

PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

This Purchase and Sale Agreement ("Agreement") is made and entered into this _____ day of _____, 2025 by and between the City of Douglas, an Arizona municipal corporation ("Buyer") and Brent Graham, a married man and Quantum Star, LLC, an Arizona limited liability company (collectively, "Seller"), on the following terms and conditions:

1. Sale and Purchase. Seller agrees to sell and Buyer agrees to purchase that certain real property consisting of 69.19 acres, more or less, located in the City of Douglas, Cochise County, Arizona, Assessor's Parcel No. 408-21-002M, legally described on Exhibit A attached hereto, together with all of Seller's rights, title and interest in and to all appurtenances, hereditaments, easements, rights-of-way, reversions, remainders, development rights, well rights, water rights and air rights, all oil, gas, and mineral rights not previously reserved, and any other rights or privileges appurtenant to such real property (the "Property").

2. Escrow and Title Company. The Seller and Buyer shall open an escrow ("Escrow") with Pioneer Title Agency, 1065 F Ave Suite #6, Douglas, Arizona 85607, Attn: Candy Chavez ("Title Company" or "Escrow Agent") to facilitate the consummation of the sale of the Property. This Agreement shall also serve as escrow instructions to Title Company.

3. Purchase Price. The purchase price ("Purchase Price") that Buyer agrees to pay Seller for the Property shall be the sum of Sixty-Eight Thousand Five Hundred and No/100 Dollars (\$68,500.00). The Purchase Price shall be paid in cash or immediately available funds ("Cash Payment"), on or before the Close of Escrow.

4. Escrow Opening and Closing.

4.01 Opening of Escrow. The Title Company shall sign and date this Agreement on the space provided at the end of this Agreement, indicating that Escrow has been opened as of such date ("Opening of Escrow"), which date shall be the date at which Title Company is in possession of a fully executed Agreement.

4.02 Closing. The closing of this transaction and escrow (the "Closing" or "Close of Escrow") shall occur within thirty (30) days after the expiration of the Feasibility Period (as defined in Section 6.02(b)).

5. Title

5.01 Status of Title. Within five (5) days after Opening of Escrow, or as soon thereafter as possible, Title Company shall provide Buyer and Seller with a current commitment for title insurance (the "Title Commitment") for the Property, disclosing all matters of record and other matters of which Title Company has knowledge which relate to the title to the Property, and a legible copy of each of the instruments and documents referred to in the Title Commitment. The Title Commitment shall include Title Company's requirements for Closing and issuing its title policy. Buyer shall have ten (10) days after receipt of the Title Commitment and copies of all instruments and documents referred to in the Title Commitment, or five (5) days after the receipt of any amendment thereto and copies of all instruments and documents referred to therein, to object in writing to Seller to any matter shown thereon. If Buyer fails to object within said period, the

condition of title to the Property shall be deemed approved. If Buyer timely objects to any matter disclosed by the Title Commitment or any amendment thereto, the Seller may, but is not obligated, to use reasonable efforts to cure such objection(s) (although in no event shall the Seller be required to expend funds) within ten (10) days thereafter. If, within such 10-day period, the Seller is unsuccessful or responds that it is unwilling to cure Buyer's objection(s), Buyer shall have five (5) days following notice from the Seller of its inability or unwillingness to cure in which Buyer shall elect by delivering written notice to the Seller and Title Company either to (a) waive its objection(s); or (b) terminate this Agreement. If Buyer elects to terminate this Agreement, neither party shall thereafter have any further rights or obligations hereunder except for those obligations that survive the termination of this Agreement or the Close of Escrow as provided in this Agreement. Failure by Buyer to make a timely election shall constitute an election to terminate this Agreement. Failure by the Seller to give any notice shall constitute the Seller's election not to cure. Notwithstanding anything else stated herein, in all events, regardless of whether Buyer has given notice of objection as stated above, the Seller shall be obligated to satisfy and otherwise remove all monetary and financial liens, including, without limitation: (i) all financing encumbrances and monetary liens arising from any deeds of trust or mortgages executed or assumed by Seller; (ii) mechanics', materialmen's and supplier's liens arising out of work performed at the request of Seller or on behalf of Seller; (iii) judgment liens against Seller; and (iv) federal or state income or sales tax liens against Seller. Any title exceptions which have been not been objected to or waived by Buyer shall be called "Permitted Title Exceptions."

