

MASTER AGREEMENT No. 260112B
OF THE
NAPA VALLEY TRANSPORTATION AUTHORITY – TAX AGENCY

AND THE CITIES OF
AMERICAN CANYON, CALISTOGA, NAPA, ST. HELENA,
THE TOWN OF YOUNTVILLE, THE COUNTY OF NAPA,
AND
THE NAPA VALLEY TRANSPORTATION AUTHORITY

NVTA-TA AGREEMENT NO. 2025-C01

CITY OF NAPA AGREEMENT NO. _____

COUNTY OF NAPA AGREEMENT NO. _____

CITY OF AMERICAN CANYON AGREEMENT NO. _____

CITY OF CALISTOGA AGREEMENT NO. _____

CITY OF ST. HELENA AGREEMENT NO. _____

TOWN OF YOUNTVILLE AGREEMENT NO. _____

NVTA AGREEMENT NO. _____

NVTA-TA Board of Directors Approval Date: July 16, 2025

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This Master Agreement (“Agreement”) commencing on **1st** day of **July, 2025**, by and between the Napa Valley Transportation Authority – Tax Agency, a local transportation agency authorized by the provisions of Division 19 of the California Public Utilities Code, hereinafter referred to as (“NVTa-TA”), and Cities of American Canyon, Calistoga, Napa, St. Helena, the Town of Yountville, the County of Napa (the “County”) and the Napa Valley Transportation Authority (“NVTa”), each individually an “Agency” and hereinafter collectively referred to as (“Jurisdictions”), to guide the distribution of revenues generated by the Napa Valley Transportation Improvement Act, commonly known as Measure U. NVTa-TA and Jurisdictions are hereinafter collectively referred to as the “Parties”.

RECITALS

WHEREAS, the voters of Napa County approved the Napa Valley Transportation Improvement Act (herein referred to as Measure U) at the General Election held on November 5, 2024; and

WHEREAS, Ordinance No. 2024-01, attached hereto as EXHIBIT A (Measure U), does hereby replace Ordinance No. 2012-01, Napa Countywide Road Maintenance Act (Measure T) effective July 1, 2025; and

WHEREAS, the sales tax proceeds generated as of July 1, 2025 will be used to pay for the projects eligible under Measure U, submitted by and allocated to the Jurisdictions, as set forth in Measure U and as approved by the Jurisdictions’ governing boards and by NVTa-TA; and

WHEREAS, the NVTa-TA Board of Directors approved this Agreement on July 16, 2025.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants herein, the Parties agree as follows:

1. PURPOSE.

This Agreement is entered between NVTa-TA and Jurisdictions to document the funding conditions necessary for the Jurisdictions to receive Measure U sales tax disbursements.

2. TERM.

Thirty (30) years from the commencement date of July 1, 2025, unless amended.

3. ANNUAL AND NET RECEIPTS.

Proceeds available for the Local Streets and Roads Maintenance Program under the Expenditure Plan (herein referred to as “Local Streets and Roads Maintenance”) shall be allocated in accordance with Ordinance No. 2024-01 and any amendments made to Measure U. Net Receipts Available for Agency Distribution (as hereinafter defined), plus interest earned on unobligated balances, shall be apportioned to the Jurisdictions’ transportation improvement account on a quarterly basis in accordance with Ordinance No. 2024-01 and any amendments made to Measure U.

4. FINANCING.

"Pay-as-you-go" financing is the primary method used unless an Agency, with NVTa-TA's concurrence, determines and approves in advance that bond financing is a more appropriate alternative for the delivery of such Agency's own projects. The issuance of Agency Bonds (as hereinafter defined) may be subject to an Agency satisfying certain debt service coverage ratios that will be determined by the NVTa-TA Board prior to the issuance of the applicable Agency Bonds.

5. COST OF DEBT SERVICE ON BONDS.

In accordance with Measure U, the cost of debt issuance, debt service, and other costs relating to bonds or other evidence of indebtedness issued or incurred by NVTa-TA on behalf of an Agency for the purpose of financing such Agency's projects (the "Agency Bonds") will be borne by the individual Agency from Net Receipts Available for Agency Distribution otherwise apportioned to such Agency pursuant to Section 3 above. In addition, debt service on bonds or other evidence of indebtedness issued or incurred by NVTa-TA for purposes of financing Regional Transportation Enhancement Program projects (the "RTEP Bonds" and, collectively with the Agency Bonds, the "Bonds") will be deducted from Net Receipts (as hereinafter defined) in the manner described in Section 8 of this Agreement. Any Bonds or other financing instruments issued by NVTa-TA shall have priority in both lien and payment to the other applications of Net Receipts, as set forth in Section 12 of this Agreement.

