January 31, 2018

City of Bothell™

Bob Warren
Department of Ecology
Northwest regional Office
3190 160th Avenue SE
Bellevue, WA 98008-5452

Re: Ultra Custom Care Cleaners Site, Agreed Order No. DE9704
Notice of Conveyance

Dear Bob,

As we have discussed, the City of Bothell sold property to an entity that will develop a hotel adjacent to City hall and the Ultra Custom Care Cleaners Site. We apologize for not sending this notice prior to the sale, which closed on March 16, 2017. The City is fully committed to complete the work required by the Agreed Order and to negotiate a Consent Decree with Ecology to implement the Cleanup Action Plan (CAP) being developed by the City and Ecology. I want to assure you that the City is ready, willing and able to complete the work necessary to cleanup this Site.

Exhibit A to this letter is a figure indicating the surveyed property line used for that conveyance and a copy of the deed. Exhibit B is a figure indicating the location of monitoring wells for the Site in relation to current property boundaries. As you can see, the City retained title to the principle source area of the Site where historical dry cleaning activities caused pollution of the soil and groundwater. The property the City sold is, to a very limited extent, affected by the groundwater plume emanating from the Site.

As part of the due diligence process, the City provided the buyer with copies of the Agreed Order and technical reports and data regarding conditions at the Site. In addition, the Purchase and Sale Agreement (PSA) ensures the continued implementation of the Agreed Order by the City, and the City's ability to implement the remedial action being developed with Ecology. A copy of the PSA and all the amendments is attached as Exhibit C.

Under the PSA, the City retained a Monitoring and Compliance Easement that provides the City with access to the property and the right to place wells and other equipment on the property to the extent necessary to implement the remedial action. A copy of the Easement is attached as Exhibit D. The Easement provides access for Ecology to the extent necessary to inspect the work being conducted by the City and ensure compliance with the Agreed Order and any Consent Decree. The Purchase and Sale Agreement also requires the purchaser to execute and record an environmental covenant to the extent one is required by the CAP.

In addition to the Easement, the purchaser and City signed a Development Agreement. A copy of that agreement is attached as Exhibit E. Section 7 requires the purchaser to develop and construct the hotel project in a manner consistent with the current Agreed Order, the CAP and Consent Decree, the Easement and any environmental covenant. Both the Easement and the Development Agreement were recorded to ensure that future owners or tenants are aware of rights and obligations created in those agreements, and to bind the purchaser's successors and assigns.

Office of the City Manager
18415 - 101st Avenue NE
Bothell, WA 98011
425.806.6140
www.bothellwa.gov

During our last conversation you also mentioned that Ecology may issue a Potentially Liable Person (PLP) notice to the purchaser. While the City understands the legal basis for doing so, we would ask Ecology to reconsider this course of action as unnecessary. The City has retained title to the primary source area from the former Ultra Customer Care Cleaner's activities. The City has required the purchaser of adjacent, affected, property to abide by the Agreed Order, the CAP and the Consent Decree. The City has retained access for itself and Ecology to the extent necessary to conduct cleanup work. Finally, the purchaser has agreed to execute and record an environmental covenant to the extent required by Ecology as part of the CAP. Under the circumstances, the City sees no practical benefit to sending a PLP notice to the purchaser at this time.

Thank you for your continued support for the City's downtown revitalization projects.

Sincerely,

Jennifer Phillips
City Manager

Enclosures

cc: Sunny Becker, Department of Ecology
Craig Trueblood, K&L Gates (without enclosures)

REVISED EXHIBIT A

(4)

20170316000714
FIRST AMERICAN D 76.00
PAGE-001 OF 004
03/16/2017 12:37
KING COUNTY, WA

After Recording Return To:
Bothell Hotel LLC
c/o 360 Hotel Group
3500 188th Street SW, Suite 121
Lynnwood, WA 98037
Attn: Shaiza Damji

E2853663
03/16/2017 12:37
KING COUNTY, WA
TAX $10.00
SALE $0.00

BARGAIN AND SALE DEED

GRANTOR: CITY OF BOTHELL, a Washington municipal corporation

GRANTEE: BOTHELL HOTEL, LLC, a Washington limited liability company

Legal Description:

Abbreviated Form: New Lot 8, City of Bothell BLA 2016-09383, rec. no. 20170126900003.

Additional legal on Page 3

Assessor's Tax Parcel ID#: ~~096700-0280-02, 096700-0300-08,~~ 072605-9191-08, ~~072605-9003-~~ 06

1. THE GRANTOR, CITY OF BOTHELL, a Washington municipal corporation, for and in consideration of ten dollars ($10) in hand paid, bargains, sells and conveys to the Grantee, BOTHELL HOTEL, LLC, a Washington limited liability company, the following described real estate, situated in the County of King, State of Washington.

2. See Exhibit A attached hereto.

3. Subject to and excepting those matters listed in Exhibit B attached hereto and incorporated herein by this reference.

4. Dated March 16, 2017.

[*Signature Page Follows*]

NCS-752888-WA1

1ST AM

GRANTOR:

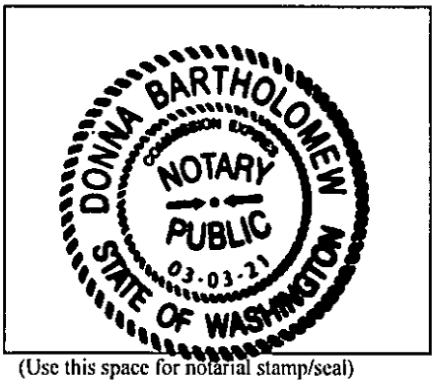
CITY OF BOTHELL,
a Washington municipal corporation

By: _____
Name: Tami Schackman
Its: Acting City Manager

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Tami Schackman is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Acting City Manager of the City of Bothell, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 2-16-17



(Use this space for notarial stamp/seal)

Donna Bartholomew
Notary Public
Print Name Donna Bartholomew
My commission expires 3-3-21

EXHIBIT A

Legal Description

New Lot 8 of City of Bothell Boundary Line Adjustment No. 2016-09383, recorded under Recording No. 20170126900003, in King County, Washington.

EXHIBIT A

EXHIBIT B TO DEED

Exceptions

1. Nondelinquent Real Property taxes and Special Charges for tax account nos. 096700-0280-02, 096700-0300-08, 072605-9191-08 and 072605-9003-06.

2. Potential charges for the King County Sewage Treatment Capacity Charge, as authorized under RCW 35.58 and King County Code 28.84.050

3. Easement, including terms and provisions contained therein:

   Granted to: Puget Sound Energy, Inc.
   Purpose: Transmission, distribution and sale of electricity
   Recording No. 20080605000433

4. Restrictions, conditions, dedications, notes, easements and provisions, if any, as contained and/or delineated on the face of the City of Bothell Boundary Line Adjustment No. 2011-00666, recorded under Recording No. 20140609900001, in King County, Washington.

5. Easement, including terms and provisions contained therein:

   Granted to: Puget Sound Energy, Inc.
   Purpose: Transmission, distribution and sale of electricity
   Recording No: 20140819000415

6. Restrictions, conditions, dedications, notes, easements and provisions, if any, as contained and/or delineated on the face of the City of Bothell Boundary Line Adjustment recorded January, 26, 2017, under Recording No. 20170126900003, in King County, Washington.

7. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the property.

CERTIFICATE OF CONSENT

I, the undersigned, owner(s) in fee simple of the property herein described request a lot line adjustment on the property pursuant to Chapter 15, Bothell Municipal Code, declare the attached drawings to be a graphic representation of the same, and certify that this lot line adjustment is made with free consent and in accordance with the desire of the owner (s).

_____
Signature of Owner

State of Washington
County of _____

I certify that I know or have satisfactory evidence that

_____ is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument on oath stated that (he/she) was authorized to execute the instrument and acknowledge it as the City Manager of City of Bothell to be the free and voluntary act of such party for the user and purpose mentioned in the instrument.

Signature of

Notary public _____

Dated _____

My appointment expires _____

APPROVALS:

DEPARTMENT OF COMMUNITY DEVELOPMENT

Examined and approved this_____ day of _____, 2016

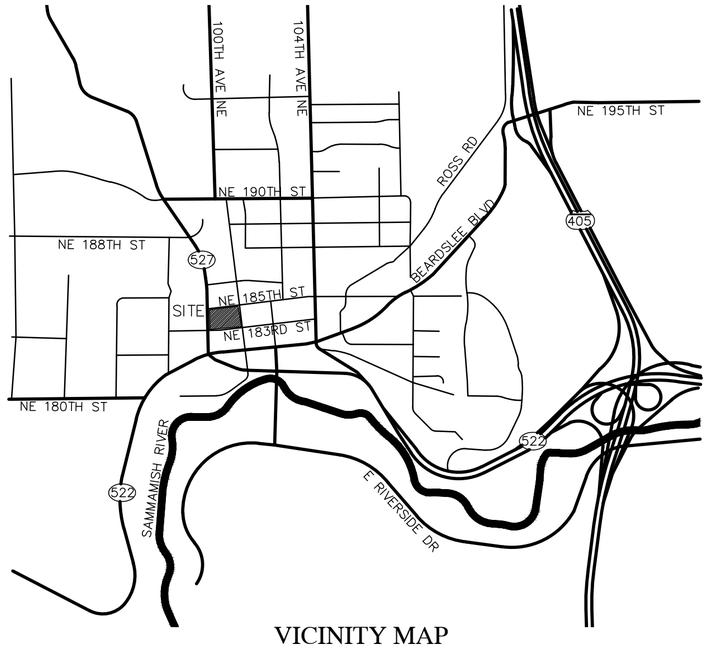
_____
Director of Community Development

DEPARTMENT OF ASSESSMENTS

Examined and approved this_____ day of _____, 2016

_____
Assessor

_____
Deputy Assessor



VICINITY MAP

NOT TO SCALE

PROJECT INFORMATION

OWNERS
CITY OF BOTHELL
18415 101ST AVE NE
BOTHELL, WA 98011

ZONING

DC
DN

EXISTING PARCEL AREAS

PARCEL A			
LOT 4:	9,183 SQ. FT.	0.211 ACRES
LOT 5:	14,803 SQ. FT.	0.340 ACRES
LOT 6:	10,048 SQ. FT.	0.231 ACRES
PARCEL B:	10,241 SQ. FT.	0.235 ACRES

NEW LOT AREAS

NEW LOT 8:	39,821 SQ. FT.	0.914 ACRES
NEW LOT 9:	4,453 SQ. FT.	0.102 ACRES

SPECIAL USE LOTS

NEW LOT 9 WILL BE USED FOR PUBLIC ACCESS TO ADJACENT PARCELS.

RECORDING NO.	VOL./PAGE

ORIGINAL DESCRIPTIONS

PER FIRST AMERICAN TITLE INSURANCE COMMITMENT FILE NUMBER NCS-752388-WA1, DATED MARCH 25, 2016 AT 7:30 A.M.

PARCEL A: (TAX LOTS 096700-0280, 096700-0300, AND 072605-9191)

NEW LOTS 4, 5, AND 6 OF CITY OF BOTHELL BOUNDARY LINE ADJUSTMENT NO. 2011-00666, RECORDED UNDER RECORDING NO. 20140609900001, IN KING COUNTY, WASHINGTON.

PARCEL B: (TAX LOT 072605-9003)

THAT PORTION OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 26 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHERLY MARGIN OF FIR STREET IN THE TOWN OF BOTHELL, AS SHOWN ON THE CORRECTION PLAT OF THE TOWN OF BOTHELL, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 8 OF PLATS, PAGE 76, IN KING COUNTY, WASHINGTON, WITH THE EASTERLY LINE OF SAID SECTION 7, SAID POINT BEING 399.30 FEET SOUTH OF THE CORNER COMMON TO SECTIONS 5, 6, 7 AND 8 OF SAID TOWNSHIP AND RANGE;
THENCE NORTHERLY ALONG THE EASTERLY LINE OF SAID SECTION 7, A DISTANCE OF 120.80 FEET TO THE SOUTHERLY MARGIN OF ALLEY BETWEEN FIR AND PINE STREET;
THENCE WESTERLY ALONG THE PRODUCTION OF THE SOUTHERLY LINE OF SAID ALLEY, 90 FEET, MORE OF LESS, TO THE EASTERLY MARGIN OF BOTHELL-EVERETT HIGHWAY;
THENCE SOUTHERLY ALONG SAID EASTERLY MARGIN, 110.00 FEET, MORE OR LESS, TO THE NORTHERLY MARGIN OF FIR STREET;
THENCE EASTERLY ALONG SAID NORTHERLY MARGIN 89.25 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPT THAT PORTION DEEDED TO THE CITY OF BOTHELL BY DEED RECORDED JULY 30, 1996 UNDER RECORDING NO. 9608131576, IN KING COUNTY, WASHINGTON.

SURVEYOR'S NOTE

DISTANCES SHOWN ARE IN FEET

GPS OBSERVATIONS WERE MADE USING TRIMBLE 5700 AND 5800 RECEIVERS MAINTAINED TO MANUFACTURER'S SPECIFICATION PER WAC 332-130-100.

SURVEY INSTRUMENT: CONVENTIONAL FIELD MEASUREMENTS WERE MADE WITH A TRIMBLE S6 TOTAL STATION (3" HORIZONTAL ACCURACY). THIS INSTRUMENT AND ITS ACCESSORIES WERE MAINTAINED TO MANUFACTURER'S SPECIFICATION AS REQUIRED BY WAC 332-130-100. THE PRECISION OF THE CONTROL TRAVERSE MEETS OR EXCEEDS THOSE AS REQUIRED PER WAC 332-130-090.

ALL FOUND MONUMENTS WERE VISITED IN MARCH, 2011 & NOVEMBER, 2016.

THIS SURVEY MEETS OR EXCEEDS THE MINIMUM STANDARDS AS SET FORTH IN WAC-332-130.

ACCESS AND JOINT USE NOTE

PERMANENT EASEMENTS FOR ACCESS AND JOINT USE BETWEEN PARCELS WILL BE PROVIDED IN THE FUTURE.

REFERENCES

FIRST AMERICAN TITLE INSURANCE COMPANY, FILE NUMBER NSC-752388-WA1, DATED MARCH 25, 2016, AT 7:30 A.M.

SR 527 RIGHT OF WAY PLAN, JCT. SR 522 TO JCT. SR 5, DATED MAY 27, 1977

CORRECTION PLAT OF THE TOWN OF BOTHELL, VOL. 8, PAGE 76, UNDER RECORDING NUMBER 109426

RECORD OF SURVEY PERFORMED BY MERIWETHER LEACHMAN ASSOCIATES, INC., UNDER RECORDING NUMBER 20000315900004

RECORD OF SURVEY PERFORMED BY PERTEET, INC., UNDER RECORDING NUMBER 20090624900002

BOUNDARY LINE ADJUSTMENT PERFORMED BY OTAK, INC. UNDER RECORDING NUMBER 20140609900001.

NEW DESCRIPTIONS

NEW LOT 8

THAT PORTION OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 7 AND THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 8, TOWNSHIP 26 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 4 OF CITY OF BOTHELL BOUNDARY LINE ADJUSTMENT NO. 2011-00666, RECORDED UNDER RECORDING NO. 20140609900001, IN KING COUNTY, WASHINGTON SAID POINT BEING ON THE NORTHERLY MARGIN OF NE 183RD STREET, FORMERLY KNOWN AS FIR STREET;
THENCE S85°13'13"W ALONG SAID STREET MARGIN, 232.39 FEET TO THE SOUTHWEST CORNER OF LOT 5 OF SAID BOUNDARY LINE ADJUSTMENT, SAID CORNER BEING ON THE EAST LINE OF SECTION 7, TOWNSHIP 26 NORTH, RANGE 5 EAST, W.M;
THENCE N01°55'13"E ALONG SAID SECTION LINE ALSO BEING THE WESTERLY LINE OF SAID LOT 5, A DISTANCE OF 51.97 FEET;
THENCE LEAVING SAID SECTION LINE N88°09'48"W, 90.95 FEET TO THE EASTERLY MARGIN OF BOTHELL-EVERETT HIGHWAY;
THENCE N01°50'13"E ALONG SAID EASTERLY MARGIN, 165.06 FEET TO THE NORTHWEST CORNER OF LOT 6 OF SAID BOUNDARY LINE ADJUSTMENT; THENCE LEAVING SAID EASTERLY MARGIN N85°13'13E ALONG THE NORTH LINE OF LOT 6, A DISTANCE OF 88.61 FEET TO NORTHEAST CORNER THEREOF;
THENCE S04°47'25"E ALONG THE EASTERLY LINE OF SAID LOT 6, 106.03 FEET TO THE SOUTHEAST CORNER THEREOF, CORNER ALSO BEING THE SOUTHWEST CORNER OF LOT 1 OF SAID BOUNDARY LINE ADJUSTMENT;
THENCE N85°13'13"E, 107.00 FEET TO THE NORTHEAST CORNER OF SAID LOT 5;
THENCE S04°47'25"E ALONG THE EASTERLY LINE OF SAID LOT 5, 30.00 FEET TO THE NORTHWEST CORNER OF SAID LOT 4;
THENCE N85°13'13"E, ALONG THE NORTH LINE OF SAID LOT 4 TO THE NORTHEAST CORNER THEREOF;
THENCE S04°47'25"E ALONG THE EASTERLY LINE OF OF SAID LOT 4, A DISTANCE OF 90.03 FEET TO THE POINT OF BEGINNING.

NEW LOT 9

THAT PORTION OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 26 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF LOT 5 OF CITY OF BOTHELL BOUNDARY LINE ADJUSTMENT NO. 2011-00666, RECORDED UNDER RECORDING NO. 20140609900001, IN KING COUNTY, WASHINGTON SAID CORNER BEING ON THE NORTHERLY MARGIN OF NE 183RD STREET AT THE INTERSECTION WITH THE EAST LINE OF SECTION 7, TOWNSHIP 26 NORTH, RANGE 5 EAST, W.M;
THENCE N01°55'13"E ALONG SAID SECTION LINE ALSO BEING THE WESTERLY LINE OF SAID LOT 5, A DISTANCE OF 51.97 FEET;
THENCE LEAVING SAID SECTION LINE N88°09'48"W, 90.95 FEET TO THE EASTERLY MARGIN OF BOTHELL-EVERETT HIGHWAY;
THENCE S01°50'13"W ALONG SAID EASTERLY MARGIN, 13.00 FEET TO THE BEGINNING OF TANGENT CURVE LEFT WITH A RADIUS OF 40.00 FEET;
THENCE CONTINUING ALONG SAID ROAD MARGIN SOUTHEASTERLY ALONG THE ARC OF SAID CURVE 63.52 FEET, THROUGH A CENTRAL ANGLE OF 90°58'45" TO A POINT OF TANGENCY ON THE NORTHERLY MARGIN OF SAID NE 183RD STREET;
THENCE S89°08'31"E ALONG SAID NORTHERLY MARGIN, 48.50 FEET;
THENCE CONTINUING ALONG SAID NORTHERLY MARGIN N85°13'13"E, 1.71 FEET TO THE POINT OF BEGINNING.

otak
11241 Willows Road NE
Suite 200
Redmond, Washington 98052
Phone: (425) 822-4446
FAX: (425) 827-9577
www.otak.com

RECORDER'S CERTIFICATE

_____

Filed for Record this __ day of _____ 2014 at _____M in Book ____ of _____ at page ____ at the Request of

_____
Surveyor's Name

_____ Mgr.

_____ Supt. of Records

LAND SURVEYOR'S CERTIFICATE

THIS BOUNDARY LINE ADJUSTMENT CORRECTLY REPRESENTS A SURVEY MADE BY ME OR UNDER MY DIRECTION IN CONFORMANCE WITH THE REQUIREMENTS OF THE SURVEY RECORDING ACT AT THE REQUEST OF THE CITY OF BOTHELL IN NOVEMBER, 2016

WILLIAM C. LAWRENCE
SURVEYOR

CERTIFICATE NO. 29961

WILLIAM C. LAWRENCE
STATE OF WASHINGTON
29961
REGISTERED
PROFESSIONAL LAND SURVEYOR

RECORD OF SURVEY/BOUNDARY LINE ADJUSTMENT

FOR

CITY OF BOTHELL

PORTIONS OF:
NE 1/4, NE 1/4, SECTION 7, T. 26 N., R. 5 E., W.M.
NW 1/4, NW 1/4, SECTION 8, T. 26 N., R. 5 E., W.M.

City of Bothell

CITY OF BOTHELL

B.L.A. CITY CASE NO. 2016-XXX

SHEET 1 OF 3

EXISTING PROPERTY LINES & EASEMENTS

RECORDING NO.	VOL./PAGE

FOUND 3" BRASS DISK WITH "X". MONUMENT IS STAMPED "5/6/7/8" IS FLUSH WITH THE GROUND AND IN A PARKING LOT.

6 5 7 8

NE 185TH ST (PINE STREET)
N 85°13'13" E 431.00'
141.60' (DEED)
141.38' (MEAS)
25' 25' 25' 25'

MONUMENT IN CASE
TACK IN LEAD PLUG
1.30' BELOW RIM

293.58

78.50'
Δ=83°22'59"
R=15.00'
L=21.83'
LOT 7
30.00
16.84
N85°13'13"E
88.61
N4°47'25"W 136.03

45' 30'

BOTHELL WAY NE (SR 527)
N 1°50'13" E 296.15'

EXISTING PARCEL A
LOT 6
072605-9191
106.74
106.03

LOT 1
BLA NO. 2011-00666
AFN: 20140609900001
136.03

101ST AVE NE
N4°47'25"W 306.05

N85°13'13"E 293.58
102.00
84.58
N85°13'13"E 100.93
91.66
116.27
ASPHALT DRIVEWAY
30.00
LOT 3
S85°13'13"W
102.00
30.00

71.32
EXISTING PARCEL B
072605-9003
120.85'
N 1°55'13" E
EXISTING PARCEL A
LOT 5
096700-0300
N4°47'25"W 120.03
90.03
EXISTING PARCEL A
LOT 4
096700-0280
N4°47'25"W 120.03
90.03
LOT 2
120.03

45' 30'

Δ=90°58'45"
R=40.00'
L=63.52'
PSE EASEMENT
#20080605000433
PSE EASEMENT
#20140819000415
7.0'
N85°13'13"E
1.71
48.50
15.0'
130.39
318.68
102.00
84.58
25' 25'

MONUMENT IN CASE
3/4" REBAR W/PUNCH
1.55' BELOW RIM

NE 183RD ST (FIR STREET)
N 89°08'31" W 120.86'
N 85°13'13" E 344.91'
25' 25' 25'

N 1°55'13" E 2631.32'

30' 0' 30' 60'
SCALE IN FEET

FOUND CASED MONUMENT
FOUND REBAR W/CAP AS NOTED
XXXXX-XXX TAX PARCEL NUMBER
RIGHT-OF-WAY MARGINS
RIGHT-OF-WAY CENTERLINE
EXISTING LOT LINES

FOUND 4"X4" CONC MONUMENT WITH A 3" BRASS DISK. MONUMENT IS STAMPED "7/8" AND IS 0.95' ABOVE GROUND LEVEL.

7 8

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STATE OF WASHINGTON
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RECORD OF SURVEY/BOUNDARY LINE ADJUSTMENT
FOR
CITY OF BOTHELL

PORTIONS OF:
NE 1/4, NE 1/4, SECTION 7, T. 26 N., R. 5 E., W.M.
NW 1/4, NW 1/4, SECTION 8, T. 26 N., R. 5 E., W.M.

City of Bothell

CITY OF BOTHELL

B.L.A. CITY CASE NO. 2016-XXX
SHEET 2 OF 3

PROPOSED PROPERTY LINES

RECORDING NO.	VOL./PAGE

FOUND 3" BRASS DISK WITH "X". MONUMENT IS STAMPED "5/6/7/8" IS FLUSH WITH THE GROUND AND IN A PARKING LOT.

6 5
7 8

NE 185TH ST (PINE STREET)

N 85°13'13" E 431.00'

141.60' (DEED)
141.38' (MEAS)

MONUMENT IN CASE
TACK IN LEAD PLUG
1.30' BELOW RIM

25' 25' 25' 25' 25' 25'

Δ=83°22'59"
R=15.00'
L=21.83'

LOT 7
BLA NO. 2011-00666
AFN: 20140609900001

45' 30'

N85°13'13"E
88.61

LOT 1

106.03
S4°47'25"E

165.06

BOTHELL WAY NE (SR 527)

N 1°50'13" E 296.15'

N85°13'13"E
107.00

S4°47'25"E
30.00

ASPHALT DRIVEWAY

LOT 3
BLA NO. 2011-00666
AFN: 20140609900001

N85°13'13"E
102.00

LOT 2
BLA NO. 2011-00666
AFN: 20140609900001

OLD LOT LINE
TO BE REMOVED
TYPICAL

NEW LOT 8
39,821 SF

S4°47'25"E
90.03

101ST AVE NE

N 4°47'25" W 306.05'

90.95
N88°09'48"W

13.00

NEW LOT 9
4,453 SF

N1°55'13"E
51.97

R=40.00'
Δ=90°58'45"
L=63.52'

N85°13'13"E
1.71

48.50

232.39

MONUMENT IN CASE
3/4" REBAR W/PUNCH
1.55' BELOW RIM

NE 183RD ST (FIR STREET)

N 89°08'31" W 120.86'

S 85°13'13" W 344.91'

N 1°55'13" E 2631.32'

30' 0' 30' 60'
SCALE IN FEET

FOUND CASED MONUMENT
FOUND REBAR W/CAP AS NOTED
SET REBAR W/CAP LS 29961
RIGHT-OF-WAY MARGINS
RIGHT-OF-WAY CENTERLINE
EXISTING LOT LINES
PROPOSED LOT LINES
EXISTING LOT LINES TO BE REMOVED

FOUND 4"X4" CONC MONUMENT WITH A 3" BRASS DISK. MONUMENT IS STAMPED "7/8" AND IS 0.95' ABOVE GROUND LEVEL.

7 8

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WILLIAM C. LAWRENCE
STATE OF WASHINGTON
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NW 1/4, NW 1/4, SECTION 8, T. 26 N., R. 5 E., W.M.

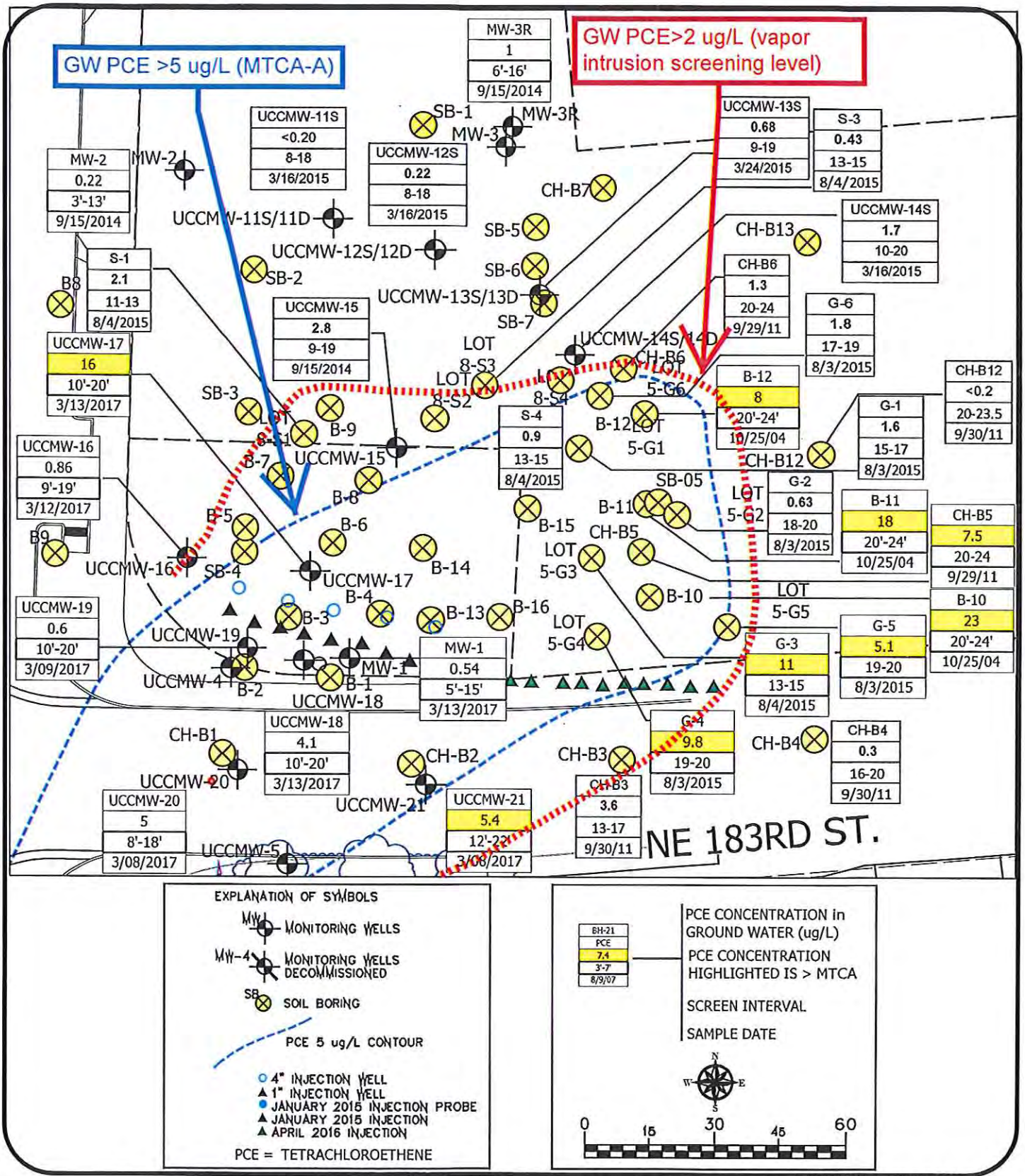
City of Bothell

CITY OF BOTHELL

B.L.A. CITY CASE NO.

SHEET 3 OF 3

EXHIBIT B



HWA GeoSciences Inc.

ULTRA CUSTOM CARE CLEANERS SITE
RI/FS/dCAP
BOTHELL, WASHINGTON

PCE in Ground Water, 2011-2017 (Shallow)

DRAWN BY	BFM
CHECK BY	AS/NK
DATE:	01.16.18
FIGURE #	1
PROJECT #	2007-098-21 TASK 2039

S:\2007 PROJECTS\2007-098-22 BOTHELL CROSSROADS\CAD 2007-098\PCC - UCCC T2039\HWA 2007-098-21 T2039 (FIG 14) SHALLOW (8.5X11).DWG <Fig 14> Plotted: 1/19/2018 5:38 PM

EXHIBIT C

PURCHASE AND SALE AGREEMENT
(CITY CENTER HOTEL)

by and
between

CITY OF BOTHELL,
a Washington municipal corporation,

as "Seller"

and

BOTHELL HOTEL, LLC
a Washington limited liability company

as "Buyer"

Dated: April 6, 2016

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PURCHASE AND SALE AGREEMENT (CITY CENTER HOTEL)

THIS PURCHASE AND SALE AGREEMENT (CITY CENTER HOTEL) (this "Agreement") is dated as of April 6, 2016 (the "Effective Date") by and between the CITY OF BOTHELL, a Washington municipal corporation ("Seller"), and BOTHELL HOTEL, LLC a Washington limited liability company ("Buyer"). This Agreement is made with reference to the following recitals:

Recitals

A. Seller owns the Property (as defined below). The Property consists of the lots commonly known as New Lots 4, 5 and 6 of City of Bothell Boundary Line Adjustment No. 2011-00666 (the "BLA") and Proposed Lot 8 to be created by amending the BLA, Washington in downtown Bothell. Not included in Property are New Lots 1, 2, 3 and 7 of the BLA, on which is located the City Hall complex with an underground public parking garage (the "City Garage"), or Proposed Lot 9 to be created by amending the BLA, which will be retained by Seller for a public plaza as part of the City Hall complex (the "Lot 9 Plaza"). The property comprising the City Hall complex (i.e., New Lots 1, 2, 3, 7 and 9 of the BLA) are collectively called the "City Hall Property." A depiction of the block and relevant lots discussed in this Agreement from the BLA and proposed amendment is attached hereto as Exhibit B.

B. The Property is currently unimproved. Buyer desires to purchase the Property (as defined below) to develop it into a two separately branded hotels with associated on site parking (the "Project").

C. Buyer made a proposal for development in downtown Bothell to encompass the Property, which proposal was consistent with Seller's goals for the Property and the City. The parties have deemed it beneficial to enter into a negotiated sale transaction whereby Buyer will acquire and develop the Property.

D. Upon its acquisition of the Property, Buyer intends to develop the Project on the Property in accordance with and subject to the terms and conditions of the Development Agreement (as defined in Section 3).

E. Pursuant to Resolution No. 1337 (2016), Seller has determined that it has no current or future need for the Property, that it would be put to a higher or better use for the community at large if sold to Buyer and thus Seller has declared the Property surplus to its needs and has approved of the sale of the Property, all on the terms and conditions of this Agreement and BMC § 2.94.

F. Seller wishes to sell, and Buyer wishes to buy, the Property subject to the terms and conditions of this Agreement.

Agreement

NOW, THEREFORE, in consideration of the foregoing promises, and for other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

Section 1. Purchase and Sale.

1.1 The Property. In consideration of their mutual covenants set forth in this Agreement, Seller agrees to sell to Buyer, and Buyer agrees to purchase and accept from Seller, for the Purchase Price (as defined in Section 2.1) and on the terms and conditions set forth in this Agreement, the following:

1.1.1 That certain real property more particularly described in Exhibit A attached hereto (the "Land").

1.1.2 All rights, covenants, interests, privileges and easements appurtenant to the Land, including without limitation all minerals, oil, gas and other hydrocarbon substances on the Land, all development rights, air rights, water, water rights and water stock relating to the Land, and any and all easements, rights-of-way and other appurtenances used in connection with the beneficial use and enjoyment of the Land (collectively, the "Appurtenances").

1.1.3 Any improvements located on the Land, including, without limitation, any utility systems and monitoring well facilities on the Land (collectively, the "Improvements").

There are no buildings on the Land and there is no tangible personal property included in the transaction provided for herein. The Land, the Appurtenances and the Improvements are sometimes collectively referred to as the "Property."

Section 2. Purchase Price.

2.1 Purchase Price. The purchase price for the Property is One Million Six Hundred Thirty-Five Thousand Eight Hundred Forty-Seven and No/100 Dollars ($1,635,847.00) (the "Purchase Price"). The Purchase Price shall be payable in cash at Closing. Not later than 10:00 a.m., Pacific time, on the Closing Date (as defined in Section 4.2), Buyer shall deposit with the Escrow Holder (as defined in Section 2.2), via wire transfer, the Purchase Price, less the Deposit and Negotiation Fee, together with Buyer's share of closing costs and prorations.

2.2 Earnest Money and Negotiation Fee.

2.2.1 Earnest Money Deposit. Upon execution of this Agreement, Buyer shall execute a promissory note in the amount of Ninety Thousand Dollars ($90,000) in the form attached hereto as Exhibit C (the "Earnest Money Note"). The Earnest Money Note shall be held by First American Title Insurance Company, 818 Stewart Street, Suite 800, Seattle, Washington 98101, by and through Jen Modjeska, as the Escrow Holder hereunder ("Escrow Holder" or the "Title Company"). Within three (3) Business Days after satisfaction of Buyer's Inspection Condition set forth in Section 5.1.1 below, Buyer shall replace the Earnest Money Note with cash in the amount of Ninety Thousand Dollars ($90,000) to be held as the earnest money deposit hereunder (the "Deposit").

The Deposit shall be applicable to the Purchase Price. The Deposit shall be nonrefundable, except that the Deposit shall be refunded to Buyer in the event that (i) one of Buyer's Conditions Precedent (as defined in Section 5 below) is not satisfied within the time period applicable to such condition, (ii) the transaction fails to close due to a default on the part

of Seller, or (iii) the transaction fails to close through no fault of the Buyer. The Deposit shall be held in an interest bearing account, with interest being included with the Deposit and going to the benefit of the party entitled to the Deposit at Closing or other termination of this Agreement.

2.2.2 Negotiation Fee. Buyer has previously deposited with Escrow Holder a fee of Fifteen Thousand and No/100 Dollars ($15,000.00) (the "Negotiation Fee"). This fee is intended to help Seller defray the costs of preparing and negotiating this Agreement. The Negotiation Fee shall be fully earned by Seller, nonrefundable to Buyer and paid to Seller upon mutual execution of this Agreement. The Negotiation Fee shall be applicable to the Purchase Price.

Section 3. Development Approvals and Charges. Following Closing, Buyer shall develop or cause the development of the Project on the Land as provided in and subject to the terms and conditions of the Development Agreement to be entered into by Seller and Buyer at Closing substantially in the form of Exhibit D attached hereto (the "Development Agreement"). Seller does not object to Buyer applying for permits for the Project described in the Development Agreement before the Closing.

Section 4. Escrow; Closing.

4.1 Escrow. Buyer and Seller hereby appoint the Escrow Holder to hold the escrow and conduct the Closing under this Agreement. Buyer and Seller shall execute and deliver to Escrow Holder such instructions as may be necessary or convenient to implement the terms of this Agreement and close the transaction contemplated by this Agreement, provided that they are not inconsistent with the terms of this Agreement.

4.2 Closing; Closing Date. The consummation of the purchase and sale of the Property (the "Closing") shall take place on the earlier of (i) thirty (30) days after the end of the Due Diligence Period (or if such day is not a Business Day, then the immediately preceding Business Day); and (ii) such earlier date as the parties may mutually agree (the "Closing Date").

4.3 Buyer's Deliveries. At or before Closing, Buyer shall deposit into Escrow the following items:

4.3.1 funds transmitted by wire transfer in the amount of the Purchase Price (less the amount of the Deposit and Negotiation Fee), together with Buyer's share of closing costs and prorations, as provided in this Agreement;

4.3.2 two executed counterparts of the Development Agreement (executed by Buyer) and the accompanying Guaranty executed by 360 Investments LLC, a Washington limited liability company;

4.3.3 a real estate excise tax affidavit executed by Buyer.

4.3.4 two executed counterparts of the Skybridge Easement (as defined in Section 10.1);

4.3.4 two executed counterparts of the (a) Parking Lease and Memorandum of Parking Lease (as provided in Section 10.3) and (b) Parking Easement (as defined in Section 10.6);

4.3.5 two executed counterparts of the Cantilever Easement (as defined in Section 10.2);

4.3.6 two executed counterparts of the Easements, if any (as defined in Section 6.3);

4.3.7 two executed counterparts of the Indemnity Agreement (as defined in Section 9.3);

4.3.8 two executed counterparts of the Monitoring and Compliance Easement (as defined in Section 9.1);

4.3.9 an executed Height Covenant (as defined in Section 10.4);

4.3.10 two executed counterparts of the Access Easement (as defined in Section 10.5); and

4.3.11 two executed counterparts of the Plaza Easements (as defined in Section 10.8).

4.4 Seller's Deliveries. At or before Closing, Seller shall cause to be delivered into Escrow the following documents:

4.4.1 a bargain and sale deed (the "Deed") to the Property in the form attached hereto as Exhibit D, subject only to the Permitted Exceptions (as defined in Section 6.1), properly executed and acknowledged on behalf of Seller, and an accompanying excise tax affidavit;

4.4.2 duplicate originals of an executed affidavit by Seller to the effect that Seller is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code of 1986, as amended;

4.4.3 two executed counterparts of the Development Agreement executed by Seller;

4.4.4 two executed counterparts of the Skybridge Easement;

4.4.5 two executed counterparts of the Cantilever Easement;

4.4.6 two executed counterparts of the (a) Parking Lease and Memorandum of Parking Lease and (b) Parking Easement;

4.4.7 two executed counterparts of the Easements, if any;

4.4.8 two executed counterparts of the Indemnity Agreement;

4.4.9 two executed counterparts of the Monitoring and Compliance Easement; and

4.4.10 two executed counterparts of the Access Easement; and

4.4.11 two executed counterparts of the Plaza Easements.

4.5 Proof of Authority. Buyer and Seller each shall deliver such proof of authority and authorization to enter into this Agreement and consummate the transaction contemplated by this Agreement, and such proof of power and authority of the individual(s) executing and delivering any instruments, documents or certificates to act for and bind such party, as reasonably may be required by the Title Company.

4.6 Other Documents. Buyer and Seller shall deliver such other documents or instruments as are reasonably required to consummate this transaction in accordance with this Agreement, including without limitation closing statements.

4.7 Possession. Seller shall deliver possession of the Property to Buyer at Closing.

4.8 Disbursement and Other Actions. At the Closing, Escrow Holder promptly shall undertake all of the following in the manner indicated:

4.8.1 Funds. Disburse all funds deposited with Escrow Holder by Buyer as follows:

(a) Disburse the Purchase Price to Seller, net the total amount chargeable to Seller, if any, as the result of prorations and credits pursuant to Section 12.

(b) Disburse the remaining balance of the funds, if any, to Buyer promptly following the Closing.

4.8.2 Recording. Cause the Deed, the Development Agreement, the Skybridge Easement, the Cantilever Easement, the Memorandum of the Parking Lease, Parking Easement, the Height Covenant, the Monitoring and Compliance Easement, the Easements, if any, the Access Easements and any other documents that the parties may mutually direct to be recorded in the Official Records of King County, Washington, and obtain conformed copies thereof for distribution to Buyer and Seller.

4.8.3 Title Policy. Direct the Title Company to issue the Title Policy to Buyer in accordance with Section 6 hereof.

4.8.4 Disbursement of Documents to the Parties. Disburse to each party the counterpart documents per the instructions of the Parties.

Section 5. Conditions Precedent to Closing.

5.1 Buyer's Conditions. For Buyer's benefit (and waivable by Buyer, and only Buyer, at any time), the following are conditions precedent to Buyer's obligation to consummate

this transaction described in this Agreement ("Buyer's Conditions Precedent") and must be satisfied or waived by the date or within the time period indicated:

5.1.1 Due Diligence.

(a) Due Diligence Period. From the date hereof through and including October 1, 2016 (such period of time, the "Due Diligence Period"), as such period may be extended by the mutual agreement of the parties (administratively, as to Seller). Buyer, in its sole discretion and at its sole expense, shall have the opportunity to inspect and approve the physical condition and use of the Property, the economic feasibility of the Project and any other matters relating to the Property as Buyer elects to undertake (collectively, the "Inspections"), including without limitation, the availability of financing, access, utility services, zoning, engineering, soils and environmental conditions, status of neighboring projects and a survey (the "Inspection Condition"). The plan for any invasive testing of the Property (including Phase II environmental sampling) shall be subject to Seller's prior review and approval, not to be unreasonably withheld. The Inspection Condition must be satisfied or waived by the end of the Due Diligence Period.

If for any reason whatsoever Buyer determines that the Property is unsuitable for its purposes in its sole and absolute discretion and notifies Seller of such decision before the end of the Due Diligence Period, then this Agreement shall terminate. If Buyer does not provide written notice to Seller of its approval of this condition by the end of the Due Diligence Period, the Inspection Condition shall not be satisfied and this Agreement shall terminate. In the event of either such termination, Escrow Holder shall promptly return the Deposit to Buyer. If this Agreement does not terminate at the end of the Due Diligence Period, the Inspection Condition shall be considered to have been satisfied and the Deposit shall not be refundable to Buyer by reason of the Inspection Condition.

(b) Access to Property. Further, until the Closing Date or earlier termination of this Agreement, Buyer and its authorized contractors, engineers, surveyor, appraiser, consultants, employees, lenders and agents shall have the right to enter onto the Property for purposes of undertaking the Inspections. Such entry shall be pursuant to the Site Access Agreement between Seller and Buyer dated February 24, 2016 (the "Site Access Agreement") in the form attached hereto as Exhibit G (which agreement was executed by the Parties before execution of this Agreement). The parties agree that the Site Access Agreement is hereby amended to permits Buyer to conduct its Investigation Activities (as defined in the Site Access Agreement) on New Lot 3 of the BLA, subject to the terms and conditions of the Site Access Agreement. Buyer agrees to indemnify Seller and to hold Seller, Seller's agents and employees harmless from and against any and all losses, costs, damages, claims or liabilities including, but not limited to, construction, mechanic's and material men's liens and attorneys' fees, to the extent caused by Buyer's entry upon the Property, including the conduct of the Inspections, by Buyer or its contractors, consultants, employees or agents under this Section 5.1.1. This indemnity shall survive Closing or termination of this Agreement.

(c) Reports and Disclosure Statement. To the extent not previously provided, within five (5) days following the Effective Date, Seller shall cause delivery to Buyer copies of all reports about the physical condition of the Property that have been prepared at the

request of Seller or that are in Seller's possession, including environmental and soils reports, which reports are listed on Exhibit F hereto (the "Reports"). Seller disclaims any responsibility for the accuracy of any information contained in the Reports, and Buyer acknowledges that it uses the Reports at its own risk. If this Agreement terminates or the purchase and sale fails to close, Buyer promptly shall return the Reports (and all copies thereof) to Seller.

To the maximum extent permitted by RCW 64.06, Buyer expressly waives its right to receive from Seller a seller disclosure statement as provided for in RCW 64.06 (the "Seller Disclosure Statement"). Seller and Buyer acknowledge that Buyer cannot waive its right to receive the environmental section of the Seller Disclosure Statement (which is contained in Section 6 of the form). Seller will provide the same, with only such environmental section completed by Seller, to Buyer within five (5) days after the Effective Date. Nothing in the Seller Disclosure Statement creates a representation or warranty by Seller, nor does it create any rights or obligations in the parties except as set forth in RCW 64.06, as amended. Buyer is advised to use due diligence to inspect the Property to Buyer's satisfaction, subject to the terms of this Agreement, and Seller may not have Knowledge (defined below) of defects that careful inspection might reveal. Buyer specifically acknowledges and agrees that the Seller Disclosure Statement is not part of this Agreement, Seller has no duties to Buyer other than those set forth in this Agreement, including delivery of the completed environmental section of the Seller Disclosure Statement, Buyer has no independent cause of action under the Seller Disclosure Statement and specifically and without limitation, Buyer will not have a remedy for economic loss resulting from negligent errors, inaccuracies or omissions on the Seller Disclosure Statement.

5.1.2 Title Policy. On the Closing Date, the Title Company shall be prepared to issue the Title Policy to Buyer as of the Closing Date in accordance with Section 6 of this Agreement.

5.1.3 Representations and Warranties. On the Closing Date, Seller's representations and warranties contained in Section 7.1 are true and correct, as if made as of the Closing Date, except as provided in Section 7.3.

5.1.4 Seller's Performance. Seller has duly and timely performed each and every other material obligation to be performed by Seller under this Agreement before Closing.

5.1.5 Easements and Parking Lease. During the Due Diligence Period, the parties have agreed on the forms of Skybridge Easement, Cantilever Easement, the Utility Easements (if any), Parking Lease, Parking Easement, the Memorandum of Parking Lease, the Monitoring and Compliance Easement, the Access Easements and the Plaza Easements.

5.1.6 Construction Method and Foundation System. Before the end of the Due Diligence Period, Seller has approved of Buyer's proposed construction method for addressing the Contamination and groundwater and its proposed foundation system for the Project, as described in Section 9.2.

5.1.7 Approval of Retail Use. Not later than the end of the Due Diligence Period, Seller has approved the approximate locations, general configuration and general usage

of the retail portions of the Project (such approval being as the seller hereunder only and not for purposes of any required permit approvals).

5.2 Seller's Conditions. For Seller's benefit (and waivable by Seller, and only Seller, at any time), the following are conditions precedent to Seller's obligation to consummate this transaction ("Seller's Conditions Precedent") and must be satisfied or waived by the date or within the time period indicated:

5.2.1 Buyer's Performance. Buyer has duly and timely performed each and every material obligation to be performed by Buyer under this Agreement prior to Closing.

5.2.2 Buyer's Representations and Warranties. Buyer's representations and warranties set forth in Section 7.2 are true and correct as if made as of the Closing Date, except as provided in Section 7.3.

5.2.3 Easements and Parking Lease. During the Due Diligence Period, the parties have agreed on the forms of Skybridge Easement, Cantilever Easement, Easements (if any), Parking Lease, Parking Easement, Memorandum of Parking Lease, the Monitoring and Compliance Easement, the Access Easement and the Plaza Easements.

5.2.4 Approval of Parking Lease and Easements. Not later than the end of the Due Diligence Period, COB Properties, a Washington nonprofit corporation and owner of the City Hall Property ("COB"), and the 63-20 bond trustee have approved of the (i) Parking Lease, (ii) any permanent loss of parking spaces in the City Garage as described in Section 10.6, and (iii) any easements to be entered into at Closing that encumber the City Hall Property (including the Parking Easement, Access Easement, Skybridge Easement, Utility Easements, Cantilever Easement and Plaza Easements). Seller agrees to use commercially reasonable efforts to obtain such approvals.

5.2.5 Construction Method and Foundation System. Before the end of the Due Diligence Period, Seller has approved of Buyer's proposed construction method for addressing the Contamination and groundwater and its proposed foundation system for the Project, as described in Section 9.2.

Section 6. Evidence of Title.

6.1 Commitment. Within five (5) days following the Effective Date, Seller shall cause delivery to Buyer of a preliminary title commitment for a standard ALTA owner's policy of title insurance ("Commitment"), together with the underlying documents forming the basis of the exceptions, issued by the Title Company. Buyer may also obtain an ALTA/NSPS survey of the Property (the "Survey") during the Due Diligence Period. Buyer shall have until thirty (30) days after the Effective Date to object to any matter disclosed in the Commitment or the Survey by giving written notice (the "Title Defect Notice") of the objection to Seller. If, after the initial issuance of the Commitment and giving of the initial Title Defect Notice, the Title Company amends the Commitment by adding a new exception thereto, or the Survey reveals any new matters affecting title, Buyer shall be entitled to give a Title Defect Notice to such exception within five (5) Business Days after receipt of the amendment. Any matters not referenced in a timely Title Defect Notice shall be deemed approved by Purchaser and are referred to herein as

"Permitted Exceptions." Within five (5) Business Days after receiving a Title Defect Notice, Seller shall notify Buyer in writing of any disapproved exception(s) that Seller declines to cure. Thereafter Buyer shall have three (3) Business Days to either waive the exception Seller has declined to cure (which thereafter shall constitute a Permitted Exception) or to terminate this Agreement.

Anything to the contrary in this Agreement notwithstanding, Seller shall have no affirmative obligation to expend any funds or incur any liabilities to cause any title exceptions to be removed from the Commitment (or any update thereto) or insured over, except that Seller shall pay or discharge any lien or encumbrance voluntarily created, permitted or assumed by Seller (except current taxes and assessments) and not created by or resulting from the acts of Buyer or other parties not related to Seller.

6.2 Issuance of Policy. At Closing, the Title Company shall be prepared to issue an extended 2006 ALTA owner's title insurance policy ("Title Policy") in the amount of the Purchase Price insuring Buyer and subject only to (a) a lien for real property taxes, not then delinquent; (b) Permitted Exceptions approved or deemed approved by Buyer; (c) matters affecting the condition of title to the Property resulting from the actions or activities of Buyer or created by or with the written consent of Buyer; and (d) the Development Agreement, the Utility Easements (if any), the Skybridge Easement, the Cantilever Easement, the Height Covenant, the Memorandum of the Parking Lease, the Parking Easement, the Access Easement, the Plaza Easements and the Environmental Agreements (to the extent the Environmental Agreements are then of record).

6.3 Utility Easements. To the extent that there are existing utilities that cross the Property for which Seller requires an easement to serve other property or that crosses other property owned by Seller adjacent to the Property (excluding adjacent streets) for which Buyer requires an easement to serve the Property, Buyer and Seller will enter into utility easements therefor at Closing (the "Utility Easements"). Each party will notify the other of the need, if any, for such utility easements within 45 days after the Effective Date and Buyer shall provide a copy of the survey it obtains during the Due Diligence Period promptly upon receipt to facilitate this review. If such utility easements are needed, Seller shall provide its form of utility easement for Buyer's review. If the parties cannot agree on the forms of such utility easements before the end of the Due Diligence Period, then Buyer shall be entitled to exercise its rights to terminate this Agreement under Section 5.1.1(a).

Section 7. Representations and Warranties.

7.1 Seller. Seller represents and warrants that as of the date it executes this Agreement:

7.1.1 Seller has the legal power, right and authority to enter into this Agreement and all documents required to be executed by Seller under this Agreement and to consummate the transaction contemplated by this Agreement.

7.1.2 Except as provided in the Reports, to Seller's actual knowledge there are no pending or threatened (in writing) actions, suits, arbitrations, claims or proceedings, at law or

in equity, adversely affecting the Property or to which Seller is a party by reason of Seller's ownership of the Property, including any eminent domain proceeding.

7.1.3 Except for any matters shown on the Commitment and the Environmental Agreements, Seller has not entered into any oral or written leases, subleases, rental agreements licenses, service or maintenance agreements or other contracts or agreements (written or oral) with respect to the ownership, operation, maintenance, use or occupancy with respect to the Property or any portion thereof that would encumber the Property or bind Buyer after Closing.

7.1.4 Except for notice with respect to the matters listed on Exhibit F attached hereto, Seller has not received any notices from any governmental authority with respect to any violation of any statute, ordinance or regulation applicable (or alleged to be applicable) to the Property.

7.1.5 The Reports are all of the reports in Seller's possession regarding the physical condition of the Property.

Seller shall promptly notify Buyer of any new event or circumstance of which Seller has actual knowledge that occurs or arises after the date hereof and that makes any representation or warranty of Seller under this Agreement untrue in any respect that would materially affect Buyer's development of the Property.

The term "actual knowledge" as used herein means the knowledge of Bob Stowe, City Manager of Seller, and (as to matters concerning the environmental condition of the Property only) Erin Leonhart, the Public Works Director, Stephen Morikawa, Capital Division Manager and Nduta Mbuthia, Project Engineer. The foregoing representations and warranties shall be deemed made as of Closing except to the extent modified by a certificate delivered by Seller at Closing notifying Buyer of any changes arising prior to Closing.

7.2 Buyer. Buyer represents and warrants that as of the date it executes this Agreement and as of Closing:

7.2.1 Buyer has the legal power, right and authority to enter into this Agreement and the documents required to be executed by Buyer under this Agreement, and to consummate the transactions contemplated by this Agreement.

7.2.2 All requisite action (corporate, partnership, limited liability company or otherwise) has been taken by Buyer in connection with the entering into this Agreement and the documents required hereby to be executed by Buyer and the consummation of the transactions contemplated hereby.

7.3 Changes in Representations and Warranties. The foregoing representations and warranties are to be made by the parties as of the date hereof and as of the Closing Date. If after the Effective Date and before the Closing Date a party making a representation and warranty (the "Representing Party") becomes aware of facts that would cause such representation and warranty to be untrue or incomplete, the Representing Party shall notify the other party (the "Nonrepresenting Party") in writing within five (5) Business Days after discovery of the new facts, and include copies of documents or materials, if any, related to such new facts. If a

representation and warranty can no longer be accurately made by the Representing Party and this is (i) due to a state of facts first arising after the Effective Date, (ii) not intentionally caused by the Representing Party, (iii) such new state of facts materially and adversely affects a right, remedy or obligation of the Nonrepresenting Party under this Agreement, prevents a party from performing as required herein, or, in the case of Buyer, the materially increases the costs associated with Buyer's intended use of the Property or materially decreases value of the Property, then the Nonrepresenting Party may by written notice to the Representing Party elect to terminate this Agreement. In such event, Escrow Holder shall promptly return the Deposit to Buyer and neither party shall have any further obligations hereunder (except as provided in Section 5.1.1). Such election must be exercised within five (5) Business Days after the Nonrepresenting Party receives the written notice of the new facts from the Representing Party as provided above. During such 5-day period, however, the parties shall negotiate in good faith about possible solutions to address the change in facts (e.g., proposals for courses of actions to cure the issue or price adjustments).

Section 8. As Is. BUYER ACKNOWLEDGES THAT THE PURCHASE PRICE HAS BEEN NEGOTIATED TO REFLECT THE CURRENT CONDITION OF THE PROPERTY, "AS IS" AND "WHERE IS." BUYER REPRESENTS AND WARRANTS TO SELLER THAT:

(a) BUYER WILL HAVE DILIGENTLY EXAMINED AND INVESTIGATED TO BUYER'S FULL SATISFACTION THE PHYSICAL CONDITION OF THE PROPERTY, SELLER'S DISCLOSURE DOCUMENTATION (IF ANY) AND ALL OTHER MATTERS THAT IN BUYER'S JUDGMENT AFFECT BUYER'S USE OF THE PROPERTY AND BUYER'S WILLINGNESS TO ENTER INTO THIS AGREEMENT PRIOR TO CLOSING.

(b) EXCEPT AS SET FORTH IN THIS AGREEMENT AND ANY EXHIBITS ATTACHED, NEITHER SELLER NOR ANY REAL ESTATE BROKER, AGENT OR OTHER REPRESENTATIVE OF SELLER HAS MADE ANY REPRESENTATIONS OR WARRANTIES WHATSOEVER REGARDING THIS TRANSACTION OR ANY FACT RELATING THERETO, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATIONS OR WARRANTIES CONCERNING THE PHYSICAL CONDITION OF THE PROPERTY, ACCESS, ZONING LAWS, ENVIRONMENTAL MATTERS, UTILITIES, OR ANY OTHER MATTER AFFECTING THE PROPERTY OR THE USE THEREOF. BUYER IS RELYING AND WILL RELY SOLELY ON SELLER'S REPRESENTATIONS AND WARRANTIES IN SECTION 7.1, SECTION 29, IN THE DEED AND BUYER'S OWN INSPECTIONS, TESTS, AUDITS, STUDIES AND INVESTIGATIONS.

(c) BUYER HAS NOT RELIED AND WILL NOT RELY ON, AND SELLER IS NOT LIABLE FOR OR BOUND BY, ANY EXPRESS OR IMPLIED WARRANTIES, GUARANTIES, STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY, ITS USE, COMPLIANCE WITH LAW OR OTHERWISE RELATING THERETO MADE OR FURNISHED BY SELLER OR ANY REAL ESTATE BROKER OR AGENT REPRESENTING OR PURPORTING TO REPRESENT SELLER, TO WHOMEVER MADE OR GIVEN, DIRECTLY OR

INDIRECTLY, VERBALLY OR IN WRITING, EXCEPT THE REPRESENTATIONS AND WARRANTIES OF SELLER AS SPECIFICALLY SET FORTH IN THIS AGREEMENT AND THE DEED.

(d) IF BUYER HAS NOT EXERCISED ITS RIGHT TO TERMINATE THIS AGREEMENT AS PROVIDED HEREIN, BUYER SHALL ACCEPT THE PROPERTY "AS IS" AND "WHERE IS" WITH ALL FAULTS AT CLOSING AND, EXCEPT AS SET FORTH IN SECTION 7.1, SECTION 29, THE DEED AND THE INDEMNITY AGREEMENT, WITHOUT ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED OR STATUTORY OF ANY KIND WHATSOEVER BY SELLER, ANY REAL ESTATE BROKER, AGENT OR OTHER REPRESENTATIVES OF SELLER. IF BUYER PURCHASES THE PROPERTY UNDER THIS AGREEMENT, THEN, WITHOUT LIMITING ANY OBLIGATIONS OF SELLER UNDER THE INDEMNITY AGREEMENT, BUYER SHALL BE DEEMED TO HAVE AGREED TO ACCEPT TITLE TO THE PROPERTY SUBJECT TO ANY ENVIRONMENTAL CONTAMINATION DISCOVERED ON THE PROPERTY BEFORE OR AFTER CLOSING AND TO HAVE WAIVED AND RELEASED ITS RIGHT TO RECOVER FROM SELLER, AND ITS COUNCIL MEMBERS, OFFICERS, ATTORNEYS, EMPLOYEES, AND AGENTS OF SELLER AND FROM ANY REAL ESTATE BROKERS OR AGENTS REPRESENTING OR PURPORTING TO REPRESENT SELLER, ANY AND ALL DAMAGES, LOSSES, LIABILITIES, COSTS, OR EXPENSES WHATSOEVER (INCLUDING ATTORNEYS' FEES AND COSTS) AND CLAIMS THEREFOR, WHETHER DIRECT OR INDIRECT, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, THAT MAY ARISE ON ACCOUNT OF OR IN ANY WAY ARISING OUT OF OR CONNECTED WITH THE PHYSICAL CONDITION OF THE PROPERTY OR ANY LAW, ORDINANCE, OR REGULATION APPLICABLE THERETO, INCLUDING, WITHOUT LIMITATION, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT OF 1980, AS AMENDED (42 U.S.C. SECTIONS 9601 ET SEQ.), THE RESOURCES CONSERVATION AND RECOVERY ACT OF 1976 (42 U.S.C. SECTIONS 6901 ET SEQ.), THE CLEAN WATER ACT (33 U.S.C. SECTIONS 1251 ET SEQ.), THE SAFE DRINKING WATER ACT (14 U.S.C. SECTIONS 1401-1450), THE HAZARDOUS MATERIALS TRANSPORTATION ACT (49 U.S.C. SECTIONS 1801 ET SEQ.), THE TOXIC SUBSTANCE CONTROL ACT (15 U.S.C. SECTIONS 2601-2629), AND THE MODEL TOXICS CONTROL ACT, RCW 70.105D. SUCH WAIVER AND RELEASE SHALL NOT APPLY WITH RESPECT TO ANY RELEASE OF HAZARDOUS SUBSTANCES OR DAMAGE TO THE PROPERTY CAUSED BY SELLER, SELLER'S EMPLOYEES, OFFICERS, COUNCIL MEMBERS OR AGENTS THAT OCCURS AFTER CLOSING AND AFFECTS THE PROPERTY OR TO THOSE MATTERS INDEMNIFIED AGAINST UNDER THE INDEMNITY AGREEMENT.

Section 9. Environmental Issues.

9.1 Definitions.

As used herein, the following additional terms have the following meanings:

"Agreed Order" means the Agreed Order re: Ultra Custom Care Cleaners No. DE 9704 dated April 18, 2013 between Seller and Ecology.

"CAP" means the cleanup action plans issued by Ecology pursuant to RCW § 70D.105D and WAC 173-340-380. The CAP specifies the cleanup standards and cleanup actions required by Ecology to provide for the Remediation and the Monitoring and Compliance. The CAP would be an exhibit to the Consent Decree.

"Complete" or "Completion" with respect to the Remediation means that Ecology has approved the as-built report prepared by Seller pursuant to WAC 173-340-400(6)(b) and the Consent Decree, which as-built report documents the completed construction of the work comprising the Remediation.

"Consent Decree" means the judicially-approved agreement to be entered into by Seller and Ecology to implement the CAP, including construction of the physical components of the cleanup action and any Remediation and Monitoring and Compliance.

"DCAP" means the draft cleanup action plan for which Seller will seek Ecology approval as soon as appropriate in the Remediation process (anticipated to be early 2017).

"Ecology" means the Washington State Department of Ecology.

"Environmental Agreements" means, as applicable, the CAP, the DCAP, the Interim Action Work Plan, the Consent Decree, the Restrictive Covenant and the Monitoring and Compliance Easement.

"Environmental Law" means any federal, state, municipal or local law, statute, ordinance, regulation, order or rule pertaining to health, industrial hygiene, environmental conditions or hazardous substances, including without limitation the Washington Model Toxics Control Act, RCW ch. 70.105D et seq. and the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et seq.

"Hazardous Substance(s)" means any hazardous waste or other substances listed, defined, designated or classified as hazardous, dangerous, radioactive, toxic, solid waste or a pollutant or contaminant in any Environmental Law, including without limitation (i) petroleum products and petroleum byproducts; (ii) polychlorinated biphenyls; and (iii) chlorinated solvents.

