

REPORT TO CITY COUNCIL City of Sacramento

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

Consent
February 12, 2008

Honorable Mayor and Members of the City Council

Title: Army Depot Confirmation Agreement

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

Recommendation: Adopt a **Resolution**; authorizing the City Manager to execute an "Industrial Development Lease and Option to Purchase Confirmation Agreement" (Confirmation Agreement), pursuant to the Seventh Amendment to the Army Depot "Industrial Development Lease and Option to Purchase" (Master Lease), City Agreement No. 1994-0194-7, between the City of Sacramento and US National Leasing, LLC.

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

Presenters: n/a

Department: Economic Development Department

Division: Citywide

Organization No: 4453

Description/Analysis

Issue: In 1994, City Council approved a Master Lease with Packard Bell Electronics, Inc. Along with the lease agreement, the City entered into a loan agreement with Packard Bell in the amount of \$36 million for site improvements and relocation expenses. By 1999, Packard Bell was facing difficult financial issues and was dissolving as a corporation. As a result, Packard Bell requested the City consent to assignment of the Master Lease to US National Leasing. The City approved the transfer, with some additional requirements, and US National Leasing was successful in paying off \$16 million in loans owed to the City by Packard Bell.

Since 1999 there have been a number of amendments to the Army Depot Master Lease. On October 16, 2007 City Council authorized the City Manager to execute the seventh amendment, which assigned US National Leasing's interest in four parcels from the Master Lease to its affiliate US National Depot Lands (Depot Lands). This action was taken in order for the developer to obtain financing necessary to further its industrial development of the Army Depot, including the proposed ethanol plant.

The Confirmation Agreement confirms the seventh amendment and allows the developer to obtain financing with a bank for the development of new projects on the released parcels. (See attachment 1 depicting the subject parcels.) The Confirmation Agreement also confirms the effect of the seventh amendment executed on October 16, 2007 and a direct relationship between Depot Lands and the City, with respect to Depot Lands' obligations under the Master Lease.

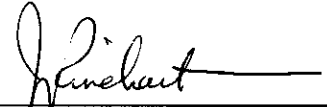
Policy Considerations: The Master Lease gives US National Leasing the ability to assign the lease in part or whole to an affiliate company, including all rights and interests.

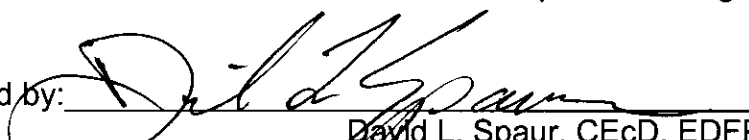
Environmental Considerations: This project is subject to the environmental review process as part of the approval of its development application.

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: There are no funding requirements related to this project.

Emerging Small Business Development (ESBD): Not Applicable

Respectfully Submitted by: 
James R. Rinehart
Economic Development Manager

Approved by: 
David L. Spaur, CEcD, EDFP
Director, Economic Development

Recommendation Approved:

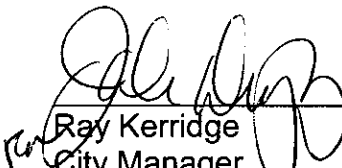

Ray Kerridge
City Manager

Table of Contents:

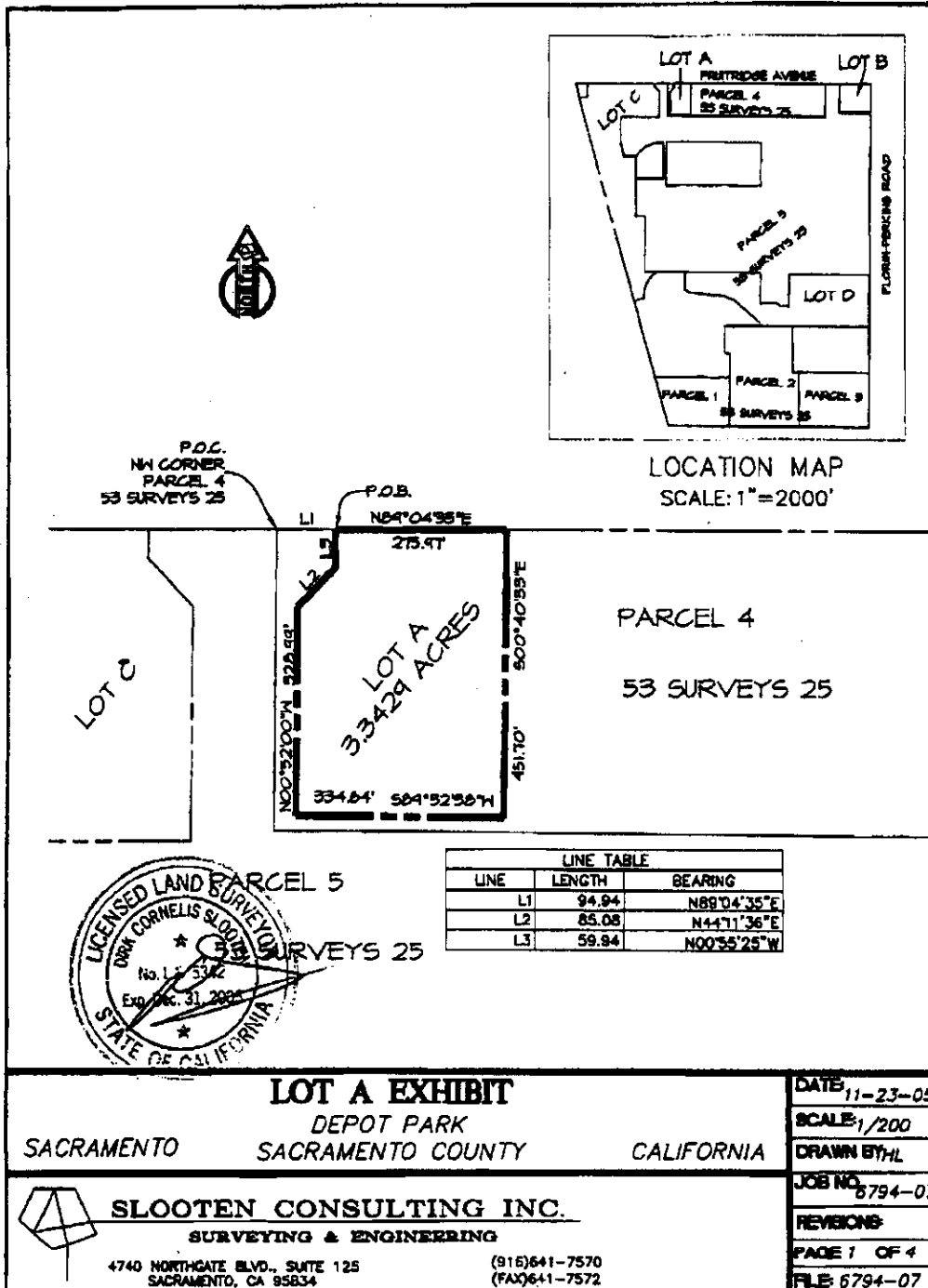
Report	Pg	1
Attachments		
1 Attachment 1—Parcel Descriptions	Pg	3
2 City Resolution	Pg	7
Exhibit 1 - Parcel Descriptions	Pg	8