6. PROJECT FUNDING SOURCES (7% Equivalent Funds).

Parties collectively must demonstrate that at least seven percent (7%) of the dollar amount of the allocations each year for the Local Streets and Roads Maintenance Program have been committed to the project development, construction, and maintenance of Class I and/or Class IV active transportation infrastructure project(s) identified in the adopted Countywide Active Transportation Plan (CTP), including any amendments thereof. NVTa will maintain and annually update a database of each jurisdiction's, including NVTa's, contributions towards the 7% Equivalent funds and calculate the collective commitment of funds.

Up to twenty percent (20%) of the requirement may be met by routine maintenance expenditures.

The base year for calculating the seven percent (7%) equivalent funds will be determined using the most recent audited year of Measure T revenues, FY2023-24 for each jurisdiction to calculate the Measure U 7% Equivalent Funds as seen in Table 1. Equivalent calculations for Measure U are based on the total proceeds received by each jurisdiction, less administrative costs, the Regional Transportation Enhancement Program, debt service, and other mandatory costs.

Funding for Class I and/or Class IV projects that are funded by philanthropy, state discretionary funding or federal discretionary funding shall not count toward the seven percent (7%).

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Table 1. Sales Tax Receipts

					---->>> MEASURE U		
Fiscal Year Ending June 30,	2022	2023	2024	2025	2026	2027	2028
Forecast Year	-3	-2	-1	0	1	2	3
Actual, Budget or Forecast	Actual	Actual	Actual	Projection	Projection	Projection	Projection
Sales Tax Receipts & Interest Earnings	24,824,105	25,551,011	25,237,575	25,200,000	25,830,900	26,476,600	27,138,700
Admin Costs - Sales Tax Program	0	0	0	0	(516,600)	(529,500)	(542,800)
NVTA-TA RTEP (Years 1-5)	-	-	-	-	(1,200,000)	(1,200,000)	(1,200,000)
Net Revenues For Distribution to Jurisdictions (Before Debt Service)	24,824,105	25,551,011	25,237,575	25,200,000	24,114,300	24,747,100	25,395,900
				Measure T	Measure U -->		
Actuals/Forecast	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
City of Napa	9,987,077	10,280,245	10,152,878	10,173,200	9,718,100	9,973,100	10,234,500
County of Napa	9,811,902	10,096,986	9,967,254	9,966,800	9,286,400	9,530,100	9,780,000
American Canyon	1,905,632	1,961,376	1,936,684	1,920,400	1,962,900	2,014,400	2,067,200
St. Helena	1,460,410	1,502,872	1,483,953	1,475,800	1,579,500	1,620,900	1,663,400
Calistoga	668,273	687,914	679,540	666,400	722,600	741,500	761,000
Yountville	668,273	687,914	679,540	666,400	844,000	866,100	888,900
NVTA Admin	248,631	257,879	257,685	252,000	516,600	529,500	542,700
NVTA RTEP	-	-	-	-	1,200,000	1,200,000	1,200,000
ITOC	73,907	75,825	80,041	79,000	-	-	-
	\$ 24,824,105	\$ 25,551,011	\$ 25,237,575	\$ 25,200,000	\$ 25,830,100	\$ 26,475,600	\$ 27,137,700
Equivalent Calculation				Total Proceeds	\$ 25,830,900	\$ 26,476,600	\$ 27,138,700
Net Revenues For Distribution to Jurisdictions				Net Proceeds	\$ 24,114,300	\$ 24,747,100	\$ 25,395,900
TOTAL	13,513,046	3,723,903	3,548,444	0	\$ 1,758,935	\$ 1,767,540	\$ 1,735,786
Accumulated Balance			11,820,008	11,820,008	10,061,073	8,293,533	6,557,747

7. PRIVATE SECTOR FUNDING.

Revenues provided from Measure U, shall not be used to replace private developer funding that has been or will be committed for any project to help alleviate the direct traffic impacts of any new or redeveloped residential, commercial, or industrial development in Napa County or its cities/towns.

8. EXPENDITURE PLAN SUMMARY.

Improvements identified on the Expenditure Plan as “projects” and “programs” as prescribed in Measure U, shall be funded by one-half of one percent (1/2%) transactions and use tax under Measure U.

The Net Receipts available for distribution to each Agency for the Local Streets and Roads Maintenance Program must be used for maintenance, reconstruction or rehabilitation of local streets, roads, and infrastructure within the public right-of-way. Up to five percent (5%) (herein referred to as “5% Flex Funds”) of allocations distributed to each Agency may be used on other transportation projects including roadway capacity projects. The 5% Flex Funds is over the life of the Ordinance No. 2024-01 and will include all debt issuance costs associated with projects funded with the 5% Flex Funds.

The amount transmitted from the California Department of Tax and Fee Administration (“CDTFA”) to the NVTA-TA will consist of the Measure U sales tax receipts collected by CDTFA, less any deduction for CDTFA’s services in connection with the Measure U sales tax (“Net Receipts”).

