

**AHSC INDEMNITY AND
COOPERATION AGREEMENT
NAPA COUNTY AGREEMENT NO. 260364B**

THIS AHSC COOPERATION AGREEMENT (the “Agreement”) is made and entered into as of May 1, 2026, between Napa County (the “County”), and Imola Avenue, LP, the Limited Partnership that owns the project site on which the Housing Project is to be developed (“Developer”), (collectively with the County, the “Parties”, or individually, a “Party”), upon the basis of the following facts, understanding, and intentions of the Parties:

Recitals

A. Whereas The State of California, the Strategic Growth Council (“SGC”), and the Department of Housing and Community Development (“HCD”) issued a Notice of Funding Availability dated February 13, 2026 (the “AHSC NOFA”), under the Affordable Housing and Sustainable Communities (“AHSC”) Program established under Division 44, Part 1 of the Public Resources Code, commencing with Section 75200.

B. Whereas Imola Avenue, LP as the lead applicant, in its capacity as Developer, is applying for AHSC funds in response to the AHSC NOFA to provide funding for: (A) construction of an affordable multifamily housing project located on the Corner of Imola Ave and Penny Ln (APN: 046-450-076) in Napa, California (the “Housing Project”) and related programs; (B) the construction of certain sustainable transportation infrastructure (the “STI Improvements”); and (C) the construction of certain transit related amenities (the “TRA Improvements”). These improvements are described in more detail in the Final Application to be submitted by May 4, 2026 (collectively, the “AHSC Application”).

C. Whereas The AHSC Application seeks an award to the Developer in an aggregate amount of \$50,000,000 in AHSC funds consisting of:

- (1) Up to \$35,000,000 of AHSC grant funds (“AHSC Grant”) which will be disbursed to the Developer to fund construction of the Housing Project.
- (2) Up to \$500,000 of AHSC grant funds for a variety of programs, including: anti-displacement activities; workforce development strategies; homebuyer education for first-time homeowners; and three years of no-cost broadband internet service and no-cost NVRTA transit passes for the Housing Project’s Extremely Low-, Very Low-, and Low-Income residents.
- (3) Up to \$8,500,000 of AHSC grant funds which will be disbursed to the Napa Valley Transportation Authority (“Transit Agency”) for the purchase of two all-electric buses, bus operating expenses, and installation of 5 new bus shelters; and
- (4) Up to \$6,000,000 of AHSC grant funds which will be disbursed to the County for the cost of additional STI Improvements in the form of pedestrian and bicycle infrastructure; and

The AHSC grants shall be referred to collectively as the “AHSC Grants”. The AHSC Grants are collectively referred to herein as the “AHSC Financing”.

D. Whereas The County and Developer are required to enter into this Agreement in order to comply with the specific AHSC Program Threshold Requirement stated in the AHSC Program Round 10 Program Guidelines dated February 13, 2026 (the “AHSC Guidelines”). Section 103 Eligible Applicants (f) (the “Prior Experience Threshold Requirement”) of the guidelines dictates that applicants must demonstrate prior experience by providing evidence of at least two prior projects that are similar to the proposed AHSC project in scope and size, which have been completed by the applicant, or joint applicant, during the ten (10) years preceding the application due date. This section of the guidelines also states that the applicants may demonstrate the requisite experience by using the past experience of work completed of a non-applicant, so long as the applicants can provide an executed agreement with that specific non-applicant for the completion of the related work in the AHSC Application for which funding is sought. The purpose of this Agreement is to, amongst other things, comply with the Prior Experience Threshold Requirement.

E. Whereas Through this Agreement, the County is demonstrating prior experience and providing evidence of at least two prior projects that are similar in scope and size which have been completed during the ten (10) years preceding May 4, 2026 as more specifically described in Exhibit A attached hereto and incorporated herein.

F. Whereas The County shall be responsible for developing and constructing the STI Improvements, and for all costs and expenses related thereto to the extent required hereunder, and Developer shall be responsible for constructing and developing the Housing Project (together, the “Developer Obligations”), and for all costs and expenses related thereto. In connection with the AHSC Grants, Developer is required to enter into standard agreements, disbursement agreements, and regulatory agreements with HCD where Developer will be liable for the full and timely performance by the Parties to complete the obligations set forth therein, including completion of the Housing Project, as described in the AHSC Application. The AHSC Application and all standard agreements, disbursement agreements, regulatory agreements, and any other agreements required by HCD in connection with the AHSC Financing shall be collectively referred to herein as the “AHSC Documents”.

