

EXHIBIT B

CONDITIONS OF APPROVAL

**Wallis Family Estate Winery Use Permit &
Napa County Landmark Designation #P08-00197-UP
Assessor's Parcel #: 020-450-014, 015 SFAP, 016 SFAP
& 017 SFAP (Pending a Lot Line Adjustment)
1670 Diamond Mountain Rd., Calistoga**

Approval of a Use Permit and Grant of a Landmark Designation Request #P08-00197-UP to allow the following:

1. SCOPE: The use permit and Landmark Designation shall be limited to:

- Wine production of no more than 30,000 gallon per year;
- Seismic retrofit, restoration and rehabilitation of the existing 6,711 sq. ft. historic Pacheteau's Castle for reuse as a wine barrel storage, office, tasting room and sales building and the existing 5,000 sq. ft. historic Carriage House for reuse as a winery production building and rehabilitation of an existing 1,200 sq. ft. concrete area for use as a crush pad for a winery totaling 12,911 sq. ft.;
- Two full-time and three part-time employees;
- 27 parking spaces (incl. two ADA spaces);
- Tours and tasting by prior appointment with a maximum of 18 visitors per day (maximum of 108 visitors in a proposed six day week);
- A marketing plan with: three private food and wine tasting events per year with 75 persons per event (all food service to be catered by Napa County licensed operators) and participation in one Napa Valley Wine Auction Event as a Category 5 Temporary Event;
- Installation of a new combined process and domestic wastewater system using a standard gravity distribution type septic disposal system;
- Alterations to the two existing wells to eliminate their interconnectivity;
- Civil improvements to widen the existing private driveway to the winery site to comply with County road standards;
- A Lot Line Adjustment to bring the winery production and accessory buildings onto a single parcel;

The winery shall be designed in substantial conformance with the submitted site plan, elevation drawings, and other submittal materials and shall comply with all requirements of the Napa County Code. It is the responsibility of the applicant to communicate the requirements of these conditions and mitigations (if any) to all designers, contractors, employees, and guests of the winery to ensure compliance is achieved. Any expansion or changes in use shall be in accordance with Section 18.124.130 of the Napa County Code and may be subject to the Use Permit modification process.

2. PROJECT SPECIFIC CONDITIONS FOR THE HISTORICAL SITE & STRUCTURES:

Historic Landmark designation is hereby granted to the Jacques Pacheteau main residence and Carriage House, surrounding site and historic resources (rock wall and stone gate);

Pacheteau's Castle, the Carriage House, its site and contributing accessory historic resources shall be placed on the Napa County Historic Resources Inventory and the letter of approval and relevant documentation for its placement on the California Register of Historic Places will be forwarded to the California State Office of Historic Preservation for placement on the California Historic Register;

The designation allows the Napa County Building Division to consider using the State Historical Building Code for any work proposed to be done to these structures;

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All permitted work performed on any historic resource shall follow the latest edition of, *The Secretary of Interior's Standards for Historic Preservation and Guidelines for Treatment of Historic Properties*, (Standards). Written verification that such work meets the Standards shall be submitted by a qualified historic architect for review and approval by the Planning Department prior to issuance of any grading or building permit;

The Historic Landmark designation shall be recorded to assure that succeeding owners are made aware of this status;

3. *MARKETING: Marketing events shall be limited as follows:

- a. Frequency: 3 times per year; and,
Shall not be held on the same day as any other marketing event and
Shall not be scheduled on harvest or crush days
Number of persons: 75 maximum
Time of Day: 12 Noon to 10:00 PM
Days per Week: Six
- b. Participation in the annual Napa Valley Wine Auction is permitted as a Category 5 Temporary Event.
- c. Any single Marketing Event may include food which shall be catered and prepared in an off-site commercial kitchen in accordance with Napa County Department of Environmental Management.

*"Marketing of wine" means any activity of a winery identified in this paragraph which is conducted at the winery and is limited to members of the wine trade, persons who have pre-established business or personal relationships with the winery or its owners, or members of a particular group for which the activity is being conducted on a prearranged basis.

Marketing of wine is limited to activities for the education and development of the persons or groups listed above with respect to wine which can be sold at the winery on a retail basis, and may include food service without charge except to the extent of cost recovery when provided in association with such education and development, but shall not include cultural and social events unrelated to such education and development. (Ord. 1104 § 11, 1996: Ord. 947 § 9 (part), 1990: prior code § 12071). All activity, including cleanup, shall cease by 10:00 PM. Start and finish time of all activities shall be scheduled to minimize all vehicles arriving or leaving between 4:00 PM and 6:00 PM.