Sent by: FISCHER PROPERTIES

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Page 9/15

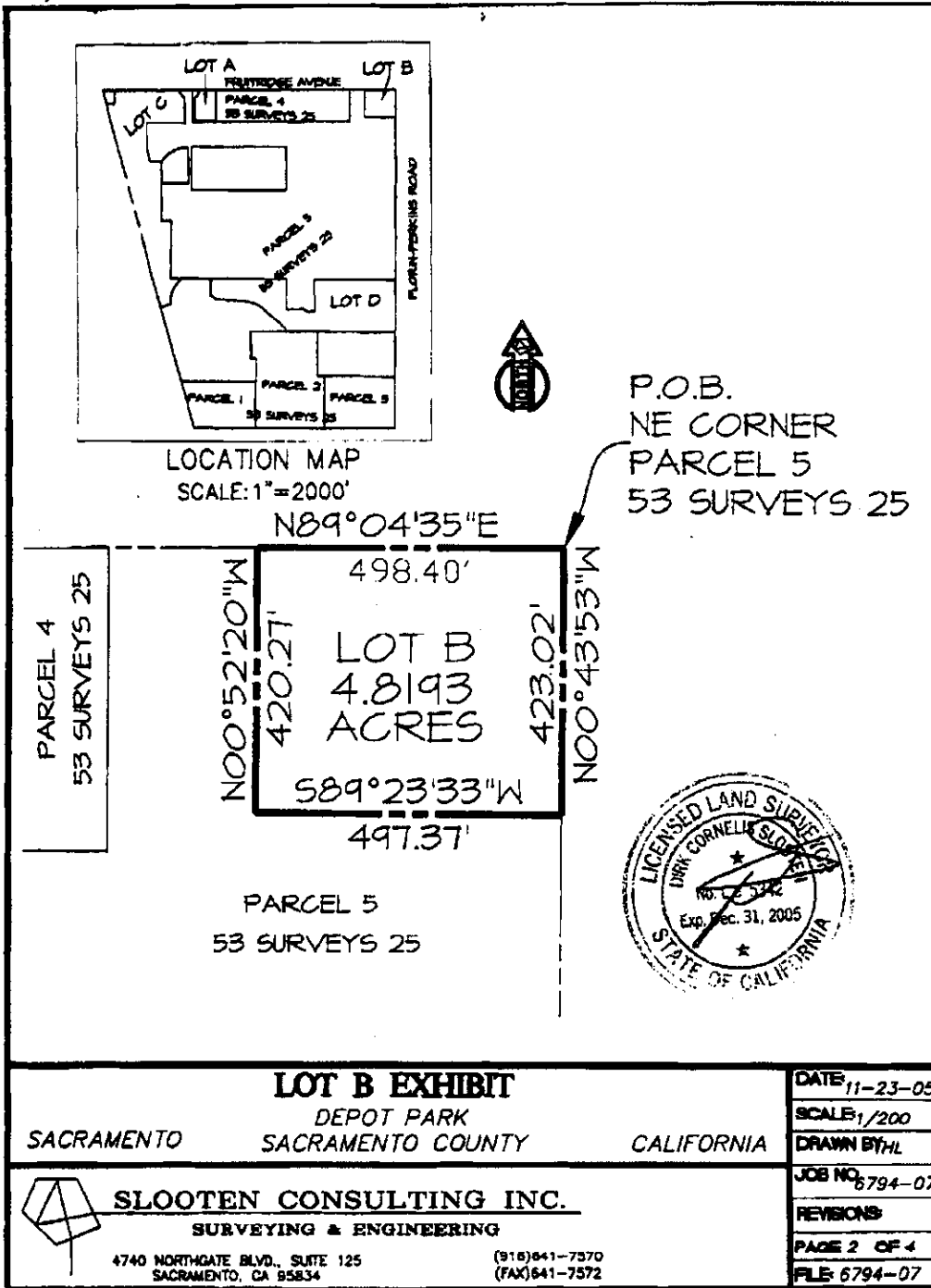


