Agricultural Watershed-Open Space land use designation under the General Plan.

C. On Monday, September 28, 2020 the Glass Fire burned across the Meadowood Estate. While many of the Estate's facilities were saved, the fire caused significant damage to the iconic Meadowood resort property, forcing the immediate and indefinite closure of all uses at Meadowood. TNVR's structures were undamaged by the Glass Fire.

D. Owner desires to replace, restore and renovate the facilities destroyed or damaged by the Glass Fire on an accelerated basis to allow it to reopen to its members, overnight guests and other visitors to Napa Valley as promptly as possible. In restoring the property, Owner intends to rehabilitate Meadowood's facilities to continue to meet and exceed the expectations of its guests, while also incorporating the highest standards of fire-safe construction and landscape design and maintenance (the "Rehabilitation Project"). The Owner does not intend for the Rehabilitation Project to expand the intensity of the uses allowed or developed at Meadowood prior to the Glass Fire, including no increase in the number of rooms beyond the 106 overnight lodging rooms that existed prior to the Glass Fire; however, the Rehabilitation Project will include larger and reconfigured buildings to meet current and future trends in hospitality.

E. Owner requests that the County expedite the permit process for the Rehabilitation Project, in both the immediate and long-term functions, so that Owner can secure and dedicate the funding needed to undertake the Rehabilitation Project on an accelerated basis and re-open the property as promptly as possible.

F. The Owner requests the County negotiate a new development agreement for the renaissance of Meadowood that will provide for the timing, scope and process to expedite the Rehabilitation Project similar to the previous development agreement (the “DA”). The DA will provide for timing and phasing of the replacement structures for the Rehabilitation Project, along with the timing and phasing of re-opening portion of the resort areas less impacted by the fire.

G. On December 15, 2020, the Board of Supervisors (“Board”) directed staff to work with the Owner on the terms of a DA and to allow for the temporary relocation of facilities lost in the Glass Fire to other areas on the Meadowood Estate, including TNVR, while the DA and other approvals associated with the Rehabilitation Project are pending.

H. On February 23, 2021, Owner submitted a notice of intent to temporarily relocate functions previously undertaken in the Meadowood clubhouse and other facilities destroyed by fire to other areas on the Meadowood Estate, including TNVR (the “Temporary Use”) and the County granted a building permit (Permit No. BC21-00538) to Owner on June 10, 2021 to begin improvements to accommodate the activities contemplated in the Notice of Intent.

I. The County will retain sufficient controls over this unique temporary use so that no intensification of urban uses or building densities will occur on the Meadowood Estate from the temporary functions and that long-term agricultural operations at TNVR will not be diminished.

J. Government Code Sections 65864 et seq., authorizes the County to enter into a development agreement to help provide certainty to property owners as to their ability to proceed with development projects, and such agreements also may serve to reduce County processing time for development and construction applications.

K. Government Code Section 65865(c) provides that every county shall, upon request of an applicant, by resolution or ordinance, establish procedures and requirements for the consideration of a development agreement upon application by the property owner.

L. The parties intend to utilize to the maximum extent allowed by law the California Environmental Quality Act (“CEQA”) statutory exemption provided in Public Resources Code 21080(b)(3), exempting all projects that repair, restore, or replace property or facilities damaged or destroyed as a result of a disaster in a disaster-stricken area in which a state of emergency has been proclaimed by the Governor, as proclaimed by the Governor for the Glass Fire on September 28, 2020, as well as various categorical exemptions under CEQA including but not limited CEQA Guidelines Section 15301 (Existing Facilities), CEQA Guidelines Section 15302 (Reconstruction of Structures and Facilities), CEQA Guidelines

Section 15303 (New Construction or Conversion of Small Structures), and CEQA Guidelines Section 15304 (Minor Alterations to Land).

M. In order to implement the Rehabilitation Project, Owner and the County desire to enter into this Term Sheet, which sets forth the general terms and conditions for the parties to negotiate the final language of the DA, including the processing of applications related to the Rehabilitation Project, that will be brought before the Board for final action.

TERM SHEET

Subject to the general conditions set forth in Section 2, this Term Sheet is intended to be the basis for negotiation of the DA between the County and Owner and such other related documents and entitlements as may be appropriate.