Net Receipts remaining following the deduction of (i) debt service payments on any RTEP Bonds and any other costs related to the RTEP Bonds, (ii) all administrative costs, including an allocation of no more than two percent (2.0%) of Net Receipts for NVTa administrative costs, and (iii) the RTEP Set-Aside amounts (the Net Receipts following such deductions are referred to herein as the “Net Receipts Available for Agency Distribution”) shall be allocated to the Jurisdictions as follows: (A) the Cities of American Canyon, Calistoga, Napa, St. Helena, and the Town of Yountville will be allocated a percentage distribution based on the proportionate sales tax generation in each respective Agency, calculated using the average of the three most recent audited years of sales tax generations per Ordinance No. 2024-01 and (B) the County will be allocated an amount based on fifty percent (50%) sales tax generation within the unincorporated County calculate using the average of the three most recent audited years of sales tax generations and fifty percent (50%) proportionate lane miles in the unincorporated County.

An Agency will receive no less than three percent (3%) of the Local Streets and Roads Maintenance revenues. Once the percentage distributions are calculated, an adjustment will be applied to normalize the total annual program to one hundred percent (100%) of the revenues available for distribution to the Jurisdictions.

Local Street and Road Example Formula

Table 2. LSR Example Formula

Column Number	A	B	C	D	E	F	G
Jurisdiction	Return to Source Amount		Lane Miles		Sub-total	Final Distribution	3% Floor
	Value (in 1,000s)	%	Value	%	County = (B+D)/2; Cities=B	Normalize to 100%	
American Canyon	\$ 3,261	8.9%	112.8	7.5%	8.9%	8.0%	8.0%
City of Napa	\$ 16,493	45.0%	467.6	31.0%	45.0%	40.3%	40.2%
Yountville	\$ 1,401	3.8%	16.6	1.1%	3.8%	3.4%	3.4%
St. Helena	\$ 2,703	7.4%	51.5	3.4%	7.4%	6.6%	6.6%
County of Napa	\$ 11,665	31.8%	828.7	55.0%	43.4%	38.9%	38.8%
Calistoga	\$ 1,131	3.1%	30.6	2.0%	3.1%	2.8%	3.0%
Total	\$ 36,654	100.0%	1,507.8	100.0%	111.6%	100.0%	100.0%

The above Local Streets and Road Formula is an illustrative example of the formula calculation and is subject to change upon the five-year update. See EXHIBIT F for FY26-FY30 Formula.

Total Sales Tax Data is derived from NVTa’s consultant reports of the total sales tax generations in a quarter. The total sales tax is also known as the 1% Bradley Burns local sales and use tax. Transactional or other local taxes are not used in the formula calculations. The NVTa-TA will use the total sales taxes for FY 2024, FY 2023, and FY 2022 for the FY 2026-30 LSR Example percentage calculation.

Net Receipts Available for Agency Distribution shall be deposited in a special fund (the “Special Revenue Fund”), used solely for the identified improvements as prescribed in Measure U, and made available to the Jurisdictions responsible for the improvements in the Expenditure Plan.

9. EXPENDITURE PLAN PROCEDURES.

Beginning on July 1, 2025, then biennially thereafter from July 1, 2027, each Agency shall develop and submit to NVTa-TA a five-year list of projects to be funded with revenues made available for the Local Streets and Roads Maintenance Program and other transportation projects funded by 5% Flex Funds, in accordance with Measure U (each, an “Agency Expenditure Plan”).

Each Agency shall conduct a public meeting and adopt a resolution substantially in the form of the resolution included as EXHIBIT C: Project List Adoption Resolution Template, in support of the proposed list of projects before submitting the project list to NVTa-TA. Jurisdictions must also identify in the five-year project list, those projects that require funds to be advanced through bonding, borrowing and/or funding exchange.

Prior to NVTa-TA approval, the Independent Taxpayer Oversight Committee (ITOC) shall consider each Agency’s biennial five-year list of projects (EXHIBIT B) and make a finding that such projects are consistent with the intent of Measure U and make a recommendation on which of the items on those project lists should be approved to NVTa-TA. An Agency Expenditure Plan may be amended by an Agency by conducting a public meeting and adopting a revised resolution with the amended Agency Expenditure Plan.

Parties will be encouraged to purchase goods and services for the project(s) from Contractors/Consultants/Suppliers based in Napa County, unless restricted by regulations guiding other funding sources included in the project funding. Parties must also fully consider the needs of non-motorized travelers, including pedestrians, bicyclists, and persons with disabilities, in all planning, maintenance, construction, operations, and project development activities and products. Projects funded in full or in part with NVTa-TA revenues shall endeavor to not remove or reduce existing facilities for bicycling or pedestrians.

