

Exhibit C

CONDITIONS OF APPROVAL

**Carevan Serai Winery
Use Permit Major Modification Application № P10-00206
4120 Howard Lane, Napa, Calif., 94558
Assessor's Parcel №. 036-180-041**

SCOPE: This approval shall be limited to Use Permit Major Modification to modify a 1988 Small Winery Exemption Certificate (SW-38889) and 2000 Use Permit 98425-UP to allow the following:

- no change in the approved 100,000 gallon per year production;
- deletion of approved, but unbuilt, improvements including a 2,400 sq. ft. production building and approximately 5,000 sq. ft. of outdoor work area;
- demolition of an existing approximately 4,500 sq. ft. barn;
- construction of a new approximately 7,500 sq. ft. single-story winery hospitality building including a commercial kitchen;
- construction of a new approximately 16,500 sq. ft. single-story winery production building with a storage loft;
- construction of approximately 5,600 sq. ft. of covered outdoor work areas;
- construction of three 17 ½ ft. tall stone-clad wall structures along the proposed entry drive;
- construction of two **at-grade non-structural vineyard viewing areas** proximate to the winery hospitality building;
- an increase in winery employment from 5 full-time and 2 part-time employees to 15 full-time and 15 part-time employees;
- an increase in approved, but presently unbuilt, winery parking from 7 employee spaces and 9 visitor spaces (16 total) to 22 employee spaces and 28 visitor spaces (50 total), including 2 ADA-accessible spaces;
- **a change in the approved hours of operation from 8am to 6pm daily to:**
 - **8am to 8pm Sunday through Thursday from September through May;**
 - **8am to 8:30pm Sunday through Thursday from June through August and;**
 - **8am to 10pm Friday and Saturday year-round;**
- deletion of the custom crush restrictions adopted with Use Permit 98425-UP;
- new winery domestic and process wastewater treatment systems including a 2,210 linear foot pressure distribution leach field;
- installation of two 15,000 gallon above-ground water storage tanks and a 300 sq. ft. pump house;
- grading including 1,000 cu. yds. of cut and 1,110 cu. yds. of fill, resulting in a hospitality building finished floor level approximately 3 ½ ft. above existing grade; and
- improvements at the S.R. 29 /Howard Lane intersection including a new left-hand turn lane (southbound), a new refuge lane (southbound), and an expanded right-hand turn deceleration lane (northbound) at S.R. 29 and new stop signs and intersection improvements at Howard Lane.

Except as they may be modified by the project revision statement or by these conditions of approval, 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 approved in accordance with Section 18.124.130 of the Napa County Code and may be subject to the Use Permit modification process.

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

- **Dinnertime Wine Marketing Events** may occur on Friday and Saturday, plus up to 2 events monthly occurring on days other than Friday and Saturday – no more than 1 dinnertime wine marketing event may occur on any given day – no more than 12 people are allowed per event – food may be prepared on-site;
- **Lunchtime Wine Marketing Events** may occur Monday through Sunday up to a monthly maximum of 20 such events - no more than 1 lunchtime wine marketing event may occur on any given day – no more than 8 people are allowed per event – food may be prepared on-site;
- **Large Events** may occur Monday through Sunday up to an annual maximum of 8 such events – no more than 2 large events may occur in a given month – no more than 4 large events may occur June through September – no more than 1 large event may occur on any given day – no more than 150 people are allowed per event – food to be catered;
- and participation in **Auction Napa Valley**.

This marketing plan supersedes any marketing activities previously approved or otherwise previously undertaken. Marketing activities not included in the above list are neither approved hereby nor allowed.

In no case shall the daily combined tours and tastings and marketing visitation exceed 400 persons.

Marketing events shall conform to the winery hours of operation included at “SCOPE,” above, except that, to the extent that marketing event cleanup occurs entirely indoors, said cleanup may extend one hour beyond a given day’s approved closing time.

Food service may not involve menu options and meal service such that the winery functions as a café or restaurant.

"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).

Start and finish time of activities shall be scheduled to minimize vehicles arriving or leaving between 4:00 PM and 6:00 PM.

If any event is held which will exceed the available on-site parking, the applicant shall arrange for **on-site valet** or off-site parking and shuttle service to the winery.

2. TOURS AND TASTING:

Tours and tastings shall be limited to **by-appointment tours and tastings including food/wine pairings with a maximum of 400 visitors per day. Daily combined tours and tastings and marketing visitation shall not in any case exceed 400 persons.**

“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). **Tours and tastings and/or marketing events shall not occur on the subject property until the fermentation and processing of grape juice into wine has actually commenced at the approved facility.**

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.

