

REAL PROPERTY CONVEYANCE AND IMPROVEMENT AGREEMENT

This Real Property Conveyance and Improvement Agreement (the "Agreement") is made by and between the Petersburg Borough, PO Box 329, Petersburg, Alaska 99833 (the "Borough") and Skylark Park LLC, PO Box 2070, Petersburg, Alaska 99833 ("Skylark"), collectively referenced herein as the "Parties". This Agreement shall be effective upon the date of the last signature below (the "Effective Date").

Recitals

- A. The Borough, as successor-in-interest to the City of Petersburg, is the owner of the following described seven (7) parcels, all located in the Petersburg Recording District, First Judicial District, State of Alaska:
 - Lots 1, 2, 3, 5, and 6, Block A, Skylark II Subdivision, per Plat #90-14
 - Lot 5A, Block 221, Skylark II Subdivision, per Plat #90-14
 - Government Lot 21, Section 33, T58S, R79E, C.R.M. (collectively, the "Lots")
- B. Skylark has requested to purchase the lots, at less than assessed value, in order to develop a large residential housing development, as provided for under Petersburg Municipal Code (PMC) 16.12.030B.
- C. Through one or more plats, Skylark would subdivide Government Lot 21, in conjunction with Government Lot 14, already owned by Skylark, to develop a minimum of twenty (20) residential lots, with a minimum lot size of 75' by 100' (referred to herein, together with the Skylark II Subdivision lots, as the "development"), with at least fourteen (14) of the twenty (20) new lots created located within the current boundaries of Government Lot 21. Skylark is to install and construct improvements to the development.
- D. The improvements would consist of new road construction, commencing at the corner of Odin and Wesley Streets, onto and through Government Lots 14 and 21, and installation of electric, water, sewer and storm drainage utilities along the same route, as more specifically described in paragraph 5 below (cumulatively, the "Improvements" or the "Lot Improvements").
- E. The Improvements shall be constructed and installed in accordance with Borough standards, as set out further in paragraph 5 below. The construction/installation plans shall be reviewed and accepted by the Borough prior to commencement of the work by Skylark, and said construction/installation shall be inspected and accepted by the Borough upon completion of the work.

F. The Borough has agreed to sell the Lots to Skylark at fifty percent (50%) of their Appraisal Value, as established under the October 25, 2024 appraisals performed by Ramsey Appraisal Resource (File Names. 24-32 and 24-33)

G. The Appraisal Values, Sale Prices, and Assessed Values are as follows:

<u>Lot #</u>	<u>Appraisal Value</u>	<u>Sale Price</u>	<u>Assessed Value (2025)</u>
1	\$ 15,000	\$ 7,500	\$ 23,400
2	\$ 13,000	\$ 6,500	\$ 17,900
3	\$ 14,500	\$ 7,250	\$ 24,600
5	\$ 13,000	\$ 6,500	\$ 17,800
6	\$ 14,000	\$ 7,000	\$ 17,800
5A	\$ 15,000	\$ 7,500	\$ 25,800
21	<u>\$ 26,500</u>	<u>\$ 13,250</u>	<u>\$ 61,000</u>
<u>Total</u>	\$111,000	\$ 55,500	\$ 188,300

H. The development would be of substantial public benefit, as the community of Petersburg is currently experiencing a severe shortage of available housing, including available parcels of land with borough utilities.

Agreement

NOW THEREFORE, upon the following terms and conditions, and those set out in Petersburg Borough Assembly Resolution #2025-20, incorporated herein by reference, the Borough hereby agrees to sell and convey, and Skylark agrees to purchase, the Lots:

1. Recitals Incorporated. The Recitals above are incorporated here as though fully restated.
2. Sale Price. The total sale price for the parcels is \$55,500.00 ("the sale price").
3. Payment of Sale Price. The full amount of the sale price shall be paid at closing of this transaction. At the closing, title to the Lots shall be conveyed by the Borough to Skylark, via one Quitclaim Deed, subject to all easements, rights-of-way and reservations, of record or not of record, including but not limited to matters which would have been disclosed by a survey or physical inspection of the Lots. The Parties acknowledge and agree that the seven parcels will not be conveyed separately, and that Skylark is required under this Agreement to purchase all Lots together in a single transaction. The Borough is

not providing title insurance for the Lots. If Skylark desires to obtain title insurance, Skylark may do so at its own expense.

