

EXHIBIT A

Legal Description of Property

The land herein referred to is situated in the State of California, County of Napa, City of Calistoga, and is described as follows:

Commencing at a point on the Northeastern line of Grant Street, distant thereon South 59° East 20.045 chains from the point of intersection thereof with the Southeastern line of Greenwood Avenue, running thence along said line of Grant Street, South 59° East 8.005 chains; and thence North 30¼° East 22.37 chains; thence North 58¾° West 8.005 chains, and thence South 30¼° West 22.37 chains, more or less, to the point of commencement.

Being Lot 3 and a portion of Lot 4 as the same are shown upon that certain Map entitled, "Map of W.F. Fisher Tract, Calistoga, Napa Co. Cal", filed April 17, 1897 in the office of the County Recorder of said Napa County.

APN 011-010-013 & 014

The land herein referred to is situated in the State of California, County of Napa, City of Calistoga, and is described as follows:

Being Lots 4, 5 and 6 as the same shown upon that certain Map entitled, "Silverado Tract No. 252", filed in Book 2 of Record Maps at Page 2 in the Office of the County Recorder of said Napa County

APN 011-022-002

Exhibit A

EXHIBIT B

Project Description

The Applicant proposes to subdivide the properties into 15 lots for single-family residential uses and associated ancillary residential uses, which may include light agricultural uses such as cultivation of vineyards. The Applicant seeks to be able to build the infrastructure (i.e. roadways and utilities) in a single phase. Upon recordation of the Final Map, the residential units will be developed as market conditions allow. Ultimately, each home site will be placed within an established building envelope that has been purposefully designed by Howard Backen of Backen & Gillam Architecture. The proposed sizes of the homes will likely range between four- to five-bedrooms and up to and over 4,000 square feet, including all outbuildings.

Vehicular circulation will be provided via tree lined public roadways (Valencia Lane and Hawthorne Place). Pedestrian circulation will be provided via a 5-foot sidewalk contained within a non-exclusive public pedestrian easement along Valencia Place, offset approximately 4 feet of the right-of-way and via a 5-foot sidewalk contained in the Hawthorne right-of-way.

The slope of the existing property is approximately 0.5-percent from the back of the properties to Grant Street. The project site is 400-feet east of Garnett Creek, which is where the storm runoff will be released.

The project also includes a request for a lot line adjustment with lands to the east located at 1881 Mora Avenue (APN 001-021-002). This lot line adjustment is being requested in order to adjust approximately 13,507 square feet of land for the purposes of installing public utilities and to provide for emergency vehicle access (EVA) to Mora Avenue.

The overall proposed subdivision design integrates open space areas upon entering the project along Grant Street to provide significant setbacks from the street. As designed, the Applicant proposes to preserve existing non-irrigated deep-rooted vines on several of the lots and relocated the vines where warranted. To preserve significant trees on the property and to provide aesthetic interest, a slightly curved public roadway with two roundabouts in the center of the roadway will be development.

Water and wastewater service will be provided by the City's water and wastewater systems. To assist the City in resolving an on-going drainage problem in the project area, the Applicant is proposing to take drainage west to Garnett Creek instead of directing the runoff south through the Napa County Fairgrounds.

In addition to the aforementioned project components, this project includes implementation of General Plan Objective H-3.1, P 3 by amending Chapter 17.08 of the Zoning Ordinance to provide an alternative means for residential projects to satisfy the affordable housing requirements. As such, the project sponsors and the City have drafted certain terms for consideration through the Development Agreement. These terms include the payment of money into the Calistoga Housing Trust Fund in-lieu of providing 20% of the resulting homes at an affordable rate.

Exhibit B

The project sponsors will also be providing funds for infrastructure and recreational purposes. Funds will be provided for recreational purposes, above the amount normally collected as a Quality of Life Development Impact Fee, and additional funds will be paid for certain Grant Street roadway improvements beyond the normally required subdivision improvements.

