

RESOLUTION NO. 2026-__

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LAKE

AUTHORIZING THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY (THE “AUTHORITY”) TO FORM A COMMUNITY FACILITIES DISTRICT WITHIN THE TERRITORIAL LIMITS OF THE COUNTY OF LAKE AND RELATED MATTERS

WHEREAS, the County of Lake (the “County”) is a political subdivision duly organized and existing under and by virtue of the laws of the State of California (the “State”); and

WHEREAS, the California Statewide Communities Development Authority (the “Authority”) is a California joint-exercise of powers authority lawfully formed and operating within the State pursuant to an agreement (the “Joint Powers Agreement”) entered into as of June 1, 1988 under the authority of Title 1, Division 7, Chapter 5 (commencing with Section 6500) of the California Government Code; and

WHEREAS, the County is a party to the Joint Powers Agreement and by virtue thereof a member (a “Program Participant”) of the Authority; and

WHEREAS, the Joint Powers Agreement was entered into to establish the Authority as an agency authorized to issue bonds to finance projects within the territorial limits of its Program Participants; and

WHEREAS, the Joint Powers Agreement authorizes the Authority to undertake financing programs under any applicable provisions of State law to promote economic development, the stimulation of economic activity, and the increase of the tax base within the jurisdictional boundaries of its Program Participants; and

WHEREAS, the “Mello-Roos Community Facilities Act of 1982,” being Chapter 2.5, Part 1, Division 2, Title 5 (beginning with Section 53311) of the Government Code of the State (the “Act”) is an applicable provision of State law available to, among other things, finance public improvements necessary to meet increased demands placed upon local agencies as a result of development; and

WHEREAS, Lotusland Investment Holdings, Inc. has requested the County’s and the Authority’s assistance in establishing a community facilities district to assist in the financing of certain public improvements necessary for the development of its Guenoc Valley Project (the “Development Project”); and

WHEREAS, the Development Project will promote economic development, the stimulation of economic activity, and the increase of the tax base within the County; and

WHEREAS, both the Authority and the County are “local agencies” under the Act; and

WHEREAS, the Act permits two or more local agencies to enter into a joint community facilities agreement to exercise any power authorized by the Act; and

WHEREAS, the County desires to enter into such an agreement with the Authority to authorize the Authority to form a community facilities district within the territorial limits of the County to finance public improvements and fees; and

WHEREAS, nothing herein constitutes the County's approval of any applications, entitlements and/or permits, and such, to the extent required in the future, are subject to and contingent upon Board of Supervisors approval following, to the extent applicable, environmental review in compliance with the California Environmental Quality Act ("CEQA"); and

WHEREAS, nothing herein affects, without limitation, requirements for and/or compliance with any and all applicable and/or necessary improvement standards, land use requirements or subdivision requirements or any portion thereof, which obligations are and shall remain independent and subsisting; and

WHEREAS, the Board of Supervisor is fully advised in this matter;

NOW THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Lake that it does hereby find, determine, declare and resolve as follows:

Section 1. The County hereby specifically finds and declares that the actions authorized hereby constitute and are with respect to municipal affairs of the County and the statements, findings and determinations of the County set forth in the recitals above and in the preambles of the documents approved herein are true and correct and material to the adoption of this Resolution.

Section 2. This Resolution shall constitute full "local approval," under Section 9 of the Joint Powers Agreement, and under the Authority's Local Goals and Policies (see below), for the Authority to undertake and conduct proceedings in accordance herewith and under the Act to form a community facilities district (the "Community Facilities District") with boundaries, including area permitted to be annexed in to the Community Facilities District from time to time, substantially as shown on Exhibit A attached hereto and incorporated by this reference, to authorize a special tax within the Community Facilities District, to designate one or more improvement areas therein, and to issue bonds for the Community Facilities District.

Section 3. The terms and provisions of this Resolution shall, when approved by the Authority, constitute a joint community facilities agreement between the County and the Authority under the Act. As, without this Resolution, the Authority has no power to conduct proceedings under the Act to form the Community Facilities District, adoption by the Commission of the Authority of the Resolution of Intention to form the Community Facilities District under the Act shall constitute acceptance of the terms hereof by the Authority.

Section 4. This Resolution and the agreement it embodies are determined to be beneficial to the residents of the County, and of the future residents of the area within the Community Facilities District.

Section 5. The County Board of Supervisors has been provided with a copy of the Authority's adopted Local Goals and Policies as required by Section 53312.7 of the Act. The County hereby agrees that the Authority may utilize the goals and policies of the Authority in forming and administering the Community Facilities District.

Section 6. Pursuant to the Act and this Resolution, the Authority may conduct proceedings under the Act to form the Community Facilities District and to have it authorize the financing of all facilities and fees authorized to be funded, described generally as set forth on Exhibit B, attached hereto and incorporated by this reference. All of the facilities, whether to be financed directly or through fees, are facilities that have an expected useful life of five years or longer and are facilities that the County or other local public agencies, as the case may be, are authorized by law to construct, own or operate, or to which they may contribute revenue. The facilities are referred to herein as the "Improvements," and the Improvements to be owned by the County are referred to as the "County Improvements." The fees are referred to as the "Fees," and the Fees paid or to be paid to the County are referred to as the "County Fees."

Section 7. All of the County Improvements including the improvements to be constructed or acquired with the proceeds of County Fees are necessary to meet increased demands placed upon the County of Lake as a result of development occurring or expected to occur within the Community Facilities District.

Section 8. The Authority will apply the special tax collections initially as required by any funding and acquisition agreement and the documents under which any bonds are issued; and thereafter, to the extent not provided in the bond documents, may pay its own reasonable administrative costs incurred in the administration of the Community Facilities District. The Authority will remit any special tax revenues remaining after the final retirement of all bonds to the County in the proportions specified in the Authority's proceedings. The County will apply any such special tax revenues it receives for authorized County Improvements or County Fees and its own administrative costs only as permitted by the Act. The County and the Authority acknowledge that nothing in this Resolution prevents the County from recovering its costs associated with supporting the formation of the Community Facilities District and/or the review, permitting, inspection, acquisition audit and acquisition of County Improvements and/or the administration of the County's fee schedule or programs through means other than the collection of special taxes.

