

SETTLEMENT AGREEMENT

This is a settlement agreement by and between the following four parties:

- A. The Estate of Aaron Stansberry, ("Stansberry Estate") through its Personal Representative, Celeste McNeight, of 320 Riverbottom Road, Ellensburg, WA. 98926 (Case No. 02-4-00070-3, in the Kittitas County Superior Court, State of Washington, Probate; and an ancillary probate Case No. 4FA-03-100 PR/E in the Superior Court for the State of Alaska, Fourth Judicial District),
- B. The State of Alaska, Department of Environmental Conservation (ADEC), of 610 University Avenue, Fairbanks, Alaska 99709-3643, by and through the Attorney General's Office, 100 Cushman Street, Suite 400, Fairbanks, Alaska 99701,
- C. Alaskan Floral and Wedding Shop, Inc. ("AFW"), of 617 Gaffney Road, Fairbanks, Alaska 99701, and
- D. RBR, LLC, ("RBR"); a wholly owned subsidiary of AFW, of 617 Gaffney Road, Fairbanks, Alaska 99701.

Recitals

1. WHEREAS, the Stansberry Estate is the owner of certain property ("the Property") located at 615 - 619 Gaffney Road, in the Fairbanks Recording District, Fourth Judicial District, State of Alaska, more particularly described as:

That portion of Lots One (1) and Two (2), Block Three 'A' (3A), RICKERT HOMESTEAD SUBDIVISION, according to the plat filed November 4, 1944, as Instrument No. 96,332; Fairbanks Recording District, Fourth Judicial District, State of Alaska, more particularly described as follows:

BEGINNING at a point on the South boundary of said Lot 2 that lies South 79°08' West 116.70 feet from the Southeast corner thereof; THENCE North 10°52' West 129.76 feet to the North boundary of said Lot 1; THENCE South 86°45' West along said North boundary, 92.82 feet to the Northwest corner of said Lot 1; THENCE South 10°52' East along the West

boundary of said Lots 1 and 2, 142.08 feet to the Southwest corner of said Lot 2; THENCE North 79°08' East along the South boundary of said Lot 2, 92.00 feet to the POINT OF BEGINNING.

2. WHEREAS, Aaron Stansberry and Barbara L. Stansberry and AFW signed a Lease With Option to Purchase on July 13, 1998 with respect to the Property ("Lease") and whereas Aaron Stansberry and Barbara L. Stansberry are both deceased.
3. WHEREAS, AFW filed a claim on June 18, 2003, a Petition on June 26, 2003, an amended claim on December 2, 2003, and an Amended Petition on June 18, 2004 against the Stansberry Estate, in the Alaska Ancillary Probate case, claiming among other claims, that it has the right to purchase the Property under the terms of the Lease. AFW also recorded a *Lis Pendens* against the Property on July 2, 2003, as Instrument No. 2003-016151-0, in the Records of the Fairbanks Recording District, Fourth Judicial District, State of Alaska.
4. WHEREAS, on December 26, 2003, the ADEC sent a letter to the Alaska counsel for the Stansberry Estate, notifying the Stansberry Estate that soil sampling on the Property showed elevated soil levels of tetrachloroethylene (PCE) and associated groundwater contamination.
5. WHEREAS, the parties wish to settle their differences and release the Stansberry Estate and AFW from all claims.

THEREFORE, for and in consideration of the mutual promises contained herein, the parties agree as follows.

1. The Stansberry Estate shall sell the Property to RBR, a wholly owned subsidiary of AFW. At closing, RBR will tender \$186,200 to purchase the Property. Title to the Property shall be good and marketable, subject to usual easements, covenants and restrictions, and further subject to the Lease with AFW and a month-to-month lease with Ronyld and Deana McKnight doing business as Good News Bible & Book Store (the "McKnights"). The Stansberry Estate shall pay AFW any security deposit paid by Ronyld and Deana McKnight.
2. The parties shall expedite the sale and if possible, close during the month of August, 2004, or as soon thereafter as is possible and in any case no later than September 10, 2004.
3. At closing the Stansberry Estate shall pay the following liens in full at the following amounts: \$90,916.36 to Key Bank and \$13,199.22 to the

Fairbanks North Star Borough, for real property taxes. (If the closing occurs on or after September 1, 2004, the amounts may be different.)

