

EXCLUSIVE NEGOTIATING AGREEMENT

This **EXCLUSIVE NEGOTIATING AGREEMENT** (“**Agreement**”) is entered into this 14th day of July, 2026 (“**Effective Date**”) (“by and between the **COUNTY OF SANTA BARBARA**, a municipal corporation of the State of California, having an address at 105 E. Anapamu Street, Santa Barbara, CA 93101 (“**County**”), and **SOLA IMPACT, LLC, a Delaware limited liability company** having its principal address at 1000 E 60th St, Los Angeles, CA 90001 (“**Developer**”). The County and the Developer may collectively be referred to herein as the “**Parties**” or individually as a “**Party**”.

RECITALS

A. The County is the owner of approximately 0.97 acres of real property located at 117 E. Carrillo Street, Santa Barbara, CA 93101 (APN:029-211-025), as further described on Exhibit A, attached hereto and incorporated herein (the “**Property**”). The Property is currently improved with a 2-story building and adjacent parking lot. The building is occupied by the County Probation Department.

B. The County has determined that facilitating housing opportunities for the local workforce serves an important public purpose by supporting economic stability, community vitality, and access to housing within the County.

C. On or about January 7, 2026, the County released a Request for Proposals, as further defined below (“**RFP**”) to solicit proposals from developers for the development of the Property as a mixed-use project intended to support the creation of workforce housing opportunities and other community-serving uses through a public-private partnership structure (“**Project**”).

D. The County received five (5) responses to the RFP.

E. After careful consideration and review of the submittals, staff identified the Developer’s proposal to be the best value and most responsive to the goals and requirements of the County in accordance with the terms of the RFP. A copy of the Developer’s proposal is attached hereto as Exhibit C (“**Development Proposal**”).

F. On May 5, 2026, the County Board of Supervisors authorized County staff to pursue an Exclusive Negotiating Agreement (ENA) or comparable pre-development agreement with Developer for the proposed project.

G. The County and Developer desire to negotiate and enter into a variety of agreements, including: this Agreement, a Development and Disposition Agreement, a Ground Lease (as further defined below), and other related agreements governing, among other things, the development, design, financing, construction, leasing, management, operation, and long-term use of the Property.

H. The Development and Disposition Agreement, Ground Lease, and related agreements are expected to establish the terms and conditions for development of the Project, including without limitation workforce housing objectives, contemplated affordability parameters, construction obligations, design review and approval, project entitlements, project schedule, operational requirements, and the long-term ground leasing of the Property to Developer.

I. The Parties intend to enter into this Agreement to provide for a period of exclusive negotiations relating to the development of the Project and project documents, pursuant to the terms and conditions set forth below.

NOW THEREFORE, the County and Developer hereby agree as follows:

1. Incorporation by Reference of the RFP. The Developer has been selected to enter into this Agreement in accordance with the County's Request for Proposals for Affordable Workforce Housing Public Private Partnership ("**P3**") Development, County Project Bid ID No. 208055, which was published January 7, 2026, and attached hereto as Exhibit B, provisions of which are expressly incorporated herein by reference and made a part of this Agreement. Capitalized terms not otherwise defined in this Agreement shall have the meaning given to them in the RFP. In the event of any inconsistency between the RFP and this Agreement, the terms of this Agreement shall govern.

2. Negotiations.

2.1 Good Faith Negotiations. The County and Developer agree to negotiate diligently and in good faith regarding the preparation a Development and Disposition Agreement ("**DDA**"), and a Ground Lease ("**Lease**"), and such other agreements as may be necessary or appropriate for development of the Project (collectively, the "**Definitive Documents**"), in accordance with the terms of this Agreement. The Parties acknowledge and agree that this Agreement is for the sole purpose of stating the intention of the Parties to exclusively negotiate a DDA and the terms of a Lease. The Parties have not reached agreement on the matters described herein, and do not intend to be bound until a final written DDA is executed by both Parties, as provided in such DDA.

2.1.1 By its execution of this Agreement, the County is not committing to any disposition of land to Developer, to Developer's ability to obtain any approvals required from the County to use the Property for the Project, or to any other acts requiring the subsequent independent exercise of discretion by the County or its staff. The County reserves final discretion and approval as to any proposed DDA and all proceedings and decisions in connection therewith. The Parties further agree and understand that this Agreement does not imply any obligation on the part of the County or Developer to enter into any DDA that may result from the negotiations contemplated herein.

2.1.2 The County anticipates that following execution of this Agreement, and through the Negotiation Period (defined below) and preparation of the DDA, the County, as well as certain consultants and attorneys for the County, will devote time and effort in reviewing documents, proposals, plans, and meeting with the Developer, each other, and other necessary third parties. The County acknowledges that the Developer will also expend substantial time and resources hereunder, and the Parties are willing to engage in these activities subject to the terms and conditions set forth in this Agreement.

2.2 Negotiation Period. This Agreement shall become effective upon the Effective Date and shall remain in effect for a period of one hundred eighty (180) days thereafter, unless earlier terminated or extended in writing by the Parties ("**Exclusive Negotiation Period**").

