

PURCHASE OPTION AGREEMENT

This Purchase Option Agreement (hereinafter the "Agreement") is made by and between S&B PROPERTIES, LLC, an Alaska Limited Liability Company, as seller, whose address is P.O. Box 303, Soldotna, AK 99669, (hereinafter referred to as "SELLER") and the KENAI PENINSULA BOROUGH, an Alaska municipal corporation, as buyer, whose address is 144 North Binkley Street, Soldotna, Alaska 99669 (hereinafter referred to as "KPB").

WHEREAS, SELLER is the owner of that real property located in the Kenai Recording District, Third Judicial District, State of Alaska, and more particularly described as follows:

LOT 1 AND LOT 2, BLOCK 2, AIRPORT SUBDIVISION, FILED UNDER PLAT NO. KN-0001325, RECORDS OF THE KENAI RECORDING DISTRICT, THIRD JUDICIAL DISTRICT, STATE OF ALASKA.

LOT "O", BLOCK 2, 1962 AIRPORT SUBDIVISION REPLAT, FILED UNDER PLAT NO. KN-0001500, RECORDS OF THE KENAI RECORDING DISTRICT, THIRD JUDICIAL DISTRICT, STATE OF ALASKA.

LOT 10, BLOCK 3, HILLCREST SUBDIVISION, FILED UNDER PLAT NO. KN-0001514, RECORDS OF THE KENAI RECORDING DISTRICT, THIRD JUDICIAL DISTRICT, STATE OF ALASKA.

LOT 8 AND LOT 9, BLOCK 3, HILLCREST SUBDIVISION, FILED UNDER PLAT NO. KN-0001514, RECORDS OF THE KENAI RECORDING DISTRICT, THIRD JUDICIAL DISTRICT, STATE OF ALASKA,

(hereinafter referred to as "the Property").

WHEREAS, KPB has offered to buy, subject to Borough Assembly authorization and appropriation of funds, and SELLER is willing to sell the Property as evidenced by this Agreement. SELLER understands and acknowledges that the terms of this Agreement are subject to and contingent upon the buyer securing similar Agreements on additional properties required for a planned KPB project. All Agreements will be subject to and contingent upon the associated Agreements remaining under contract and closing simultaneously. In the event buyer is unable to secure said Agreements and/or the Agreements once secured do not close, this Agreement will be considered void without penalty to KPB; and

NOW THEREFORE, in consideration of the conditional promises herein contained, SELLER hereby agrees to sell to KPB, and KPB hereby agrees to buy from SELLER, the Property on the

terms and conditions as set forth below:

1. PURCHASE PRICE

The purchase price of the Property is Six Hundred and Eighty Thousand Dollars and NO cents (\$680,000.00). The purchase price shall be paid by KPB at time of closing. The purchase of the Property and appropriation for the purchase are subject to approval by the Borough Assembly.

2. EXPIRATION OF OFFER

SELLER shall sign and return this Purchase Option Agreement to KPB on or before February 18, 2022 otherwise this offer shall terminate. In the event KPB is unable to obtain executed purchase option agreements for the other properties required for this project on or before December 31, 2022, KPB shall terminate this Agreement in writing without penalty.

3. TITLE

Title shall be delivered at the time of closing by Statutory Warranty Deed, which shall be issued to KPB. SELLER warrants and covenants that at the time of closing there shall be no liens or judgments recorded against SELLER in the same recording district in which the Property subject to this Agreement is situated. Title shall be clear of liens and encumbrances except title is subject to reservations, easements, rights-of-way, covenants, conditions and restrictions of record.

4. NOTICE

Upon the complete execution of all required Agreements to the satisfaction of KPB, buyer will provide written notice to all contracted sellers advising of the completion of the option period of this Agreement. This option period is not to exceed the timelines referenced in Section 2 of this Agreement unless otherwise agreed to in writing by both parties. All other terms, provisions and conditions of this Agreement remain in effect.

5. ESCROW AND CLOSING COSTS

Except as described in this paragraph, in addition to the purchase price, KPB agrees to pay for buyer-related closing costs in connection with this Agreement. SELLER agrees to pay for seller-related closing costs including the owner's policy of title insurance. Property taxes for the current year, if any, will be prorated to the date of closing. SELLER is responsible for realtor's commission or legal fees, if any; all unpaid taxes for prior years, if any; and all unpaid outstanding assessments, if any. All costs must be paid in full at the time of closing.

