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| **Briefing Date/Time:** | November 9, 2026 |
| **Staff Contact/Title:** | Mike Reid, Community and Economic Development Director, 360.764.5395, miker@portolympia.com) |
| **Subject:** | Vesper Aviation Ground Lease and FBO Building Purchase and Sale Agreement |
| **Purpose:** | ☒ Information Only ☐ Decision Needed |

**Type of Agenda Item:**

- Advisory

**Background:**

Glacier Aviation operates the Fixed Base Operator (FBO) at Olympia Regional Airport today. It occupies three Port leases, including the Airlift NW lease, which expired August 31, 2026 and is in month-to-month holdover. Glacier's leases include rights to own and operate Jet A and Avgas tanks at the Port's above-ground fuel farm. The Port owns the FBO building at 7645 Old Hwy 99 SE in Tumwater and the land under all of Glacier's operations.

Vesper Aviation (DBA OLM FBO LLC) is buying Glacier Aviation's business. This is a change in operator, not an increase in activity at the Port. Vesper would continue the FBO and related aviation services Glacier provides today, under one new ground lease that replaces Glacier's three leases. Vesper would also buy the FBO building itself.

The Port has negotiated a transaction to create a long term relationship with Vesper Aviation.

The transaction has three linked parts: a 30-year ground lease to Vesper, a sale of the FBO building improvements only, and the termination of Glacier's leases. The Port keeps fee title to all of the land.

**Summary and Financial Impact:**

This advisory briefing presents the negotiated terms of the proposed Ground Lease (Lease) and FBO Building Purchase and Sale Agreement (PSA) with Vesper Aviation, and the planned termination of the Glacier Aviation leases. Staff are asking for Commission feedback before bringing the final documents back for action.

**How the transition works**

- Glacier's three leases end on the day Vesper's Lease begins, which is when the Port has received Vesper's first month's rent, Lease Security, and proof of

insurance. If that never happens, Glacier's leases stay in force, so the airport is never without an FBO operator.

- On that date, Glacier surrenders its premises and releases its fuel tank rights to the Port, and those rights transfer to Vesper under the new Lease. Glacier also conveys its hangars to the Port or shows that it has conveyed them to Vesper.
- Before final settlement, the Port audits Glacier's rent, Leasehold Excise Tax, landing fees, and fuel flowage. Glacier's security deposit is returned only after any amounts owed are paid. Glacier's environmental, indemnity, and insurance obligations continue for conditions that arose during its occupancy.

**Key lease terms**

- **Premises:** About 124,000 square feet (2.85 acres). This includes Site 1, the Lease Area of about 114,000 square feet, and Site 2, a Stormwater Area of about 10,000 square feet. A professional survey is underway, and the Lease will be conformed to it.
- **Term:** Thirty years from the Effective Date, with two 10-year renewal options. At each renewal, ground rent resets to the then-current Commission-adopted rate.
- **Rent:** $67,260 per year ($5,605 per month), based on $0.59 per square foot on the Lease Area. Leasehold Excise Tax (currently 12.84%) is added on top. The Lease is triple-net, and rent begins when the Lease is executed.
- **Rent increases:** Every five years, rent rises by 3% for each of the prior five years, or 15% per adjustment. That takes annual rent to $77,349 in year six and about $135,284 in years 26 through 30.
- **Lease security:** $75,896.18 (one year of rent plus Leasehold Excise Tax), as required by RCW 53.08.085. It must be posted at execution and is adjusted whenever rent changes.
- **Use:** An aviation business campus where aeronautical activity is the primary use, covering the FBO and related aviation businesses. Special events are allowed without a separate agreement for each event. Vesper must report planned event dates a month in advance, and the Port may restrict any event that affects safety, security, or FAA compliance. Overflow event parking requires a separate license.
- **Near-term improvements:** Within 12 months of execution, Vesper must crack seal, sealcoat, and restripe the Airlift NW parking lot. In the same period, it must also install exterior lighting for the leasehold parking lots and access gate. The lighting must be shielded from ramp operations and comply with 14 CFR Part 77.
- **Fuel farm:** Glacier's fuel tank rights transfer to Vesper, along with full responsibility for operating, inspecting, and replacing the tanks. Vesper commits

to supply unleaded avgas and Sustainable Aviation Fuel and to serve electric and hydrogen aircraft once those operations begin.

- **End of term:** Improvements become Port property without compensation. Alternatively, the Port may require Vesper to remove them and restore the site at its own expense.

**Key purchase and sale terms**

- **Price:** $102,000 ($60 per square foot) for the FBO building improvements, including the backup generator and associated equipment. Vesper pays the full price when it signs the PSA. The Port holds the payment until closing, and 5% ($5,100) serves as earnest money.
- **Conveyance:** Quit Claim Deed for the improvements only, with a use restriction limiting the building to aeronautical, aviation-related, or complementary uses. The deed also reserves the Port's airspace and Part 77 rights. The sale is AS-IS, WHERE-IS and exempt from real estate excise tax.
- **Closing:** Within 30 days of the Lease's Rent Commencement Date. Closing is conditioned on Commission ratification and on a Commission resolution under RCW 53.08.090 declaring the building no longer needed for port district purposes. Sale proceeds are airport revenue under FAA rules.
- **If the sale fails to close:** The remedy is still being finalized. Under one option, the Lease terminates. Under the other, the building parcel is removed from the Premises and rent is reduced equitably. Staff would welcome Commission direction on which to pursue.