10. MAINTENANCE OF EFFORT.

To meet the Maintenance of Effort (MOE) requirement prescribed in Measure U, each Agency will expend, at a minimum, twenty percent (20%) of the Agency’s most recent audited year local streets and roads sales tax revenue in local general fund revenues.

In each subsequent year after the initial year, the Agency must allocate 20% of its most recent audited fiscal year’s receipts, not to increase by more than two percent (2%) of the prior year’s MOE amount. The initial year of the MOE calculation is based on Measure T proceeds to the jurisdictions in the year ended June 30, 2024.

The 20% MOE calculation will be based on the most recent audited fiscal year available at the time of annual certification deadline by May 15th. This calculation accounts for deductions made before Net Receipts are allocated to the Jurisdictions, including NVTa’s administrative allocation of up to 2% of Net Receipts, the \$1.2 million per year for the first five years of the Regional Transportation Enhancement Program (\$6 million total), and RTEP Bond related costs and debt service payments for up to \$50 million aggregate principal amount of RTEP Bonds issued to deliver the Regional Transportation Enhancement Program.

Any Agency that does not meet its local MOE requirement for a five-year average period shall have its funding for the next year reduced by the amount the Agency did not meet its required average MOE level for the five years prior. Any funds not allocated due to the failure to meet the MOE requirement shall be reserved for the Agency until all MOE expenditures are fulfilled.

11. COOPERATIVE FUNDING EXCHANGE AGREEMENTS.

To maximize the effectiveness of the proceeds provided from Ordinance No. 2024-01, NVTa-TA and/or Agency may loan proceeds received, allocated or granted to any public agency party to this agreement provided that the percentage of proceeds allocated as provided is maintained over the duration of the Ordinance. Any exchange or loan agreement must include detailed repayment provisions, including appropriate interest earnings based upon the current treasury rate of interest. All loans and/or exchanges must be approved by NVTa-TA by a majority vote and shall be consistent with all rules approved by NVTa-TA relating thereto.

12. ALLOCATION & DISBURSEMENT OF MEASURE U RECEIPTS.

In accordance with Measure U, the Net Receipts received from the CDTFA will be disbursed in the following order:

1. Bonds: In the event that any Bonds are issued by NVTa-TA and for so long as any Bonds remain outstanding, costs related to the Bonds shall be paid and debt service on the Bonds shall be paid or set-aside at the times and in the amounts set forth in the indenture or other document pursuant to which such Bonds were issued or incurred or as set forth in any document relating to the Bonds, including any credit or liquidity facility documents.
 - A. RTEP Bonds: As set forth in Section 8 of this Agreement, debt service on any RTEP Bonds and any costs related to the RTEP Bonds shall be deducted from Net Receipts for purposes of determining Net Receipts available for Agency distribution. The debt service payment schedule for RTEP Bonds will be determined prior to the time of issuance.
 - B. Agency Bonds: In the event that an Agency causes NVTa-TA to issue Agency Bonds for the purpose of financing such Agency's projects, payments for costs associated with such Agency Bonds, other costs of financing and debt service on such Agency Bonds shall be deducted from the applicable Agency's annual Local Streets and Road Maintenance Allocation and such debt service costs will not be deducted from Net Receipts for purposes of determining the total amount of Net Receipts Available for Agency Distribution. The distribution of the Local Streets and Roads Allocation set forth in 4 below to an Agency that has any outstanding Agency Bonds will be net of the costs relating to such Agency Bonds and actual debt service paid or set-aside in accordance with the indenture or other documents relating to such Agency Bonds. The debt service payment schedule with respect to an issue of Agency Bonds will be determined prior to the time of issuance and must comply with the covenants and requirements within the indenture or other bond documents.

2. NVT Administration: A deduction of two percent (2%) of Net Receipts will be withheld for administration purposes.
3. Regional Transportation Enhancement Program (RTEP Set-Aside)- Year 1 (FY2026) to Year 5 (FY2030): A deduction of \$1,200,000 per year distributed in monthly installments for the five fiscal years beginning in Fiscal Year 2025-26 and ending in Fiscal Year 2029-30 for a total amount of \$6,000,000.
4. Local Streets and Roads Maintenance Allocation: Following the disbursements outlined above, the remaining Net Receipts Available for Agency Distribution will be allocated—though not immediately distributed—to each Agency according to the current Local Streets and Roads funding formula, which is updated every five years. Distribution of funds will occur after debt service on the Agency Bonds has been paid or set-aside in accordance with the indenture or document pursuant to which such Agency Bonds were issued.

No other allocation shall occur.