2.2.1 During the Exclusive Negotiation Period, the County shall not solicit, negotiate with, or knowingly consider proposals from other parties for the development of the Property. If the negotiations with the Developer under this Agreement are unsuccessful and do

not lead to approval and execution of a DDA within the Negotiation Period, the County reserves the right to negotiate with other entities that responded to the RFP and/or to solicit a new Request for Proposal.

2.2.2 Unless extended in writing by the Parties, this Agreement shall automatically terminate upon expiration of the Exclusive Negotiation Period if the Parties have not reached agreement on the material terms of the Definitive Documents. Execution of any Definitive Documents shall remain subject to approval by the County Board of Supervisors, in its sole and absolute discretion.

2.2.3 Developer may terminate this Agreement upon written notice to the County if Developer determines, in its reasonable judgment, that the Project is not feasible based upon Developer's due diligence investigations or inability to obtain required approvals for the Project.

3. Right of Early Entry on Property. During the Exclusive Negotiation Period, Developer and its employees, consultants, contractors, and agents may enter the Property upon seven (7) days prior written notice to County for purposes of conducting surveys, inspections, testing, environmental investigations, appraisals, and other due diligence activities reasonably related to evaluation of the Project, provided such activities do not unreasonably interfere with County operations or existing occupants of the Property.

3.1 County may require reasonable conditions on such entry, including coordination of access dates, times, and locations. Within fourteen (14) days after receiving written notice from the County, Developer shall repair any damage to the Property caused by Developer's entry activities.

3.2 Prior to any entry into the Property, Developer shall provide County of evidence of Developers commercial general liability insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence and shall name County as an additional insured.

3.3 Developer shall indemnify, defend, and hold harmless County and its officers, employees, and agents (collectively, the "**Indemnified Parties**") from and against any claims, damages, liabilities, costs, or expenses, including reasonable attorneys' fees (collectively, "**Costs**"), arising from Developer's entry onto the Property or the acts or omissions of Developer or its consultants, contractors, employees, or agents, except to the extent caused by the negligence or willful misconduct of County, provided, however, that the Developer shall not be responsible for any Costs resulting from the gross negligence or willful misconduct of any of the Indemnified Parties.

3.4 Developer shall not conduct any invasive testing or environmental sampling without County's prior written consent. If Developer discovers hazardous materials or environmental conditions during its investigations, Developer shall promptly notify County. Responsibility for any further investigation, remediation, cost allocation, or Project modifications relating thereto shall be determined in the Definitive Documents, if any.

3.5 The obligations of Developer under this Section shall survive expiration or termination of this Agreement.

4. Developer Team.

4.1 Developer and Key Personnel. The Developer team consists of SoLa Impact and a mutually agreed upon 501(c) (3) non-profit partner to be identified within thirty (30) days of the Effective Date], together with the key personnel identified in the Development Proposal. County acknowledges that the qualifications, experience, and proposed team of Developer were material considerations in County's selection of Developer for the Project. Developer shall maintain throughout the term of this Agreement a development team with experience reasonably acceptable to County in workforce and mixed-income housing development, financing, and operations.

4.1.1 During the term of this Agreement, Developer shall not materially change its ownership structure, replace any key principal or substitute key personnel identified for the Project without the prior written consent of County, which consent may be granted or withheld in County's reasonable discretion.

4.1.2 County may terminate this Agreement upon written notice if Developer makes any material unauthorized change to its development team or key personnel.

4.2 Consultant Team. Developer acknowledges that the qualifications, experience, and composition of the consultant team identified in the Development Proposal were material considerations in County's selection of Developer for the Project. Developer shall maintain a consultant team with qualifications and experience reasonably satisfactory to County throughout the term of this Agreement.

4.2.1 Developer shall not replace any lead architect, engineer, financial consultant, affordable/workforce housing advisor, property manager, or other key consultant identified in the Development Proposal without prior written notice to and approval by County, which approval shall not be unreasonably withheld.

4.2.2 County may terminate this Agreement upon written notice if Developer proposes changes to the consultant team that, in County's reasonable judgment, materially diminish the qualifications, experience, or capabilities of the development team necessary to successfully advance the Project

5. General Business Terms.

5.1 General Terms. The Parties acknowledge that negotiations regarding the Definitive Documents shall generally be informed by the Development Proposal and the preliminary business terms attached hereto as Exhibit D ("**Term Sheet**"), provided that all terms and conditions remain subject to further negotiation, refinement, and approval by the Parties.

5.2 Costs. Except as may otherwise be provided in the Definitive Documents, Developer shall be solely responsible for all costs and expenses incurred in connection with predevelopment activities, due diligence investigations, planning, design, financing, entitlement efforts, and negotiation of the Project.

5.3 Project Scope. The Parties contemplate that the Project will consist primarily of workforce-oriented multifamily rental housing, together with such ancillary community-serving, retail, parking, open space, mobility, and supporting infrastructure improvements as may ultimately be approved in the Definitive Documents.

5.3.1 The Project program, unit mix, affordability structure, development intensity, design, financing, construction schedule, infrastructure obligations, parking requirements, and operational framework shall be further evaluated and refined during the Exclusive Negotiation Period.

