

**CALENDAR ITEM
C11**

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10/27/11
PRC 8415.1
V. Caldwell

**TERMINATION AND APPROVAL OF AN AGREEMENT AND CONSENT TO
ENCUMBRANCING OF LEASE AND CONTINUATION OF RENT**

LESSEE/APPLICANT:

Wickland Pipelines, LLC

SECURED-PARTY LENDER:

Comerica Bank
Middle Mark Lending, MC 433
455 Capital Mall, Suite 300
Sacramento, California, 95814

AREA, LAND TYPE, AND LOCATION:

0.16 acres, more or less, of sovereign land in the Sacramento River, in the city of West Sacramento and the city of Sacramento, Sacramento and Yolo counties.

AUTHORIZED USE:

Continued use and maintenance of an existing 12-inch diameter jet fuel pipeline as shown on Exhibit A.

LEASE TERM:

20 years, beginning October 1, 2002.

CONSIDERATION:

This lease provides that Lessor may modify the rent periodically during the lease term. Pursuant to this provision, staff has conducted a review of the rent under this lease, and recommends that rent be continued at \$156 per year, effective October 1, 2012.

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SPECIFIC LEASE PROVISIONS:

Insurance: Lessee shall maintain limits of no less than:

1. General Liability shall be on Occurrence basis (as opposed to Claims made basis), with a maximum limit of \$25,000,000 per year, which will include Products Completed/Operations, Personal and Advertising Injury, and Fire Damage.
2. Worker's Compensation: Statutory requirements of the State of California and Employer's Liability Insurance.
3. Employer's Liability: \$1,000,000 per accident for bodily injury or disease.
4. Environmental Impairment or Pollution Liability: \$5,000,000 per occurrence.
5. Builder's Risk Property Insurance: Total completed construction project value.

Surety Bond:
\$45,000

OTHER PERTINENT INFORMATION:

1. On October 1, 2002, the Commission authorized a General Lease – Right-of-Way Use to Wickland Pipelines, LLC for the construction, use, and maintenance of a 12-inch diameter jet fuel pipeline. The subject lease is a 650-foot long section of an approximate 10 mile long pipeline running from West Sacramento to a tank farm at the Sacramento International Airport. The lease will expire on September 30, 2022.
2. Subsequently, on June 26, 2006, the Commission approved an amendment of the lease to revise the land description and approved an Agreement and Consent to Encumbrancing of Lease in favor of Comerica Bank in an amount not to exceed \$6,000,000. The proceeds of the loan secured permanent financing for a construction loan that Wickland Pipelines LLC utilized for the construction of the Sacramento International Airport jet fuel pipeline.
3. The Lessee is in the process of obtaining new financing in an amount not to exceed \$8,600,000 for the purpose of refinancing the existing loan, that

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is subject to the 2006 Encumbrancing Agreement in the amount of \$5,850,000, and to include additional final financing for a separate project, now complete, in San Jose unrelated to the Lease Premises. Lessee has applied to terminate the existing Agreement and Consent to Encumbrancing of Lease in favor of Comerica Bank and is requesting the approval of the Commission for a new Agreement and Consent to Encumbrancing of Lease in favor of Comerica Bank.

4. In approving the Encumbrancing Agreement, the Commission retains the right to approve any transfer from the lending institution to a prospective lessee, should any foreclosure of the loan occur.
5. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], staff has determined that this activity is not subject to the provisions of CEQA because it is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, sections 15060(c)(3)], and 15378

EXHIBIT:

- A. Site And Location Map
- B. Land Description

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the activity is not subject to the requirements of CEQA pursuant to Title 14, California Code of Regulations, section 15060(c)(3) because the activity is not a project as defined by Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15378.

AUTHORIZATION:

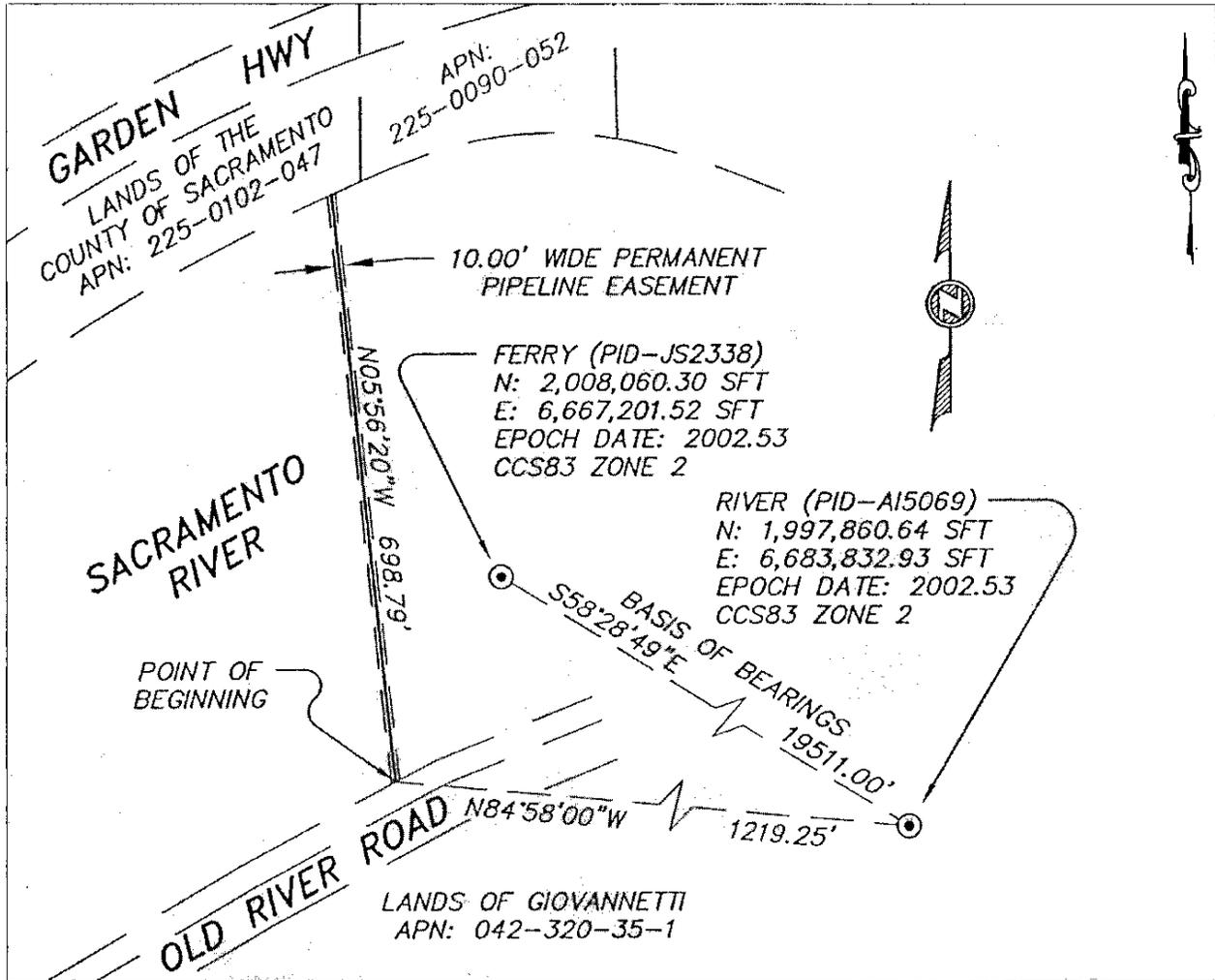
1. Authorize termination of the Agreement and Consent to Encumbrancing of Lease authorized by the Commission on June 26, 2006, between the Commission, Wickland Pipelines LLC, and Comerica Bank, effective October 26, 2011.

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2. Authorize execution of the document entitled "Agreement and Consent to Encumbrancing of Lease" between the Commission, Wickland Pipelines LLC, and Comerica Bank, effective October 27, 2012.
3. Approve the continuation of rent for Lease No. PRC 8415.1 at \$156 per year, effective October 1, 2012.

NO SCALE

SITE



SACRAMENTO RIVER

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit A

PRC 8415.1
 APN:042-320-35-1, 225-0102-47
 WICKLAND PIPELINES LLC
 GENERAL LEASE
 RIGHT-OF-WAY USE
 SACRAMENTO RIVER
 SACRAMENTO & YOLO COUNTY



This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

**EXHIBIT B
LAND DESCRIPTION**

PRC 8415

A parcel of tide and submerged land situate in the unincorporated area of the Counties of Yolo and Sacramento, State of California, and being portions of the East half of Section 7 and the West half of Section 8, Township 9 North, Range 4 East, Mount Diablo Base and Meridian, being more particularly described as follows:

A strip of land being ten (10.00) feet wide and lying five (5.00) feet on each side of the following described centerline.

BEGINNING at the intersection of the right bank of the Sacramento River with said centerline; said point being distant the following two (2) courses and distances from National Geodetic Survey Designation "FERRY" (PID-JS2338): (1) South 58°28'49" East 19,511.00 feet to National Geodetic Survey Designation "RIVER" (PID-AI5069); and (2) North 84°58'00" West 1,219.25 feet; thence, from said POINT OF BEGINNING, and along said petroleum pipeline, North 05°56'20" West 698.79 feet to a point on the left bank of the Sacramento River.

Excepting therefrom any portion lying landward of the ordinary high water mark of the Sacramento River.

Containing 6,988 square feet of land, more or less.

The basis of bearings for this description is the grid bearing between said National Geodetic Survey Designations "FERRY" and "RIVER". Said Designation "FERRY" having coordinates of North (Y) 2,008,060.30 feet and East (X) 6,667,201.52 feet. Said Designation "RIVER" having coordinates of North (Y) 1,997,860.64 feet and East (X) 6,683,832.93 feet. Said Designations having an epoch date of 2002.53. Said grid bearing being South 58°28'49" East as determined from National Geodetic Survey Data Sheets.

All bearings and coordinates are grid and are based on the California Coordinate System of 1983 (CCS 83), Zone 2. All distances are ground. To obtain grid distances, multiply the distances herein described by the combination factor of 0.999944735.

End of description.