The County Auditor-Controller (or bond trustee, if applicable) will receive Net Receipts from CDTFA on a monthly basis or as determined by CDTFA methodology for the distribution of receipts. The NVT-TA will allocate the funds based on the current Measure U disbursement methodology stated in this Section and provide the County Auditor-Controller with a claim specifying the disbursement amounts for each jurisdiction. Jurisdictions will receive a quarterly letter indicating the full allocation of the Net Receipts available for Agency distribution and the amount of proceeds that each Agency will receive; net of any portion of an Agency's allocation of Net Receipts available for Agency distribution withheld for debt service and/or other mandatory fees relating to any Agency Bonds issued on behalf of such Agency.

Funds will be allocated to the Jurisdictions, as directed by NVT-TA, on a calendar quarterly basis. Disbursements, including any accrued interest, will be made in a timely manner, but no later than the end of the following quarter. Each agency must deposit its Measure U revenues into a separate, interest-bearing Special Revenue Fund.

NVT will provide the jurisdictions a five-year funding projection annually prior to the commencement of the new fiscal year.

In the event that any Bonds are issued, NVT-TA may enter into an agreement with the CDTFA to provide for the direct transmittal of Net Receipts to the bond trustee for the Bonds. The bond trustee for any Agency Bonds or RTEP Bonds shall be the same institution.

13. ALLOCATION & DISBURSEMENT OF MEASURE T RECEIPTS.

Sales tax remittances from the CDTFA for the tax reporting period ending June 30, 2025, along with any interest earned for monies kept in the Treasury through June 30, 2025, will be allocated in accordance with the Measure T agreement. Subsequent collections and interest earnings beginning with sales tax remittances from CDTFA for tax periods starting July 1, 2025, will be allocated in accordance with this Agreement.

14. REGIONAL TRANSPORTATION ENHANCEMENT PROGRAM.

Regional funds may be used on any of the Regional Transportation Enhancement Programs and/or projects and may not exceed \$56 million, excluding Low-Income Transit Subsidies, which will be paid for out of NVRTA-TA's administrative allocation.

Project Name	Amount
SR 29/SR 12 – Intersection Improvements at SR 29 and Jameson Canyon/Airport Road and SR 12/Kelly Road	Costs for capital projects funded by the Napa Valley Transportation Improvement Act may not exceed \$56 million.
SR 29-American Canyon – Operational Improvements on SR 29 between Napa Junction and American Canyon Road	
SR 29-SR 12/121 – Intersection Improvements at SR 29/Carneros Highway	
Highway Operations and Emergency Evacuation– may include highway system adaptive messaging signs and Vine Transit emergency evacuation operations, or other transportation projects related to emergency evacuation routes.	
Low Income Transit Subsidies	
Fares for Veterans, Persons with Disabilities, Seniors, and Students	Estimated annual cost of \$10,000 and funded from NVRTA-TA's 2% administrative allocation or other NVRTA-TA revenues not derived from Measure U.

The distribution of funding for the Local Streets and Roads Maintenance Program percentage for FY26 to FY30 is based on Transaction and Use Tax for Fiscal Years 2021-22 (FY22), 2022-23 (FY23), and 2023-24 (FY24).

Project	Percentage Distribution
American Canyon	8.14%
Calistoga	3.00%
City of Napa	40.30%
Napa County	38.51%
St. Helena	6.55%
Yountville	3.50%
Total	100.0%

15. COST ELIGIBILITY.

Cost eligibility shall be determined by NVRTA-TA based upon Jurisdictions' approved five-year project list. Funds may be expended only for streets and roads project(s) and 5% Flex Fund projects included on the Jurisdictions' approved five-year project list. Flex Fund projects must be included in an Agency's approved five-year project list and approved by the NVRTA-TA Board to be eligible.

16. BUDGET AND SCOPE.

Jurisdictions shall maintain a project(s) or program budget. Jurisdictions shall carry out the project(s) and shall incur obligations against and make disbursements of Measure U sales tax receipts in conformity with the requirements of this Agreement and the budget.

17. PROJECT MANAGEMENT.

Jurisdictions shall be responsible for the project(s) and provide for the management of consultant and contractor activities for which Jurisdictions' contracts, including responsibility for schedule, scope, and budget.

18. PROJECT OVERSIGHT.

Jurisdictions shall cooperate with NVTa-TA staff or its consultants for project information and financial information necessary to fulfill the requirements outlined in Measure U.

19. ATTRIBUTION AND SIGNAGE.

If any portion of Measure U sales tax revenues is used for production of reports, acknowledgment of the NVTa-TA's role shall be included in the documents. If any project(s) funding receives \$250,000 or more, Jurisdictions shall, upon initiation of field work or at the earliest feasible time, thereafter, install and maintain a sign or signs at the construction site, utilizing the adopted Measure U logo and text, identifying the Jurisdictions and NVTa-TA.

Jurisdictions shall demonstrate compliance with attribution and signage requirements as an indispensable condition for authorization of future Measure U allocations. Jurisdictions are encouraged, but not required to provide signage for projects with a value of less than \$250,000.