"Integrated Development Features" means physical features that are required to be constructed as integral parts of the Project by the CAP, including vapor barriers, vapor extraction systems, building foundations, landscaping, sidewalks, loading areas, stormwater collection and conveyance systems, and parking areas that are part of the systems used to isolate contaminated soil, soil gas or groundwater.

"Interim Action Work Plan" means the Interim Action Work Plan dated November 7, 2014 pursuant to which Seller is engaging in the Remediation.

"Monitoring and Compliance" means the following work to be performed after Completion to the extent required by the CAP and the Consent Decree: (i) performing long-term groundwater, soil and/or soil vapor monitoring and analysis on the Property or on adjacent properties, including but not limited to sampling and analysis from wells to be installed by Seller on or near the Property; (ii) operating, monitoring, repairing, replacing and maintaining equipment and systems necessary to achieve cleanup standards established by Ecology in the CAP and the Consent Decree and to measure eventual compliance with cleanup standards; and (iii) performing any additional cleanup work that Ecology may require. Monitoring and Compliance may continue for several years following Completion.

"Monitoring and Compliance Easement" means that certain easement executed by Seller and Buyer and recorded on title to the Property contemporaneously with the Closing permitting Seller access to the Property to perform the Monitoring and Compliance, as provided for in Section 9.3.

"Release" means any intentional or unintentional entry of any Hazardous Substance into the environment, including but not limited to the abandonment or disposal of containers of Hazardous Substances unless permitted by applicable regulations.

"Remediation" means the design and construction of the physical components of the cleanup action to address the Historic Contamination required to be addressed by Ecology in accordance with the CAP and the Consent Decree.

"Restrictive Covenant" means the environmental restrictive covenant that may be required by Ecology, to be executed by City (before Closing) or Developer (after Closing) and recorded on title to the Property.

9.2 Contamination. The Property has had and may have Hazardous Substances within its boundaries and/or emanating from the Property, including contamination that has not yet been discovered or is otherwise unknown as to nature and extent, and it may be potentially subject to contamination in the future from offsite sources (the "Contamination"). The Property is subject to certain known Contamination (the "Historic Contamination") resulting from the historic dry cleaning operations on Lot 9 of the BLA. The source of some of the Historic Contamination is off of the Property; nevertheless such Historic Contamination does or may affect the Property. Seller is currently undertaking remediation of the Historic Contamination under the Agreed Order. Seller anticipates that Seller and Ecology will be entering a Consent Decree that will set forth all actions necessary to remedy the Historic Contamination to Ecology's satisfaction. Seller shall be responsible, as between Seller and Buyer, for performing the Remediation until Completion.To that end, Seller shall be entitled to continue with the Remediation process and negotiate and enter into the DCAP, CAP and Consent Decree with Ecology. In addition, if Seller anticipates that ongoing Monitoring and Compliance will be required on the Property in connection with the Remediation, Buyer shall grant a Monitoring and Compliance Easement therefor at Closing (to be terminated if Ecology does not require one as part of the Consent Decree). The parties shall use good faith efforts to agree on the form of such easement before the end of the Due Diligence Period. Further, if Ecology requires that a Restrictive Covenant be placed on the Property in connection with the Consent Decree or

Remediation, Seller may enter into and record the Restrictive Covenant (before Closing) and if the requirement arises after Closing, Buyer shall grant such Restrictive Covenant, in both cases provided that the same does not unreasonably interfere with the construction and operation of the Project.

In addition, Ecology may require that Integrated Development Features be included in the construction of the Project. Absent a later agreement with Seller regarding the payment of costs therefor, Buyer will be solely responsible for installing, maintaining and paying for an Integrated Development Features. Review of the requirement for any Integrated Development Features will be part of Buyer's Inspection Condition. Seller agrees to work cooperatively with Buyer to try to determine Ecology's anticipated requirements for Integrated Development Features for the Project before the end of the Due Diligence Period.

Further, not later than thirty (30) days before the end of the Due Diligence Period Buyer shall provide to Seller information concerning Buyer's proposed construction method for addressing the Contamination and groundwater and its proposed foundation system for the Project. Seller shall have the right to approve of such construction method and foundation system, such approval not to be unreasonably withheld unless Seller reasonably believes that they may unreasonably interfere with the Remediation or Monitoring and Compliance. Such approval would be for purposes of this Agreement and the Indemnity Agreement, and shall not constitute approvals required for issuance of any permits for the Project.

9.3 Seller Indemnity. Effective as of the Closing Date, Seller and Buyer will execute an Environmental Indemnity and Release Agreement substantially in the form attached hereto as Exhibit H (the "Indemnity Agreement") pursuant to which Seller will indemnify Buyer against any claims by Ecology that Seller failed to perform the Remediation and/or the Monitoring and Compliance in accordance with the Consent Decree, as more particularly described in the Indemnity Agreement.

The parties will amend the form of the Indemnity Agreement before the end of the Due Diligence Period to include any agreement between them with respect to the obligation to construct, maintain and/or pay for any Integrated Development Features.

Except with respect to Seller's obligations under this Agreement with respect to the Remediation and the Monitoring and Compliance and Seller's obligations under the Indemnity Agreement with respect, the parties intend that, as between Buyer and Seller, Seller shall have no responsibility with respect to any Contamination, and Buyer or its successors will be solely responsible for undertaking any remediation of any Contamination after Closing to the extent required by law.

9.4 Survival. All of the provisions of this Section 9 shall survive Closing.

Section 10. Certain Development Issues.

10.1 Skybridge Easement. At Closing, if the skybridge planned by Buyer to connect the two hotel buildings will pass through airspace above Lot 9 owned by Seller, the parties will enter into a Skybridge Easement (the "Skybridge Easement") to provide for the construction by Buyer of a skybridge in such airspace over Lot 9. If the Skybridge Easement is needed, the

design of the skybridge will be subject to the approval of Seller. Its design, construction and maintenance may not interfere with the Monitoring and Compliance Easement, including any monitoring wells on City-owned property, or otherwise interfere with the CAP. It shall further be designed to minimize interference with view corridor from the upper, western plaza that is part of the City Hall complex (the "Western Plaza") across the Lot 9 Plaza. The Skybridge Easement would terminate if either hotel building is removed from the Property or cannot be legally occupied. The Skybridge Easement will require Buyer to maintain certain insurance and indemnify Seller against certain matters. The Skybridge would be the property of Buyer, who would be responsible for maintaining it in first class repair and condition. The form of the Skybridge Easement shall be negotiated in good faith by the parties during the Due Diligence Period.

10.2 Cantilever Easement. At Closing, the parties will enter into a Cantilever Easement (the "Cantilever Easement"). The purpose of the Cantilever Easement is to provide for upper portions of the hotel buildings to encroach onto portions of Lot 9 of the BLA owned by Seller. The design of the cantilever features shall be designed to create an inviting corridor to and from the Western Plaza to the Lot 9 Plaza and are subject to the approval of Seller. Their design, construction and maintenance may not interfere with any monitoring wells on City-owned property or otherwise interfere with the CAP. The Cantilever Easement would terminate if either hotel building is removed from the Property or cannot be legally occupied. The easement will require Buyer to maintain certain insurance and indemnify Seller against certain matters. The cantilever features would be the property of Buyer, who would be responsible for maintaining them in first class repair and condition. The form of the Cantilever Easement shall be negotiated in good faith by the parties during the Due Diligence Period.

10.3 Parking Lease. At Closing, Buyer and Seller shall enter into a parking lease pursuant to which Buyer shall lease from Seller 80-100 (with the 100 upper limit being reduced by the number of Lost Spaces, as defined in Section 10.6) exclusive use parking stalls (and potentially up to 15 non-exclusive use additional spaces) in the City Garage located under the City Hall adjacent to the Property (the "Parking Lease"). During the Due Diligence Period, Buyer shall (i) inform Seller in writing of the number (between 80-100, with the 100 upper limit being reduced by the number of Lost Spaces) of exclusive use parking stalls that it wants to lease and (ii) request the number (up to 15) of non-exclusive use spaces that Buyer wants to lease, which number is subject to the agreement of Seller. In addition, during the Due Diligence Period, the parties shall negotiate in good faith to determine the floor for the number of exclusive use spaces under the Parking Lease in the event Buyer wishes to reduce the number of exclusive use spaces at the beginning of renewal terms. The Parking Lease shall be in compliance with the applicable 63-20 financing leases, laws, and regulations and may require approvals from COB, which serves as Seller's landlord for the City Hall and City Garage property. The Parking Lease will be a sublease during the term of the 63-20 lease to Seller and a direct lease thereafter. The form of the Parking Lease is attached hereto as Exhibit I. In addition, the parties shall enter into a memorandum of the Parking Lease to be recorded at Closing (the "Memorandum of Parking Lease").

In addition, as part of the Project, Buyer shall build its own separate underground parking garage on the Property (the "Hotel Garage"). Buyer would like to make its garage accessible and connected to and from Seller's parking garage. All construction cost for the Hotel Garage and

costs to modify the City Garage shall be at the expense of Buyer. Construction access and any modifications to the City Garage to facilitate the connection with the Hotel Garage are subject to Seller's approval during the Due Diligence Period.

Further with regard to the City Garage, during the Due Diligence Period, Buyer and Seller agree to consider sharing of costs and spaces in the City Garage on to-be-agreed terms after Closing for garbage and other maintenance activities and facilities, in the interests of improving the economies of scale for such supporting activities. Any such cost-sharing arrangement would be according to a separate agreement to be negotiated by the parties during the Due Diligence Period and subject to the mutual agreement of the parties.

10.4 Height Restriction. The hotel building to be built along NE 183rd Street shall be restricted in height to be less than that allowed under applicable codes. At Closing, Buyer will execute a covenant in the form attached hereto as Exhibit J restricting the height of such building to 47 feet above the Western Plaza (the "Height Covenant").

10.5 Access Easement. The vehicular access to the City Garage is provided off NE 183rd Street (which will run through a portion of the Property). During the Due Diligence Period, the parties will negotiate in good faith to agree on the form of access easement benefitting and burdening the Property to provide access to and from the City Garage (the "Access Easement").

10.6 Parking Easement; Loss of Spaces in City Garage. Buyer's design for the Project includes extending the Hotel Garage under a portion of New Lot 3 of the BLA, which is part of the City Hall Property. During the Due Diligence Period, the parties will negotiate in good faith to agree on a form of parking easement encumbering New Lot 3 for the benefit of the Hotel Property to be used in conjunction with the Hotel Garage (the "Parking Easement"). In addition, the Parking Easement will provide access for Seller to the garbage and loading area in the City Garage through the Hotel Garage. To the extent that Buyer's construction of the Hotel Garage, including any connections thereto with the City Garage, will result in permanent loss of parking spaces in the City Garage (and such loss is approved by Seller, COB and the 63-20 bond trustee in their sole discretion) (the "Lost Spaces"), Buyer shall pay compensation to Seller for such loss at the rate of $32,204 per Lost Space at Closing.

10.7 Portico Area. During the Due Diligence Period, Buyer may submit to Seller discussion materials, including designs, for a portico for hotel drop off area from the hotel entrance across Seller's sidewalk to the Boulevard access lane/hotel drop off area. If Buyer wishes to pursue construction of this portico, Buyer shall submit designs for such portico to Seller for review at least 60 days prior to the expiration of the Due Diligence Period. Seller shall review and provide subsequent approval or rejection of the proposal for a portico to Buyer not later than thirty (30) days before the expiration of the Due Diligence Period. Buyer shall fund all design, review, and additional construction costs associated with modifications to the current Multiway Boulevard design to accommodate such a portico. If Seller approves of a portico, it shall issue a right-of-way license for such use on terms and conditions (including charges for such use) as approved by Seller.

10.8 Plaza Easements. Pursuant to the Development Agreement, Buyer will be constructing the improvements to the Lot 9 Plaza in accordance with plans approved by Seller (the "Lot 9 Plaza Improvements"). At Closing, Buyer shall receive a credit against the Purchase Price in the amount of $361,805.00, which represents Seller's contribution to the cost of the Lot 9 Plaza Improvements. In addition, in the absence of another agreement by the parties, Buyer will maintain the Lot 9 Plaza. During the Due Diligence Period, the parties will negotiate in good faith to agree on the forms of (i) a temporary construction easement to allow Buyer to construct the Lot 9 Plaza Improvements (which will require that Buyer pay prevailing wage for such work); and (ii) a maintenance easement to allow and require Buyer to maintain the Lot 9 Plaza in the absence of another agreement by the parties and to provide for an equitable sharing of costs for such maintenance (collectively, the "Plaza Easements"). The Plaza Easements shall require that Buyer protect any monitoring or injection wells located on Lot 9 in any construction and maintenance work.

Section 11. Road and Frontage Improvements. As part of the development of the Project, each party will agree to construct certain roadway, frontage and utilities improvements serving the Property. The Development Agreement to be executed by Seller and Buyer at Closing will provide the specific agreements concerning these roadway, frontage and utilities improvements.

Seller is planning to construct certain sidewalk, lighting, trees, signage and related improvements fronting the Property as part of its Multiway Boulevard improvement project. The City of Bothell's Multiway Boulevard design drawings establish the requirements for these improvements. It is likely that Seller will complete these before Buyer constructs the Project. To avoid damaging such improvements during Project construction, Buyer may elect to have Seller not construct some or all of these improvements and instead agree to construct such improvements as part of the Project. During the Due Diligence Period, Buyer will discuss with Seller whether Buyer wishes to construct these improvements and if so, which ones (the improvements that Buyer agrees to construct are called the "Sidewalk Improvements"). As part of this discussion, Seller will provide Buyer with the calculation of the amount of credit against the Multiway Boulevard contribution required under the Development Agreement that Buyer would receive for construction of the Sidewalk Improvements. If the parties reach agreement during the Due Diligence Period about Buyer's construction of the Sidewalk Improvements and the credit to be received therefor, the parties shall enter into a memorandum of understanding (the "MOU") to memorialize this agreement during the Due Diligence Period. If the parties do not enter into a MOU before the end of the Due Diligence Period, Seller shall continue with its plans to construct the Sidewalk Improvements. In such event, Buyer will not receive a credit against the Multiway Boulevard contribution, and Buyer shall protect the Sidewalk Improvements and restore any damage to the Sidewalk Improvements resulting from the construction of the Project.

Section 12. Costs and Expenses. Seller shall pay (a) the premium for the standard portion of the Title Policy, (b) one-half (1/2) of all escrow fees and costs and the cost of recording the Deed, and (c) Seller's share of prorations. Buyer shall pay for (d) the premiums for the extended coverage portion or additional title insurance coverage or endorsements, (e) the costs of the Survey, (f) any recording charges (other than for the Deed), (g) one-half (1/2) of all escrow fees and costs, and (h) Buyer's share of prorations. Because Seller is a public entity, no

excise tax will be due on the Sale. Buyer and Seller shall each pay their own legal and professional fees and fees of other consultants. The Property is currently exempt from property taxes, so there are no taxes to prorate. All property taxes and assessments arising from and after Closing shall be the sole responsibility of Buyer. Seller shall be entitled to the payment for loss of parking spaces in the City Garage, if any, at Closing pursuant to Section 10.6. All other costs and expenses shall be allocated between Buyer and Seller in accordance with the customary practice in the City of Bothell, County of King, and State of Washington. If the transaction is terminated by either party on account of default by the other, the defaulting party shall pay all escrow and title costs billed by the Escrow Holder.

Section 13. Condemnation.If before the Closing Date any condemnation or eminent domain proceedings are initiated that might result in the taking of all of the Property, then this Agreement shall terminate. If such proceeding proposes to take less than all of the Property, and the portion of the Property to be taken (i) has a value in excess of $200,000, (ii) would take any right of access to the Property, or (iii) is necessary for the development of the Project and the Project cannot be reasonably and economically reconfigured (each, a "Material Taking"), Buyer may:

(a) terminate this Agreement by written notice to Seller whereupon the parties shall proceed in accordance with Section 15 for a termination that is not the fault of either party; or

(b) proceed with the Closing, in which event Seller shall assign to Buyer in writing at Closing all of Seller's right, title and interest in and to any award made in connection with such condemnation or eminent domain proceedings.

Seller shall immediately notify Buyer in writing of the commencement or occurrence of any condemnation or eminent domain proceedings. If such proceedings would result in a Material Taking of any of the Property, Buyer shall then notify Seller, within ten (10) days of Buyer's receipt of Seller's notice, whether Buyer elects to exercise its rights under clause (a) or clause (b) of this Section 13. Closing shall be delayed, if necessary, until the later to occur of (i) the Closing Date or (ii) five (5) Business Days after the expiration of the 10-day period. If Buyer fails to timely elect to proceed under this Section 13, then Buyer will be deemed to have elected clause (b) above. If a taking is not a Material Taking, the parties shall proceed in accordance with clause (b) above.

Section 14. Legal and Equitable Enforcement of this Agreement.

14.1 Default by Seller. This Agreement pertains to the conveyance of real property, the unique nature of which is hereby acknowledged by the parties. Consequently, if Seller refuses or fails without legal excuse to convey the Property to Buyer as required by this Agreement, or otherwise defaults in its obligations hereunder, and provided that Buyer is not default in its obligations hereunder, Buyer shall have the right to elect one of the following remedies: (a) specific performance of this Agreement; or, alternatively, (b) to terminate this Agreement upon written notice to Seller and receive reimbursement for actual and reasonable out of pocket expenses incurred pursuant to this Agreement (not to exceed $50,000 in total) and a return of the Deposit and Negotiation Fee, in which case neither party shall have any further obligations to the other hereunder, except for the indemnities expressly stated to survive

hereunder and Section 31 concerning attorney's fees. Except as provided above, in no event shall Seller be liable to Buyer for any damages to Buyer, other than the return of the Deposit and Negotiation Fee and reimbursement for actual and reasonable out of pocket costs (not to exceed $50,000 in total) if Buyer elects to proceed under (b) above.

14.2 Default by Buyer. If Buyer fails without legal excuse to complete the purchase of the Property, the Deposit shall be forfeited to Seller as liquidated damages which, together with Seller's retention of any Negotiation Fee paid and payment by Buyer of any attorney's fees and enforcement costs due under Section 31 below, is the sole and exclusive remedy against Buyer available to Seller for Buyer's failure to complete the purchase of the Property as required under this Agreement. In no event shall Seller be entitled to specific performance against Buyer for such failure. If the Closing fails to occur by reason of Buyer's default, the parties agree that the damages that Seller would suffer thereby are difficult or impossible to determine. The parties agree that the Deposit is a reasonable estimate of such damages and shall be and constitute valid liquidated damages, and not a penalty, considering all circumstances that exist on the date of this Agreement, including: (1) the relationship of the foregoing sum to the range of harm to Seller that could reasonably be anticipated; and (2) the anticipation that proof of actual damages would be impracticable or extremely difficult to determine. This provision is not intended to apply to obligations that survive a termination of this Agreement, including but not limited to the provisions of Section 5.1.1 or the Site Access Agreement, or the provisions concerning the Negotiation Fee, and Seller shall be entitled to receive amounts due thereunder in addition to the Deposit.

Section 15. Termination for Failure of Condition. If any of the conditions set forth herein are not satisfied or waived by the date provided in such condition, the party entitled to benefit of such condition shall have the right to terminate this Agreement and the escrow provided for herein by giving written notice of such termination to the other party and to Escrow Holder. In the event of such termination, all escrow and title charges shall be divided equally between the parties and this Agreement will be of no further force and effect and the parties shall have no further liability except as expressly set forth in this Agreement for matters expressly stated to survive termination of this Agreement and in the Site Access Agreement. All documents delivered to Escrow Holder shall be returned to the depositing party, the Deposit shall be returned to Buyer and Buyer shall return to Seller all due diligence items delivered by Seller to Buyer.

Section 16. Notice. All notices required or permitted hereunder shall be in writing and shall be served on the parties at the following addresses:

If to Seller:

City of Bothell
18415 – 101st Avenue NE
Bothell, WA 98011
Attention: Bob Stowe
Fax No.: (425) 486-2434
Phone: (425) 486-3256
E-Mail:bob.stowe@bothellwa.com

With a copy to:	K&L Gates LLP 925 Fourth Avenue, Suite 2900 Seattle, WA 98104 Attention: Shannon J. Skinner Fax No.: (206) 623-7022 Phone: (206) 623-7580 E-Mail:shannon.skinner@klgates.com
If to Buyer:	Bothell Hotel LLC c/o 360 Hotel Group 3500 188th Street SW, Suite 121 Lynnwood, WA 98037 Attn: Shaiza Damji Phone No.425-775-9600 E-Mail: shaiza@360hotelgroup.com
With a copy to:	Pepple Cantu Schmidt 1000 Second Avenue, Suite 2950 Seattle, WA 98104 Attention: Dan Pepple Fax No.: (206) 625-1627 Phone: (206) 625-9960 E-mail: dpepple@pcslegal.com

Any such notices shall be either (a) sent by certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) days after deposit, postage prepaid in the U.S. mail, (b) sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered when actually delivered pursuant to the records of such courier, (c) sent by facsimile transmission (if a facsimile number is provided above) or electronic mail to the party and its counsel, receipt of which has been confirmed by telephone by the recipient (or the recipient's assistant) (provided that if such delivery occurs after 5:00 p.m. Pacific time on any day, the same shall be deemed delivered on the next Business Day following confirmed receipt; provided further, however, that any notice delivered pursuant to this clause (c) shall only be valid if it is followed by delivery via one of the methods set forth in clauses (a), (b), or (d) hereof within two (2) Business Days of the date of delivery via facsimile or electronic mail), or (d) hand delivered, in which case notice shall be deemed delivered on the date of the hand delivery. Any notice given by counsel to a party shall have the same effect as if given by such party. The above addresses and phone numbers may be changed by written notice to be provided the other party in accordance with this Section 16; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice.

Section 17. Time of Essence. Time is of the essence of this Agreement.

Section 18. Governing Law; Jurisdiction. The construction, validity, meaning and effect of this Agreement shall be determined in accordance with the laws of the State of Washington. In the event any action is brought to enforce any of the provisions of this Agreement, the parties agree to be subject to the jurisdiction in the King County Superior Court for the State of Washington or in the United States District Court for the Western District of Washington.

Section 19. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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

Section 21. Assignability. Buyer shall not assign its rights under this Agreement without Seller's prior written consent.

Section 22. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and permitted assigns.

Section 23. Modifications; Waiver. No waiver, modification amendment, discharge or change of this Agreement shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver, amendment, discharge or change is sought.

Section 24. Entire Agreement. This Agreement contains the entire agreement, including all of the exhibits attached hereto, between the parties relating to the transactions contemplated hereby and all prior or contemporaneous agreements, understandings, representations or statements, oral or written, are superseded hereby.

Section 25. Fair Construction; Severability. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the context may require. The parties hereby acknowledge and agree that each was properly represented by counsel and this Agreement was negotiated and drafted at arms' length so that the judicial rule of construction to the effect that any ambiguities are to be construed against the drafting party shall be inapplicable in the interpretation of this Agreement. The provisions of this Agreement shall be construed as a whole according to their common meaning and consistent with the other provisions contained herein in order to achieve the objectives and purposes of this Agreement. If any term, provision, covenant, clause, sentence or any other portion of the terms and conditions of this Agreement or the application thereof to any person or circumstances shall apply, to any extent, become invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect, unless rights and obligations of the parties have been materially altered or abridged by such invalidation or unenforceability.

Section 26. Survival. The representations and warranties in this Agreement shall survive the Closing of this transaction for a period of ninety (90) days following Closing, and

written notice of any claim by a party for a breach thereof must be delivered to the other party within such time period. In addition, the indemnities and agreements contained in Section 5.1.1(b) (Access to Property), Section 9 (Environmental), Section 29 (Brokers) and Section 31 (Attorneys' Fees) shall survive the termination or expiration of this Agreement and shall survive the Closing. Except for the foregoing provisions, all other agreements of the parties contained in this Agreement shall terminate upon Closing.

Section 27. No Personal Liability of Officers or Directors.

27.1 Seller. Buyer acknowledges that this Agreement is entered into by Seller as a municipal corporation and Buyer agrees that no individual officer, council member, employee or representative of Seller shall have any personal liability under this Agreement or any document executed in connection with the transactions contemplated by this Agreement.

27.2 Buyer. Seller acknowledges that this Agreement is entered into by Buyer as a limited liability company and Seller agrees that no individual officer, director, member or representative of Buyer shall have any personal liability under this Agreement. Nothing shall preclude personal liability under the guaranties described in the Development Agreement.

Section 28. No Third Party Rights. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties hereto and their respective successors and assigns, any rights or remedies under or by reason of this Agreement. No term or provision of this Agreement shall be for the benefit of any person, firm, organization or corporation not a party hereto, and no such other person, firm, organization or corporation shall have any right or cause of action hereunder, except as may be otherwise expressly provided herein. Nothing in this section is intended to modify the restrictions on assignment Nothing in this section is intended to modify the restrictions on assignment contained in Section 21.

Section 29. Brokers. Seller and Buyer represent each to the other that each has had no dealings with any broker, finder or other party concerning Buyer's purchase of the Property except as provided for in Buyer's separate commission agreement with Dennis Gould. Seller agrees to indemnify and hold Buyer harmless from all loss, cost, damage or expense (including reasonable attorney's fees) incurred by Buyer as a result of any claim arising out of the acts of Seller for a commission, finder's fee or similar compensation made by any broker, finder or any party who claims to have dealt with Seller. Buyer agrees to indemnify and hold Seller harmless from all loss, cost, damage or expense (including reasonable attorney's fees) incurred by Seller as a result of any claim arising out of the acts of Buyer for a commission, finder's fee or similar compensation or made by any broker (including Dennis Gould), finder or any party who claims to have dealt with Buyer. The indemnities contained in this Section 29 shall survive the Closing or the termination of this Agreement.

Section 30. Business Days; Computation of Time. The term "Business Day" as used herein means any day on which banks in Bothell, Washington are required to be open for business, excluding Saturdays and Sundays. In the computation of any period of time hereunder, the day of the act or event from which the period of time runs shall be excluded and the last day of such period shall be included. If any deadline hereunder falls on a day that is not a Business Day, then the deadline will be deemed extended to the next following Business Day.

Section 31. Attorneys' Fees. If any legal action or other proceeding is brought for the enforcement of this Agreement (including, without limitation, enforcement of any obligation to indemnify, defend or hold harmless), or because of an alleged dispute, default or misrepresentation in connection with any of the provisions of this Agreement, the substantially prevailing party shall be entitled to recover the reasonable attorneys' fees (including those in any bankruptcy or insolvency proceeding), accountants' and other experts' fees and all other fees, expenses and costs incurred in connection with that action or proceeding, in addition to any other relief to which it may be entitled.

[signatures on following page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

BUYER:

BOTHELL HOTEL, LLC a Washington limited liability company

By 360 Investments, LLC, a Washington limited liability company, its member

By 360 Investments Manager, LLC, a Washington limited liability company, its manager

By: Shaiza Damji
Name: Shaiza Damji
Its: Member

SELLER:

CITY OF BOTHELL, a Washington municipal corporation

By:
Name: Robert J. Stowe
Title: City Manager

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

New Lots 4, 5 and 6 of City of Bothell Boundary Line Adjustment No. 2011-00666 (the "BLA") and Proposed Lot 8 to be created by amending the BLA (see Exhibit B Depiction) (to be updated when BLA amended)

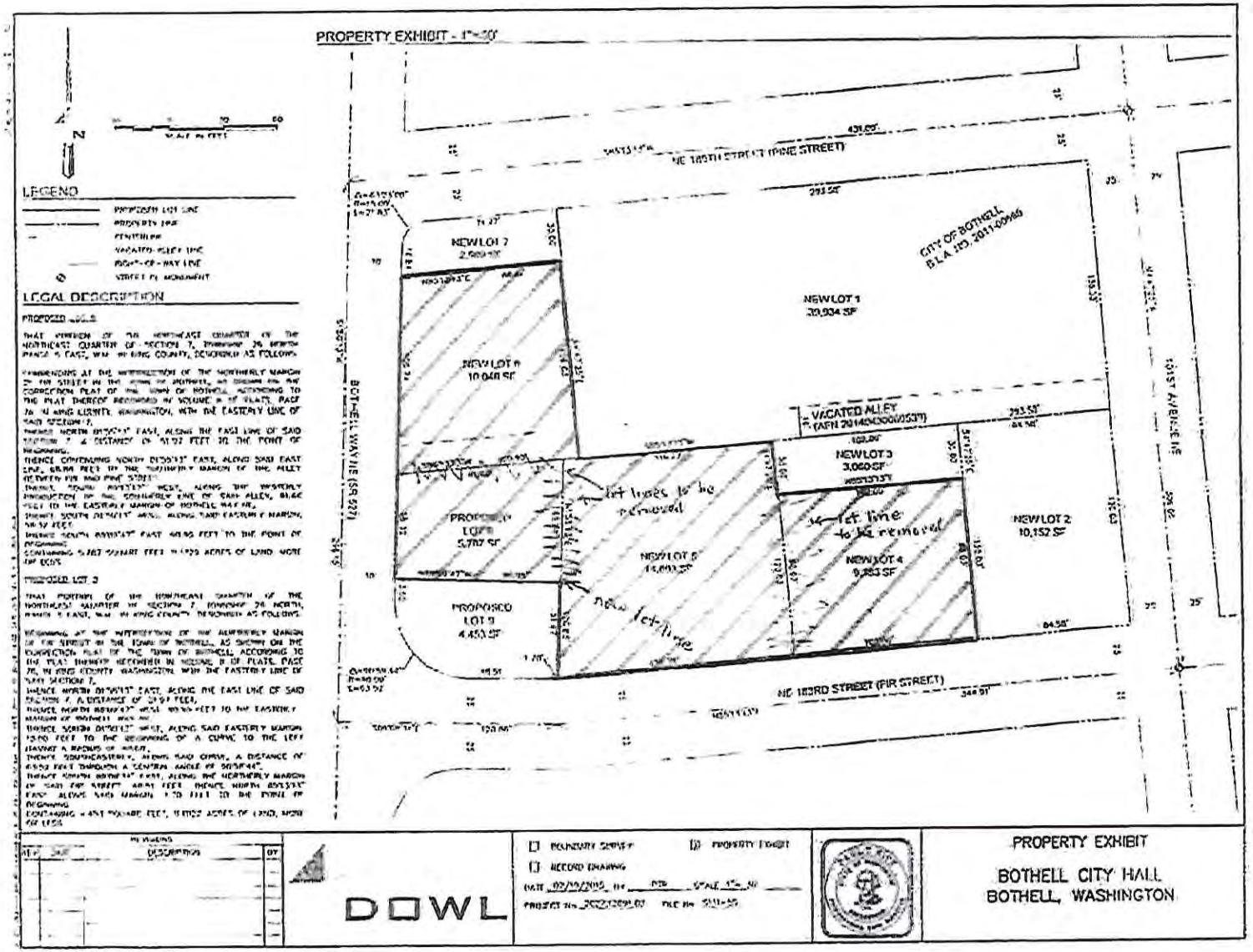

PROPERTY EXHIBIT - 1"=30'
LEGEND
LEGAL DESCRIPTION
NE 185TH STREET (PINE STREET)
NE 183RD STREET (FIR STREET)
NEW LOT 1
20,934 SF
NEW LOT 2
10,152 SF
NEW LOT 3
3,060 SF
NEW LOT 4
9,353 SF
NEW LOT 5
14,693 SF
NEW LOT 6
10,048 SF
NEW LOT 7
2,989 SF
PROPOSED LOT 8
5,787 SF
PROPOSED LOT 9
4,453 SF
VACATED ALLEY
lot lines to be removed
lot line to be removed
new lot line
CITY OF BOTHELL
B.L.A. NO. 2011-00046
DOWL
PROPERTY EXHIBIT
BOTHELL CITY HALL
BOTHELL, WASHINGTON

EXHIBIT C

FORM OF EARNEST MONEY NOTE

PROMISSORY NOTE

$90,000.00 Dated: April 6, 2016

FOR VALUE RECEIVED, BOTHELL HOTEL, LLC a Washington limited liability company ("Maker"), promises to pay to the order of FIRST AMERICAN TITLE INSURANCE COMPANY ("Holder"), 818 Stewart Street, Suite 800, Seattle, WA 98101, the principal sum of NINETY THOUSAND AND NO/100 DOLLARS ($90,000.00), as the Earnest Money Note in accordance with Section 2.2 of that certain Purchase and Sale Agreement (City Center Hotel) between Maker, as Buyer, and City of Bothell, a Washington municipal corporation, as Seller, dated April 6, 2016 (the "Agreement"). This Note shall be payable within three (3) Business Days after satisfaction of Buyer's Inspection Condition under Section 5.1.1 the Agreement.

Maker's failure to pay the Earnest Money if required by the terms of the Agreement shall constitute a default by Maker under both the Agreement and this Note.

Maker promises to pay all costs, expenses and attorneys' fees incurred by Holder in the exercise of any remedy (with or without litigation) under this Note in any proceeding for the collection of the debt evidenced by this Note, or in any litigation or controversy arising from or connected with this Note.

Delay in exercising any of the Holder's rights or options hereunder shall not constitute a waiver thereof, and waiver of any right or option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default.

The provisions of this Note shall be binding upon and inure to the benefit of the heirs, personal representatives, successors and assigns of the parties hereto.

This Note shall be construed according to the laws of the State of Washington and pursuant to the terms and conditions of the Agreement.

Time is of the essence of this Note and each and every term and provision hereof.

MAKER:

BOTHELL HOTEL, LLC a Washington limited liability company

By 360 Investments, LLC, a Washington limited liability company, its member

By 360 Investments Manager, LLC, a Washington limited liability company, its manager

By:
Name: Shaiza Damji
Its: Member

EXHIBIT D

FORM OF DEED

After Recording Return To:

_____

_____

_____

Attn:_____

BARGAIN AND SALE DEED

GRANTOR: CITY OF BOTHELL

GRANTEE: BOTHELL HOTEL, LLC

Legal Description:
Abbreviated Form:
Additional legal on Page ___

Assessor's Tax Parcel ID#:

THE GRANTOR, CITY OF BOTHELL, a Washington municipal corporation, for and in consideration of ten dollars ($10) in hand paid, bargains, sells and conveys to the Grantee, BOTHELL HOTEL, LLC a Washington limited liability company, the following described real estate, situated in the County of King, State of Washington.

See Exhibit A attached hereto.

Subject to and excepting those matters listed in Exhibit B attached hereto and incorporated herein by this reference.

Dated _____, 20___.

CITY OF BOTHELL, a Washington municipal corporation

By:_____
Its:_____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the _____ of City of Bothell to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

_____
Notary Public
Print Name_____
My commission expires_____

(Use this space for notarial stamp/seal)

EXHIBIT A TO DEED

Legal Description

EXHIBIT B TO DEED

Exceptions

(to be added)

EXHIBIT E

FORM OF DEVELOPMENT AGREEMENT

After Recording Return To:
K&L Gates LLP
925 Fourth Avenue
Suite 2900
Seattle, WA 98104
Attn: Shannon Skinner

DEVELOPMENT AGREEMENT (CITY CENTER HOTEL)

GRANTOR: BOTHELL HOTEL, LLC a Washington limited liability company

GRANTEE: CITY OF BOTHELL, a Washington municipal corporation

Legal Description:
Abbreviated form:
Additional legal on Exhibit A

Assessor's Property Tax Parcel Account Number(s):

TABLE OF CONTENTS

Exhibits

Exhibit A	Legal Description of Property
Exhibit B	Form of Certificate of Performance
Exhibit C	Form of Guaranty of Completion
Exhibit D	Depiction of Height, Setbacks and Design (Sun Angles/Shadowing Study)
Exhibit E	Development and Traffic Impact Fees Estimates

DEVELOPMENT AGREEMENT
(CITY CENTER HOTEL)

THIS DEVELOPMENT AGREEMENT (CITY CENTER HOTEL) (this "Agreement") is dated as of _____, 2016, between the CITY OF BOTHELL, a Washington municipal corporation ("City"), and BOTHELL HOTEL, LLC a Washington limited liability company ("Developer").

RECITALS

A. Pursuant to that certain Purchase and Sale Agreement (City Center Hotel) dated April 6, 2016 between City as seller and Developer as buyer (the "Sale Agreement"), concurrently herewith Developer has acquired that certain real property legally described in Exhibit A attached hereto (the "Property"). As part of such acquisition, the parties are executing this Agreement as required by the Sale Agreement.

B. Buyer's proposal for its development in downtown Bothell to encompass the Property was consistent with City's goals for the Property and the City, including the City of Bothell's Comprehensive Plan and Downtown Subarea Plan.

C. As described in the Sale Agreement, City desires to foster the development of the Property, which is located in a key part of downtown Bothell, in a way that will contribute to public amenities and the economic revitalization of the City.

D. The conceptual plan for development described in this Agreement may result in applications that will in turn be subject to appropriate and subsequent development and site-specific State Environmental Policy Act, land use, development, public, and other applicable review prior to commencement of any construction under this Agreement. In addition to submitting plans to the City in its regulatory capacity as the permitting authority, Developer intends to submit plans to enable the City's approval/confirmation that the Property is being developed into the Project.

E. The Project is a private undertaking to be contracted, constructed and operated by Developer with Developer's resources and will provide a significant development of the Property with accompanying public amenities and economic redevelopment benefits to the public. The parties intend by this Agreement to set forth their mutual agreement and undertakings with regard to the Project.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual undertaking and promises contained herein, and the benefits to be realized by each party and in future consideration of the benefit to the general public by the creation and operation of the Project upon the

Property, and as a direct benefit to City and other valuable consideration, the adequacy of which is hereby acknowledged, the parties agree as follows:

Section 1. Definitions. In addition to the terms defined in the Recitals above, the following terms shall have the meanings set forth below:

"Business Day" means any day on which banks in Bothell, Washington are required to be open for business, excluding Saturdays and Sundays.

"Certificate of Performance" means a certificate issued by City to Developer pursuant to Section 9 of this Agreement.

"City Approvals" means the approvals of all Plans pursuant to Section 5.4, performed by City in its capacity as the approving party under this Agreement. The City Approvals shall not constitute any of the regulatory approvals required under the applicable Legal Requirements to construct the Project.

"City Default" shall have the meaning given in Section 17.

"City Garage" means the public garage located underneath the City Hall complex adjacent to the Property.

"Closing" means the close of the sale of the Property pursuant to the Sale Agreement.

"commencement of construction" and "commence construction" means that the foundation work (including pouring of concrete) for the underground parking structure of the Project has begun, following excavation and issuance of a building permit therefor. Performance of site preparation work along shall not constitute "commencement of construction."

"Concept Design Documents" means an architectural or artist's rendering that illustrates the scope of the Project, its location within the Property, and the relationship of the Project to its surroundings, consistent with the Design Guidelines and the scope of development. The intent of the Concept Design Documents is to provide, visually and in text, an idea as to the nature and density of the Project and its proposed mix of uses.

"Construction Plans" means the final construction plans and specifications for the Project approved by the City pursuant to Section 5.

"Construction Schedule" means the schedule for construction of the Improvements approved along with the Construction Plans.

"Construction Start Date" means the date that is the ninth (9^{th}) month anniversary of the date this Agreement is recorded, subject to extension for Force Majeure.

"Design Development Documents" means plans and specifications for the Project based on the Concept Design Documents and Schematic Plans. The Design Development Documents illustrate and describe the refinement of the design of the Project, establishing the scope, relationship, forms, size and appearance of the Project by means of plans, sections and elevations, typical construction details, and equipment layouts. The Design Development Documents shall include specifications that identify major material and systems and establish in general their quality levels.

"Design Guidelines" means, collectively, the City of Bothell's *Imagine Bothell...*Comprehensive Plan, the City of Bothell Municipal Code, the City of Bothell Design and Construction Standards and Specifications, the City of Bothell Downtown Subarea Plan and Regulations and other Legal Requirements that affect the Project and the Property.

"Effective Date" means the date set forth in the first paragraph of this Agreement.

"Environmental Agreements" means, as applicable, the DCAP, CAP, Consent Decree, Interim Action Work Plan, Restrictive Covenant and Monitoring and Compliance Easement (as such terms are defined in the Sale Agreement).

"Event(s) of Default" has the meaning given in Section 15.

"Force Majeure" has the meaning given in Section 19.17.

"Guarantor" means 360 Investments LLC, a Washington limited liability company.

"Governmental Authorities" means any board, bureau, commission, department or body of any local, municipal, county, state or federal governmental or quasi-governmental unit, or any subdivision thereof, or any utility provider serving the Property, having, asserting, or acquiring jurisdiction over or providing utility service to the Project, the Property and/or the management, operation, use, environmental cleanup or improvement thereof.

"Hazardous Substances" has the meaning set forth in Section 7.

"Improvements" means all buildings, structures, improvements and fixtures to be constructed in, under or upon the Property as part of the Project, and all accessways, pedestrian areas, public amenities, parking areas, utility distribution facilities, lighting, signage and other infrastructure improvements to be built by Developer on the Property as part of the Project.

"Indemnity Agreement" has the meaning given in the Sale Agreement.

"Integrated Development Features" means physical features that may be required to be constructed as integral parts of the Project by the CAP, including vapor barriers, vapor

extraction systems, building foundations, landscaping, sidewalks, loading areas, stormwater collection and conveyance systems, and parking areas that are part of the systems used to isolate contaminated soil, soil gas or groundwater.

"Legal Requirements" means all local, county, state and federal laws, ordinances and regulations and other rules, orders, requirements and determinations of any Governmental Authorities now or hereafter in effect, whether or not presently contemplated, applicable to the Property, the Project or its ownership, operation or possession, including (without limitation) all those relating to parking restrictions, building codes, zoning or other land use matters, The Americans With Disabilities Act of 1990, as amended (as interpreted and applied by the public agencies with jurisdiction over the Property), life safety requirements and environmental laws with respect to the handling, treatment, storage, disposal, discharge, use and transportation of Hazardous Substances.

"Lot 9 Plaza" shall have the meaning given in Section 5.3.2.

"Lot 9 Plaza Improvements" shall have the meaning given in Section 5.3.2.

"Material Modification" shall have the meaning given in Section 5.4.

"Mortgagee" means the holder of a first mortgage or deed of trust ("Mortgage") encumbering Developer's interest in any portion of the Property, the proceeds of which are used to finance or refinance the construction of Improvements.

"Opening Date" means the date that is the twenty-fourth (24^{th}) month anniversary of the date this Agreement is recorded, subject to extension for Force Majeure.

"Plans" means, collectively, the Concept Design Documents, the Schematic Plans, the Design Development Documents and the Construction Plans, as approved by City pursuant to Section 5.

"Project" means the development of the Property to construct the Improvements consisting of two separately-branded hotels and associated on-site parking more particularly described in Section 3 (the "Project").

"Project Documents" means this Agreement, the Sale Agreement and the Indemnity Agreement.

"Project Schedule" means the schedule for construction of the Project, which schedule shall provide for such construction of the Project to commence by the Construction Start Date and be substantially complete by the Opening Date.

"Repurchase Option" shall have the meaning given in Section 5.7.

"Sale Agreement" has the meaning given in Recital A.

"Schematic Plans" means:

(i) Site plans showing the Improvements in relation to the Property, with all proposed connections to existing or proposed roads, utilities and services;

(ii) Plans, elevations, typical cross-sections and typical wall sections of all building areas;

(iii) Elevations of each building to determine the site lines and the specific configuration and relationship of design elements of the building exterior in relationship to streets;

(iv) A preliminary exterior finish schedule;

(v) A description of servicing requirements, trash areas, loading docks, etc.; and

(vi) Calculation of gross building area.

"Sidewalk Improvements" shall have the meaning given in Section 5.3.3.

"substantial completion" or "substantially complete" means that all of the following have occurred: (i) the Improvements required to be developed by this Agreement are completed substantially in accordance with the Construction Plans, except for punchlist items that do not substantially prevent the use of the Improvements for their intended purposes, as evidenced by an AIA Certificate of Substantial Completion from the Project architect; and (ii) the City has issued a temporary or final certificate of completion or certificate of occupancy for all of the building portions of the Improvements.

"Western Plaza" shall have the meaning given in Section 3.

Section 2. Intent and Relations.

2.1 Generally. Developer will construct the Project in a manner that conforms to and is consistent in all material respects with the Construction Plans approved by City and in accordance with the terms and conditions of this Agreement. Development on the Property will comply with all Legal Requirements. This Agreement is intended by the parties to establish the design, development and performance criteria and schedule for the Project. The parties agree that Developer has sole responsibility for construction, obtaining all necessary permits and approvals and complying with all Legal Requirements as they relate to ownership, construction and operation of the Project.

Developer shall at its own cost furnish all plans, engineering, supervision, labor, material, supplies and equipment necessary for completion of the Project. City has entered

into this Agreement relying on Developer's agreement that it will design and construct the Project in accordance with this Agreement.

2.2 Standards. Developer shall perform the terms of this Agreement according to the following standards:

2.2.1 All construction of the Project by Developer shall comply with, and be performed in accordance with, the Construction Plans, this Agreement and all Legal Requirements.

2.2.2 Commencing with the Effective Date, Developer agrees to promptly begin and thereafter with diligence and commercially reasonable efforts design, construct and complete the Project pursuant to the Construction Plans, in accordance with the Project Schedule and with the requirements of City's process for permitting the Project and in a good and workmanlike manner and of good quality.

Section 3. Project Use and Design. The Project shall consist of two separately-branded, distinct hotels (one located along the Multiway Boulevard and one along NE 183rd Street), connected via a skybridge owned by Developer over the Lot 9 Plaza owned by City. Total hotel rooms will be approximately 190 between the two hotels. The height of the hotel building along NE 183rd Street shall be limited to 47 feet above the upper, western plaza that is part of the City Hall complex (the "Western Plaza") pursuant to the Covenant re: Height Restriction recorded concurrently with this Agreement. The height, setback and design of the hotel improvements shall be consistent with the sun angle/shadowing study depicted on Exhibit D attached hereto.

Construction of the Project shall include construction of the Lot 9 Plaza Improvements. One condition of permit approval will be that Developer permit public access across and over the "grand staircase" portion of the Project between the two hotel buildings that permit pedestrians to traverse the stairway corridor between the Lot 9 Plaza and the Western Plaza. In addition, the Project shall also include construction of the Sidewalk Improvements along the Multiway Boulevard adjacent to the Property as described in Section 5.3.3.

The design and plans for the hotels shall be urban in character and incorporate thoughtful, engaging and inspiring "four-sided" architecture. The designs shall include detailing that imparts a distinctive identity for both hotels, setting them apart from a more generic design.

To the extent required by the Environmental Agreements in effect as of the Effective Date, the Project will include Integrated Development Features.

Section 4. General Terms of Conveyance. Conveyance and ownership of the Property shall remain subject to the provisions of this Agreement during the term hereof. This Agreement shall be superior and senior to the lien of any Mortgage encumbering the

Property and all subsequent owners and lessees of all or any portion of the Property shall take subject to this Agreement during its term.

Section 5. Development.

5.1 Generally. Developer shall hereafter prepare the Plans for the development of the Project and submit them to the City Manager or his designee for City's review and approval pursuant to Section 5.4. Such submittal shall be in addition to and shall not substitute for any regulatory permit review required by Applicable Law. If, in City's reasonable judgment, the Plans submitted provide for the construction of the Project in accordance with this Agreement, City shall approve them per Section 5.4. Any approval by City of the Plans hereunder is in its capacity as the approving party under this Agreement and shall not constitute any of the regulatory approvals required under the applicable Legal Requirements to obtain the permits necessary to construct the Project. Developer shall submit the Plans in a timely manner to permit commencement of construction to occur by the Construction Start Date.

Developer shall construct and complete Improvements on the Property in a manner that is consistent in all material respects with the Construction Plans. Developer shall commence construction of the Project by the Construction Start Date and shall substantially complete the Project by the Opening Date. Developer will not start construction prior to satisfaction of the conditions set forth in Section 5.2 below. Developer agrees that once any construction work has begun, Developer will thereafter with diligence and commercially reasonable efforts proceed with such construction until the Project has been completed (subject to extensions for Force Majeure).

5.2 Conditions Precedent to Commencement of Construction. The following conditions shall have been satisfied before commencing construction on the Property:

5.2.1 Compliance with Agreement. Developer shall be in material compliance with this Agreement, including, without limitation, all contracting requirements and receipt of all necessary permits for construction.

5.2.2 Approval. Developer shall have obtained all City Approvals pursuant to Section 5.4 and shall have obtained the consents required from City under the Indemnity Agreement before commencing any construction activity on the Property.

5.2.3 Conveyance. Fee title to the Property shall have been transferred to Developer.

5.2.4 Permits. Developer shall have obtained all permits and other regulatory approvals for the construction of the Project from City and any other applicable Governmental Authority, including without limitation the building permit(s) for the Improvements.

5.3 Construction Obligations and Development Fees.

5.3.1 In General.

(a) Permitting of the Improvements will be the Developer's responsibility. Developer shall submit the permit applications to the applicable Governmental Authorities.

(b) Developer is responsible for all excavation and disposal of soils and other materials it removes from the Property in accordance with all Legal Requirements.

5.3.2 Public Plaza. City has plans to improve New Lot 9 of City of Bothell BLA No. 2011-00666 (in the southwest corner of the block in which the Property is located) as a public plaza (the "Lot 9 Plaza"), to be part of the City Hall complex. Such improvements to the Lot 9 Plaza are called the "Lot 9 Plaza Improvements." Design and construction of the Lot 9 Plaza shall be in accordance with City's plans therefor and must be done in a manner that protects and provides access to the environmental monitoring and compliance infrastructure (including injection and monitoring wells) installed by City as part of its cleanup of the site that includes Lot 9. City has contributed to the cost of the Lot 9 Plaza Improvements by providing a credit against the purchase price for the Property at Closing. Developer will construct the Lot 9 Plaza Improvements as part of the Project, to be complete not later than the Opening Date. Developer agrees to pay prevailing wage for the Lot 9 Plaza Improvements. City and Developer are parties to a temporary construction easement providing for the terms of access by Developer onto Lot 9 for such construction..

5.3.3 [*If applicable*] Multiway Boulevard Sidewalk. Before Closing, the parties entered into a Memorandum of Understanding (the "MOU") pursuant to which Developer agreed that, as part of the Project, Developer will construct certain sidewalk improvements along the Multiway Boulevard adjacent to the Property according to the Multiway Boulevard design drawings as provided by City, to be completed not later than the Opening Date (the "Sidewalk Improvements"). The MOU describes the Sidewalk Improvements to be constructed by Developer as well as the credit to be received by Developer for such work against the Multiway Boulevard contribution described in Section 5.3 4(c).

5.3.4 Development and Other Fees. Developer is responsible for payment of all development, utility, hookup, capacity, permit, plan check, SEPA and other fees, charges and surcharges required by City in its regulatory capacity for the construction of the Project. At the times required by the City in its regulatory capacity, Developer shall pay all fees and development charges required in connection with the issuance of the Project permits. These include: (i) a pre-application fee, required to be paid before the initial coordination meeting between City and Developer's architect and engineering representatives; (ii) plan check, fire plan check and traffic concurrency surcharge, at the time of application for the applicable item; (iii) other fees, at the time of permit issuance;

(iv) transportation impact fees at time of building permit issuance; and (v) certain fees as provided below. These fees will not be in excess of the amounts described below or, as applicable, the estimated amounts as shown on Exhibit E attached hereto, provided (x) that the assumptions on which such estimates were based remain accurate in all respects; and (y) the fees are subject to change by the City to the extent not previously paid by Developer.

In addition, Developer shall be responsible for the following fees:

(a) Developer shall pay the stormwater facility charge for the downtown sub-basin area in accordance with BMC 18.11.045 and may use the downtown stormwater conveyance system in lieu of constructing on-site stormwater detention. Such payment shall be due upon issuance of the building permit for the Project. [*note: rates changed in 2016 and are subject to change*]

(b) Developer shall pay a transportation mitigation fee in accordance with BMC § 17.045 (also included in Exhibit E hereto).

(c) Developer shall pay $446,863 to City as a contribution to the construction of the Multiway Boulevard sidewalk and access lane. *[Less any agreed credit per MOU]*

(d) Although not a development fee, to the extent that City approves Construction Plans that provide for the permanent loss of parking spaces in the City Garage (which approval of loss of parking shall be in City's sole discretion), and to the extent that Developer did not compensate City therefor at Closing pursuant to the Sale Agreement, Developer shall pay City $32,204 for each such lost parking space. Such amount shall be payable at time of issuance of the first permit for the Project.

5.4 City Approval Process. Developer shall submit for approval to City the Concept Design Plan, Schematic Plans, Design Development Plan and Construction Plans (to the extent not approved before the date hereof) in a timely manner to permit commencement of construction by the Construction Start Date. These items shall be submitted to the City Manager or his designee for review for conformance with this Agreement. City shall review the Plans under this Section 5.4 for consistency with the Design Guidelines and the Project Documents and shall base any disapproval only upon an identified inconsistency therewith. This review and approval is in addition to, and separate from, the normal City regulatory review and permitting process. City Approvals under this Section 5.4 shall not be considered approvals required under City's regulatory and permitting process. City shall undertake its review and response expeditiously, and Developer shall likewise respond expeditiously to comments and requests for changes and further information. Plans submitted under this provision for City approval shall be provided to City Manager or his designee, who will use reasonable efforts to notify Developer of City's approval or disapproval in writing within ten (10) Business Days after

submission. If the City disapproves of a plan, it shall state in writing the specific reasons for such disapproval.

Developer's request for City Approvals shall be in writing and shall include sufficient information and such other information as may be reasonably required to permit the City to make an informed decision with respect thereto. City Approvals under this Section 5.4 shall not be unreasonably withheld or delayed. Such process of submittal, review, comment and re-submittal by Developer shall continue until such time as the submitted material has been approved by City.

Approval shall not be required for any modification, replacement, alteration or addition (but excluding any relocation) to any previously approved submission, unless there is a Material Modification from the previously approved submission. For any Material Modifications thereto proposed by Developer, the procedure shall be as described in this section. As used in this Agreement, a "Material Modification" shall be one that would (i) conflict with any Design Guidelines or Project Documents; or (ii) cause the Project not to be developed in accordance with this Agreement. Any Material Modification of any Plan shall be submitted to City for prior written approval and, if not approved by City, the previously approved Plan shall continue to control. City shall have the right to disapprove any modifications that are not consistent with the Design Guidelines or the Project Documents.

5.4.1 Concept Design Plan. Developer and City will use best efforts to agree on a "Concept Design Plan" for the development of the Property in sufficient time for Developer to timely submit the permit applications to comply with the Project Schedule. In designing the Project, Developer shall design its interior pedestrian and vehicular circulation plan to coordinate with City's plans for the adjacent rights of way and public plazas.

The Concept Design Plan to be submitted by Developer for approval shall be consistent with the following: Developer shall develop the Project, all in accordance with the Design Guidelines, to be as described in this Development Agreement. Developer shall ensure that the Property has parking for the Project with a sufficient number of parking spaces to satisfy the Design Guidelines.

5.4.2 Schematic Plans. Developer and City will use best efforts to agree on the Schematic Plans for the Improvements in sufficient time for Developer to submit the permit applications in accordance with the Project Schedule. City shall review the Schematic Plans for consistency with the Design Guidelines.

5.4.3 Design Development Plan. Developer and City will use best efforts to agree on a "Design Development Plan" for the Improvements in sufficient time for Developer to submit the permit applications to allow construction of the Project to be in accordance with the Project Schedule.

5.4.4 Construction Plans. Developer and City will use best efforts to agree on "Construction Plans" for the Improvements in sufficient time for Developer to apply for building permits in accordance with the Plans and Permit Application Schedule. All references in this Agreement to the Construction Plans include any revisions to the Construction Plans required pursuant to building permit review. The Construction Plans shall be based upon the approved Concept Design Plan, the Schematic Plan, the Design Development Plan and the Design Guidelines for the Improvements. The Construction Plans will be accompanied by a construction schedule (which shall include the Construction Start Date) (the "Construction Schedule").

Approval of the final Construction Plans by City under this Agreement for the Project and issuance of the building permits for the Project based on such final Construction Plans shall be conclusive evidence that the Project, if constructed substantially in accordance with such Construction Plans, conforms to the Design Guidelines.

5.5 Multiway Boulevard. City will start construction of its Multiway Boulevard improvement project in accordance with City's plans therefor and substantially complete such project not later than November 1, 2017, subject to Force Majeure.

5.6 Governmental Approvals. Developer shall apply, at its sole cost, to the appropriate Governmental Authorities or third parties for, and shall diligently pursue, all permits, licenses, permissions, consents or approvals required in connection with the construction of the Improvements.

5.7 Purchase Option if Failure to Start Construction or Event of Default Before Commencing Construction. If Developer fails to commence construction of the Project by the Construction Start Date, then City shall have the option to repurchase the Property (the "Repurchase Option") for the purchase price paid by Developer for the Property under the Sale Agreement; provided, however, that Developer may void City's exercise of the Repurchase Option by commencing construction within seven (7) days after receipt of City's notice of intent to repurchase. If Developer fails to commence construction of the Project by the Construction Start Date and City has not exercised the Repurchase Option in writing by the 180th day after the Construction Start Date, then City shall be deemed to have waived its right to exercise the Repurchase Option as of such 180th day.

The closing of the repurchase shall be not later than sixty (60) days following City's exercise of the Repurchase Option on a business day selected by City on not less than fifteen (15) days written notice to Developer.

If Developer fails to reconvey the Property to City as provided in this Section 5.7, then Developer shall pay to City liquidated damages in the amount of $2,000 per day until the Property is reconveyed to City as provided in this section. The parties agree that City's damages in the event of such failure are difficult to measure and such liquidated damages

are a reasonable estimate of the damages that City will suffer for Developer's failure to reconvey the Property as provided herein.

Developer shall pay all transfer and excise taxes in connection with such transfer. The deed will be in the same form as used to convey the Property to Developer. Upon such reconveyance to City, no encumbrances shall exist on title other than those that existed when title transferred to Developer, those consented to by City in writing (except any Mortgage) and those that were recorded as part of the closing of the acquisition of the Property, including without limitation the lien of any Mortgage recorded against the Property. Developer shall be responsible for obtaining the reconveyance of any Mortgage. If City exercises the Repurchase Option (or if City provides written notice to Developer that City elects to not exercise its Repurchase Option or waives the Repurchase Option as provided above), Developer shall be released from further obligations under this Agreement. Notwithstanding the foregoing, nothing herein shall limit Developer's liability for development and other fees described in Section 5.3.2 that are due and payable before City exercises its Repurchase Option. If Developer commences construction prior to City's exercise of the Repurchase Option, the Repurchase Option shall terminate. At Developer's request, upon commencement of construction, City shall provide written confirmation to a mortgagee that construction has commenced to satisfy a condition of a Mortgagee to advance funds under a construction loan.

Section 6. Disclaimer of Liability, Indemnity.

6.1 Preparation of Site; Utilities. City shall not be responsible for any demolition or site preparation in connection with the Project or any existing Improvements on the Property. City makes no representations as to the availability or capacity of utility connections or service to the Property. Developer shall make arrangements for utility services directly with utility service providers (including City). Any costs of installation, connection, relocating or upgrading utilities shall be paid by Developer.

6.2 AS IS. City makes no warranties or representations as to the suitability of the soil conditions or any other conditions of the Property or structures thereon for any Improvements to be constructed or rehabilitated by Developer, and Developer warrants that it has not relied on representations or warranties, if any, made by City as to the physical or environmental condition of the Property or the structures thereon for any Improvements to be constructed or rehabilitated by the Developer. Nothing in this section shall limit City's obligations under the Indemnity Agreement.

6.3 Approvals and Permits. Approval by City of any item in its capacity as seller pursuant to the Sale Agreement or the City Approvals pursuant to Section 5.4 of this Agreement shall not constitute a representation or warranty by City that such item complies with Legal Requirements and City assumes no liability with respect thereto. Developer acknowledges that City has not made any representation or warranty with respect to Developer's ability to obtain any permit or approval, or to meet any other requirements for development of the Property or Project. Nothing in this Agreement is

intended or shall be construed to require that City exercise its discretionary authority under its regulatory ordinances approve the required permits for the Project or grant regulatory approvals. City is under no obligation or duty to supervise the design or construction of the Improvements pursuant to this Agreement. City's approval of the Plans under this Agreement shall not constitute any representation or warranty, express or implied, as to the adequacy of the design or any obligation on City to insure that work or materials are in compliance with the Plans or any building requirements imposed by any governmental entity (including City in its regulatory capacity). City is under no obligation or duty, and disclaims any responsibility, to pay for the cost of construction of the Improvements, the cost of which shall at all times remain the sole liability of Developer.

6.4 Indemnity. Developer shall indemnify, defend and hold City, its employers, officers and council members harmless from and against all claim, liability, loss, damage, cost, or expense (including reasonable attorneys' fees, court costs, and amounts paid in settlements and judgment) arising out of Developer's development of the Project, operation of the Property or the construction of the Project, including any act or omission of Developer or its members, agents, employees, representatives, contractors, subcontractors, successors or assigns on or with respect to the Property. City shall not be entitled to such indemnification to the extent that such claim, liability, loss, damage, cost or expense is caused by the gross negligence or willful misconduct of City. This indemnification shall survive expiration or termination of this Agreement.

Promptly following receipt of notice, an indemnitee hereunder shall give Developer written notice of any claim for which Developer has indemnified it hereunder, and Developer shall thereafter vigorously defend such claim, at its sole cost, on behalf of such indemnitee. Failure to give prompt notice to Developer shall not constitute a bar to the indemnification hereunder unless such delay has prejudiced Developer in the defense of such claim. If Developer is required to defend any action or proceeding pursuant to this section to which action or proceeding an indemnitee is made a party, such indemnitee shall be entitled to appear, defend or otherwise take part in the matter involved, at its election, by counsel of its own choosing. To the extent an indemnitee is indemnified under this section, Developer shall bear the cost of the indemnitee's defense, including reasonable attorneys' fees and costs. No settlement of any non-monetary claim shall be made without City's written approval, not to be unreasonably withheld.

Section 7. Environmental Issues. As described in the Sale Agreement, the Property is subject to certain Contamination (as defined in the Sale Agreement). Pursuant to the Sale Agreement, City is responsible for performing the Remediation. Developer will develop and construct the Project in a manner that does not violate the Environmental Agreements or the Indemnity Agreement (as defined in the Sale Agreement).

Section 8. Guaranty of Completion. Contemporaneously with the execution of this Agreement, Developer shall furnish an irrevocable and unconditional guaranty of performance by 360 Investments LLC, a Washington limited liability company (a

beneficial owner of Developer), in the form of Exhibit C attached hereto, guaranteeing the full and faithful performance of Developer's obligations under this Agreement. If City approves of a transfer of Property pursuant to Section 14, City will not unreasonably withhold its request for a termination of this guaranty, provided that a substitute guarantor satisfactory to City in its sole discretion is provided. This guaranty shall terminate upon issuance by City of the Certificate of Performance described in Section 9 or repurchase of the Property pursuant to Section 5.7 or Section 16.1. Neither the provisions of this Section nor any guaranty accepted by City pursuant hereto, shall be construed to excuse faithful performance by Developer or to limit liability of Developer under this Agreement.

Section 9. Certificate of Performance.

9.1 When Developer Entitled to Certificate of Performance. Upon substantial completion of the Project in accordance with this Agreement and satisfaction of the other conditions of this Section 9, City will furnish Developer with a recordable Certificate of Performance, substantially in the form attached hereto as Exhibit B hereto. Notwithstanding the foregoing, City shall not be required to issue the Certificate of Performance if Developer is not then in material compliance with the terms of this Agreement. In addition, if punchlist items remain when Developer requests the Certificate of Performance, City may require as a condition to the issuance thereof that Developer post a bond or provide other financial assurance reasonably satisfactory to City to insure completion of the punchlist items, and Developer agrees to proceed with all reasonable diligence to complete the punchlist items.

