

# Delaware

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*The First State*

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "SUNSET CITY LESSEE, LLC", FILED IN THIS OFFICE ON THE TWELFTH DAY OF AUGUST, A.D. 2013, AT 10:58 O'CLOCK A.M.



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You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

  
Jeffrey W. Bullock, Secretary of State  
AUTHENTICATION: 0656889

DATE: 08-12-13

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CERTIFICATE OF FORMATION

OF

**Sunset City Lessee, LLC**

1. The name of the limited liability company is Sunset City Lessee, LLC
2. The address of its registered office in the State of Delaware is 2711 Centerville Road, Suite 400, City of Wilmington 19808, County of New Castle; and the name of the registered agent of the corporation in the State of Delaware at such address is Corporation Service Company.

IN WITNESS WHEREOF, the undersigned have executed this Certificate of Formation of Sunset City Lessee, LLC this 12<sup>th</sup> day of August, 2013.

By: /s/ Elizabeth Machaj  
Name: Elizabeth Machaj  
Title: Organizer

**LIMITED LIABILITY COMPANY  
OPERATING AGREEMENT  
OF  
SUNSET CITY LESSEE, LLC**

THIS LIMITED LIABILITY COMPANY OPERATING AGREEMENT is made and entered into as of the 12th day of August, 2013, by LaSalle Hotel Lessee, Inc., an Illinois corporation, together with any other Persons who, after the date of this Agreement, become members in the Company (collectively, the "Members").

WHEREAS, Sunset City Lessee, LLC (the "Company") was formed as a limited liability company by the filing of its Articles of Organization with the Secretary of the State of the State of Delaware on the 12th day of August, 2013; and

WHEREAS, the Members desire to set forth their respective rights and obligations in this Limited Liability Company Operating Agreement for the Company.

NOW THEREFORE, the parties agree as follows:

**ARTICLE 1**

**DEFINITIONS**

The following terms used in this Agreement shall have the following meanings:

- 1.1 "Act" shall mean the Delaware Limited Liability Company Act, as amended from time to time.
- 1.2 "Affiliate" shall mean, with respect to any Person, (i) any Person directly or indirectly controlling, controlled by or under common control with such Person, (ii) any Person owning or controlling 10% or more of the outstanding voting interests of such Person, (iii) any officer, director, or general partner of such Person, or (iv) any Person who is an officer, director, general partner, trustee, or holder of 10% or more of the voting interests of any Person described in clauses (i) through (iii) of this sentence.
- 1.3 "Agreement" shall mean this Limited Liability Company Operating Agreement as originally executed and as amended from time to time.
- 1.4 "Articles of Organization" shall mean the Articles of Organization of Sunset City Lessee, LLC, as filed with the Secretary of State of the State of Delaware on the 12th day of August, 2013, and as amended from time to time.

