



FUNDING AGREEMENT  
BETWEEN THE CITY OF BELLEVUE AND  
KIDSQUEST CHILDREN'S MUSEUM

THIS FUNDING AGREEMENT ("**Agreement**") is entered into this \_\_\_\_\_ day of May, 2026, by and between the CITY OF BELLEVUE, a Washington municipal corporation, hereinafter "the City" and KIDSQUEST CHILDREN'S MUSEUM, a non-profit corporation organized under the laws of the State of Washington, hereinafter "KIDSQUEST."

RECITALS

WHEREAS, KIDSQUEST is a 501 (c)(3) non-profit corporation serving over 200,000 visitors annually with STEAM-centered "learning through play" museum exhibits and educational programming at its current children's museum in Downtown Bellevue; and

WHEREAS, KIDSQUEST has embarked on a campaign to obtain both private and public contributions for the purpose of acquiring, designing, developing, constructing, and operating a new children's museum in the City; and

WHEREAS, by acquiring a larger building with a higher capacity than its current facility, KIDSQUEST will be able to increase public accessibility to the arts and sciences through additional programming and exhibits, serve additional residents and visitors to the City of Bellevue, and further contribute to the attractiveness and economic viability of Bellevue and the greater Eastside; and

WHEREAS, the City has determined that the provision of cultural opportunities and educational services to a broad range of City residents and visitors of all ages and abilities is in the public interest, and therefore has designated City funds to pay for a portion of the costs of acquisition, design and construction of the New Museum which shall be operated consistently with the public interest and for the benefit of the public; and

WHEREAS, by this Agreement the parties intend to set forth the understandings and conditions that will govern KIDSQUEST's use of such public funds.



## AGREEMENT

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES AND CONDITIONS CONTAINED HEREIN, THE PARTIES AGREE AS FOLLOWS:

1. Term of Performance (the “Term”). The Term of this Agreement shall become effective on the date of last signature (“**Effective Date**”) and shall continue in full force and effect for a period of twenty (20) years following the date of issuance of the final certificate of occupancy (“**Final Certificate of Occupancy**”) for the completed New Museum (as defined below).
2. Property Description and Facility Location. In accordance with the terms of this Agreement, KIDSQUEST will be reimbursed by the City, not to exceed the Maximum City Funds (as defined below), for a portion of the cost of the purchase and improvement of real property (the “**Property**”) which is improved by the building commonly known as the “Bellevue Art Museum”, located at 510 Bellevue Way NE, Bellevue, WA 98004, (“**Existing Building**”) which real property is legally described in **Exhibit A**.
3. City Investment. In exchange for performing its obligations under this Agreement, KIDSQUEST will receive a potential cumulative award of up to \$10,000,000, consisting of an initial \$5,000,000 and a discretionary \$5,000,000 (“**Maximum City Funds**” or the “**Funds**”) over the 2025-2026 and 2027-2028 biennia as provided in Agreement. The Funds include an initial award of \$500,000 (“**Pre-Acquisition Payment**”) which was previously provided to KIDSQUEST in 2025 for exploratory design work.
  - a. Subject to the terms and conditions of this Agreement, City shall make a second payment of \$4,500,000 (“**Closing Payment**”) and together with the Pre-Acquisition Payment, the “**Initial Funds**”) which Closing Payment shall be available to KIDSQUEST upon closing of the Property in 2026;
  - b. In the City’s sole discretion, the City may make additional funds available to KIDSQUEST, of up to \$5,000,000, which may be funded as follows:
    - i. \$2,500,000 (“**Improvement Payment**”) available as a reimbursement for substantial completion of improvements and deferred maintenance projects to the Existing Building (estimated to occur in 2027);
    - ii. \$2,500,000 (“**Occupancy Payment**”) and together with the Improvement Payment, the “**Additional Funds**”) available following issuance of the Final Certificate of Occupancy (estimated to be issued in



[2028]);

- iii. City's election to fund all or a portion of the Additional Funds is entirely discretionary on the part of the City and may require additional funding conditions and/or collateral as may be determined by the City in its sole discretion;
  - iv. In order to obtain the Additional Funds, KIDSQUEST shall provide a written request to the City provided no earlier than substantial completion of improvements.
  
4. Use of Funds. The Funds shall be used exclusively for the reimbursement of eligible costs incurred by KIDSQUEST for the purchase of, and capital improvements to, the Property for the purpose of opening of the new museum (such acquisition together with improvements thereto shall be referred to herein as the "**Project**"). All Funds shall be expended by December 31, 2028, unless extended by the City Manager, subject to the approval of the City Council. In the event the Funds have not been expended by December 31, 2028 due to the fact that the City has determined not to make available all or a portion of the Additional Funds and/or KIDSQUEST has failed to meet the conditions as set forth in this Agreement, including without limitation Section 3 and Section 7, the City shall have no further obligation under this Agreement to provide such Funds to KIDSQUEST. The Funds shall only be used for the purchase of the Property and capital improvements (as determined in accordance with GAAP) to the Existing Building and shall not be used for any other costs, including costs related to marketing or fundraising.
  
5. Investment Principles. The Parties agree that the City's four investment principles for requests from cultural arts organizations applicable to this Agreement are as follows:
  - a. The organization has a sustainable long-term financial model, including strong private sector financial commitment.
  - b. Any agreement for funding must clearly define public benefit to be received in exchange for investment.
  - c. Any agreement for funding shall provide for City involvement in financial oversight.
  - d. The City's funding must be an investment in a facility, or for support of the operation of the facility. The Funds cannot be used for fundraising activities.
  
6. Project Scope. The Funds provided under this Agreement are intended to facilitate KIDSQUEST'S purchase of the Property and the capital improvements, including deferred maintenance, necessary to transition the Existing Building into the new home of KIDSQUEST'S museum operations ("**New Museum**"). The Project consists of relocating



the KIDSQUEST Children’s Museum from 1116 108th St NE, Bellevue, WA to the Property to expand the museum’s footprint and increase capacity to provide a STEAM-centered, community-oriented museum experience to more Bellevue residents and visitors. KIDSQUEST shall construct the Project in accordance with the Project Plans, comprising architectural designs and associated documents (“**Project Plans**”) contemplated in that certain [Pre-Acquisition Payment Agreement, dated \_\_\_\_, 2025, by and between the City and KIDSQUEST], with a scale and scope consistent with the Project description and capital cost estimates, including projects associated with deferred facility maintenance improvements and all planned expenditures described in sufficient detail to assess hard costs, soft costs, contingencies, inflation factors, and the timing of expenditures (“**Project Costs**”).

7. Detailed Project Plan. As a condition of the City’s continued commitment to provide the Funds, KIDSQUEST shall provide the City with a Detailed Project Plan (the “**DPP**”) for review prior to distribution of the Closing Payment. The **DPP** shall include the following components:
  - a. Updated Project Plans.
  - b. Updated Project budget for all Project Costs including estimates in reasonable detail through issuance of the Final Certificate of Occupancy for the Project; (2) identification, timeline, and costs associated with any deferred maintenance projects or Facility improvement projects planned to be reimbursed by the Improvement Payment; (3) estimated ongoing operating costs for KIDSQUEST’S existing museum facility prior to relocation, and (4) projected pre-opening costs associated with fundraising, staffing, furnishings, exhibit build, relocation, and opening of the new Facility.
  - c. The City’s satisfaction, in its sole discretion, with a written report (“**Sources Report**”) provided by KIDSQUEST containing, in reasonable detail, the anticipated amounts and sources of the funds that will be available to KIDSQUEST to construct and develop the Project to reach final completion, including a breakdown of each source as a percentage of the total Project Cost with sufficient detail to identify the source as either a public or private contribution. KIDSQUEST will be responsible for securing the balance of funding needed to fully fund the Project budget, increased or decreased as appropriate resulting from scope, design and schedule changes and any cost overruns. KIDSQUEST’s fundraising commitment shall be increased to reflect the additional cost of any financing necessary to ensure the availability of funding as needed during construction of the Project (above the projected cost of any such financing reflected in the Project budget). KIDSQUEST agrees to use its best efforts to secure commitments from private individuals, corporations and foundations, and governmental sources (other than



the City) for such funds on a schedule consistent with its Sources Report, attached hereto as Exhibit F. KIDSQUEST’s success in achieving its fundraising objectives shall be evaluated periodically by the City Manager to determine whether KIDSQUEST’s fundraising is timely keeping pace with Project requirements and KIDSQUEST’s obligations under this Agreement. The City’s obligation to fund any remaining payments under this Agreement shall be contingent on the City Manager’s satisfaction with such evaluation. Such evaluation shall include review of KIDSQUEST’s private sector donor pledges, pledge payment experience, anticipated payment dates and any conditions or restrictions on such gifts or pledges and such other relevant information the City Manager may reasonably require. KIDSQUEST’s private sector donor pledges will be reviewed by the City Manager under procedures to protect the confidentiality of donors and KIDSQUEST donor-related information to the extent possible. KIDSQUEST will submit to the City Manager a copy of the pledges in a form acceptable to the City Manager, with donor names verified by the City Manager but omitted from the copy submitted. The City Manager will accept a pledge if it is from a person or entity of substantial net worth in relation to the amount pledged and the City Manager knows of no reason the pledge will not be honored.

- d. Beginning six (6) months after distribution of the Closing Payment, KIDSQUEST will provide periodic fundraising status reports (“**Fundraising Status Reports**”) to the City Manager every six (6) months through the date of payment of the final Occupancy Payment. The Fundraising Status Reports shall be made in writing without disclosing the names of donors and shall contain the beginning balance and any new contributions or pledges obtained, broken down by unrestricted gifts, grants and pledges, and conditional pledges with any restrictions, contingencies, and conditions identified.

8. Continued Operation as a Museum.

- a. Current Location. KIDSQUEST agrees to continue to operate as a children’s museum in the City of Bellevue at their current location providing cultural and educational services as previously agreed under Resolution 9659 and the 2019 and 2025 Amendments to the original 2015 Funding Agreement recorded under Clerk’s Record No. 75545, including museum services as described therein, until expiration of the terms of that Agreement or such time as the Project is complete and KIDSQUEST operations relocate to the New Museum.
- b. New Museum. From the date of substantial completion of the Project as evidenced by the issuance of the Final Certificate of Occupancy, the previous security interest and obligations owed to the City shall be released and KIDSQUEST thereafter agrees to continuously operate as a museum in the City



of Bellevue at the New Museum for a period of at least 20 years from the date of issuance of a the Final Certificate of Occupancy in accordance with the conditions specified in this Agreement.

9. Public Benefit (“Public Benefits”) Contribution at New Museum. During the Term, KIDSQUEST shall comply with the following:
- a. Access to Public. Following issuance of the Final Certificate of Occupancy, the exhibition and interactive spaces of the New Museum shall be open to the public during normal museum hours each week, except for the observance of major holidays. KIDSQUEST may restrict access as is necessary for security purposes and may close portions of the museum, ancillary services, and as is necessary for installation or repairs from time to time.
  - b. Admission Fees. KIDSQUEST will ensure accessibility to the New Museum. The fees charged for regular admission to the New Museum shall be reasonable and comparable to the fees charged by similar children’s museums in similar circumstances. The admission fee schedule shall make provisions for a reduction or waiver of regular admission fees and fees for special events and exhibitions for low-income residents, children, and students. The New Museum shall be made available to low-income residents of Bellevue and the State of Washington by providing reduced admission to all people presenting an EBT (Electronic Benefits Transfer) as an ongoing benefit to the public.
  - c. Museum Services and Public Good. Once the New Museum is operational, KIDSQUEST will ensure access to the New Museum and its programming and develop outreach and enrichment programs for the underserved (“**Outreach Programs**”), such that the New Museum serves the public good and benefits the community. KIDSQUEST will provide these services consistent with its Mission as amended from time to time by its Board of Directors. These services will include, but are not limited to, the following activities:
    - i. Operation of the New Museum as the primary location for KIDSQUEST museum operations and as a museum consistent with national museum standards, open to the public during regular hours, subject to reasonable admission standards.
    - ii. Provision of educational opportunities as a primary function through exhibits and programming.
    - iii. Maintenance and operation of the New Museum as a center of learning in the community by provision of professional artistic and educational experiences for people of all ages.