4. The rent paid by the McKnights, taxes and utilities shall be prorated as of the date of closing. The buyer, RBR, shall pay for any fuel oil in the underground storage tank. Closing costs shall be paid as follows: RBR shall pay the recording fees for the warranty deed. The Stansberry Estate shall pay the costs to release the deed of trust held by KeyBank and shall pay for Owner's title insurance for RBR, for \$186,200 of coverage. AFW shall pay the costs to release the *Lis Pendens* it filed against the Property. The Stansberry Estate and RBR, shall equally pay all other closing costs. AFW shall have no duty to pay the Stansberry Estate another \$3,000 on September 1, 2004, or any other monies other than as provided in this agreement.
5. From the purchase price, the Stansberry Estate shall pay by check to ADEC Fifty-Five Thousand Dollars (\$55,000). The Fifty-Five Thousand Dollars shall be used by the ADEC to undertake a corrective action plan at the Property consisting of a soil assessment and treatment program as approved by ADEC. If the money is inadequate to install the treatment system, ADEC will bear any and all costs associated with implementation and completion of the corrective action plan and will hold the Stansberry Estate, RBR and AFW harmless from any additional costs associated with the implementation and completion of the corrective action plan. If the cost of installing the system is less than \$55,000, the remainder of the money shall belong to ADEC for use in the Gaffney Road Area Wide Groundwater Investigation.
6. Subject to the assignment of rights in paragraph 10 below, upon payment of the \$55,000, ADEC shall release all claims ADEC has against the Stansberry Estate based on environmental contamination of the Property and/or surrounding property as a result of the release of environmental contaminants from the Property during the period of time that Aaron Stansberry and/or the Estate of Aaron Stansberry had any interest in the property.
7. After closing and after execution of the Prospective Purchaser Agreement described in paragraph 9, AFW and RBR shall release all claims against the Stansberry Estate (and Barbara Stansberry), including its personal representative, heirs, and agents, excepting only claims arising from the warranty of title given by the Stansberry Estate as to the Property. AFW and RBR agree that this agreement shall constitute a settlement of the amended claim filed by AFW against the Stansberry Estate, and of all claims arising under the Lease. AFW shall dismiss with prejudice its Amended Petition for Specific Performance filed in the Alaska Ancillary Probate case. AFW shall record a release of the *Lis Pendens* filed against

the Property. AFW and RBR represent that they are aware of the Alaska Supreme Court rulings in Witt v. Watkins, 579 P.2d 1065 (Alaska 1978); Helstrom v. North Slope Borough, 797 P.2d 1192 (Alaska 1990); and Zeilinger v. Sohio Alaska Petroleum Co., 823 P.2d 653 (Alaska 1992), but reaffirm that they nevertheless intend to release the Stansberry Estate and all of its personal representatives, heirs and agents from any claim or liability for damages arising under or related to the Lease and/or the Property, whether or not any losses or damages are later discovered, with the sole exception being only claims arising from the warranty of title given by the Stansberry Estate as to the Property. AFW and RBR expressly waive all protections provided under Witt v. Watkins, Helstrom v. North Slope Borough, and Zeilinger v. Sohio Alaska Petroleum Co. and similar decisions.

8. After the closing, the Stansberry Estate by and through its personal representative, Celeste McNeight, shall release AFW and all of its officers, directors, shareholders and agents from all claims, if any, arising under or relating to the Lease. The personal representative, Celeste McNeight, represents that she is aware of the Alaska Supreme Court rulings in Witt v. Watkins, 579 P.2d 1065 (Alaska 1978); Helstrom v. North Slope Borough, 797 P.2d 1192 (Alaska 1990); and Zeilinger v. Sohio Alaska Petroleum Co., 823 P.2d 653 (Alaska 1992), but reaffirms that she nevertheless intends to release AFW and all of its officers, directors, shareholders and agents from any claim or liability for damages arising under or related to the Lease, whether or not any losses or damages are later discovered. The personal representative, Celeste McNeight, expressly waives all protections provided under Witt v. Watkins, Helstrom v. North Slope Borough, and Zeilinger v. Sohio Alaska Petroleum Co. and similar decisions.
9. The ADEC and RBR shall enter into a Prospective Purchaser Agreement, wherein the ADEC agrees that the liability to ADEC of AFW, RBR, and their successors and assigns, for any existing contamination in, on, under, or adjacent to the Property shall be limited to RBR's agreement to pay up to Twenty-five Hundred Dollars (\$2500) per year, for a total of ten (10) years, for monitoring in the Gaffney Road Area Wide Investigation and operation and maintenance of any soil treatment system installed on the Property. Existing contamination means any hazardous substances, pollutants, or contaminants, present or existing in, on, under, or adjacent to the Property.
10. The Stansberry Estate shall assign all rights it has against its present and past insurers to ADEC, that arise from or relate to any contamination or environmental issues concerning the Property. The Estate's personal representative, heirs and beneficiaries shall provide any documentation that they have regarding present or past insurance covering the Property

and shall cooperate with ADEC with respect to witnesses or documents in any claim against an insurer.

