CITY COUNCIL REGULAR MEETING

Clearlake City Hall Council Chambers
14050 Olympic Dr, Clearlake, CA

Thursday, September 03, 2026

Regular Meeting 6:00 PM

The City Council meetings are viewable in person in the Council Chambers, via livestreaming on the City's YouTube Channel (https://www.youtube.com/channel/UCTyifT_nKS-3woxEu1ilBXA) and the public may participate through Zoom at the link listed below. The public will not be allowed to provide verbal comment during the meeting if attending via Zoom. The public can submit comments in writing for City Council consideration by commenting via the Q&A function in the Zoom platform or by sending comments to the Administrative Services Director/City Clerk at mswanson@clearlake.ca.us. To give the City Council adequate time to review your comments, you must submit your written emailed comments prior to 4:00 p.m. on the day of the meeting.

AGENDA

MEETING PROCEDURES: *All items on agenda will be open for public comments before final action is taken. Citizens wishing to introduce written material into the record at the public meeting on any item are requested to provide a copy of the written material to the Administrative Services Director/City Clerk prior to the meeting date so that the material may be distributed to the City Council prior to the meeting. Speakers must restrict comments to the item as it appears on the agenda and stay within a three minutes time limit. The Mayor has the discretion of limiting the total discussion time for an item.*

Pursuant to Senate Bill 1100 and the City Council Norms and Procedures, any member of the public making personal, impertinent, and/or slanderous or profane remarks, or who becomes boisterous or belligerent while addressing the City Council, staff or general public, or while attending the City Council meeting and refuses to come to order at the direction of the Mayor/Presiding Officer, shall be removed from the Council Chambers or the Zoom by the sergeant-at-arms or the City Clerk and may be barred from further attendance before the Council during that meeting. Unauthorized remarks from the audience, stamping of feet, whistles, yells, and similar demonstrations shall not be permitted by the Mayor/Presiding Officer. The Mayor/Presiding Officer may direct the sergeant-at-arms to remove such offenders from the room.

AMERICANS WITH DISABILITY ACT (ADA) REQUESTS

If you need disability related modification, including auxiliary aids or services, to participate in this meeting, please contact Melissa Swanson, Administrative Services Director/City Clerk at the Clearlake City Hall, 14050 Olympic Drive, Clearlake, California 95422, phone (707) 994-8201, ext 106, or via email at mswanson@clearlake.ca.us at least 72 hours prior to the meeting, to allow time to provide for special accommodations.

AGENDA REPORTS

Staff reports for each agenda item are available for review at www.clearlake.ca.us. Any writings or documents pertaining to an open session item provided to a majority of the City Council less than 72 hours prior to the meeting, shall be made available for public inspection on the City's website at www.clearlake.ca.us.

Zoom Link:

Join from PC, Mac, iPad, or Android:

https://clearlakeca.zoom.us/s/83575583603?pwd=GmG1wzqcTYID6YOUIL663UgmuyD9D2.1

Passcode:086461

A. ROLL CALL

B. PLEDGE OF ALLEGIANCE

C. INVOCATION/MOMENT OF SILENCE: *The City Council invites members of the clergy, as well as interested members of the public in the City of Clearlake, to voluntarily offer an invocation before the beginning of its meetings for the benefit and blessing of the City Council. This opportunity is voluntary and invocations are to be less than three minutes, offered in a solemn and respectful tone, and directed at the City Council. Invocational speakers who do not abide by these simple rules of respect and brevity shall be given a warning and/or not invited back to provide a subsequent invocation for a reasonable period of time, as determined appropriate by the City. This policy is not intended, and shall not be implemented or construed in any way, to affiliate the City Council with, nor express the City Council's preference for, any faith or religious denomination. Rather, this policy is intended to acknowledge and express the City Council's respect for the diversity of religious denominations and faith represented and practiced among the citizens of Clearlake. If a scheduled invocational speaker does not appear at the scheduled meeting, the Mayor will ask that the City Council observe a moment of silence in lieu of the invocation. More information about the City's invocation policy is available upon request by contacting the Administrative Services Director/City Clerk at (707) 994-8201x106 or via email at mswanson@clearlake.ca.us.*

D. ADOPTION OF THE AGENDA *(This is the time for agenda modifications.)*

E. PRESENTATIONS

1. Presentation of the Clearlake Police Department Explorers and a Commendation by Chief Hobbs

2. Presentation of a Proclamation Declaring September 2026 as Senior Center Month

F. PUBLIC COMMENT: *This is the time for any member of the public to address the City Council on any matter not on the agenda that is within the subject matter jurisdiction of the City.* ***The Brown Act, with limited exceptions, does not allow the Council or staff to discuss issues brought forth under Public Comment.*** *The Council cannot take action on non-agenda items. Concerns may be referred to staff or placed on the next available agenda. Please note that comments from the public will also be taken on each agenda item. Comments shall be limited to three (3) minutes per person.*

G. CONSENT AGENDA: *All items listed under the Consent Agenda are considered to be routine in nature and will be approved by one motion. There will be no separate discussion of these items unless a member of the Council requests otherwise, or if staff has requested a change under Adoption of the Agenda, in which case the item will be removed for separate consideration. Any item so removed will be taken up following the motion to approve the Consent Agenda.*

3. Consideration of Adoption of an Amendment to the FY 2026-27 Budget (Resolution 2026-22); Resolution No. 2026-35
   Recommended Action: Adopt resolution

4. Second Reading and Adoption of Ordinance 289-2026 Adding Article 9-5 (Supplemental Real Property Transfer Disclosures) to Chapter IX (Building and Housing) of the Clearlake Municipal Code
   Recommended Action: Hold second reading of Ordinance 289-2026 by title only, waive further reading, and adopt ordinance

5. Acceptance for Filing the 2026 Local Agency Biennial Notice Regarding Amendments to the Conflict of Interest Code
   Recommended Action: Receive and file

6. Warrants
   Recommended Action: Receive and file

7. Enrollment into the California Public Employees Retirement System (CalPERS) 457 Plan; Resolution No. 2026-34
   Recommended Action: Adopt resolution and authorize the City Manager to sign the necessary documents for enrollment

H. BUSINESS

8. Discussion and Consideration of Approval of Purchase and Sale Agreement for the Former "Austin Resort" Property, Located at 14061 & 14071 Lakeshore Drive, Clearlake
   Recommended Action: Approve the Purchase and Sale Agreement and Authorize the City Manager/Executive Director to Execute all Necessary Documents.

9. Vialytics Road Condition Presentation
   Recommended Action: Presentation only - no action necessary.

I. CITY MANAGER AND COUNCILMEMBER REPORTS

J. FUTURE AGENDA ITEMS

K. ADJOURNMENT

POSTED: August 31, 2026

BY:

Melissa Swanson, Administrative Services Director/City Clerk

Senior Center Month
September 2026

WHEREAS, older Americans are significant members of our society, investing their wisdom and experience to help enrich and better the lives of younger Americans; and

WHEREAS, the Highlands Senior Service Center has acted as a catalyst for mobilizing the creativity, energy, vitality and commitment of the older residents of Clearlake and Lake County; and

WHEREAS, through a wide array of services, programs and activities, the Highlands Senior Service Center empowers older adults to contribute to their own health and well-being and the well-being of their fellow citizens of all ages; and

WHEREAS, the Highlands Senior Service Center affirms the dignity, self-worth and independence of older persons by facilitating their decisions and actions; tapping their experiences, skills and knowledge, and enabling their continued contributions to the community; and

NOW, THEREFORE, BE IT PROCLAIMED that the Clearlake City Council does hereby call upon all citizens to recognize the special contributions of the Highlands Senior Service Center participants and the special efforts of the staff and volunteers who work every day to enhance the well-being of the older adults of our community.

Dated this 3rd day of September, 2026

Dirk Slooten, Mayor

CITY OF CLEARLAKE

City Council

STAFF REPORT

SUBJECT: Consideration of Adoption of an Amendment to the FY 2026-27 Budget (Resolution 2026-22); Resolution No. 2026-35	**MEETING DATE:** September 03, 2026
SUBMITTED BY: Philip D. Sales II, Finance Manager	
PURPOSE OF REPORT: ☐ Information only ☐ Discussion ☒ Action Item	

WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

The City Council is being asked to adopt resolution 2026-35 Amending the FY 2026-27 Budget to include an Adjustment.

BACKGROUND/DISCUSSION: Staff would like to utilize available grant funding to hire a consulting firm to work on an environmental impact report (NEPA) for the airport project, necessitating an adjustment to FY 2026-27 budget.

The Finance department, on behalf of Public Works, seeks the Council's approval to authorize related project expenditures and appropriate receipt of grant reimbursement funds.

Appropriation Adjustments

Fund	Fund Name	Department	Account	Description	Approved Budget as of 07/01/2026	Requested Adjustment	FY 26-27 Amended Budget
378	24-CDBG-NH - AIRPORT PLANNING GRANT	Public Works	378-1458-750-560	Consultant Services	-	78,000	78,000
	Total Appropriations Adjustments: Special Revenue Fund					$ 78,000	

Revenue/Fund Balance Adjustments

Fund	Fund Name	Department	Account	Description	Approved Budget as of 07/01/2026	Requested Adjustment	FY 26-27 Amended Budget
378	24-CDBG-NH - AIRPORT PLANNING GRANT	Public Works	378-410-870	Airport Planning Grant Revenue	-	78,000	78,000
	Total Revenue Adjustments: Special Revenue Fund					$ 78,000	

OPTIONS:

1. Adopt Resolution No. 2026-35
2. Provide direction to staff.

FISCAL IMPACT:

☐ None ☒ See Attached Budgeted Item? ☐ Yes ☒ No

Budget Adjustment Needed? ☒ Yes ☐ No If yes, amount of appropriation increase: $78,000

Affected fund(s): ☐ General Fund ☐ Measure P Fund ☐ Measure V Fund ☒ Other: Fur

Comments**:**

STRATEGIC PLAN IMPACT:

☒ Goal #1: Economic Development

☒ Goal #2: Public Facilities and Infrastructure

☐ Goal #3: Celebrate Clearlake

☐ Goal #4: Clean

☒ Goal #5: Fiscal Sustainability

☐ Goal #6: Safe

SUGGESTED MOTIONS:

Move to Adopt Resolution 2026-xx Amending the Fiscal Year 2026-27 Budget to include an Adjustment.

☒ **Attachments:** 1) Resolution 2026-35: Resolution Amending the Fiscal Year 2026-27 Adopted Budget to include an Adjustment.

RESOLUTION NO. 2026-35

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLEARLAKE ADOPTING AN AMENDMENT TO THE FISCAL YEAR 2026-27 BUDGET (RESOLUTION NO. 2026-22)

WHEREAS, the City Council desires to adjust the Fiscal Year 2026-27 budget to appropriate advance payment received for a new grant program from the California Natural Resources Agency, the Algae Harvesting Demonstration Project, and allow for expenditure of said funds for related project costs.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Clearlake:

Section 1. The FY 2026-27 Budget, adopted via Resolution 2026-22, is amended as follows:

Appropriation Adjustments							
Fund	Fund Name	Department	Account	Description	Approved Budget as of 07/01/2026	Requested Adjustment	FY 26-27 Amended Budget
378	24-CDBG-NH - AIRPORT PLANNING GRANT	Public Works	378-1458-750-560	Consultant Services	-	78,000	78,000
	Total Appropriations Adjustments: Special Revenue Fund					**$ 78,000**	

Revenue/Fund Balance Adjustments							
Fund	Fund Name	Department	Account	Description	Approved Budget as of 07/01/2026	Requested Adjustment	FY 26-27 Amended Budget
378	24-CDBG-NH - AIRPORT PLANNING GRANT	Public Works	378-410-870	Airport Planning Grant Revenue	-	78,000	78,000
	Total Revenue Adjustments: Special Revenue Fund					**$ 78,000**	

PASSED AND ADOPTED by the City Council of the City of Clearlake, County of Lake, State of California, on this 3rd day of September 2026, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:______________________________ ________________________________
City Clerk Mayor

CITY OF CLEARLAKE

City Council

STAFF REPORT	
SUBJECT: Second Reading of Ordinance 289-2026 Adding Article 9-5 (Supplemental Real Property Transfer Disclosures) to Chapter IX (Building and Housing) of the Clearlake Municipal Code	**MEETING DATE:** September 3, 2026
SUBMITTED BY: Alan D. Flora, City Manager Scott Drexel, City Attorney	
PURPOSE OF REPORT: ☐ Information only ☐ Discussion ☒ Action Item	

WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

The City Council is being asked to hold the second reading of Ordinance No. 289 by title only, waive further reading, and adopt the ordinance. The proposed ordinance would add Article 9-5 (Supplemental Real Property Transfer Disclosures) to Chapter IX (Building and Housing) of the Clearlake Municipal Code, requiring sellers of residential real property in the City to provide buyers with a supplemental disclosure statement addressing several matters that frequently affect Clearlake buyers: (1) the City's mandatory solid waste (garbage) collection service; (2) the regulation and permitting of short-term vacation rentals; (3) the existence of private roads not maintained by the City; (4) the requirement for rental properties to be registered and inspected; and (5) the existence of multiple independent utility companies providing water and sewer service within the City.

BACKGROUND/ DISCUSSION:

California law generally requires the seller of residential real property containing one to four dwelling units to provide the buyer with a Real Estate Transfer Disclosure Statement ("TDS") under Civil Code Sections 1102 through 1102.19. Civil Code Section 1102.6a expressly authorizes any city to require disclosures in addition to those on the state form, and to use addenda to facilitate those disclosures. The proposed ordinance exercises that authority as a disclosure-only measure: it requires no inspection, repair, retrofit, permit, or certificate as a condition of any transfer, and a failure to comply does not invalidate a transfer or cloud title.

At its regular meeting of August 6, 2026, the City Council considered the introduction and first reading of Ordinance No. 289-2026 (Agenda Item 7). As presented, the ordinance addressed three disclosure categories: mandatory solid waste collection service, short-term vacation rental (STVR) permitting and the expiration of STVR permits upon transfer, and private roads not maintained by the City. Following discussion, the Council did not introduce the ordinance and instead directed staff to amend it to add a fourth disclosure category addressing renters — that is, tenant occupancy and existing affecting the property at the time of sale — and to return the amended ordinance for introduction and first reading. Staff and the City Attorney have amended the ordinance as directed. The first reading of the Ordinance was then held on August 20, 2026.

Buyers of tenant-occupied property in Clearlake are often unaware that, under California law, existing leases and rental agreements generally survive the sale and bind the new owner; that responsibility for tenants' security deposits transfers with ownership (Civil Code Section 1950.5(h)); and that many tenancies are subject to statewide rent-increase limitations and "just cause" termination requirements (Civil Code Sections 1946.2 and 1947.12). The amended ordinance requires the seller to disclose, to the seller's actual knowledge: whether the property is tenant-occupied; the basic terms of each tenancy (written or oral, month-to-month or fixed term, current rent, and deposits held); whether any tenancy is subsidized (e.g., Section 8); whether any termination notice, rent-increase notice, or eviction proceeding has occurred within the preceding 12 months; and any unresolved habitability complaint or code enforcement action involving a tenant-occupied unit. The disclosure form may not request tenant names or other personal identifying information.

The specific amendments are: (1) a new recital regarding tenant occupancy; (2) revision of the purpose statement (Section 9-5.020) from three to four disclosure categories; (3) a new definition of "Existing tenancy" (Section 9-5.040(h)), which excludes short-term transient stays already covered by the vacation rental provisions; (4) a new subsection (d) in Section 9-5.090 setting out the tenant-occupancy disclosure contents; and (5) a new Section 4 (Tenant Occupancy and Existing Tenancies), including a buyer acknowledgment, in the Exhibit A disclosure form, with the former Section 4 (Other Locally Significant Conditions) renumbered as Section 5.

The amendment is consistent with the approach of other California jurisdictions. The Town of Mammoth Lakes uses the Civil Code Section 1102.6a "local option" disclosure statement to inform buyers of locally significant rental-use restrictions at the time of sale. The City of Los Angeles requires sellers to obtain and deliver a Residential Property Report before sale (LAMC Section 96.300), which discloses matters a buyer inherits with the property, and the City of San Francisco requires disclosures concerning tenants' rights when rental property is sold. Rent board guidance in cities such as Berkeley confirms the underlying rule the disclosure communicates: tenancy terms transfer to the new owner, and the sale itself is not a basis for terminating a tenancy. The proposed ordinance remains less burdensome than the Los Angeles and San Francisco models because it requires only a seller disclosure based on actual knowledge, not a city-issued report or a condition of closing.

Because the ordinance was not introduced on August 6, the amended ordinance is before the Council for introduction and first reading. If introduced, the second reading and adoption would be set for the next regular Council meeting, and the ordinance would take effect 30 days after adoption. Following adoption, staff would finalize the Exhibit A disclosure form and coordinate outreach to local real estate professionals so the form is in circulation by the effective date.

OPTIONS:

1. Hold the second reading of Ordinance No. 289-2026 by title only, waive further reading, and adopt the Ordinance.

FISCAL IMPACT:

☒ None ☐ $ Budgeted Item? ☐ Yes ☐ No

Budget Adjustment Needed? ☐ Yes ☒ No If yes, amount of appropriation increase:

Affected fund(s): ☐ General Fund ☐ Measure P Fund ☐ Measure V Fund ☐ Other:

Comments**:** Adoption of the ordinance itself has no direct fiscal impact. Ongoing administration would consist of the City Manager's finalization and periodic revision of the disclosure form and posting it on the City's website. Should the Council determine to recover administrative costs, Section 9-5.120 authorizes a fee resolution; no fee is proposed at this stage. Publication of the ordinance summary in a newspaper of general circulation is expected to be a nominal City Clerk cost within existing operating budget.