5.4. Developer Studies. During the Exclusive Negotiating Period, Developer shall, at its sole cost and expense, conduct such market, financial, planning, environmental, engineering, entitlement, and other investigations as Developer deems necessary or appropriate to evaluate and advance the Project.

5.4.1 Developer shall keep County reasonably informed regarding the status of such investigations and shall provide periodic updates and materials reasonably requested by County relating to Project planning and feasibility.

5.4.2 In the event the Parties do not execute Definitive Documents, Developer shall provide County copies of material non-confidential reports, studies, and investigations prepared in connection with the Project, subject to any confidentiality, licensing, or third-party use restrictions applicable thereto, provided Developer's third-party costs associated with the reports are reimbursed.

5.4.3 County acknowledges that any reliance upon such studies or investigations shall be at County's sole risk unless otherwise expressly agreed in writing by Developer.

5.5 Deposit and Reimbursement Account.

5.5.1 The Developer shall tender to County no later than ten (10) days after the Effective Date, and County shall accept, an initial deposit ("**Negotiation Deposit**") in the amount of Ten thousand and no/100ths dollars (\$10,000), in the form of a cashier or certified check, or wire transfer, payable to the County. The Developer agrees that County may use the Negotiation Deposit to reimburse itself for its negotiation costs after the date of this Agreement for costs, including, but not limited to, attorneys' fees, appraisers, title reports and other third-party costs as needed to complete negotiations ("**Negotiation Costs**").

5.5.2 The County shall submit to Developer invoices detailing the Negotiation Costs. The County shall be free to withdraw funds from the Negotiation Deposit, as needed, provided it has submitted such invoices to the Developer and those invoices are solely for Negotiation Costs. If the initial deposit is exhausted by eligible expenses, Developer will make an additional deposit of Ten thousand and no/100ths dollars (\$10,000.00) to the County. The total Negotiation Deposit shall not exceed twenty thousand and no/100 ths dollars (\$20,000.00) unless mutually agreed by both Parties. The County shall submit to the Developer all Negotiation Costs charged to the Negotiation Deposit for review by the Developer

5.5.3 The Negotiation Deposit, less the Negotiation Costs already incurred, shall be refundable to Developer in the event this Agreement is terminated prior to the execution of a DDA. In the event a DDA is fully executed and approved by all requisite action, the balance of any remaining Negotiation Deposit shall be applied as a credit against amounts, if any, to be paid by Developer to County pursuant to the DDA.

5.5.4 The Parties acknowledge that the payment paid to the County by the Developer is exempt as a "source of income" to the County within the meaning of California Political Reform Act (pursuant to California Government Code section 87103.6). The Parties

further acknowledge that the County reserves the full and sole discretion and authority to determine which consultants, contractors, or employees shall be hired to advise the County on the Project, and to direct and evaluate such work and to establish the amount of compensation paid.

6. Developer Obligations and Schedule of Performance

6.1 Developer Obligations. During the Exclusive Negotiation Period, Developer shall diligently pursue investigation, planning, and predevelopment activities necessary to support negotiation of the Definitive Documents and evaluation of the Project.

6.1.2 Without limiting the foregoing, Developer shall prepare, refine, and/or provide materials relating to the following, as reasonably requested by County:

- a. conceptual site planning and project design;
- b. proposed residential unit mix and development program;
- c. proposed workforce housing framework, including affordability concepts, contemplated AMI targets, and potential resident eligibility criteria;
- d. preliminary development budget, financing assumptions, and sources and uses;
- e. evidence that Project financing has been secured or a confirmed lender has been identified;
- f. infrastructure, utility, circulation, parking, and open space concepts;
- g. permitting and environmental review strategy;
- h. construction phasing and preliminary project schedule;
- i. operational and property management concepts;
- j. community engagement and stakeholder outreach support materials;
- k. Open-book pro forma
- l. and such additional studies, reports, analyses, and materials reasonably necessary to evaluate Project feasibility and consistency with County objectives.

6.2 No Payment of a Fee or Commission. The Developer shall not pay or agree to pay any fee, commission, or any other thing of value to any County employee or official or to any consultant hired by the County regarding the Project contingent on the entering into, or subsequent to entering into, this Agreement or any other transaction document or agreement with the County related to the Project. By entering into this Agreement, the Developer certifies to the County that it has not paid or agreed to pay any such fee, commission, or any other thing of value.

6.3 No Use of the Name of the County. The Developer shall not use the name of the County, its officials or employees in any advertising or solicitation for business or as a reference, without the prior approval of the County manager or designee.

6.4 Meetings and Progress Updates. Developer shall meet and confer regularly with County regarding Project planning and negotiation of the Definitive Documents and shall provide periodic progress updates reasonably requested by County during the Exclusive Negotiation Period.

6.5 Schedule of Performance. The Parties may mutually approve a more detailed schedule of performance identifying anticipated milestones, deliverables, review periods, and target dates for negotiation of the Definitive Documents ("**Project Schedule**"), which may be attached hereto as an exhibit and incorporated herein.

