

EXHIBIT B

PROPOSED CONDITIONS OF APPROVAL

**Ca’Nani Winery
Yountville Vineyards, LLC
Use Permit # P09-00185-UP and Variance # P09-00492-VAR
7466 St. Helena Highway, Napa
Assessor’s Parcel # 031-120-026 & # 031-130-026**

1. **SCOPE:** The Use Permit and Variance shall be limited to:
 - Reduce the minimum 600-ft. winery setback from SR 29/St. Helena Highway to 235-ft.;
 - Establish a 48,000 gallons/year (consistent with the Napa County Winery Production Process) totaling 56,370 sq. ft. in area with a total winery coverage of approximately 35,153 sq. ft. (0.81 acre or approximately 5.7%);
 - Construct a two-story, approximately 16,243 sq. ft., 34-ft. 6-in high winery structure built into the hillside with a 1,670 sq. ft. of tasting/sales area, 2,281 sq. ft. of barrel storage, a 518 sq. ft. commercial kitchen for on-site food-pairing preparation, 100 sq. ft. laboratory on the first floor, a second-floor, 5,800 sq. ft. office space with two, green roof decks, a total 2,410 sq. ft. in area;
 - Construct an approximately 15,970 sq. ft. cave area with four portals (three of which open into the building) on the first floor;
 - Conversion of an existing 1,460 sq. ft., detached garage to a farm equipment storage building and construction of a new 375 sq. ft. utility shed;
 - Maintenance of a maximum 39%-40% winery accessory use/production area ratio at the facility, including installation of a gate to separate the tasting room and barrel storage area on the first floor of the winery building;
 - Water/Well service provided by an off-site well located on APN 031-120-027;
 - Removal of two existing, nonconforming residences;
 - Construction of a monument, entry identification sign at the SR 29/St. Helena Highway driveway entrance with decorative amphorae;
 - Allow 13 full-time employees and two part-time employees;
 - Establish a marketing plan and conduct tours and tastings by prior appointment as described below in Conditions #2 and #3, respectively.
 - Construct a new sub-surface drip sewage system and process wastewater system, including a hold-and-haul system and/or future Elutriate System;
 - Yount Mill Road access road shall be gated, posted with “No Winery Access” signs and shall be limited to emergency vehicle access and on-site vineyard maintenance use only; and
 - Marketing events in the Class III cave shall be prohibited although visitor tours may be conducted.

2. ***MARKETING:** Marketing events shall be limited as follows:
 - a. Frequency: 27 times per year (10 as evening events)
Number of persons: 24 maximum
Time of Day: 9:00 AM – 10:00 PM
Days per Week: Seven

- b. Frequency: 2 times per year
Number of persons: 49 maximum
Time of Day: 6:00 to 10:00 PM
Days per Week: Seven
- c. Frequency: 1 time per year
Number of persons: 300 maximum
Time of Day: 6:00 to 10:00 PM
Days per Week: Seven
- d. Frequency: 1 time per year
Number of persons: 100 maximum
Time of Day: 6:00 to 10:00 PM
Days per Week: Seven
- e. Participation in the annual Napa Valley Wine Auction is permitted as a Category 5 Temporary Event.
- f. Any single Marketing or Temporary Event shall not be held on the same day as any other By Appointment Only Tours & Tasting.
- g. Any single Marketing or Temporary Event may include food that is either catered or prepared in an on-site commercial kitchen in accordance with Napa County Department of Environmental Management and/or the Napa County Temporary Events Ordinance.

*Marketing of wine" means any activity of a winery which is conducted at the winery on a prearranged basis for the education and development of customers and potential customers with respect to wine which can be sold at the winery on a retail basis pursuant to Chapters 18.16 and 18.20 of the Napa County Code. Marketing of wine may include cultural and social events directly related to the education and development of customers and potential customers provided such events are clearly incidental, related and subordinate to the primary use of the winery. Marketing of wine may include food service, including food and wine pairings, where all such food service is provided without charge except to the extent of cost recovery.

Business events are similar to cultural and social events, in that they will only be considered as "marketing of wine" if they are directly related to the education and development of customers and potential customers of the winery and are part of a marketing plan approved as part of the winery's use permit. Marketing plans in their totality must remain "clearly incidental, related and subordinate to the primary operation of the winery as a production facility" (subsection (G)(5) of Sections 18.16.030 and subsection (I)(5) of 18.20.030 of the Napa County Code). To be considered directly related to the education and development of customers or potential customers of the winery, business events must be conducted at no charge except to the extent of recovery of variable costs, and any business content unrelated to wine must be limited. Careful consideration shall be given to the intent of the event, the proportion of the business event's non-wine-related content, and the intensity of the overall marketing plan. (Ord. 1340, 2010: Ord. 1104 § 11, 1996: Ord. 947 § 9 (part), 1990: prior code § 12071).