Section 9. The Authority will administer the Community Facilities District, including employing and paying all consultants, annually levying the special tax and all aspects of paying and administering the bonds, and complying with all State and Federal requirements appertaining to the proceedings, including the requirements of the United States Internal Revenue Code. The County will cooperate in a commercially reasonable manner with the Authority in respect to the requirements of the Internal Revenue Code as related to the County Improvements and County Fees, and to the extent information is required of the County to enable the Authority to perform its disclosure and continuing disclosure obligations with respect to the bonds, although the County will not be or be considered to be an issuer of the bonds.

Section 10. In the event the Authority completes issuance and sale of bonds, and bond proceeds become available to finance the Improvements and Fees, the Authority shall establish and maintain a fund (which may comprise multiple funds and accounts) to be known as

the Acquisition and Construction Fund (the “Acquisition and Construction Fund”). The portion of bond proceeds which is intended to be utilized to finance the Improvements and Fees shall be deposited in the Acquisition and Construction Fund. The Authority may establish such subaccounts within said fund as it determines is necessary to administer the bond proceeds. All proceeds applied to Fees shall be applied by the County as a credit toward the applicable fee obligation relating to the Project.

Section 11. As respects the Authority, the County agrees to fully administer, and to take full governmental responsibility for, the construction or acquisition of the County Improvements and for the administration and expenditure of the County Fees including but not limited to environmental review, approval of plans and specifications, bid requirements, performance and payment bond requirements, insurance requirements, contract and construction administration, staking, inspection, acquisition of necessary property interests in real or personal property, the holding back and administration of retention payments, punch list administration, and the Authority shall have no responsibility in that regard. The County reserves the right, as respects the Developer, to require the Developer to contract with the County to assume any portion or all of this responsibility. As described in Section 8, the County reserves the right to collect its reasonable costs for all activities, including consultant costs and administrative costs, through means available to it.

Section 12. The County agrees to indemnify and to hold the Authority, its other members, and its other members’ officers, agents and employees (collectively, the “Indemnified Parties”) harmless from any and all claims, suits and damages (including costs and reasonable attorneys’ fees) arising out of the design, engineering, construction and installation of the County Improvements.

Section 13. As respects the Authority, the County agrees that once it determines that the County Improvements are constructed according to the approved plans and specifications, and the County and the Developer have put in place their agreed upon arrangements for the funding of maintenance of the County Improvements, the County will accept ownership of the County Improvements, to take maintenance responsibility for the County Improvements, and to indemnify and hold harmless the Indemnified Parties to the extent provided in the preceding paragraph from any and all claims, etc., arising out of the use and maintenance of the County Improvements. The County reserves the right, as respects the Developer, to require the Developer by contract with the County to assume any portion or all of this responsibility.

Section 14. The County acknowledges that all County Improvements must be constructed under contracts that require the payment of prevailing wages as required by Section 1720 and following of the Labor Code of the State of California. The Authority makes no representation that this requirement is the only applicable legal requirement in this regard. The County reserves the right, as respects the Developer, to assign appropriate responsibility for compliance with this paragraph to the Developer.

Section 15. The form of the Acquisition Agreement provided to the Board of Supervisors is hereby approved, and the Chair or County Administrative Officer or such officer’s designee (each, an “Authorized Officer”) is authorized to execute, and deliver to the Developer, the Acquisition Agreement on behalf of the County in substantially that form, with such changes

as shall be approved by the Authorized Officer after consultation with the County Counsel and the Authority's bond counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 16. After completion of the County Improvements and appropriate arrangements for the maintenance of the County Improvements, or any discrete portion thereof as provided in Section 53313.51 of the Act to the satisfaction of the County, and in conjunction with the County's acceptance thereof, acquisition of the County Improvements shall be undertaken as provided in a separate funding and acquisition agreement that the County shall enter into with the Developer.

Section 17. The terms of the Agreement embodied by this Resolution may be amended by a writing duly authorized, executed and delivered by the County and the Authority, except that no amendment may be made after the issuance of the bonds by the Authority that would be detrimental to the interests of the bondholders without complying with all of the bondholder consent provisions for the amendment of the bond resolutions, bond indentures or like instruments governing the issuance, delivery and administration of all outstanding bonds.

Section 18. No person or entity, including the Developer, shall be deemed to be a third-party beneficiary of this Resolution, and nothing in this Resolution (either express or implied) is intended to confer upon any person or entity other than the Authority and the County (and their respective successors and assigns) any rights, remedies, obligations or liabilities under or by reason of this Resolution.

Section 19. This Resolution shall remain in force until all bonds have been retired and the authority to levy the special tax conferred by the Community Facilities District proceedings has ended or is otherwise terminated.

Section 20. The Board of Supervisors hereby authorizes and directs the County Administrative Officer and other appropriate County staff to cooperate with the Authority and its consultants and to do all things reasonably necessary and appropriate to carry out the intent of this Resolution and the Community Facilities District financing, and to execute any and all certificates and documents in connection with the bond issuance and to execute any and all documents as shall be approved by the County Administrative Officer after consultation with the County Counsel and the Authority's bond counsel.

Section 21. The County Counsel hereby approves delivery of a certified copy of this Resolution to the Authority's Bond Counsel, Stradling Yocca Carlson & Rauth, LLP, 6600 Newport Center Drive, Suite 1600, Newport Beach CA 92660; Attention: Brian Forbath and to bforbath@stradlinglaw.com.

Section 22. This Resolution shall take effect upon its adoption.

