

AGREEMENT REGARDING DEVELOPMENT OF GUENOC VALLEY PROJECT

This Agreement is entered into by and between the People of the State of California, ex rel. Rob Bonta, Attorney General of California (the “State”) and Lotusland Investment Holdings Inc. (“Lotusland”) (collectively, the “Parties”). This Agreement shall be effective upon the date the Agreement is fully signed and executed by the Parties.

Recitals

- A. On July 21, 2020, the County of Lake (“County”), by its Board of Supervisors, certified the Environmental Impact Report (“EIR”) for the Guenoc Valley Mixed-Use Planned Development Project (the “Project”) and adopted findings approving the Project. For purposes of this Agreement, the “Project” also means any development, including any construction and operational phases, that in any way relies on the EIR, including the EIR as may be modified and re-certified, for compliance with the California Environmental Quality Act (“CEQA”).
- B. On or about August 20, 2020, the Center for Biological Diversity and the California Native Plant Society filed petitions for writs of mandate challenging the certification of the EIR and approval of the Project. The petitions were consolidated for all purposes, except entry of judgment, under Lake County Superior Court Case Number CV 421152 (“Action”).
- C. The State intervened in the pending Center for Biological Diversity Action and filed a petition for writ of mandate (the “State’s Petition”) challenging the certification of the EIR and approval of the Project.
- D. The Lake County Superior Court (“Superior Court”) consolidated the petitions for hearing, and entered Judgment on February 25, 2022. Copies of the Judgment and Writ issued by the Superior Court on February 25, 2022 in Case Numbers CV 421152 and CV 421193 (“Judgment/Writ”) are attached as Exhibit A to this Agreement. The State filed a notice of appeal on July 5, 2022.
- E. The Parties have agreed to resolve the State’s Petition and appeal.
- F. Attached as Exhibit B-1 is the existing site plan for the Project’s Polo and Equestrian Facility. Attached as Exhibit B-2 is the revised plan for this component of the Project, with the hilltop residential lots removed. Attached as Exhibit B-3 is a map showing the location of the Recreational and Camping Area of the Project’s Polo and Equestrian Facility.
- G. Attached as Exhibit C-1 is the existing site plan for the Project’s golf course area and northern lots. Attached as Exhibit C-2 is the revised plan for this component of the Project.
- H. Attached as Exhibit D is a revised roadway plan for the Project site, with the lengths of all dead-end, non-looped road segments indicated.
- I. Attached as Exhibit E is a depiction of the roadside hardscape design.

NOW THEREFORE, in consideration of the mutual covenants, representations, and other terms and conditions set forth herein, the Parties agree as follows:¹

Agreement

1. **Required Project Modifications.** Lotusland shall incorporate the following modifications and requirements into any future request for approval of the Project and, as set forth in Section 4 of this Agreement, may develop the Project only with the following modifications and requirements.

(a) **Wildfire-Related Project Modifications and Measures.**

- (i) The Recreational and Camping Area depicted on Exhibit B-3 will be reserved only for recreational and camping uses. Open fires shall be strictly prohibited.
- (ii) The area consisting of the twenty-five building sites depicted on Exhibit B-1 will not be developed, and the associated parcels shall be removed from any and all maps. Those residential units may be relocated to the area depicted on Exhibit B-2.
- (iii) The areas consisting of the thirty-nine building sites depicted on Exhibit C-1 will not be developed for residential use, and the associated parcels shall be removed from any and all maps. Those residential units may be relocated to the area depicted in Exhibit C-2.
- (iv) As indicated on the Roadway Plan attached as Exhibit D, no dead-end, non-looped road segment may exceed one mile in length.
- (v) To the extent that the topography feasibly permits, an area of approximately 10 feet on each side of the roadways will be improved with hardscape, as depicted on Exhibit E.
- (vi) The Guenoc Valley Project Homeowners Association (“HOA”) will be required by its by-laws to contract with a wildfire expert for the duration of the Project. The costs of retaining that service provider will be paid by the HOA, and will be covered as part of HOA dues. The HOA shall consult with the wildfire expert in its implementation of wildfire prevention measures, including those identified in the Wildfire Prevention Plan. The HOA shall send to the Attorney General’s Office a copy of the by-laws within thirty (30) calendar days of adoption by the HOA.
- (vii) The Project’s Emergency Response Center will have on-site at least one individual with wildfire expertise related to evacuation and emergency access. The costs of retaining that individual or individuals will be paid by

¹ Certain terms used in this Agreement are defined in the Appendix.

the HOA, which will be covered with HOA dues. After thirty (30) years from the date on which the HOA is established, the HOA may stop implementing and sunset this obligation upon a majority vote of the HOA membership and subsequent notice to the State of such vote.

- (viii) Lotusland shall pay to the Lake County Fire Protection District (“LCFPD”), on an annual basis, the amount determined by LCFPD to be necessary in order to staff and equip the Emergency Response Center for fire services, including wildfire response.

(b) GHG Emissions Reduction Measures.²

(i) Residential Land Uses

- a. Lotusland shall install photovoltaic (“PV”) systems on all residential land use structures within the Project site where site parameters and constraints allow for adequate on-site rooftop and other on-site spaces (such as ground-mounted panels or panels on carports or other surfaces) to comply with Section 110.10(a) of the California Building Energy Efficiency Standards. The minimum electrical generation capacity of the PV Systems shall be equal to or greater than the projected energy needs, collectively, of all residential land use structures that the PV systems will serve. Lotusland shall inform residents, at the time of initial sale or at the time of subsequent sale of each residential land use structure, through placement of a requirement in the Covenants, Conditions and Restrictions (“CC&Rs”) that will govern the HOA for each residential land use structure, that Lotusland is responsible for the repair and maintenance of each PV system, or any cleaner or technologically superior system of greater efficacy that is installed, for at least thirty (30) years from the date of initial installation.
- b. Lotusland shall install battery energy storage systems for all residential land use structures and shall design the battery energy storage systems to store the energy produced by the PV systems during daylight hours and discharge that stored energy during evening and nighttime hours, and sized to maximize self-generation and minimize electricity exports to the grid, with an efficiency of at least 80 percent (80%). Lotusland shall design and install the battery energy storage systems to provide energy

² The goal of the provisions set forth in this Subsection is the reduction of the Project’s GHG emissions and achievement of a zero net energy community. A zero net energy community is defined as an energy-efficient community where, on a source energy basis, the actual annual consumed energy is less than or equal to the on-site renewable generated energy. This Agreement does not impose measures or obligations beyond those expressly set forth in this Subsection in order to achieve that goal.

savings benefits found in Section 150.1 of the California Building Energy Efficiency Standards for thirty (30) years from the date of initial installation.

- c. All PV systems and battery energy storage systems shall be installed and operated consistent with all applicable state laws, regulations and local ordinances, including building codes.
- d. Lotusland shall install one fully operable Level 2 or higher-capacity Electric Vehicle Supply Equipment (“EVSE”) of at least 240 volts in an appropriate location at each residential land use structure within the Project site. Lotusland shall inform residents, at the time of initial sale or at the time of subsequent sale of each residential land use structure, through placement of a requirement in the CC&Rs that will govern the HOA for each residential land use structure, that Lotusland is responsible for the repair and maintenance of each EVSE, or any cleaner or technologically superior system of greater efficacy that is installed, for at least thirty (30) years from the date of initial installation.
- e. Lotusland shall prohibit the use and extension of all natural gas infrastructure within the Project site. Specifically, the Project shall include in the CC&Rs and/or other enforceable obligations a prohibition on the installation or operation of natural gas infrastructure within the Project site for residential land use structures. Pre-existing natural gas infrastructure at the Project site, if any, shall be capped or removed.
- f. Lotusland shall require that all appliances in residential land uses (including water heaters, space conditioning systems, and cooking stoves), operate on energy sources other than natural gas.³ Appliances, other than those used for stovetop cooking, shall operate on electricity.
- g. Lotusland shall install high-efficiency, variable capacity heat pumps at all residential land use structures that comply, at a minimum, with the 2022 edition of Title 24, California Code of Regulations, Part 6 and that will provide energy for space and water heating appliances and clothes drying.

³ PG&E, the public utility serving Lake County, generates a portion of its electric power from natural gas. This Agreement does not proscribe the use of electricity generated with the use of natural gas, and transmitted to the Project by a public utility.

(ii) Non-Residential Land Uses

- a. Lotusland shall ensure that on-site generation of renewable energy is sufficient to produce electricity to supply energy for all non-residential land use structures. To comply with this requirement, Lotusland shall install any combination of the following:
 1. PV systems coupled with battery energy storage systems
 - (A) PV systems on non-residential land use structures within the Project site (including parking structures) where site parameters and constraints allow for adequate on-site rooftop and other on-site spaces (such as ground-mounted panels or panels on carports or other surfaces) to comply with Section 110.10(a) of the California Building Energy Efficiency Standards. Lotusland shall inform purchasers or tenants, at the time of initial sale or lease or at the time of subsequent sale or lease of each non-residential land use structure, through placement of a requirement in the CC&Rs that will govern the HOA for each non-residential land use structure, that Lotusland is responsible for the repair and maintenance of each PV system, or any cleaner or technologically superior system of greater efficacy that is installed, for at least thirty (30) years from the date of initial installation.
 - (B) Battery energy storage systems for all non-residential land use structures and shall design the battery energy storage systems to store the energy produced by the PV systems during daylight hours and discharge that stored energy during evening and nighttime hours, and sized to maximize self-generation and minimize electricity exports to the grid, with an efficiency of at least 80 percent (80%). Lotusland shall design and install the battery energy storage systems to provide energy savings benefits for thirty (30) years from the date of initial installation.
 - (C) All non-residential structures shall comply with the applicable prescriptive requirements for PV and battery energy storage systems sizing specified by the 2022 edition of Title 24, California Code of Regulations, Part 6, section 141.10, effective

January 1, 2023, including any subsequently enacted revisions.

