

**SIERRA SERVICES, INC.
OPTION TO LEASE LAND
AT THE SNOHOMISH COUNTY AIRPORT**

This Exclusive Option to Lease Land at the Snohomish County Airport ("Option") is entered this ____ day of _____ 2024 ("Effective Date"), by and between Snohomish County ("County") and Sierra Services, Inc. ("Sierra"), a Washington corporation.

WHEREAS, Sierra desires to obtain an exclusive option to lease certain real property set forth herein within the Snohomish County Airport, Paine Field ("Airport") for purposes of developing corporate aviation hangars on the site compatible with the uses of nearby properties (i.e. industrial, warehouse and office space).

NOW, THEREFORE, in consideration of the benefits to Sierra and the County and the mutual covenants of the parties set forth herein and other goods and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by both parties, the parties hereby covenant and agree as follows:

1. Grant of Option. During the "Term" (defined below), and subject to all terms and conditions set forth herein, the County grants to Sierra, an exclusive right and option to negotiate and enter into a lease (the "Lease") of the following Airport real property consisting of approximately **285,587 square feet**; or **6.56 acres** and depicted in **Exhibit A**, Lease Option Area hereinafter referred to as the "Property" which is contained within:

Property Description: Sector 6 of the Binding Site Plan, Lots 22 and 36 which consists of 285,587 square feet. That portion of the northeast quarter of the northeast quarter of Section 27, and the southeast quarter of the southeast quarter of Section 22, Township 28 North, Range 04 East, W.M.

Parcel Numbers: Lot 22 #28042200402300
 Lot 36 #28042200403600

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

2. Term; Exercise; Termination. The term of this Option shall commence on the Effective date set forth above and shall continue for a period of six (6) months from the Effective Date of this Lease Option (the "Term") subject to extension as set forth in Section 2.1. Exercise of this Option by Sierra is subject to the decision-making authority of the County Executive (or Airport Director) under Title 15 SCC, which authority shall be exercised following completion of environmental review as provided in 8 herein. To exercise this Option, Sierra and the County Executive (or Airport Director) must reach mutual agreement on all terms and conditions of a final lease (the "Final Lease") of the Property and Sierra must deliver an executed and completed Final Lease to the County on or before the expiration of the Term. As used herein the term "Final Lease" shall mean a mutually agreed upon written lease of the Property, subject to the provisions herein and in paragraph 8 herein, in the standard current Snohomish County Airport form, with

lease exhibits describing the premises and the improvements to be constructed (to the extent then reasonably known), which have been approved in writing by the County Executive (or the Airport Director) and fully executed by Sierra. County and Sierra acknowledge that the Snohomish County Airport's standard form lease in draft is attached hereto as **Exhibit C (Exhibit C - Land Lease Construction by Lessee Form)** and shall be subject to modifications once specific details of lease and construction are known and finalized. The Final Lease must be personally served upon the Airport Director or mailed as set forth in paragraph 12 below. If Sierra fails to execute and deliver such a Lease, this Option shall terminate without penalty to either party, but such termination shall not preclude the parties from subsequently negotiating and executing a lease of the Property on terms acceptable to both parties. If during the Option term, this project is determined not to be financially feasible by either Sierra or County, either party may terminate this Option with thirty (30) days' written notice.

- 2.1 Special Lease Option Extension. This option maybe extended at the County's sole discretion one (1) time for an additional six (6) months with written notice and submission of a conceptual project site plan with 30% of the design completion and copies of all due diligence reports, plans and or studies to the County no later than fifteen (15) business days prior to the end of the initial term.

3. Fees for Option. Option fees payable to County by Sierra for the Option shall be in the amount of **\$2,713.08** per month for the term of this Option as calculated in **Exhibit B** (an amount equal to ten percent (10%) of the initial monthly land rent for the Property,) commencing on the Effective date. The current initial full land lease rate for the use of this Property as commercial and/or retail, is **\$325,569.18** per year (\$1.14 x 285,587 sf) or **\$27,130.77** per month, plus utilities fees to be determined during lease negotiations. The Final Lease rate will be at the then current appraisal rate at the time of Final Lease execution. If Section 2.1, Special Lease Option Extension, is exercised for an additional six (6) months, payment is adjusted to equal 10% of the annual land rent determined by the then current market appraisal, not less than **\$2,713.08** per month.