9.2 Effect of Certificate of Performance; Termination of Agreement. Issuance by City of a Certificate of Performance shall terminate this Agreement and each of its provisions except for the provisions described in Section 6.4 that expressly survive termination of this Agreement. No party acquiring or leasing any portion of the Property after issuance of the Certificate of Performance shall (because of such purchase or lease) have any obligation whatsoever under this Agreement.

Section 10. Intentionally Deleted.

Section 11. Liens. NOTICE IS HEREBY GIVEN THAT CITY WILL NOT BE LIABLE FOR ANY LABOR, SERVICES, MATERIALS OR EQUIPMENT FURNISHED OR TO BE FURNISHED TO DEVELOPER OR ANYONE HOLDING AN INTEREST IN THE PROPERTY (OR ANY PART THEREOF) THROUGH OR UNDER DEVELOPER.

Section 12. Insurance. The requirements of this Section 12 shall apply until the Certificate of Performance is recorded unless otherwise noted in this Section.

12.1 Insurance Requirements. Developer shall maintain and keep in force insurance covering the Project, as provided below, and maintain such additional insurance as required by Developer's Mortgagee.

12.1.1 Builders Risk. Upon commencement of construction, Builders Risk insurance covering interests of City, Developer, its contractor, subcontractors, and sub-subcontractors in the Project work. Builders Risk insurance shall be on a all-risk policy form (and may be in a separate policy or included in the property insurance policy) and shall insure against the perils of fire and extended coverage and physical loss or damage including flood (if the buildings on the Property are located in a special flood hazard area and flood insurance is available), earthquake, theft, vandalism, malicious mischief, collapse, temporary buildings and debris removal. This Builders Risk insurance covering the work will have a deductible of not more than $50,000 for each occurrence. Higher deductibles for flood (if applicable) and earthquake perils may be accepted by the City upon written request by the Developer and written acceptance by the City. Builders Risk insurance shall be written in the amount of the completed value of the Project with no coinsurance provisions. The Builders Risk insurance shall be maintained until City issues the Certificate of Performance.

12.1.2 Commercial General Liability. Commercial General Liability insurance shall be written with limits no less than $1,000,000 each occurrence and a $2,000,000 general aggregate limit. The Commercial General Liability insurance shall be written on ISO occurrence form CG 00 01 (or equivalent form) and shall cover liability arising from premises, operations, stop gap liability, independent contractors, personal injury and advertising injury, and liability assumed under an insured contract. Developer's Commercial General Liability insurance shall be endorsed to name City as an additional insured using ISO Additional Insured endorsement CG 20 26 07 04 – Additional Insured Designated Person or Organization or a substitute endorsement providing equivalent coverage.

12.2 Insurance Policies. Insurance policies required herein:

12.2.1 Shall be issued by companies authorized to do business in the State of Washington with the following qualifications:

12.2.1.1. The companies shall have an A.M. Best rating of at least A VII and be licensed in the State of Washington.

12.2.1.2 Developer's insurance coverage shall be primary insurance as respects City. Any insurance, self-insurance, or insurance pool coverage maintained by City shall be excess of the Developer's and Contractor's insurance and shall not contribute with it.

12.2.2 Each such policy or certificate of insurance mentioned and required in this Section 12 shall have attached thereto (1) an endorsement that such policy shall not be canceled without at least thirty (30) days prior written notice to Developer and City; (2) an endorsement to the effect that the insurance as to any one insured shall not be invalidated by any act or neglect of any other insured; (3) an endorsement pursuant to

which the insurance carrier waives all rights of subrogation against the parties hereto; and (4) an endorsement pursuant to which this insurance is primary and noncontributory.

12.2.3 The certificates of insurance and insurance policies shall be furnished to Developer and City before commencement of construction under this Agreement. The certificate(s) shall clearly indicate the insurance and the type, amount and classification, as required under this Section 12.

12.2.4 Cancellation of any insurance or non-payment by Developer of any premium for any insurance policies required by this Agreement shall constitute an immediate Event of Default under Section 15 of this Agreement, without cure or grace period. In addition to any other legal remedies, City at its sole option after written notice may obtain such insurance and pay such premiums for which, together with costs and attorneys' fees, Developer shall be liable to City.

Section 13. Destruction or Condemnation.

13.1 Total or Partial Destruction. If the Improvements are totally or partially destroyed at any time during the term of this Agreement, Developer shall reconstruct or repair the damage consistent with the Construction Plans. In any event, Developer shall at its cost secure the Property, clear the debris and generally make the Property as safe and attractive as practical given the circumstances.

If for any reason the Improvements are not reconstructed as provided above, without limiting any other rights or remedies that City has, no further development of the Property can occur without the prior approval of City. This Agreement shall continue to restrict future development of the Property and Developer or any successor of Developer shall obtain City's approval of the development plan before the Property is developed.

13.2 Condemnation. If during the term of this Agreement the whole or any substantial part of the Property is taken or condemned in the exercise of eminent domain powers (or by conveyance in lieu thereof), such that Developer can no longer materially meet its obligations under this Agreement, this Agreement shall terminate upon the date when possession of the Property or portion thereof so taken shall be acquired by the condemning authority. As used herein, "substantial" shall be defined as reasonably preventing the operation of the Project and conduct of Developer's activities as contemplated hereby. If a taking occurs that is not substantial, this Agreement shall continue in full force and effect as to the part of the Property not taken.

Section 14. Right to Assign or Otherwise Transfer. Developer represents that Developer's purchase of the Property is intended for development and not for speculation. During the term of this Agreement, any transfers of the Property pursuant to the following sections shall be made expressly subject to the terms, covenants and conditions of this Agreement.

14.1 Transfers Before Certificate of Performance.

14.1.1 During the term of this Agreement, Developer will not transfer the Property or any part thereof without the prior written consent of City, which consent shall be in City's sole discretion. Developer's grant of a Mortgage against the Property shall not be an assignment prohibited by this Section. Further, City shall not unreasonably withhold its consent to a transfer of the Property to a transferee entity that is controlled by Developer and whose day to day management is controlled by employees of Developer (which transfer would require such transferee to assume the obligations of Developer under this Agreement).

"Transfer" as used herein includes any sale, conveyance, transfer, ground lease or assignment, whether voluntary or involuntary, of any interest in the Property and includes transfer to a trustee in bankruptcy, receiver or assignee for the benefit of creditors, any merger, consolidation, liquidation or dissociation of Developer. In addition, "Transfer" includes any sale or any transfer of direct or indirect interests in Developer or any of its constituent entities, other than transfers of minority interest that do not individually or in the aggregate result in the change of control or management of Developer or the Project.

14.1.2 If City approves of a transfer under Section 14.1, Developer shall deliver to City (a) a copy of the document evidencing the implementation of such transfer, including a suitable estoppel agreement(s), and (b) an assumption of all obligations of Developer under this Agreement in form reasonably satisfactory to City.

14.1.3 The transferee (and all succeeding and successor transferees) shall succeed to and assume all rights and obligations of Developer under this Agreement, including any unperformed obligations of Developer as of the date of such transfer. No transfer by Developer, or any successor, shall release Developer, or such successor, from any such unperformed obligations without the express written consent and release by City.

14.1.4 If Developer transfers the Property during the term of this Agreement without the prior written consent of City (other than transfers that do not require the consent of City hereunder), then City or its designee shall have an option to purchase the Property for the same price as paid by such unpermitted transferee. Such option must be exercised within ninety (90) days after City receives written notice from Developer of the unpermitted transfer and close within thirty (30) days after exercise of the option. Such transferee shall be obliged to sell the Property to City (or its designee) on the same terms and conditions as those upon which the transferee purchased the Property.

14.2 Transfers After Certificate of Performance. After issuance of the Certificate of Performance by City pursuant to Section 9, this Agreement shall not restrict any transfers.

Section 15. Mortgagee Protections and Cure Rights.

15.1 Mortgagee Protection. No Event of Default under this Agreement shall defeat, render invalid, diminish or impair the lien of any Mortgage made for value but, subject to Section 15.2 below, all of the terms and conditions of this Agreement shall be binding upon and effective against any person, including any Mortgagee, who acquires title to the Property by foreclosure or deed in lieu of foreclosure.

15.2 Notice and Opportunity to Cure. If City receives a written notice from a Mortgagee requesting copies of notices of default from City to Developer under this Agreement, then City shall use commercially reasonable efforts to provide a copy of any such default notice to the Mortgagee at the same time it is provided to the Developer. Such default notice shall not be effective with respect to Developer or the Mortgagee until City provides the Mortgagee with a copy. The Mortgagee shall have the right, but not the obligation, to cure any such default by Developer within an additional 15 days (for defaults that can be cured by the payment of money) and 30 days (for all other defaults) after expiration of the cure period given to Developer under this Agreement. Notwithstanding the foregoing, if such default or non-compliance (i) is not one that can be cured by the payment of money, (ii) occurs after commencement of construction of the Project, and (iii) is of a nature that it may not be cured by the Mortgagee without obtaining possession of the Property, then so long as the Mortgagee proceeds with reasonable diligence to obtain possession of the Property, whether by appointment of a receiver or foreclosure of the Mortgage, and obtains such possession within ninety (90) days after the date of the notice, the Mortgagee shall have such additional period after obtaining possession (not to exceed 180 days) as may be reasonably required to cure such default or non-compliance. If a Mortgagee acquires the Property, it shall have no obligation to cure any Event of Default by Developer described in Sections 16(f), (g) or (h) of this Agreement.

15.3 Obligation of Mortgagee. No Mortgagee shall have any obligation to perform any of the obligations of Developer under this Agreement, but nothing in this Agreement shall prohibit any Mortgagee either before or after foreclosure or deed in lieu thereof, from undertaking or continuing the construction or completion of the Improvements, provided that the Mortgagee notifies City in writing of its intention to complete the Project according to the approved final Construction Plans and this Agreement. Any Mortgagee who properly completes the Project in accordance with this Agreement shall be entitled, following written request made to City, to issuance of a Certificate of Performance in accordance with Section 9 above. All construction and development activities on or with respect to the Property shall be in accordance with this Agreement until a Certificate of Performance is recorded.

Section 16. Default By Developer. Developer's failure to keep, observe, or perform any of its duties or obligations under this Agreement shall be an Event of Default hereunder, including, without limitation, any of the following specific events:

(1.1 The failure of Developer to substantially comply with the standards of performance for the Project as set forth in Section 2 of this Agreement, including without

limitation submission of Plans and permit applications for approval as required herein and commencement of construction of the Project by the Construction Start Date;

(1.2 The failure of Developer to submit and obtain approval as to any Material Modification as required in Section 5.4;

(1.3 The failure of Developer to construct the Project substantially in accordance with this Agreement;

(1.4 Conversion of any portion of the Property or the Improvements to any use other than the uses permitted in this Agreement;

(1.5 The failure of Developer to comply with Section 12 of this Agreement;

(1.6 The making by Developer or Guarantor of an assignment for the benefit of creditors or filing a petition in bankruptcy or of reorganization under any bankruptcy or insolvency law or filing a petition to effect a composition or extension of time to pay its debts;

(1.7 The appointment of a receiver or trustee of all or any of the property of Developer or Guarantor, which appointment is not vacated or stayed within sixty (60) days, or the filing of a petition in bankruptcy against Developer or for its reorganization under any bankruptcy or insolvency law which not dismissed or stayed by the court within sixty (60) days after such filing;

(1.8 Any sale, assignment or other transfer in violation of Section 14 of this Agreement;

(1.9 Any default in the performance of any other obligations of Developer hereunder;

(1.10 The failure of Developer to commence construction of the Project by the Construction Start Date; or

(k) The failure to have the Project substantially complete by the Opening Date.

The happening of any of the above described events shall be an "Event of Default" hereunder. Notwithstanding the foregoing, except in the case of Sections 16(f), (g), (h) and (k), as to which notice but no cure period shall apply, or in the case of Section 16(j), in which case a seven (7) day notice and cure period shall apply pursuant to the terms of Section 5.7, Developer shall have thirty (30) days following written notice from City to cure such default (or if such default cannot reasonably cured within 30 days, if Developer fails to commence such cure within 30 days and thereafter diligently pursue such cure to completion within 120 days).

Section 17. Remedies For Developer Default.

17.1 Default Prior to Commencement of Construction. If an Event of Default occurs prior to the time that Developer commences construction of the Project and such Event of Default is not cured within any applicable cure period for such Event of Default under Section 15 (if the Mortgagee has given notice under Section 15.3 that it intends to complete the Project in accordance with this Agreement) or Section 16, City shall have the right to repurchase the Property for the purchase price paid by Developer for the Property under the Sale Agreement and on the other terms set forth in Section 5.7 of this Agreement as if City exercised the Repurchase Option under Section 5.7. Notwithstanding the foregoing, if Developer cures such Event of Default prior to City notifying Seller that City will repurchase the Property under this Section 17.1 on account of such Event of Default, City will have no right to repurchase the Property on account of such Event of Default. Further, notwithstanding the foregoing, nothing herein shall limit Developer's liability for development and other fees described in Section 5.3 that are due and payable before City exercises its repurchase option under this section.

In addition, City shall have all rights and remedies provided in Section 17.2.

17.2 Default After Commencement of Construction. If an Event of Default occurs after the time that Developer commences construction on the Property, and such Event of Default is not cured within any applicable time period under Section 15 or Section 16, City shall have all cumulative rights and remedies under law or in equity, including but not limited to the following:

17.2.1 Damages. Developer shall be liable for any and all damages incurred by City, except that Developer shall not be liable for consequential damages incurred by City.

17.2.2 Specific Performance. City shall be entitled to specific performance of Developer's obligations under this Agreement without any requirement to prove or establish that City does not have an adequate remedy at law. Developer hereby waives the requirement of any such proof and acknowledges that City would not have an adequate remedy at law for Developer's commission of an Event of Default hereunder.

17.2.3 Injunction. City shall be entitled to restrain, by injunction, the actual or threatened commission or attempt of an Event of Default and to obtain a judgment or order specifically prohibiting a violation or breach of this Agreement without, in either case, being required to prove or establish that City does not have an adequate remedy at law. Developer hereby waives the requirement of any such proof and acknowledges that City would not have an adequate remedy at law for Developer's commission of an Event of Default hereunder.

17.2.4 Guaranty and Damages. City shall be entitled to draw upon, enforce, commence an action for equitable or other relief, and/or proceed against

Developer and Guarantor for all monetary damages, costs and expenses arising from the Event of Default and to recover all such damages, costs and expenses, including reasonable attorneys' fees.

17.3 Provisions Surviving Termination. Upon termination of this Agreement, the Indemnification obligation set forth in Section 6.4 (Indemnity) shall remain with the parties then obligated thereunder, and such obligation shall not be assumed or deemed assumed by any subsequent owner of all or any portion of the Property.

17.4 Mortgagee Protections. Except with respect to City's repurchase rights under Sections 5.7 and 17.1, no remedy exercised by City hereunder shall impair the right of any Mortgagee to foreclose its Mortgage encumbering the Property.

Section 18. Default By City. City's failure to keep, observe, or perform any of its duties or obligations under this Agreement shall be a default hereunder (a "City Default"). City shall have thirty (30) days following written notice from Developer to cure such City Default (or if such City Default cannot reasonably cured within 30 days, if City fails to commence such cure within 30 days and thereafter diligently pursue such cure to completion within 120 days).

If a City Default occurs and is not cured within any applicable cure period, Developer shall have all cumulative rights and remedies under law or in equity, including damages incurred by Developer by reason of the City Default (except that City shall not be liable for consequential damages incurred by Developer), and specific performance of the obligations of City under this Agreement without any requirement to prove or establish that Developer does not have an adequate remedy at law. City hereby waives the requirement of any such proof and acknowledges that Developer would not have an adequate remedy at law for City's commission of a City Default hereunder.

Section 19. Representations and Warranties. Each party hereby represents and warrants to the other that (a) it has full right, power and authority to enter into this Agreement and perform in accordance with its terms and provisions; (b) the individuals signing this Agreement on its behalf have the authority to bind and to enter into this transaction; and (c) it has taken all requisite action to legally authorize the execution, delivery, and performance of this Agreement.

Section 20. Miscellaneous.

20.1 Estoppel Certificates. City and Developer shall at any time and from time to time, within fifteen (15) days after written request by the other, execute, acknowledge and deliver, to the party requesting same or to any prospective mortgagee, assignee or subtenant designated by Developer, a certificate stating that (i) this Agreement is in full force and effect and has not been modified, supplemented or amended in any way, or if there have been modifications, identifying such modifications; and if this Agreement is not in force and effect, the certificate shall so state; and (ii) to its knowledge, all conditions

under the Agreement have been satisfied by City or Developer, as the case may be, and that no defenses or offsets exist against the enforcement of this Agreement by the other party, or, to the extent untrue, the certificate shall so state. The party to whom any such certificate shall be issued may rely on the matters therein set forth and thereafter the party issuing the same shall be estopped from denying the veracity or accuracy of the same.

20.2 Inspection. Until the Certificate of Performance is recorded, City shall have the right at all reasonable times to inspect the Property, including any construction work thereon, to determine compliance with the provisions of this Agreement. Further, City shall have all rights in its regulatory capacity to inspect the Property and construction activity.

20.3 Entire Agreement. This Agreement, the Project Documents and any documents attached as exhibits thereto contain the entire agreement between the parties as to the subject matter hereof and supersedes all prior discussions and understandings between them with reference to such subject matter.

20.4 Modification. This Agreement may not be amended or rescinded in any manner except by an instrument in writing signed by a duly authorized representative of each party hereto in the same manner as such party has authorized this Agreement.

20.5 Successors and Assigns; Joint and Several. This Agreement shall be binding upon and inure to the benefit of the successors in interest and assigns of each of the parties hereto except that there shall be no transfer of any interest by Developer except pursuant to the express terms of this Agreement. Any reference in this Agreement to a specifically named party shall be deemed to apply to any successor or assign of such party who has acquired its interest in compliance with the terms of this Agreement, or under law. The obligations of Developer, and of any other party who succeeds to their interests hereunder or in the Property, shall be joint and several.

20.6 Notices. All notices which may be or are required to be given pursuant to this Agreement shall be in writing and delivered to the parties at the following addresses:

To City:
City of Bothell
18305 – 101st Avenue NE
Bothell, WA 98011
Attention: Bob Stowe
Fax No. (425) 486-2434
Phone: (425) 486-3256

With a copy to: K&L Gates LLP
925 Fourth Avenue
Suite 2900
Seattle, WA 98104
Attention: Shannon Skinner
Fax No.: (206) 623-7022
Phone: (206) 623-7022

To Developer: Bothell Hotel, LLC
c/o 360 Hotel Group
3500 188th Street SW, Suite 121
Lynnwood, WA 98037
Attn: Shaiza Damji
Phone No.425-775-9600

With a copy to: Pepple Cantu Schmidt
1000 Second Avenue, Suite 2950
Seattle, WA 98104
Attention: Dan Pepple
Fax No.: (206) 625-1627
Phone: (206) 625-9960

Any such notices shall be either (a) sent by certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) days after deposit, postage prepaid in the U.S. mail, (b) sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered when actually delivered pursuant to the records of such courier, (c) sent by facsimile transmission (if a facsimile number is provided above) or electronic mail to the party and its counsel, receipt of which has been confirmed by telephone by the recipient (or the recipient's assistant) (provided that if such delivery occurs after 5:00 p.m. Pacific time on any day, the same shall be deemed delivered on the next Business Day following confirmed receipt; provided further, however, that any notice delivered pursuant to this clause (c) shall only be valid if it is followed by delivery via one of the methods set forth in clauses (a), (b), or (d) hereof within two (2) Business Days of the date of delivery via facsimile or electronic mail), or (d) hand delivered, in which case notice shall be deemed delivered on the date of the hand delivery. Any notice given by counsel to a party shall have the same effect as if given by such party. The above addresses and phone numbers may be changed by written notice to be provided the other party in accordance with this Section 16; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice.

20.7 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

20.8 Waiver. No waiver by any party of any provision of this Agreement or any breach thereof shall be of any force or effect unless in writing by the party granting the waiver; and no such waiver shall be construed to be a continuing waiver. The waiver by one party of the performance of any covenant, condition, or promise shall not invalidate this Agreement nor shall it be considered a waiver by such party of any other covenant, condition, or promise hereunder. The waiver by either or both parties of the time for performing any act shall not constitute a waiver of the time for performing any other act or an identical act required to be performed at a later time.

20.9 Rights and Remedies Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise or failure to exercise one or more of such rights or remedies by either party shall not preclude the exercise by it, at the same time or different times, of any right or remedy for the same default or any other default by the other party.

20.10 Governing Law; Jurisdiction. This Agreement shall be interpreted under and pursuant to the laws of the State of Washington. In the event any action is brought to enforce any of the provisions of this Agreement, the parties agree to be subject to the jurisdiction in the King County Superior Court for the State of Washington or in the United States District Court for the Western District of Washington.

20.11 No Joint Venture. Nothing contained in this Agreement shall create any partnership, joint venture or other arrangement between City and Developer.

20.12 No Third Party Rights. The parties intend that the rights, obligations, and covenants in this Agreement and the collateral instruments shall be exclusively enforceable by City and Developer, their successors and assigns. No term or provision of this Agreement shall be for the benefit of any person, firm, organization or corporation not a party hereto, and no such other person, firm, organization or corporation shall have any right or cause of action hereunder, except as may be otherwise expressly provided herein. Nothing in this section is intended to modify the restrictions on assignment Nothing in this section is intended to modify the restrictions on assignment contained in Section 14 hereof.

20.13 Consents. Whenever consent or approval by City is required under the terms of this Agreement, all such consents or approvals, if given, shall be given in writing from the City Manager of City.

20.14 Conflict of Interest. No member, official, or employee of City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to this Agreement which affects his personal interests or the interest of any corporation, partnership, or association in which

he is, directly or indirectly, interested. No member, official, or employee of City shall be personally liable to Developer or any successor in interest upon the occurrence of any default or breach by City or for any amount which may become due to Developer or its successor or on any obligations under the terms of this Agreement.

20.15 Non-Discrimination. Developer, for itself and its successors and assigns, agrees that during the construction of the Project, Developer will not discriminate against any employee or applicant for employment because of race, color, religion, age, sex, marital status, handicap or national origin.

20.16 Attorneys' Fees. If any legal action or other proceeding is brought for the enforcement of this Agreement (including, without limitation, enforcement of any obligation to indemnify, defend or hold harmless), or because of an alleged dispute or default in connection with any of the provisions of this Agreement, the substantially prevailing party shall be entitled to recover the reasonable attorneys' fees (including those in any bankruptcy or insolvency proceeding), accountants' and other experts' fees and all other fees, expenses and costs incurred in connection with that action or proceeding, in addition to any other relief to which it may be entitled.

20.17 Captions; Exhibits. The headings and captions of this Agreement and the Table of Contents preceding the body of this Agreement are for convenience of reference only and shall be disregarded in constructing or interpreting any part of the Agreement. All exhibits and appendices annexed hereto at the time of execution of this Agreement or in the future as contemplated herein, are hereby incorporated by reference as though fully set forth herein.

20.18 Force Majeure. Whenever a period of time for performance of an action to be performed by either party is prescribed in this Agreement, the period of time for performance shall be extended by the number of days that the performance is actually delayed due to war, acts of terrorism, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, casualties, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation (including suits filed by third parties concerning or arising out of this Agreement), weather or soils conditions which necessitate delays, inability to secure necessary labor, materials or tools, delays of any contractor, subcontractor or supplier, acts of the other party, acts or failure to act or delay in acting of any public or governmental entity, including to issue permits or approvals for the Project (provided that all submissions by Developer are timely, substantially complete and in accordance with applicable submittal requirements) or any other causes beyond the control or without the fault of the party claiming an extension of time to perform; provided that the lack of funds or financing of Developer is not independently a cause beyond the control or without the fault of Developer ("Force Majeure"). For any Force Majeure delay that will cause substantial completion of the Project to be delayed more than ten (10) days, Developer will keep City informed about the cause and nature of such delay and the progress in achieving such

substantial completion. Times of performance under this Agreement may also be extended in writing by City and Developer.

20.19 Fair Construction; Severability. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the context may require. The parties hereby acknowledge and agree that each was properly represented by counsel and this Agreement was negotiated and drafted at arms' length so that the judicial rule of construction to the effect that any ambiguities are to be construed against the drafting party shall be inapplicable in the interpretation of this Agreement. The provisions of this Agreement shall be construed as a whole according to their common meaning and consistent with the other provisions contained herein in order to achieve the objectives and purposes of this Agreement. If any term, provision, covenant, clause, sentence or any other portion of the terms and conditions of this Agreement or the application thereof to any person or circumstances shall apply, to any extent, become invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect, unless rights and obligations of the parties have been materially altered or abridged by such invalidation or unenforceability.

20.20 Time of the Essence. In all matters under this Agreement, the parties agree that time is of the essence.

20.21 Computation of Time. In the computation of any period of time hereunder, the day of the act or event from which the period of time runs shall be excluded and the last day of such period shall be included. If any deadline hereunder falls on a day that is not a Business Day, then the deadline will be deemed extended to the next following Business Day.

[Signatures on the following page]

IN WITNESS WHEREOF, the parties hereto have executed this document as of the day and year first above written.

CITY OF BOTHELL, a Washington municipal corporation

By:_____
Name:_____
Title:_____

BOTHELL HOTEL, LLC a Washington limited liability company

By 360 Investments, LLC, a Washington limited liability company, its member

By 360 Investments Manager, LLC, a Washington limited liability company, its manager

By:_____
Name: Shaiza Damji
Its: Member

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the _____ of the City of Bothell to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____, 20____.

_____
Notary Public
Print Name_____
My commission expires_____

(Use this space for notarial stamp/seal)

STATE OF)
) ss.
COUNTY OF)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the _____ of 360 Investments, LLC, the member of 360 Investments Manager, LLC, the manager of Bothell Hotel, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____, 20____.

_____
Notary Public
Print Name_____
My commission expires_____

(Use this space for notarial stamp/seal)

EXHIBIT A to Development Agreement

Legal Description of Property

EXHIBIT B to Development Agreement

Form of Certification of Performance

After recording return to

_____

_____

_____

CERTIFICATE OF PERFORMANCE (CITY CENTER HOTEL)

GRANTOR: CITY OF BOTHELL

GRANTEE: BOTHELL HOTEL, LLC

Abbreviated Legal Description
(Full legal description on Ex. A):_____

Assessor's Tax Parcel No(s):_____

Related Document: Development Agreement (Doc. No. _____)

The CITY OF BOTHELL, a Washington municipal corporation ("City"), hereby certifies that BOTHELL HOTEL, LLC a Washington limited liability company ("Developer"), has satisfactorily completed construction of the Improvements on the Property described on Exhibit A attached hereto (the "Property"), as such Improvements are described in the Development Agreement dated _____, 20__ (the "Agreement"), which was recorded in the Records of the King County Auditor, Washington, as Document No. _____, on _____, 20__.

This Certificate of Performance is and shall be a conclusive determination that the Developer has satisfied, or City has waived, each of the agreements, covenants and conditions contained in the Agreement as to the development of the Improvements pursuant to Section 5 of the Agreement.

Notwithstanding this Certificate of Performance, Section 6.4 of the Agreement provides for the survival of certain covenants as between City and Developer, and nothing in this Certificate of Performance affects such survival.

The Agreement is hereby terminated to the extent it is an encumbrance on the Property and is released from title to the Property.

IN WITNESS WHEREOF, City has caused this instrument to be executed this _____ day of _____, _____.

CITY OF BOTHELL, a Washington municipal corporation

By:_____
Name: _____
Title: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the _____ of City of Bothell to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____, _____.

_____
Notary Public
Print Name_____
My commission expires_____

(Use this space for notarial stamp/seal)

EXHIBIT C to Development Agreement

Form of Performance Guaranty

GUARANTY OF COMPLETION (CITY CENTER HOTEL)

This Guaranty of Completion (City Center Hotel) is made as of _____, 20___, by 360 Investments LLC, a Washington limited liability company ("Guarantor"), in favor of the City of Bothell, a Washington municipal corporation ("City"), with reference to the following facts.

RECITALS

A. Contemporaneously herewith, Bothell Hotel, LLC, a Washington limited liability company ("Developer"), is purchasing property in Bothell, Washington on the same block as the Bothell City Hall in downtown Bothell (the "Property").

B. As part of the closing of the purchase of the Property, Developer and City are entering into a Development Agreement (City Center Hotel) of even date herewith (the "Development Agreement") that provides for the development of the Property. The Development Agreement requires that Guarantor provides this Guaranty to City. Capitalized terms not otherwise defined herein shall have the meaning given them in the Development Agreement.

C. Guarantor is a beneficial owner of Developer and will benefit from the purchase of the Property by Developer. Guarantor understands that development of the Property is crucial to mission and goals of City and that City would not sell the Property to Developer without this Guaranty.

GUARANTY AGREEMENT

NOW, THEREFORE, in consideration of the sale of the Property to Developer and as required by the Development Agreement, Guarantor unconditionally and irrevocably guarantees to City the full, faithful, timely and complete performance by Developer of Developer's obligations under the Development Agreement. Guarantor further agrees to pay all costs and expenses, including attorneys' fees, that may be incurred by City in enforcing this Guaranty. The obligations of Guarantor under this paragraph are called the "Obligations."

If for any reason there is an Event of Default by Developer under the Development Agreement then, in any such event, Guarantor, upon receipt of notice from City, agrees to cure such default and to perform, or cause Developer to perform, all of Developer's obligations under the Development Agreement.

If Guarantor fails to cure or cause cure of Developer's default as provided above (such cure by Guarantor in any event commence not later than 30 days after notice to Guarantor from City and thereafter proceed diligently and continuously), City, at City's option, shall have the right to complete the Project. City's rights to complete the Project shall be subject to the rights of the construction lender to the Project to also complete the Project, such that if such lender is undertaking the construction of the Project, City shall not interfere with such construction activity (provide that such construction activity is in compliance with the Development Agreement). The amount of all expenditures reasonably incurred by City in curing the default shall be immediately due and payable by Guarantor to City.

Guarantor shall be responsible and liable to City for any losses, costs or expenses that City may suffer or incur as a result of any breach by Guarantor of any of the terms of this Guaranty or in the event that any of the representations or warranties made in writing by Guarantor to City are or were incorrect. If Guarantor defaults under this Guaranty, City may enforce this Guaranty against any or all persons liable hereunder and pursue any rights and remedies available at law or in equity, including without limitation actions for damages and specific performance. Guarantor agrees that, given the unique nature of the proposed development on the Property, City may not be in a position to complete the development and that specific performance is an appropriate remedy hereunder. In the event of any default under this Guaranty or in any action to enforce this Guaranty, City shall be entitled to recover all reasonable costs and expenses, including experts, accountants and attorney's fees and costs and including any such fees in any bankruptcy and appellate proceedings.

Guarantor agrees that its liability shall not be impaired or affected by (i) any renewals or extensions of the time for performance under the Development Agreement; (ii) any enforcement of or any forbearance or delay in enforcing the Development Agreement against Developer; (iii) any modifications of the terms or provisions of the Development Agreement; (iv) any settlement, release or compromise with Developer (except to the extent that the same are in a writing signed by Developer and City); (v) any lack of notice to Guarantor from City except that expressly provided for herein. City has no obligation to resort for payment to Developer or to any other person or entity or their properties, or to resort to any security, property, rights or remedies whatsoever, before enforcing this Guaranty.

Any other provisions hereof notwithstanding, this Guaranty shall terminate upon the issuance by City of a Certificate of Performance for the Project or repurchase of the Property by City pursuant to Sections 5.7 or 16.1 of the Development Agreement.

All diligence in collection, protection, or enforcement and all presentment, demand, protest and notice, as to anyone and everyone, whether Developer, Guarantor or others, of dishonor or default, the creation and existence of the Obligations, the acceptance of this Guaranty or any extensions of credit and indulgence hereunder, are hereby expressly

waived. The payment by Guarantor of any amount pursuant to this Guaranty shall not in any way entitle Guarantor to any rights by way of subrogation or otherwise against Developer unless and until the full amount owing to City on the Obligations has been paid and the Obligations have been fully performed.

Upon the occurrence of an Event of Default under the Development Agreement that is not cured within any applicable cure period under the Development Agreement, City may exercise any right or remedy it may have at law or in equity against Developer under the Development Agreement. No such action by City will release or limit the liability of Guarantor to City, if the effect of that action is to deprive Guarantor of the right to collect reimbursement from Developer for any sums paid to City.

Guarantor assumes full responsibility for keeping fully informed of the financial condition of Developer and all other circumstances affecting Developer's ability to perform its obligations to City and agrees that City will have no duty to report to Guarantor any information that City receives about Developer's financial condition or any circumstances bearing on its ability to perform.

All notices which may be or are required to be given pursuant to this Guaranty shall be in writing and delivered to the parties at the following addresses:

To City:
City of Bothell
18415 – 101st Avenue NE
Bothell, WA 98011
Attention: Bob Stowe
Fax No. (425) 486-2434
Phone: (425) 486-3256

With a copy to:
K&L Gates LLP
925 Fourth Avenue
Suite 2900
Seattle, WA 98104
Attention: Shannon Skinner
Fax No.: (206) 623-7022
Phone: (206) 623-7022

To Guarantor:
360 Investments LLC
c/o 360 Hotel Group
3500 188th Street SW, Suite 121
Lynnwood, WA 98037
Attn: Shaiza Damji
Fax No.: (425) ___-____
Phone No. 425-775-9600

With a copy to: Pepple Cantu Schmidt
1000 Second Avenue, Suite 2950
Seattle, WA 98104
Attention: Dan Pepple
Fax No.: (206) 625-1627
Phone: (206) 625-9960

Any such notices shall be either (a) sent by certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) days after deposit, postage prepaid in the U.S. mail, (b) sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered when actually delivered pursuant to the records of such courier, or (c) sent by facsimile transmission to the party and its counsel, receipt of which has been confirmed by telephone, and by regular mail, in which case notice shall be deemed delivered on the next business day following confirmed receipt, or (d) hand delivered, in which case notice shall be deemed delivered when actually delivered. The above addresses and phone numbers may be changed by written notice to the other party; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice.

This Guaranty shall be binding upon Guarantor, and upon the successors and assigns of Guarantor. This Guaranty shall run for the benefit of City, its successors and assigns.

This Guaranty may only be changed by an instrument in writing signed by the party against whom enforcement hereof is sought.

Guarantor acknowledges that the transactions contemplated hereby have been negotiated in the State of Washington, that Guarantor is to perform its obligations hereunder in the State of Washington and that after due consideration and consultation with counsel Guarantor and City have elected to have the internal laws of Washington apply hereto. Accordingly, this Guaranty shall be deemed made under and shall be construed in accordance and governed by the internal laws of the State of Washington without regard to principles of conflicts of laws. Guarantor hereby consents to the nonexclusive jurisdiction of the state courts located in King County, Washington and the federal courts in the Western District of Washington. Guarantor waives the defense of forum non conveniens in any such action and agrees that this Guaranty may be enforced in any such court.

NOTICE IS HEREBY GIVEN THAT ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, MODIFY LOAN TERMS, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

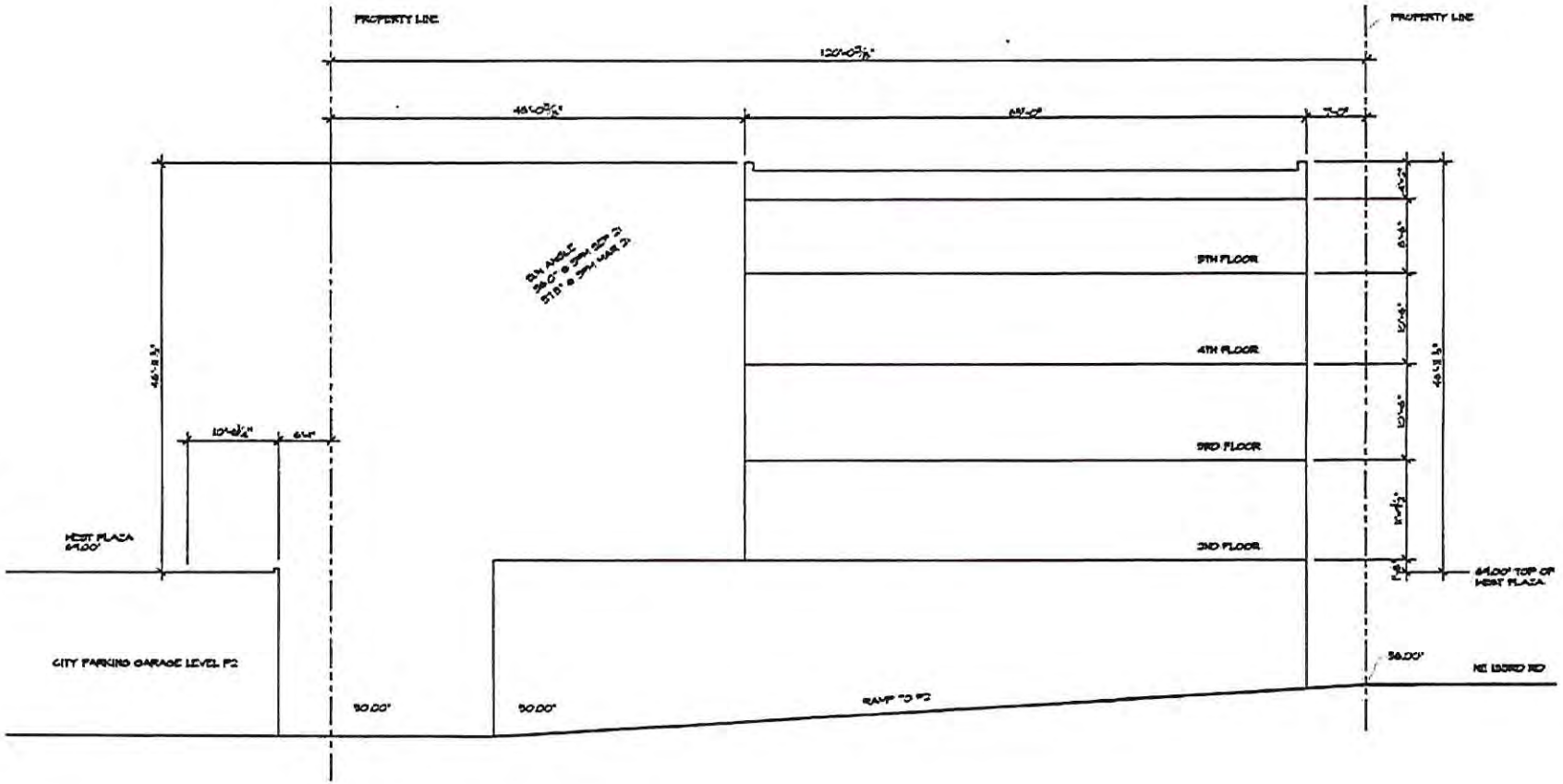
Notwithstanding any provision of this Guaranty to the contrary, Guarantor shall have no obligation hereunder on account of any Event of Default under the Development Agreement that occurs prior to commencement of construction on the Property pursuant to the Development Agreement. City's sole remedy on account of any such Event of Default shall be to repurchase the Property in accordance with the terms of Sections 5.7 and 16.1 of the Development Agreement.

360 INVESTMENTS LLC,
a Washington limited liability
company

By:_____
Name:_____
Title:_____

EXHIBIT D to Development Agreement

Depiction of Height, Setbacks and Design of Hotel Improvements
(sun angles/shadowing study)
(see attached)



BOTHELL HOTEL SUN ANGLE ON CITY HALL WEST PLAZA

SCALE 1/8"=1'-0"

0 5 10 15 20

SCALE IN FEET

D-2

EXHIBIT E to Development Agreement

Development and Traffic Impact Fees Estimates

Development Fees:

Effective January 1, 2015, and subject to change

Type of fee / frontage improvement construction cost	How calculated
Development fees excluding traffic impact fees (add 5% technology surcharge to each except for state building code fee)	
Pre-application conference	$1,337: established by fee resolution (adjusted annually for inflation).
Environmental review (SEPA)	Fee based on amount of staff review time, billed at hourly rates of $152.36 for staff planners, $161.34 for staff engineers, and $160.24 for fire plans examiners (rates are adjusted annually for inflation). SEPA review times should be shorter than normal review time provided proposed uses are covered by the Planned Action EIS. Mitigating measures from the EIS may be applied. Assume 8 -16 hours. *Note - Hourly billing is expected to be replaced by fixed fees sometime during 2015.*
Plan check	Paid on submittal of application at 65 percent of building permit fees plus consultant review fees if required. Building permit fees are based on valuation of the proposed construction, according to the following formula: Valuation of $1 to $500 is $28.50; $501 to $2,000 is $28.50 for the first $500 + $3.65 for each additional $100 or fraction thereof, to and including $2,000; $2,001 to $25,000 is $83.00 for the first $2,000 + $16.80 for each additional $1,000 or fraction thereof, to and including $25,000; $25,001 to $50,000 is $470.00 for the first $25,000 + $12.00 for each additional $1,000 or fraction thereof, to and including $50,000; $50,001 to $100,000 is $772.50 for the first $50,000 + $8.40 for each additional $1,000 or fraction thereof, to and including $100,000; $100,001 to $500,000 is $1,192.50 for the first $100,000 + $6.75 for each additional $1,000 or fraction thereof, to and including $500,000; $500,001 to $1,000,000 is$3,878.50 for the first $500,000 + $5.75 for each additional $1,000 or fraction thereof, to and including $1,000,000; $1,000,001 and up is $6,730.50 for the first $1,000,000 + $4.50 for each additional $1,000 or fraction thereof.
Fire plan check	Collected for all new commercial and multi-family buildings and first-time or change-of-use tenant improvements. Calculated at an hourly rate of $160.24. Assume 10 hours. *Note - Hourly billing is expected to be replaced by fixed fees sometime during 2015.*

Type of fee / frontage improvement construction cost	How calculated
Traffic concurrency capacity reporting and monitoring surcharge	Development classified as "minor" (generates between 3 and 20 peak hour trips): $947.10. Development classified as "medium" (between 20 and 50 peak hour trips): $1,890. Development classified as "major" (more than 50 peak hour trips): $3,150.
Grading permit	Plan review + permit fee, varies by amount of grading. See BMC 20.02.155D and E 8.
Right of way permit	Driveway approach: $445. Minor ROW invasion permit: $243. Major, stand-alone ROW invasion permit, 0-300 lineal feet: $434. Additional per foot charge for over 300 feet: $7. Major, associated with a development project: $243 + $7 per lineal foot of frontage over 300 feet + development review fee of $148.98 per hour. Assume 20 hours. Street cut mitigation fees for all right-of-way permits: $14 per lineal feet of opening.
Utilities permits (water, storm drainage, sanitary sewer)	Various permits and fees. See current Bothell Development Services Form E, "Public Works Fees." Per BMC 18.11 Storm water capital facilities charges are established by fee resolution (subject to annual adjustment).
Building permits	See "Plan check" above for calculation method.
Plumbing permits	(Permit fee) + (type of fixture x fee per fixture x number of fixtures) + (plan check fee at 65 percent of previous total). See BMC 20.02.155C.
Mechanical permits	(Permit fee) + (type of fixture x fee per fixture x number of fixtures) + (plan check fee at 65 percent of previous total). See BMC 20.02.155B.
Electrical permits	Not collected by City: administered by state Department of Labor and Industries.
Development review	Per-hour billing for planning ($152.36/hr.), fire ($160.24/hr.), civil engineering and traffic review ($161.34/hr.) and related inspections ($148.98/hr.). Assume 160 hours. *Note - Hourly billing is expected to be replaced by fixed fees sometime during 2015.*
Energy review	Single family energy review for compliance with WSEC and VIAQC: $147. Multi-family energy review: $292 per structure + $76 per unit. Commercial energy review: $292. Tenant improvement permit review: $147.
State building code fee	$4.50 per building permit plus $2 per dwelling unit (no technology surcharge).

[continued]

Park-related fees	
Park impact fees	Authorized under BMC 21.08. Fees are per dwelling unit: single family detached, $1,345.32; duplex, $941.72; 3-4 units per structure, $986.57; 5+ units per structure, $762.35; manufactured homes, $807.19. Per BMC 21.08.110, park land and/or park capital improvements may be offered by the developer as total or partial payment of the required impact fee
Downtown-Subarea-specific: public open space in-lieu fees	Per BMC 12.64.304 and .305, developers within the Downtown Subarea may be required to provide publicly accessible open space on-site, depending on zoning district and proposed uses. This obligation may be satisfied through payment of in-lieu fees, subject to City approval. In certain cases, the City may require payment of in-lieu fees rather than construction of publicly accessible open space on the project parcel.
School impact fees	
School impact fees	Authorized under BMC 21.12. Allows Northshore School District to collect impact fees for growth-related District construction projects. The school impact fee is currently $0.
Traffic impact fees	
Traffic impact fees	Traffic impact fees are based on the type of land use x unit of measure (e.g., number of dwellings, gross floor area), + a 3 percent administrative fee. New fees went into effect July 1, 2015, and are subject to adjustment. See attached table. Total impact fees may be reduced to take into account overlapping uses (e.g., a hotel and a restaurant).
Frontage improvement construction costs	
Frontage improvement construction cost	Frontage improvement construction costs are separate from and in addition to traffic impact fees, unless the required frontage improvements would increase roadway capacity and would contribute to completion of a listed project anticipated to be funded at least in part by impact fees, in which case a portion of the construction costs may be credited against the impact fees.

[continued]

Transportation Mitigation Impact Fees:(BMC 17.045.070 Impact fee schedule)

Impact Fee Schedule (Subject to Change)

Land Uses	Unit of Measure	Effective July 1, 2016	Effective July 1, 2017
Cost per New Trip Generated:		$6,490	$6,865
Residential			
Single Family (Detached)	dwelling	$6,139	$6,494
Multifamily	dwelling	$3,699	$3,913
Senior Housing & Accessory Dwelling	dwelling	$1,375	$1,455
Commercial - Services			
Bank	SF GFA	$31.97	$33.81
Day Care	SF GFA	$32.47	$34.34
Hotel/Motel	room	$4,911	$5,195
Service Station with or without minimart and/or carwash.	Fueling Position	$12,085	$12,784
Quick Lubrication Vehicle Shop	Servicing Positions	$10,833	$11,459
Automobile Care Center	SF GLA	$9.00	$9.52
Movie Theater	seat	$240	$254
Health Club	SF GFA	$14.40	$15.23
Marina	Berth	$930	$984
Institutional			
Elementary /Junior High School	student	$421	$445
High School	student	$410	$434
University/College	student	$805	$852
Church	SF GFA	$3.57	$3.78
Hospital	SF GFA	$6.52	$6.90
Assisted Living, Nursing Home, Group Home	bed	$1,080	$1,143
Industrial			
Light Industry/Manufacturing Industrial Park	SF GFA	$7.60	$8.04
Warehousing/Storage	SF GFA	$2.86	$3.03
Mini Warehouse	SF GFA	$2.33	$2.46
Restaurant			
Restaurant	SF GFA	$35.73	$37.80
Fast Food Restaurant	SF GFA	$57.27	$60.58
Commercial - Retail			
Retail Shopping Center	SF GLA	$11.71	$12.39
Supermarket > 5,000 SF	SF GFA	$26.19	$27.70
Convenience Market < 5,000 SF	SF GFA	$53.78	$56.89
Furniture Store	SF GFA	$0.81	$0.85
Car Sales - New/Used	SF GFA	$16.91	$17.89
Nursery/Garden Center	SF GFA	$17.89	$18.93
Pharmacy/Drugstore	SF GFA	$12.52	$13.25
Hardware/Building Materials Store < 25,000 SF	SF GFA	$9.92	$10.50
Discount Merchandise Store (Free Standing)	SF GFA	$10.96	$11.59
Video Rental	SF GFA	$18.25	$19.30
Home Improvement Superstore > 25,000 SF	SF GFA	$4.72	$4.99
Miscellaneous Retail	SF GLA	$11.71	$12.39
Commercial - Office			
Administrative Office	SF GFA	$12.64	$13.37
Medical Office/Clinic	SF GFA	$22.54	$23.85

Notes: For uses with unit of measure in SF GFA or SF GLA, the impact fee is shown as cost per square foot.
GLA = Gross Leasable Area
GFA = Gross Floor Area

EXHIBIT F

LIST OF REPORTS DELIVERED TO BUYER

Ultra Custom Cleaners

CDM, 2008, *Phase I Environmental Site Assessment City of Bothell Former Raincheck Cleaners, Bothell, Washington*, January 22, 2008

Farallon, 2002, *Subsurface Investigation Report, Ultra Custom Cleaners, Bothell, Washington*, April 19, 2002

HWA GeoSciences, 2013, DRAFT *Remedial Investigation Report, Ultra Custom Care Cleaners Site, Bothell, Washington,* June 25, 2013

HWA GeoSciences, 2013, DRAFT *Remedial Investigation Report, Data Gaps Work Plan and Conceptual Interim Action Work Plan, Ultra Custom Care Cleaners Site, Bothell, Washington,* September 12, 2013

HWA GeoSciences, 2014, *Source Area Interim Action Work Plan, Ultra Custom Care Cleaners Site, Bothell Washington.* Prepared for City of Bothell, April 28, 2014

HWA GeoSciences, 2014, *Interim Action Work Plan No.2, Ultra Custom Care Cleaners Site, Bothell Washington.* Prepared for City of Bothell, November 7, 2014

HWA GeoSciences, 2015, *Design Revision & Status Report, Ultra Custom Care Cleaners Site, Bothell Washington.* Prepared for City of Bothell, February 7, 2015

HWA GeoSciences, 2015, *Groundwater monitoring Report, Second Quarter, Ultra Custom Care Cleaners Site, Bothell Washington.* Prepared for City of Bothell, August 31, 2015

HWA GeoSciences, 2015, *Groundwater monitoring Report, Second Quarter, Ultra Custom Care Cleaners Site, Bothell Washington.* Prepared for City of Bothell, November 30, 2015

HWA GeoSciences, 2016, *DRAFT UST Site Assessment Report, Ultra Custom Care Cleaners Site, Bothell Washington.* Prepared for City of Bothell, January, 2016

HWA GeoSciences, 2015, *Area-wide Groundwater monitoring data, Rounds 1 - 4*

Parametrix, 2010, *Draft Environmental Site Assessment, City Hall Site, Bothell, Washington*, May 2010

Geotechnical

HWA 2011, Final Geotechnical Report, SR 527 – SR 527 – Bothell Multi-Way Boulevard Project, Bothell, Washington, Prepared for Perteet Engineering, Inc. May 13, 2011

Agreed Orders

Bothell Ultra Custom Cleaners Agreed Order DE9704

EXHIBIT G

FORM OF SITE ACCESS AGREEMENT

SITE ACCESS AGREEMENT
(City Center Hotel)

This SITE ACCESS AGREEMENT (City Center Hotel) (the "Agreement") dated as of _____, 2016, is by and between BOTHELL HOTEL, LLC a Washington limited liability company ("Buyer"), and CITY OF BOTHELL, a Washington municipal corporation ("City") with reference to the following:

RECITALS

A. Buyer is negotiating with City to purchase certain property (the "Property") described on Exhibit A attached hereto from City. Buyer desires to purchase the Property to redevelop it into a two-hotel project with associated parking (the "Project").

B. Although a purchase and sale agreement has not been approved by the Bothell City Council or executed by the parties, Buyer has requested the right to enter onto the Property and begin to conduct its due diligence investigations to determine whether the Project is feasible and to engage in planning for the Project.

C. Buyer wishes to retain or permit its potential lender(s) to retain certain third party consultants ("Consultants") to perform the investigations and Project planning, including a surveyor, environmental consultant and geotechnical consultant. City wishes to cooperate in this investigation by granting to Buyer and Consultants a license to conduct such an investigation subject to the terms of this Agreement.

D. Nothing herein obligates either party to enter into a purchase and sale agreement pursuant to which Buyer would acquire the Property from City (a "Purchase Agreement"). The parties have not completed their negotiations and understand that, in any event, any Purchase Agreement requires the approval of the Bothell City Council.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. City grants to Buyer and Consultants a temporary non-exclusive license, subject to terms hereof, to enter upon the Property for the purpose of conducting activities on the Property to investigate the condition thereof and the feasibility of the Project as well as planning for the Project (the "Investigation Activities"). Employees of Buyer and Consultant may enter onto the Property pursuant to this License. In no event shall any drilling, penetrations or other invasive testing or inspections be done without the written approval of City.

The license granted herein shall continue in force from the date hereof and terminate upon the earlier to occur of (i) termination of the parties' negotiations to enter into a Purchase Agreement; (ii) disapproval by the Bothell City Council of a Purchase Agreement; (iii) if a Purchase Agreement is executed by the parties, the closing of Buyer's acquisition of the Property under the Purchase Agreement; or (iv) if a Purchase Agreement is executed by the parties, the termination of the Purchase Agreement for any reason before the closing thereunder.

2. Buyer shall or shall cause its Consultants to remove all equipment, materials and debris used in or resulting from the Investigation Activities before the end of the license period specified above unless Buyer purchases the Property pursuant to a Purchase Agreement. If City approves of any invasive testing, all samples derived from the Investigation Activities when removed from the Property shall be transported and disposed of by Buyer or Consultants in accordance with applicable law.

3. All persons who enter the Property pursuant to this Agreement assume the risk of doing so. Buyer waives any claims against City and releases City from any liability for any loss, damage or injury to Buyer, its Consultants or their property arising from the Investigation Activities, excluding those claims to the extent arising out of the negligence or willful misconduct of City, its employees, agents and contractors. City shall not be responsible for the safety of Buyer or its Consultants in their conduct of the Investigation Activities. Except as may be expressly provided in the Purchase Agreement, City has no responsibility or liability whatsoever for the condition of the Property. Buyer and its Consultants must comply with any reasonable instructions and directions of City with regard to the Investigation Activities. Buyer will repair and restore the Property to at least as good condition as existed before Buyer's or its Consultant's entry onto the Property. Buyer and its Consultants shall be responsible for any damage done to the Property by Buyer or its Consultants. Buyer will provide City with copies of any Phase II testing results or reports promptly after receipt.

While on the Property pursuant to this Agreement, Buyer will comply and will cause all Consultants to comply with all applicable government laws and regulations concerning the Investigation Activities on the Property. Buyer will not suffer or permit to be enforced against the Property any mechanics, materialmen's or contractors liens or any claim for damage arising from the work of any survey, tests, investigation, repair, restoration, replacement or improvement performed by Buyer or its Consultants as part of the Investigation Activities, and Buyer shall pay or cause to be paid all claims or demands with respect to the same before any action is brought to enforce the same against the Property.

Buyer will indemnify, protect, defend and hold City, its officers, council members and employees harmless from any loss, damage, injury, accident, fire or other casualty, liability, claim, lien, cost or expense (including attorneys' fees) of any kind or character to the extent arising from or caused by (a) entry on the Property by Buyer or its Consultants pursuant to this Agreement, (b) any act or omission of Buyer or any of its Consultants in the conduct of the Investigation Activities, (c) a violation or alleged violation by Buyer or its Consultants of any law or regulation in their conduct of the Investigation Activities, or (d) violation of this Agreement by Buyer or any of its Consultants. City's right of indemnity under this section shall not limit or waive any other legal claim or defense City may have outside of this Agreement.

IN CONNECTION WITH THIS INDEMNITY, BUYER WAIVES ANY IMMUNITY IT MAY HAVE UNDER INDUSTRIAL INSURANCE LAW, RCW TITLE 51. THIS WAIVER WAS MUTUALLY NEGOTIATED.

4. Buyer shall, during the term of this Agreement, maintain commercial general liability insurance, with the coverage of not less than $1,000,000 for each occurrence and a $2,000,000 general aggregate limit, on an occurrence basis from a reputable insurer licensed to do business in Washington, and shall, upon request, furnish to City certificates of insurance evidencing such coverage. City will be named as an additional insured under the policy.

5. All of the covenants of Buyer and indemnities made by Buyer hereunder shall survive termination of the license granted hereunder.

6. All Investigation Activities shall be performed solely at Buyer's expense, and neither Buyer nor Consultants shall look to City for reimbursement of or contribution for all or any part of those expenses.

7. All notices hereunder shall be delivered by a recognized overnight courier service or by certified mail, return receipt requested, to the addresses set forth below or to such other addresses of a party as are set forth in a notice by that party to the other parties:

If to City:

City of Bothell
18415 – 101st Avenue NE
Bothell, WA 98011
Attention: Bob Stowe
Phone: (425) 486-3256

If to Buyer:

Bothell Hotel, LLC
c/o 360 Hotel Group
3500 188th Street SW, Suite 121
Lynnwood, WA 98037
Attn: Shaiza Damji
Phone No.425-775-9600

With a copy to:

Pepple Cantu Schmidt
1000 Second Avenue, Suite 2950
Seattle, WA 98104
Attention: Dan Pepple
Phone: (206) 625-9960

10. This Agreement may be executed in one or more counterparts, each counterpart of which shall constitute an executed agreement.

11. The parties agree that this Agreement shall be governed by the laws of the State of Washington.

[signatures on next page]

IN WITNESS HEREOF, the parties have duly executed this Agreement as of the date first set forth above.

CITY:

CITY OF BOTHELL, a Washington municipal corporation

By:_____
Name:_____
Title:_____

BUYER:

BOTHELL HOTEL, LLC a Washington limited liability company

By 360 Investments, LLC, a Washington limited liability company, its member

By 360 Investments Manager, LLC, a Washington limited liability company, its manager

By:_____
Name: Shaiza Damji
Its: Member

EXHIBIT A to Site Access Agreement

Legal Description of Property

EXHIBIT H

FORM OF INDEMNITY AGREEMENT

ENVIRONMENTAL INDEMNITY AND RELEASE AGREEMENT

This ENVIRONMENTAL INDEMNITY AND RELEASE AGREEMENT (this "Agreement"), dated as of _____, 20____ is by and between the City of Bothell, a Washington municipal corporation ("City") and Bothell Hotel, LLC, a Washington limited liability company ("Developer") and is made with reference to the following recitals.

RECITALS

A. Pursuant to that certain Purchase and Sale Agreement (City Center Hotel) dated April 1, 2016 between City as City and Developer (the "Sale Agreement"), concurrently herewith Developer has acquired that certain real property legally described in Exhibit A attached hereto (the "Property").

B. As part of Developer's acquisition of the Property, the parties have entered into a Development Agreement dated of even date and recorded contemporaneously herewith (the "Development Agreement"). The Development Agreement requires Developer to construct a certain hotel project more particularly described therein (the "Project").

C. The Sale Agreement provides that, as between City and Developer, City would perform certain Remediation and ongoing Monitoring and Compliance and indemnify Developer relating to the Historic Contamination on the Property.

D. Pursuant to the Sale Agreement, the parties are entering into this Agreement. In this Agreement, the parties are providing for their respective rights, obligations, and responsibilities for liability for the Historic Contamination and other Contamination consistent with the Consent Decree and the CAP. Capitalized terms used in these Recitals above are defined below.

AGREEMENT

Now, therefore, for good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, the parties agree as provided below.

1. Definitions. The following capitalized terms as used herein shall have the following meanings for purposes of this Agreement.

"Affiliate" means with respect to any entity, any other entity Controlling or Controlled by or under common Control with such entity.

"Agreed Order" means Agreed Order re: Ultra Custom Care Cleaners No. DE 9704 dated April 18, 2013.

"Approved Successor Owner" means a successor owner of the Property (including a lender that has acquired the Property by foreclosure or deed in lieu of foreclosure) that has acquired the property and agrees to be bound (to the extent the same apply to the Property following such successor's acquisition thereof) by the Consent Decree, the CAP, the Restrictive Covenant, the Monitoring and Compliance Easement, and, if a Certificate of Performance (as defined in the Development Agreement) has not yet been recorded as provided in the Development Agreement, then the Development Agreement.

"CAP" means the cleanup action plans to be entered into with Ecology pursuant to RCW § 70D.105D and WAC 173-340-380. The CAP specifies the cleanup standards and cleanup actions required by Ecology to provide for the Remediation and the Monitoring and Compliance. The CAP will be an exhibit to the Consent Decree.

"City Hall Property" means the remainder of the block in which the Property is located, on which the Bothell City Hall is located. The City Hall Property is legally described on Exhibit B attached hereto.

"City Indemnified Claims" means the Indemnified Claims for which City agrees to indemnify Developer Indemnitees under Section 4.

"City Indemnitees" means City, City's employees, officers, council member agents, successors and assigns.

"Claims" means all costs, claims, demands, causes of action, damages, liabilities, penalties, losses and expenses, including attorneys' fees and costs.

"Complete" or "Completion" with respect to the Remediation means that Ecology has approved the as-built report or similar document prepared by City pursuant to WAC 173-340-400(6)(b) and the Consent Decree, which as-built report documents the completed construction of the work comprising the Remediation.

"Consent Decree" means the judicially-approved agreement that City expects to enter into with Ecology to implement the CAP.

"Construction Activity" means construction activity undertaken by Developer on the Property in constructing the Project, including excavation and soils and groundwater removal, provided that (i) such activity does not introduce new Hazardous Substances onto the Property or the City Hall Property not present on the Property or City Hall property as of the date hereof; (ii) such activity has been approved by City; and (iii) such activity is conducted in accordance with the plans and methods approved by City.

"Contamination" means the Release of Hazardous Substances within the boundaries of and/or emanating from the Property, including Contamination that has not yet been discovered or is otherwise unknown as to nature and extent and Contamination in the future from offsite sources.

"Control" means, as any entity, the power to direct the management and policies of such entity and the sole right to make all major decisions with respect to such entity (including,

without limitation, all major decisions regarding capital events, financings, and dispositions), whether through ownership of a majority of voting rights or other beneficial interest, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative to the foregoing.

"DCAP" means the draft cleanup action plan for which City will seek Ecology approval as soon as appropriate in the Remediation process (anticipated to be early 2017).

"Developer Indemnified Claims" means the Indemnified Claims for which Developer agrees to indemnify City Indemnitees under Section 5.

"Developer Indemnitees" means Developer, Developer's employees, officers, agents, owners, members, partners, tenants, subtenants, licensees, and Approved Successor Owners.

"Developer Parties" means Developer, any successor in interest to Developer (including subsequent owners of all or any part of the Property), any of Developer's employees, agents, officers, owners, members, partners, contractors, subcontractors, tenants, subtenants, licensees, and invitees.

"Ecology" means the Washington State Department of Ecology.

"Environmental Agreements" means, collectively, the Consent Decree, the CAP, the Restrictive Covenant, and the Monitoring and Compliance Easement.

"Environmental Law" means any federal, state, municipal or local law, statute, ordinance, regulation, order or rule pertaining to health, industrial hygiene, environmental conditions or hazardous substances, including without limitation the Washington Model Toxics Control Act, RCW ch. 70.105D et seq. and the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et seq.

"Hazardous Substance(s)" means any hazardous waste or other substances listed, defined, designated or classified as hazardous, dangerous, radioactive, toxic, solid waste or a pollutant or contaminant in any Environmental Law, including without limitation (i) petroleum products and petroleum byproducts; (ii) polychlorinated biphenyls; and (iii) chlorinated solvents.

"Historic Contamination" means the known Contamination resulting from the historic dry cleaning operations more particularly described in the CAP.

"Indemnified Claims" means Claims indemnified against by either City or Developer pursuant to Sections 4 and 5.

"Integrated Development Features" means physical features that may be required to be constructed as integral parts of the Project by the CAP, including vapor barriers, vapor extraction systems, building foundations, landscaping, sidewalks, loading areas, stormwater collection and conveyance systems, and parking areas that are part of the systems used to isolate contaminated soil, soil gas or groundwater.

"Interim Action Work Plan" means the Interim Action Work Plan dated November 7, 2014 pursuant to which City is engaging in the Remediation.