- (D) All PV systems and battery energy storage systems shall be installed and operated consistent with all applicable state laws, regulations and local ordinances, including building codes.

2. On-site solar farms

- (A) On-site solar farms to reduce the Project’s GHG emissions. The solar farms, in combination with any other on-site PV systems installed to serve the Project’s non-residential land uses, shall have the capacity to generate an amount of renewable energy that is equivalent to, or exceeds, 5,500,000 kWh per year, which is the estimated electricity consumption for those land uses as described in the EIR. Lotusland shall site the solar farms in areas served by existing roads to the extent possible and in a manner that minimizes harm to biological resources and wildfire ignition risk.

- b. For the non-residential land uses of the Project, Lotusland shall install at least 300 fully-operable, publicly-accessible⁴ Level 2 or higher-capacity Electrical Vehicle Charging Stations (“EVCS”) of at least 240 volts with at least two ports per charger and 20 fully operable publicly-accessible Level 3 EVCS/Fast Chargers. Lotusland shall ensure that the EVCS are preferential parking spaces for electric vehicles (“EVs”) that comply with Tier 2 of Section A5.105.8.1 and Tier 2 of Section A5.106.5.3 of the California Green Building Standards and strategically located to maximize availability. The dedicated EVs spaces shall be in preferential locations, but shall not be located in a way that prevents compliance with requirements in the California Vehicle Code regarding parking spaces for disabled persons or disabled veterans. All publicly-accessible Level 2 and Level 3 EVCS shall be marked with signage indicating that improperly parked vehicles blocking access to the EV charging will be towed. Further, Lotusland shall inform purchasers or tenants, at the time of initial sale or lease, or at the time of subsequent sale or lease, of each non-residential land use structure, through placement of a requirement in the CC&Rs that will govern the HOA for each non-residential land use structure, that Lotusland is responsible for the

⁴ As used herein, “publicly-accessible” means that the charging stations shall be available to residents, guests, and employees who reside at or visit the Project.

repair and maintenance of each EVSC, or any cleaner or technologically superior system of greater efficacy that is installed, for at least thirty (30) years from the date of initial installation.

- c. Except as set forth below, Lotusland shall prohibit the use and extension of all natural gas infrastructure within the Project site for all non-residential land use structures. Specifically, the Project shall include in the CC&Rs and/or other enforceable obligations a prohibition on the installation or operation of natural gas infrastructure within the Project site for non-residential land use structures. Except as set forth below, any preexisting natural gas infrastructure shall be capped or removed, and outdoor fires and the use of natural gas-fueled appliances shall be prohibited within the Project site.⁵
- d. Except as set forth below, Lotusland shall require that non-residential land use structures are all-electric, except where it is infeasible for a building to comply with the applicable building codes if it is all-electric. Further, Lotusland shall require that all non-residential land use structures are constructed to accommodate electric appliances exclusively, including water heaters, space conditioning systems, clothes drying and cooktops.
 - 1. Lotusland shall be permitted to install, and operate, natural gas-fueled or propane-cooktops in restaurant kitchens.
 - 2. Lotusland shall be permitted to install, and operate, natural gas-fueled or propane-fire pits in the outdoor patio areas of restaurants.
- e. Lotusland shall install high-efficiency, variable capacity heat pumps at all non-residential land use structures that comply, at a minimum, with the 2022 edition of Title 24, California Code of Regulations, Part 6 and that will provide energy for space and water heating appliances and clothes drying.

(iii) Off-Site GHG Emissions Reduction Measures

- a. Lotusland's Obligation to Purchase GHG Offset Credits. Lotusland shall, for thirty (30) years from the date of issuance of the initial occupancy permit for the Project, annually purchase and retire voluntary market GHG Offset Credits listed with, and verified by, a CARB-approved Registry. Such credits shall be purchased annually in an amount sufficient to offset the Project's

⁵ The "Project site" excludes the existing agricultural portions marked "Not in Project Site" in the previously approved Project materials, as shown in Exhibit D.

actual GHG emissions in each year. The current estimate is that 14,865 credits will be required annually for that purpose, and Lotusland will make an annual purchase in that amount by the issuance of the initial occupancy permit for Phase 1 of the Project. Future events or developments may affect the availability and utility of the GHG Offset Credits, and the Project's actual GHG emissions. These factors may support an adjustment to the amount of GHG Offset Credits that Lotusland is required to purchase under this Subsection. Lotusland may seek the State's consent in the future to an adjustment of this requirement, and the State will consider such request in good faith. Any adjustment to the amount of GHG Offset Credits to be purchased by Lotusland shall be consistent with CEQA.

b. Performance Standards

1. Lotusland shall ensure that all GHG Offset Credits purchased to comply with this Agreement:
 - A. Are purchased for GHG Emissions Offsets with the following geographic priorities: (1) offsets within the County; (2) offsets within the State of California, only if in-county offsets are unavailable; (3) offsets within the United States, only if in-state offsets are unavailable; and (4) international offsets only if in-nation offsets are unavailable.⁶
 - B. Represent past reduction or sequestration of GHG emissions that is not otherwise required. (Cal. Code Regs., tit. 14, § 15126.4, subd. (c)(3).)
 - C. Are "Real," "Additional," "Quantifiable," "Permanent," and "Verifiable," as those terms are defined in California Code of Regulations, title 17, section 95802, subdivision (a).

⁶ For purposes of this provision, offset credits will be deemed "unavailable" if they are either unobtainable through generally accessible markets, or on a per-unit basis: (a) for offset credits within the County of Lake, more than **2** times as costly as offset credits within the State of California, but not within the County of Lake; (b) for offset credits within the State of California, more than **5** times as costly as offset credits within the United States, but not within the State of California; and (c) for offset credits within the International market, no offset credits within the United States are available for purchase at any cost.

- D. Comply with the “additionality requirements” for Offset Projects set forth in California Code of Regulations, title 17, section 95973, subdivision (a)(2).
 - E. Comply with the Verification of GHG Emissions Reductions requirements for Offset Projects set forth in in California Code of Regulations, title 17, section 95977.
 - F. Given a unique serial or tracking number to ensure there is no duplication or double counting.
2. Lotusland shall not rely upon any GHG Offset Credit purchased to comply with this Agreement for any other project or to satisfy any other contractual obligation.

(iv) Compliance Protocols

Lotusland shall ensure that all GHG Offset Credits purchased to comply with this Agreement are purchased for GHG Emissions Offsets that comply with an applicable Offset Compliance Protocol from a CARB-approved Offset Registry that satisfies all of the CARB Offset Protocol standards in California Code of Regulations, title 17, section 95972, or any new standards that may become applicable to CARB Offset Protocols during the thirty (30) years starting from date of issuance of the initial occupancy permit for the Project.

(v) Monitoring, Reporting, and Recordkeeping

- a. Lotusland shall select and retain at least one independent, third-party expert on GHG mitigation and offsets to review the documentation provided by Lotusland relating to, among other data, construction- and operation-related emissions, and provide analysis and recommendations to the County, providing the State with a copy of same for information purposes, on whether Lotusland has complied with the off-site GHG emissions reduction measures set forth in this Agreement. Lotusland’s selection of each expert, who shall not be a current or former employee or agent of Lotusland, shall be subject to the approval of the Attorney General’s Office, which shall not be unreasonably withheld. Lotusland shall retain the expert(s) and fund the activities of the expert(s) starting from the issuance of the first site development permit or the first building permit, whichever occurs earliest, through thirty (30) years after an expert is retained.
- b. Each year, the expert(s) retained by Lotusland shall prepare a report and make specific findings as to whether Lotusland has met the requirements set forth in Sections 1(b)(i)–(iii) of this Agreement.

- c. Lotusland shall provide the expert report and findings to the County and the Attorney General's Office on an annual basis. Lotusland shall also, upon request by the County or the Attorney General's Office, make available within a reasonable time all evidence upon which the expert relied to make such findings.

2. **Return to Writ on Community Evacuation.**

(a) In accordance with the Judgment/Writ, it is contemplated that additional environmental analysis will be conducted with respect to the impact of the Project on community evacuation, with said analysis to become part of, or supplement in some manner, the environmental impact report for the Project prior to any further Project approvals. The State reserves all rights to submit comments on any draft environmental document on community evacuation. Subject to Lotusland's compliance with this Agreement, the State's comments, however, if any, shall be limited in scope to the adequacy of the analysis of, and any mitigation for, the Project's impacts on community evacuation, and will not advance or renew other arguments or claims that were the subject of the State's Petition, or that were addressed in the Court's Ruling and Order on Petitions for Writ of Mandate or in the Judgment/Writ.

(b) Before the County takes further action on community evacuation, Lotusland will share the community evacuation materials prepared by the firm of Fehr & Peers (the "F&P evacuation study prepared for the County") for the State's review and input. The State has retained a separate traffic expert with Fehr & Peers (i.e., not a member of the Fehr & Peers team preparing the F&P evacuation study prepared for the County) to review the F&P evacuation study prepared for the County. The experts have agreed to be walled off from communicating with one another about the Project.

(c) Upon receiving the F&P evacuation study prepared for the County, the State will confer with its expert and will not object during the administrative process or oppose the County's return to Writ, or object to the adequacy of the County's analysis of community evacuation if:

- (i) The State's expert concludes that the F&P evacuation study prepared for the County has addressed the inadequacies identified by the Superior Court, met the applicable CEQA Guidelines expectations, and supplied substantial evidence supporting the County's related impact findings and recommended mitigation measures; and
- (ii) Any Project approval includes all feasible measures to mitigate any community evacuation impact to less than significant as identified in the F&P evacuation study prepared for the County and reviewed by the State's expert.