- iv. Presentation of exhibitions and programs to children, families and the general public that will increase their understanding of art, science, culture and heritage as it relates to the community and the world.
  - v. Cooperation with the Bellevue School District in providing enrichment programs and activities such as teacher training, student workshops and special tours, and encouragement of extensive visitor participation in interpretive and educational programs through lectures, demonstrations, workshops and similar activities.
  - vi. Offer programming aimed at extending the New Museum’s targeted age range into middle and high school through “first place of work” programs, career exploration events, or teen volunteer opportunities.
  - vii. Cooperation with public organizations such as the Bellevue Department of Parks & Community Services, Bellevue College, the Pacific Science Center, Bellevue Convention Center Authority, and the King County Public Library in conducting programs of popular interest.
  - viii. Provision of meeting rooms and other public spaces at the New Museum for public use when available, for which reasonable fees may be charged.
  - ix. New Museum programs shall be made available to low-income residents of Bellevue free or at reduced rates. For purposes of this section “low-income person” means any person living in a household having a household income that does not exceed eighty percent (80%) of the median income for the standard metropolitan statistical area in which Bellevue is located. KIDSQUEST shall request verification of income level through a scholarship application, or through documentation of other income-qualified programs such as AFDC, free and reduced-price school meals, or food stamps.
  - x. Work with the City to design and deliver expanded targeted programs (summer camp, school break camp, workshops, activities in City Parks) designed to address the gap in out-of-school educational options for working families.
  - xi. Partner with the City to provide free access and art and science programming for families staying in the City’s supportive housing programs, including shelters and safe parking.
- d. The schedule and scope of the Public Benefits delineated in this Section 9 may be modified or updated periodically by the Parties, subject to the approval of the Bellevue City Council.

10. Annual Public Benefit Report. KIDSQUEST shall maintain annual records of (i) compliance with the terms of this Agreement and (ii) services provided to low-income and



underserved recipients, and provide this information to the City at the end of each calendar year in the form of a written report (“**Annual Public Benefit Report**”). The Annual Public Benefits Agreement shall document the reduced-fee entry and program dollars and scholarship awards provided to Bellevue residents, including those served in partnership with City programs aimed at providing activities and programming designed to serve working families, underserved populations, and the infirm. Additionally, the Annual Public Benefit Report should contain a detailed report of the number and types of Outreach Programs it has made available to underserved populations, descriptions of the Outreach Programs and the populations targeted for participation, and the number of individuals participating in the Outreach Programs. The Annual Public Benefits Report shall be due to the City no later than December 31 of each calendar year.

#### 11. Property Interest.

- a. Restrictive Covenant. Prior to providing the Closing Payment to KIDSQUEST, KIDSQUEST shall enter into a recordable restrictive covenant in favor of the City which will restrict the use of the Property as a museum for the duration of the Term and which will remain senior even if the City is temporarily subordinated. The Restrictive Covenant will be in substantially the form attached hereto as **Exhibit B**.
- b. City’s Promissory Note and Deed of Trust.
  - i. KIDSQUEST’S obligations under the Restrictive Covenant and this Agreement (as to which KIDSQUEST will be entitled, after an event of default, to notice and reasonable cure periods as provided in the **Restrictive Covenant** and herein) will be evidenced by a promissory note which shall contain an amortization table (“**Note**”) and secured by a deed of trust (the “**City’s Deed of Trust**”) covering KIDSQUEST’S interests and rights in the Property. Initially, the Note will address the Initial Funds and may be amended to the extent the City elects to make available all or a portion of the Additional Funds. The Deed of Trust will be in substantially the form attached hereto as **Exhibit C**. The Note will be in substantially the form attached hereto as **Exhibit D**.
  - ii. Subordination. Reserved.
- c. Property Interest. The Restrictive Covenant and the City Deed of Trust are collectively herein called the “**Property Interest.**”

#### 12. Repayment of City Investment and Default.

- a. KIDSQUEST shall be in default of this Agreement and the City shall have the right to pursue its remedies, including without limitation the right to execute upon its Property Interest, if (i) a final Certificate of Occupancy has not been issued by



- [\_\_\_\_], (ii) the New Museum is not used during the period commencing upon issuance of the final Certificate of Occupancy and ending on the 20<sup>th</sup> anniversary of such date, as a nonprofit children’s museum in accordance with the terms of the Property Interest and this Agreement, specifically including at least the Public Benefits delineated in Section 9, for more than one hundred twenty (120) consecutive days for reasons other than *force majeure* or interruptions caused by large-scale renovation and/or repair or improvement projects initiated after the issuance of the Final Certificate of Occupancy, or (iii) KIDSQUEST otherwise defaults in the performance of its obligations hereunder.
- b. The amount of repayment will reflect straight-line amortization for the twenty (20) year period following issuance of the Final Certificate of Occupancy (the unamortized value thereof being herein called the “**Unamortized Balance**”).
  - c. In the event of such default, the City will give written notice to KIDSQUEST or any successor-in-interest who owns the Project (other than KIDSQUEST’S lender(s) or its respective successors or assigns) (the “**Project Owner**”) the Project Owner declaring it to be in default and specifying the basis thereof. If KIDSQUEST or the Project Owner fails to cure such default within sixty (60) days of receiving such notice of default, the same shall constitute an “**Event of Default.**”
  - d. Upon occurrence of an Event of Default, KIDSQUEST or the Project Owner shall be obligated to repay the City the Unamortized Value of the City Funds within thirty (30) days. If the Unamortized Balance is not repaid to the City within thirty (30) days after such Event of Default, such amount shall thereafter bear interest at the rate of twelve percent (12%) per annum until repaid in full and the City shall be entitled to recover its reasonable attorneys’ fees incurred in collecting the Unamortized Balance of the City Funds. Following an Event of Default, the City may pursue any and all remedies available to it, including without limitation the right to foreclose on the City’s Deed of Trust and take action to ensure that the Project is used for a public purpose, commensurate with the City’s investment therein for the remaining duration of the Term. Prior to the foreclosure of the City’s Deed of Trust, KIDSQUEST and any Project Owner will cooperate with the City in ensuring that this public purpose requirement is met.
  - e. In furtherance of the foregoing, to the extent of any Unamortized Balance, KIDSQUEST hereby assigns and/or shall pay over to the City any amounts received by KIDSQUEST pursuant to that certain (A) [Secured Right of First Refusal Agreement, dated March 1, 2017, by and between Kemper Holdings, LLC, a Washington limited liability company (“**Kemper**”) and Bellevue Arts Museum, a Washington nonprofit corporation (“**BAM**”), recorded in King County as Document Number 20170302001417 Kemper and entered into that certain (as amended, the “**ROFR**”) or in the alternative Secured Right of First Refusal Agreement, by and



between Kemper Holdings, LLC, a Washington limited liability company (“**Kemper**”) and KIDSQUEST, dated of even date herewith], and recorded in King County as Document Number [\_\_\_\_] (as amended, the “**ROFR**”) and (B) Secured Right to Purchase, by and between Kemper and KIDSQUEST, dated of even date herewith and recorded in King County as Document Number [\_\_\_\_] (“**RTP**”). KIDSQUEST further agrees that Kemper may pay directly to the City an amount equal to the Unamortized Balance from the proceeds otherwise payable to KIDSQUEST under the ROFR and/or RTP.

- f. KIDSQUEST hereby agrees that it shall not modify the terms and conditions of the ROFR and RTP and any deeds of trust securing the foregoing without the prior written consent of the City.
13. Board Representation. Commencing from the date of execution through the Term of this Agreement, the City Manager or their designee shall be entitled to appoint a director of its choosing to the KIDSQUEST Board of Directors (the “**City Director**”). The City’s right to a Director seat shall be reflected in amended Bylaws which define the City Director’s *ex officio* voting role. The City Director’s term shall commence by the next regularly scheduled meeting of the Board following execution of this Agreement, or upon distribution of the Closing Payment, whichever is sooner.
  14. Acknowledgement of City Support. KIDSQUEST shall provide public acknowledgement of the City’s financial support by posting on-site signage in the current facility as well as the New Museum noting the City’s financial contribution to the Project and New Museum and in press releases discussing the proposed new Project as jointly agreed between the parties. The City shall not have any naming rights with respect to the New Museum or any portion thereof.
  15. Relationship of the Parties. In complying with its obligations for receipt of the Funds, KIDSQUEST shall determine the means of accomplishing the results contemplated by this Agreement. Neither KIDSQUEST nor its officers, agents, or employees are employees or agents of the City for any purpose, and this Agreement shall not be interpreted or construed as creating or evidencing an association, joint venture, partnership, or franchise relationship among the parties. KIDSQUEST shall not be entitled to, and shall not attempt to, create or assume any obligation, express or implied, on behalf of the City.
  16. General Administration and Management.

Whenever this Agreement provides for notice to be provided by one party to



another, such notice shall be in writing and directed to the City Attorney and the Executive Director and Legal Counsel of KIDSQUEST at the addresses set forth below, or at such other addresses as to which an addressee party may hereafter give notice to the other party.

All notices and other communications under the Agreement must be in writing and directed as follows:

If to the City:

City of Bellevue  
City Attorney's Office  
Attn: Trisna Tanus, City Attorney  
PO Box 90012  
Bellevue, WA 98009-9012

If to KIDSQUEST:

KidsQuest Children's Museum  
Attn: Putter Bert, Executive Director  
1116 108th Ave NE  
Bellevue WA 98004

With a copy to:

Erin Albanese  
Peterson, Russell, Kelly, Livengood  
1850 Skyline Tower  
10900 N.E. 4th Street  
Bellevue, WA 98004

17. Payment Terms.

- a. KIDSQUEST shall comply with the City's requirements for submittal of reimbursement requests to include:
  - i. Bills, invoices, contracts, or other writings evidencing the work performed by contractors or subcontractors on the Project;
  - ii. Proof of payment by KIDSQUEST, including but not limited to, financial statements, receipts from contractor or subcontractor, or other payment confirmation;
  - iii. A written declaration by KIDSQUEST's Executive Director or Financial Officer made under penalty of perjury under the law of the State of



Washington that the documentation supporting the reimbursement request is true and correct; that the expenses have been incurred for the sole purpose described in this Agreement; and that the expenses have been paid in full and the work executed prior to the submission of the reimbursement request.

- b. The City shall disburse the requested Funds to KIDSQUEST within thirty (30) days after written request subject to the payment requirements being satisfied as to any request for Funds.
- c. All Funds shall be expended and invoiced to the City no later than December 31, 2028.
- d. To the extent the Funds are not fully used by KIDSQUEST by such date, the City shall not be obligated to advance the remaining balance of the **Funds** (and in such event the term "Funds" shall mean only the amount so expended by December 31, 2028).
- e. The Funds shall be used solely for the purposes set forth herein and shall not be used for any other costs, including costs related to marketing or fundraising or other similar costs.
- f. KIDSQUEST will be solely responsible for and will file, on a timely basis, all tax returns and payment required to be filed with or made to any federal, state, or local tax authority with respect to KIDSQUEST's receipt of Funds pursuant to the Agreement. KIDSQUEST will be solely responsible for and must maintain adequate records of expenses incurred in the course of performing the Services under the Agreement. No part of KIDSQUEST's compensation will be subject to withholding by the City for the payment of any social security, federal, state or any other employee payroll taxes; nor shall the City be obligated to make any such withholdings and/or payments on behalf of any employee, subcontractors, supplier, or other person working for or engaged by KIDSQUEST under the Agreement.