"Legal Requirements" means all local, county, state and federal laws, ordinances and regulations and other rules, orders, requirements and determinations of any Governmental Authorities now or hereafter in effect, whether or not presently contemplated, applicable to the Property, the Project or its ownership, operation or possession, including (without limitation) all those relating to parking restrictions, building codes, zoning or other land use matters, The Americans With Disabilities Act of 1990, as amended (as interpreted and applied by the public agencies with jurisdiction over the Property), life safety requirements and Environmental Laws with respect to the handling, treatment, storage, disposal, discharge, use and transportation of Hazardous Substances. In addition, "Legal Requirements" includes the Environmental Agreements.

"Monitoring and Compliance" means the following work to be performed after Completion to the extent required by the CAP and the Consent Decree: (i) performing long-term groundwater, soil and/or soil vapor monitoring and analysis on the Property or on adjacent properties (including the City Hall Property), including but not limited to sampling and analysis from wells to be installed by City on or near the Property; (ii) operating, monitoring, repairing, replacing and maintaining equipment and systems necessary to achieve cleanup standards established by Ecology in the CAP and the Consent Decree and to measure eventual compliance with cleanup standards; and (iii) performing any additional cleanup work including, without limitation, groundwater cleanup, that Ecology may require. Monitoring and Compliance may continue for several years following Completion of the physical components of the cleanup action.

"Monitoring and Compliance Easement" means that certain easement executed by City and Developer and recorded on title to the Property contemporaneously with the closing of Developer's acquisition of the Property permitting City access to the Property in order to perform the Monitoring and Compliance.

"Project" means the two hotel-building with associated parking project to be constructed on the Property by Developer as provided for in the Development Agreement.

"Release" means any intentional or unintentional entry of any Hazardous Substance into the environment, including but not limited to the abandonment or disposal of containers of Hazardous Substances unless permitted by applicable regulations.

"Remediation" means the design and construction of the physical components of the cleanup action to address the Contamination required to be addressed by Ecology (including the Historic Contamination) in accordance with the CAP and the Consent Decree. Some parts of the Remediation, such as vapor barriers, treatment wells or stormwater controls, may need to be integrated into the design and construction of the Project. "Remediation" does not include the design or construction of any Integrated Development Features by City unless approved by City in its sole discretion.

"Restrictive Covenant" means, collectively, the environmental restrictive covenants that may be required by Ecology, to be executed by Developer and recorded on title to the Property.

"UCCC/Case Parties" means, collectively, Edna Case; Wayne D. "Skip" Case; Case Family Trust; Edna Case Revocable Trust; Seuk Ki Park and Jin Kyung Park, husband and wife d/b/a Ultra Custom Care Cleaners; Neil A. McGee and Nancy L. McGee, husband and wife.

2. Developer Covenants.

A. Developer agrees that its construction, development, operation, repair, maintenance and replacement of the Project and any part thereof shall be in compliance with all Legal Requirements, including with respect to Developer's obligations thereunder, the Environmental Agreements. Without limiting the foregoing, Developer agrees to construct the Project on the Property in a manner that will not materially interfere with the operation of or effectiveness of the physical components of the cleanup action (provided that, to the extent they are located on the Property, they remain in the locations existing on the date of this Agreement); provided, however, that Developer's Construction Activity shall not be deemed to materially interfere with the operation of or effectiveness of the physical components of the cleanup action. To the extent of any conflict between the provisions of this Agreement and the Restrictive Covenant, the terms of the Restrictive Covenant shall control.

B. Developer agrees to use commercially reasonable efforts to become a party to the Consent Decree by executing an amendment to the Consent Decree once it is approved by Ecology and entering it into the King County Superior Court as soon as is commercially reasonable after such approval. Notwithstanding the foregoing, Developer's becoming a party to the Consent Decree pursuant hereto shall be limited obtaining the liability protections provided under the Consent Decree and complying with the Restrictive Covenant.

C. Developer shall obtain City's consent for (i) any Construction Activity, including any excavation or construction by or on behalf of Developer, that may disturb any portion of the physical components of the cleanup action constructed by City or that interferes with, or compromises the operation of the physical components of the cleanup action constructed by City on the City Hall Property; and (ii) any activity by or on behalf of Developer that may materially interfere with any ongoing Monitoring and Compliance required by Consent Decree. City may not unreasonably withhold, condition or delay its consent. City may withhold its consent if City determines, based on its reasonable concerns, that the subject proposed action(s) by Developer (w) Hazardous Substances (including contaminated groundwater) not then located on the Property or City Hall Property may be spread onto the Property or the City Hall Property; (x) may unreasonably interfere with the Remediation or Monitoring and Compliance by City; (y) may result in City's and/or Developer's violation of the Environmental Agreements; or (z) if Ecology does not approve of the actions (if its approval is required). City may not withhold its consent solely by reason that Developer proposes to use [*describe foundation system and construction method agreed under PSA]* in the Project or that measured levels of contaminants may increase (excluding the spreading of contaminants that are not currently on the Property or the City Hall Property) by reason of Developer's Construction Activity. City's issuance of a permit or approval for construction work is separate from the consents required by this Agreement. To obtain City's consent,

Developer shall notify City in accordance with the notice provision in Section 8.F. of this Agreement, giving City reasonable time (not less than thirty (30) days) to confer with Ecology and to grant or deny its consent (to the extent required).

3. City Covenants. City covenants and agrees to perform all of its obligations under the Environmental Agreements including, without limitation, the Remediation, the Monitoring and Compliance, and any additional investigation and remediation required by the Consent Decree at its sole cost and expense. Upon completion of the Remediation and the Monitoring and Compliance, City will, at its sole cost and expense, close all monitoring wells installed by City on the Property in accordance with Legal Requirements and restore the areas of the Property affected by such closure to a finished condition consistent with the surrounding areas of the Property.

4. City Indemnification of Developer. City agrees to indemnify, defend and hold harmless Developer Indemnitees from and against all Claims caused by or resulting from claim, action, order or assertion by Ecology that City failed to perform the Remediation and/or the Monitoring and Compliance in accordance with the Agreed Order, any CAP approved by Ecology, the Consent Decree or other Environmental Agreement or failed to comply with Section 3 above. Notwithstanding the foregoing, the City Indemnified Claims shall exclude Claims to the extent they are Developer Indemnified Claims. In addition, the City Indemnified Claims are with respect to the performance of the Remediation of the Contamination and shall not apply to any other Contamination not required to be remediated pursuant to the Agreed Order, any CAP approved by Ecology, the Consent Decree or any other Environmental Agreement. City Indemnified Claims also exclude damage to or disturbance of any Integrated Development Features by any person or entity or as a result of any cause (including flooding, earthquake and other natural causes) other than acts or omissions of City, its employees, agents or contractors.

5. Developer Indemnification of City. Except to the extent of the City Indemnified Claims, Developer specifically assumes all risks associated with the presence or effect of any Contamination and any adverse impact any Contamination may have upon the ownership, operation and development of the Property. Developer agrees to indemnify, defend and hold City Indemnitees harmless from and against all Claims caused by or resulting from any claim, action, order or assertion by Ecology that: (i) City failed to perform the Remediation and/or the Monitoring and Compliance in accordance with the Agreed Order, any CAP approved by Ecology, the Consent Decree or other Environmental Agreement, if and to the extent such failure by City was caused by the actions of Developer Parties (excluding Construction Activity); or (ii) Developer Parties violated any of the Environmental Agreements or caused such a violation (but no Construction Activity shall be regarded as a violation of any of the Environmental Agreements).

6. Indemnification Procedures.

A. An indemnitee (which shall be either a City Indemnitee or a Developer Indemnitee) shall promptly notify the indemnitor in writing of any Indemnified Claim as to which an indemnitee seeks indemnification or defense from an indemnitor under the terms of this

Agreement. An indemnitee shall reasonably cooperate with an indemnitor in connection with any indemnification or defense pursuant to this Agreement.

B. If the indemnitor fails to respond within thirty (30) days in writing to a request for indemnification or defense under this Section 6 the indemnitor shall be deemed to have denied the request.

C. With respect to any Indemnified Claim to which an indemnitor has accepted defense:

i. Except as otherwise provided herein, the indemnitor, jointly with any other indemnifying party similarly notified, will assume the defense thereof, with counsel reasonably satisfactory to the indemnitor.

ii. The indemnitor will not be liable to the indemnitee under this Agreement for any legal or other expenses subsequently incurred by the indemnitee in connection with such defense. The indemnitee shall continue to have the right to employ its counsel in such proceeding, at the indemnitee's expense; except that, in the following events, the fees and expenses of the indemnitee's counsel shall be at the expense of the indemnitor:

1. The employment of counsel by the indemnitee has been authorized by the indemnitor as an expense of the indemnitor;

2. The indemnitor shall have reasonably concluded that there may be a conflict of interest between the indemnitor and the indemnitee in the conduct of such defense; or

3. The indemnitor shall not in fact have employed counsel to assume the defense of such proceeding.

iii. The indemnitee shall cooperate fully with the indemnitor in the defense of the Claim, at no out-of-pocket cost or expense to the indemnitee.

D. The indemnitor shall not be entitled to assume the defense or continue to assume the defense of the indemnitee with respect to any Indemnified Claim to which the indemnitor shall reasonably have concluded that a conflict of interest may exist between the indemnitor and the indemnitee in the conduct of the defense. In the case of a conflict of interest, the provisions of Section 6(c). above concerning payment of defense costs shall apply.

E. The indemnitor is not liable to indemnify the indemnitee for any amounts paid by the indemnitee in settlement of any Indemnified Claim without the indemnitor's written consent. The indemnitor shall not settle any Indemnified Claim in any manner that would impose any penalty or limitation on the indemnitee without the indemnitee's written consent. Neither the indemnitor nor the indemnitee may unreasonably withhold its consent to a proposed settlement of an Indemnified Claim.

7. Release of Claims.

A. Developer's Release and Waiver of Claims. Except for matters that are City Indemnified Claims, and except for City's obligations under the Environmental Agreements and this Agreement, Developer shall be deemed to have released and forever discharged City Indemnitees and UCCC/Case Parties from any claim or cause of action that Developer has or may have that is related to the Contamination, including the Historic Contamination, or the presence or alleged presence of Hazardous Substances at, below, or emanating from the Property.

B. City's Release and Waiver of Claims. Except for matters that are Developer Indemnified Claims, City hereby releases and forever discharges Developer Indemnitees from any claim or cause of action that City has or may have related to the Contamination or the presence or alleged presence of Hazardous Substances at, below, or emanating from the Property as of the date of this Agreement. This release of claims shall not apply with respect to any Release of Hazardous Substances by Developer Parties that occurs after the date of this Agreement and affects the City Hall Property or other property owned by City adjacent to or in the vicinity of the Property. Except for the City Indemnified Claims, City shall have no duty to defend or indemnify Developer from any claims, causes of actions or liabilities whatsoever asserted against Developer by a third party, including but not limited to claims by a alleging loss or seeking contribution or any other relief under any Environmental Law or common law.

C. Rights Reservation. Notwithstanding the foregoing provisions of this Section 7, Developer and City reserve all their rights and defenses against any non-parties to this Agreement, including but not limited to the right to seek cost recovery or contribution under any Environmental Law, statute or common law, regarding the presence, investigation or cleanup of any Contamination on, at, under, around or migrating from the Property. In addition, notwithstanding the foregoing, the waivers and releases contained in this Section 7 shall not apply (i) to Indemnified Claims, (ii) to the extent of third party claims brought against one party alleging an action in violation of an Environmental Law with respect to the Property by the other party after the date of this Agreement, or (iii) future Releases not covered by the Consent Decree or CAP caused by the acts or omissions of either Party.

8. Miscellaneous.

A. Authority to Enter Agreement. Each Party represents and warrants to the other that it has full power and authority to enter into this Agreement and perform in accordance with its terms and provisions, that the representative who signs this Agreement has the authority to bind that Party to the conditions of this Agreement, and that the Party has taken all requisite action and steps to legally authorize the execution, delivery, and performance of this Agreement.

B. Captions. The headings and captions of this Agreement are for convenience and reference only and in no way define, limit, or describe the scope or intent of this Agreement. They will be disregarded in constructing or interpreting the Agreement.

C. Arms' Length Negotiations. Each Party was properly represented by counsel. The Agreement was negotiated and drafted at arms' length. When interpreting this Agreement, the judicial rule of construction that contractual ambiguities are to be construed and resolved against the drafting party does not apply.

D. Modifying the Agreement. Any change to this Agreement must be made in writing and signed by an authorized officer or representative of each Party. The Parties recognize that circumstances may change and that it may be in both Parties' interest to amend it. Each Party will therefore consider in good faith reasonable changes to the Agreement proposed by the other.

E. Successors and Assigns. This Agreement and its rights, duties, and obligations constitutes a real covenant that runs with the land and is binding upon successors in interest except that this Agreement may not be assigned by Developer to any party who is not an Approved Successor Owner. Notwithstanding the foregoing, Developer may collaterally assign this Agreement to a lender providing financing for the Property secured by a mortgage or deed of trust encumbering the Property.

F. Notices. Any such notices shall be either (a) sent by certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) days after deposit, postage prepaid in the U.S. mail, (b) sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered when actually delivered pursuant to the records of such courier, (c) sent by facsimile transmission or electronic mail to the party and its counsel, with receipt confirmed by telephone by the recipient (or the recipient's assistant) in which case notice shall be deemed on such day it has been received by the intended recipient (provided that if such delivery occurs after 5:00 p.m. Pacific time on any day, the same shall be deemed delivered on the next Business Day following confirmed receipt; provided further, however, that any notice delivered pursuant to this clause (c) shall only be valid if it is followed by delivery via one of the methods set forth in clauses (a), (b), or (d) hereof within two (2) Business Days of the date of delivery via facsimile or electronic mail), or (d) hand delivered, in which case notice shall be deemed delivered on the date of the hand delivery. Any notice given by counsel to a party shall have the same effect as if given by such party. The above addresses and phone numbers may be changed by written notice to be provided the other party in accordance with this Section 15; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice.

To City: City of Bothell
18415 – 101st Avenue NE
Bothell, WA 98011
Attention: Bob Stowe
Phone: (425) 486-3256
E-Mail: bob.stowe@bothellwa.com

With a copy to: K&L Gates LLP
925 Fourth Avenue
Suite 2900
Seattle, WA 98104
Attention: Shannon Skinner
Phone: (206) 623-7580
E-Mail: shannon.skinner@klgates.com

To Developer: Bothell Hotel, LLC.
c/o 360 Hotel Group
3500 188th Street SW, Suite 121
Lynnwood, WA 98037
Attention: Shaiza Damji
Fax: ()
Phone: (425) 775-9600
E-Mail: shaiza@360hotelgroup.com

With a copy to: Pepple Cantu Schmidt
1000 Second Avenue, Suite 2950
Seattle, WA 98104
Attention: Dan Pepple
Fax No.: (206) 625-1627
Phone: (206) 625-9960
E-Mail: dpepple@pcslegal.com

Either Party may change the address to which notices shall be sent by notice to the other Party. "Business Days" as used herein means any day on which banks in Bothell, Washington are required to be open for business, excluding Saturdays and Sundays. In the computation of any period of time hereunder, the day of the act or event from which the period of time runs shall be excluded and the last day of such period shall be included. If any deadline hereunder falls on a day that is not a Business Day, then the deadline will be deemed extended to the next following Business Day.

G. Incorporation by Reference. All exhibits and appendices annexed hereto are hereby incorporated by reference as if fully set forth herein.

H. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which when

so executed shall be deemed to be an original and all of which taken together shall constitute one and the same Agreement.

I. Waiver. The only method for granting a waiver for any part of this Agreement is in writing, signed by the Party granting the waiver. No waiver granted is continuing, unless explicitly described as such in writing. Waiver by one Party of any part of this Agreement does not invalidate the Agreement, nor is it a waiver by that Party of any other part of the Agreement. Waiver by either or both Parties of the time for performing any act shall not constitute a waiver of the time for performing any other act or an identical act required to be performed at a later time.

J. Severability. If any part of this Agreement, or application of it to any person or circumstance, becomes null, void, invalid, or unenforceable, the remainder of the Agreement is not affected and continues in force and effect, unless rights and obligations of the Parties have been materially altered or abridged.

K. Applicable Law and Jurisdiction. This Agreement will be interpreted under Washington law. The parties agree that any claims brought under this Agreement are subject to jurisdiction of the King County Superior Court for the State of Washington.

L. Attorneys' Fees. In the event a suit, action, arbitration, or other proceeding of any nature is instituted to interpret or enforce any provision of this Agreement, or with respect to any dispute relating to the Agreement, the prevailing Party is entitled to recover from the losing Party its reasonable fees for attorneys, paralegals, accountants, and other experts, as well as all other fees, costs, and expenses actually incurred and reasonably necessary for the proceeding as determined by the decision-maker (e.g., judge or arbitrator), or on any appeal or review, in addition to all other amounts provided by law. This provision covers without limitation: any action in which a declaration of rights is sought; any action for rescission; and proceedings in bankruptcy courts.

[signatures on next page]

CITY:

CITY OF BOTHELL

By:_____
Name:_____
Title: City Manager

DEVELOPER:

BOTHELL HOTEL, LLC, a
Washington limited liability company

By 360 Investments, LLC, a Washington
limited liability company, its member

By 360 Investments Manager, LLC,
a Washington limited liability company, its manager

By:_____
Name: Shaiza Damji
Its: Member

EXHIBIT A

Legal Description of Property

Exhibit B

Legal Description of City Hall Property

EXHIBIT I
FORM OF PARKING LEASE

Parking Lease Agreement

between

City of Bothell

and

Bothell Hotel, LLC

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Page

PARKING LEASE AGREEMENT

THIS PARKING LEASE AGREEMENT (this "Lease") is made and entered into as of _____, 20__ by and between the CITY OF BOTHELL, a Washington municipal corporation ("Landlord"), and BOTHELL HOTEL, LLC, a Washington limited liability company ("Tenant").

RECITALS

A. Landlord is the lessee of that certain property containing the building, related improvements and land commonly known as the new Bothell City Hall ("City Hall") and legally described in the attached Exhibit A (the "Property"). The Property is owned by COB Properties, a Washington nonprofit corporation ("Master Landlord"). Master Landlord leases the Property to Landlord under that certain Project Lease Agreement dated July 1, 2014 between Master Landlord as landlord and Landlord as tenant (the "Master Lease"). The Master Lease expires on the earlier of December 31, 2042 (the "Scheduled Master Lease Expiration Date") or the date that all tax-exempt bonds used to finance City Hall (the "Bonds") have been redeemed or defeased, unless adjusted as set forth in the Master Lease, or unless sooner terminated pursuant to the Master Lease (an "Early Master Lease Expiration Date") (collectively, the Scheduled Master Lease Termination Date and the Early Master Lease Termination Date are referred to as the "Master Lease Expiration Date").

B. The City Hall improvements include an underground parking garage (the "City Garage"). The City Garage provides approximately 254 parking spaces on three floors. The City Garage is currently operated on a self-park basis.

C. Contemporaneously herewith, Tenant has purchased from Landlord that certain property legally described on Exhibit B attached hereto (the "Hotel Property"). Tenant intends to develop the Hotel Property into two separately branded hotels, including an underground garage (the "Hotel Garage") under the hotel that will front along the Multiway Boulevard (the "Hotel Project"). As part of that acquisition, the parties have entered into various agreements to facilitate the operation of City Hall and the Hotel Project, including access easements to the City Garage and including a Development Agreement between Landlord and Tenant of even date herewith (the "Development Agreement") under which Tenant has agreed to commence construction of the Hotel Project within nine (9) months after the date of the Development Agreement and to complete construction within twenty-four (24) months after the date of the Development Agreement (subject to *force majeure* extensions).

D. Landlord is required under the Master Lease to use the Property for City Hall purposes and any other uses consistent with that purpose. City Hall includes the public City Garage and Landlord and Master Landlord have determined that subleasing excess parking spaces not required by Landlord is consistent with City Hall purposes.

E. Landlord desires to lease portions of the City Garage to Tenant, and Tenant desires to lease such portions of the City Garage from Landlord, subject to the terms and conditions of this Lease.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

2. Grant of Lease and Permitted Use.

2.1 Grant of Lease. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord: (A) _____ parking spaces *[fixed number between eighty (80) and one hundred (100) parking spaces (with the 100 upper limit being reduced by the number of Lost Spaces, as defined in Section 10.6 of the PSA) TBD by Tenant during PSA Due Diligence Period]* in the City Garage for Tenant's exclusive use twenty-four (24) hours per day, seven (7) days per week (the "Exclusive Parking Spaces") and (B) _____ *[fixed number of Shared Parking Spaces not exceeding 15 TBD during PSA Due Diligence Period by mutual agreement; such number may zero]* parking spaces in the City Garage for Tenant's use between the hours of 6 P.M. and 10 A.M. (the "Shared Parking Spaces") (collectively, the "Parking Spaces"), together with a non-exclusive right of ingress and egress to the City Garage, on the terms and conditions contained in this Lease. The Exclusive Parking Spaces are located in the areas depicted on Exhibit C attached hereto. The Shared Parking Spaces are located in the areas depicted on Exhibit D attached hereto.

2.2 Permitted Use and Purpose. The Parking Spaces can only be used by Tenant for "Hotel Parking Purposes." For purposes of this Lease, Hotel Parking Purposes means the parking of passenger vehicles by Tenant's occupants, guests, invitees and employees (collectively, the "Permitted Users") in the Parking Spaces. Tenant or Tenant's agents' construction workers may use the Parking Spaces during, but not after, the initial construction of the Hotel Project. The Parking Spaces may not be used for other purposes, including, but not limited to, parking by delivery vehicles or any other oversized vehicles (*i.e.*, vehicles too large to fit in a single parking space), storage, as a workspace, or any commercial purposes or reasons other than the Hotel Parking Purposes described above. Tenant may not make the Parking Spaces available on a long-term basis (*i.e.*, on more than an hourly or daily basis), except for long-term use by Tenant's employees. The Permitted Users shall have the right to access the Parking Spaces, by foot or vehicle, within and through the City Garage for the purposes set forth herein. Tenant shall use the Parking Spaces for Hotel Parking Purposes and no other without Landlord's prior written consent, which consent shall be granted, withheld, or made conditional, in Landlord's sole discretion. Tenant shall not do or permit any act or thing to be done upon or in respect of the Parking Spaces that may subject Landlord to any liability or responsibility for injury, damages to persons or property or to any liability by reason of any violation of any law, ordinance, or regulation.

2.3 Construction Changes. Tenant shall have the right to construct an access point that connects the Hotel Garage with the City Garage (the "Access Point"). Landlord has approved the location and dimensions of the Access Point. Construction of the Access Point must comply with all laws, ordinances, or regulations.

Tenant shall repair, at Tenant's sole expense, any damage to the City Garage or Parking Spaces caused by Tenant, or by its officers, employees, members, agents, contractors or invitees in the course of constructing the Access Point or using the Access Point after

construction. Tenant shall indemnify Landlord as provided in Section 18 from any claim, liability or suit, including attorney fees, on behalf of any party for any injury or damage occurring in the course of Tenant's installation, construction, or use of the Access Point.

None of Tenant's work on the Property shall be deemed to be by or at the request of Landlord or be for Landlord's use or benefit. Before any contractor or subcontractor commences work on the Property, Tenant shall provide a signed waiver from such contractor or subcontractor waiving any rights to a lien against the Property. Tenant agrees not to suffer or permit any construction lien to be recorded against the Property, and if any such lien does so attach to immediately pay, remove or bond over the same within twenty (20) days after such recording. If Tenant does not timely pay, remove or bond over the lien, Landlord may satisfy the lien and the sum paid by Landlord shall constitute Additional Rent immediately due and payable by Tenant.

2.4 Reduction in Spaces For Extension Terms. At the start of each Direct Lease Extension Term (as defined below), Tenant may reduce the number of the Exclusive Parking Spaces. No such reduction may cause the total number of Exclusive Parking Spaces to be reduced below [_____] spaces [*TBD by the parties during PSA Due Diligence Period by mutual agreement]*. In addition, at the start of each Direct Lease Extension Term, Tenant may reduce the number of Shared Parking Spaces (which reduction may eliminate use of the Shared Parking Spaces altogether). To reduce the number of spaces, Tenant shall provide written notice thereof to Landlord when it gives notice of its exercise of a right to a Direct Lease Extension Term under Section 2.3. The number of Exclusive Parking Spaces and Shared Parking Spaces may only be reduced as provided in this section; once reduced the number may not be increased.

As part of a reduction in the number of Exclusive Parking Spaces at the start of any Direct Lease Extension Term, Tenant may propose to relocate the Interior Gate (as defined in Section 12.3). Such relocation is subject to the approval of Landlord and would be at Tenant's sole cost. If the parties are not able to agree on the plan for any such relocation of the Interior Gate, then the gate will remain open.

3. Term.

3.1 Initial Term of Sublease. The initial term of this Lease shall be for a term commencing on the date of "substantial completion" (as defined in the Development Agreement) of the Hotel Project (the "Commencement Date") and expiring one day before the Master Lease Expiration Date (the "Initial Lease Term"). The Scheduled Master Lease Expiration Date is December 31, 2042, in which case the Initial Lease Term shall end on December 30, 2042. After December 1, 2024 and in the event of certain casualty or condemnation events, however, Landlord may prepay the Bonds and cause an Early Master Lease Expiration Date, in which case the Initial Lease Term shall end one day before the Early Master Lease Expiration Date.

The parties agree to execute and deliver, within thirty (30) days following the Commencement Date, a certificate in the form of Exhibit E setting forth the Commencement Date and expiration date of the Initial Lease Term and other specifics described therein.

3.2 Conversion into Direct Lease. Commencing immediately following the Master Lease Expiration Date, this Lease shall be deemed a direct lease between Landlord and Tenant

(the "Direct Lease"). Regardless of whether the Master Lease expires on the Scheduled Master Lease Expiration Date or an Early Master Lease Expiration Date, the initial term of the Direct Lease shall end on December 31, 2048 (the "Direct Lease Initial Term").

3.3 Direct Lease Extension Terms. Tenant shall have the right to extend the Direct Lease for nine (9) consecutive periods of five (5) years each (each, a "Direct Lease Extension Term" and collectively, the "Direct Lease Extension Terms"). Tenant may exercise each Direct Lease Extension Term only if it is not then in default under this Lease beyond the expiration of any applicable grace period or cure period. In order to exercise its right to any Direct Lease Extension Term, Tenant shall give Landlord written notice no less than one hundred twenty (120) days prior to the expiration of the Direct Lease Initial Term or Direct Lease Extension Term then in effect.

"Lease Term" shall mean the Initial Lease Term, the Direct Lease Term and any properly exercised Direct Lease Extension Terms.

3.4 Failure to Substantially Complete Hotel Project. If Tenant fails to substantially complete the Hotel Project by the Opening Date (as those terms are defined in the Development Agreement), as the Opening Date may be extended by Force Majeure, this Lease shall terminate at the option of Landlord to be exercised on not less than less than thirty (30) days prior written notice.

4. Monthly Rent. During the first year of the Initial Term, Tenant shall pay as Monthly Rent the sum of (a) one hundred and fifty dollars ($150.00) per month for each of the Exclusive Parking Spaces, (b) one hundred dollars ($100) per month for each of the Shared Parking Spaces, and (c) the amounts for Additional Parking Spaces, if any, at the rates charged for the Exclusive Parking Spaces or Shared Parking Spaces, as applicable (the amounts described in clauses in (a), (b), and (c) are called the "Monthly Rent"). In addition, Tenant shall pay applicable leasehold excise tax payable on the Monthly Rent at the rate established by the State of Washington from time to time ("Leasehold Excise Tax"). In the event that there is any change in the amount, manner or method in which Leasehold Excise Tax is determined or paid, Tenant shall pay the Leasehold Excise Tax, as so changed, revised or recalculated. Monthly Rent shall be due on the first day of each month during the Lease Term, commencing on the first day of the first month following the Commencement Date.

By way of example only, assuming Landlord leases to Tenant 100 Exclusive Parking Spaces and 15 Shared Parking Spaces in a given month, the total Monthly Rent would be or Sixteen Thousand Five Hundred Dollars ($16,500) per month, plus applicable Leasehold Excise Tax.

In addition to the Monthly Rent and applicable Leasehold Excise Tax, Tenant shall pay the Parking Management Expense Charge (as described in Section 12) at the same time Tenant pays Monthly Rent.

5. Periodic Adjustments in Monthly Rent.

5.1 Annual CPI Increase for Monthly Rent. Subject to the limitations in Section 4.2,

on each anniversary of the Commencement Date (each, an "Adjustment Date"), Monthly Rent shall increase by an amount equal to the CPI Increase Percentage (as defined below) of the Monthly Rent then payable.

As used in this Lease, the "CPI Increase Percentage" for any Adjustment Date shall be the percentage increase, if any, for the most recent publication of the Consumer Price Index for All Urban Consumers, for the Seattle-Tacoma-Bremerton area as published by the United States Department of Labor, Bureau of Labor Statistics, (1982-84 = 100) (the "Index"), as reported on the date closest to (but preceding) thirty (30) days before the Adjustment Date compared to the Index as reported twelve months earlier. If the Bureau of Labor Statistics changes the basis of calculating the Index after the Commencement Date or discontinues issuance of the Index, the computation of any CPI Increase Percentage following such change or discontinuance shall be made on the basis of any such conversion or adjustment factors, if any, as may be announced by the Bureau of Labor Statistics and determined by Landlord in good faith. In no event will Monthly Rent decrease.

By way of example only, if the most recent Index thirty (30) days before the Adjustment Date is 228.068 and one year earlier was 215.5, the CPI Increase Percentage is 5.8%. If the Monthly Rent was $150 for Exclusive Parking Spaces before the Adjustment Date, after the Adjustment Date it would be $158.70. If Monthly Rent for the Shared Parking Spaces was $100 before the Adjustment Date, after the Adjustment Date it would be $105.80.

Landlord will use commercially reasonable efforts to notify Tenant of Monthly Rent increases based on CPI Increase Percentage at least fifteen (15) days before the Adjustment Date; provided, however, that if Landlord provides notice of Monthly Rent increases based on CPI Increase Percentage later than 15 days before the Adjustment Date, Tenant will make up the difference for any such increases in its next Monthly Rent payment. The Monthly Rent shall be adjusted by the CPI Increase Percentage each year of the Lease Term for which no Five-Year Market Rate Adjustment (as defined in Section 4.2) is made. Each determination of the CPI Increase Percentage by Landlord shall be binding absent manifest error.

5.2 Five-Year Market Rate Adjustments. Notwithstanding the foregoing, on the Adjustment Date occurring in the sixth (6th) year of the Initial Term and on the Adjustment Date occurring every five (5) years thereafter, in lieu of the CPI Increase Percentage described in Section 4.1, the adjustment in Monthly Rent shall be for increases, if any, in market rate (hereinafter "Five-Year Market Rate Adjustments"). "Market Rate" means the average monthly rate charged from time to time by similar garages in comparable markets to monthly contract parkers on a basis for non-reserved spaces with self-park, in-and-out privileges. Notwithstanding the foregoing, however, in no event shall any Five-Year Market Rate Adjustment increase the Monthly Rent to more than the greater of (a) 150% of the Monthly Rent payable in the month immediately preceding the Adjustment Date, or (b) the CPI Increase Percentage.

Landlord will use commercially reasonable efforts to notify Tenant of Monthly Rent increases based on Market Rate at least thirty (30) days before the date of the Market Rate Adjustment Date; provided, however, that if Landlord provides notice of Monthly Rent increases based on Market Rate later than thirty (30) days before the Adjustment Date, Tenant will make

up the difference for any such increases in its next Monthly Rent payment.

In the event that Tenant disputes the Market Rate determined by Landlord, until resolved Tenant shall pay Monthly Rent based upon the Market Rate determined by Landlord, with retroactive adjustments as appropriate if the Market Rate shall be agreed otherwise between Tenant and Landlord or determined otherwise by the arbitration as hereinafter provided. To dispute Landlord's determination of the Market Rate, Tenant must provide written notice to Landlord within fifteen (15) days after Tenant's receipt of Landlord's written determination of the Market Rate. If Tenant disputes Landlord's determination, the parties will use reasonable efforts to agree upon the Market Rate on or before fifteen (15) days after Tenant's notice of dispute (the "Outside Agreement Date"). If the parties are unable to agree upon the Market Rate within such 15-day period, then the Market Rate shall be determined by arbitration pursuant to the paragraph below, and such determination of the Market Rate shall be retroactive to the Market Rate Adjustment Commencement Date during which the Market Rate was in dispute.

Within ten (10) days after expiration of the Outside Agreement Date, Landlord and Tenant shall mutually select an arbitrator (the "Arbitrator"), who shall by profession be parking study provider, to determine the Market Rate. If the parties do not select an Arbitrator within ten (10) days of the Outside Agreement Date, either party may file an application with the American Arbitration Association (the "AAA") and a neutral arbitrator who meets the qualifications set forth above shall be selected in accordance with AAA procedures. No later than ten (10) days after the selection or appointment of the Arbitrator, each party shall submit to the Arbitrator the amount it believes is the Market Rate. Each party may also submit to the Arbitrator any other probative evidence supporting that party's position that the amount proposed by it is the Market Rate. The Arbitrator shall be limited to adopting only one or the other of the two proposals submitted by Landlord and Tenant. The Arbitrator shall select the proposal the Arbitrator determines is closer to the then applicable Market Rate, as defined above. The decision of the Arbitrator shall be final and shall be binding on Landlord and Tenant. If either party fails to submit a proposal within the time period required by this paragraph, then the proposal that was submitted timely shall be adopted by the Arbitrator. Each party shall pay one-half (1/2) of the fee charged by the Arbitrator and one-half (1/2) of the documented costs associated with conducting the arbitration.

Except as provided in the first paragraph of this Section 4.2, no CPI Increase Percentage adjustment shall be made for the calendar year in which any Five-Year Market Rate Adjustment becomes effective. At no time shall Monthly Rent for any year of the Lease Term be less than Monthly Rent for the prior year.

6. Possession. Tenant shall be entitled to possession on the first day of the Initial Term of this Lease, and shall yield possession to Landlord on the last day of the Lease Term, unless otherwise agreed to by both parties in writing. The Parking Spaces are leased to Tenant in the condition and state of repair existing on the date of this Lease, without representation or warranty of any kind by Landlord express or implied, and subject to (i) the existing condition of title, (ii) all applicable laws now or hereafter in effect, (iii) the Master Lease, and (iv) all the covenants, terms and conditions of any and all presently existing agreements affecting the City Garage and Parking Spaces. Tenant agrees to accept the Parking Spaces "AS IS" and in their condition and state of repair.

7. Late Payment Fee. If any amount due from Tenant is not received at the address for Monthly Rent payments in Section 8 below, or such other address as Landlord may specify in writing, on or before the fifth (5th) day following the date upon which such amount is due and payable, a late charge of five percent (5%) of said amount shall become immediately due and payable, which late charge Tenant and Landlord agree represents a fair and reasonable estimate of the processing and accounting costs that Landlord will incur by reason of such late payment.

8. Interest on Past Due Amounts. All amounts owing to Landlord under this Lease, including Monthly Rent, which are not paid within five (5) days of the due date, shall be assessed interest at an annual percentage rate of ten percent (10%) from the date due or date of invoice, whichever is earlier, until paid ("Interest Rate"). This interest is in addition to late charges otherwise provided for in this Lease.

9. Address for Monthly Rent Payments.City of Bothell
18415 101st Avenue NE
Bothell, WA 98011
Attn: Finance Department

(or such other address as Landlord may specify in writing).

10. Maintenance and Management.

10.1 Maintenance of City Garage. Landlord agrees to keep and maintain the City Garage in a good and clean condition in accordance with a standard consistent with its maintenance standards for the City Garage.

10.2 Access to Parking Spaces. Landlord shall use reasonable efforts to avoid obstructing the Parking Spaces or access thereto by the Permitted Users. Notwithstanding the foregoing, Landlord may temporarily block the Parking Spaces or prevent access thereto for the purpose of conducting maintenance or repairs thereto. Such temporary blockage shall be limited to the time needed to conduct the maintenance or repairs. Landlord shall provide advance written notice to Tenant of any planned blockage of the Exclusive Parking Spaces and Shared Parking Spaces or City Garage anticipated to last longer than 24 hours (except no notice shall be required in the case of emergency repairs).

10.3 Repairs. Tenant agrees to repair, at Tenant's expense, any damage to the City Garage, Exclusive Parking Spaces or Shared Parking Spaces caused by Tenant, or by its officers,

employees, members, agents or invitees, as well as damage to the City Garage, Exclusive Parking Spaces or Shared Parking Spaces caused by Permitted Users, including, but not limited to, damage caused by Tenant's installation, construction or use of the Access Point as described in Section 1.3.2.

10.4 Parking Management. Landlord has hired a parking manager (currently, Diamond Parking Services, but subject to change or self-management by Landlord) to manage and monitor the City Garage (the "Parking Manager"), including monitoring the Parking Spaces for compliance with this Lease and issuing citations to the Permitted Users for parking in areas of the City Garage other than the Parking Spaces. As partial reimbursement for Landlord's expense in managing and monitoring the City Garage and the Parking Spaces, Tenant shall pay Tenant's proportionate share (the "Parking Management Expense Charge") of the parking management fee charged to Landlord by the Parking Manager, or Landlord's own expense if Landlord elects to self-manage the City Garage (not to exceed that charged by third-party garage managers for comparable services in comparable garages). The Parking Management Expense Charge shall be calculated by multiplying the total parking management fee charged to or incurred by Landlord by a fraction, the numerator of which is the number of Parking Spaces leased to Tenant under this Lease and the denominator of which is the total number of parking spaces in the City Garage. Tenant shall pay the Parking Management Expense Charge monthly with each payment of Monthly Rent.

Tenant may, upon not less than sixty (60) days' prior written notice to Landlord (and not more than once in any 12 month period), elect to self-maintain the Exclusive Parking Spaces. In the event Tenant elects to self-maintain, then Tenant may request that Landlord make an equitable adjustment to the Parking Management Expense Charge reflecting the same. Each equitable adjustment to the Parking Management Expense Charge, if any, is conditioned on Tenant's consultation with the Parking Manager and the Parking Manager's determination that the cost of the Parking Management Expense Charge to Landlord can be adjusted to reflect Tenant's election to self-maintain the Exclusive Parking Spaces.

11. Signage. Landlord will provide signage indicating the location of the Parking Spaces. For the purposes of this Section 10, "Signage" means any sign, notice or advertising. Tenant, at Tenant's sole cost and expense, shall be permitted to install signs (which may be lit or backlit at Tenant's discretion) within and outside the City Garage, including directional signage in the City Garage and signage at the City Garage entrance on 183rd Street identifying hotel parking, subject to the consent of the Landlord, not to be unreasonably withheld, and in compliance with all applicable laws, including any approvals required by the City of Bothell. Tenant shall be responsible for all costs and expenses associated with the design, installation, maintenance and, on or prior to the expiration of the Lease Term, the removal of such signage.

12. Security. Tenant accepts the Parking Spaces AS IS and Landlord shall have no obligation to provide guard service or other security measures for the benefit of the Parking Spaces at any time. Landlord is not responsible for the contents of any vehicles in the Exclusive Parking Spaces or the Shared Parking Spaces. The City Garage is open to the public and Tenant and Tenant's Permitted Users may use the Parking Spaces for Hotel Parking Purposes at their own risk.

13. Garage Access.

13.1 NE 183rd Street Access. Tenant hereby acknowledges that the preferred access points for the Permitted Users are the entrance off of NE 183rd Street and the Hotel Garage and Tenant agrees to direct the Permitted Users not to access the City Garage using the entrance off of NE 185th Street. In addition, the Permitted Users are not permitted to park in Level P1 of the City Garage and only in the portions of Level P2 designated on Exhibit C and Tenant agrees to direct the Permitted Users to park only in the Exclusive Parking Spaces or Shared Parking Spaces.

13.2 After Hours Access. Tenant hereby acknowledges that the City Garage is open to the public from the hours of 6:30 a.m. to 12:30 a.m. and closed to the public daily at all other hours ("After Hours"). Landlord has installed a gate to prevent public access to the City Garage during After Hours. Subject to the consent and approval requirements in Section 20, Tenant may install and have in place for After-Hours access (i) a system for entry and exit from the City Garage by use of, for example, a hotel room key for Tenant's overnight hotel guests, (ii) a system allowing use of tickets or time cards validated by Tenant to accommodate validated or complimentary parking provided by Tenant to Permitted Users; or (iii) a closed circuit television (CCTV) camera system under which Tenant's employees monitor and control access to the City Garage.

Landlord may install additional access equipment and devices for accessing or charging for parking in the City Garage. If Landlord installs additional access equipment or an additional device or devices, Tenant is responsible for altering its own access equipment and devices at Tenant's sole expense.

13.3 Interior Gate. Subject to the consent and approval requirements in Section 20, Tenant may install and maintain, at Tenant's sole cost and expense, an interior gate with a keycard system for access to the Exclusive Parking Spaces (the "Interior Gate"). In the event Tenant installs the Interior Gate, Tenant shall provide Landlord and the Parking Manager with access to the portion of the City Garage in which the Exclusive Parking Spaces are located.

14. Master Lease.

14.1 Good Standing. Landlord represents and warrants to its actual knowledge, without attribution, that (a) the Master Lease is in good standing and (b) Landlord has not received notice of any breach or default of the Master Lease by Landlord that has not been cured as of the date of this Lease.

14.2 Tenant's Adherence to Terms of Master Lease. Tenant agrees that it shall neither do nor permit anything to be done that would cause the Master Lease to be terminated or forfeited by reason of any right of termination or forfeiture reserved or vested in the landlord under the Master Lease. Tenant shall defend, indemnify and hold Landlord harmless from and against any breach of its obligations under the preceding provisions of this Section 13, including but not limited to attorneys' fees and costs, including on appeal.

14.3 Landlord's Adherence to Terms of Master Lease. Subject to Tenant performing

its obligations under Section 13.2 above, Landlord agrees that it shall neither do nor permit anything to be done that would cause the Master Lease to be terminated or forfeited by reason of any right of termination or forfeiture reserved or vested in the landlord under the Master Lease. Landlord shall defend, indemnify and hold Tenant harmless from and against any breach of its obligations under the Master Lease (unless resulting from Tenant's default under Section 13.2 above), including but not limited to attorneys' fees and costs, including on appeal.

15. Taxes. Tenant shall pay all taxes (if any) assessed against Tenant's personal property on the City Garage or in the Parking Spaces.

16. Compliance with Laws, Rules and Regulations. Tenant shall promptly comply with all laws, ordinances, orders, rules, or regulations of all applicable governmental authorities in its use of the Parking Spaces, including, but not limited to, the Bothell Municipal Code, as amended. Tenant shall observe such rules and regulations as may be adopted by Landlord from time to time for the safety, care and cleanliness of the City Garage and Parking Spaces. Tenant shall not do or permit to be done in or about the City Garage any activity that may be deemed illegal or a nuisance, that may endanger persons or property, or that disturbs other users of the City Garage or neighbors of the City Garage. Tenant shall not use the Parking Spaces in any manner which would render the insurance risk on the City Garage or Parking Spaces as more hazardous.

17. Removal of Property. Tenant shall remove all of its personal property and Tenant's signage from the City Garage upon expiration or earlier termination of this Lease. Title to any personal property remaining on or in any part of the City Garage ten (10) days thereafter shall be deemed to have been conveyed by Tenant to Landlord, and Landlord may dispose of such personal property in its sole discretion. Tenant agrees to reimburse Landlord for actual costs and expenses incurred to remove or dispose of such personal property and signage within thirty (30) days after receipt of invoice for same.

18. Insurance.

18.1 General Requirements. The insurance policies described in this Section 17 shall be written in a form (including amount of deductibles, if any) satisfactory to Landlord, but in any event not less than the rating required under the Master Lease, and shall be taken out with insurance companies holding a General Policyholders Rating of "A" and a Financial Rating of "VIII" or better, as set forth in the most current issue of Best's Insurance Reports, and licensed to do business in the state of Washington.

18.2 Commercial General Liability Insurance and Automobile Liability Insurance. Tenant, at Tenant's expense, shall purchase and keep in force during the Lease Term a Commercial General Liability Policy with limits of not less than $1,000,000 for bodily injury and property damage per occurrence and $2,000,000 general aggregate, with umbrella excess liability coverage of at least $10,000,000 or such other higher limits as established by Landlord. Tenant, at Tenant's expense, shall also purchase and keep in force during the Lease Term an Automobile Liability Policy with limits of not less than $1,000,000 per occurrence. Such insurance shall provide coverage for Tenant's Exclusive Parking Spaces and Shared Parking Spaces and operations, host liquor liability, independent contractors, and contractual liability assumed in Section 18. Tenant shall cause its Commercial General Liability and Automobile

Liability insurer to name Landlord and Master Landlord as additional insureds under such insurance to the extent of Tenant's insurable contractual liability assumed in Section 18. The insurance policy shall contain a severability of interests provision, a provision that the insurance provided to Landlord as an additional insured shall be primary to and not contributory with insurance maintained by Landlord, and a provision that an act or omission of one of the insureds or additional insureds that would void or otherwise reduce coverage shall not reduce or void the coverage as to the other named and additional insureds. A certificate of insurance evidencing that the foregoing insurance is in effect shall be delivered to Landlord prior to the Commencement Date, and shall be kept current throughout the Lease Term. Such certificate shall reflect the status of Landlord as additional insured, and shall provide for at least fifteen (15) days advance notice to Landlord in the event of cancellation.

18.3 Property Insurance. During the Lease Term, Landlord shall cause the City Hall to be insured at 100% of replacement cost for all hazards commonly included in "special form" coverage property casualty insurance (as such hazards or coverage may change from time to time).

19. Indemnity and Waiver.

19.1 Tenant. Tenant will defend, indemnify and hold harmless Landlord and Master Landlord from any claim, liability or suit, including attorney fees, on behalf of any party for any injury or damage occurring in or about the (a) Parking Spaces and City Garage arising out of the use thereof by Tenant and Tenant's Permitted Users, agents, employees, servants, customers, clients, contractors or invitees, except the gross negligence or intentional misconduct of Landlord; (b) Property, if and to the extent such damage or injury was caused by any act, omission, negligence or intentional act of Tenant or by Tenant's agents, employees, servants, customers, clients, contractors, or invitees; and (c) Tenant's installation, construction or use of the Access Point, including construction or mechanic's liens as described in Section 1.3 of this Lease.

19.2 Waiver of Indemnity. Tenant and Landlord agree that the foregoing indemnities specifically include, without limitation, claims brought by either party's employees against the other party. THE FOREGOING INDEMNITIES ARE EXPRESSLY INTENDED TO CONSTITUTE A WAIVER OF TENANT AND LANDLORD'S IMMUNITY UNDER WASHINGTON'S INDUSTRIAL INSURANCE ACT, RCW TITLE 51, TO THE EXTENT NECESSARY TO PROVIDE THE LANDLORD AND TENANT WITH A FULL AND COMPLETE INDEMNITY FROM CLAIMS MADE BY EACH PARTY AND ITS EMPLOYEES. LANDLORD AND TENANT ACKNOWLEDGE THAT THE INDEMNIFICATION PROVISIONS OF THIS ARTICLE WERE SPECIFICALLY NEGOTIATED AND AGREED UPON BY THEM.

20. Estoppel Certificates. On not more than two (2) occasions within any calendar year, Tenant shall execute and deliver to Landlord within twenty (20) calendar days after written request by Landlord and/or any purchaser or lender, an estoppel certificate certifying as to such facts and agreeing to such other matters as Landlord may reasonably request. Any such certificate may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the Property.

21. Alterations and Improvements. Tenant may not install on or in the City Garage or Parking Spaces any gates, improvements, equipment or structures, either temporary or permanent ("Alterations"), without the prior written consent of Landlord. As used in this Section 20, Alterations includes systems for entry and exit from the City Garage and for accommodating validated or complimentary parking and the Interior Gate with a keycard system for access to the Exclusive Parking Spaces as described in Section 12. Any design of the Interior Gate shall allow sufficient room for vehicles turn-around on Level P 3 for drivers who did not intend to park in the Exclusive Parking Spaces area behind the gate. Landlord will permit Tenant to install screening or fencing to shield from view the garbage and recycling containers in proximity to the entrance to the City Garage subject to such reasonable conditions and protections as Landlord may require.

22. Casualty and Condemnation.

22.1 Condemnation. Under certain circumstances described in the Master Lease, either Landlord or Master Landlord may terminate the Master Lease if there is a condemnation affecting the Property or the City Garage. Any such termination will automatically terminate this Lease. After expiration of the Master Lease, any total condemnation of the City Garage will terminate this Lease and any partial condemnation that materially affects access to or use of the Parking Spaces will also terminate this Lease.

22.2 Casualty. Following the Master Lease Expiration Date, in the event of damage or destruction of all or any material portion of the City Garage during the Lease Term, either party shall have the right, exercisable in its sole discretion, to terminate this Lease upon thirty (30) days written notice to the other party delivered to the other party within one hundred twenty (120) days of such damage or destruction, in which event this Lease shall be of no further force or effect and, except with regard to any obligations accruing prior to such termination and obligations that expressly survive termination or expiration of this Lease, neither party shall have any further obligation or liability hereunder. For purposes of this Section 21.2, "material" means damage to or destruction of the City Garage that prevents access to or use of the City Garage for parking or is estimated to cost more than $500,000 to repair. All Monthly Rent shall be prorated to the date of termination.

In the event of damage to the City Garage that is not material, and to the extent insurance proceeds or self-insured retention sufficient to repair the damage are available to Landlord, Landlord shall repair the damage to the City Garage. Landlord will provide notice to Tenant as to whether Landlord has sufficient insurance proceeds (or self-insured retention) to repair the non-material damage within thirty (30) days of such damage or destruction. If, however, insurance proceeds or self-insured retention sufficient to repair non-material damage to the City Garage are not available to Landlord, then Tenant may elect to repair such damage. If Tenant elects to make such repairs, Tenant shall provide written notice to Landlord of such election within fifteen (15) days after notice from Landlord that Landlord will not be making the repairs. Thereafter, Tenant shall proceed diligently to complete the repairs. If Tenant completes the repairs, Tenant may deduct the costs of such repair (not to exceed $500,000) from the Monthly Rent.

23. Default.

23.1 Events of Default. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant:

23.1.1 Failure to Pay. Tenant fails to pay Monthly Rent as required by this Lease within five (5) days after receipt of written notice of failure to pay from Landlord.

23.1.2 Failure to Observe Other Obligations. Tenant fails to perform or observe any other obligation of Tenant under this Lease within fifteen (15) days after receipt of written notice from Landlord setting forth in reasonable detail the nature and extent of the failure (or if any such failure not involving an emergency or a hazardous condition is curable within ninety (90) days after such notice, but cannot reasonably be cured within such fifteen (15) day period, Tenant shall not be deemed to be in default hereunder if Tenant promptly commences such cure within such fifteen (15) day period and thereafter diligently pursues such cure to completion within such ninety (90) day period).

23.1.3 Bankruptcy or Insolvency. Tenant files a voluntary petition in bankruptcy or is adjudicated a bankrupt or insolvent, or files any petition or answer seeking an arrangement, composition, liquidation or dissolution under any present or future federal, state, or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, or shall seek or consent to or acquiesce in the appointment of a trustee, receiver or liquidator of Tenant or of all or a substantial part of its assets, or of the Parking Spaces, or shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due.

23.2 Landlord's Remedies.

23.2.1 Remedies. If an Event of Default exists, Landlord may do any one or more of the following, in addition to pursuing its remedies under law: (a) terminate this Lease; (b) enter and take possession of the Parking Spaces and remove Tenant and all other persons and any property from the Parking Spaces, with process of law; (c) declare all Monthly Rent for the remaining Lease Term to be immediately due and payable or hold Tenant liable for and collect Monthly Rent and other indebtedness owed by Tenant to Landlord or Monthly Rent that would have accrued during the remainder of the Lease Term had there been no Event of Default, less any sums Landlord does receive or would receive by reletting the Parking Spaces; or (e) hold Tenant liable for that part of the following sums paid by Landlord that are attributable to the remainder of the Lease Term: (i) reasonable fees incurred by Landlord for reletting part or all of the Parking Spaces; (ii) the cost of removing and storing Tenant's property, including devices or ticketing equipment as described in Section 12; and (iii) other necessary and reasonable expenses incurred by Landlord in enforcing its remedies.

23.2.2 Reservation of Right to Indemnification. Nothing in this Section 22 shall be deemed to affect Landlord's right to indemnification, under the indemnification clause or clauses contained in this Lease, for claims or liability arising from events occurring prior to the termination of this Lease.

23.2.3 Reentry. Notwithstanding anything to the contrary set forth herein, Landlord's reentry to perform acts of maintenance or preservation of, or in connection with

efforts to relet the Parking Spaces, or any portion thereof, shall not terminate Tenant's right to possession of the Parking Spaces or any portion thereof and, until Landlord does elect to terminate this Lease, this Lease shall continue in full force and Landlord may pursue all its remedies hereunder including, without limitation, the right to recover from Tenant as they become due hereunder all Monthly Rents and other charges required to be paid by Tenant under the terms of this Lease.

23.2.4 Reimbursement. If, at any time during the Lease Term hereof, Tenant fails, refuses or neglects to perform any of its obligations hereunder, Landlord may, after notice (except no notice shall be required in the event of an emergency or a hazardous condition), do same, but at the expense and for the account of Tenant. The amount of any money so expended or obligations so incurred by Landlord, together with an administrative fee equal to ten percent (10%) thereof and interest thereon at the Interest Rate described in Section 7, shall be repaid to Landlord upon demand by Landlord.

23.2.5 Mitigation of Damages. Landlord shall mitigate its damage by making reasonable efforts to relet the Parking Spaces on reasonable terms. Landlord may relet for a shorter or longer period of time than the Lease Term and make reasonably necessary repairs or alterations. All sums collected from reletting shall be applied first to Landlord's expenses of reletting described in this Section 22.2, and then to the payment of amounts due from Tenant to Landlord under this Lease.

23.3 Termination of Lease if Landlord Exercises Repurchase Option. Under certain circumstances described in the Development Agreement, Landlord shall have the option to repurchase the Property sold to Tenant in the event Tenant fails to commence construction of the Hotel Project by the Construction Start Date (as those terms are defined in the Development Agreement) (the "Repurchase Option"). This Lease shall terminate if Landlord exercises the Repurchase Option in accordance with the Development Agreement.

24. Subordination, Non-Disturbance and Attornment.

23.1 This Lease shall be subordinate to any ground lease, mortgage, deed of trust, or any other assignment for security now or later placed upon the Property, and to all renewals, modifications, consolidations, replacements, and extensions of it. In the event any mortgage or deed of trust to which this Lease is subordinate is foreclosed or a deed in lieu of foreclosure is given to the mortgagee or beneficiary, Tenant shall attorn to the purchaser at the foreclosure sale or to the grantee under the deed in lieu of foreclosure. Upon the execution of this Lease, Tenant shall execute, acknowledge and deliver to Landlord a commercially reasonable form of Subordination, Non-disturbance and Attornment Agreement. Tenant also covenants and agrees to execute and deliver upon demand by Landlord, and in the form requested by Landlord, any customary additional documents evidencing the priority or subordination of this Lease with respect to any such ground leases or underlying leases or the lien of any such mortgage. Tenant shall execute, deliver and record any such documents within twenty (20) days after Landlord's written request.

23.2 In the event any mortgage or deed of trust to which this Lease is subordinate is foreclosed or a deed in lieu of foreclosure is given to the mortgagee or beneficiary, neither the

rights and possession of Tenant under this Lease shall be disturbed if there is then no Event of Default by Tenant under this Lease. Tenant shall attorn to the purchaser or grantee as provided in Section 23.1, or, if requested, enter into a new lease for the balance of the Lease Term on the same terms and provisions contained in this Lease.

25. Assignment, Subletting and Encumbrance.

25.1 Assignment Without Consent. Without Landlord's consent:

24.1.1 This Lease may be assigned in part or whole (whether by operation of law or otherwise) or all or any part of the Parking Spaces may be sublet at any time: (i) to a subsidiary of Tenant, to the entity with which or into which Tenant may merge, whether or not Tenant is the survivor of such merger, to any affiliate of Tenant, to an entity that is controlled by, controls or is under common control with Tenant (or a valid assignee of this Lease); or (ii) to the purchaser of substantially all of the assets of the Tenant; provided, however, that Tenant (as assignor or sublessor) is and remains primarily liable for the obligations of Tenant under this Lease.

24.1.2 For purposes of this Lease, "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, or majority ownership of any sort, whether through the ownership of voting securities, by contract or otherwise.

25.2 Assignment With Consent.

24.2.1 Except as provided in Section 24.1, Tenant may only assign, further sublease or otherwise transfer any interest in this Lease, voluntarily, by operation of law or otherwise, in part or whole, all or any part of the Parking Spaces, and Tenant shall permit any transferee to further assign, sublease or otherwise transfer any such interest, if Tenant first obtains Landlord's consent to the proposed assignee or sub-subtenant in writing. Landlord's consent shall not be unreasonably withheld. For purposes of this Section 24.2, the term "transfer" shall include, without limitation, entering into any license or concession agreement or otherwise permitting any third party other than Tenant and Tenant's employees, contractors, invitees and guests to occupy or use the Parking Spaces or any portion thereof.

In the case of a sub-sublease, the sub-sublease term shall not be for less than six (6) months and the Monthly Rent charged by Tenant to the proposed sub-subtenant shall not be less than the then current Monthly Rent rate charged by Landlord to other third parties in the City Garage who are outside Tenants Monthly Renting monthly unreserved spaces. Tenant shall submit the following information with a written request for Landlord's consent to any assignment, sublease or other transfer: (i) all transfer and related documents, (ii) financial statements, and (ii) such other information as Landlord may reasonably request relating to the proposed transfer and the parties involved therein. Any transaction which does not comply with the provisions of this Section 24.2.1 shall be voidable at the option of Landlord and shall constitute a breach of this Lease by Tenant. Landlord shall be deemed to have consented if Landlord does not respond to Tenant's request within twenty (20) days after delivery of Tenant's request for consent to Landlord together with Landlord's receipt of all of the foregoing information.

24.2.2 Landlord's consent or refusal of consent shall be in writing and, if Landlord refuses consent, the reasons for refusal shall be stated with reasonable particularity. Landlord's consent to an assignment or sublease shall be accompanied by a statement addressed to Tenant and the assignee or sub-subtenant, upon which statement Tenant and the assignee or sub-subtenant may conclusively rely, stating that Tenant is not in default under the Lease (or setting forth in what respects Tenant is in default), that this Lease has not been amended or modified (or setting forth such amendments or modifications), the expiration date of this Lease, and the date to which Monthly Rent has been paid.

25.3 Reimbursement of Landlord's Expenses. Tenant shall reimburse Landlord for Landlord's reasonable costs and expenses (including, but not limited to, reasonable attorneys' fees) incurred in connection with the processing and documentation of any requested assignment, sublease or other transfer.

25.4 No Release. No assignment, sub-sublease or other transfer, even with the consent of Landlord, shall result in Tenant's being released from any of its obligations hereunder. Landlord's consent to any one transfer shall apply only to the specific transaction thereby authorized and such consent shall not be construed as a waiver of the duty of Tenant or any transferee to obtain Landlord's consent to any other or subsequent transfer or as modifying or limiting Landlord's rights hereunder in any way. Upon any assignment hereof, the assignee shall assume in writing all obligations and covenants of Tenant thereafter to be performed or observed hereunder. Landlord's acceptance of Monthly Rent directly from any assignee, sub-subtenant or other transferee shall not be construed as Landlord's consent thereto nor Landlord's agreement to accept the attornment of any sub-subtenant in the event of any termination of this Lease. In no event shall Landlord's enforcement of any provision of this Lease against any transferee be deemed a waiver of Landlord's right to enforce any term of this Lease against Tenant or any other person.

25.5 Encumbrance. No consent of Landlord shall be required for Tenant's assignment of this Lease as part of the security for mortgage indebtedness encumbering the Hotel Property. If Landlord is given written notice identifying the name and mailing address of the holder of such mortgage indebtedness (herein, the "Mortgagee"), Landlord shall use commercially reasonable efforts to provide a copy of any such default notice to the Mortgagee at the same time it is provided to Tenant. Such default notice shall not be effective with respect to the Mortgagee until Landlord provides the Mortgagee with a copy. The Mortgagee shall have the right, but not the obligation, to cure any such default or non-compliance by Tenant within an additional 15 days (for defaults that can be cured by the payment of money) and 30 days (for all other defaults) after expiration of the cure period given to the Tenant under the Development Agreement. Notwithstanding the foregoing, if such default or non-compliance is (i) not one that can be cured by the payment of money and (ii) of a nature that it may not be cured by the Mortgagee without obtaining possession of the Property, then so long as the Mortgagee proceeds with reasonable diligence to obtain possession of the Property, whether by appointment of a receiver or foreclosure of the Mortgage, and obtains such possession within ninety (90) days after the date of the notice, the Mortgagee shall have such additional period after obtaining possession (not to exceed 30 days) as may be reasonably required to cure such default or non-compliance (but the Mortgagee shall not be required to cure any default by Tenant under Section 22.1.3 above).

26. Notices. All notices required or permitted hereunder shall be in writing and shall be served on the parties at the following addresses:

If to Landlord:	City of Bothell 18415 – 101st Avenue NE Bothell, WA 98011 Attention: Bob Stowe Fax No.: (425) 486-2434 Phone: (425) 486-3256 E-Mail:bob.stowe@bothellwa.com
With a copy to:	K&L Gates LLP 925 Fourth Avenue, Suite 2900 Seattle, WA 98104 Attention: Shannon J. Skinner Fax No.: (206) 623-7022 Phone: (206) 623-7580 E-Mail:shannon.skinner@klgates.com
If to Tenant:	Bothell Hotel LLC c/o 360 Hotel Group 3500 188th Street SW, Suite 121 Lynnwood, WA 98037 Attn: Shaiza Damji Phone No.425-775-9600 E-Mail: shaiza@360hotelgroup.com
With a copy to:	Pepple Cantu Schmidt 1000 Second Avenue, Suite 2950 Seattle, WA 98104 Attention: Dan Pepple Fax No.: (206) 625-1627 Phone: (206) 625-9960 E-mail: dpepple@pcslegal.com

Any such notices shall be either (a) sent by certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) days after deposit, postage prepaid in the U.S. mail, (b) sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered when actually delivered pursuant to the records of such courier, (c) sent by facsimile transmission (if a facsimile number is provided above) or electronic mail to the party and its counsel, receipt of which has been confirmed by telephone by the recipient (or the recipient's assistant) (provided that if such delivery occurs after 5:00 p.m. Pacific time on any day, the same

shall be deemed delivered on the next Business Day following confirmed receipt; provided further, however, that any notice delivered pursuant to this clause (c) shall only be valid if it is followed by delivery via one of the methods set forth in clauses (a), (b), or (d) hereof within two (2) Business Days of the date of delivery via facsimile or electronic mail), or (d) hand delivered, in which case notice shall be deemed delivered on the date of the hand delivery. Any notice given by counsel to a party shall have the same effect as if given by such party. The above addresses and phone numbers may be changed by written notice to be provided the other party in accordance with this Section 25; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice.

27. Holding Over. In the event Tenant shall hold over in the Parking Spaces after the expiration of the Lease Term or any month-to-month extension of the Lease Term or any earlier termination of this Lease without the express written consent of Landlord, Tenant shall become a Tenant at sufferance only, at a Monthly Rent equal to one hundred fifty percent (150%) of the sum of all Monthly Rent, Leasehold Excise Tax, other payments hereunder and otherwise subject to the terms, conditions and covenants of this Lease to the extent applicable. Acceptance by Landlord of any Monthly Rent or other sum payable hereunder after the expiration of the Lease Term or earlier termination of this Lease shall not result in the renewal or extension of this Lease. Landlord may terminate such tenancy from month to month by giving to Tenant at least twenty (20) days' prior written notice thereof at any time. Acceptance by Landlord of any Monthly Rent after such expiration or termination shall not be deemed to constitute Landlord's consent to such holding over. If Tenant fails to surrender the Parking Spaces upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all loss, costs (including reasonable attorneys' fees) and liability resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding subtenant founded upon such failure to surrender.