STRATEGIC PLAN IMPACT:

☐ Goal #1: Economic Development

☐ Goal #2: Public Facilities and Infrastructure

☐ Goal #3: Celebrate Clearlake

☒ Goal #4: Clean

☒ Goal #5: Fiscal Sustainability

☒ Goal #6: Safe

SUGGESTED MOTIONS:

"I move that the City Council hold the second reading of Ordinance No. 289-2026; that the ordinance be read by title only; that further reading be waived; and that the ordinance be adopted."

☒ **Attachments:** 1. Draft municipal code amendment – Real Estate Disclosures

ORDINANCE NO. 289-2026

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CLEARLAKE ADDING ARTICLE 9-6 TO CHAPTER IX (BUILDING AND HOUSING) OF THE CLEARLAKE MUNICIPAL CODE ESTABLISHING SUPPLEMENTAL DISCLOSURE REQUIREMENTS FOR THE TRANSFER OF RESIDENTIAL REAL PROPERTY

THE CITY COUNCIL OF THE CITY OF CLEARLAKE DOES ORDAIN AS FOLLOWS:

RECITALS

WHEREAS, The City of Clearlake ("City") is a general law city organized and existing under the laws of the State of California, and pursuant to Article XI, Section 7 of the California Constitution may make and enforce within its limits all local, police, sanitary, and other ordinances and regulations not in conflict with general laws; and

WHEREAS, California Civil Code Section 1102.6a expressly authorizes a city to require disclosures in connection with the transfer of residential real property in addition to those disclosures required by the state Real Estate Transfer Disclosure Statement, and authorizes the use of addenda to facilitate such disclosures; and

WHEREAS, the City has adopted a mandatory, universal solid waste collection program (Clearlake Municipal Code Chapter 11-3; Ordinance No. 198-2017) under which owners and occupants of developed residential property are required to subscribe to and pay for solid waste collection service provided through the City's franchised hauler, and the City Council finds that prospective purchasers are frequently unaware that such service and the associated charges are mandatory and continue as an obligation of the property's ownership and occupancy; and

WHEREAS, the City regulates vacation (short-term) rentals (Clearlake Municipal Code Section 18-19.280), including by requiring a vacation rental permit, a transient occupancy tax certificate, and an available local property manager, and by limiting where and how such rentals may operate, that, under Clearlake Municipal Code Section 18-19.280, short-term vacation rental ("STVR") permits "shall run with the landowner and shall automatically expire upon sale or transfer of the property," and the City Council finds that prospective purchasers are frequently unaware whether a property may lawfully be used as a vacation rental, that any existing STVR permit will automatically expire upon the sale or transfer and a new owner must obtain a new permit before operating, and what continuing obligations (including transient occupancy tax) apply; and

WHEREAS, many parcels within the City are accessed by private roads, streets, or access easements that have not been accepted into the City-maintained road system, that responsibility for the maintenance, repair, and related costs of such private roads generally falls upon the owners served by them (see California Civil Code Section 845), and the City Council finds that prospective purchasers are frequently unaware that the road serving a property is private and is not maintained, repaired, or improved by the City, and that the property may be subject to a shared road maintenance obligation; and

WHEREAS, Clearlake Municipal Code Section 9-4 (Rental Housing Unit Registration, Inspections, and Inventory), as amended by Ordinance No. 279-2025, requires the owner of every parcel containing one or more rental dwelling units or rental housing units to register the units with the City, pay applicable fees, and comply with periodic inspection or self-certification requirements, and those requirements continue to apply to residential rental property upon and after a change of ownership as provided in Clearlake Municipal Code Section 9-4.11; and the City Council finds that prospective purchasers of property that is rented, or that a purchaser intends to rent, are frequently unaware of these registration, inspection, and fee requirements; and

WHEREAS, the City does not own, operate, or provide municipal water or sewer utility service; properties within the City receive water service from independent public and private water service providers or are served by private wells, and receive sewer service from an independent sanitation or sewer service provider or are served by private onsite septic systems; and the City Council finds that prospective purchasers frequently assume that the City provides such services and are unaware that water and sewer rates, fees, assessments, and service requirements are established and administered by the applicable service provider, or that a private well or onsite septic system is the responsibility of the property owner; and

WHEREAS, the City Council finds that requiring a supplemental written disclosure of these matters at the time of transfer of residential real property—without requiring any inspection, repair, retrofit, correction, permit, or certificate as a condition of transfer—will provide prospective purchasers with material information bearing on the cost and use of the property while imposing a minimal burden on transferors; and

WHEREAS, this Ordinance is intended to supplement, and not to conflict with, duplicate, or supplant, the disclosure obligations imposed by California Civil Code Sections 1102 et seq. and other applicable state law, and is to be construed consistently with such law; and

WHEREAS, the City Council finds that adoption of this Ordinance is exempt from the California Environmental Quality Act ("CEQA") as further set forth below.

NOW, THEREFORE, the City Council of the City of Clearlake does ordain as follows:

SECTION 1. Findings.

The City Council finds and determines that the foregoing Recitals are true and correct and are incorporated herein by this reference as findings in support of this Ordinance.

SECTION 2. Addition of Municipal Code Chapter.

Article 9-6 (Supplemental Real Property Transfer Disclosures) is hereby added to Chapter IX (Building and Housing) of the Clearlake Municipal Code to read as follows:

ARTICLE 9-6

SUPPLEMENTAL REAL PROPERTY TRANSFER DISCLOSURES

§ 9-6.010 Short Title.

This Article shall be known and may be cited as the "Clearlake Supplemental Real Property Transfer Disclosure Ordinance."

§ 9-6.020 Purpose and Intent.

The purpose of this Article is to protect the public health, safety, and welfare by ensuring that prospective purchasers of residential real property within the City receive timely, written disclosure of five locally significant matters that frequently are not understood by purchasers and that affect the cost and lawful use of property in the City: (1) the City's mandatory solid waste (garbage) collection requirement; (2) the regulation and permitting of vacation (short-term) rentals; (3) the existence of private roads not maintained by the City; (4) the City's rental housing unit registration and inspection requirements, which apply to residential rental property and continue to apply upon a change of ownership; and (5) water and sewer services, which are not provided by the City but by independent service providers or by private wells and onsite septic systems. This Article is adopted pursuant to the City's police power and California Civil Code Section 1102.6a. It is intended to supplement state-mandated disclosures and shall be construed consistently with, and not in conflict with, California Civil Code Sections 1102 et seq. and other applicable state law. This Article is a disclosure measure only and does not require any inspection, testing, repair, retrofit, correction, permit, or certificate as a condition of the transfer of any property.

§ 9-6.030 Authority.

This Article is adopted pursuant to Article XI, Section 7 of the California Constitution and California Civil Code Section 1102.6a.

§ 9-6.040 Definitions.

For purposes of this Article, the following terms have the meanings set forth below. Terms not defined here have the meanings given in California Civil Code Sections 1102 et seq. or elsewhere in the Clearlake Municipal Code.

(a) "City" means the City of Clearlake.

(b) "Residential real property" means real property located within the City that is improved with one to four dwelling units, including a single-family residence and a residential manufactured home affixed to a permanent foundation, consistent with the scope of California Civil Code Section 1102.

(c) "Transfer" means a sale, exchange, installment land sale contract, lease with an option to purchase, ground lease coupled with improvements, or transfer of a residential stock cooperative, of residential real property, to the extent such transactions are subject to the disclosure requirements of California Civil Code Sections 1102 et seq.

(d) "Transferor" means the seller or other person conveying residential real property by Transfer; "Transferee" means the buyer or other person to whom such property is conveyed.

(e) “Mandatory solid waste service” means the universal, mandatory solid waste collection service required under Clearlake Municipal Code Chapter 11-3 and Ordinance No. 198-2017, as may be amended.

(f) “Vacation rental” (also “short-term rental” or “short-term vacation rental (STVR)”) means the rental of a residential dwelling unit, or a room therein, for compensation for a period of fewer than 30 consecutive days, as regulated under Clearlake Municipal Code Section 18-19.280, as may be amended.

(g) “Private road” means any road, street, lane, or vehicular access easement serving the property that has not been accepted into and is not maintained, repaired, or improved by the City.

(h) “Supplemental Disclosure Statement” means the Clearlake Supplemental Real Property Transfer Disclosure Statement in the form attached to the ordinance codified in this Article as Exhibit A, as it may be amended from time to time pursuant to Section 9-6.110.

(i) “City Manager” means the City Manager of the City of Clearlake or his or her designee.

§ 9-6.050 Applicability.

Except as exempted in Section 9-6.060, this Article applies to every Transfer of residential real property located within the City. The obligations of this Article are in addition to, and not in lieu of, any disclosure obligation imposed by state law.

§ 9-6.060 Exemptions.

This Article does not apply to any transfer that is exempt from the Real Estate Transfer Disclosure Statement requirement under California Civil Code Section 1102.2, including but not limited to:

(a) Transfers pursuant to court order, including transfers ordered by a probate court in the administration of an estate, transfers pursuant to a writ of execution, transfers by a bankruptcy trustee, transfers by eminent domain, and transfers resulting from a decree for specific performance;

(b) Transfers by a trustee under a deed of trust, or by a mortgagee or beneficiary, pursuant to a power of sale or a decree of foreclosure, or by a mortgagee or beneficiary who has acquired the property at a sale conducted pursuant to a power of sale or a decree of foreclosure;

(c) Transfers by a fiduciary in the course of the administration of a decedent’s estate, guardianship, conservatorship, or trust;

(d) Transfers from one co-owner to one or more other co-owners;

(e) Transfers made to a spouse, or to a person in the lineal line of consanguinity of one or more of the transferors;

(f) Transfers between spouses resulting from a judgment of dissolution of marriage, legal separation, or a property settlement agreement incidental to such a judgment;

(g) Transfers by the State Controller for unclaimed property, transfers as a result of the failure to pay taxes, and transfers or exchanges to or from any governmental entity; and

(h) Any other transfer exempted from disclosure under California Civil Code Section 1102.2 or other applicable law.

§ 9-6.070 Supplemental Disclosure Required.

In every Transfer subject to this Article, the Transferor shall complete, sign, and deliver to the Transferee a Supplemental Disclosure Statement in substantially the form set forth in Exhibit A. The Transferor shall complete the Supplemental Disclosure Statement in good faith based upon the best of the Transferor's actual knowledge as of the date of completion. The Supplemental Disclosure Statement is a disclosure by the Transferor and shall be delivered as an addendum to the Real Estate Transfer Disclosure Statement pursuant to California Civil Code Section 1102.6a. Nothing in this Article requires a real estate licensee to complete, sign, or certify any portion of the Supplemental Disclosure Statement, and nothing in this Article enlarges or modifies the duties or liability of a real estate licensee under California Civil Code Sections 1102 et seq.

§ 9-6.080 Time and Manner of Delivery.

The Supplemental Disclosure Statement shall be delivered to the Transferee as soon as practicable before transfer of title, in the same manner as, and to the extent practicable together with, the Real Estate Transfer Disclosure Statement required by California Civil Code Section 1102.3. Delivery may be made in person, by mail, or by electronic delivery to the extent authorized under California law. The Transferee's rights upon late delivery shall be as provided in California Civil Code Section 1102.3. Neither the failure to deliver, nor any error, inaccuracy, or omission in, the Supplemental Disclosure Statement shall invalidate a Transfer or affect title to the property, consistent with Section 9-6.100.

§ 9-6.090 Contents of the Supplemental Disclosure Statement.

The Supplemental Disclosure Statement shall request disclosure of the following, to the extent within the Transferor's actual knowledge:

(a) Mandatory solid waste (garbage) service. Whether the property is subject to the City's mandatory solid waste service requirement under Clearlake Municipal Code Chapter 11-3; the identity of the City's franchised hauler; that subscription to and payment for solid waste service is mandatory for developed and occupied residential property and continues as an obligation associated with ownership and occupancy of the property; that delinquent solid waste charges may be assigned to the City and collected as a special assessment against the property on the county property tax roll, in the same manner as ordinary municipal taxes, pursuant to Clearlake Municipal Code Section 11-4.7 and Government Code Sections 38790.1 and 25831, and may thereby become a lien on the property; and whether any exemption (such as for a vacant undeveloped lot or an owner-occupied vacation home) is known to the Transferor to apply to the property.

(b) Vacation (short-term) rental. Whether the property is currently used or operated as a vacation rental; whether the property holds a current City vacation rental permit and transient occupancy tax certificate (and, if so, the permit and certificate numbers); a notice that, under

Clearlake Municipal Code Section 18-19.280, a short-term vacation rental ("STVR") permit "shall run with the landowner and shall automatically expire upon sale or transfer of the property," such that a new owner must obtain a new STVR permit before operating a vacation rental; and whether the Transferor is aware of any code violation, complaint, or unpaid transient occupancy tax relating to vacation rental use of the property.

(c) Private roads and access. Whether the property is accessed by a private road that is not maintained, repaired, or improved by the City; whether a recorded road maintenance agreement or a road association exists with respect to that road; and the Transferor's knowledge of any maintenance responsibility or cost-sharing obligation (including under California Civil Code Section 845) affecting access to the property.

(d) Rental housing unit registration and inspection. Whether the property, or any dwelling unit thereon, is currently rented or offered for rent; if so, whether the property is currently registered under the City's rental housing unit registration and inspection program, Clearlake Municipal Code Section 9-4; and a notice that Clearlake Municipal Code Section 9-4 requires the owner of every parcel containing one or more rental dwelling units or rental housing units to register the units with the City, pay applicable fees, and comply with periodic inspection or self-certification requirements; that these requirements continue to apply upon a change of ownership as provided in Clearlake Municipal Code Section 9-4.11; and that a purchaser who rents or intends to rent the property should contact the City's Community Development Department regarding registration, inspection, and fee requirements.

(e) Water and sewer services. Whether the property receives water service from a public or private water service provider or is served by a private well, and the identity of the water service provider, if known; and whether the property receives sewer service from a public sanitation or sewer service provider or is served by a private onsite septic system, and the identity of the sewer service provider, if known. The Supplemental Disclosure Statement shall provide notice that the City does not own, operate, or provide municipal water or sewer utility service and that water and sewer services, facilities, rates, fees, assessments, maintenance obligations, and service requirements are established and administered by the applicable service provider or, in the case of a private well or septic system, are the responsibility of the property owner subject to applicable law.

§ 9-6.100 Effect of Disclosure; No Warranty; No Effect on Title.

(a) The Supplemental Disclosure Statement is not a warranty of any kind by the Transferor or by any real estate licensee involved in the Transfer, and is not a substitute for any inspection or investigation the Transferee may wish to obtain.

(b) Nothing in this Article requires any inspection, test, repair, retrofit, correction, permit, or certificate, or compliance with any vacation rental or solid waste requirement, as a condition of Transfer.

(c) No Transfer of title shall be invalid, and no obligation of any escrow holder or title insurer shall arise or be affected, by reason of a failure to comply with this Article. This Article creates no lien on, and no defect in or cloud upon, title to any property.

(d) This Article shall be construed to supplement and not to conflict with California Civil Code Sections 1102 et seq. To the extent any provision of this Article is in conflict with state law, state law controls and the remaining provisions of this Article shall remain in full force and effect.

§ 9-6.110 Disclosure Form; Administrative Authority.

The City Manager is authorized to adopt, and from time to time to revise, the form of the Supplemental Disclosure Statement consistent with this Article and applicable state law, and to adopt administrative procedures, instructions, and informational materials to implement this Article. The form attached as Exhibit A shall be effective until revised. Revisions that add or modify disclosure categories shall be consistent with the purposes stated in Section 9-6.020.

§ 9-6.120 Fees.

The City Council may, by resolution, establish fees to recover the reasonable costs of administering this Article. No fee shall exceed the reasonable cost of providing the service for which it is charged.

§ 9-6.130 Enforcement.

(a) A Transferor who willfully fails to deliver a required Supplemental Disclosure Statement, or who willfully makes a material misstatement of fact in a Supplemental Disclosure Statement, is subject to enforcement under the general enforcement and administrative citation provisions of the Clearlake Municipal Code, including without limitation Chapter 1-9 (Administrative Citations).

(b) The remedies provided in this Article are cumulative and in addition to any other remedies available at law or in equity. Consistent with California Civil Code Section 1102.13, the failure to comply with this Article shall not invalidate a Transfer.

(c) A Transferor is not liable for any error, inaccuracy, or omission of any information in the Supplemental Disclosure Statement if the error, inaccuracy, or omission was not within the personal knowledge of the Transferor, consistent with California Civil Code Section 1102.4.

SECTION 3. CEQA.

The City Council finds that this Ordinance is not a "project" subject to the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15378, and alternatively is exempt under CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the Ordinance, which establishes informational disclosure requirements and authorizes no physical activity, may have a significant effect on the environment. City staff is directed to file a Notice of Exemption as appropriate.

SECTION 4. Severability.

If any section, subsection, sentence, clause, phrase, or word of this Ordinance is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council declares that it would have adopted this Ordinance and each section, subsection, sentence, clause, phrase, and word thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or words be declared invalid or unconstitutional.

SECTION 5. Effective Date and Publication.