G. Whereas The County and Developer each acknowledge and agree that the inability or failure by either Party to fully and timely complete each Party’s respective improvements required by the AHSC Documents may affect the timing and right of the other Party to receive disbursement of AHSC funds due the other Party, notwithstanding the other Party’s full and timely performance of its obligations.

NOW, THEREFORE, in consideration of the recitals, covenants, and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto hereby agree as follows:

AGREEMENT

1. Obligations. The County shall, in its sole responsibility, complete the STI Improvements in accordance with the terms of the AHSC Documents and the approved design and construction documents and in accordance with the terms of this Agreement. The Developer shall, in its sole responsibility, complete the Developer Obligations in accordance with the terms of the AHSC Documents and the approved design and construction documents and in accordance

with the terms of this Agreement. When requested, each Party will provide the other Party with copies of all requisitions for work related to their respective work, the Notice of Completion, and other documents related to their respective work that another Party may reasonably request. The Parties hereby acknowledge and agree that the obligations required under this Agreement shall be contingent upon receipt of the AHSC funds in the full amount(s) sought as set forth in Recital “C,” above. In the event of a partial award, a Party may elect to terminate this Agreement consistent with Section 10 of this Agreement or the Parties may amend this Agreement in writing consistent with Section 14(c) of this Agreement.

2. Schedule of Performance; Progress Reports. Developer and the County shall comply with the schedule of performance set forth in the AHSC Documents for the completion of their respective obligations hereunder (the “Schedule of Performance”) as such Schedule of Performance may be modified or adjusted in the AHSC Documents, provided, however, that neither Party shall be obligated to comply with any changes to the Schedule of Performance included within the AHSC Documents unless such Party has consented to such changes. Upon request, the Parties agree to give the other Party a written status report on the progress toward the milestones listed in the Schedule of Performance such that the Developer will report on the Developer’s progress on the Developer Obligations and the County will report on the County’s progress on the STI Improvements, until such time as such respective obligations are complete. If any Party anticipates not meeting the targeted construction and grant disbursement milestones as established in the AHSC Documents, that Party will promptly notify the other Party in writing and will meet the other Party to discuss the reasons why the milestone dates may not be met, and what actions the delayed Party intends to take to meet the milestones or otherwise rectify the work schedule in order to maintain good standing with the terms and conditions established in the AHSC Documents.

3. Delegation. Notwithstanding the obligations of each Party under this Agreement, each Party shall be entitled to enter into sub-agreements with each other or with other Parties to provide any assistance or services needed for each Party to perform its obligations under this Agreement and the AHSC Documents.

4. Cost Overruns. Developer shall be responsible for paying all costs required to complete the Developer Obligations, irrespective of whether such costs exceeds the portion of the AHSC Grant designated for the Developer Obligations. The County shall be responsible for paying all costs required to complete the STI Improvements irrespective of whether such costs exceed the portion of the AHSC Grant designated for the STI Improvements.

5. Disbursement of AHSC Grant Funds. The Parties agree that the AHSC Grants for the STI Improvements shall be disbursed directly to the County. The Parties further agree that all of the AHSC Grant funds for the Developer Obligations shall be disbursed to the Developer. Notwithstanding the foregoing, if applicable and/or if required by the AHSC Documents, the County shall submit to Developer all draw requests for AHSC Grant funds for the costs associated with the STI Improvements, and Developer shall timely submit such requests to HCD with instructions for any such disbursements to be made directly to the County. The County shall apply any such proceeds received to pay the invoices submitted in connection with the draw request. Notwithstanding any provision herein to the contrary, Developer shall have no responsibility for, or liability arising out of, the disbursement of the AHSC Grant funds for the STI Improvements intended for the County, it being expressly understood that such funds shall

be disbursed directly to the County and that Developer's role, if applicable and/or required by the AHSC Documents, shall be solely to facilitate disbursement to the County without assuming any fiduciary duty or other obligation with respect to the funds.