#### 18. Financial Reporting.

- a. Quarterly Financial Reporting. KIDSQUEST shall produce the following quarterly financial data to the City within sixty (60) days of the end of each quarter:
  - i. Balance Sheet
  - ii. Statement of Cash Flows
  - iii. Profit & Loss Statement (Budget versus Actual)
- b. Year End Financial Reporting. KIDSQUEST shall provide the following annual financial data to the City within one hundred eighty (180) days of the end of KIDSQUEST's fiscal year:



- i. Independent Auditor’s Report
    - ii. IRS Form 990 (Return of Organization Exempt from Tax)
    - iii. Updated three-year projection.
  - c. Form. The financial reports provided by KIDSQUEST under this Section shall be substantially in the form currently produced and used by KIDSQUEST, or such other reasonable form for a non-profit entity as KIDSQUEST may hereafter adopt so long as they are prepared in accordance with generally accepted accounting principles consistently applied and in compliance with Washington State statutory obligations for non-profit financial reporting.
19. Maintenance of Records. KIDSQUEST shall maintain records for the Funds in a manner that readily allows for inspection. KIDSQUEST shall also maintain records of services provided for the public good as referred to in Paragraph 10. All records and accounts pertaining to the work performed under this Agreement are to be kept available for inspection by representatives of the City for a period of three (3) years after final payment. Such records shall be made available for inspection by the City during normal business hours upon five (5) days written notice of any inspection request made by the City.
20. Indemnification and Hold Harmless
- a. KIDSQUEST shall protect, defend, indemnify and save harmless the City, its officers, employees and agents from any and all costs, claims, judgments or awards of damages (including without limitation reasonable attorney fees), arising out of or in connection with the performance of this Agreement, including but not limited to the acts or omissions of KIDSQUEST, its contractors, subcontractors, and/or the users of the KIDSQUEST’S services and/or products, except to the extent of injuries and damages caused by the sole negligence of the City. KIDSQUEST agrees that its obligations under this subparagraph extend to any claim, demand, and/or cause of action brought by, or on behalf of, any of its employees or agents. In the event the City obtains any judgment or award, and/or incurs any cost arising therefrom including attorneys' fees to enforce the provisions of this Section, all such fees, expenses, and costs shall be recoverable from KIDSQUEST.
  - b. Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of KIDSQUEST and the City, or each party’s respective officers, officials, employees, and agents, the indemnifying party’s liability hereunder shall be only to the extent of the indemnifying party’s



negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the parties' waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this Agreement.

- c. KIDSQUEST will indemnify, defend, and hold the City (and its elected officials, officers, employees, successors, assigns, insurers, licensees, distributors, independent consultants, and agents) harmless from all claims, damages, losses, and expenses (including reasonable attorney's fee's incurred on such claims and in proving the right to indemnification) arising out of or resulting from any claim, action, or other proceeding that is based upon (a) KIDSQUEST's breach of any obligations, representations, or warranties under the Agreement, (b) KIDSQUEST's outside business activities, or (c) the infringement or misappropriation by KIDSQUEST of any foreign or United States patent, copyright, trade secret, or other proprietary right in results.
21. Insurance and Risk of Loss. KIDSQUEST shall maintain insurance that is sufficient to protect KIDSQUEST's business against all applicable risks, as set forth in Exhibit E ("**Insurance Requirements**"). KIDSQUEST will cause the indemnified parties to be named as additional insureds on the policy required under the Agreement and shall cause its insurance to be primary to any insurance carried by the indemnified parties. KIDSQUEST will provide the City with certificates of insurance and other supporting materials as the City reasonably may request to evidence KIDSQUEST's continuing compliance with this Section.
  22. Future Support. The City makes no commitment and assumes no obligations for the support, financial or otherwise, of KIDSQUEST's activities except as set forth in this Agreement.
  23. Compliance with Laws.
    - a. KIDSQUEST shall comply with all zoning, land use, environmental, and other laws applicable to the construction and operation of the New Museum.
    - b. KIDSQUEST agrees not to discriminate against any employee or applicant for employment or any other person in performance of this Agreement because of race, color, creed, religion, gender, age, national origin, pregnancy, genetic information, marital status, sexual orientation (including gender identity), or the presence of any sensory, physical, or mental disability, or other circumstance prohibited by federal, state, or local law or ordinance, except for



- a bona fide occupational disqualification.
- c. KIDSQUEST shall comply with all current federal, state, and local laws and ordinances applicable to the work to be done under this Agreement, including where applicable Bellevue City Code 4.28.170.
  - d. The Project may be subject to state prevailing wage law (Chapter 39.12 RCW). KIDSQUEST is advised to consult the Industrial Statistician at the Washington Department of Labor and Industries to determine whether prevailing wages must be paid. The City is not responsible for determining whether prevailing wage applies to the Project or for any prevailing wage payments that may be required by law.
  - e. Violation of this section shall be a material breach of this Agreement and grounds for cancellation, termination or suspension of the Agreement by the City, in whole or in part, and may result in ineligibility for future funding by the City.
24. Governing Law and Venue. This Agreement will be governed by, and construed and interpreted in accordance with, the laws of the State of Washington. Any mediation, arbitration or legal proceeding that arises out of or in connection with this Agreement will be initiated and maintained in King County, Washington. Each party consents to jurisdiction and venue in such courts and waives the right to claim that any such court is an inconvenient forum.
25. Severability. If any provision of the Agreement is held to be invalid or unenforceable for any reason, the remaining provision will continue in full force without being impaired or invalidated in any way. The City and KIDSQUEST agree to replace any invalid provision with a valid provision that most closely approximates the intent and economic effect of the invalid provision.
26. Nonwaiver. Any failure by the City to enforce strict performance of any provision of the Agreement will not constitute a waiver of the City's right to subsequently enforce such provision or any other provision of the Agreement.
27. Legal Fees. In any lawsuit between the parties with respect to the matters covered by the Agreement, the substantially prevailing party will be entitled to receive its reasonable attorney's fees and costs incurred in the lawsuit, in addition to any other relief it may be awarded, from the non-prevailing party.
28. Noncompliance. If KIDSQUEST is found to be out of compliance with provisions of this Agreement, the City may seek repayment of the principal amount of the Funds



plus interest and attorney fees, or other appropriate legal remedy.

29. Entire Agreement and Modifications. This Agreement constitutes all of the understandings and agreements between the parties with respect to the City's commitment to provide, and KIDSQUEST's use of, the Funds for the Project. Unless otherwise provided for herein, no amendments, changes, alterations or modifications of this Agreement shall be effective unless executed by written instrument properly signed by both parties.



IN WITNESS WHERE, this Agreement is executed as of the Effective Date.

KIDSQUEST CHILDREN’S MUSEUM,  
a Washington nonprofit corporation

CITY OF BELLEVUE,  
a Washington municipal corporation

By: \_\_\_\_\_

Putter Bert,  
Executive Director

By: \_\_\_\_\_

Emil King,  
Community Development Director

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Approved As to Form:

Trisna Tanus, City Attorney

By: \_\_\_\_\_

Courtney Popp, Assistant City Attorney



**Exhibit "A"**

**Legal Description of the Property**

THE NORTH 140 FEET OF THE SOUTH 185 FEET OF THE NORTH 2/3 OF THE NORTH HALF OF THE WEST HALF OF LOT 4, BLOCK 2, CHERITON FRUIT GARDENS, PLAT NO. 1, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 7 OF PLATS, PAGE 47, IN KING COUNTY, WASHINGTON;

EXCEPT THAT PORTION LYING WITHIN 104TH AVENUE NORTHEAST, AS CONVEYED TO KING COUNTY BY DEEDS RECORDED UNDER RECORDING NUMBERS 2171154 AND 2467394;

AND EXCEPT THAT PORTION LYING EASTERLY OF A LINE DRAWN PARALLEL WITH AND 150 FEET (MEASURED ALONG THE NORTHERLY LINE OF SAID LOT) EASTERLY OF THE EASTERLY LINE OF SAID 104TH AVENUE NORTHEAST;

AND EXCEPT ANY PORTION THEREOF CONVEYED TO THE CITY OF BELLEVUE BY DEEDS RECORDED UNDER RECORDING NUMBERS 5991451 AND 5991453.

SITUATE IN THE CITY OF BELLEVUE, COUNTY OF KING, STATE OF WASHINGTON.

Tax Parcel ID No. 154410-0272

WHEN RECORDED, RETURN TO:  
City of Bellevue  
Ira McDaniel  
Finance and Asset Management  
P.O. Box 90012  
Bellevue, WA 98009

CR# \_\_\_\_\_ Date \_\_\_\_\_ Loc \_\_\_\_\_

### RESTRICTIVE COVENANT

Grantor: KidsQuest Children’s Museum, a Washington non-profit corporation  
Grantee: City of Bellevue, a Washington municipal corporation  
Legal Description: Lot 4, Block 2, Cheriton Fruit Gardens, Plat No. 1, V.7 P. 47  
Assessor’s Number: 154410-0272

**THIS RESTRICTIVE COVENANT (“Agreement”)** is made this \_\_\_\_\_ day of May, 2026 (**“Effective Date”**) by and between KidsQuest Children’s Museum, a Washington non-profit corporation (**“Grantor”**), and the City of Bellevue, a Washington municipal corporation (**“Grantee”**).

#### RECITALS:

A. Grantor owns the real property legally described in Exhibit A attached hereto and incorporated herein by this reference (the **“Property”**);

B. Grantor provides STEAM-centered “learning through play” museum exhibits and educational programming at its hands-on, interactive children’s museum that Grantee has recognized are in the public interest and provide public benefit;

C. Grantor and Grantee are parties to that certain Funding Agreement, dated of even date herewith (as the same may be amended, restated, supplemented or otherwise modified, the **“Funding Agreement”**), pursuant to which Grantee has agreed to make a series of awards to Grantor, in a total amount of no more than \$10,000,000.00 (collectively, the **“Funds”**), for purposes of acquiring, designing, constructing, and maintaining a cultural institution/museum, including without limitation, a facility containing STEAM-centered “learning through play” museum exhibits and educational programming (**“Museum”**), at the Property (**“Facility”**), subject to the terms and conditions and payment schedule contained in the **Funding Agreement**;

D. Grantor’s obligations under this Agreement and the Funding Agreement are secured by that certain Deed of Trust from Grantor in favor of Grantee, of even date herewith, recorded under separate cover, covering Grantee’s rights and interests under the Funding

Agreement and this Agreement (the “**City’s Deed of Trust**”); and

E. Pursuant to the terms of the Funding Agreement, Grantor has agreed to enter into this Agreement in favor of Grantee for purposes of restricting the use of the Property, all as more particularly set forth herein.

## AGREEMENT

**NOW THEREFORE**, for the purposes set forth above, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor and Grantee declare that the Property shall hereafter be held, transferred, sold, conveyed, leased, occupied and used subject to the following covenants and restrictions:

1. Restrictive Covenant. During the Term (as defined below), Grantor hereby covenants, agrees, and declares that the Property shall be operated solely as a Museum and for ancillary purposes customarily associated with a museum, and otherwise in accordance with the terms and conditions of the Funding Agreement, including without limitation with respect to operating hours and admission fees (“**Restricted Use**”). For purposes of this Agreement, “**Term**” shall mean the period of time, commencing on the date of mutual execution of the Funding Agreement and terminating on the twentieth (20th) anniversary of the issuance of a final certificate of occupancy following the renovations to the Property contemplated by the Funding Agreement.

