

MINUTE ITEM
This Calendar Item No. C56 was approved as
Minute Item No. 56 by the California State Lands
Commission by a vote of 3 to 0 at its
9/19/00 meeting.

**CALENDAR ITEM
C56**

A 80
S 37

09/19/00
PRC 8150.2 WP 8150.2
N. Smith

AMENDMENT OF LEASE

LESSEE:

SFPP, L.P.
Attn: Mr. Michael B. Schwerdtfeger
1100 Town & Country Road
Orange, California 92868

AREA, LAND TYPE, AND LOCATION:

11.442 acres, more or less, of school lands in a portion of Section 30, Township 9 South Range 13 East; Section 12, Township 9 South Range 11 East, and Section 34, Township 8 South Range 11 East, SBM, lying just east of the Salton Sea, Imperial and Riverside Counties.

AUTHORIZED USE:

Lessee has previously been authorized to undertake the installation, operation and maintenance of an 8-inch diameter conduit containing three 1.5-inch innerducts located within an existing idle 12-inch diameter petroleum pipeline. Authorization was granted for one of the innerducts to house a single fiber optic cable, having 96 hair-thin fibers.

LEASE TERM:

Ten years, beginning April 20, 2000, with the right to renew for one additional period of 15 years, subject to such reasonable renewal terms and conditions as the State may impose.

CONSIDERATION:

\$2,395 per year, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

PROPOSED AMENDMENT:

Amendment of the Lease to authorize Lessee to install three additional innerducts for a total of six and one fiber optic cable into each of the innerducts.

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All other terms and conditions of the permit shall remain in effect without amendment.

OTHER PERTINENT INFORMATION:

1. Lessee has the right to use the uplands adjoining the lease premises.
2. On April 20, 2000, the Commission approved a sublease between SFPP, L.P. and Williams Communications, Inc.
3. The California Public Utilities Commission approved a variance allowing Williams Communications, Inc., to increase the number of innerducts along the subject route from three to six
4. On April 20, 2000, the Commission approved Lessee's request to amend its encumbrancing agreement with U.S. Bank Trust National Association to include this leasehold interest. Under the terms of the Encumbrancing Agreement, Lessor has agreed that no modification of the Lease shall be effective without the consent of the Secured Party Lenders. Lessee requests that amendment of PRC 8150.2 be authorized as herein provided, to become effective only if the consent of the Secured Party Lenders under the Encumbrancing Agreement is obtained not later than 120 days following Commission action.
5. A Mitigated Negative Declaration was prepared and adopted for that portion of the network within California by the CPUC. The California State Lands Commission (CSLC) staff has reviewed the document.

A Mitigation Monitoring Program was adopted by the CPUC. The CSLC adopted the Mitigation Monitoring Program at its meeting of December 3, 1999, upon approval of the Williams Communications, Inc., fiber optic cable route from Riverside California to the Arizona Border.

The Mitigated Negative Declaration and Mitigation Monitoring Program are on file in the Sacramento office of the CSLC.
6. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

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APPROVALS OBTAINED:

California Department of Fish and Game, California Public Utilities Commission, Regional Water Quality Control Board, Reclamation Board and U.S. Army Corps of Engineers.

EXHIBIT:

A. Location Map

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT A MITIGATED NEGATIVE DECLARATION AND A MITIGATION MONITORING PROGRAM WERE PREPARED AND ADOPTED FOR THIS PROJECT BY THE CALIFORNIA PUBLIC UTILITIES COMMISSION AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN AND HAS PREVIOUSLY ADOPTED BY ITS ACTION OF DECEMBER 3, 1999, THE APPROPRIATE MITIGATION MONITORING PROGRAM.

SIGNIFICANT LANDS INVENTORY FINDING:

FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED BY THE COMMISSION FOR THE LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.

AUTHORIZATION:

AUTHORIZE THE FOLLOWING ACTIONS, SUBJECT TO THE CONDITION PRECEDENT THAT LESSEE FURNISH COMMISSION STAFF, NOT LATER THAN DECEMBER 19, 2000, WITH THE WRITTEN CONSENT OF THE SECURED PARTY LENDERS UNDER THE ENCUMBRANCING AGREEMENT TO THE FOLLOWING ACTIONS:

AUTHORIZE THE AMENDMENT OF LEASE NO. PRC 8150.2, A GENERAL LEASE – NON-EXCLUSIVE RIGHT OF WAY USE OF LANDS SHOWN ON EXHIBIT A ATTACHED AND BY THIS REFERENCE MADE

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A PART HEREOF, EFFECTIVE SEPTEMBER 19, 2000, TO INCREASE THE NUMBER OF AUTHORIZED INNERDUCTS FROM THREE TO SIX AND TO ALLOW INSTALLATION, OPERATION AND MAINTENANCE OF A FIBER OPTIC CABLE INTO EACH OF THE INNERDUCTS FOR A TOTAL OF SIX CABLES IN THE PREVIOUSLY AUTHORIZED CONDUIT; ALL OTHER TERMS AND CONDITIONS OF THE LEASE WILL REMAIN IN EFFECT WITHOUT AMENDMENT.

AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO TAKE ANY AND ALL FURTHER STEPS NECESSARY TO IMPLEMENT THE FOREGOING TRANSACTION, INCLUDING, BUT NOT LIMITED TO, THE EXECUTION OF DOCUMENTS.

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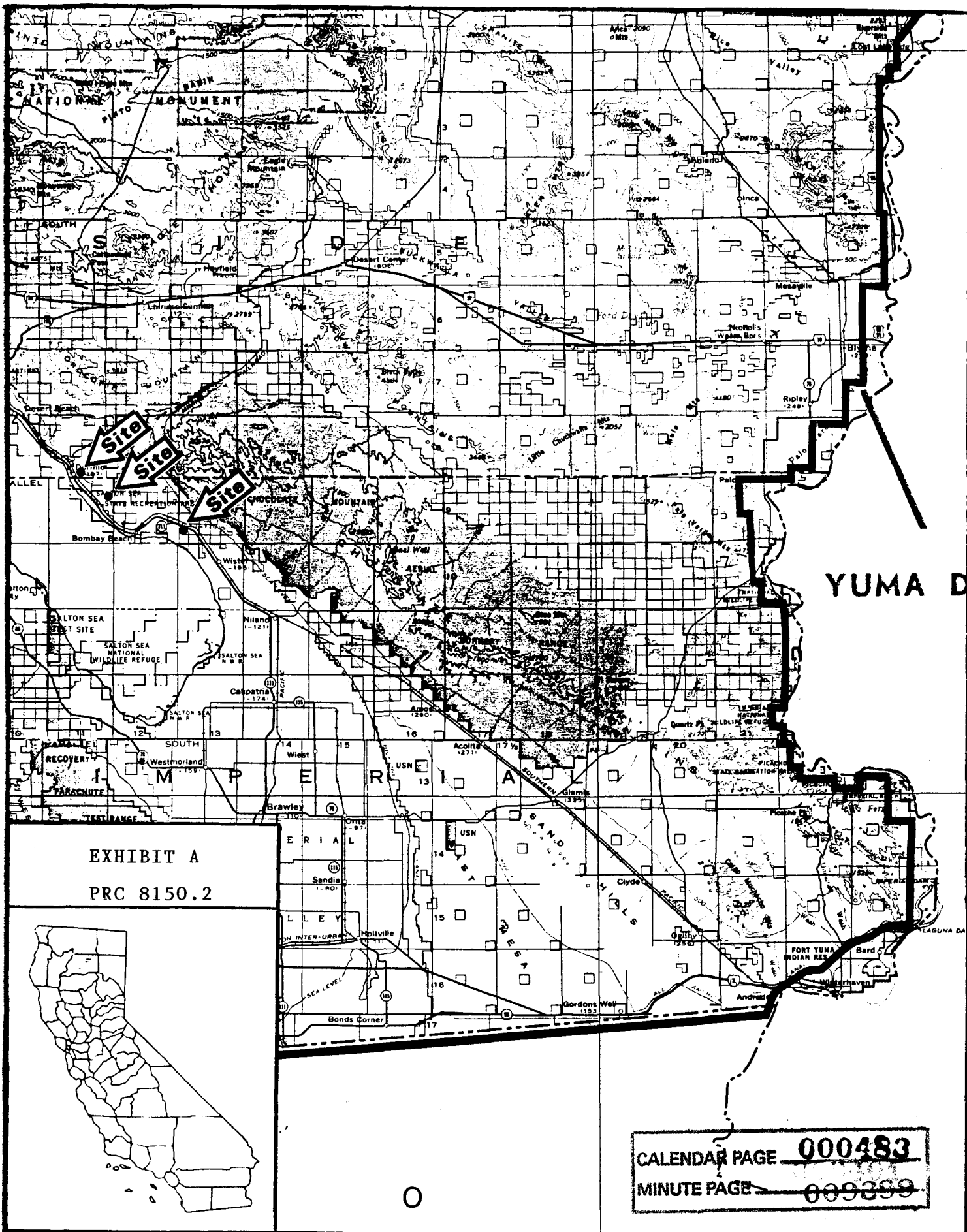


EXHIBIT A
PRC 8150.2



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