THIS RESOLUTION was passed and adopted by the Board of Supervisors of the County of Lake at a regular meeting thereof on the _____ day of _____, 2026 by the following vote:

AYES:

NOES:

ABSENT OR NOT VOTING:

ATTEST: SUSAN PARKER
Clerk to the Board of Supervisors

COUNTY OF LAKE

By: _____
Deputy

Chair, Board of Supervisors

APPROVED AS TO FORM:
LLOYD GUINTIVANO
County Counsel

By:  _____

EXHIBIT A

COMMUNITY FACILITIES DISTRICT BOUNDARIES

The property eligible for inclusion in the Community Facilities District comprises generally the real property in the County of Lake, State of California, described as follows:

013-015-59	013-021-16	013-022-20	013-024-29
013-015-60	013-021-17	013-022-21	013-024-30
013-016-06	013-021-18	013-022-22	013-024-31
013-016-08	013-021-19	013-022-23	013-024-33
013-016-10	013-021-20	013-022-24	013-024-34
013-016-12	013-021-21	013-023-06	013-024-35
013-016-13	013-021-22	013-023-09	013-024-36
013-016-14	013-021-23	013-023-11	013-024-37
013-016-15	013-021-24	013-023-12	013-024-38
013-016-16	013-021-25	013-023-13	013-024-39
013-016-17	013-021-26	013-023-14	013-024-40
013-016-18	013-022-08	013-023-16	013-053-01
013-016-19	013-022-09	013-023-17	014-004-25
013-019-22	013-022-10	013-023-18	014-310-07
013-019-23	013-022-11	013-023-19	014-310-09
013-019-24	013-022-12	013-023-20	014-320-08
013-019-25	013-022-13	013-023-21	014-320-10
013-021-05	013-022-16	013-023-22	014-330-09
013-021-13	013-022-17	013-023-23	014-340-04
013-021-14	013-022-18	013-023-24	013-024-29
013-021-15	013-022-19	013-023-25	013-024-30

The map on the following page describes such boundaries generally. A legible copy of the map may be found on file with the County as Exhibit A to Ordinance No. 3151, adopted on September 9, 2025

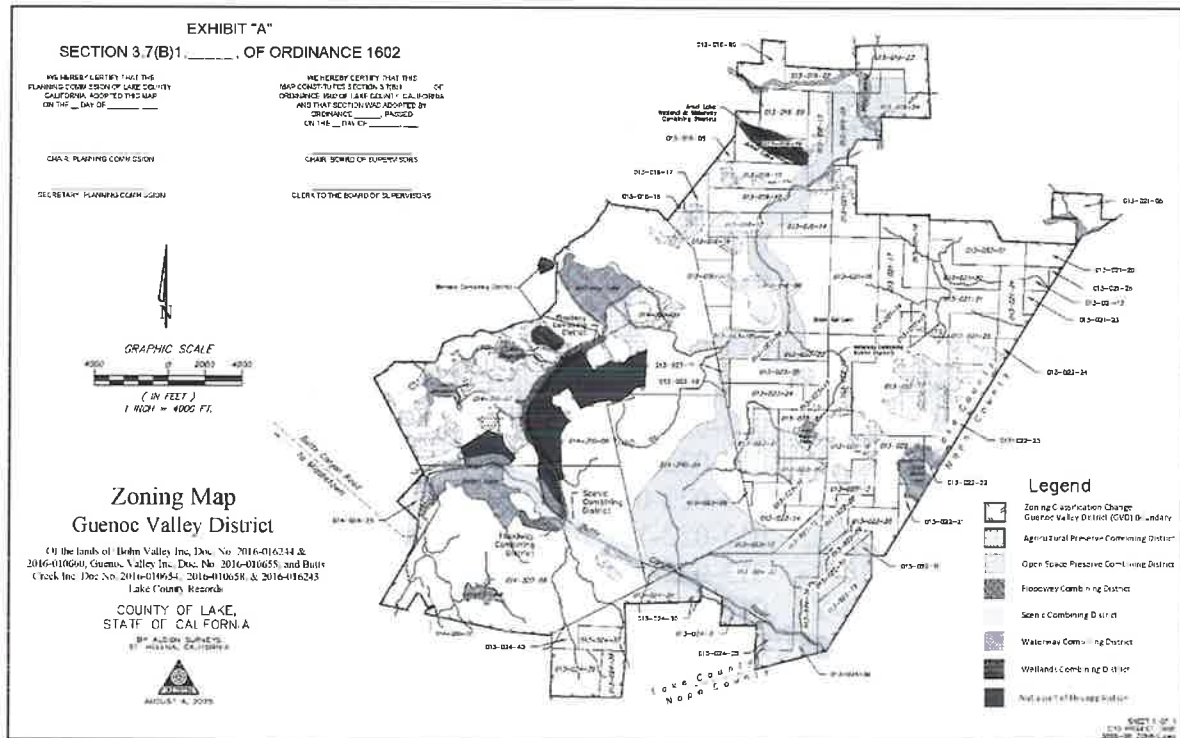


EXHIBIT B

AUTHORIZED IMPROVEMENTS AND FEES

Eligible facilities and fees that may be financed include all improvements and fees authorized under the Act, including but not limited to the following:

Transportation Improvements

Eligible roadway improvements include, but are not limited to: acquisition of land and easements; roadway design; project management; bridge crossings and culverts; pedestrian trails and tunnels; clearing, grubbing, and demolition; grading, soil import/export, paving (including slurry seal), and decorative/enhanced pavement concrete and/or pavers; joint trenches, underground utilities and undergrounding of existing utilities; dry utilities and appurtenances; curbs, gutters, sidewalks, bike trails (including onsite and off-site), enhanced fencing, and access ramps; street lights, signalization, and traffic signal control systems; bus turnouts; signs and striping; erosion control; median and parkway landscaping and irrigation; entry monumentation; bus shelters, bus and transit improvements including transfer stations and regional public transit improvements; masonry walls; traffic control and agency fees; and other improvements related thereto. Eligible improvements for the roads listed herein also include any and all necessary underground potable and recycled water, sanitary sewer, and storm drainage system improvements.

Water System Improvements

Authorized facilities include any and all water facilities designed to meet the needs of development within the CFD. These facilities include, but may not be limited to: water storage, treatment and distribution facilities including waterlines and appurtenances, gate valves, pressure reducing stations, flow meters, fire hydrants, and other improvements related thereto such as site clearing, grading and paving; curbs and gutters; booster pump stations & power; stand-by generators; site lighting, drainage, sanitary sewer, and water service; landscaping and irrigation; access gates, and fencing; and striping and signage.