2. Binding Effect. The covenants and conditions of this Agreement touch and concern, and shall run with, the land and shall be binding upon and inure to the benefit of, respectively, Grantor and its successors and assigns and all subsequent owners of the Property and Facility, and to Grantee and its successors and assigns and all subsequent holders of Grantee’s benefited property interest for the Term hereof, and shall not be extinguished by nonuse or abandonment, or transfer of any interest in the Property. Each and every contract, deed or other instrument covering or conveying the Property, or any portion thereof, entered into after the date hereof shall be conclusively held to have been executed, delivered and accepted subject to the covenants and conditions of this Agreement, regardless of whether such covenants and conditions are set forth in such contract, deed, or other instrument. Furthermore, Grantor acknowledges that the Property was purchased for public purposes with public funds, and Grantor covenants that the Property shall continue to be used for the Restricted Use that constitutes the public purpose of the Funds and that the Property shall not be transferred or conveyed except with Grantee’s prior written consent.

3. Termination. Grantee agrees to reasonably cooperate with Grantor to enter into such documents as are necessary to release this Agreement of record upon the expiration or sooner termination of the Term.

4. Sale of Property. Grantor shall provide Grantee with at least ninety (90) days’ prior written notice if Grantor desires to convey ownership or control over all or any portion of the Property and/or Facility to a third party.

5. Notices. Any notice required by or given in connection with this Agreement must

be written and delivered personally or sent by first class mail USPS or nationally recognized overnight delivery service to the appropriate party at its notice address:

**Grantor:**

KidsQuest Children’s Museum  
Attn: Putter Bert, Executive  
Director  
1116 108th Ave NE  
Bellevue, WA 98004

**Grantee:**

City of Bellevue  
City Attorney’s Office  
Attn: Trisna Tanus, City Attorney  
PO Box 90012  
Bellevue, WA 98009-9012

Either party may, by proper notice to the other party, designate another address for the giving of notices hereunder. All notices shall be deemed given on the date personally delivered, on the third day following transmittance by first class mail, and on the next business day following transmittance by nationally recognized overnight delivery service, in each case in accordance with this Section.

6. Miscellaneous.

a. No Conflict. Grantor represents and warrants to Grantee that it has not executed and shall not execute any other covenant, declaration, or agreement with provisions contradictory to, or in opposition to, the provisions of this Agreement.

b. Attorneys’ Fees. If any suit or other proceeding is instituted by either party arising out of or pertaining to this Agreement, including, but not limited to, filing suit or requesting an arbitration (collectively “**Proceedings**”), and appeals and collateral actions relative to such Proceedings, the substantially prevailing party shall be entitled to recover its reasonable attorneys’ fees and all costs and expenses incurred relative to Proceedings from the substantially non-prevailing party, in addition to such other available relief available to the substantially non-prevailing party.

c. Severability. If any provision of this Agreement becomes illegal, null, void, or unenforceable for any reason, or is held by any court of competent jurisdiction to be so, the remaining provisions will remain in full force and effect.

d. Enforcement. In the event of a breach of any of the covenants or agreements set forth in this Agreement, the parties shall be entitled to any and all remedies available at law or in equity, including, but not limited to, the equitable remedies of specific performance or mandatory or prohibitory injunction issued by an arbitrator or by a court of appropriate jurisdiction.

e. Funding Agreement Governs Disputes Arising from Grantor’s Breach. If Grantor breaches any obligation under the Funding Agreement, this Agreement or the City’s Deed of Trust, the exercise of Grantee’s rights and remedies under this Agreement are subject in each instance to the terms and conditions of the Funding Agreement.

f. Amendments. Any addition, variation, or modification to this Agreement shall be

in writing and signed by Grantor and Grantee or their successors in interest and duly recorded in the real property records of King County, Washington.

g. Governing Law. This Agreement and the performance thereof shall be governed by and interpreted and construed in accordance with the laws of the State of Washington without regard to its conflicts of laws principles.

h. Venue. The venue for any action brought in connection with this Agreement shall be in Superior Court in King County, Washington.

i. Record. Grantor shall cause this Agreement to be recorded in the real property records of King County, Washington.

j. No Third-Party Beneficiaries. This Agreement is made and entered into for the sole protection and benefit of the parties hereto and their successors and assigns. No other person shall have any right of action based on any provision of this Agreement.

k. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and said counterparts shall together constitute one and the same document, binding all of the parties hereto, notwithstanding all of the parties are not signatory to the original or the same counterparts. In the event of any disparity between the counterparts produced, the recorded counterpart shall be controlling.

[Signature page on following page]

IN WITNESS WHEREOF, this Agreement is executed as of the date first above written.

**GRANTOR:**

**KidsQuest Children's Museum,**  
a Washington non-profit corporation

By: \_\_\_\_\_

Its: \_\_\_\_\_

**GRANTEE:**

**City of Bellevue,**  
a Washington municipal corporation

\_\_\_\_\_  
By: Diane Carlson, City Manager

Approved as to form:

\_\_\_\_\_  
Monica Buck, Deputy City Attorney



**EXHIBIT A**

**Legal Description of Property**

THE NORTH 140 FEET OF THE SOUTH 185 FEET OF THE NORTH 2/3 OF THE NORTH HALF OF THE WEST HALF OF LOT 4, BLOCK 2, CHERITON FRUIT GARDENS, PLAT NO. 1, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 7 OF PLATS, PAGE 47, IN KING COUNTY, WASHINGTON;

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SITUATE IN THE CITY OF BELLEVUE, COUNTY OF KING, STATE OF WASHINGTON.

WHEN RECORDED, RETURN TO:  
City of Bellevue  
Ira McDaniel  
Finance and Asset Management  
P.O. Box 90012  
Bellevue, WA 98009

## DEED OF TRUST

Grantor: KidsQuest Children’s Museum  
Grantee/Beneficiary: City of Bellevue  
Grantee/Trustee: First American Title Insurance Company  
Legal Description (abbreviated): Lot 4, Block 2, Cheriton Fruit Gardens, Plat No. 1, V.7 P. 47  
Assessor’s Tax Parcel ID#: 154410-0272

THIS DEED OF TRUST (this “Deed of Trust”) is made as of \_\_\_\_\_, 2026, by KidsQuest Children’s Museum, a Washington non-profit corporation (the “Grantor”), whose address is 1116 108th Ave NE, Bellevue, WA 98004; to First American Title Insurance Company (the “Trustee”), whose address is 920 Fifth Avenue, Suite 1200, Seattle, WA 98104, for the benefit of City of Bellevue, a Washington municipal corporation, (the “Beneficiary”), whose address is c/o Trisna Tanus, City Attorney, P.O. Box 90012, Bellevue, WA 98009-9012.

## RECITALS

A. The Grantor and the Beneficiary are parties to that certain Agreement dated as of the date hereof (as the same may be amended, restated, supplemented or otherwise modified, the “Funding Agreement”), pursuant to which the Beneficiary has agreed to make a series of awards to the Grantor in periodic payments according to the schedule set forth in the Funding Agreement in the maximum amount of Ten Million Dollars (\$10,000,000) (collectively, the “Funds”), subject to the terms and conditions set forth in the Funding Agreement, and the Grantor has agreed to execute and record that certain Restrictive Covenant of even date herewith, concerning the restriction of the use of the Property (defined in Section 1 below) for purposes of a children’s museum.

B. Pursuant to the terms of the Funding Agreement, the execution and delivery of this Deed of Trust is a material condition precedent to the obligation of the Beneficiary to make the Funds available to the Grantor under the Funding Agreement.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which the Grantor hereby acknowledges, the Grantor agrees as follows:

## ARTICLE 1

**1. Granting Clause.** The Grantor irrevocably grants, bargains, sells and conveys to the Trustee and its successors and assigns in trust, with power of sale and with right of entry and possession as provided herein, all of the Grantor's estate, right, title, interest, claim and demand, now owned or hereafter acquired, including leaseholds, in and to the following (collectively, the "Property"):

(a) the real property in King County, State of Washington, described in Schedule A attached and incorporated herein by this reference together with all the tenements, hereditaments, privileges, reversions, remainders, water rights, mineral rights, oil and gas rights, air rights, development rights, royalties, and appurtenances now or hereafter thereunto belonging or in any way appertaining, and the rents, issues and profits thereof (the "Real Property");

(b) all access rights and easements pertaining to the Real Property; and

(c) all buildings and structures, improvements, and fixtures, and replacements and additions thereto, now or hereafter located in, on, or about the Real Property or used in the operation of the Property. All property mentioned in this subsection (c) shall be deemed part of the realty and not severable wholly or in part without material injury to the Real Property;

**2. Collateral.** The following described estate, property and rights of the Grantor are also included as security for the performance of each covenant and agreement of the Grantor contained herein and the payment of all sums of money secured hereby: all compensation, awards, damages, rights of action and proceeds (including insurance proceeds and any interest on any of the foregoing) arising out of or relating to a taking of or damage to the Property by reason of any public or private improvement, condemnation proceeding (including change of grade), fire, earthquake or other casualty, injury or decrease in the value of the Property.

The Real Property and all of the property and rights described in Sections 1 and 2 above are referred to collectively in this Deed of Trust as the "Collateral".

**3. Assignment of Rents.** Grantor hereby absolutely assigns and transfers to Beneficiary all the leases, rents, issues and profits of the leased Property (collectively "Rents"). Although this assignment is effective immediately, so long as no Event of Default exists under the Funding Agreement, Beneficiary gives to and confers upon Grantor the privilege and revocable license to collect as they become due, but not prior to accrual, the Rents and to demand, receive and enforce payment, give receipts, releases and satisfactions. Grantor confirms there has been no prior assignment of leases or Rents by Grantor, and agrees not to further assign such leases or Rents without the prior written approval of Beneficiary. Upon any Event of Default, the revocable license granted by Beneficiary herein shall be automatically revoked without further notice to or demand upon Grantor, and Beneficiary shall have the right, in its discretion, without notice, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the obligations of Grantor, (i) to enter upon and take possession of the Property to the extent permitted by applicable laws, and (ii) notify tenants, subtenants and any property manager to pay Rents to Beneficiary or its designee, and upon receipt of such notice such persons are authorized and directed to make payment as specified in the notice. In such event, Beneficiary shall retain and apply the Rents toward the payment of obligations secured hereby in such priority and proportions as Beneficiary shall deem proper in its reasonable discretion. The assignment of Rents is intended as security for the Funding Agreement pursuant to RCW 7.28.230 and, upon recording of this Deed of Trust, shall immediately perfect the security interest of such Rents in Beneficiary and shall not require any further action by Beneficiary to be perfected as to any subsequent purchaser, mortgagee, or assignee of any interest in the Property. The lien created by this assignment shall, when recorded, be deemed specific, perfected, and choate.

**4. Fixture Filing.** To the extent that any of the Collateral constitutes a fixture, this Deed of Trust will serve as a fixture filing pursuant to the Uniform Commercial Code.