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4. *TOURS AND TASTING:

Tours and tastings shall be limited to a maximum of 18 visitors per day (a maximum of 108 visitors per week; and,

Tours and tastings shall not be scheduled on the same day as marketing events.

*"Tours and tastings" means tours of the winery and/or tastings of wine, where such tours and tastings are limited to members of the wine trade, persons invited by a winery who have pre-established business or personal relationships with the winery or its owners, and persons who have made unsolicited prior appointments for tours or tastings. (Ord. 947 § 9 (part), 1990: prior code § 12070).

Start and finish time of tours and tastings shall be scheduled to minimize vehicles arriving or leaving between 4:00 PM and 6:00 PM, and shall be limited to those wines set forth in Napa County Code Sec. 18.16.030(G)(5)(c). A log book (or similar record) shall be maintained which documents the number of visitors to the winery, and the dates of their visit. This record of visitors shall be made available to the Department upon request.

5. GRAPE SOURCE:

At least 75% of the grapes used to make the winery's wine shall be grown within the County of Napa. The permittee shall keep records of annual production documenting the source of grapes to verify that 75% of the production is from Napa County grapes. The report shall recognize the Agriculture Commission's format for County of origin of grapes and juice used in the Winery Production Process. The report shall be provided to the Conservation, Development and Planning Department upon request, but shall be considered proprietary information not available to the public.

6. SIGNS:

Prior to installation of any winery identification or directional signs, detailed site plans and sign design plans, including locations, elevations, materials, color, and lighting, shall be submitted to the Planning Department for administrative review and approval. Administrative review and approval is not required if signage to be installed is consistent with signage plans submitted, reviewed and approved as part of this use permit approval. All signs shall meet the design standards as set forth in Chapter 18.116 of the County Code. At least one sign placed and sized in a manner to inform the public must legibly and visibly include wording stating "Tours and Tasting by Prior Appointment Only".

7. GATES/ENTRY STRUCTURES:

Any gate installed at the winery entrance shall be reviewed by the Conservation, Development and Planning Department, Public Works Department and the Napa County Fire Department to assure that it is designed to allow large vehicles, such as motorhomes, to turn around if the gate is closed without backing into the public roadway, and that fire suppression access is available at all times. If

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the gate is part of an entry structure an additional permit shall be required according to the County Code, A separate entry structure permit is not required if the entry structure is consistent with entry structure plans submitted, reviewed and approved as part of this use permit approval.

8. LIGHTING:

All exterior lighting, including landscape lighting, shall be shielded and directed downward, shall be located as low to the ground as possible, and shall be the minimum necessary for security, safety, or operations and shall incorporate the use of motion detection sensors to the greatest extent practical. No flood-lighting or sodium lighting of the building is permitted, including architectural highlighting and spotting. Low-level lighting shall be utilized in parking areas as opposed to elevated high-intensity light standards. Prior to issuance of any building permit for construction of the winery, two (2) copies of a detailed lighting plan showing the location and specifications for all lighting fixtures to be installed on the property shall be submitted for Department review and approval. All lighting shall comply with Uniform Building Code (UBC).

9. LANDSCAPING/PARKING:

Two (2) copies of a detailed landscaping plan, including parking details, shall be submitted for review and approval prior to issuance of building permits. The plans shall comply with the current, adopted Napa County Water Efficient Landscape Ordinance. The plan shall indicate the names and locations of all plant materials to be used along with the method of maintenance. **Plant materials shall be purchased locally when practical. The Agricultural Commissioner's office (707-253-4357) shall be notified of all impending deliveries of live plants with points of origin outside of Napa County.**

The location of employee and visitor parking and truck loading zone areas shall be identified along with proposed circulation and traffic control signage (if any). Landscaping and parking shall be completed prior to occupancy, and shall be permanently maintained in accordance with the landscaping plan.

All existing trees within the area planned for development shall be indicated on the landscaping plan according to species and size. Trees planned for removal shall be indicated on the detailed landscaping plan. No trees greater than 6" DBH shall be removed, except for those identified on the submitted site plan. Any trees that are removed shall be replaced elsewhere on the property on a 2 for 1 basis of equivalent caliper. Replaced trees shall be identified on the landscaping plan. Trees to be retained shall be protected during construction.

Evergreen screening shall be permanently installed between the industrial portions of the operation (e.g. tanks, crushing area, parking area, etc.) and off-site residences that can view these areas.

Parking shall be limited to approved parking spaces only and shall not occur along access roads or in other locations except during harvest or approved marketing events. In no case shall parking impede emergency vehicle access or public roads. If any event is held which will exceed the

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available on-site parking, the applicant shall arrange for off-site parking and shuttle service to the winery.