4. Platting Process. At its discretion, Skylark shall promptly proceed with the development through either a single or multi-phase platting process, as follows:

a. Single Plat:

i. In accordance with the Borough's platting ordinances and procedures, Skylark shall submit a preliminary plat to the Petersburg Platting Board for the development on or before six (6) months following the date of Assembly approval of the purchase of the lots, and thereafter diligently pursue approval of that plat.

ii. Promptly upon approval of the preliminary plat, Skylark shall commence construction and installation of the improvements set out below, at its sole expense, and submit a final plat to the Platting Board within twelve (12) months of said approval, unless an extension for submission of the final plat is granted by the Platting Board. Once the final plat is submitted to the Board, Skylark will thereafter diligently pursue approval of that plat.

iii. The Platting Board may approve, at its discretion, a written subdivision agreement under PMC 18.26.020A for installation and construction of the improvements set out below on Government Lot 21, with Skylark posting improvement security under PMC 18.26.060. If that election is made, those improvements shall be completed by Skylark and approved by the Borough within the time required under PMC 18.26.040.

iv. All improvements as set out below must be completed and approved within six (6) years of the date of approval of the preliminary plat.

v. If Skylark fails to timely submit a preliminary or final plat, diligently pursue a preliminary or final plat once submitted to the Board, or timely complete improvements under a subdivision agreement/financial guarantee, then Skylark is required to pay to the Borough the difference between the price paid hereunder (50% of appraisal value) and the 2025 assessed value of the Lots, equal to One Hundred Thirty Two Thousand, Eight Hundred Dollars and No Cents (\$ 132,800.00). If a final plat is not timely approved, or improvements not timely completed and approved, this shall be deemed conclusive proof of a failure of diligence. The sum due hereunder shall be paid within thirty (30) days of request for payment to Skylark by the Borough.

b. Multiple Plats: In the alternative, Skylark may elect to pursue the development in two or more separate phases, under multiple separate plats. If Skylark makes this election, the following conditions shall apply:

- i. Skylark shall make a cash deposit to the Borough in the amount of One Hundred Thirty Two Thousand Eight Hundred Dollars and No Cents (\$132,800.00), constituting the difference between the sale price and the 2025 assessed value of the lots, to be held by the Borough to ensure that the development is completed ("the guarantee funds"). The guarantee funds will be deposited by the Borough in an interest-bearing account at a financial institution of the Borough's choosing, with the accrued interest payable to Skylark. The fees charged by the financial institution for this account will be borne by Skylark.
- ii. The development must be fully completed, with all required improvements to all lots installed, constructed and approved by the Borough and all final plat approvals obtained, within six (6) years of the date of Assembly approval of the purchase of the lots.
- iii. Upon subdivision of the following parcels, and completion of Lot Improvements by Skylark and approval of those improvements by the Borough, the principal amount of Eighty Five Thousand Fifty Dollars and No Cents (\$85,050.00) shall be released to Skylark from the guarantee funds.

The lots located in Skylark II Subdivision (Lots 1, 2, 3, 5, and 6, Block A, and Lot 5A, Block 221) and Government Lot 14

- iv. This amount may also be released in the event that the Platting Board approves, at its discretion, a written subdivision agreement under PMC 18.26.020A for installation and construction of the required improvements to these specified lots, with Skylark posting improvement security under PMC 18.26.060. If that election is made, those improvements shall be completed by Skylark and approved by the Borough within the time required under PMC 18.26.040.
- v. The remaining principal amount of the guarantee funds shall be returned to Skylark upon
 - i) timely recording of the final plat for the development and
 - ii) either the completion and acceptance by the Borough of all required improvements for the development or approval of a subdivision agreement and posting of improvement security for all uncompleted required improvements.