(d) If the State's expert does not concur with the F&P evacuation study prepared for the County, the Parties agree to meet and confer. With the concurrence of F&P, the experts may be involved in those discussions. To the extent that any differences remain unresolved, the State

reserves the right to participate in the administrative process and reserves the right to pursue further judicial remedies regarding the adequacy of analysis of the Project's community evacuation impacts, as it deems appropriate.

3. **Abandonment of State's Appeal and Continued Appellate Proceedings.**

(a) Within forty-five (45) calendar days of full execution of this Agreement, the State will file a Notice of Settlement with the Court of Appeal and abandon any appeal of the Judgment/Writ consistent with the applicable Rules of Court. The Parties acknowledge that this Agreement relates to the avoidance of litigation and the preclusion of the Petition and appeal as described above and agree that this Agreement is not to be treated or construed, at any time or in any manner whatsoever, as an admission by any Party that any of the allegations in the action or appeal have or lack merit.

(b) The State reserves the right to challenge any future approval for development on the Project site that is inconsistent with this Agreement.

(c) If a subsequent judicial decision results in a partial or full rescission of any Project approvals or a finding of non-compliance with CEQA, Lotusland shall continue to comply with the obligations set forth in this Agreement to the extent permitted under governing law.

4. **Development Obligations and Requirements.**

(a) If Lotusland seeks to develop the Project, Lotusland shall include in any submittal to the County each and every modification and requirement specified in Section 1 as part of the Project, Project design features, or mitigation measures. Lotusland shall further request that the County incorporate all terms specified in Section 1 in the Mitigation Monitoring and Reporting Program (MMRP), whether those terms be listed as mitigation measures, project design features or other requirements.

(i) The Parties recognize that the County is not a party to this Agreement, that the County has declined to make any commitments or receive any benefits under this Agreement, and that, therefore, neither the State nor Lotusland has the power to compel the County to take a specific administrative action pursuant to this Agreement.

(ii) If the County proposes a change to the Project that is inconsistent with Lotusland's obligations under this Agreement, Lotusland shall notify the State as soon as is reasonably practicable.

(iii) Subject to subsections (b) and (c) below, the Parties further recognize that Lotusland may implement and, pursuant to this Agreement, shall implement the modifications and requirements set forth in the Agreement whether or not the County incorporates them into its Project approvals.

(b) Lotusland shall develop the Project only in conformance with each and every term of this Agreement, and shall implement all Project modifications, measures, features,

development restrictions, and limitations contained in this Agreement in addition to any other environmental mitigation measures imposed in any future Project approval. In no event may the Project be developed in a manner that does not conform with this Agreement, except:

(i) If the County finds, based upon substantial evidence, that a requirement set forth in Section 1(b)(i)–(ii) is technologically infeasible and, on that basis, issues an approval incompatible with that requirement, Lotusland may request an alteration to its obligations under this Agreement. After Lotusland makes such a request, the Parties will negotiate in good faith to substitute a measure or requirement that would achieve a materially equivalent environmental benefit or sustainable renewable energy output.

(ii) If the Parties are unable to agree to such an equivalent measure or requirement, and the State determines the unavailability of such a substitute measure or requirement means the resulting environmental benefit, in whole or in part, to the Project cannot be achieved, then Lotusland shall not proceed with the Project and shall thereafter be entitled to develop the Project site only after submittal and approval of a new development application that in no way relies on the EIR or a modified EIR for CEQA compliance.

(c) Nothing contained herein imposes an obligation on Lotusland to develop the Project. The Parties acknowledge that Lotusland may decline to develop the Project site and may in the future seek approval to develop a different project on the Project site. This Agreement applies only to any Project that relies for CEQA compliance on the EIR, or the EIR as it may be modified and re-certified, and not to any project or approvals for which application may be made in the future with respect to the same site that in no way relies on the EIR or a modified EIR for CEQA compliance.

5. **Covenant not to Sue and Reservation of Rights.** Except as otherwise specifically provided herein, the State hereby agrees not to commence or participate in any administrative proceeding or lawsuit against Lotusland with respect to the claims that were raised in the State’s Petition, or any other claims that could have been asserted by the State based upon the acts, omissions and/or events that are alleged in the State’s Petition or that relate to the County’s Project approvals issued on June 21, 2020. Lotusland agrees not to commence any administrative proceeding or lawsuit against the State with respect to the claims asserted or that could have been asserted in litigation relating to the State’s Petition or the County’s Project approvals issued on June 21, 2020. The State specifically retains the right to assert a claim, demand, or cause of action to enforce this Agreement, to challenge any future County approval of the Project that is inconsistent with the Project Modifications described in Section 1 above, or to challenge future phases of the Project.

6. **Recordation of Memorandum of this Agreement with the County Recorder’s Office.**

(a) Lotusland shall record this Agreement (or a memorandum attaching this Agreement as an exhibit) in the chain of title for the Project with the County Recorder’s Office by the earlier of twenty-one (21) calendar days following this Agreement’s Effective Date, or fourteen (14) calendar days following the County’s recordation of the Development Agreement

for the Project. This recordation shall provide any subsequent purchaser and the public with notice of the obligations contained within this Agreement.

(b) Lotusland shall incorporate the text of Section 1 of this Agreement into the CC&Rs, and shall provide that such incorporated Sections cannot be later amended by the HOA without the consent of the State, and shall attach this Agreement as an exhibit to the CC&Rs, recorded in the property's chain of title for the Project.

(c) Lotusland shall provide the Attorney General's Office with proof of each recordation within fifteen (15) calendar days of recordation of this Agreement.

7. **Reporting and Inspection**. Each year, Lotusland shall deliver to the State and County an annual monitoring report for the period covering the prior calendar year ("Annual Report") detailing compliance with the requirements of this Agreement. The Annual Report shall document all of Lotusland's actions implemented in the previous calendar year to comply with Lotusland's obligations and requirements under the Agreement, including but not limited to (i) the payments made to the LCFPD necessary to staff and equip the Emergency Response Center and (ii) the purchase of GHG offset credits. This Annual Report may be sent on the same date, and as part of, the reports required under Section 1(b)(v) of this Agreement. Lotusland agrees that the State may periodically send a representative to inspect the open commercial areas and all roadways on the Project site to assess compliance with this Agreement.

8. **Notice**. Any notice, request, or communication required to be given to the Parties under this Agreement shall be given electronically by e-mail or, upon request, in writing by personal delivery or certified mail to each relevant Party's designee(s) listed in Exhibit F. Any Party may update its designee(s) by giving written notice to all other Parties.

9. **Fees and Costs**. Each Party to this Agreement shall be responsible for the payment of its own costs and attorneys' fees incurred in connection with this Agreement and the Action; however, this provision shall have no effect on any preexisting indemnity agreement or arrangement between any of the Parties.

10. **Compromise; No Admission of Liability**. This Agreement is the result of a compromise between and among the Parties, and it shall never, at any time or for any purpose, be deemed or construed as an admission of, or evidence of, the validity of any of the claims in the Action or the State's Petition. Nor does the compromise in this Agreement constitute a representation that the Project is in compliance with applicable regulations and/or laws.

11. **Voluntary Execution; Consultation with Counsel**. Each Party acknowledges, declares, and represents that it has read and fully understands this Agreement; that it has had a full and unfettered opportunity to understand this Agreement's provisions; that it has been represented by independent legal counsel of its own choosing regarding this Agreement and the meaning of the terms and provisions contained herein; and that it has consulted with its respective counsel regarding the meaning of the terms and provisions contained in this Agreement. Each Party further expressly acknowledges, declares, and represents that it is fully aware of this Agreement's terms, conditions, and legal effect, that it approves and accepts the terms and conditions of this Agreement, and that it executed this Agreement freely and voluntarily.

12. **Authority.** Each Party represents and warrants that it has full authority to enter into this Agreement. Each person executing this Agreement on behalf of a Party hereby warrants that they have full authority to do so.

13. **Successor and Assigns.** This Agreement shall be binding upon, and inure to the benefit of, the Parties hereto, and their successors. Lotusland shall provide written notice to the State of any assignment or transfer of its interest in any portion of the Property or the Project to any third party developers and home builders. To the extent of any such transfer to a third party which is unaffiliated with Lotusland, Lotusland shall be released of its obligations hereunder, and such obligations shall be assumed by the transferee, which shall execute an Assumption Agreement in the form attached as Exhibit G.⁷

14. **California Law.** This Agreement shall be construed under, and shall be deemed governed by, the laws of the State of California. In carrying out any of their obligations under this Agreement, the Parties shall comply with the requirements of applicable laws.

15. **Construction.** The language in this Agreement shall be construed as a whole, according to its plain and fair meaning, and not strictly for or against any Party, regardless of which Party had primary drafting responsibility. The Parties, each having been represented by counsel of their choosing, agree that this Agreement shall be deemed to have been jointly drafted by them.

16. **Entire Agreement of the Parties; Acknowledgements and Recitals.** This Agreement sets forth the entire understanding of the Parties in connection with the subject matter hereof. The Parties acknowledge that, in executing this Agreement, they have not relied on any statement, representation, or warranty in connection herewith, except as expressly set forth herein, and that no such prior or extraneous statements have acted as an inducement for the Parties to enter into the Agreement. Each Party acknowledges that the other Parties have relied and will rely on the acknowledgements made in this Agreement, and that each acknowledgement made in this Agreement is and may be regarded as a recital of fact under pertinent California law, including Evidence Code section 622.

17. **Modification and Waiver.** No amendment, modification or waiver of the provisions of this Agreement shall be valid and enforceable unless such amendment, modification, or waiver is in writing and signed by all the Parties.