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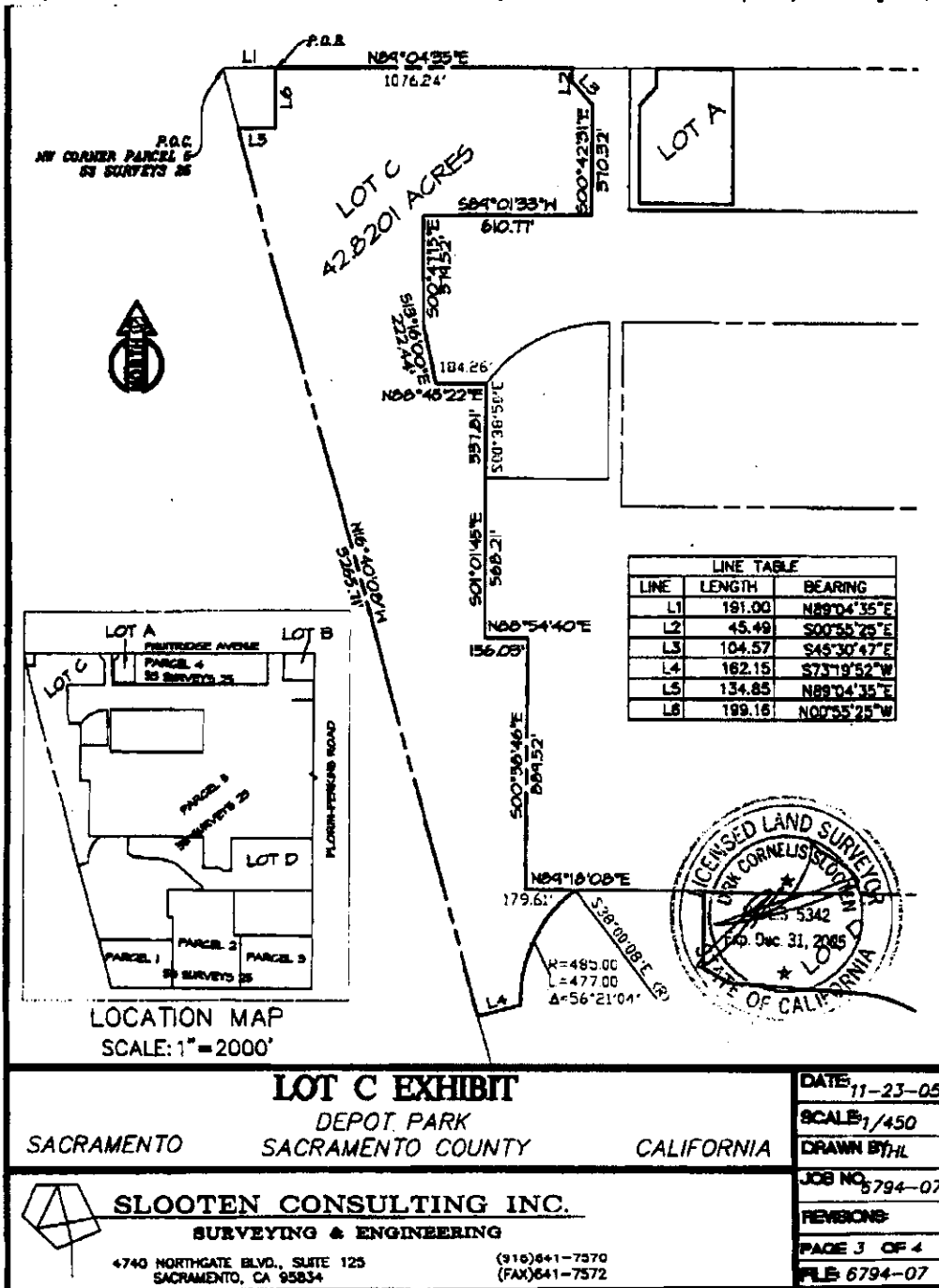
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Page 11/15