4. Use. Sierra intends to use the Property for purposes of developing the site for corporate aviation hangars, ramp and taxiway. Prior to exercise of Option to Lease, Sierra shall provide to County construction plans and final layout of facility Sierra's use is subject to approval of County in its sole discretion as to compatible land use for airport property and subject to restrictions for non-aeronautical terminal concessions and other restriction, limitations, or rights of exclusivity provided in the Propeller lease.

5. Suitability Studies. County will permit Sierra at any time after this Option is executed and either before or after its exercise, to enter the Property to make engineering and other due diligence studies, including soil tests and borings, on the premises to determine the suitability of the premises for Sierra's proposed use; provided, however, that all such studies shall be at Sierra's cost, shall be the property of Sierra and not the property of the engineer or consultant performing such studies, and further, that in the event the Option is not exercised by Sierra, all such studies shall be delivered to County for the use of County for information purposes only without charge to the County.

6. Assignment to Others. Sierra may not assign this Option or the right to exercise the Option to any other person or entity without the written consent of County.

7. Delivery of Possession. Possession will be given upon delivery and execution of Final Lease. No construction may begin on the Property until a Final Lease has been executed by Sierra and County.

8. Exercise of Option Subject to SEPA Compliance. Execution of the Final Lease may be subject to compliance with RCW 43.21C, the State Environmental Policy Act ("SEPA"). Sierra and County agree that a SEPA process may be required by the County prior to execution of the Final Lease. Sierra and County further agree that the County is not required to enter into a Final Lease depending on the results of SEPA review or may condition the Final Lease based on the results of SEPA review. Sierra shall provide County all information necessary to comply with SEPA and shall pay Snohomish County Airport as lead agency a fee for threshold determinations pursuant to Snohomish County Code 30.86.500 SEPA Fees which may change from time to time. Said fee must be paid prior to County undertaking a threshold determination and the time period for making a threshold determination shall not begin to run until the payment of the fee. Additional charges for mitigated threshold determinations, determinations beyond the scope of the initial review, withdrawals and new threshold determinations, and environmental impact statements shall be as set forth in Snohomish County Code. In the event the SEPA, process, or the decision-making authority of the County Executive or Airport Director under Title 15 SCC, is not completed prior to expiration of the Term through no fault of Sierra, at Sierra's election, the Term of this Option shall be automatically extended for consecutive two (2) month periods until such SEPA review and/or decision-making process has been completed.

9. Documents, Drawings and Specifications Provided by Sierra. Sierra shall provide and pay for all project design drawings and specifications, as well as pay for all architectural services required by Sierra during the Term. Sierra acknowledges that prior to commencement of any development activity and notwithstanding a Final Lease, all required permits or approvals must be obtained from the County or any other agency with jurisdiction in accordance with applicable law and the project design drawings and specifications shall be in a form sufficient to satisfy the requirements of Snohomish County Planning and Development Services for use in review and issuance of any necessary permits.

10. Hold Harmless. To the maximum extent permitted by law and except to the extent cause by the sole negligence of the County, Sierra shall protect, save harmless, indemnify, and defend, at its own expense, the County, its elected and appointed officials, officers, employees and agents, from any and all suits, claims, actions, losses, costs, penalties and damages of whatsoever kind or nature, including concurrent liability, arising out of, or in connection with, or incidental to this Option, or the entry upon the Property by Sierra, its employees, agents, and contractors, including claims by County's employees or third parties. In addition, the Sierra shall assume the defense of the County and its officers and employees in all legal or claim proceedings arising out of, in connection with, or incidental to this Option and shall pay all defense expenses, including reasonable attorney's fees, expert fees and costs incurred by the County on account of such litigation or claims.

This indemnification obligation shall include, but is not limited to, all claims against the County by an employee or former employee of Sierra, and Sierra, by mutual negotiation, expressly waives all immunity and limitation on liability, as respects the County only, under any industrial insurance act, including Title 51 RCW, other Worker's Compensation act, disability benefit act, or other

employee benefit act of any jurisdiction which would otherwise be applicable in the case of such claim. In the event that the County incurs any judgment, award and/or cost including attorney's fees arising from the provisions of this subsection, or to enforce the provisions of this subsection, any such judgment, award, fees, expenses and costs shall be recoverable from Sierra.