18. **Severability.** If any provision of this Agreement is held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision herein. All remaining provisions shall continue in full force and effect without being impaired or invalidated in any way, and such invalid, illegal, or unenforceable provision shall be restated by a court of competent jurisdiction to reflect as nearly as possible the original intentions of the Parties in accordance with applicable law.

⁷ Notwithstanding the foregoing, except to the extent that they become subject to specific obligations set forth in CC&Rs, however, the future homeowners and users of properties within the Project are not intended to be bound by, or become subject to, the terms of this Agreement.

19. **Counterparts.** This Agreement may be executed in counterparts and, as so executed, shall constitute an Agreement binding on all the Parties hereto, as provided herein, notwithstanding that all Parties are not signatories to the original or the same counterpart. A signature delivered by facsimile or PDF/email shall be deemed and treated as an original.

20. **Future Dispute.** This Agreement shall be deemed to have been made in Lake County, California, and the Parties agree that any dispute arising out of or relating to the meaning or enforcement of this Agreement, if litigated, will be litigated in the Superior Court of Lake County, California.

IN WITNESS WHEREOF, the Parties do hereby execute this Agreement by their duly authorized representatives.

Dated: November 28, 2022

People of the State of California
by Rob Bonta, Attorney General of California

By: 
Name: Andrew Contreiras
Its: Deputy Attorney General

Dated: November ____, 2022

Lotusland Investment Holdings Inc.

By: _____
Name:
Its:

19. **Counterparts.** This Agreement may be executed in counterparts and, as so executed, shall constitute an Agreement binding on all the Parties hereto, as provided herein, notwithstanding that all Parties are not signatories to the original or the same counterpart. A signature delivered by facsimile or PDF/email shall be deemed and treated as an original.

20. **Future Dispute.** This Agreement shall be deemed to have been made in Lake County, California, and the Parties agree that any dispute arising out of or relating to the meaning or enforcement of this Agreement, if litigated, will be litigated in the Superior Court of Lake County, California.

IN WITNESS WHEREOF, the Parties do hereby execute this Agreement by their duly authorized representatives.

Dated: November __, 2022

People of the State of California
by Rob Bonta, Attorney General of California

By: _____
Name:
Its:

Dated: November 21, 2022

Lotusland Investment Holdings Inc.

By: _____
Name: *Alex J. Xu*
Its: *Chief Executive Officer*

APPENDIX

- “CARB” means California Air Resources Board, a state regulatory agency.
- “CARB-approved Registry” means a Registry that CARB has verified as compliant with the Cap-and-Trade Regulation. Current CARB-approved Registries are the American Carbon Registry (“ACR”), the Climate Action Reserve (“CAR”) and Verra (formerly the Verified Carbon Standard).
- “CEQA” means the California Environmental Quality Act, California Public Resources Code sections 21000-21189.7.
- “California Building Energy Efficiency Standards” means the energy and water efficiency requirements set forth in Part 6 of Title 24 of the California Code of Regulations, published on December 12, 2018, and effective on January 1, 2020.
- “California Green Building Standards” means the requirements set forth in Part 11 of Title 24 of the California Code of Regulations, printed July 2019 and effective January 1, 2020.
- “Non-residential land use structure” means a structure or the part of a structure that is used as for resort, commercial, workforce housing that will support resort and commercial uses, and authorized at the Project Site and which does not include Residential Units.
- “GHG” means greenhouse gases.
- “GHG Emissions Offset” means a reduction in GHG emissions – or an increase in carbon storage (e.g., through land restoration or the planting of trees) – that is used to compensate for GHG emissions that occur elsewhere.
- “GHG Offset Credit” means a transferrable instrument that represents the reduction of one metric tonne of carbon dioxide equivalent achieved by a GHG emission reduction project or activity that is not otherwise required.
- “Project” means any development, including the construction and operational phases, that in any way relies on the EIR, including the EIR as may be modified and re-certified, for compliance with CEQA.
- “Residential Unit or Residential Land Use Structure” means a structure or the part of a structure that is used as a home or residence by one or more persons maintaining a household, including but not limited to attached or detached homes, apartments and condominiums.

Exhibit A

to

Agreement Regarding Development of Guenoc Valley Project

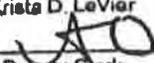
Judgment and Writ Issued by Lake County Superior Court

FILED
SUPERIOR COURT
COUNTY OF LAKE

FEB 25 2022

Krista D. LeVier

BY


Deputy Clerk

1 ROB BONTA
Attorney General of California
2 CHRISTINA BULL ARNDT
SARAH MORRISON
3 Supervising Deputy Attorneys General
ANDREW CONTREIRAS, STATE BAR NO. 307596
4 NICOLE RINKE, STATE BAR NO. 257510
Deputy Attorneys General
5 600 West Broadway, Suite 1800
San Diego, CA 92101
6 P.O. Box 85266
San Diego, CA 92186-5266
7 Telephone: (619) 738-9000
Fax: (619) 645-2271
8 E-mail: Andrew.Contreiras@doj.ca.gov
Attorneys for Intervenor People of the State of
9 California, ex rel. Rob Bonta, Attorney General

**Exempt From Fees Pursuant to
Government Code § 6103.**

10 *Additional attorneys listed on following page*

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA
12 COUNTY OF LAKE

14 **CENTER FOR BIOLOGICAL
DIVERSITY,**

Petitioner,

v.

18 **COUNTY OF LAKE, BOARD OF
SUPERVISORS OF THE COUNTY OF
LAKE, AND DOES 1-20,**

Respondents.

22 **LOTUSLAND INVESTMENT
HOLDINGS, INC., AND DOES 21-40,**

Real Parties in Interest.

25 **PEOPLE OF THE STATE OF
CALIFORNIA EX REL. ROB BONTA,
ATTORNEY GENERAL**

Intervenor/Petitioner

Case No. CV421152

Consolidated with Case No.: CV 421193

~~PROPOSED~~ JUDGMENT IN CASE NO.
CV421152

Dept: 2

Judge: Hon. J. David Markham

Trial Dates: October 29, and November 3,
2021

Lead Action (CV-421152) Filed: August 20,
2020

Action (CV-421193) Filed: September 2, 2020

FEB 16 2022

1 Aruna Prabhala (SBN 278865)
Peter J. Broderick (SBN 293060)
2 Ross Middlemiss (SBN 323737)
CENTER FOR BIOLOGICAL DIVERSITY
3 1212 Broadway, Suite 800
Oakland, California 94612
4 Telephone: (510) 844-7100
Facsimile: (510) 844-7150
5 aprabhala@biologicaldiversity.org
pbroderick@biologicaldiveristy.org
6 rmiddlemiss@biologicaldiversity.org

7 *Attorneys for Center for Biological Diversity*

8 Rebecca Davis (SBN 271662)
Brian Flynn (SBN 314005)
9 LOZEAU | DRURY LLP
1939 Harrison Street, Suite 150
10 Oakland, CA 94612
Telephone: (510) 836-4200
11 rebecca@lozeaudrury.com
brian@lozeaudrury.com

12 *Attorneys for California Native Plant Society*

1 Petitioner Center for Biological Diversity challenged the July 20, 2020 decision of
2 Respondents County of Lake and the Lake County Board of Supervisors (collectively, "County")
3 to approve the Guenoc Valley Mixed-Use Planned Development Project ("Project") proposed by
4 Real Party in Interest Lotusland Investment Holdings, Inc. ("Real Party") and to certify an
5 Environmental Impact Report ("EIR") for the Project and adopt findings. The case was
6 consolidated with a similar petition filed by the California Native Plant Society (collectively, with
7 the Center for Biological Diversity, "Petitioners") for all purposes except entry of judgment. The
8 People of the State of California, ex rel. Attorney General Rob Bonta ("Intervenor") were granted
9 leave to intervene in the consolidated cases before briefing and trial.

10 The hearing on the merits was held on October 29, 2021 and November 3, 2021 before the
11 Honorable J. David Markham in Department 2 of the Lake County Superior Court. Peter J.
12 Broderick of the Center for Biological Diversity and Rebecca L. Davis and Brian B. Flynn of
13 Lozeau Drury LLP appeared on behalf of Petitioners. Nicole Rinke, Andrew R. Contreiras, and
14 Shannon Clark of the Office of the Attorney General appeared on behalf of Intervenor. Anita Grant
15 and Nicole D. Johnson of the County of Lake and Arthur F. Coon of Miller Starr Regalia appeared
16 on behalf of the County. Jonathan R. Bass and Charmaine Yu of Coblenz Patch Duffy & Bass
17 LLP appeared on behalf of Real Party.