vi.If Skylark fails to timely complete the development, and has not posted improvement security under an approved subdivision agreement to guarantee completion of all required but uncompleted improvements, then Skylark is required to pay to the Borough the difference between the price paid hereunder (50% of appraisal value) and the 2025 assessed value of the Lots, equal to One Hundred Thirty Two Thousand, Eight Hundred Dollars and No Cents (\$132,800.00) provided that if funds have been released under paragraph (iii) or (iv) above, the amount due is Forty Seven Thousand Seven Hundred Fifty Dollars and No Cents (\$47,750.00). This payment shall be made, in whole or in part, by the immediate release to the Borough of all remaining guarantee funds, without restriction and without further consent of Skylark.

5. Required Improvements. A lot purchased or developed hereunder may not be sold by Skylark until the final plat has been approved by the Platting Board and recorded with the State of Alaska Recorder's Office and improvements to the lot have been completed and accepted by the Borough. Skylark agrees to design, construct and install the Improvements to the Lots, at its sole expense, in accordance with the terms and conditions of this Agreement, including the following:

a. Prior to commencement of construction and installation of improvements, Skylark shall present the design plans to the Borough for review and approval ("the plans"). The plans shall be prepared, stamped, and signed by a professional engineer holding a registered professional civil engineer license issued by the State of Alaska. The plans should include and address any required permitting or other mandatory review and approval by governmental or regulatory agencies. Skylark cannot commence construction and installation work until all plans have been accepted and approved, in writing, by the Borough and any required regulatory permitting and approvals have been obtained. Any subsequent amendments or revisions to the plans require Borough approval.

b. The plans shall comply and conform with the Petersburg Borough 2012 Standard Specifications for Streets, Drainage, Utilities and Parks ("2012 Standard Specifications"), Petersburg Municipal Code (PMC) Chapters 14.04 (Water Utility), 14.08 (Sewer Utility), 14.16 (Electric Utility) and Section 18.24.070 (Major Subdivision - Streets), Rural Utility Service (RUS) standards, all other applicable laws, regulations, and ordinances, and including the following (cumulatively "the standards"):

i.Roads: The roads shall be 28' in width (12' lanes with 2' shoulders), within a platted 40' right-of-way, dug to hard pan and then back-filled with rock, and otherwise designed to meet Local Access Street standard criteria set out in PMC 18.24.070F(7) and the 2012 Standard Specifications, Division 20 Earthwork, Standard Detail 20-1. Chip seal is optional.

Driveway culverts shall be included in the plans and installed as appropriate, at the discretion of the Public Works Director, to maintain free drainage throughout the development.

ii. Water and sewer mains: The water and sewer facilities must be approved for construction by the Alaska Department of Conservation (ADEC). Upon successful completion of water and sewer mains, Approvals to Operate the systems shall be secured from ADEC prior to dedication of these utilities to the Borough. Sewer laterals shall be installed to each of the platted lots and cleanouts installed at the property line. Water service lines shall be extended to each of the platted lots with curb stop valves located at the property line. The placement and spacing of fire hydrants is to be approved by Petersburg Fire Department.

iii. Extension of the primary electrical distribution system shall be designed, stamped and constructed to RUS standards, and submitted to the Borough and constructed pursuant to the provisions of PMC 14.18.020. The electrical distribution system shall be capable of providing electrical service drops to each of the platted lots. Electrical service drops and/or service transformers are not part of this development and will be arranged between the subsequent property owners of each of the platted lots and Petersburg Municipal Power and Light when service is desired to structures built.

c. Skylark's work at the development, and the work of any contractor or subcontractor of Skylark, shall be performed in conformance with all federal, state and local laws and regulations applicable to and governing that work.

