

*The Vineyards
At Steelhead Run*

*1010 Dry Creek Road
Healdsburg, California*



A property of distinction presented by:

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The Vineyards At Steelhead Run

The Dry Creek Valley enjoys a reputation as being one of the finest viticulture areas in the world. Indeed, grapes from this fertile valley produce many wines that enjoy world-class status.

Perhaps best known for the production of excellent Zinfandels from estates such as Rafanelli, Bella, Pedroncelli, Nalle and others, the Dry Creek Valley also produces wines of exceptional quality from Cabernet Sauvignon, Syrah, Petite Sirah, Chardonnay and Sauvignon Blanc.

Besides enjoying a stellar reputation for its vineyards and wineries, the Dry Creek Valley has become a tourist destination enticing visitors from all parts of the globe.

Beautiful to look at, bountiful in its harvests, this quiet agriculture community also offers a wonderful man-made treasure in Lake Sonoma. Those who live or visit the Dry Creek Valley will love being close to one of the most magical places in our state, the charming city of Healdsburg – a true “destination”.

The property located at 1010 Dry Creek Road, and named The Vineyards at Steelhead Run, is located just minutes from the downtown Plaza in Healdsburg - a city that is rich in history, provides wonders of culinary delights, diverse shopping opportunities and an unhurried life style that is sure to please.

The subject property consists of approximately 8.54 acres and is mostly planted to Syrah with 4,171 vines in production. Most of the crop has been sold to the famed Biltmore Estate, Ashville, NC. The vineyard is owned and operated by David and Agnes Olson, with the respected Valdez and Sons Vineyard Management Company tending to the vineyard operations.

Offered at \$2,650,000

For additional information and showing contact:

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NOTE: The seller and other sources furnished the information and statements contained in this offering package and while the information is believed to be accurate it may contain error. A prospective Buyer is advised to conduct independent investigations of the property by qualified experts of Buyer choice to determine the condition of the property and its suitability for Buyers purposes.

The Vineyards At Steelhead Run



This 2-story barn styled winery complex also serves as a comfortable home away from home

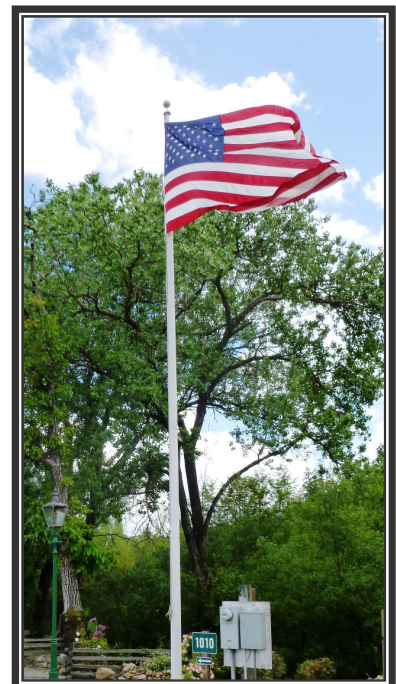




Nestled between the hills and the vineyard ownership enjoys beautiful views of Mount St. Helena and access to the flowing Dry Creek.



An American flag shows the way at the entrance to the property.



The Vineyards At Steelhead Run

Assessor's Parcel #: 089-040-011

Parcel Size: 8.54 acres more or less per Assessor's Parcel Map

Zoning: Lia20 (Land Intensive Agriculture)–20 acre minimum parcel size. Z overlay; biotic resource; Scenic Resource; Valley Oak Habitat; partial F1

Water: The original well was believed to be drilled prior to 1972. Peterson Well Drilling Company placed the pump depth circa 1972 to 75. The existing casing is 10-1/2". No water production records are available, but the owner states that there is ample water for frost protection for the entire vineyard. The pump is a vertical turbine pump driven by a 30-hp electric motor. More specific details about the water – frost protection and irrigation system are on file and available for review.

Utilities: PG&E electricity; telephone; propane gas; satellite TV.

Waste Treatment: Standard septic in place. A review is underway to determine expansion of the existing system to accommodate new residential improvements.

Improvements: Improvements include a charming and versatile barn-styled building that is the production center for a permitted winery operation (500-case permit) with a vineyard office located on the second level. The following is a brief list of the most recent site additions:

- Upgraded parking area which includes a “zigzag” split rail fence with roses at each space.
- Two antique “London” style street lamps with LED lighting at the parking area.
- Upgraded parking surfacing providing a circular drive around the building complex.
- Flag pole and large American flag located at the end of the entry road at the northwest corner of the property.
- Rose bushes (Knock-out roses) placed at the end of the vine rows along the access road.