Sent by: FISCHER PROPERTIES 208 328 4000; 01/09/06 4:36PM; #442; Page 13/15

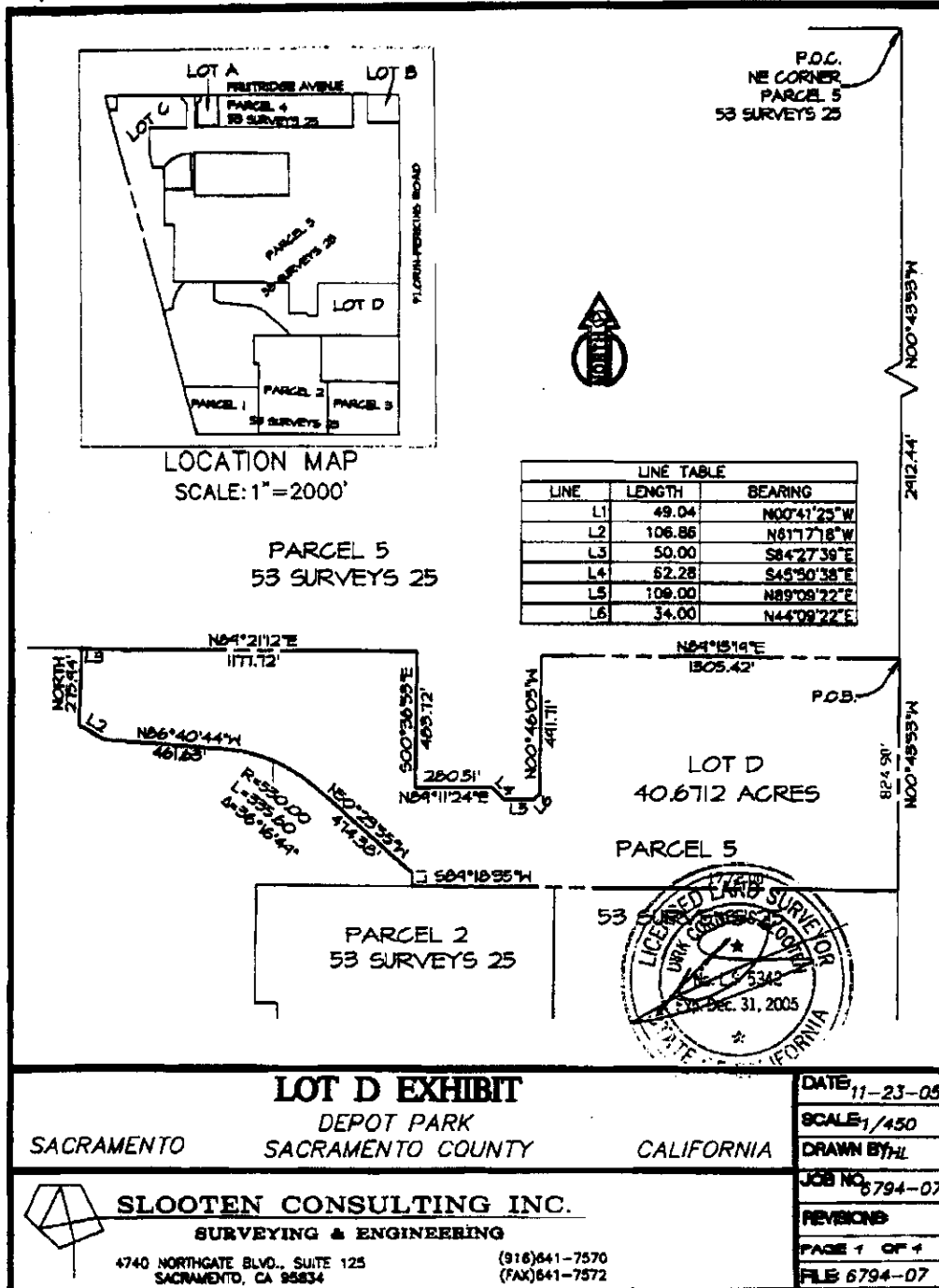


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Page 15/15



RESOLUTION NO. 2008-

Adopted by the Sacramento City Council

**APPROVING THE INDUSTRIAL DEVELOPMENT LEASE AND OPTION TO
PURCHASE CONFIRMATION AGREEMENT**

BACKGROUND

- A. In 1994, the City Council approved an Industrial Lease and Option to purchase 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.
- C. US National Leasing has made this amendment request in accordance with the terms and conditions contained in the Master Lease.
- D. US National Lands, LLC is an affiliate company of US National Leasing, LLC.
- E. US National Depot Lands, LLC is an affiliate company of US National Leasing, LLC.
