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9	E-mail: Justin.Buller@doj.ca.gov  Attorneys for Plaintiffs People of the State of					
10	California, ex rel. Department of Fish and Wildl State Water Resources Control Board, and Regio		PT FROM FILING FEES			
11	Water Quality Control Board, North Coast Region		. CODE, § 6103			
12						
13	SUPERIOR COURT OF THE	E STATE OF C	ALIFORNIA			
14	COUNTY OF HUMBOLDT					
15						
16	PEOPLE OF THE STATE OF CALIFORNIA EX	Case No. CV2	2001113			
17	REL. DEPARTMENT OF FISH AND WILDLIFE, STATE WATER RESOURCES CONTROL		D FINAL JUDGMENT			
18	BOARD, AND REGIONAL WATER QUALITY	SIII CLAIL	D FINAL JUDGMENT			
19	CONTROL BOARD, NORTH COAST REGION,	Date: Time:	DATE 8:30 a.m.			
20	Plaintiffs,	Dept:	4			
21	<b>v.</b> .	Judge:	Hon. Timothy Canning			
22		Trial Date: Action Filed:	None October 30, 2020			
23	SHADOW LIGHT RANCH, LLC; THE HILLS, LLC; JOSHUA SWEET; BOHDAN CURRAN,		200000 20, 2020			
24	INDIVIDUALLY AND DBA CURRAN					
25	EQUIPMENT; AND DOES 1 THROUGH 30, INCLUSIVE;					
	Defendants.					
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- 1						

INTRODUCTION

This Stipulated Final Judgment ("Stipulated Judgment") is entered into by and between Plaintiffs People of the State of California ex rel. Department of Fish and Wildlife ("CDFW"), State Water Resources Control Board ("SWRCB"), and Regional Water Quality Control Board, North Coast Region ("Regional Water Board"), who are collectively referred to as "Plaintiffs," and Defendants Shadow Light Ranch, LLC ("Shadow Light Ranch"), The Hills, LLC ("The Hills"), and Joshua Sweet ("Sweet"), who are collectively referred to as "Defendants." Plaintiffs and Defendants are individually referred to as "a Party" and collectively referred to as "the Parties."

### **RECITALS**

- A. Plaintiffs are public agencies of the State of California.
- B. Defendant Sweet is an individual.
- C. Defendant Shadow Light Ranch is a California limited liability company. Sweet is the owner and member-manager of Shadow Light Ranch. Sweet represents that he has full authority, as signatory, to bind Shadow Light Ranch to this Stipulated Judgment.
- D. Defendant The Hills is a California limited liability company. Sweet is the owner and member-manager of The Hills. Sweet represents that he has full authority, as signatory, to bind The Hills to this Stipulated Judgment.
- E. On October 30, 2020, Plaintiffs filed the first amended complaint ("Complaint") in this action to address Defendants' violations of the federal Clean Water Act, the California Water Code, the Regional Water Board's Water Quality Control Plan for the North Coast Region ("Basin Plan"), and the California Fish and Game Code, and to abate a public nuisance at the Shadow Light Ranch property ("Property").
- F. After arm's-length good faith negotiations, the Parties have reached and entered into a settlement agreement by way of this Stipulated Judgment in an effort to avoid the uncertainty and expense of protracted litigation.

<sup>&</sup>lt;sup>1</sup> Plaintiffs dismissed the Third Cause of Action, for discharges in violation of the federal Clean Water Act, on March 27, 2023, and the Court entered this dismissal on April 4, 2023.

## **PREAMBLE**

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As a preamble to the Terms of Agreement, the Parties agree as follows:

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### Jurisdiction and Venue

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- This Court has jurisdiction over the subject matter of this action and to the Parties to this Stipulated Judgment.
- 2. Humboldt County is the appropriate venue for this action because the violations alleged in the Complaint occurred in Humboldt County.

### **Admission of Liability**

Defendants admit that their conduct in developing the properties in Humboldt 3. County, identified in the Complaint (collectively, "Properties"), resulted in violations of the California Fish and Game Code and the California Water Code.

### TERMS OF AGREEMENT

### **Defendants Obligation to Restrict Development – Easement Agreement**

- 4. In order to preserve and benefit the Defendants' real property in Humboldt County commonly referred to as "Shadow Light Ranch," with Humboldt County Assessor's Parcel Numbers ("APNs") 223-061-038-000, 223-061-043-000, 223-073-004-000, 223-073-005-000, 223-061-003-000, 223-061-039-000, and 223-061-046-000 ("Property"), Defendants agree to the conditions in Paragraphs 5 through 9 below, which will be referred to as the "Easement Agreement," which covenant to refrain from developing, improving, and/or impounding or diverting the Property's water resources.
- 5. There are two unnamed Class III watercourses on APN 223-061-038-000 that drain south to an unnamed Class II watercourse that parallels the western property line, and another unnamed Class III watercourse that drains north to the unnamed Class II watercourse that parallels the western property line. (See Exhibit A.) Prior to the Stipulated Judgment, three onstream reservoirs existed on these unnamed Class III watercourses identified as POND1. POND2, and POND3 in Exhibit A.
- "Development" or "develop" of identified wetlands and water resources shall mean any and all actions related to or necessary for the construction of roads, buildings, water diversion

infrastructure, or other processes that changes the land from its existing condition. Except as authorized, the following actions are expressly prohibited:

- a. Development or instream work in the natural channels of the unnamed Class III watercourses;
- b. Impoundment or diversion of water flowing in the natural channels of the identified unnamed Class III watercourses;
- c. Grading or devegetation on the upstream and downstream reaches and within
   50 feet of the center of the natural channels of the identified unnamed Class III
   watercourses; and
- d. Grading or devegetation within 500 feet of POND1 (located at latitude 40° 5'34.50"N, and longitude 123°46'10.07"W).
- e. These prohibitions shall not include the development necessary to improve the existing road near POND1 which is identified in the Draft LSAA agreement with California Department of Fish and Wildlife.
- 7. This obligation sets forth and establishes a common scheme and plan for the use, enjoyment, conveyance, development, and maintenance of the Property and establishes restrictions subject to which specific portions therefore shall be held, used, occupied, leased, encumbered, and conveyed. Each and all of the restrictions are declared to be in furtherance of the benefit of the Property. Each and all restrictions shall run with the land, including any interest in the Property conveyed or reserved, and be for the benefit of and be binding on any interest conveyed or reserved, and all parties having or acquiring a right, title, interest or estate in the Property and any successors in interest thereto.
- 8. Defendants are obligated to enter into and cause to be recorded with the Humboldt County, Recorder's Office the Easement Agreement attached as Exhibit B, in the event Defendants, or its heirs or assigns, transfers interest in the Property. Failure to perform this obligation shall establish the right for the Plaintiffs to seek injunctive relief to require any successor in interest to file and record the Easement Agreement and Defendants shall be liable for any and all costs and attorney's fee for enforcing this provision.