10. OUTDOOR STORAGE/SCREENING/UTILITIES:

All outdoor storage of winery equipment shall be screened from the view of adjacent properties by a visual barrier consisting of fencing or dense landscaping. No item in storage is to exceed the height of the screening. Water and fuel tanks, and similar structures, shall be screened to the extent practical so as to not be visible from public roads and adjacent parcels.

New utility lines required for this project that are visible from any designated scenic transportation route (see Chapter 18.106 of the Napa County Zoning Ordinance for designated roads) shall be placed underground or in an equivalent manner be made virtually invisible from the subject roadway.

11. RENTAL/LEASING:

No winery facilities, nor portions thereof, including but not limited to offices, kitchens, barrel storage areas, and warehousing space, shall be rented, leased, nor used by entities other than persons producing and/or storing wine at the on-site winery, except as may be specifically authorized in this use permit or pursuant to the Temporary Events Ordinance (Chapter 5.36).

12. COMPLIANCE WITH OTHER DEPARTMENTS AND AGENCIES:

The permittee shall comply with all applicable building codes, zoning standards, and requirements of County Departments and Agencies, including but not limited to:

The Department of Environmental Management as stated in their revised letter dated March 10, 2010.

The Department of Public Works Department as stated in their letter of March 11, 2010; March 11, 2010, for Groundwater and their memo dated December 14, 2009, for Traffic Impacts and Trip Reduction Strategies.

Napa County Fire Department as stated in their letter of June 17, 2009 and March 11, 2010.

Building Division as stated in their letter of March 16, 2010.

The determination as to whether or not the permittee has substantially complied with the requirements of other County Departments and Agencies shall be determined by those Departments or Agencies. The inability to substantially comply with the requirements of other County Departments and Agencies may result in the need to modify the approved use permit.

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13. GRADING AND SPOILS:

All grading and spoils generated by construction of the project facilities shall be disposed of per Public Works direction. All spoils piles shall be removed prior to occupancy.

14. WELLS / WATER SYSTEMS:

The existing interconnected water system shall be reconstructed so that the lower well shall only be utilized by the winery (Castle and Carriage House) and no longer serves the two residences. The new system shall be reviewed, inspected and approved as meeting all requirements of the Napa County Environmental Management Department prior to issuance of a building clearance for any portion of the winery facility.

The permittee may be required (at the permittee's expense) to provide well monitoring data if the Director of Environmental Management determines that water usage at the winery is affecting, or would potentially affect groundwater supplies or nearby wells. Data requested could include, but may not be limited to, water extraction volumes and static well levels. If applicant is unable to secure monitoring access to neighboring wells, onsite monitoring wells may need to be established to gage potential impacts on the groundwater resource utilized for the project proposed.

Water usage shall be minimized by use of best available control technology and best water management conservation practices. In the event that changed circumstances or significant new information provide substantial evidence that the groundwater system referenced in the use permit would significantly affect the groundwater basin, the director of environmental management shall be authorized to recommend additional reasonable conditions on the permittee, or revocation of this permit, as necessary to meet the requirements of the Napa County Groundwater Ordinance and protect public health, safety, and welfare. That recommendation shall not become final unless and until the director has provided notice and the opportunity for hearing in compliance with the County Code section 13.15.070.G-K.

15. NOISE:

Construction noise shall be minimized to the maximum extent practical and allowable under State and local safety laws. Construction equipment muffling and hours of operation shall be in compliance with County Code Chapter 8.16. Equipment shall be shut down when not in use. Construction equipment shall normally be staged, loaded, and unloaded on the project site. If project terrain or access road condition require construction equipment to be staged, loaded, or unloaded off the project site (such as on a neighboring road or at the base of a hill), such activities shall only occur between the hours of 8 AM to 5 PM.

Exterior winery equipment shall be enclosed or muffled and maintained so as not to create a noise disturbance in accordance with the Code. There shall be no amplified sound system or amplified music utilized outside of approved, enclosed winery buildings.

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16. COLORS:

The colors used for the roof, exterior walls and built landscaping features of the winery shall be limited to earth tones that will blend the facility into the colors of the surrounding site specific vegetation and the applicant shall obtain written approval by the Conservation, Development and Planning Department prior to painting the building. Highly reflective surfaces shall be prohibited.

17. DUST CONTROL:

Water and/or dust palliatives shall be applied in sufficient quantities during grading and other ground disturbing activities on-site to minimize the amount of dust produced. Outdoor construction activities shall not occur during windy periods.

