



REPORT TO COUNCIL

City of Sacramento

3

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

Consent
July 27, 2010

Honorable Mayor and
Members of the City Council

Title: Amendment - Army Depot Master Lease

Location/Council District: Former Army Depot Site (District 6)

Recommendation: Adopt a **Resolution:** 1) approving and authorizing the City Manager or his designee to execute Amendment 8-a to the "Industrial Development Lease and Option to Purchase" (Master Lease), City Agreement No. 94-194, between the City of Sacramento and US Depot Lands, LLC.

Contact: Melissa Anguiano, Sr. Economic Development Project Manager, 808-5864

Presenters: n/a

Department: Economic Development Department

Division: Citywide

Organization No: 18001021

Description/Analysis

Issue: The City received Economic Development Conveyance (EDC) of the Army Depot property in August of 1994. In 1994, City Council also approved a Master Lease with Packard Bell Electronics, Inc. for operation of the former Army Depot site, City Agreement number 94-194. In 1999, the City approved an assignment of the Master Lease by Packard Bell to US National Leasing, LLC (USNL) through the First Amendment to the Master Lease, City Agreement number 94-194-1.

Since 1999, there have been seven amendments to the Master Lease. The "Seventh Amendment" to the Master Lease, City Agreement number 94-194-7, approved by the City Council on October 16, 2007, reflects an "Assignment" of a portion of USNL's lease to its affiliate US Depot Lands, LLC (Depot Lands).

On February 12, 2008, City Council approved a "Confirmation Agreement" with Depot Lands, City Agreement No. 2008-0133. The Confirmation Agreement confirmed the effect of the Seventh Amendment and a Landlord/Tenant relationship between Depot Lands and the City with respect to the portion of the

Army Depot formerly leased by USNL and assigned to Depot Lands.

Despite the Confirmation Agreement, the Seventh Amendment was ambiguous with respect to Depot Lands' rights and obligations created by the Assignment. As a result, it has been difficult for Depot Lands to secure financing for the development of new projects on the leased parcels that were assigned to it through the Seventh Amendment.

In addition to clearing up any ambiguity, there is one last Army Depot parcel that requires acceptance into the Leased Premises and Purchase Option of the Master Lease. In March 2005, the US Army conveyed title to Army Depot Parcel 2B through City Agreement number 2005-0409. Parcel 2B was the last piece of Sacramento Army Depot property covered in the original 1994 conveyance. The Fifth Amendment to the Master Lease, approved by City Council on March 1, 2004, City Agreement number 94-194-5, stated that the Tenant could accept Parcel 2B into the Leased Premises upon notice to City. On October 9, 2009, Assignee Depot Lands notified the City of its acceptance of Parcel 2B into its Leased Premises. Depot Lands would also like to include Parcel 2B in the purchase option parcels of the Master Lease.

Policy Considerations: The amendment to the Master Lease with Depot Lands will make clear the relationship between Depot Lands and the City, with respect to Depot Lands' obligations under the Master Lease, including all rights and interests in the released parcels. This amendment will give the developer the ability to finance specific projects, which will increase private investment in the former Army Depot, and accepts Parcel 2B to the Leased Premises and Purchase Option Parcels of the Master Lease.

Environmental Considerations:

California Environmental Quality Act (CEQA): This report concerns administrative activities that do not constitute a "project" as defined by the CEQA [CEQA Guidelines Sections 15061(b)(3); 15378(b)(2)].

Sustainability Considerations: There are no sustainability considerations applicable to this report.

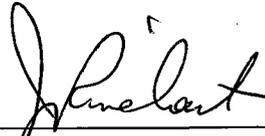
Commission/Committee Action: None

Rationale for Recommendation: The action requested herein is consistent with the City's goal to expand economic development and assist in the reuse of the former Army Depot.

Financial Considerations: The proposed action has no financial impacts.

Emerging Small Business Development (ESBD): Not applicable.