5.02 Title Policy. At Closing, Title Company shall furnish to Buyer, at Buyer's cost, an ALTA extended coverage owner's policy of title insurance in the amount of the Purchase Price for the Property insuring Buyer's title to the Property, subject only to the usual printed exceptions contained in such title insurance policies and the Permitted Title Exceptions.

5.03 Survey. As part of the Property Information, Seller shall provide Buyer with a copy of the most recent ALTA survey covering the Property that is in Seller's possession. If Buyer desires an updated survey of the Property or if a survey is required to enable the Title Company to issue its title policy, it shall be Buyer's responsibility to obtain the survey at Buyer's cost.

6. Preliminary Due Diligence; Examination of Property.

6.01 Preliminary Due Diligence. Within five (5) days after the Opening of Escrow, or as soon thereafter as possible, Seller shall provide to Buyer the following information (the "Property Information"), to the extent the Property Information is in the Seller's possession or control: copies of all reports, contracts, agreements, leases, maps, plats, surveys, easements, utility information and agreements, permits, licenses, certificates of occupancy, zoning letters, soil reports and tests, correspondence with or from all governmental, regulatory, municipal utility district, public utility district or other agencies with authority over the Property, including a disclosure list of any violations of the Property, environmental site assessments and studies, engineering reports, hazardous materials reports, information and documents pertaining to Seller's ownership and operation of the Property. Seller warrants that the information provided to Buyer regarding the Property shall be true, complete and accurate to the best of Seller's actual knowledge.

6.02 Examination of Property.

(a) Upon making prior arrangements with Seller, Buyer, its agents or employees may enter upon the Property for the purposes of inspecting the Property, conducting environmental, soil, engineering, structural and other tests as Buyer may deem necessary. Buyer shall restore the affected portion of the Property to its condition prior to the performance of such studies or inspections. Buyer agrees to indemnify and hold Seller harmless for, from and against any liability and/or damages caused by Buyer in exercising the forgoing license (unless arising from Seller's gross negligence or willful misconduct) and agrees that its obligations to indemnify shall survive any termination of this Agreement and the Close of Escrow. All expenses incurred in connection with the exercise of this license by Buyer shall be the responsibility of Buyer.

(b) Notwithstanding any provisions herein to the contrary, Buyer may terminate this Agreement, for any reason, by delivering written notice of such termination to the Seller and Title Company on or before forty-five (45) days following the Opening of Escrow. The period between the Opening of Escrow and the last date on which Buyer may terminate this Agreement in accordance with the provisions of this Section 6.02(b) is herein called feasibility period ("Feasibility Period"). If Buyer elects to terminate this Agreement pursuant to this Section 6.02(b), neither party shall thereafter have any further rights or obligations hereunder except for those rights and obligations that survive termination of this Agreement or the Close of Escrow as provided in this Agreement.

7. Representations and Warranties.

7.01 Seller's Representations and Warranties. The Seller makes the following representations and warranties, all of which shall be true and correct at the Closing and which shall survive Closing for a period of six (6) months:

(a) There are no claims, actions, suits, or other proceedings pending or threatened or any governmental department or agency or any other corporation, partnership, entity or person whomsoever, nor any voluntary actions or proceedings contemplated by the Seller, which in any manner or to any extent may detrimentally affect Buyer's right, title or interest in and to the Property, or the Seller's ability to perform the Seller's obligations under this Agreement.

(b) Seller has the full power and authority to enter into and perform this Agreement according to the terms hereof and the individuals executing this Agreement and all documents delivered pursuant to this Agreement on behalf of the Seller are authorized to do so.

(c) There are no agreements, commitments or understandings by or between the Seller and any third party pursuant to which the Seller or its successors in interest are required to convey, dedicate, sell or transfer any part of the Property or to grant any easement, water right, right-of-way, road or license in respect to any part of the Real Property.