- 1.5 "Capital Account" shall mean, with respect to any Member, the aggregate amount of Capital Contributions made by such Member to the Company, (i) reduced by (A) any Losses allocated to such Member under Article 6, and (B) any distributions to such Member under Article 5; and (ii) increased by any Profits allocated to such Member under Article 6; and (iii) further adjusted as appropriate for other items, including items of tax-exempt income and nondeductible expenditures of the Company. The Capital Accounts of the Members shall be established and maintained in accordance with Treas. Reg. § 1.704-1(b)(2)(iv), or any similar successor provision. The Capital Account of any Member shall reflect all prior adjustments to the Capital Account of any prior holder of such Member's Interest in the Company, or portion thereof.
- 1.6 "Capital Contribution" shall mean any contribution to the capital of the Company in cash or property by a Member whenever made. "Initial Capital Contribution" shall mean the initial contribution to the capital of the Company pursuant to Section 4.1 of this Agreement.
- 1.7 "Code" shall mean the Internal Revenue Code of 1986, as amended, or corresponding provisions of subsequent superseding federal revenue laws.
- 1.8 "Company" shall mean Sunset City Lessee, LLC, a Delaware limited liability company.
- 1.9 "Distributable Cash" shall mean, with respect to any period, all cash revenues and funds received by the Company in such period, other than funds received as Capital Contributions, less the sum of the following (to the extent not made from funds received as Capital Contributions): (i) all sums paid to lenders in such period, including any Member or any Affiliate of a Member in its capacity as a lender; (ii) all cash expenditures, including capital expenditures, made in such period incident to the normal operation of the Company's business, including any fees, reimbursements and other amounts payable to any Member or its Affiliates as provided herein; and (iii) such reserves, whether for possible future capital expenditures, working capital, contingent liabilities or obligations of the Company, or otherwise, as the Managing Member believe are necessary or desirable for the operation of the Company's business.
- 1.10 "Economic Interest" shall mean a Member's share of the Company's Distributable Cash and Profits or Losses, but shall not include any right to participate in the management or affairs of the Company, or any right to vote on, consent to or otherwise participate in any decision of the Managing Member.
- 1.11 "Entity" shall mean any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative association, foreign trust or foreign business organization.
- 1.12 "Majority Approval" shall mean the approval of Members holding at least fifty-one percent (51%) of the Percentage Interest in the Company.
- 1.13 "Managing Member" shall mean LaSalle Hotel Lessee, Inc. and its successors and assigns.

- 1.14 "Members" shall mean each of the parties who execute a counterpart of this Agreement and each of the parties who may hereafter become Members pursuant to this Agreement.
- 1.15 "Membership Interest" shall mean a Member's entire interest in the Company including such Member's Economic Interest and the right to participate in the management of the business and affairs of the Company, including the right to vote on, consent to or otherwise participate in any decision or action of the Members granted pursuant to this Agreement or the Act.
- 1.16 "Percentage Interest" shall mean with respect to any Member the percentage which the number of such Member's Units bears to the number of all outstanding Units. Each Member's Percentage Interest is set forth on Exhibit A hereto, as the same may be amended from time to time.
- 1.17 "Persons" shall mean any individual or Entity, and the heirs, executors, administrators, legal representatives, successors, and assigns of such Person where the context so indicates.
- 1.18 "Profits" or "Losses" shall mean the profits or losses of the Company as determined for Federal income tax purposes, including each item of Company income, loss, gain or deduction (including nonrecourse deductions, as that term is used in Treas. Reg. § 1.704-2(b)(1)).
- 1.19 "Property" shall mean all property owned by the Company.
- 1.20 "Units" shall mean ownership units in the Company.

## **ARTICLE 2**

### **FORMATION, NAME, PURPOSE, OFFICE AND TERM**

- 2.1 Formation. The Company has been organized as a Delaware Limited Liability Company by executing and delivering Articles of Organization to the Delaware Secretary of State in accordance with and pursuant to the Act, and the Members hereby acknowledge and ratify the formation of the Company. Except as otherwise provided herein, the rights and liabilities of the Members shall be as provided in the Act.
- 2.2 Name. The name of the Company is "Sunset City Lessee, LLC".
- 2.3 Purpose. The purpose of the Company is to carry on any business permitted by the Act.
- 2.4 Principal Office and Registered Office. The principal office of the Company in the State of Delaware shall be located at the offices of its registered agent, Corporation Service Company, 2711 Centerville Road, Suite 400, City of Wilmington 19808, County of New Castle. The principal business office of the Company shall be 3 Bethesda Metro Center, Bethesda, MD 20814. The Company may have such other offices as the Managing Member may designate or as the business of the Company may from time to time require. The registered office and

the registered agent may be changed from time to time by filing the prescribed form with the Delaware Secretary of State by the Managing Member.

- 2.5 Term. The term of the Company has commenced upon the filing of the Articles of Organization with the Secretary of State, and shall continue until December 31, 2113, unless the Company is earlier dissolved in accordance with either the provisions of this Agreement or the Act.