Respectfully Submitted by:


James R. Rinehart
Economic Development Director

Recommendation Approved:

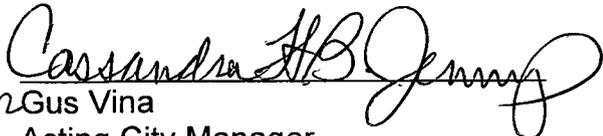

for Gus Vina
Acting City Manager

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	[Not Available]	

Attachment 1

DEPOT PARK

METES AND BOUNDS LEGAL DESCRIPTION OF LEASED PREMISES

ALL THAT CERTAIN REAL PROPERTY LYING WITHIN SECTION 26, TOWNSHIP 8 NORTH, RANGE 5 EAST, MOUNT DIABLO MERIDIAN AND BEING PARCEL 4 AND A PORTION OF PARCEL 5 AS SHOWN ON THE "RECORD OF SURVEY OF SACRAMENTO ARMY DEPOT" FILED IN BOOK 53 OF SURVEYS AT PAGE 25, SACRAMENTO COUNTY RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF PARCEL 5 OF SAID RECORD OF SURVEY, THENCE ALONG THE EASTERLY LINE OF SAID PARCEL 5, SOUTH 00°43'53" EAST, 3737.34 FEET; THENCE LEAVING SAID EASTERLY LINE, SOUTH 89°18'35" WEST, 2334.28 FEET TO THE NORTHWESTERLY CORNER OF PARCEL 2 OF SAID RECORD OF SURVEY; THENCE ALONG THE WESTERLY LINE OF SAID PARCEL 2 SOUTH 00°41'25" EAST 436.80 FEET; THENCE NORTH 89°18'35" EAST 82.05 FEET; THENCE SOUTH 00°41'25" EAST 379.13 FEET TO THE NORTH LINE OF PARCEL 1 OF SAID RECORD OF SURVEY; THENCE ALONG THE NORTH LINE OF SAID PARCEL 1 SOUTH 89°24'55" WEST 1208.85 FEET TO THE WEST LINE OF SAID PARCEL 5; THENCE ALONG THE WEST LINE OF SAID PARCEL 5 NORTH 16°40'08" WEST 4506.87 FEET; THENCE LEAVING SAID WESTERLY LINE NORTH 89°04'35" EAST 134.85 FEET THENCE NORTH 00°55'25" WEST 199.16 FEET TO THE NORTH LINE OF SAID PARCEL 5; THENCE ALONG THE NORTH LINE OF SAID PARCEL 5 AND PARCEL 4 NORTH 89°04'35" EAST 4565.04 FEET TO THE POINT OF BEGINNING

AND EXCEPTING FROM THE AFOREMENTIONED DESCRIPTION ALL THAT CERTAIN REAL PROPERTY LYING WITHIN SECTION 26, TOWNSHIP 8 NORTH, RANGE 5 EAST, MOUNT DIABLO MERIDIAN AND BEING A PORTION OF PARCEL 5 AS SHOWN ON THE "RECORD OF SURVEY OF SACRAMENTO ARMY DEPOT" FILED IN BOOK 53 OF SURVEYS AT PAGE 25, SACRAMENTO COUNTY RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL 1

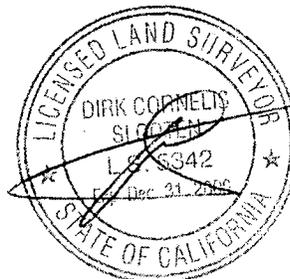
BEGINNING AT A POINT IN THE WEST LINE OF MARSHALL AVENUE FROM WHICH THE U.S.C.E. BRASS DISC STAMPED "126-1 1990" SHOWN ON SAID RECORD OF SURVEY BEARS THE FOLLOWING TWO (2) COURSES:

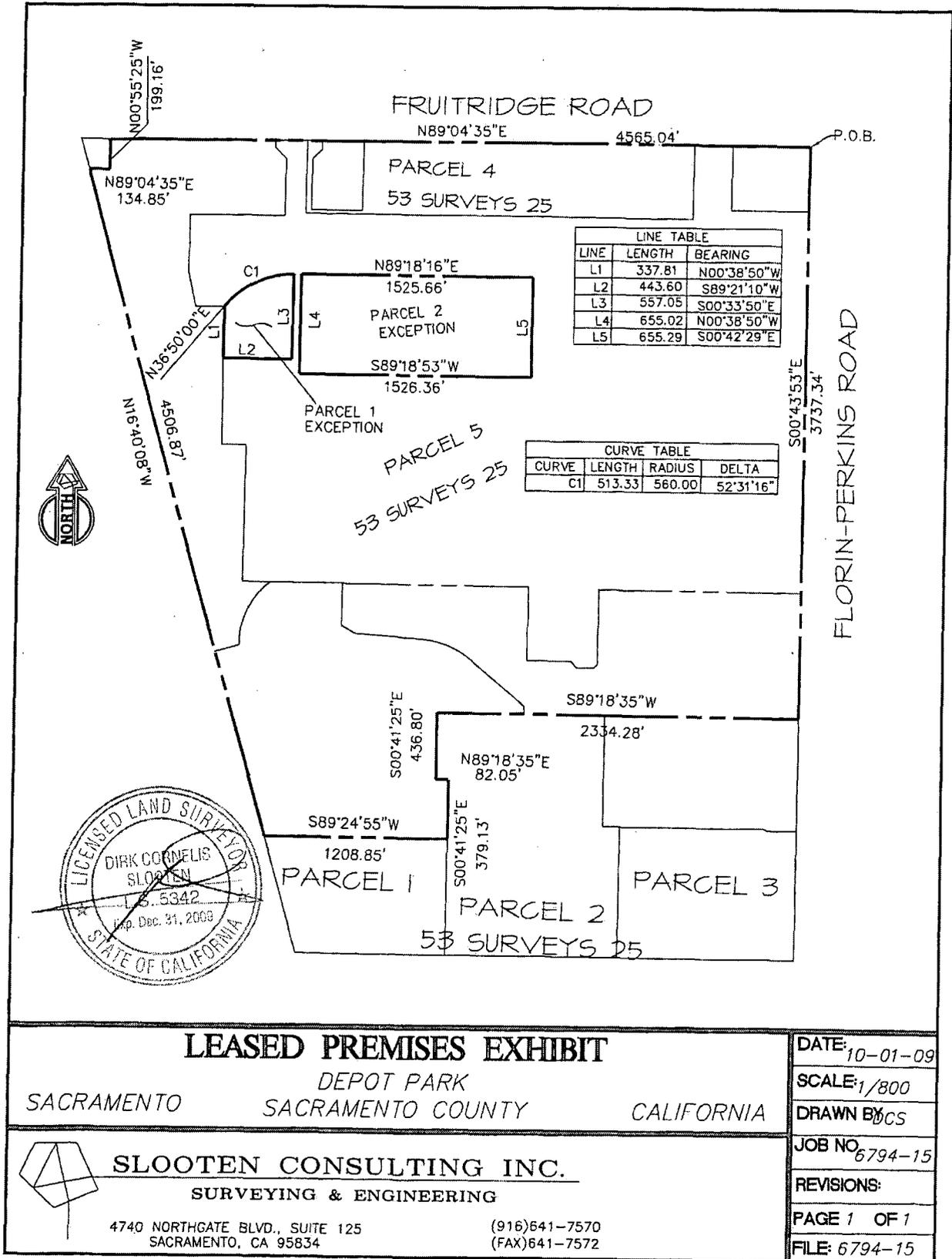
(1) NORTH 89°13'07" EAST 3209.45 FEET AND (2) NORTH 00°46'53" WEST 914.06 FEET DISTANT; THENCE, FROM SAID POINT OF BEGINNING, SOUTH 89°21'10" WEST 443.60 FEET; THENCE, NORTH 00°38'50" WEST 337.81 FEET; THENCE, ALONG THE ARC OF A CURVE TANGENT TO A LINE BEARING NORTH 36°50'00" EAST, CONCAVE TO THE SOUTHEAST HAVING A RADIUS OF 560.00 FEET AND A CENTRAL ANGLE OF 52°31'16", AN ARC DISTANCE OF 513.33

FEET TO A POINT IN SAID WEST LINE OF MARSHALL AVENUE: THENCE, ALONG SAID WEST LINE, SOUTH 00°33'50" EAST 557.05 FEET TO THE POINT OF BEGINNING.