6.6 Failure to Progress. Pursuant to Section 10 below, County may terminate this Agreement upon written notice if County reasonably determines that Developer is failing to diligently pursue the Project, failing to make reasonable progress toward the negotiation of the Definitive Documents, fails to maintain a development team in accordance with Section 4.1 of this Agreement or materially deviating from the objectives contemplated by this Agreement.

7. Obligations of the County. During the Negotiation Period, County shall use its good faith efforts to do the following:

- a. Negotiate exclusively through its staff and consultants, with Developer in connection with the development of the Property;
- b. Review the Project Plans and preliminarily determine consistency with the Surplus Land Act, Santa Barbara County 2023-2031 Housing Element Update, zoning and other relevant land use regulations on the Property;
- c. Provide the Developer with documents in County's possession that would assist the Developer with the due diligence activities described in this Agreement, however, the County does not warranty the accuracy or completeness of the documents in the County's possession related to the Property or Project;
- d. Review Developer's proposal and provide feedback pertaining to development standards and permitting requirements;
- e. Review and comment on the Project proforma or comparable information, which demonstrates the financial viability of the Project;
- f. Respond on a timely basis to all submittals by the Developer made pursuant to this Agreement; and
- g. Cooperate with Developer to establish a reasonable time schedule, within the Negotiating Period, for negotiation of a DDA.

8. Third Parties.

8.1 Third-Party Costs. Except as otherwise expressly provided in this Agreement or subsequently agreed in writing by the Parties, each Party shall be solely responsible for its own internal costs and expenses incurred in connection with the Project.

8.2 Developer Third-Party Contracts. Developer shall make a good faith effort to include in all third-party service provider contracts entered into by Developer for studies, reports, surveys, and other documents specifically relating to the physical condition of the Property ("**Due Diligence Documents**") a provision allowing for the assignment to or reliance by the County of the contract in the event that Developer and the County do not enter into the DDA.

9. Automatic Termination of this Exclusive Negotiating Agreement. This Agreement shall automatically terminate upon execution of a Development and Disposition by both Parties. Neither Party shall have any further rights against or liability to the other under this Agreement except as such rights or liability shall expressly survive termination by the terms of this Agreement.

10. Remedies

10.1 County's Remedies

10.1.1 In the event that the Developer fails to perform any obligation herein, or in the event that the County reasonably believes that the Developer is not negotiating diligently and in good faith, the County shall provide written notice of such breach to the Developer. The Developer then shall have ten (10) calendar days, after receipt of such written notice, within which to remedy such breach unless additional time is needed to remedy the breach, in which event Developer shall commence the cure of the breach within the ten (10) calendar day period and thereafter diligently pursue the cure to completion.

10.1.2 If the Developer does not cure the breach or the breach is incurable, the County, at its option, may: (i) terminate this Agreement upon written notice to the Developer as provided herein; (ii) seek to recover from the Developer any funds due and owing to the County first from the Negotiation Deposit, then from the Developer if Negotiation Costs exceed the Negotiation Deposit; (iii) seek to enforce the Developer's indemnity obligations; and/or, (iv) seek specific performance to enforce the obligations set forth herein. The foregoing remedies are not exclusive but shall be cumulative with any remedies now or later allowed by law.

10.2 Developer's Remedies

10.2.1 In the event that the County fails to perform any obligation herein, or in the event that the Developer reasonably believes that the County is not negotiating diligently and in good faith, the Developer shall provide written notice of such breach to the County. The County then shall have ten (10) calendar days, after receipt of such written notice, within which to remedy such breach unless additional time is needed to remedy the breach, in which event County shall commence the cure of the breach within the ten (10) calendar day period and thereafter diligently pursue the cure to completion.

10.2.2 If the County does not cure the breach or the breach is incurable, the Developer may, at its option, (i) terminate this Agreement upon written notice to the County as provided herein; or (ii) institute an action for specific performance of the terms of this Agreement, including the return of the remaining balance of the Negotiation Deposit after subtracting any unpaid County Negotiation Costs, and in no event shall the Developer have the right, and the Developer expressly waives the right, to seek monetary damages of any kind (including, but not limited to, actual damages, economic damages, consequential damages, or lost profits) from the County in the event of a default by the County under this Agreement or any action related to this Agreement. Notwithstanding the foregoing, the Parties acknowledge that specific performance of this Agreement does not require the County to enter into a DDA with the Developer or obligate the County to exercise its discretion in any particular manner.

10.3 No Consequential Damages. Under no circumstances will either Party to this Agreement be liable to any person, including without limitation any other Party, for any special, indirect or consequential loss or damages resulting from any act or failure to act in accordance with the provision of this Agreement, even if such Party had been advised of the possibility of such loss or damages.

11. Real Estate Commissions. The County has not engaged a broker, agent, or finder in connection with this transaction. As such, the County will not be responsible for any claims by a broker, agent or finder, and the Developer agrees to defend, indemnify, and protect and hold the

County harmless from any and all claims, including all defense costs and reasonable attorneys' fees, by any broker, agent, or finder retained by the Developer.

12. California Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

13. Limitations of this Agreement.

13.1 The sole purpose of this Agreement is to facilitate negotiation of the Definitive Documents and evaluation of the proposed Project.

