

PURCHASE AGREEMENT

This Purchase Agreement (Agreement) is made by and between Kenai Peninsula Borough, an Alaska municipal corporation, as seller, whose address is 144 North Binkley Street, Soldotna, Alaska 99669 (KPB), (Seller) and the _____, an Alaska _____, as buyer, whose address is _____, _____, Alaska 99669 (Buyer) (together, the Parties).

WHEREAS, Sellers are the owners of that real property located in the Homer Recording District, Third Judicial District, State of Alaska, and more particularly described as follows:

TRACTS 1 AND 48, NIKOLAEVSK VILLAGE SUBDIVISION,
ACCORDING TO PLAT 75-40, HOMER RECORDING DISTRICT, THIRD
JUDICIAL DISTRICT, STATE OF ALASKA.

AND

TRACT 53A, NIKOLAEVSK VILLAGE SUBDIVISION, NO.1,
ACCORDING TO PLAT NO. 78-40, HOMER RECORDING DISTRICT,
THIRD JUDICIAL DISTRICT, STATE OF ALASKA.

SUBJECT TO: THE PROPERTY AND ITS IMPROVEMENTS BEING
USED FOR THE PURPOSE OF A PRIMARY OR SECONDARY K-12
SCHOOL FACILITY. IN THE EVENT THIS CONDITION IS NOT
MAINTAINED FOR A PERIOD OF ONE HUNDRED AND TWENTY (120)
MONTHS, THE TITLE TO THE PROPERTY MAY REVERT BACK TO
THE SELLER, AT THE SELLERS SOLE DISCRETION. THIS COVENANT
SHALL ATTACH TO THE PROPERTY AND BIND ALL SUCCESSORS
AND OR ASSIGNS, UNTIL RELEASED BY THE SELLER.

(PARCEL NO's. 16565062, 16565063, 16565065) (the Property); and

WHEREAS, KPB has offered to Sell, and Buyer is willing to purchase the Property as evidenced by this Agreement;

NOW THEREFORE, in consideration of the conditional promises herein contained, Seller hereby agrees to sell to Buyer, and Buyer 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 TWO MILLION DOLLARS (\$2,000,000.00). The purchase price must be paid by Buyer pursuant to a Deed of Trust Note executed by the Buyer in favor of KPB and secured by a Deed of Trust on the Property, with interest at the rate of Six percent (6%) per annum, payable in Ten (10) equal annual installments. The sale of the Property and related terms of the sale are subject to approval by the KPB Assembly.

1.1 Balance of Purchase Price. The sum of **Two Million U.S. dollars and NO cents (\$2,000,000.00)**, representing the balance of the Purchase Price, shall be paid pursuant to a Deed of Trust Note executed by Buyer in favor of Seller and secured by a First Position Deed of Trust on the Property, with interest at the rate Six percent (6%) per annum, payable as follows:

The annual payment amount of Two Hundred and Two Thousand, Five Hundred and Twenty-Six dollars and Sixty-four cents (\$202,526.64) of the principal amount and incurred interest to be deferred by the Seller for each year the Buyer remains in full compliance with this Agreement, and the terms of the Deed of Trust Note, and Deed of Trust. There is no prepayment penalty. In the event of a default, all principal and deferred payments and interest shall become immediately due and payable.

1.2 Deferment Terms. In addition to any covenants, obligations, and requirements in the Deed of Trust Note and Deed of Trust, the Buyer's annual payment, including interest, under Section 1.2 of this Agreement will be deferred by the Seller for each year the Buyer is in compliance with, and satisfies, the following terms:

- 1.2.1 The property must be used for educational purposes as a primary or secondary school facility, provided that such primary use is maintained, the property may also be used for community purposes.
- 1.2.2 Buyer and or their assigns must continue to maintain the property and all improvements in as-is or better condition.
- 1.2.3 Buyer must provide a certificate of insurance with adequate insurance to cover the replacement value of the property and listing "Kenai Peninsula Borough" as an additional named insured for the principal amount of the note.
- 1.2.4 By or before June 30 of each year, Buyer must provide KPB with documentation of any repairs, maintenance, or capital projects related to the building structure and/or mechanical systems.
- 1.2.5 By or before June 30 of each year, Buyer must provide an annual reconciliation of revenue and expenditures. In the event cost expenditures for building maintenance, repairs, utilities, taxes, insurance and any other costs directly attributable to compliance with the terms of this Agreement are less than \$202,525.64, the difference in that amount must be deposited into an held and controlled by the Kenai Peninsula Borough on or before July 30th of the year in question. Interest accrued on the funds will be the property of KPB. Account funds must be used exclusively as reserves for building maintenance and only

released with the consent of KPB Administration and approved appropriation by the KPB Assembly. In the event of a default, all funds in the account automatically become the property of the KPB upon

1.3 Forgiveness Deferred Annual Payment. If the Buyer operates a primary or secondary school facility at the Property and otherwise complies with the terms of this Agreement, Deed of Trust Note, and Deed of Trust, at the conclusion of the 10th year of there being a school facility operating at the Property, subsequent to the execution and approval of this Agreement, the deferred annual payments and accrued interest will be forgiven in full and the Buyer shall owe no further obligation to KPB.