Recycled Water System Improvements

Authorized facilities include any and all recycled water system facilities designed to meet the needs of development within the CFD. These facilities include, but may not be limited to: treatment and distribution facilities including pipelines and appurtenances, gate valves, flow meters, booster pump pressurization system, and other improvements related thereto - such as site clearing, grading and paving; curbs and gutters; booster pump stations; stand-by generators; site lighting, drainage, sanitary sewer, and water service; landscaping and irrigation; access gates, and fencing; and striping and signage.

Drainage System Improvements

Authorized facilities include any and all drainage and storm drain improvements designed to meet the needs of development within the CFD. These facilities include, but may not be limited to: excavation and grading, pipelines and appurtenances, outfalls and water quality measures, detention/retention basins, drainage pretreatment facilities, drainage ways/channels, pump stations, landscaping and irrigation; access roads, gates, and fencing; and striping and signage and

other improvements related thereto.

Wastewater System Improvements

Authorized facilities include any and all wastewater facilities designed to meet the needs of development or mitigation within the CFD. These facilities include, but may not be limited to, pipelines and all appurtenances thereto; manholes; tie-in to existing main lines; force mains; lift stations; upgrades to existing lift stations; odor-control facilities; and permitting related thereto; and related sewer system improvements.

Park, Parkway and Open Space Improvements

Authorized facilities include any and all improvements to parks, parkways and open space required for development within the CFD. These facilities include, but may not be limited to: grading, turf, shrubs and trees, landscaping irrigation, site lighting, drainage, sanitary sewer and water service, pedestrian and bicycle trails, protective fencing (including soundwalls), pedestrian/bicycle bridges, storm drain crossings, wetland mitigation, hawk mitigation for authorized facilities herein, access gates and fencing and related open space improvements. Authorized facilities include acquisition of any and all parkland as well as open space/bike trail/public access easements required for development within the CFD.

Electrical System Improvements

Authorized facilities include any and all electrical supply and distribution facilities designed to meet the needs of development within the CFD. These facilities include, but may not be limited to: design, distribution lines, vaults, conduit, trenching, transformers and installation of cabling.

School and Educational Facilities

Authorized facilities include classroom renovation, updates to school safety and security systems, technology improvements, energy efficiency improvements, school modernization and retrofitting, and new classroom and school construction as required for development within the CFD.

Other Public Improvements

Authorized facilities include any and all public facilities and infrastructure designed to meet the needs of development within the CFD. These facilities include, but may not be limited to: community center facilities, library facilities, police facilities, fire suppression and response facilities, other public safety facilities, corporation yards, municipal service centers, public parking garages, and other public buildings.

Fees and Charges

Authorized facilities include the direct funding of any of the above referenced facility types for which the Local Agency collects a development impact fee, capacity charge, County charge, fair share contribution, or other development-related fee.

EXHIBIT C

ACQUISITION AGREEMENT

ACQUISITION AGREEMENT

BY AND BETWEEN

COUNTY OF LAKE

AND

LOTUSLAND INVESTMENT HOLDINGS, INC.

Dated as of January 13, 2026

ACQUISITION AGREEMENT

Recitals

A. The parties to this Acquisition Agreement (the “Agreement”) are the COUNTY OF LAKE, (the “Local Agency”), and LOTUSLAND INVESTMENT HOLDINGS, INC., a California corporation (the “Developer”).

B. The effective date of this Agreement is December 9, 2025.

C. The Developer has applied for the financing of, among other things, certain public capital improvements to be owned by the Local Agency (collectively, the “Acquisition Improvements”) through the California Statewide Communities Development Authority (the “Authority”). The Acquisition Improvements are to be owned and operated by the Local Agency, and the financing is to be accomplished through a community facilities district which will be administered by the Authority under and pursuant to the Mello-Roos Community Facilities Act of 1982 – California Government Code Sections 53311 and following (the “Act”). On December 9, 2025, the Local Agency entered into a Joint Community Facilities Agreement authorizing the Authority to form a community facilities district (the “District”) within the territorial limits of the Local Agency to finance, among other things, the Acquisition Improvements. On [____], 20[___], the Authority formed the District and, on the same date, a landowner election was conducted in which all of the votes were cast unanimously in favor of conferring the District authority on the Authority Commission.

D. The administration, payment and reimbursement of the capital facilities fees is agreed to be governed by the provisions of the Authority’s Statewide Community Infrastructure Program Manual of Procedures as it may be amended from time to time. The administration, payment and reimbursement of the Acquisition Improvements shall be as provided herein.

E. The Authority intends to levy special taxes and issue bonds, in one or more series, to fund, among other things, all or a portion of the costs of the Acquisition Improvements. The portion of the proceeds of the special taxes and bonds allocable to the cost of the Acquisition Improvements, together with interest earned thereon, is referred to herein as the “Available Amount”.

F. The Authority will provide financing for the acquisition by the Local Agency of the Acquisition Improvements and the payment of the Acquisition Price (as defined herein) of the Acquisition Improvements from the Available Amount. Attached hereto as Exhibit A is a description of the Acquisition Improvements, which includes authorized discrete and usable portions, if any, of the public capital improvements, pursuant to Section 53313.51 of the Act, to be acquired from the Developer.

G. The parties anticipate that, upon completion of the Acquisition Improvements and subject to the terms and conditions of this Agreement, the Local Agency will acquire such completed Acquisition Improvements with the Available Amount.

H. Any and all monetary obligations of the Local Agency arising out of this Agreement are the special and limited obligations of the Local Agency payable only from the Available

Amount, and no other funds whatsoever of the Local Agency shall be obligated therefor.

I. Attached to this Agreement are Exhibit A (*Acquisition Improvements and the Eligible Portions thereof*) and Exhibit B (*Form of Requisition*), which are incorporated into this Agreement for all purposes.

