

**CALENDAR ITEM
C64**

A 35
S 17

02/09/16
PRC 8142.1
R. Collins

REVISION OF RENT

LESSEE:

MFS Globenet, Inc.

AREA, LAND TYPE, AND LOCATION:

Sovereign land located in the Pacific Ocean, offshore of Montana de Oro State Park, San Luis Obispo County.

AUTHORIZED USE:

Operation and maintenance of one six-inch diameter steel conduit.

LEASE TERM:

15 years, beginning February 8, 2010.

CONSIDERATION:

This lease provides that Lessor may modify the rent periodically during the lease term. Pursuant to this provision, staff conducted a review of the rent under this lease and recommends that rent be revised from \$15,093 per year to \$16,652 per year, effective February 8, 2016.

OTHER PERTINENT INFORMATION:

1. Lessee has the right to use the upland adjacent to the Lease premises.
2. On October 29, 2010, the Commission authorized a General Lease – Non Exclusive Right-of-Way Use to MFS Globenet, Inc., for operation and maintenance of one six-inch diameter steel conduit. The lease will expire on February 7, 2025.
3. The conduit is occupied by a fiber optic cable owned by AT&T Corporation (AT&T). The cable, identified as Segment 9 of the Japan – U.S. Fiber Optic Cable Network, is subject to Lease No. PRC 8204.1, a General Lease – Right-of-Way Use to AT&T. Rental for that lease is not being reviewed as part of this action.

CALENDAR ITEM NO. **C64** (CONT'D)

Both MFS and AT&T are members of a multi-member consortium (the Consortium) that owns the Japan-US Cable Network. The members of the Consortium entered into a private contractual agreement for the construction and maintenance of the Japan-US Cable Network, wherein MFS retains ownership of the conduit, and AT&T is responsible for the fiber optic cable seaward of the conduit.

4. Lease No. PRC 8142.1 authorizing the conduit has no requirement to conduct cable burial inspection surveys.
5. Staff conducted the rent review called for in the lease and recommends the revision of rent, as it promotes Strategy 2.1 of the Commission's Strategic Plan, by optimizing returns for the responsible development and use of State lands and resources, both onshore and offshore.
6. Approving the revision of rent is not a project as defined by the California Environmental Quality Act (CEQA) because it is an administrative action that will not result in direct or indirect physical changes in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, Title 14, section 15378, subdivision (b)(5).

EXHIBIT:

- A. Site and Location Map

RECOMMENDED ACTION:

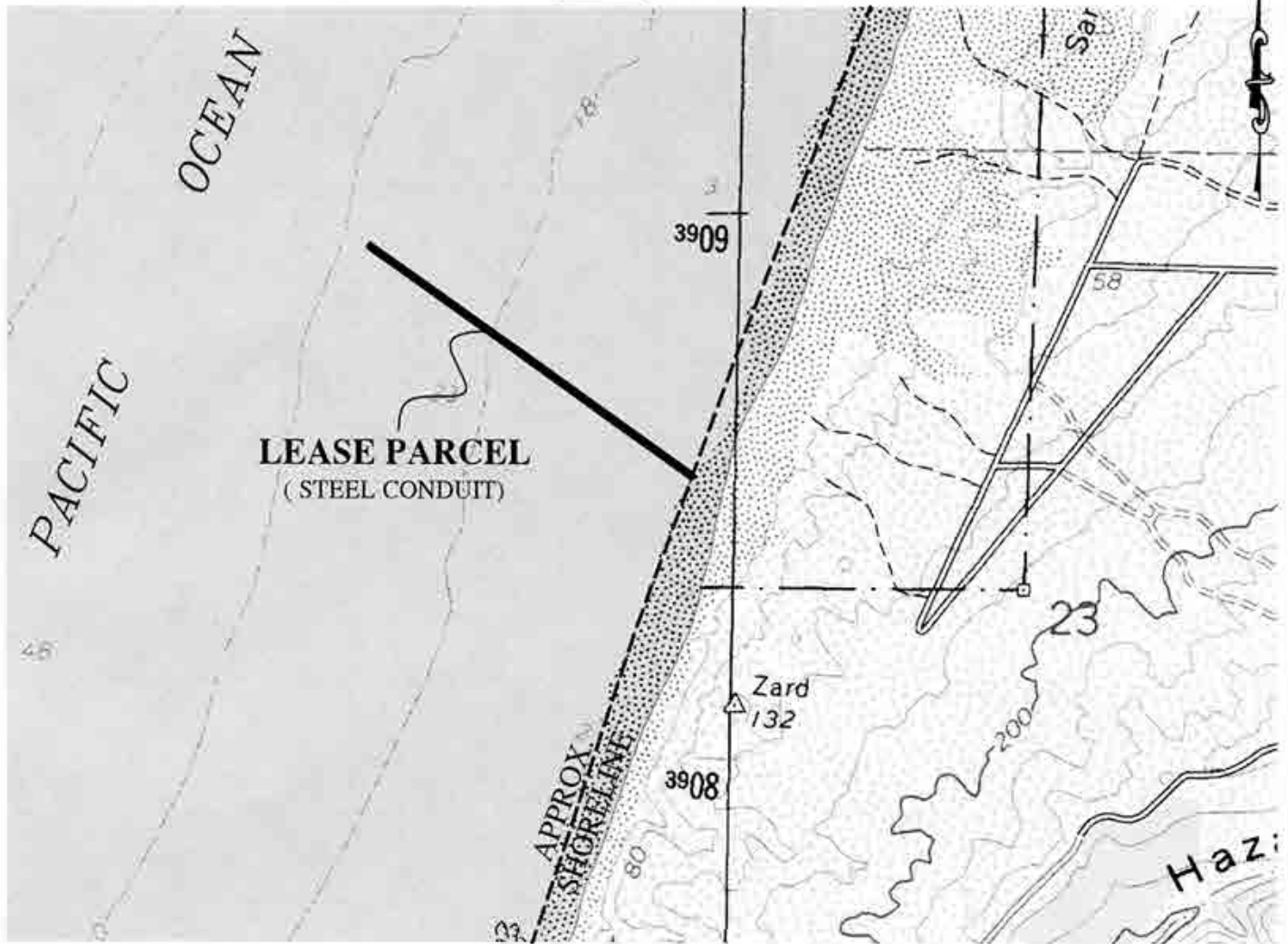
It is recommended that the Commission:

AUTHORIZATION:

Approve the revision of rent for Lease No. PRC 8142.1 from \$15,093 per year to \$16,652 per year, effective February 8, 2016.

NO SCALE

SITE



OFFSHORE OF MONTANA DE ORO STATE PARK, PACIFIC OCEAN

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

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 A

PRC 8142.1
MFS GLOBENET, INC.
GENERAL LEASE -
NON EXCLUSIVE
RIGHT-OF-WAY USE
SAN LUIS OBISPO COUNTY