- F. On October 16, 2007, the City Council authorized the City Manager to execute the seventh amendment to the Master Lease which assigned US National Leasing's interest in four parcels from the Master Lease to its affiliate US National Depot Lands. This confirmation agreement confirms the terms of the seventh amendment and allows the developer to obtain financing for the development of new projects on the released parcels. (See Exhibit 1 depicting the subject parcels.)

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

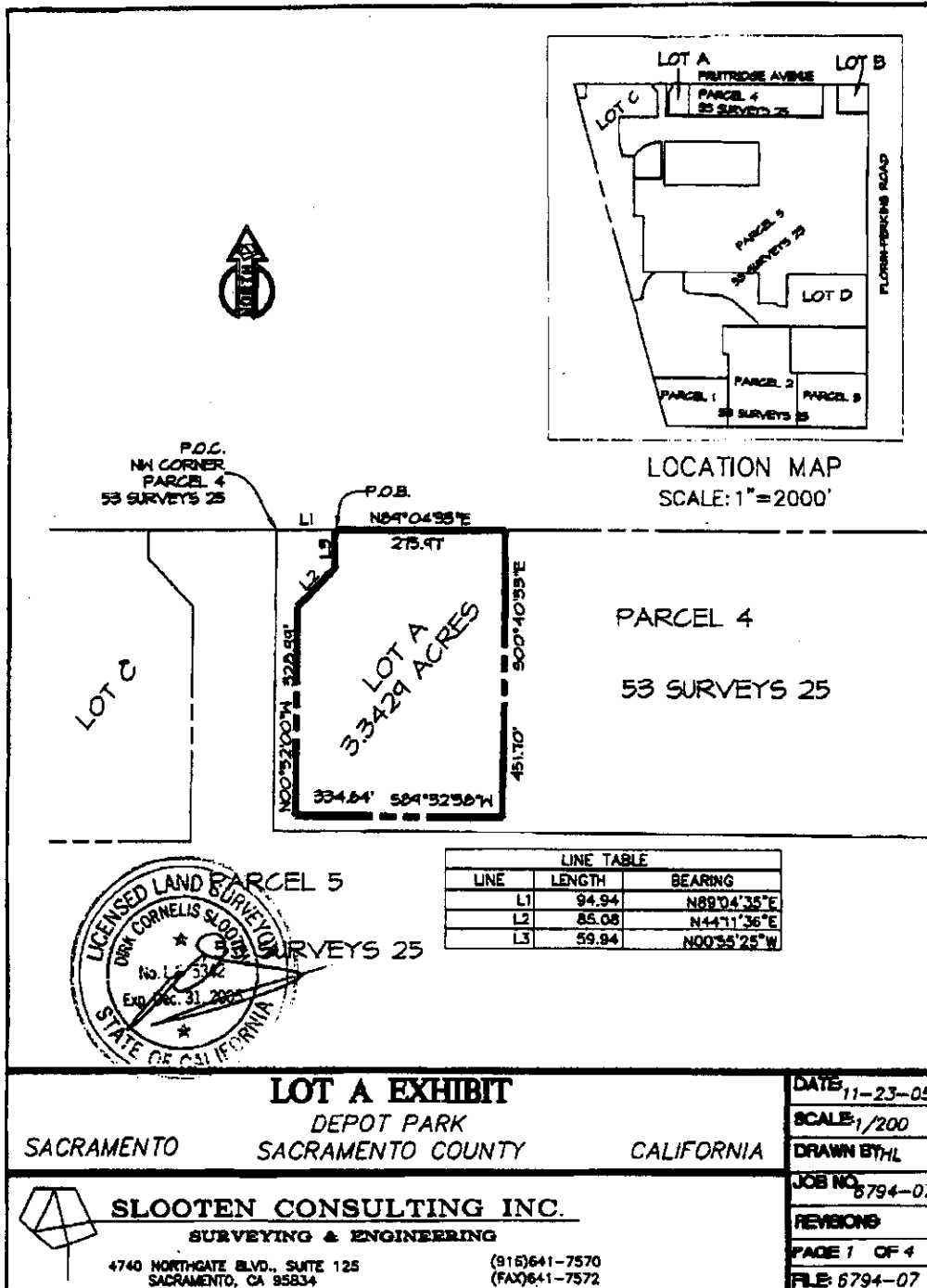
- Section 1: The City Manager is authorized to execute an "Industrial Development Lease and Option to Purchase Confirmation Agreement", confirming the terms of the Seventh Amendment to the Army Depot "Industrial Development Lease and Option to Purchase", City Agreement No. 1994-0194-7, between the City of Sacramento and US National Leasing, LLC.

