



202503040061

03/04/2025 12:51 PM Pages: 1 of 10 Fees: \$312.50
Skagit County Auditor

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Port of Skagit County
15400 Airport Drive
Burlington, WA 98233
213753-LT

COPY

REVIEWED BY
SKAGIT COUNTY TREASURER
DEPUTY <u>Berni Johnson</u>
DATE <u>3-4-25</u>

Document Title(s): First Amendment to Land Lease Agreement
Reference Number(s) of Documents assigned or released: (on page __ of document(s)) 202503040060
Grantor(s): Port of Skagit County, a Washington municipal corporation
Additional Names on page __ of document.
Grantee(s): Fortress West, LLC, a Limited Liability Company
Additional Names on page __ of document.
Abbreviated Legal Description: Ptn NW ¼, All SW ¼, 33-35-3 E W.M.
Additional legal is on page __ of document.
Tax Parcel Number(s): 350333-1-007-0108/P137112



Port of Skagit

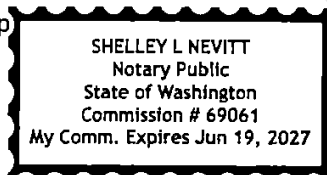
For attestation of a copy of a document: That certain First Amendment to Land Lease Agreement dated September 25, 2020, by and between the Port of Skagit County as Lessor and Fortress West, LLC as Lessee, attached hereto.

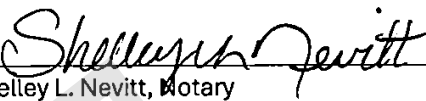
State of Washington
County of Skagit

I certify that this is a true and correct copy of a document in the possession of the Port of Skagit County as of this date.

Dated this 7th day of February 2025.

(Seal or stamp)




Shelley L. Nevitt, Notary

My appointment expires: 6-19-2027

Real Estate

Airport Services

Marine Services

Community Initiatives

Administrative Offices / Airport
La Conner Marina

15400 Airport Drive, Burlington, WA 98233 | phone 360-757-0011 | fax 360-757-0014 | www.portofskagit.com
613 North 2nd Street, P.O. Box 1120, La Conner, WA 98257 | phone 360-466-3118 | fax 360-466-3119

FIRST AMENDMENT TO LAND LEASE AGREEMENT

THIS FIRST AMENDMENT TO LAND LEASE AGREEMENT is made this 25 day of September, 2020, by and between the Port of Skagit County, a Washington municipal corporation, "Lessor," and Fortress West, LLC, a Washington profit corporation, "Lessee."

RECITALS

WHEREAS, Lessor and Lessee entered into a Land Lease Agreement effective September 20, 2019, for real property located in Burlington, Washington, and more particularly described as follows (hereinafter referred to as the "Premises":

Primary Lease Area:

A portion of property located on Bayview Road consisting of approximately 33.78 acres or approximately 1,471,457 square feet (actual square feet to be determined).

Option Area:

A portion of property located on Bayview Road consisting of approximately 14.85 acres or approximately 646,866 square feet (actual square footage and acreage to be determined).

Situated in County of Skagit, State of Washington.

WHEREAS, Lessee proposed to construct a 7,900 square foot pre-engineered steel building for a research and testing facility at this location at its sole cost and expense; and

WHEREAS, it was understood by the Lessor and Lessee that at the outset and during the term of the Lease substantial improvements/expansion, or maintenance projects to the Premises will be required to meet the growth demands and market conditions of the Lessee; and

WHEREAS, the Lessor's leasing policies are based, in part, on evidence that these types of improvements will bring additional jobs and economic opportunity to the Port and community; and

WHEREAS, Lessee's development of facilities required that the Lessee construct or have constructed certain off-site utility improvements and on-site land development improvements to create a "building ready" lot; and

WHEREAS, the costs for the required improvements proved to be beyond Lessee's scope of budget; and

WHEREAS, Lessor recognized that the completion of both the off-site and on-site improvements would benefit the development of land owned by Lessor and would allow Lessee to complete its improvements and employ persons consistent with the vision of the Port: "*Good Jobs for Our Community*" ("Benefits"); and

WHEREAS, in light of the Benefits to be reaped by the Port and the economic benefit to the community associated with the Lessee's presence as a Port tenant, the Port agreed to fund certain acquisitions of material for certain off-site utility improvements and for certain on-site land development improvements ("Port Funding"); and

