ST. CLEMENT VINEYARDS WATER AGREEMENT

THIS AGREEMENT, entered into on December 4, 1996, between the CITY OF ST. HELENA, a municipal corporation (City), and SAPPORO USA, INC., a New York corporation, dba St. Clement Vineyards (St. Clement Vineyards), provides as follows:

RECITALS

A. St. Clement Vineyards is the owner of real property (the Property) in the County of Napa, California, APN 22-230-13, located outside the city limits of City, as more particularly described in Exhibit "A" attached hereto. A winery is located on the Property and is authorized by Use Permit #U-228687 issued on March 4, 1987, to produce up to 28,800 gallons of wine per year (the Use Permit).

B. City, through the St. Helena Water Enterprise, has provided unlimited water services to the Property for the past several years. Average annual water usage for the calendar years 1992 through 1995 was 2,884 hcf (2.16 million gallons). City water is being used to irrigate 5 acres of vineyards located on the Property, as described in Exhibit "B."

C. On May 20, 1996, St. Clement Vineyards filed an application for an Amendment to the Use Permit with the County of Napa Conservation, Development and Planning Department seeking to expand production of the winery to 72,000 gallons per year. St. Clement Vineyards must ensure to the satisfaction of the County that it has a supply of water adequate to support the expansion. City already has an overburdened water system and is
concerned about guaranteeing unlimited water to the Property in perpetuity.

D. The parties hereto wish to clarify their rights and obligations with respect to water service to the Property.

NOW THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

AGREEMENT

1. City agrees to and shall provide up to 2,884 hcf (2.16 million gallons) of water per year (the Annual Limitation) to the Property commencing with the meter reading for December, 1996, and continuing every year thereafter, upon the terms and conditions set forth herein.

2. Water provided by City hereby shall be limited to service for uses approved and permitted by the Amended Use Permit and this Agreement only. City shall not be obligated to provide water services for any other use nor for any further expansion of the Amended Use Permit.

3. St. Clement Vineyards shall install at its expense, on all new construction and existing wine tasting and production facilities, only low-volume flush toilets. All existing or new shower heads shall be equipped with flow restrictors. The retrofitting of existing facilities and shower heads shall be completed by March 1, 1997. All existing landscaping may continue to be irrigated with the present system using City water. All new landscaping which requires City water shall feature native, drought-resistant species requiring minimal irrigation.

4. All vineyard acreage presently irrigated with City water, as described in Exhibit B attached hereto, may continue to be irrigated with City water. City water may not be used to irrigate additional acreage that may be planted to vineyards in the future. St. Clement Vineyards shall make reasonable, good faith efforts to evaluate alternative water sources, including on-site wells and reclaimed water, to supplement or replace City water for irrigation purposes.

5. While water is furnished to St. Clement Vineyards pursuant to this Agreement, St. Clement Vineyards shall be bound by and subject to all lawful resolutions, rules, regulations, directives, ordinances and orders of the City pertaining to water services as may be enacted from time to time for all other applicable users of City water, including, without limitation, provisions relating to rate charges and water shortage emergencies. In interpreting and applying water restriction regulations, the City and its agencies agree to recognize and

Agreement, p. 2
take into consideration the conservation measures St. Clement Vineyards has already implemented and those undertaken pursuant to this Agreement.

6. St. Clement Vineyards shall monitor its water usage on a bimonthly basis and employ all measures necessary to ensure that the Annual Limitation is not exceeded. In the event the City Director of Public Works reasonably determines that the Annual Limitation inevitably will be exceeded or that the Annual Limitation has been exceeded, City may require St. Clement Vineyards to undertake reasonable additional conservation measures and may require St. Clement Vineyards, upon ten (10) days prior written notice, to terminate water service for nonessential uses, including vineyard irrigation.

7. In the event St. Clement Vineyards exceeds its Annual Limitation, it shall pay to City a penalty surcharge equal to 60% of the water rate charge for each hundred cubic feet, or portion thereof, used in excess of the Annual Limitation. Such penalty surcharge shall be due and payable within 30 days after calculation and demand by City. In addition to the 60% surcharge, City may avail itself of all rights and remedies set forth in Paragraph 9.

8. St. Clement Vineyards agrees that if any request or application for approval of amendments or modifications to the Amended Use Permit is submitted to the Napa County Planning Department, Planning Commission, or Board of Supervisors, City shall be informed on or before the date on which any such requests or applications are submitted. In addition, St. Clement Vineyards agrees to provide City with copies of all supporting documents or other information submitted in connection with such requests or applications on or before the date such materials are submitted to the County. Finally, St. Clement Vineyards agrees to inform the St. Helena City Council of any requests for the Napa County Planning Commission or Napa County Board of Supervisors to agendize discussion of any changes, approvals, or other actions related to the St. Clement Vineyards Amended Use Permit on or before the date on which the request to be agendized is submitted to Napa County.

