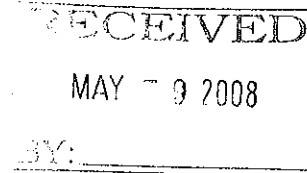


May 8, 2008

Client-Matter: 40331-031

**BY HAND DELIVERY**

Mr. Jeff Manfredi, Chairman  
Mr. Clayton Creager, Vice Chairman  
Ms. Carol Bush, Member  
Mr. Paul Coates, Member  
Mr. Nicholas Kite, Member  
City of Calistoga Planning Commission  
c/o Ms. Kathleen Guill  
Administrative Secretary  
Planning and Building Department  
City of Calistoga  
1232 Washington Street  
Calistoga, California 94515



**Re: Planning Commission Meeting, May 14, 2008  
Policy Interpretation (P 2008-02)**

Honorable Commissioners:

We are land use counsel for Lantz Properties III, LLC, owner of Napa County Assessors Parcel Numbers 017-230-027, -028 and -030 (collectively, the "Lantz Properties"). This letter is written on our client's behalf in response to the Notice of Public Meeting by the Calistoga Planning Commission, scheduled for May 14, 2008, concerning the above-referenced matter. Specifically, the Planning Commission will seek "input and guidance on potential revisions to the Sphere of Influence needed to serve planned public facility and service needs." Attached to your notice is a map indicating, among other things, a rectangular "Area" designated as the "Oat Hill Trail Parking Area" (the "Area"). The Area is either on or directly adjacent to the Lantz Properties.

On behalf of our client, we provide the following comments for the Commission's consideration:

1. It is not possible for us or our client to discern, based upon the map provided, whether the Area is located within or outside the boundaries of the Lantz Properties. We respectfully request that a metes and bounds description of the Area be provided to us before the Commission takes a vote on the inclusion of the Area within the City's Sphere of Influence.

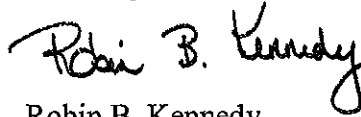
Members of the Planning Commission  
Calistoga, California  
May 8, 2008  
Page 2

2. We respectfully inform you that a lawsuit [Napa County Case No. 26-38501] is currently pending between our client and Napa County respecting the County's rights, if any, in and to an easement over and across Oat Hill Mine Road, fee ownership to which is vested in our client. It is plausible that the City's "planned public facility and service needs" may be affected by the outcome of this litigation. Our client and we would be pleased to meet with Planning Staff to describe the nature of the litigation and the rights that are at stake. Alternatively (or additionally, as Planning Staff prefers), we would be willing to provide a copy of the complaint.

3. To the extent that the discussion on revising the City's Sphere of Influence is related in any way to the creation of a "roundabout" on the Silverado Trail, our client offers his availability and interest in discussing this issue with Planning Staff for the purposes of determining whether any interests of the City align with his.

We thank you for this opportunity to provide comments, and request that they be included in the administrative record.

Sincerely,



Robin B. Kennedy

cc: Edgar Lantz (via email)  
Ed Burg, Esq. (via email)  
Michael Polentz, Esq. (via email)  
Chris LeGras, Esq. (via email)