**5. Obligations Secured.** This Deed of Trust secures the full and timely performance of the following liabilities and obligations (collectively, the “Secured Obligations”): all liabilities and obligations of the Grantor to the Beneficiary now or hereafter existing, whether direct or indirect, absolute or contingent or due or to become due, howsoever evidenced, created, incurred or owing, and all modifications, renewals, extensions and rearrangements thereof and substitutions and replacements therefor arising under or in connection with the following:

- (a) This Deed of Trust;
- (b) The Funding Agreement and any of the transactions contemplated thereby; and
- (c) Payment in the amount of Ten Million Dollars (\$10,000,000) with interest thereon, if any, according to the terms of the Promissory Note of even date herewith (“Note”), payable by the Grantor to the Beneficiary, including without limitation any renewals, modifications and extensions thereof.

## ARTICLE 2

**1. Non-Agricultural Use.** The Grantor represents and warrants to the Beneficiary that neither the Real Property nor any other Collateral is used principally for agricultural purposes.

**2. Other Purposes.** The Funding Agreement is not being made for personal, family or household purposes as provided in RCW 19.52.080.

**3. Performance of Obligations.** The Grantor shall strictly comply with all the terms and conditions of the Funding Agreement, Note, and this Deed of Trust, and perform each Secured Obligation in accordance with its terms.

**4. Warranty of Title.** The Grantor represents and warrants that it has good and marketable title to an indefeasible fee simple estate in the Property, subject to no liens, encumbrances, easements, assessments, security interests, claims or defects of any kind prior or subordinate to the lien of this Deed of Trust, except those listed in the Beneficiary’s title insurance policy or approved by the Beneficiary in writing (the “Exceptions”) and real estate taxes and assessments for the current year. The Grantor warrants the Exceptions and the real estate taxes and assessments are not delinquent or in default, and the Grantor has the right to convey the Property to the Trustee for the benefit of the Beneficiary. The Grantor will defend the validity and priority of the lien of this Deed of Trust and the security interest granted herein against any claims or demands other than with respect to the Exceptions.

**5. Grantor’s Defense of Collateral.** The Grantor shall appear in and defend any action or proceeding which may affect the Collateral or the rights or powers of the Beneficiary or the Trustee under this Deed of Trust, and to pay all costs and expenses, including cost of title search and attorney’s fees in a reasonable amount, in any such proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

**6. Beneficiary’s Right to Protect Collateral.** The Beneficiary may commence, appear in, and defend any action or proceeding which may affect the Collateral or the rights or powers of the Beneficiary or the Trustee under this Deed of Trust. The Beneficiary may pay, purchase, contest or compromise any encumbrance, charge or lien not listed as an Exception which in its judgment appears to be prior or superior to the lien of this Deed of Trust. If Grantor fails to do any act required under the Funding Agreement or other Secured Obligations, the Beneficiary, without any obligation to do so and without

releasing the Grantor from any obligations under the Funding Agreement, may make the payment or cause the act to be performed in such manner and to such extent as the Beneficiary may deem necessary to protect the Collateral. The Beneficiary is authorized to enter upon and take possession of the Property for such purposes to the extent permitted by applicable laws. In exercising any of these powers the Beneficiary may incur such expenses, in its absolute discretion, it deems necessary.

**7. Release of Parties or Collateral.** Without affecting the obligations of any party under the Funding Agreement and without affecting the lien of this Deed of Trust and the Beneficiary's security interest in the Collateral, the Beneficiary may, without notice (a) release all or any other party now or hereafter liable for any of the Secured Obligations (including the Grantor), (b) release all or any part of the Collateral from the lien of this Deed of Trust, (c) subordinate the lien of this Deed of Trust or the Beneficiary's security interest in the Collateral, (d) take and/or release any other security for or guarantees of the Secured Obligations, (e) grant an extension of time for performance of the Secured Obligations, (f) modify, waive, forbear, delay or fail to enforce any of the Secured Obligations, (g) sell or otherwise realize on any other security or guaranty prior to, contemporaneously with or subsequent to a sale of all or any part of the Collateral, (h) make advances pursuant to the Funding Agreement, (i) consent to the making of any map or plat of the Real Property, and (j) join in the grant of any easement or the creation of any restriction on the Property. Any subordinate lienholder shall be subject to all such releases, extensions or modifications without notice to or consent from the subordinate lienholder. The Grantor shall pay any trustee's, attorneys', title insurance, recording, inspection or other fees or expenses incurred in connection with release of Collateral, the making of a map, plat or the grant of an easement or restriction. Any subordinate lienholder agrees, by taking its interest subject to this Deed of Trust, that any such action may be taken without notice to or consent from the subordinate lienholder, without impairing the priority of this Deed of Trust.

**8. Condemnation.** The Grantor shall give immediate notice to Beneficiary of any condemnation proceeding (including change of grade) or any offer made related to potential condemnation. In the event any portion of the Property is taken or damaged in an eminent domain proceeding to the extent that the remaining Property can no longer be operated as a museum, the entire amount of the award or such portion as may be necessary to fully satisfy the obligations secured hereby, shall be paid to Beneficiary to be applied to said obligations or, at Beneficiary's election, the entire amount secured hereby shall be immediately due and payable.

**9. Subdivision and Separate Assessment.** Grantor represents and warrants that (a) the Property is assessed for purposes of real estate taxes as a separate and distinct parcel from any other property and (b) the Property has been properly subdivided from all other property in accordance with the requirements of any applicable laws or regulations.

**10. Maintenance of Collateral.** Grantor shall keep the Collateral in good condition and repair; permit no waste thereof; complete any building, structure or improvement being built or about to be built thereon; restore promptly any building, structure or improvement thereon which may be damaged or destroyed; and comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Collateral.

**11. Taxes.** Grantor shall pay before delinquent all lawful taxes and assessments upon the Collateral, and keep the Collateral free and clear of all charges, liens or encumbrances other than the Exceptions. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the Collateral hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at 12% per annum, shall be added to and become a part of the debt secured in this Deed of Trust.

**12. Transfers.** Except for leases specifically permitted by Section 13 of this Article II, Grantor will not sell, assign, convey or transfer (collectively, “Transfer”) all or any part of the Collateral or any legal or beneficial interest therein without complying with the applicable terms of the Funding Agreement.

**13. Leases.** Grantor shall not enter into any lease with respect to all or any portion of the Property without the prior written consent of Beneficiary; provided, however, that Grantor may honor the 2026 Lease Agreement with Bellevue Art Museum (“BAM”) described in the Purchase and Sale Agreement entered into between BAM and Grantor, and may enter into leases from time to time with operators of the museum cafe, so long as the cafe leases cover not more than one thousand five hundred (1,500) square feet of space and are for a term (including any possible extensions or renewals) of not more than five (5) years. No lease shall contain any option to purchase, right of first refusal or first offer, or any other rights to acquire or lease other portions of the Property.

**14. Prohibited Liens.** Grantor shall keep the Property free from liens and lien claims of all kinds, superior or inferior to the Deed of Trust, except for the Exceptions, and subject to Grantor’s rights under this Section. Grantor may contest in good faith by appropriate legal or administrative proceedings the validity of any lien, encumbrance or charge so long as (i) Grantor is not in breach of the Funding Agreement, beyond applicable notice and cure periods, (ii) Grantor first deposits with Beneficiary a bond or other security satisfactory to Beneficiary in the amount reasonably required by Beneficiary, (iii) Grantor immediately commences its contest of such lien, encumbrance or charge upon learning of the existence of the lien through commercially reasonable diligence, and continuously pursues the contest in good faith and with due diligence, (iv) foreclosure of the lien, encumbrance or charge is stayed, and (v) Grantor pays any judgment rendered on the claim within ten (10) days after entry of the judgment. Grantor shall discharge or elect to contest and shall post appropriate security for any contest within twenty (20) days of written demand by Beneficiary.

**15. Alterations, Removal, and Demolition.** Other than as expressly contemplated by the Funding Agreement or other agreement executed by Beneficiary, Grantor shall not structurally alter, remove or demolish any Improvements on the Property without Beneficiary’s prior written consent nor shall Grantor remove any fixture that is part of the Property without Beneficiary’s prior written consent, which consent in each case shall not be unreasonably withheld or conditioned, unless the fixture is replaced by an article of equal or better suitability owned by Grantor free and clear of any lien or security interest except such as may be approved in writing by the Beneficiary. Beneficiary shall approve or disapprove (and if disapproval, then the specific reasons therefor) any request for consent under this Section, accompanied by a full explanation of the proposed action and the purpose, necessity, and financing thereof, within thirty (30) business days of receipt of such request, with Beneficiary’s failure to timely approve or disapprove being deemed its approval of the request for consent.

**16. Completion, Repair, Restoration.** In the event of property damage, loss or casualty, Grantor shall promptly complete or repair and restore in good workmanlike manner any Improvements that may be partially constructed, damaged or destroyed and shall pay all costs incurred therefor, provided that if Grantor maintains insurance as required hereby then Grantor’s obligation to repair and restore in case of casualty shall be limited to the insurance proceeds available therefor and any reserves maintained for the Property. Prior to commencement of any construction or restoration costing in excess of \$10,000 following damage, loss or casualty, Grantor shall submit the plans and specifications for Beneficiary’s approval, which approval shall not be unreasonably conditioned, delayed, or withheld, and furnish evidence of sufficient funds to complete the work.

**17. Impairment of Property.** Grantor shall not, without the written consent of Beneficiary, (i) initiate or support any zoning reclassification of the Property, seek any variance under existing zoning ordinances applicable to the Property or use or permit the use of the Property in a manner that would result

in such use becoming a nonconforming use under applicable zoning ordinances; (ii) modify, amend or supplement any easement, reservation, restriction, covenant, condition, or encumbrance pertaining to the Property; (iii) impose or consent to any restrictive covenant or encumbrance upon the Property other than the Restrictive Covenant and any Exception, execute or file any subdivision or parcel map affecting the Property or consent to the annexation of the Property to any municipality, or (iv) permit the Property to be used by the public or any person in such manner as might make possible a viable claim of adverse usage or possession or of any implied dedication or easement.

### ARTICLE 3

#### 1. Insurance.

(a) The Grantor shall maintain such insurance on the Collateral as may be required by the Funding Agreement, and in any event in an amount not less than the total debt secured by this Deed of Trust.

(b) If the Grantor fails to maintain any insurance required of it by the Beneficiary, or fails to pay any premiums with respect to such insurance, the Beneficiary may obtain such replacement insurance as it deems necessary or desirable, or pay the necessary premium on behalf of the Grantor, and any sums expended by the Beneficiary in so doing shall be deducted from the Funds under the Funding Agreement. Any such amounts shall be secured hereby.

(c) The amount collected under any insurance policy may be applied to the Secured Obligations in such order as the Beneficiary shall determine. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.