9. Plaintiffs shall be considered third-party beneficiaries of this Easement Agreement for the purpose of enforcing the terms of the Easement Agreement and to ensure Defendants fulfill their obligations.

### **Required Remediation Work**

- 10. Defendants have agreed to perform remediation work related to their conduct in developing the Properties in Humboldt County in an effort to remedy the environmental harm Defendants created by their violations of the California Water Code and the California Fish and Game Code, and to abate the public nuisance. Defendants' failure to perform the required remediation work in a timely manner shall result in the Suspended Civil Penalties becoming due and owing, as described below, in paragraph 50.
- 11. Defendants shall submit to the Regional Water Board a complete application for work in surface waters (Notice of Intent to Comply with the Terms of General 401 Water Quality Certification for Order No. WQ 2019-0001-DWQ) (hereinafter "Application"). The Application and associated attachments shall be submitted via email to:

NorthCoast.Cannabis@waterboards.ca.gov,

Stormer.Feiler@waterboards.ca.gov, and

Shannon. Utley@waterboards.ca.gov.

All requisite attachments (e.g., Humboldt County grading permit applications, California Environmental Quality Act [CEQA] project information, US Army Corps of Engineer [ACOE] Section 404 permit, an updated draft Lake or Streambed Alteration Agreement [LSAA]), must be submitted by Defendants as part of a complete Application on or before March 31, 2024. Failure to timely submit the complete Application shall result in the Suspended Civil Penalties becoming due and owing, as described below, in paragraph 50. A complete application does not require completion of CEQA to satisfy this requirement. An initial Application and associated application fee (discussed further below) may be submitted prior to the March 31, 2024, deadline to promote continued coordination and facilitate the submittal of a complete Application by the above deadline.

- 12. The Application shall include a jurisdictional determination from the ACOE or correspondence with the ACOE, copying Shannon Utley of the Regional Water Board, initiating a request for a jurisdictional determination from the ACOE through the submittal of an application to the ACOE for a Clean Water Act section 404 permit.
- 13. The Application shall include additional Feature requirements, as described below. For purposes of the Application, "Feature" means POND1/SLIDE1, POND2, POND3, all locations subject to the section titled WATERCOURSE CROSSINGS below, and SLIDE2 (defined below). The Application shall include proposed grading plans, engineering designs, watercourse crossing, and culvert sizing calculations, and erosion control Best Management Practices ("BMPs") prepared by qualified licensed professionals, including, but not limited to, the following: Registered Professional Forester, Professional Geologist, Certified Engineering Geologist, Professional Engineer, or Qualified Storm-water Professional, and any other information necessary to ensure a full and complete application is submitted by the deadline, as appropriate.
- 14. Defendants shall submit the required fee for the complete Application, in addition to the Cannabis Cultivation General Order fee, and an annual reporting fee for the mandatory minimum 5-year monitoring period following the approval of the Application and the submittal of a Notice of Completion to the Regional Water Board following completion of on the ground work.
- 15. An approved Water Quality Certification or Waste Discharge Requirements permit for instream work from the Regional Water Board is required prior to performing any instream work under the Cannabis Cultivation General Order. This includes, but is not limited to, restoration, removal, or maintenance of watercourses, ponds, wetlands, springs, or points of diversion, or installation of new watercourse crossings or points of diversion (following input by the SWRCB). The approved Water Quality Certification or Waste Discharge Requirements permit for instream work is in addition to the enrollment in the Cannabis Cultivation General Order for discharges of waste associated with cannabis cultivation.
- 16. Within 90 days of entry of this Stipulated Judgment, Defendants shall meet and confer with Plaintiffs to agree on a Project Implementation schedule, monitoring, and reporting.

The Parties shall negotiate in good faith. All use of water diverted and stored in POND1, POND2, and POND3 must cease upon entry of this judgment. Defendants may allow POND1, POND2, and POND3 to divert water until Project Implementation begins. POND1, POND2, and POND3, once filled, must release excess water downstream (commonly referred to as "fill and spill"). During Project Implementation stored water in POND1, POND2, and POND3 may be used for remediation purposes only. Plaintiffs will need proof demonstrating Defendants' compliance with these requirements. In order to confirm that water diversion, storage, and use ceased, Defendants shall do the following:

- a. Provide date stamped photos showing POND1, POND2, and POND3 at the initiation of Project Implementation. Provide additional date stamped photos showing empty POND1, POND2, and POND3 once drained as part of Project Implementation. Thereafter, no water may be impounded at POND1, POND2, and POND3.
- b. Between the date of the entry of this judgment and Project Implementation, provide hourly rate of diversion, rate of collection to storage, rate of release from storage, and the total volume of water collected in POND1, POND2, and POND3 on a monthly basis. Include a date stamped photo showing the entirety of POND1, POND2, and POND3.
- c. Maintain equipment that was installed to comply with Cannabis Cultivation

  Policy, Term 83. This data includes the capacity curve, rain monitoring, discharge,
  barometric pressure, and depth data including the hourly depth and volume monitoring data
  required by the term.
- d. The monthly reports and photos required by subparagraph (b.) shall be submitted on the last day of each month until Project Implementation to the State Water Resources Control Board, Division of Water Rights staff Stormer Feiler at Stormer.Feiler@waterboards.ca.gov.
- e. Defendants agree that Plaintiffs may, with prior reasonable notice and consent, inspect the Property to investigate compliance with this paragraph.
- 17. Following the approval of the Application and all necessary outstanding permits (e.g., County grading permits, CEQA approval, etc.,) on the ground project work shall take place within

the work season (March 15-October 15) and continue at each successive work season until completed. The Parties acknowledge that before any ground project work is started, a final LSAA is required and that a final LSAA may require CEQA approval by Humboldt County.