13.2 This Agreement does not commit the County to entering into any further agreement with the Developer, nor does it commit the County in any way to expending any additional funds in connection with the development of the Property, approving any request by Developer in connection with the development of the Property, or approving any proposed project, in whole or in part, on the Property. Except for the rights expressly granted herein, nothing contained in this Agreement shall be construed to grant Developer any vested rights. Additionally, this Agreement does not commit Developer to entering into any further agreement with the County, nor does it commit Developer in any way to expending any additional funds in connection with any due diligence evaluation, acquisition, and/or development of the Property. County retains all discretionary authority and police powers with respect to the Project, including all land use, entitlement, environmental review, permitting, and approval decisions. Nothing in this Agreement shall limit County's discretion in acting upon any future approvals relating to the Project.

13.3 This Agreement does not constitute a disposition of property or exercise of control over property by the County and does not require a public hearing. Execution of this Agreement does not constitute "approval" of a "project," but is merely an agreement to enter into a period of exclusive and good faith negotiations according to the terms hereof, reserving final discretion and approval, which is not guaranteed, by the County and Developer as to any Development and Disposition Agreement and/or associated documents and all proceedings in connection therewith.

14. Non-Assignability. Developer shall not assign or transfer this Agreement or any rights hereunder.

15. Authorization. the County and Developer represent and warrant that this Agreement has been duly executed by the County and Developer and that this Agreement is a legal, valid, and binding obligation of the County and Developer and is enforceable in accordance with its respective terms.

16. Confidentiality. Each Party shall hold in strict confidence all Confidential Information concerning the other and their respective businesses and properties.

16.1 **"Confidential Information"** means any documents and information concerning the other Party and their respective business and properties, that is received from the other Party or its affiliates in connection with the Development Proposal process or the transactions contemplated by this Agreement, excluding (1) any documents or information available to the public and (2) any documents or information received from a third-party source that is not known by the recipient to have a duty of confidentiality to the other Party.

16.2 If this Agreement should terminate without entering into a Development and Disposition Agreement, such confidence shall be maintained, and all such documents and

information (in written form) shall be returned to the Party originally furnishing the same upon written request.

16.3 No public media disclosure or announcement, either written or oral, of the existence or terms of this Agreement shall be made by either Party without the consent of the other.

16.4 The foregoing provision shall not, however, be construed to prohibit any Party from making any disclosures which it is required to make by law or other legal requirement, or which are necessary or appropriate in connection with performing due diligence, evaluating the Project or components thereof and/or pursuing permits, approvals and/or entitlements, or to prohibit any Party from disclosing to its investors, lenders, escrow officers, title insurer, accountants, consultants, attorneys and other parties involved in completing the transactions described herein.

16.5 County's obligations under this Section shall be subject to the California Public Records Act and other applicable disclosure laws. County does not guarantee that information designated confidential by Developer will be protected from disclosure if disclosure is required by law.

16.6 The provisions of this Section 16 shall survive any termination or expiration of this Agreement for a period of three (3) years.

17. Entire Agreement. This Agreement constitutes the entire agreement between the Parties hereto relating to the subject matter herein and supersedes all prior oral and written agreements, negotiations, commitments and understandings of the Parties relating thereto.

18. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same Agreement.

Attachments:

Exhibit A: Property Description

Exhibit B: County's Request for Proposal

Exhibit C: Developers Response to the RFP

Exhibit D: Term Sheet

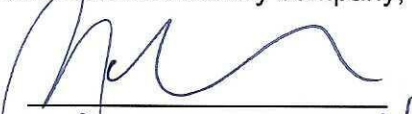
(Signatures on following pages)

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date set opposite their signatures.

DEVELOPER:

SoLa Impact, LLC,
a Delaware limited liability company,

By:



Name:

William O'Neil

Its:

SVP Corp Mktg

Date:

6/30/26

APPROVED AS TO FORM:
RACHEL VAN MULLEM
COUNTY COUNSEL

Signed by:
By: Tyler Sprague
0AC56B8DE45F4B3
Deputy County Counsel
Tyler Sprague

COUNTY:
County of Santa Barbara, a political subdivision of
the State of California

By: _____
BOB NELSON, CHAIR
BOARD OF SUPERVISORS

APPROVED AS TO ACCOUNTING FORM:
BETSY M. SCHAFFER, CPA, CPFO
AUDITOR-CONTROLLER

Signed by:
By: Shawna Jorgensen
DF6DB6D7D8344E6
Deputy Auditor-Controller
Shawna Jorgensen

ATTEST:
MONA MIYASATO
COUNTY EXECUTIVE OFFICER
CLERK OF THE BOARD

By: _____
Deputy Clerk of the Board

APPROVED AS TO FORM:
MARISA KAHN
RISK MANAGER

Signed by:
By: Marisa Kahn
D1285C691C41A
Risk Manager

APPROVED BY DEPARTMENT:
COMMUNITY SERVICES DEPARTMENT

DocuSigned by:
By: Jesus Armas
E33B804A6E03475
Jesus Armas, Director

EXHIBIT A

Property Description

EXHIBIT B

**(See attached Proposal for Request for Proposals for Affordable Workforce Housing
Public Private Partnership (“P3”) Development, County Project Bid ID No. 208055)**