This Ordinance shall take effect thirty (30) days after its adoption. Before the expiration of fifteen (15) days after its adoption, the City Clerk shall cause this Ordinance, or a summary thereof, to be published in accordance with Government Code Section 36933, in a newspaper of general circulation published and circulated in the City, together with the names of the members of the City Council voting for and against the Ordinance.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Clearlake at a regular meeting held on the ____ day of ___________, 20____, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____

Dirk Slooten, Mayor

ATTEST:

____

Melissa Swanson, City Clerk

APPROVED AS TO FORM:

____

Scott Drexel, City Attorney

EXHIBIT A

CLEARLAKE SUPPLEMENTAL REAL PROPERTY TRANSFER DISCLOSURE STATEMENT

This Supplemental Disclosure Statement is made pursuant to Article 9-6 of Chapter IX of the Clearlake Municipal Code and California Civil Code Section 1102.6a. It is delivered as an addendum to, and is in addition to and not a substitute for, the Real Estate Transfer Disclosure Statement and other disclosures required by state law. THIS IS A DISCLOSURE OF THE SELLER'S KNOWLEDGE AS OF THE DATE SIGNED. IT IS NOT A WARRANTY. The City of Clearlake does not require any inspection, repair, permit, or certificate as a condition of sale.

Property Address: ____

Assessor's Parcel No. (APN): ____

1. Mandatory Solid Waste (Garbage) Service

The City of Clearlake requires owners and occupants of developed residential property to subscribe to and pay for solid waste (garbage, recycling, and yard waste) collection service through the City's franchised hauler (Clearlake Municipal Code Ch. 11-3). This requirement is MANDATORY and continues as an obligation of owning and occupying the property. Delinquent solid waste charges may be assigned to the City and collected as a special assessment on the county property tax roll, and may become a lien on the property (Clearlake Municipal Code § 11-4.7; Government Code §§ 38790.1, 25831).

Is the property currently subject to the City's mandatory solid waste service requirement? ☐ Yes ☐ No ☐ Unknown

Name of franchised hauler / account status (if known): ___________________________________

Does the seller believe any exemption applies (e.g., vacant undeveloped lot; owner-occupied vacation home)? ☐ Yes ☐ No ☐ Unknown

If yes, explain the claimed exemption: ____

2. Vacation (Short-Term) Rental

The City regulates vacation rentals — dwellings rented for fewer than 30 consecutive days — and requires a Short-Term Vacation Rental (STVR) permit, a transient occupancy tax (TOT) certificate, and a local property manager (Clearlake Municipal Code § 18-19.280). IMPORTANT: Under § 18-19.280, STVR permits "shall run with the landowner and shall automatically expire upon sale or transfer of the property." Any existing permit will expire at this transfer; a buyer who intends to operate a vacation rental must apply for and obtain a new STVR permit before doing so, and should not assume the property may lawfully be used as a vacation rental.

Is the property currently used or operated as a vacation (short-term) rental? ☐ Yes ☐ No ☐ Unknown

Does the property hold a current City vacation rental permit and TOT certificate? ☐ Yes ☐ No ☐ Unknown

If yes, permit no. / TOT certificate no.: ____

Is the seller aware of any code violation, complaint, or unpaid transient occupancy tax relating to vacation rental use of the property? ☐ Yes ☐ No ☐ Unknown

If yes, explain: ____

Buyer acknowledges that any existing STVR permit automatically expires upon this sale or transfer and that a new STVR permit must be obtained before operating a vacation rental: ☐ Acknowledged

3. Private Roads and Access

Some properties in the City are reached by private roads that the City does NOT maintain, repair, plow, or improve. Owners served by a private road are generally responsible for its upkeep and may share those costs (see California Civil Code § 845).

Is the property accessed by a private road that is not maintained by the City? ☐ Yes ☐ No ☐ Unknown

Is there a recorded road maintenance agreement or a road association for that road? ☐ Yes ☐ No ☐ Unknown

Describe any known maintenance or cost-sharing responsibility affecting access: ________________

4. Rental Housing Unit Registration and Inspection

The City of Clearlake requires registration and periodic inspection of residential rental housing units (Clearlake Municipal Code Section 9-4). The owner of every parcel containing one or more rental units must register the units with the City, pay applicable fees, and comply with inspection or self-certification requirements. These requirements continue to apply after a change of ownership (Clearlake Municipal Code Section 9-4.11). A buyer who rents or intends to rent the property should contact the City’s Community Development Department regarding registration, inspection, and fee requirements.

Is the property, or any dwelling unit on the property, currently rented or offered for rent? ☐ Yes ☐ No

If yes, is the property currently registered under the City's rental housing unit registration and inspection program (Clearlake Municipal Code Section 9-4)? ☐ Yes ☐ No ☐ Unknown

Buyer acknowledges that if the buyer rents or offers for rent the property or any dwelling unit on it, the buyer must register with the City and comply with Clearlake Municipal Code Section 9-4:
☐ Acknowledged

5. Water and Sewer Services

The City of Clearlake does NOT provide municipal water or sewer utility service. Properties within the City receive water and sewer service from independent service providers or may be served by private wells and/or onsite septic systems. Buyers should independently verify the applicable service provider, rates, fees, assessments, service requirements, and the condition and availability of service for the property.

Water Service

To the best of the seller's knowledge, the property receives water service from:

☐ Golden State Water Company ☐ Highlands Mutual Water Company ☐ Konocti County Water District

☐ Private well ☐ Other: ________________________________ ☐ Unknown

Is the seller aware of any outstanding assessment, connection charge, service issue, or other obligation associated with water service to the property? ☐ Yes ☐ No ☐ Unknown

If yes, explain: ____

Sewer / Wastewater Service

To the best of the seller's knowledge, the property is served by:

☐ Lake County Sanitation District ☐ Private onsite septic system

☐ Other: ________________________________ ☐ Unknown

Is the seller aware of any outstanding assessment, connection charge, service issue, or other obligation associated with sewer service or the onsite septic system? ☐ Yes ☐ No ☐ Unknown

If yes, explain: ____

6. Other Locally Significant Conditions

Describe any other locally significant condition known to the seller (or write "None"):
____

____
____

Seller Certification

The undersigned seller certifies that the information set forth above is true and correct to the best of the seller's actual knowledge as of the date signed.

_______________________________________ Date: _______________

Seller

_______________________________________ Date: _______________

Seller

Buyer Acknowledgment of Receipt

_______________________________________ Date: _______________

Buyer

_______________________________________ Date: _______________

Buyer

[DRAFTING NOTE: The City Manager finalizes this form under Section 9-6.110. Format it to sit alongside the statewide TDS and Natural Hazard Disclosure that local agents already use, and confirm the questions do not duplicate or contradict state-mandated items.]

CITY OF CLEARLAKE

City Council

STAFF REPORT	
SUBJECT: Acceptance for Filing the 2026 Local Agency Biennial Notice Regarding Amendments to the Conflict of Interest Code	**MEETING DATE:** September 3, 2026
SUBMITTED BY: Melissa Swanson, Administrative Services Director/City Clerk	
PURPOSE OF REPORT: ☐ Information only ☐ Discussion ☒ Action Item	

WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

The City Council is being asked to accept for filing the 2026 Local Agency Biennial Notice submitted by the City of Clearlake.

BACKGROUND/DISCUSSION:

The City of Clearlake must submit a "Local Agency Biennial Notice" to the City Council determining that either amendments to the adopted Conflict of Interest Codes are required or that no amendments are necessary. If the City determines that amendments are necessary, the amended Code must be submitted to the City Council for approval within 90 days from the date of the biennial notice.

Attached is the 2026 Local Agency Biennial Notices from the City of Clearlake indicating that the City has determined that amendments are necessary. Changes will include the additions and deletions of certain staff positions.

OPTIONS:

1. Move to accept for filing the 2026 Local Agency Biennial Notice.
2. Other direction

FISCAL IMPACT:

☒ None ☐ $ Budgeted Item? ☐ Yes ☐ No

Budget Adjustment Needed? ☐ Yes ☐ No If yes, amount of appropriation increase: $

Affected fund(s): ☐ General Fund ☐ Measure P Fund ☐ Measure V Fund ☐ Other:

Comments:

STRATEGIC PLAN IMPACT:

☐ Goal #1: Economic Development

☐ Goal #2: Public Facilities and Infrastructure

☐ Goal #3: Celebrate Clearlake

☐ Goal #4: Clean

☒ Goal #5: Fiscal Sustainability

☐ Goal #6: Safe

SUGGESTED MOTIONS:

Move to accept the 2026 Local Agency Biennial Notice for filing.

☒ **Attachments:** 1) 2026 Local Agency Biennial Notice

2026 Local Agency Biennial Notice

Name of Agency: City of Clearlake

Mailing Address: 14050 Olympic Drive, Clearlake, CA 95422

Contact Person: Melissa Swanson Phone No. 707-994-8201

Email: mswanson@clearlake.ca.us Alternate Email: ______

Accurate disclosure is essential to monitor whether officials have conflicts of interest and to help ensure public trust in government. The biennial review examines current programs to ensure that the agency's code includes disclosure by those agency officials who make or participate in making governmental decisions.

This agency has reviewed its conflict of interest code and has determined that *(check one BOX):*

☑ **An amendment is required. The following amendments are necessary:**

(Check all that apply.)

- ☑ Include new positions
- ☐ Revise disclosure categories
- ☑ Revise the titles of existing positions
- ☐ Delete titles of positions that have been abolished and/or positions that no longer make or participate in making governmental decisions
- ☐ Other *(describe)* ______

☐ **The code is currently under review by the code reviewing body.**

☐ **No amendment is required.** (If your code is over five years old, amendments may be necessary.)

Verification **(to be completed if no amendment is required)**

This agency's code accurately designates all positions that make or participate in the making of governmental decisions. The disclosure assigned to those positions accurately requires that all investments, business positions, interests in real property, and sources of income that may foreseeably be affected materially by the decisions made by those holding designated positions are reported. The code includes all other provisions required by Government Code Section 87302.

______ Sept. 3, 2026

Signature of Chief Executive Officer *Date*

All agencies must complete and return this notice regardless of how recently your code was approved or amended. Please return this notice no later than **October 1, 2026**, or by the date specified by your agency, if earlier, to:

(PLACE RETURN ADDRESS OF CODE REVIEWING BODY HERE)

PLEASE DO NOT RETURN THIS FORM TO THE FPPC.

FAIR POLITICAL PRACTICES COMMISSION

2026 Conflict of Interest Code Biennial Notice Instructions for Local Agencies

The Political Reform Act requires every local government agency to review its conflict of interest code biennially. A conflict of interest code tells public officials, governmental employees, and consultants what financial interests they must disclose on their Statement of Economic Interests (Form 700).

By **July 1, 2026:** The code reviewing body must notify agencies and special districts within its jurisdiction to review their conflict of interest codes.

By **October 1, 2026:** The biennial notice must be filed with the agency's code reviewing body.

The FPPC has prepared a 2026 Local Agency Biennial Notice form for local agencies to complete or send to agencies within its jurisdiction to complete before submitting to the code reviewing body. The City Council is the code reviewing body for city agencies. The County Board of Supervisors is the code reviewing body for county agencies and any other local government agency whose jurisdiction is determined to be solely within the county (e.g., school districts, including certain charter schools). The FPPC is the code reviewing body for any agency with jurisdiction in ***more than one county*** and will contact them.

The Local Agency Biennial Notice is not forwarded to the FPPC.

If amendments to an agency's conflict of interest code are necessary, the amended code must be forwarded to the code reviewing body for approval within 90 days. An agency's amended code is not effective until it has been approved by the code reviewing body.

If you answer yes, to any of the questions below, your agency's code probably needs to be amended.

- Is the current code more than five years old?
- Have there been any substantial changes to the agency's organizational structure since the last code was approved?
- Have any positions been eliminated or re-named since the last code was approved?
- Have any new positions been added since the last code was approved?
- Have there been any substantial changes in duties or responsibilities for any positions since the last code was approved?

If you have any questions or are still not sure if you should amend your agency's conflict of interest code, please contact the FPPC. Additional information including an online webinar regarding how to amend a conflict of interest code is available on FPPC's website.

Clearlake, CA

Check Register

Packet: APPKT04644 - 8/26/26 AP CHECK RUN AA

By Check Number

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: AP-Accounts Payable						
000591	ACTION SANITARY	08/26/2026	Regular	0.00	180.00	22036
VEN01084	AT&T MOBILITY	08/26/2026	Regular	0.00	416.40	22037
VEN01730	BENEFIT & RISK MANAGEMENT SER\	08/26/2026	Regular	0.00	192.15	22038
000068	BOB'S JANITORIAL	08/26/2026	Regular	0.00	195.06	22039
VEN01618	CHEYENNE BLUE	08/26/2026	Regular	0.00	500.00	22040
VEN01393	CHRISTOPHER WILLIAM INGLIS	08/26/2026	Regular	0.00	75.00	22041
VEN01696	CITY OF CLEARLAKE ANIMAL ASSOCI.	08/26/2026	Regular	0.00	31,250.00	22042
000548	COMPUTER LOGISTICS	08/26/2026	Regular	0.00	1,870.00	22043
VEN01367	CUMMINS SALES AND SERVICES	08/26/2026	Regular	0.00	4,808.03	22044
001744	DC ELECTRIC	08/26/2026	Regular	0.00	7,909.94	22045
000774	DEEP VALLEY SECURITY	08/26/2026	Regular	0.00	728.88	22046
VEN01627	DEREK E COUNTS II	08/26/2026	Regular	0.00	75.00	22047
VEN01386	DOWNEY BRAND LLP	08/26/2026	Regular	0.00	750.00	22048
000073	EASTLAKE SANITARY LANDFILL	08/26/2026	Regular	0.00	50.72	22049
VEN01126	ECORP CONSULTING INC	08/26/2026	Regular	0.00	3,968.75	22050
VEN01689	ELLENIE GRAVES	08/26/2026	Regular	0.00	100.00	22051
VEN01108	FAWN CHRISTINE WILLIAMS	08/26/2026	Regular	0.00	75.00	22052
2404	FLEXTG LLC	08/26/2026	Regular	0.00	58.62	22053
000096	GOLDEN STATE WATER COMPANY	08/26/2026	Regular	0.00	450.00	22054
000096	GOLDEN STATE WATER COMPANY	08/26/2026	Regular	0.00	173.51	22055
000096	GOLDEN STATE WATER COMPANY	08/26/2026	Regular	0.00	49.42	22056
000096	GOLDEN STATE WATER COMPANY	08/26/2026	Regular	0.00	465.49	22057
000096	GOLDEN STATE WATER COMPANY	08/26/2026	Regular	0.00	450.00	22058
000121	HIGHLANDS WATER COMPANY	08/26/2026	Regular	0.00	229.89	22059
VEN01574	HOBLIT MOTORS	08/26/2026	Regular	0.00	315.00	22060
VEN01394	HUNTERS SERVICES INC	08/26/2026	Regular	0.00	285.00	22061
VEN01418	JACK SMALLEY	08/26/2026	Regular	0.00	75.00	22062
VEN01317	JACOB WHEELER	08/26/2026	Regular	0.00	200.00	22063
000304	KONOCTI COUNTY WATER DISTRICT	08/26/2026	Regular	0.00	67.92	22064
000304	KONOCTI COUNTY WATER DISTRICT	08/26/2026	Regular	0.00	91.51	22065
000304	KONOCTI COUNTY WATER DISTRICT	08/26/2026	Regular	0.00	108.23	22066
000304	KONOCTI COUNTY WATER DISTRICT	08/26/2026	Regular	0.00	81.56	22067
000304	KONOCTI COUNTY WATER DISTRICT	08/26/2026	Regular	0.00	140.96	22068
000304	KONOCTI COUNTY WATER DISTRICT	08/26/2026	Regular	0.00	124.98	22069
000108	LAKE COUNTY RECORD BEE	08/26/2026	Regular	0.00	120.77	22070
000158	LAKE COUNTY SPECIAL DISTRICTS	08/26/2026	Regular	0.00	348.84	22071
000158	LAKE COUNTY SPECIAL DISTRICTS	08/26/2026	Regular	0.00	18.36	22072
000158	LAKE COUNTY SPECIAL DISTRICTS	08/26/2026	Regular	0.00	18.36	22073
000158	LAKE COUNTY SPECIAL DISTRICTS	08/26/2026	Regular	0.00	18.36	22074
000158	LAKE COUNTY SPECIAL DISTRICTS	08/26/2026	Regular	0.00	145.56	22075
000158	LAKE COUNTY SPECIAL DISTRICTS	08/26/2026	Regular	0.00	90.92	22076
000158	LAKE COUNTY SPECIAL DISTRICTS	08/26/2026	Regular	0.00	127.20	22077
000158	LAKE COUNTY SPECIAL DISTRICTS	08/26/2026	Regular	0.00	145.56	22078
000158	LAKE COUNTY SPECIAL DISTRICTS	08/26/2026	Regular	0.00	272.30	22079
000158	LAKE COUNTY SPECIAL DISTRICTS	08/26/2026	Regular	0.00	127.20	22080
000158	LAKE COUNTY SPECIAL DISTRICTS	08/26/2026	Regular	0.00	327.84	22081
000158	LAKE COUNTY SPECIAL DISTRICTS	08/26/2026	Regular	0.00	127.20	22082
000158	LAKE COUNTY SPECIAL DISTRICTS	08/26/2026	Regular	0.00	272.30	22083
000158	LAKE COUNTY SPECIAL DISTRICTS	08/26/2026	Regular	0.00	18.36	22084
000158	LAKE COUNTY SPECIAL DISTRICTS	08/26/2026	Regular	0.00	127.20	22085
000158	LAKE COUNTY SPECIAL DISTRICTS	08/26/2026	Regular	0.00	145.56	22086
000158	LAKE COUNTY SPECIAL DISTRICTS	08/26/2026	Regular	0.00	145.56	22087
000158	LAKE COUNTY SPECIAL DISTRICTS	08/26/2026	Regular	0.00	127.40	22088
VEN01392	LANGUAGE LINE SERVICES INC - DBA	08/26/2026	Regular	0.00	42.30	22089

