

SNOHOMISH COUNTY COUNCIL
Snohomish County, Washington

MOTION NO. 25-298

AUTHORIZING THE EXECUTIVE TO EXECUTE AMENDMENT NO. 1 TO OPTION
TO LEASE LAND TO CAPSTONE PARTNERS NW, LLC
AT THE SNOHOMISH COUNTY AIRPORT

WHEREAS, Capstone Partners NW, LLC (Capstone) signed an exclusive option to lease land at Snohomish County Airport at Paine Field for the purpose of developing 57.8 acres of land on the west side via Snohomish County Council Motion 21-430 on December 21, 2021; and

WHEREAS, Capstone is a local developer, and longtime tenant, who desires to develop the site for uses consistent with the FAA-approved Airport Layout Plan; and

WHEREAS, Capstone would like to amend the original option to add an additional three (3) years due to permitting backlog issues and reduce the total land to 36.5 acres as provided in the Option; and

WHEREAS, a final lease, if executed, will be at the current appraised fair market value. If the Option was exercised immediately, it would generate \$1,362,578.58 per year for the Airport Enterprise Fund; and


WHEREAS, the Option to lease is set at 10% of Fair Market Value (FMV) and all permitting fees are eligible for a credit against the option fee, but in no event shall this exceed the option fee; and

WHEREAS, the Snohomish County Executive is authorized to enter, sign and amend leases pursuant to SCC 2.10.010(12) and SCC 15.04.040(3), which provide, among other items, the county executive may recommend individual licenses or leases for approval by the County Council;

NOW, THEREFORE, ON MOTION, the Snohomish County Council authorizes the Snohomish County Executive to execute an Option to Lease Land Amendment No. 1 with Capstone Partners NW, LLC at Snohomish County Airport in the form attached hereto.

PASSED this 9th day of July, 2025.

SNOHOMISH COUNTY COUNCIL
Snohomish County, Washington



Council Chair

ATTEST:



Deputy Clerk of the Council

**AMENDMENT NO.1 TO
CAPSTONE PARTNERS NW, LLC
OPTION TO LEASE LAND
AT THE SNOHOMISH COUNTY AIRPORT**

This Amendment No. 1 to Capstone Partners NW, LLC Option to Lease Land is made by and between SNOHOMISH COUNTY (the "County"), a political subdivision of the state of Washington, and Capstone Partners NW, LLC ("Capstone"), a Washington limited liability company parties to Option To Lease Land dated December 20, 2021.

WHEREAS, the Airport desires to reduce the size of the Option Property; and

WHEREAS, the Option Property area is reduced from 57.8 acres to 36.5 acres; and

WHEREAS, Capstone has successfully completed all items as set forth in Section 2.1 of the Option to Lease Land, Special Lease Option Extension, and has met with Federal Aviation Administration and Corps of Engineers and has made refinements to their proposal by reducing wetland impacts and refining their site plan per Corps of Engineers regulations; and

WHEREAS, Capstone and Snohomish County formally submitted the Joint Aquatic Resources Permit Application (JARPA) on November 12, 2024; and

WHEREAS, Capstone and Snohomish County acknowledge that an Environmental Assessment (EA) will be needed for National Environmental Policy Act (NEPA) approval and budget has been provided in Exhibit E-1; and

WHEREAS, both parties acknowledge that permitting may take up to three (3) years due to backlog of permits with other agencies and staffing issues at National Marine Fishery Service, a regulatory agency party to the permitting process.

In consideration of the terms contained herein, the receipt and sufficiency of which are hereby acknowledged, IT IS HEREBY AGREED AS FOLLOWS:

1. The Option Property area is reduced from 57.8 acres to 36.5 acres. As such, **Section 1. Grant of Option** is deleted and replaced with, as follows:

During the "Term" (as defined in Section 2 of the Option), and subject to all terms and conditions set forth herein, the County grants to Capstone, an exclusive right and option to negotiate and enter into the Land Lease for the following Airport real property ("Option Property") consisting of approximately 1,589,940 square feet; or 36.5 acres and depicted in **Exhibit A and Exhibit A-1**, and legally described as follows:

Property Description: THAT PORTION OF LOTS 3 THROUGH 9 AND LOTS 12 THOUGH 18 OF THE PAINE FIELD AIRPORT SECTOR 8 BINDING SITE PLAN RECORDED UNDER AUDITOR'S FILE NUMBER 200812105005, RECORDS OF SNOHOMISH COUNTY, WASHINGTON Record of Survey, recorded under Recording Number 200812105004, records of Snohomish County, Washington.