18 The Court, having reviewed the record of proceedings in this matter, the briefs and papers
19 submitted by counsel, and the arguments of counsel; and the matter having been submitted for
20 decision,

21 **IT IS ORDERED AND ADJUDGED THAT:**

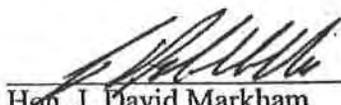
- 22 1. For the reasons set forth in this Court's Ruling and Order on Petitions for Writ of
23 Mandate dated January 4, 2022, attached as Exhibit A and incorporated by
24 reference, Judgment is hereby entered granting in part, and denying in part, the
25 Petition for Writ of Mandate, as set forth in more detail in the incorporated Ruling
26 and Order.
- 27 2. The Lake County Superior Court issues the peremptory writ of mandate attached
28 as Exhibit B, ordering the County to:

- 1 a. Set aside its certification of the EIR;
- 2 b. Set aside and vacate its findings relating to impacts to community
- 3 evacuation or an adopted emergency evacuation plan;
- 4 c. Set aside and vacate all approvals adopted in connection with the County's
- 5 approval of the Project and certification of the EIR, including Amendment
- 6 to the Lake County General Plan (GPAP 18-01) for the Guenoc Valley
- 7 Mixed Use Commercial Development; Amendment to the Lake County
- 8 General Plan Amendment (GPAP 18-01) for the Guenoc Valley Mixed Use
- 9 Commercial Development; Amendment to General Plan Policy LU 6.12 of
- 10 Chapter 3, Section 3.9 (Economic Development) of the Lake County
- 11 General Plan; Zoning Ordinance Text Amendment (AM 18-04); Ordinance
- 12 No. 3095 Establishing Regulations and Development Standards for the
- 13 Guenoc Valley Zoning District or "GVD District"; Sectional District
- 14 Zoning Map No. 3.7(b) 1.401; Sectional District Zoning Map No. 3.7(b)
- 15 1.402; General Plan of Development (GPD 18-01); Major Use Permit (UP
- 16 18-49); Tentative Subdivision Map (SD 18-01); Development Agreement
- 17 (DA 18-01); Tentative Subdivision Map (SD 20-01); and Major Use Permit
- 18 (UP 20-02).
- 19 d. Should Real Party choose to proceed with pursuing reapproval of the
- 20 Project, prior to any reapproval of the Project, the County shall take such
- 21 specific action as may be necessary to bring its EIR and findings as they
- 22 relate to the issue of community emergency evacuation routes into
- 23 compliance with this Court's Ruling and Order and CEQA, and upon any
- 24 reapproval the County shall return to this Court to show the action it has
- 25 taken and seek this Court's determination that it has complied with the Writ.
- 26 3. The Court reserves jurisdiction over any timely claim for an award of costs and
- 27 attorneys' fees.
- 28 4. The Court retains jurisdiction over the County's proceedings with respect to the

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Project, pursuant to Public Resources Code section 21168.9(b) and all applicable law, to ensure compliance with the peremptory writ issued pursuant to this Judgment and CEQA.

DATED: 2/25/2022



David Markham
Hon. J. David Markham
Judge of the Lake County Superior Court

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

ROB BONTA
Attorney General of California
CHRISTINA BULL ARNDT
SARAH MORRISON
Supervising Deputy Attorneys General
ANDREW CONTREIRAS, STATE BAR NO. 307596
NICOLE RINKE, STATE BAR NO. 257510
Deputy Attorneys General
600 West Broadway, Suite 1800
San Diego, CA 92101
P.O. Box 85266
San Diego, CA 92186-5266
Telephone: (619) 738-9000
Fax: (619) 645-2271
E-mail: Andrew.Contreiras@doj.ca.gov
*Attorneys for Intervenor People of the State of
California, ex rel. Rob Bonta, Attorney General*

FILED
SUPERIOR COURT
COUNTY OF LAKE

FEB 25 2022

BY Krista D. Lester
Deputy Clerk

**Exempt From Fees Pursuant to
Government Code § 6103.**

Additional attorneys listed on following page

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LAKE

**CENTER FOR BIOLOGICAL
DIVERSITY,**

Petitioner,

v.

**COUNTY OF LAKE, BOARD OF
SUPERVISORS OF THE COUNTY OF
LAKE, AND DOES 1-20,**

Respondents.

**LOTUSLAND INVESTMENT
HOLDINGS, INC., AND DOES 21-40,**

Real Parties in Interest.

**PEOPLE OF THE STATE OF
CALIFORNIA EX REL. ROB BONTA,
ATTORNEY GENERAL**

Intervenor/Petitioner

Case No. CV421152
Consolidated with Case No.: CV 421193
**[PROPOSED] PEREMPTORY WRIT OF
MANDATE**
Dept: 2
Judge: Hon. J. David Markham
Trial Dates: October 29, and November 3,
2021
Lead Action (CV-421152) Filed: August 20,
2020
Action (CV-421193) Filed: September 2, 2020

1 Aruna Prabhala (SBN 278865)
Peter J. Broderick (SBN 293060)
2 Ross Middlemiss (SBN 323737)
CENTER FOR BIOLOGICAL DIVERSITY
3 1212 Broadway, Suite 800
Oakland, California 94612
4 Telephone: (510) 844-7100
Facsimile: (510) 844-7150
5 aprabhala@biologicaldiversity.org
pbroderick@biologicaldiveristy.org
6 rmiddlemiss@biologicaldiversity.org

7 *Attorneys for Center for Biological Diversity*

8 Rebecca Davis (SBN 271662)
Brian Flynn (SBN 314005)
9 LOZEAU | DRURY LLP
1939 Harrison Street, Suite 150
10 Oakland, CA 94612
Telephone: (510) 836-4200
11 rebecca@lozeaudrury.com
brian@lozeaudrury.com

12 *Attorneys for California Native Plant Society*

13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

1 TO RESPONDENTS COUNTY OF LAKE AND THE LAKE COUNTY BOARD
2 OF SUPERVISORS:

3 This action challenges the July 21, 2020 decision of Respondents County of Lake
4 and the Lake County Board of Supervisors (collectively, "Respondents") to approve the
5 Guenoc Valley Mixed-Use Planned Development Project ("Project") proposed by Real
6 Party in Interest Lotusland Investment Holdings, Inc. ("Real Party") and to certify an
7 Environmental Impact Report ("EIR") for the Project and adopt findings. The Court
8 having entered Judgment in this proceeding directing that a Peremptory Writ of Mandate
9 issue under the seal of this Court,

10 HEREBY COMMANDS Respondents, on receipt of this writ, to:

- 11 1. Set aside the certification of the EIR within 60 days.
- 12 2. Set aside and vacate, within 60 days, the findings relating to impacts to
13 community evacuation or an adopted emergency evacuation plan.
- 14 3. Set aside and vacate, within 60 days, the County approvals adopted in
15 connection with the Respondent's certification of the EIR, including
16 Amendment to the Lake County General Plan (GPAP 18-01) for the
17 Guenoc Valley Mixed Use Commercial Development; Amendment to the
18 Lake County General Plan Amendment (GPAP 18-01) for the Guenoc
19 Valley Mixed Use Commercial Development; Amendment to General Plan
20 Policy LU 6.12 of Chapter 3, Section 3.9 (Economic Development) of the
21 Lake County General Plan; Zoning Ordinance Text Amendment (AM 18-
22 04); Ordinance No. 3095 Establishing Regulations and Development
23 Standards for the Guenoc Valley Zoning District or "GVD District";
24 Sectional District Zoning Map No. 3.7(b) 1.401; Sectional District Zoning
25 Map No. 3.7(b) 1.402; General Plan of Development (GPD 18-01); Major
26 Use Permit (UP 18-49); Tentative Subdivision Map (SD 18-01);
27 Development Agreement (DA 18-01); Tentative Subdivision Map (SD 20-
28 01); and Major Use Permit (UP 20-02),

1 4. File and serve an initial return to the Writ no later than 75 days after
2 service of this Writ specifying the actions taken as of that date to comply
3 with the terms of this peremptory writ of mandate, as well as the general
4 substance and estimated timing of any future actions contemplated to be
5 taken by County, in any further County proceedings regarding the Project,
6 to comply with this Court's Judgment, Writ, and CEQA.

7 5. The Court shall retain jurisdiction over these proceedings pursuant to
8 Public Resources Code section 21168.9(b), until the Court determines that
9 Respondent has adequately complied with this Peremptory Writ of
10 Mandate and CEQA. Should the Real Party choose to seek the County's
11 reconsideration and approval of the Project, the County shall conduct such
12 administrative proceedings in a manner consistent with this Court's
13 Judgment and Writ, and this Court shall retain continuing jurisdiction over
14 any such further proceedings before the County on the Project and its
15 related environmental review and findings under CEQA, under all
16 applicable law. Should the County determine to reapprove the Project, then
17 following its action it shall return to this Court to seek a determination that
18 it has complied with this Court's Judgment and Writ.