6. Inspections and Testing.

a. The Borough is free to inspect work on the development as it deems necessary, at Skylark's sole expense. The Borough will provide an estimate of all costs associated with Borough inspections¹, and costs shall be paid in full to the Borough by Skylark prior to commencement of utility construction, pursuant to the provisions of PMC 14.18.030. Prior to the covering of any utility improvements installed by Skylark, said improvement must first be inspected by the Borough. Skylark must notify Borough in writing at least two (2) business days in advance of when such inspection will be required so that the Borough has an opportunity to schedule personnel. Any work covered without notice to, and inspection by, the Borough shall be uncovered at the

¹ If Skylark is utilizing a multiple plat process (see, paragraph 4(b) above), the cost estimate shall only address the inspections necessary for the lots contained on the plat then pending.

Borough's discretion, and at Skylark's sole expense, so that an inspection may occur. While work on the Improvements is ongoing, the Borough shall have free and unimpeded access to the site for inspection purposes.

b. Skylark may elect to provide an onsite inspector at Skylark's sole expense, who will document the work daily (while work on the Improvements is ongoing) and provide written inspection reports to the Borough Public Works Director, with photographs of the progress of the work and documentation as to the work accomplished. Additional inspections by the Borough shall be at the Borough's discretion. While work on the Improvements is ongoing, the Borough shall have free and unimpeded access to the site for inspection purposes.

c. The engineer hired by Skylark to design the development shall perform, at a minimum and at Skylark's sole expense, quarterly inspections and testing, including acceptance and startup testing, during installation and construction of the Improvements, and a final inspection upon completion of the improvements², to ensure that the work is performed properly and in full accord with the plans and any approved amendments or revisions thereto. The engineer's inspection reports, including photographs, shall be promptly provided to the Borough Public Works Director following each inspection.

d. The Borough has the right to attend and witness any acceptance testing of the water lines (including without limitation pressure testing, chlorinating, flushing, bacterial testing, and final flushing) and sewer lines (pressure/leakage testing), and any pump station startup testing. Skylark shall provide written notice to the Borough Public Works Director at least three (3) business days in advance of any acceptance or startup testing.

e. Skylark shall notify the Borough, in writing, upon completion of the Improvements, and the Borough shall review and inspect the improvements to ensure conformance with the approved plans, including any approved amendments or revisions, and standards. In the event that the Borough determines that the completed improvements do not fully conform, written notice of the deficiencies shall be provided to Skylark, containing the corrections required to bring the improvements into compliance. Skylark shall thereafter promptly take action to correct the deficiencies; upon completion of that work, Skylark shall notify the Borough in writing that the corrections have been completed, and the Borough may re-inspect the improvements for

² If Skylark is utilizing a multiple plat process (see, paragraph 4(b) above), "completion of the improvements" or "completion of construction and installation of the improvements" means the completion of the required Improvements for the lots contained on the plat then pending.

compliance. The Borough shall notify Skylark in writing when the improvements have been accepted hereunder.

7. As-built Drawings. Within six (6) months of completion of construction and installation of the Improvements, one (1) complete hard copy and one (1) complete electronic copy of record drawings of the completed improvements, prepared and certified by Skylark's contractor and engineer, shall be delivered to the Borough Public Works Director. The engineer must certify that the work has been constructed and installed in accordance with the plans, including any approved amendments or revisions, and standards.

8. Warranty. Pursuant to PMC 18.26.085, Skylark shall warrant and guarantee for a period of one (1) year after acceptance by the Borough that the improvements constructed and installed hereunder will remain in good condition and will meet operating specifications. Such warranty includes defects in design, workmanship, and materials.

9. Soil Disposal. During active construction of Improvements at the development, Skylark will be given a fifty percent (50%) reduction in fees due to the Borough to dump soil materials from the development at the Borough waste soil disposal site. Prior to commencement of work on the development, Skylark and the Borough will meet to discuss and agree upon the estimated volume of soil that will be deposited at the soil disposal site pursuant to the development. Any amount in excess of that volume will be discussed with the Borough prior to disposal.