- 18. The Parties agree that all on-the-ground work, including all work required under the LSAA, shall be completed on or before October 15, 2026, or else the Suspended Civil Penalties shall be immediately paid. If, due to an unforeseeable delay not attributable to the Defendants, remediation cannot be timely completed by October 15, 2026, Defendants shall notify Plaintiffs in writing, 30-days prior, of the reasons why remediation is unable to be completed on or before October 15, 2026, and Plaintiffs shall grant an extension to Defendants to complete the remediation without the Suspended Civil Penalties becoming due. Plaintiffs must act in good faith when determining whether to grant or deny any extension.
- 19. The Application must include the identification of BMPs to be applied at each Feature to ensure the protection of water quality during and after construction. BMPs include those associated with activities impacting, or having the potential to impact, unnamed tributaries to the Eel River. The Application shall include citations for each BMP referencing the applicable best practicable treatment or control measures described in Attachment A of the Cannabis General Order, whenever possible, or other adopted SWRCB or Regional Water Board orders or policies in effect at the time.
- 20. Impacts caused in the development of the Property shall be offset through mitigation. Impacts shall be mitigated for with in-kind environments, aquatic resources, and beneficial uses (e.g., an impacted wetland will be mitigated for through the restoration of a wetland environment) within the area adjacent to where the impacts occurred (e.g., impacts associated with installing a crossing within a watercourse will be mitigated for within the same watercourse and adjacent to the crossing). Proposed mitigation that is not within or adjacent to the impacted area, is in a different environment, results in a different aquatic function, or results in a different beneficial use shall not be accepted as sufficient mitigation for the impacts caused by development of the Property (e.g., impacts to a wetland shall not be mitigated by restoration or enhancement of upland areas). Mitigation may be through restoration or enhancement of an environment or beneficial use.

Restoration is the manipulation of the physical, chemical, or biological characteristics of a site
with the goal of returning natural and/or historic functions to a former/degraded aquatic resource
environment, or beneficial use (e.g., planting wetland species in an area where a pond was
developed in a pre-existing wetland). Enhancement is the manipulation of the physical, chemical
or biological characteristics of an aquatic resource, environment, or beneficial use to heighten,
intensify, or improve a specific aquatic resource, environment, or beneficial use (e.g., planting
additional native riparian species within an existing riparian area).

- 21. The Application must include an impact and mitigation offset table showing the temporary, temporal, and/or permanent impacts (collectively, "Impacts") associated with the proposed work at each Feature (additionally, each watercourse crossing must have its own row in the table) and the proposed offset to mitigate for those impacts. The table shall include the linear length (in feet) and area (in square feet) for Impacts and mitigation offset for each Feature.
  - (a). Permanent impacts are impacts that cause the permanent loss of aquatic function following construction of a permitted project and shall be mitigated for at a ratio of 3:1 mitigated area to impacted area.
  - (b). Temporary impacts are those impacts where the lost aquatic function will be restored to pre-project conditions following construction of the permitted project and shall be mitigated for at a ratio of 3:1 mitigated area to impacted area.
  - (c). Temporal impacts are those impacts that have occurred during the time lag between the loss of aquatic resource functions caused by the construction of the feature and the replacement of aquatic function at the time of mitigation.

All temporal and permanent impacts from construction activities that have caused the current site conditions as well as all Impacts from the proposed work shall be mitigated for. Features with specific mitigation ratio requirements are included in those Feature descriptions below.

22. A revegetation plan specific to each Feature shall include specific species, success criteria for each type of plant used and location of use, and diagrams or maps showing planting locations for individual shrubs, forbs, or trees. Identification of appropriate native species for

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restoration, remediation, and mitigation of the various Features shall be proposed by the appropriately qualified professional, and in consultation with CDFW.

- 23. Monitoring of physical stream parameters (e.g., vegetation, signs of erosion or sedimentation, stream stability, and stream flow capacity) shall be conducted both before and after project implementation. Post-project monitoring shall occur annually, and a report shall be submitted to the Regional Water Board by January 31st of each year. Monitoring shall be conducted by a qualified professional and recorded with photo documentation of each Feature with permanent photo point locations established with associated written notes on plant survival and vigor, soil stability, and signs of bed and bank erosion. A minimum of five years of post-project monitoring reports shall be provided and continue until a minimum of 85 percent survival rate is achieved based on a physical count of the number of living plants by the SWRCB and Regional Water Board.
- 24. Following the completion of each seasonal work period, an annual report shall be submitted by Defendants to all appropriate agencies (e.g., County, ACOE, Regional Water Board, SWRCB, and CDFW). This annual report shall include findings that result from pre- and postproject monitoring of each seasonal work period. All other monitoring requirements, pursuant to the Cannabis Cultivation General Order, Cannabis Cultivation Policy, and proposed in the Application shall be followed in addition to the requirements listed above.
- 25. If existing documents (e.g., the January 31, 2019, WRA wetland delineation letter) will be used to meet the criteria below, the specific section and page of the referenced document relating to the necessary information will need to be provided in the Application for each Feature.

### POND1/SLIDE1

26. The Application shall include a plan for the upper pond referred to as POND1 which includes the pond removal, restoration of the area impacted by the construction of POND1 and associated landslide ("SLIDE1"), prepared by both a licensed engineer and a licensed geologist. The Application shall also include a proposal for assessment of Impacts, appropriate mitigation, and a revegetation plan. The plan shall include dates of completion for each project item identified.

- 27. A forensic wetland delineation prepared by a qualified professional identifying the scope of wetlands impacted by the construction of POND1 shall inform the restoration and mitigation plan.
- 28. The plan referenced in paragraph 26 shall include: a written proposal including analysis of the potential threat to water quality following the stabilization and restoration of the area; and engineering designs and grading plans that address the removal of POND1 and hydrologic connection between the restored area and the Class III watercourse below and stabilization of the restored area to minimize mass soil movement that may impact restored wetlands and nearby surface waters, prepared by both a licensed engineer and a licensed geologist.
- 29. The plan shall also include an assessment of a stable location for disposal of any spoils associated with removal of POND1 and any water removed from POND1 with a proposed method for land application of soil and water that will prevent the discharge of waste to surface waters.
- 30. The required restoration of the impacted wetlands shall be equivalent to the impacted wetland area identified in the forensic wetland delineation with a wetland square footage of a 1:1 ratio (and no less than 6,828 square feet, as identified in the January 31, 2019 WRA wetland delineation letter). The necessary additional mitigation for the impacts to the wetlands shall be the maximum wetland capacity that the POND1 site can sustain with no more than a 3:1 ratio of wetland area to impacted wetland area. The maximum wetland extent shall be determined through site-specific analysis and design that demonstrates that the POND1 location can sustain the maximum wetland area.
- 31. The revegetation plan, prepared by a qualified professional, shall be developed to restore and enhance wetlands destroyed during construction of POND1 and shall include a planting plan, specific native and naturally occurring species to be established, and survival success criteria.