1.1 Exclusive Right. The option rights granted by the County to Capstone hereunder be exclusive during the Term. From the date of this Option through the Term, the County covenants and agrees that it will not sell, agree to sell, transfer, lease, assign or encumber the Property, with the exception of any federal government right of reverter.

3. **Section 2. Term; Exercise; Termination.** Based upon the additional time anticipated and necessary for permitting, including the backlog of permits with other agencies and staffing issues at National Marine Fishery Service, a regulatory agency party to the permitting process, and in consideration of the completion of various items by Capstone outlined in the Option, the Term of the Option is extended as follows:

The term of this agreement shall be extended three (3) years from execution of this Option Amendment No. 1.

4. **Section 3. Fees for Option** is deleted and replaced with, as follows:

Fees for Option. Commencing on the Effective Date of Amendment No. 1, Option fees payable by Capstone for this Option shall be in the amount of **\$11,354.82 per month** for the Term of this Option (the Option Fee is 10% of the current land lease rate, no leasehold excise tax required). The current land lease rate for the Option Property is **\$1,362,578.58 per year**, plus leasehold excise tax. The calculations for both the option fee and land lease rates are set forth in **Exhibit B-1**. The actual Land Lease rate will be set at the time of execution of the Land Lease at the current appraisal rate at the time.

Capstone will be entitled to a credit against the Option fees in **Exhibit E-1** including costs due to Corps of Engineers and Federal Aviation Administration (FAA) wetland impact negotiations of approximately three (3) acres, for the Wetland Permitting Budget, estimated on **Exhibit E-1**, subject to review and approval by the County and subject to the limitation that in no event shall the credits exceed the option fee. Capstone shall prepare a Wetland Permitting Budget that shall be approved by the County. The Wetland Permitting Budget shall take the form shown in **Exhibit E-1**. In the event Capstone terminates this Option and does not execute a Land Lease, Capstone shall not be entitled to recovery of Wetland Permitting Budget, which are not recovered during the Term of the Option. If the Option is exercised, and a land lease is executed then any credit not provided by the County during the option period from **Exhibit E-1** shall be transferred as a Capital Improvement Reimbursement (CIR) to the newly executed lease. The CIR dollar amount to be transferred shall be declared in the newly negotiated and executed lease agreement. The CIR credit shall be applied towards future rent only as it accrues monthly as agreed upon in the executed lease agreement. Capstone is not entitled to recovery of these credits as a refund.

5. **Exhibit A** of the Lease Option is deleted and replaced with amended **Exhibit A-1**.
6. **Exhibit A-2** of the Lease Option is added to the Lease Option.

7. **Exhibit B** of the Lease Option is deleted and replaced with amended **Exhibit B-1**.
8. **Exhibit E** of the Lease Option is deleted and replaced with amended **Exhibit E-1**.
9. All other terms and conditions of the Option to Lease Land not inconsistent with the terms of this Amendment No. 1 shall remain in full force and effect.

Dated this 19 day of March, 2025.

Snohomish County

By Fong, Michael Digitally signed by Fong, Michael
Date: 2025.07.10 11:09:44 -07'00'

County Executive (or designee)

Capstone Partners NW, LLC (Optionee)

By E-SIGNED by Mike Hubbard
on 2025-03-19 16:33:58 PDT

Its Mike Hubbard
Capstone Partners NW, LLC

Approved as to form:

E-SIGNED by Michelle Corsi
By on 2025-03-20 11:23:02 PDT
Deputy Prosecuting Attorney

Approved as to form:

E-SIGNED by Sheila Barker
By on 2025-03-20 08:09:04 PDT
Snohomish County Risk Manager

EXHIBIT "A-1"

LEGAL DESCRIPTION

Snohomish County Paine Field
Lease Capstone
November 6, 2024

LEASE AREA: CAPSTONE

THAT PORTION OF LOTS 3 THROUGH 9 AND LOTS 12 THROUGH 18 OF THE PAINE FIELD AIRPORT SECTOR 8 BINDING SITE PLAN RECORDED UNDER AUDITOR'S FILE NUMBER 200812105005, RECORDS OF SNOHOMISH COUNTY, WASHINGTON DESCRIBED AS FOLLOWS:

COMMENCING AT THE WEST QUARTER CORNER OF SECTION 15, TOWNSHIP 28 NORTH, RANGE 4 EAST OF W.M.