Water Rights:

Water rights throughout the state of California are being reviewed and even challenged as certain governmental agencies wish to restrict private usage of water often under the guise of protecting endangered species. Among the water rights being challenged are riparian and appropriative rights along with those properties whose wells draw water from the underflow of certain streams. The matter of water rights is a very complicated point of the law and certainly should be reviewed by an attorney who specialized in this subject matter. Having said that, the subject property known as Sonoma County Assessor's Parcel # 089-040-011 consisting of approximately 8.54 acres is included within lands covered by **Dry Creek Agriculture Water Users, Inc.** (DCAWU), a non-profit organization. The DCAWU was formed as an organization by the farming community to work with the Sonoma County Water Agency to facilitate effective water use by growers in Dry Creek Valley. Seller, Mr. David Olson, is a founding member of DCAWU and a current member of its Board of Directors. The curtailing of usage of overhead sprinklers for frost protection is currently being discussed between the farming community and those governmental agencies who wish to restrict water usage. The site has two water wells, one for overhead sprinkler frost control and the other for drip irrigation and domestic water use as well as a 10,000 gallon concrete water storage tank.

Wine Production:

In March of 2008 the current ownership was granted a license to produce wine on the subject property. The type of license is 02 460680. In addition, the County of Sonoma Permit & Resource Management Department (PRMD) issued a use permit to the Olsons, Permit # CA W-1626 along with the State of California Bonded Winery Number Ca. 16149. The owners are permitted to produce 500 cases of wine annually on the property under the terms of their use permit. The soils types found on the subject property are predominantly YmB (Yolo sandy loam, overwash, 0 to 5% slopes) and YnA (Yolo loam, 0 to 2% slopes). YmB is rated class II and YnA is rated as a class I capability unit, which makes both of these soils types excellent candidates for growing premium wine grape varieties.

Vineyard / Property History



At the time of purchase in 1988, the vineyard was planted to Cabernet Sauvignon. This block was removed in 1993, the ground ripped and fumigated and the soil amended with lime. At that time, test pits were dug just prior to the fumigation, revealing that the soil is a consistent alluvial silty loam at the northeastern quarter of the parcel, classified as Yolo Loam (YnA) with the balance of the southwestern three quarters nearest the creek classified as Yolo Sandy Loam (YmB). Due to gentle sloping towards Dry Creek, the ownership determined there was no necessity to grade the soil or change the existing drainage. One third of the replacement vineyard that is located nearest to the creek is nursery-certified Syrah vines on 5C root stock obtained from Duarte Nursery. Viticultural Society and Borri Nurseries furnished the remaining two-thirds planted to 5C and grafted to Syrah scion wood, uncertified, obtained by a local farming manager, Duff Bevell. The planting and grafting were completed in 1994. Additional information relating to the vineyard plantings, crop history and the like are on file with the listing office and are available upon request.

Customer list:

- **Biltmore Estate Winery, Asheville, NC**
- **“Pick up” sales of “overage” to local wineries; Petersen Winery, Dark Horse and A & D’s Estate.**

(Note: All grapes have been sold for past several years).

The Vineyards at Steelhead Run
PRODUCTION HISTORY
Syrah

As of March 4, 2010

<u>Year: 2010</u>	<u>Tons</u>	<u>Price</u>	<u>Income</u>	<u>Expense*</u>
Biltmore Estate	44.00	\$1,600/ton		
Darkhorse	5.20	\$1,000/ton		
Peterson	9.96	\$1,000/ton		
			\$85,560.00	\$74,528.00

<u>Year: 2009</u>	<u>Tons</u>	<u>Price</u>	<u>Income</u>	<u>Expense*</u>
Biltmore Estate	35.60	\$1,800/ton		
Darkhorse	5.08	\$1,000/ton		
Peterson	4.72	\$1,000/ton		
			\$73,380.00	\$54,620.00