### **ARTICLE 3**

#### **CLASS OF MEMBERS AND UNITS**

- 3.1 Classes of Members. The Company shall have one class of Members. The addresses and Percentage Interests of the Members are listed on Exhibit A attached hereto, which may be amended from time to time by the Company as Members are added or deleted.
- 3.2 Classes and Ownership of Units. The Company shall have one class of ownership Units. The Members by Majority Approval may from time to time create additional classes of Units.
- 3.3 Obligations of Members. Except as expressly stated in this Agreement, no Member will be personally liable for any debts or losses of the Company beyond its respective Initial Capital Contribution.

### **ARTICLE 4**

#### **CAPITAL CONTRIBUTIONS**

- 4.1 Initial Capital Contributions. LaSalle Hotel Lessee, Inc. shall make an initial capital contribution to the Company in the amount of \$1000.00 and shall receive 100 Units in exchange therefore.
- 4.2 Additional Capital Contributions. Members may make additional contributions to the capital of the Company with the unanimous consent of all of the members, but no Member shall be required to make any contribution to the capital of the Company other than the amounts required by Section 4.1 and shown on Exhibit A as its Initial Capital Contribution.
- 4.3 Loans. No Member shall have any obligation whatsoever to make loans to the Company. Loans may be made by a Member to the Company only upon the Majority Approval of the Members. Loans by Members to the Company shall not constitute a contribution to the capital of the Company or be credited to the Capital Account of the lending Member or entitle the lending Member to any increase in such Member's share of Company gains, profits or distributions or subject such Member to any greater proportion of the losses which the Company may sustain. Any loans made by any Member to the Company shall be on terms at least as favorable to the Company as terms which would be demanded by an unrelated lender.

- 4.4 No Right to Interest, Etcetera. Except as expressly provided herein, no Member shall have any right to demand or receive the return of its Capital Contribution to the Company or a redemption of its Units. No Member shall be entitled to interest with respect to any Capital Contribution or on such Member's Capital Account, notwithstanding any disproportion in such Capital Accounts among the Members. Except as otherwise provided herein, each Member shall look solely to the assets of the Company for all distributions with respect to the Company and such Member's Capital Contribution thereto and share of Profits or Losses thereof, and shall have no recourse therefor (upon dissolution or otherwise) against any other Member. No Member shall have any right to demand or receive property other than cash at any time, including upon dissolution and termination of the Company.

## **ARTICLE 5**

### **DISTRIBUTIONS**

- 5.1 Distributions of Distributable Cash. Except as provided in Section 5.2, the Distributable Cash of the Company shall be distributed to the Members in proportion to their Percentage Interests, at the times and in the amounts determined by the Managing Member in its sole discretion.
- 5.2 Distributions Upon Liquidation of the Company. Notwithstanding anything to the contrary in this Agreement, in the year of liquidation of the Company, the final liquidating distributions of the Company shall be made in accordance with the positive Capital Account balances of the Members, after all other adjustments, including final allocations of Profits or Losses pursuant to Section 6.3 hereof and all distributions are reflected in such Capital Accounts.

## **ARTICLE 6**

### **TAX MATTERS**

- 6.1 Taxation as a Partnership. It is the intention of the Members that the Company shall be classified as a partnership for Federal income tax purposes, and if for any reason at any time it appears that the Company may be classified as an association taxable as a corporation (or otherwise be subjected to an entity-level Federal income tax), then this Agreement shall be amended to carry out the intent of the Members that the Company be taxed as a partnership.
- 6.2 Allocation of Profits or Losses for Taxable Years Other than the Taxable Year of Liquidation. Except as provided in Sections 6.3 through 6.5 hereof, the Profits or Losses for each taxable year of the Company shall be allocated to the Members in proportion to their Percentage Interests.
- 6.3 Allocations of Profits or Losses in the Taxable Year of Liquidation. The Profits or Losses of the Company for the taxable year of liquidation of the Company shall be allocated immediately prior to the final liquidating distributions of the Company and shall be allocated

so that the Capital Accounts of the Members will, to the extent possible, be in proportion to the Percentage Interests of the Members.