THENCE SOUTH 88°45'46" EAST ALONG THE QUARTER SECTION OF SAID SECTION 15 FOR A DISTANCE OF 220.33 TO THE EAST MARGIN OF PAINE FIELD BOULEVARD AND THE WEST LINE OF SAID BINDING SITE PLAN AND TO A POINT ON AN ARC OF A NON-TANGENTIAL CURVE WHOSE CENTER BEARS NORTH 88°01'46" EAST, HAVING A RADIUS OF 17,486.84 FEET AND TO **THE TRUE POINT OF BEGINNING**;

THENCE NORTHERLY ALONG THE SAID EAST MARGIN AND SAID WEST LINE AND THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 3°23'55" FOR A DISTANCE OF 1037.24 FEET TO THE SOUTH LINE OF A LEASED AREA (SNOHOMISH COUNTY) AS DESCRIBED ON PAGE 5 OF 11, RECORDED UNDER AUDITOR'S FILE NUMBER 201907230500, RECORDS OF SNOHOMISH COUNTY WASHINGTON;

THENCE SOUTH 89°39'09" EAST ALONG SAID SOUTH LINE FOR A DISTANCE OF 482.15 FEET TO THE WEST LINE D.O.C. AREA LEGAL DESCRIPTION AS DESCRIBED ON PAGE 8 OF 11, RECORDED UNDER AUDITOR'S FILE NUMBER 201907230500, RECORDS OF SNOHOMISH COUNTY WASHINGTON;

THENCE SOUTH 0°13'00" WEST ALONG SAID WEST LINE FOR A DISTANCE OF 149.90 FEET TO THE SOUTH LINE OF SAID D.O.C. AREA;

THENCE SOUTH 89°46'26" EAST ALONG SAID SOUTH LINE FOR A DISTANCE OF 177.26 FEET TO POINT OF INTERSECTION WITH THE WEST LINE OF D.O.C. PAD AREA LEGAL DESCRIPTION AS DESCRIBED ON PAGE 7 OF 11, RECORDED UNDER AUDITOR'S FILE NUMBER 201907230500, RECORDS OF SNOHOMISH COUNTY WASHINGTON;

THENCE SOUTH 0°29'25" WEST ALONG SAID WEST LINE FOR A DISTANCE OF 19.69 FEET TO THE SOUTH LINE OF SAID D.O.C. PAD AREA;

THENCE NORTH 90°00'00" EAST ALONG SAID SOUTH LINE FOR A DISTANCE OF 258.98 FEET TO THE SOUTHEAST CORNER OF SAID D.O.C. PAD AREA;

THENCE CONTINUING NORTH 90°00'00" EAST FOR A DISTANCE OF 35.16 FEET;

THENCE SOUTH 0°13'37" WEST FOR A DISTANCE OF 1,595.75 FEET;

THENCE NORTH 90°00'00" WEST FOR A DISTANCE OF 908.04 FEET TO THE EAST MARGIN OF PAINE FIELD BOULEVARD AND THE WEST LINE OF SAID BINDING SITE PLAN;

THENCE NORTH 2°44'58" WEST ALONG SAID EAST MARGIN AND SAID WEST LINE FOR A DISTANCE OF 494.90 FEET TO A POINT ON AN ARC OF A TANGENTIAL CURVE TO THE RIGHT HAVING A RADIUS OF 17,486.84 FEET;

THENCE NORTHERLY ALONG SAID EAST MARGIN AND SAID WEST LINE AND THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 0°46'44" FOR A DISTANCE OF 237.75 FEET AND THE **TRUE POINT OF BEGINNING**.

SITUATE IN THE COUNTY OF SNOHOMISH, STATE OF WASHINGTON.

CONTAINING 36.5 ACRES, MORE OR LESS.