6. Implementation Agreements. The Parties recognize that each Party may need additional assurances from the other Party regarding the AHSC Grants before commencement of construction of the Housing Project and the STI Improvements, including assurances for lenders and investors. The Parties agree to cooperate with each other to reach mutual agreement on amendments to this Agreement, Implementation Agreements, or estoppel certificates necessary to provide reasonable assurances and indemnifications. The Developer recognizes that any such amendments to this Agreement, Implementation Agreements, or estoppel certificates may require County Board approval.

7. Indemnities

(a) Developer Indemnity. Developer shall indemnify, defend, protect, and hold harmless County and its board members, officers, agents, consultants, and employees (each, a "**County Indemnified Party**") against any and all claims, actions, suits, causes of action, losses, liabilities, injuries, costs, damages, or expenses (collectively, "**Claims**") to the extent caused by Developer's performance of or failure to perform its Developer Obligations in the manner and within the time periods set forth herein. However, in no event shall the County Indemnified Party be indemnified hereunder for any Claims resulting from County Indemnified Party's sole negligence or willful misconduct.

(b) County Indemnity. The County shall indemnify, defend, protect, and hold harmless Developer and its board members, officers, agents, consultants, and employees (each, a "**Developer Indemnified Party**") against any and all Claims to the extent caused by County's performance of or failure to perform its obligations regarding the development and construction of the STI Improvements in the manner and within the time periods set forth herein. However, in no event shall a Developer Indemnified Party be indemnified hereunder for any Claims to the extent resulting from Developer Indemnified Party's sole negligence or willful misconduct.

8. The indemnities set forth in this Section 7 shall survive the termination of this Agreement.Notices. Formal notices, demands, and communications between the Parties shall be sufficiently given if, and shall not be deemed given unless, dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered by express delivery service, return receipt requested, or delivered personally, to the principal office of the Parties as follows:

County:
Steven Lederer
Director of Public Works
Napa County
1195 Third Street, Suite 101
Napa, CA 94559

Developer:

Imola Avenue, LP

c/o PEP Housing
625 Acacia Lane,
Santa Rosa, CA 95409

9. Events of Default. The occurrence of any of the following events shall constitute an Event of Default under this Agreement:

(a) A Party fails to perform any of its obligations under this Agreement, and does not cure such failure within 30 days after written notice of such failure has been delivered to the defaulting Party in accordance with Section 6 above; or

(b) A Party purports to revoke this Agreement or this Agreement becomes ineffective for any reason.

10. Termination. This Agreement shall automatically terminate and be of no further force or effect in the event that the Parties do not receive an award of the AHSC Financing. This Agreement may be terminated as follows:

(i) completion of the all obligations under this Agreement; (ii) mutual agreement of the Parties hereto; or (iii) if an AHSC funding award is not received in the amounts set forth in Recital C, then either Party at any time, by delivering written notice to the other Party at least 30 days in advance of the proposed date of termination.

11. Waiver of Consequential Damages. Neither Party shall have any claim or right against the other, whether in contract, warranty, tort (including negligence), strict liability or otherwise, for any special, indirect, incidental, or consequential damages of any kind or nature whatsoever, such as but not limited to loss of revenue, loss of profits on revenue, loss of customers or contracts, loss of use of equipment, or loss of data, work interruption, increased cost of work, or cost of any financing, howsoever caused, even if same were reasonably foreseeable.

12. RESERVED.

13. Assignment. The County hereby acknowledges and approves the assignment by Developer to the Housing Project's lender(s) ("Construction Lender") of all of their respective right, title, and interest in, to, and under the Agreement (the "Collateral") as collateral security for the Developer's obligations to Construction Lender under, and in connection with Construction Lender's loan to the Developer. In the event Construction Lender forecloses upon the Collateral, County hereby agrees that Construction Lender shall have all of Developer's rights and interests under the Agreement. Construction Lender is hereby made an express third Party beneficiary of this Section 13, and the Parties hereto shall not amend, modify, or terminate the Agreement without Construction Lender's express written consent after the closing of such Construction Lender's financing for the Housing Project.