WHEREAS, the parties agreed that the total Port Funding ("Port Total Funding"), would be added to the value of the Premises to determine the initial Rent due for the Lease; and

WHEREAS, the amount of the Port Total Funding and the agreed calculation of initial Rent based thereon is set forth in Exhibit E hereto; and

WHEREAS, in accordance with said lease policy, the Lessor and Lessee have agreed to modify the existing lease agreement as follows:

AGREEMENT

IT IS HEREBY MUTUALLY AGREED, by and between the Port and Lessee that:

A. The Lease Agreement dated September 20, 2019 is hereby amended as follows:

1. The provisions of Paragraph 2. TERM/TERMINATION, Primary Lease Area, Paragraph b., are hereby deleted and replaced as follows:

b. The term of this Lease shall be for fifty (50) years, beginning the month following receipt of the certificate of occupancy from Skagit County, but no later than September 1, 2020 (Rent Commencement Date), and ending six hundred (600) months thereafter, unless sooner terminated pursuant to any provision of this Lease.

2. The provisions of Paragraph 2. TERM/TERMINATION, Option Area, Subparagraph b. are hereby deleted and replaced as follows:

b. The term of the Option shall be for five (5) years, beginning the month following receipt of the certificate of occupancy from Skagit County, but no later than September 1, 2020 (Rent Commencement Date), and ending sixty (60) months thereafter, unless sooner terminated pursuant to any provision of this Lease.

3. The provisions of Paragraph 4. RENT, Primary Lease Area, first paragraph, are amended as follows:

On the Rent Commencement Date, Lessee shall pay to Lessor, in lawful money of the United States, without any set-off or deduction, in addition to taxes, assessments, and other charges required to be paid hereunder by Lessee, an initial Rent based upon the attached Rent Schedule, Exhibit E, entitled "Port of Skagit, Formula for Determining Land Rent – Fortress LLC" dated 08/31/2020.

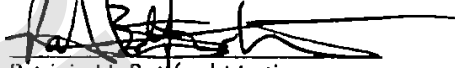
4. Exhibit E, attached to this First Amendment, shall be substituted for and replace Exhibit E as attached to the Lease Agreement and shall serve as the basis for initial Rent.

5. The provisions of Paragraph 8. "CONSTRUCTION OF IMPROVEMENTS," Paragraph a., are hereby amended as follows:

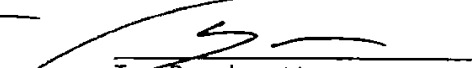
Lessee shall not commence construction of any Improvements or install any fixtures (other than fixtures which can be removed without injury to the Premises) ("Work") without prior written consent of Lessor as set forth in this paragraph (ii) and subject to any and all conditions in such approval(s). Construction of the Improvements described on Schedule A, entitled "Systima – Schedule Update 05/29/20" to this Lease is hereby approved by Lessor conditioned on Lessee's payment of the Fire District 6 Development Charge as set forth in paragraph 22, "UTILITIES/ASSESSMENTS."

B. All other terms and conditions of the Lease Agreement above referenced except as herein amended are ratified and confirmed in all respects and are to remain in full force and effect. This agreement shall bind and inure to the benefit of the successors and assigns of the Lessor and Lessee.

LESSOR:
PORT OF SKAGIT COUNTY


Patricia H. Botsford-Martin
Executive Director
10/5/20
Date

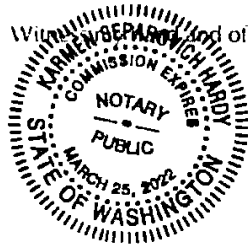
LESSEE:
FORTRESS WEST, LLC


Tom Prenzlöw, Manager
9/25/20
Date

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 5th day of October 2020, before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared Patricia H. Botsford-Martin, to me known to be the executive director of the Port of Skagit County, a municipal corporation, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that she is authorized to execute the said instrument,

With my official seal hereto affixed the day and year first above written.



Karmen Separovic Hardy
Notary Public in and for the state of Washington
Residing at Anacortes
My commission expires: 03/25/2022
Printed Name: Karmen Separovic Hardy

STATE OF WASHINGTON)

) ss.

COUNTY OF King)

On this 26 day of September 2020, before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared Tom Prenzlou, to me known to be a Manager of Fortress West, LLC, a Washington limited liability company, the company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year first above written.