28. Hazardous Substances.

28.1 Environmental Law. The term "Environmental Law" means any federal, state or local law, statute, ordinance, regulation or order pertaining to health, industrial hygiene, environmental conditions or hazardous substances or materials including those defined in this Section as "Hazardous Substances."

28.2 Hazardous Substances. The term "Hazardous Substance" means any hazardous or toxic substance, material or waste, pollutants or contaminants, as defined, listed or regulated now or in the future by any federal, state or local law, ordinance, code, regulation, rule, order or decree regulating, relating to or imposing liability or standards of conduct concerning, any environmental conditions, health or industrial hygiene, including without limitation, (a) chlorinated solvents, (b) petroleum products or by-products, (c) asbestos, (d) polychlorinated biphenyls, and (e) lead-based paint.

28.3 Tenant's Obligations. Tenant agrees that:

27.3.1 Neither Tenant nor its employees, agents or contractors will use, generate, manufacture, produce, store, release, discharge or dispose of on, under or about the City Garage, or off-site the City Garage, or transport to or from the City Garage, any Hazardous Substance except for Hazardous Substances of the types and quantities customarily used or found in the passenger vehicles of Permitted Users (such as brake fluid and windshield-wiper fluid) and used, stored and disposed of in compliance with all Environmental Laws.

27.3.2 Tenant shall give prompt written notice to Landlord of: (i) any proceeding or inquiry by any governmental authority known to Tenant with respect to the presence of any Hazardous Substance on the City Garage; (ii) all claims made or threatened by any third party against Tenant or the City Garage relating to any loss or injury resulting from any Hazardous Substance; and (iii) Tenant's discovery of any occurrence or condition on the City Garage that could cause the City Garage or any part thereof to be subject to any restrictions on occupancy or use of the City Garage under any Environmental Law.

27.3.3 Tenant shall protect, indemnify, defend and hold harmless Landlord and its directors, partners, officers, employees, agents, parents, subsidiaries, successors and assigns from any loss, damage, cost, expense or liability (including reasonable attorneys' fees and costs) directly or indirectly arising out of or attributable to the use, generation, manufacture, production, storage, release, discharge, disposal or presence of a Hazardous Substance on the City Garage (or off-site of the City Garage) caused by Tenant or its Permitted Users, employees, agents or contractors, or a breach of any covenant contained in this Section 27, including, without limitation, the costs of any required or necessary repairs, cleanup or detoxification of the City Garage and the preparation and implementation of any closure, remedial or other required plans.

27.3.4 This Section 27 shall survive expiration or termination of this Lease.

29. Miscellaneous.

29.1 Negation of Partnership. Nothing herein contained, either in the method of computing Monthly Rent or otherwise, shall create between the parties hereto, or be relied upon by others as creating, any relationship of partnership, association, joint venture, or otherwise. The sole relationship of the parties hereto shall be that of Landlord and Tenant.

29.2 Applicable Law. The laws of the State of Washington shall govern the validity, performance and enforcement of this Lease.

29.3 Successors. Subject to Section 24 of this Lease, the terms and agreements as contained in this Lease shall apply to, run in favor of and shall be binding upon and inure to the benefit of the parties hereto, and their respective heirs, executors, administrators, personal representatives and assigns and successors-in-interest.

29.4 Entire Agreement. It is understood that there are no oral agreements or representations between the parties hereto affecting this Lease, and this Lease supersedes and cancels any and all previous negotiations, arrangements, letters of intent, agreements or representations and understandings, if any, between the parties hereto or displayed by Landlord

to Tenant with respect to the subject matter hereof, and none thereof shall be used to interpret or construe this Lease. There are no other representations or warranties between the parties and/or their respective employees, agents, representatives and officers and all reliance with respect to representations is solely upon the representations and agreements contained in this Lease.

29.5 Non-Waiver of Governmental Rights. Nothing contained in this Lease shall require Landlord, a Washington municipal corporation, to take any discretionary action relating to development of the improvements to be constructed on the Property, including, but not limited to, zoning and land use decisions, permitting, or any other governmental approvals.

29.6 Captions. The titles of sections herein are for convenience of reference purposes only and do not in any way define, limit or construe the contents thereof.

29.7 Severability. If any provision of this Lease shall be determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provision of this Lease and all such other provisions shall remain in full force and effect.

29.8 Attorneys' Fees. Each party shall be responsible for payment of the legal fees of its counsel in the event of any litigation, mediation, arbitration or other proceeding brought to enforce or interpret or otherwise arising out of this Lease.

29.9 Time is of the Essence. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

29.10 Amendments in Writing. This Lease may only be changed, modified or amended by an instrument in writing, executed by the parties hereto.

29.11 Recordation. This Lease shall not be recorded without the prior written consent of Landlord. A memorandum of this Lease may be recorded upon request by either party.

29.12 Waiver of Jury Trial. LANDLORD AND TENANT HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS LEASE OR ANY DOCUMENTS CONTEMPLATED TO BE EXECUTED IN CONNECTION HEREWITH OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF EITHER PARTIES ARISING OUT OF OR RELATED IN ANY MANNER WITH THE PARKING SPACES (INCLUDING WITHOUT LIMITATION, ANY ACTION TO RESCIND OR CANCEL THIS LEASE OR ANY CLAIMS OR DEFENSES ASSERTING THAT THIS LEASE WAS FRAUDULENTLY INDUCED OR OTHERWISE VOIDABLE). THIS WAIVER IS A MATERIAL INDUCEMENT FOR LANDLORD TO ENTER INTO AND TO ACCEPT THIS LEASE.

29.13 Authority. Each party hereby represents and warrants to the other that (a) it has the full power and authority to enter into this Lease and to carry out the transactions contemplated hereby and (b) the execution and delivery of this Lease and the consummation of

the transactions contemplated hereby have been duly and validly authorized by all necessary actions on the part of such party and this Lease constitutes a valid and binding obligation of such party.

29.14 Business Days; Computation of Time. The term "Business Day" as used herein means any day on which banks in Bothell, Washington are required to be open for business, excluding Saturdays and Sundays. In the computation of any period of time hereunder, the day of the act or event from which the period of time runs shall be excluded and the last day of such period shall be included. If any deadline hereunder falls on a day that is not a Business Day, then the deadline will be deemed extended to the next following Business Day.

(signature page follows)

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date first above written.

TENANT:

BOTHELL HOTEL, LLC,
a Washington limited liability company

By 360 Investments, LLC, a Washington limited liability company, its member

By 360 Investments Manager, LLC, a Washington limited liability company, its manager

By:
Name: Shaiza Damji
Its: Member

LANDLORD:

CITY OF BOTHELL,
a Washington municipal corporation

By: _____
Name: _____
Title: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the _____ of City of Bothell to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

_____
Notary Public
Print Name _____
My commission expires _____

(Use this space for notarial stamp/seal)

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the _____ of 360 Investments, LLC, the member of 360 Investments Manager, LLC, the manager of Bothell Hotel, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

_____
Notary Public
Print Name _____
My commission expires _____

(Use this space for notarial stamp/seal)

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

[To be updated: New Lot 1, City of Bothell B.L.A. No. 2011-00666]

EXHIBIT B

LEGAL DESCRIPTION OF THE HOTEL PROPERTY

EXHIBIT C

DEPICTION OF THE EXCLUSIVE PARKING SPACES

EXHIBIT D

DEPICTION OF THE SHARED PARKING SPACES

EXHIBIT E

CERTIFICATE OF COMMENCEMENT DATE

This Certificate is entered into as of _____, 20___ pursuant to that certain Parking Lease Agreement dated _____, 20___ (the "Lease") between City of Bothell, a Washington municipal corporation, as landlord, and Bothell Hotel, LLC, a Washington limited liability company, as tenant.

The undersigned hereby certify to and agree with each other as to the following information in connection with the Lease:

The "Commencement Date" under, and as defined in, the Lease is _____ _____, 20___.

TENANT:

BOTHELL HOTEL, LLC,
a Washington limited liability company

By 360 Investments, LLC, a Washington limited liability company, its member

By 360 Investments Manager, LLC, a Washington limited liability company, its manager

By:_____
Name: Shaiza Damji
Its: Member

LANDLORD:

CITY OF BOTHELL,
a Washington municipal corporation

By: _____
Name: _____
Title: _____

EXHIBIT J

FORM OF HEIGHT COVENANT

After Recording Return To:
City of Bothell
18415 101st Avenue NE
Bothell, WA 98011
Attn: City Clerk

RESTRICTIVE COVENANT AGREEMENT

GRANTOR: BOTHELL HOTEL LLC

GRANTEE: CITY OF BOTHELL

Legal Description:
Abbreviated Form: [**To be updated** (New Lot 5 and City Hall Property, City of Bothell, BLA No. 2011-00666].

Assessor's Property Tax Parcel Account Number(s): _____

RESTRICTIVE COVENANT AGREEMENT

THIS RESTRICTIVE COVENANT AGREEMENT (this "Agreement") is entered into as of _____, 20___ (the "Effective Date") by and between BOTHELL HOTEL LLC, a Washington limited liability company ("Grantor") and the CITY OF BOTHELL, a Washington municipal corporation ("Grantee"), and is made with reference to the following facts:

RECITALS

A. Grantor, as buyer, has entered into a Purchase and Sale Agreement dated April 6, 2016 (the "Purchase Agreement") with Grantee, as seller, under which Grantor is purchasing the fee ownership of certain real property in the City of Bothell, County of King, State of Washington, which includes the real property legally described in the attached Exhibit A (the "Burdened Property"). Grantor plans to develop the Burdened Property into two separately branded hotels and construct a parking garage (the "Hotel Project").

B. The Burdened Property is adjacent to the Bothell City Hall complex ("City Hall"), which includes an interior public plaza that consists of propertyscaping, public walkways, improvements and open space contiguous to the City Hall Complex (the "Interior Plaza"). The City Hall complex is located on the real property legally described in the attached Exhibit B (the "City Hall Property"). In designing City Hall and the Interior Plaza, as well as enhancing the pedestrian experience limiting shadows on the Interior Plaza along Northeast 183rd Street adjacent to the City Hall Property, Grantee desires to limit the height of structures, buildings and improvements on, in or about the Burdened Property.

C. Pursuant to the Purchase Agreement, Grantor has agreed to grant a covenant running with the land restricting the Burdened Property in the manner described in this Agreement. Grantor has acquired the Burdened Property contemporaneously herewith, and the parties are entering into this Agreement to provide for such covenants.

AGREEMENT

NOW, THEREFORE, in consideration of recitals set forth above and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Height Covenant. Grantor covenants and agrees that the height of any improvements or structures on, in or about the Burdened Property shall not be higher than forty-seven (47) feet above the Interior Plaza (the "Height Covenant").

2. Remedies. Grantee (including Grantee's successors and assigns) shall have the following remedies against Grantor (including Grantor's successors, designees and assigns) for violations of this Agreement:

A. Default. If Grantor fails to observe or perform any of the terms, conditions, obligations, restrictions and covenants contained in this Agreement, and such noncompliance is not corrected as provided herein, then such noncompliance shall be considered an event of default ("Default") hereunder and thereafter.

B. Grantor's Remedies. Grantee shall be entitled to all remedies in law or in equity against Grantor, including without limitation the right: 1) to compel specific performance by Grantor of its obligations under this Agreement; 2) to restrain by injunction the actual or threatened commission or attempt of a breach of this Agreement and to obtain a judgment or order specifically prohibiting a violation of breach of this Agreement; and 3) to obtain an award of damages resulting from violation of this Agreement. In seeking any equitable remedies, Grantee shall not be required to prove or establish that Grantee does not have an adequate remedy at law. Grantor hereby waives the requirement of any such proof and acknowledges that Grantee will have suffered irreparable harm and would not have an adequate remedy at law for Grantor's breach of this Agreement. In no event shall Grantee be required to post a bond or other security in any action seeking to enforce the provisions of this Agreement by injunctive relief or other remedy. In addition, Grantee will not issue any permits that would violate the terms of this Agreement.

C. Notice. Before Grantee pursues a remedy against Grantor for breach of this Agreement, Grantee shall provide written notice to Grantor specifying the Default to Grantor. Grantor shall thereafter have a ten (10) day period to cure such Default (or if such Default is not capable of cure within ten (10) days, such additional period as is reasonably necessary for Grantor to complete such cure, provided that Grantor commences cure within such ten (10) day period and thereafter diligently pursues it to completion).

3. Covenant Running with Land. The Height Covenant contained herein shall be binding upon the parties and inure to the benefit of the parties and their respective successors, assigns, grantees, transferees, lessees and all those holding by, through or under them, whether by contract or by operation of law, whether directly or indirectly, voluntarily or involuntarily, with or without privity. The parties hereby stipulate that the rights and obligations herein touch and concern the Burdened Property for the benefit of the City Hall Property. Grantee is a public entity and as such is charged with the enforcement of this Agreement in its entirety to further its public purpose mission, both as the owner of the City Hall Property and on behalf of itself or the public. Any successor entities of Grantee shall have all the rights and remedies of Grantee hereunder, regardless of whether such successor owns the City Hall Property. Neither the public nor any party making claims on behalf of the public shall have any rights or remedies hereunder, it being solely the province of Grantee to enforce this Agreement on behalf of the public. The Height Covenant contained herein shall be a covenant running with the land and shall be a burden upon the Burdened Property for the benefit of the City Hall Property. The terms and restrictions set forth herein shall be binding upon and enforceable against all future owners of the Burdened Property. The rights and obligations in this Agreement may not be revoked without Grantee's prior written consent.

4. Severability. If any provision of this Agreement is invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provision s hereof shall not in any way be affected or impaired thereby.

5. Notice. Notices and other communications shall be deemed delivered on the third (3rd) day following the date on which the same have been mailed by certified or registered mail, postage pre-paid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the parties. In addition, notices may be delivered by hand or sent via overnight courier, in which case they shall be deemed received on the date of delivery.

Grantor: Bothell Hotel LLC
c/o 360 Degree Hotel Group
3500 188th Street S.W.
Suite 121
Lynwood, WA 98037
Attn: Shaiza Damji

Grantee: City of Bothell
18415 101st Avenue NE
Bothell, WA 98011
Attn: City Manager

6. Recording and Amendments. This Agreement shall be recorded immediately after the recording of the deed vesting title to the Burdened Property in Grantee pursuant to the Purchase Agreement at Grantor's expense. This Agreement shall be recorded prior to and shall not be subject to any liens or encumbrances that are superior to or that could affect the enforceability of this Agreement. Any amendment to this Agreement shall not be effective unless agreed to by both parties, reduced to writing, and executed and acknowledged by both parties.

7. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington.

In witness whereof, the parties have executed this Agreement as of the Effective Date.

GRANTOR:

BOTHELL HOTEL LLC, a Washington limited liability company

By: _____
Name: _____
Title: _____

GRANTEE:

CITY OF BOTHELL, a Washington municipal corporation

By: _____
Name: _____
Title: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the _____ of City of Bothell to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____, 20(__).

_____
Notary Public
Print/Type Name_____
My commission expires _____

(Use this space for notarial seal)

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the _____ of Bothell Hotel LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____, 20(__).

_____
Notary Public
Print/Type Name_____
My commission expires _____

(Use this space for notarial seal)

EXHIBIT A

Legal Description of the Burdened Property

[New Lot 5, City of Bothell, BLA No. 2011-00666].

In Bothell, King County, Washington

EXHIBIT B

Legal Description of the City Hall Property

[To be added].

FIRST AMENDMENT TO
PURCHASE AND SALE AGREEMENT (CITY CENTER HOTEL)

This FIRST AMENDMENT (this "Amendment") is entered into and dated as of September 27, 2016 by and between the City of Bothell, a Washington municipal corporation ("Seller") and Bothell Hotel, LLC, a Washington limited liability company ("Buyer"). This Amendment is made with reference to the following recitals:

RECITALS

A. Buyer and Seller entered into that certain Purchase and Sale Agreement (City Center Hotel) dated April 6, 2016 (the "Agreement"). Capitalized terms used herein and not otherwise defined have the meaning given in the Agreement.

B. Buyer and Seller now desire to amend the Agreement as described below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing promises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

1. The end date for the "Due Diligence Period," as defined in the first sentence of Section 5.1.1(a) of the Agreement, is hereby changed from October 1, 2016 to October 17, 2016.

2. The "Closing Date," as defined in Section 4.2 of the Agreement, shall be November 2, 2016. Thus, Section 4.2 is amended and restated in its entirety to read as follows:

"4.2 Closing; Closing Date. The consummation of the purchase and sale of the Property (the "Closing") shall take place on November 2, 2016 (the "Closing Date")."

3. Except as amended by this Amendment, the Agreement shall remain in full force and effect, and the parties reaffirm all provisions thereof.

4. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument. Facsimile and electronic signatures shall be binding.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the date first set forth above.

SELLER:

CITY OF BOTHELL, a Washington municipal corporation

By: _____
Name: Tami Schackman, COB Fin Dir
Its: For Bob Leland City Manager

BUYER:

BOTHELL HOTEL, LLC, a Washington limited liability company

By 360 Investments, LLC, a Washington limited liability company, its member

By 360 Investments Manager, LLC, a Washington limited liability company, its manager

By: Shaiza Damji
Name: Shaiza Damji
Its: Member

SECOND AMENDMENT TO
PURCHASE AND SALE AGREEMENT (CITY CENTER HOTEL)

This SECOND AMENDMENT (this "Amendment") is entered into and dated as of October 17th, 2016 by and between the City of Bothell, a Washington municipal corporation ("Seller") and Bothell Hotel, LLC, a Washington limited liability company ("Buyer"). This Amendment is made with reference to the following recitals:

RECITALS

A. Buyer and Seller entered into that certain Purchase and Sale Agreement (City Center Hotel) dated April 6, 2016, as amended by the First Amendment to Purchase and Sale Agreement (City Center Hotel) dated September 27, 2016 (the "Agreement"). Capitalized terms used herein and not otherwise defined have the meaning given in the Agreement.

B. Buyer and Seller now desire to amend the Agreement as described below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing promises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

1. The end date for the "Due Diligence Period," as defined in the first sentence of Section 5.1.1(a) of the Agreement, is hereby changed from October 17, 2016 to November 17, 2016.

2. The "Closing Date," as defined in Section 4.2 of the Agreement, shall be December 6, 2016. Thus, Section 4.2 is amended and restated in its entirety to read as follows:

"4.2 Closing; Closing Date. The consummation of the purchase and sale of the Property (the "Closing") shall take place on December 6, 2016 (the "Closing Date")."

3. Except as amended by this Amendment, the Agreement shall remain in full force and effect, and the parties reaffirm all provisions thereof.

4. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument. Facsimile and electronic signatures shall be binding.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the date first set forth above.

SELLER:

CITY OF BOTHELL, a Washington municipal corporation

By: _____
Name: Peter Troedsson
Its: Asst. City Manager

BUYER:

BOTHELL HOTEL, LLC, a Washington limited liability company

By 360 Investments, LLC, a Washington limited liability company, its member

By 360 Investments Manager, LLC, a Washington limited liability company, its manager

By: _____
Name: Shaiza Damji
Its: Member

THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT (CITY CENTER HOTEL)

This THIRD AMENDMENT (this "Amendment") is entered into and dated as of November 17, 2016 by and between the City of Bothell, a Washington municipal corporation ("Seller") and Bothell Hotel, LLC, a Washington limited liability company ("Buyer"). This Amendment is made with reference to the following recitals:

RECITALS

A. Buyer and Seller entered into that certain Purchase and Sale Agreement (City Center Hotel) dated April 6, 2016, as amended by the First Amendment to Purchase and Sale Agreement (City Center Hotel) dated September 27, 2016 and the Second Amendment to Purchase and Sale Agreement (City Center Hotel) dated October 17, 2016 (the "Agreement"). Capitalized terms used herein and not otherwise defined have the meaning given in the Agreement.

B. Buyer and Seller now desire to amend the Agreement as described below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing promises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

1. The end date for the "Due Diligence Period," as defined in the first sentence of Section 5.1.1(a) of the Agreement, is hereby changed from November 17, 2016 to December 9, 2016.

2. The "Closing Date," as defined in Section 4.2 of the Agreement, shall be December 16, 2016. Thus, Section 4.2 is amended and restated in its entirety to read as follows:

"4.2 Closing; Closing Date. The consummation of the purchase and sale of the Property (the "Closing") shall take place on December 16, 2016 (the "Closing Date")."

3. Except as amended by this Amendment, the Agreement shall remain in full force and effect, and the parties reaffirm all provisions thereof.

4. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument. Facsimile and electronic signatures shall be binding.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the date first set forth above.

SELLER:

CITY OF BOTHELL, a Washington municipal corporation

By: _____
Name: Peter Troedsson
Its: Assistant City Manager

BUYER:

BOTHELL HOTEL, LLC, a Washington limited liability company

By 360 Investments, LLC, a Washington limited liability company, its member

By 360 Investments Manager, LLC, a Washington limited liability company, its manager

By: _____
Name: Shaiza Damji
Its: Member

FOURTH AMENDMENT TO
PURCHASE AND SALE AGREEMENT (CITY CENTER HOTEL)

This FOURTH AMENDMENT (this "Amendment") is entered into and dated as of December 9, 2016 by and between the City of Bothell, a Washington municipal corporation ("Seller") and Bothell Hotel, LLC, a Washington limited liability company ("Buyer"). This Amendment is made with reference to the following recitals:

RECITALS

A. Buyer and Seller entered into that certain Purchase and Sale Agreement (City Center Hotel) dated April 6, 2016, as amended by the First Amendment to Purchase and Sale Agreement (City Center Hotel) dated September 27, 2016, the Second Amendment to Purchase and Sale Agreement (City Center Hotel) dated October 17, 2016, and the Third Amendment to Purchase and Sale Agreement (City Center Hotel) dated November 17, 2016 (the "Agreement"). Capitalized terms used herein and not otherwise defined have the meaning given in the Agreement.

B. Buyer and Seller now desire to amend the Agreement as described below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing promises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

1. The end date for the "Due Diligence Period," as defined in the first sentence of Section 5.1.1(a) of the Agreement, is hereby changed from December 9, 2016 to January 13, 2016.

2. The "Closing Date," as defined in Section 4.2 of the Agreement, shall be January 27, 2016. Thus, Section 4.2 is amended and restated in its entirety to read as follows:

"4.2 Closing; Closing Date. The consummation of the purchase and sale of the Property (the "Closing") shall take place on January 27, 2016 (the "Closing Date")."

3. Except as amended by this Amendment, the Agreement shall remain in full force and effect, and the parties reaffirm all provisions thereof.

4. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument. Facsimile and electronic signatures shall be binding.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the date first set forth above.

SELLER:

CITY OF BOTHELL, a Washington municipal corporation

By
Name: Peter Troedsson
Its: Assistant City Manager

BUYER:
BOTHELL HOTEL, LLC, a Washington limited liability company

By 360 Investments, LLC, a Washington limited liability company, its member

By 360 Investments Manager, LLC, a Washington limited liability company, its manager

By:
Name: Shaiza Damji
Its: Member

FIFTH AMENDMENT TO PURCHASE AND SALE AGREEMENT (CITY CENTER HOTEL)

This FIFTH AMENDMENT (this "Amendment") is entered into and dated as of January 13, 2017 by and between the City of Bothell, a Washington municipal corporation ("Seller") and Bothell Hotel, LLC, a Washington limited liability company ("Buyer"). This Amendment is made with reference to the following recitals:

RECITALS

A. Buyer and Seller entered into that certain Purchase and Sale Agreement (City Center Hotel) dated April 6, 2016, as amended by the First Amendment to Purchase and Sale Agreement (City Center Hotel) dated September 27, 2016, the Second Amendment to Purchase and Sale Agreement (City Center Hotel) dated October 17, 2016, the Third Amendment to Purchase and Sale Agreement (City Center Hotel) dated November 17, 2016, and the Fourth Amendment to Purchase and Sale Agreement (City Center Hotel) dated December 9, 2016 (the "Agreement"). Capitalized terms used herein and not otherwise defined have the meaning given in the Agreement.

B. Buyer and Seller now desire to amend the Agreement as described below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing promises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

1. The end date for the "Due Diligence Period," as defined in the first sentence of Section 5.1.1(a) of the Agreement, is hereby changed from January 13, 2017 to January 19, 2017.

2. The "Closing Date," as defined in Section 4.2 of the Agreement, shall be February 10, 2017. Thus, Section 4.2 is amended and restated in its entirety to read as follows:

> "4.2 Closing; Closing Date. The consummation of the purchase and sale of the Property (the "Closing") shall take place on February 10, 2017 (the "Closing Date")."

3. Except as amended by this Amendment, the Agreement shall remain in full force and effect, and the parties reaffirm all provisions thereof.

4. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument. Facsimile and electronic signatures shall be binding.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the date first set forth above.

SELLER:

CITY OF BOTHELL, a Washington municipal corporation

By:
Name: Peter Troedsson
Its: Assistant City Manager

BUYER:
BOTHELL HOTEL, LLC, a Washington limited liability company

By 360 Investments, LLC, a Washington limited liability company, its member

By 360 Investments Manager, LLC, a Washington limited liability company, its manager

By:
Name: Shaiza Damji
Its: Member

SIXTH AMENDMENT TO
PURCHASE AND SALE AGREEMENT (CITY CENTER HOTEL)

This SIXTH AMENDMENT (this "Amendment") is entered into and dated as of January 19, 2017, by and between the City of Bothell, a Washington municipal corporation ("Seller") and Bothell Hotel, LLC, a Washington limited liability company ("Buyer"). This Amendment is made with reference to the following recitals:

RECITALS

A. Buyer and Seller entered into that certain Purchase and Sale Agreement (City Center Hotel) dated April 6, 2016, as amended by the First Amendment to Purchase and Sale Agreement (City Center Hotel) dated September 27, 2016, the Second Amendment to Purchase and Sale Agreement (City Center Hotel) dated October 17, 2016, the Third Amendment to Purchase and Sale Agreement (City Center Hotel) dated November 17, 2016, the Fourth Amendment to Purchase and Sale Agreement (City Center Hotel) dated December 9, 2016, and the Fifth Amendment to Purchase and Sale Agreement (City Center Hotel) dated January 13, 2017 (the "Agreement"). Capitalized terms used herein and not otherwise defined have the meaning given in the Agreement.

B. Buyer and Seller now desire to amend the Agreement as described below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing promises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

1. The "Closing Date," as defined in Section 4.2 of the Agreement, shall be February 10, 2017. Thus, Section 4.2 is amended and restated in its entirety to read as follows:

"4.2 Closing; Closing Date. The consummation of the purchase and sale of the Property (the "Closing") shall take place on February 10, 2017 (the "Closing Date")."

2. Section 5.2.4 is of the Agreement is amended and restated in its entirety as follows:

"5.2.4 Approval of Parking Lease and Easements. Not later than February 3, 2017, COB Properties, a Washington nonprofit corporation and owner of the City Hall Property ("COB"), and the 63-20 bond trustee have approved of the (i) Parking Lease, and (ii) the following easements and covenant: Parking Easement, Temporary Construction Easement, Access Easement, Storm Drainage Easement, Reciprocal Access Easement (Doors) and Restrictive Covenant Agreement (Height Restriction). Seller agrees to use commercially reasonable efforts to obtain such approvals."

3. Section 10.3 of the Agreement is amended and restated in its entirety to read as follows:

"10.3 Parking Lease. At Closing, Buyer and Seller shall enter into a parking lease pursuant to which Buyer shall lease from Seller 100 exclusive use parking stalls and 15 non-exclusive use additional spaces in the City Garage located under the City Hall adjacent to the Property (the "Parking Lease"). The Parking Lease shall allow Buyer, at its expense, to remove a portion of the existing City Garage firewall on levels P2 and P3 on New Lot 1 of the BLA for the purpose of providing pedestrian access from the City Garage to the hotel lobby and elevators located on the Property. The Parking Lease shall be in compliance with the applicable 63-20 financing leases, laws, and regulations and may require approvals from COB, which serves as Seller's landlord for the City Hall and City Garage property. The Parking Lease will be a sublease during the term of the 63-20 lease to Seller and a direct lease thereafter. The form of the Parking Lease is attached hereto as Exhibit I. In addition, the parties shall enter into a memorandum of the Parking Lease to be recorded at Closing (the "Memorandum of Parking Lease")."

4. Section 10.6 of the Agreement is amended and restated in its entirety to read as follows:

"10.6 Parking Easement. Buyer's design for the Project includes constructing a portion of the Project garage on a portion of New Lot 3 of the BLA with a landscaped deck and patio area on the roof of such portion. During the Due Diligence Period, the parties will negotiate in good faith to agree on a form of an easement encumbering New Lot 3 for the benefit of the Hotel Property (the "Parking Easement") permitting construction and operation of such garage on a portion of New Lot 3 of the BLA."

5. Confirmations by Seller. Seller confirms that: (i) it has approved Buyer's proposed construction method and foundation system for the Project as shown on Schedule 1 attached hereto and as provided in Section 5.1.6 of the Agreement; and (ii) that Seller has approved the approximate locations, general configuration and general usage of the retail portions of the Project as provided in Section 5.1.7 of the Agreement.

6. Notices. The "Attention" person for notices to Seller in Section 16 of the Agreement is hereby changed to City Manager, phone no. 425-806-6141, email: peter.troedsson@bothellwa.gov.

7. The legal description of the Property is amended as shown on Exhibit A attached hereto.

8. Exhibit E to the Agreement is amended and restated in its entirety as shown on Exhibit E attached hereto.

9. Exhibit I to the Agreement is amended and restated in its entirety as shown on Exhibit I attached hereto.

10. Except as amended by this Amendment, the Agreement shall remain in full force and effect, and the parties reaffirm all provisions thereof.

11. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument. Facsimile and electronic signatures shall be binding. The parties may execute this Amendment by exchange of .pdf signatures, which shall be effective as the original.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the date first set forth above.

SELLER:

CITY OF BOTHELL, a Washington municipal corporation

By: _____
Name: Peter Troedsson
Its: Assistant City Manager
Deputy

BUYER:

BOTHELL HOTEL, LLC, a Washington limited liability company

By 360 Investments, LLC, a Washington limited liability company, its member

By 360 Investments Manager, LLC, a Washington limited liability company, its manager

By: _____
Name: Shaiza Damji
Its: Member

SCHEDULE 1

CONSTRUCTION METHOD AND FOUNDATION SYSTEM

As outlined in section 5.1.6 and 9.2 of the Purchase and Sale Agreement dated April 6, 2016 between Bothell Hotel, LLC (the "Buyer") and the City of Bothell (the "Seller"), the Buyer met with the Seller on January 18, 2017 to describe the construction method and foundation system.

The summary that follows, along with the attachments submitted by the Buyer, are provided to ensure clear understanding of the intent of the Buyer as it relates to the construction method and foundation system.

Elevator Well and Pedestrian Tunnel: The elevator well and pedestrian tunnel from the underground parking to the elevator will be constructed below the groundwater elevation. As such, this area shall be waterproofed and vapor sealed to prevent contaminated groundwater or unwanted vapor from entering the interior spaces. No foundation drain will be installed. It will be designed with the understanding that it must withstand hydrostatic pressure

Foundations except for Elevator Well and Pedestrian Tunnel: The balance of the foundations for the buildings will be shallow enough to be above groundwater at all times. As such, foundation drains will be employed.

Environmental Vapor Barrier: Buyer will either 1) submit the results of an analysis by their environmental consultant that supports that an environmental vapor barrier is not necessary or 2) provide a barrier where it is needed along with results of an analysis that supports the extent of the need. An environmental vapor barrier's purpose would be to keep solvent vapors from entering the interior spaces of the structures.

Excavation: Buyer will develop a plan which will identify areas where soil that must be removed is properly disposed of. This will apply to any excavation within the potentially affected zones identified whether it be for building foundation, slab, or utility installation purposes. Soil that is below MTCA levels that must be removed will have to have a contained-in approval letter from the WA State Department of Ecology and be hauled and disposed of properly. Soil above MTCA levels will have to be removed and disposed of properly.

Dewatering: It is anticipated that dewatering will only be necessary for the construction of the elevator well and pedestrian tunnel. The City will confirm whether existing sentry wells can be used to monitor whether dewatering in this area is drawing contaminated groundwater toward the hotel site. If contaminated groundwater is being pulled toward the excavation, dewatering must stop and Buyer will have to propose an alternate method of dewatering prior to continuing. Buyer must protect the sentry wells until such time as the dewatering is complete. Buyer shall then properly and legally fill and abandon the wells. If additional sentry wells are needed for this purpose, the Seller shall install them prior to the start of construction by Buyer.

Per section 5.2.5 of the purchase and sale agreement, the Seller approves the Buyer's construction method and foundation system as described above. As part of the permit process, Buyer must submit details of construction and material type for review and approval. Buyer must also submit the analysis and intent of the environmental vapor barrier requirement. This will help ensure that groundwater and vapor will not be an issue and that materials will be consistent with the type of solvent present.

SCHEDULE 1

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

New Lot 8 as described on City of Bothell Boundary Line Adjustment No. 2016-_____ (the "BLA") to be recorded before Closing and depicted on Exhibit A-1 attached hereto.

EXHIBIT A-1

DEPICTION OF THE BLA

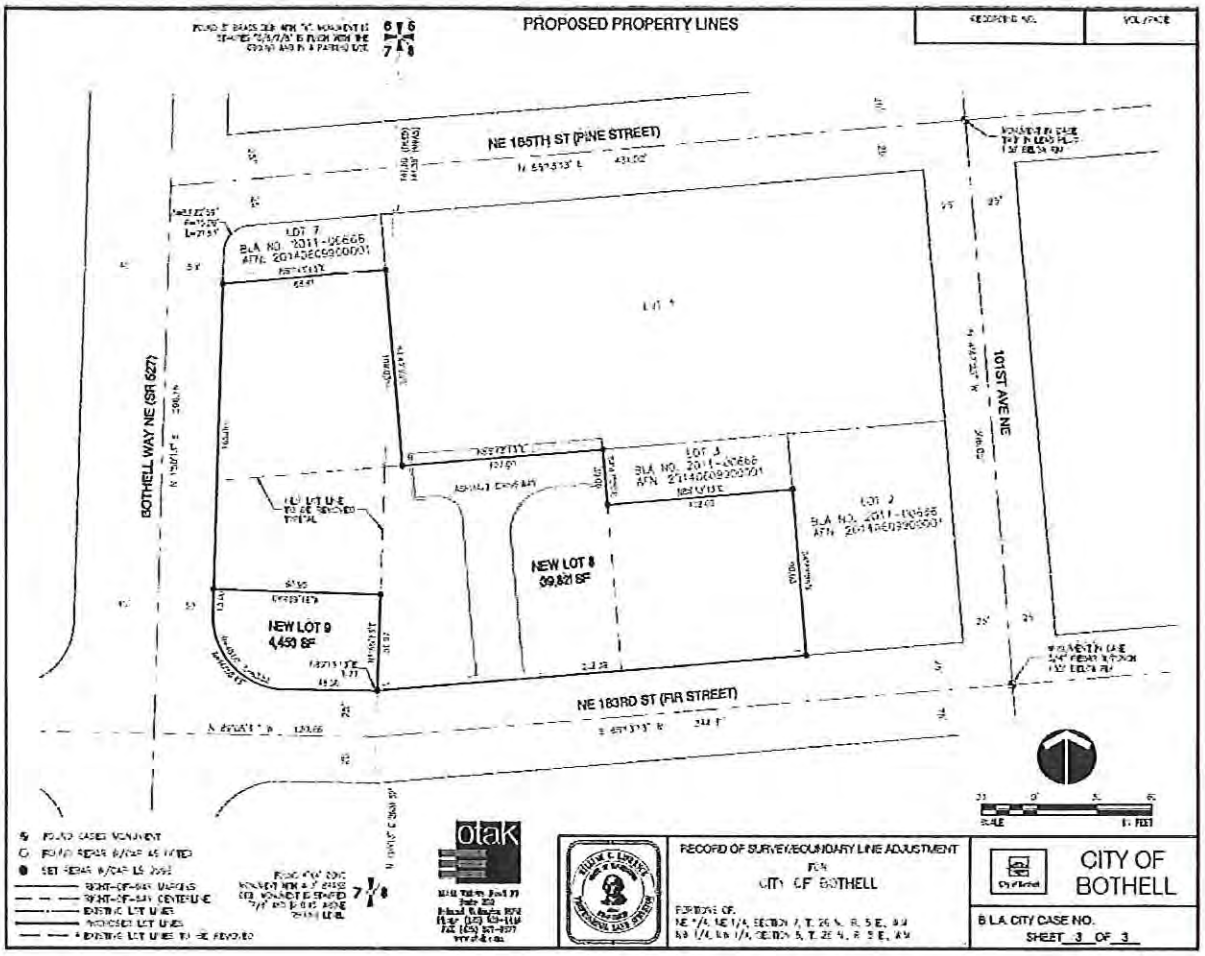


EXHIBIT E

FORM OF DEVELOPMENT AGREEMENT

After Recording Return To:
K&L Gates LLP
925 Fourth Avenue
Suite 2900
Seattle, WA 98104
Attn: Shannon Skinner

DEVELOPMENT AGREEMENT (CITY CENTER HOTEL)

GRANTOR: BOTHELL HOTEL, LLC a Washington limited liability company

GRANTEE: CITY OF BOTHELL, a Washington municipal corporation

Legal Description:
Abbreviated form:
Additional legal on Exhibit A

Assessor's Property Tax Parcel Account Number(s):

TABLE OF CONTENTS

Exhibits

Exhibit A	Legal Description of Property
Exhibit B	Form of Certificate of Performance
Exhibit C	Form of Guaranty of Completion
Exhibit D	Depiction of Height, Setbacks and Design (Sun Angles/Shadowing Study)

DEVELOPMENT AGREEMENT
(CITY CENTER HOTEL)

THIS DEVELOPMENT AGREEMENT (CITY CENTER HOTEL) (this "Agreement") is dated as of _____, 2017, between the CITY OF BOTHELL, a Washington municipal corporation ("City"), and BOTHELL HOTEL, LLC a Washington limited liability company ("Developer").

RECITALS

A. Pursuant to that certain Purchase and Sale Agreement (City Center Hotel) dated April 6, 2016 between City as seller and Developer as buyer, as amended (the "Sale Agreement"), concurrently herewith Developer has acquired that certain real property legally described in Exhibit A attached hereto (the "Property"). As part of such acquisition, the parties are executing this Agreement as required by the Sale Agreement.

B. Buyer's proposal for its development in downtown Bothell to encompass the Property was consistent with City's goals for the Property and the City, including the City of Bothell's Comprehensive Plan and Downtown Subarea Plan.

C. As described in the Sale Agreement, City desires to foster the development of the Property, which is located in a key part of downtown Bothell, in a way that will contribute to public amenities and the economic revitalization of the City.

D. The conceptual plan for development described in this Agreement may result in applications that will in turn be subject to appropriate and subsequent development and site-specific State Environmental Policy Act, land use, development, public, and other applicable review prior to commencement of any construction under this Agreement. In addition to submitting plans to the City in its regulatory capacity as the permitting authority, Developer intends to submit plans to enable the City's approval/confirmation that the Property is being developed into the Project.

E. The Project is a private undertaking to be contracted, constructed and operated by Developer with Developer's resources and will provide a significant development of the Property with accompanying public amenities and economic redevelopment benefits to the public. The parties intend by this Agreement to set forth their mutual agreement and undertakings with regard to the Project.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual undertaking and promises contained herein, and the benefits to be realized by each party and in future consideration of the benefit to the general public by the creation and operation of the Project upon the Property, and as a direct benefit to City and other valuable consideration, the adequacy of which is hereby acknowledged, the parties agree as follows:

Section 1. Definitions. In addition to the terms defined in the Recitals above, the following terms shall have the meanings set forth below:

"Business Day" means any day on which banks in Bothell, Washington are required to be open for business, excluding Saturdays and Sundays.

"Certificate of Performance" means a certificate issued by City to Developer pursuant to Section 9 of this Agreement.

"City Approvals" means the approvals of all Plans pursuant to Section 5.4, performed by City in its capacity as the approving party under this Agreement. The City Approvals shall not constitute any of the regulatory approvals required under the applicable Legal Requirements to construct the Project.

"City Default" shall have the meaning given in Section 17.

"City Garage" means the public garage located underneath the City Hall complex adjacent to the Property.

"Closing" means the close of the sale of the Property pursuant to the Sale Agreement.

"commencement of construction" and "commence construction" means that the foundation work (including pouring of concrete) for the Project has begun, following site preparation work and issuance of a building permit therefor. Performance of site preparation work alone shall not constitute "commencement of construction."

"Concept Design Documents" means an architectural or artist's rendering that illustrates the scope of the Project, its location within the Property, and the relationship of the Project to its surroundings, consistent with the Design Guidelines and the scope of development. The intent of the Concept Design Documents is to provide, visually and in text, an idea as to the nature and density of the Project and its proposed mix of uses.

"Construction Plans" means the final construction plans and specifications for the Project approved by the City pursuant to Section 5.

"Construction Schedule" means the schedule for construction of the Improvements approved along with the Construction Plans.

"Construction Start Date" means the date that is the ninth (9th) month anniversary of the date this Agreement is recorded, subject to extension for Force Majeure.

"Design Development Documents" means plans and specifications for the Project based on the Concept Design Documents and Schematic Plans. The Design Development Documents illustrate and describe the refinement of the design of the Project, establishing the scope, relationship, forms, size and appearance of the Project by means of plans, sections and elevations, typical construction details, and equipment layouts. The Design

Development Documents shall include specifications that identify major material and systems and establish in general their quality levels.

"Design Guidelines" means, collectively, the City of Bothell's *Imagine Bothell...*Comprehensive Plan, the City of Bothell Municipal Code, the City of Bothell Design and Construction Standards and Specifications, the City of Bothell Downtown Subarea Plan and Regulations and other Legal Requirements that affect the Project and the Property.

"Effective Date" means the date set forth in the first paragraph of this Agreement.

"Environmental Agreements" means, as applicable, the DCAP, CAP, Consent Decree, Interim Action Work Plan, Restrictive Covenant and Monitoring and Compliance Easement (as such terms are defined in the Sale Agreement).

"Event(s) of Default" has the meaning given in Section 15.

"Force Majeure" has the meaning given in Section 19.17.

"Guarantor" means 360 Investments LLC, a Washington limited liability company.

"Governmental Authorities" means any board, bureau, commission, department or body of any local, municipal, county, state or federal governmental or quasi-governmental unit, or any subdivision thereof, or any utility provider serving the Property, having, asserting, or acquiring jurisdiction over or providing utility service to the Project, the Property and/or the management, operation, use, environmental cleanup or improvement thereof.

"Hazardous Substances" has the meaning set forth in Section 7.

"Improvements" means all buildings, structures, improvements and fixtures to be constructed in, under or upon the Property as part of the Project, and all accessways, pedestrian areas, public amenities, parking areas, utility distribution facilities, lighting, signage and other infrastructure improvements to be built by Developer on the Property as part of the Project.

"Indemnity Agreement" has the meaning given in the Sale Agreement.

"Integrated Development Features" means physical features that may be required to be constructed as integral parts of the Project by the CAP, including vapor barriers, vapor extraction systems, building foundations, landscaping, sidewalks, loading areas, stormwater collection and conveyance systems, and parking areas that are part of the systems used to isolate contaminated soil, soil gas or groundwater.

"Legal Requirements" means all local, county, state and federal laws, ordinances and regulations and other rules, orders, requirements and determinations of any

Governmental Authorities now or hereafter in effect, whether or not presently contemplated, applicable to the Property, the Project or its ownership, operation or possession, including (without limitation) all those relating to parking restrictions, building codes, zoning or other land use matters, The Americans With Disabilities Act of 1990, as amended (as interpreted and applied by the public agencies with jurisdiction over the Property), life safety requirements and environmental laws with respect to the handling, treatment, storage, disposal, discharge, use and transportation of Hazardous Substances.

"Lot 9 Plaza" shall have the meaning given in Section 5.3.2.

"Lot 9 Plaza Improvements" shall have the meaning given in Section 5.3.2.

"Material Modification" shall have the meaning given in Section 5.4.

"Mortgagee" means the holder of a first mortgage or deed of trust ("Mortgage") encumbering Developer's interest in any portion of the Property, the proceeds of which are used to finance or refinance the construction of Improvements.

"Opening Date" means the date that is the twenty-fourth (24th) month anniversary of the date this Agreement is recorded, subject to extension for Force Majeure.

"Plans" means, collectively, the Concept Design Documents, the Schematic Plans, the Design Development Documents and the Construction Plans, as approved by City pursuant to Section 5.

"Project" means the development of the Property to construct the Improvements consisting of two separately-branded hotels and associated on-site parking more particularly described in Section 3 (the "Project").

"Project Documents" means this Agreement, the Sale Agreement and the Indemnity Agreement.

"Project Schedule" means the schedule for construction of the Project, which schedule shall provide for such construction of the Project to commence by the Construction Start Date and be substantially complete by the Opening Date.

"Repurchase Option" shall have the meaning given in Section 5.7.

"Sale Agreement" has the meaning given in Recital A.

"Schematic Plans" means:

(i) Site plans showing the Improvements in relation to the Property, with all proposed connections to existing or proposed roads, utilities and services;

(ii) Plans, elevations, typical cross-sections and typical wall sections of all building areas;

(iii) Elevations of each building to determine the site lines and the specific configuration and relationship of design elements of the building exterior in relationship to streets;

(iv) A preliminary exterior finish schedule;

(v) A description of servicing requirements, trash areas, loading docks, etc.; and

(vi) Calculation of gross building area.

"Sidewalk Improvements" shall have the meaning given in Section 5.3.3.

"substantial completion" or "substantially complete" means that all of the following have occurred: (i) the Improvements required to be developed by this Agreement are completed substantially in accordance with the Construction Plans, except for punchlist items that do not substantially prevent the use of the Improvements for their intended purposes, as evidenced by an AIA Certificate of Substantial Completion from the Project architect; and (ii) the City has issued a temporary or final certificate of completion or certificate of occupancy for all of the building portions of the Improvements.

"Western Plaza" shall have the meaning given in Section 3.

Section 2. Intent and Relations.

2.1 Generally. Developer will construct the Project in a manner that conforms to and is consistent in all material respects with the Construction Plans approved by City and in accordance with the terms and conditions of this Agreement. Development on the Property will comply with all Legal Requirements. This Agreement is intended by the parties to establish the design, development and performance criteria and schedule for the Project. The parties agree that Developer has sole responsibility for construction, obtaining all necessary permits and approvals and complying with all Legal Requirements as they relate to ownership, construction and operation of the Project.

Developer shall at its own cost furnish all plans, engineering, supervision, labor, material, supplies and equipment necessary for completion of the Project. City has entered into this Agreement relying on Developer's agreement that it will design and construct the Project in accordance with this Agreement.

2.2 Standards. Developer shall perform the terms of this Agreement according to the following standards:

2.2.1 All construction of the Project by Developer shall comply with, and be performed in accordance with, the Construction Plans, this Agreement and all Legal Requirements.

2.2.2 Commencing with the Effective Date, Developer agrees to promptly begin and thereafter with diligence and commercially reasonable efforts design, construct and complete the Project pursuant to the Construction Plans, in accordance with the Project Schedule and with the requirements of City's process for permitting the Project and in a good and workmanlike manner and of good quality.

Section 3. Project Use and Design. The Project shall consist of two separately-branded, distinct hotels (one located along the Multiway Boulevard and one along NE 183rd Street), connected via a skybridge owned by Developer over a portion of the Lot 9 Plaza owned by City. Total hotel rooms will be approximately 178 between the two hotels. The height of the hotel building along NE 183rd Street shall be limited to 47 feet above the upper, western plaza that is part of the City Hall complex (the "Western Plaza") pursuant to the Covenant re: Height Restriction recorded concurrently with this Agreement. The height, setback and design of the hotel improvements shall be consistent with the sun angle/shadowing study depicted on Exhibit D attached hereto.

Construction of the Project shall include construction of the Lot 9 Plaza Improvements. One condition of permit approval will be that Developer permit public access across and over the "grand staircase" portion of the Project between the two hotel buildings that permit pedestrians to traverse the stairway corridor between the Lot 9 Plaza and the Western Plaza. In addition, the Project shall also include construction of the Sidewalk Improvements along the Multiway Boulevard adjacent to the Property as described in Section 5.3.3.

The design and plans for the hotels shall be urban in character and incorporate thoughtful, engaging and inspiring "four-sided" architecture. The designs shall include detailing that imparts a distinctive identity for both hotels, setting them apart from a more generic design.

To the extent required by the Environmental Agreements in effect as of the Effective Date, the Project will include Integrated Development Features.

Section 4. General Terms of Conveyance. Conveyance and ownership of the Property shall remain subject to the provisions of this Agreement during the term hereof. This Agreement shall be superior and senior to the lien of any Mortgage encumbering the Property and all subsequent owners and lessees of all or any portion of the Property shall take subject to this Agreement during its term.

Section 5. Development.

5.1 Generally. Developer shall hereafter prepare the Plans for the development of the Project and submit them to the City Manager or his designee for City's review and approval pursuant to Section 5.4. Such submittal shall be in addition to and shall not substitute for any regulatory permit review required by Applicable Law. If, in City's reasonable judgment, the Plans submitted provide for the construction of the Project in accordance with this Agreement, City shall approve them per Section 5.4. Any approval by City of the Plans hereunder is in its capacity as the approving party under this Agreement and shall not constitute any of the regulatory approvals required under the applicable Legal Requirements to obtain the permits

necessary to construct the Project. Developer shall submit the Plans in a timely manner to permit commencement of construction to occur by the Construction Start Date.

Developer shall construct and complete Improvements on the Property in a manner that is consistent in all material respects with the Construction Plans. Developer shall commence construction of the Project by the Construction Start Date and shall substantially complete the Project by the Opening Date. Developer will not start construction prior to satisfaction of the conditions set forth in Section 5.2 below. Developer agrees that once any construction work has begun, Developer will thereafter with diligence and commercially reasonable efforts proceed with such construction until the Project has been completed (subject to extensions for Force Majeure).

5.2 Conditions Precedent to Commencement of Construction. The following conditions shall have been satisfied before commencing construction on the Property:

5.2.1 Compliance with Agreement. Developer shall be in material compliance with this Agreement, including, without limitation, all contracting requirements and receipt of all necessary permits for construction.

5.2.2 Approval. Developer shall have obtained all City Approvals pursuant to Section 5.4 and shall have obtained the consents required from City under the Indemnity Agreement before commencing any construction activity on the Property.

5.2.3 Conveyance. Fee title to the Property shall have been transferred to Developer.

5.2.4 Permits. Developer shall have obtained all permits and other regulatory approvals for commencement of construction of the Project from City and any other applicable Governmental Authority, including without limitation the building permit(s) for the Improvements.

5.3 Construction Obligations and Development Fees.

5.3.1 In General.

(a) Permitting of the Improvements will be the Developer's responsibility. Developer shall submit the permit applications to the applicable Governmental Authorities.

(b) Developer is responsible for all excavation and disposal of soils and other materials it removes from the Property in accordance with all Legal Requirements.

5.3.2 Public Plaza. City has plans to improve New Lot 9 of City of Bothell BLA No. 2011-00666 (in the southwest corner of the block in which the Property is located) as a public plaza (the "Lot 9 Plaza"), to be part of the City Hall complex. Such improvements to the Lot 9 Plaza are called the "Lot 9 Plaza Improvements." Design and construction of the Lot 9 Plaza shall be in accordance with City's plans therefor and must be done in a manner that

protects and provides access to the environmental monitoring and compliance infrastructure (including injection and monitoring wells) installed by City as part of its cleanup of the site that includes Lot 9. City has contributed to the cost of the Lot 9 Plaza Improvements by providing a credit against the purchase price for the Property at Closing. Developer will construct the Lot 9 Plaza Improvements as part of the Project, to be complete not later than the Opening Date. Developer agrees to pay prevailing wage for the Lot 9 Plaza Improvements. City and Developer are parties to a temporary construction easement providing for the terms of access by Developer onto Lot 9 for such construction.

5.3.3 Multiway Boulevard Sidewalk. On November 14, 2016, the parties entered into a Memorandum of Understanding (the "MOU") pursuant to which Developer agreed that, as part of the Project, Developer will construct certain sidewalk improvements along the Multiway Boulevard adjacent to the Property according to the Multiway Boulevard design drawings as provided by City, to be completed not later than the Opening Date (the "Sidewalk Improvements"). The MOU describes the Sidewalk Improvements to be constructed by Developer as well as the credit to Developer for such work applied to the Multiway Boulevard contribution described in Section 5.3.4(c).

5.3.4 Development and Other Fees. Developer is responsible for payment of all development, utility, hookup, capacity, permit, plan check, SEPA and other fees, charges and surcharges required by City in its regulatory capacity for the construction of the Project. At the times required by the City in its regulatory capacity, Developer shall pay all fees and development charges required in connection with the issuance of the Project permits. These include: (i) a pre-application fee, required to be paid before the initial coordination meeting between City and Developer's architect and engineering representatives; (ii) plan check, fire plan check and traffic concurrency surcharge, at the time of application for the applicable item; (iii) other fees, at the time of permit issuance; (iv) transportation impact fees at time of building permit issuance; and (v) certain fees as provided below.

In addition, Developer shall be responsible for the following fees:

(a) Developer shall pay the stormwater facility charge for the downtown sub-basin area in accordance with BMC 18.11.045 and may use the downtown stormwater conveyance system in lieu of constructing on-site stormwater detention. Such payment shall be due upon issuance of the building permit for the Project.

(b) Developer shall pay a transportation mitigation fee in accordance with BMC § 17.045.

(c) Developer shall pay $408,589 to City as a contribution to the construction of the Multiway Boulevard sidewalk and access lane, which amount incorporates the credit to Developer in the amount of $38,274.00 pursuant to the MOU.

5.4 City Approval Process. Developer shall submit for approval to City the Concept Design Plan, Schematic Plans, Design Development Plan and Construction Plans (to the extent not approved before the date hereof) in a timely manner to permit commencement of construction by the Construction Start Date. These items shall be submitted to the City Manager

or his designee for review for conformance with this Agreement. City shall review the Plans under this Section 5.4 for consistency with the Design Guidelines and the Project Documents and shall base any disapproval only upon an identified inconsistency therewith. This review and approval is in addition to, and separate from, the normal City regulatory review and permitting process. City Approvals under this Section 5.4 shall not be considered approvals required under City's regulatory and permitting process. City shall undertake its review and response expeditiously, and Developer shall likewise respond expeditiously to comments and requests for changes and further information. Plans submitted under this provision for City approval shall be provided to City Manager or his designee, who will use reasonable efforts to notify Developer of City's approval or disapproval in writing within ten (10) Business Days after submission. If the City disapproves of a plan, it shall state in writing the specific reasons for such disapproval.

Developer's request for City Approvals shall be in writing and shall include sufficient information and such other information as may be reasonably required to permit the City to make an informed decision with respect thereto. City Approvals under this Section 5.4 shall not be unreasonably withheld or delayed. Such process of submittal, review, comment and re-submittal by Developer shall continue until such time as the submitted material has been approved by City.

Approval shall not be required for any modification, replacement, alteration or addition (but excluding any relocation) to any previously approved submission, unless there is a Material Modification from the previously approved submission. For any Material Modifications thereto proposed by Developer, the procedure shall be as described in this section. As used in this Agreement, a "Material Modification" shall be one that would (i) conflict with any Design Guidelines or Project Documents; or (ii) cause the Project not to be developed in accordance with this Agreement. Any Material Modification of any Plan shall be submitted to City for prior written approval and, if not approved by City, the previously approved Plan shall continue to control. City shall have the right to disapprove any modifications that are not consistent with the Design Guidelines or the Project Documents.

5.4.1 Concept Design Plan. Developer and City will use best efforts to agree on a "Concept Design Plan" for the development of the Property in sufficient time for Developer to timely submit the permit applications to comply with the Project Schedule. In designing the Project, Developer shall design its interior pedestrian and vehicular circulation plan to coordinate with City's plans for the adjacent rights of way and public plazas.

The Concept Design Plan to be submitted by Developer for approval shall be consistent with the following: Developer shall develop the Project, all in accordance with the Design Guidelines, to be as described in this Development Agreement. Developer shall ensure that the Property has parking for the Project with a sufficient number of parking spaces to satisfy the Design Guidelines.

5.4.2 Schematic Plans. Developer and City will use best efforts to agree on the Schematic Plans for the Improvements in sufficient time for Developer to submit the permit applications in accordance with the Project Schedule. City shall review the Schematic Plans for consistency with the Design Guidelines.

5.4.3 Design Development Plan. Developer and City will use best efforts to agree on a "Design Development Plan" for the Improvements in sufficient time for Developer to submit the permit applications to allow construction of the Project to be in accordance with the Project Schedule.

5.4.4 Construction Plans. Developer and City will use best efforts to agree on "Construction Plans" for the Improvements in sufficient time for Developer to apply for building permits in accordance with the Plans and Permit Application Schedule. All references in this Agreement to the Construction Plans include any revisions to the Construction Plans required pursuant to building permit review. The Construction Plans shall be based upon the approved Concept Design Plan, the Schematic Plan, the Design Development Plan and the Design Guidelines for the Improvements. The Construction Plans will be accompanied by a construction schedule (which shall include the Construction Start Date) (the "Construction Schedule").

Approval of the final Construction Plans by City under this Agreement for the Project and issuance of the building permits for the Project based on such final Construction Plans shall be conclusive evidence that the Project, if constructed substantially in accordance with such Construction Plans, conforms to the Design Guidelines.

5.5 Multiway Boulevard. City will start construction of its Multiway Boulevard improvement project in accordance with City's plans therefor and substantially complete such project not later than November 1, 2017, subject to Force Majeure.

5.6 Governmental Approvals. Developer shall apply, at its sole cost, to the appropriate Governmental Authorities or third parties for, and shall diligently pursue, all permits, licenses, permissions, consents or approvals required in connection with the construction of the Improvements.

5.7 Purchase Option if Failure to Start Construction or Event of Default Before Commencing Construction. If Developer fails to commence construction of the Project by the Construction Start Date, then City shall have the option to repurchase the Property (the "Repurchase Option") for the purchase price paid by Developer for the Property under the Sale Agreement; provided, however, that Developer may void City's exercise of the Repurchase Option by commencing construction within seven (7) days after receipt of City's notice of intent to repurchase. If Developer fails to commence construction of the Project by the Construction Start Date and City has not exercised the Repurchase Option in writing by the 180th day after the Construction Start Date, then City shall be deemed to have waived its right to exercise the Repurchase Option as of such 180th day.

The closing of the repurchase shall be not later than sixty (60) days following City's exercise of the Repurchase Option on a business day selected by City on not less than fifteen (15) days written notice to Developer.

If Developer fails to reconvey the Property to City as provided in this Section 5.7, then Developer shall pay to City liquidated damages in the amount of $2,000 per day until the Property is reconveyed to City as provided in this section. The parties agree that City's damages in the event of such failure are difficult to measure and such liquidated damages are a reasonable

estimate of the damages that City will suffer for Developer's failure to reconvey the Property as provided herein.

Developer shall pay all transfer and excise taxes in connection with such transfer. The deed will be in the same form as used to convey the Property to Developer. Upon such reconveyance to City, no encumbrances shall exist on title other than those that existed when title transferred to Developer, those consented to by City in writing (except any Mortgage) and those that were recorded as part of the closing of the acquisition of the Property, including without limitation the lien of any Mortgage recorded against the Property. Developer shall be responsible for obtaining the reconveyance of any Mortgage. If City exercises the Repurchase Option (or if City provides written notice to Developer that City elects to not exercise its Repurchase Option or waives the Repurchase Option as provided above), Developer shall be released from further obligations under this Agreement. Notwithstanding the foregoing, nothing herein shall limit Developer's liability for development and other fees described in Section 5.3.2 that are due and payable before City exercises its Repurchase Option. If Developer commences construction prior to City's exercise of the Repurchase Option, the Repurchase Option shall terminate. At Developer's request, upon commencement of construction, City shall provide written confirmation to a mortgagee that construction has commenced to satisfy a condition of a Mortgagee to advance funds under a construction loan.

Section 6. Disclaimer of Liability, Indemnity.

6.1 Preparation of Site; Utilities. City shall not be responsible for any demolition or site preparation in connection with the Project or any existing Improvements on the Property. City makes no representations as to the availability or capacity of utility connections or service to the Property. Developer shall make arrangements for utility services directly with utility service providers (including City). Any costs of installation, connection, relocating or upgrading utilities shall be paid by Developer.

6.2 AS IS. City makes no warranties or representations as to the suitability of the soil conditions or any other conditions of the Property or structures thereon for any Improvements to be constructed or rehabilitated by Developer, and Developer warrants that it has not relied on representations or warranties, if any, made by City as to the physical or environmental condition of the Property or the structures thereon for any Improvements to be constructed or rehabilitated by the Developer. Nothing in this section shall limit City's obligations under the Indemnity Agreement.

6.3 Approvals and Permits. Approval by City of any item in its capacity as seller pursuant to the Sale Agreement or the City Approvals pursuant to Section 5.4 of this Agreement shall not constitute a representation or warranty by City that such item complies with Legal Requirements and City assumes no liability with respect thereto. Developer acknowledges that City has not made any representation or warranty with respect to Developer's ability to obtain any permit or approval, or to meet any other requirements for development of the Property or Project. Nothing in this Agreement is intended or shall be construed to require that City exercise its discretionary authority under its regulatory ordinances approve the required permits for the Project or grant regulatory approvals. City is under no obligation or duty to supervise the design or construction of the Improvements pursuant to this Agreement. City's approval of the Plans

under this Agreement shall not constitute any representation or warranty, express or implied, as to the adequacy of the design or any obligation on City to insure that work or materials are in compliance with the Plans or any building requirements imposed by any governmental entity (including City in its regulatory capacity). City is under no obligation or duty, and disclaims any responsibility, to pay for the cost of construction of the Improvements, the cost of which shall at all times remain the sole liability of Developer.

6.4 Indemnity. Developer shall indemnify, defend and hold City, its employers, officers and council members harmless from and against all claim, liability, loss, damage, cost, or expense (including reasonable attorneys' fees, court costs, and amounts paid in settlements and judgment) arising out of Developer's development of the Project, operation of the Property or the construction of the Project, including any act or omission of Developer or its members, agents, employees, representatives, contractors, subcontractors, successors or assigns on or with respect to the Property. City shall not be entitled to such indemnification to the extent that such claim, liability, loss, damage, cost or expense is caused by the gross negligence or willful misconduct of City. This indemnification shall survive expiration or termination of this Agreement.

Promptly following receipt of notice, an indemnitee hereunder shall give Developer written notice of any claim for which Developer has indemnified it hereunder, and Developer shall thereafter vigorously defend such claim, at its sole cost, on behalf of such indemnitee. Failure to give prompt notice to Developer shall not constitute a bar to the indemnification hereunder unless such delay has prejudiced Developer in the defense of such claim. If Developer is required to defend any action or proceeding pursuant to this section to which action or proceeding an indemnitee is made a party, such indemnitee shall be entitled to appear, defend or otherwise take part in the matter involved, at its election, by counsel of its own choosing. To the extent an indemnitee is indemnified under this section, Developer shall bear the cost of the indemnitee's defense, including reasonable attorneys' fees and costs. No settlement of any non-monetary claim shall be made without City's written approval, not to be unreasonably withheld.

Section 7. Environmental Issues. As described in the Sale Agreement, the Property is subject to certain Contamination (as defined in the Sale Agreement). Pursuant to the Sale Agreement, City is responsible for performing the Remediation. Developer will develop and construct the Project in a manner that does not violate the Environmental Agreements or the Indemnity Agreement (as defined in the Sale Agreement).