SEE ATTACHED EXHIBIT "A-2"

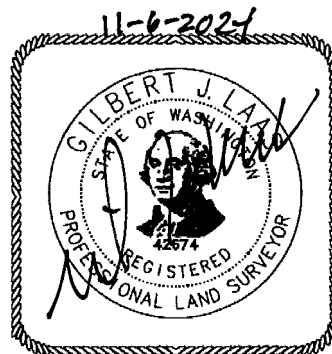
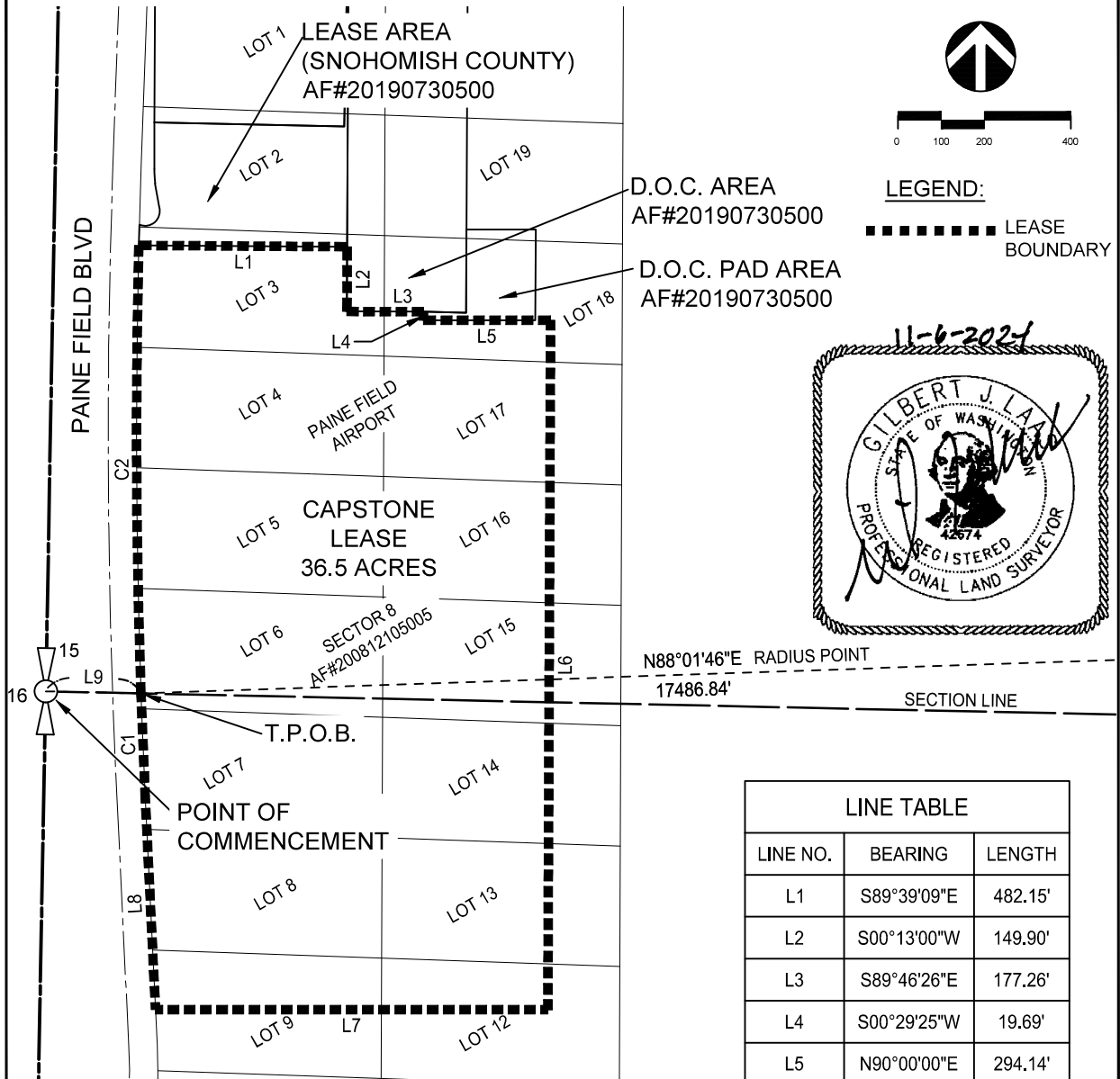


EXHIBIT "A-2"

NW $\frac{1}{4}$, & SW $\frac{1}{4}$ OF SEC 15 TWP. 28 N, R. 4E., W.M.