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Exhibit B

EXHIBIT C

Mitigation Monitoring and Reporting Program

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Exhibit C

EXHIBIT D

Existing Project Approvals

1. Mitigated Negative Declaration and Mitigation Monitoring Plan, adopted by City Council Resolution No. _____ on _____, 2008.
2. Tentative Subdivision Map, TTM 2007-____, adopted by City Council Resolution No. _____ on _____, 2008.
3. Design Review, DR 2008-____, adopted by City Council Resolution No. 2008-____ on _____, 2008.
4. Development Agreement, DA 2007-____, adopted by City Council Ordinance No. _____, on _____, 2008.

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Exhibit D

EXHIBIT E

Anticipated Subsequent Approvals

1. Final Subdivision Map and Improvement Plans.-Public Works Department
2. Subdivision Improvement Agreements – Public Works Department.
3. Private Roadway, Maintenance Agreement and Design Review Committee –City Attorney and Planning Department
4. Access and Open Space easements – City Attorney and Planning Department
5. Irrevocable Offer of Dedication of Land – Public Works Department
6. Lot line adjustment – Planning Department
7. Reserved
8. Tree removal permits – Public Works Department
9. Other Agency Permits
 - A. Required Permits from County of Napa Department of Environmental Management (Well Abandonment)
 - B. Required Permits from Army Corps of Engineers
 - C. Required Permits from Department of Fish and Game
 - D. Required Permits from Regional Water Quality Control Board
10. Design Review approval for individual homes on resulting lots of record –Planning Department
11. Subsequent staff issued approvals i.e. building permits, grading, permits, etc. – Planning Department
12. All required easements to be reviewed for approval by Director of Public Works and City Attorney.
13. Other permits necessary as required to satisfied project conditions of approval and Mitigated Negative Declaration Mitigation Measures.

Exhibit E

EXHIBIT F

Special Public Benefits

1. Funds for Affordable Housing.

Chapter 17.08 of the Calistoga Municipal Code, development of the Project requires that twenty percent (20%) of the homes in the subdivision be made available to families of low or moderate income. Alternatively, the Developer may provide other methods of addressing housing needs including a cash payment to the City. An in-lieu payment of Six Hundred Thousand Dollars (\$600,000) shall be made into the Calistoga Affordable Housing Trust Fund. The Developer shall provide \$100,000 of the in-lieu payment to City prior to the approval of the Final Subdivision Map. The balance of said in-lieu payment shall be made in equal payments prior to the issuance of a building permit for home construction on each lot resulting from the Project subdivision. Said in-lieu payment shall be secured by a first position lien on each lot until such time as paid in full. The obligation secured by the lien shall provide that interest shall accrue at an interest rate equal to the last quarter annualized Local Agency Invest Fund (LAIF) rate as of the lien date plus two percent (2%). The principal and accrued interest shall be due in full on the earlier of (1) issuance of a building permit for home construction on the lot, or (2) four years from the Effective Date of this Agreement.

2. Additional Funds for Recreational Purposes.

Chapter 17.10 of the Calistoga Municipal Code requires that prior to Final Subdivision Map approval subdivision of the Property, Three Thousand Dollars (\$3,000) per lot be paid as a Quality of Life fee for the provision of land, structures and physical improvements for cultural and recreational purposes. Prior to approval of the Final Subdivision Map, Developer shall pay to the City an additional sum of Eight Hundred Thousand Dollars (\$800,000) to be used for recreational purposes.

3. Grant Street Improvements.

The developer shall pay the City the full costs of the Grant Street improvements made by City. Said payment is estimated to be \$200,000 to the City for the full cost of Grant Street reconstruction (the segment from Mora Avenue to Garnett Creek Court). Actual costs shall be determined by the City following the completion and acceptance of the work by City. City shall provide reasonable accounting of all costs to Developer. Developer shall pay Grant Street Improvement costs in full prior to Final Subdivision Map approval.