In consideration of Recitals A through I, inclusive, and the mutual covenants, undertakings and obligations set forth below, the Local Agency and the Developer agree as stated below.

Agreement

ARTICLE I

DEFINITIONS; DISTRICT FORMATION AND FINANCING PLAN

Section 1.01. Definitions. As used herein, the following capitalized terms shall have the meanings ascribed to them below:

“Acceptable Title” means free and clear of all monetary liens, encumbrances, assessments, whether any such item is recorded or unrecorded, and taxes, except those items which are reasonably determined by the Local Agency Engineer not to interfere with the intended use and therefore are not required to be cleared from the title.

“Acquisition and Construction Fund” means the “County of Lake Acquisition and Construction Fund” established by the Authority pursuant to Section 1.03 hereof for the purpose of paying the Acquisition Price of the Acquisition Improvements and which fund may be held as a subaccount within a fund established under the Authority Trust Agreement and may be commingled with acquisition and construction fund monies available for other public capital improvements.

“Acquisition Improvement” shall have the meaning assigned to such term in the recitals and are further described in Exhibit A.

“Acquisition Price” means the total amount eligible to be paid to the Developer upon acquisition of an Acquisition Improvement as provided in Section 2.03 not to exceed the Actual Cost of the Acquisition Improvement.

“Act” has the meaning ascribed thereto in Recital C.

“Actual Cost” means the total cost of an Acquisition Improvement, as documented by the Developer to the satisfaction of the Local Agency and as certified by the Local Agency Engineer in an Actual Cost Certificate including, without limitation, (a) the Developer’s cost of constructing such Acquisition Improvement including grading, labor, material and equipment costs, (b) the Developer’s cost of designing and engineering the Acquisition Improvement, preparing the plans and specifications and bid documents for such Acquisition

Improvement, and the costs of inspection, materials testing and construction staking for such Acquisition Improvement, (c) the Developer's cost of any performance, payment and maintenance bonds and insurance, including title insurance, required hereby for such Acquisition Improvement, (d) the Developer's cost of any real property or interest therein that is either necessary for the construction of such Acquisition Improvement (e.g., temporary construction easements, haul roads, etc.), or is required to be conveyed with such Acquisition Improvement in order to convey Acceptable Title thereto to the Local Agency or its designee, (e) the Developer's cost of environmental evaluation or mitigation required for such Acquisition Improvement, (f) the amount of any fees actually paid by the Developer to governmental agencies in order to obtain permits, licenses or other necessary governmental approvals and reviews for such Acquisition Improvement, (g) the Developer's cost for construction and project management, administration and supervision services for such Acquisition Improvement, (h) the Developer's cost for professional services related to such Acquisition Improvement, including engineering, accounting, legal, financial, appraisal and similar professional services, and (i) the costs of construction financing incurred by the Developer with respect to such Acquisition Improvement.

"Actual Cost Certificate" means a certificate prepared by the Developer detailing the Actual Cost of an Acquisition Improvement, or an Eligible Portion thereof, to be acquired hereunder, as may be revised by the Local Agency Engineer pursuant to Section 2.03.

"Agreement" means this Acquisition Agreement, dated as of [_____], 20[26].

"Authority" means the California Statewide Communities Development Authority.

"Authority Trust Agreement" means a Trust Agreement entered into by the Authority and an Authority Trustee in connection with the issuance of bonds.

"Authority Trustee" means the financial institution identified as trustee in an Authority Trust Agreement.

"Available Amount" shall have the meaning assigned to the term in Recital E.

"Bonds" means bonds or other indebtedness issued by the Authority as tax-exempt or taxable bonds or other indebtedness, in one or more series, that is to be repaid by the District.

"Code" means the Streets and Highways Code or the Government Code of the State of California, as applicable.

"Developer" means Lotusland Investment Holdings, Inc., its successors and assigns.

"Disbursement Request Form" means a requisition for payment of funds from the Acquisition and Construction Fund for an Acquisition Improvement, or an Eligible Portion thereof in substantially the form contained in Exhibit B hereto.

"District" shall have the meaning assigned to the term in Recital C.

“Eligible Portion” shall have the meaning ascribed to it in Section 2.03 below.

“Installment Payment” means an amount equal to ninety percent (90%) of the Actual Cost of an Eligible Portion.

“Local Agency” means the County of Lake.

“Local Agency Engineer” means the Engineer of the Local Agency or his/her designee who will be responsible for administering the acquisition of the Acquisition Improvements hereunder.

“Project” means the Developer’s development of the property in the District, including the design and construction of the Acquisition Improvements and the other public and private improvements to be constructed by the Developer within the District.

“Special Taxes” means annual special taxes, and prepayments thereof, authorized by the District to be levied by the Commission of the Authority.

“Title Documents” means, for each Acquisition Improvement acquired hereunder, a grant deed or similar instrument necessary to transfer title to any real property or interests therein (including easements), or an irrevocable offer of dedication of such real property with interests therein necessary to the operation, maintenance, rehabilitation and improvement by the Local Agency of the Acquisition Improvement (including, if necessary, easements for ingress and egress) and a bill of sale or similar instrument evidencing transfer of title to the Acquisition Improvement (other than said real property interests) to the Local Agency, where applicable.

Section 1.02. Participation in Formation of District. The Local Agency has adopted a resolution authorizing the Authority to form a community facilities districts within the Local Agency’s boundaries. The terms of a joint community facilities agreement identifying the Acquisition Improvements and the terms and conditions for the District were embodied within the Local Agency Resolution and were accepted by the Authority with respect to the District. Developer and Local Agency agree that until and unless such financing is completed by the Authority and the Available Amount is deposited in the Acquisition and Construction Fund (as defined in Section 1.03 below), neither the Developer nor the Local Agency shall have any obligations under this Agreement. Developer agrees to cooperate with the Local Agency and the Authority in the completion of financing for the Acquisition Improvements.

Section 1.03. Deposit and Use of Available Amount.

(a) Upon completion of the financing, the Available Amount will be deposited by the Authority in the Acquisition and Construction Fund.