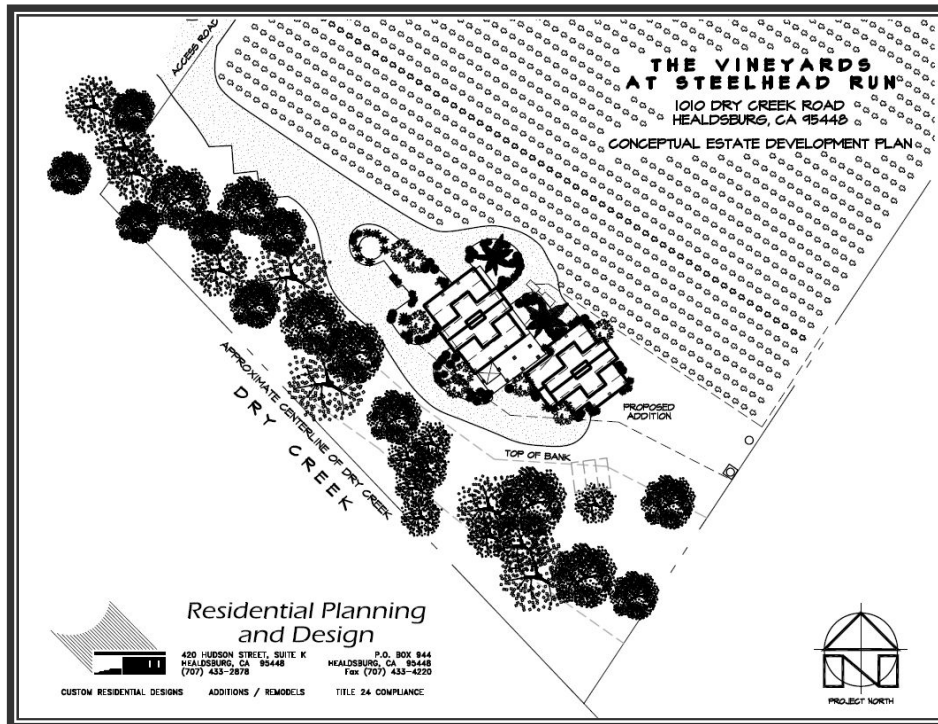
<u>Year: 2008</u>	<u>Tons</u>	<u>Price</u>	<u>Income</u>	<u>Expense*</u>
Biltmore Estate	35.00	\$1,800/ton		
Darkhorse	3.10	\$1,000/ton		
			\$66,100.00	\$68,685.00



** Expense does not include: Property taxes, insurance, vehicle, fuel for vehicle, association dues, office expenses, telephone, utilities, professional services.*

Owner's Vision

David and Aggie Olson built the winery complex with the idea of eventually adding an “Estate Home” in an area to the east of the existing structure. The present barn-styled building has been used as a temporary apartment in which to live as well as their winery processing center. The ultimate plan is to remove the 2nd floor kitchen range/oven for compliance reasons, to fill in the range/oven “gap” and install new counter tops and cabinetry to match. The first floor bedroom, bath and garage area would then serve as a meeting room to host private tastings and gatherings. The second story would become an office and conference room. Located on the lower level is an elevator that makes for easy access between the two levels. A forward-looking rendering below:



An aerial view of existing improvements:





Base Map Theme



Planning <ul style="list-style-type: none"> Area & Specific Plans Local Area Development Guidelines Redevelopment Plans Williamson Act Land Contracts <ul style="list-style-type: none"> Type I Type I (Phase-out) Type II Type II (Phase-out) Type II (Open Space) 	Air Quality Measure <ul style="list-style-type: none"> Air Quality Control Board Northern Sonoma County Bay Area Well and Septic <ul style="list-style-type: none"> Water Quality Control Board North Coast Region San Francisco Region Waiver Prohibition Areas Flood Prone Urban Areas 	Wet Weather Zones <ul style="list-style-type: none"> Zone A - Petaluma Zone B - Sonoma Zone C - Santa Rosa Zone D - Sebastopol Zone E - Guerneville Zone F - Healdsburg Zone G - Cloverdale Base Layers <ul style="list-style-type: none"> Geographic Places City Sphere of Influence City Urban Growth 	Planning Areas <ul style="list-style-type: none"> Urban Service Areas Lake Sonoma Streets <ul style="list-style-type: none"> US Federal Highway State Highway Major Road Residential Street Streams <ul style="list-style-type: none"> Perennial Intermittent 	Parcels <ul style="list-style-type: none"> City Limits Supervisor Districts <ul style="list-style-type: none"> District 1 District 2 District 3 District 4 District 5 Fire Protection Responsibility Area <ul style="list-style-type: none"> Federal State Local
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Map Scale and Reproduction methods limit precision in physical features displayed. This map is for illustrative purpose only, and is not suitable for parcel-specific decision making. Site-specific studies are required to draw parcel-specific conclusions. Aerial photos are provided by DigitalGlobe Copyright 2008.