19 THE FOREGOING PEREMPTORY WRIT OF MANDATE ISSUES

20 IMMEDIATELY.

21 IT IS SO ORDERED.

22 DATED: 2/25/2022

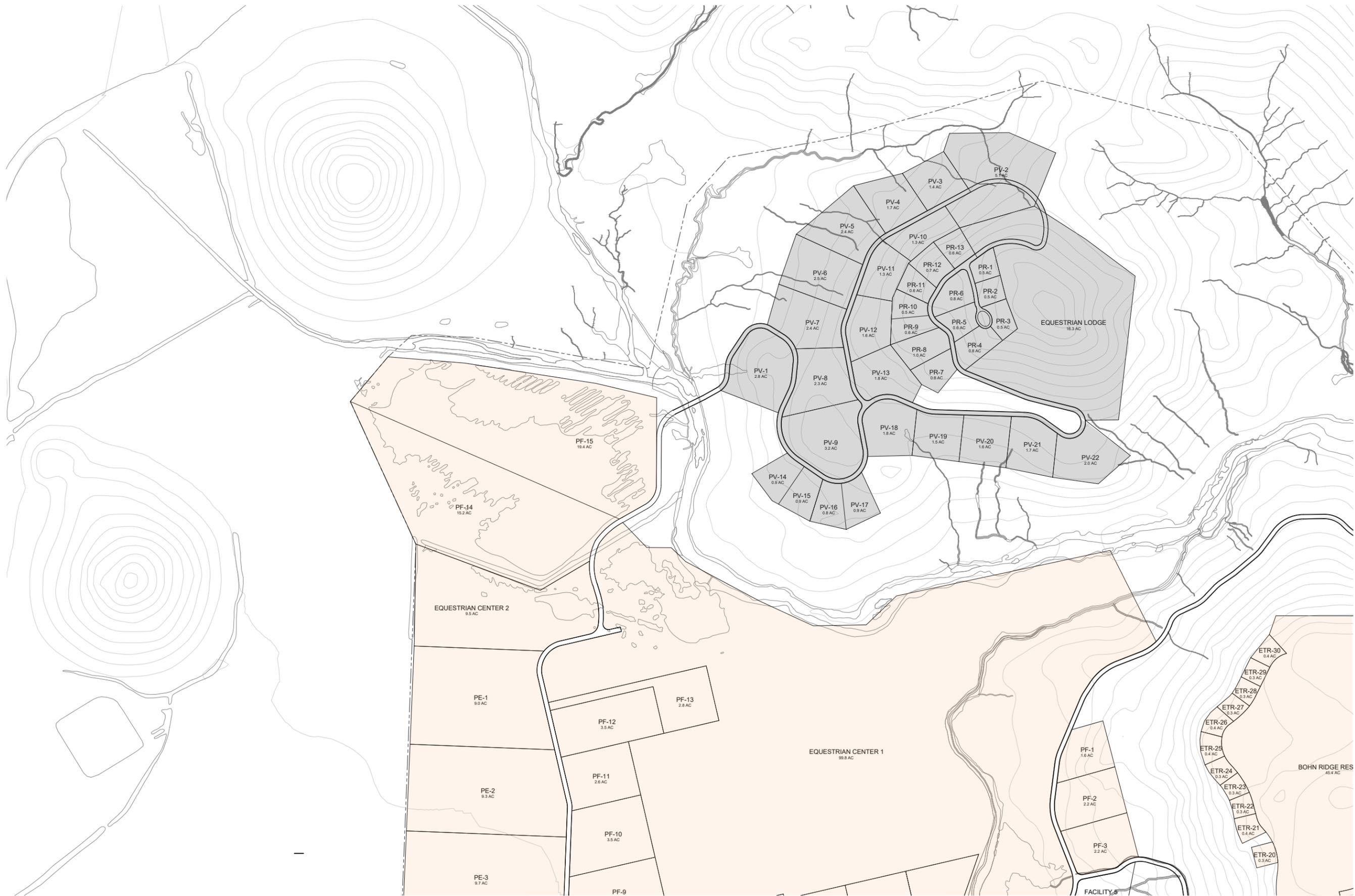
23 
24 J. David Markham
25 Hon. J. David Markham
26 Judge of the Lake County Superior Court
27
28

Exhibits B-1 and B-2

to

Agreement Regarding Development of Guenoc Valley Project

Existing and Revised Site Plan, Polo and Equestrian Hilltop Area



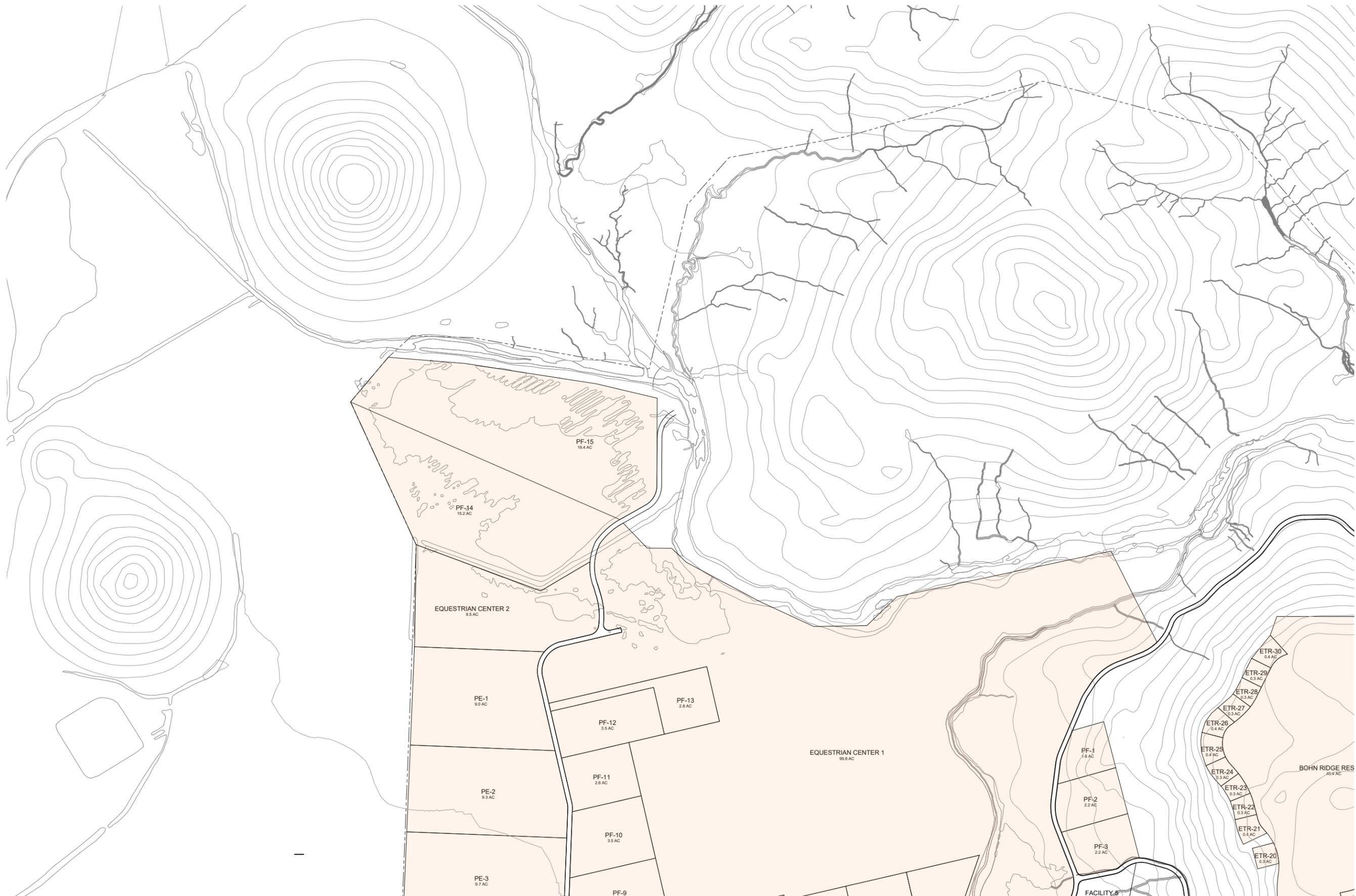
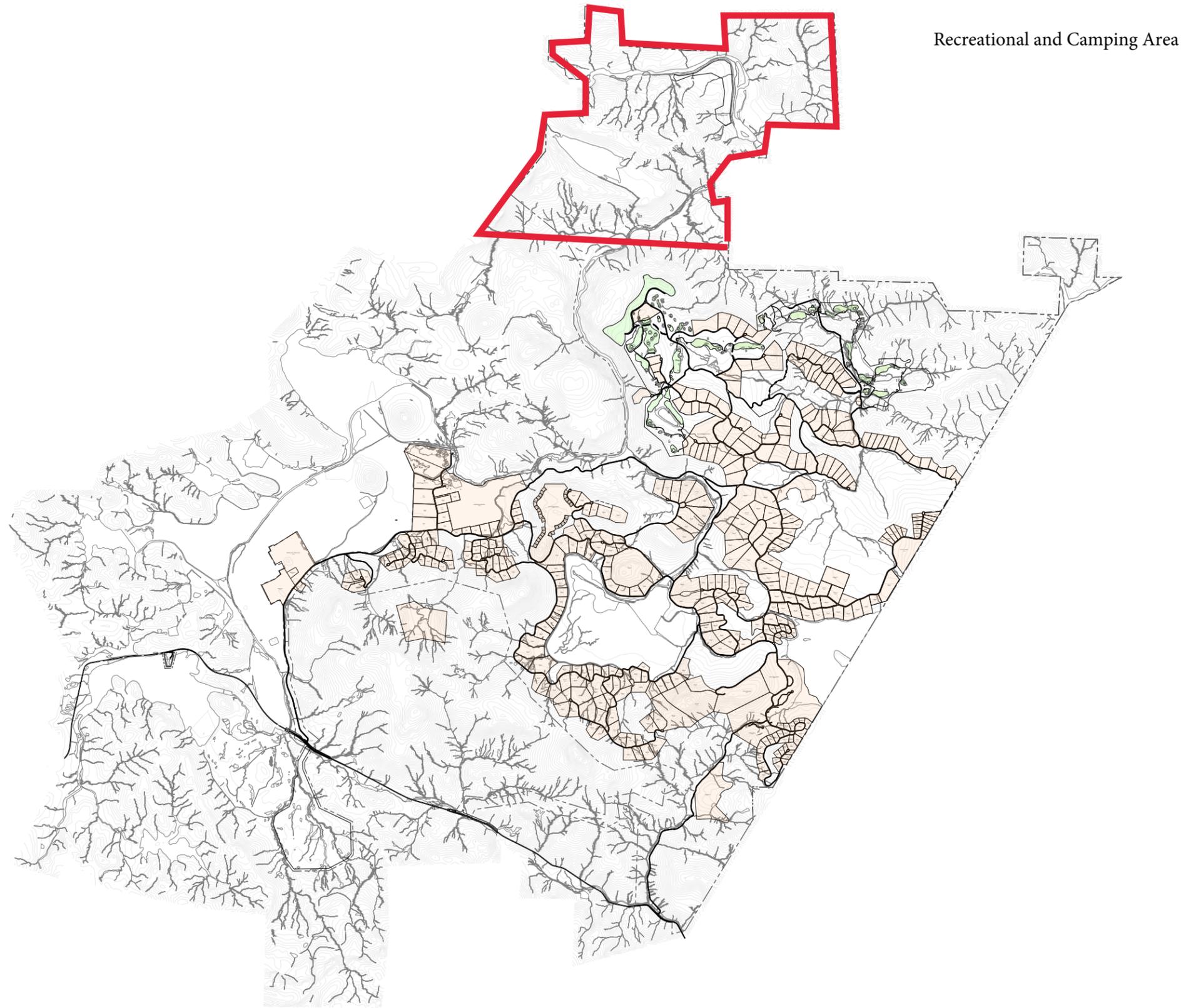