Consistent with Assembly Bill 2004 (Evans) and the Planning Director's July 17, 2008 memo, "Assembly Bill 2004 (Evans) & the Sale of Wine for Consumption On-Premises," on-premise consumption may occur solely within the interior of the hospitality building and in the hospitality building courtyard. Any and all visitation associated with on-premise consumption shall be subject to the 400 person maximum daily visitation limitation.

3. OUTDOOR ACTIVITIES:

Outdoor marketing and/or tours and tastings visitation shall be limited such that no more than 12 visitors may engage in outdoor marketing and/or tours and tastings activities at any one time.

No outdoor marketing, outdoor tours and tastings, or outdoor on-premise consumption is allowed from 6pm - 10am unless it occurs entirely within the enclosed hospitality building courtyard.

4. GRAPE SOURCE:

Excepting only the first 2,000 gallons of wine produced annually, 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.

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".

6. GATES/ENTRY STRUCTURES:

Any gate installed at the winery entrance shall be reviewed by the Conservation, Development, and Planning Department, the Department of Public Works, 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 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.

7. LIGHTING:

All exterior lighting, including landscape lighting, shall be shielded and directed downward, shall be located as low to the ground as possible, 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.

Interior lighting which is located such that it is potentially visible from off-site residences shall be shielded and shall not produce exterior glare.

The permittee shall install metal, etched, or printed screening along the top (+/-) 3 to 4 feet of the windows on the east and south side of the hospitality building. Screening shall effectively diffuse and screen interior lighting as viewed from the exterior of the building.

The permittee will, in addition, install anti-reflective or anti-glare glass in the hospitality building to minimize glare during daylight hours and externally-visible interior lighting at night.

Prior to issuance of any building permit pursuant to this approval, two copies of a detailed lighting and glazing plan showing the location and specifications for all interior and exterior lighting fixtures and all exterior glazing to be installed on the property shall be submitted for Planning Division review and approval. All lighting shall comply with the California Building Code.

8. LANDSCAPING/PARKING:

Two (2) copies of a detailed final landscaping plan, including parking details, shall be submitted for Planning Division review and approval prior to the issuance of any building permit associated with this approval. 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 submitted landscape plan shall be fully consistent with the submitted May 19, 2011 Memorandum from Chuck Meibeyer to Chris Cahill (attached and incorporated here by reference) amending the project to address neighbor concerns.**

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.

No trees greater than 6" DBH shall be removed, except for those which may have been identified on the submitted site plan.

Before the start of any clearing, excavation, construction, or other work in their vicinity, all trees in the project area which are not otherwise slated for removal shall be securely fenced-off at the dripline. Such fences shall remain continuously in place for the duration of work undertaken in connection with this approval. In no case shall construction materials or debris be stored within the fenced tree protection area.

Evergreen screening shall be installed between the industrial portions of the operation (e.g. tanks, crushing area, parking area, etc.) and off-site residences that can view such areas. Parking shall be limited to approved parking spaces only. Parking shall not occur in other locations except during harvest and approved marketing events. In no case shall parking impede emergency vehicle access, public roads, or any private road providing access to other properties.

9. 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.

All tanks and like improvements which are currently in place or are later installed on the subject property shall be finished in an earth-tone color should they be visible from off-site.

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.

10. RENTAL/LEASING:

No winery facilities, or portions thereof, including, without limitation, any kitchens, barrel storage areas, or warehousing space, shall be rented, leased, or 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 (N.C.C. 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 necessarily limited to:

- Department of Environmental Management as stated in their memo of March 31, 2011;

- Department of Public Works as stated in their memo of May 4, 2011;
- County Fire Department as stated in their memos July 9, 2010 and March 24, 2011; and
- Building Division as stated in their memo of December 6, 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.

Prior to the issuance of a building permit, the permittee shall submit revised drainage plans which, subject to the review and approval of the Department of Public Works:

- **reorient the proposed stormwater detention/infiltration pipe to a north-south alignment, running between vine rows and commencing at the proposed stormwater inlet and**
- **adopt reasonable measures to intercept current surface and subsurface waters and convey them to the existing stormwater inlet at the subject property's southeast corner (improvements shall only be made if the project engineer certifies that they can be accomplished without adversely altering existing drainage conditions.)**

12. 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.