(d) Seller has not received any notices and the Seller is not otherwise aware that the Property was not or is not in compliance with all federal, state of Arizona and local laws, ordinances and regulations relating to environmental protection, occupational health and safety, public health and safety or public nuisance or menace (collectively "Environmental Laws"). To the Seller's actual knowledge, except as disclosed in the Property Information, there has been no production, storage, transport, release, spillage or disposal upon the Property of any hazardous

substances, hazardous waste, hazardous materials, toxic substances, contaminants, or any other substances declared to be hazardous or toxic under any Environmental Laws in violation of any Environmental Laws.

(e) To the Seller's actual knowledge, there is no pending or threatened condemnation or similar proceedings affecting the Property or any part thereof and the Seller has no knowledge that any such proceeding is presently contemplated.

(f) This Agreement and all documents required hereby to be executed by the Seller are and shall be valid, legally binding obligations of, and enforceable against the Seller, in accordance with their terms.

(g) There are no persons in possession or occupancy of the Property or any part thereof, nor are there any persons who have possessory rights in respect to the Property or any part thereof.

(h) Prior to the Close of Escrow, Seller shall maintain the Property in the same state of repair as of the execution of this Agreement by Seller.

(i) Seller has not knowingly withheld any material information pertaining to the Property. To the actual knowledge of Seller, and except as disclosed in the Title Commitment, there exist no agreements of sale, leases, occupancy agreements, rights of first refusal, options to purchase, maintenance agreements, shared expense agreements, repayment agreements, reimbursement agreements, development agreements or similar documents in any manner pertaining to or affecting all or any portion of the Property.

(j) Except as otherwise expressly set forth in this Agreement and the Deed, neither the Seller nor its officers, employees, agents, representatives, attorneys or contractors have made any representations, guaranties, promises, assurances or warranties, express or implied, to Buyer including, without limitation, any pertaining to the suitability of the Property for any purpose, the profitability of owning or operating the Property, the physical or environmental condition thereof, the suitability, habitability or merchantability or fitness of the Property for Buyer's intended use or for any use whatsoever, the rentals, income or expenses thereof, the net or gross acreage contained therein, the zoning thereof, the condition of title thereto, the existence or satisfaction of any local, state or federal approvals or permits for the development or use thereof, the availability or existence of water, sewer or other utilities, the existence or nonexistence of any hazardous substances or materials in, on or under the Property, or as to any past present or future matter whatsoever. Buyer acknowledges and agrees that with the aid of independent expert advice it will have had an opportunity to satisfy, prior to the expiration of the Feasibility Period, itself regarding the condition of the Property, and that the Property will be purchased "AS IS."

7.02 Buyer's Representations and Warranties. Buyer represents and warrants to the Seller:

(a) Buyer has the full power and authority to enter into and perform this Agreement according to the terms hereof and the individual executing this Agreement on behalf of Buyer is authorized to do so.

(b) This Agreement and all documents required hereby to be executed by Buyer are and shall be valid, legally binding obligations of, and enforceable against Buyer, in accordance with their terms.

(c) Buyer acknowledges and agrees that with the aid of independent expert advice it will have had an opportunity to satisfy, prior to the expiration of the Feasibility Period, itself regarding the condition of the Property, and that the Property will be purchased "AS IS."

8. Remedies.

8.01 Seller's Remedies. In the event Buyer fails to perform its obligations pursuant to this Agreement for any reason except due to the Seller's default or failure to perform its obligations hereunder (and such failure continues for a period of five (5) days following written notice to the Buyer), the Seller shall be entitled as its sole remedy to terminate this Agreement. Nothing in this Section shall limit the Seller's right to recover attorneys' fees under Section 8.03 below or limit or prevent Seller from enforcing Buyer's obligations and liabilities which survive a termination of this Agreement.

