

INTERCREDITOR AGREEMENT AND OPTION TO PURCHASE

THIS INTERCREDITOR AGREEMENT (“Agreement”) is made as of the _____ day of May, 2026, by and among the City of Bellevue, a municipal corporation of the State of Washington (“**COB**”) and Kemper Holdings, LLC, a Washington limited liability company (“**KH**”). Kidsquest Children’s Museum, a Washington nonprofit (“**KQ**”) joins in for purposes of consenting to Section 2 hereof. This Agreement is made with reference to the following facts:

R E C I T A L S

A. COB’S INTEREST

COB and KQ entered into that certain Funding Agreement dated of even date herewith (“**COB Funding Agreement**”), in which COB agreed to provide funds toward purchase and construction of a new children’s museum subject to the terms and conditions set forth in the COB Funding Agreement. Pursuant to the terms of the COB Funding Agreement, KQ entered into that certain Restrictive Covenant of even date herewith, recorded under King County Recording No. _____ (“**COB Restrictive Covenant**”). To secure its obligations under the COB Funding Agreement and COB Restrictive Covenant, KQ executed a Deed of Trust of even date herewith, recorded under King County Recording No. _____ (“**COB DOT**”), naming COB as beneficiary and encumbering KQ’s interest in the Property (as defined below) to secure KQ’s obligations under the COB Funding Agreement. (The COB Funding Agreement, the COB Restrictive Covenant, the COB DOT and any all documents entered into in connection with the COB Funding Agreement are referred to herein as the “**COB Documents.**”)

B. KH’S INTERESTS

(a) KQ and KH entered into the Secured Right of First Refusal Agreement of even date herewith, and recorded under King County Recording No. _____ (“**ROFR**”), in which KQ granted a right of first refusal to purchase the Property to KH prior to any proposed sale of all or any portion of KQ’s real property subject to the terms and conditions set forth in the ROFR. KQ executed a Deed of Trust of even date herewith, recorded under King County Recording No. _____ (“**KH ROFR DOT**”), naming KH as beneficiary and encumbering KQ’s interest in the Property to secure KQ’s obligations under the ROFR.

(b) KQ and KH entered into the Secured Right to Purchase Agreement of even date herewith, and recorded under King County No. _____ (“**RTP**”), in which KQ granted to KH a right to purchase KQ’s real property subject to the terms and conditions set forth in the RTP. KQ executed a Deed of Trust of even date herewith, recorded under King County Recording No. _____ (“**KH RTP DOT**”), naming KH as beneficiary and encumbering KQ’s interest in the Property to secure KQ’s obligations under the RTP.

C. PURPOSE

The parties wish to enter into this Agreement in order to establish their respective rights regarding the subject matter hereof, all as more fully set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual agreements and undertakings herein contained, the parties agree as follows:

1. DEFINITIONS

The following terms shall have the meaning set forth below:

“**Property**” means the real property described in Exhibit A attached hereto and any and all buildings, structures, and improvements now or hereafter located thereon together with all the tenements, hereditaments, appurtenances, easements and rights thereto or used in connection therewith or as a means of access thereto, together with all rights, title, and interest that KQ now has or may hereafter acquire, including rents, issues and profits thereof.

2. NOTIFICATION; OPTION TO PURCHASE

(a) Notice. For the benefit of COB and KH and for so long as the COB DOT encumbers the Property, COB agrees that, in the event of default by KQ under the COB Documents beyond any applicable notice and cure periods contained in the COB Documents (“**KQ Default**”), COB will not exercise any of its remedies, including foreclosure (whether judicially or nonjudicially), permitted under the COB Documents, until the following occurs:

(i) Following a KQ Default, in the event that COB elects to proceed with foreclosure on the Property pursuant to the COB DOT, COB will provide KH with a copy of the Notice of Sale as required pursuant to RCW 61.24 (“**Notice of Sale**”).

(ii) Following notice to KH as provided above, and subject to Section 2(b) below, COB may pursue any and all remedies available to it under the COB Documents, including without limitation, foreclosure of the COB Deed of Trust.

(b) Option to Purchase.