2. EXPIRATION OF OFFER

Buyer must sign and return this Agreement to KPB on or before _____, **2026, at 9:00am;** otherwise, this offer will terminate.

3. TITLE

Title shall be delivered at time of Closing by quitclaim deed which shall be issued to Buyer. Seller sells only its interest in the property, if any, AS-IS, WHERE-IS without warranty of any kind or nature whatsoever. Title shall also be subject to reservations, easements, rights-of-way, covenants, conditions and restrictions of record. Buyer warrants and covenants that at the time of closing there shall be no liens or judgments recorded against Buyer in the same recording district in which the property subject to this purchase agreement is situated. Seller will be provided, at the Buyer's expense, a lenders policy of title insurance in the amount of the loan considered in Section 1.1.

Buyer acknowledges a cloud on title currently exists against Tract 1. Seller is under no obligation to resolve the subject cloud prior to conveying title to the Buyer.

4. ESCROW AND CLOSING COSTS

Buyer shall pay all closing costs in connection with this Agreement, including without limitation all escrow fees, title insurance charges, recording fees and bank charges. All costs must be paid in full at the time of closing. Buyer will be required to obtain an ALTA Standard Owners Title Insurance policy, and ALTA Standard Lenders Policy of title insurance insuring the Seller for the amount referenced in Section 1.1. Property taxes for the current year, if any, will be prorated from the date of closing. Buyers are responsible for any realtor's commission, and legal fees. All costs will be paid in full at the time of closing.

5. CLOSING

Unless otherwise agreed to in writing, closing will occur on or before _____, **2026**, or as specifically agreed to by the Parties. At closing, Buyer will pay the balance of the purchase price. The Parties will execute all documents required to complete the Agreement and, if applicable, establish an escrow account.

6. POSSESSION

Possession will be delivered to Buyer at the time of recording unless otherwise agreed to in writing by the Parties.

7. KENAI PENINSULA BOROUGH ASSEMBLY APPROVAL

Sale of the Property by KPB is subject to authorization by the KPB Assembly. If the KPB Assembly fails to authorize the sale of the Property, this Agreement will terminate without penalty.

8. DISCLOSURES

Seller hereby agrees to provide written property disclosures including any and all information regarding known defects, deficiencies, legal matters, environmental issues or hazards that may be personally known by the Seller. If said written disclosures present a matter unsatisfactory to Buyer, Buyer may terminate this Agreement without penalty.

9. INSURANCE

Buyer shall maintain property insurance covering all buildings and improvements located on the property at full replacement value for the duration of the agreement. Proof of insurance will be delivered to KPB at the time of submission of the signed agreement and this policy must name KPB as additional insured. Failure to maintain required coverage constitutes a violation of the agreement.

10. CONTINGENT ON INSPECTION / REVIEW

Closing is contingent upon the satisfactory review and due diligence of the Buyer. The review and due diligence may be completed as necessary by Buyer, upon approval by KPB. The review will be completed on or before _____, 2026. All inspections and related due diligence required under this Section will be conducted solely at Buyer's expense.

11. HAZARDOUS MATERIAL

No covenant is being provided by the Seller pertaining to Hazardous Materials, Waste, or prior use of the property. Buyer agrees that no hazardous substances or wastes will be located on, nor stored on the Property. Nor will any such substance be owned, stored, used, or disposed of on the Property or any adjacent property by Buyer, their agents, employees, contractors, or invitees, while in their possession or control of the Property.

12. 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 Buyer or their respective successors in interest. Provisions of this Agreement, unless inapplicable on their face, will be covenants constituting terms and conditions of the sale, and will continue in full force and effect until the purchase

price is paid in full or this Agreement is earlier terminated.

13. BREACH REMEDY

Prior to closing of the sale, in the event that KPB or Buyer fail to make any payment required, or fail 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 Buyer or KPB may terminate this Agreement.

14. 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 Buyer 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. KPB may cancel this Agreement without penalty in the event additional contracts required of this project are not secured.
- 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, must be in writing, and be given or made by registered or certified mail, addressed to the other Party at the address shown on the contract. However, either Party may designate in writing such other address to which such notice of demand may thereafter be so given, made or mailed. A notice given hereunder will be deemed received when deposited in a U.S. general or branch post office by the addressor.
- D. Interpretation. This Agreement will be deemed to have been jointly drafted by the Parties. It will be construed according to the fair intent of the language as a whole, not for or against either Party. The interpretation and enforcement of this Agreement will be governed by the laws of the State of Alaska. Any lawsuit brought arising from this Agreement must be filed in the superior court of the Third Judicial District, State of Alaska, located in the City of Kenai, Alaska. The titles of sections in this Agreement are not to be construed as limitations of definitions but are for identification purposes only.
- E. Condition of Property. Seller will deliver the Property in its as-is condition with no implied warranties as to condition of the property, improvements, or chain of title.
- F. 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 will be deemed an original but all of which together will constitute one and the same instrument

KENAI PENINSULA BOROUGH:

BUYERS:

Peter A. Micciche, Mayor (Date)

(Date)

(Date)

ATTEST:

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY:

Michele Turner, CMC
Borough Clerk

Wayne Cary
Deputy Borough Attorney (Date)