1. Term.

1.1. The DA shall be for a term of 20 years.

2. Project Approvals.

2.1. The Project Approvals shall provide a vested right to develop the Rehabilitation Project as follows:

2.1.1. A 106 key hotel-resort and ancillary uses and structures, which do not increase the existing intensity of uses that historically existed on the Property before the Glass Fires.

2.1.2. An increase of no more than 25% of the total aggregate area of approved pre-Glass Fire structures (generally consistent with the standards for a minor modification to a use permit under Napa County Code Section 18.124.130, subd. (B)) on the Meadowood property, including food and beverage facilities, resort amenities, administration and back of house buildings, and guest lodges.

2.1.3. The allowance of those temporary relocated uses and functions on the Meadowood Estate, including the TNVR property, constituting the Temporary Use for a period of 5 years after the effective date of the DA; provided, however, that extensions may be granted for good cause.

2.2. The “Project Approvals” are comprised of the DA, Development Plan and Use Permit, the contents of which are described in Section 9 of this Term Sheet, and the CEQA determination.

3. Subsequent Approvals.

3.1. A “Subsequent Approval” is any and all land use approvals, entitlements or permits or approvals of any kind or character (including building, grading or

engineering permits, groundwater permits, wastewater permits certificates of occupancy, lot line adjustments or parcel maps) that are necessary or advisable for the implementation and development of the Rehabilitation Project in accordance with the DA and any other entitlements contemplated under the Project Approvals. A Subsequent Approval shall also include any amendment to the foregoing land use approvals, entitlements or permits, or any amendment to the Project Approvals that is sought by Owner and approved by County in accordance with the standards set forth in the DA.

- 3.2. Subsequent Approvals once approved are vested under the DA. During the Term, no County ordinances, resolutions, rules, regulations or official policies enacted after the effective date of the DA shall be applicable hereunder without Owner’s written consent. County shall not use the Subsequent Approval process to reduce the height, density, type of permitted uses, number of keys, square footage of the Rehabilitation Project or other program elements; provided, however, that nothing in the DA shall prevent the County from taking such action as may be necessary and appropriate to protect the health or safety of the public.

4. Amendments.

- 4.1. Provide for a “Major Amendment” and “Minor Amendment” process. The process shall allow “Minor Amendments” to be approved by the Napa County Director of Planning, Building & Environmental Services (the “Director”), without public notice or a hearing.

5. General Application Review & Standards

- 5.1. The DA shall be accompanied by a Development Plan, the contents of which are described in Section 9.1 herein and shall satisfy the application requirements for the use permit component of the Rehabilitation Project. Notwithstanding any contrary provisions in the County’s Code, regulations, or policies, the Rehabilitation Project shall be developed consistent with the DA, including the Development Plan incorporated therein, and all other Project Approvals. The County shall not disapprove, require changes from or impose conditions inconsistent with the DA or subsequent approvals it has previously approved.
- 5.2. All applications for development of the Rehabilitation Project, including Subsequent Approvals, shall be submitted to the Director. The Director will review the application as expeditiously as practicable. The DA shall contain timeframes for the County’s responses to such applications.
- 5.3. Applications for building permit that are deemed complete and substantially conform to the concept plans in the Development Plan shall be permitted and require no further discretionary review.

- 5.4. Applications for building permit that are deemed complete, but do not substantially conform to the concept plans in the Development Plan shall be first reviewed for conformance as a Minor Amendment to the Development Plan.

The DA may include terms to implement principles of “adjacency” and “as needed” infrastructure, to allow for the potential phasing of the Rehabilitation Project, including its associated infrastructure where appropriate for the Rehabilitation Project.

6. Public Benefits.

- 6.1. Conformance with the updated 2021 State Minimum Fire Safe Regulations (as currently drafted as of the date of this Term Sheet), which includes the widening and extending of historic access roads over dramatically varied topography for CalFire engine access, as well as the creation of a secondary emergency evacuation route that can be used during an emergency.
- 6.2. The return of one of Napa County’s largest employers and local revenue generators.
- 6.3. The return of approximately \$3,000,000 - \$4,000,000 in County Transient Occupancy Tax annually, with up to approximately \$7,500,000 annually upon full completion of the Rehabilitation Project.
- 6.4. An improved community gathering space for non-profit fundraisers and other community events.¹
- 6.5. Construction of fire safe buildings and increase of defensible space across the Meadowood Estate, which would help protect the adjacent Madrone Knoll neighborhood and other surrounding residential properties.
- 6.6. Implementation of water conservation and efficiency measures to reduce use of water.
- 6.7. The construction of a new, state-of-the-art wastewater treatment system for all uses on the Meadowood Estate and Madrone Knoll, which will include an upgrade from secondary treatment to tertiary treatment of wastewater capable for irrigation use.