20. COMPLIANCE WITH LAW.

In the performance of its obligations pursuant to this Agreement, Jurisdictions shall keep fully informed of the Federal, State, and local laws, ordinances and regulations in any manner affecting the performance of this Agreement, and must at all times comply with such laws, ordinances, and regulations as they may be amended from time to time.

21. ENVIRONMENTAL COMPLIANCE.

Jurisdictions shall comply with the requirements under the California Environmental Quality Act (California Public Resources Code Sections 21000 *et seq.*; as implemented through California Code of Regulations Title 14, Chapter 3, Sections 15000 *et seq.*). Prior to commencement of any project included in the Expenditure Plan, any necessary environmental review required by CEQA shall be completed. Estimated costs in the Expenditure Plan include the cost of such environmental review.

22. FINANCES.

All costs charged to the project(s) shall be supported by properly prepared and documented time records, invoices, vouchers, or other documentation evidencing in detail the nature and propriety of the charges.

Jurisdictions shall provide a system generated general ledger, trial balance report and other detailed expenditure listing for the Special Revenue Fund. The reporting period for the trial balances will be September 30, December 31, March 31, and June 30. The Jurisdictions will provide the Trial Balances upon the quarterly close, or 30 days thereafter, whichever comes first.

23. RECORDS.

All checks, payrolls, invoices, contracts, vouchers, journal entries, work orders, or other accounting documents pertaining in whole or in part to the project(s) shall be maintained by the Jurisdictions for a period of five (5) years after project(s) closeout or termination of this Agreement. Such project(s) documents shall be clearly identified, readily accessible, and, to the extent feasible, kept separate and apart from all other similar documents not pertaining to the project(s).

24. ELIGIBLE EXPENSES.

Jurisdictions shall expend funds only on eligible direct expenses as follows: operating costs, direct staff time (salary and benefits), material costs related to construction of improvements, consultants; right of way engineering and acquisition costs (including permitting), and competitively bid construction contracts. Indirect costs (as defined by OMB Circular A-87) will not be considered an eligible expense. Funds shall also be expended according to the applicable provisions of Measure U and of the Public Utilities Code Section 180000 et seq.

If during an audit or a semi-annual expenditure review it is determined that an ineligible expense(s) was made, the Jurisdictions will be required to transfer the amount of ineligible expense into the Special Revenue Fund from any source other than Measure U Funds.

NVTA-TA shall provide notice to Jurisdictions of any audit determination if any expenditure made by Jurisdiction(s) is found not to comply with this Agreement, the Expenditure Plan or Measure U promptly after NVTA-TA becomes aware of any such finding.

25. AUDITS AND REVIEWS

Jurisdictions shall cooperate with and allow NVTA-TA's financial auditor, or any of its duly authorized representatives, to inspect all work, materials, payrolls, and other financial or operational data and records regarding the Measure U projects, and to audit the books, records, and accounts of the Jurisdictions and its contractors for financial or operational compliance, if requested. Jurisdictions are subject to Accounting, Reporting and Auditing Guidelines (EXHIBIT G).

NVTA-TA reserves the right to request an informal review or formal financial, compliance, project or performance audit of other third-party contracts for any reason related to Measure U, the MOE methodology and calculation, or Equivalent Funds provisions. Copies of reviews or audits performed in fulfillment of such requirements will be provided from the NVTA-TA to the jurisdiction.

26. PROJECT REPORTING AND CLOSEOUT PROCEDURES.

Jurisdictions shall provide to NVTA-TA a Semi-Annual Update on Expenditures as outlined in Accounting, Reporting and Auditing Guidelines (EXHIBIT G).

27. INDEMNIFICATION.

To the fullest extent permitted by law, NVTA-TA and Jurisdictions shall each defend, indemnify and hold harmless each other as well as their respective officers, agents, employees, volunteers or representatives from and against any and all liability, claims, actions, proceedings, losses, injuries, damages or expenses of every name, kind and description, including litigation costs and reasonable attorney's fees incurred in connection therewith, arising out of or connected with any acts or omissions of that party or its officers, agents, employees, volunteers, or contractors or their subcontractors, when performing any activities or obligations required of that party under this Agreement.

Each party shall notify the other party immediately in writing of any claim or damage related to activities performed under this Agreement. The Parties shall cooperate with each other in the investigation and disposition of any claim arising out of the activities under this Agreement, providing that nothing shall require either party to disclose any documents, records or communications that are protected under peer review privilege, attorney-client privilege, or attorney work product privilege.

28. INTEGRATION.

This Agreement represents the entire agreement of the Parties with respect to the subject matter thereof. No representations, warranties, inducements, or oral agreements have been made by any of the Parties except as expressly set forth herein, or in other contemporaneous written agreements.