11. This agreement is contingent on the Stansberry Estate receiving the approval for this settlement agreement from the Probate Court in the State of Washington.
12. Each party will bear its own costs and attorney fees.
13. This settlement agreement shall supplant and override any provisions contained in the Lease.
14. This settlement agreement contains the entire agreement of the parties, and it shall not be modified, changed or added to except by a written document signed by all of the parties to this agreement.
15. Time is of the essence in this agreement.
16. This agreement and the payments described herein are made solely for the purpose of concluding a compromise of disputed claims. No part of this agreement is to be construed as an admission by any party of any fact or proposition of law with respect to the claims settled.
17. No part of this agreement is to be construed as conferring any right on any third party.
18. The wording and terms of this agreement were negotiated with the assistance and advice of counsel for each of the parties prior to its execution. No provision of the agreement is to be interpreted for or against any party because that party or its legal representative drafted such provision.
19. The parties each represent and warrant to the others:
 - A. That each is fully authorized to enter into the agreement;
 - B. That each corporation or limited liability company is validly organized and existing in good standing under the laws of the State of Alaska;
 - C. That each has taken all necessary internal legal actions to duly approve the making and performance of this agreement and that no further corporate, company, estate or State of Alaska approval is necessary;

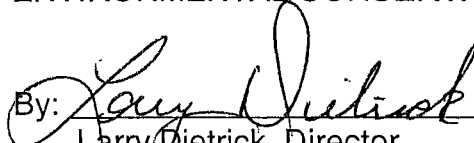
- D. That the making and performance of this agreement will not violate any provision of law, or provision of any corporation or company articles of incorporation, charter or bylaws;
 - E. That each party has read this agreement in its entirety, knows and understands its contents, which are contractual and not merely recitals, and each has signed the agreement of its own free act; and
 - F. That in making the agreement, each party obtained the advice of counsel.
20. The parties agree to cooperate to the extent needed to effectuate all the terms and conditions of this agreement.
21. No breach of any provision of this agreement can be waived unless in writing. Waiver of any one breach shall not be deemed to be a waiver of any other breach of the same or any other provision of this agreement.
22. This agreement may only be amended in writing, which shall be executed by all the parties in interest at the time of the modification.
23. This document contains the entire agreement between the parties and no compromise, inducement or representation other than as set forth in it has been made, offered or agreed upon.
24. In any action to enforce the terms of this agreement, the prevailing party shall be entitled to full reasonable attorneys' fees and costs from the other party. Any award of attorneys' fees against the state is subject to appropriation by the legislature.
25. Except with respect to the closing of the sale of the Property, each party shall provide the other with reasonable notice and an opportunity to cure any alleged breach of this agreement before bringing any action based upon an alleged breach.
26. Except as provided under paragraph 10, each party to this agreement represents and warrants that no person other than that party has, or has had, any interest in the claims released herein and that no part of any claim settled by this agreement has been sold, assigned, transferred, conveyed or otherwise disposed of.
27. This agreement and the releases that may be signed as a part hereof, shall be binding upon the heirs, successors and assigns of the respective parties.

28. Any notice that needs to be given under this agreement shall be given to the parties at the addresses first set out in this agreement.

29. The parties may execute this agreement in multiple counterparts, and one fully executed original shall be distributed to each party.

ALASKA DEPARTMENT OF
ENVIRONMENTAL CONSERVATION

Dated: August 25, 2004

By: 
Larry Dietrick, Director
Spill Prevention and Response

APPROVED AS TO FORM:

GREGG D. RENKES, ATTORNEY
GENERAL, STATE OF ALASKA

Dated: _____

By: _____
Mary Ann Lundquist
Senior Assistant Attorney General
ABA No. 9012132

The Estate of Aaron Stansberry

Dated: _____

By: _____
Celeste McNeight
Title: Personal Representative

APPROVED AS TO FORM:

COOK SCHUHMANN &
GROSECLOSE, INC.
Attorneys for Estate of Aaron Stansberry

Dated: _____

By: _____
Barbara L. Schuhmann
ABA No. 7411119

Alaskan Floral and Wedding Shop, Inc.

Dated: _____

By: _____
Title: _____

RBR, LLC

Dated: _____

By: _____

Title: _____

APPROVED AS TO FORM:

HOMPESCH & EVANS, PC.
Attorneys for AFW and RBR

Dated: _____

By: _____

Richard W. Hompesch
ABA No 8411120