All activity, including cleanup, shall cease one hour after events end. 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.

Parking during marketing events shall be subject to any and all requirements enumerated elsewhere in these conditions of approval, the project revision statement, and those documents incorporated herein by reference.

3. TOURS AND TASTING*:

- a. Public tours and tastings (with prior appointment) shall be limited to a maximum of 75 visitors per day (Friday-Saturday) and 40 visitors per day (Monday-Thursday) and no more than 200 visitors per week with food service provided in accordance with Ordinance No. 1340 (BOS approved May 11, 2010) and as approved by the Department of Environmental Management;
- b. Any By-appointment Tours and Tasting shall not be conducted on the same day as any other Marketing or Temporary Event.

*By-Appointment Tours and tastings” means tours of the winery and/or tastings of wine, where such tours and tastings are limited to persons who have made unsolicited prior appointments for tours or tastings. Tours and tastings may include food and wine pairings, where all such food service is provided without charge except to the extent of cost recovery and is incidental to the tasting of wine. Food service may not involve menu options and meal service such that the winery functions as a café or restaurant. (Ord. 1340, 2010: 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.

4. GRAPE SOURCE:

At least 75% of the grapes used to make the winery’s production, from the amount of wine (exceeding 36,000 gallons/year) approved with this permit, 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.

5. SIGNS:

Prior to installation of any winery identification or directional signs, detailed plans, including elevations, materials, color, and lighting, shall be submitted to the Planning

Department for administrative review and 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 include wording stating "Tours and Tasting by Prior Appointment Only".

Any entry structure/identification sign shall be located on the project site only and cannot be located within the Caltrans SR 29/St. Helena Highway right-of-way.

If the applicant is able to purchase the surplus Caltrans right-of-way along SR 29/St. Helena Highway property frontage, the combined entry structure/identification sign can be located in a similar location to what was originally proposed as part of this use permit application.

6. 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 motor homes, 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 the gate is part of an entry structure, an additional permit shall be required according to the County Code.

A new gate shall be installed at the entrance to Yount Mill Road access road and posted with "No Winery Access" signs.

7. LIGHTING:

All new 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 the Airport Land Use Compatibility Plan requirements and Napa County Code Section: 18.80.030(D.) (1.). All lighting shall comply with Uniform Building Code (UBC).

8. 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 plan shall comply with the current, adopted Napa County Water Efficient Landscape Ordinance. The plan shall indicate the names and locations of all new 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. This permanent screening requirement shall also include any cave portal, cave portal retaining wall and entrance pad that are visible from a public or private road.

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

9. OUTDOOR STORAGE/SCREENING/UTILITIES:

All new outdoor storage of winery equipment, including new process wastewater treatment facilities, 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. This permanent screening requirement shall also include any cave portal, cave portal retaining wall and entrance pad that are visible from a public or private road.

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.

The new retaining wall along parcel frontage for the new process waste water treatment system shall be constructed of similar materials and match the appearance of similar retaining walls on nearby properties.

10. 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).

11. 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:

Department of Environmental Management as stated in their letter dated May 21, 2010/ revised August 27, 2010.

Department of Public Works Department as stated in their letter of August 28, 2010 and September 29, 2010.

County Fire Department as stated in their letter of December 16, 2009.

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.

11. GRADING AND SPOILS:

All grading and spoils generated by construction of the project facilities, including cave spoils, shall be disposed of per Public Works direction. All spoils piles shall be adequately screened while stored on-site and removed prior to occupancy.

12. WELLS / WATER SYSTEMS:

The permittee may be required (at the permittee's expense) to provide well monitoring data if it 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.

13. 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.

14. 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.

15. 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.

16. 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.

17. TRAFFIC

Reoccurring and scheduled vehicle trips to and from the site for employees, deliveries, and visitors will not occur during peak (4:00 PM - 6:00 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.

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

19. 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.

20. 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.

21. 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.

22. 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 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.

23. 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. Consistent with Board of Supervisors Resolution No. 2010-48, "Temporary Certificates of Occupancy are generally not to be used to allow production of wine for more than one year."