

OGDEN MURPHY WALLACE, P.L.L.C.
TERMS OF ENGAGEMENT

General Rates

The usual basis for determining our fees is the time expended by attorneys, paralegals and legal assistants of the firm. The rates for our services may change from time to time without notice, usually in September. Our current rate schedule is always available upon request. Whenever it is appropriate, we will use associate attorneys, law clerks or legal assistants in our office to keep your costs as low as possible.

Other Factors in Rates

Although time expended and costs incurred are usually the sole basis for determining our fees, by mutual agreement billings to you for legal services may, in some instances, be based on a more comprehensive evaluation of the reasonable value of the firm's services. The firm is committed to charging reasonable fees for its services. In certain situations, factors other than the amount of time required will have a significant bearing on the reasonable value of the services performed. Such factors include: the novelty and complexity of the questions involved; the skill required to provide proper legal representation; familiarity with the specific areas of law involved; the preclusion of other engagements caused by your work; the magnitude of the matter; the results achieved; customary fees for similar legal services; time limitations imposed by you or by circumstances; and the extent to which office forms and procedures have produced a high quality product efficiently.

In circumstances where our fees will be based on or include factors other than our normal hourly charges and costs, we will notify you promptly and prior to proceeding. Any basic document fee which we may charge in your business matters has been and will be set in light of these various factors.

Billing Fees and Costs

We will bill you on a regular basis, normally each month, for all the time spent on your project and for other costs incurred relating to our work or on your behalf. The activities for which our time will be billed will include: conference time, whether in person or on the telephone; document preparation and revision; negotiations; correspondence; staff or attorney supervision; factual and legal research and analysis; travel on your behalf; and other matters directly pertinent to and related to your business and/or litigation matters handled by our firm. Typical of the costs for which you will be billed would be: filing fees; delivery fees; computer assisted legal research; copying; long distance telephone charges; charges of outside experts and consultants; and travel.

Payment; Interest

You agree to make payment within thirty (30) days of receipt of our monthly statement. Outstanding balances that are not paid when due will accrue interest at the rate of one percent compounded monthly from the date of invoice until paid.

Advance Fee Deposit

New clients are usually requested to provide an advance fee deposit to the firm. The advance fee deposit is placed in a trust account as described below, and fees and expenses for legal services are then charged against the account. Paying an advance fee deposit does not relieve the client's obligation to pay monthly invoices. If an invoice remains unpaid, the firm reserves the right to apply the advance fee deposit to the unpaid balance and require an additional advance fee deposit before commencing further work. At the conclusion of our legal representation or at such time as the deposit is unnecessary, the remaining balance or an appropriate part of it will be returned to you.

Trust Deposits

All trust deposits from you will be held in a client trust account. By court rule in Washington, funds deposited to a trust account are subject to IOLTA (Interest on Lawyers Trust Account) participation in a pooled trust account. The exception is when the deposit is large enough to earn interest in excess of bank and administrative costs, and you request that it be held in a separate account, in which case the interest earned will be added to the deposit for your benefit and will be taxable income to you. IOLTA funds are used to support law-related charitable and educational activities.

Termination

You may terminate our representation at any time, with or without cause, by notifying us. Upon such action, all fees and expenses incurred before the termination are due to the firm. If such termination occurs, your original papers will be returned to you promptly upon receipt of payment for outstanding fees and costs. If you wish to have a copy of your file at the conclusion of our representation, we will provide it to you at the current copy rate per page then in effect at this firm.

Estimates

You may, from time to time, ask us for estimates of our fees and expenses either in whole or in part. We are hesitant to give estimates because of their potential inaccuracy. However, if you require it, and if we do provide you with such estimates, they will be based upon our professional judgment, but always with a clear understanding that it is not a maximum or fixed fee quotation. We cannot guarantee that the actual fees and expenses will be at or below the estimates because of factors outside the control of the firm.

Confidentiality and Electronic Communications

We owe a duty of confidentiality to all of our clients. Accordingly, you acknowledge that we will not be required to disclose to you, or to use on your behalf, any information in our possession with respect to which we owe a duty of confidentiality to another current or former client. In addition, unless you advise us to use some other form of communication, we intend to use various communications devices in the normal course (which may include wired or wireless e-mail, cellular telephones, voice over Internet and electronic data/document web sites) to communicate with and send or make available documents to you and others. Absent special arrangements or circumstances, we do not employ encryption technologies in our electronic communications. Although there is some security risk with the current technology, we believe the benefits from using this technology outweigh the risk of accidental

disclosure. By signing this letter, you consent to the use of these communication methods without encryption.

Dispute Resolution

If you disagree with the amount of our fee, please take up the question with your principal attorney contact or with the firm's managing member. Typically such disagreements are resolved to the satisfaction of both sides with little inconvenience or formality. Any disputes relating to these Terms of Engagement or the accompanying engagement letter (collectively this "agreement") or the amount of legal fees related thereto, will be submitted to arbitration through the American Arbitration Association (the "AAA") in Seattle, Washington, according to its then-effective rules, and Ogden Murphy Wallace, P.L.L.C. and you agree to be bound by the results of such arbitration. Arbitration expenses shall be borne equally by the parties. In the event of non-payment such that we have to pursue collection of your account, you agree to pay the costs of collecting the debt, including court costs and fees, and a reasonable attorney's fee.

Withdrawal

We reserve the right to withdraw from representing you if, for any reason, our fees are not timely paid in accordance with this agreement, or for any other appropriate cause.

Disclaimer

You acknowledge that we have made no guarantees regarding the disposition, outcome, or results of your legal or business matters, and all expressions we have made relevant thereto are only our opinions as lawyers based upon the information available to us at the time. Our beginning work on your behalf will constitute your acceptance of this agreement unless we receive a written objection from you within fourteen (14) days of the date of the accompanying engagement letter.

Conclusion

Thank you for retaining our firm. We look forward to working with you.

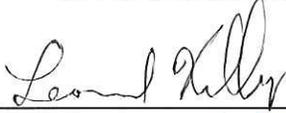
Deborah Knight, City Administrator

September 9, 2016

Page 4

CONSENTED TO THIS 13th DAY OF October, 2016.

CITY OF STANWOOD



By: Deborah Knight Leonard Kelley

Its: City Administrator Mayor