### POND2

- 32. The Application shall include a plan to either remove or render incapable of storage the lower on-stream pond referred to as POND2, prepared by both a licensed engineer and a licensed geologist. The plan must address the stability of the pond and pond berm, or the removal and restoration of the areas impacted by the construction of POND2. A plan to stabilize or remove POND2 shall include, at a minimum, engineering design plans, grading plans, assessment of the local geology and landslide potential, and a revegetation plan. The Application shall also include a proposal for appropriate mitigation, assessment of Impacts and identify projected target dates of completion for each project item identified.
- 33. The proposal must also include an assessment of a stable location for any spoils associated with removal of POND2 and any water removed from POND2 with a proposed method for land application of soil and water that will prevent the discharge of waste to surface waters.
- 34. The revegetation plan, prepared by a qualified professional, shall include a planting plan, specific native and naturally occurring species to be established, and survival success criteria.

### POND3

- 35. The Application shall include a plan to remove or render incapable of storage the smallest on-stream pond referred to as POND3, prepared by both a licensed engineer and a licensed geologist. The plan must address the removal and restoration of the areas impacted by the construction of POND3. A plan to remove POND3 shall include, at a minimum, engineering design plans, grading plans, assessment of the local geology and landslide potential, and a revegetation plan. The Application shall also include a proposal for appropriate mitigation, assessment of Impacts, and identify dates of completion for each project item identified.
- 36. The proposal shall also include an assessment of a stable location for any spoils associated with removal of POND3 and any water removed from POND3 with a proposed method for land application of soil and water that will prevent the discharge of waste to surface waters.
- 37. The revegetation plan, prepared by a qualified professional, shall include a planting plan, specific native and naturally occurring species to be established, and survival success criteria.

### Watercourse Crossings

- 38. The Application shall include a proposal for instream work at all watercourse crossings and surface water locations requiring work (e.g., removal of diversion infrastructure, stream restoration adjacent to cultivation area CA1, etc.,) as proposed in the current Draft LSAA. The Application shall individually describe each Feature, including an assessment of Impacts, designs by a qualified professional, and a proposal for appropriate mitigation.
- 39. The Application shall also include a proposal for mitigation for each watercourse crossing installed without the appropriate permits (and not currently proposed to be modified) to account for the temporal and permanent impacts to each watercourse.
- 40. Defendants shall remain compliant with their LSAA throughout the course of their remediation work.

### SLIDE2

- 41. The plan to stabilize the roadside landslide ("SLIDE2") shall be prepared by both a licensed engineer and licensed geologist. The plan shall include, at a minimum, an assessment of the stability of the existing landslide and potential for additional movement, hydrologic disconnection of the road from the landslide and downslope Class III watercourse, stabilization of the hillside and landslide mass, and a revegetation plan as appropriate. The Application shall also include a proposal for appropriate mitigation and assessment of Impacts.
- 42. A revegetation plan, prepared by a qualified professional, shall include a planting plan, specific native and naturally occurring species to be established, and survival success criteria.
- 43. Defendants shall obtain all applicable local, state, and federal permits necessary to fulfill the requirements of this Stipulated Judgment prior to beginning the work.

#### **Civil Penalties**

- 44. Defendants agree to, and shall be assessed, a civil penalty of \$1,750,000.
- 45. Defendants are jointly and severally liable for the payment of \$750,000 in civil penalties to Plaintiffs as follows:
  - a. Year One (2023): No payment shall be due.
  - b. Year Two (2024): No Payment shall be due.

1 Checks for Waste Discharge Permit Fund (WDPF) payments should be made 2 payable to "Waste Discharge Permit Fund" and mailed to: 3 State Water Resources Control Board Accounting Office Attn: ACL Payment 4 P.O. Box 1888 Sacramento, CA 95812-1888 5 Checks for Water Rights Fund (WRF) payments should be made payable to the 6 7 "State Water Resources Control Board" and mailed to: 8 State Water Resources Control Board Division of Water Rights 9 Cannabis Enforcement Section P. O. Box 2000 10 Sacramento, CA 95812-2000 11 Checks for CDFW (CDFW Account) shall be paid to "CA Department of Fish and 12 Wildlife CEP" and mailed to: 13 CDFW Cannabis Enforcement Program 14 Attention: Michael McCormick PO Box 944209 15 Sacramento, CA 94244-2090 16 For the first payment due on or before June 30, 2025, Defendants shall pay 17 \$75,000 to the WRF account, and \$75,000 to the CDFW account, for a total of 18 \$150,000. 19 b. For the second payment due on or before June 30, 2026, Defendants shall pay 20 \$25,000 to the CAA account, \$25,000 to the WDPF account, and \$100,000 to the 21 WRF account, for a total of \$150,000. 22 c. For the third payment due on or before June 30, 2027, Defendants shall pay 23 \$25,000 to the CAA account, \$25,000 to the WDPF account, and \$100,000 to the 24 WRF account, for a total of \$150,000. 25 d. For the fourth payment due on or before June 30, 2028, Defendants shall pay 26 \$50,000 to the CAA account, \$25,000 to the WDPF account, and \$225,000 to the 27 WRF account, for a total of \$300,000. 28

49. In the event any installment payment is not timely received by Plaintiffs and after the expiration of the 30-day time period to cure the default, the Plaintiffs' counsel may apply to the Court, ex parte, to amend the judgment to reflect that the entire remaining amount of the unsuspended civil penalty is immediately due and owing to Plaintiffs. In the event that the Court determines that the payment was not timely, Plaintiffs shall be entitled to have a judgment entered in the full amount due, less any credit given to Defendants for payments received, plus any post-judgment interest that has accrued on any late payments and all of Plaintiffs' attorney fees and costs incurred in obtaining said judgment.