8.02 Buyer's Remedies. If the Seller (1) fails to perform any of its obligations under this Agreement prior to the Closing for any reason other than the default of Buyer or the termination of this Agreement (and such failure continues for a period of five (5) days following written notice to the Seller), or (2) breaches a representation and warranty, then the Seller shall be in default under this Agreement and, as Buyer's sole and exclusive remedy, Buyer may elect to: (i) waive the default and proceed to close this transaction and the Escrow; or (ii) pursue specific performance of this Agreement; or (iii) terminate this Agreement; provided, however, if specific performance is unavailable because of the affirmative or intentional acts or omissions of the Seller, Buyer may bring suit for actual damages as a result of the Seller's default hereunder. Nothing in this Section shall limit Buyer's right to recover attorneys' fees under Section 8.03 below.

8.03 Attorneys' Fees. In the event either party hereto is required to employ an attorney because of the other party's default, then the defaulting party shall pay the non-defaulting party's reasonable attorneys' fees incurred in the enforcement of this Agreement.

8.04 Waiver. Seller and Buyer waive the right to pursue consequential or punitive damages against the other.

9. Conditions Precedent to the Seller's Obligations. The obligations of the Seller under this Agreement are subject to the satisfaction, on or prior to the Closing, of the following conditions, all or any of which may be waived in writing by the Seller:

(a) All representations and warranties made by Buyer in this Agreement and in any written statements delivered to the Seller by Buyer under this Agreement shall be true and correct as of the Closing.

(b) Buyer shall have performed and complied with all obligations of Buyer required by this Agreement to be performed or complied with by Buyer on or prior to the Closing.

(c) All documents required to be delivered by Buyer on or prior to the Closing shall have been properly executed by Buyer and delivered to Escrow Agent or the Seller in form and substance reasonably satisfactory to Seller.

10. Conditions Precedent to Buyer's Obligations. The obligations of Buyer under this Agreement are subject to the satisfaction, on or prior to the Closing, of the following conditions, all or any of which may be waived in writing by Buyer:

(a) All representations and warranties made by the Seller in this Agreement and in any written statement delivered to Buyer by the Seller under this Agreement shall be true and correct as of the Closing.

(b) The Seller shall have performed and complied with all its obligations required by this Agreement to be performed or complied with by it on or prior to the Closing.

(c) All documents required to be delivered by the Seller on or prior to the Closing shall have been properly executed by the Seller and delivered to Escrow Agent or Buyer in form and substance reasonably satisfactory to Buyer.

(d) Title Company shall have irrevocably committed to issue the Title Policy.

11. Closing.

11.01 Closing Matters.

(a) At Closing, the Seller shall execute, deliver and acknowledge the following documents:

(i) A special warranty deed ("Deed") conveying the Property;

(ii) An affidavit, signed and acknowledged by the Seller under penalties of perjury, certifying that the Seller is not a nonresident alien, foreign corporation, foreign partnership, foreign trust, foreign estate, or other foreign person within the meaning of Section 1445 and Section 7701 of the Internal Revenue Code of 1986 and the associated Treasury Regulations; and

(iii) Such other documents as are reasonably necessary to close and consummate the purchase and sale transaction contemplated by this Agreement and as may be required by the lender for the Buyer.

(b) At Closing, Buyer shall:

(i) Deliver the Cash Payment to Title Company; and

(ii) Execute and deliver such other documents as are reasonably necessary to close and consummate the purchase and sale transaction contemplated by this Agreement and as may be required by the lender for Buyer or the Title Company.

(c) Possession of the Property shall be delivered to Buyer at Closing.

11.02 Taxes. At Closing, all taxes (real and personal), fees and assessments, if applicable, for the year of closing shall be prorated, in cash, based on a three hundred sixty-five (365) day year, as of the date of Closing. If the ad valorem taxes for the year of closing are not known or cannot be reasonably estimated, taxes shall be estimated based on taxes for the year prior to Closing.

11.03 Closing Costs. Escrow fees charged by Title Company shall be paid by Buyer. Except as otherwise provided in Section 8.03, each party shall be responsible for the payment of its own attorneys' fees incurred in connection with the transaction, which is the subject of this Agreement.

11.04 Commissions. Neither Seller nor Buyer have retained or engaged a real estate broker, commission agent or any other person who is or may be entitled to payment of a commission or finder's fee or other compensation in connection with the transaction contemplated by this Agreement. Seller and Buyer shall indemnify, hold harmless and defend the other, its successors and assigns for, from and against any and all claims, demands, actions, costs and expenses, including reasonable attorney and accounting fees and court costs arising out of any claim by any real estate broker or other person claiming through the indemnifying party that such person is entitled to any commission or fee in connection with this transaction. The provisions of this Section 11.04 shall survive the Closing.