EXHIBIT C

(See attached SoLa Response to the RFP)

EXHIBIT D

Term Sheet

Landlord/County	County of Santa Barbara (the “ County ”)
Developer/Lessee/Tenant	Sola Impact, LLC (the “ Developer ”)
Leasehold Premises	117 E Carrillo Street, Santa Barbara, CA (the “ Property ”) APN 029-211-025
Ground Lease Term	Sixty-six (66) years from execution of the Ground Lease.
501c3 Partner	Developer anticipates partnering with a qualified nonprofit organization with experience in affordable and/or workforce housing ownership, operations or resident services which 501c3 partner shall be subject to the reasonable approval of the County. The nonprofit partner shall be identified within thirty (30) days of executing this Agreement.
Consultant Team	Developer shall maintain a qualified development and consultant team reasonably acceptable to the County throughout negotiations and implementation of the Project.
Project Scope	The proposed development concept currently contemplates approximately one hundred (100) residential units, supporting spaces, and associated amenities and open space. The Parties presently anticipate a coordinated construction schedule for the Project, subject to further refinement during negotiation of the Definitive Documents.
Due Diligence	Developer shall conduct such due diligence investigations as Developer deems necessary during the Exclusive Negotiation Period. The Parties acknowledge that the Property is anticipated to be ground leased in its existing condition, subject to further investigation, negotiation, and the terms of the Definitive Documents.
Development and Disposition Agreement Payment	Upon execution of the Definitive Documents and/or Ground Lease, Developer shall reimburse County Twenty-five thousand and no/100ths dollars (\$25,000.00) for agreed-upon predevelopment, consultant, legal, environmental, and administrative costs incurred by County in connection with the Project, subject to reconciliation of any deposits or reimbursement accounts established during the Exclusive Negotiation Period.
Annual Ground Lease Payment	The Ground Lease may include annual base rent and/or participation rent provisions to be negotiated by the Parties, taking into consideration Project feasibility, affordability objectives, financing requirements, and long-term County value.
NNN Ground Lease	Triple Net (NNN) Ground Lease structure anticipated.
Financing Commitment	Developer shall be responsible for arranging financing for the Project, including all financing costs and fees. The Parties presently anticipate a financing structure that may include a combination of equity, tax-exempt debt, and other financing sources, subject to further refinement during negotiation of the Definitive Documents. Developer shall provide County

	<p>with a clear and concise list of its plan for financing the development of the Project identifying factors such as source of funds, name of funder, a schedule of funding amounts and timing for final commitment, by not later than forty-five (45) days following the Effective Date.</p> <p>Except as may otherwise be expressly agreed in the Definitive Documents, County shall not be obligated to provide credit support, repayment guarantees, or direct financial assistance for Project financing.</p>
<p>Planned Development & Use</p>	<p>The Ground Lease shall restrict the permitted use of the Property to workforce housing and related ancillary uses generally consistent with the approved Project. Developer shall not materially change the approved use of the Property without County’s prior written consent, which consent shall not be unreasonably withheld.</p>
<p>Eligible Residents and Tenant Waterfall</p>	<p>The Parties anticipate that the Project will prioritize housing opportunities for qualifying workforce households, including County employees, within the Santa Barbara region, with affordability requirements, occupancy preferences, AMI targets, tenant eligibility criteria, and related operational requirements to be further negotiated in the Definitive Documents and structured in compliance with applicable law and financing requirements.</p> <p>Initial discussions regarding potential resident preference priorities may include consideration of:</p> <ul style="list-style-type: none"> • current County employees; • qualifying local workforce households within Santa Barbara County; • employees of local public agencies and educational institutions; • healthcare, public safety, and municipal employees; • and other qualifying workforce households serving the broader regional community. <p>The Parties acknowledge that the final resident eligibility framework may be influenced by financing structures, fair housing requirements, operational considerations, and affordability objectives established during negotiation of the Definitive Documents.</p>
<p>Annual Reporting and Auditing</p>	<p>Developer shall provide periodic operational, financial, occupancy, affordability compliance, and maintenance reporting to County, together with reasonable audit and inspection rights.</p> <p>The Definitive Documents shall include procedures relating to affordability compliance, income verification, annual reporting, monitoring rights, and remedies for material noncompliance with workforce housing requirements.</p>
<p>Operating and Maintenance Standard</p>	<p>Developer shall operate, maintain, repair, and periodically refurbish the Project in a safe, clean, attractive, and first-class condition consistent with comparable professionally managed workforce and multifamily residential communities in the Santa Barbara region, subject to further standards and requirements set forth in the Definitive Documents.</p>