Check Register Packet: APPKT04644-8[illegible]A

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
002280	LAW OFFICES OF P SCOTT BROWNE	08/26/2026	Regular	0.00	2,046.43	22090
VEN01515	LSW ARCHITECTS P.C.	08/26/2026	Regular	0.00	350.00	22091
VEN01737	MARIO LOPEZ	08/26/2026	Regular	0.00	265.00	22092
VEN01329	MCGRATH RENTCORP AND SUBSIDIA	08/26/2026	Regular	0.00	1,282.66	22093
VEN01717	MUNICIPAL MAINTENANCE EQUIPM	08/26/2026	Regular	0.00	2,782.50	22094
001489	NAPA AUTO PARTS	08/26/2026	Regular	0.00	39.93	22095
001392	OFFICE DEPOT	08/26/2026	Regular	0.00	160.70	22096
000387	PACE SUPPLY CORP	08/26/2026	Regular	0.00	1,166.66	22097
000129	PARAMEX SCREENING	08/26/2026	Regular	0.00	82.00	22098
VEN01625	RAYMOND A. SILVA	08/26/2026	Regular	0.00	75.00	22099
002031	REDWOOD COAST PETROLEUM & NO	08/26/2026	Regular	0.00	1,713.05	22100
VEN01744	SALVADOR ARRIOLA	08/26/2026	Regular	0.00	3,900.00	22101
VEN01728	SIMON ANGEL CARMONA WHITAKEI	08/26/2026	Regular	0.00	660.00	22102
VEN01576	TEXAS WORKFORCE COMMISSION	08/26/2026	Regular	0.00	32.08	22103
002375	THOMAS DEWALT	08/26/2026	Regular	0.00	3,675.00	22104
2417	VAN LANT & FANKHANEL, LLP	08/26/2026	Regular	0.00	35,790.00	22105
000085	VESTIS GROUP INC	08/26/2026	Regular	0.00	69.84	22106
002298	W-TRANS	08/26/2026	Regular	0.00	4,203.75	22107

Bank Code AP Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	77	72	0.00	117,573.77
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	77	**72**	**0.00**	**117,573.77**

Fund Summary

Fund	Name	Period	Amount
999	Pooled Cash	8/2026	117,573.77
			117,573.77

CITY OF CLEARLAKE

City Council

STAFF REPORT

SUBJECT:	Adoption of a Resolution to Enroll in the California Public Employees' Retirement System (CalPERS) 457 Deferred Compensation Plan; Resolution No. 2026-34	**MEETING DATE:**	September 3, 2026
SUBMITTED BY:	Melissa Swanson, Administrative Services Director/City Clerk		
PURPOSE OF REPORT:	☐ Information only ☐ Discussion ☒ Action Item		

WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

The City Council is being asked to adopt Resolution No. 2026-34, approving the adoption of the CalPERS 457 Deferred Compensation Plan, authorizing the City Manager to execute the Employer Adoption Agreement and related enrollment documents, and authorizing the optional Participant Loan Provision.

BACKGROUND/DISCUSSION:

A Section 457(b) Deferred Compensation Plan allows public agency employees to save and invest additional funds for retirement on a tax-deferred basis through voluntary payroll deductions.

The California Public Employees' Retirement System (CalPERS) Board of Administration has established the CalPERS 457 Plan for local public agencies. CalPERS oversees the plan structure and investment options, with Voya Financial serving as the appointed third-party administrator and recordkeeper. To participate, the governing body must adopt a formal resolution and execute an Employer Adoption Agreement.

Enrolling in the CalPERS 457 Plan provides City employees with an additional, institutional-grade retirement savings vehicle. Key features and terms of the plan include:

- **Plan Availability & Contributions:** The plan must be made available to all common-law employees. Participation is entirely voluntary, and contributions are deducted directly from participating employees' paychecks up to annual IRS limits.
- **Vesting and Fund Security:** Employee deferrals are 100% immediately vested and held in trust in the Public Employees' Deferred Compensation Fund for the exclusive benefit of participants and their beneficiaries.
- **Investment Management:** Participants have the discretion to select from investment options managed and monitored by the CalPERS Board of Administration. The default investment option for employees who do not make an active election is the CalPERS Target Retirement Fund corresponding to their expected retirement age.

- **Optional Loan Provision:** The City may elect whether to offer the CalPERS 457 Loan P approved, participants may borrow against their vested account balance (minimum $1,000; maximum up to the lesser of 50% of the account balance or $50,000) repaid via after-tax payroll deductions over a term of up to five years at prime plus 1%.
- **Administrative Onboarding:** Once the City submits the executed resolution, Adoption Agreement, and New Employer Information Sheet, CalPERS will assign an Employer Plan ID, conduct orientation sessions, and coordinate payroll contribution file uploads via *myCalPERS*.

OPTIONS:

1. Move to adopt Resolution No. 2026-34, approving the adoption of the CalPERS 457 Deferred Compensation Plan, authorizing the City Manager to execute the Employer Adoption Agreement and related enrollment documents, and authorizing the optional Participant Loan Provision.
2. Other direction

FISCAL IMPACT:

☒ None ☐ $ Budgeted Item? ☐ Yes ☐ No

Budget Adjustment Needed? ☐ Yes ☐ No If yes, amount of appropriation increase: $

Affected fund(s): ☐ General Fund ☐ Measure P Fund ☐ Measure V Fund ☐ Other:

Comments**:** Adopting the CalPERS 457 Plan carries no direct fiscal impact on the City's General Fund. The plan is funded entirely through voluntary employee salary deferrals. All administrative and investment management fees are offset against investment returns or deducted directly from individual participant account balances. Routine payroll reporting and remittances will be absorbed within existing administrative operations.

STRATEGIC PLAN IMPACT:

☐ Goal #1: Economic Development

☐ Goal #2: Public Facilities and Infrastructure

☐ Goal #3: Celebrate Clearlake

☐ Goal #4: Clean

☒ Goal #5: Fiscal Sustainability

☐ Goal #6: Safe

SUGGESTED MOTIONS:

Move to adopt Resolution No. 2026-34, approving the adoption of the CalPERS 457 Deferred Compensation Plan, authorizing the City Manager to execute the Employer Adoption Agreement and related enrollment documents, and authorizing the optional Participant Loan Provision.

☒ **Attachments:**

1) Proposed Resolution Approving Adoption of the CalPERS 457 Plan
2) CalPERS 457 Employer Adoption Agreement
3) CalPERS 457 Employer Loan Provision Form
4) CalPERS New Employer Information Sheet

RESOLUTION NO. 2026-34

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLEARLAKE APPROVING ADOPTION OF CALPERS 457 PLAN

WHEREAS, the City of Clearlake desires to establish an additional deferred compensation plan for the benefit of its employees; and

WHEREAS, the Board of Administration (the "Board") of the California Public Employees' Retirement System ("CalPERS") has established the CalPERS 457 Plan (the "CalPERS 457 Plan") which may be adopted by a governmental employer the employees of which are public employees; and

WHEREAS, the City of Clearlake believes that the CalPERS 457 Plan and the investment options available thereunder will provide valuable benefits to its employees; and

WHEREAS, the Board has appointed Voya Financial® (the Plan Recordkeeper) to perform recordkeeping and administrative services under the CalPERS 457 Plan and to act as the Board's agent in all matters relating to the administration of the CalPERS 457 Plan: and

NOW, THEREFORE, BE IT RESOLVED the City of Clearlake adopts the CalPERS 457Plan for the benefit of its employees and authorizes and directs the City Manager to execute the attached adoption agreement on behalf of the City of Clearlake and to provide CalPERS or any successor agent duly appointed by the Board with such information and cooperation as may be needed on an ongoing basis in the administration of the CalPERS 457 Plan. A copy of this resolution, the agreement, and any attachments thereto shall be on file in the office of the City Clerk.

The foregoing Resolution was passed and adopted at a regular meeting of the City Council on the 3rd day of September 2026, by the following vote:

AYES:

NOES:

ABSTAINING:

ABSENT:

____

Mayor

ATTEST:

____

City Clerk

CalPERS 457 Plan

Employer Adoption Agreement

The employer identified below (the "Employer") adopts the CalPERS 457 Plan (the "CalPERS 457 Plan" or the "Plan") for the benefit of its employees and agrees to be bound by and subject to the terms of the Plan, as it may be amended from time to time. The Employer further agrees and represents as follows:

1. The Employer is a political subdivision of the State of California and is eligible to adopt the Plan.

2. The Employer has duly adopted a resolution (copy attached) or taken such other official action as required for its lawful adoption and implementation of the Plan and has authorized the undersigned to execute this Agreement on its behalf.

3. The Employer has received and has had the opportunity to review the following documents and information:
   - The Plan document;
   - A description of the optional provisions of the Plan;
   - A description of the investment options available to Plan participants and historical performance data for those investment options;
   - A complete description of fees and expenses that will or may be charged to Plan participants including, but not limited to, investment fees and administrative expenses; and
   - T he Enrollment Kit for eligible employees, which includes forms and information for employees to participate in the Plan.

Contributions

4. The Employer understands that its employees will have the opportunity to defer their own compensation by designating an amount or percentage to be withheld from each paycheck and contributed to the Plan on the employee's behalf.

5. The Employer understands that the Plan must be made available to all employees and agrees to offer all employees the opportunity to participate in the Plan.

6. The Employer understands that the Plan cannot be made available to individuals who are not the Employer's common law employees and agrees not to offer such individuals the opportunity to participate in the Plan.

7. The Employer understands that each employee's deferrals under the Plan and any other eligible deferred compensation plan maintained by the Employer are subject to certain limits imposed by the Plan and the federal tax code. The Employer agrees to limit employees' deferrals under all plans maintained by the Employer to amounts that do not exceed applicable limitations.

8. The Employer agrees to deduct deferral amounts from employees' salaries and wages in accordance with the employees' elections, to remit all amounts deducted to the Plan as soon as reasonably practicable after such amounts are withheld, and to accurately report the amounts remitted.

9. The Employer understands and agrees that all amounts deferred under the Plan shall be 100% vested and shall be deposited in the Public Employees' Deferred Compensation Fund (the "Fund"), a trust established to hold such amounts, for the exclusive benefit of participants and their beneficiaries. The Employer shall have no right to Fund assets or to sell, redeem, or otherwise liquidate Fund assets, except as provided Plan section 10.6.

Investments

10. The Employer understands and agrees that employees who defer compensation under the Plan will have the right t investment of their individual Plan accounts by choosing among the investment options selected by the CalPERS Board of Administration (the "Board") and offered under the Plan. The Employer further understands and agrees that any employee who does not provide timely directions for investing his or her account will be deemed to have selected the Plan's default investment. The Plan's default investment is currently the CalPERS Target Retirement Fund designated for an employee, based on his or her expected retirement date. The Employer understands and agrees that the Board, in its sole discretion, may add, eliminate, or consolidate investment options offered under the Plan, including the Plan's default investment option.

11. The Employer further understands and agrees that certain fees are charged to Plan participants for investment and administration expenses, and that such fees will be offset against investment returns or deducted from participants' Plan accounts periodically.

Administration

12. The Employer understands and agrees that, except as specifically set forth in the Plan, the administration of the Plan and Fund is subject to the exclusive control of the Board and that the Board has the authority to retain third parties to provide investment services, record keeping, accounting, or other services for the Plan.

13. The Employer agrees to assist and cooperate in providing Plan information to employees and to follow administrative procedures established by the Board or its designee(s) from time to time.

14. The Employer has completed the attached New Employer Data Sheet, which is incorporated by reference. The Employer hereby certifies that all information provided in connection with its adoption of the Plan is true and accurate.

15. The Employer understands and agrees that the Board has retained the power and authority to amend the Plan from time to time, subject to limitations set forth in the California Government Code and the Plan. The Employer may not amend the Plan.

16. The Employer understands and agrees that its participation in the Plan may be terminated by the Employer or by the Board upon sixty (60) days advance written notice. Upon termination, all amounts held for participants will continue to be held in the Fund for the exclusive benefit of participants and their beneficiaries, except for distributions or transfers permitted under the Plan terms.

Name of Employer: ______________________________

By: ______________________ Title: ______________________

Date: ______________________

Accepted by CalPERS (or an agent duly appointed by the Board) on behalf of the Board of Administration of the California Public Employees' Retirement System.

To be completed by CalPERS

Signature: ______________________________

Print Name: ______________________________

Title: ______________________________

Date: ______________________

CalPERS

CalPERS **457 Plan**

Employer Loan Provision Form

I. General Information

Agency/Employer Plan Number: **45** ____ ____ ____ ____

Employer Name ______________________ Telephone # ______________________

Contact Name ______________________ Email Address ______________________

II. Adoption of CalPERS 457 Loan Program

The Employer referenced above adopted the CalPERS 457 Plan (Plan) effective _________________, and is a sponsor of the Plan. The individual signing below hereby certifies that he or she is duly authorized to execute this form on behalf of the Employer and that all necessary action has been taken by the Employer to authorize and approve this action. The Employer hereby elects to offer the CalPERS 457 Loan Program Option to its employees. This election may be revoked at any time; employees with outstanding loans at the time of revocation will be permitted to pay off the loans, but will not be permitted to take out new loans.

The loan provisions are set forth in Section 8 of the CalPERS 457 Deferred Compensation Plan Document. The Employer acknowledges that it has received a copy of the current Plan document and has had the opportunity to review the terms for the Loan Program. Here is a summary of the program:

- The minimum loan amount is $1,000; the maximum loan amount is the lesser of 50% of a participant's account balance or $50,000 (reduced by the highest balance of any loan outstanding in the last twelve months). The maximum limit is applied taking into account all loans outstanding from any retirement plan sponsored by the Employer.
- Loans must use level amortization, require payments at least quarterly, and may not have a term longer than five years.
- Interest on a loan is charged at a rate equal to prime plus 1% and the loan must be secured by the participant's account balance.
- Loan payments must be made by payroll deduction and are made on an "after-tax" basis.
- A participant may pay off the balance of an outstanding loan, in full, with no prepayment penalty. Partial payments are not accepted.
- Weekly feedback reports are provided via the Sponsor Website. These feedback reports provide information regarding any new loans issued or loans paid during the prior week. In addition, an automated email is sent to the Employer's designated contact advising when new feedback reports become available. It is the Employer's responsibility to ensure that contact information for the Employer's designated contact is current and correct. Additionally, it is the Employer's responsibility to monitor weekly feedback reports.
- If the Employer has multiple plan providers which permit participant loans, it is the Employer's responsibility to monitor that a participant has not exceeded the maximum loan limit as described by the IRS. ($50,000). Please contact CalPERS immediately if you become aware of an issue. Participants submitting online loan requests are notified of IRS loan limits at the time the request is made, however, the Employer also agrees to monitor aggregate balances of participants with loans from multiple providers.

III. Signature

I hereby acknowledge and agree to the terms of this form.

Employer Signature ______________________ Title ______________________

Printed Name ______________________ Date ____/____/________

Accepted by CalPERS (or an agent duly appointed by the Board) on behalf of the Board of Administration of the California Public Employees' Retirement System.

To be completed by CalPERS

Signature: ______________________

Print Name: ______________________

Title: ______________________ Date: ______________________

SKU #LPF-0811 - 3031084.G.S

CalPERS

CalPERS **457 Plan**

New Employer Information Sheet

I. General Information

CalPERS ID: ___ ___ ___ ___ ___ ___ ___ ___ ___ ___

Employer Name

Number of Employees

Employee Tax Identification Number __ __ - __ __ __ __ __ __ __

Fiscal Year End Date __ __ / __ __ / __ __ __ __

Employer Address

City / State / Zip

Plan Administrator

Email

Telephone

Payroll Contact

Email

Telephone

Choose one:

☐ **Add CalPERS as a Plan Provider** (new enrollments only)

☐ **Add CalPERS as an exclusive Plan Provider and convert assets** — *See Section III Asset Transfer Information*

II. Contribution Information

Frequency of Payroll Deductions ☐ Weekly ☐ Bi-weekly ☐ Semi Monthly ☐ Monthly

I understand a payroll contribution file will be submitted through my|CalPERS

☐ EFT Debit payment will be submitted via my|CalPERS ☐ EFT Credit payment will be submitted via my|CalPERS

☐ Check payment will be submitted with my|CalPERS Remittance Advice

Make check payable to ***CalPERS 457 Plan*** and include ***Plan ID #***, and submit by standard mail or overnight.

Please mail your documentation to one of the following addresses:

Standard Delivery: (Standard Mail)

CalPERS 457 Plan
P.O. Box 942713
Sacramento, CA 94229-2713

Overnight Delivery:

CalPERS 457 Plan
400 Q Street
Sacramento, CA 95811

New Employer Information Sheet

CalPERS **457 Plan**

III. Asset Transfer Information

(Complete ONLY if conducting a conversion into the CalPERS 457 Plan)

Former Plan Provider ______________________ Total Number of Employees ______________________

Address ______________________

City / State / Zip ______________________

Payroll Contact ______________________ Email ______________________ Telephone ______________________

IV. Signatures

Print Name: ______________________

Title ______________________

Employee Signature: ______________________

Date: ______________________

New Employer Plan Number assigned by CalPERS: 4 5 ___ ___ ___

CITY OF CLEARLAKE

City Council/Successor Agency

STAFF REPORT

SUBJECT:	Discussion and Consideration of Approval of Purchase and Sale Agreement for the Former "Austin Resort" Property, Located at 14061 & 14071 Lakeshore Drive, Clearlake	**MEETING DATE:** September 3, 2026
SUBMITTED BY:	Alan D. Flora, City Manager	
PURPOSE OF REPORT:	☐ Information only ☒ Discussion ☒ Action Item	

WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

The City Council is being asked to approve a Purchase and Sale Agreement (PSA) to sell two parcels of City/Successor Agency land to AJ Developers, LLC to construct a mixed-use waterfront resort development.

