

9. SHORT-TERM RENTAL TAX

A. The City agrees to allocate 75% of the Short-Term Rental Tax funds to YVHA for the development of affordable and attainable housing, including infrastructure other than water and wastewater, at Brown Ranch. The allocation shall be based on actual collections.

The Parties hereby agree and acknowledge that all costs and expenses of the development of Brown Ranch shown in the attached Exhibit "E" are eligible for use of the Short-Term Rental Tax funds.

B. The City shall satisfy the City's commitment to contribute Short-Term Rental tax revenues to YVHA as follows:

- 1) Fiscal Year 2023 supplemental appropriation in the estimated amount of \$ _____ (i.e. 75% of Fiscal Year 2023 STR tax revenues);
- 2) Fiscal Year 2024 appropriation in the estimated amount of \$ _____ (i.e. 75% of Fiscal Year 2024 STR tax revenues and any Fiscal Year 2023 STR Tax revenues not appropriated in 2023 per Paragraph 1);
- 3) Submission of a multiple-fiscal year financial obligation for voter approval of the allocation of 75% of STR tax revenues for Fiscal Years 2025-2042, inclusive.

C. Use of STR Tax Funds for Phase 1 City Projects.

- 1) As provide for in Schedule 1 of Exhibit E, YVHA's proportionate share of Phase 1 off-site improvement in which the City has an associated cost (excluding the Combined Public Safety Facility, the funding of which is provided elsewhere in this Agreement) is \$20,752,610. YVHA shall pay to the City the first \$20,752,610 of STR Tax funds allocated to it from the City, for the purpose of design and construction of Phase 1 Improvements that are to be constructed by the City. Funds restricted for this purpose shall be held with other City funds but shall be accounted for as restricted funds and shall be used for no purpose other than the construction of Phase 1 Improvements. The City may consolidate these funds to prioritize the construction of Phase 1 Improvements. YVHA shall have no other obligation for the payment of its proportionate share of Phase 1 off-site improvement in which the City has an associated cost (excluding the Combined Public Safety Facility, the funding of which is provided elsewhere in this Agreement).
- 2) The City shall be responsible for identifying funding sources for that portion of the costs of constructing Offsite Improvements not attributable to YVHA from the City's Capital Improvements Fund, other developer contributions, grant funding, and other sources. The City does not guarantee a completion date for Offsite Improvements. Their completion is expressly conditioned on the appropriation of funds by the City to satisfy the City cost share. However, the City shall consult with YVHA as to the timing and prioritization of construction of Offsite Improvements.

D. Following YVHA's payment to the City provided for in Section C.1) above, YVHA shall use the STR Tax allocation for on and off-site infrastructure projects undertaken by third party utility providers and for onsite infrastructure projects undertaken by YVHA, as further outlined in Exhibit TBD, and for vertical construction of housing units. In determining the sequence and priority of projects for STR Tax funding, YVHA shall consult with the City and take into account the following factors:

- a. Maximizing each party's access to and use of grant funds;
- b. Promoting the timely development of affordable and attainable housing at Brown Ranch;
- c. Promoting the efficient and cost-effective development of Brown Ranch;
- d. Minimizing the administrative burdens to the parties by limiting cash transfers;
- e. Applicable regulatory requirements, including CDC requirements.

E. YVHA acknowledges that the City's use of STR Tax revenues is restricted by the terms of the ballot question approving the STR Tax and that it is necessary for the City account for the proper use of STR Tax funds. YVHA agrees to maintain all books, accounts, records, payment ledgers, invoices, and other documents relating to the use of STR Tax funds for a period of three (3) years from the expenditure of STR Tax funds and to permit the City to inspect these documents upon request of the City's Finance Director. YVHA agrees that if any STR Tax funds are to be paid to YVHA Affiliates or business partners, that the transfer of STR Tax funds shall be conditioned on the YVHA Affiliate or business partner agreeing to these record keeping and inspection requirements.