Exhibit F

EXHIBIT G

Existing Rules

1. All City of Calistoga Municipal Code and amendments/ordinances through Ordinance No. 649.
2. City of Calistoga General Plan and amendments adopted as of January 2, 2008
3. All City Council Resolutions adopted through Resolution 2008-###.
4. City of Santa Rosa Design & Construction Standards, as amended as of January 2, 2008.
5. CALTRANS Design & Construction Standards, as amended as of January 2, 2008.
6. Napa County Stormwater Management Plan Guidelines, as amended as of January 2, 2008

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Exhibit G

EXHIBIT H

Utility Capacity Allocation and Connection Fees

1. Water Allocation and Connection Fees.

The City shall reserve 9.75 acre feet of potable water for the Project. This allocation shall be assigned in equal portions to the resulting lots for home construction.

The water connection fee for the Project shall be set at the rate in effect at the time of the approval of the Final Subdivision Map. Twenty-five percent (25%) of the total fee for the lots shall be paid prior to recordation of the Final Subdivision Map. The balance of the water connection fees shall be allocated in equal shares to each residential lot. Upon recordation of the Final Subdivision Map, a lien subordinate only to other City liens shall be recorded against each lot securing payment of the remaining seventy-five percent (75%) of the connection fee for that lot. The principal interest shall be due in full on the earlier of, (1) the issuance of a building permit for home construction on the lot, or (2) four (4) years from the Effective Date of this Agreement.

2. Waste Water Allocation and Connection Fees.

The City shall reserve 6.21 acre feet of waste water treatment capacity for the development. Said allocation shall be assigned in equal portions to the resulting lots for home construction.

The waste water connection fee for the Project shall be set at the rate in effect at the time of the approval of the Final Subdivision Map. Twenty-five percent (25%) of the total fee for the lots shall be paid prior to recordation of the Final Subdivision Map. The balance of the waste water connection fees shall be allocated in equal shares to each residential lot. Upon recordation of the Final Subdivision Map, a lien subordinate only to other City liens shall be recorded against each lot securing payment of the remaining seventy-five percent (75%) of the connection fee for that lot. The principal interest shall be due in full on the earlier of, (1) the issuance of a building permit for home construction on the lot, or (2) four (4) years from the Effective Date of this Agreement.

Exhibit H

EXHIBIT J

Annual Review Report

SAMPLE COMPLIANCE EVALUATION FORM

The Annual Compliance Evaluation Form is submitted to the City of Calistoga ("City") by BNK Investments, LLC ("Developer") pursuant to the requirements of California Government Code section 65856.1 and Chapter 17.39 of the City Municipal Code regarding Developer's good faith compliance with its obligations under that the Development Agreement having an Effective Date of _____, between the City and Developer ("Development Agreement"). All terms not otherwise defined herein shall have the meanings assigned to them in the Development Agreement:

Annual Review Period: _____ to _____.

(If yes, please attach description and/or documentation)

- A. Development Activities during this annual review period: Yes: No:
- B. Development Impact Fees, processing fees, architectural review fees and/or other fees paid during this annual review period: Yes: No:
- C. On- and/or off-site infrastructure improvements completed or paid for during this annual review period: Yes: No:
- D. Other Development Agreement obligations completed during this annual review period: Yes: No:
- E. Transfers, assignments, or dedications from or by Developer during this annual review period: Yes: No:
- F. Awareness of any facts or circumstances that may be construed as a default by Developer during this annual review period: Yes: No:

The undersigned representative of Developer confirms that Developer is:

_____ In compliance with its obligations under the Development Agreement for this annual review period.

_____ Not in compliance with its obligations under the Development Agreement for this annual review period, in response to which Developer is taking the actions set forth in the attachment hereto.

IN WITNESS WHEREOF, Developer has executed this Compliance Evaluation Form as of this _____ day of _____, 20_____.

Developer,
By: _____
Its: _____