- 6.4 Qualified Income Offset. Any Member who unexpectedly receives an adjustment, allocation, or distribution described in Treas. Reg. § 1.704-1(b)(2)(ii)(d)(4), (5), or (6) shall be allocated items of income and gain (consisting of a pro rata portion of each item of Company income, including gross income and gain for such year) in an amount and manner sufficient to eliminate such deficit balance as quickly as possible; provided, however, that this qualified income offset provision is intended to comply with the foregoing Treasury Regulation and shall be interpreted consistently therewith.
- 6.5 Allocation of Nonrecourse Deductions and Minimum Gain Chargeback. Notwithstanding the other provisions of this Article 6, Member nonrecourse deductions, as defined in Treas. Reg. § 1.704-2(b)(1), shall be allocated to the Members in proportion to their percentage Interests, consistent with the allocation of Losses under Section 6.2. If there is a net decrease in partnership minimum gain (as defined in Treas. Reg. § 1.704-2(b)(2)) of the Company during any fiscal year, each Member shall be allocated items of income and gain for such year (and if necessary, subsequent years) equal to the Member's share of the net decrease in partnership minimum gain during such year as provided by Treas. Reg. § 1.704-2(f)(1) and -2(g)(2). This Section 6.6 is intended to comply with the minimum gain chargeback requirement in such Treasury Regulations and shall be interpreted consistently therewith
- 6.6 Tax Matters Member. The Managing Member shall be the "tax matters partner" pursuant to Section 6231 of the Code. In the event of an audit of the Company's federal income tax return, the tax matters partner shall promptly advise the other Members of the audit and provide them with a copy of any final administrative adjustment resulting from such audit.
- 6.7 Tax Elections. The Managing Member may make any and all elections for federal, state and local tax purposes, including, without limitation, any election if permitted by applicable law to adjust the basis of property of the Company pursuant to Sections 754, 734(b) and 743(b) of the Code, or comparable provisions of state or local law in connection with transfers of Membership Interests and distributions of assets of the Company.

## ARTICLE 7

### MANAGEMENT

- 7.1 Managing Member. The Company shall be managed by the Managing Member. The Managing Member shall be responsible for the operations of the Company and shall have the right to make all decisions on behalf of the Company. No third party dealing with the Company in any matter shall be obligated to inquire into the propriety of the exercise of any power or authority by the Managing Member or any Person to whom the Managing Member has delegated any of its power or authority (including any officer of the Managing Member), and such third party shall be fully protected in accepting any written instrument executed by the Managing Member or Person stating that he or she has such power or authority. Except as otherwise set forth herein, no Member who is not a Managing Member shall have any



right or power to take part in the management or control of the Company or its business and affairs or to act for or bind the Company in any way.

- 7.2 Rights and Powers of the Managing Member; By-laws and Officers. The exclusive right to manage the business of the Company shall be vested in the Managing Member, who shall have all of the rights and powers which may be possessed by managers under the Act. The Managing Member may adopt By-Laws for the management of the Company, provided that no provision of such By-Laws may conflict with this Agreement. The Managing Member may provide for the appointment of officers (including without limitation a president, treasurer, secretary, vice presidents and other officers) of the Company, with such powers as may be delegated to such officers, and for such compensation and upon such other terms (including indemnification) as determined by the Managing Member in its sole discretion.
- 7.3 Duties of Managing Member; Other Activities. The Managing Member shall devote to the Company such time as may be necessary for the proper performance of all duties hereunder, but the Managing Member shall not be required to manage the Company as its sole and exclusive function, and the Managing Member may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, by virtue of this Agreement, to share or participate in other investments or activities of the Managing Member or to the income or proceeds derived therefrom.
- 7.4 Transactions with Affiliates. Subject to the other provisions of this Article 7, any of the Members or their Affiliates may be employed by the Managing Member on behalf of the Company and may receive from the Company fair and reasonable compensation therefor, and neither the Company nor any of the Members shall have, as a consequence of this Agreement, any rights in or to any such income earned by such Members or Affiliates.
- 7.5 Indemnification of Members by the Company. The Company shall indemnify any Person who was or is a party defendant or is threatened to be made a party defendant to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Company) by reason of the fact that he or she is or was a Member of the Company, or is or was serving at the request of the Company, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if the Members determine by Majority Approval (without taking into account the vote of any Members seeking indemnification under this Section 7.6) that he or she acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal action or proceeding, has no reasonable cause to believe its conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not in itself create a presumption that the Person is not entitled to indemnification under the foregoing standard.
- 7.6 Exculpation. No Member shall be liable to the Company or the other Members (a) for mistakes of judgment, or for other acts or omissions not amounting to willful misconduct or