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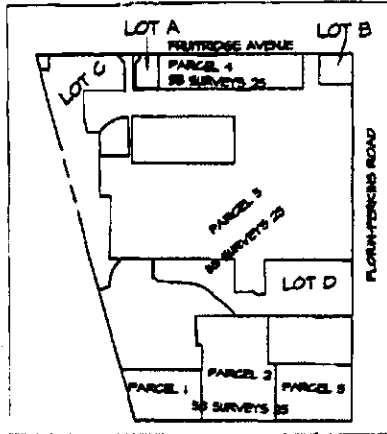
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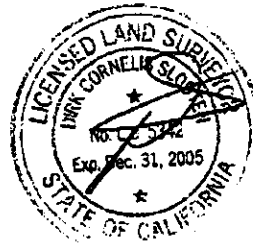
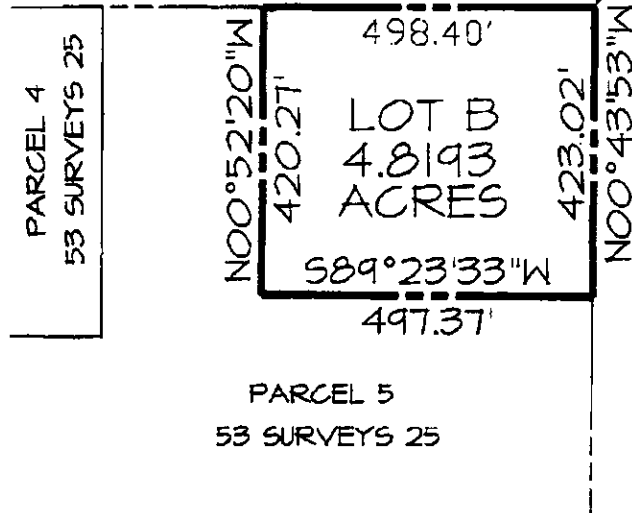
Page 9/15