(b) The Authority will cause the Authority Trustee to establish and maintain an account (the “Acquisition and Construction Fund”) for the purpose of holding all funds for the Acquisition Improvements. All earnings on amounts in the Acquisition and Construction Fund shall remain in the Acquisition and Construction Fund for use as provided herein and pursuant

to the Authority Trust Agreement. Money in the Acquisition and Construction Fund shall be available to respond to delivery of a Disbursement Request Form and to be paid to the Developer or its designee to pay the Acquisition Price of the Acquisition Improvements, as specified in Article II hereof. Upon completion of all of the Acquisition Improvements and the payment of all costs thereof, any remaining funds in the Acquisition and Construction Fund (less any amount determined by the Local Agency as necessary to reserve for claims against the account) (i) shall be applied to pay the costs of any additional Acquisition Improvements eligible for acquisition with respect to the Project as approved by the Authority and, to the extent not so used, (ii) shall be applied by the Authority to call Bonds or to reduce Special Taxes as the Authority shall determine.

Section 1.04. No Local Agency Liability; Local Agency Discretion; No Effect on Other Agreements. In no event shall any actual or alleged act by the Local Agency or any actual or alleged omission or failure to act by the Local Agency subject the Local Agency to monetary liability therefor. Further, nothing in this Agreement shall be construed as affecting the Developer's or the Local Agency's duty to perform their respective obligations under any other agreements, public improvement standards, land use regulations or subdivision requirements related to the Project, which obligations are and shall remain independent of the Developer's and the Local Agency's rights and obligations under this Agreement.

ARTICLE II

DESIGN, CONSTRUCTION AND ACQUISITION OF ACQUISITION IMPROVEMENTS

Section 2.01. Letting and Administering Design Contracts. The parties presently anticipate that the Developer has awarded and administered or will award and administer engineering design contracts for the Acquisition Improvements to be acquired from Developer. All eligible expenditures of the Developer for design engineering and related costs in connection with the Acquisition Improvements (whether as an advance to the Local Agency or directly to the design consultant) shall be reimbursed at the time of acquisition of such Acquisition Improvements. The Developer shall be entitled to reimbursement for any design costs of the Acquisition Improvements only out of the Acquisition Price as provided in Section 2.03 and shall not be entitled to any payment for design costs independent of or prior to the acquisition of Acquisition Improvements.

Section 2.02. Letting and Administration of Construction Contracts; Indemnification. State law requires that all Acquisition Improvements not completed prior to the formation of the District shall be constructed as if they were constructed under the direction and supervision, or under the authority, of the Local Agency. In order to assure compliance with those provisions, except for any contracts entered into prior to the date hereof, Developer agrees to comply with any applicable requirements of the Local Agency with respect to the bidding and contracting for the construction of the Acquisition Improvements. The Developer agrees that all the contracts shall call for payment of prevailing wages as required by the Labor Code of the State of California. The Developer's indemnification obligation set forth in Section 3.01 of this Agreement shall also apply to any alleged failure to comply with the requirements of this Section, and/or applicable State laws regarding public contracting and prevailing wages.

Section 2.03. Sale of Acquisition Improvements. The Developer agrees to sell to the Local Agency each Acquisition Improvement to be constructed by Developer (including any rights-of-way or other easements necessary for the Acquisition Improvements, to the extent not already publicly owned), when the Acquisition Improvement has been constructed and is complete to the satisfaction of the Local Agency for an amount not to exceed the lesser of (i) the Available Amount or (ii) the Actual Cost of the Acquisition Improvement. Exhibit A, attached hereto and incorporated herein, contains a list of the Acquisition Improvements. Portions of an Acquisition Improvement eligible for Installment Payments prior to completion of the entire Acquisition Improvement are described as eligible, discrete and usable portions in Exhibit A (each, an "Eligible Portion"). At the time of completion of each Acquisition Improvement, or Eligible Portion thereof, the Developer shall deliver to the Local Agency Engineer a written request for acquisition, accompanied by an Actual Cost Certificate, and by executed Title Documents for the transfer of the Acquisition Improvement where necessary. In the event that the Local Agency Engineer finds that the supporting paperwork submitted by the Developer fails to demonstrate the required relationship between the subject Actual Cost and eligible work, the Local Agency Engineer shall advise the Developer that the determination of the Actual Cost (or the ineligible portion thereof) has been disallowed and shall request further documentation from the Developer. If the further documentation is still not adequate, the Local Agency Engineer may revise the Actual Cost Certificate to delete any disallowed items and the determination shall be final and conclusive.

Certain soft costs for the Acquisition Improvements, such as civil engineering, may have been incurred pursuant to single contracts that include work relating also to the private portions of the Project. In those instances, the total costs under such contracts will be allocated to each Acquisition Improvement as approved by the Local Agency Engineer. Where a specific contract has been awarded for design or engineering work relating solely to an Acquisition Improvement, one hundred percent (100%) of the costs under the contract will be allocated to that Acquisition Improvement. Amounts allocated to an Acquisition Improvement will be further allocated among the Eligible Portions of that Acquisition Improvement, if any, in the same proportion as the amount to be reimbursed for hard costs for each Eligible Portion bears to the amount to be reimbursed for hard costs for the entire Acquisition Improvement. Costs will be allocated to each Acquisition Improvement as approved by the Local Agency Engineer. The costs of certain environmental mitigation required to mitigate impacts of the public and private portions of the Project will be allocated to each Acquisition Improvement as approved by the Local Agency Engineer.

In the event that the Actual Cost is in excess of the Available Amount, the Local Agency shall withdraw the Available Amount from the Acquisition and Construction Fund and transfer said amount to the Developer. In the event that the Actual Cost is less than the Available Amount, the Local Agency shall withdraw an amount from the Acquisition and Construction Fund equal to the Actual Cost, and shall transfer said amount to the Developer. Any amounts then remaining in the Acquisition and Construction Fund shall be applied as provided in Section 1.03.