gross negligence, or for losses or liabilities due to such mistakes or other acts or omissions, so long as he or she acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Company, or (b) due to the negligence, dishonesty or bad faith of any agent, employee or independent contractor retained or engaged to provide services, provided that reasonable care was exercised in selecting, employing or appointing such Person.

## **ARTICLE 8**

### **ACTIONS OF THE MEMBERS**

- 8.1 Informal Action of Members. Unless otherwise provided by the Act, any action required to be taken by the Members may be taken without a meeting if a consent thereto in writing, setting forth the action so taken, shall be signed by the number of Members necessary to take such action; and provided further that, any such consent may be signed in counterparts.
- 8.2 Meetings. The Managing Member may provide reasonable written rules for the conduct of meetings. The Managing Member may call meetings from time to time when necessary or desirable to conduct the business of the Company.

## **ARTICLE 9**

### **TRANSFER OF MEMBERSHIP INTERESTS**

- 9.1 Restrictions on Transferability. Except as otherwise provided in this Article 9, no Member may, directly or indirectly, sell, exchange, assign, pledge, grant a security interest, lien or other encumbrance in or against, or otherwise transfer or dispose of all or any portion of its Membership Interest without the prior written consent of the Managing Member, and any attempted or purported transfer without such consent shall be void ab initio and of no effect and shall not terminate the continued membership of such Member or confer any right on the proposed transferee or assignee.
- 9.2 Termination of Membership. Upon the death of a Member or the happening of any other event that terminates the continued membership of a Member for any reason, if the Company is not dissolved and continues pursuant to the Act and this Agreement, the Members shall be deemed to have consented to the transfer to the heirs, beneficiaries, personal representatives or other Person succeeding to the ownership of such Member's Membership Interest; however, in the event that the Membership Interest is transferred as described in this Section 9.2, the transferee shall succeed only to the departing Member's Economic Interest, and in no event will the transferee become a Member except as provided in Section 9.3.
- 9.3 Transferee as a Member. No transferee of a Membership Interest or any portion thereof shall become a Member of the Company unless (a) such transfer is approved by the unanimous consent of the Members or occurs in a transaction described in Section 9.2, and (b) in either case, until the transferee of the Membership Interest satisfies such additional requirements as the Members shall determine, including (i) the acceptance of, and Agreement to be bound by,

all of the terms and provisions of this Agreement, in form and substance satisfactory to the Members, (ii) the payment of such amount as the Members determine to cover all expenses incurred by the Company in connection with such substitution as a Member, and (iii) such other conditions as the Members may require. From and after the date such transferee or assignee becomes a substituted Member (with either an Economic Interest or both an Economic Interest and a Membership Interest), he or she shall have all of the rights and powers, and be subject to all of the restrictions and liabilities, of his transferor or assignor to the extent of the Membership Interest so transferred, but such substitution shall not release such transferor or assignor from liability to the Company for any contributions he agreed to make.