Marisa Desimone

Notary Public in and for the state of

Washington, residing at Kirkland, WAMy commission expires: 2-27-2022Printed Name: Marisa Desimone

EXHIBIT E
08/31/2020

Part of Skagit
Formula for Determining Land Rent - Fortress LLC

[illegible]

EXHIBIT E
08/31/2020

Port of Stoughton
Formula for Determining Land Rent - Fortress LLC

	Land Development Cost		Option Area		Total		Sq Ft Cost	
	Lot 1	Sq Ft Cost	Lot 2	Sq Ft Cost				
Leased Premises (Large Circle plus Useable Property Outside Circle)*	33.78		14.85		48.63			
Premises Square Feet*	1,471,457		646,866		2,118,323			
Useable Acres (Used for Rent Calculation)*	7.83		14.85		22.68			
Square Feet of Land*	341,075		646,866		987,941			
Raw Land Value Square Feet	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75			
Land Value	\$ 937,966		\$ 1,778,882		\$ 2,716,847			
Estimated Land Development Costs**								
Wilson Engineering Surveying & Preliminary Engineering	\$ 88,042	\$ 0.26	\$ -	\$ -	\$ 88,042	\$ 0.09		
GEO Engineers	\$ 59,092	\$ 0.17	\$ -	\$ -	\$ 59,092	\$ 0.06		
GeoTech	\$ 8,935	\$ 0.03	\$ -	\$ -	\$ 8,935	\$ 0.01		
Hinton Engineering	\$ 4,375	\$ 0.01	\$ -	\$ -	\$ 4,375	\$ 0.00		
Wilson Engineering Final Design	\$ 193,211	\$ 0.57	\$ -	\$ -	\$ 193,211	\$ 0.20		
Wilson Engineering Change Order #1	\$ 47,165	\$ 0.14	\$ -	\$ -	\$ 47,165	\$ 0.05		
Permit fees, etc	\$ 20,687	\$ 0.06	\$ -	\$ -	\$ 20,687	\$ 0.02		
PSE	\$ 79,826	\$ 0.23	\$ -	\$ -	\$ 79,826	\$ 0.08		
PUD	\$ 20,895	\$ 0.06	\$ -	\$ -	\$ 20,895	\$ 0.02		
Water Main Extension	\$ 1,161	\$ 0.00	\$ -	\$ -	\$ 1,161	\$ 0.00		
Water & Sewer Line East End of BV to Access	\$ 179,462	\$ 0.53	\$ -	\$ -	\$ 179,462	\$ 0.18		
Buffer Enhancement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Cost overun on Building	\$ 28,072	\$ 0.08	\$ -	\$ -	\$ 28,072	\$ 0.03		
Cost overun on Magazine	\$ 21,202	\$ 0.06	\$ -	\$ -	\$ 21,202	\$ 0.02		
Additional Fortress costs paid by Port of Stoughton	\$ 92,721	\$ 0.27	\$ -	\$ -	\$ 92,721	\$ 0.02		
Phase 2 Waterline from Farm to Market Road (Estimated \$648,696 plus 10% Contingency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total Land Development Costs	\$ 844,846	\$ 2.48	\$ -	\$ -	\$ 844,846	\$ 0.76		
New Leasable Port Land Cost	\$ 1,782,802	\$ 5.23	\$ 1,778,882	\$ 2.75	\$ 3,488,962	\$ 3.51		
Adjusted Land Value per square foot	\$ 5.23	\$ -	\$ 2.75	\$ -	\$ 3.51	\$ -		
Annual Lease **	\$ 104,785.64	\$ 0.3073	\$ 127,623.12	\$ 0.20	\$ 232,418.76	\$ 0.2353		
Leasehold Excise Tax	\$ 13,455.76		\$ 16,386.81		\$ 29,842.57			
Gross Lease Amount	\$ 118,251.40	\$ 0.3467	\$ 144,009.93	\$ 0.22	\$ 262,261.33			
Monthly Lease	\$ 9,854.28		\$ 12,000.83		\$ 20,733.80			
Leasehold Excise Tax ** (On Annual Lease)	\$ 1,121.31		\$ 1,540.91		\$ 2,662.22			
Total Lease Amount	\$ 9,854.28		\$ 13,541.73		\$ 23,396.02			

* The Leased Premises are current estimates, actual acreages and square footage will be used when determined by Wilson Engineering.
** These costs are estimates, actual cost will be used when project is completed
Annual Lease is determined by amortizing the land value over a 50 year period @ 5.5%. These costs represent the cost to bring off-site utilities such as water, sewer and electricity to Bayview Road.

Schedule A