BACKGROUND/ DISCUSSION:

The former Austin Resort, located on two lakefront parcels along Lakeshore Drive, is central to Clearlake's history. In the early 1920's Charles Austin assembled approximately 330 acres along Clear Lake. He subdivided portions of the property into six tracts and marketed lots to the public. The development included a lakefront beach, boat harbor, and an athletic field as amenities to encourage sale of lots for private home development. The beach remains (Austin Beach) and the athletics fields are what is now Austin Park.

Austin Resort (or its original name, Austin's Point) was developed as a tourist focused development that encouraged visitors to consider private property purchases in the area and use of the public facilities. The resort property sustained various owners over the years from its opening in 1927 to its heyday from 1938 to 1954. During the 1940's and 1950's the resort sported a café and store, a dance hall, a boat and bathing suit concession, tent and trailer camp sites, rental cabins, a bathhouse, and boat docks and piers. Over the years the property fell into disarray and was abandoned by 1980. The former Clearlake Redevelopment Agency acquired the site in 1997. The last building was demolished by the City in 2016.

The two parcels, one owned directly by the City and the other by the Successor Agency to the Redevelopment Agency, were part of repeated resort redevelopment concepts in the 2000's, but none of the proposals stuck. In 2020, the City began negotiating with an interested developer, but the COVID pandemic shifted their interest and the deal wasn't finalized.

Over the past year the City has been working with AJ Developers regarding the proposed p would like to complete the sale and proceed with entitlements. The overall project would be a mixed-use waterfront resort development that includes, an approximately 110-room hotel, four restaurants, retail stores, a marina, as well as recreational elements such as splash pad and amphitheater. The proposed plan also includes the City and AJ completing a lease or license agreement for a portion of the Austin Beach property in order to utilize that space for additional amenities. While AJ initially proposed the purchase of this property as well, limitations on the use of this property exist from the initial subdivision by Charles Austin and case law from previous litigation, which require the City to maintain public access to the beach. This arrangement provides long term public access, limited development on the property that benefits the project and overall community, and a cohesive project along Lakeshore Drive.

Sale of these properties requires a significant workload and clearing various procedural steps. The parcel owned by the Successor Agency to the Clearlake Redevelopment Agency required Successor Agency Oversight Board approval. This was completed in June 8, 2020. Further, state law requires sale of public property is subject to the Surplus Lands Act. Among other things, this requires public agencies to offer public property to affordable housing developers. Completion of the required process is culminated with a Compliance Letter from California Housing and Community Development (HCD). That letter was received on July 2, 2026. State law does require that a deed restriction be recorded on the property that requires if more than 10 residential units are constructed on the property, at least 15% of those units shall be affordable. This restriction lasts for up to 55 years, however since no residential uses are proposed, it does not impact the project.

Key PSA Terms - The PSA is structured similar to the agreement completed by the City for the sale of property for a hotel development at the former Pearce Field.

The proposed purchase price is $750,000, with a $25,000 deposit. The City has agreed to finance the remaining sale price with three payments of $241,666.67. All three of these payments can be forgiven if the developer meets certain timelines. Payment #1 is forgiven if entitlements are received within one year. Payment #2 is forgiven if construction starts within 18 months. Payment #3 is forgiven if the certificate of occupancy for the hotel is received within 36 months. The City will provide extensions or forgiveness for delays caused by the City or other impacts outside the developer’s responsibility.

The City retains the right to re-purchase the property for an amount equal to the payments made to the City, if the developer fails to meet the terms of the agreement, including a pause in construction for over 180 days. This type of arrangement provides flexibility for all parties and incentivizes the developer to complete the project quickly, resulting in on-going revenue to the City.

While the City has already provided review of various sets of draft development plans, the developer is prepared to immediately submit official application for permits and environmental review, upon approval of a PSA. The City and AJ will also begin negotiation of a lease/license agreement related to use of the Beach property.

OPTIONS:

1. Approve the Purchase and Sale Agreement and Authorize the City Manager/Executive Director to Execute all Necessary Documents.
2. Direction to Staff.

FISCAL IMPACT:

☐ None ☒ $25,000 to $750,000 Budgeted Item? ☐ Yes ☐ No

Budget Adjustment Needed? ☐ Yes ☒ No If yes, amount of appropriation increase: $

Affected fund(s): ☒ General Fund ☐ Measure P Fund ☐ Measure V Fund ☐ Other:

Comments**:** The sale will generate a minimum of $25,000 in revenue to the City and a maximum of $750,000 depending on developer performance. Proceeds from the sale of Successor Agency parcel will be distributed to taxing agencies, including the City. The build out of the project will result in significant on-going revenue from sales tax, property tax, and hotel tax.

STRATEGIC PLAN IMPACT:

☒ Goal #1: Economic Development

☒ Goal #2: Public Facilities and Infrastructure

☒ Goal #3: Celebrate Clearlake

☒ Goal #4: Clean

☒ Goal #5: Fiscal Sustainability

☒ Goal #6: Safe

SUGGESTED MOTIONS:

"I move to approve the Purchase and Sale Agreement between the City of Clearlake/Successor Agency to the Clearlake Redevelopment Agency and AJ Developers and Authorize the City Manager/Executive Director to Execute all Necessary Documents."

☒ **Attachments:**

1. Draft Purchase and Sale Agreement
2. Exhibit Map

REAL PROPERTY PURCHASE & SALE AGREEMENT BETWEEN THE CITY OF CLEARLAKE AND AJ DEVELOPERS LLC

THIS REAL PROPERTY PURCHASE & SALE AGREEMENT (the "Agreement" or "PSA") is entered into as of this ____ day of _________, 2026, by and between the CITY OF CLEARLAKE, a California municipal corporation (the "City"), the SUCCESSOR AGENCY TO THE FORMER CLEARLAKE REDEVELOPMENT AGENCY, a separate public entity (the "Successor Agency" and, together with the City, "Seller"), and AJ Developers LLC, a California limited liability company (the "Developer").

RECITALS

A. WHEREAS, the real property at issue for this Agreement is comprised of approximately 7.5 acres consisting of two parcels located at 14061 & 14071 Lakeshore Drive (APNs 039-530-490 and 039-530-500), Clearlake, which is currently owned by City of Clearlake and the Successor Agency, as described in Recital H below, and is more particularly legally described on Exhibit A attached hereto and hereinafter referred to in this Agreement as the "Site";

B. WHEREAS, Developer desires to purchase the Site from the City and develop it in accordance with the City's General Plan for commercial development subject to and consistent with the requirements of the California Environmental Quality Act, related State Guidelines and related local ordinances and the City desires to sell the Site to Developer;

C. WHEREAS, the conveyance of the Site pursuant to the terms and conditions of this Agreement is in the vital and best interests of the City and the health, safety, and welfare of the City residents, and in accord with the public purposes and provisions of applicable state and local laws;

D. WHEREAS, Developer has proposed to develop the Site as a mixed-use waterfront hospitality and commercial development that will include a nationally branded hotel of approximately 110 rooms and other amenities (the "Project"), which may include restaurants, retail space, and a marina all as described on the overall Project description attached hereto as Exhibit "B" (the "Project Description") which is part of a larger City redevelopment project whereby the City intends to allow development of the former Austin Resort Area (the "Redevelopment Project");

E. WHEREAS, Developer is an experienced developer and operator of commercial real estate, including hotel projects; and

F. WHEREAS, subject to the terms and conditions of this Agreement, (i) Seller wishes to sell the Site to Developer and to have Developer construct thereon the Project, and (ii) Developer wishes to (a) buy the Property from Seller, (b) develop and construct the Project on the Site, and (c) thereafter operate the Project and the Site, or cause the Project or individual components thereof to be operated by qualified third-party operators or affiliated entities as permitted by, and subject to, the Assignment provisions of this Agreement.

G. WHEREAS, City has completed the disposition procedures required by the Surplus Land Act (Government Code Section 54220 et seq.) with respect to the Site, and the California

Department of Housing and Community Development ("HCD") issued its written findings letter dated July 2, 2026 confirming such compliance. As required by Government Code Section 54233 and as a condition of such findings, City has executed covenants against each parcel comprising the Site providing that, if ten (10) or more residential units are ever developed on the Site, not less than fifteen percent (15%) of such units shall be sold or rented at affordable housing cost or affordable rent to lower income households (collectively, the "Affordability Covenants"). The Affordability Covenants shall be recorded against the Site at or prior to the Close of Escrow, shall run with the land, and shall bind Developer and its successors and assigns.

H. WHEREAS, record title to the parcel identified as APN 039-530-500 is held by the Successor Agency, a separate public entity established pursuant to Health and Safety Code Section 34173 upon the dissolution of the former Clearlake Redevelopment Agency, and record title to the parcel identified as APN 039-530-490 is held by the City. By operation of law, the City Council serves as the governing board of the Successor Agency and the City Manager serves as its executive officer. The Successor Agency and the City declared the Site surplus by Resolution No. SA 2021-02 and Resolution No. 2021-12, respectively, each adopted February 18, 2021, and the HCD findings letter described in Recital G above applies to both parcels comprising the Site. Each reference in this Agreement to "Seller" means the City and the Successor Agency, collectively; each such entity shall convey at the Close of Escrow the parcel to which it holds record title; and the City and the Successor Agency shall be jointly entitled to enforce, and jointly bound by, the obligations of Seller under this Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

AGREEMENT

1. Definitions. In addition to the terms defined above and in the body of this Agreement, the following terms have the following meanings for purposes of this Agreement:

(a) "**Business Day**" shall mean a day other than a Saturday, a Sunday or a day on which lenders in Lake County are authorized or obligated by law or executive order to close.

(b) "**Close of Escrow**" means the date when Seller and Developer have each performed their respective pre-closing obligations under this Agreement, all conditions precedent to closing have been satisfied (or waived in writing) and the Escrow Holder has all documents and funds it requires in order to record the Grant Deed to Developer and deliver funds and all other closing documents to Seller. For the avoidance of doubt, the Close of Escrow is not conditioned upon the closing of the Construction Loan; title to the Property shall be conveyed to Developer at the Close of Escrow upon Developer's payment of the Deposit and delivery of the executed Seller Financing Note, Deed of Trust and other closing documents required by this Agreement, with the City's interest secured by the Deed of Trust and the Right of Repurchase under Section 9(c).

(c) "**Closing**" has the meaning ascribed thereto in Section 7 hereof.

(d) "**Closing Date**" has the meaning ascribed thereto in Section 4(c) hereof, but shall occur no later than ____________ ____ , 2026. "Public Infrastructure" means the public roads and utilities (gas, sewer, water, electric, telecommunications, etc.) leading and stubbed to the boundaries of the Site.

(e) “**Construction Lender**” means the lender of the Construction Loan as further defined in Section 9(a).

(f) “**Construction Loan**” means the construction loan to be obtained from Construction Lender by Developer to finance the acquisition and construction of the Project upon on terms and conditions acceptable to Developer in its sole discretion.

(g) “**Construction Loan Closing**” means the Closing of the Construction Loan, which shall be on a date which is on or before twenty (20) months from the Closing Date on Developer’s acquisition of the Site, subject to extension for Force Majeure Delay and delay caused by Seller.

(h) “**Construction Loan Closing Date**” means the date upon which Construction Loan Closing occurs and is also the date by which Developer must start construction of the Project.

(i) “**Force Majeure Delay**” shall mean a delay caused by a Force Majeure Event as to which the claiming party gives the non-claiming party written notice, within thirty (30) days after the commencement of any such delay, of the existence and nature of the delay and within ten (10) days following the expiration of any such delay, provides a written request for extension of the applicable deadline.

(j) “**Force Majeure Event**” shall mean act of God, natural disaster, accident, strikes, lockouts or other labor disturbances or disputes, interruption of services by suppliers thereof, unavailability of materials or labor, rationing or restrictions on the use of utilities or public transportation whether due to energy shortages, war, civil disturbance, riot, governmental rules, regulations, or restrictions, building moratorium, delay in issuance of any permits or governmental approvals not resulting from the act or omission of the party claiming the Force Majeure delay, litigation or other legal action by a third party, or any other occurrence that is beyond the control of that Party not involving the payment of money.

(k) “**Hazardous Materials**” means any toxic or hazardous substance, material or waste or any pollutant or contaminant or infectious or radioactive material, including those substances, materials or wastes regulated now or in the future under any of the following statutes or regulations promulgated thereto: (a) any “hazardous substance” within the meaning of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (“CERCLA”) 42 U.S.C. § 9601, et seq. or the California Hazardous Substance Account Act, Cal. Health and Safety Code § 25300 et seq. or the Porter-Cologne Water Quality Act, Cal. Water Code § 13000 et seq. or the Hazardous Materials Transportation Act, 49 U.S.C. § 1801, et seq.; (b) any “hazardous waste” within the meaning of the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq.; (c) any “pesticide” or “economic poison” as defined in California Food & Agricultural Code § 12753 and any regulations promulgated in connection therewith; or (d) any other substance, chemical, waste, toxicant, pollutant, pesticide or contaminate regulated by any federal, state or local law, statute, rule, regulation or ordinance for the protection of health or the environment, including methane and any petroleum products or fractions thereof

“(l) “**Permitted Exceptions**” shall mean those exceptions to title to the Property listed on the title commitment delivered to Developer by Seller as required by this Agreement which are approved in writing by Developer and any exceptions to title hereafter created with the mutual written consent of Seller and Developer. As to those exceptions not approved in writing by Developer, Seller shall cause them to be removed by the Title Company as exceptions to title coverage on the Title Commitment.

(m) "**Project**" has the meaning set forth in Recital D.

(n) "**Project Building Permits**" means any and all final approvals required by the City or any other governmental agency with jurisdiction over the Project to allow for the commencement of construction of the Project.

(o) "**Property Information**" means all studies, maps, documents, surveys, physical inspection reports or any other information that Seller has provided Developer or Developer has obtained or will obtain regarding the Property as set forth in Section 6(a).

(p) "**Seller Financing Note**" is defined at Section 4(c) and set forth on **Exhibit** E to this Agreement.

(q) "**Commencement of Construction**" means the commencement of physical construction of the foundations for the hotel component of the Project pursuant to a validly issued Project Building Permit. Demolition, site grading, installation of utilities or other Public Infrastructure, and other site preparation work shall not, by themselves, constitute Commencement of Construction. The parties acknowledge that Developer may construct the Project in phases and may determine the sequence of the non-hotel components of the Project in its discretion; provided, however, that (i) the Entitlements milestone in Section 9(b) requires all Entitlements for the entire Project, including the hotel component, and (ii) Commencement of Construction, the occupancy milestone in Section 9(b), and the termination events in Sections 9(a) and 9(c) refer exclusively to the hotel component of the Project and are not satisfied by work on, or completion of, any other component of the Project.

(r) "**Entitlements**" means all discretionary governmental approvals required for development of the Project, including without limitation completion of all environmental review required under the California Environmental Quality Act, design review approval, and any required use permit or other discretionary land use approval, but excluding the Project Building Permits and other ministerial permits and approvals. Entitlements shall not be deemed obtained for purposes of Section 9(b) unless and until all such approvals have been obtained with respect to the entire Project, including specifically the hotel component of the Project.

2. Purchase and Sale of Property. Subject to the terms and conditions provided herein, Seller hereby agrees to sell, and Developer hereby agrees to purchase, upon the terms and conditions herein, the Property, all easements, rights of way and other rights appurtenant thereto which may be used in connection with the beneficial use and enjoyment of Property, and all of the rights of Seller, if any, in any other intangible personal property (including without limitation, all warranties, indemnities, reports, studies and other work product) used or prepared in connection with the ownership, use and/or operation of the Property (collectively, the "**Intangible Property**"); and all tangible personal property located on or in, or used in the ownership, use, occupancy, development, remediation, grading or operation of the Property and/or Improvements (collectively, the "**Tangible Property**"). The Property, and any appurtenances, and improvements

are sometimes referred to herein collectively as the "**Real Property**." The Real Property, the Intangible Property and the Tangible Property are sometimes referred to herein as the "**Property**." Within three (3) business days of delivery of the Deposit, Seller shall deliver to Escrow Holder for recordation an original executed, notarized and recordable memorandum of this Agreement in the form attached hereto as Exhibit C which Escrow Holder shall then record in the Official Records. If this Agreement is terminated for any reason prior to the Closing, Developer shall, within five (5) business days after such termination, execute, acknowledge and deliver to Seller a quitclaim deed and/or a termination of such memorandum in recordable form sufficient to remove the memorandum as a matter affecting title to the Property.

3. Purchase Price. The purchase price for the Property (the "**Purchase Price**") shall be Seven Hundred and Fifty Thousand Dollars ($750,000.00). The Buyer shall submit a $25,000 escrow deposit upon execution of this purchase agreement. The Seller shall hold a right of repurchase as set forth in Section 9(c) and provide seller financing for the remaining balance as set forth in Section 9(a). Forgiveness of financing payments may be achieved by meeting development milestones.