12. Condemnation and Risk of Loss.

12.01 Condemnation. If, prior to Closing, any governmental authority, other than Buyer, or other entity having condemnation authority shall institute an eminent domain proceeding or take any steps preliminary thereto (including the giving of any direct or indirect notice of intent to institute such proceedings) with regard to the Property, and the same is not dismissed on or before ten (10) days prior to Closing, Buyer shall be entitled either to terminate this Agreement upon written notice to Seller or to waive such right of termination and receive all such condemnation proceeds. In the event Buyer elects to terminate this Agreement under this Section 12.01, neither party to this Agreement shall thereafter have any further rights or obligations hereunder except for those rights and obligations that survive termination of this Agreement or the Close of Escrow as provided in this Agreement.

12.02 Risk of Loss. The risk of loss or damage to the Property and all liability to third persons until the Close of Escrow shall be borne by the Seller. Buyer shall assume all risks of loss or damage to the Property and all liability to third persons upon the Close of Escrow.

13. Miscellaneous.

13.01 Notices. Any and all notices, demands or requests required or permitted hereunder shall be in writing and shall be effective upon personal delivery, or email, or facsimile transmission (facsimile transmission must include verification of transmission) or one (1) business

day after being deposited with any commercial air courier or express service providing next day delivery, addressed as follows:

To the Seller: Brent Graham
7422 E. Norwood Street
Mesa, AZ 85207
Phone: (602) 318-5489
Email: brentgraham@me.com

Quantum Star, LLC
Attn: James Ray Graham
4507 E. Rhonda Drive
Phoenix, AZ 85018

With a copy to:

To Buyer: City of Douglas
Attn: Ana Urquijo, City Manager
425 E. 10th Street
Douglas, AZ 85607
Email: ana.urquijo@douglasaz.gov

With copy to: Denis M. Fitzgibbons, City Attorney
Fitzgibbons Law Offices, P.L.C.
1115 E. Cottonwood Lane, Suite 150
P.O. Box 11208
Casa Grande, Arizona 85130-0148
Email: denis@fitzgibbonslaw.com

Escrow Agent: Pioneer Title Agency,
Attn: Candy Chavez
1065 F Ave Suite #6
Douglas, Arizona 85607
Phone.: (520) 364-4123
Email: candy.chavez@pioneertitleagency.com

Buyer, the Seller or Escrow Agent may change its address for notice by giving notice in the manner provided above. The inability to deliver because of a changed address of which no notice was given, or rejection or other refusal to accept any notice, shall be deemed to be the receipt of the notice as of the date of such inability to deliver or rejection or refusal to accept. Any telephone numbers provided in this Agreement are for aiding informal communications only, and notices shall not be effective if provided orally.

13.02 Time of the Essence; Date of Performance. Time is of the essence of this Agreement, and Buyer and the Seller hereby agree to perform each and every obligation hereunder in a prompt and timely manner; provided, however, that if the date for the performance of any action or the giving of any notice which is required hereunder, occurs on a Saturday, Sunday or legal holiday, the date for performance or giving of notice shall be the next succeeding business day.

13.03 Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be valid under applicable law, but if any provision of this Agreement shall be invalid or prohibited hereunder, such provision shall be ineffective to the extent of such prohibition or invalidation which shall not invalidate the remainder of such provision or the remaining provisions of this Agreement.

13.04 Waiver. The waiver by either party hereto of any right granted to it hereunder shall not be deemed to be a waiver of any other right granted herein, nor shall same be deemed to be a waiver of a subsequent right obtained by reason of the continuation of any matter previously waived.

13.05 Entire Agreement. This Agreement, contains the entire agreement of the parties hereto with respect to the matters covered hereby, supersedes all prior agreements, arrangements and understandings between the parties and no other agreement, statement or promise made by either party hereto that is not contained herein shall be binding or valid. All exhibits to this Agreement are by this reference incorporated herein.