Capital Improvement Fund	Developer shall establish and maintain appropriate replacement reserves and capital improvement funding mechanisms to support long-term maintenance, repair, refurbishment, and capital replacement of the Project, as further set forth in the Definitive Documents.																							
Rental Rates	<table border="1" data-bbox="475 406 1263 618"> <thead> <tr> <th rowspan="2">Percentage of project units</th> <th rowspan="2">AMI Restriction</th> <th colspan="3">Rent Limits¹</th> </tr> <tr> <th>Studio</th> <th>1-bed</th> <th>2-bed</th> </tr> </thead> <tbody> <tr> <td>20%</td> <td>50%</td> <td>\$1,545</td> <td>\$1,655</td> <td>\$1,986</td> </tr> <tr> <td>60%</td> <td>80%</td> <td>\$2,472</td> <td>\$2,648</td> <td>\$3,185</td> </tr> <tr> <td>20%</td> <td>120%²</td> <td>\$3,090</td> <td>\$3,310</td> <td>\$3,972</td> </tr> </tbody> </table> <p data-bbox="488 635 1224 733">¹ Rent limits shown assume residents earning the maximum AMI; actual rents will adjust based on resident AMI</p> <p data-bbox="488 760 1219 858">² 120% AMI restrictions will limit the occupancy to those earning 120% of AMI; rents shown are 100% AMI TCAC rents</p> <p data-bbox="475 897 1430 995">Above Rental Rates are reflective of 2025 rents and are subject to periodic and regular changes in the HUD/TCAC rent schedule as updated throughout the Rent Restricted period.</p> <p data-bbox="475 1033 1419 1131">Workforce housing affordability requirements are anticipated to remain in effect for the entire term of the Ground Lease, subject to further negotiation and financing requirements.</p>	Percentage of project units	AMI Restriction	Rent Limits ¹			Studio	1-bed	2-bed	20%	50%	\$1,545	\$1,655	\$1,986	60%	80%	\$2,472	\$2,648	\$3,185	20%	120% ²	\$3,090	\$3,310	\$3,972
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Approval of Plans, Etc.	<p data-bbox="475 1168 1430 1301">County shall have the right to review and approve material modifications to the approved Project plans, site plan, exterior architectural character, and major Project components, which approval shall not be unreasonably withheld, conditioned, or delayed.</p> <p data-bbox="475 1338 1398 1404">Developer shall consult with County regarding discretionary entitlement applications and major submissions relating to the Project.</p> <p data-bbox="475 1441 1386 1574">Prior to submission of final construction documents for permitting, Developer shall provide County a reasonable opportunity to review the Project for substantial conformance with the approved Project concept and applicable design guidelines.</p> <p data-bbox="475 1611 1430 1777">During the Design Development phase, and prior to the submission of the Construction Documents for building permits, the City of Santa Barbara Historic Landmarks Commission will be consulted and provided with a courtesy review to evaluate the Project's substantial compliance with the El Pueblo Viejo design guidelines.</p>																							
Construction Mitigation and Implementation Plan	Developer shall prepare and implement construction management and mitigation measures reasonably designed to minimize adverse impacts on neighboring properties, public infrastructure, traffic circulation, and surrounding community operations during construction of the Project. Developer shall comply with all applicable County construction and City right-of-way requirements.																							

<p>Development Milestones</p>	<p>The Definitive Documents shall include mutually agreed development milestones and target dates relating to entitlement activities, commencement of construction, substantial completion, and opening of the Project, together with appropriate force majeure and commercially reasonable extension rights.</p>
<p>Development Oversight</p>	<p>Developer shall be solely responsible for development, financing, construction, operation, and maintenance of the Project.</p> <p>County shall retain customary oversight and approval rights appropriate for a long-term public ground lease transaction, including review of material design modifications, periodic progress reporting, reasonable site inspections, monitoring of affordability requirements, and such other matters as may be set forth in the Definitive Documents.</p>
<p>Leasehold Financing</p>	<p>The Ground Lease shall permit Developer to obtain financing secured by its leasehold interest in the Property, subject to County approval rights and financing provisions to be further set forth in the Definitive Documents.</p> <p>Developer shall be solely responsible for obtaining financing for the Project and for all costs associated therewith. Except as may otherwise be expressly agreed, County shall have no obligation to provide credit support, repayment guarantees, or financial assistance for Project financing.</p> <p>County's fee interest in the Property shall remain senior to all leasehold financing and encumbrances created by Developer or its lenders.</p>
<p>Refinancing</p>	<p>Refinancing of the Project and material modifications to Project financing shall be subject to County approval rights and such economic participation or affordability protections as may be negotiated in the Definitive Documents.</p>
<p>Assignment and Subletting</p>	<p>Transfers, assignments, subleases, changes in control, and leasehold financing rights shall be subject to County approval rights and customary permitted transfer provisions to be negotiated in the Definitive Documents.</p> <p>The Definitive Documents shall also include customary lender protections and cure rights reasonably required for leasehold financing transactions.</p>
<p>Right of First Offer</p>	<p>County shall have a right of first offer and/or other transfer approval rights with respect to certain proposed transfers of Developer's leasehold interest, ownership interests, or the Project, as further set forth in the Definitive Documents.</p>
<p>Obligations and Rights to Discharge Liens</p>	<p>Developer shall keep the Property and Project free from mechanics' liens and other encumbrances arising from Developer's activities, subject to customary rights to contest such matters in good faith. Developer shall indemnify County from claims arising from liens or encumbrances attributable to Developer, its contractors, consultants, or agents.</p>