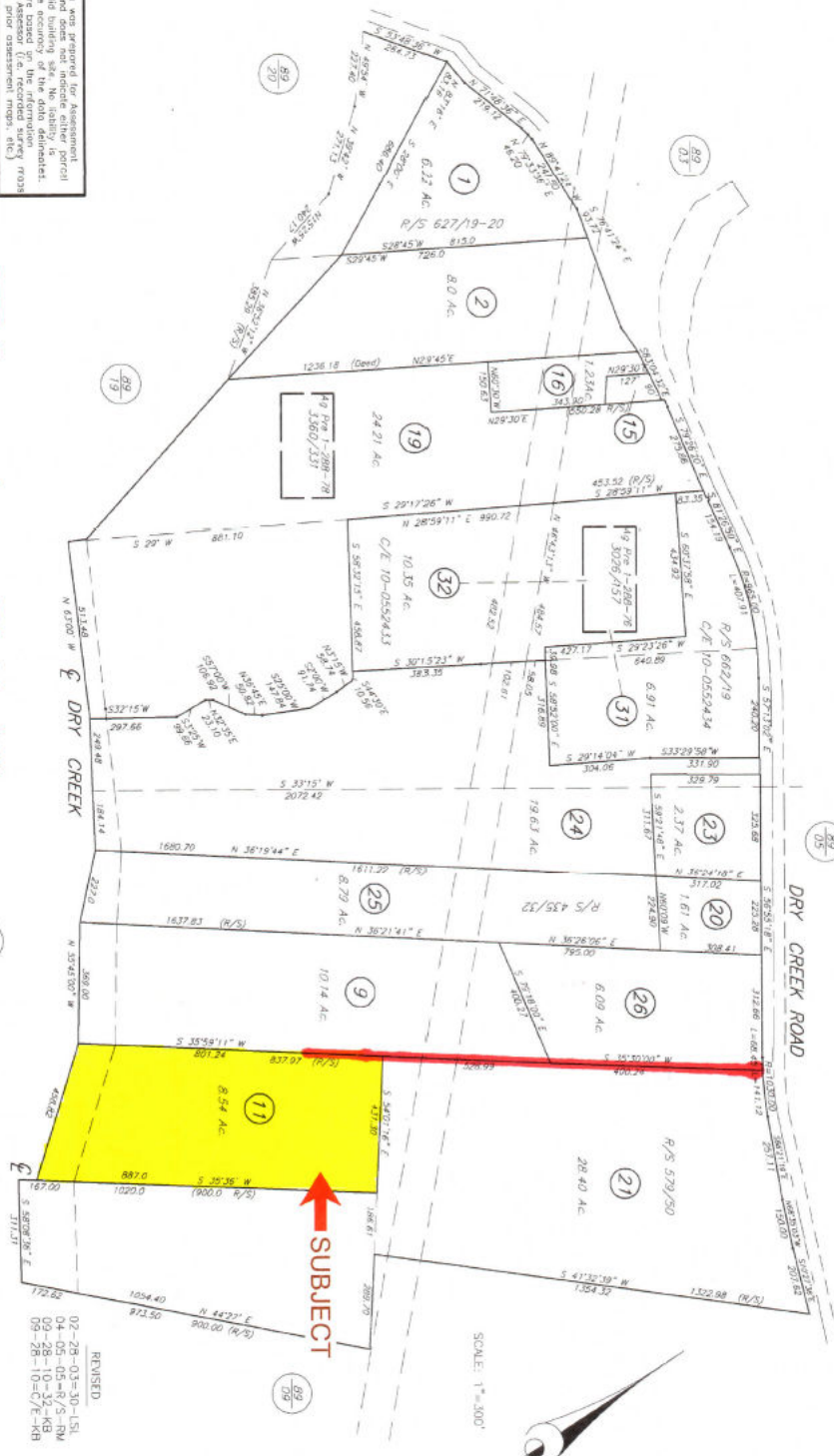


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1010 DRY CREEK RD., HEALDSBURG
 COUNTY ASSESSOR'S PARCEL MAP
 A.P.N. 089-040-011 - 8.54 ACRES

TAX RATE AREA
 97-008

89-04



NOTE: This map was prepared for Assessment purposes only and does not indicate either parcel legality or a valid building site. No liability is assumed by the Assessor for any information supplied to the Assessor (i.e. recorded survey maps, recorded maps, prior assessment maps, etc.)

NOTE: Assessor's parcels do not necessarily constitute legal lots. To verify legal parcel status, check with the appropriate City or County Community Development or Planning Division.

(Ingress and egress, 12 feet in width)

Assessor's Map Bk. 089, Pg. 04
 Sonoma County, Calif. (ACAD)
 KEY 5-5-09 KB

REVISED
 02-28-03=30-LSI
 04-05-05=8/5-RM
 09-28-10=3/-KB
 09-28-10=C/E-KB