9. In addition to any other rights or remedies, either party may institute legal action to cure, correct or remedy any default of the Agreement; to enforce any covenants or agreements herein or to enjoin any threatened or attempted violation thereof; to recover damages for any default; or to obtain any other remedy consistent with the purpose of this Agreement.

10. This Agreement shall be construed and enforced in accordance with the laws of the State of California. Should any legal action be brought by either party because of breach of
this Agreement or to enforce any provision of this Agreement, the prevailing party in such action shall be entitled to all reasonable attorney's fees, court costs and necessary disbursements in connection with such litigation.

11. The parties hereto agree that the provisions of this Agreement are severable. If any provision of this Agreement is held invalid, the remainder of this Agreement shall not be affected and shall remain in full force and effect unless amended or modified by mutual consent of the parties in writing.

12. The provisions of this Agreement shall be binding on all heirs, assigns and successors in interest to the parties hereto and shall be a covenant that runs with the land.

Executed the day and year first above written.

SAPPORO USA, INC., a New York corporation dba St. Clement Vineyards

DATE: 11-25-96

By: [Signature]
Yukio Sekine
Its: Executive Vice President

CITY OF ST. HELENA, a municipal Corporation,

DATED: 12-4-96

By: [Signature]
John Brown, Mayor

ATTEST:

[Signature]
Delia Guijosa, Deputy City Clerk

APPROVED AS TO FORM:

[Signature]
Diane M. Price, City Attorney
STATE OF CALIFORNIA )
COUNTY OF NAPA ) ss.

On November 25, 1996, before me, Chas. C. Sawday, a Notary Public for the State of California, personally appeared YUKIO SEKINE, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Chas. C. Sawday
Notary Public
"Illegible Notary Seal Declaration"
(Government Code 27361.7)

I certify under the penalty of perjury that the notary seal on the document to which this statement is attached reads as follows:

Name of Notary  Chas. C. Sawday
Date Commission Expires  April 22, 1997
Place of Execution  1309 Main St, St. Helena  Date  11-25-96
Commission Number  992273  

Signature and firm name if any
On 12-4-96, before me, the undersigned, Deputy City Clerk of the City of St. Helena, personally appeared John L. Brown, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature: [Signature]

Delia Guijosa, Deputy City Clerk
LOT LINE ADJUSTMENT MAP
OF THE LANDS OF
CASEY, HOUGHTON, AND MAUS
JULY, 1987

SEE DETAIL "A"
ON SHEET 3 FOR
PROPOSED LOT-LINE
CONFIGURATION

AP NO 22-230-03
26.53 AC

AP NO 22-230-09
3.77 AC

AP NO 22-230-10
19.22 AC

RECEIVED
JUL 29, 1987
Engineering & Food Dept.
County of Napa

YELLOW CANARY ENTERPRISES, INC.
LOT LINE ADJUSTMENT MAP
OF THE LANDS OF
CASEY, HOUGHTON, AND MAUS
JULY, 1987

LEGEND

----- EXISTING P
----- PROPOSED P
--- x--- EXISTING FENCE LINE

PROPOSED P ALONG
EXISTING FENCE
LINE 1' FROM
EXISTING P, EXCEPT
AS NOTED.

AP N° 22-230-03
26.49 AC

AP N° 22-230-10
19.06 AC

PROPOSED P ALONG E. OF
AN EXISTING 3' WIDE CREEK.

PROPOSED
RECEIVED
JUL 29 1987

Engineering & Road Dept.
County of Hope

SHEET 5 OF 5
CITY OF ST. HELENA

RESOLUTION NO. 96 - 129

APPROVING A WATER AGREEMENT WITH ST. CLEMENT VINEYARDS APN NO. 022-230-009

RECITALS

St. Clement Vineyards has requested a use permit from the County of Napa for an increase in wine production from 28,800 gallons per year to 72,000 gallons per year. The City of St. Helena has supplied water to this location since 1991.

A water agreement allowing 2.16 million gallons per year is attached for approval. The City Attorney and Public Works Director have reviewed the agreement.

RESOLUTION

The water agreement (attached) between St. Clement Vineyards and the City of St. Helena is hereby approved.

Approved at a Regular Meeting of the St. Helena City Council on November 26, by the following vote:

Ayes: Mayor Brown, Councilmembers Gard, Heitz, Savidge, Slavens

Noes: None

Absent: None

Abstain: None

APPROVED:

John L. Brown
Mayor

ATTEST:

Delia Guijosa
Deputy City Clerk

ATTEST:

The foregoing instrument is a correct copy of the original on file in this office of City Clerk and Clerk of the St. Helena City Council, County of Napa, State of California.

Date 12/14/17

Seal
CITY OF ST. HELENA

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APPROVED:               ATTEST:

John L. Brown
Mayor

Delia Guijosa
Deputy City Clerk