### **Suspended Civil Penalties**

- 50. Defendants are liable for Suspended Civil Penalties in the amount of One Million Dollars (\$1,000,000), which shall become due and payable within 15 days of the entry of any amended judgment only if any one of the three actions occur: Defendants fail to timely submit the complete Application by March 31, 2024, fail to timely perform all of the required remediation work by October 15, 2026 as agreed, or fail to provide Plaintiffs' judgement lien first position on each of the Secured Parcels. Defendant shall not be liable for the Suspended Civil Penalties if it is determined that despite good faith efforts the Defendants' failure to perform all of the required remediation work by the deadline was due to unforeseen circumstances outside of Defendants' control, such as acts of God that render it impossible to perform. In such a circumstance, Defendant's must notify Plaintiffs (pursuant to the Notice provision of paragraph 54 of this Agreement) within seven business days of when the circumstance arises. Plaintiffs are required to act in good faith when determining whether to grant Defendants extensions to complete the required remediation work.
- 51. The Suspended Civil Penalties shall be paid by Defendants to Plaintiffs in the manner described in paragraph 50 with 90% of the Suspended Civil Penalties to be paid to the accounts for State Water Resources Control Board and the remaining 10% to the CDFW Account. This Suspended Civil Penalty shall be secured by the Secured Parcels such that in the event of a breach of this Stipulated Judgment by Defendants, Plaintiffs may foreclose on any or all of the Secured Parcels.

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52. The Parties agree that in the event any of the Defendants fail to timely submit the complete Application, timely complete all of the required remediation work, or fail to provide Plaintiffs' judgment lien first position on the Secured Parcels, Plaintiffs may move the Court by noticed motion for an order amending this Stipulated Judgment to include the Suspended Civil Penalties as provided in paragraph 50. The Parties may submit evidence by declarations. The Parties further agree that should a motion to impose the Suspended Civil Penalties be necessary, the Court shall determine, by the preponderance of the evidence standard, sitting without a jury, whether Defendants failed to timely complete the required remediation work or failed to provide Plaintiffs' judgment lien first position on the Secured Parcels, and if the Court so determines, enter judgment against Defendants as set forth in paragraph 52.

### Force Majeure

53. If and to the extent that a Party's performance of any of its obligations pursuant to this Agreement is prevented, hindered or delayed directly or indirectly by fire, flood, earthquake, elements of nature or acts of God, acts of war, terrorism, riots, civil disorders, rebellions or revolutions, pandemic, supply chain interruption, the unavailability of labor resources, or any other similar cause beyond the reasonable control of such Party (each a "Force Majeure Event"), and such non-performance, hindrance or delay could not have been prevented by reasonable precautions, then the non-performing, hindered or delayed Party shall be excused for such nonperformance, hindrance or delay, as applicable, of those obligations affected ("Affected Services") by the Force Majeure Event for as long as the Force Majeure Event continues and, except as otherwise provided in this section, such Party continues to use its commercially reasonable efforts to recommence performance whenever and to whatever extent possible without delay, including through the use of alternate sources, workaround plans, or other means. The Party whose performance is prevented, hindered, or delayed by a Force Majeure Event shall promptly notify the other Parties of the occurrence of the Force Majeure Event and describe in reasonable detail the nature of the Force Majeure Event.

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1	Notice/Correspondence				
2	54. All notices pertaining to this Stipulated Judgment shall be sent by regular or				
3	overnight mail, with a courtesy copy via email, as follows:				
4	To Defendants:	Paul V. Gallegos			
5		GALLEGOS LAW FIRM			
6		931 Third Street Eureka, California 95501			
7		paul@gallegoslawhumboldt.com			
8	To Plaintiffs:	Fautha Danianal Watan Dania			
9	Daniel S. Kippen	For the Regional Water Board:			
10		State Water Resources Control Board Office of Enforcement			
11		801 K Street, Suite 2300			
12		Sacramento, CA 95814 <a href="mailto:dan.kippen@waterboards.ca.gov">dan.kippen@waterboards.ca.gov</a>			
13					
	Patrick Lewis	For the SWRCB:			
14	T direct Dewis	State Water Resources Control Board			
15		Office of Enforcement 801 K Street, Suite 2300			
16		Sacramento, CA 95814 patrick.lewis@waterboards.ca.gov			
17					
18	Jeremy Valverde	For CDFW:			
19		California Department of Fish and Wildlife Cannabis Enforcement Program			
20		715 P Street, 17 <sup>th</sup> Floor			
21		Sacramento, CA 95814			
22	Delay in Action, Waiver of Appeal Right				
23	55. Defendants hereby	waive any rights they may have to seek dismissal for any delay			
24	in entry of judgment, prosecuting	the action, or bringing the action to trial, including under			
25	California Code of Civil Procedure sections 583.110-583.430.				
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56. The Parties agree to waive their right to appeal in this case. Nothing in this Stipulated Judgment shall be construed as a waiver of any Party's right to appeal from an order that arises from an action to enforce the terms of this Stipulated Judgment.

### Scope of Stipulated Judgment

- 57. This Stipulated Judgment is made and entered into by and on behalf of the Plaintiffs and Defendants only. Except as expressly provided in this Stipulated Judgment, nothing in this Stipulated Judgment is intended or shall be construed to preclude the Attorney General from exercising his authority as an independent Constitutional officer under any law, statute, or regulation. Furthermore, except as expressly provided in this Stipulated Judgment, nothing in this Stipulated Judgment is intended or shall be construed to preclude any state, local, or federal agency, board, department, office, commission, or entity from exercising its authority under any law, statute, regulation, or ordinance.
- 58. This Stipulated Judgment is a final and binding resolution and settlement of all claims, violations, or causes of action alleged by the Plaintiffs in the Complaint in this case, and of all claims, violations, or causes of action which could have been asserted by the Plaintiffs against Defendants based on the facts that are the subject of the Complaint. The matters described in the previous sentence are "Covered Matters." The Parties reserve the right to pursue any claim that is not a Covered Matter ("Reserved Claim") and to defend against any Reserved Claim.