- 9.4 Legends on Certificates of Units. In the event that certificates representing the Units are issued (which the Managing Member may direct in its discretion), each such certificate shall be endorsed with a legend in substantially the following form:

"The Units represented by this certificate have been acquired for investment and have not been registered under the Securities Act of 1993 or under any state securities acts. The Units may not be sold or transferred in the absence of such registration or exemption therefrom under said acts and the existence of any such exemption must be established to the satisfaction of counsel for the Company."

"The Units represented by this certificate are subject to, and are transferable only upon compliance with, the provisions of the Limited Liability Company Operating Agreement of Sunset City Lessee, LLC dated as of the 12th of August, 2013."

## **ARTICLE 10**

### **BOOKS AND RECORDS; ACCOUNTING MATTERS**

- 10.1 Books of Account. The Managing Member shall maintain or cause to be maintained full and accurate books and records of the Company at the Company's principal place of business, showing all receipts and expenditures, assets and liabilities, profits and losses, and all other matters required by the Act. The books and records of the Company shall be open to the reasonable inspection and examination of each Member in person or by its duly authorized representative at any time during regular business hours for any purpose reasonably related to such Member's interest as a member.
- 10.2 Financial Records. All financial records shall be maintained and reported based on generally acceptable accounting practices and the accrual or cash basis method of accounting, as the Managing Member shall determine. Within a reasonable period after the close of each fiscal year, the Managing Member, at the Company's expense, will give a written report to each Member indicating such Member's share of the Company's income which requirement may be satisfied by giving each Member a copy of any tax form which includes such information.

- 10.3 Fiscal Year. The fiscal year of the Company shall be the calendar year.
- 10.4 Bank Accounts. All funds of the Company shall be deposited from time to time to the credit of the Company in such banks, trust companies or other depositories as the Managing Member may select.
- 10.5 Accountants and Attorneys. The Managing Member may select and dismiss accountants, attorneys or other professionals to perform services for the Company.

## **ARTICLE 11**

### **DISSOLUTION AND TERMINATION**

- 11.1 Dissolution. The Company shall be dissolved and its affairs shall be wound up upon the happening of the first to occur of the following events:
- (a) The expiration of the term of the Company;
  - (b) The Majority Approval of the Members;
  - (c) The sale or other disposition of all, or substantially all, of the assets of the Company and the collection of all amounts derived from such sale or other disposition (including all amounts payable to the Company under any promissory notes or other evidence of indebtedness taken by the Company in connection with such sale or other disposition, unless the Managing Member elects to distribute such evidence of indebtedness in kind);
  - (d) The death, retirement, resignation, expulsion, bankruptcy, court declaration of incompetence with respect to, or dissolution of, a Member or the occurrence of any other event that terminates the continued membership of a Member in the Company, unless the business of the Company is continued by the Majority Approval of the remaining Members within ninety days after the event; or
  - (e) Any other event that, under the Act, would cause the dissolution of the Company or make it unlawful for the business of the Company to be continued.
- 11.2 Distribution of Assets Upon Dissolution. Upon the dissolution and winding up of the Company, the assets of the Company shall be liquidated in an orderly manner, with due regard for the effects of then current market conditions on the sale of the Property of the Company, and thereafter distributed as follows: (a) to creditors of the Company (including Members who are creditors, to the extent otherwise permitted by law), in satisfaction of liabilities of the Company; and (b) to the Members in accordance with Article 5 of this Agreement.
- 11.3 Articles of Dissolution. When all debts, liabilities and obligations of the Company have been paid and discharged or adequate provision has been made therefor and all of the remaining

property and assets of the Company have been distributed to the Members, the Managing Member shall execute and file articles of dissolution pursuant to the Act.

- 11.4 Winding Up. Except as provided by law, upon dissolution, each Member shall look solely to the assets of the Company for the return of its Capital Contribution. If the assets remaining after the payment or discharge of the debts and liabilities of the Company are insufficient to return the Capital Contribution of each Member, such Member shall have no recourse against any other Member.