4. Payment of Purchase Price. The Purchase Price shall be paid as follows:

(a) The acquisition and sale of the Property shall be consummated through an escrow (the "**Escrow**") to be opened with the ____ (the "**Escrow Holder**"), ________________, Escrow Holder.

(b) Developer shall deposit into Escrow concurrently within three days of the opening of escrow the amount of Twenty Five Thousand and 00/100 Dollars ($25,000.00) as a non-refundable deposit to be applied to the Purchase Price (the "**Deposit**"). Concurrently with the payment of the Deposit into escrow, Developer shall deposit into Escrow the amount of One Hundred and 00/100 Dollars ($100.00) as "**Independent Consideration**". The Independent Consideration shall be non-refundable to Developer as independent consideration for the rights extended to Developer under this Agreement, including, without limitation, the right to terminate this Agreement subject to the terms herein. The Independent Consideration shall be released to Seller immediately following Developer's deposit of the Independent Consideration into Escrow. In all instances under this Agreement in which Developer elects to terminate or is deemed to have terminated this Agreement, Seller shall retain the Independent Consideration. The Independent Consideration shall not be applicable towards the Purchase Price or treated as consideration given by Developer for any purpose other than stated in this Section 4(b).

(c) On or before the date upon which the Grant Deed is recorded in the Official Records of Lake County (the "**Closing Date**"), Developer shall deposit into Escrow cash or other immediately available funds in an amount sufficient to cover all of Buyer's closing costs and proration charges and the Promissory Note to Seller for the remaining $725,000 of the Purchase Price (the "**Seller Financing Note**") (in total, with the $25,000 earnest money deposit, the "**Closing Amount**").

5. Title to the Property. On the Closing Date, Seller shall convey to Developer fee simple title to the Property by duly executed and acknowledged grant deed (the "**Grant Deed**"). Evidence of delivery of fee simple title shall be the issuance by the Title Company (as defined below) to Developer of an ALTA Extended Coverage Owner's Policy of Title Insurance (2006

Form) in an amount designated by Buyer, insuring fee simple title to the Property in Buyer, subject only to the Permitted Exceptions (the "**Title Policy**"). The Title Policy shall provide full coverage against mechanics' and materialmen's liens and against the rights of any parties in possession and shall contain such special endorsements as Developer may reasonably require (the "**Endorsements**"). In any event, Seller covenants to cause to be released and reconveyed from the Property, and to remove as exceptions to title prior to the Closing the following (the "**Pre-Disapproved Exceptions**"): any exceptions regarding tenants, mortgages, deeds of trust, or other monetary encumbrances, and/or indebtedness other than caused by Buyer, except for the current installment of non-delinquent real property taxes and assessments payable as a part of the real property tax bill. Developer shall pay all costs of obtaining the portion of the Title Policy attributable to the extended coverage, any binder and any survey costs. Notwithstanding anything to the contrary in this Agreement, the Affordability Covenants shall constitute Permitted Exceptions for all purposes of this Agreement, shall be recorded against the Site at or prior to recordation of the Grant Deed, and Developer shall acquire the Property subject to the Affordability Covenants.

6. Review and Investigation of Property.

(a) Property Information.Within thirty (30) days from the opening of escrow, Seller shall promptly deliver to Developer all documents relevant to the condition of the Property not previously delivered to Developer in the possession or control of Seller and/or Seller's affiliates and which are not privileged, confidential or proprietary, including, without limitation, environmental reports, environmental approvals, planning and zoning approvals, studies, surveys, and test and the rates and methods for calculation of all applicable assessment districts, if any (collectively, the "**Property Information**"). Seller shall promptly notify Developer in writing of any material changes to any previously delivered Property Information of which Seller becomes aware. The Property Information shall include a Seller's Natural Hazard Disclosure Statement and all other statutorily required disclosures, as well as any other material information in its possession or control concerning the Site.

(b) Investigations. At all times during the term of this Agreement prior to the Close of Escrow, Developer and Developer's engineers, contractors, consultants, employees and agents shall have access to the Property to conduct tests, investigations and inspections deemed necessary or appropriate by Buyer, including a Phase I and Phase II environmental assessment, including, without limitation any soil sampling and invasive testing associated therewith (collectively, the "**Investigations**"). Given that certain of the Investigations need to be completed not more than six (6) months prior to Closing of the Construction Loan to be valid [e.g., the Phase I for its lender and the ALTA Survey], Seller acknowledges that Developer may not complete all of its Investigations in calendar year 2026. Developer shall provide Seller not less than 24 hours' notice prior to entering the Property. In conducting such Investigations Developer shall not damage the Property. Prior to commencing any Investigations, Developer shall, at Buyer's sole cost and expense, deliver a certificate of insurance to Seller naming Seller and Seller's lenders as additional insureds on Buyer's commercial general liability insurance policy with a combined limit of not less than $1,000,000. In the event Escrow does not close for any reason, Developer shall upon the written request of Seller repair any damage to the Property caused by the Investigations in order to restore the Property to substantially the same condition which it was in prior to the conduct of such Investigations. Developer agrees to indemnify and hold harmless Seller from any claims, damages, liabilities, losses, costs or expenses (including, without limitation, reasonable attorneys' fees) (collectively, "**Claims**") which result from any damage to persons or property caused by Buyer's Investigations; provided, however, that Developer shall have no obligation to indemnify, defend and hold Seller harmless from and against any Claims resulting from Seller's acts or omissions or Buyer's mere discovery of adverse physical conditions affecting the Property, including, without limitation, any Hazardous Materials. Seller shall make available for interview by Buyer's environmental consultants the person most knowledgeable employed or engaged by the City of Clearlake concerning the Property's environmental history as required by the ASTM Standard 1527 Standard Practice for Phase I environmental site assessments.

7. The Closing.

(a) The Closing Date. The Closing shall occur through Escrow in the customary manner for the consummation of commercial real estate purchase and sale transactions in Lake County, California on the date elected by Developer, on the Closing Date; provided, that if the Closing has not occurred by the Closing Date, either Party may terminate this Agreement and neither Party shall have any further rights or obligations in connection with this Agreement, except as otherwise expressly provided in this Agreement.

(b) Buyer's Conditions to Closing. Buyer's obligation to consummate the purchase of the Property is subject to and conditioned upon the satisfaction of each of the following conditions (unless otherwise waived in writing by Buyer) on or before the Closing Date which conditions are for the sole benefit of Buyer:

(i) The Title Company shall have given Developer its unconditional and irrevocable commitment to issue the Title Policy in favor of Developer insuring Developer as the fee owner of the Property with liability in an amount reasonably acceptable to Buyer, subject only to the Permitted Exceptions.

(ii) Seller shall have delivered to Escrow Holder the documents set forth in Section 7(e)(ii), below.

(iii) Each and all of the representations and warranties made by Seller shall be true and correct in all material respects as of the Closing Date.

(iv) Seller shall have performed in all material respects all of the covenants which Seller, pursuant to the terms of this Agreement, has agreed to perform on or prior to the Closing Date and Seller shall not be in material breach or default under this Agreement.

(v) Developer shall have determined that the Property is acceptable to Developer in Developer's sole and absolute discretion.

If the conditions to Buyer's obligation to consummate the transaction contemplated in this Agreement are not satisfied (or waived by Buyer), then, upon Buyer's request, this Agreement shall terminate. The conditions set forth in this Section 7(b) are for the sole benefit of Buyer.

(c) Seller's Conditions To Closing. Seller's obligation to consummate the sale of the Property is subject to and conditioned upon the satisfaction of each of the following conditions (unless otherwise waived in writing by Seller) on or before the Closing Date which conditions are for the sole benefit of Seller:

(i) Developer shall have delivered to Escrow Holder the documents set forth in Section 7(e)(i) below.

(ii) Each and all of the representations and warranties made by Developer in Section 11 hereof shall be true and correct in all material respects as of the Closing Date.

If the conditions to Seller's obligation to consummate the transaction contemplated in this Agreement are not satisfied (or waived by Seller), then, provided Seller is not in default hereunder, upon Seller's request, this Agreement shall terminate. The conditions set forth in this Section 7(c) are for the sole benefit of Seller.

(d) Waiver of Failure of Conditions to Closing. At any time on or before the date specified herein for the satisfaction of any condition, Seller or Developer may elect in writing to waive the benefit of any such condition to its obligations hereunder. By closing Escrow, Seller and Developer shall be conclusively deemed to have waived the benefit of any remaining unfulfilled conditions set forth in this Section 7, except to the extent that the same expressly survive Closing.

(e) Deliveries at Closing. At least one (1) business day prior to the Closing Date, Seller and Developer shall each deliver to Escrow Holder such instruments and funds as are necessary to consummate the purchase and sale of the Property, including the following:

(i) Developer shall deliver:

(A) The Closing Amount;

(B) The Seller-Financing Note and Deed of Trust; and

(C) Any other items reasonably necessary to consummate the transaction contemplated hereby.

(ii) Seller shall deliver:

(A) An original of the Grant Deed executed and acknowledged by Seller, as grantor;

(B) An affidavit directed to Developer giving Seller's taxpayer identification number and confirming that Seller is not a "foreign person," which affidavit shall be, in form and substance, sufficient to relieve Developer of any withholding obligation under §1445 of the Internal Revenue Code ("**Seller's Foreign Person Affidavit**"), together with a duly executed California Franchise Tax Board Form 593-C (the "**Cal FIRPTA**"); and

(C) Any other items reasonably necessary to consummate the transaction contemplated hereby, including but not limited to any subordination of the Seller-Financing Note required by the Construction Lender.

(iii) Upon satisfaction of all conditions and closing requirements set forth herein, Escrow Holder shall:

(A) Cause the Affordability Covenants (to the extent not previously recorded), the Grant Deed and the Deed of Trust to be recorded in the office of the County Recorder for the Lake County, State of California (in that order) and deliver a conformed copy to Developer and to Seller;

(B) Pay from Buyer's funds Buyer's share of any closing costs and prorations;

(C) Pay from funds held for Seller's account Seller's share of any closing costs and prorations;

(D) Remit to Seller the remaining funds held for Seller's account; and

(E) Deliver the original of the Seller-Financing Note; and

(F) Deliver an original of the Seller's Foreign Person Affidavit, the Cal FIRPTA and the Title Policy to Buyer.

8. Costs and Prorations.

(a) Costs. Costs of the Closing and Escrow shall be allocated as follows:

(i) Developer shall pay the costs of recording the Deed and Deed of Trust securing the Seller-Financing Note.

(ii) Developer shall pay all documentary transfer taxes imposed in connection with transferring the property and recording the Deed including City and County transfer taxes.

(iii) Seller shall pay the premium for the Title Policy attributable to CLTA coverage and Developer shal pay the cost of any Endorsements that it may request and the portion of the title premium attributable to ALTA extended coverage.

(iv) Developer and City shall each pay half the fees of the Escrow Holder, including any cancellation costs, and the costs of the Escrow.

(v) Developer and Seller shall each pay their respective attorneys' fees.

(b) Customary Apportionment. All other costs, if any, shall be apportioned in the customary manner for real estate transactions in Lake County, California.

(c) Post-Closing Adjustments. Any statements from governmental agencies for real property taxes, bonds and assessments relating to the Property for periods prior to the Closing that are delivered to Developer after the Closing shall be paid by Seller within ten (10) days from written notice from Buyer. Seller, however, shall have the right to contest any such real property taxes, bonds or assessments. If any such statements from governmental agencies for real property taxes, bonds or assessments for periods prior to the Closing indicate an overpayment of any taxes or assessments relating to the Property for periods prior to the Closing such overage shall be paid to Seller by Developer within ten (10) days after Buyer's receipt of any refund or notice of reassessment. The provisions of this Section 8(c) shall survive the Closing.

9. Development Activities and Obligations.

(a) Down Payment; Seller Financing. In addition to Developer's deposit with Escrow Holder of $25,000 in cash or in immediately available funds made at opening of escrow, which amount shall be applied to the Purchase Price at Closing,the remainder of the Purchase Price will be financed by Seller (the "**Seller Financing**"). Developer agrees to deliver to Seller through Escrow at Closing Buyer's promissory note secured by a deed of trust in favor of Seller in the principal amount of $725,000 (the "**Seller Financed Amount**") substantially in the form attached hereto as Exhibit E ("**Seller Financing Note**"), payable as set forth below in Section 9(b), and secured by a deed of trust in favor of Seller in the form attached hereto as Exhibit F (the "**Deed of Trust**") including a due on sale clause, which shall be recorded at the Closing in the Official Records of Lake County, California and shall constitute a lien on the Real Property subordinate to the Construction Loan. The Seller Financed Amount will be credited against the Purchase Price on the Closing Date. The Seller Financing Note shall be personally guaranteed by Jatinder Singh, principal of Developer ("Guarantor") pursuant to the form of Guaranty attached hereto as Exhibit D. The Guaranty shall be a limited guaranty of payment (the "Limited Guaranty") subject to the following limitations: (i) Guarantor's liability shall be limited at all times to the lesser of Four Hundred Eighty-Three Thousand Three Hundred Thirty-Three and 34/100 Dollars ($483,333.34) or the then-outstanding balance of the Seller Financing Note, and shall be reduced automatically as and when any portion of the Seller Financing Note is paid or forgiven under Section 9(b); (ii) the Limited Guaranty is a guaranty of payment of the Seller Financing Note only, and Guarantor does not guarantee completion of the Project or any other obligation of Developer; (iii) the Limited Guaranty shall terminate automatically upon the earliest of (A) payment or forgiveness in full of the Seller Financing Note, (B) issuance of a certificate of occupancy for the hotel component of the Project, or (C) the closing of permanent financing for the Project that repays the Construction Loan in full, provided in each case that no default by Developer then remains uncured; and (iv) Seller shall not enforce the Limited Guaranty unless Seller has given Guarantor written notice of the default and the default remains uncured thirty (30) days after such notice.

(b) Schedule of Payments. All of the following dates are subject to extension for Force Majeure Events and any delays caused by the Seller:

(i) Payment #1 - $241,666.67 is due no later than twelve (12) months from the Closing Date . If Developer obtains all Entitlements by the Payment #1 date, the payment will be forgiven.

(ii) Payment #2 - $241,666.67 is due no later than twenty (20) months from the Closing Date. If Commencement of Construction occurs by the Payment #2 date, the payment will be forgiven.

(iii) Payment #3 - $241,666.67 is due no later than forty-eight (48) months from the date of Closing. If Developer is issued a certificate of occupancy for the hotel component of the Project by the Payment #3 date, the payment will be forgiven.

(iv) If the Developer defaults on any of the payments or fails to meet the requirements for a forgiveness deadline as outlined above, the City may foreclose on its Deed of Trust and/or exercise its Right of Repurchase under Section 9(c).

(c) Right of Repurchase. In addition to Seller's other rights and remedies under this Agreement, Seller shall have the right, but not the obligation, to repurchase the Property (the "Right of Repurchase") upon the occurrence of either of the following: (i) Developer fails both to timely make any payment required under Section 9(b) and to satisfy the corresponding milestone for forgiveness of that payment (in each case as such deadlines may be extended for Force Majeure Delay or delay caused by Seller); or (ii) following Commencement of Construction, Developer abandons or suspends construction of the Project for one hundred eighty (180) or more consecutive days (other than by reason of Force Majeure Delay or delay caused by Seller). Seller shall not exercise the Right of Repurchase unless Seller has first given Developer written notice of the triggering event and Developer has failed to cure it within thirty (30) days after such notice (or, if the cure reasonably requires more than thirty (30) days, if Developer has failed to commence the cure within such period and to diligently prosecute it to completion within ninety (90) days). The price for any such repurchase shall be an amount equal to the portion of the Purchase Price actually paid by Developer in cash (specifically excluding any amounts forgiven under Section 9(b) and the Independent Consideration), without compensation for any improvements to the Property. Seller may exercise the Right of Repurchase by written notice to Developer given within ninety (90) days after Seller obtains actual knowledge of the triggering event, and the repurchase shall be consummated through an escrow within ninety (90) days after such notice, at which time Developer shall reconvey fee simple title to the Property to Seller by grant deed, free and clear of all monetary liens and encumbrances created by or through Developer, other than the lien of the Construction Loan, if any. At Closing, the parties shall execute, and Escrow Holder shall record, a memorandum of the Right of Repurchase in recordable form reasonably acceptable to both parties. The Right of Repurchase shall run with the land, shall be subordinate to the Construction Loan, and shall terminate automatically and be released of record upon issuance of a certificate of occupancy for the hotel component of the Project.

10. Confidentiality of Property Information.

(a) At all times prior to the Close of Escrow, Developer shall treat the Property Information (except such portions as are part of the public record) on a strictly confidential basis and shall use such information only in connection with the transaction contemplated under this Agreement, performing the Investigations and obtaining the approvals and Construction Loan and franchisor approvals for the Project. Notwithstanding the foregoing, Developer may, to the extent reasonably and actually necessary to Buyer's investigation of the Property and proper performance of Buyer's obligations under this Agreement, disclose the Property Information to Buyer's consultants, lenders, franchisors, legal counsel, hotel management company, funding agencies, project investors, experts or engineers.

(b) Developer hereby acknowledges that except as otherwise provided for herein or in the documents executed by Seller and to be delivered at the Close of Escrow, neither Seller, nor any agents, representatives, employees or attorneys of Seller have made any representations or warranties, direct or implied, oral or written with respect to the accuracy, completeness or reliability of the Property Information.