6. CLOSING

Unless otherwise agreed in writing, closing will occur within 180 days of written notice to all parties that all due diligence has been completed by KPB (as referenced in Sections 10,11, and 12), or as specifically agreed to by both parties. At closing, KPB will pay the balance of the purchase price. Both parties will execute all documents required to complete the Agreement and, if applicable, establish an escrow account. Closing on this Agreement is subject to and contingent upon the simultaneous closing of all related properties required under this project.

Kenai Peninsula Borough, Alaska

S & B Properties, LLC / KPB - Purchase Option Agreement

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Kenai Peninsula Borough

S & B Properties, LLC

7. POSSESSION

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8. KENAI PENINSULA BOROUGH ASSEMBLY APPROVAL

Purchase of the Property by the Kenai Peninsula Borough is subject to authorization by the Kenai Peninsula Borough Assembly and appropriation of funds. If the Kenai Peninsula Borough Assembly fails to authorize the purchase of the subject land and appropriate funds, this Agreement shall be terminated without penalty.

9. DISCLOSURES

SELLER hereby agrees to provide property disclosures including any and all information regarding known defects, deficiencies, legal matters, environmental issues or hazards, that may be personally known by SELLER, in writing prior to KPB entering into its due diligence period. If said disclosures are unsatisfactory to the buyer, KPB may terminate this Agreement without penalty.

10. CONTINGENT ON INSPECTION

This offer and Agreement are contingent upon completed inspections satisfactory to KPB for its use and at KPB's expense. SELLER shall, upon reasonable notice, provide access to the Property for inspection purposes to KPB and its representatives. Any invasive inspection procedures shall require SELLER's express permission and shall be promptly repaired or replaced by KPB in a workmanlike manner. KPB shall have 180 days from the notice date referenced in Section 4 to complete any inspections to its satisfaction unless otherwise provided for in writing.

11. HAZARDOUS MATERIAL

SELLER covenants to the best of SELLER'S knowledge, that as of the date of this Agreement, except as specifically identified herein, the Property is free of all contamination from petroleum products or any hazardous substance or hazardous waste, as defined by applicable state or federal law, and there are no underground storage tanks or associated piping on the Property. SELLER agrees that no hazardous substances or wastes shall be located on nor stored on the Property, nor on any adjacent property owned or leased by the SELLER, owner or contractors; nor shall any such substance be owned, stored, used, or disposed of on the Property, nor on any adjacent property by SELLER, its agents, employees, contractors, or invitees, prior to KPB'S ownership, possession, or control of the Property.

12. ENVIRONMENTAL CONTINGENCY

If during the course of KPB's due diligence of the Property pursuant to Section 10, KPB discovers the presence of environmental hazards on or released from the Property in any quantity or concentration exceeding the limits allowed by applicable law, or that are deemed undesirable by KPB, KPB shall have the right to give notice to Seller, accompanied by a copy

or copies of the Third-Party Report(s) disclosing and confirming the presence of such hazardous materials. The notice and accompanying Third-Party Report must be given no later than 60 days from receipt of said report. The notice under this section shall state:

- (i) that KPB is terminating this Agreement due to the presence of hazardous materials on or adversely affecting the Property; OR
- (ii) provide SELLER 30 days from the notice date to provide a mitigation plan outlining steps taken by SELLER to remedy said hazards to KPB's satisfaction at Seller's expense.

After KPB provides the notice and report described in this Section, the parties may negotiate other resolutions as may be agreeable to both parties in writing to be included as a part of this Agreement. In the event the parties cannot agree in writing on a resolution to remedy any environmental concerns within 90 days of the above notice, this Agreement shall automatically terminate.

It is expressly understood, by execution of this agreement, that SELLER hereby indemnifies KPB for any and all CERCLA-related claims, liabilities or matters, unless otherwise provided for in this agreement. Said indemnification shall survive termination of this agreement. However, upon successful close of escrow said indemnification shall terminate provided no environmental matters are discovered as a result of KPB's due diligence, or as otherwise agreed to in writing by both parties.

If this Agreement is terminated pursuant to any report detailing environmental conditions that may or may not exist on the Property, such report(s) shall remain confidential and proprietary. The report(s) will be marked as confidential and will not be released to a private individual, entity, or non-profit without express agreement of the parties hereto. Notwithstanding, the report will be released pursuant to a valid court order and may be released to the State of Alaska upon request.