In the event of litigation between the parties to enforce the rights under this subsection, reasonable attorney fees shall be allowed to the substantially prevailing party.

The indemnification, protection, defense and save harmless obligations contained herein shall survive the expiration, abandonment or termination of this Option.

Nothing contained within this provision shall affect and/or alter the application of any other provision contained within this Option.

This hold harmless agreement and waiver of immunity was mutually and expressly negotiated and agreed between the parties.

11. Insurance. At execution of this Option, Sierra, at its' own cost, shall have procured and will maintain for the duration of this Option, insurance as specified in this Section 11. Sierra shall furnish the County with certificates of insurance and endorsements required by this Option. The County reserves the right to require complete, certified copies of all required insurance policies at any time.

Each insurance policy shall be written on an "occurrence" form unless otherwise approved by the County.

By requiring such minimum insurance coverage, the County shall not be deemed or construed to have assessed the risks that may be applicable to Sierra under this Option. Sierra shall assess its own risks and, if it deems appropriate and/or prudent, maintain greater limits and/or broader coverage.

Nothing contained within these insurance requirements shall be deemed to limit the scope, application and/or limits of the coverage afforded, which coverage will apply to each insured to the full extent provided by the terms and conditions of the policy(s). Nothing contained within this provision shall affect and/or alter the application of any other provision contained within this Option.

- a. Minimum Scope and Limits of Insurance: Coverage shall be at least as broad as and with limits not less than the following:
 1. General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage, and for those policies with aggregate limits, a \$2,000,000 aggregate limit. CG 00 01 current edition.
 2. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage. CA 0001 current edition, Symbol 1, unless otherwise approved by Risk Management.

3. Workers' Compensation: Statutory requirements of the State of residency.

b. Other Insurance Provisions and Requirements

The insurance coverage(s) required in this Option are to contain, or be endorsed to contain the following provisions:

General and Automobile Liability:

1. The County, its officers, officials, employees and agents are to be covered as additional insureds as respects liability arising out of or in connection with this Option. Such coverage shall be primary and non-contributory insurance as respects the County, its officers, officials, employees and agents. The Additional Insured Endorsement shall be included with the certificate of insurance, CG 20 26 or its equivalent is required.
2. Sierra's insurance coverage shall apply separately to each insured against whom a claim is made and/or lawsuit is brought, except with respect to the limits of the insurer's liability.
3. Any deductibles or self-insured retentions must be declared to, and approved by, the County. The deductible and/or self-insured retention of the policies shall not limit or apply to the Sierra's liability to the County and shall be the sole responsibility of Sierra.
4. Coverage shall not be suspended, voided, canceled, reduced in coverage or in limits, until after thirty (30) calendar days' prior written notice to the County.
5. Insurance coverage is to be placed with insurers with a Bests' rating of no less than A: VIII, or, if not rated with Bests', with minimum surpluses the equivalent of Bests' surplus size VIII.

If at any time any of the foregoing policies fail to meet minimum requirements, Sierra shall, upon notice to that effect from the County, promptly obtain a new policy, and shall submit the same to the County, with the appropriate certificates and endorsements, for approval.

12. Notices. Notice given hereunder must be in writing, and may be served personally or by mail. The time of service shall be the date of actual delivery to the address personally or the time of deposit in the mail, postage prepaid, directed to the last known address of the party to be served. All notices may be delivered in person or mailed to the following respective addresses:

To the County:	Airport Director Attn: Joshua Marcy Snohomish County Airport, Paine Field 3220 100 th St. SW, Suite A Everett, Washington 98204
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To Sierra: Sierra Services, Inc
Attn: Roger Collins
14800 NE North Woodinville Way
Woodinville, WA 98072
Email: rogerc@sierraind.com

UBI # 601-389-983

13. Construction Subject to Compliance with FAA Regulations. Sierra acknowledges that construction may not begin on the Property until Form 7460-1 has been submitted by Sierra and reviewed and approved by the Federal Aviation Administration pursuant to Part 77 of the Code of Federal Regulations, Title 14, Aeronautics and Space. Any Final Lease shall be subject to receipt of such approval. If such approval is denied, Sierra shall have no liability to County on account of such denial and any Final Lease, at Sierra's option shall terminate and be of no further force or effect.