11. Representations and Warranties.

(a) Seller hereby represents and warrants to Developer as of the Effective Date and as of the Close of Escrow as follows:

(i) Seller is the legal and equitable owner of the Property and has the full right, power and authority to sell and convey the Property; to enter into this Agreement and the instruments referenced herein; and to consummate the transactions contemplated hereby, subject to the terms and conditions set forth in this Agreement. The Property includes a legally subdivided lot as well as the Seller's interest in the adjoining public roads. Prior to Close of Escrow, Seller shall take such steps, at it's sole cost and expense and without right of offset or reimbursement, as are required for it to complete road abandonment procedures for certain roads adjoining such lot (as shown on Exhibit A).

(ii) The persons executing this Agreement and any other documents executed and delivered on behalf of Seller have the full right, power and authority to do so and have been duly authorized to do so by Seller, and no other persons are required to execute this Agreement on behalf of Seller.

(iii) This Agreement and all the documents executed by Seller which are to be delivered to Developer at the Close of Escrow are and will be duly authorized, executed, and delivered by Seller.

(iv) Seller received approval by the California Department of Housing & Community Development on July 2, 2026 pursuant to the Surplus Lands Act, this Agreement constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, and upon execution, each of Seller's Closing Documents will constitute the legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms. Seller has the absolute and unrestricted right, power and authority to execute and deliver this Agreement and Seller's Closing Documents, the execution of which has been approved by all necessary corporate actions. Subject to the Surplus Lands Act Findings Letter by the California Department of Housing & Community Development pursuant to the Surplus Lands Act, there are no contingencies or approvals that the Seller must obtain in order to fulfill its obligations pursuant to the terms of this Agreement and Seller is not required to obtain the consent of any third party for transfer the Property to Developer.

(v) Seller has not introduced, or knowingly permitted any other party to introduce, any Hazardous Materials on, in, under or about the Property in violation of applicable environmental laws; and, except as disclosed on Schedule 11, Seller has not received written notice of the past or present existence of any Hazardous Materials on, in, under or about the Property in violation of applicable environmental laws.

(vi) Neither the execution and delivery of this Agreement by Seller, nor performance of any of its obligations hereunder, nor consummation of the transaction contemplated hereby, shall conflict with, result in a breach of, or constitute a default under, the terms and conditions of the organizational documents pursuant to which Seller was organized, or any indenture, mortgage, deed of trust, agreement, undertaking, instrument or document binding on the Property, Seller or any affiliate thereof, or any order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over Seller.

(vii) There are no pending or, to Seller's actual knowledge, threatened, actions, suits, proceedings, judgments, orders, decrees or governmental investigations (including, without limitation, any condemnation or notice of condemnation) affecting or related to Seller or the Property.

(viii) Seller has no information or knowledge of any pending or officially proposed change contemplated in any applicable laws or of any judicial or administrative action, any action by adjacent landowners, or any fact or condition relating to the Property, which would adversely affect, prevent, or limit development or use of the Property for the Project. There are no condemnation proceedings pending or threatened that would result in the taking of any portion of the Property. Except as disclosed by Seller on Schedule 11, there are no special assessment proceedings or other governmental proceedings affecting the Property. and no land use, development rights, development restrictions or conditions imposed by any governmental agencies which would prevent or restrict use of the Site for the Project. Seller has no intention of restricting the future use of the Site in a way which would prevent its use for the Project.

(ix) To Seller's actual knowledge, except as may be set forth in any reports, analyses or other documents provided by Seller to Buyer or on Schedule 11 to this Agreement, (A) there are no, and Seller has not received written notice of, any violations of any applicable laws, statutes, codes, ordinances, regulations, rules or restrictions pertaining to or affecting the Property; and (B) the Property is in compliance with each applicable law; and no event has occurred or circumstance exists with regard to the Property that (with or without notice or lapse of time) (A) may constitute or result in a violation by Seller of, or a failure on the part of Seller to comply with, any applicable laws or (B) may give rise to any obligation on the part of Seller to undertake, or to bear all or any portion of the cost of, any remedial action of any nature.

(x) Except for this Agreement, there are no leases, subleases, licenses or other agreements granting a possessory right or right to use any part of the Property.

(xi) Seller is not a person or entity with whom United States persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control ("**OFAC**") of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) or under any statute, executive order (including, without limitation, the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action, and is not and will not engage in any dealings or transactions or be otherwise associated with such persons or entities.

(xii) No petition in bankruptcy (voluntary or otherwise), assignment for the benefit of creditors, or petition seeking reorganization or arrangement or other action under Federal or State bankruptcy laws is pending against or contemplated by Seller.

(xiii) During the period from the date of this Agreement to the Closing Date (the "**Interim Period**"), Seller shall act with respect to the Property in accordance with its preexisting practices as if the Property were not to be sold, including, without limitation, by maintaining at least the same levels of insurance in effect as of the Effective Date. Seller shall not enter into or modify any lease, agreement or contract relating to the Property which is not terminable prior to or concurrent with the Closing during the Interim Period without the prior written consent of Developer not to be unreasonably withheld.

(xiv) All exhibits and schedules to this Agreement and all due diligence materials provided by Seller to Developer, including the Property Information, have been prepared and assembled in the ordinary course of business by Seller, and are, to Seller's actual knowledge, true, correct and complete in all material respects, and have been relied upon by Seller in the operation of the Property. Seller shall provide to Purchaser true and correct copies of all agreements encumbering the Property which would survive Closing and be binding on Purchaser and all other items it is required to deliver to Purchaser. To the extent in Seller's possession or control, Seller shall provide Purchaser with copies of all of the following: (a) engineering and architectural plans and specifications and drawings; (b) surveys relating to the Property; (c) third party structural or physical reports or studies regarding the physical condition of the Property; (d) all bills issued for the two (2) most recent fiscal years, including, if available, the current fiscal year for all real estate taxes and all notices pertaining to real estate taxes or assessments applicable to the Property; (e) all certificates of occupancy, licenses, permits, authorizations and approvals required by law or by any governmental authority having jurisdiction thereover in respect of the Property, or any portion thereof, occupancy thereof or any present use thereof; (f) all reports, test results, analytical data, boring logs, and other studies undertaken by or at the request of Seller with respect to the Property and the environmental condition thereof, (g) all outstanding written orders, directives and notices of governmental authorities in connection with the environmental condition of the Property, (h) all correspondence to and from governmental authorities and environmental consultants with respect to any unremediated environmental condition at or about the Property; (i) leases and all other occupancy agreements or licenses affecting the Property; (j) maintenance, repair, service, pest control and supply, equipment rental agreements or other contracts or agreements in effect relating to or affecting the Property that involve payment to the service provider or equipment lessor relating to the Property that Purchaser is required to assume at Closing . Seller shall promptly provide to the Purchaser updates to the Property Information in the event of any material change or inaccuracy of the information provided.

Whenever phrases such as "to Seller's actual knowledge" or "Seller has no knowledge" or similar phrases are used in the foregoing representations and warranties, they will be deemed to refer exclusively to matters within the current actual (as opposed to constructive) knowledge of Alan Flora, City Manager ("**Seller's Representative**"). No duty of inquiry or investigation on the part of Seller or Seller's Representative will be required or implied by the making of any representation or warranty which is so limited to matters within Seller's actual knowledge, and in no event shall Seller's Representative have any personal liability therefor.

(b) Developer hereby represents and warrants to Seller as of the Effective Date and as of the Close of Escrow as follows:

(i) Developer is duly formed, validly existing and in good standing under the laws of the State of California.

(ii) Developer has the full right, power and authority to enter into this Agreement and the instruments referenced herein; and to consummate the transactions contemplated hereby.

(iii) The persons executing this Agreement and any other documents executed and delivered on behalf of Developer have the full right, power and authority to do so and have been duly authorized to do so by Buyer, and no other persons are required to execute this Agreement on behalf of Buyer.

(iv) This Agreement and all the documents executed by Developer which are to be delivered to Seller at the Close of Escrow are and will be duly authorized, executed, and delivered by Buyer.

(v) Developer is not a person or entity with whom United States persons or entities are restricted from doing business under regulations of OFAC of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) or under any statute, executive order (including, without limitation, the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action, and is not and will not engage in any dealings or transactions or be otherwise associated with such persons or entities.

(vi) No petition in bankruptcy (voluntary or otherwise), assignment for the benefit of creditors, or petition seeking reorganization or arrangement or other action under Federal or State bankruptcy laws is pending against or contemplated by Buyer.

(vii) Developer has, or after closing of the Construction Loan will have, adequate financial and other resources to make timely payment of all sums due from Developer hereunder and to perform all of its obligations hereunder.

(c) The foregoing representations and warranties shall be deemed to be repeated at the Close of Escrow, shall not be merged with the Grant Deed delivered at the Close of Escrow, and shall survive the Close of Escrow for a period of one (1) year, provided that a party must give the other party written notice of any claim it may have against it for a breach of any such representation or warranty, or for breach of any covenants contained in this Agreement, and file any claim, within one (1) year after the Closing Date (the "**Breach Notice Period**"). Any claim which a party may have at any time, whether known or unknown, which is not asserted within the Breach Notice Period shall not be valid or effective, and the other party shall have no liability with respect thereto. The provisions of this Section shall survive the Closing.

(d) At the Close of Escrow, Developer and Seller will reaffirm the foregoing representations and warranties as of the date of the Close of Escrow, provided that such reaffirmation may reflect any changes to such representations and warranties of which Seller or Developer (as applicable) has become aware prior to the Close of Escrow.

12. Acknowledgements of Buyer.

(a) Developer represents and warrants to Seller that Developer has substantial experience with real property. Effective as of the Close of Escrow but subject to Section 18(b) below, Developer expressly acknowledges and represents to Seller THAT, AS A MATERIAL INDUCEMENT TO THE EXECUTION AND DELIVERY OF THIS AGREEMENT BY SELLER, DEVELOPER IS PURCHASING THE PROPERTY IN AN "**AS IS, WHERE IS**" PHYSICAL CONDITION AND IN AN "**AS IS, WHERE IS**" STATE OF REPAIR, WITH ALL FAULTS AND DEFECTS, WHETHER KNOWN OR UNKNOWN and, in connection therewith, Developer does hereby waive, and Seller does hereby disclaim, all warranties of any type or kind whatsoever with respect to the Property (except as expressly provided in this Agreement or in the documents to be executed and delivered by Seller at the Close of Escrow), whether express or implied, including, by way of description but not limitation, those of fitness for a particular purpose and use. Developer hereby waives the benefit of any statute, law or decision that would in any way detract, reduce or diminish from giving full force and effect to the provisions of this paragraph.

(b) Developer expressly acknowledges and represents to Seller that, except as expressly provided in this Agreement or in the documents to be executed and delivered by Seller at the Close of Escrow (i) Developer is relying upon Developer's own independent investigation of the Property in entering into this Agreement and purchasing the Property and that before Closing, Developer shall have thoroughly investigated and inspected each and every physical, economic and other aspect of the Property, and all factors relevant thereto, including, without limitation, the physical condition of the Property, and structures and improvements located thereon, including, but not limited to, any related engineering and structural information; the composition, condition and buildability of the Property's soil, including, but not limited to, any related geological, environmental and toxic information; size and dimensions of the Property, including, but not limited to, any existing architectural and site plans; accuracy and adequacy of the legal description of the Property; the Property's compliance with all applicable laws; the Property's fitness for any particular purpose, use or enjoyment; the feasibility of development of the Property, including, but not limited to, the Property's land use and development rights, development restrictions and conditions that are or may be imposed by governmental agencies other than Seller, marketing studies and cost to complete studies; availability and adequacy of all utilities, including but not limited to, water, electricity, sewer, gas, and telephone; all documents, encumbrances and matters affecting the title of the Property; all federal, state, county, municipal and local laws, rules and regulations affecting the Property; all legal requirements such as taxes, assessments, zoning, use permits, building codes and certificates of occupancy; and the existence of insurance contracts, governmental agreements and approvals and agreements with associations affecting or concerning the Property; (ii) should Developer not have sufficient opportunity to so investigate, Developer shall elect not to consummate the transactions contemplated herein; and (iii) the consummation of such transactions by Developer shall conclusively establish such opportunity. Notwithstanding the foregoing, Developer shall have the right to rely on the official statements of the City concerning permitting, land use and zoning requirements applicable to the Project and restrictions on use of the Site.

(c) The provisions of this Section 12 shall survive the Close of Escrow.

13. SELLER'S COVENANTS. The following covenants of Seller are material consideration for Developer's entering into this Agreement:

(a) Seller acknowledges that the Property is located in a blighted area that has been designated to be in need of economic revitalization.

(b) Seller shall terminate and cancel the Seller Financing Note if the Project is completed as and when required subject to extension for force majeure events, including but not limited to rain delays and fire evacuation.

(c) Seller shall reasonably attempt to partner with Developer to pursue and acquire available funding for public infrastructure upgrades needed to support the Project. There is no guarantee of state or federal funding, but the City will commit to good faith efforts to acquire available funding to support the Project. The failure to obtain any such funding shall not extend any deadline for, or excuse, any obligation of Developer under this Agreement. For the avoidance of doubt, nothing in this Agreement obligates Seller to construct, install or pay the cost of the Public Infrastructure or any other improvements serving the Site.

14. Condemnation. In the event a governmental entity commences or threatens in writing eminent domain proceedings to take all or material portion of the Property (a "material portion" being more than two percent (2%) of the net acreage of Property or such portion as may prevent the Project from being built in a manner that satisfies the franchisor) or any adjacent or neighboring real property which would affect access to Property after the date hereof and prior to the Closing Date then Developer shall have the right to either (i) terminate this Agreement in which event neither Party shall have any further rights or obligations in connection with this Agreement, except as otherwise expressly provided in this Agreement, or (ii) proceed with the Closing as scheduled notwithstanding such proceeding; provided, however, that all awards arising out of such proceedings with respect to Property shall be assigned to Developer as of the date of Closing or credited to Developer if previously received by Seller, and Seller hereby agrees to execute any separate assignment agreement, as Developer may reasonably request, to evidence or effectuate the assignment of such awards. Seller's obligations pursuant to the immediately preceding sentence shall survive the Closing.

15. Possession. Exclusive possession of Property shall be delivered to Developer as of Closing free of any and all tenancies and/or occupancy rights. Seller shall cause all construction and road materials currently stored on the Property to be removed from the Property.

16. Default of Seller.

(a) Default of Seller Prior to Close of Escrow. In the event that the Seller is in material breach of any Seller obligation set forth herein prior to the Close of Escrow, and such material breach has not been cured within thirty (30) days written notice to Seller of such material breach, then Buyer, as its sole and exclusive remedy at law or in equity, shall have the right to either (i) terminate this Agreement and thereafter neither Party shall have any further rights or obligations in connection with this Agreement, except as otherwise expressly provided in this Agreement, or (ii) seek specific performance against Seller; provided that Developer must exercise its right to specific performance within sixty (60) days of Seller's default, or Developer will be deemed to have elected the remedy in subsection 16(a)(i) above.

(b) Default of Seller Subsequent to Close of Escrow. In the event Seller is in material breach of any Seller obligation set forth herein subsequent to the Close of Escrow, then following thirty (30) days written notice to Seller (and Seller's failure to cure the breach or to commence to cure the breach and be diligently pursuing same), Developer may pursue any right or remedy it may have at law or in equity against Seller. Notwithstanding anything to the contrary in this Agreement, in no event shall Seller be liable for any special, consequential, indirect or punitive damages.

17. Default of Buyer. In the event that Developer is in material breach of any Developer obligation set forth herein at any time prior to Construction Loan Closing and such material breach has not been cured within thirty (30) days written notice to Developer of such material breach, Seller, as its sole and exclusive remedy at law or in equity, shall have the right to terminate this Agreement and upon such termination Developer shall pay to Seller liquidated damages in the amount of Fifty Thousand Dollars ($50,000). The Parties agree that Seller's actual damages would be impracticable or extremely difficult to calculate, and that the amount of Fifty Thousand Dollars ($50,000) represents the Parties' reasonable estimate of such damages. The payment of such amount as liquidated damages is not intended as a forfeiture or penalty within the meaning of California Civil Code sections 3275 or 3369, but is intended to constitute liquidated damages to Seller pursuant to California Civil Code sections 1671, 1676 and 1677. Nothing in this Agreement is intended to permit Seller to recover duplicative damages for the same loss arising from the same default of Developer; without limiting the foregoing, any amounts actually collected by Seller under the Limited Guaranty shall be credited against the outstanding balance of the Seller Financing Note.

18. Indemnifications.

(a) Developer Indemnification of Seller. Developer hereby agrees to indemnify, defend, and hold Seller and Seller's elected officials, directors, employees, agents, representatives, heirs, successors, beneficiaries and assigns (the "**Seller Indemnified Parties**") harmless, from and against any liability, cause of action, loss, cost, expense, claim or economic damage (but specifically excluding consequential or speculative damages), including reasonable attorneys' fees, arising from, or related to, (i) subsequent to the Closing Date, the failure of the Developer to complete the Project pursuant to the terms of this Agreement, (ii) any claim asserted by any third parties arising from the Developer's construction, development and/or operation of the Project and (iii) any material breach of this Agreement by Developer (collectively, the "**Seller Liabilities**"); provided, however, that the Seller Liabilities indemnified and Buyer's indemnification hereunder shall not apply to any liability, cause of action, loss, cost, expense, claim or damages arising from any Seller Indemnified Parties' gross negligence, willful misconduct, illegal action or breach of this Agreement. Notwithstanding the foregoing, Developer shall have no obligation to indemnify and defend Seller for (i) pre-existing conditions discovered by any inspection of the Property, not aggravated by Buyer, (ii) any violation of law existing with respect to the Property not caused by Buyer, (iii) the negligence or misconduct of Seller or its elected officials, officers, directors, contractors, employees, attorneys and agents, (iv) any release of pre-existing Hazardous Substances arising from the conduct of any investigation or testing of the Property, unless such release is caused by any negligence or misconduct of Developer or any agent contractor or employee of Buyer. The foregoing shall survive the Closing for a period of four (4) years following the Closing Date, .