10. Conditions of Sale due to Public Benefit. The Borough and Skylark acknowledge that this sale of Borough land is being made at less than assessed or appraised value due to the public benefit of development of improved lots within the Borough to address the severe shortage of local affordable housing. As a result, the following conditions apply to the sale of lots purchased or developed by Skylark hereunder:

a. No person may purchase more than one (1) lot in the development, excluding lots located wholly on Government Lot 14. Skylark shall make reasonable inquiry to verify that sales are not being made to a relative or friend of a buyer, or other third party, with an intent to circumvent this limitation. Copies of all earnest money or purchase/sale agreements shall be provided to the Borough promptly upon execution.

b. A lot may be sold only to an individual who is a current resident of the Petersburg Borough, or who intends to become a resident of the Borough within ninety (90) days. The purchaser must sign a sworn statement, on a form provided by the Borough, attesting that purchaser meets the residency requirement and that purchaser intends to construct a residence on the lot and use that residence as purchaser's primary residence. This form shall be on Borough

letterhead, and state that the form is being required by the Petersburg Borough and not affiliated with Skylark. A copy of this statement shall be provided to the Borough prior to closing of any sale.

c. Prior to the acceptance and execution of any earnest money agreement or other purchase/sale agreement for the sale of a lot purchased or developed under this Agreement, Skylark must advertise the lot for sale by publishing a notice of sale in the Petersburg Pilot, at least once a week for three weeks. Multiple lots may be advertised for sale in the same notice. Upon request, Skylark shall provide a proof of publication to the Borough.

d. If any lot purchased hereunder is sold in violation of these conditions of sale, Skylark is required to pay to the Borough the difference between the price paid hereunder for that lot (50% of appraisal value) and the lot's 2025 assessed value. If a lot developed hereunder by subdivision of Government Lot 21 is sold in violation of these conditions of sale, Skylark is required to pay to the Borough the sum of Eight Thousand Two Hundred Dollars and No Cents (\$8,200.00). The sum due shall be paid over to the Borough at the closing of the non-compliant sale.

11. Contingency of Sale. The Parties understand that this sale of the Lots will be contingent upon the Assembly adopting an ordinance rezoning Government Lot 21 from OSR to SFMH, with conditions, as set out in Ordinance #2025-14 ("the rezoning ordinance). If the Assembly fails to adopt the rezoning ordinance on or before 45 days following the effective date of this Agreement, and the parties do not agree to an extension, this Agreement shall terminate and be of no further force and effect. If the Assembly timely adopts the rezoning ordinance, the closing of this transaction shall occur within forty-five (45)) days of the date of enactment of the ordinance, but no sooner than January 5, 2026, unless extended by mutual agreement of the parties. If the purchase is not timely closed, this Agreement shall terminate and be of no further force and effect.

12. Parcels Sold in their Present Condition. The Lots are sold "as is, where is", in their current condition and with all faults as of the effective date. Skylark has entered into this Agreement relying solely upon information and knowledge obtained from Skylark's own investigation and/or inspection of the Lots. The Borough expressly makes no representations regarding, and disclaims any liability for, any of the Lots, and any improvements located thereon, including without limitation (1) the condition of any of the Lots and the existence or condition of any improvements located thereon; (2) the exact location or size of any of the Lots, the existence of markers on any of the Lots, or the ability or cost of surveying any of the Lots; (3) the status or insurability of title to any of the Lots, including the existence of any liens, encumbrances or conditions on any of the Lots; (4) the ability of Skylark to utilize any of the Lots or any improvements in any fashion and for any particular purpose or use; and (5) the existence, or the potential for installation, of any utility on or to any of the Lots. The Lots are sold subject to all platted

easements, rights-of-way and reservations, and all liens, encumbrances, and conditions, of record or not of record, including but not limited to matters which would have been disclosed by a survey or physical inspection of the parcels. The Borough makes no representations, warranty or guarantees, express or implied, as to quality, merchantability or suitability of any the Lots for a particular purpose or use. Closing of the purchase hereunder will constitute an acknowledgment by Skylark that the Borough is relieved from all responsibility and liability for the condition of the Lots.