13.1 Other FAA Approvals. Optionee acknowledges that construction may not begin on the Option Property until the site plan has been approved by the FAA as an amendment to the Airport Layout Plan. Optionee will cooperate with the County in securing whatever FAA approvals are necessary or prudent, including, if applicable, compliance with the National Environmental Policy Act. Optionee shall pay the County for all costs it incurs associated with securing FAA approvals.

14. Time of Essence. Time is declared to be of the essence of this Option.

15. Compliance with Laws. Optionee shall comply with all other applicable federal, state and local laws, rules, and regulations in performing this Agreement.

14.1 Required Federal Clauses. During the performance of this Agreement, Sierra, for itself, its assignees, its consultants, its subcontractors, and successors in interest agrees to comply with the statutes, regulations and authorities as set forth in **Exhibit D**, Required Federal Clauses.

16. Federal Law and Obligations. Should any provision of this Option to Lease be determined by the FAA to conflict with the County's obligations to the federal government (including, without limitation, Grant Assurance obligations), the objectionable provision will be deemed removed and parties will endeavor to reform the affected provision to accord as closely as legally possible to the parties' original intent in light of the specific FAA objections. This Option is explicitly subordinated to any requirement imposed by any Grant Assurance obligation of the County pursuant to any grant agreement between the County and the federal government.

17. Non-Discrimination. Sierra shall not, in its use of the Premises, discriminate on the basis of race, creed, color, national origin, families with children, sex, marital status, sexual orientation, age, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability as provided in County, State and Federal law, and in the event of such discrimination, Sierra agrees that the County has the right to take such action to enforce this covenant, including

the right to terminate the Option and to enter, re-enter, and repossess said Premises and facilities thereon, as applicable, and hold the same as if the Option had never been made or issued.

18. County Non-Discrimination Requirement. It is the policy of the County to reject discrimination which denies equal treatment to any individual because of his or her race, creed, color, national origin, families with children, sex, marital status, sexual orientation, age, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability as provided in Washington's Law against Discrimination, Chapter 49.60 RCW, and the Snohomish County Human Rights Ordinance, Chapter 2.460 SCC. These laws protect against specific forms of discrimination in employment, credit transactions, public accommodation, housing, county facilities and services, and county contracts. The Assignee shall comply with Chapter 2.460 SCC, which is incorporated herein by this reference. Execution of this contract constitutes a certification by the Assignee of the Assignee's compliance with the requirements of Chapter 2.460 SCC. If the Assignee is found to have violated this provision, or furnished false or misleading information in an investigation or proceeding conducted pursuant to Chapter 2.460 SCC, the Assignment may be subject to a declaration of default and termination at the County's discretion. This provision shall not affect the Assignee's obligations under other federal, state, or local laws against discrimination.

19. Public Records Act. This document and all public records associated with this Agreement shall be available from the County for inspection and copying by the public where required by the Public Records Act, Chapter 42.56 RCW (the "Act"). To the extent that public records then in the custody of the Sierra are needed for the County to respond to a request under the Act, as determined by the County, the Sierra agrees to make them promptly available to the County. If the Sierra considers any portion of any record provided to the County under this Agreement, whether in electronic or hard copy form, to be protected from disclosure under law, the Sierra shall clearly identify any specific information that it claims to be confidential or proprietary. If the County receives a request under the Act to inspect or copy the information so identified by the Sierra and the County determines that release of the information is required by the Act or otherwise appropriate, the County's sole obligations shall be to notify the Sierra (a) of the request and (b) of the date that such information will be released to the requester unless the Contractor obtains a court order to enjoin that disclosure pursuant to RCW 42.56.540. If the Sierra fails to timely obtain a court order enjoining disclosure, the County will release the requested information on the date specified.