18. ARCHEOLOGICAL FINDING:

In the event that archeological artifacts or human remains are discovered during construction, work shall cease in a 50-foot radius surrounding the area of discovery. The permittee shall contact the Conservation, Development and Planning Department for further guidance, which will likely include the requirement for the permittee to hire a qualified professional to analyze the artifacts encountered and to determine if additional measures are required. If human remains are encountered during the development, all work in the vicinity must be, by law, halted, and the Napa County Coroner informed, so that he can determine if an investigation of the cause of death is required, and if the remains are of Native American origin. If the remains are of Native American origin, the nearest tribal relatives as determined by the State Native American Heritage Commission would be contacted to obtain recommendations for treating or removal of such remains, including grave goods, with appropriate dignity, as required under Public Resources Code Section 5097.98.

19. TRAFFIC:

Reoccurring and scheduled vehicle trips to and from the site for employees, deliveries, and visitors will not occur during peak (4-6 PM) travel times to the maximum extent possible. All road improvements on private property required per the Department of Public Works shall be maintained in good working condition.

20. ADDRESSING:

All project site addresses shall be determined by the Conservation, Development and Planning Director, and reviewed and approved by the U.S. Post Office, prior to issuance of any building permit. The Conservation, Development and Planning Director reserves the right to issue or re-issue an appropriate situs address at the time of issuance of any building permit to ensure proper

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identification and sequencing of numbers. For multi-tenant or multiple structure projects, this includes building permits for later building modifications or tenant improvements.

21. STORM WATER CONTROL:

For any construction activity that results in disturbance of greater than one acre of total land area, permittee shall file a Notice of Intent with the California Regional Water Quality Control Board (SRWQCB) prior to any grading or construction activity. All hazardous materials stored and used on-site that could cause water pollution (e.g. motor oil, cleaning chemicals, paints, etc.) shall be stored and used in a manner that will not cause pollution, with secondary containment provided. Such storage areas shall be regularly cleaned to remove litter and debris. Any spills shall be promptly cleaned up and appropriate authorities notified. Parking lots shall be designed to drain through grassy swales, buffer strips, or sand filters prior to any discharge from the impervious surface into a watercourse. If any discharge of concentrated surface waters is proposed in the any "Waters of the State," the permittee shall consult with and secure any necessary permits from the State Regional Water Quality Control Board. All trash enclosures must be covered and protected from rain, roof, and surface drainage.

22. INDEMNIFICATION:

An indemnification agreement, in the form attached hereto, shall be signed and returned to the County within twenty (20) days of the granting of this approval.

23. AFFORDABLE HOUSING MITIGATION:

Prior to County issuance of a building permit, the applicant shall pay the Napa County Affordable Housing Mitigation Fee in accordance with the requirements of County Code Chapter 15.60 or as may be amended by the Board of Supervisors.

24. MONITORING COSTS:

All staff costs associated with monitoring compliance with these conditions, previous permit conditions and project revisions shall be borne by the permittee and/or property owner. Costs associated with conditions and mitigation measures that require monitoring, including investigation of complaints, other than those costs related to investigation of complaints of non-compliance that are determined to be unfounded, shall be charged. Costs shall be as established by Board Resolution in accordance with the hourly consulting rate established at the time of the monitoring. Violations of conditions of approval or mitigations measures caused by the permittee's contractors, employees, and guests are the responsibility of the permittee.

The Planning Commission may implement an audit program if compliance deficiencies are noted. If evidence of compliance deficiencies is found to exist by the Planning Commission at some time

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in the future, the Planning Commission may institute the program at the applicant's expense (including requiring a deposit of funds in an amount determined by the Commission) as needed until compliance assurance is achieved. The Planning Commission may also use the data, if it is so warranted, to commence revocation hearings in accordance with section 18.124.120 of the County Code.

25. TEMPORARY AND FINAL OCCUPANCY:

All project improvements, including compliance with all applicable codes, conditions and requirements from all departments and agencies with jurisdiction over the project, shall be completed prior to granting of a Certificate of Final Occupancy by the County Building Official, which, upon granting, authorizes all use permit activities to commence. The County Building Official is authorized to grant a Temporary Certificate of Occupancy to allow specified limited use of the project, such as commencement of production activities, prior to completion of all project improvements. Marketing, Tours and Tastings are not typically authorized until grant of Final Occupancy, but exceptions can be requested due to extenuating circumstances and are subject to review and approval by the County Building Official and the Director of Conservation, Development and Planning. In special circumstances, departments and/or agencies with jurisdiction over the project are authorized as part of the Temporary Certificate of Occupancy process to require a security deposit or other financial instrument to guarantee completion of unfinished improvements.

26. LOT LINE ADJUSTMENT:

A Lot Line Adjustment shall be recorded prior to issuance of any building permits for or relating to the winery development to bring said development (inclusive of the historic Pacheteau's Castle and Carriage House) onto a single assessment parcel of ten acres or more.