(i) Commencing on the date of KH’s receipt of the Notice of Sale, KH shall have the right to acquire the Property from KQ (“**Purchase Right**”) by providing written notice of such election to KQ and COB (“**KH Election Notice**”). In the event that KH elects to exercise its Purchase Right, the purchase price for the Property shall be the *lesser* of (1) amount of the unamortized balance of the funds originally granted under the COB Funding Agreement, or (2) Four Million Five Hundred Thousand and 00/100 Dollars (\$4,500,000.00) (collectively, “**KH Payment**”).

(ii) The parties shall close (“**Closing**”) on the conveyance of the Property from KQ to KH no more than sixty (60) days following KH’s receipt of the Notice of Sale.

(iii) Upon Closing, KH shall pay the KH Payment directly to COB in payment in full for KQ’s obligations under the Funding Agreement. KQ hereby consents to such direct payment and hereby assigns any rights in the KH Payment to COB.

(iv) Upon COB’s receipt of the KH Payment: (i) COB shall fully release its security interest in the Property by reconveying the COB DOT; (ii) the Subordination Agreement shall terminate, and (iii) KH shall again become the senior lienholder to the Property with the KH ROFR DOT and KH RTP DOT securing its interests.

(v) Upon Closing, KQ shall (i) transfer title to the Property to KH the consideration of which shall be the KH Payment, and (ii) pay for any applicable real estate excise tax.

(vi) KH, COB and KQ agree to take any and all additional actions and execute, deliver, file and/or record any and all additional agreements, documents and instruments as may be necessary or as COB, KQ or KH may from time to time reasonably request to effect the transactions stated herein and in other provisions of this Agreement.

(c) Nothing contained in this Agreement shall be construed as imposing any obligation on KH to cure any default, including any KQ Default, under the COB Documents.

3. FUNDING AGREEMENT

The COB Funding Agreement provides that to the extent the full \$10,000,000 (“**Aggregate Amount**”) is advanced by the COB to KQ, the unamortized balance of the funds disbursed under the COB Funding Agreement shall amortize at a rate of Five Hundred Thousand and 00/100 Dollars (\$500,000.00) per annum on a straight-line basis for an amortization period of twenty (20) years, with amortization commencing on the date of issuance of the final certificate of occupancy for the renovated building located on the Property by the applicable governmental jurisdiction (“**Amortization Term**”). Notwithstanding the foregoing, in accordance with the terms of the COB Funding Agreement, the City will initially fund \$5,000,000 (which includes \$500,000 previously advanced) which will amortize at the rate of \$250,000 per year. The City’s decision to fund the balance of \$5,000,000 of the Aggregate Amount is entirely discretionary. Notwithstanding anything to the contrary herein, COB hereby agrees that, while this Agreement remains in effect, there shall be no future amendment or modification to the COB Funding Agreement that will increase the Aggregate Amount granted under the COB Funding Agreement.

4. **KH’S PURCHASE PRICE PURSUANT TO RTP.** In the event that COB acquires title to the Property via foreclosure or a deed in lieu agreement should KH elect *not* to exercise the Purchase Right as provided in Section 2(b) hereof, COB shall take title to the Property subject to the RTP, among other encumbrances. In such event and notwithstanding anything to the contrary contained in RTP, including without limitation, Section 1.3 of the RTP, in the event that KH exercises its rights under the RTP and purchase the Property from COB, the purchase price for the Property shall be the *lesser* of (1) amount of the unamortized balance of the funds originally granted under the COB Funding Agreement, or (2) Four Million Five Hundred Thousand and 00/100 Dollars (\$4,500,000.00). In the event of any disagreement between the terms and conditions of this Agreement and the RTP, this Agreement shall control. This Section 4 shall survive foreclosure of the COB DOT.

5. RECORDING PROCEDURE

At closing of the sale of the Property between KQ and the Bellevue Arts Museum, a Washington nonprofit corporation, pursuant to that certain Purchase and Sale Agreement and Joint Escrow Instructions dated on or about September 23, 2025 (“**Property Sale PSA**”), KQ, COB, and KH shall agree to instruct the closing agent to record the applicable documents in the following order of priority:

- (a) ROFR;
- (b) KH ROFR DOT;
- (c) RTP;
- (d) KH RTP DOT;

- (e) COB Restrictive Covenant;
- (f) COB DOT;
- (g) Subordination Agreement;
- (h) Memorandum of this Agreement.