(b) Seller Indemnification of Buyer. Seller hereby agrees to indemnify, defend, and hold Developer and Buyer's directors, partners, officers, shareholders, employees, affiliates, members, representatives, heirs, successors, beneficiaries and assigns (the "**Developer Indemnified Parties**") harmless, from and against any liability, cause of action, loss, cost, expense, claim or economic damage (but specifically excluding consequential or speculative damages), including reasonable attorneys' fees, arising from, or related to, (i) any liability or obligation of Seller that Developer is not required to assume under this Agreement or accruing prior to such assumption; (ii) any personal injury or property damage occurring in, on or about the Property or relating thereto on or before the Closing Date and any environmental liability arising from pre-existing conditions on or about the Property or relating thereto first arising on or before the Closing Date and not previously disclosed to Buyer, (iii) the untruth, inaccuracy or breach of any of the representations, warranties and covenants made by Seller pursuant to this Agreement;(collectively, the "**Developer Liabilities**"); provided, however, that the Developer Liabilities indemnified and Seller's indemnification hereunder shall not apply to any liability, cause of action, loss, cost, expense, claim or damages arising from any Developer Indemnified Parties' gross negligence, willful misconduct, illegal action or breach of this Agreement. The foregoing shall survive the Closing for a period of four (4) years following the Closing Date.

19. Miscellaneous.

(a) Assignment; Successors and Assigns. Developer shall not voluntarily or by operation of law assign or transfer any rights, interests and/or obligations hereunder prior to the Closing without Seller's express prior consent in writing, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Developer shall have the right to assign its rights under this Agreement, without the consent of Seller to an "Affiliate". For purposes of this Agreement, an "**Affiliate**" means an entity controlled by, or under common control with, Buyer. In the event that Developer assigns its rights under this Agreement to an Affiliate, Developer shall provide to Seller not less than five (5) days' prior written notice. Such assignment of Buyer's rights under this Agreement shall not relieve Developer of its obligations hereunder. Except as allowed by this Section, neither this Agreement nor the rights of either Party hereunder may be assigned by either Party. This Agreement shall be binding upon, and inure to the benefit of, the Parties hereto and their respective successors, heirs, administrators and permitted assigns.

(b) Project Ownership and Operating Entities. Nothing in this Section shall prohibit (i) the leasing, franchising, management or operation of individual components of the Project by qualified third-party operators in the ordinary course of the development and operation of the Project, or (ii) the admission of members, partners or investors into Developer or into a Permitted Transferee (defined below), provided that AJ Developers LLC and/or Jatinder Singh, together with entities controlled by, and immediate family members of, Jatinder Singh, at all times collectively hold not less than fifty-one percent (51%) of the ownership interests in, and control the management of, Developer or such Permitted Transferee. Upon not less than ten (10) days' prior written notice to Seller, Developer may transfer the Property, as a whole and not in part, to a single special-purpose entity satisfying the foregoing ownership and control requirements (a "Permitted Transferee") that assumes in writing all obligations of Developer under this Agreement, the Seller Financing Note and the Deed of Trust. No such transfer or admission of members, partners or investors shall release AJ Developers LLC from its obligations under this Agreement or Guarantor from the Limited Guaranty, each of which shall remain in full force and effect. Prior to issuance of a certificate of occupancy for the hotel component of the Project, no transfer of fee title to less than all of the Property, or of any individual component of the Project, shall be permitted. Any transfer or other transaction not in compliance with this Section shall constitute a material breach of this Agreement and shall not limit or impair the due-on-sale provision of the Deed of Trust or Seller's Right of Repurchase.

(c) Entire Agreement. This Agreement embodies the entire agreement between the Parties relative to the subject matter hereof, and there are no oral or parole agreements existing between Seller and Developer relative to the subject matter hereof which are not expressly set forth herein and covered hereby.

(d) Recitals Incorporated. The Recitals above are an integral part of this Agreement and are incorporated herein by reference.

(e) Notices. Any notice, consent or approval required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given upon (i) hand delivery, (ii) one business day after being deposited with Federal Express or another reliable overnight courier service for next day delivery, (iii) upon facsimile transmission (except that if the date of such transmission is not a business day, then such notice shall be deemed to be given on the first business day following such transmission), or (iv) two business days after being deposited in the United States mail, registered or certified mail, postage prepaid, return receipt required, and addressed as follows:

If to Buyer:

AJ Developers LLC
[insert address]
[insert address]
Attn: Jatinder Singh

If to Seller:

City of Clearlake
14050 Olympic Drive,
Clearlake, CA 95422
Attention: City Manager Alan Flora

If to Escrow Holder:

[insert Escrow Holder information]

or such other address as either Party may from time to time specify in writing to the other.

(f) Brokers; Consultants. Seller and Developer each represents to the other that it has employed no broker or finder in connection with the transaction contemplated hereby and agrees to indemnify the other and its successors hereunder against, and hold such indemnified party and its successors hereunder harmless from, any and all actions, suits, claims, demands, debts, losses, liabilities or expenses (including without limitation reasonable attorneys' fees and costs of investigation and defense) arising from or in connection with any brokerage or finder's fees, charges or commissions which are (or are claimed to be) payable in connection with the transaction contemplated hereby by reason of the actions (or alleged actions) of such indemnifying party. The provisions of this Section 19(e) shall survive the Closing or termination of this Agreement.

(g) California Law; Jurisdiction. This Agreement shall be construed under and in accordance with the laws of the State of California. Each party to this Agreement agrees that the courts located in the County of Lake, State of California shall have sole and exclusive personal jurisdiction over each of them for the purpose of litigating any dispute, controversy, or proceeding arising out of or related to this agreement. In connection thereto, the parties hereby waive any claim of jurisdiction in another state and specifically consent to personal jurisdiction in the County of Lake, State of California.

(h) Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereto, and the remainder of the provisions of this Agreement shall continue in full force and effect without impairment.

(i) Waiver. The waiver by either party of a breach of any provision of this Agreement shall not be deemed a waiver of any subsequent breach whether of the same or another provision of this Agreement.

(j) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. The signature of a party to any counterpart shall be sufficient to legally bind such party. Delivery of an executed counterpart of a signature page to this Agreement by telecopy, emailed portable document format ("pdf"), or tagged image file format ("tiff") or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of an original executed counterpart of this Agreement. Any party sending an executed counterpart of a signature page to this Agreement by telecopy, pdf, tiff or any other electronic means shall also send the original thereof to the other within five (5) days thereafter, but failure to do so shall not affect the validity, enforceability, or binding effect of this Agreement.

(k) No Obligation to Third Parties. The execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate either of the parties hereto to, any person or entity not a party to this Agreement.

(l) Amendments in Writing. The provisions of this Agreement may not be amended or altered except by a written instrument duly executed by each of the parties hereto.

(m) Interpretation. Whenever the context hereof shall so require, the singular shall include the plural, the male gender shall include the female gender and the neuter, and vice versa. The headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation hereof. As used herein, the term "Person" shall mean and refer to any individual, corporation, partnership, limited liability company, trust, governmental entity, or quasi-governmental entity.

(n) Attorneys' Fees. If legal action is commenced to enforce or to declare the effect of any provision of this Agreement, the prevailing Party shall be entitled to recover from the non-prevailing Party reasonable attorneys' fees and other litigation costs. In addition to the foregoing award of attorneys' fees and other litigation costs to the prevailing Party, the prevailing Party in any lawsuit on this Agreement shall be entitled to its attorneys' fees and other litigation costs incurred in any post-judgment proceedings to collect or enforce the judgment. This provision is separate and several and shall survive the merger of this Agreement into any judgment on this Agreement. This provision shall survive Closing or termination of this Agreement.

(o) Further Acts. Each of the Parties shall execute such other and further documents and do such further acts as may be reasonably required to effectuate the intent of the Parties and carry out the terms of this Agreement.

(p) Time for Performance. Wherever the time for performance of any obligation hereunder or if, pursuant to this Agreement, a party must act by a particular time, or an act is effective only if done by a particular time, and the last date for the performance of such obligation or the doing or effectiveness of such act falls upon a day other than a business day, the time for the performance of such obligation or the doing or effectiveness of such act shall be extended to the next succeeding business day. If the Closing Date shall fall on a business day that does not immediately follow a business day, the Closing Date shall be postponed to the next succeeding business day that immediately follows a business day. As used in this paragraph only, the term "business day" shall mean any day which is not a Saturday, Sunday, national or state holiday, or day on which the Office of the County Recorder of Lake County is closed or otherwise not accepting documents for recording.

(q) Time of Essence. Time is expressly made of the essence of this Agreement.

(r) Exclusivity. Provided Developer is not in default under this Agreement, Seller shall not (i) negotiate with any other persons or entities with respect to the sale of the Property, (ii) entertain unsolicited offers, bids, negotiations or inquiries as to the purchase of the Property, (iii) solicit or respond to any offers, bids, negotiations or inquiries with respect to the purchase of the Property, and/or (iv) enter into any contract to sell Property to any person or entity other than Buyer.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have set their hands on the day and year first above written.

BUYER:

AJ DEVELOPERS LLC

By: ______________________________
Name: Jatinder Singh
Its:

SELLER:

THE CITY OF CLEARLAKE

By:_____________________________

Alan Flora, City Manager

ATTEST:

BY:________________________________

Melissa Swanson, City Clerk

APPROVED AS TO FORM:

BY: _________________________________
Scott Drexel, City Attorney

SELLER (SUCCESSOR AGENCY):

SUCCESSOR AGENCY TO THE FORMER CLEARLAKE REDEVELOPMENT AGENCY, a separate public entity

By: ______________________________

Alan Flora, Executive Director

ATTEST: ______________________________

Melissa Swanson, Secretary of the Successor Agency

EXHIBIT A

Legal Description:

[City to Supply]

EXHIBIT B

Project Description

[Project Description to be attached]

EXHIBIT C

Memorandum of Agreement

[Form of Memorandum to be attached]

EXHIBIT D

Limited Guaranty

[Form of Limited Guaranty to be attached — to conform to Section 9(a), including a guaranty of payment only, the limitation and automatic reduction of liability, automatic termination, notice and cure, and customary waivers]

EXHIBIT E

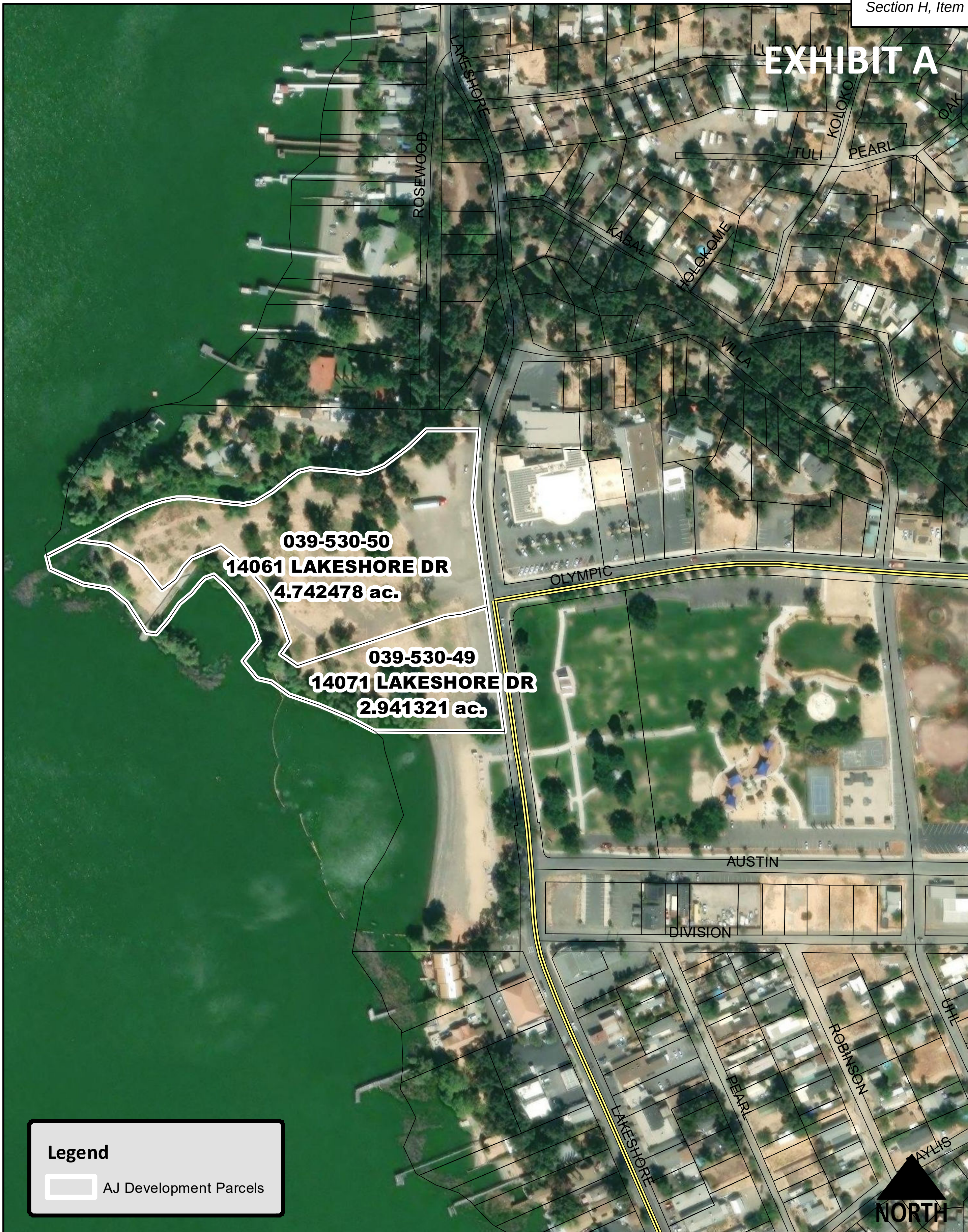
Seller Financing Note

[Form of Seller Financing Note to be attached]

EXHIBIT F

Deed of Trust

[Form of Deed of Trust to be attached]



AJ DEVELOPMENT PARCELS - AUSTIN RESORT

Date: 8/26/2026

CITY OF CLEARLAKE

City Council

STAFF REPORT			
SUBJECT:	Presentation of Vialytics Artificial Intelligence Roadway Management Software	**MEETING DATE:**	September 3, 2026
SUBMITTED BY:	Trystan Hayes, Construction Project Manager		
PURPOSE OF REPORT:	☒ Information only ☐ Discussion ☐ Action Item		

WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

The City Council is being asked receive presentation for informational purposes.

BACKGROUND/DISCUSSION:

The Public Works Department is continually evaluating tools that can improve the City's ability to inspect, document, maintain, and prioritize improvements to its roadway network. Vialytics is an artificial intelligence (AI)-powered roadway management platform designed for municipalities. The system uses a smartphone mounted in a municipal vehicle to capture roadway imagery while staff drive normal routes. AI analyzes the imagery to identify pavement distress and roadway assets, while GPS and time information creates a digital record of roadway conditions. The resulting information is organized in a web-based platform that can be used to review roadway conditions, identify maintenance needs, prioritize repairs, document completed work, and support long-term pavement management and capital improvement planning.

The City of Clearlake conducts roadway maintenance and improvement activities through the Public Works Department. Existing roadway management relies on field observations, maintenance records, photographs, resident reports, project information, and staff knowledge of roadway conditions. Vialytics' current platform captures roadway imagery through a smartphone mounted in a vehicle, logs imagery with GPS and time information, and uses AI to identify pavement issues and roadway assets. Vialytics states that its system photographs road conditions approximately every 10 feet and presents processed results in a browser-based map.

Data-Driven Decision Making

Objective and consistently collected roadway condition information can supplement staff expertise and resident input when determining maintenance priorities.

Improved Efficiency

Vialytics is designed to collect roadway information while staff perform normal driving routes, reducing reliance on separate manual inspection activities. The company reports that its AI condition assessment can substantially reduce the time required for roadway assessment; City staff should validate those savings through a local pilot before relying on vendor performance claims.

Better Documentation

GPS- and time-associated imagery can provide a useful historical record of roadway conditions and field activities.

Capital Planning

Condition data can help staff develop more defensible pavement maintenance priorities and communicate the basis for project selection to the City Council and community.

Asset Management

A digital roadway inventory can provide a centralized source for roadway assets and conditions rather than relying solely on separate photographs, spreadsheets, or institutional knowledge.

FISCAL IMPACT:

☐ None ☐ Budgeted Item? ☒ Yes ☐ No

Budget Adjustment Needed? ☐ Yes ☒ No If yes, amount of appropriation increase: $

Affected fund(s): ☐ General Fund ☐ Measure P Fund ☐ Measure V Fund ☐ Other:

Comments:

STRATEGIC PLAN IMPACT:

☐ Goal #1: Make Clearlake a Visibly Cleaner City

☐ Goal #2: Make Clearlake a Statistically Safer City

☒ Goal #3: Improve the Quality of Life in Clearlake with Improved Public Facilities

☒ Goal #4: Improve the Image of Clearlake

☐ Goal #5: Ensure Fiscal Sustainability of City

☐ Goal #6: Update Policies and Procedures to Current Government Standards

☐ Goal #7: Support Economic Development

SUGGESTED MOTIONS:

Presentation only, no action needed.

☐ **Attachments:**