13. WELLS:

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 would not necessarily be limited to, water extraction volumes and static well levels. If the applicant is unable to secure monitoring access to neighboring wells, onsite monitoring wells may need to be established to gauge 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 §13.15.070 (G-K).

14. NOISE:

Construction noise shall be minimized to the greatest 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 conditions 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.

Excepting only viticultural or other legitimate agricultural activities, no grading or construction activities may occur on Sundays. (Solely for the purposes of the preceding sentence, winery grading and/or construction activities shall not be deemed “agricultural.”)

Prior to the issuance of a building permit, the permittee shall submit final acoustical buffering plans for the review and approval of the Planning Director. The plans shall be drafted by, or in consultation with, a qualified noise control engineer who shall confirm that the proposed buffering will effectively limit automotive, conversational, and other noise associated with the proposed parking lot as perceived by neighboring residential properties to less-than-ambient levels (ambient levels shall be as identified in the project noise study). Required noise buffering improvements shall be installed prior to the initiation of any new or additional marketing or tours and tastings activities at the winery.

15. 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 are prohibited.

16. 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.

17. 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.

18. 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 shall be maintained in good working condition subject to the review and approval of the Department of Public Works.

Prior to issuance of a certificate of occupancy for the approved hospitality building, the permittee shall complete all roadway improvements approved and/or required pursuant to this use permit modification or shall document to the satisfaction of the Planning Director that despite permittee's earnest and continuing efforts to meet the requirements of this approval, permittee's failure to complete said improvements resulted from CalTrans action or inaction entirely beyond his control.

19. ADDRESSING:

All project site addresses shall be determined by the Planning Director, and be reviewed and approved by the United States Post Office, prior to issuance of any building permit. The 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.

20. STORM WATER CONTROL:

For any construction activity that results in disturbance to more than one acre of total land area, the 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.

21. MITIGATION MEASURES:

The permittee shall comply with all mitigation measures identified in the adopted Initial Study/Mitigated Negative Declaration and Project Revision Statement/Mitigation Monitoring and Reporting Program prepared for the project, inclusive of the following:

- **Prior to project final, the permittee shall provide adequate lighting at the Howard Lane intersections with State Route 29 and Don Giovanni Driveway/Winery Access, to ensure stopping sight distances are maintained. The project shall confirm the adequacy of existing lighting or modify the existing electrolier at the SR 29 intersection, and provide adequate lighting at the realigned Howard Lane/Don Giovanni Driveway/Winery Access intersection to ensure the adequacy of stopping sight distances at all times.**

22. INDEMNIFICATION:

An indemnification agreement was signed and submitted with initial application materials.

23. PREVIOUS APPROVALS:

Excepting those items which are explicitly amended here and those conditions of approval adopted hereby, all items, applicable conditions, and any mitigation measures included in previously approved use permits and use permit modifications shall remain in full force and effect. However, to the extent there is a conflict between this modification and any prior use permit or modification, this modification and these conditions of approval shall control.

24. 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.

25. 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 resolution of the Board of Supervisors in accordance with the hourly consulting rate established at the time of the monitoring. Violations of conditions of approval or mitigation measures caused by the permittee's contractors, employees, and/or guests are the responsibility of the permittee.

The Conservation, Development, and Planning Commission may implement an audit program if compliance deficiencies are noted. If evidence of compliance deficiencies is

found to exist by the Commission at some time in the future, the 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 so warranted, to commence revocation hearings in accordance with §18.124.120 of the Napa County Code.

The Planning Commission shall hold a noticed monitoring hearing on this approval approximately one year after the initiation of marketing and/or tours and tastings activities at the subject winery. The hearing shall focus on noise and other neighborhood impacts, if any, associated with approved later-than 6 pm closing time(s) and with approved outdoor activities. Prior to the issuance of a building permit, the permittee shall submit a \$2,000 monitoring deposit to the Planning Division to fund (or, as the case may be, partially fund) staff time associated with the required monitoring hearing. The permittee shall be responsible for promptly reimbursing the Planning Division in the event that the monitoring costs exceed \$2,000.

26. TEMPORARY AND FINAL OCCUPANCY:

All project improvements, including compliance with applicable codes, conditions, and requirements of 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 and/or Tours and Tastings are not typically authorized until grant of Final Occupancy, but exceptions where extenuating circumstances exist and are subject to review and approval by the County Building Official, County Fire Marshal, and the Planning Director. 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."