6. MISCELLANEOUS

(a) Obligations Unaffected

Except as otherwise provided in this Agreement, the COB Documents, ROFR, KH ROFR DOT, RTP, and the KH RTP DOT shall remain in full force and effect. COB hereby acknowledges and consents to the ROFR and RTP between KH and KQ. KH hereby acknowledges and consents to the COB Documents between COB and KQ.

(b) Entire Agreement

Except as otherwise stated herein, this Agreement comprises the entire and complete understanding of the parties with respect to the subject matter hereof and supersedes all prior agreements, oral or written, express or implied, and all negotiations or discussions of the parties, oral or written.

(c) Applicable Law; Venue

This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. Venue of any action or proceeding to enforce, interpret or otherwise related hereto shall lie in King County, Washington.

(d) Successors and Assigns

This Agreement, and the terms, covenants, and conditions hereof, shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns.

(e) Notices

All notices to be given pursuant to this Agreement shall be in writing and shall be deemed given when hand-delivered within normal business hours, when actually received by facsimile transmission during normal business hours, or two business days after deposited in the U.S. mail, postage prepaid, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing:

KH: Kemper Holdings, LLC
c/o Kemper Development Company
575 Bellevue Square
Bellevue, Washington 98004
Attn: President

COB: City of Bellevue
450 110th Ave. NE
Bellevue, WA 98009

Attn: _____

(f) Amendment

This Agreement may be amended only by a writing signed by the parties hereto, but this clause shall not impair the validity of any further agreements among fewer than all of the parties hereto as among themselves.

(g) Legal Fees and Costs

If any party hereto incurs attorneys' fees or costs because of the failure of one or more of the other parties to comply with any of the covenants or other obligations hereunder, or if any portion of this Agreement or the covenants or obligations hereunder otherwise becomes the subject of litigation or arbitration, the nonbreaching party or (in the case of litigation or arbitration) the prevailing party shall be entitled to reimbursement for its reasonable costs, expenses and attorneys' fees so incurred, including without limitation those incurred prior to the proceeding.

(h) Counterparts

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and whether or not all parties execute each counterpart.

(i) Memorandum; Authority

The parties hereby agree to record a memorandum of this Agreement in in the form attached hereto as Exhibit B. All parties hereby represent that they have the corporate authority to acknowledge and consent to the execution and recording of this Agreement.

[SIGNATURE PAGES FOLLOWS]

**SIGNATURE PAGE TO
INTERCREDITOR AGREEMENT AND OPTION TO PURCHASE**

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

KH:

KEMPER HOLDINGS, LLC,
a Washington limited liability company

By: Kemper Development Company,
a Washington corporation
Its: Manager

By: _____
John Carlson
Its: President

COB:

CITY OF BELLEVUE, a municipal corporation

By: _____
Name: _____
Title: _____

KQ ACKNOWLEDGEMENT AND AGREEMENT

For the purposes of acknowledging and agreeing to the applicable provisions hereof, including without limitation, Section 2 hereof:

KQ:

KIDSQUEST CHILDREN'S MUSEUM,
a Washington nonprofit corporation

By: _____
Name: _____
Title: _____

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

THE NORTH 140 FEET OF THE SOUTH 185 FEET OF THE NORTH TWO-THIRDS 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(S) 47, IN KING COUNTY, WASHINGTON;

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

EXCEPT THAT PORTION THEREOF 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.