### **Jurisdiction for Interpretation**

- 59. This Court shall retain jurisdiction to interpret, modify, and enforce the terms and conditions of this Stipulated Judgment. This Stipulated Judgment shall be governed by and construed in accordance with the laws of the State of California
- 60. All Parties equally participated in the drafting of this Stipulated Judgment. The Parties agree that the rule of construction holding that ambiguity is construed against the drafting party shall not apply to the interpretation of this Stipulated Judgment

### **Integration**

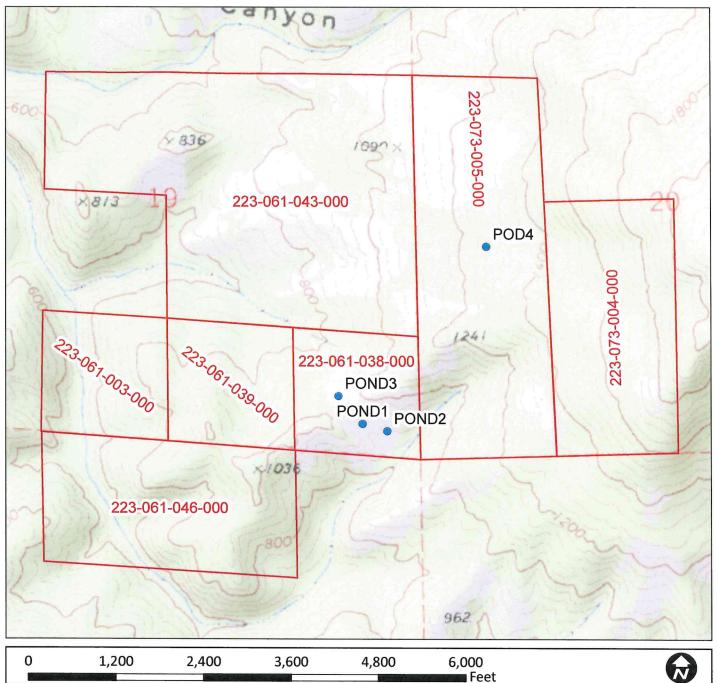
61. This Stipulated Judgment contains all of the terms and conditions agreed upon by the Parties relating to the matters covered by this Stipulated Judgment, and supersedes any and all

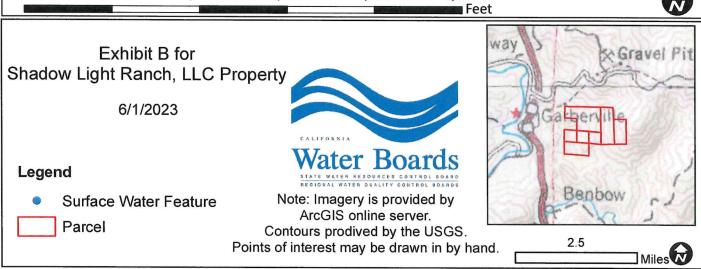
.1	,	SHADOW LIGHT RANCH, LLC
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3	. a	Sk all
4	Dated: December 10, 2023	Joshua Sweet, Sole Member-Manager
5	*	
6	*	JOSHUA SWEET
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8	Dated: December \( \frac{\gamma}{2} \), 2023	- Carl
9	,	Joshua Sweet, an individual
10		THE HILLS, LLC
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13	Dated: December \ \ \frac{1}{6}, 2023	Joshua Sweet, Sole Member-Manager
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15		STATE WATER RESOURCES CONTROL
16		BOARD
17 18	Dated: December 12, 2023	Jule Riggards
19		Jule Rizzardo, Assistant Deputy Director, Division of Water Rights
20		Division of water regins
21	~	REGIONAL WATER QUALITY CONTROL
22		BOARD, NORTH COAST REGION
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24	Dated: December 12, 2023	Joshua Curtis, Assistant Executive Officer
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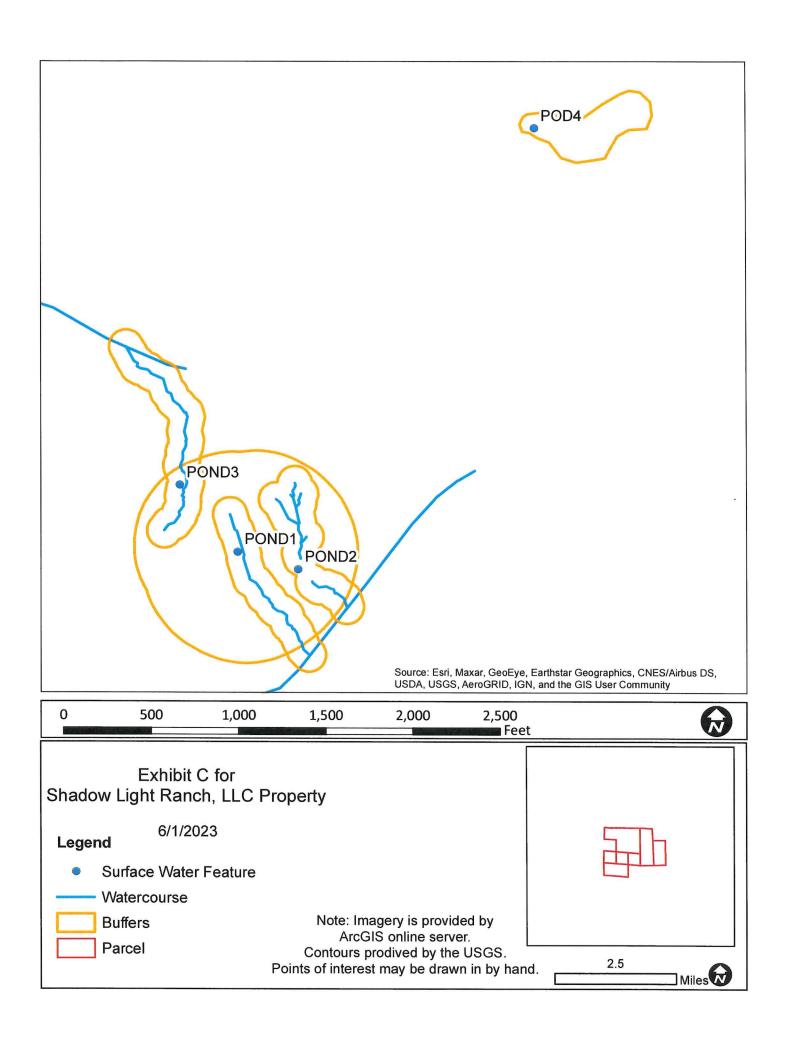
1 2		CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE
		DocuSigned by:
3	Dated: December, 2023	Nathaniel Amold
5	, ,	Nathaniel Arnold, Chief, Law Enforcement Division
6		
7	Dated: December <u>13</u> , 2023	Rob Bonta
8	Dated. December, 2023	Attorney General of California
9		Harinder Kapur Senior Assistant Attorney General
10		Myung Park
11		Supervising Deputy Attorney General
12		O +: 2 M
13		Justin Buller  Justin Buller
14		Attorney for Plaintiffs THE PEOPLE EX
15		REL. DEPARTMENT OF FISH AND WILDLIFE, STATE WATER RESOURCES
16		CONTROL BOARD, AND REGIONAL WATER QUALITY CONTROL BOARD,
17		NORTH COAST REGION
18	APPROVED AS TO FORM:	
19	Dated: December 19, 2023	/c/ David V. Callo and
20	Dated. December 19, 2023	/s/ Paul V. Gallegos Paul Gallegos
21		Attorney for Defendants SHADOW LIGHT RANCH, LLC, THE HILLS, LLC, and
22   23		JOSHUA SWEET
24   25		
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1		
1 2	Dated: December 13, 2023  ROB BONTA  Attorney General of California	
3	Dated: December 13, 2023  Attorney General of California  Harinder Kapur  Senior Assistant Attorney General	
4	MYUNG PARK Supervising Deputy Attorney General	
5	Supervising Deputy Attorney General	
6	Quetin Bullon	
7	Justin Buller  Justin Buller	
8	Attorney for Plaintiffs THE PEOPLE EX REL. DEPARTMENT OF FISH AND	
9	WILDLIFE, STATE WATER RESOURCES CONTROL BOARD, AND REGIONAL	
10	WATER QUALITY CONTROL BOARD, NORTH COAST REGION	
11		
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14	IT IS SO ORDERED.	
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17	Dated:	
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	23 Stipulated Judgment (Case No. CV2001113	)