Exhibit B-3

to

Agreement Regarding Development of Guenoc Valley Project

Location of Recreational and Camping Area



Recreational and Camping Area

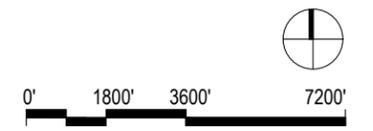


Exhibit B3

Exhibits C-1 and C-2

to

Agreement Regarding Development of Guenoc Valley Project

**Existing and Revised Site Plan, Golf Course Area and Northern
Lots**

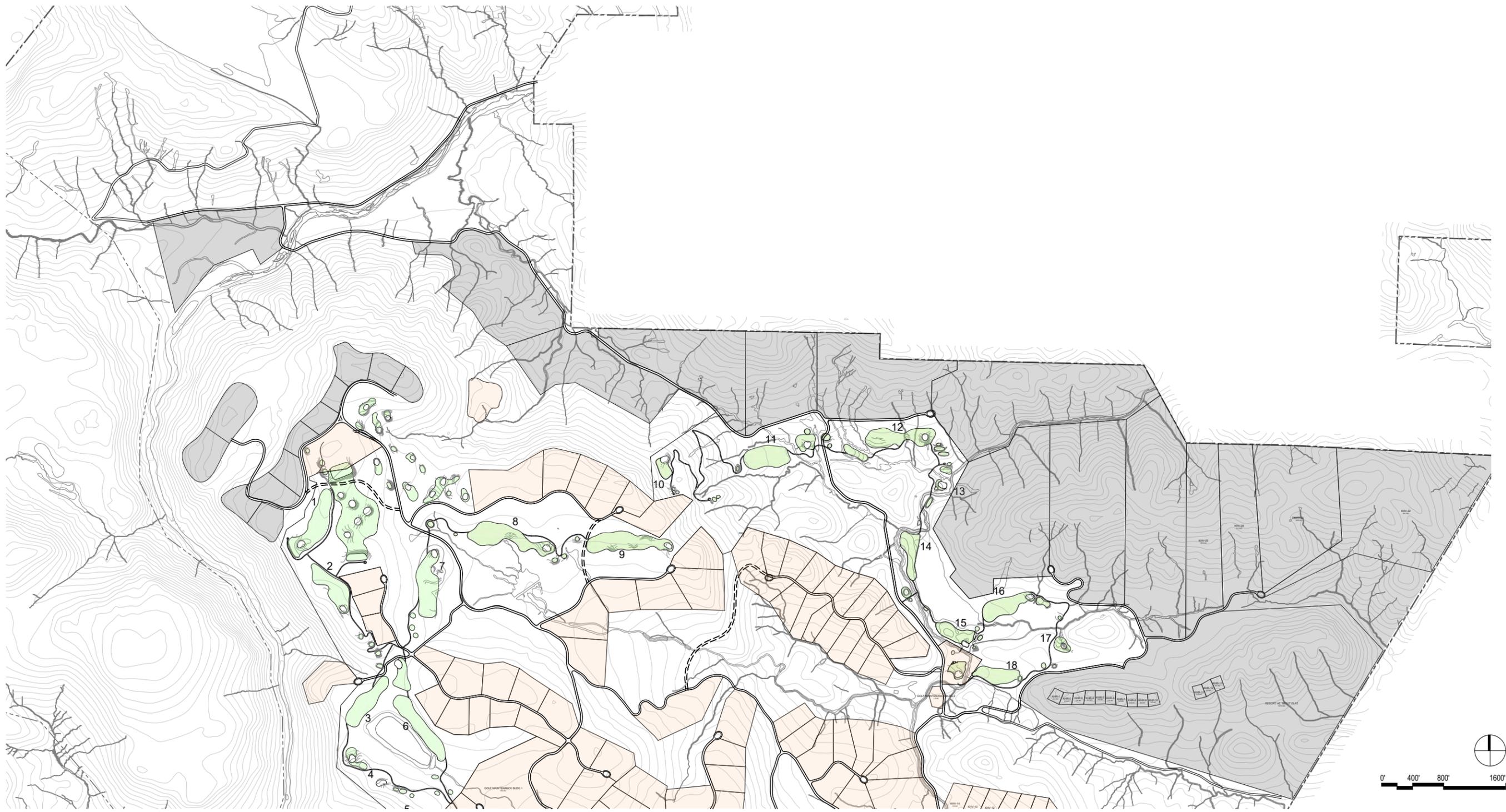


EXHIBIT C1

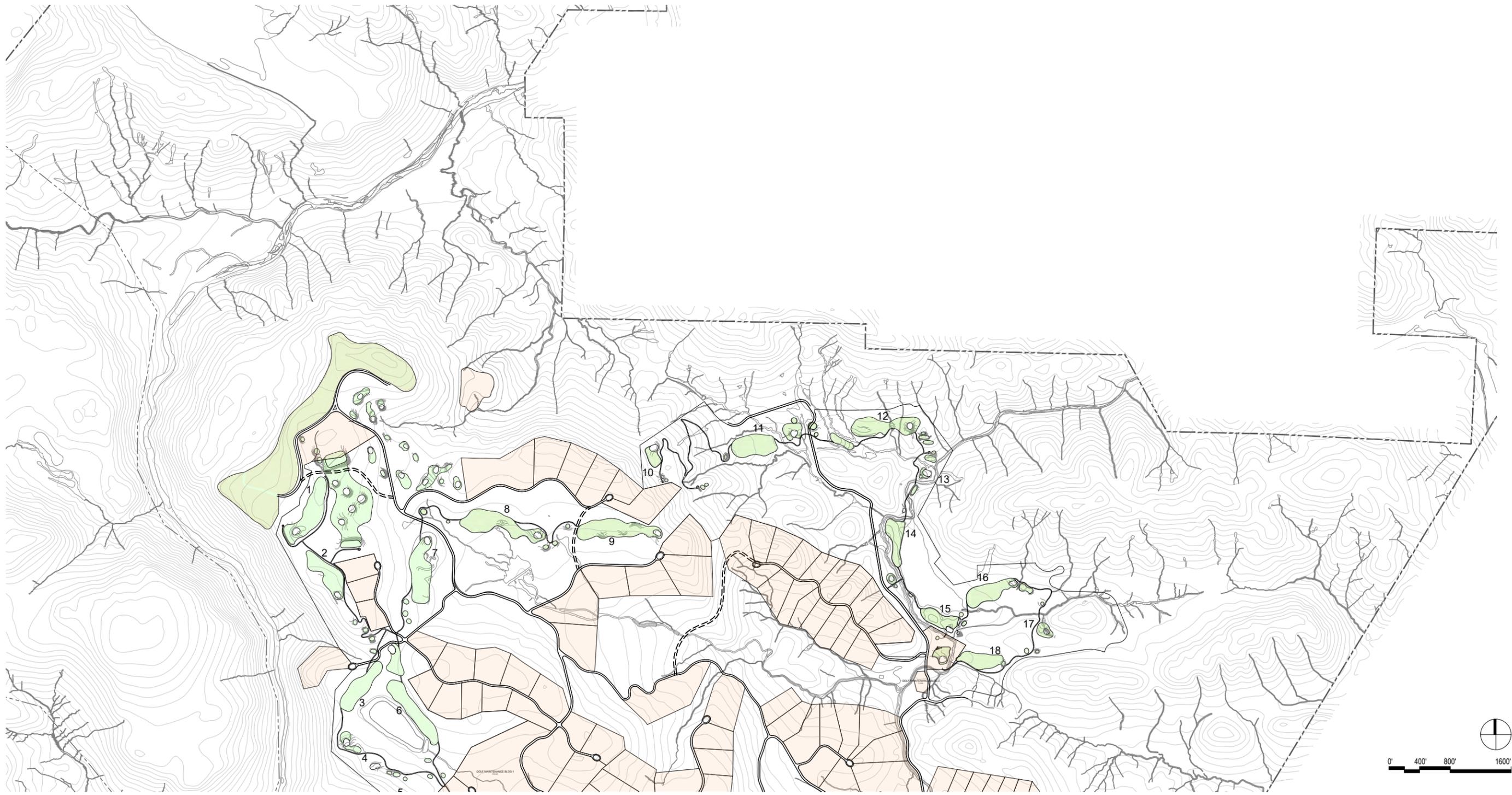


EXHIBIT C2

Exhibit D

to

Agreement Regarding Development of Guenoc Valley Project

Revised Roadway Plan

ROADWAY PLAN REVISED COMPLIANT LAYOUT

- Proposed Roadways
- Proposed Connector Roadways
- Dead End Road
- Revised Proposed Parcels