2. **Insurance Proceeds.** Grantor shall give immediate notice to Beneficiary of any material loss or damage to the Property or any right therein, whether or not required to be insured against. Such notice shall generally describe the nature and cause of such casualty and the extent of the damage to or destruction of the Property. Beneficiary may, at Beneficiary's option and after at least three (3) business days prior written notice to Grantor (except in case of emergency), commence, appear in and prosecute, in its own name, any action or proceeding, make a claim for, or make any reasonable compromise or settlement concerning such casualty. All proceeds payable as a result of loss or damage shall be paid to Beneficiary, to be applied to reconstruction expenses as set forth below. All compensation, awards, damages, rights of action and proceeds, including the policies and the proceeds of any policies of insurance affecting the Property, are hereby assigned to Beneficiary, but no such assignments shall be effective to invalidate or impair any insurance policy. Grantor further assigns to Beneficiary any return premiums or other repayments upon any insurance at any time provided for the benefit of the Beneficiary and all refunds or rebates made of taxes or assessments on the Property, and Grantor agrees that Beneficiary may at any time collect said return premiums, repayments, refunds, and rebates in the event of any default by Grantor under the Funding Agreement beyond applicable notice and cure periods. No insurance proceeds, or payments in lieu thereof, at any time assigned to or held by Beneficiary shall be deemed to be held in trust, and Beneficiary may commingle such amounts with its general assets and shall not be liable for the payment of any interest thereon. Unless Beneficiary reasonably determines that Beneficiary's security would be impaired or both Beneficiary and Grantor agree that the repair or restoration of the Improvements on the Property would not be economically feasible, Beneficiary shall permit the proceeds to be used for repair and restoration of the Property on such conditions as Beneficiary may reasonably impose, which may include evidence from Grantor of sufficient funds to complete the work, approval by Beneficiary of the plans and specifications, and periodic disbursement by Beneficiary of the proceeds during the course of

repair and restoration. If (a) the Beneficiary determines that its security would be impaired by use of the proceeds (and any other resources provided by Grantor) for repair or restoration; (b) Grantor and Beneficiary agree that repair or restoration would not be economically feasible; (c) the conditions imposed as referenced in the previous sentence for use of proceeds for repair or restoration are not satisfied; or (d) Grantor fails to proceed with reasonable diligence to repair or restore the Improvements notwithstanding the availability of insurance proceeds, then in any such case Beneficiary may, after deducting its expenses including reasonable attorneys' fees, without in any way affecting the enforceability or priority of the lien of this Deed of Trust or the obligation of the Grantor or any other person for payment of the indebtedness hereby secured or for the reconstruction of the damaged Improvements, whether Grantor is then owner of the Property or not:

(a) Apply all or part of the proceeds against the sums owed under the Funding Agreement without affecting Grantor's obligation to make future payments (if any) as they come due, or

(b) Release all or any part of the proceeds to Grantor, or

(c) In the case of a termination of the Funding Agreement resulting from Grantor's failure to proceed with repair or restoration, cause the proceeds to be used for repair or restoration of the Improvements as stated in this Deed of Trust.

For purposes of this Section, impairment of the Beneficiary's security shall be determined by comparison to the adequacy of the Beneficiary's security prior to the casualty loss.

The provisions of this Section regarding the use and disposition of insurance proceeds shall be subject to the rights of any third parties as set forth in any Exception having priority over this Deed of Trust (unless otherwise agreed by such third parties) and to any requirements of Beneficiary contained in the Funding Agreement.

#### ARTICLE 4

##### 1. Default; Remedies.

(a) The occurrence or happening of any one or more of the following shall constitute an "Event of Default" under this Deed of Trust:

(i) Any failure by Grantor to perform any of its obligations under the Funding Agreement or this Deed of Trust.

(ii) Grantor Transfers all or any part of the Collateral or any legal or beneficial interest therein without complying with the applicable terms of the Funding Agreement.

(iii) Any execution or attachment is levied against any of the Collateral, and such execution or attachment is not set aside, discharged or stayed within ten (10) days after the same is levied.

(iv) A default occurs under any other mortgage, deed of trust or security agreement covering the Collateral, including any Exceptions.

(b) If an Event of Default shall occur, the Beneficiary shall have all remedies provided by law or in equity, including without limitation the right to require the payment of amounts due

under Section 12 of the Funding Agreement without notice of default, notice of acceleration or intention to accelerate, presentment or demand for payment, protest, notice of protest, notice of nonpayment or dishonor, or notices or demands of any kind or character, all of which are hereby waived by Grantor and, without limiting the generality of the foregoing or the remedies provided in any other section hereof or in the Funding Agreement, shall have the following remedies:

(i) the right to foreclose on this Deed of Trust judicially as a mortgage or non-judicially pursuant to the power of sale;

(ii) as a matter of right without bond and without regard to the adequacy of the security, and to the extent permitted by law without notice to Grantor, Beneficiary shall be entitled, upon application to a court of competent jurisdiction, to the immediate appointment of a receiver for all or any part of the Collateral any and rents therefrom, and the receiver shall have, in addition to all the rights and powers customarily given to and exercised by a receiver in the State of Washington, all the rights and powers granted to Beneficiary by the Funding Agreement and Deed of Trust; and

(iii) all other remedies which may be available at law or in equity.

The Beneficiary's exercise of any right, power or remedy shall in no event constitute a waiver of any Event of Default nor prejudice the right of the Beneficiary in the exercise of any right hereunder. The Beneficiary's failure to enforce any of its rights, powers or remedies upon the occurrence of an Event of Default shall not constitute a waiver of the default or any subsequent default of its rights and remedies with respect to such default. In the event of foreclosure, the cost of the title premium for the trustee's sale guaranty (or equivalent title policy or report) shall be paid for by the Grantor and shall be added to and be a part of the Secured Obligations. If either this Deed of Trust or the Funding Agreement is referred to an attorney for enforcement or for preservation of the Beneficiary's rights or remedies, and whether or not suit is filed or any proceedings are commenced, all of the Beneficiary's costs and expenses incurred in connection therewith including, without limitation, trustee's and attorneys' fees (including attorneys' fees for any appeal, bankruptcy proceeding or any other proceeding), accountants' fees, appraisal and internal appraisal review fees, inspection fees (including inspections for hazardous substances, asbestos containing materials, and compliance with building and land use codes and regulations), engineering fees, expert witness fees and costs of title reports, and any costs of foreclosure, shall be added to and be a part of the Secured Obligations.

(c) After an Event of Default, and upon the giving of such notice and the expiration of such time as required by law, the Trustee may sell the Property upon any terms and conditions specified by Beneficiary and permitted by applicable law. In such event and upon written request of Beneficiary, Trustee shall sell the Property in accordance with the Deed of Trust Act of the State of Washington ("Deed of Trust Act"), at public auction to the highest bidder. Trustee may postpone any sale by public announcement at the time and place noticed for the sale or as otherwise allowed by law. Neither Trustee nor Beneficiary shall be required to marshal Grantor's assets. Any person except Trustee may bid at Trustee's sale. In the event of a foreclosure sale, Grantor and the holders of any subordinate liens or security interests waive any equitable, statutory, or other right it may have to require marshaling of assets or foreclosure in the inverse order of alienation. If Beneficiary is also the beneficiary of one or more other deeds of trust on the Property, then Grantor agrees (a) that Beneficiary, at its sole option, may cause the Property to be sold subject to the lien(s) of such other deed(s) of trust (regardless of the order of recording thereof and regardless of any other recourse or collateral that Beneficiary may have under for any indebtedness secured hereby or by such other deed(s) of trust), and (b) that Beneficiary may, at its sole option, cause the Property to be sold at a single sale held under both this Deed of Trust and such other deed(s) of trust. Trustee shall deliver to the purchaser at the Trustee's sale its deed, without warranty, which shall convey to the purchaser the interest in the Property which Grantor had or had the power to convey at the time of its execution of this Deed of Trust,

and such as Grantor may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrancers for value. Trustee shall apply the proceeds of the sale as follows: (i) to the expenses of sale, including Trustee's fees and attorneys' fees, to the extent that such trustee's fees and charges do not, in the aggregate, exceed the amount which would, by the superior court of the county in which the trustee's sale occurred, have been deemed a reasonable attorney's fee, had this instrument been foreclosed as a mortgage in a non-contested action in that court; (ii) to all the principal and interest evidenced by the Note and all other indebtedness secured by this Deed of Trust; and (iii) the surplus, if any, less the clerk's filing fee, shall be deposited, together with written notice of the amount of the surplus, a copy of the notice of trustee's sale, and an affidavit of mailing as provided in RCW 61.24.080(3), with the clerk of the superior court of the county in which the sale took place. The power of sale conferred by this Deed of Trust is not an exclusive remedy, and when not exercised, Beneficiary may foreclose this Deed of Trust as a mortgage.

(d) After an Event of Default, and during any construction of improvements on the Property after such Event of Default, Beneficiary shall have the right, but not the obligation, acting directly or through any agent or designee, to enter upon the Property and take or cause to be taken any and all actions necessary or appropriate in Beneficiary's sole judgment to complete, wholly or in part, construction of the improvements, including but not limited to making changes in plans, specifications, work or materials and entering into, modifying or terminating any contractual arrangements, subject to the Beneficiary's right to discontinue any and all such actions at any time without liability. If Beneficiary elects to complete or cause the completion of any ongoing improvements Beneficiary shall not thereby assume any liability or obligation to Grantor or any other person for such completion or for the manner or quality of construction, and, except to the extent due to the gross negligence or willful misconduct of Beneficiary or its officers or agents, Grantor expressly releases Beneficiary and its officers and agents from any such liability to Grantor to the extent permitted by applicable laws. For purposes of this Subsection (d) while the obligations secured by this Deed of Trust remain outstanding, Grantor appoints Beneficiary as its authorized agent, with full power of substitution, to complete any ongoing improvements and to modify, terminate or enter into any contracts for such purpose, in the Grantor's name, or Beneficiary may elect to complete construction in its own name. In either event, all reasonable and customary sums expended by Beneficiary in connection with the completion or attempted completion of the ongoing improvements shall be deemed to have been disbursed to Grantor under the Funding Agreement, and any such sums that exceed Beneficiary's maximum promise to pay Grantor under the Funding Agreement shall constitute a loan to Grantor on commercially reasonable terms and conditions, payable on demand, bearing interest at the rate of 12% per annum, and shall be secured hereby. After an Event of Default has been declared and Beneficiary has given notice to Grantor of Beneficiary's election to complete construction, Beneficiary shall have the exclusive right to exercise any and all rights of Grantor pursuant to any contracts or agreements with respect to the construction of the ongoing improvements and with respect to any related plans, specifications, studies, data, and drawings, without liability to Grantor for any such exercise, except to the extent such liability is due to the gross negligence or willful misconduct of Beneficiary.

(e) After an Event of Default, Beneficiary shall have the right to proceed with respect to any personal property included as part of the Collateral in accordance with Beneficiary's rights and remedies with respect to real property or sell the personal property separately and without regard to the remainder of the Collateral in accordance with Beneficiary's rights and remedies provided by the Uniform Commercial Code, as well as other rights and remedies available at law and equity.

(f) Upon the occurrence and continuation of an Event of Default, Beneficiary is authorized, either by itself or its agent, to be appointed by it for the purpose, or by a receiver appointed by a court of competent jurisdiction, to enter into and upon and take hold and possession of any portion or all

of the Property, both real and personal, and exclude Grantor and all other persons therefrom; to operate and manage the Property and rent and lease the same; to perform such reasonable acts of repair and protection as may be reasonably necessary or proper to conserve the value thereof; and collect any Rents for the benefit and protection of Beneficiary, and from time to time apply or accumulate such Rents in such order and manner as Beneficiary or such receiver, in its sole discretion shall consider advisable to or upon the following: expenses of receivership, if any; the costs of upkeep, maintenance, repair and/or operation of the Property; the repayment of any sums theretofore, or thereafter advanced pursuant to this Deed of Trust, the interest then due or to become due upon under the Funding Agreement secured hereby; the taxes and assessments upon the Property then due or next to become due; or upon the unpaid principal of such indebtedness. The collection or receipt of Rents by Beneficiary, its agent or receiver after notice of default and notice of sale shall not affect or impair such default of notices or any sale proceedings predicated thereon. Any Rents in possession of Beneficiary's agents or receiver at the time of sale and not theretofore applied as herein provided shall be applied in the same manner and for the same purposes as the proceeds of sale. Neither Trustee nor Beneficiary shall be under any obligation to make any of the payments or do any of the acts referred to in this paragraph, and any actions referred to in this paragraph may be taken by Beneficiary regardless of whether any notice of default or notice of sale has been given hereunder and without regard to the adequacy of the security for the indebtedness evidenced by the Note. Nothing herein shall require Beneficiary, debtor or receiver appointed to collect any Rents; however, Beneficiary shall be entitled to such appointment at its options in accordance with this Section.