# **EXHIBIT A**







# **EXHIBIT B**

# RECORDING REQUESTED BY AND WHEN RECORDED RETURNED TO:

#### SPACE ABOVE THIS LINE FOR RECORDER'S USE

### **EASEMENT AGREEMENT**

This Easement Agreer	ment (" <b>Agreement</b> ") is made as of	,, by
and between,	( " <i>Grantor</i> "), as covenantee, and	name entity or
individual new landowner, ("_	")], the Grantee, as covenantor (	collectively, " <i>Parties</i> ")

### **RECITALS**

- A. WHEREAS, Shadow Light Ranch, LLC, a California limited liability company ("SLR"), The Hills, LLC, a California limited liability company, and Joshua Sweet (collectively, "Defendants") have entered into a Stipulated Judgment filed in the Superior Court of the County of Humboldt on [DATE] (the "Judgment") resolving case number CV2001113 ("Litigation") brought by plaintiffs, State Water Resources Control Board, North Coast Regional Water Quality Control Board, and California Department of Fish and Wildlife (collectively, "Plaintiffs"). A copy of the Judgment is attached hereto as Exhibit A and incorporated herein by reference.
- B. WHEREAS, the Judgment resolves Defendants' violations of the California Water Code, Fish and Game Code, and the State Water Resources Control Board's Cannabis Cultivation Policy Principles and Guidelines for Cannabis Cultivation on real property in Humboldt County.
- C. WHEREAS, as part of the Judgment the Defendants agreed to place a negative easement restricting the development of the specific wetlands and water resources on or appurtenant to the Property (defined below) as identified and indicated in **Exhibit C**.
- D. WHEREAS, Grantor owns fee title (including, but not limited to, all minerals and mineral rights (if any) and all water and water rights) to that certain real property consisting of approximately 435.5 acres in Humboldt County near the town of Garberville, currently designated Assessor's Parcel Numbers 223-061-038-000, 223-061-043-000, 223-073-004-000, 223-073-005-000, 223-061-003-000, 223-061-039-

- 000, and 223-061-046-000 (collectively, "*Property*"). The Property is legally described in **Exhibit B** attached hereto and incorporated herein.
- E. WHEREAS, pursuant to California Civil Code section 801, a landowner may burden real property to preserve "the right of having water flow without diminution or disturbance of any kind," and such burden or servitude is called an easement.
- F. WHEREAS, the Parties intend that this Agreement be interpreted and enforced as an appurtenant negative easement, pursuant to all statutes, cases, and other laws applicable to California Civil Code sections 801 *et seq*.
- G. WHEREAS, the Grantor and Grantee intend this Agreement, prohibiting development on the Restricted Property (defined below), to benefit the Property with reference to the following:
  - 1) The Property is within the Bear Canyon Creek watershed and tributary to the South Fork Eel River, approximately 1.6 miles from the river's channel. The Property includes riparian forest habitat that is structurally diverse and supports numerous species of wildlife and vegetation of great importance to the State of California. Historically, spring water and other surface water from multiple unnamed streams ran through the Property contributing to flows in the South Fork Eel River.
  - 2) Prior to the illegal development of the Property's water resources, the multiple water sources on the Property naturally flowed unobstructed in natural channels, forming wetland habitat with aquatic vegetation. In developing the Property's water resources, Defendants destroyed the unnamed streams' natural channels, graded the wetland habitats, removed vegetation, and formed earthen berms to impound water, which gave rise to the Litigation and Judgment.
  - 3) Pursuant to the Judgment and for the benefit of the Property, Defendants took corrective actions to resolve the California Water Code violations alleged in the Litigation by remediating the Property and removing the developed water features and waste discharges that threatened the water quality at the Property. Additionally, pursuant to the Judgment, SLR, on behalf of itself and its successors and assigns, agreed to refrain from further developing the Property's water resources that had been remediated, and Defendants agreed to record this Agreement upon the sale or transfer of the Property for the continued benefit of the Property.

- H. WHEREAS, Grantor, as the owner in fee of the Property, has the right to identify, preserve, restrict development and diminution or disturbance of the natural flow of water.
- I. WHEREAS, Grantor intends that the restrictions for the Property's benefit in the Agreement be preserved, protected, and enhanced. In order to accomplish this purpose, Grantor intends to convey to Grantee, and Grantee intends to obtain a deed restricted by this Agreement that prohibits development, land use, and activities of the Restricted Property's water resources at the locations indicated in **Exhibit C** attached hereto.
- J. WHEREAS, Grantor, as covenantee, and Grantee, as covenantor, desire and intend that use of the Property shall be subject to the restrictions stated herein.