## **ARTICLE 12**

### **MISCELLANEOUS PROVISIONS**

- 12.1 Amendment. Any amendment of this Agreement shall require the Majority Approval of the Members; provided, however, that this Agreement may be amended only with the consent of the affected Member if the amendment would adversely change such Member's required Capital Contributions or Economic Interest in the Company.
- 12.2 Notices. Any notice, distribution, demand or other communication required or permitted to be given under this Agreement shall be deemed to have been given for all purposes on the earlier of (a) the date when received (whether received by mail, courier, facsimile or other means) or (b) the second business day following the date of mailing if sent by registered or certified mail, postage prepaid, addressed if to the Company at its principal office, and, if to a Member, at its address as it appears in the Company's records.
- 12.3 Waiver of Partition. Each Member irrevocably waives any right that he or she may have to maintain any action for partition with respect to the Property or any other asset of the Company.
- 12.4 Construction. As used in this Agreement, the singular shall include the plural, and the masculine shall include the feminine and neuter and vice versa, as the context requires.
- 12.5 Headings. The headings in this Agreement are inserted for convenience only and shall not in any way define or affect the meaning, construction or scope of any provision of this Agreement.
- 12.6 Binding Effect. Subject to the provisions of this Agreement restricting transfers of interests in the Company, this Agreement shall be binding upon, and shall inure to the benefit of, the parties and their respective heirs, personal representatives, successors and assigns.
- 12.7 No Waivers; Remedies Cumulative. Neither the waiver by any Member of a breach of or a default under any provision of this Agreement, nor the failure of any Member on one or more occasions to enforce any of the provisions of this Agreement or to exercise any right, remedy or privilege hereunder, shall be construed as a waiver of any subsequent breach or default of a similar nature or as a waiver of any such provision, right, remedy or privilege. No failure or delay on the part of either Member or the Company in exercising any right, power or

privilege under this Agreement and no course of dealing between the Members or between any Member and the Company shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided in this Agreement are cumulative and not exclusive of any other rights or remedies which a Member or the Company would otherwise have at law or in equity.

- 12.8 No Third Party Beneficiary. This Agreement is for the benefit of the Members and the Company, and no other Person shall have any rights, interest or claims under this Agreement or be entitled to any benefits under or on account of this Agreement as a third party beneficiary or otherwise.
- 12.9 Attorneys' Fees and Expenses of Litigation. If any Member shall bring suit to enforce or interpret this Agreement, the substantially prevailing party shall be entitled to a reasonable sum as attorneys' fees and all other reasonable costs and expenses in connection with such suit, which sum shall be included in the judgment or decree entered in such suit.
- 12.10 Governing Law and Partial Invalidity. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware. If any part of this Agreement shall be held invalid for any reason, the remainder of this Agreement shall continue in full force and effect.
- 12.11 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. In addition, this Agreement may contain more than one counterpart of the signature page, and this Agreement may be executed by the affixing of the signature of each of the Members to any of such counterpart signature pages; all of such counterpart signature pages shall be read as those one, and they shall have the same force and effect as though all of the signers had executed a single signature page.

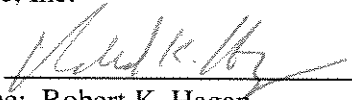
### **CERTIFICATION**

THE UNDERSIGNED, being the Members of Sunset City Lessee, LLC, a Delaware limited liability company, hereby evidences its adoption and ratification of the foregoing Limited Liability Company Operating Agreement of the Company.

EXECUTED by the Members as of the date of this Limited Liability Company Operating Agreement.

Managing Member:

LaSalle Hotel Lessee, Inc.

By:   
Name: Robert K. Hagan  
Title: Assistant Secretary

## EXHIBIT A

### Members, Capital Contributions, and Percentage Interests

<u>Name and Address</u>	<u>Initial Capital Contribution</u>	<u>Units</u>	<u>Percentage Interest</u>
LaSalle Hotel Lessee, Inc. 3 Bethesda Metro Center Bethesda, MD 20814	\$1,000	100.00	100%
<hr/>			
TOTALS	\$1,000	100.00	100.00%