The County has, and by this section assumes, no obligation on behalf of the Sierra to claim any exemption from disclosure under the Act. The County shall not be liable to the Sierra for releasing records not clearly identified by the Sierra as confidential or proprietary. The County shall not be liable to the Sierra for any records that the County releases in compliance with this section or in compliance with an order of a court of competent jurisdiction.

20. Governing Law, Jurisdiction, Venue. This Option shall be construed in accordance with and governed by the laws of the State of Washington. The parties agree that the exclusive jurisdiction and venue of any action arising under this agreement shall be in the Superior Court of the State of Washington, in and for Snohomish County.

21. Entire Agreement. This Option supersedes all agreements previously made between the parties relating to its subject matter. The recitals to this Option set forth above are

hereby incorporated by reference. There are no other understandings or agreements between the parties hereto relative to the subject matter hereof. This option may only be modified by a written agreement signed by both parties. If any one or more provisions of this Agreement shall be held by any court to be invalid or unenforceable such invalidity or unenforceability shall not affect the validity or enforceability of any other portion of this Agreement.

22. Access Road. Should Sierra exercise its option to lease, an access road is anticipated as outlined in **Exhibit A-1** and depicted on **Exhibit A-2**. The size and shape are yet to be determined based on the new building's size and locations that are currently not known. If a Final Lease is executed, and once this area is determined, it is the County's intention to license this access road to Sierra under a non-exclusive license for access to the property. The full access road shall be under a non-exclusive license that shall be at the same land rate as this option. The County is not obligated to construct this access road or pay for any costs associated with the proposed access road. A proposed access road is mentioned only to support the envisioned spirit and plan for this optioned site. The non-exclusive license shall be negotiated under a separate agreement when further plans are known and if the option to lease is exercised.

Dated this ____ day of _____ 2024

Snohomish County

Sierra Services, Inc.

By _____

By  _____

Its _____
County Executive (or designee)

Its PRESIDENT _____
Owner

Approved as to form:

Deputy Prosecuting Attorney

Approved as to form:

Snohomish County Risk Manager

EXHIBIT A
Legal Description Option Area

Snohomish County Paine Field
Sierra Services, Inc. Lease
August 23, 2023

Lease Area:

Legal Description:

Lot 22 and Lot 36, Sector 6 at Paine Field Binding Site Plan for the Snohomish County Airport recorded with the Snohomish County Auditor on December 10, 2008 under Snohomish County Auditor's recording number 200812105003.

Being a portion of the SW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 22, Township 28 N., Range 4 E, W.M.

Containing 285,587 sq. ft. or 6.56 acres, more or less.

Situate in Snohomish County, Washington.

See Attached Exhibit A.

EXHIBIT A-1
Legal Description Non-Exclusive License

Snohomish County Paine Field
Sierra Services, Inc. Non-Exclusive License
August 23, 2023

Lease Area:

Legal Description:

Portions of Lot 22, Lot 24, Lot 25 and Lot 36, Sector 6 at Paine Field Binding Site Plan for the Snohomish County Airport recorded with the Snohomish County Auditor on December 10, 2008 under Snohomish County Auditor's recording number 200812105003.

Being a portion of the SW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 22, Township 28 N., Range 4 E, W.M.

Containing 2,484 sq. ft. or .03 acres, more or less.

Situate in Snohomish County, Washington.

See Attached Exhibit A-1.