Section 8. Guaranty of Completion. Contemporaneously with the execution of this Agreement, Developer shall furnish an irrevocable and unconditional guaranty of performance by 360 Investments LLC, a Washington limited liability company (a beneficial owner of Developer), in the form of Exhibit C attached hereto, guaranteeing the full and faithful performance of Developer's obligations under this Agreement. If City approves of a transfer of Property pursuant to Section 14, City will not unreasonably withhold its request for a termination of this guaranty, provided that a substitute guarantor satisfactory to City in its sole discretion is provided. This guaranty shall terminate upon issuance by City of the Certificate of Performance described in Section 9 or repurchase of the Property pursuant to Section 5.7 or Section 16.1. Neither the provisions of this Section nor any guaranty accepted by City pursuant hereto, shall be

construed to excuse faithful performance by Developer or to limit liability of Developer under this Agreement.

Section 9. Certificate of Performance.

9.1 When Developer Entitled to Certificate of Performance. Upon substantial completion of the Project in accordance with this Agreement and satisfaction of the other conditions of this Section 9, City will furnish Developer with a recordable Certificate of Performance, substantially in the form attached hereto as Exhibit B hereto. Notwithstanding the foregoing, City shall not be required to issue the Certificate of Performance if Developer is not then in material compliance with the terms of this Agreement. In addition, if punchlist items remain when Developer requests the Certificate of Performance, City may require as a condition to the issuance thereof that Developer post a bond or provide other financial assurance reasonably satisfactory to City to insure completion of the punchlist items, and Developer agrees to proceed with all reasonable diligence to complete the punchlist items.

9.2 Effect of Certificate of Performance; Termination of Agreement. Issuance by City of a Certificate of Performance shall terminate this Agreement and each of its provisions except for the provisions described in Section 6.4 that expressly survive termination of this Agreement. No party acquiring or leasing any portion of the Property after issuance of the Certificate of Performance shall (because of such purchase or lease) have any obligation whatsoever under this Agreement.

Section 10. Intentionally Deleted.

Section 11. Liens. NOTICE IS HEREBY GIVEN THAT CITY WILL NOT BE LIABLE FOR ANY LABOR, SERVICES, MATERIALS OR EQUIPMENT FURNISHED OR TO BE FURNISHED TO DEVELOPER OR ANYONE HOLDING AN INTEREST IN THE PROPERTY (OR ANY PART THEREOF) THROUGH OR UNDER DEVELOPER.

Section 12. Insurance. The requirements of this Section 12 shall apply until the Certificate of Performance is recorded unless otherwise noted in this Section.

12.1 Insurance Requirements. Developer shall maintain and keep in force insurance covering the Project, as provided below, and maintain such additional insurance as required by Developer's Mortgagee.

12.1.1 Builders Risk. Upon commencement of construction, Builders Risk insurance covering interests of City, Developer, its contractor, subcontractors, and sub-subcontractors in the Project work. Builders Risk insurance shall be on a all-risk policy form (and may be in a separate policy or included in the property insurance policy) and shall insure against the perils of fire and extended coverage and physical loss or damage including flood (if the buildings on the Property are located in a special flood hazard area and flood insurance is available), earthquake, theft, vandalism, malicious mischief, collapse, temporary buildings and debris removal. This Builders Risk insurance covering the work will have a deductible of not more than $50,000 for each occurrence. Higher deductibles for flood (if applicable) and earthquake perils may be accepted by the City upon written request by the Developer and written

acceptance by the City. Builders Risk insurance shall be written in the amount of the completed value of the Project with no coinsurance provisions. The Builders Risk insurance shall be maintained until City issues the Certificate of Performance.

12.1.2 Commercial General Liability. Commercial General Liability insurance shall be written with limits no less than $1,000,000 each occurrence and a $2,000,000 general aggregate limit. The Commercial General Liability insurance shall be written on ISO occurrence form CG 00 01 (or equivalent form) and shall cover liability arising from premises, operations, stop gap liability, independent contractors, personal injury and advertising injury, and liability assumed under an insured contract. Developer's Commercial General Liability insurance shall be endorsed to name City as an additional insured using ISO Additional Insured endorsement CG 20 26 07 04 – Additional Insured Designated Person or Organization or a substitute endorsement providing equivalent coverage.

12.2 Insurance Policies. Insurance policies required herein:

12.2.1 Shall be issued by companies authorized to do business in the State of Washington with the following qualifications:

12.2.1.1. The companies shall have an A.M. Best rating of at least A VII and be licensed in the State of Washington.

12.2.1.2 Developer's insurance coverage shall be primary insurance as respects City. Any insurance, self-insurance, or insurance pool coverage maintained by City shall be excess of the Developer's and Contractor's insurance and shall not contribute with it.

12.2.2 Each such policy or certificate of insurance mentioned and required in this Section 12 shall have attached thereto (1) an endorsement that such policy shall not be canceled without at least thirty (30) days prior written notice to Developer and City; (2) an endorsement to the effect that the insurance as to any one insured shall not be invalidated by any act or neglect of any other insured; (3) an endorsement pursuant to which the insurance carrier waives all rights of subrogation against the parties hereto; and (4) an endorsement pursuant to which this insurance is primary and noncontributory.

12.2.3 The certificates of insurance and insurance policies shall be furnished to Developer and City before commencement of construction under this Agreement. The certificate(s) shall clearly indicate the insurance and the type, amount and classification, as required under this Section 12.

12.2.4 Cancellation of any insurance or non-payment by Developer of any premium for any insurance policies required by this Agreement shall constitute an immediate Event of Default under Section 15 of this Agreement, without cure or grace period. In addition to any other legal remedies, City at its sole option after written notice may obtain such insurance and pay such premiums for which, together with costs and attorneys' fees, Developer shall be liable to City.

Section 13. Destruction or Condemnation.

13.1 Total or Partial Destruction. If the Improvements are totally or partially destroyed at any time during the term of this Agreement, Developer shall reconstruct or repair the damage consistent with the Construction Plans. In any event, Developer shall at its cost secure the Property, clear the debris and generally make the Property as safe and attractive as practical given the circumstances.

If for any reason the Improvements are not reconstructed as provided above, without limiting any other rights or remedies that City has, no further development of the Property can occur without the prior approval of City. This Agreement shall continue to restrict future development of the Property and Developer or any successor of Developer shall obtain City's approval of the development plan before the Property is developed.

13.2 Condemnation. If during the term of this Agreement the whole or any substantial part of the Property is taken or condemned in the exercise of eminent domain powers (or by conveyance in lieu thereof), such that Developer can no longer materially meet its obligations under this Agreement, this Agreement shall terminate upon the date when possession of the Property or portion thereof so taken shall be acquired by the condemning authority. As used herein, "substantial" shall be defined as reasonably preventing the operation of the Project and conduct of Developer's activities as contemplated hereby. If a taking occurs that is not substantial, this Agreement shall continue in full force and effect as to the part of the Property not taken.

Section 14. Right to Assign or Otherwise Transfer. Developer represents that Developer's purchase of the Property is intended for development and not for speculation. During the term of this Agreement, any transfers of the Property pursuant to the following sections shall be made expressly subject to the terms, covenants and conditions of this Agreement.

14.1 Transfers Before Certificate of Performance.

14.1.1 During the term of this Agreement, Developer will not transfer the Property or any part thereof without the prior written consent of City, which consent shall be in City's sole discretion. Developer's grant of a Mortgage against the Property shall not be an assignment prohibited by this Section. Further, City shall not unreasonably withhold its consent to a transfer of the Property to a transferee entity that is controlled by Developer and whose day to day management is controlled by employees of Developer (which transfer would require such transferee to assume the obligations of Developer under this Agreement).

"Transfer" as used herein includes any sale, conveyance, transfer, ground lease or assignment, whether voluntary or involuntary, of any interest in the Property and includes transfer to a trustee in bankruptcy, receiver or assignee for the benefit of creditors, any merger, consolidation, liquidation or dissociation of Developer. In addition, "Transfer" includes any sale or any transfer of direct or indirect interests in Developer or any of its constituent entities, other than transfers of minority interest that do not individually or in the aggregate result in the change of control or management of Developer or the Project.

14.1.2 If City approves of a transfer under Section 14.1, Developer shall deliver to City (a) a copy of the document evidencing the implementation of such transfer, including a suitable estoppel agreement(s), and (b) an assumption of all obligations of Developer under this Agreement in form reasonably satisfactory to City.

14.1.3 The transferee (and all succeeding and successor transferees) shall succeed to and assume all rights and obligations of Developer under this Agreement, including any unperformed obligations of Developer as of the date of such transfer. No transfer by Developer, or any successor, shall release Developer, or such successor, from any such unperformed obligations without the express written consent and release by City.

14.1.4 If Developer transfers the Property during the term of this Agreement without the prior written consent of City (other than transfers that do not require the consent of City hereunder), then City or its designee shall have an option to purchase the Property for the same price as paid by such unpermitted transferee. Such option must be exercised within ninety (90) days after City receives written notice from Developer of the unpermitted transfer and close within thirty (30) days after exercise of the option. Such transferee shall be obliged to sell the Property to City (or its designee) on the same terms and conditions as those upon which the transferee purchased the Property.

14.2 Transfers After Certificate of Performance. After issuance of the Certificate of Performance by City pursuant to Section 9, this Agreement shall not restrict any transfers.

Section 15. Mortgagee Protections and Cure Rights.

15.1 Mortgagee Protection. No Event of Default under this Agreement shall defeat, render invalid, diminish or impair the lien of any Mortgage made for value but, subject to Section 15.2 below, all of the terms and conditions of this Agreement shall be binding upon and effective against any person, including any Mortgagee, who acquires title to the Property by foreclosure or deed in lieu of foreclosure.

15.2 Notice and Opportunity to Cure. If City receives a written notice from a Mortgagee requesting copies of notices of default from City to Developer under this Agreement, then City shall use commercially reasonable efforts to provide a copy of any such default notice to the Mortgagee at the same time it is provided to the Developer. Such default notice shall not be effective with respect to Developer or the Mortgagee until City provides the Mortgagee with a copy. The Mortgagee shall have the right, but not the obligation, to cure any such default by Developer within an additional 15 days (for defaults that can be cured by the payment of money) and 30 days (for all other defaults) after expiration of the cure period given to Developer under this Agreement. Notwithstanding the foregoing, if such default or non-compliance (i) is not one that can be cured by the payment of money, (ii) occurs after commencement of construction of the Project, and (iii) is of a nature that it may not be cured by the Mortgagee without obtaining possession of the Property, then so long as the Mortgagee proceeds with reasonable diligence to obtain possession of the Property, whether by appointment of a receiver or foreclosure of the Mortgage, and obtains such possession within ninety (90) days after the date of the notice, the Mortgagee shall have such additional period after obtaining possession (not to exceed 180 days) as may be reasonably required to cure such default or non-compliance. If a Mortgagee acquires

the Property, it shall have no obligation to cure any Event of Default by Developer described in Sections 16.6, 16.7 or 16.8 of this Agreement.

15.3 Obligation of Mortgagee. No Mortgagee shall have any obligation to perform any of the obligations of Developer under this Agreement, but nothing in this Agreement shall prohibit any Mortgagee either before or after foreclosure or deed in lieu thereof, from undertaking or continuing the construction or completion of the Improvements, provided that the Mortgagee notifies City in writing of its intention to complete the Project according to the approved final Construction Plans and this Agreement. Any Mortgagee who properly completes the Project in accordance with this Agreement shall be entitled, following written request made to City, to issuance of a Certificate of Performance in accordance with Section 9 above. All construction and development activities on or with respect to the Property shall be in accordance with this Agreement until a Certificate of Performance is recorded.

Section 16. Default By Developer. Developer's failure to keep, observe, or perform any of its duties or obligations under this Agreement shall be an Event of Default hereunder, including, without limitation, any of the following specific events:

16.1 The failure of Developer to substantially comply with the standards of performance for the Project as set forth in Section 2 of this Agreement, including without limitation submission of Plans and permit applications for approval as required herein and commencement of construction of the Project by the Construction Start Date;

16.2 The failure of Developer to submit and obtain approval as to any Material Modification as required in Section 5.4;

16.3 The failure of Developer to construct the Project substantially in accordance with this Agreement;

16.4 Conversion of any portion of the Property or the Improvements to any use other than the uses permitted in this Agreement;

16.5 The failure of Developer to comply with Section 12 of this Agreement;

16.6 The making by Developer or Guarantor of an assignment for the benefit of creditors or filing a petition in bankruptcy or of reorganization under any bankruptcy or insolvency law or filing a petition to effect a composition or extension of time to pay its debts;

16.7 The appointment of a receiver or trustee of all or any of the property of Developer or Guarantor, which appointment is not vacated or stayed within sixty (60) days, or the filing of a petition in bankruptcy against Developer or for its reorganization under any bankruptcy or insolvency law which not dismissed or stayed by the court within sixty (60) days after such filing;

16.8 Any sale, assignment or other transfer in violation of Section 14 of this Agreement;

16.9 Any default in the performance of any other obligations of Developer hereunder;

16.10 The failure of Developer to commence construction of the Project by the Construction Start Date; or

16.11 The failure to have the Project substantially complete by the Opening Date.

The happening of any of the above described events shall be an "Event of Default" hereunder. Notwithstanding the foregoing, except in the case of Sections 16.6, 16.7, 16.8 and 16.11, as to which notice but no cure period shall apply, or in the case of Section 16.10, in which case a seven (7) day notice and cure period shall apply pursuant to the terms of Section 5.7, Developer shall have thirty (30) days following written notice from City to cure such default (or if such default cannot reasonably cured within 30 days, if Developer fails to commence such cure within 30 days and thereafter diligently pursue such cure to completion within 120 days).

Section 17. Remedies For Developer Default.

17.1 Default Prior to Commencement of Construction. If an Event of Default occurs prior to the time that Developer commences construction of the Project and such Event of Default is not cured within any applicable cure period for such Event of Default under Section 15 (if the Mortgagee has given notice under Section 15.3 that it intends to complete the Project in accordance with this Agreement) or Section 16, City shall have the right to repurchase the Property for the purchase price paid by Developer for the Property under the Sale Agreement and on the other terms set forth in Section 5.7 of this Agreement as if City exercised the Repurchase Option under Section 5.7. Notwithstanding the foregoing, if Developer cures such Event of Default prior to City notifying Seller that City will repurchase the Property under this Section 17.1 on account of such Event of Default, City will have no right to repurchase the Property on account of such Event of Default. Further, notwithstanding the foregoing, nothing herein shall limit Developer's liability for development and other fees described in Section 5.3 that are due and payable before City exercises its repurchase option under this section.

In addition, City shall have all rights and remedies provided in Section 17.2.

17.2 Default After Commencement of Construction. If an Event of Default occurs after the time that Developer commences construction on the Property, and such Event of Default is not cured within any applicable time period under Section 15 or Section 16, City shall have all cumulative rights and remedies under law or in equity, including but not limited to the following:

17.2.1 Damages. Developer shall be liable for any and all damages incurred by City, except that Developer shall not be liable for consequential damages incurred by City.

17.2.2 Specific Performance. City shall be entitled to specific performance of Developer's obligations under this Agreement without any requirement to prove or establish that City does not have an adequate remedy at law. Developer hereby waives the requirement of any such proof and acknowledges that City would not have an adequate remedy at law for Developer's commission of an Event of Default hereunder

17.2.3 Injunction. City shall be entitled to restrain, by injunction, the actual or threatened commission or attempt of an Event of Default and to obtain a judgment or order specifically prohibiting a violation or breach of this Agreement without, in either case, being required to prove or establish that City does not have an adequate remedy at law. Developer hereby waives the requirement of any such proof and acknowledges that City would not have an adequate remedy at law for Developer's commission of an Event of Default hereunder.

17.2.4 Guaranty and Damages. City shall be entitled to draw upon, enforce, commence an action for equitable or other relief, and/or proceed against Developer and Guarantor for all monetary damages, costs and expenses arising from the Event of Default and to recover all such damages, costs and expenses, including reasonable attorneys' fees.

17.3 Provisions Surviving Termination. Upon termination of this Agreement, the Indemnification obligation set forth in Section 6.4 (Indemnity) shall remain with the parties then obligated thereunder, and such obligation shall not be assumed or deemed assumed by any subsequent owner of all or any portion of the Property.

17.4 Mortgagee Protections. Except with respect to City's repurchase rights under Sections 5.7 and 17.1, no remedy exercised by City hereunder shall impair the right of any Mortgagee to foreclose its Mortgage encumbering the Property.

Section 18. Default By City. City's failure to keep, observe, or perform any of its duties or obligations under this Agreement shall be a default hereunder (a "City Default"). City shall have thirty (30) days following written notice from Developer to cure such City Default (or if such City Default cannot reasonably cured within 30 days, if City fails to commence such cure within 30 days and thereafter diligently pursue such cure to completion within 120 days).

If a City Default occurs and is not cured within any applicable cure period, Developer shall have all cumulative rights and remedies under law or in equity, including damages incurred by Developer by reason of the City Default (except that City shall not be liable for consequential damages incurred by Developer), and specific performance of the obligations of City under this Agreement without any requirement to prove or establish that Developer does not have an adequate remedy at law. City hereby waives the requirement of any such proof and acknowledges that Developer would not have an adequate remedy at law for City's commission of a City Default hereunder.

Section 19. Representations and Warranties. Each party hereby represents and warrants to the other that (a) it has full right, power and authority to enter into this Agreement and perform in accordance with its terms and provisions; (b) the individuals signing this Agreement on its behalf have the authority to bind and to enter into this transaction; and (c) it has taken all requisite action to legally authorize the execution, delivery, and performance of this Agreement.

Section 20. Miscellaneous.

20.1 Estoppel Certificates. City and Developer shall at any time and from time to time, within fifteen (15) days after written request by the other, execute, acknowledge and deliver, to

the party requesting same or to any prospective mortgagee, assignee or subtenant designated by Developer, a certificate stating that (i) this Agreement is in full force and effect and has not been modified, supplemented or amended in any way, or if there have been modifications, identifying such modifications; and if this Agreement is not in force and effect, the certificate shall so state; and (ii) to its knowledge, all conditions under the Agreement have been satisfied by City or Developer, as the case may be, and that no defenses or offsets exist against the enforcement of this Agreement by the other party, or, to the extent untrue, the certificate shall so state. The party to whom any such certificate shall be issued may rely on the matters therein set forth and thereafter the party issuing the same shall be estopped from denying the veracity or accuracy of the same.

20.2 Inspection. Until the Certificate of Performance is recorded, City shall have the right at all reasonable times to inspect the Property, including any construction work thereon, to determine compliance with the provisions of this Agreement. Further, City shall have all rights in its regulatory capacity to inspect the Property and construction activity.

20.3 Entire Agreement. This Agreement, the Project Documents and any documents attached as exhibits thereto contain the entire agreement between the parties as to the subject matter hereof and supersedes all prior discussions and understandings between them with reference to such subject matter.

20.4 Modification. This Agreement may not be amended or rescinded in any manner except by an instrument in writing signed by a duly authorized representative of each party hereto in the same manner as such party has authorized this Agreement.

20.5 Successors and Assigns; Joint and Several. This Agreement shall be binding upon and inure to the benefit of the successors in interest and assigns of each of the parties hereto except that there shall be no transfer of any interest by Developer except pursuant to the express terms of this Agreement. Any reference in this Agreement to a specifically named party shall be deemed to apply to any successor or assign of such party who has acquired its interest in compliance with the terms of this Agreement, or under law. The obligations of Developer, and of any other party who succeeds to their interests hereunder or in the Property, shall be joint and several.

20.6 Notices. All notices which may be or are required to be given pursuant to this Agreement shall be in writing and delivered to the parties at the following addresses:

To City:
City of Bothell
18415 – 101st Avenue NE
Bothell, WA 98011
Attention: City Manager
Phone: (425) 806-6141

With a copy to:
K&L Gates LLP
925 Fourth Avenue
Suite 2900
Seattle, WA 98104

Attention: Shannon Skinner
Phone: (206) 623-7022

To Developer: Bothell Hotel, LLC
c/o 360 Hotel Group
3500 188th Street SW, Suite 121
Lynnwood, WA 98037
Attn: Shaiza Damji
Phone: 425-775-9600

With a copy to: Pepple Cantu Schmidt
1000 Second Avenue, Suite 2950
Seattle, WA 98104
Attention: Dan Pepple
Phone: (206) 625-9960

Any such notices shall be either (a) sent by certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) days after deposit, postage prepaid in the U.S. mail, (b) sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered when actually delivered pursuant to the records of such courier, (c) sent by facsimile transmission (if a facsimile number is provided above) or electronic mail to the party and its counsel, receipt of which has been confirmed by telephone by the recipient (or the recipient's assistant) (provided that if such delivery occurs after 5:00 p.m. Pacific time on any day, the same shall be deemed delivered on the next Business Day following confirmed receipt; provided further, however, that any notice delivered pursuant to this clause (c) shall only be valid if it is followed by delivery via one of the methods set forth in clauses (a), (b), or (d) hereof within two (2) Business Days of the date of delivery via facsimile or electronic mail), or (d) hand delivered, in which case notice shall be deemed delivered on the date of the hand delivery. Any notice given by counsel to a party shall have the same effect as if given by such party. The above addresses and phone numbers may be changed by written notice to be provided the other party in accordance with this Section 16; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice.

20.7 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

20.8 Waiver. No waiver by any party of any provision of this Agreement or any breach thereof shall be of any force or effect unless in writing by the party granting the waiver; and no such waiver shall be construed to be a continuing waiver. The waiver by one party of the performance of any covenant, condition, or promise shall not invalidate this Agreement nor shall it be considered a waiver by such party of any other covenant, condition, or promise hereunder. The waiver by either or both parties of the time for performing any act shall not constitute a waiver of the time for performing any other act or an identical act required to be performed at a later time.

20.9 Rights and Remedies Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise or failure to exercise one or more of such rights or remedies by either party shall not preclude the exercise by it, at the same time or different times, of any right or remedy for the same default or any other default by the other party.

20.10 Governing Law; Jurisdiction. This Agreement shall be interpreted under and pursuant to the laws of the State of Washington. In the event any action is brought to enforce any of the provisions of this Agreement, the parties agree to be subject to the jurisdiction in the King County Superior Court for the State of Washington or in the United States District Court for the Western District of Washington.

20.11 No Joint Venture. Nothing contained in this Agreement shall create any partnership, joint venture or other arrangement between City and Developer.

20.12 No Third Party Rights. The parties intend that the rights, obligations, and covenants in this Agreement and the collateral instruments shall be exclusively enforceable by City and Developer, their successors and assigns. No term or provision of this Agreement shall be for the benefit of any person, firm, organization or corporation not a party hereto, and no such other person, firm, organization or corporation shall have any right or cause of action hereunder, except as may be otherwise expressly provided herein. Nothing in this section is intended to modify the restrictions on assignment Nothing in this section is intended to modify the restrictions on assignment contained in Section 14 hereof.

20.13 Consents. Whenever consent or approval by City is required under the terms of this Agreement, all such consents or approvals, if given, shall be given in writing from the City Manager of City.

20.14 Conflict of Interest. No member, official, or employee of City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to this Agreement which affects his personal interests or the interest of any corporation, partnership, or association in which he is, directly or indirectly, interested. No member, official, or employee of City shall be personally liable to Developer or any successor in interest upon the occurrence of any default or breach by City or for any amount which may become due to Developer or its successor or on any obligations under the terms of this Agreement.

20.15 Non-Discrimination. Developer, for itself and its successors and assigns, agrees that during the construction of the Project, Developer will not discriminate against any employee or applicant for employment because of race, color, religion, age, sex, marital status, handicap or national origin.

20.16 Attorneys' Fees. If any legal action or other proceeding is brought for the enforcement of this Agreement (including, without limitation, enforcement of any obligation to indemnify, defend or hold harmless), or because of an alleged dispute or default in connection with any of the provisions of this Agreement, the substantially prevailing party shall be entitled to recover the reasonable attorneys' fees (including those in any bankruptcy or insolvency

proceeding), accountants' and other experts' fees and all other fees, expenses and costs incurred in connection with that action or proceeding, in addition to any other relief to which it may be entitled.

20.17 Captions; Exhibits. The headings and captions of this Agreement and the Table of Contents preceding the body of this Agreement are for convenience of reference only and shall be disregarded in constructing or interpreting any part of the Agreement. All exhibits and appendices annexed hereto at the time of execution of this Agreement or in the future as contemplated herein, are hereby incorporated by reference as though fully set forth herein.

20.18 Force Majeure. Whenever a period of time for performance of an action to be performed by either party is prescribed in this Agreement, the period of time for performance shall be extended by the number of days that the performance is actually delayed due to war, acts of terrorism, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, casualties, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation (including suits filed by third parties concerning or arising out of this Agreement), weather or soils conditions which necessitate delays, inability to secure necessary labor, materials or tools, delays of any contractor, subcontractor or supplier, acts of the other party, acts or failure to act or delay in acting of any public or governmental entity, including to issue permits or approvals for the Project (provided that all submissions by Developer are timely, substantially complete and in accordance with applicable submittal requirements) or any other causes beyond the control or without the fault of the party claiming an extension of time to perform; provided that the lack of funds or financing of Developer is not independently a cause beyond the control or without the fault of Developer ("Force Majeure"). For any Force Majeure delay that will cause substantial completion of the Project to be delayed more than ten (10) days, Developer will keep City informed about the cause and nature of such delay and the progress in achieving such substantial completion. Times of performance under this Agreement may also be extended in writing by City and Developer.

20.19 Fair Construction; Severability. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the context may require. The parties hereby acknowledge and agree that each was properly represented by counsel and this Agreement was negotiated and drafted at arms' length so that the judicial rule of construction to the effect that any ambiguities are to be construed against the drafting party shall be inapplicable in the interpretation of this Agreement. The provisions of this Agreement shall be construed as a whole according to their common meaning and consistent with the other provisions contained herein in order to achieve the objectives and purposes of this Agreement. If any term, provision, covenant, clause, sentence or any other portion of the terms and conditions of this Agreement or the application thereof to any person or circumstances shall apply, to any extent, become invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect, unless rights and obligations of the parties have been materially altered or abridged by such invalidation or unenforceability.

20.20 Time of the Essence. In all matters under this Agreement, the parties agree that time is of the essence.

20.21 Computation of Time. In the computation of any period of time hereunder, the day of the act or event from which the period of time runs shall be excluded and the last day of such period shall be included. If any deadline hereunder falls on a day that is not a Business Day, then the deadline will be deemed extended to the next following Business Day.

[Signatures on the following page]

IN WITNESS WHEREOF, the parties hereto have executed this document as of the day and year first above written.

CITY OF BOTHELL, a Washington municipal corporation

By:_____
Name:_____
Title:_____

BOTHELL HOTEL, LLC a Washington limited liability company

By 360 Investments, LLC, a Washington limited liability company, its member

By 360 Investments Manager, LLC, a Washington limited liability company, its manager

By:_____
Name: Shaiza Damji
Its: Member

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the _____ of the City of Bothell to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____, 20_____.

_____
Notary Public
Print Name_____
My commission expires_____

(Use this space for notarial stamp/seal)

STATE OF)
) ss.
COUNTY OF)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the _____ of 360 Investments, LLC, the member of 360 Investments Manager, LLC, the manager of Bothell Hotel, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____, 20_____.

_____
Notary Public
Print Name_____
My commission expires_____

(Use this space for notarial stamp/seal)

EXHIBIT A to Development Agreement

Legal Description of Property

New Lot 8 as described on City of Bothell Boundary Line Adjustment No. 2016-_____ (the "BLA") to be recorded before Closing and depicted on Exhibit A-1 attached hereto.

EXHIBIT A-1

DEPICTION OF THE BLA

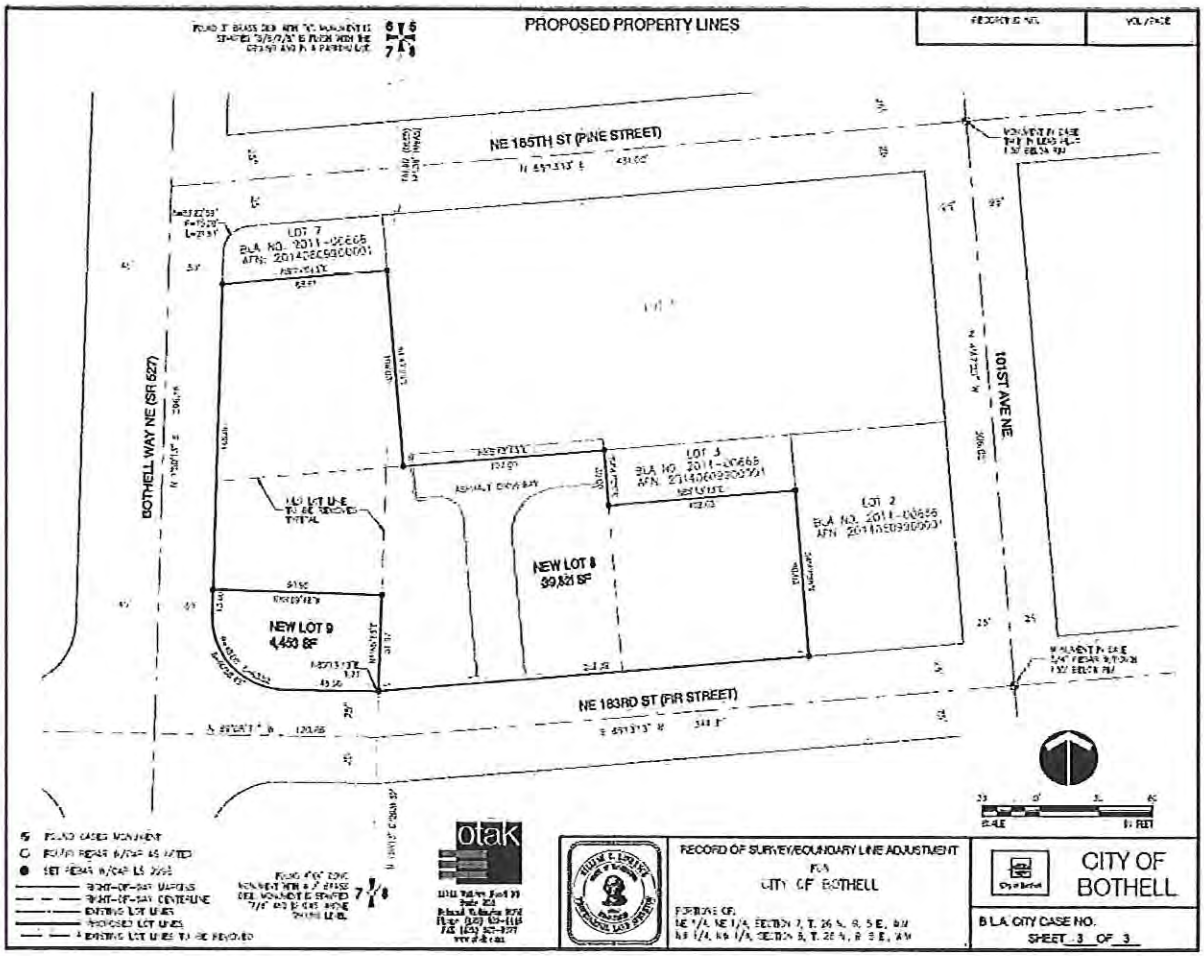


EXHIBIT B to Development Agreement

Form of Certification of Performance

After recording return to

_____

_____

_____

CERTIFICATE OF PERFORMANCE (CITY CENTER HOTEL)

GRANTOR: CITY OF BOTHELL

GRANTEE: BOTHELL HOTEL, LLC

Abbreviated Legal Description
(Full legal description on Ex. A):_____

Assessor's Tax Parcel No(s):_____

Related Document: Development Agreement (Doc. No. _____)

The CITY OF BOTHELL, a Washington municipal corporation ("City"), hereby certifies that BOTHELL HOTEL, LLC a Washington limited liability company ("Developer"), has satisfactorily completed construction of the Improvements on the Property described on Exhibit A attached hereto (the "Property"), as such Improvements are described in the Development Agreement dated _____, 20__ (the "Agreement"), which was recorded in the Records of the King County Auditor, Washington, as Document No. _____, on _____, 20__.

This Certificate of Performance is and shall be a conclusive determination that the Developer has satisfied, or City has waived, each of the agreements, covenants and conditions contained in the Agreement as to the development of the Improvements pursuant to Section 5 of the Agreement.

Notwithstanding this Certificate of Performance, Section 6.4 of the Agreement provides for the survival of certain covenants as between City and Developer, and nothing in this Certificate of Performance affects such survival.

The Agreement is hereby terminated to the extent it is an encumbrance on the Property and is released from title to the Property.

IN WITNESS WHEREOF, City has caused this instrument to be executed this _____ day of _____, _____.

CITY OF BOTHELL, a Washington municipal corporation

By:_____
Name: _____
Title: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the _____ of City of Bothell to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____, _____.

_____
Notary Public
Print Name_____
My commission expires_____

(Use this space for notarial stamp/seal)

EXHIBIT C to Development Agreement

Form of Performance Guaranty

GUARANTY OF COMPLETION (CITY CENTER HOTEL)

This Guaranty of Completion (City Center Hotel) is made as of _____, 20___, by 360 Investments LLC, a Washington limited liability company ("Guarantor"), in favor of the City of Bothell, a Washington municipal corporation ("City"), with reference to the following facts.

RECITALS

A. Contemporaneously herewith, Bothell Hotel, LLC, a Washington limited liability company ("Developer"), is purchasing property in Bothell, Washington on the same block as the Bothell City Hall in downtown Bothell (the "Property").

B. As part of the closing of the purchase of the Property, Developer and City are entering into a Development Agreement (City Center Hotel) of even date herewith (the "Development Agreement") that provides for the development of the Property. The Development Agreement requires that Guarantor provides this Guaranty to City. Capitalized terms not otherwise defined herein shall have the meaning given them in the Development Agreement.

C. Guarantor is a beneficial owner of Developer and will benefit from the purchase of the Property by Developer. Guarantor understands that development of the Property is crucial to mission and goals of City and that City would not sell the Property to Developer without this Guaranty.

GUARANTY AGREEMENT

NOW, THEREFORE, in consideration of the sale of the Property to Developer and as required by the Development Agreement, Guarantor unconditionally and irrevocably guarantees to City the full, faithful, timely and complete performance by Developer of Developer's obligations under the Development Agreement. Guarantor further agrees to pay all costs and expenses, including attorneys' fees, that may be incurred by City in enforcing this Guaranty. The obligations of Guarantor under this paragraph are called the "Obligations."

If for any reason there is an Event of Default by Developer under the Development Agreement then, in any such event, Guarantor, upon receipt of notice from City, agrees to cure such default and to perform, or cause Developer to perform, all of Developer's obligations under the Development Agreement.

If Guarantor fails to cure or cause cure of Developer's default as provided above (such cure by Guarantor in any event commence not later than 30 days after notice to Guarantor from City and thereafter proceed diligently and continuously), City, at City's option, shall have the right to complete the Project. City's rights to complete the Project shall be subject to the rights of

the construction lender to the Project to also complete the Project, such that if such lender is undertaking the construction of the Project, City shall not interfere with such construction activity (provide that such construction activity is in compliance with the Development Agreement). The amount of all expenditures reasonably incurred by City in curing the default shall be immediately due and payable by Guarantor to City.

Guarantor shall be responsible and liable to City for any losses, costs or expenses that City may suffer or incur as a result of any breach by Guarantor of any of the terms of this Guaranty or in the event that any of the representations or warranties made in writing by Guarantor to City are or were incorrect. If Guarantor defaults under this Guaranty, City may enforce this Guaranty against any or all persons liable hereunder and pursue any rights and remedies available at law or in equity, including without limitation actions for damages and specific performance. Guarantor agrees that, given the unique nature of the proposed development on the Property, City may not be in a position to complete the development and that specific performance is an appropriate remedy hereunder. In the event of any default under this Guaranty or in any action to enforce this Guaranty, City shall be entitled to recover all reasonable costs and expenses, including experts, accountants and attorney's fees and costs and including any such fees in any bankruptcy and appellate proceedings.

Guarantor agrees that its liability shall not be impaired or affected by (i) any renewals or extensions of the time for performance under the Development Agreement; (ii) any enforcement of or any forbearance or delay in enforcing the Development Agreement against Developer; (iii) any modifications of the terms or provisions of the Development Agreement; (iv) any settlement, release or compromise with Developer (except to the extent that the same are in a writing signed by Developer and City); (v) any lack of notice to Guarantor from City except that expressly provided for herein. City has no obligation to resort for payment to Developer or to any other person or entity or their properties, or to resort to any security, property, rights or remedies whatsoever, before enforcing this Guaranty.

Any other provisions hereof notwithstanding, this Guaranty shall terminate upon the issuance by City of a Certificate of Performance for the Project or repurchase of the Property by City pursuant to Sections 5.7 or 16.1 of the Development Agreement.

All diligence in collection, protection, or enforcement and all presentment, demand, protest and notice, as to anyone and everyone, whether Developer, Guarantor or others, of dishonor or default, the creation and existence of the Obligations, the acceptance of this Guaranty or any extensions of credit and indulgence hereunder, are hereby expressly waived. The payment by Guarantor of any amount pursuant to this Guaranty shall not in any way entitle Guarantor to any rights by way of subrogation or otherwise against Developer unless and until the full amount owing to City on the Obligations has been paid and the Obligations have been fully performed.

Upon the occurrence of an Event of Default under the Development Agreement that is not cured within any applicable cure period under the Development Agreement, City may exercise any right or remedy it may have at law or in equity against Developer under the Development Agreement. No such action by City will release or limit the liability of Guarantor

to City, if the effect of that action is to deprive Guarantor of the right to collect reimbursement from Developer for any sums paid to City.

Guarantor assumes full responsibility for keeping fully informed of the financial condition of Developer and all other circumstances affecting Developer's ability to perform its obligations to City and agrees that City will have no duty to report to Guarantor any information that City receives about Developer's financial condition or any circumstances bearing on its ability to perform.

All notices which may be or are required to be given pursuant to this Guaranty shall be in writing and delivered to the parties at the following addresses:

To City:
City of Bothell
18415 – 101st Avenue NE
Bothell, WA 98011
Attention: City Manager
Phone: (425) 806-6141

With a copy to:
K&L Gates LLP
925 Fourth Avenue
Suite 2900
Seattle, WA 98104
Attention: Shannon Skinner
Phone: (206) 623-7022

To Guarantor:
360 Investments LLC
c/o 360 Hotel Group
3500 188th Street SW, Suite 121
Lynnwood, WA 98037
Attn: Shaiza Damji
Phone No. 425-775-9600

With a copy to:
Pepple Cantu Schmidt
1000 Second Avenue, Suite 2950
Seattle, WA 98104
Attention: Dan Pepple
Phone: (206) 625-9960

Any such notices shall be either (a) sent by certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) days after deposit, postage prepaid in the U.S. mail, (b) sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered when actually delivered pursuant to the records of such courier, or (c) sent by facsimile transmission to the party and its counsel, receipt of which has been confirmed by telephone, and by regular mail, in which case notice shall be deemed delivered on the next business day following confirmed receipt, or (d) hand delivered, in which case notice shall be deemed delivered when actually delivered. The above addresses and phone numbers may be changed by written notice to the other party; provided, however, that no notice of a change of

address shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice.

This Guaranty shall be binding upon Guarantor, and upon the successors and assigns of Guarantor. This Guaranty shall run for the benefit of City, its successors and assigns.

This Guaranty may only be changed by an instrument in writing signed by the party against whom enforcement hereof is sought.

Guarantor acknowledges that the transactions contemplated hereby have been negotiated in the State of Washington, that Guarantor is to perform its obligations hereunder in the State of Washington and that after due consideration and consultation with counsel Guarantor and City have elected to have the internal laws of Washington apply hereto. Accordingly, this Guaranty shall be deemed made under and shall be construed in accordance and governed by the internal laws of the State of Washington without regard to principles of conflicts of laws. Guarantor hereby consents to the nonexclusive jurisdiction of the state courts located in King County, Washington and the federal courts in the Western District of Washington. Guarantor waives the defense of forum non conveniens in any such action and agrees that this Guaranty may be enforced in any such court.

NOTICE IS HEREBY GIVEN THAT ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, MODIFY LOAN TERMS, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

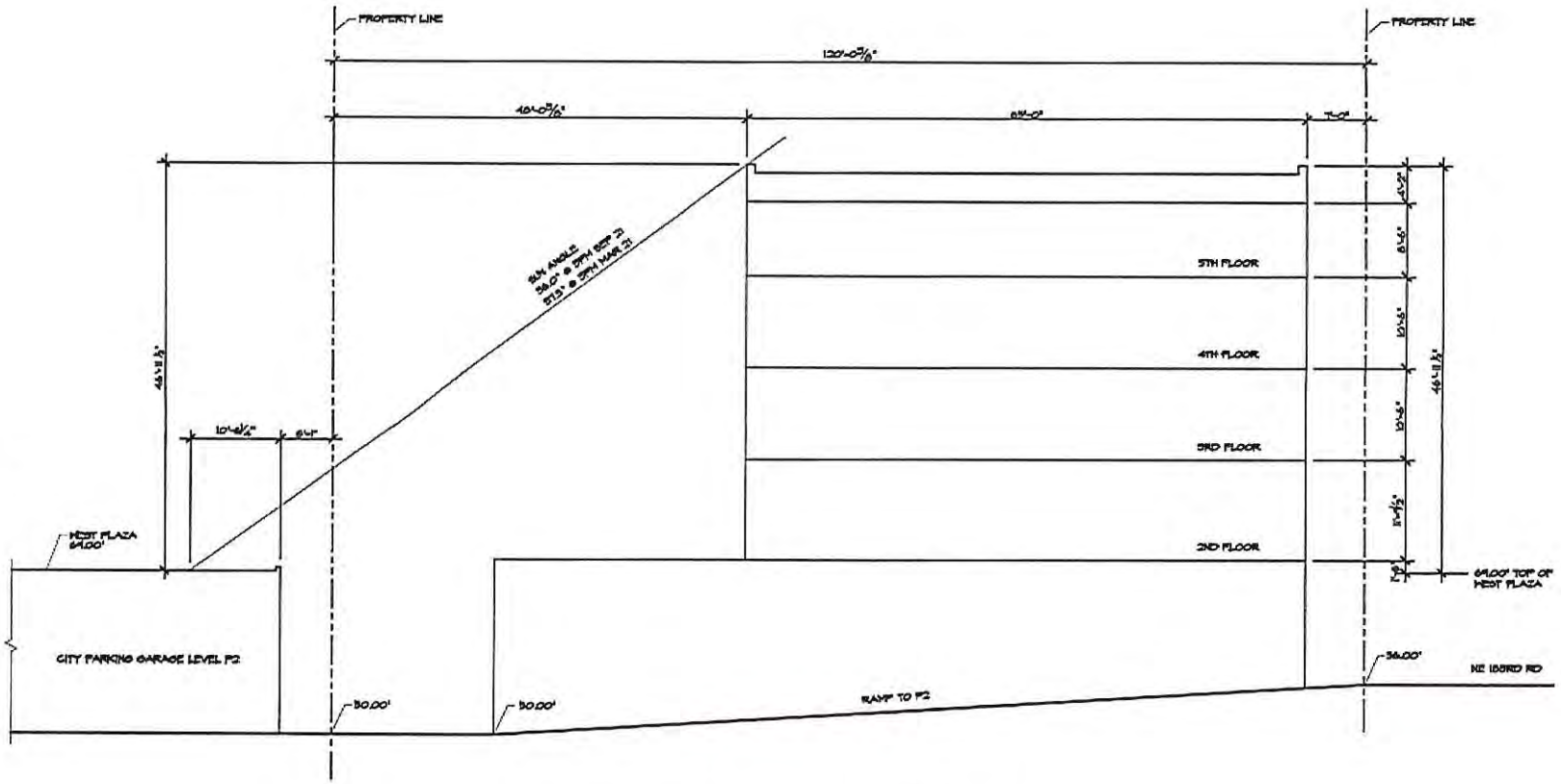
Notwithstanding any provision of this Guaranty to the contrary, Guarantor shall have no obligation hereunder on account of any Event of Default under the Development Agreement that occurs prior to commencement of construction on the Property pursuant to the Development Agreement. City's sole remedy on account of any such Event of Default shall be to repurchase the Property in accordance with the terms of Sections 5.7 and 16.1 of the Development Agreement.

360 INVESTMENTS LLC, a Washington limited liability company

By:_____
Name:_____
Title:_____

EXHIBIT D to Development Agreement

Depiction of Height, Setbacks and Design of Hotel Improvements (sun angles/shadowing study)

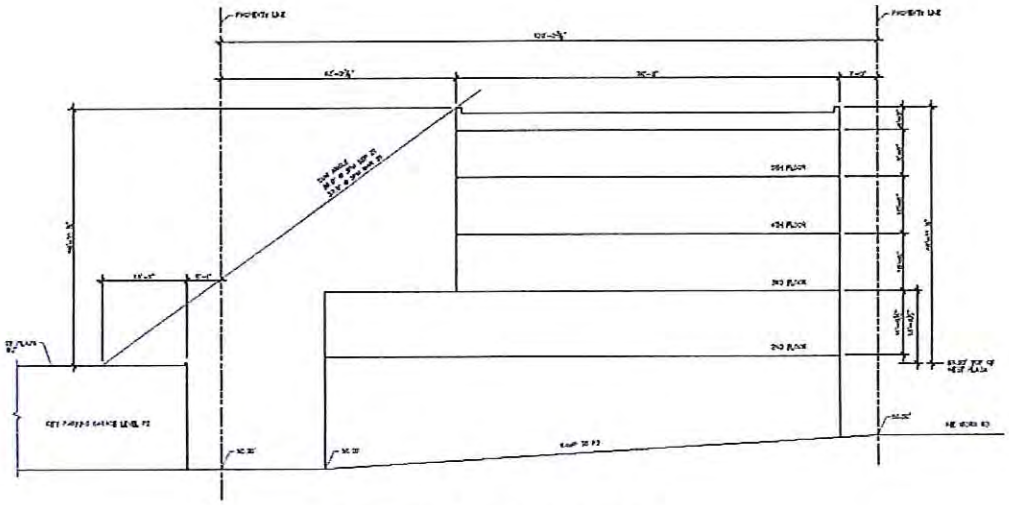


BOTHELL HOTEL SUN ANGLE ON CITY HALL WEST PLAZA

SCALE 1/8"=1'-0"

0 5 10 15 20

SCALE IN FEET



BOTHELL HOTEL SUN ANGLE ON CITY HALL WEST PLAZA

12/27/2016

EXHIBIT I

FORM OF PARKING LEASE

Parking Lease Agreement

between

City of Bothell

and

Bothell Hotel, LLC

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PARKING LEASE AGREEMENT

THIS PARKING LEASE AGREEMENT (this "Lease") is made and entered into as of _____, 20__ by and between the CITY OF BOTHELL, a Washington municipal corporation ("Landlord"), and BOTHELL HOTEL, LLC, a Washington limited liability company ("Tenant").

RECITALS

A. Landlord is the lessee of that certain property containing the building, related improvements and land commonly known as the new Bothell City Hall ("City Hall") and legally described in the attached Exhibit A (the "Property"). The Property is owned by COB Properties, a Washington nonprofit corporation ("Master Landlord"). Master Landlord leases the Property to Landlord under that certain Project Lease Agreement dated July 1, 2014 between Master Landlord as landlord and Landlord as tenant (the "Master Lease"). The Master Lease expires on the earlier of December 31, 2042 (the "Scheduled Master Lease Expiration Date") or the date that all tax-exempt bonds used to finance City Hall (the "Bonds") have been redeemed or defeased, unless adjusted as set forth in the Master Lease, or unless sooner terminated pursuant to the Master Lease (an "Early Master Lease Expiration Date") (collectively, the Scheduled Master Lease Termination Date and the Early Master Lease Termination Date are referred to as the "Master Lease Expiration Date").

B. The City Hall improvements include an underground parking garage (the "City Garage"). The City Garage provides approximately 254 parking spaces on three floors. The City Garage is currently operated on a self-park basis.

C. Contemporaneously herewith, Tenant has purchased from Landlord that certain property legally described on Exhibit B attached hereto (the "Hotel Property"). Tenant intends to develop the Hotel Property into two separately branded hotels, including parking (collectively, the "Hotel Project"). The Hotel Project includes a garage constructed and owned by Tenant (the "Hotel Garage"). The Hotel Garage is separate from and not connected with the City Garage. As part of Tenant's acquisition of the Hotel Property, the parties have entered into various agreements to facilitate the operation of City Hall and the Hotel Project, including access easements to the City Garage and including a Development Agreement between Landlord and Tenant of even date herewith (the "Development Agreement") under which Tenant has agreed to commence construction of the Hotel Project within nine (9) months after the date of the Development Agreement and to complete construction within twenty-four (24) months after the date of the Development Agreement (subject to *force majeure* extensions).

D. Landlord is required under the Master Lease to use the Property for City Hall purposes and any other uses consistent with that purpose. City Hall includes the public City Garage and Landlord and Master Landlord have determined that subleasing excess parking spaces not required by Landlord is consistent with City Hall purposes.

E. Landlord desires to lease portions of the City Garage to Tenant, and Tenant desires to lease such portions of the City Garage from Landlord, subject to the terms and conditions of this Lease.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. Grant of Lease and Permitted Use.

1.1 Grant of Lease. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord: (A) 100 parking spaces in the City Garage for Tenant's exclusive use twenty-four (24) hours per day, seven (7) days per week (the "Exclusive Parking Spaces") and (B) 15 parking spaces in the City Garage for Tenant's use between the hours of 6 P.M. and 10 A.M. (the "Shared Parking Spaces") (collectively, the "Parking Spaces"), together with a non-exclusive right of ingress and egress to the City Garage, including, without limitation, pedestrian ingress and egress through the Exit-Only Access Doors (defined below) and the Firewall Development (defined below) on the terms and conditions contained in this Lease. The Exclusive Parking Spaces shall include one (1) existing ADA compliant van parking space located in proximity to the access door on Level P2 of the City Garage. The Exclusive Parking Spaces are located in the areas depicted on Exhibit C attached hereto. The Shared Parking Spaces are located in the areas depicted on Exhibit D attached hereto.

1.2 Permitted Use and Purpose. The Parking Spaces can only be used by Tenant for "Hotel Parking Purposes." For purposes of this Lease, Hotel Parking Purposes means the parking of passenger vehicles by Tenant's occupants, guests, invitees and employees (collectively, the "Permitted Users") in the Parking Spaces. Tenant or Tenant's agents' construction workers may use the Parking Spaces during, but not after, the initial construction of the Hotel Project. The Parking Spaces may not be used for other purposes, including, but not limited to, parking by delivery vehicles or any other oversized vehicles (*i.e.*, vehicles too large to fit in a single parking space), storage, as a workspace, or any commercial purposes or reasons other than the Hotel Parking Purposes described above. Tenant may not make the Parking Spaces available on a long-term basis (*i.e.*, on more than an hourly or daily basis), except for long-term use by Tenant's employees. The Permitted Users shall have the right to access the Parking Spaces, by foot or vehicle, within and through the City Garage for the purposes set forth herein. Tenant shall use the Parking Spaces for Hotel Parking Purposes and no other without Landlord's prior written consent, which consent shall be granted, withheld, or made conditional, in Landlord's sole discretion. Tenant shall not do or permit any act or thing to be done upon or in respect of the Parking Spaces that may subject Landlord to any liability or responsibility for injury, damages to persons or property or to any liability by reason of any violation of any law, ordinance, or regulation.

1.3 Reduction in Spaces For Extension Terms. At the start of each Direct Lease Extension Term (as defined below), Tenant may reduce the number of the Exclusive Parking Spaces. No such reduction may cause the total number of Exclusive Parking Spaces to be reduced below five (5) spaces. If the number of Exclusive Parking Spaces is reduced, the location of the remaining Exclusive Parking Spaces shall be designated by Tenant but shall be subject to Landlord's reasonable approval. In addition, at the start of each Direct Lease Extension Term, Tenant may reduce the number of Shared Parking Spaces (which reduction may eliminate use of the Shared Parking Spaces altogether). To reduce the number of spaces, Tenant

shall provide written notice thereof to Landlord when it gives notice of its exercise of a right to a Direct Lease Extension Term under Section 2.3. The number of Exclusive Parking Spaces and Shared Parking Spaces may only be reduced as provided in this section; once reduced the number may not be increased.

As part of a reduction in the number of Exclusive Parking Spaces at the start of any Direct Lease Extension Term, Tenant may propose to relocate the Interior Gate (as defined in Section 12.3). Such relocation is subject to the reasonable approval of Landlord and would be at Tenant's sole cost. If the parties are not able to agree on the plan for any such relocation of the Interior Gate, then the gate will remain open.

2. Term.

2.1 Initial Term of Sublease. The initial term of this Lease shall be for a term commencing on the date of "substantial completion" (as defined in the Development Agreement) of the Hotel Project (the "Commencement Date") and expiring one day before the Master Lease Expiration Date (the "Initial Lease Term"). The Scheduled Master Lease Expiration Date is December 31, 2042, in which case the Initial Lease Term shall end on December 30, 2042. After December 1, 2024 and in the event of certain casualty or condemnation events, however, Landlord may prepay the Bonds and cause an Early Master Lease Expiration Date, in which case the Initial Lease Term shall end one day before the Early Master Lease Expiration Date.

The parties agree to execute and deliver, within thirty (30) days following the Commencement Date, a certificate in the form of Exhibit E setting forth the Commencement Date and expiration date of the Initial Lease Term and other specifics described therein.

2.2 Conversion into Direct Lease. Commencing immediately following the Master Lease Expiration Date, this Lease shall be deemed a direct lease between Landlord and Tenant (the "Direct Lease"). Regardless of whether the Master Lease expires on the Scheduled Master Lease Expiration Date or an Early Master Lease Expiration Date, the initial term of the Direct Lease shall end on December 31, 2048 (the "Direct Lease Initial Term").

2.3 Direct Lease Extension Terms. Tenant shall have the right to extend the Direct Lease for nine (9) consecutive periods of five (5) years each (each, a "Direct Lease Extension Term" and collectively, the "Direct Lease Extension Terms"). Tenant may exercise each Direct Lease Extension Term only if it is not then in default under this Lease beyond the expiration of any applicable grace period or cure period. In order to exercise its right to any Direct Lease Extension Term, Tenant shall give Landlord written notice no less than one hundred twenty (120) days prior to the expiration of the Direct Lease Initial Term or Direct Lease Extension Term then in effect.

"Lease Term" shall mean the Initial Lease Term, the Direct Lease Term and any properly exercised Direct Lease Extension Terms.

2.4 Failure to Substantially Complete Hotel Project. If Tenant fails to substantially complete the Hotel Project by the Opening Date (as those terms are defined in the Development Agreement), as the Opening Date may be extended by Force Majeure, this Lease shall terminate

at the option of Landlord to be exercised on not less than less than thirty (30) days prior written notice.

3. Monthly Rent. During the first year of the Initial Term, Tenant shall pay as Monthly Rent the sum of (a) one hundred and fifty dollars ($150.00) per month for each of the Exclusive Parking Spaces, and (b) one hundred dollars ($100) per month for each of the Shared Parking Spaces (the amounts described in clauses (a) and (b) are called the "Monthly Rent"). In addition, Tenant shall pay applicable leasehold excise tax payable on the Monthly Rent at the rate established by the State of Washington from time to time ("Leasehold Excise Tax"). In the event that there is any change in the amount, manner or method in which Leasehold Excise Tax is determined or paid, Tenant shall pay the Leasehold Excise Tax, as so changed, revised or recalculated. Monthly Rent shall be due on the first day of each month during the Lease Term, commencing on the first day of the first month following the Commencement Date.

By way of example only, assuming Landlord leases to Tenant 100 Exclusive Parking Spaces and 15 Shared Parking Spaces in a given month, the total Monthly Rent would be or Sixteen Thousand Five Hundred Dollars ($16,500) per month, plus applicable Leasehold Excise Tax.

In addition to the Monthly Rent and applicable Leasehold Excise Tax, Tenant shall pay the Parking Management Expense Charge (as described in Section 12) at the same time Tenant pays Monthly Rent.

4. Periodic Adjustments in Monthly Rent.

4.1 Annual CPI Increase for Monthly Rentt. Subject to the limitations in Section 4.2, on each anniversary of the Commencement Date (each, an "Adjustment Date"), Monthly Rent shall increase by an amount equal to the CPI Increase Percentage (as defined below) of the Monthly Rent then payable.

As used in this Lease, the "CPI Increase Percentage" for any Adjustment Date shall be the percentage increase, if any, for the most recent publication of the Consumer Price Index for All Urban Consumers, for the Seattle-Tacoma-Bremerton area as published by the United States Department of Labor, Bureau of Labor Statistics, (1982-84 = 100) (the "Index"), as reported on the date closest to (but preceding) thirty (30) days before the Adjustment Date compared to the Index as reported twelve months earlier. If the Bureau of Labor Statistics changes the basis of calculating the Index after the Commencement Date or discontinues issuance of the Index, the computation of any CPI Increase Percentage following such change or discontinuance shall be made on the basis of any such conversion or adjustment factors, if any, as may be announced by the Bureau of Labor Statistics and determined by Landlord in good faith. In no event will Monthly Rent decrease.

By way of example only, if the most recent Index thirty (30) days before the Adjustment Date is 228.068 and one year earlier was 215.5, the CPI Increase Percentage is 5.8%. If the Monthly Rent was $150 for Exclusive Parking Spaces before the Adjustment Date, after the Adjustment Date it would be $158.70. If Monthly Rent for the Shared Parking Spaces was $100 before the Adjustment Date, after the Adjustment Date it would be $105.80.

Landlord will use commercially reasonable efforts to notify Tenant of Monthly Rent increases based on CPI Increase Percentage at least fifteen (15) days before the Adjustment Date; provided, however, that if Landlord provides notice of Monthly Rent increases based on CPI Increase Percentage later than 15 days before the Adjustment Date, Tenant will make up the difference for any such increases in its next Monthly Rent payment. The Monthly Rent shall be adjusted by the CPI Increase Percentage each year of the Lease Term for which no Five-Year Market Rate Adjustment (as defined in Section 4.2) is made. Each determination of the CPI Increase Percentage by Landlord shall be binding absent manifest error.

4.2 Five-Year Market Rate Adjustments. Notwithstanding the foregoing, on the Adjustment Date occurring in the sixth (6th) year of the Initial Term and on the Adjustment Date occurring every five (5) years thereafter, in lieu of the CPI Increase Percentage described in Section 4.1, the adjustment in Monthly Rent shall be for increases, if any, in market rate (hereinafter "Five-Year Market Rate Adjustments"). "Market Rate" means the average monthly rate charged from time to time by similar garages in comparable markets to monthly contract parkers on a basis for non-reserved spaces with self-park, in-and-out privileges. Notwithstanding the foregoing, however, in no event shall any Five-Year Market Rate Adjustment increase the Monthly Rent to more than the greater of (a) 150% of the Monthly Rent payable in the month immediately preceding the Adjustment Date, or (b) the CPI Increase Percentage.

Landlord will use commercially reasonable efforts to notify Tenant of Monthly Rent increases based on Market Rate at least thirty (30) days before the date of the Market Rate Adjustment Date; provided, however, that if Landlord provides notice of Monthly Rent increases based on Market Rate later than thirty (30) days before the Adjustment Date, Tenant will make up the difference for any such increases in its next Monthly Rent payment.

In the event that Tenant disputes the Market Rate determined by Landlord, until resolved Tenant shall pay Monthly Rent based upon the Market Rate determined by Landlord, with retroactive adjustments as appropriate if the Market Rate shall be agreed otherwise between Tenant and Landlord or determined otherwise by the arbitration as hereinafter provided. To dispute Landlord's determination of the Market Rate, Tenant must provide written notice to Landlord within fifteen (15) days after Tenant's receipt of Landlord's written determination of the Market Rate. If Tenant disputes Landlord's determination, the parties will use reasonable efforts to agree upon the Market Rate on or before fifteen (15) days after Tenant's notice of dispute (the "Outside Agreement Date"). If the parties are unable to agree upon the Market Rate within such 15-day period, then the Market Rate shall be determined by arbitration pursuant to the paragraph below, and such determination of the Market Rate shall be retroactive to the Market Rate Adjustment Commencement Date during which the Market Rate was in dispute.

Within ten (10) days after expiration of the Outside Agreement Date, Landlord and Tenant shall mutually select an arbitrator (the "Arbitrator"), who shall by profession be parking study provider, to determine the Market Rate. If the parties do not select an Arbitrator within ten (10) days of the Outside Agreement Date, either party may file an application with the American Arbitration Association (the "AAA") and a neutral arbitrator who meets the qualifications set forth above shall be selected in accordance with AAA procedures. No later than ten (10) days after the selection or appointment of the Arbitrator, each party shall submit to the Arbitrator the

amount it believes is the Market Rate. Each party may also submit to the Arbitrator any other probative evidence supporting that party's position that the amount proposed by it is the Market Rate. The Arbitrator shall be limited to adopting only one or the other of the two proposals submitted by Landlord and Tenant. The Arbitrator shall select the proposal the Arbitrator determines is closer to the then applicable Market Rate, as defined above. The decision of the Arbitrator shall be final and shall be binding on Landlord and Tenant. If either party fails to submit a proposal within the time period required by this paragraph, then the proposal that was submitted timely shall be adopted by the Arbitrator. Each party shall pay one-half (1/2) of the fee charged by the Arbitrator and one-half (1/2) of the documented costs associated with conducting the arbitration.

Except as provided in the first paragraph of this Section 4.2, no CPI Increase Percentage adjustment shall be made for the calendar year in which any Five-Year Market Rate Adjustment becomes effective. At no time shall Monthly Rent for any year of the Lease Term be less than Monthly Rent for the prior year.

5. Possession. Tenant shall be entitled to possession on the first day of the Initial Term of this Lease, and shall yield possession to Landlord on the last day of the Lease Term, unless otherwise agreed to by both parties in writing. The Parking Spaces are leased to Tenant in the condition and state of repair existing on the date of this Lease, without representation or warranty of any kind by Landlord express or implied, and subject to (i) the existing condition of title, (ii) all applicable laws now or hereafter in effect, (iii) the Master Lease, and (iv) all the covenants, terms and conditions of any and all presently existing agreements affecting the City Garage and Parking Spaces. Tenant agrees to accept the Parking Spaces "AS IS" and in their condition and state of repair.

6. Late Payment Fee. If any amount due from Tenant is not received at the address for Monthly Rent payments in Section 8 below, or such other address as Landlord may specify in writing, on or before the fifth (5th) day following the date upon which such amount is due and payable, a late charge of five percent (5%) of said amount shall become immediately due and payable, which late charge Tenant and Landlord agree represents a fair and reasonable estimate of the processing and accounting costs that Landlord will incur by reason of such late payment.

7. Interest on Past Due Amounts. All amounts owing to Landlord under this Lease, including Monthly Rent, which are not paid within five (5) days of the due date, shall be assessed interest at an annual percentage rate of ten percent (10%) from the date due or date of invoice, whichever is earlier, until paid ("Interest Rate"). This interest is in addition to late charges otherwise provided for in this Lease.

8. Address for Monthly Rent Payments.

City of Bothell
18415 101st Avenue NE
Bothell, WA 98011
Attn: Finance Department

(or such other address as Landlord may specify in writing).

9. Maintenance and Management.

9.1 Maintenance of City Garage. Landlord agrees to keep and maintain the City Garage in a good and clean condition in accordance with a standard consistent with its maintenance standards for the City Garage.

