COVER MEMO	
Briefing Date:	November 23, 2026
Staff Contact/Title:	Warren Hendrickson, Director of Operations, Acting Airport Senior Manager, 360-528-8074, warrenh@portolympia.com
Subject:	Olympia Hangar Project #2 LLC Lease Amendment No. 7
Purpose:	☐ Information Only ☒ Decision Needed

Type of Agenda Item:

- Consent Calendar. Approval requested.

Tenant Overview:

Lease Name:	Olympia Hangar Project #2 LLC
Leased Address:	7849 Old Highway 99 SE, Olympia Regional Airport
Lease Type:	Ground Lease
Lease Effective Date:	April 25, 2005
Original Term:	30 years (5/1/2005 – 4/30/2035)
Amended Terms:	Term extended to 4/30/2048 by Amendment No. 3 in 2013 One 10-year option
Use:	Maintenance shop space, aircraft storage, line service, aviation maintenance, and charter operations.

Background:

The Port entered into a Ground Lease with Earl Pearson d/b/a Pearson Air, Inc. on April 25, 2005 for approximately 46,440 sq ft (1.066 acres) at the Olympia Regional Airport for aviation uses.

The lease was assigned to Pearson & Pearson dba Pearson Leasing in 2009, then to Dan Pearson and to Olympia Hangar Project #2 LLC by assignments dated March 20, 2013.

The lease has been amended six times:

- No. 1 (2008) adjusted rent and surety;
- No. 2 (2012) adjusted the premises boundary;
- No. 3 (2013) extended the term to April 30, 2048 and added one 10-year option;
- No. 4 (2014) revised the premises exhibit;
- No. 5 (2017) revised the rent calculation, including a 6% escalation every three years beginning July 1, 2017;
- No. 6 (June 22, 2026) revised the exhibit to 46,392 sq ft, set rent at $1,415.31/month effective July 1, 2026, set surety at $19,164.48, updated the

notice address, and required Tenant to deliver a formal boundary line survey by September 30, 2026.

Tenant has fully complied with the Amendment 6 requirement and delivered the formal boundary line survey to the Port in a timely manner: "Olympia Hangars Project #2 Survey - Updated 2026."

This Amendment No. 7:

1. Replaces Exhibit D with the 2026 Survey, establishing a slightly increased premises area to approximately 47,223 sq ft, with this survey now controlling over any prior description, and acknowledges that Tenant's survey obligation under Amendment No. 6 is satisfied; and
2. Effective January 1, 2027, sets Monthly Minimum Ground Rent at $1,440.30 plus LET, based on $0.366/sq ft/year x 47,223 sq ft ($17,283.62/yr); and
3. Moves the every-third-year 6% escalation from a July 1 to a January 1 cycle, next occurring January 1, 2030 and every third year thereafter through April 30, 2048; and
4. Provides that if the extension option is exercised, rent commencing May 1, 2048 shall comply with the then-current Commission policy and rates but not less than the rent in effect April 30, 2048; and
5. Escalates surety in the same manner as rent.

All other lease terms remain in full force and effect.

Summary and Annual Financial Impact:

- Current monthly lease payment effective 7/1/2026:
  - $1,415.31 plus LET ($181.73)
  - Annual: $16,983.72
- Monthly payment effective 1/1/2027:
  - $1,440.30 plus LET ($184.93)
  - Annual: $17,283.60
- Increase: $24.99/month; $299.88/year, reflecting the additional 831 square feet of premises confirmed by the 2026 survey (47,223 less 46,392 square feet)
- Surety:
  - $19,164.48 currently
  - $19,502.76 effective 1/1/2027, escalating as required with increasing rent

- Future scheduled rent table:
    - 1/1/2030 $1,526.72
    - 1/1/2033 $1,618.32
    - 1/1/2036 $1,715.42
    - 1/1/2039 $1,818.35
    - 1/1/2042 $1,927.45
    - 1/1/2045 $2,043.09
    - 1/1/2048 through end of term 4/30/2048: $2,165.65
- Option term 5/1/2048 through 4/30/2058), if selected:
    - Then-current Commission rate, no less than the 4/30/2048 rent

Alignment with Vision 2050:

This amendment supports Vision 2050:

- Airport Functions Goal: Maximize the economic and community value of the Olympia Regional Airport in accordance with FAA Master Plan regulations.
    - This lease amendment retains an established aviation tenant providing aircraft storage, maintenance and charter services, and supports the airport's role as an aeronautical services hub.

Environmental Considerations:

The premises are located at the Olympia Regional Airport. The amendment makes no change to use or improvements and does not create new environmental impacts. Tenant remains subject to the lease's hazardous substances, storage tank license and compliance provisions. and to the Airport's Rules and Regulations and Minimum Standards for Commercial Activities.

Alternatives Considered

1. Approve Olympia Hangar Project #2 LLC Lease Amendment No. 7.

Result: The leased premises are accurately defined by the 2026 survey, rent and surety reflect the confirmed square footage at the current Commission rate, and the escalation schedule is simplified to a January 1 cycle through the end of the term.

2. Do not approve Olympia Hangar Project #2 LLC Lease Amendment No. 7.

Result: The amendment terminates for lack of ratification; the premises remain as described by the Amendment No. 6 exhibit (46,392 square feet), rent is reduced below the actual square footage (the Port forgoes rent on the additional 831 square feet confirmed by survey), and rent remains on the July 1 escalation cycle.

Staff Recommendation:
Approve Lease Amendment No. 7 as presented, authorizing Executive Director Alex Smith to execute the lease document on behalf of the Port.

Documents Attached:
Copy of Lease Amendment No. 7 (including Exhibit D, 2026 Survey)