EXHIBIT A
Diagram of Option Area



EXHIBIT A-1
Diagram of Non-Exclusive License

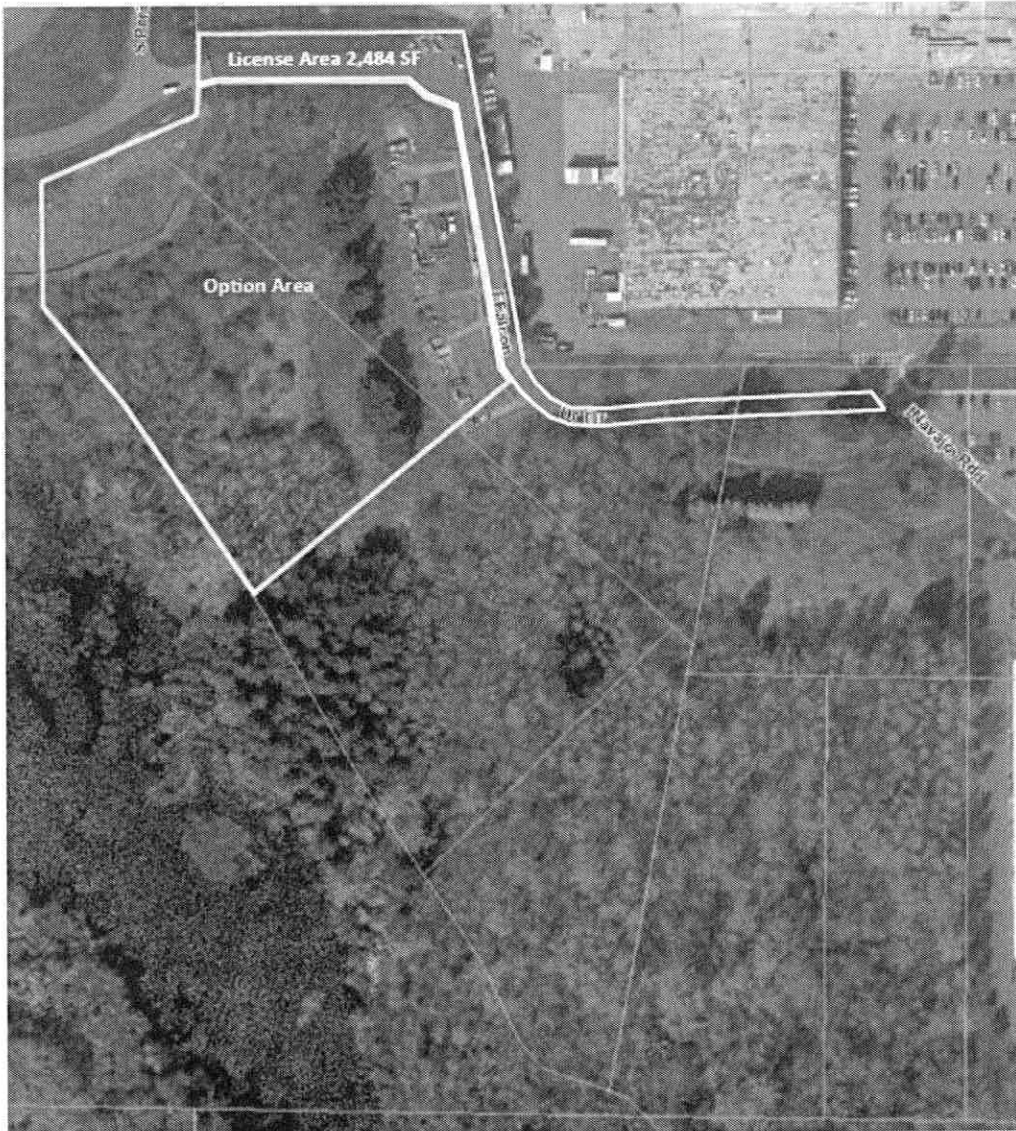


EXHIBIT B
RATE SCHEDULE
Sierra Services, Inc.
Sector 6, Lots 22 & 36
Option: 24-001
Option Term: Effective Date to Six Months
Rate Term: Effective Date to Six Months

Land Rent & License Fees	Acres	S.F.	Rate/S.F.	Annual Fees	Monthly Fee ²	Leasehold Excise Tax ³	10% Option Fee
\$3. Option Area ⁴	6.56	285,587	\$ 1.140	\$ 325,569.18	\$ 27,130.77	\$ -	\$ 2,713.08
Total	6.56	285,587		\$ 325,569.18	\$ 27,130.77	\$ -	\$ 2,713.08
Monthly Option Payment							\$ 2,713.08

Notes & Special Considerations

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

²Lease rate will be adjusted to current market rate at full lease execution or any lease option extension. Actual lease rates will include but not limited to: Storm Water Facility, Storm Water Management, Utilities, Common Area Maintenance, Etc. Land rate based on Light Industrial Zoning; any other use is subject to rate modification.

³No Leasehold Excise Tax ("LET") is applied to the lease option but will be applicable to the lease rate upon execution.

⁴Lease Option is set at 10% of Fair Market Value which was last appraised in 2022.