PARCEL 2:

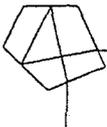
BEGINNING AT A POINT WHICH THE U.S.C.E. BRASS DISC STAMPED "126-1 1990" SHOWN ON SAID RECORD OF SURVEY BEARS THE FOLLOWING TWO (2) COURSES: (1) NORTH 89°13'07" EAST 1633.32 FEET AND (2) NORTH 00°46'53" WEST 1012.96 FEET DISTANT; THENCE, FROM SAID POINT OF BEGINNING, SOUTH 89°18'53" WEST 1526.36 FEET TO THE EAST LINE OF MARSHALL AVENUE; THENCE, ALONG SAID EAST LINE, NORTH 00°38'50" WEST 655.02 FEET; THENCE, NORTH 89°18'16" EAST; 1525.66 FEET; THENCE, SOUTH 00°42'29" EAST 655.29 FEET TO THE POINT OF BEGINNING.





LEASED PREMISES EXHIBIT

SACRAMENTO DEPOT PARK SACRAMENTO COUNTY CALIFORNIA



SLOOTEN CONSULTING INC.
SURVEYING & ENGINEERING

4740 NORTHGATE BLVD., SUITE 125
SACRAMENTO, CA 95834

(916)641-7570
(FAX)641-7572

DATE: 10-01-09
SCALE: 1/800
DRAWN BY: DCS
JOB NO: 6794-15
REVISIONS:
PAGE 1 OF 1
FILE: 6794-15

RESOLUTION NO. 2010 -

Adopted by the Sacramento City Council

**APPROVING AMENDMENT 8-a TO THE ARMY DEPOT INDUSTRIAL
DEVELOPMENT LEASE AND OPTION TO PURCHASE WITH
US DEPOT LANDS, LLC.**

BACKGROUND

- A. In 1994, the City Council approved an Industrial Lease and Option to Purchase (Master Lease) with Packard Bell Electronics, Inc. (City Agreement Number 94-194).
- B. In 1999, at the request of Packard Bell, the City approved the transfer and assignment of the Lease to US National Leasing, LLC (USNL).
- C. US Depot Lands, LLC (Depot Lands) is an affiliate company of US National Leasing, LLC.
- D. The Seventh Amendment to the Master Lease, City Agreement number 94-194-7, approved by the City Council on October 16, 2007, reflects an "Assignment" of a portion of USNL's lease to its affiliate Depot Lands.
- E. On February 12, 2008, City Council approved a "Confirmation Agreement" with Depot Lands, City Agreement No. 2008-0133.
- F. In March, 2005, the US Army conveyed title to Army Depot Parcel 2B to the City through City Agreement number 2005-0409.
- G. The Fifth Amendment to the Master Lease, approved by City Council on March 1, 2004, City Agreement number 94-194-5, stated that the Tenant could accept Parcel 2B into the Leased Premises and Purchase Option upon notice to City.
- H. On October 9, 2009, Assignee Depot Lands notified the City that it wanted to accept Parcel 2B into its Leased Premises and Purchase Option.
- I. The proposed amendment makes clear the relationship between Depot Lands and the City with respect to Depot Lands' obligations under the Master Lease, including all rights and interests in the released parcels.

- J. The proposed amendment allows Depot Lands to secure financing for the development of new projects on the leased parcels that were assigned to it through the Seventh Amendment and accepts Parcel 2B to the Leased Premises and Purchase Option Parcels of the Master Lease.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1: Amendment 8-a to the Industrial Development Lease and Option to Purchase with US Depot Lands, LLC is approved, and the City Manager or his designee is authorized to execute the Amendment.
- Section 2: Exhibit A is part of this Resolution.