

October 1, 2015

Via: Email and USPS

Zane D. Wilson
Cook Schuhmann & Groseclose, Inc.
714 4th Ave Ste 200
Fairbanks AK 99701

Re: *Tok Community Umbrella Corporation 2 v. Tok Community Umbrella Corporation 1*,
Case No. 4FA-15-1930 CI

Dear Zane:

This email responds to your inquiries about settlement in the above-referenced case. As I have mentioned, the TCUC 1 directors are interested in pursuing settlement for the benefit of the community and the corporation.

The primary issue that led to the pending litigation was concern among TCUC 1 directors that the Chamber of Commerce was asserting an unfounded demand for title to the Tok Civic Center building and refusing to engage in reasonable negotiations for a lease that would cover expenses associated with maintenance of that building. It is unfortunate that those concerns have led us to where we are today, but TCUC 1 would like to see this case resolved in a manner that avoids loose strings and ensures that everyone involved (especially the corporation) is able to move on without ongoing disputes and disagreements about the events that have led to the current circumstances.

To that end, TCUC 1 is willing to agree to settlement pursuant to the following key terms. Any settlement agreement should be signed by all directors of both TCUC 2 (including Lisa Conrad, Bill Drake, Lisa Shultz, and Frank Cook) and TCUC 1 (Theresa Woody, Rhonda VanZandt, and Tanya Tito) on behalf of themselves and the entity they claim to represent (Tok Community Umbrella Corporation):

1. TCUC 1 and its directors, Theresa Woody, Rhonda VanZandt and Tanya Tito, will agree to waive any right they may have to their seats on the board of Tok Community Umbrella Corporation and any claims regarding the validity of the July 9, 2015 election results.

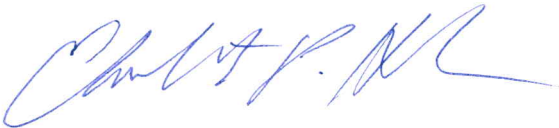
2. TCUC 2 will stipulate to dismissal of the lawsuit with prejudice and waive any further claims by Tok Community Umbrella Corporation or its agents against TCUC 1, Theresa Woody, Rhonda VanZandt, and Tanya Tito regarding events at issue in or relating to the lawsuit.
3. All parties will agree to a comprehensive mutual release of claims arising, or alleged to have arisen or which may arise, from any and all acts or omissions of the other prior to the effective date of the agreement, including, without limitation, all claims relating in any manner whatsoever to or arising out of the lawsuit.
4. The agreement will state that it is not, nor shall it be construed or characterized as, an admission by any party of liability or wrongdoing, breach of any rule or regulation of TCUC, breach of any fiduciary duty, or violation of any federal, state, or local statute, ordinance, or regulation.
5. The parties will agree to a mutual non-disparagement provision, stating each party and its representative agents signing the settlement agreement agrees that, to the fullest extent allowed by law, they will not disparage or otherwise make any comments or statements or render any opinions, either orally or in writing, that are intended to, or could reasonably be construed to, discredit, injure, defame, demean, or impair the reputation of the other party. TCUC 1 hopes that such provision will help to avoid unnecessary disparagement that may otherwise continue to plague the corporation and deter members of the community from engaging in TCUC meetings and decisions.
6. The settlement agreement will include an express affirmation and agreement that Tok Community Umbrella Corporation owns the Tok Civic Center building and has no right to give away such community property held by TCUC to the Chamber or anyone else who represents only a portion of the community.
7. To ensure the governance dispute is not revived in connection with a dispute over legal fees incurred for the FED action, the parties will agree that the Tok Community Umbrella Corporation is responsible for Tom Wickwire's legal fees incurred and invoiced in connection with that action. While the current lawsuit will be dismissed with prejudice, such dismissal would not preclude a fee recovery action connected to the FED suit, which would undoubtedly rehash the dispute over directors' authority. Our understanding is that the total amount remaining due to Mr. Wickwire for the FED matter is \$4,790.00. We are not looking for that amount to be paid to us, we just want an agreement that Tok Community Umbrella Corporation is responsible for those fees.

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This offer shall remain open until close of business Monday, October 12, 2015. If your clients are in agreement, we will prepare a comprehensive settlement and release agreement for your review. This letter is offered for compromise and settlement purposes only and under Alaska Rule of Evidence 408 is not admissible into evidence as evidence of liability or any fact stated herein. I look forward to your response.

Very truly yours,

DAVIS WRIGHT TREMAINE LLP

A handwritten signature in blue ink, appearing to read "Elizabeth P. Hodes", is written over the printed name.

Elizabeth P. Hodes