

Factors Germane to City Consent Finance Division

113.4 Factors Germane to City Consent. In evaluating any Transfer Notice, it shall not be unreasonable for City to withhold or condition its consent to a Transfer based on the following factors, among others:

(a) The net worth, financial condition and creditworthiness of the Transferee and the existence of any guaranty provided by the Transferee's parent or related entity or entities;

Under Permit 930 with the Jankovich Company (Jankovich), minimum rent obligations will be \$24,490.56 per month as of December 1, 2020. Effective November 5, 2021, and annually thereafter rent will increase by CPI, subject to any board-approved compensation resets. Over the remaining term of Permit 930 through November 4, 2039 and assuming 2% inflation, staff has estimated aggregate minimum rent obligations of approximately \$6.7 million. At a discount rate of 11.25%, which is the hurdle rate implied by the value of the Port's contribution of land and improvements, the present value of these aggregate minimum rent obligations is approximately \$2.7 million.

Based upon a September 14, 2020 notification from Jankovich, staff was made aware that Jankovich has entered into an exclusive Letter of Intent to sell 100% of the Company to NorthStar Energy, LLC (NorthStar). Subsequently, staff were notified that TJC CA LLC (TJC), a subsidiary of NorthStar would acquire the assets of Jankovich and NorthStar will guaranty the performance of TJC under the Permit 930 obligation.

The Finance division has reviewed financial information for the years ending December 31, 2018 and December 31, 2019 for NorthStar. Specifically, Total Revenues, Operating Income, Net Income, Total Assets and Total Equity were reviewed. Based upon staff's review of these key financial metrics, NorthStar appears to possess reasonably sufficient financial wherewithal to meet its obligations as Transferee under Permit 930.

(b) The character, experience and reputation of the Transferee (or its operator) in operating the business contemplated by the Transfer;

NorthStar was formed in 2006 as the parent company of the petroleum line of business of Saltchuk Resources. Saltchuk is a privately-owned family of air cargo, marine services, energy distribution, domestic and international shipping and logistics companies headquartered in Seattle and operating throughout North America. NorthStar invests in people and businesses that specialize in the complexity of delivering fuel particularly to remote locations. NorthStar's vision is to guide all customers to the future of fuel, and its mission is to be the vital link to the most reliable, best-in-class, integrated energy solutions. Based upon staff's research, NorthStar appears to possess reasonable experience, knowledge and character to assume the operational responsibilities associated with Permit 930.

(c) Whether the Transfer will negatively impact the short-term or long-term development, land use or other plans of City's Harbor Department, and whether consent to such Transfer would violate any of the legal duties of City's Harbor Department, including duties owed to other tenants;

Continued use of the Permit 930 premises as a marine oil terminal is consistent with the Port Master Plan as an existing permitted use. There are currently no conflicting existing legal duties of the Harbor Department that relate to the continued use of the Permit premises as a marine oil terminal.

(d) Whether the proposed Transfer is consistent with the terms and conditions of this Agreement in existence when Tenant submitted the Transfer Notice and with the laws, rules and regulations applicable to the Premises and Tenant's use and occupancy thereof;

TJC will continue to use the premises as a marine oil terminal consistent with the terms and conditions of Permit 930.

(e) Whether the information provided by Tenant in connection with Subsection 113.3.1 (Transfer Notice) justifies such consent;

The Jankovich Company's Transfer Notice provided the information required by Subsection 113.3.1. The information provided in the Transfer Notice justifies consent of the proposed assignment based on the proposed tenant's and guarantor's collective financial standing, experience, and proposed use of the premises that is consistent with the Port Master Plan and the terms of Permit 930.

(f) The Transferee's level of commitment and specific plans to invest to improve the Premises following approval of the proposed Transfer, if any;

The TJC and NorthStar has committed to maintaining current operations, including retention of current management.

(g) Whether there are uncured defaults including, without limitation, unpaid Rent and, if there are, whether the proposed transferee agrees to cure, remedy or otherwise correct any default by Tenant existing at the time of the Transfer, in a manner satisfactory to the Board; and

There are currently no defaults related to Permit 930.

(h) Whether the Transferee, its operator or any Affiliate of the Transferee or its operator is listed on any of the following lists maintained by the Officer of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of the Industry and Security of the U.S. Department of Commerce or their successors, or on any other list of Persons with which the City may not do business under Applicable Law: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List, and the Debarred List.

Staff has reviewed the following referenced websites and did not find any listing of the proposed tenant or affiliated companies on any such lists.

The Office of Foreign Assets Control - Special Designated Nationals and Blocked Person List: <https://sanctionssearch.ofac.treas.gov/>

**The Bureau of Industry and Security - Denied Persons List and Entity List:
<http://www.bis.doc.gov/dpl/dpl.txt>**

**The Office of Defense Trade Controls - Debarred Parties List:
https://www.pmdtc.state.gov/?id=ddtc_kb_article_page&sys_id=7188dac6db3cd30044f9ff621f961914**