

January 5, 2022

*Agreement to provide consulting services with a future Option to Purchase the property commonly known as
The Airport Property, owned by the City of Clearlake*

Dear Alan:

This Proposal constitutes the terms and conditions under which Margetich Development & Sutter Equities, and their team (“MDSE”) proposes to consult the city of Clearlake, “City”, pertaining to that certain party referenced above, consisting of approximately +/-40 acres (collectively “Properties”), as depicted on the attached map entitled Exhibit “A”. By executing this letter, the parties are agreeing to, among other things, act in good faith and use commercially reasonable efforts to negotiate and enter into a definitive consulting agreement, exclusive development agreement and an Option to Purchase the subject property as set forth herein on terms mutually acceptable to both parties.

MDSE to have an option to purchase the entire property based on terms & conditions as set forth herein or a reduced number of acres as agreed by and between Buyer and Seller. Purchase and Sale Agreement and Escrow Instructions (the “Agreement”) embodying the terms and conditions of this Letter.

Phase 1: 60 days

- City/MDSE to work with existing potential tenants, including but not limited to: grocery, home improvement, healthcare, QSRs, and fuel to identify development costs, site location and layout. Said parties will have priority during the Phase 1 period. MDSE focus will be to implement the vision of the Clearlake Conceptual Plan, developed by the City and Ankrom Moisan. MDSE shall attempt to bring the existing prospective tenant list to commitment of LOI or Lease within the Phase 1 period.
- MDSE will support the City’s current undertaking of design work for roadway and utility improvements and the spring construction of the 18th Avenue project. This part of the project is necessary in order to facilitate the hotel development.
- MDSE may identify the need for other third-party practitioners, assist with the selection of various consultants, make selection recommendations to owner, and negotiate contracts, with owner’s input. Other third-party practitioners are likely to include but are not limited to appraisers, soil and boundary surveyors, architects, engineers, attorneys, construction/manager administrator, and others whose services are deemed to be necessary by both parties.
- Recommendations pertaining to what retailers, office related uses, fuel operators, restaurants, hotels, entertainment venues & facilities, multi-family residential, and other businesses, would require in terms of site layout, ingress, egress, circulation, location, parking, visibility, architectural design.
- City and MDSE will determine an appropriate mechanism to share information regarding retail interest which in the best interest of the city.
- Solicitation of all categories of users as mentioned above with the intent to elicit interest and commitments. MDSE has defined a substantial list of prospects, that which MDSE has a long-term relationship with and our highly confident will be successful in nurturing interest and eventual commitments. Some categories will be:

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- Grocery
- Restaurants – quick serve
- Restaurants – sit down
- Financial Services
- Coffee
- Dollar stores
- Resale outlets
- Pet stores
- Drug stores
- Sporting goods and athletic activities
- Entertainment venues
- Fitness centers
- Medical, dental practitioners
- Soft good stores
- Nail, Hair Salons, Barber Shops
- Daycare operators
- Auto service & parts
- Warehouse off-prices companies
- Movie theaters
- Cellular stores
- Others to be determined

MDSE to be paid a project development & project management fee of Ten Thousand (\$10,000) per month during the Phase 1 period (60 days from execution of this agreement). This agreement to commence January 1, 2022 and end on March 2, 2022. Said fees to be paid monthly in arrears. Therefore, the first monthly fee is due February 1, 2022. The Phase 1 period may be extended by an additional 60 days, prior to March 2, 2022, with approval of the City Council.

Phase 2: Option to Purchase

- MDSE shall notify the City 30 days before the expiration of this agreement of an interest in negotiation an Option to Purchase. The City shall have exclusive rights to include or exclude any portion of the subject property from the Option Agreement.

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All parties agree to the foregoing and acknowledge acceptance by signing below.

MARGETICH DEVELOPMENT, INC.

DocuSigned by:

Greg Margetich

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Gregory F. Margetich
President

SUTTER EQUITIES

DocuSigned by:

Amar Cheema

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Amar Cheema
Owner

CITY OF CLEARLAKE

DocuSigned by:

Alan Flora

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Alan D. Flora
City Manager

1/6/2022

Date