14. Miscellaneous.

(a) Nothing in this Agreement shall be construed to limit any claim or right which any Party may otherwise have at any time against an Indemnitor or any other person

arising from any source other than this Agreement, including any claim for fraud, misrepresentation, waste, or breach of contract other than this Agreement, and any rights of contribution or indemnity under any federal or state environmental law, or any other applicable law, regulation, or ordinance.

(b) If any Party delays in exercising or fails to exercise any right or remedy against a Party, that alone shall not be construed as a waiver of such right or remedy. All remedies of any Party against the other Party are cumulative.

(c) This Agreement shall be binding upon and inure to the benefit of each of the Parties hereto and their respective representatives, heirs, executor, administrators, successors, and assigns. This Agreement may not be amended except by a written instrument executed by the Parties hereto.

(d) This Agreement shall be deemed to have been delivered and accepted in the State of California and governed exclusively by the internal substantive laws of the State of California as the same may exist at the date hereof. The Parties hereto hereby agree that any action hereon between the Parties hereto and their successors in interest may be maintained in a court of competent jurisdiction located in the State of California, and consent to the jurisdiction of any such California court for the purposes connected herewith.

(e) Each Party hereto intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any person other than the Parties hereto.

(f) This Agreement may be executed in multiple counterpart copies, any one of which when duly executed, with all formalities hereof, shall be fully binding and effective as the original of this Agreement.

(g) This Agreement shall be effective as of the date first written above.

[Signatures on following page]

Each of the undersigned hereby executes this Agreement in the spaces provided below to evidence their respective agreement to the terms of this Agreement.

DEVELOPER: Imola Avenue, LP,
a California limited partnership

By: Imola Ave LLC,
a California limited liability company,
its Co-General Partner

By: PEP Housing,
a California nonprofit public benefit
corporation, its Manager

By: _____
Jennifer Litwak, Chief
Executive Officer and
President

By: Imola Development LLC,
a California limited liability company,
its Co-General Partner

By: Collective Operations LLC,
a California limited liability company,
its Sole Member and Manager

By: _____
Weijia Song, Manager and
Member

NAPA COUNTY, a political subdivision of
the State of California

By: _____
AMBER MANFREE, Chair of the
Board of Supervisors

APPROVED AS TO FORM
Office of County Counsel

By: Ryan FitzGerald (e-sign)
Deputy County Counsel

Date: April 15, 2026

APPROVED BY THE NAPA
COUNTY BOARD OF
SUPERVISORS

Date: _____
Processed By:

Deputy Clerk of the Board

ATTEST: NEHA HOSKINS
Clerk of the Board of Supervisors

By: _____

Exhibit A

County Experience

Napa County Public Works is responsible for the planning, design, construction, operation, and maintenance of the public roads and facilities in the unincorporated areas in Napa County. Napa County has road and bridge projects that included sustainable transportation infrastructure

STI Experience – Devlin Road Bridge over Fagan Creek, RDS 11-06

Napa County managed the \$8 million project to construct an 80-foot-long bridge and 1,000 feet of new roadway with a Class 1 Path along the east side of Devlin Road between Tower Road and Airpark Blvd. Napa County staff worked with consultants to prepare environmental studies, complete a Mitigated Negative Declaration, obtain regulatory permits, acquire right-of-way, complete the plans and specifications, hire a construction contractor, and manage the construction and testing. Napa County accepted the Project in 2020, and maintains the Class 1 Path that is part of the 47-mile-long Napa Valley Vine Trail. .

STI Experience – Various Active Transportation Projects

Napa County managed the design and construction of numerous projects identified in the Napa County-wide Pedestrian Plan, Bicycle Plan, and Active Transportation Plan over the past 10 years. Napa County staff worked with consultants to prepare environmental studies, complete the plans and specifications, hire construction contractors, and manage the construction and testing. Napa County staff incorporated signage, striping, raised pavement markers, conflict markings, vertical delineators, and other safety measures into paving projects. For example, Napa County constructed a Highway Safety Improvement Program funded project to place buffered bike lanes with reflective pavement markings and rumble strips on Silverado Trail between Skellenger Lane and Zinfandel Lane.