Sent by: FISCHER PROPERTIES 208 328 4000; 01/09/06 4:35PM;#442; Page 11/15



P.O.B.
NE CORNER
PARCEL 5
53 SURVEYS 25



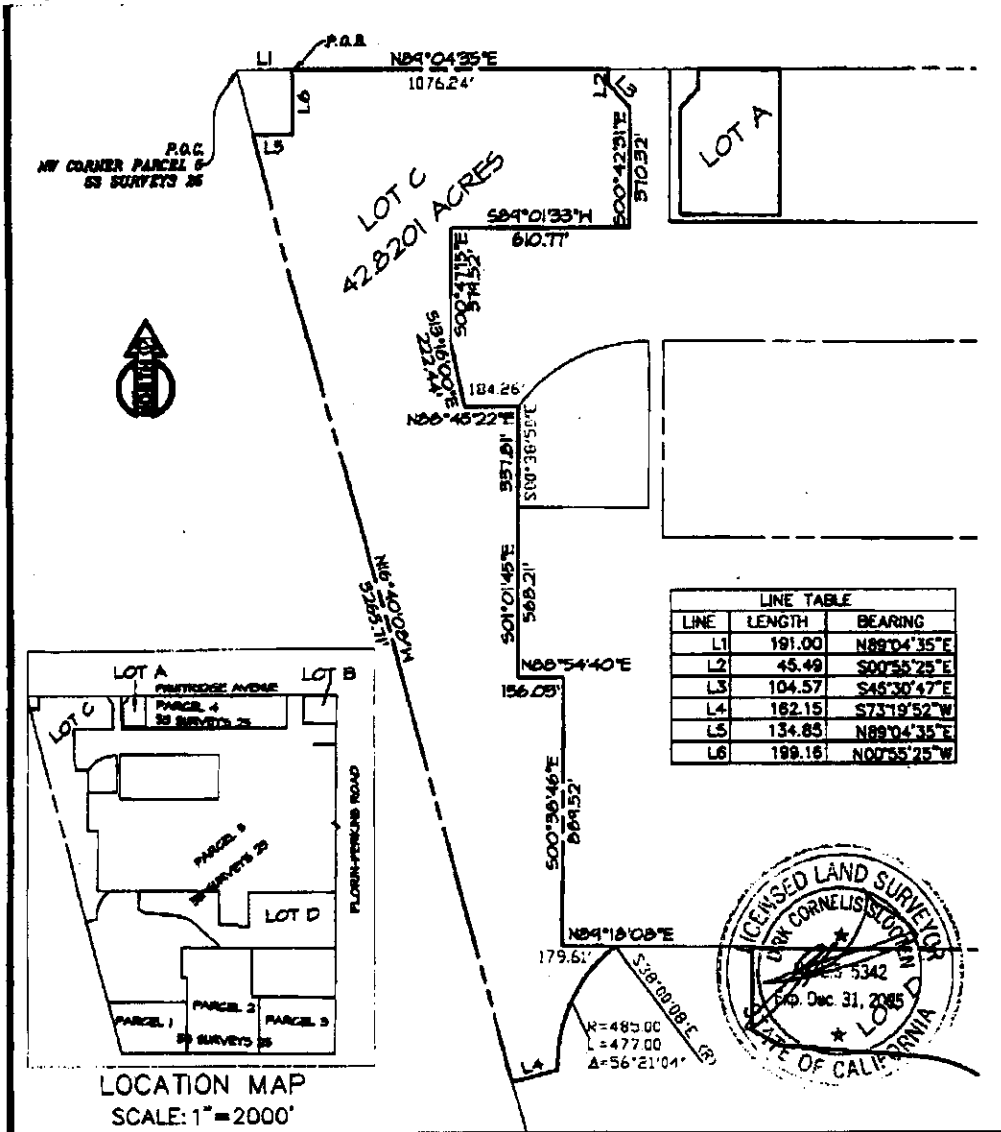
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DEPOT PARK			SCALE 1/200
SACRAMENTO	SACRAMENTO COUNTY	CALIFORNIA	DRAWN BY HL
 SLOOTEN CONSULTING INC. SURVEYING & ENGINEERING 4740 NORTHGATE BLVD., SUITE 125 SACRAMENTO, CA 95834 (916)641-7570 (FAX)641-7572			JOB NO. 6794-07
			REVISIONS
			PAGE 2 OF 4
			FILE: 6794-07

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Page 13/15



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SLOOTEN CONSULTING INC. SURVEYING & ENGINEERING 4740 NORTHGATE BLVD., SUITE 125 SACRAMENTO, CA 95834			JOB NO: 6794-07
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			PAGE 3 OF 4
			FILE: 6794-07

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Page 15/15