(g) The Property, real, personal or mixed, may be sold as an entirety or in parcels by one sale or by several sales held at one time or at different times, all as Trustee or Beneficiary, in their unrestricted discretion, may elect. Grantor, for and on behalf of itself and all persons including by, through or under Grantor, waives any and all right to have the Property marshalled upon any foreclosure sale, and agrees that upon foreclosure, the Property may be sold as an entirety and not in parcels.

(h) Upon the occurrence and continuation of an Event of Default, Beneficiary, separately or in an action to foreclose this Deed of Trust, shall be entitled without notice and without regard of the adequacy of any security for the Note, the absence of waste or deterioration of the Property or other arguments based on equity, to the appointment of a receiver of the Rents of the Property who shall have, in addition to all the rights and powers customarily given to and exercised by such receiver, all the rights and powers granted to Beneficiary by the covenants herein. Once appointed, at Beneficiary's option, such receiver shall remain in place until the default is cured.

(i) Whenever this Deed of Trust requires that amounts payable by a third party be paid directly to Beneficiary (for example, insurance proceeds and proceeds of claims of loss or damage to the Property), Beneficiary may enforce such rights with a preliminary injunction or temporary restraining order. Grantor agrees that irreparable harm may result if such payments are not made directly to Beneficiary. Grantor agrees not to oppose such a motion for injunction or restraining order provided the arrangements are made to deposit such sums in a third party depository.

**2. Cumulative Remedies; No Election of Remedies.** To the fullest extent allowed by law, all of the Beneficiary's and the Trustee's rights and remedies specified in the Funding Agreement (including without limitation this Deed of Trust) are cumulative, not mutually exclusive and not in substitution for any rights or remedies available at law or in equity. Without waiving its rights in the Collateral, the Beneficiary may proceed against the Grantor, any other party obligated to perform the Secured Obligations or against any other security or guaranty for the Secured Obligations, in such order or manner as the Beneficiary may elect. Except where prohibited by applicable law, the commencement of proceedings to enforce a particular remedy shall not preclude the commencement of other proceedings to enforce a different remedy.

**3. Foreclosure of Lessee's Rights; Subordination.** The Beneficiary shall have the right, at its option, to foreclose this Deed of Trust. The Beneficiary's failure to foreclose against any lessee shall not be asserted as a claim against the Beneficiary or as a defense against any claim by the Beneficiary in any action or proceeding.

## ARTICLE 5

**1. Liability of Trustee.** Trustee shall have no liability or responsibility for, and make no warranties in connection with, the validity or enforceability of any of the Funding Agreement or this Deed of Trust or the description, value or status of title to the Collateral. Trustee shall be protected in acting upon any notice, request, consent, demand, statement, note or other paper or document believed by Trustee to be genuine and to have been signed by the party or parties purporting to sign the same. Trustee shall not be liable for any error of judgment, nor for any act done or step taken or omitted, nor for any mistakes of law or fact, nor for anything which Trustee may do or refrain from doing in good faith, nor generally shall Trustee have any accountability hereunder except for willful misconduct or gross negligence. The powers and duties of Trustee hereunder may be exercised through such attorneys, agents or servants as Trustee may appoint, and Trustee shall have no liability or responsibility for any act, failure to act, negligence or willful conduct of such attorney, agent or servant, so long as the selection was made with reasonable care. In addition, Trustee may consult with legal counsel selected by Trustee, and Trustee shall have no liability or responsibility by reason of any act or failure to act in accordance with the opinions of such counsel. Trustee may act hereunder and may sell or otherwise dispose of the Collateral or any part thereof as herein provided, although Trustee has been, may now be or may hereafter be, an attorney, officer, agent or employee of Beneficiary, in respect of any matter or business whatsoever. Trustee, however, shall have no obligation to sell all or any part of the Collateral following an Event of Default or to take any other action authorized to be taken by Trustee hereunder except upon the demand of Beneficiary.

**2. Indemnification of Trustee.** Grantor agrees to indemnify Trustee and to hold Trustee harmless from and against any and all claims and expenses directly or indirectly arising out of or resulting from any transaction, act, omission, event or circumstance in any way connected with the Collateral, this Deed of Trust, or the Funding Agreement, including but not limited to any claim arising out of or resulting from any assertion or allegation that Trustee is liable for any act or omission of Grantor or any other person in connection with the ownership, development, financing, operation or sale of the Collateral; provided, however, that Grantor shall not be obligated to indemnify Trustee with respect to any claim arising solely from the gross negligence or willful misconduct of Trustee. The agreements and indemnifications contained in this section shall apply to claims arising both before and after the satisfaction of the Secured Obligations and shall survive any foreclosure or deed in lieu thereof and any other action by Trustee to enforce the rights and remedies of Beneficiary or Trustee hereunder or under the Agreement.

**3. Substitution of Trustee; Multiple Trustees.** Beneficiary shall have, and is hereby granted with warranty of further assurances, the irrevocable power to appoint a new or replacement or substitute Trustee. Such power may be exercised at any time without notice, without cause and without specifying any reason therefor, by filing for record in the office where this Deed of Trust is recorded a Notice of Substitution of Trustee. The power of appointment of a successor Trustee may be exercised as often as and whenever Beneficiary may choose, and the exercise of the power of appointment, no matter how often, shall not be an exhaustion thereof. Upon the recordation of such Notice of Substitution of Trustee, the Trustee so appointed shall thereupon, without any further act or deed of conveyance, become fully vested with identically the same title and estate in and to the Collateral and with all the rights, powers, trusts and duties of its predecessor in the trust hereunder with like effect as if originally named as Trustee hereunder. Whenever in this Deed of Trust reference is made to Trustee, it shall be construed to mean each person appointed as Trustee for the time being, whether original or successor in trust. All title, estate, rights, powers, trusts and duties granted to Trustee shall be in each person appointed as Trustee so that any action hereunder by any person appointed as Trustee shall for all purposes be deemed to be, and as effective as,

the action of all Trustees.

**4. Reliance by Trustee.** The Grantor hereby irrevocably authorizes the Trustee, upon presentation to it of an affidavit or declaration by Beneficiary or an officer of Beneficiary setting forth facts showing a default on the obligations secured by this Deed of Trust, to accept as true and conclusive all facts and statements therein and to act thereon hereunder.

## ARTICLE 6

**1. Reconveyance After Payment.** Upon written request of the Beneficiary stating that all obligations secured by this Deed of Trust have been satisfied in full, the Trustee shall reconvey, without warranty, the Collateral then subject to the lien of this Deed of Trust. The Grantor shall pay any costs, trustee's fees and recording fees incurred in so reconveying the Collateral.

**2. Nonwaiver of Terms and Conditions.** Time is of the essence with respect to performance of the obligations under this Deed of Trust. The Beneficiary's failure to require prompt enforcement of any such obligation under this Deed of Trust shall not constitute a waiver of the obligation or any subsequent required performance of the obligation. No term or condition of this Deed of Trust may be waived, modified or amended except by a written agreement signed by the Grantor and the Beneficiary. Any waiver of any term or condition of this Deed of Trust shall apply only to the time and occasion specified in the waiver and shall not constitute a waiver of the term or condition at any subsequent time or occasion.

**3. Waivers and Agreements Regarding Remedies.** To the full extent permitted by applicable laws, Grantor hereby:

(a) agrees that it will not at any time plead, claim or take advantage of any laws now or hereafter in force providing for any valuation, appraisal, stay of execution, extension, or notice of election, and waives and releases all rights of valuation, appraisal, stay of execution, extension and notice of election, to accelerate the Secured Obligations; waives all rights to a marshalling of the assets of Grantor, including the Collateral, or to a sale in the inverse order of alienation in the event of a foreclosure of the Collateral, and agrees not to assert any right under any law pertaining to the marshalling of assets, the sale in inverse order of alienation, the exemption of homestead, the administration of estates of decedents, or other matters whatsoever to defeat, reduce or affect the right of Beneficiary under the terms of this Deed of Trust to a sale of the Collateral without any prior or different resort for collection, or the right of Beneficiary to the payment of the Secured Obligations out of the proceeds of sale of the Collateral in preference to every other claimant whatsoever;

(b) waives any right to bring or utilize any defense, counterclaim or setoff, other than one which denies the existence or sufficiency of the facts upon which any foreclosure action is grounded. If any defense, counterclaim or setoff, other than one permitted by the preceding clause, is timely raised in a foreclosure action, such defense, counterclaim or setoff shall be dismissed. If such defense, counterclaim or setoff is based on a claim which could be tried in an action for money damages, such claim may be brought in a separate action which shall not thereafter be consolidated with the foreclosure action. The bringing of such separate action for money damages shall not be deemed to afford any grounds for staying the foreclosure action;

(c) waives and relinquishes any and all rights and remedies which Grantor may have or be able to assert by reason of the provisions of any laws pertaining to the rights and remedies of sureties; and

(d) waives the right to assert any statute of limitations as a bar to the enforcement of this Deed of Trust or any action brought to enforce the Funding Agreement.

**4. Notices.** Any notice given by Grantor, Trustee or Beneficiary shall be in writing and shall be effective (a) on personal delivery to the party receiving the notice, (b) on the second business day after deposit in the United States mail, postage prepaid, and (c) on the next business day after deposit with a nationally recognized overnight courier services, in each case addressed to the party at the address set forth in the preamble to this Deed of Trust (or such other address as a party may specify by written notice in accordance with this Section), or with respect to the Grantor, to the address at which Beneficiary customarily or last communicated with Grantor. Any notice to Grantor shall be effective if given in any other manner authorized by the Funding Agreement or by applicable law; provided, however, that notices of default or notices required under the Deed of Trust Act must be given in writing as specifically set forth in this Section.

**5. Other Agreements.** The terms of this Deed of Trust are intended to supplement and not to replace the terms of the Funding Agreement, and the rights and remedies herein provided to the Beneficiary are intended to be cumulative of and in addition to all rights and remedies conferred by the Funding Agreement.

**6. Severability.** In case any one or more of the provisions contained in this Deed of Trust is invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby. In the event of any inconsistency between one or more of the provisions contained in this Deed of Trust and one or more of the provisions contained in the Funding Agreement, the provisions contained in the Funding Agreement shall govern.

**7. Rules of Construction.** This Deed of Trust shall be construed so that, whenever applicable, the use of the singular shall include the plural, the use of the plural shall include the singular, and the use of any gender shall be applicable to all genders and shall include corporations, partnerships, limited partnerships, limited liability companies and other forms of entities. This Deed of Trust inures to the benefit of and binds all parties named herein and their successors and assigns. The headings to the various sections have been inserted for convenience of reference only and shall not be used to construe this Deed of Trust.

**8. Governing Law; Venue.** This Deed of Trust shall be governed by, and construed and enforced in accordance with, the laws of the State of Washington, excluding its conflicts of laws rules. The venue for any action brought in connection with this Deed of Trust shall be in Superior Court in King County, Washington.

**ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.**



## **SCHEDULE A**

### **LEGAL DESCRIPTION:**

The north 140 feet of the south 185 feet of the north 2/3 of the north half of the west half of Lot 4, Block 2, Cheriton Fruit Gardens, Plat Number 1, according to the plat thereof recorded in Volume 7 of Plats, Page 47, in King County, Washington;

EXCEPT that portion lying within 104<sup>th</sup> Avenue Northeast, as conveyed to King County by deeds recorded under Recording Numbers 2171154 and 2467394;

AND EXCEPT that portion lying easterly of a line drawn parallel with and 150 feet (measured along the northerly line of said lot) easterly of the easterly line of said 104<sup>th</sup> Avenue Northeast;

AND EXCEPT any portion thereof conveyed to the City of Bellevue by deeds recorded under Recording Numbers 5991451 and 5991453.