¹ Meadowood has served as the host of Auction Napa Valley every year since its inception, the founding headquarters of the Napa Valley Vintners for more than a decade, and the founder and host of the annual Symposium for Professional Wine Writers for 15 years.

7. Costs, Fees, Payments, & Taxes.

- 7.1. Owner shall pay all applicable processing fees and reimburse the County for the actual and non-duplicative costs incurred in the permit review and inspection process, including the costs of review and inspection processes by any third-party consultant.
- 7.2. The DA may include terms addressing payment of impact fees or other exactions.

8. Contents of Application for the DA

8.1. Generally, the DA and accompanying application shall include:

- 8.1.1. A proposed form of agreement with basic provisions to comply with California Government Code Section 66864, et seq., including (i) the duration of the agreement, (ii) the permitted uses of the property, (iii) the density or intensity of use, (iv) the maximum height and size of proposed buildings, and (v) provisions for reservation or dedication of land for public purposes.
- 8.1.2. Sufficient information to establish that the Rehabilitation Project is consistent with the Napa County General Plan.
- 8.1.3. Any (i) conditions, terms, restrictions, and requirements for subsequent discretionary actions, terms providing that construction shall be commenced within a specified time and that the project or any phase thereof be completed within a specified time, (ii) terms and conditions relating to applicant financing of necessary infrastructure or any public or required private facilities and subsequent reimbursement over time, and (iii) rules, regulations, and official policies governing permitted uses of the land, governing density, and governing design, improvement, and construction standards and specifications other than the rules, regulations, and official policies in force at the time of execution of the agreement, including but not limited to the payment of impact fees and exactions.
- 8.1.4. Provisions governing the Temporary Use.
- 8.1.5. A Development Plan, which will include a description of buildings and uses including overall areas of existing, damaged and proposed conditioned spaces, conceptual site plans, conceptual dimensioned floor plans, conceptual dimensioned sections for determining building height, conceptual renderings or elevations, conceptual building exterior materials plans, conceptual roadway plans, conceptual utility plans, conceptual parking plans, conceptual landscape plans,

conceptual lighting plans, conceptual wildfire and emergency evacuation plans, conceptual stormwater management plans, and conceptual phasing plans, if any, and a description of the Development Plan area zoning regulations and development standards. Notwithstanding County Code Section 18.48.060 and except as otherwise provided for herein, the information, drawings, plans, and materials constituting the Development Plan shall be sufficient for any and all application requirements for the County's processing and review of the Rehabilitation Project and shall satisfy the requirements of County Code Section 18.124.020, as may be applicable.

8.1.6. Any such other information as the County may reasonably require or deem necessary to satisfy other requirements of law.

8.2. DA Application Review.

8.2.1. Schedule. The County and Owner intend to proceed expeditiously and in good faith to negotiate the terms of the DA, consistent with the provisions of this Term Sheet, with a goal of presentation to the Planning Commission – for their recommendations to the Board – by October/November, 2021.

9. Authority.

9.1. General Conditions. While this Term Sheet summarizes certain essential terms of the DA, it does not set forth all the material terms and conditions of those Project Approval documents or the final details regarding the expedited process for review. This Term Sheet, including any and all of its Exhibits, is not intended to and will not become contractually binding on the County or Owner 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 and executed a mutually acceptable DA.

9.2. Discretion. The County retains absolute discretion before action on the Rehabilitation Project by the Board, the County Planning Commission, or any other governmental agency, if applicable, to approve or deny the DA or any other Subsequent Approval in connection with the Rehabilitation Project. The Parties further understand that if the statutory CEQA exemption pursuant to Public Resources Code Section 21080(b)(3) or any other categorical exemptions are found to be inapplicable to the Rehabilitation Project, that the Project may legally require certain additional analysis under CEQA and, if required by CEQA, the County may require feasible mitigation measures necessary to mitigate such impacts. In the event additional CEQA review is required, the County shall limit such additional CEQA review to the scope of analysis mandated by CEQA in light of the scope of the Rehabilitation Project.

Exhibit 1

The Site