9.2 Access to Parking Spaces. Landlord shall use reasonable efforts to avoid obstructing the Parking Spaces or access thereto by the Permitted Users. Notwithstanding the foregoing, Landlord may temporarily block the Parking Spaces or prevent access thereto for the purpose of conducting maintenance or repairs thereto. Such temporary blockage shall be limited to the time needed to conduct the maintenance or repairs. Landlord shall provide advance written notice to Tenant of any planned blockage of the Exclusive Parking Spaces and Shared Parking Spaces or City Garage anticipated to last longer than 24 hours (except no notice shall be required in the case of emergency repairs).

9.3 Repairs. Tenant agrees to repair, at Tenant's expense, any damage to the City Garage, Exclusive Parking Spaces or Shared Parking Spaces caused by Tenant, or by its officers, employees, members, agents or invitees, as well as damage to the City Garage, Exclusive Parking Spaces or Shared Parking Spaces caused by Permitted Users, including, but not limited to, damage caused by Tenant's installation, construction or use of the Access Point as described in Section 1.3.2.

9.4 Parking Management. Landlord has hired a parking manager (currently, Diamond Parking Services, but subject to change or self-management by Landlord) to manage and monitor the City Garage (the "Parking Manager"), including monitoring the Parking Spaces for compliance with this Lease and issuing citations to the Permitted Users for parking in areas of the City Garage other than the Parking Spaces. As partial reimbursement for Landlord's expense in managing and monitoring the City Garage and the Parking Spaces, Tenant shall pay Tenant's proportionate share (the "Parking Management Expense Charge") of the parking management fee charged to Landlord by the Parking Manager, or Landlord's own expense if Landlord elects to self-manage the City Garage (not to exceed that charged by third-party garage managers for comparable services in comparable garages). The Parking Management Expense Charge shall be calculated by multiplying the total parking management fee charged to or incurred by Landlord by a fraction, the numerator of which is the number of Parking Spaces leased to Tenant under this Lease and the denominator of which is the total number of parking spaces in the City Garage. Tenant shall pay the Parking Management Expense Charge monthly with each payment of Monthly Rent.

Tenant may, upon not less than sixty (60) days' prior written notice to Landlord (and not more than once in any 12 month period), elect to self-maintain the Exclusive Parking Spaces. In the event Tenant elects to self-maintain, then Tenant may request that Landlord make an equitable adjustment to the Parking Management Expense Charge reflecting the same. Each equitable adjustment to the Parking Management Expense Charge, if any, is conditioned on Tenant's consultation with the Parking Manager and the Parking Manager's determination that the cost of the Parking Management Expense Charge to Landlord can be adjusted to reflect Tenant's election to self-maintain the Exclusive Parking Spaces.

10. Signage. Landlord will provide signage indicating the location of the Parking Spaces. For the purposes of this Section 10, "Signage" means any sign, notice or advertising. Tenant, at Tenant's sole cost and expense, shall be permitted to install signs (which may be lit or backlit at Tenant's discretion) within and outside the City Garage, including directional signage in the City Garage and signage at the City Garage entrance on 183rd Street identifying hotel parking, subject to the consent of the Landlord, not to be unreasonably withheld, and in compliance with all applicable laws, including any approvals required by the City of Bothell. Tenant shall be responsible for all costs and expenses associated with the design, installation, maintenance and, on or prior to the expiration of the Lease Term, the removal of such signage.

11. Security. Tenant accepts the Parking Spaces AS IS and Landlord shall have no obligation to provide guard service or other security measures for the benefit of the Parking Spaces at any time. Landlord is not responsible for the contents of any vehicles in the Exclusive Parking Spaces or the Shared Parking Spaces. The City Garage is open to the public and Tenant and Tenant's Permitted Users may use the Parking Spaces for Hotel Parking Purposes at their own risk.

12. Garage Access.

12.1 NE 183rd Street Access. Tenant hereby acknowledges that the preferred access point to the Parking Spaces for the Permitted Users is the entrance off of NE 183rd Street and Tenant agrees to direct the Permitted Users not to access the City Garage using the entrance off of NE 185th Street. In addition, the Permitted Users are not permitted to park in Level P1 of the City Garage and only in the portions of Level P2 designated on Exhibit C and Tenant agrees to direct the Permitted Users to park only in the Exclusive Parking Spaces or Shared Parking Spaces.

12.2 After Hours Access. Tenant hereby acknowledges that the City Garage is open to the public from the hours of 6:30 a.m. to 12:30 a.m. and closed to the public daily at all other hours ("After Hours"). Landlord has installed a gate to prevent public entrance to the City Garage during After Hours. Subject to the consent and approval requirements in Section 20, Tenant may install and have in place for After-Hours access (i) a system for entry and exit from the City Garage by use of, for example, a hotel room key for Tenant's overnight hotel guests, (ii) a system allowing use of tickets or time cards validated by Tenant to accommodate validated or complimentary parking provided by Tenant to Permitted Users; or (iii) a closed circuit television (CCTV) camera system under which Tenant's employees monitor and control access to the City Garage.

Landlord may install additional access equipment and devices for accessing or charging for parking in the City Garage. If Landlord installs additional access equipment or an additional device or devices, Tenant is responsible for altering its own access equipment and devices at Tenant's sole expense.

12.3 Interior Gate. Subject to the consent and approval requirements in Section 20, Tenant may install and maintain, at Tenant's sole cost and expense, an interior gate with a keycard system for access to the Exclusive Parking Spaces (the "Interior Gate"). In the event

Tenant installs the Interior Gate, Tenant shall provide Landlord and the Parking Manager with access to the portion of the City Garage in which the Exclusive Parking Spaces are located.

12.4 Exit-Only Access Doors. Subject to the consent and approval requirements in Section 20, Tenant may install an exit-only gate and barrier at the existing exit stairway located in the southwest corner of Level P3 of the City Garage and convert the existing northeast exit door located in the northeast corner of Level P3 in the City Garage into an exit-only door (the "Exit-Only Access Doors"). Tenant's installation of the Exit-Only Access Doors, including any and all restoration and repair related thereto, shall be performed by Tenant at Tenant's sole cost and expense. In the event Tenant installs the Exit-Only Access Doors, Tenant shall provide Landlord and the Parking Manager with a key (or other appropriate means of access) to the Exit-Only Access Doors, so that Landlord and the Parking Manager may access the Exclusive Parking Spaces.

12.5 Firewall Development. Subject to the consent and approval requirements in Section 20, Tenant may remove a portion of the City Garage firewall that currently exists within that certain portion of the Property depicted on Exhibit F attached hereto for the purpose of providing pedestrian access from level P3 of the City Garage to the hotel elevator to be located on the Hotel Property for access to the Hotel lobby and for providing pedestrian access from level P2 City Garage to the Hotel lobby; provided, however, that if required by the governmental agency having jurisdiction, Tenant will install fire-rated doors to replace any and all portions of the City Garage firewall that are removed by Tenant (collectively, the "Firewall Development"). Tenant may use the area designated for Firewall Development solely for pedestrian access; Tenant shall not use or permit motor vehicles within the area designated for Firewall Development without Landlord's prior written consent. Without limiting the foregoing, the design and plans for the Firewall Development are subject to the reasonable approval of Landlord. Such approval process shall occur as part of the approval of the Hotel Project plans pursuant to the Development Agreement and as part of the City of Bothell's permitting process. The Firewall Development, including any and all restoration and repair related thereto, shall be performed by Tenant at its sole cost and expense.

13. Master Lease.

13.1 Good Standing. Landlord represents and warrants to its actual knowledge, without attribution, that (a) the Master Lease is in good standing and (b) Landlord has not received notice of any breach or default of the Master Lease by Landlord that has not been cured as of the date of this Lease.

13.2 Tenant's Adherence to Terms of Master Lease. Tenant agrees that it shall neither do nor permit anything to be done that would cause the Master Lease to be terminated or forfeited by reason of any right of termination or forfeiture reserved or vested in the landlord under the Master Lease. Tenant shall defend, indemnify and hold Landlord harmless from and against any breach of its obligations under the preceding provisions of this Section 13, including but not limited to attorneys' fees and costs, including on appeal.

13.3 Landlord's Adherence to Terms of Master Lease. Subject to Tenant performing its obligations under Section 13.2 above, Landlord agrees that it shall neither do nor permit anything

to be done that would cause the Master Lease to be terminated or forfeited by reason of any right of termination or forfeiture reserved or vested in the landlord under the Master Lease. Landlord shall defend, indemnify and hold Tenant harmless from and against any breach of its obligations under the Master Lease (unless resulting from Tenant's default under Section 13.2 above), including but not limited to attorneys' fees and costs, including on appeal.

14. Taxes. Tenant shall pay all taxes (if any) assessed against Tenant's personal property on the City Garage or in the Parking Spaces.

15. Compliance with Laws, Rules and Regulations. Tenant shall promptly comply with all laws, ordinances, orders, rules, or regulations of all applicable governmental authorities in its use of the Parking Spaces, including, but not limited to, the Bothell Municipal Code, as amended. Tenant shall observe such rules and regulations as may be adopted by Landlord from time to time for the safety, care and cleanliness of the City Garage and Parking Spaces. Tenant shall not do or permit to be done in or about the City Garage any activity that may be deemed illegal or a nuisance, that may endanger persons or property, or that disturbs other users of the City Garage or neighbors of the City Garage. Tenant shall not use the Parking Spaces in any manner which would render the insurance risk on the City Garage or Parking Spaces as more hazardous.

16. Removal of Property. Tenant shall remove all of its personal property and Tenant's signage from the City Garage upon expiration or earlier termination of this Lease. Title to any personal property remaining on or in any part of the City Garage ten (10) days thereafter shall be deemed to have been conveyed by Tenant to Landlord, and Landlord may dispose of such personal property in its sole discretion. Tenant agrees to reimburse Landlord for actual costs and expenses incurred to remove or dispose of such personal property and signage within thirty (30) days after receipt of invoice for same.

17. Insurance.

17.1 General Requirements. The insurance policies described in this Section 17 shall be written in a form (including amount of deductibles, if any) satisfactory to Landlord, but in any event not less than the rating required under the Master Lease, and shall be taken out with insurance companies holding a General Policyholders Rating of "A" and a Financial Rating of "VIII" or better, as set forth in the most current issue of Best's Insurance Reports, and licensed to do business in the state of Washington.

17.2 Commercial General Liability Insurance and Automobile Liability Insurance. Tenant, at Tenant's expense, shall purchase and keep in force during the Lease Term a Commercial General Liability Policy with limits of not less than $1,000,000 for bodily injury and property damage per occurrence and $2,000,000 general aggregate, with umbrella excess liability coverage of at least $10,000,000 or such other higher limits as established by Landlord. Tenant, at Tenant's expense, shall also purchase and keep in force during the Lease Term an Automobile Liability Policy with limits of not less than $1,000,000 per occurrence. Such insurance shall provide coverage for Tenant's Exclusive Parking Spaces and Shared Parking Spaces and operations, host liquor liability, independent contractors, and contractual liability assumed in Section 18. Tenant shall cause its Commercial General Liability and Automobile Liability insurer to name Landlord and Master Landlord as additional insureds under such

insurance to the extent of Tenant's insurable contractual liability assumed in Section 18. The insurance policy shall contain a severability of interests provision, a provision that the insurance provided to Landlord as an additional insured shall be primary to and not contributory with insurance maintained by Landlord, and a provision that an act or omission of one of the insureds or additional insureds that would void or otherwise reduce coverage shall not reduce or void the coverage as to the other named and additional insureds. A certificate of insurance evidencing that the foregoing insurance is in effect shall be delivered to Landlord prior to the Commencement Date, and shall be kept current throughout the Lease Term. Such certificate shall reflect the status of Landlord as additional insured, and shall provide for at least fifteen (15) days advance notice to Landlord in the event of cancellation.

17.3 Property Insurance. During the Lease Term, Landlord shall cause the City Hall to be insured at 100% of replacement cost for all hazards commonly included in "special form" coverage property casualty insurance (as such hazards or coverage may change from time to time).

18. Indemnity and Waiver.

18.1 Tenant. Tenant will defend, indemnify and hold harmless Landlord and Master Landlord from any claim, liability or suit, including attorney fees, on behalf of any party for any injury or damage occurring in or about the (a) Parking Spaces and City Garage arising out of the use thereof by Tenant and Tenant's Permitted Users, agents, employees, servants, customers, clients, contractors or invitees, except the gross negligence or intentional misconduct of Landlord; (b) Property, if and to the extent such damage or injury was caused by any act, omission, negligence or intentional act of Tenant or by Tenant's agents, employees, servants, customers, clients, contractors, or invitees; and (c) Tenant's installation, construction or use of the Access Point, including construction or mechanic's liens as described in Section 1.3 of this Lease.

18.2 Waiver of Indemnity. Tenant and Landlord agree that the foregoing indemnities specifically include, without limitation, claims brought by either party's employees against the other party. THE FOREGOING INDEMNITIES ARE EXPRESSLY INTENDED TO CONSTITUTE A WAIVER OF TENANT AND LANDLORD'S IMMUNITY UNDER WASHINGTON'S INDUSTRIAL INSURANCE ACT, RCW TITLE 51, TO THE EXTENT NECESSARY TO PROVIDE THE LANDLORD AND TENANT WITH A FULL AND COMPLETE INDEMNITY FROM CLAIMS MADE BY EACH PARTY AND ITS EMPLOYEES. LANDLORD AND TENANT ACKNOWLEDGE THAT THE INDEMNIFICATION PROVISIONS OF THIS ARTICLE WERE SPECIFICALLY NEGOTIATED AND AGREED UPON BY THEM.

19. Estoppel Certificates. On not more than two (2) occasions within any calendar year, Tenant shall execute and deliver to Landlord within twenty (20) calendar days after written request by Landlord and/or any purchaser or lender, an estoppel certificate certifying as to such facts and agreeing to such other matters as Landlord may reasonably request. Any such certificate may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the Property.

20. Alterations and Improvements. Tenant may not install on or in the City Garage or Parking Spaces any gates, improvements, equipment or structures, either temporary or permanent ("Alterations"), without the prior written consent of Landlord, which approval, with respect to the Interior Gate, the Exit-Only Access Doors and the Firewall Development, shall not be unreasonably withheld; provided, however, that such approval shall not be considered the approval required under the Landlord's regulatory and permitting process. As used in this Section 20, Alterations includes systems for entry and exit from the City Garage and for accommodating validated or complimentary parking and the Interior Gate with a keycard system for access to the Exclusive Parking Spaces as described in Section 12. Any design of the Interior Gate shall allow sufficient room for vehicles turn-around on Level P3 for drivers who did not intend to park in the Exclusive Parking Spaces area behind the gate. Landlord will permit Tenant to install screening or fencing to shield from view the garbage and recycling containers in proximity to the entrance to the City Garage subject to such reasonable conditions and protections as Landlord may require.

21. Casualty and Condemnation.

21.1 Condemnation. Under certain circumstances described in the Master Lease, either Landlord or Master Landlord may terminate the Master Lease if there is a condemnation affecting the Property or the City Garage. Any such termination will automatically terminate this Lease. After expiration of the Master Lease, any total condemnation of the City Garage will terminate this Lease and any partial condemnation that materially affects access to or use of the Parking Spaces will also terminate this Lease.

21.2 Casualty. Following the Master Lease Expiration Date, in the event of damage or destruction of all or any material portion of the City Garage during the Lease Term, either party shall have the right, exercisable in its sole discretion, to terminate this Lease upon thirty (30) days written notice to the other party delivered to the other party within one hundred twenty (120) days of such damage or destruction, in which event this Lease shall be of no further force or effect and, except with regard to any obligations accruing prior to such termination and obligations that expressly survive termination or expiration of this Lease, neither party shall have any further obligation or liability hereunder. For purposes of this Section 21.2, "material" means damage to or destruction of the City Garage that prevents access to or use of the City Garage for parking or is estimated to cost more than $500,000 to repair. All Monthly Rent shall be prorated to the date of termination.

In the event of damage to the City Garage that is not material, and to the extent insurance proceeds or self-insured retention sufficient to repair the damage are available to Landlord, Landlord shall repair the damage to the City Garage. Landlord will provide notice to Tenant as to whether Landlord has sufficient insurance proceeds (or self-insured retention) to repair the non-material damage within thirty (30) days of such damage or destruction. If, however, insurance proceeds or self-insured retention sufficient to repair non-material damage to the City Garage are not available to Landlord, then Tenant may elect to repair such damage. If Tenant elects to make such repairs, Tenant shall provide written notice to Landlord of such election within fifteen (15) days after notice from Landlord that Landlord will not be making the repairs. Thereafter, Tenant

shall proceed diligently to complete the repairs. If Tenant completes the repairs, Tenant may deduct the costs of such repair (not to exceed $500,000) from the Monthly Rent.

22. Default.

22.1 Events of Default . The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant:

22.1.1 Failure to Pay. Tenant fails to pay Monthly Rent as required by this Lease within five (5) days after receipt of written notice of failure to pay from Landlord.

22.1.2 Failure to Observe Other Obligations. Tenant fails to perform or observe any other obligation of Tenant under this Lease within fifteen (15) days after receipt of written notice from Landlord setting forth in reasonable detail the nature and extent of the failure (or if any such failure not involving an emergency or a hazardous condition is curable within ninety (90) days after such notice, but cannot reasonably be cured within such fifteen (15) day period, Tenant shall not be deemed to be in default hereunder if Tenant promptly commences such cure within such fifteen (15) day period and thereafter diligently pursues such cure to completion within such ninety (90) day period).

22.1.3 Bankruptcy or Insolvency. Tenant files a voluntary petition in bankruptcy or is adjudicated a bankrupt or insolvent, or files any petition or answer seeking an arrangement, composition, liquidation or dissolution under any present or future federal, state, or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, or shall seek or consent to or acquiesce in the appointment of a trustee, receiver or liquidator of Tenant or of all or a substantial part of its assets, or of the Parking Spaces, or shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due.

22.2 Landlord's Remedies.

22.2.1 Remedies. If an Event of Default exists, Landlord may do any one or more of the following, in addition to pursuing its remedies under law: (a) terminate this Lease; (b) enter and take possession of the Parking Spaces and remove Tenant and all other persons and any property from the Parking Spaces, with process of law; (c) declare all Monthly Rent for the remaining Lease Term to be immediately due and payable or hold Tenant liable for and collect Monthly Rent and other indebtedness owed by Tenant to Landlord or Monthly Rent that would have accrued during the remainder of the Lease Term had there been no Event of Default, less any sums Landlord does receive or would receive by reletting the Parking Spaces; or (e) hold Tenant liable for that part of the following sums paid by Landlord that are attributable to the remainder of the Lease Term: (i) reasonable fees incurred by Landlord for reletting part or all of the Parking Spaces; (ii) the cost of removing and storing Tenant's property, including devices or ticketing equipment as described in Section 12; and (iii) other necessary and reasonable expenses incurred by Landlord in enforcing its remedies.

22.2.2 Reservation of Right to Indemnification. Nothing in this Section 22 shall be deemed to affect Landlord's right to indemnification, under the indemnification clause or clauses

contained in this Lease, for claims or liability arising from events occurring prior to the termination of this Lease.

22.2.3 Reentry. Notwithstanding anything to the contrary set forth herein, Landlord's reentry to perform acts of maintenance or preservation of, or in connection with efforts to relet the Parking Spaces, or any portion thereof, shall not terminate Tenant's right to possession of the Parking Spaces or any portion thereof and, until Landlord does elect to terminate this Lease, this Lease shall continue in full force and Landlord may pursue all its remedies hereunder including, without limitation, the right to recover from Tenant as they become due hereunder all Monthly Rents and other charges required to be paid by Tenant under the terms of this Lease

22.2.4 Reimbursement. If, at any time during the Lease Term hereof, Tenant fails, refuses or neglects to perform any of its obligations hereunder, Landlord may, after notice (except no notice shall be required in the event of an emergency or a hazardous condition), do same, but at the expense and for the account of Tenant. The amount of any money so expended or obligations so incurred by Landlord, together with an administrative fee equal to ten percent (10%) thereof and interest thereon at the Interest Rate described in Section 7, shall be repaid to Landlord upon demand by Landlord.

22.2.5 Mitigation of Damages. Landlord shall mitigate its damage by making reasonable efforts to relet the Parking Spaces on reasonable terms. Landlord may relet for a shorter or longer period of time than the Lease Term and make reasonably necessary repairs or alterations. All sums collected from reletting shall be applied first to Landlord's expenses of reletting described in this Section 22.2, and then to the payment of amounts due from Tenant to Landlord under this Lease.

22.3 Termination of Lease if Landlord Exercises Repurchase Option. Under certain circumstances described in the Development Agreement, Landlord shall have the option to repurchase the Property sold to Tenant in the event Tenant fails to commence construction of the Hotel Project by the Construction Start Date (as those terms are defined in the Development Agreement) (the "Repurchase Option"). This Lease shall terminate if Landlord exercises the Repurchase Option in accordance with the Development Agreement.

23. Subordination, Non-Disturbance and Attornment.

23.1 This Lease shall be subordinate to any ground lease, mortgage, deed of trust, or any other assignment for security now or later placed upon the Property, and to all renewals, modifications, consolidations, replacements, and extensions of it. In the event any mortgage or deed of trust to which this Lease is subordinate is foreclosed or a deed in lieu of foreclosure is given to the mortgagee or beneficiary, Tenant shall attorn to the purchaser at the foreclosure sale or to the grantee under the deed in lieu of foreclosure. Upon the execution of this Lease, Tenant shall execute, acknowledge and deliver to Landlord a commercially reasonable form of Subordination, Non-disturbance and Attornment Agreement. Tenant also covenants and agrees to execute and deliver upon demand by Landlord, and in the form requested by Landlord, any customary additional documents evidencing the priority or subordination of this Lease with respect to any such ground leases or underlying leases or the lien of any such mortgage. Tenant

shall execute, deliver and record any such documents within twenty (20) days after Landlord's written request.

23.2 In the event any mortgage or deed of trust to which this Lease is subordinate is foreclosed or a deed in lieu of foreclosure is given to the mortgagee or beneficiary, neither the rights and possession of Tenant under this Lease shall be disturbed if there is then no Event of Default by Tenant under this Lease. Tenant shall attorn to the purchaser or grantee as provided in Section 23.1, or, if requested, enter into a new lease for the balance of the Lease Term on the same terms and provisions contained in this Lease.

24. Assignment, Subletting and Encumbrance.

24.1 Assignment Without Consent. Without Landlord's consent:

24.1.1 This Lease may be assigned in part or whole (whether by operation of law or otherwise) or all or any part of the Parking Spaces may be sublet at any time: (i) to a subsidiary of Tenant, to the entity with which or into which Tenant may merge, whether or not Tenant is the survivor of such merger, to any affiliate of Tenant, to an entity that is controlled by, controls or is under common control with Tenant (or a valid assignee of this Lease); or (ii) to the purchaser of substantially all of the assets of the Tenant; provided, however, that Tenant (as assignor or sublessor) is and remains primarily liable for the obligations of Tenant under this Lease.

24.1.2 For purposes of this Lease, "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, or majority ownership of any sort, whether through the ownership of voting securities, by contract or otherwise.

24.2 Assignment With Consent.

24.2.1 Except as provided in Section 24.1, Tenant may only assign, further sublease or otherwise transfer any interest in this Lease, voluntarily, by operation of law or otherwise, in part or whole, all or any part of the Parking Spaces, and Tenant shall permit any transferee to further assign, sublease or otherwise transfer any such interest, if Tenant first obtains Landlord's consent to the proposed assignee or sub-subtenant in writing. Landlord's consent shall not be unreasonably withheld. For purposes of this Section 24.2, the term "transfer" shall include, without limitation, entering into any license or concession agreement or otherwise permitting any third party other than Tenant and Tenant's employees, contractors, invitees and guests to occupy or use the Parking Spaces or any portion thereof.

In the case of a sub-sublease, the sub-sublease term shall not be for less than six (6) months and the Monthly Rent charged by Tenant to the proposed sub-subtenant shall not be less than the then current Monthly Rent rate charged by Landlord to other third parties in the City Garage who are outside Tenants Monthly Renting monthly unreserved spaces. Tenant shall submit the following information with a written request for Landlord's consent to any assignment, sublease or other transfer: (i) all transfer and related documents, (ii) financial statements, and (ii) such other information as Landlord may reasonably request relating to the proposed transfer and the parties involved therein. Any transaction which does not comply with

the provisions of this Section 24.2.1 shall be voidable at the option of Landlord and shall constitute a breach of this Lease by Tenant. Landlord shall be deemed to have consented if Landlord does not respond to Tenant's request within twenty (20) days after delivery of Tenant's request for consent to Landlord together with Landlord's receipt of all of the foregoing information.

24.2.2 Landlord's consent or refusal of consent shall be in writing and, if Landlord refuses consent, the reasons for refusal shall be stated with reasonable particularity. Landlord's consent to an assignment or sublease shall be accompanied by a statement addressed to Tenant and the assignee or sub-subtenant, upon which statement Tenant and the assignee or sub-subtenant may conclusively rely, stating that Tenant is not in default under the Lease (or setting forth in what respects Tenant is in default), that this Lease has not been amended or modified (or setting forth such amendments or modifications), the expiration date of this Lease, and the date to which Monthly Rent has been paid.

24.3 Reimbursement of Landlord's Expenses. Tenant shall reimburse Landlord for Landlord's reasonable costs and expenses (including, but not limited to, reasonable attorneys' fees) incurred in connection with the processing and documentation of any requested assignment, sublease or other transfer.

24.4 No Release. No assignment, sub-sublease or other transfer, even with the consent of Landlord, shall result in Tenant's being released from any of its obligations hereunder. Landlord's consent to any one transfer shall apply only to the specific transaction thereby authorized and such consent shall not be construed as a waiver of the duty of Tenant or any transferee to obtain Landlord's consent to any other or subsequent transfer or as modifying or limiting Landlord's rights hereunder in any way. Upon any assignment hereof, the assignee shall assume in writing all obligations and covenants of Tenant thereafter to be performed or observed hereunder. Landlord's acceptance of Monthly Rent directly from any assignee, sub-subtenant or other transferee shall not be construed as Landlord's consent thereto nor Landlord's agreement to accept the attornment of any sub-subtenant in the event of any termination of this Lease. In no event shall Landlord's enforcement of any provision of this Lease against any transferee be deemed a waiver of Landlord's right to enforce any term of this Lease against Tenant or any other person.

24.5 Encumbrance. No consent of Landlord shall be required for Tenant's assignment of this Lease as part of the security for mortgage indebtedness encumbering the Hotel Property. If Landlord is given written notice identifying the name and mailing address of the holder of such mortgage indebtedness (herein, the "Mortgagee"), Landlord shall use commercially reasonable efforts to provide a copy of any such default notice to the Mortgagee at the same time it is provided to Tenant. Such default notice shall not be effective with respect to the Mortgagee until Landlord provides the Mortgagee with a copy. The Mortgagee shall have the right, but not the obligation, to cure any such default or non-compliance by Tenant within an additional 15 days (for defaults that can be cured by the payment of money) and 30 days (for all other defaults) after expiration of the cure period given to the Tenant under the Development Agreement. Notwithstanding the foregoing, if such default or non-compliance is (i) not one that can be cured by the payment of money and (ii) of a nature that it may not be cured by the Mortgagee without

obtaining possession of the Property, then so long as the Mortgagee proceeds with reasonable diligence to obtain possession of the Property, whether by appointment of a receiver or foreclosure of the Mortgage, and obtains such possession within ninety (90) days after the date of the notice, the Mortgagee shall have such additional period after obtaining possession (not to exceed 30 days) as may be reasonably required to cure such default or non-compliance (but the Mortgagee shall not be required to cure any default by Tenant under Section 22.1.3 above).

25. Notices. All notices required or permitted hereunder shall be in writing and shall be served on the parties at the following addresses:

If to Landlord:	City of Bothell 18415 – 101st Avenue NE Bothell, WA 98011 Attention: City Manager Phone: (425) 806-6141 E-Mail: Peter.Troedsson@bothellwa.gov
With a copy to:	K&L Gates LLP 925 Fourth Avenue, Suite 2900 Seattle, WA 98104 Attention: Shannon J. Skinner Phone: (206) 623-7580 E-Mail: shannon.skinner@klgates.com
If to Tenant:	Bothell Hotel LLC c/o 360 Hotel Group 3500 188th Street SW, Suite 121 Lynnwood, WA 98037 Attn: Shaiza Damji Phone No.425-775-9600 E-Mail: shaiza@360hotelgroup.com
With a copy to:	Pepple Cantu Schmidt 1000 Second Avenue, Suite 2950 Seattle, WA 98104 Attention: Dan Pepple Phone: (206) 625-9960 E-mail: dpepple@pcslegal.com

Any such notices shall be either (a) sent by certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) days after deposit, postage prepaid in the U.S. mail, (b) sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered when actually delivered pursuant to the records of such courier, (c) sent by facsimile transmission (if a facsimile number is provided above) or electronic mail to the party and its counsel, receipt of which has been confirmed by telephone by the recipient (or the recipient's assistant) (provided that if such delivery occurs after 5:00 p.m. Pacific time on any day, the same shall be deemed delivered on the next Business Day following confirmed receipt;

provided further, however, that any notice delivered pursuant to this clause (c) shall only be valid if it is followed by delivery via one of the methods set forth in clauses (a), (b), or (d) hereof within two (2) Business Days of the date of delivery via facsimile or electronic mail), or (d) hand delivered, in which case notice shall be deemed delivered on the date of the hand delivery. Any notice given by counsel to a party shall have the same effect as if given by such party. The above addresses and phone numbers may be changed by written notice to be provided the other party in accordance with this Section 25; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice.

26. Holding Over. In the event Tenant shall hold over in the Parking Spaces after the expiration of the Lease Term or any month-to-month extension of the Lease Term or any earlier termination of this Lease without the express written consent of Landlord, Tenant shall become a Tenant at sufferance only, at a Monthly Rent equal to one hundred fifty percent (150%) of the sum of all Monthly Rent, Leasehold Excise Tax, other payments hereunder and otherwise subject to the terms, conditions and covenants of this Lease to the extent applicable. Acceptance by Landlord of any Monthly Rent or other sum payable hereunder after the expiration of the Lease Term or earlier termination of this Lease shall not result in the renewal or extension of this Lease. Landlord may terminate such tenancy from month to month by giving to Tenant at least twenty (20) days' prior written notice thereof at any time. Acceptance by Landlord of any Monthly Rent after such expiration or termination shall not be deemed to constitute Landlord's consent to such holding over. If Tenant fails to surrender the Parking Spaces upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all loss, costs (including reasonable attorneys' fees) and liability resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding subtenant founded upon such failure to surrender.

27. Hazardous Substances.

27.1 Environmental Law. The term "Environmental Law" means any federal, state or local law, statute, ordinance, regulation or order pertaining to health, industrial hygiene, environmental conditions or hazardous substances or materials including those defined in this Section as "Hazardous Substances."

27.2 Hazardous Substances. The term "Hazardous Substance" means any hazardous or toxic substance, material or waste, pollutants or contaminants, as defined, listed or regulated now or in the future by any federal, state or local law, ordinance, code, regulation, rule, order or decree regulating, relating to or imposing liability or standards of conduct concerning, any environmental conditions, health or industrial hygiene, including without limitation, (a) chlorinated solvents, (b) petroleum products or by-products, (c) asbestos, (d) polychlorinated biphenyls, and (e) lead-based paint.

27.3 Tenant's Obligations. Tenant agrees that:

27.3.1 Neither Tenant nor its employees, agents or contractors will use, generate, manufacture, produce, store, release, discharge or dispose of on, under or about the City Garage, or off-site the City Garage, or transport to or from the City Garage, any Hazardous Substance except for Hazardous Substances of the types and quantities customarily used or found in the passenger vehicles of Permitted Users (such as brake fluid and windshield-wiper fluid) and used, stored and disposed of in compliance with all Environmental Laws.

27.3.2 Tenant shall give prompt written notice to Landlord of: (i) any proceeding or inquiry by any governmental authority known to Tenant with respect to the presence of any Hazardous Substance on the City Garage; (ii) all claims made or threatened by any third party against Tenant or the City Garage relating to any loss or injury resulting from any Hazardous Substance; and (iii) Tenant's discovery of any occurrence or condition on the City Garage that could cause the City Garage or any part thereof to be subject to any restrictions on occupancy or use of the City Garage under any Environmental Law.

27.3.3 Tenant shall protect, indemnify, defend and hold harmless Landlord and its directors, partners, officers, employees, agents, parents, subsidiaries, successors and assigns from any loss, damage, cost, expense or liability (including reasonable attorneys' fees and costs) directly or indirectly arising out of or attributable to the use, generation, manufacture, production, storage, release, discharge, disposal or presence of a Hazardous Substance on the City Garage (or off-site of the City Garage) caused by Tenant or its Permitted Users, employees, agents or contractors, or a breach of any covenant contained in this Section 27, including, without limitation, the costs of any required or necessary repairs, cleanup or detoxification of the City Garage and the preparation and implementation of any closure, remedial or other required plans.

27.3.4 This Section 27 shall survive expiration or termination of this Lease.

28. Miscellaneous.

28.1 Negation of Partnership. Nothing herein contained, either in the method of computing Monthly Rent or otherwise, shall create between the parties hereto, or be relied upon by others as creating, any relationship of partnership, association, joint venture, or otherwise. The sole relationship of the parties hereto shall be that of Landlord and Tenant.

28.2 Applicable Law. The laws of the State of Washington shall govern the validity, performance and enforcement of this Lease.

28.3 Successors. Subject to Section 24 of this Lease, the terms and agreements as contained in this Lease shall apply to, run in favor of and shall be binding upon and inure to the benefit of the parties hereto, and their respective heirs, executors, administrators, personal representatives and assigns and successors-in-interest.

28.4 Entire Agreement. It is understood that there are no oral agreements or representations between the parties hereto affecting this Lease, and this Lease supersedes and cancels any and all previous negotiations, arrangements, letters of intent, agreements or representations and understandings, if any, between the parties hereto or displayed by Landlord

to Tenant with respect to the subject matter hereof, and none thereof shall be used to interpret or construe this Lease. There are no other representations or warranties between the parties and/or their respective employees, agents, representatives and officers and all reliance with respect to representations is solely upon the representations and agreements contained in this Lease.

28.5 Non-Waiver of Governmental Rights. Nothing contained in this Lease shall require Landlord, a Washington municipal corporation, to take any discretionary action relating to development of the improvements to be constructed on the Property, including, but not limited to, zoning and land use decisions, permitting, or any other governmental approvals.

28.6 Captions. The titles of sections herein are for convenience of reference purposes only and do not in any way define, limit or construe the contents thereof.

28.7 Severability. If any provision of this Lease shall be determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provision of this Lease and all such other provisions shall remain in full force and effect.

28.8 Attorneys' Fees. Each party shall be responsible for payment of the legal fees of its counsel in the event of any litigation, mediation, arbitration or other proceeding brought to enforce or interpret or otherwise arising out of this Lease.

28.9 Time is of the Essence. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

28.10 Amendments in Writing. This Lease may only be changed, modified or amended by an instrument in writing, executed by the parties hereto.

28.11 Recordation. This Lease shall not be recorded without the prior written consent of Landlord. A memorandum of this Lease may be recorded upon request by either party.

28.12 Waiver of Jury Trial. LANDLORD AND TENANT HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS LEASE OR ANY DOCUMENTS CONTEMPLATED TO BE EXECUTED IN CONNECTION HEREWITH OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF EITHER PARTIES ARISING OUT OF OR RELATED IN ANY MANNER WITH THE PARKING SPACES (INCLUDING WITHOUT LIMITATION, ANY ACTION TO RESCIND OR CANCEL THIS LEASE OR ANY CLAIMS OR DEFENSES ASSERTING THAT THIS LEASE WAS FRAUDULENTLY INDUCED OR OTHERWISE VOIDABLE). THIS WAIVER IS A MATERIAL INDUCEMENT FOR LANDLORD TO ENTER INTO AND TO ACCEPT THIS LEASE.

28.13 Authority. Each party hereby represents and warrants to the other that (a) it has the full power and authority to enter into this Lease and to carry out the transactions contemplated hereby and (b) the execution and delivery of this Lease and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary

actions on the part of such party and this Lease constitutes a valid and binding obligation of such party.

28.14 Business Days; Computation of Time. The term "Business Day" as used herein means any day on which banks in Bothell, Washington are required to be open for business, excluding Saturdays and Sundays. In the computation of any period of time hereunder, the day of the act or event from which the period of time runs shall be excluded and the last day of such period shall be included. If any deadline hereunder falls on a day that is not a Business Day, then the deadline will be deemed extended to the next following Business Day.

(signature page follows)

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date first above written.

TENANT:

BOTHELL HOTEL, LLC,
a Washington limited liability company

By 360 Investments, LLC, a Washington limited liability company, its member

By 360 Investments Manager, LLC, a Washington limited liability company, its manager

By: _____
Name: Shaiza Damji
Its: Member

LANDLORD:

CITY OF BOTHELL,
a Washington municipal corporation

By: _____
Name: _____
Title: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the _____ of City of Bothell to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

_____
Notary Public
Print Name _____
My commission expires _____

(Use this space for notarial stamp/seal)

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the _____ of 360 Investments, LLC, the member of 360 Investments Manager, LLC, the manager of Bothell Hotel, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

_____
Notary Public
Print Name _____
My commission expires _____

(Use this space for notarial stamp/seal)

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

Lots 1, 2, 3 and 7 as designated in Boundary Line Adjustment 2011-00666 recorded under AFN 20140609900001 in King County, Washington.

EXHIBIT B

LEGAL DESCRIPTION OF THE HOTEL PROPERTY

New Lot 8 as designated in Boundary Line Adjustment 20__-_____ recorded under AFN _____ in King County, Washington.

EXHIBIT C

DEPICTION OF THE EXCLUSIVE PARKING SPACES

[*To be added*]

EXHIBIT D

DEPICTION OF THE SHARED PARKING SPACES

[*To be added*]

EXHIBIT E

CERTIFICATE OF COMMENCEMENT DATE

This Certificate is entered into as of _____, 20___ pursuant to that certain Parking Lease Agreement dated _____, 20___ (the "Lease") between City of Bothell, a Washington municipal corporation, as landlord, and Bothell Hotel, LLC, a Washington limited liability company, as tenant.

The undersigned hereby certify to and agree with each other as to the following information in connection with the Lease:

The "Commencement Date" under, and as defined in, the Lease is _____ _____, 20___.

TENANT:

BOTHELL HOTEL, LLC,
a Washington limited liability company

By 360 Investments, LLC, a Washington limited liability company, its member

By 360 Investments Manager, LLC, a Washington limited liability company, its manager

By:_____
Name: Shaiza Damji
Its: Member

LANDLORD:

CITY OF BOTHELL,
a Washington municipal corporation

By: _____
Name: _____
Title: _____

EXHIBIT F

DEPICTION OF THE FIREWALL DEVELOPMENT AREA

SEVENTH AMENDMENT TO
PURCHASE AND SALE AGREEMENT (CITY CENTER HOTEL)

This SEVENTH AMENDMENT (this "Amendment") is entered into and dated as of February 3, 2017 by and between the City of Bothell, a Washington municipal corporation ("Seller") and Bothell Hotel, LLC, a Washington limited liability company ("Buyer"). This Amendment is made with reference to the following recitals:

RECITALS

A. Buyer and Seller entered into that certain Purchase and Sale Agreement (City Center Hotel) dated April 6, 2016, as amended by the First Amendment to Purchase and Sale Agreement (City Center Hotel) dated September 27, 2016, the Second Amendment to Purchase and Sale Agreement (City Center Hotel) dated October 17, 2016, the Third Amendment to Purchase and Sale Agreement (City Center Hotel) dated November 17, 2016, the Fourth Amendment to Purchase and Sale Agreement (City Center Hotel) dated December 9, 2016, the Fifth Amendment to Purchase and Sale Agreement (City Center Hotel) dated January 13, 2017, and the Sixth Amendment to Purchase and Sale Agreement (City Center Hotel) dated January 19, 2017 (as amended, the "Agreement"). Capitalized terms used herein and not otherwise defined have the meaning given in the Agreement.

B. Buyer and Seller now desire to amend the Agreement as described below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing promises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

1. The "Closing Date," as defined in Section 4.2 of the Agreement, shall be February 17, 2017. Thus, Section 4.2 is amended and restated in its entirety to read as follows:

"4.2 Closing; Closing Date. The consummation of the purchase and sale of the Property (the "Closing") shall take place on February 17, 2017 (the "Closing Date")."

2. Section 5.2.4 of the Agreement is amended and restated in its entirety as follows:

"5.2.4 Approval of Parking Lease and Easements. Not later than February 10, 2017, COB Properties, a Washington nonprofit corporation and owner of an interest in the City Hall Property ("COB"), and the 63-20 bond trustee have approved of the (i) Parking Lease, and (ii) the following easements and covenant: Parking Easement, Temporary Construction Easement, Access Easement, Storm Drainage Easement, Reciprocal Access Easement (Doors) and Restrictive Covenant Agreement (Height Restriction). Seller agrees to use commercially reasonable efforts to obtain such approvals."

3. Except as amended by this Amendment, the Agreement shall remain in full force and effect, and the parties reaffirm all provisions thereof.

4. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument. Facsimile and electronic signatures shall be binding. The parties may execute this Amendment by exchange of .pdf signatures, which shall be effective as the original.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the date first set forth above.

SELLER:

CITY OF BOTHELL, a Washington municipal corporation

By: _____
Name: Peter Troedsson
Its: Deputy City Manager

BUYER:

BOTHELL HOTEL, LLC, a Washington limited liability company

By 360 Investments, LLC, a Washington limited liability company, its member

By 360 Investments Manager, LLC, a Washington limited liability company, its manager

By:_____
Name: Shaiza Damji
Its: Member

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the date first set forth above.

SELLER:

CITY OF BOTHELL, a Washington municipal corporation

By: _____
Name: Peter Troedsson
Its: Deputy City Manager

BUYER:

BOTHELL HOTEL, LLC, a Washington limited liability company

By 360 Investments, LLC, a Washington limited liability company, its member

By 360 Investments Manager, LLC, a Washington limited liability company, its manager

By: Shaiza Damji
Name: Shaiza Damji
Its: Member

EIGHTH AMENDMENT TO
PURCHASE AND SALE AGREEMENT (CITY CENTER HOTEL)

This EIGHTH AMENDMENT (this "Amendment") is entered into and dated as of February 15, 2017 by and between the City of Bothell, a Washington municipal corporation ("Seller") and Bothell Hotel, LLC, a Washington limited liability company ("Buyer"). This Amendment is made with reference to the following recitals:

RECITALS

A. Buyer and Seller entered into that certain Purchase and Sale Agreement (City Center Hotel) dated April 6, 2016, as amended by the First Amendment to Purchase and Sale Agreement (City Center Hotel) dated September 27, 2016, the Second Amendment to Purchase and Sale Agreement (City Center Hotel) dated October 17, 2016, the Third Amendment to Purchase and Sale Agreement (City Center Hotel) dated November 17, 2016, the Fourth Amendment to Purchase and Sale Agreement (City Center Hotel) dated December 9, 2016, the Fifth Amendment to Purchase and Sale Agreement (City Center Hotel) dated January 13, 2017, the Sixth Amendment to Purchase and Sale Agreement (City Center Hotel) dated January 19, 2017, and the Seventh Amendment to Purchase and Sale Agreement (City Center Hotel) dated February 3, 2017 (as amended, the "Agreement"). Capitalized terms used herein and not otherwise defined have the meaning given in the Agreement.

B. As contemplated by Section 5.2.4 of the Agreement, COB Properties, a Washington nonprofit corporation, has provided the necessary approvals. Section 5.2.4 contemplates that the 63-20 bond trustee also approve of certain documents encumbering the City Hall Property, which remain under review by the 63-20 bond trustee.

C. Buyer and Seller now desire to amend the Agreement as described below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing promises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

1. The "Closing Date," as defined in Section 4.2 of the Agreement, shall be February 24, 2017. Thus, Section 4.2 is amended and restated in its entirety to read as follows:

"4.2 Closing; Closing Date. The consummation of the purchase and sale of the Property (the "Closing") shall take place on February 24, 2017 (the "Closing Date")."

2. The date for approval by the 63-20 bond trustee, as contemplated by Section 5.2.4 of the Agreement, is extended to February 24, 2017.

3. Except as amended by this Amendment, the Agreement shall remain in full force and effect, and the parties reaffirm all provisions thereof.

4. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument. Facsimile and electronic signatures shall be binding. The parties may execute this Amendment by exchange of .pdf signatures, which shall be effective as the original.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the date first set forth above.

SELLER:

CITY OF BOTHELL, a Washington municipal corporation

By: _____
Name: Tami Schackman
Its: Finance Director

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the date first set forth above.

BUYER:

BOTHELL HOTEL, LLC, a Washington limited liability company

By: 360 Investments, LLC, a Washington limited liability company, its member

By: 360 Investments Manager, LLC, a Washington limited liability company, its manager

By: Shaiza Damji
Name: Shaiza Damji
Its: Member

NINTH AMENDMENT TO
PURCHASE AND SALE AGREEMENT (CITY CENTER HOTEL)

This NINTH AMENDMENT (this "Amendment") is entered into and dated as of February 24, 2017 by and between the City of Bothell, a Washington municipal corporation ("Seller") and Bothell Hotel, LLC, a Washington limited liability company ("Buyer"). This Amendment is made with reference to the following recitals:

RECITALS

A. Buyer and Seller entered into that certain Purchase and Sale Agreement (City Center Hotel) dated April 6, 2016, as amended by the First Amendment to Purchase and Sale Agreement (City Center Hotel) dated September 27, 2016, the Second Amendment to Purchase and Sale Agreement (City Center Hotel) dated October 17, 2016, the Third Amendment to Purchase and Sale Agreement (City Center Hotel) dated November 17, 2016, the Fourth Amendment to Purchase and Sale Agreement (City Center Hotel) dated December 9, 2016, the Fifth Amendment to Purchase and Sale Agreement (City Center Hotel) dated January 13, 2017, the Sixth Amendment to Purchase and Sale Agreement (City Center Hotel) dated January 19, 2017, the Seventh Amendment to Purchase and Sale Agreement (City Center Hotel) dated February 3, 2017, and the Eighth Amendment to Purchase and Sale Agreement (City Center Hotel) dated February 15, 2017 (as amended, the "Agreement"). Capitalized terms used herein and not otherwise defined have the meaning given in the Agreement.

B. As contemplated by Section 5.2.4 of the Agreement, COB Properties, a Washington nonprofit corporation, has provided the necessary approvals. Section 5.2.4 contemplates that the 63-20 bond trustee also approve of certain documents encumbering the City Hall Property, which remain under review by the 63-20 bond trustee.

C. Buyer and Seller now desire to amend the Agreement as described below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing promises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

1. The "Closing Date," as defined in Section 4.2 of the Agreement, shall be March 10, 2017. Thus, Section 4.2 is amended and restated in its entirety to read as follows:

> "4.2 Closing; Closing Date. The consummation of the purchase and sale of the Property (the "Closing") shall take place on March 10, 2017 (the "Closing Date")."

2. The date for approval by the 63-20 bond trustee, as contemplated by Section 5.2.4 of the Agreement, is extended to March 10, 2017.

3. Except as amended by this Amendment, the Agreement shall remain in full force and effect, and the parties reaffirm all provisions thereof.

4. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument. Facsimile and electronic signatures shall be binding. The parties may execute this Amendment by exchange of .pdf signatures, which shall be effective as the original.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the date first set forth above.

SELLER:

CITY OF BOTHELL, a Washington municipal corporation

By: _____
Name: Peter Troedsson
Its: Deputy City Manager

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the date first set forth above.

BUYER:

BOTHELL HOTEL, LLC, a Washington limited liability company

By: 360 Investments, LLC, a Washington limited liability company, its member

By: 360 Investments Manager, LLC, a Washington limited liability company, its manager

By: Shaiza Damji
Name: Shaiza Damji
Its: Member

TENTH AMENDMENT TO
PURCHASE AND SALE AGREEMENT (CITY CENTER HOTEL)

This TENTH AMENDMENT (this "Amendment") is entered into and dated as of March 10, 2017 by and between the City of Bothell, a Washington municipal corporation ("Seller") and Bothell Hotel, LLC, a Washington limited liability company ("Buyer"). This Amendment is made with reference to the following recitals:

RECITALS

A. Buyer and Seller entered into that certain Purchase and Sale Agreement (City Center Hotel) dated April 6, 2016, as amended by the First Amendment to Purchase and Sale Agreement (City Center Hotel) dated September 27, 2016, the Second Amendment to Purchase and Sale Agreement (City Center Hotel) dated October 17, 2016, the Third Amendment to Purchase and Sale Agreement (City Center Hotel) dated November 17, 2016, the Fourth Amendment to Purchase and Sale Agreement (City Center Hotel) dated December 9, 2016, the Fifth Amendment to Purchase and Sale Agreement (City Center Hotel) dated January 13, 2017, the Sixth Amendment to Purchase and Sale Agreement (City Center Hotel) dated January 19, 2017, the Seventh Amendment to Purchase and Sale Agreement (City Center Hotel) dated February 3, 2017, the Eighth Amendment to Purchase and Sale Agreement (City Center Hotel) dated February 15, 2017, and the Ninth Amendment to Purchase and Sale Agreement (City Center Hotel) dated February 24, 2017 (as amended, the "Agreement"). Capitalized terms used herein and not otherwise defined have the meaning given in the Agreement.

B. As contemplated by Section 5.2.4 of the Agreement, COB Properties, a Washington nonprofit corporation, has provided the necessary approvals. Section 5.2.4 contemplates that the 63-20 bond trustee also approve of certain documents encumbering the City Hall Property, which remain under review by the 63-20 bond trustee.

C. Buyer and Seller now desire to amend the Agreement as described below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing promises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

1. The "Closing Date," as defined in Section 4.2 of the Agreement, shall be March 17, 2017. Thus, Section 4.2 is amended and restated in its entirety to read as follows:

"4.2 Closing; Closing Date. The consummation of the purchase and sale of the Property (the "Closing") shall take place on March 17, 2017 (the "Closing Date")."

2. The date for approval by the 63-20 bond trustee, as contemplated by Section 5.2.4 of the Agreement, is extended to March 17, 2017.

3. Except as amended by this Amendment, the Agreement shall remain in full force and effect, and the parties reaffirm all provisions thereof.

4. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument. Facsimile and electronic signatures shall be binding. The parties may execute this Amendment by exchange of .pdf signatures, which shall be effective as the original.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the date first set forth above.

SELLER:

CITY OF BOTHELL, a Washington municipal corporation

By: _____
Name: Peter Troedsson
Its: Deputy City Manager

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the date first set forth above.

BUYER:

BOTHELL HOTEL, LLC, a Washington limited liability company

By: 360 Investments, LLC, a Washington limited liability company, its member

By: 360 Investments Manager, LLC, a Washington limited liability company, its manager

By: Shaiza Damji
Name: Shaiza Damji
Its: Member

EXHIBIT D

After Recording Return To:
City of Bothell
18415 101st Avenue NE
Bothell, WA 98011
Attn: City Clerk

FIRST AM (9)
NCS-752398

EXCISE TAX NOT REQUIRED
King Co. Records Division
By _____, Deputy

Please print or type information **WASHINGTON STATE RECORDER'S Cover Sheet**

Document Title: Monitoring and Compliance Easement Agreement
Grantor: Bothell Hotel, LLC
Grantee: City of Bothell
Legal description (abbreviated: i.e. lot, block, plat or section, township, range): New Lot 8, City of Bothell BLA 2016-09383, rec. no. 20170126900003. Additional legal is on Exhibit A to document.
Assessor's Property Tax Parcel/Account Number: ~~096700-0280-02, 096700-0300-08,~~ 072605-9191-08, ~~072605-9003-06~~

MONITORING AND COMPLIANCE EASEMENT AGREEMENT

THIS MONITORING AND COMPLIANCE EASEMENT AGREEMENT (this "Agreement") is granted as of March 16, 2017 by BOTHELL HOTEL, LLC, a Washington limited liability company ("Grantor"), to the CITY OF BOTHELL, a Washington municipal corporation ("Grantee"), with reference to the following facts:

RECITALS

A. Contemporaneously herewith, pursuant to that certain Purchase and Sale Agreement (City Center Hotel) between Grantee and Grantor dated April 6, 2016, as amended (the "Hotel PSA"), a Development Agreement between Grantee and Grantor of even date herewith and recorded concurrently herewith (the "Development Agreement"), and an Environmental Indemnity Agreement between Grantee and Grantor of even date herewith (the "Environmental Indemnity Agreement"), Grantor has purchased from Grantee those certain parcels of land situated in Bothell, Washington, described in the attached Exhibit A (the "Hotel Property"), which Grantor will develop into two separately branded hotels (the "Hotel Project").

B. The Hotel Property is subject to certain Contamination. Grantee is currently undertaking remediation of the Contamination under the Agreed Order between Grantee and Ecology. Grantee and Ecology will be entering a Consent Decree that will set forth all actions necessary to remedy the Contamination to Ecology's satisfaction, including Monitoring and Compliance.

C. Pursuant to the Hotel PSA, the Development Agreement, and the Environmental Indemnity Agreement, Grantor has agreed to grant Grantee an access easement to allow Grantee to perform the Monitoring and Compliance activities on the Hotel Property.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties acknowledge and agree to the following:

1. Definitions. The following capitalized terms as used herein shall have the following meanings for purposes of this Agreement.

"Agreed Order" means Agreed Order re: Ultra Custom Care Cleaners No. DE 9704 dated April 18, 2013.

"CAP" means the cleanup action plans developed in conjunction with the Consent Decree and issued by Ecology pursuant to RCW § 70D.105D and WAC 173-340-380. The CAP specifies the cleanup standards and cleanup actions required by Ecology to provide for the Remediation and the Monitoring and Compliance. The CAP will be an exhibit to the Consent Decree.

"Complete" or "Completion" with respect to the Remediation means that Ecology has approved the as-built report or similar document prepared by Grantee pursuant to WAC 173-340-400(6)(b) and the Consent Decree, which as-built report documents the completed construction of the work comprising the Remediation.

"Consent Decree" means the judicially-approved agreement that Grantee expects to enter into with Ecology to implement the CAP.

"Contamination" means the Release of Hazardous Substances within the boundaries of and/or emanating from the Hotel Property, including Contamination that has not yet been discovered or is otherwise unknown as to nature and extent and Contamination in the future from offsite sources.

"Ecology" means the Washington State Department of Ecology.

"Environmental Law" means any federal, state, municipal or local law, statute, ordinance, regulation, order or rule pertaining to health, industrial hygiene, environmental conditions or hazardous substances, including without limitation the Washington Model Toxics Control Act, RCW ch. 70.105D et seq. and the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et seq.

"Hazardous Substance(s)" means any hazardous waste or other substances listed, defined, designated or classified as hazardous, dangerous, radioactive, toxic, solid waste or a pollutant or contaminant in any Environmental Law, including without limitation (i) petroleum products and petroleum byproducts; (ii) polychlorinated biphenyls; and (iii) chlorinated solvents.

"Historic Contamination" means the known Contamination resulting from the historic dry cleaning operations more particularly described in the CAP.

"Integrated Development Features" means physical features that may be required to be constructed as integral parts of the Hotel Project by the CAP, including vapor barriers, vapor extraction systems, building foundations, landscaping, sidewalks, loading areas, stormwater collection and conveyance systems, and parking areas that are part of the systems used to isolate contaminated soil, soil gas or groundwater.

"Interim Action Work Plan" means the Interim Action Work Plan dated November 7, 2014 pursuant to which Grantee is engaging in the Remediation.

"Legal Requirements" means all local, county, state and federal laws, ordinances and regulations and other rules, orders, requirements and determinations of any Governmental Authorities now or hereafter in effect, whether or not presently contemplated, applicable to the Hotel Property, the Hotel Project or its ownership, operation or possession, including (without limitation) all those relating to parking restrictions, building codes, zoning or other land use matters, The Americans With Disabilities Act of 1990, as amended (as interpreted and applied by the public agencies with jurisdiction over the Hotel Property), life safety requirements and Environmental Laws with respect to the handling, treatment, storage, disposal, discharge, use and transportation of Hazardous Substances.

"Monitoring and Compliance" means work performed after Completion to the extent required by the Interim Action Work Plan, Agreed Order, CAP and the Consent Decree: (i) performing long-term groundwater, soil and/or soil vapor monitoring and analysis on the Hotel Property or on adjacent properties, including but not limited to sampling and analysis from wells to be installed by Grantee on or near the Hotel Property; (ii) operating, monitoring, repairing, replacing and maintaining equipment and systems necessary to achieve cleanup standards established by Ecology in the CAP and the Consent Decree and to measure eventual compliance with cleanup standards; and (iii) performing any additional cleanup work including, without limitation, groundwater cleanup, that Ecology may require. Monitoring and Compliance may continue for several years following Completion of the physical components of the cleanup action.

"Release" means any intentional or unintentional entry of any Hazardous Substance into the environment, including but not limited to the abandonment or disposal of containers of Hazardous Substances unless permitted by applicable regulations.

"Remediation" means (i) the design and construction of the physical components of the cleanup action to address the Contamination required to be addressed by Ecology (including the Historic Contamination) in accordance with the CAP and the Consent Decree, and (ii) the excavation and removal of soil and source material above applicable cleanup standards in accordance with the CAP and the Consent Decree. Some parts of the Remediation, such as vapor barriers, treatment wells or stormwater controls, may need to be integrated into the design and construction of the Hotel Project. "Remediation" does not include the design or construction of any Integrated Development Features by Grantee unless approved by Grantee in its sole discretion. "Remediation" includes removal of soils or other materials only to the extent required by the CAP and Consent Decree; removal of additional soils and other materials desired by Grantor but not required by the CAP or Consent Decree shall be at Grantor's expense.

2. Access Easement for Monitoring and Compliance. Grantor hereby grants and conveys to Grantee a non-exclusive easement over and across the Hotel Property to perform the Monitoring and Compliance work, including, without limitation: (i) performing long-term

groundwater, soil and/or soil vapor monitoring and analysis on the Hotel Property or on adjacent properties, including but not limited to sampling and analysis from wells to be installed by Grantee on or near the Hotel Property; (ii) operating, monitoring, repairing, replacing and maintaining equipment and systems necessary to achieve cleanup standards established by Ecology in the Interim Action Work Plan, Agreed Order, CAP and the Consent Decree and to measure eventual compliance with cleanup standards; and (iii) performing any additional cleanup work that Ecology may require (the "Monitoring and Compliance Easement"). Notwithstanding the foregoing, the Monitoring and Compliance Easement shall be effective only if the Interim Action Work Plan, Agreed Order, CAP or the Consent Decree require that Grantee perform the Monitoring and Compliance work on the Hotel Property.

3. Performance and Restoration. Grantee's performance of the Monitoring and Compliance shall not unreasonably interfere with the construction and operation of the Hotel Project. Grantee shall be responsible for repairing or correcting any damage to the Hotel Property resulting from Grantee's performance of the Monitoring and Compliance activities. Upon completion of the Monitoring and Compliance activities, Grantee will, at its sole cost and expense, close all monitoring wells installed by Grantee on the Hotel Property in accordance with Legal Requirements and restore the areas of the Hotel Property affected by such closure to a finished condition consistent with the surrounding areas of the Hotel Property.

4. Reservation of Rights. Grantor reserves the right to use the Hotel Property for purposes not inconsistent with the rights granted herein, including without limitation the right to grant other easements within the Hotel Property (including access, construction and/or utility easements, permits and licenses); provided, however, that Grantor shall not interfere with Grantee's performance of the Monitoring and Compliance activities, including monitoring wells, equipment and systems relating thereto.

5. Termination. This Agreement shall continue until Grantee has completed all Monitoring and Compliance activities on the Hotel Property to Ecology's satisfaction as provided in the Consent Decree and the CAP. Upon completion of the Monitoring and Compliance activities, Grantee shall notify Grantor of such completion and the parties shall execute and record a termination of this Agreement. In addition, if none of the Interim Action Work Plan, Agreed Order, CAP or the Consent Decree requires that Grantee perform the Monitoring and Compliance work on the Hotel Property, then the parties shall execute and record a termination of this Agreement.

6. Attorneys' Fees. In any action involving the enforcement or interpretation of this Agreement, including appeals, the prevailing party in such litigation shall be entitled to recover, from the non-prevailing party, the prevailing party's reasonable attorneys' fees, costs and disbursements.

7. Notices. All notices required or permitted hereunder shall be in writing and shall be served on the parties at the following addresses:

If to Grantee:	City of Bothell 18415 – 101st Avenue NE Bothell, WA 98011 Attention: City Manager Phone: 425-806-6141
With a copy to:	K&L Gates LLP 925 Fourth Avenue, Suite 2900 Seattle, WA 98104 Attention: Shannon J. Skinner Phone: (206) 623-7580
If to Grantor:	Bothell Hotel LLC c/o 360 Hotel Group 3500 188th Street SW, Suite 121 Lynnwood, WA 98037 Attn: Shaiza Damji Phone: (425) 775-9600
With a copy to:	Pepple Cantu Schmidt 1000 Second Avenue, Suite 2950 Seattle, WA 98104 Attention: Dan Pepple Phone: (206) 625-9960

Either party may change its address for notice by giving the other party written notice thereof as herein provided. Notices shall not be given by email.

8. Run with the Land. The rights and obligations of the parties touch and concern the land, burden the Hotel Property and shall inure to the benefit of and be binding upon their respective successors and assigns.

[*Signature pages follow.*]

IN WITNESS WHEREOF, this Agreement has been executed the day and year first above written.

GRANTOR:

BOTHELL HOTEL, LLC,
a Washington limited liability company

By: 360 Investments, LLC, a Washington limited liability company, its member

By: 360 Investments Manager, LLC, a Washington limited liability company, its manager

By: Shaiza Damji
Shaiza Damji, Member

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Shaiza Damji is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Member of 360 Investments Manager, LLC, the Manager of 360 Investments, LLC, the Member of BOTHELL HOTEL, LLC, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: February 15, 2017

DANIEL P. PEPPLE NOTARY PUBLIC STATE OF WASHINGTON COMMISSION EXPIRES 1-19-20

(Use this space for notarial stamp/seal)

Notary Public
Print Name DANIEL P. PEPPLE
My commission expires 1/19/20

[Grantor's Signature Page to Monitoring and Compliance Easement]

IN WITNESS WHEREOF, this Agreement has been executed the day and year first above written.

GRANTEE:

CITY OF BOTHELL,
a Washington municipal corporation

By: _____
Name: Tami Schackman
Its: Acting City Manager

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Tami Schackman is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Acting City Manager of the City of Bothell, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 2-16-17

Donna Bartholomew
Notary Public
Print Name Donna Bartholomew
My commission expires 3-3-21

DONNA BARTHOLOMEW NOTARY PUBLIC STATE OF WASHINGTON COMMISSION EXPIRES 03-03-21

(Use this space for notarial stamp/seal)

[Grantee's Signature Page to Monitoring and Compliance Easement]

Exhibit A

Legal Description of the Hotel Property

New Lot 8 of City of Bothell Boundary Line Adjustment No. 2016-09383, recorded under Recording No. 20170126900003, in King County, Washington.

EXHIBIT E

After Recording Return To:
K&L Gates LLP
925 Fourth Avenue
Suite 2900
Seattle, WA 98104
Attn: Shannon Skinner

DEVELOPMENT AGREEMENT (CITY CENTER HOTEL)

GRANTOR: BOTHELL HOTEL, LLC a Washington limited liability company

GRANTEE: CITY OF BOTHELL, a Washington municipal corporation

Legal Description:
Abbreviated form: New Lot 8, City of Bothell BLA 2016-09383, rec. no. 20170126900003
Additional legal on Exhibit A

Assessor's Property Tax Parcel Account Number(s): ~~096700-0280-02, 096700-0300-08, 9191-08, 072605-9003-06~~ 072605-9191-08

FIRST AM (3A)
NCS-752388

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Exhibits

DEVELOPMENT AGREEMENT
(CITY CENTER HOTEL)

THIS DEVELOPMENT AGREEMENT (CITY CENTER HOTEL) (this "Agreement") is dated as of March 16, 2017, between the CITY OF BOTHELL, a Washington municipal corporation ("City"), and BOTHELL HOTEL, LLC a Washington limited liability company ("Developer").