In no event shall the Local Agency be required to pay the Developer more than the amount on deposit in the Acquisition and Construction Fund at the time such payment is requested.

Section 2.04. Conditions Precedent to Payment of Acquisition Price. Payment to the Developer or its designee of the Acquisition Price for an Acquisition Improvement from the Acquisition and Construction Fund shall in every case be conditioned first upon the determination of the Local Agency Engineer, pursuant to Section 2.03, that the Acquisition Improvement satisfies all Local Agency regulations and ordinances and is otherwise complete and ready for acceptance by the Local Agency, and shall be further conditioned upon satisfaction of the following additional conditions precedent:

(a) The Developer shall have provided the Local Agency with lien releases or other similar documentation satisfactory to the Local Agency Engineer as evidence that none of the property (including any rights-of-way or other easements necessary for the operation and maintenance of the Acquisition Improvement, to the extent not already publicly owned) comprising the Acquisition Improvement, and the property which is subject to the Special Taxes of the District, is not subject to any prospective mechanics lien claim respecting the Acquisition Improvements.

(b) All due and payable property taxes, and installments of Special Taxes shall be current on property owned by the Developer and shall be current on property under option to the Developer that is subject to the lien of the District.

(c) The Developer shall certify that it is not in default with respect to any loan secured by any interest in the Project.

(d) The Developer shall have provided the Local Agency with Title Documents needed to provide the Local Agency with title to the site, right-of-way, or easement upon which the subject Acquisition Improvements are situated. All such Title Documents shall be in a form acceptable to the Local Agency (or applicable governmental agency) and shall convey Acceptable Title. The Developer shall provide a policy of title insurance as of the date of transfer in a form acceptable to the Local Agency Engineer insuring the Local Agency as to the interests acquired in connection with the acquisition of any interest for which such a policy of title insurance is not required by another agreement between the Local Agency and the Developer. Each title insurance policy required hereunder shall be in the amount equal to or greater than the Acquisition Price.

Section 2.05. Requisition. Upon a determination by the Local Agency Engineer to pay the Acquisition Price of the Acquisition Improvements pursuant to Section 2.04, the Local Agency Engineer shall cause a Requisition to be submitted, in the form as provided in Exhibit B, to the Authority Trustee for payment directly to the Developer of such amount pursuant to the Authority Trust Agreement. The Local Agency and the Developer acknowledge and agree that the Authority Trustee shall make payment strictly in accordance with the Requisition and shall not be required to determine whether or not the Acquisition Improvements have been completed or what the Actual Costs may be with respect to such Acquisition Improvements. The Authority Trustee shall be entitled to rely on the Requisition on its face without any further duty of investigation.

ARTICLE III

MISCELLANEOUS

Section 3.01. Indemnification and Hold Harmless. The Developer hereby assumes the defense of, and indemnifies and saves harmless the Local Agency, the Authority, and each of its respective officers, directors, employees and agents, from and against all actions, damages, claims, losses or expenses of every type and description to which they may be subjected or put, by reason of, or resulting from or alleged to have resulted from the acts or omissions of the Developer or its agents and employees in the performance of this Agreement, or arising out of any contract for the design, engineering and construction of the Acquisition Improvements or arising out of any alleged misstatements of fact or alleged omission of a material fact made by the Developer, its officers, directors, employees or agents to the Authority's underwriter, financial advisor, appraiser, district engineer or bond counsel or regarding the Developer, its proposed developments, its property ownership and its contractual arrangements contained in the official statement relating to the financing (provided that the Developer shall have been furnished a copy of such official statement and shall not have objected thereto); and provided, further, that nothing in this Section 3.01 shall limit in any manner the Local Agency's rights against any of the Developer's architects, engineers, contractors or other consultants. Except as set forth in this Section 3.01, no provision of this Agreement shall in any way limit the extent of the responsibility of the Developer for payment of damages resulting from the operations of the Developer, its agents and employees. Nothing in this Section 3.01 shall be understood or construed to mean that the Developer agrees to indemnify the Local Agency, the Authority or any of its respective officers, directors, employees or agents, for any negligent or wrongful acts or omissions to act of the Local Agency, Authority, its officers, employees, agents or any consultants or contractors.

Section 3.02. Audit. The Local Agency shall have the right, during normal business hours and upon the giving of ten days' written notice to the Developer, to review all books and records of the Developer pertaining to costs and expenses incurred by the Developer (for which the Developer seeks reimbursement) in constructing the Acquisition Improvements.

Section 3.03. Cooperation. The Local Agency and the Developer agree to cooperate with respect to the completion of the financing for the Acquisition Improvements. The Local Agency and the Developer agree to meet in good faith to resolve any differences on future matters which are not specifically covered by this Agreement.

Section 3.04. General Standard of Reasonableness. Any provision of this Agreement which requires the consent, approval or acceptance of either party hereto or any of their respective employees, officers or agents shall be deemed to require that such consent, approval or acceptance not be unreasonably withheld or delayed, unless such provision expressly incorporates a different standard. The foregoing provision shall not apply to provisions in the Agreement which provide for decisions to be in the sole discretion of the party making the decision.

Section 3.05. Third Party Beneficiaries. The Authority and its officers, employees, agents or any consultants or contractors are expressly deemed third party

beneficiaries of this Agreement with respect to the provisions of Section 3.01. It is expressly agreed that, except for the Authority with respect to the provisions of Section 3.01, there are no third party beneficiaries of this Agreement, including without limitation any owners of bonds, any of the Local Agency's or the Developer's contractors for the Acquisition Improvements and any of the Local Agency's, the Authority's or the Developer's agents and employees.

Section 3.06. Conflict with Other Agreements. Nothing contained herein shall be construed as releasing the Developer or the Local Agency from any condition of development or requirement imposed by any other agreement between the Local Agency and the Developer, and, in the event of a conflicting provision, such other agreement shall prevail unless such conflicting provision is specifically waived or modified in writing by the Local Agency and the Developer.