<p>Prevailing Wage and Labor Compliance</p>	<p>The Parties acknowledge that the Project will be subject to prevailing wage requirements.</p> <p>Developer shall be responsible for evaluating applicable labor compliance obligations and, except as may otherwise be expressly agreed in the Definitive Documents, shall bear responsibility for compliance with applicable prevailing wage requirements relating to the Project.</p>
<p>Bonds, Completion Guaranty, and Insurance</p>	<p>Developer and its contractors shall maintain commercially reasonable payment and performance security, insurance coverages, and risk management protections appropriate for a project of this type and scale, as further set forth in the Definitive Documents.</p> <p>The Definitive Documents may include completion guaranties, payment and performance bonds, contractor bonding requirements, builder's risk insurance, commercial general liability insurance, and other customary protections reasonably required by County and Project lenders.</p>
<p>Property Tax Exemption</p>	<p>The Developer may be subject to possessory interest tax.</p>
<p>Insurance</p>	<p>Developer shall maintain commercially reasonable insurance coverages for the Project and shall cause its contractors, architects, engineers, consultants, and property managers to maintain customary insurance coverages appropriate for their respective activities and responsibilities.</p>
<p>As Is Condition</p>	<p>The Parties presently anticipate that the Property will be ground leased substantially in its existing condition following completion of Developer's due diligence investigations. Except as may otherwise be expressly provided in the Definitive Documents, Developer shall assume responsibility for development-related risks associated with the condition of the Property and suitability of the Property for the Project.</p>
<p>Approval Rights</p>	<p>County shall retain customary review and approval rights appropriate for a long-term public ground lease transaction, including rights relating to:</p> <ul style="list-style-type: none"> • material modifications to the approved Project concept; • residential unit mix and affordability framework; • proposed AMI targets and material changes thereto; • major design submissions and material architectural changes; • representative floor plan concepts and unit typologies; • Project naming and branding; • principal members of the development team; and • other material matters affecting the Project or County's interests. <p>The Definitive Documents shall also include customary provisions relating to reporting obligations, inspection rights, compliance monitoring, lender protections, and assignment of major Project contracts.</p>
<p>Current Use</p>	<p>County shall retain the right to continue operating and using portions of the Property and existing improvements until August 1, 2027, at the earliest, or such later date as County may reasonably require if Developer has not satisfied conditions precedent to commencement of construction and is not prepared to proceed with substantial construction activities.</p>

	<p>Developer shall provide County with reasonable advance written notice, anticipated to be not less than ninety (90) days, prior to requiring turnover of any portion of the Property needed for construction activities.</p>
Communications	<p>Developer shall coordinate with County regarding material public announcements, press releases, marketing materials, and other external communications relating to the Project. Except as required by law, Developer shall not issue material public statements regarding the Project without County’s prior review and approval, which approval shall not be unreasonably withheld, conditioned, or delayed.</p> <p>County shall have the right to make public statements and communications regarding the Project in connection with its governmental functions and public processes.</p>
Community Engagement	<p>Developer shall actively participate in community engagement activities relating to the Project, including public meetings, stakeholder outreach, and informational sessions, in coordination with County representatives.</p> <p>The Parties anticipate periodic public engagement meetings to provide Project updates and receive community feedback during planning and development of the Project.</p>
Collateral Benefits	<p>The Parties may explore opportunities for community-serving amenities, resident support programming, wellness initiatives, or other collateral public benefits associated with the Project, as may be further negotiated in the Definitive Documents.</p>
Default	<p>The Definitive Documents may include County cure rights, step-in rights, and remedies relating to material operational defaults, affordability noncompliance, or abandonment of the Project.</p>
Ownership and Use of Project Documents	<p>In the event Developer fails to proceed with the Project, defaults under the Definitive Documents, or elects not to continue development of the Project following preparation of material design, entitlement, environmental, or other Project documents, County shall have the right to use, assign, and rely upon such documents for purposes of completing the Project with another developer, subject to customary consultant consent rights, third-party intellectual property rights, and payment of any required reuse fees not previously paid by Developer.</p> <p>The Definitive Documents shall further address ownership, licensing, assignment, and use rights relating to Project plans, studies, reports, environmental documents, and other development materials.</p>
Surrender of Leased Premises	<p>Upon expiration or earlier termination of the Ground Lease, Developer shall surrender the Property and all improvements to County in good condition and repair, reasonable wear and tear excepted, free and clear of liens and encumbrances attributable to Developer.</p> <p>The Definitive Documents shall include provisions requiring that the Project be maintained throughout the Ground Lease term in a condition consistent with comparable professionally managed workforce and</p>

	<p>multifamily residential communities and with a meaningful remaining useful life at the time of surrender.</p> <p>The Definitive Documents may also include requirements relating to capital replacement reserves, periodic capital reinvestment, facility condition assessments, and end-of-term restoration or refurbishment obligations.</p>
Governing Law	<p>The Ground Lease will be governed solely by the laws of California, without regard to any conflict of law principles.</p>