LINE TABLE		
LINE NO.	BEARING	LENGTH
L1	S89°39'09"E	482.15'
L2	S00°13'00"W	149.90'
L3	S89°46'26"E	177.26'
L4	S00°29'25"W	19.69'
L5	N90°00'00"E	294.14'
L6	S00°13'37"W	1595.75'
L7	N90°00'00"W	908.04'
L8	N02°44'58"W	494.90'
L9	S88°45'46"E	220.33'

CURVE TABLE			
CURVE NO.	DELTA	RADIUS	LENGTH
C1	0°46'44"	17486.84	237.75
C2	3°23'55"	17486.84	1037.24

CAPSTONE
DATE: 11-06-2024

G:\11-06-24 2:33pm - P:\S\SCWX00000208\0400CAD\SV\SHEETS\sv-EM-01-scw0208.dwg
FILE SCWX0208 / SV-EM-01-SCWX0208

DE
DAVID EVANS
AND ASSOCIATES INC.
1620 W. Marine View Drive, Suite 200
Everett Washington 98201
Phone: 425.259.4099

**EXHIBIT B-1
RATE SCHEDULE**

A403013 - Capstone Lease Option

Option: 721-002

West Side Development at Paine Field

Original Option Term No. 1: December 20, 2021 - December 19, 2024

Amendment No. 2 Option Term: Three (3) Years from Effective Date

One (1) Three Year Option Extension, Amendment No. 2 - No Option Extensions

Westside Development Option

	Land Rent & License Fees	Acres	Square Feet	Rate/SF/Yr	Annual Fees	Monthly Fees	Leasehold Excise Tax	Monthly Rent w/LET
Per § 3.0	Westside Development Land Lease Area ¹	36.50	1,551,631	0.857	\$ 1,329,747.53	\$ 110,812.29	\$ 14,228.30	\$ 125,040.59
Storm Water Facility								
Per § 15.0	Smugglers Gulch Storm Water Facility ²	0.88	38,309	0.857	\$ 32,831.05	\$ 2,735.92	\$ 351.29	\$ 3,087.21
	Total	37.38	1,589,940		\$ 1,362,578.58	\$ 113,548.21	\$ 14,579.59	\$ 128,127.80
Option = 10% of Fair Market Value						Total Yearly Option Fee No LET		\$ 136,257.86
Option = 10% of Fair Market Value						Total Monthly Option Fee No LET		\$ 11,354.82

Option to Lease (10% of FMV, Appraisal 2025)

¹Option may be exercised at any time and be prorated to actual lease rates.

Per § 15.0 ²Smugglers Gulch Storm Water Facility is leased at 132,604sf under the Dream Lifter Operations Center (DOC) lease.

Per § 15.0 ²Smugglers Gulch totals 81,500sf. Dream Lifter Operations Center represents 43,191sf.

Exhibit E-1

Original Option Agreement – Wetland Permitting Budget

Consultant	Company	Contact	Cost Estimate	
Project Management	Capstone Partners	Mike Hubbard	\$	120,000.00
Architect	Nelson	Kathy Craft	\$	45,000.00
Civil	Jacobs	Kevin Cooley	\$	550,000.00
Environmental	Watershed	Hugh Mortensen	\$	127,000.00
GeoTech	GeoEngineers, Inc	Deb Overbay	\$	69,100.00
Traffic	Gibson Traffic	Edward Koltonowski	\$	75,000.00
Original Option Total			\$	986,100.00

County Credit Given in Original Option	Credit Used	\$	(551,346.26)
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Total Remaining Balance	Remaining Balance	\$	434,753.74
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Option Amendment No. 1 – Additional Permitting Budget

Environmental Assessment - Addition	Additional Credit	\$	400,000.00
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Total available credits upon execution of Option Amendment No. 1		\$	834,753.74
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NOTE: If Option is exercised and a land lease is executed than any credit not provided by County during the option period from **Exhibit E** shall be transferred as a Capital Improvement Reimbursement (CIR) to the newly executed lease. The CIR dollar amount to be transferred shall be declared in the newly negotiated and executed lease agreement. The CIR credit shall be applied towards future rent only as it accrues monthly as agreed upon in the executed lease agreement. Capstone is not entitled to recovery of these credits as a refund.