Section 3.07. Notices. All invoices for payment, reports, other communication and notices relating to this Agreement shall be delivered in writing to:

County of Lake
County Administrative Office
255 N. Forbes St.
Lakeport, CA 95453

Lotusland Investment Group
Attention: Director of Finance
1 Embarcadero Center – 16th Floor
San Francisco, CA 94111

Either party may change its address by giving notice in writing to the other party.

Section 3.08. Severability. If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent reasonably possible.

Section 3.09. Governing Law. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of California.

Section 3.10. Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by the other party, or the failure by a party to exercise its rights upon the default of the other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by the other party with the terms of this Agreement.

Section 3.11. Singular and Plural; Gender. As used herein, the singular of any word includes the plural, and terms in the masculine gender shall include the feminine.

Section 3.12. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

Section 3.13. Successors and Assigns. This Agreement is binding upon the heirs, assigns and successors-in-interest of the parties hereto. The Developer may not assign its rights or obligations hereunder, except to successors-in-interest to the property within the District, without the prior written consent of the Local Agency.

Section 3.14. Remedies in General. It is acknowledged by the parties that the Local Agency would not have entered into this Agreement if it were to be liable in damages under or with respect to this Agreement or the application thereof, other than for the payment to the Developer of any (i) moneys owing to the Developer hereunder, or (ii) moneys paid by the Developer pursuant to the provisions hereof which are misappropriated or improperly obtained, withheld or applied by the Local Agency.

In general, each of the parties hereto may pursue any remedy at law or equity available for the breach of any provision of this Agreement, except that the Local Agency shall not be liable in damages to the Developer, or to any assignee or transferee of the Developer other than for the payments to the Developer specified in the preceding paragraph. Subject to the foregoing, the Developer covenants not to sue for or claim any damages for any alleged breach of, or dispute which arises out of, this Agreement.

Executed at, _____ California on _____

COUNTY OF LAKE

DEVELOPER

CHAIR, Board of Supervisors

LOTUSLAND INVESTMENT
HOLDINGS, INC.

ATTEST:
SUSAN PARKER
Clerk to the Board of Supervisors

APPROVED AS TO FORM:
LLOYD GUINTIVANO
County Counsel

By: _____

By: _____

Exhibit A to the Acquisition Agreement

DESCRIPTION OF ACQUISITION IMPROVEMENTS AND BUDGETED AMOUNTS

Funding includes amounts for incidental costs associated with the capital improvements, including, but not limited to, contingency, design, engineering, and construction management.

ACQUISITION IMPROVEMENTS TOTAL AMOUNT*

Road 0	\$6,700,000
Road 1	\$11,900,000
Road 1A	\$27,000,000
Road 1B.....	\$7,100,000
Road 3C.....	\$10,100,000
Road 15A	\$3,000,000
Road 60	\$10,400,000
Emergency Response Center (ERC)	\$18,200,000
Anasu Region Fire Pump	\$4,900,000
Water & Wastewater Treatment Plant	\$28,400,000
Viewshed Preservation Easement	\$40,000,000

- Estimated. Acquisition Price will be determined based on Actual Cost as further described in this Acquisition.

* The facilities constructed or acquired may be located within or outside the CFD. The facilities to be financed shall include all hard and soft costs associated with the facilities, including the costs of the acquisition of land and rights-of-way, the costs of design, engineering and planning, the costs of any environmental or traffic studies, surveys or other reports, costs related to landscaping and irrigation, soils testing, permits, plan check, and inspection fees, insurance, legal and related overhead costs, coordination and supervision and any other costs or appurtenances related to any of the foregoing as further defined in one or more acquisition agreements with the developer of the Property in the CFD.

¹ The facilities constructed or acquired may be located within or outside the CFD. The facilities to be financed shall include all hard and soft costs associated with the facilities, including the costs of the acquisition of land and rights-of-way, the costs of design, engineering and planning, the costs of any environmental or traffic studies, surveys or other reports, costs related to landscaping and irrigation, soils testing, permits, plan check, and inspection fees, insurance, legal and related overhead costs, coordination and supervision and any other costs or appurtenances related to any of the foregoing as further defined in one or more acquisition agreements with the developer of the Property in the CFD.

² Including all curb and gutter, sidewalks, lighting, signalization, landscaping, monumentation, and dry and wet utilities.

³ Including, but not limited to, a wastewater treatment facility and/or expansion, pump stations, force main and gravity lines.

⁴ Including, but not limited to, a water treatment facility, pump stations, new water transmission lines, additional storage reservoirs or tanks with booster pumps, production wells, backup generators at existing wells, and pressure reducing valves.

⁵ Including, but not limited to, reclaimed water treatment facilities, pump stations, new reclaimed water transmission lines, and additional storage reservoirs or tanks with booster bumps.

⁶ Including, but not limited to, pipes, culverts, retention basins, drop inlets, and filtration areas.

- ⁷ Including, but not limited to, entryways, streets, buffers, and slopes.
- ⁸ Including acquisition of land for viewshed preservation.
- ⁹ Including, but not limited to, construction of parks, park equipment and structures.

Exhibit B to the Acquisition Agreement

FORM OF REQUISITION

To: [Trustee]

Re: [CFD Description]

The undersigned, a duly authorized officer of the COUNTY OF LAKE hereby requests a withdrawal from the ACQUISITION AND CONSTRUCTION FUND, as follows:

Request Date: [Insert Date of Request]

Name of Developer: [Developer]

Withdrawal Amount: [Insert Acquisition Price]

Acquisition Improvements: [Insert Description of Acquisition Improvement(s) from Ex. A]

Payment Instructions: [Insert Wire Instructions or Payment Address for Developer]

The undersigned hereby certifies as follows:

1. The Withdrawal is being made in accordance with a permitted use of such monies pursuant to the Acquisition Agreement, and the Withdrawal is not being made for the purpose of reinvestment.
2. None of the items for which payment is requested have been reimbursed previously from other sources of funds.
3. If the Withdrawal Amount is greater than the funds held in the Acquisition and Construction Fund, the Trustee is authorized to amend the amount requested to be equal to the amount of such funds.

COUNTY OF LAKE

By: _____

Title: _____