RECITALS

A. Pursuant to that certain Purchase and Sale Agreement (City Center Hotel) dated April 6, 2016 between City as seller and Developer as buyer, as amended (the "Sale Agreement"), concurrently herewith Developer has acquired that certain real property legally described in Exhibit A attached hereto (the "Property"). As part of such acquisition, the parties are executing this Agreement as required by the Sale Agreement.

B. Buyer's proposal for its development in downtown Bothell to encompass the Property was consistent with City's goals for the Property and the City, including the City of Bothell's Comprehensive Plan and Downtown Subarea Plan.

C. As described in the Sale Agreement, City desires to foster the development of the Property, which is located in a key part of downtown Bothell, in a way that will contribute to public amenities and the economic revitalization of the City.

D. The conceptual plan for development described in this Agreement may result in applications that will in turn be subject to appropriate and subsequent development and site-specific State Environmental Policy Act, land use, development, public, and other applicable review prior to commencement of any construction under this Agreement. In addition to submitting plans to the City in its regulatory capacity as the permitting authority, Developer intends to submit plans to enable the City's approval/confirmation that the Property is being developed into the Project.

E. The Project is a private undertaking to be contracted, constructed and operated by Developer with Developer's resources and will provide a significant development of the Property with accompanying public amenities and economic redevelopment benefits to the public. The parties intend by this Agreement to set forth their mutual agreement and undertakings with regard to the Project.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual undertaking and promises contained herein, and the benefits to be realized by each party and in future consideration of the benefit to the general public by the creation and operation of the Project upon the Property, and as a direct benefit to City and other valuable consideration, the adequacy of which is hereby acknowledged, the parties agree as follows:

Section 1. Definitions. In addition to the terms defined in the Recitals above, the following terms shall have the meanings set forth below:

"Business Day" means any day on which banks in Bothell, Washington are required to be open for business, excluding Saturdays and Sundays.

"Certificate of Performance" means a certificate issued by City to Developer pursuant to Section 9 of this Agreement.

"City Approvals" means the approvals of all Plans pursuant to Section 5.4, performed by City in its capacity as the approving party under this Agreement. The City Approvals shall not constitute any of the regulatory approvals required under the applicable Legal Requirements to construct the Project.

"City Default" shall have the meaning given in Section 17.

"City Garage" means the public garage located underneath the City Hall complex adjacent to the Property.

"Closing" means the close of the sale of the Property pursuant to the Sale Agreement.

"commencement of construction" and "commence construction" means that the foundation work (including pouring of concrete) for the Project has begun, following site preparation work and issuance of a building permit therefor. Performance of site preparation work alone shall not constitute "commencement of construction."

"Concept Design Documents" means an architectural or artist's rendering that illustrates the scope of the Project, its location within the Property, and the relationship of the Project to its surroundings, consistent with the Design Guidelines and the scope of development. The intent of the Concept Design Documents is to provide, visually and in text, an idea as to the nature and density of the Project and its proposed mix of uses.

"Construction Plans" means the final construction plans and specifications for the Project approved by the City pursuant to Section 5.

"Construction Schedule" means the schedule for construction of the Improvements approved along with the Construction Plans.

"Construction Start Date" means the date that is the ninth (9th) month anniversary of the date this Agreement is recorded, subject to extension for Force Majeure.

"Design Development Documents" means plans and specifications for the Project based on the Concept Design Documents and Schematic Plans. The Design Development Documents illustrate and describe the refinement of the design of the Project, establishing the scope, relationship, forms, size and appearance of the Project by means of plans, sections and elevations, typical construction details, and equipment layouts. The Design

Development Documents shall include specifications that identify major material and systems and establish in general their quality levels.

"Design Guidelines" means, collectively, the City of Bothell's *Imagine Bothell...*Comprehensive Plan, the City of Bothell Municipal Code, the City of Bothell Design and Construction Standards and Specifications, the City of Bothell Downtown Subarea Plan and Regulations and other Legal Requirements that affect the Project and the Property.

"Effective Date" means the date set forth in the first paragraph of this Agreement.

"Environmental Agreements" means, as applicable, the DCAP, CAP, Consent Decree, Interim Action Work Plan, Restrictive Covenant and Monitoring and Compliance Easement (as such terms are defined in the Sale Agreement).

"Event(s) of Default" has the meaning given in Section 15.

"Force Majeure" has the meaning given in Section 19.17.

"Guarantor" means 360 Investments LLC, a Washington limited liability company.

"Governmental Authorities" means any board, bureau, commission, department or body of any local, municipal, county, state or federal governmental or quasi-governmental unit, or any subdivision thereof, or any utility provider serving the Property, having, asserting, or acquiring jurisdiction over or providing utility service to the Project, the Property and/or the management, operation, use, environmental cleanup or improvement thereof.

"Hazardous Substances" has the meaning set forth in Section 7.

"Improvements" means all buildings, structures, improvements and fixtures to be constructed in, under or upon the Property as part of the Project, and all accessways, pedestrian areas, public amenities, parking areas, utility distribution facilities, lighting, signage and other infrastructure improvements to be built by Developer on the Property as part of the Project.

"Indemnity Agreement" has the meaning given in the Sale Agreement.

"Integrated Development Features" means physical features that may be required to be constructed as integral parts of the Project by the CAP, including vapor barriers, vapor extraction systems, building foundations, landscaping, sidewalks, loading areas, stormwater collection and conveyance systems, and parking areas that are part of the systems used to isolate contaminated soil, soil gas or groundwater.

"Legal Requirements" means all local, county, state and federal laws, ordinances and regulations and other rules, orders, requirements and determinations of any

Governmental Authorities now or hereafter in effect, whether or not presently contemplated, applicable to the Property, the Project or its ownership, operation or possession, including (without limitation) all those relating to parking restrictions, building codes, zoning or other land use matters, The Americans With Disabilities Act of 1990, as amended (as interpreted and applied by the public agencies with jurisdiction over the Property), life safety requirements and environmental laws with respect to the handling, treatment, storage, disposal, discharge, use and transportation of Hazardous Substances.

"Lot 9 Plaza" shall have the meaning given in Section 5.3.2.

"Lot 9 Plaza Improvements" shall have the meaning given in Section 5.3.2.

"Material Modification" shall have the meaning given in Section 5.4.

"Mortgagee" means the holder of a first mortgage or deed of trust ("Mortgage") encumbering Developer's interest in any portion of the Property, the proceeds of which are used to finance or refinance the construction of Improvements.

"Opening Date" means the date that is the twenty-fourth (24th) month anniversary of the date this Agreement is recorded, subject to extension for Force Majeure.

"Plans" means, collectively, the Concept Design Documents, the Schematic Plans, the Design Development Documents and the Construction Plans, as approved by City pursuant to Section 5.

"Project" means the development of the Property to construct the Improvements consisting of two separately-branded hotels and associated on-site parking more particularly described in Section 3 (the "Project").

"Project Documents" means this Agreement, the Sale Agreement and the Indemnity Agreement.

"Project Schedule" means the schedule for construction of the Project, which schedule shall provide for such construction of the Project to commence by the Construction Start Date and be substantially complete by the Opening Date.

"Repurchase Option" shall have the meaning given in Section 5.7.

"Sale Agreement" has the meaning given in Recital A.

"Schematic Plans" means:

(i) Site plans showing the Improvements in relation to the Property, with all proposed connections to existing or proposed roads, utilities and services;

(ii) Plans, elevations, typical cross-sections and typical wall sections of all building areas;

(iii) Elevations of each building to determine the site lines and the specific configuration and relationship of design elements of the building exterior in relationship to streets;

(iv) A preliminary exterior finish schedule;

(v) A description of servicing requirements, trash areas, loading docks, etc.; and

(vi) Calculation of gross building area.

"Sidewalk Improvements" shall have the meaning given in Section 5.3.3.

"substantial completion" or "substantially complete" means that all of the following have occurred: (i) the Improvements required to be developed by this Agreement are completed substantially in accordance with the Construction Plans, except for punchlist items that do not substantially prevent the use of the Improvements for their intended purposes, as evidenced by an AIA Certificate of Substantial Completion from the Project architect; and (ii) the City has issued a temporary or final certificate of completion or certificate of occupancy for all of the building portions of the Improvements.

"Western Plaza" shall have the meaning given in Section 3.

Section 2. Intent and Relations.

2.1 Generally. Developer will construct the Project in a manner that conforms to and is consistent in all material respects with the Construction Plans approved by City and in accordance with the terms and conditions of this Agreement. Development on the Property will comply with all Legal Requirements. This Agreement is intended by the parties to establish the design, development and performance criteria and schedule for the Project. The parties agree that Developer has sole responsibility for construction, obtaining all necessary permits and approvals and complying with all Legal Requirements as they relate to ownership, construction and operation of the Project.

Developer shall at its own cost furnish all plans, engineering, supervision, labor, material, supplies and equipment necessary for completion of the Project. City has entered into this Agreement relying on Developer's agreement that it will design and construct the Project in accordance with this Agreement.

2.2 Standards. Developer shall perform the terms of this Agreement according to the following standards:

2.2.1 All construction of the Project by Developer shall comply with, and be performed in accordance with, the Construction Plans, this Agreement and all Legal Requirements.

2.2.2 Commencing with the Effective Date, Developer agrees to promptly begin and thereafter with diligence and commercially reasonable efforts design, construct and complete the Project pursuant to the Construction Plans, in accordance with the Project Schedule and with the requirements of City's process for permitting the Project and in a good and workmanlike manner and of good quality.

Section 3. Project Use and Design. The Project shall consist of two separately-branded, distinct hotels (one located along the Multiway Boulevard and one along NE 183rd Street), connected via a skybridge owned by Developer over a portion of the Lot 9 Plaza owned by City. Total hotel rooms will be approximately 178 between the two hotels. The height of the hotel building along NE 183rd Street shall be limited to 47 feet above the upper, western plaza that is part of the City Hall complex (the "Western Plaza") pursuant to the Covenant re: Height Restriction recorded concurrently with this Agreement. The height, setback and design of the hotel improvements shall be consistent with the sun angle/shadowing study depicted on Exhibit D attached hereto.

Construction of the Project shall include construction of the Lot 9 Plaza Improvements. One condition of permit approval will be that Developer permit public access across and over the "grand staircase" portion of the Project between the two hotel buildings that permit pedestrians to traverse the stairway corridor between the Lot 9 Plaza and the Western Plaza. In addition, the Project shall also include construction of the Sidewalk Improvements along the Multiway Boulevard adjacent to the Property as described in Section 5.3.3.

The design and plans for the hotels shall be urban in character and incorporate thoughtful, engaging and inspiring "four-sided" architecture. The designs shall include detailing that imparts a distinctive identity for both hotels, setting them apart from a more generic design.

To the extent required by the Environmental Agreements in effect as of the Effective Date, the Project will include Integrated Development Features.

Section 4. General Terms of Conveyance. Conveyance and ownership of the Property shall remain subject to the provisions of this Agreement during the term hereof. This Agreement shall be superior and senior to the lien of any Mortgage encumbering the Property and all subsequent owners and lessees of all or any portion of the Property shall take subject to this Agreement during its term.

Section 5. Development.

5.1 Generally. Developer shall hereafter prepare the Plans for the development of the Project and submit them to the City Manager or his designee for City's review and approval pursuant to Section 5.4. Such submittal shall be in addition to and shall not substitute for any regulatory permit review required by Applicable Law. If, in City's reasonable judgment, the Plans submitted provide for the construction of the Project in accordance with this Agreement, City shall approve them per Section 5.4. Any approval by City of the Plans hereunder is in its capacity as the approving party under this Agreement and shall not constitute any of the regulatory approvals required under the applicable Legal Requirements to obtain the permits

necessary to construct the Project. Developer shall submit the Plans in a timely manner to permit commencement of construction to occur by the Construction Start Date.

Developer shall construct and complete Improvements on the Property in a manner that is consistent in all material respects with the Construction Plans. Developer shall commence construction of the Project by the Construction Start Date and shall substantially complete the Project by the Opening Date. Developer will not start construction prior to satisfaction of the conditions set forth in Section 5.2 below. Developer agrees that once any construction work has begun, Developer will thereafter with diligence and commercially reasonable efforts proceed with such construction until the Project has been completed (subject to extensions for Force Majeure).

5.2 Conditions Precedent to Commencement of Construction. The following conditions shall have been satisfied before commencing construction on the Property:

5.2.1 Compliance with Agreement. Developer shall be in material compliance with this Agreement, including, without limitation, all contracting requirements and receipt of all necessary permits for construction.

5.2.2 Approval. Developer shall have obtained all City Approvals pursuant to Section 5.4 and shall have obtained the consents required from City under the Indemnity Agreement before commencing any construction activity on the Property.

5.2.3 Conveyance. Fee title to the Property shall have been transferred to Developer.

5.2.4 Permits. Developer shall have obtained all permits and other regulatory approvals for commencement of construction of the Project from City and any other applicable Governmental Authority, including without limitation the building permit(s) for the Improvements.

5.3 Construction Obligations and Development Fees.

5.3.1 In General.

(a) Permitting of the Improvements will be the Developer's responsibility. Developer shall submit the permit applications to the applicable Governmental Authorities.

(b) Developer is responsible for all excavation and disposal of soils and other materials it removes from the Property in accordance with all Legal Requirements.

5.3.2 Public Plaza. City has plans to improve New Lot 9 of City of Bothell BLA No. 2011-00666 (in the southwest corner of the block in which the Property is located) as a public plaza (the "Lot 9 Plaza"), to be part of the City Hall complex. Such improvements to the Lot 9 Plaza are called the "Lot 9 Plaza Improvements." Design and construction of the Lot 9 Plaza shall be in accordance with City's plans therefor and must be done in a manner that

protects and provides access to the environmental monitoring and compliance infrastructure (including injection and monitoring wells) installed by City as part of its cleanup of the site that includes Lot 9. City has contributed to the cost of the Lot 9 Plaza Improvements by providing a credit against the purchase price for the Property at Closing. Developer will construct the Lot 9 Plaza Improvements as part of the Project, to be complete not later than the Opening Date. Developer agrees to pay prevailing wage for the Lot 9 Plaza Improvements. City and Developer are parties to a temporary construction easement providing for the terms of access by Developer onto Lot 9 for such construction.

5.3.3 Multiway Boulevard Sidewalk. On November 14, 2016, the parties entered into a Memorandum of Understanding (the "MOU") pursuant to which Developer agreed that, as part of the Project, Developer will construct certain sidewalk improvements along the Multiway Boulevard adjacent to the Property according to the Multiway Boulevard design drawings as provided by City, to be completed not later than the Opening Date (the "Sidewalk Improvements"). The MOU describes the Sidewalk Improvements to be constructed by Developer as well as the credit to Developer for such work applied to the Multiway Boulevard contribution described in Section 5.3.4(c).

5.3.4 Development and Other Fees. Developer is responsible for payment of all development, utility, hookup, capacity, permit, plan check, SEPA and other fees, charges and surcharges required by City in its regulatory capacity for the construction of the Project. At the times required by the City in its regulatory capacity, Developer shall pay all fees and development charges required in connection with the issuance of the Project permits. These include: (i) a pre-application fee, required to be paid before the initial coordination meeting between City and Developer's architect and engineering representatives; (ii) plan check, fire plan check and traffic concurrency surcharge, at the time of application for the applicable item; (iii) other fees, at the time of permit issuance; (iv) transportation impact fees at time of building permit issuance; and (v) certain fees as provided below.

In addition, Developer shall be responsible for the following fees:

(a) Developer shall pay the stormwater facility charge for the downtown sub-basin area in accordance with BMC 18.11.045 and may use the downtown stormwater conveyance system in lieu of constructing on-site stormwater detention. Such payment shall be due upon issuance of the building permit for the Project.

(b) Developer shall pay a transportation mitigation fee in accordance with BMC § 17.045.

(c) Developer shall pay $408,589 to City as a contribution to the construction of the Multiway Boulevard sidewalk and access lane, which amount incorporates the credit to Developer in the amount of $38,274.00 pursuant to the MOU.

5.4 City Approval Process. Developer shall submit for approval to City the Concept Design Plan, Schematic Plans, Design Development Plan and Construction Plans (to the extent not approved before the date hereof) in a timely manner to permit commencement of construction by the Construction Start Date. These items shall be submitted to the City Manager

or his designee for review for conformance with this Agreement. City shall review the Plans under this Section 5.4 for consistency with the Design Guidelines and the Project Documents and shall base any disapproval only upon an identified inconsistency therewith. This review and approval is in addition to, and separate from, the normal City regulatory review and permitting process. City Approvals under this Section 5.4 shall not be considered approvals required under City's regulatory and permitting process. City shall undertake its review and response expeditiously, and Developer shall likewise respond expeditiously to comments and requests for changes and further information. Plans submitted under this provision for City approval shall be provided to City Manager or his designee, who will use reasonable efforts to notify Developer of City's approval or disapproval in writing within ten (10) Business Days after submission. If the City disapproves of a plan, it shall state in writing the specific reasons for such disapproval.

Developer's request for City Approvals shall be in writing and shall include sufficient information and such other information as may be reasonably required to permit the City to make an informed decision with respect thereto. City Approvals under this Section 5.4 shall not be unreasonably withheld or delayed. Such process of submittal, review, comment and re-submittal by Developer shall continue until such time as the submitted material has been approved by City.

Approval shall not be required for any modification, replacement, alteration or addition (but excluding any relocation) to any previously approved submission, unless there is a Material Modification from the previously approved submission. For any Material Modifications thereto proposed by Developer, the procedure shall be as described in this section. As used in this Agreement, a "Material Modification" shall be one that would (i) conflict with any Design Guidelines or Project Documents; or (ii) cause the Project not to be developed in accordance with this Agreement. Any Material Modification of any Plan shall be submitted to City for prior written approval and, if not approved by City, the previously approved Plan shall continue to control. City shall have the right to disapprove any modifications that are not consistent with the Design Guidelines or the Project Documents.

5.4.1 Concept Design Plan. Developer and City will use best efforts to agree on a "Concept Design Plan" for the development of the Property in sufficient time for Developer to timely submit the permit applications to comply with the Project Schedule. In designing the Project, Developer shall design its interior pedestrian and vehicular circulation plan to coordinate with City's plans for the adjacent rights of way and public plazas.

The Concept Design Plan to be submitted by Developer for approval shall be consistent with the following: Developer shall develop the Project, all in accordance with the Design Guidelines, to be as described in this Development Agreement. Developer shall ensure that the Property has parking for the Project with a sufficient number of parking spaces to satisfy the Design Guidelines.

5.4.2 Schematic Plans. Developer and City will use best efforts to agree on the Schematic Plans for the Improvements in sufficient time for Developer to submit the permit applications in accordance with the Project Schedule. City shall review the Schematic Plans for consistency with the Design Guidelines.

5.4.3 Design Development Plan. Developer and City will use best efforts to agree on a "Design Development Plan" for the Improvements in sufficient time for Developer to submit the permit applications to allow construction of the Project to be in accordance with the Project Schedule.

5.4.4 Construction Plans. Developer and City will use best efforts to agree on "Construction Plans" for the Improvements in sufficient time for Developer to apply for building permits in accordance with the Plans and Permit Application Schedule. All references in this Agreement to the Construction Plans include any revisions to the Construction Plans required pursuant to building permit review. The Construction Plans shall be based upon the approved Concept Design Plan, the Schematic Plan, the Design Development Plan and the Design Guidelines for the Improvements. The Construction Plans will be accompanied by a construction schedule (which shall include the Construction Start Date) (the "Construction Schedule").

Approval of the final Construction Plans by City under this Agreement for the Project and issuance of the building permits for the Project based on such final Construction Plans shall be conclusive evidence that the Project, if constructed substantially in accordance with such Construction Plans, conforms to the Design Guidelines.

5.5 Multiway Boulevard. City will start construction of its Multiway Boulevard improvement project in accordance with City's plans therefor and substantially complete such project not later than November 1, 2017, subject to Force Majeure.

5.6 Governmental Approvals. Developer shall apply, at its sole cost, to the appropriate Governmental Authorities or third parties for, and shall diligently pursue, all permits, licenses, permissions, consents or approvals required in connection with the construction of the Improvements.

5.7 Purchase Option if Failure to Start Construction or Event of Default Before Commencing Construction. If Developer fails to commence construction of the Project by the Construction Start Date, then City shall have the option to repurchase the Property (the "Repurchase Option") for the purchase price paid by Developer for the Property under the Sale Agreement; provided, however, that Developer may void City's exercise of the Repurchase Option by commencing construction within seven (7) days after receipt of City's notice of intent to repurchase. If Developer fails to commence construction of the Project by the Construction Start Date and City has not exercised the Repurchase Option in writing by the 180th day after the Construction Start Date, then City shall be deemed to have waived its right to exercise the Repurchase Option as of such 180th day.

The closing of the repurchase shall be not later than sixty (60) days following City's exercise of the Repurchase Option on a business day selected by City on not less than fifteen (15) days written notice to Developer.

If Developer fails to reconvey the Property to City as provided in this Section 5.7, then Developer shall pay to City liquidated damages in the amount of $2,000 per day until the Property is reconveyed to City as provided in this section. The parties agree that City's damages in the event of such failure are difficult to measure and such liquidated damages are a reasonable

estimate of the damages that City will suffer for Developer's failure to reconvey the Property as provided herein.

Developer shall pay all transfer and excise taxes in connection with such transfer. The deed will be in the same form as used to convey the Property to Developer. Upon such reconveyance to City, no encumbrances shall exist on title other than those that existed when title transferred to Developer, those consented to by City in writing (except any Mortgage) and those that were recorded as part of the closing of the acquisition of the Property, including without limitation the lien of any Mortgage recorded against the Property. Developer shall be responsible for obtaining the reconveyance of any Mortgage. If City exercises the Repurchase Option (or if City provides written notice to Developer that City elects to not exercise its Repurchase Option or waives the Repurchase Option as provided above), Developer shall be released from further obligations under this Agreement. Notwithstanding the foregoing, nothing herein shall limit Developer's liability for development and other fees described in Section 5.3.2 that are due and payable before City exercises its Repurchase Option. If Developer commences construction prior to City's exercise of the Repurchase Option, the Repurchase Option shall terminate. At Developer's request, upon commencement of construction, City shall provide written confirmation to a mortgagee that construction has commenced to satisfy a condition of a Mortgagee to advance funds under a construction loan.

Section 6. Disclaimer of Liability, Indemnity.

6.1 Preparation of Site; Utilities. City shall not be responsible for any demolition or site preparation in connection with the Project or any existing Improvements on the Property. City makes no representations as to the availability or capacity of utility connections or service to the Property. Developer shall make arrangements for utility services directly with utility service providers (including City). Any costs of installation, connection, relocating or upgrading utilities shall be paid by Developer.

6.2 AS IS. City makes no warranties or representations as to the suitability of the soil conditions or any other conditions of the Property or structures thereon for any Improvements to be constructed or rehabilitated by Developer, and Developer warrants that it has not relied on representations or warranties, if any, made by City as to the physical or environmental condition of the Property or the structures thereon for any Improvements to be constructed or rehabilitated by the Developer. Nothing in this section shall limit City's obligations under the Indemnity Agreement.

6.3 Approvals and Permits. Approval by City of any item in its capacity as seller pursuant to the Sale Agreement or the City Approvals pursuant to Section 5.4 of this Agreement shall not constitute a representation or warranty by City that such item complies with Legal Requirements and City assumes no liability with respect thereto. Developer acknowledges that City has not made any representation or warranty with respect to Developer's ability to obtain any permit or approval, or to meet any other requirements for development of the Property or Project. Nothing in this Agreement is intended or shall be construed to require that City exercise its discretionary authority under its regulatory ordinances approve the required permits for the Project or grant regulatory approvals. City is under no obligation or duty to supervise the design or construction of the Improvements pursuant to this Agreement. City's approval of the Plans

under this Agreement shall not constitute any representation or warranty, express or implied, as to the adequacy of the design or any obligation on City to insure that work or materials are in compliance with the Plans or any building requirements imposed by any governmental entity (including City in its regulatory capacity). City is under no obligation or duty, and disclaims any responsibility, to pay for the cost of construction of the Improvements, the cost of which shall at all times remain the sole liability of Developer.

6.4 Indemnity. Developer shall indemnify, defend and hold City, its employers, officers and council members harmless from and against all claim, liability, loss, damage, cost, or expense (including reasonable attorneys' fees, court costs, and amounts paid in settlements and judgment) arising out of Developer's development of the Project, operation of the Property or the construction of the Project, including any act or omission of Developer or its members, agents, employees, representatives, contractors, subcontractors, successors or assigns on or with respect to the Property. City shall not be entitled to such indemnification to the extent that such claim, liability, loss, damage, cost or expense is caused by the gross negligence or willful misconduct of City. This indemnification shall survive expiration or termination of this Agreement.

Promptly following receipt of notice, an indemnitee hereunder shall give Developer written notice of any claim for which Developer has indemnified it hereunder, and Developer shall thereafter vigorously defend such claim, at its sole cost, on behalf of such indemnitee. Failure to give prompt notice to Developer shall not constitute a bar to the indemnification hereunder unless such delay has prejudiced Developer in the defense of such claim. If Developer is required to defend any action or proceeding pursuant to this section to which action or proceeding an indemnitee is made a party, such indemnitee shall be entitled to appear, defend or otherwise take part in the matter involved, at its election, by counsel of its own choosing. To the extent an indemnitee is indemnified under this section, Developer shall bear the cost of the indemnitee's defense, including reasonable attorneys' fees and costs. No settlement of any non-monetary claim shall be made without City's written approval, not to be unreasonably withheld.

Section 7. Environmental Issues. As described in the Sale Agreement, the Property is subject to certain Contamination (as defined in the Sale Agreement). Pursuant to the Sale Agreement, City is responsible for performing the Remediation. Developer will develop and construct the Project in a manner that does not violate the Environmental Agreements or the Indemnity Agreement (as defined in the Sale Agreement).

Section 8. Guaranty of Completion. Contemporaneously with the execution of this Agreement, Developer shall furnish an irrevocable and unconditional guaranty of performance by 360 Investments LLC, a Washington limited liability company (a beneficial owner of Developer), in the form of Exhibit C attached hereto, guaranteeing the full and faithful performance of Developer's obligations under this Agreement. If City approves of a transfer of Property pursuant to Section 14, City will not unreasonably withhold its request for a termination of this guaranty, provided that a substitute guarantor satisfactory to City in its sole discretion is provided. This guaranty shall terminate upon issuance by City of the Certificate of Performance described in Section 9 or repurchase of the Property pursuant to Section 5.7 or Section 16.1. Neither the provisions of this Section nor any guaranty accepted by City pursuant hereto, shall be

construed to excuse faithful performance by Developer or to limit liability of Developer under this Agreement.

Section 9. Certificate of Performance.

9.1 When Developer Entitled to Certificate of Performance. Upon substantial completion of the Project in accordance with this Agreement and satisfaction of the other conditions of this Section 9, City will furnish Developer with a recordable Certificate of Performance, substantially in the form attached hereto as Exhibit B hereto. Notwithstanding the foregoing, City shall not be required to issue the Certificate of Performance if Developer is not then in material compliance with the terms of this Agreement. In addition, if punchlist items remain when Developer requests the Certificate of Performance, City may require as a condition to the issuance thereof that Developer post a bond or provide other financial assurance reasonably satisfactory to City to insure completion of the punchlist items, and Developer agrees to proceed with all reasonable diligence to complete the punchlist items.

9.2 Effect of Certificate of Performance; Termination of Agreement. Issuance by City of a Certificate of Performance shall terminate this Agreement and each of its provisions except for the provisions described in Section 6.4 that expressly survive termination of this Agreement. No party acquiring or leasing any portion of the Property after issuance of the Certificate of Performance shall (because of such purchase or lease) have any obligation whatsoever under this Agreement.

Section 10. Intentionally Deleted.

Section 11. Liens. NOTICE IS HEREBY GIVEN THAT CITY WILL NOT BE LIABLE FOR ANY LABOR, SERVICES, MATERIALS OR EQUIPMENT FURNISHED OR TO BE FURNISHED TO DEVELOPER OR ANYONE HOLDING AN INTEREST IN THE PROPERTY (OR ANY PART THEREOF) THROUGH OR UNDER DEVELOPER.

Section 12. Insurance. The requirements of this Section 12 shall apply until the Certificate of Performance is recorded unless otherwise noted in this Section.

12.1 Insurance Requirements. Developer shall maintain and keep in force insurance covering the Project, as provided below, and maintain such additional insurance as required by Developer's Mortgagee.

12.1.1 Builders Risk. Upon commencement of construction, Builders Risk insurance covering interests of City, Developer, its contractor, subcontractors, and sub-subcontractors in the Project work. Builders Risk insurance shall be on a all-risk policy form (and may be in a separate policy or included in the property insurance policy) and shall insure against the perils of fire and extended coverage and physical loss or damage including flood (if the buildings on the Property are located in a special flood hazard area and flood insurance is available), earthquake, theft, vandalism, malicious mischief, collapse, temporary buildings and debris removal. This Builders Risk insurance covering the work will have a deductible of not more than $50,000 for each occurrence. Higher deductibles for flood (if applicable) and earthquake perils may be accepted by the City upon written request by the Developer and written

acceptance by the City. Builders Risk insurance shall be written in the amount of the completed value of the Project with no coinsurance provisions. The Builders Risk insurance shall be maintained until City issues the Certificate of Performance.

12.1.2 Commercial General Liability. Commercial General Liability insurance shall be written with limits no less than $1,000,000 each occurrence and a $2,000,000 general aggregate limit. The Commercial General Liability insurance shall be written on ISO occurrence form CG 00 01 (or equivalent form) and shall cover liability arising from premises, operations, stop gap liability, independent contractors, personal injury and advertising injury, and liability assumed under an insured contract. Developer's Commercial General Liability insurance shall be endorsed to name City as an additional insured using ISO Additional Insured endorsement CG 20 26 07 04 – Additional Insured Designated Person or Organization or a substitute endorsement providing equivalent coverage.

12.2 Insurance Policies. Insurance policies required herein:

12.2.1 Shall be issued by companies authorized to do business in the State of Washington with the following qualifications:

12.2.1.1. The companies shall have an A.M. Best rating of at least A VII and be licensed in the State of Washington.

12.2.1.2 Developer's insurance coverage shall be primary insurance as respects City. Any insurance, self-insurance, or insurance pool coverage maintained by City shall be excess of the Developer's and Contractor's insurance and shall not contribute with it.

12.2.2 Each such policy or certificate of insurance mentioned and required in this Section 12 shall have attached thereto (1) an endorsement that such policy shall not be canceled without at least thirty (30) days prior written notice to Developer and City; (2) an endorsement to the effect that the insurance as to any one insured shall not be invalidated by any act or neglect of any other insured; (3) an endorsement pursuant to which the insurance carrier waives all rights of subrogation against the parties hereto; and (4) an endorsement pursuant to which this insurance is primary and noncontributory.

12.2.3 The certificates of insurance and insurance policies shall be furnished to Developer and City before commencement of construction under this Agreement. The certificate(s) shall clearly indicate the insurance and the type, amount and classification, as required under this Section 12.

12.2.4 Cancellation of any insurance or non-payment by Developer of any premium for any insurance policies required by this Agreement shall constitute an immediate Event of Default under Section 15 of this Agreement, without cure or grace period. In addition to any other legal remedies, City at its sole option after written notice may obtain such insurance and pay such premiums for which, together with costs and attorneys' fees, Developer shall be liable to City.

Section 13. Destruction or Condemnation.

13.1 Total or Partial Destruction. If the Improvements are totally or partially destroyed at any time during the term of this Agreement, Developer shall reconstruct or repair the damage consistent with the Construction Plans. In any event, Developer shall at its cost secure the Property, clear the debris and generally make the Property as safe and attractive as practical given the circumstances.

If for any reason the Improvements are not reconstructed as provided above, without limiting any other rights or remedies that City has, no further development of the Property can occur without the prior approval of City. This Agreement shall continue to restrict future development of the Property and Developer or any successor of Developer shall obtain City's approval of the development plan before the Property is developed.

13.2 Condemnation. If during the term of this Agreement the whole or any substantial part of the Property is taken or condemned in the exercise of eminent domain powers (or by conveyance in lieu thereof), such that Developer can no longer materially meet its obligations under this Agreement, this Agreement shall terminate upon the date when possession of the Property or portion thereof so taken shall be acquired by the condemning authority. As used herein, "substantial" shall be defined as reasonably preventing the operation of the Project and conduct of Developer's activities as contemplated hereby. If a taking occurs that is not substantial, this Agreement shall continue in full force and effect as to the part of the Property not taken.

Section 14. Right to Assign or Otherwise Transfer. Developer represents that Developer's purchase of the Property is intended for development and not for speculation. During the term of this Agreement, any transfers of the Property pursuant to the following sections shall be made expressly subject to the terms, covenants and conditions of this Agreement.

14.1 Transfers Before Certificate of Performance.

14.1.1 During the term of this Agreement, Developer will not transfer the Property or any part thereof without the prior written consent of City, which consent shall be in City's sole discretion. Developer's grant of a Mortgage against the Property shall not be an assignment prohibited by this Section. Further, City shall not unreasonably withhold its consent to a transfer of the Property to a transferee entity that is controlled by Developer and whose day to day management is controlled by employees of Developer (which transfer would require such transferee to assume the obligations of Developer under this Agreement).

"Transfer" as used herein includes any sale, conveyance, transfer, ground lease or assignment, whether voluntary or involuntary, of any interest in the Property and includes transfer to a trustee in bankruptcy, receiver or assignee for the benefit of creditors, any merger, consolidation, liquidation or dissociation of Developer. In addition, "Transfer" includes any sale or any transfer of direct or indirect interests in Developer or any of its constituent entities, other than transfers of minority interest that do not individually or in the aggregate result in the change of control or management of Developer or the Project.

14.1.2 If City approves of a transfer under Section 14.1, Developer shall deliver to City (a) a copy of the document evidencing the implementation of such transfer, including a suitable estoppel agreement(s), and (b) an assumption of all obligations of Developer under this Agreement in form reasonably satisfactory to City.

14.1.3 The transferee (and all succeeding and successor transferees) shall succeed to and assume all rights and obligations of Developer under this Agreement, including any unperformed obligations of Developer as of the date of such transfer. No transfer by Developer, or any successor, shall release Developer, or such successor, from any such unperformed obligations without the express written consent and release by City.

14.1.4 If Developer transfers the Property during the term of this Agreement without the prior written consent of City (other than transfers that do not require the consent of City hereunder), then City or its designee shall have an option to purchase the Property for the same price as paid by such unpermitted transferee. Such option must be exercised within ninety (90) days after City receives written notice from Developer of the unpermitted transfer and close within thirty (30) days after exercise of the option. Such transferee shall be obliged to sell the Property to City (or its designee) on the same terms and conditions as those upon which the transferee purchased the Property.

14.2 Transfers After Certificate of Performance. After issuance of the Certificate of Performance by City pursuant to Section 9, this Agreement shall not restrict any transfers.

Section 15. Mortgagee Protections and Cure Rights.

15.1 Mortgagee Protection. No Event of Default under this Agreement shall defeat, render invalid, diminish or impair the lien of any Mortgage made for value but, subject to Section 15.2 below, all of the terms and conditions of this Agreement shall be binding upon and effective against any person, including any Mortgagee, who acquires title to the Property by foreclosure or deed in lieu of foreclosure.

15.2 Notice and Opportunity to Cure. If City receives a written notice from a Mortgagee requesting copies of notices of default from City to Developer under this Agreement, then City shall use commercially reasonable efforts to provide a copy of any such default notice to the Mortgagee at the same time it is provided to the Developer. Such default notice shall not be effective with respect to Developer or the Mortgagee until City provides the Mortgagee with a copy. The Mortgagee shall have the right, but not the obligation, to cure any such default by Developer within an additional 15 days (for defaults that can be cured by the payment of money) and 30 days (for all other defaults) after expiration of the cure period given to Developer under this Agreement. Notwithstanding the foregoing, if such default or non-compliance (i) is not one that can be cured by the payment of money, (ii) occurs after commencement of construction of the Project, and (iii) is of a nature that it may not be cured by the Mortgagee without obtaining possession of the Property, then so long as the Mortgagee proceeds with reasonable diligence to obtain possession of the Property, whether by appointment of a receiver or foreclosure of the Mortgage, and obtains such possession within ninety (90) days after the date of the notice, the Mortgagee shall have such additional period after obtaining possession (not to exceed 180 days) as may be reasonably required to cure such default or non-compliance. If a Mortgagee acquires

the Property, it shall have no obligation to cure any Event of Default by Developer described in Sections 16.6, 16.7 or 16.8 of this Agreement.

15.3 Obligation of Mortgagee. No Mortgagee shall have any obligation to perform any of the obligations of Developer under this Agreement, but nothing in this Agreement shall prohibit any Mortgagee either before or after foreclosure or deed in lieu thereof, from undertaking or continuing the construction or completion of the Improvements, provided that the Mortgagee notifies City in writing of its intention to complete the Project according to the approved final Construction Plans and this Agreement. Any Mortgagee who properly completes the Project in accordance with this Agreement shall be entitled, following written request made to City, to issuance of a Certificate of Performance in accordance with Section 9 above. All construction and development activities on or with respect to the Property shall be in accordance with this Agreement until a Certificate of Performance is recorded.

Section 16. Default By Developer. Developer's failure to keep, observe, or perform any of its duties or obligations under this Agreement shall be an Event of Default hereunder, including, without limitation, any of the following specific events:

16.1 The failure of Developer to substantially comply with the standards of performance for the Project as set forth in Section 2 of this Agreement, including without limitation submission of Plans and permit applications for approval as required herein and commencement of construction of the Project by the Construction Start Date;

16.2 The failure of Developer to submit and obtain approval as to any Material Modification as required in Section 5.4;

16.3 The failure of Developer to construct the Project substantially in accordance with this Agreement;

16.4 Conversion of any portion of the Property or the Improvements to any use other than the uses permitted in this Agreement;

16.5 The failure of Developer to comply with Section 12 of this Agreement;

16.6 The making by Developer or Guarantor of an assignment for the benefit of creditors or filing a petition in bankruptcy or of reorganization under any bankruptcy or insolvency law or filing a petition to effect a composition or extension of time to pay its debts;

16.7 The appointment of a receiver or trustee of all or any of the property of Developer or Guarantor, which appointment is not vacated or stayed within sixty (60) days, or the filing of a petition in bankruptcy against Developer or for its reorganization under any bankruptcy or insolvency law which not dismissed or stayed by the court within sixty (60) days after such filing;

16.8 Any sale, assignment or other transfer in violation of Section 14 of this Agreement;

16.9 Any default in the performance of any other obligations of Developer hereunder;

16.10 The failure of Developer to commence construction of the Project by the Construction Start Date; or

16.11 The failure to have the Project substantially complete by the Opening Date.

The happening of any of the above described events shall be an "Event of Default" hereunder. Notwithstanding the foregoing, except in the case of Sections 16.6, 16.7, 16.8 and 16.11, as to which notice but no cure period shall apply, or in the case of Section 16.10, in which case a seven (7) day notice and cure period shall apply pursuant to the terms of Section 5.7, Developer shall have thirty (30) days following written notice from City to cure such default (or if such default cannot reasonably cured within 30 days, if Developer fails to commence such cure within 30 days and thereafter diligently pursue such cure to completion within 120 days).

Section 17. Remedies For Developer Default.

17.1 Default Prior to Commencement of Construction. If an Event of Default occurs prior to the time that Developer commences construction of the Project and such Event of Default is not cured within any applicable cure period for such Event of Default under Section 15 (if the Mortgagee has given notice under Section 15.3 that it intends to complete the Project in accordance with this Agreement) or Section 16, City shall have the right to repurchase the Property for the purchase price paid by Developer for the Property under the Sale Agreement and on the other terms set forth in Section 5.7 of this Agreement as if City exercised the Repurchase Option under Section 5.7. Notwithstanding the foregoing, if Developer cures such Event of Default prior to City notifying Seller that City will repurchase the Property under this Section 17.1 on account of such Event of Default, City will have no right to repurchase the Property on account of such Event of Default. Further, notwithstanding the foregoing, nothing herein shall limit Developer's liability for development and other fees described in Section 5.3 that are due and payable before City exercises its repurchase option under this section.

In addition, City shall have all rights and remedies provided in Section 17.2.

17.2 Default After Commencement of Construction. If an Event of Default occurs after the time that Developer commences construction on the Property, and such Event of Default is not cured within any applicable time period under Section 15 or Section 16, City shall have all cumulative rights and remedies under law or in equity, including but not limited to the following:

17.2.1 Damages. Developer shall be liable for any and all damages incurred by City, except that Developer shall not be liable for consequential damages incurred by City.

17.2.2 Specific Performance. City shall be entitled to specific performance of Developer's obligations under this Agreement without any requirement to prove or establish that City does not have an adequate remedy at law. Developer hereby waives the requirement of any such proof and acknowledges that City would not have an adequate remedy at law for Developer's commission of an Event of Default hereunder

17.2.3 Injunction. City shall be entitled to restrain, by injunction, the actual or threatened commission or attempt of an Event of Default and to obtain a judgment or order specifically prohibiting a violation or breach of this Agreement without, in either case, being required to prove or establish that City does not have an adequate remedy at law. Developer hereby waives the requirement of any such proof and acknowledges that City would not have an adequate remedy at law for Developer's commission of an Event of Default hereunder.

17.2.4 Guaranty and Damages. City shall be entitled to draw upon, enforce, commence an action for equitable or other relief, and/or proceed against Developer and Guarantor for all monetary damages, costs and expenses arising from the Event of Default and to recover all such damages, costs and expenses, including reasonable attorneys' fees.

17.3 Provisions Surviving Termination. Upon termination of this Agreement, the Indemnification obligation set forth in Section 6.4 (Indemnity) shall remain with the parties then obligated thereunder, and such obligation shall not be assumed or deemed assumed by any subsequent owner of all or any portion of the Property.

17.4 Mortgagee Protections. Except with respect to City's repurchase rights under Sections 5.7 and 17.1, no remedy exercised by City hereunder shall impair the right of any Mortgagee to foreclose its Mortgage encumbering the Property.

Section 18. Default By City. City's failure to keep, observe, or perform any of its duties or obligations under this Agreement shall be a default hereunder (a "City Default"). City shall have thirty (30) days following written notice from Developer to cure such City Default (or if such City Default cannot reasonably cured within 30 days, if City fails to commence such cure within 30 days and thereafter diligently pursue such cure to completion within 120 days).

If a City Default occurs and is not cured within any applicable cure period, Developer shall have all cumulative rights and remedies under law or in equity, including damages incurred by Developer by reason of the City Default (except that City shall not be liable for consequential damages incurred by Developer), and specific performance of the obligations of City under this Agreement without any requirement to prove or establish that Developer does not have an adequate remedy at law. City hereby waives the requirement of any such proof and acknowledges that Developer would not have an adequate remedy at law for City's commission of a City Default hereunder.

Section 19. Representations and Warranties. Each party hereby represents and warrants to the other that (a) it has full right, power and authority to enter into this Agreement and perform in accordance with its terms and provisions; (b) the individuals signing this Agreement on its behalf have the authority to bind and to enter into this transaction; and (c) it has taken all requisite action to legally authorize the execution, delivery, and performance of this Agreement.

Section 20. Miscellaneous.

20.1 Estoppel Certificates. City and Developer shall at any time and from time to time, within fifteen (15) days after written request by the other, execute, acknowledge and deliver, to

the party requesting same or to any prospective mortgagee, assignee or subtenant designated by Developer, a certificate stating that (i) this Agreement is in full force and effect and has not been modified, supplemented or amended in any way, or if there have been modifications, identifying such modifications; and if this Agreement is not in force and effect, the certificate shall so state; and (ii) to its knowledge, all conditions under the Agreement have been satisfied by City or Developer, as the case may be, and that no defenses or offsets exist against the enforcement of this Agreement by the other party, or, to the extent untrue, the certificate shall so state. The party to whom any such certificate shall be issued may rely on the matters therein set forth and thereafter the party issuing the same shall be estopped from denying the veracity or accuracy of the same.

20.2 Inspection. Until the Certificate of Performance is recorded, City shall have the right at all reasonable times to inspect the Property, including any construction work thereon, to determine compliance with the provisions of this Agreement. Further, City shall have all rights in its regulatory capacity to inspect the Property and construction activity.

20.3 Entire Agreement. This Agreement, the Project Documents and any documents attached as exhibits thereto contain the entire agreement between the parties as to the subject matter hereof and supersedes all prior discussions and understandings between them with reference to such subject matter.

20.4 Modification. This Agreement may not be amended or rescinded in any manner except by an instrument in writing signed by a duly authorized representative of each party hereto in the same manner as such party has authorized this Agreement.

20.5 Successors and Assigns; Joint and Several. This Agreement shall be binding upon and inure to the benefit of the successors in interest and assigns of each of the parties hereto except that there shall be no transfer of any interest by Developer except pursuant to the express terms of this Agreement. Any reference in this Agreement to a specifically named party shall be deemed to apply to any successor or assign of such party who has acquired its interest in compliance with the terms of this Agreement, or under law. The obligations of Developer, and of any other party who succeeds to their interests hereunder or in the Property, shall be joint and several.

20.6 Notices. All notices which may be or are required to be given pursuant to this Agreement shall be in writing and delivered to the parties at the following addresses:

To City: City of Bothell
18415 – 101st Avenue NE
Bothell, WA 98011
Attention: City Manager
Phone: (425) 806-6141

With a copy to: K&L Gates LLP
925 Fourth Avenue
Suite 2900
Seattle, WA 98104

Attention: Shannon Skinner
Phone: (206) 623-7022

To Developer: Bothell Hotel, LLC
c/o 360 Hotel Group
3500 188th Street SW, Suite 121
Lynnwood, WA 98037
Attn: Shaiza Damji
Phone: 425-775-9600

With a copy to: Pepple Cantu Schmidt
1000 Second Avenue, Suite 2950
Seattle, WA 98104
Attention: Dan Pepple
Phone: (206) 625-9960

Any such notices shall be either (a) sent by certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) days after deposit, postage prepaid in the U.S. mail, (b) sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered when actually delivered pursuant to the records of such courier, (c) sent by facsimile transmission (if a facsimile number is provided above) or electronic mail to the party and its counsel, receipt of which has been confirmed by telephone by the recipient (or the recipient's assistant) (provided that if such delivery occurs after 5:00 p.m. Pacific time on any day, the same shall be deemed delivered on the next Business Day following confirmed receipt; provided further, however, that any notice delivered pursuant to this clause (c) shall only be valid if it is followed by delivery via one of the methods set forth in clauses (a), (b), or (d) hereof within two (2) Business Days of the date of delivery via facsimile or electronic mail), or (d) hand delivered, in which case notice shall be deemed delivered on the date of the hand delivery. Any notice given by counsel to a party shall have the same effect as if given by such party. The above addresses and phone numbers may be changed by written notice to be provided the other party in accordance with this Section 16; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice.

20.7 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

20.8 Waiver. No waiver by any party of any provision of this Agreement or any breach thereof shall be of any force or effect unless in writing by the party granting the waiver; and no such waiver shall be construed to be a continuing waiver. The waiver by one party of the performance of any covenant, condition, or promise shall not invalidate this Agreement nor shall it be considered a waiver by such party of any other covenant, condition, or promise hereunder. The waiver by either or both parties of the time for performing any act shall not constitute a waiver of the time for performing any other act or an identical act required to be performed at a later time.

20.9 Rights and Remedies Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise or failure to exercise one or more of such rights or remedies by either party shall not preclude the exercise by it, at the same time or different times, of any right or remedy for the same default or any other default by the other party.

20.10 Governing Law; Jurisdiction. This Agreement shall be interpreted under and pursuant to the laws of the State of Washington. In the event any action is brought to enforce any of the provisions of this Agreement, the parties agree to be subject to the jurisdiction in the King County Superior Court for the State of Washington or in the United States District Court for the Western District of Washington.

20.11 No Joint Venture. Nothing contained in this Agreement shall create any partnership, joint venture or other arrangement between City and Developer.

20.12 No Third Party Rights. The parties intend that the rights, obligations, and covenants in this Agreement and the collateral instruments shall be exclusively enforceable by City and Developer, their successors and assigns. No term or provision of this Agreement shall be for the benefit of any person, firm, organization or corporation not a party hereto, and no such other person, firm, organization or corporation shall have any right or cause of action hereunder, except as may be otherwise expressly provided herein. Nothing in this section is intended to modify the restrictions on assignment Nothing in this section is intended to modify the restrictions on assignment contained in Section 14 hereof.

20.13 Consents. Whenever consent or approval by City is required under the terms of this Agreement, all such consents or approvals, if given, shall be given in writing from the City Manager of City.

20.14 Conflict of Interest. No member, official, or employee of City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to this Agreement which affects his personal interests or the interest of any corporation, partnership, or association in which he is, directly or indirectly, interested. No member, official, or employee of City shall be personally liable to Developer or any successor in interest upon the occurrence of any default or breach by City or for any amount which may become due to Developer or its successor or on any obligations under the terms of this Agreement.

20.15 Non-Discrimination. Developer, for itself and its successors and assigns, agrees that during the construction of the Project, Developer will not discriminate against any employee or applicant for employment because of race, color, religion, age, sex, marital status, handicap or national origin.

20.16 Attorneys' Fees. If any legal action or other proceeding is brought for the enforcement of this Agreement (including, without limitation, enforcement of any obligation to indemnify, defend or hold harmless), or because of an alleged dispute or default in connection with any of the provisions of this Agreement, the substantially prevailing party shall be entitled to recover the reasonable attorneys' fees (including those in any bankruptcy or insolvency

proceeding), accountants' and other experts' fees and all other fees, expenses and costs incurred in connection with that action or proceeding, in addition to any other relief to which it may be entitled.

20.17 Captions; Exhibits. The headings and captions of this Agreement and the Table of Contents preceding the body of this Agreement are for convenience of reference only and shall be disregarded in constructing or interpreting any part of the Agreement. All exhibits and appendices annexed hereto at the time of execution of this Agreement or in the future as contemplated herein, are hereby incorporated by reference as though fully set forth herein.

20.18 Force Majeure. Whenever a period of time for performance of an action to be performed by either party is prescribed in this Agreement, the period of time for performance shall be extended by the number of days that the performance is actually delayed due to war, acts of terrorism, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, casualties, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation (including suits filed by third parties concerning or arising out of this Agreement), weather or soils conditions which necessitate delays, inability to secure necessary labor, materials or tools, delays of any contractor, subcontractor or supplier, acts of the other party, acts or failure to act or delay in acting of any public or governmental entity, including to issue permits or approvals for the Project (provided that all submissions by Developer are timely, substantially complete and in accordance with applicable submittal requirements) or any other causes beyond the control or without the fault of the party claiming an extension of time to perform; provided that the lack of funds or financing of Developer is not independently a cause beyond the control or without the fault of Developer ("Force Majeure"). For any Force Majeure delay that will cause substantial completion of the Project to be delayed more than ten (10) days, Developer will keep City informed about the cause and nature of such delay and the progress in achieving such substantial completion. Times of performance under this Agreement may also be extended in writing by City and Developer.

20.19 Fair Construction; Severability. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the context may require. The parties hereby acknowledge and agree that each was properly represented by counsel and this Agreement was negotiated and drafted at arms' length so that the judicial rule of construction to the effect that any ambiguities are to be construed against the drafting party shall be inapplicable in the interpretation of this Agreement. The provisions of this Agreement shall be construed as a whole according to their common meaning and consistent with the other provisions contained herein in order to achieve the objectives and purposes of this Agreement. If any term, provision, covenant, clause, sentence or any other portion of the terms and conditions of this Agreement or the application thereof to any person or circumstances shall apply, to any extent, become invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect, unless rights and obligations of the parties have been materially altered or abridged by such invalidation or unenforceability.

20.20 Time of the Essence. In all matters under this Agreement, the parties agree that time is of the essence.

20.21 Computation of Time. In the computation of any period of time hereunder, the day of the act or event from which the period of time runs shall be excluded and the last day of such period shall be included. If any deadline hereunder falls on a day that is not a Business Day, then the deadline will be deemed extended to the next following Business Day.

[Signatures on the following page]

IN WITNESS WHEREOF, this Agreement has been executed the day and year first above written.

CITY:

CITY OF BOTHELL,
a Washington municipal corporation

By: _____
Name: Tami Schackman
Its: Acting City Manager

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Tami Schackman is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Acting City Manager of the City of Bothell, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 2-16-17

Donna Bartholomew
Notary Public
Print Name Donna Bartholomew
My commission expires 3-3-21

DONNA BARTHOLOMEW NOTARY PUBLIC STATE OF WASHINGTON COMMISSION EXPIRES 03-03-21

(Use this space for notarial stamp/seal)

[City's Signature Page to Development Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

DEVELOPER:

BOTHELL HOTEL, LLC,
a Washington limited liability company

By: 360 Investments, LLC, a Washington limited liability company, its member

By: 360 Investments Manager, LLC, a Washington limited liability company, its manager

By: Shaiza Damji
Shaiza Damji, Member

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Shaiza Damji is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Member of 360 Investments Manager, LLC, the Manager of 360 Investments, LLC, the Member of BOTHELL HOTEL, LLC, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: February 15, 2017

DANIEL P. PEPPLE NOTARY PUBLIC STATE OF WASHINGTON COMMISSION EXPIRES 1-19-20

(Use this space for notarial stamp/seal)

Notary Public
Print Name DANIEL P. PEPPLE
My commission expires 1/19/20

EXHIBIT A

Legal Description of Property

New Lot 8 of City of Bothell Boundary Line Adjustment No. 2016-09383, recorded under Recording No. 20170126900003, in King County, Washington.

EXHIBIT B

Form of Certification of Performance

After recording return to

_____

_____

_____

CERTIFICATE OF PERFORMANCE (CITY CENTER HOTEL)

GRANTOR: CITY OF BOTHELL

GRANTEE: BOTHELL HOTEL, LLC

Abbreviated Legal Description
(Full legal description on Ex. A):_____

Assessor's Tax Parcel No(s):_____

Related Document: Development Agreement (Doc. No. _____)

The CITY OF BOTHELL, a Washington municipal corporation ("City"), hereby certifies that BOTHELL HOTEL, LLC a Washington limited liability company ("Developer"), has satisfactorily completed construction of the Improvements on the Property described on Exhibit A attached hereto (the "Property"), as such Improvements are described in the Development Agreement dated _____, 20__ (the "Agreement"), which was recorded in the Records of the King County Auditor, Washington, as Document No. _____, on _____, 20__.

This Certificate of Performance is and shall be a conclusive determination that the Developer has satisfied, or City has waived, each of the agreements, covenants and conditions contained in the Agreement as to the development of the Improvements pursuant to Section 5 of the Agreement.

Notwithstanding this Certificate of Performance, Section 6.4 of the Agreement provides for the survival of certain covenants as between City and Developer, and nothing in this Certificate of Performance affects such survival.

The Agreement is hereby terminated to the extent it is an encumbrance on the Property and is released from title to the Property.

IN WITNESS WHEREOF, City has caused this instrument to be executed this _____ day of _____, _____.

CITY OF BOTHELL, a Washington municipal corporation

By:_____
Name: _____
Title: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the _____ of City of Bothell to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____, _____.

_____
Notary Public
Print Name_____
My commission expires_____

(Use this space for notarial stamp/seal)

EXHIBIT B

EXHIBIT C

Form of Performance Guaranty

GUARANTY OF COMPLETION
(CITY CENTER HOTEL)

This Guaranty of Completion (City Center Hotel) is made as of _____, 20___, by 360 Investments LLC, a Washington limited liability company ("Guarantor"), in favor of the City of Bothell, a Washington municipal corporation ("City"), with reference to the following facts.

RECITALS

A. Contemporaneously herewith, Bothell Hotel, LLC, a Washington limited liability company ("Developer"), is purchasing property in Bothell, Washington on the same block as the Bothell City Hall in downtown Bothell (the "Property").

B. As part of the closing of the purchase of the Property, Developer and City are entering into a Development Agreement (City Center Hotel) of even date herewith (the "Development Agreement") that provides for the development of the Property. The Development Agreement requires that Guarantor provides this Guaranty to City. Capitalized terms not otherwise defined herein shall have the meaning given them in the Development Agreement.

C. Guarantor is a beneficial owner of Developer and will benefit from the purchase of the Property by Developer. Guarantor understands that development of the Property is crucial to mission and goals of City and that City would not sell the Property to Developer without this Guaranty.

GUARANTY AGREEMENT

NOW, THEREFORE, in consideration of the sale of the Property to Developer and as required by the Development Agreement, Guarantor unconditionally and irrevocably guarantees to City the full, faithful, timely and complete performance by Developer of Developer's obligations under the Development Agreement. Guarantor further agrees to pay all costs and expenses, including attorneys' fees, that may be incurred by City in enforcing this Guaranty. The obligations of Guarantor under this paragraph are called the "Obligations."

If for any reason there is an Event of Default by Developer under the Development Agreement then, in any such event, Guarantor, upon receipt of notice from City, agrees to cure such default and to perform, or cause Developer to perform, all of Developer's obligations under the Development Agreement.

If Guarantor fails to cure or cause cure of Developer's default as provided above (such cure by Guarantor in any event commence not later than 30 days after notice to Guarantor from City and thereafter proceed diligently and continuously), City, at City's option, shall have the right to complete the Project. City's rights to complete the Project shall be subject to the rights of

the construction lender to the Project to also complete the Project, such that if such lender is undertaking the construction of the Project, City shall not interfere with such construction activity (provide that such construction activity is in compliance with the Development Agreement). The amount of all expenditures reasonably incurred by City in curing the default shall be immediately due and payable by Guarantor to City.

Guarantor shall be responsible and liable to City for any losses, costs or expenses that City may suffer or incur as a result of any breach by Guarantor of any of the terms of this Guaranty or in the event that any of the representations or warranties made in writing by Guarantor to City are or were incorrect. If Guarantor defaults under this Guaranty, City may enforce this Guaranty against any or all persons liable hereunder and pursue any rights and remedies available at law or in equity, including without limitation actions for damages and specific performance. Guarantor agrees that, given the unique nature of the proposed development on the Property, City may not be in a position to complete the development and that specific performance is an appropriate remedy hereunder. In the event of any default under this Guaranty or in any action to enforce this Guaranty, City shall be entitled to recover all reasonable costs and expenses, including experts, accountants and attorney's fees and costs and including any such fees in any bankruptcy and appellate proceedings.

Guarantor agrees that its liability shall not be impaired or affected by (i) any renewals or extensions of the time for performance under the Development Agreement; (ii) any enforcement of or any forbearance or delay in enforcing the Development Agreement against Developer; (iii) any modifications of the terms or provisions of the Development Agreement; (iv) any settlement, release or compromise with Developer (except to the extent that the same are in a writing signed by Developer and City); (v) any lack of notice to Guarantor from City except that expressly provided for herein. City has no obligation to resort for payment to Developer or to any other person or entity or their properties, or to resort to any security, property, rights or remedies whatsoever, before enforcing this Guaranty.

Any other provisions hereof notwithstanding, this Guaranty shall terminate upon the issuance by City of a Certificate of Performance for the Project or repurchase of the Property by City pursuant to Sections 5.7 or 16.1 of the Development Agreement.

All diligence in collection, protection, or enforcement and all presentment, demand, protest and notice, as to anyone and everyone, whether Developer, Guarantor or others, of dishonor or default, the creation and existence of the Obligations, the acceptance of this Guaranty or any extensions of credit and indulgence hereunder, are hereby expressly waived. The payment by Guarantor of any amount pursuant to this Guaranty shall not in any way entitle Guarantor to any rights by way of subrogation or otherwise against Developer unless and until the full amount owing to City on the Obligations has been paid and the Obligations have been fully performed.

Upon the occurrence of an Event of Default under the Development Agreement that is not cured within any applicable cure period under the Development Agreement, City may exercise any right or remedy it may have at law or in equity against Developer under the Development Agreement. No such action by City will release or limit the liability of Guarantor

to City, if the effect of that action is to deprive Guarantor of the right to collect reimbursement from Developer for any sums paid to City.

Guarantor assumes full responsibility for keeping fully informed of the financial condition of Developer and all other circumstances affecting Developer's ability to perform its obligations to City and agrees that City will have no duty to report to Guarantor any information that City receives about Developer's financial condition or any circumstances bearing on its ability to perform.

All notices which may be or are required to be given pursuant to this Guaranty shall be in writing and delivered to the parties at the following addresses:

To City:
City of Bothell
18415 – 101st Avenue NE
Bothell, WA 98011
Attention: City Manager
Phone: (425) 806-6141

With a copy to:
K&L Gates LLP
925 Fourth Avenue
Suite 2900
Seattle, WA 98104
Attention: Shannon Skinner
Phone: (206) 623-7022

To Guarantor:
360 Investments LLC
c/o 360 Hotel Group
3500 188th Street SW, Suite 121
Lynnwood, WA 98037
Attn: Shaiza Damji
Phone No. 425-775-9600

With a copy to:
Pepple Cantu Schmidt
1000 Second Avenue, Suite 2950
Seattle, WA 98104
Attention: Dan Pepple
Phone: (206) 625-9960

Any such notices shall be either (a) sent by certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) days after deposit, postage prepaid in the U.S. mail, (b) sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered when actually delivered pursuant to the records of such courier, or (c) sent by facsimile transmission to the party and its counsel, receipt of which has been confirmed by telephone, and by regular mail, in which case notice shall be deemed delivered on the next business day following confirmed receipt, or (d) hand delivered, in which case notice shall be deemed delivered when actually delivered. The above addresses and phone numbers may be changed by written notice to the other party; provided, however, that no notice of a change of

address shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice.

This Guaranty shall be binding upon Guarantor, and upon the successors and assigns of Guarantor. This Guaranty shall run for the benefit of City, its successors and assigns.

This Guaranty may only be changed by an instrument in writing signed by the party against whom enforcement hereof is sought.

Guarantor acknowledges that the transactions contemplated hereby have been negotiated in the State of Washington, that Guarantor is to perform its obligations hereunder in the State of Washington and that after due consideration and consultation with counsel Guarantor and City have elected to have the internal laws of Washington apply hereto. Accordingly, this Guaranty shall be deemed made under and shall be construed in accordance and governed by the internal laws of the State of Washington without regard to principles of conflicts of laws. Guarantor hereby consents to the nonexclusive jurisdiction of the state courts located in King County, Washington and the federal courts in the Western District of Washington. Guarantor waives the defense of forum non conveniens in any such action and agrees that this Guaranty may be enforced in any such court.

NOTICE IS HEREBY GIVEN THAT ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, MODIFY LOAN TERMS, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

Notwithstanding any provision of this Guaranty to the contrary, Guarantor shall have no obligation hereunder on account of any Event of Default under the Development Agreement that occurs prior to commencement of construction on the Property pursuant to the Development Agreement. City's sole remedy on account of any such Event of Default shall be to repurchase the Property in accordance with the terms of Sections 5.7 and 16.1 of the Development Agreement.

360 INVESTMENTS LLC, a Washington limited liability company

By:_____
Name:_____
Title:_____

EXHIBIT C

EXHIBIT D

Depiction of Height, Setbacks and Design of Hotel Improvements (sun angles/shadowing study)

(see attached)

EXHIBIT D-1

EXHIBIT D-2

BOTHELL HOTEL SUN ANGLE ON CITY HALL WEST PLAZA

SCALE: 1/8"=1'-0"

1/10/2017

0 5 10 15 20

SCALE IN FEET