### **AGREEMENT**

**NOW, THEREFORE,** in consideration of the above, the covenants, terms, conditions, restrictions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Grantor, including its successors and assigns hereby voluntarily grants and conveys to Grantee an appurtenant negative easement in, on, over, and across the Property and Grantor agrees to cause this Agreement to be recorded in the official records of Humboldt County, California.

### 1. Definitions:

- a. <u>Development</u>. "Development" or "develop" of identified wetlands and water resources shall mean any and all actions related to or necessary for the construction of roads, buildings, water diversion infrastructure, or other processes that changes the land from its existing condition.
- b. <u>Property</u>. The "Property" consists of the parcels indicated by the current Assessor's Parcel Numbers in <u>Exhibit B</u>.
- Restricted Property. The "Restricted Property" consists of the land identified in <u>Exhibit C</u> and more thoroughly described in Paragraph Four below.
- 2. Purposes: The purpose of this Agreement is to ensure that the Restricted Property be retained in its existing condition, and to prevent any use that develops the identified wetlands and unnamed water courses. To accomplish the purposes of this Agreement, Grantor and Grantee hereby covenant, agree and declare that the Property shall be held, transferred, conveyed, leased, occupied, used or otherwise disposed subject to this Agreement. Grantor and Grantee intend that this Agreement restrict all development, land use, and other activities to locations on the Property that will not impact the unnamed streams, wetlands, and the surrounding environment as described below and as identified in Exhibit C.

- 3. Agreement: Except as otherwise provided in this Agreement, all of the provisions, rights, terms, covenants, and obligations contained in this Agreement shall be binding on, and inure to the benefit of, the Parties and their respective heirs, successors, executors, administrators, and assignees, representatives, lessees, and all other persons acquiring the Property, or any portion of the Property, or any interest therein, whether by operation of law or in any manner whatsoever. All of the provisions of this Agreement shall be enforceable as equitable servitudes. Each covenant to do, or refrain from doing, some act on the Property under this Agreement is for the benefit of such properties and is a burden on such properties and is binding on each Party and shall be a benefit to and a burden on each Party and its property hereunder.
- 4. <u>Prohibited Use of the Restricted Property</u>: In order to preserve the Restricted Property and for the benefit of the Property, Grantee covenants not to develop, improve, and/or impound or divert the Restricted Property's wetlands and water resources as set forth in more detail below:
  - a. Within the Restricted Property there are two Class III streams and a wetland feature on the parcel identified as APN 223-061-038-000 in Exhibit B, that drain south to an unnamed Class II watercourse that parallels the western property line, and another Class III stream that drains north to the unnamed Class II watercourse that parallels the western property line. (See Exhibit C). The prohibition on development of the wetland and these Class III watercourses in the Restricted Property is for the downstream water quality benefit of the Class II watercourse that flows through the Property (specifically parcels identified in Exhibit B as APN 223-061-046-000 and 223-061-003-000). Prior to the Judgment, three onstream reservoirs existed on these Class III streams identified as POND1, POND2, and POND3 in Exhibit C. Except as authorized, the following actions are expressly prohibited:
    - i. Development or instream work in the natural channels of the unnamed Class III watercourses;
    - ii. Impoundment or diversion of water flowing in the natural channels of the identified Class III watercourses;
    - iii. Grading or devegetation on the upstream and downstream reaches and within 50 feet of the center of the natural channels of the identified Class III watercourses; and
    - iv. Grading or devegetation within 500 feet of the wetland located at what was previously identified as POND1 (located at latitude 40° 5'34.50"N, and longitude 123°46'10.07"W).

- 5. <u>Permitted Use of the Property:</u> All uses of the Property that are not prohibited or limited by, and are consistent with, the purposes of this Agreement are permitted.
- 6. <u>Incorporation Into Deeds and Leases; Plaintiffs' Right to Enforce:</u> Grantee covenants that this Agreement and the restrictions herein shall hereafter be contained in, each and all subsequent deeds and leases of any portion of the Property in accordance with Civil Code sections 1457 *et seq.*, provided, however, that the right to enforce the restrictions shall exist only in the Plaintiffs in the Litigation. Violation of the restrictions shall be grounds for one or more Plaintiffs to file action(s) as provided by law.
- 7. <u>Amendment</u>: This Agreement may not be amended, modified or augmented by the Parties.
- 8. <u>Termination:</u> This Agreement shall remain in full force and effect unless and until Plaintiffs authorize and permit development or appropriation of the Restricted Property's wetlands and water resources. Pursuant to the Judgment, the Plaintiffs have the right to terminate this Agreement. Plaintiffs may consider termination for purposes of enhancing wetland habitat or aquatic resources in accordance with the purposes of this Agreement.
- 9. <u>Term:</u> Unless terminated in accordance with Paragraph 8 above, by law or otherwise, this Agreement shall continue in effect.
- 10. <u>Governing Law:</u> This Agreement shall be governed, construed, and enforced in accord with the laws of the State of California.

#### 11. Miscellaneous:

- a. Heirs, Successors, and Assigns. The terms and conditions of this Agreement shall apply to and bind the heirs, executors, administrators, successors, and assigns of the Grantor.
- b. Entire Agreement. This Agreement and the attachments hereto contain the entire agreement between the Parties pertaining to the subject matter in it and supersede all prior and contemporaneous agreements, representations, and understandings of the Parties.
- c. Captions. The captions to the paragraphs of this Agreement are inserted for convenience only and shall not affect the intent of this Agreement.

	WHEREOF, the Part e signature of each.		this Agreement o	n the date set
Grantor: _		_		

		 Date:
(NAME)		
Grantee:	[NAME]	
		 Date:
(NAME)		

STATE OF CALIFORNIA		)		
COUNTY OF HUMBOLDT		) ss )		
On	cknowledged to me acity(ies), and that b	that he/she/ y his/her/the	they executed the same in eir signature(s) on the	
I certify under PENALTY OF foregoing paragraph is true		he laws of th	ne State of California that the	
WITNESS my hand and office	cial seal.			
(Seal) Notary Public				