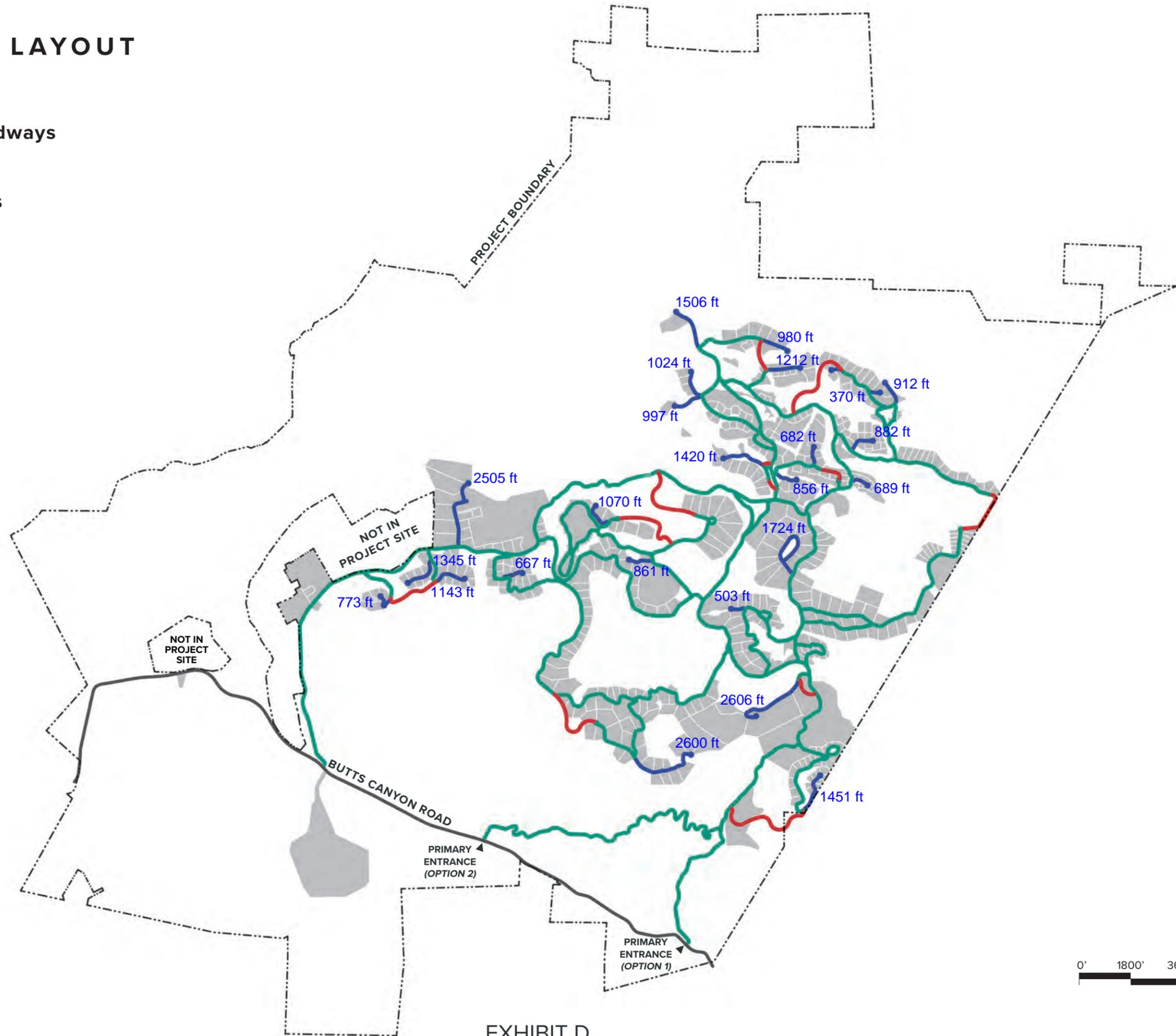


Exhibit E

to

Agreement Regarding Development of Guenoc Valley Project

Revised Roadside Hardscape Design

ROADWAY WILDFIRE BREAKS
EXAMPLE ROADWAY DESIGN



GUENOC VALLEY PROJECT



EXHIBIT E

Exhibit F
to
Agreement Regarding Development of Guenoc Valley Project

Parties' Designees for Notices

Exhibit F
Party Designees for Notices

Pursuant to Section 8 of the Agreement, each Party to the Agreement designates the following recipients to receive any notice, request, or communication required.

The People of the State of California, ex rel. Rob Bonta, Attorney General of California

Andrew Contreiras
Deputy Attorney General
California Department of Justice
600 West Broadway, Suite 1800
San Diego, CA 92101
Andrew.Contreiras@doj.ca.gov

Nicole Rinke
Deputy Attorney General
1300 I Street
Sacramento, CA 95814
Nicole.Rinke@doj.ca.gov

Sarah Morrison
Supervising Deputy Attorney General
California Department of Justice
300 S. Spring Street, Suite 1702
Los Angeles, CA 90013
Sarah.Morrison@doj.ca.gov

Lotusland Investment Holdings Inc.

Alex Xu
CEO
Lotusland Investment Holdings, Inc.
P.O. Box 2549
San Francisco, CA 94126
axu@lotuslandinvestment.com

with a copy to:

Alex Xu
CEO
Lotusland Investment Holdings, Inc.
22000 Butts Canyon Rd.
Middletown, CA 95461

Exhibit G

to

Agreement Regarding Development of Guenoc Valley Project

Form Assignment and Assumption Agreement

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (“Assignment Agreement”) is entered into, as of _____, 20____, by and between Lotusland Investment Holdings Inc., a California corporation (“Assignor”), and _____, a _____ (“Assignee”). Assignor and Assignee are sometimes referred to herein individually as a “Party” and collectively as the “Parties.”

RECITALS

A. Assignor and the People of the State of California, ex rel. Rob Bonta, Attorney General of California (the “State”), have previously entered into an Agreement Regarding Development of Guenoc Valley Project between State and Assignor dated _____, 2022, recorded on _____, 2022, as Document No. _____, Lake County Official Records (“Settlement Agreement”) regarding the development of the Guenoc Valley Mixed-Use Planned Development Project (the “Project”). A true and complete copy of the Settlement Agreement is attached hereto as Exhibit 1.

B. The Parties have entered into a purchase agreement by which Assignor will convey its interest in an approximately [] acre portion of the Project site, which is more particularly described on Exhibit 2 attached hereto (“Assigned Property”) to Assignee.

C. Section 13 of the Settlement Agreement (“Successor and Assigns” therein) refers to Assignor as “Lotusland” and provides that:

This Agreement shall be binding upon, and inure to the benefit of, the Parties hereto, and their successors. Lotusland shall provide written notice to the State of any assignment or transfer of its interest in any portion of the Property or the Project to any third party developers and home builders. To the extent of any such transfer to a third party which is unaffiliated with Lotusland, Lotusland shall be released of its obligations hereunder, and such obligations shall be assumed by the transferee, which shall execute an Assumption Agreement in the form attached hereto.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Assignment by Assignor. Assignor hereby assigns, transfers and grants to Assignee all of Assignor’s rights and obligations under the Settlement Agreement with respect to the Assigned Property (collectively, the “Assigned Rights and Obligations”).

2. Acknowledgement and Assumption of Obligations by Assignee. Assignee hereby acknowledges that it has reviewed, is aware of, and intends to honor the Assigned Rights and Obligations with respect to its development of the Assigned Property pursuant to the terms of the Settlement Agreement, and additionally expressly and unconditionally assumes all of the Assigned Rights and Obligations. Assignee represents it has the ability to implement those Obligations of the Assignor contained in the Settlement Agreement that are hereby assigned. Assignee agrees to comply with, perform, and execute all of the Assigned Rights and Obligations.

3. Release of Assignor. Assignee hereby fully releases, indemnifies and holds harmless Assignor with respect to the Assigned Rights and Obligations. Both Assignor and Assignee acknowledge that this Assignment Agreement is intended to fully assign all of the Assigned Rights and Obligations to Assignee, and it is expressly understood that Assignor shall continue to be obligated under the Settlement Agreement only with respect to those portions of the Project site retained by Assignor.

4. Applicable Law/Venue. This Assignment Agreement shall be construed and enforced in accordance with the laws of the State of California, without reference to choice of law provisions. Any legal action arising under, including actions to interpret or enforce, this Assignment Agreement shall be brought only in the Superior Court of the County of Lake, State of California.

5. Interpretation. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Assignment Agreement. Unless the context clearly requires otherwise: (a) the plural and singular numbers shall each be deemed to include the other; (b) the masculine, feminine, and neuter genders shall each be deemed to include the others; (c) "shall," "will," or "agrees" are mandatory, and "may" is permissive; (d) "or" is not exclusive; and (e) "includes" and "including" are not limiting.

6. Severability. If any provision(s) of this Assignment Agreement is (are) held invalid, the remainder of this Assignment Agreement shall not be affected, except as necessarily required by the invalid provisions, and shall remain in full force and effect unless amended or modified by mutual consent of the parties.

7. Counterparts. This Assignment Agreement may be executed in one or more counterparts, each of which shall be deemed to constitute an original, but all of which, when taken together, shall constitute one and the same instrument, with the same effect as if all of the parties to this Assignment Agreement had executed the same counterpart.

8. Notice. Notice of this Assignment or the Agreement shall be sent to the State in writing, and shall be addressed to the persons and addresses set forth below:

Andrew Contreiras
Deputy Attorney General
California Department of Justice
600 West Broadway, Suite 1800
San Diego, CA 92101
Andrew.Contreiras@doj.ca.gov

Sarah Morrison
Supervising Deputy Attorney General
California Department of Justice
600 West Broadway, Suite 1800
San Diego, CA 92101
Sarah.Morrison@doj.ca.gov

Notice shall be made by one of the following methods: (i) deposited in the U.S. mail, first class, certified with return receipt requested and with appropriate postage, (ii) hand delivered or (iii) sent via email with a read receipt. All notices sent in accordance with this Section shall become effective on the date of receipt. From time to time the State may designate a new address for purposes of this Section by notice to the Assignor.

IN WITNESS WHEREOF, Assignor and Assignee have entered into this Assignment Agreement as of the date first written above.

Dated: _____, 20__

ASSIGNOR:

**LOTUSLAND INVESTMENT HOLDINGS
INC.**
a California Corporation

By: _____
Signature of Person executing the Agreement on
behalf of Assignor

Name: _____

Title: _____

Dated: _____, 20__

ASSIGNEE:

[INSERT NAME OF ASSIGNEE]

By: _____
Signature of Person executing the Agreement on
behalf of Assignee

Name: _____

Title: _____