**Affected parties**

The parties most directly affected are Vesper Aviation and Glacier Aviation, whose three leases end under the termination agreement. Pilots and aircraft owners who rely on FBO and fueling services are also affected, though services continue without a break. Neighboring airport tenants share access and parking. On the Port side, airport operations staff are affected because the backup generator also serves the current airport office. The FAA's grant assurances govern the Lease and the sale.

**Business, economic development, and community benefits**

- FBO and fueling services continue without interruption under a new owner, and the existing aviation jobs stay at the airport.
- Three older leases, one of them in holdover, are replaced by a single lease on the Port's current template. The new lease has current insurance limits, environmental and fuel-farm requirements, FAA grant assurance provisions, and a defined rent escalation.

- The new operator commits to near-term improvements in its first year. Building ownership and its maintenance and capital costs move to an operator with a direct stake in the facility, while the Port keeps control of the land and of how the building is used.

**Financial impact**

- First-year ground rent is $67,260, replacing the rent Glacier pays today under its three leases. Leasehold Excise Tax of $8,636.18 is collected and remitted to the State.
- Base ground rent over the 30-year initial term totals about $2.94 million, assuming a 15% increase at each five-year adjustment. This figure excludes renewal terms and fees.
- The building sale produces one-time proceeds of $102,000 at closing.
- Landing fees, fuel throughput fees, and concession fees continue under the new Lease. Glacier's final fee and tax obligations are settled through the audit before its security is returned.
- The Port will no longer pay for maintaining the FBO building and generator, stormwater facilities, landscaping, striping, or snow and ice removal on the leasehold. Vesper also pays for the parking lot sealcoat and the new lighting. The transaction requires no Port capital outlay.

**Next steps and schedule**

- November 9, 2026: Commission feedback on the proposed terms.
- Walk all three Glacier premises, document any unapproved alterations or uses, and complete the audit of amounts Glacier owes.
- Finalize the Lease, PSA, and Glacier termination agreement with Port counsel and the Airport Senior Manager, including the survey, the remaining blanks, and confirmation of whether FAA concurrence is needed for the sale.
- Return to the Commission for action on the Lease, PSA, Glacier termination agreement, and the RCW 53.08.090 resolution.
- After execution, Vesper's Lease begins and Glacier's leases end on the same day. The sale closes within 30 days, and the parking lot and lighting improvements are due within 12 months.

**Alignment with Vision 2050:**

- **Goal 6, Maximize the economic and community value of the Olympia Regional Airport in accordance with airport master plan and FAA regulations.** The transaction keeps FBO services in place under a committed new

owner and puts the airport's main general aviation service area under a current lease with stronger FAA and operating provisions.

- **Goal 4, Leverage the Port's unique statutory authority to catalyze economic opportunities.** The Port's role as landlord lets a private sale of an existing aviation business go forward without losing the services or the jobs it supports.
- **Goal 9, Develop a long-term finance strategy.** The Lease provides escalating ground rent for 30 years and shifts building maintenance and capital costs to the tenant.

**Environmental Considerations and Review:**

This advisory briefing requires no environmental review. Because the transaction continues existing operations rather than adding new activity, it is not expected to change environmental impacts at the airport. Before bringing the documents for action, staff will confirm their SEPA status. Any future construction on the campus will need Port plan approval under Lease Exhibit C and City of Tumwater permits, including SEPA review where applicable.

A Phase I Environmental Site Assessment has been completed. It identified a possible former underground storage tank that served a National Weather Service generator at the FBO building address. Staff are evaluating a limited Phase II investigation at that location before closing. The results will set the environmental baseline and determine how responsibility is allocated among the Port, Glacier, and Vesper in the final Lease and PSA.

**Alternatives Considered:**

- **Proceed with the Lease, PSA, and Glacier termination (recommended).** This keeps FBO services in place, replaces three older leases with one current lease, moves building costs off the Port's books, and secures long-term ground rent.
- **Ground lease only, with the Port keeping the FBO building.** The Port would charge building rent and keep ownership of the building, but would also keep its maintenance and capital costs. Vesper would have less reason to reinvest in it.
- **Assign Glacier's existing leases to Vesper.** This would avoid a new lease but would carry forward older terms, including a lease already in holdover, without current insurance, environmental, or rent provisions.
- **Decline the transaction.** Glacier's sale of its business would likely not go forward, and the Port would still need to resolve the Airlift NW holdover with Glacier.

**Staff Recommendation:**

This is an advisory item, and no motion is requested. Staff recommend that the Commission review the proposed terms and give feedback, including direction on the remedy if the building sale does not close. Staff will incorporate that feedback and return with the final Ground Lease, PSA, Glacier termination agreement, and RCW 53.08.090 resolution for Commission action.

**Document(s) Attached:**

- Proposed Lease and Purchase Agreement Term Sheet, Vesper Aviation, with the Exhibit A site map and rent schedule