13. Representations, Warranties and Disclaimers of the Parties. Each party represents and warrants as follows:

- a. All actions necessary for it to enter into and perform this Agreement and make this Agreement legally binding upon it have been obtained;
- b. The execution and delivery of this Agreement, and the consummation by it of the transactions contemplated by this Agreement, will not violate any contract, agreement, order or judgment of any nature by which it is bound; and
- c. There is no action, suit or proceeding pending or threatened against it which would prohibit it from completing the transaction contemplated by this Agreement.

14. Entire Agreement and Modification. This Agreement sets forth the entire understanding and agreement of the Parties with respect to the transactions contemplated hereunder. This Agreement supersedes any and all prior negotiations, discussions, agreements, and understandings between the Parties with respect to the subject matter hereof. This Agreement may not be modified or amended except by written agreement executed by the Parties.

15. Construction. Each party to this Agreement has had an opportunity for independent counsel to review and modify the Agreement. The rule of construction to the effect that any ambiguities are to be strictly construed against the drafter shall not apply to any interpretation of any provision of this Agreement.

16. Successors and Assignment. Skylark may not assign its rights, obligations or interest in this Agreement to any other person or entity without first obtaining the prior written consent of the Borough, which consent may be given or withheld in the Borough's sole discretion. Any change in ownership of Skylark shall constitute an assignment under this provision. This Agreement is binding on Skylark and its successors and approved assignees.

17. Counterparts; Electronic Mail Signatures. This Agreement may be executed and delivered in one or more counterparts. Each such counterpart hereof shall be deemed an original instrument, but all such

counterparts together shall constitute one agreement. Signatures on documents delivered by facsimile or in electronic format by email are intended to be the equivalent of original signatures.

18. Notices. Any notices or communications required or permitted to be given under this Agreement, including any written notice of termination of this Agreement, shall be given in writing and shall be delivered (i) in person, (ii) by certified mail, postage prepaid, return receipt requested, (iii) by a commercial overnight courier that guarantees next day delivery and provides a receipt, or (iv) by electronic mail. Such notices shall be addressed as follows:

To the Borough:

c/o Borough Manager
PO Box 329
Petersburg, Alaska 99833
Email: sgiesbrecht@petersburgak.gov

To Skylark:

c/o Manager
PO Box 2070
Petersburg, Alaska 99833
Email: ambre@rocknroadak.com

Any such notice or communication shall be considered given or delivered, as the case may be, on the date of personal delivery, three (3) days after deposit in the United States mail or with an overnight courier as provided above, or in the case of email transmission, upon the date sent, provided the party has proof of such sending. Rejection or other refusal to accept or inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice or communication. Either Party may at any time change its contact information by giving notice hereunder.

19. Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall nonetheless remain in full force and effect so long as the intent of the parties can be reasonably accomplished thereby.

20. Captions. The captions in this Agreement are inserted for convenience of reference only and in no way define, describe or limit the scope or intent of this Agreement or any of the provisions of this Agreement.

21. Governing Law/Waiver of Jury Trial. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Alaska. The Borough and Skylark hereby waive any and all right

to a trial by jury in any action or proceeding brought in connection with this Agreement. The parties consent to the jurisdiction of the courts of the State of Alaska, located in Petersburg, Alaska.

22. No Joint Venture; No Third Party Beneficiaries. This Agreement shall not be construed or interpreted to create a partnership or joint venture between the Borough and Skylark. The provisions of this Agreement and of the documents to be executed and delivered under this Agreement, are and will be for the benefit of the Borough and Skylark only and are not for the benefit of any third party. Accordingly, no third party shall have the right to enforce any provision of this Agreement.

23. Attorney Fees. If either party shall commence a legal proceeding for any relief against the other, declaratory or otherwise, arising out of this Agreement, the prevailing party shall be awarded, in addition to any other relief, a reasonable sum as attorney fees.

IN WITNESS WHEREOF the parties have hereunto executed this Agreement.

Petersburg Borough:

By: Stephen Giesbrecht
Its: Borough Manager
Dated: October ____, 2025

Skylark Park LLC:

By: Ambre Burrell
Its: Member and Manager
Dated: October ____, 2025

By: Sigmund Burrell
Its: Member
Dated: October ____, 2025