13.06 Amendments. This Agreement may be amended only by written document signed by each of the parties hereto.

13.07 Further Performance. Each party shall, whenever and as often as it shall be requested by the other party, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further instruments and documents, including supplemental escrow instructions, as may be reasonably necessary in order to complete the sale, conveyance and transfer herein provided and to do any and all things as may be requested in order to carry out the intent and purpose of this Agreement.

13.08 Counterparts. This Agreement may be executed simultaneously or in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. A party's signature on this Agreement or any amendment hereto may be provided by facsimile or electronically scanned and shall be effective upon transmission to the other party hereto.

13.09 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, devisees, personal and legal representatives, successors and assigns.

13.10 Governing Law; Venue. This Agreement shall be construed and interpreted under, and governed and enforced according to the laws of the State of Arizona, without giving effect to the principles of conflicts of law. The parties agree that should any court action be commenced relating to this Agreement, that the Cochise County Superior Court shall be the

appropriate and exclusive venue therefore. The parties expressly waive any and all provisions of law providing for a change of venue to any other state or federal court.

13.11 Headings and Construction. The headings set forth in this Agreement are inserted only for convenience and are not in any way to be construed as part of this Agreement or a limitation on the scope of the particular paragraph to which it refers. Where the context requires herein, the singular shall be construed as the plural, and neutral pronouns shall be construed as masculine and feminine pronouns, and vice versa. This Agreement shall be constructed according to its fair meaning and neither for nor against either party hereto.

13.12 Tax Reporting. Title Company, as the party responsible for Closing the transaction contemplated hereby within the meaning of Section 6045(e) of the Code, shall file all necessary information, reports, returns and statements (collectively, the "Tax Reports") regarding this transaction as required by the Code, including, without limitation, the Tax Reports required pursuant to Section 6045 of the Code. Title Company further agrees to indemnify and hold Buyer and Seller, and their respective attorneys and brokers, harmless from and against all claims, costs, liabilities, penalties, or expenses resulting from Title Company's failure to file the Tax Reports which Title Company is required to file pursuant to this Section.

13.13 Conflict of Interest. This Agreement is subject to the conflict of interest provisions set forth in A.R.S. Section 38-511.

13.14 Dispute Resolution. In the event a dispute arises under this Agreement, Buyer and Seller agree that there shall be a thirty (30) day moratorium on litigation during which time the Buyer and the Seller agree to attempt to settle the dispute by non-binding mediation before commencement of litigation. The mediation shall be held under the Commercial Mediation Rules of the American Arbitration Association ("AAA") but shall not be under the administration of the AAA unless agreed to by the Buyer and the Seller in writing, in which case all administrative fees shall be divided evenly between the Buyer and the Seller. The matter in dispute shall be submitted to a mediator mutually selected by Buyer and the Seller. If the Parties cannot agree upon the selection of a mediator within ten (10) days, then within five (5) days thereafter, the Buyer and the Seller shall request that the Presiding Judge of the Superior Court in and for the County of Cochise, State of Arizona, appoint the mediator. The mediator selected shall have at least ten (10) years of experience in mediating or arbitrating disputes relating to commercial property. The cost of any such mediation shall be divided equally between the Buyer and the Seller. The results of the mediation shall be nonbinding with either Buyer or the Seller free to initiate litigation upon the conclusion of the latter of the mediation or of the thirty (30) day moratorium on litigation. The mediation shall be completed in one day (or less) and shall be confidential, private, and otherwise governed by the provisions of A.R.S. § 12-2238, to the extent allowed by the Arizona Open Meetings Law, § 38-431 et. seq.

IN WITNESS WHEREOF, Buyer and the Seller have executed this Agreement effective as of the date first written above.

BUYER:

CITY OF DOUGLAS, a municipal corporation

By: _____
Its Joe Grijalva, Mayor

Attest:

Approved as to form:

By: _____
City Clerk

By: _____
City Attorney

SELLER:

Graham Brent

Quantum Star, LLC, an Arizona limited liability company

By: _____
James Ray Graham, Manager

EXHIBIT A

Legal Description of the Property
(to be provided by Title Company)