13. ENTIRE AGREEMENT

This Agreement and the documents referred to herein contain the entire agreement of the parties with respect to the subject matter hereof. Any changes, additions or deletions hereto must be made in writing and signed by both KPB and SELLER or their respective successors in interest. Provisions of this Agreement, unless inapplicable on their face, shall be covenants constituting terms and conditions of the sale, and shall continue in full force and effect until the purchase price is paid in full or this Agreement is earlier terminated.

14. BREACH REMEDY

Prior to closing of the sale, in the event that KPB or SELLER fails to make any payment required, or fails to submit or execute any and all documents and papers necessary for closing and transfer of title within the time period specified in this agreement, the SELLER or KPB may terminate this Agreement.

15. MISCELLANEOUS

- A. Time. Time is of the essence in performance of this Agreement.
- B. Cancellation. This Agreement, while in good standing, may be canceled in whole or in part, at any time, upon mutual written agreement by SELLER and the KPB mayor. This Agreement is subject to cancellation in whole or in part if improperly issued through error in procedure or with respect to material facts. Buyer may cancel this Agreement without penalty in the event additional Agreements are not secured required of this project.
- C. Notice. Any notice or demand, which under the terms of this Agreement or under any statute must be given or made by the parties thereto, shall be in writing, and be given or made by registered or certified mail, addressed to the other party at the address shown on the Agreements. However, either party may designate in writing such other address to which such notice of demand shall thereafter be so given, made or mailed. A notice given hereunder shall be deemed received when deposited in a U.S. general or branch post office by the addressor.
- D. Interpretation. This Agreement shall be deemed to have been jointly drafted by both parties. It shall be construed according to the fair intent of the language as a whole, not for or against any party. The interpretation and enforcement of this Agreement shall be governed by the laws of the State of Alaska. The titles of the Sections in this Agreement are not to be construed as limitations of definitions but are for identification purposes only.
- E. Condition of Property.
SELLER shall deliver the Property in its as-is condition.
- F. Confidentiality. This Agreement shall be considered proprietary to the parties until closing occurs. Following closing, this Agreement may be considered a public record.
- G. Counterparts. This Agreement may be executed in counterpart, and may be executed by way of copy, facsimile or verified electronic signature in compliance with AS 09.80, and if so, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

16. PERSONAL PROPERTY

The personal property and fixtures identified on the attached Exhibit A, are hereby agreed to be specifically excluded from the sale. On or before closing (or as otherwise agreed by both parties), the Seller at their sole expense, shall remove the items referenced on Exhibit A in a

EXHIBIT A

Personal Property

List of Seller Identified Personal Property:

In addition to the personal property located on the property, Seller wishes to call special attention to the following items that are to be removed by the Seller on or before closing.

Bathroom:

- Mirrors, shelves and all other personal affects.

Kitchen:

- Fridge and all other personal affects.

Exterior:

- Large landscaping rocks around building and entry's
- Rock Displays and sale samples
- Flowering Tree on SE corner of office building
- All signage
- Building security system and cameras

North Storage Room:

- All shelving considered to be non-structural
- All tanks and related equipment

Seller / Buyer

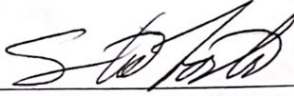
careful workmanlike manner. For those items removed that may cause damage or in some way negatively impact the property, the Seller shall at their sole expense make the repairs necessary to remedy said damage to KPB's satisfaction. Where trees, large landscaping rocks and product samples are removed, adequate dirt or gravel fill must be added to properly fill in and level any holes or safety hazards.

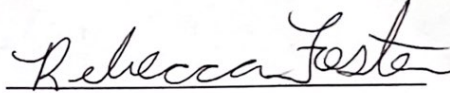
This Agreement has been executed by the parties on the day and year first above written.

KENAI PENINSULA BOROUGH:

SELLER:

Charlie Pierce, Mayor





ATTEST:

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY:

Johni Blankenship,
Borough Clerk

A. Walker Steinhage
Deputy Borough Attorney

NOTARY ACKNOWLEDGMENT

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this _____ day of _____, 2022, by Charlie Pierce, Mayor of the Kenai Peninsula Borough, an Alaska municipal corporation, for and on behalf of the corporation.

Notary Public in and for Alaska
My commission expires: _____

NOTARY ACKNOWLEDGMENT

STATE OF ~~ALASKA~~ TN)
) ss.
~~THIRD JUDICIAL DISTRICT~~)

The foregoing instrument was acknowledged before me this 1 day of February, 2022, by Rebecca Foster and Steven B Foster as owners of S & B Properties, LLC.



Fred J. Tapper

Notary Public in and for ~~Alaska~~ TN
My commission expires: 5/21/2025