29. AMENDMENT.

Except as otherwise provided herein, this Agreement may not be changed, modified or rescinded except in writing, signed by all Parties hereto, and any attempt at oral modification of this Agreement shall be void and of no effect.

30. INDEPENDENT AGENCY.

Agency performs the terms and conditions of this Agreement as an entity independent of NVTA-TA. None of Jurisdictions' agents or employees shall be agents or employees of NVTA-TA. No third parties have any rights or remedies under this Agreement.

31. ASSIGNMENT.

The Agreement may not be assigned, transferred, hypothecated, or pledged by any party without the express written consent of the other party.

32. BINDING ON SUCCESSORS, ASSIGNEES OR TRANSFEREES.

This Agreement shall be binding upon the successor(s), assignee(s) or transferee(s) of NVTA-TA or Jurisdictions, as may be the case. This provision shall not be construed as an authorization to assign, transfer, hypothecate or pledge this Agreement other than as provided above.

33. LEGAL EXPENSES.

Each party shall be solely responsible for and shall bear all of its own respective legal expenses in connection with any dispute arising out of this Agreement and the transactions hereby contemplated. Jurisdictions may not use Measure U funds, or other NVTa-TA or NVTa programmed funds, for the aforementioned purpose.

34. SEVERABILITY.

Should any part of this Agreement be declared unconstitutional, invalid, or beyond NVTa-TA of either party to enter into or carry out, such decisions shall not affect the validity of the remainder of this Agreement, which shall continue in full force and effect; provided that the remainder of this Agreement can, absent the excised portion, be reasonably interpreted to give effect to the intentions of the Parties.

35. ACCEPTANCE OF ALLOCATION.

Each Agency does hereby declare that all written statements, representations, covenants, and materials submitted as a condition of this Agreement are true and correct and does hereby accept NVTa-TA's allocations and agrees to all the terms and conditions of this Agreement. The Parties have executed this Agreement as of the date first written above, and it shall remain in effect until such time as no Measure U revenues remain available for expenditure, or until this Agreement is rescinded in accordance with this Agreement. For any disputes or difference in interpretation, the Ordinance shall supersede this Agreement and/or the Process and Procedures Manual.

36. FEDERAL AVIATION ADMINISTRATION REVENUE POLICY.

The Parties agree that Measure U sales tax collected on the sale of jet fuel at the Napa County Airport must be expended in compliance with Federal Aviation Administration's (FAA) Revenue Use Policy. The Parties responsibilities related to said compliance are set forth below:

The County's responsibilities:

- Allocate a portion of the Measure U funds as those funds are received by the County in an amount at least equivalent to the Measure U sales tax revenue on jet fuel at the Napa County Airport towards rehabilitation and maintenance of public roads that will meet the requirements of the FAA's Revenue Use Policy and Measure U.
- Report to NVTa-TA Measure U sales tax revenues generated on the sale of jet fuel at the Napa County Airport.

NVTa-TA's responsibilities:

- Submit reports to FAA when expressly requested by FAA in coordination with the NVTa Auditor on the use of Measure U funds in compliance with the FAA's Revenue Use Policy.

37. COMPLIANCE WITH TAX LAW REPORTING REQUIREMENTS

The Jurisdiction agrees to comply with all applicable state and federal tax laws, regulations, and reporting requirements, including but not limited to the timely filing of required tax forms, information returns, and disclosures. This includes compliance with Internal Revenue Service (IRS) reporting obligations, state tax reporting and disclosure requirements, federal tax reporting and disclosure requirements, and any other applicable governmental tax reporting standards. The Jurisdiction shall maintain accurate records and provide any documentation necessary to demonstrate such compliance upon request by the NVT-A-TA. An Agency shall trace the proceeds and interest earnings on any Agency Bond proceeds received by it and comply with all tax covenants required by NVT-A-TA or the Agency to ensure the interest on any tax-exempt bonds is excluded from gross income for federal and state income tax purposes.

38. EXHIBITS.

The following Exhibits are hereby referenced to provide guidance to the jurisdictions and Measure U Program Manual:

EXHIBIT A - Measure U Ordinance and Expenditure Plan

EXHIBIT B - Five-Year Project List Template

EXHIBIT C - Project List Adoption Resolution Template

EXHIBIT D - Progress Report Template

EXHIBIT E – Maintenance of Effort Certification Resolution Template

EXHIBIT F – Local Streets and Roads Funding Formula for FY26-FY30

EXHIBIT G – Accounting, Reporting, and Auditing Guidelines

EXHIBIT H – Equivalent Funds Certification Resolution Template

[This section left intentionally blank]

39. SIGNATURE PAGE- COUNTY OF NAPA

Napa Valley Transportation Authority – Tax Agency

By: _____ Date: _____
Name: Danielle Schmitz, NVTa-TA Executive Director

ATTEST:

By: _____ Date: _____
Name: Laura Sanderlin, NVTa-TA Board Secretary

APPROVED:

By: _____ Date: _____
Name: Osman Mufti, NVTa-TA General Counsel

"JURISDICTION"

By: _____ Date: _____
Name: Anne Cottrell, Chair of the Napa County Board of Supervisors

ATTEST:

By: _____ Date: _____
Name: _____ County Clerk

APPROVED:

By: Ryan Fitzgerald Date: July 18, 2025
Name: Ryan FitzGerald, Deputy Napa County Counsel PL No. 135049

40. SIGNATURE PAGE- CITY OF NAPA

Napa Valley Transportation Authority – Tax Agency

By: _____ Date: _____
Name: Danielle Schmitz, NVTA-TA Executive Director

ATTEST:

By: _____ Date: _____
Name: Laura Sanderlin, NVTA-TA Board Secretary

APPROVED:

By: _____ Date: _____
Name: Osman Mufti, NVTA-TA General Counsel

"JURISDICTION"

By: _____ Date: _____
Name: _____ Mayor or City Manager

ATTEST:

By: _____ Date: _____
Name: _____ City Clerk

APPROVED:

By: _____ Date: _____
Name: _____, Legal Counsel

41. SIGNATURE PAGE- CITY OF ST. HELENA

Napa Valley Transportation Authority – Tax Agency

By: _____ Date: _____
Name: Danielle Schmitz, NVTa-TA Executive Director

ATTEST:

By: _____ Date: _____
Name: Laura Sanderlin, NVTa-TA Board Secretary

APPROVED:

By: _____ Date: _____
Name: Osman Mufti, NVTa-TA General Counsel

"JURISDICTION"

By: _____ Date: _____
Name: _____ Mayor or City Manager

ATTEST:

By: _____ Date: _____
Name: _____ City Clerk

APPROVED:

By: _____ Date: _____
Name: Ethan Walsh, Legal Counsel

42. SIGNATURE PAGE- CITY OF AMERICAN CANYON

Napa Valley Transportation Authority – Tax Agency

By: _____ Date: _____
Name: Danielle Schmitz, NVTA-TA Executive Director

ATTEST:

By: _____ Date: _____
Name: Laura Sanderlin, NVTA-TA Board Secretary

APPROVED:

By: _____ Date: _____
Name: Osman Mufti, NVTA-TA General Counsel

"JURISDICTION"

By: _____ Date: _____
Name: _____ Mayor or City Manager

ATTEST:

By: _____ Date: _____
Name: _____ City Clerk

APPROVED:

By: _____ Date: _____
Name: David Schwarz, Legal Counsel

43. SIGNATURE PAGE- TOWN OF YOUNTVILLE

Napa Valley Transportation Authority – Tax Agency

By: _____ Date: _____
Name: Danielle Schmitz, NVTa-TA Executive Director

ATTEST:

By: _____ Date: _____
Name: Laura Sanderlin, NVTa-TA Board Secretary

APPROVED:

By: _____ Date: _____
Name: Osman Mufti, NVTa-TA General Counsel

"JURISDICTION"

By: _____ Date: _____
Name: _____ Mayor or Town Manager

ATTEST:

By: _____ Date: _____
Name: _____ Town Clerk

APPROVED:

By: _____ Date: _____
Name: _____, Legal Counsel

44. SIGNATURE PAGE- CITY OF CALISTOGA

Napa Valley Transportation Authority – Tax Agency

By: _____ Date: _____
Name: Danielle Schmitz, NVTA-TA Executive Director

ATTEST:

By: _____ Date: _____
Name: Laura Sanderlin, NVTA-TA Board Secretary

APPROVED:

By: _____ Date: _____
Name: Osman Mufti, NVTA-TA General Counsel

CITY OF CALISTOGA

By: _____ Date: _____
Name: Laura Snideman, City Manager

ATTEST:

By: _____ Date: _____
Name: Yudiana Galvan, City Clerk

APPROVED:

By: _____ Date: _____
Name: Michelle M. Kenyon, Legal Counsel

45. SIGNATURE PAGE- Napa Valley Transportation Authority

Napa Valley Transportation Authority- Tax Agency

By: _____ Date: _____
Name: Danielle Schmitz, NVTA-TA Executive Director

ATTEST:

By: _____ Date: _____
Name: Laura Sanderlin, NVTA-TA Board Secretary

APPROVED:

By: _____ Date: _____
Osman Mufti, NVTA-TA General Counsel

Napa Valley Transportation Authority (NVTA)

By: _____ Date: _____
Name: Danielle Schmitz, NVTA Executive Director

ATTEST:

By: _____ Date: _____
Name: Laura Sanderlin, NVTA Board Secretary

APPROVED:

By: _____ Date: _____
Name: Osman Mufti, NVTA General Counsel