## PROMISSORY NOTE

\$5,000,000.00

Bellevue, Washington  
May \_\_, 2026

FOR VALUE RECEIVED, KidsQuest Children's Museum, a Washington nonprofit corporation ("**Maker**"), enters into this Promissory Note ("**Note**") and promises to pay in lawful money of the United States of America, to the order of City of Bellevue, a Washington municipal corporation ("**Holder**"), at the address designated by Holder, the principal sum of Five Million and 00/100 dollars (\$5,000,000.00) or so much thereof as may be advanced hereunder.

This Note is subject to the terms and conditions of the Funding Agreement of even date herewith ("**Funding Agreement**") between Holder and Maker, pursuant to which Holder has agreed to advance Funds to Maker for the purposes outlined in the Funding Agreement (the "**Funds**"). Disbursement of the Funds evidenced by this Note is to be made subject to the terms and conditions of the Funding Agreement. Maker agrees that a schedule of the dates and amounts of advances and repayments on this Note certified by an officer of Holder shall be conclusive evidence for all purposes of such dates and amounts. All amounts payable hereunder shall be paid without any set-off or deduction of any nature. Provided Maker is in compliance with the terms and conditions of the Funding Agreement, the amount due under this Note shall be amortized in accordance with Schedule 1 attached hereto.

Holder has no expectation of repayment of the Funds so long as the Maker performs pursuant to the terms and conditions of the Funding Agreement. If, however, the Funds are not used as required by the Funding Agreement during the Term (as that term is defined in the Funding Agreement) or Maker is otherwise in default under the Funding Agreement following expiration of any notice and cure periods, then Holder shall be entitled to the immediate payment of the then existing unamortized principal balance of this Note together with interest at a rate of 12% per annum.

If Maker defaults under this Note, then Maker agrees to pay all of Holder's costs of collection, including but not limited to, reasonable attorney's fees incurred by Holder or the holder of this Note whether or not suit is instituted. If any legal proceedings are instituted relating to this Note, including without limitation any arbitration, bankruptcy, trial, or appellate proceedings, Maker will pay Holder's reasonable costs, including without limitation reasonable attorney's fees, incurred in all such proceedings.

Maker hereby waives presentment and demand for payment, notice of dishonor, protest, notice of protest, and any other notice not specifically required by the Funding Agreement.

This Note is secured by a Deed of Trust of even date herewith covering property situated in King County, Washington, and shall be construed, enforced and otherwise governed by the laws of the State of Washington.

Notwithstanding anything to the contrary herein, Maker's respective officers, employees, agents and contractors shall have no personal liability for payment of the indebtedness evidenced hereby or performance of the covenants set forth in this Note, in the Deed of Trust, or in the Funding Agreement, and the recourse of the holder hereof shall be confined to the exercise of its rights under the Funding Agreement and Deed of Trust, provided that nothing shall diminish the Maker's liability for damages or deficiencies resulting from theft, waste, fraud, material misrepresentation

or misuse of rents by Maker's assigns and their respective officers, employees, agents and contractors.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, TO EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

The individual, by signing below, represents and warrants to Holder that they have the authority to sign this Note on behalf of Maker.

**KidsQuest Children's Museum**, a Washington nonprofit corporation

By: \_\_\_\_\_

Name: Putter Bert

Its: Executive Director

## SCHEDULE 1

Note: Amortization of the amounts due under this Note shall commence on the date of issuance of a final certificate of occupancy by the City of Bellevue following the renovations to the property secured by the Deed of Trust as contemplated by the Funding Agreement.

**Principal Amount:** \$5,000,000.00

**Term:** 20 years from Final Certificate of Occupancy

**Annual Forgiveness:** \$250,000.00

**Interest Rate:** 12% per annum (applicable only upon Event of Default)

*Note: This schedule reflects the Unamortized Balance that would be due upon an Event of Default pursuant to Section 12 of the Funding Agreement.*

Year	Beginning Balance	Annual Forgiveness	Unamortized Balance (Ending Balance)
1	\$5,000,000.00	\$250,000.00	\$4,750,000.00
2	\$4,750,000.00	\$250,000.00	\$4,500,000.00
3	\$4,500,000.00	\$250,000.00	\$4,250,000.00
4	\$4,250,000.00	\$250,000.00	\$4,000,000.00
5	\$4,000,000.00	\$250,000.00	\$3,750,000.00
6	\$3,750,000.00	\$250,000.00	\$3,500,000.00
7	\$3,500,000.00	\$250,000.00	\$3,250,000.00
8	\$3,250,000.00	\$250,000.00	\$3,000,000.00
9	\$3,000,000.00	\$250,000.00	\$2,750,000.00
10	\$2,750,000.00	\$250,000.00	\$2,500,000.00
11	\$2,500,000.00	\$250,000.00	\$2,250,000.00
12	\$2,250,000.00	\$250,000.00	\$2,000,000.00
13	\$2,000,000.00	\$250,000.00	\$1,750,000.00
14	\$1,750,000.00	\$250,000.00	\$1,500,000.00
15	\$1,500,000.00	\$250,000.00	\$1,250,000.00
16	\$1,250,000.00	\$250,000.00	\$1,000,000.00
17	\$1,000,000.00	\$250,000.00	\$750,000.00
18	\$750,000.00	\$250,000.00	\$500,000.00
19	\$500,000.00	\$250,000.00	\$250,000.00
20	\$250,000.00	\$250,000.00	\$0.00
<b>Total</b>		<b>\$5,000,000.00</b>	



## **Exhibit "E"**

### **Insurance Requirements**

KIDSQUEST shall procure and maintain for the duration of this **Agreement** insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by KIDSQUEST, its agents, representatives, employees or subcontractors.

#### **A. Minimum Insurance:**

- Commercial General Liability coverage with limits not less than \$1,000,000 per occurrence/ \$2,000,000 annual aggregate, including Stop Gap coverage.
- Crime Policy: Coverage shall include coverage for Employee Dishonesty, Forgery/Theft at a limit of not less than \$500,000
- Workers' Compensation coverage as required by the Industrial Insurance Laws of the State of Washington.
- Director and Officers Coverage in limits not less than \$1,000,000 per occurrence.

B. **Self-Insured Retentions:** Any self-insured retentions must be declared to the City in writing.

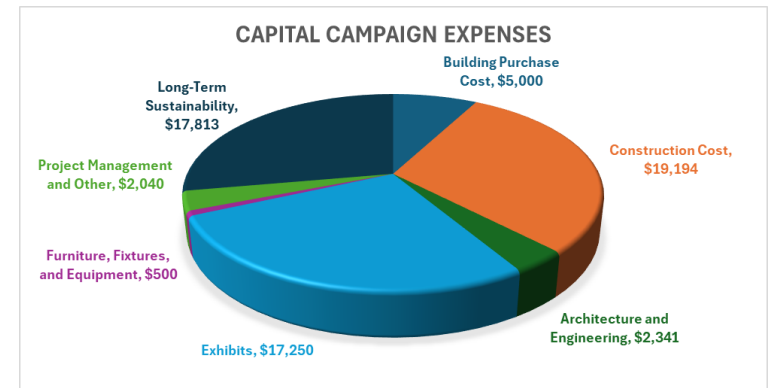
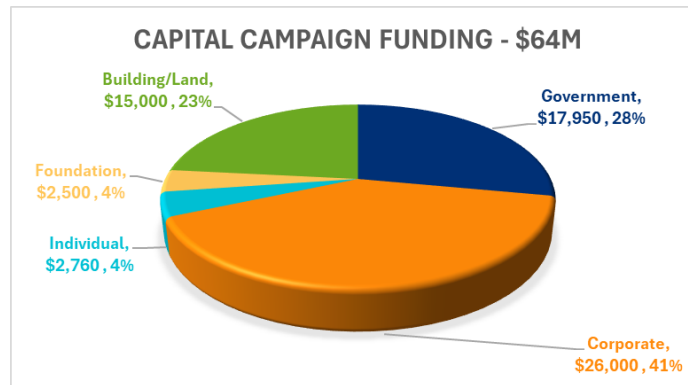
C. **Commercial General Liability:** Commercial General Liability policies must be endorsed to Include the City, its officials, employees and volunteers as additional insureds and provide that such insurance shall be primary as respects any insurance or self-insurance maintained by the City.

D. **Acceptability of Insurers:** Insurance shall be placed with Insurers with an AM Best rating of A:VII or higher.

E. **Verification of Coverage:** KIDSQUEST shall furnish the City with certificates of insurance required by this clause. The certificates are to be received and approved by the City prior to the effective date of the **Agreement** and throughout the term of the **Agreement**. The City reserves the right to require complete, certified copies of all required insurance policies at any time. KIDSQUEST shall notify the City of any cancellation or reduction in coverage of limits of any insurance within seven (7) days of receipt of insurer's notification to that effect.

# KQCM 3.0 Capital Campaign Budget

KQCM 3.0 Capital Campaign Budget		\$000s	% of Total
<b>BUILDING PURCHASE</b>			
Purchase of BAM		\$5,000	
Subtotal of Building Purchase		\$5,000	8%
<b>CONSTRUCTION</b>			
Presconstruction		\$660	
Shell & Core Updates		\$10,000	
Tenant Improvements		\$6,030	
Contingency (15%)		\$2,504	
Subtotal of Construction		\$19,194	30%
<b>ARCHITECTURE AND ENGINEERING</b>			
Architecture and Engineering Fees (13% of Construction)		\$2,036	
Contingency (15%)		\$305	
Subtotal of Architecture and Engineering		\$2,341	4%
<b>EXHIBITS</b>			
Exhibit Design		\$3,750	
Exhibit Build and Fabrication		\$11,250	
Contingency (15%)		\$2,250	
Subtotal of Exhibits		\$17,250	27%
<b>FURNITURE, FIXTURES, AND EQUIPMENT (FFE)</b>			
Furniture		\$100	
Fixtures		\$150	
Equipment		\$250	
Subtotal of FFE		\$500	1%
<b>PROJECT MANAGEMENT AND OTHER</b>			
R&D		\$370	
Program Development		\$250	
Project Admin		\$475	
Opening/Moving Costs		\$945	
Subtotal of Project Management and Other		\$2,040	3%
<b>LONG-TERM SUSTAINABILITY</b>			
Sustainability Fund		\$5,000	
Operating Reserves		\$7,500	
Finance Fees (5% of Budget)		\$2,063	
Debt Retirement		\$3,250	
Subtotal of Long-Term Sustainability		\$17,813	28%
<b>TOTAL EXPENSES</b>		<b>\$64,138</b>	<b>100%</b>



	Phase 1 Phase 2 Phase 3		
<b>BUILDING PURCHASE</b>	5,000	-	-
<b>CONSTRUCTION</b>	5,900	13,294	-
<b>EXHIBITS</b>	2,875	14,375	-
<b>ARCHITECTURE AND ENGINEERING</b>	2,088	253	-
<b>PROJECT MANAGEMENT AND OTHER</b>	540	692	808
<b>FURNITURE, FIXTURES, AND EQUIPMENT (FFE)</b>	-	450	50
<b>LONG-TERM SUSTAINABILITY</b>	749	3,771	13,293
<b>TOTAL</b>	<b>17,152</b>	<b>32,835</b>	<b>14,151</b>