APN: 154410-0272-00

EXHIBIT B

Form of Memorandum of Intercreditor Agreement and Option to Purchase

Return Address

Perkins Coie LLP
10885 NE Fourth Street, Suite 700
Bellevue, Washington 98004
Attn.: Craig S. Gilbert

Document Title(s) (or transactions contained therein):

1. MEMORANDUM OF INTERCREDITOR AGREEMENT AND OPTION TO PURCHASE

Reference Number(s) of Documents assigned or released:

(on page ___ of documents(s))

Grantor(s) (Last name first, then first name and initials):

1. CITY OF BELLEVUE, a municipal corporation of the State of Washington
2. KEMPER HOLDINGS, LLC, a Washington limited liability company

Grantee(s) (Last name first, then first name and initials):

1. KEMPER HOLDINGS, LLC, a Washington limited liability company
2. CITY OF BELLEVUE, a municipal corporation of the State of Washington

Legal description (abbreviated: i.e. lot, block, plat or section, township, range)

Portion of West half Lot 4, Blk 2, Cheriton Fruit Gardens, Plat No. 1

Full legal is on Exhibit A.

Assessor's Property Tax Parcel/Account Number

154410-0272-00

MEMORANDUM OF INTERCREDITOR AGREEMENT AND OPTION TO PURCHASE

THIS MEMORANDUM OF INTERCREDITOR AGREEMENT AND OPTION TO PURCHASE (“Memorandum”) is made as of the _____ day of May, 2026, by and among the City of Bellevue, a municipal corporation of the State of Washington (“**COB**”) and Kemper Holdings, LLC, a Washington limited liability company (“**KH**”). Kidsquest Children’s Museum, a Washington nonprofit (“**KQ**”) joins in for purposes of consenting to certain provisions of the Intercreditor Agreement (as defined below).

RECITALS

WHEREAS, KQ owns that certain real property legally described in the attached **Exhibit A** (the “**Property**”) as of the Effective Date;

WHEREAS, COB, KH and KQ have entered into that certain Intercreditor Agreement and Option to Purchase, dated of even date herewith (“**Intercreditor Agreement**”);

WHEREAS, the Intercreditor Agreement provides for recording this Memorandum in the official real property records of King County, Washington (the “**Records**”), for the purpose of establishing record notice of the existence of the Intercreditor Agreement.

AGREEMENT

In consideration of the foregoing premises, which are incorporated in this Memorandum by reference, and of the mutual promises and agreements set forth in the Agreement, the receipt and sufficiency of which are hereby acknowledged, Optionor and Optionee hereto agree to the following:

1. Notice. Record notice is hereby provided of the Intercreditor Agreement and the contents thereof, including without limitation, (i) an option to purchase the Property in favor of KH and (ii) an amendment to that certain Secured Right to Purchase Agreement of even date herewith, and recorded under King County No. _____ (“**RTP**”) concerning the purchase price for the Property in the event that COB acquires title to the Property.
2. Successors and Assigns. This Memorandum is binding on the parties hereto and each of their respective heirs, executors, administrators, legal representatives, successors and assigns and shall inure to the benefit of each such party.
3. Interpretation. This Memorandum shall be construed by a fair and reasonable interpretation of the words used without regard to which party drafted or caused to be drafted this Agreement. The captions of the paragraphs of this Memorandum are for convenience only and do not limit any terms or provisions.
4. Counterparts. This Memorandum may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall constitute one and the same instrument.

[Signature pages follow]

SIGNATURE PAGE TO MEMORANDUM OF
INTERCREDITOR AGREEMENT AND OPTION TO PURCHASE

IN WITNESS WHEREOF, KH has executed into this Memorandum as of the day and year first above written.

KH:

KEMPER HOLDINGS, LLC,
a Washington limited liability company

By: Kemper Development Company,
a Washington corporation

Its: Manager

By: _____
John Carlson

Its: President

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

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

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.

(Signature of Notary)

(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State
of Washington, residing at _____ .
My appointment expires: _____.

**COUNTERPART SIGNATURE PAGE
MEMORANDUM**

IN WITNESS WHEREOF, the COB has executed into this Memorandum as of the day and year first above written.

COB:

CITY OF BELLEVUE, a municipal corporation

By _____
Name: _____
Title: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

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

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.

(Signature of Notary)

(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State
of Washington, residing at _____.
My appointment expires: _____.

EXHIBIT A TO MEMORANDUM

Legal Description

THE NORTH 140 FEET OF THE SOUTH 185 FEET OF THE NORTH TWO-THIRDS 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(S) 47, IN KING COUNTY, WASHINGTON;

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