



December 19, 2006

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute (i) an Assignment Consent Agreement to Assign from Edgington Oil Company to Edgington Oil Company, LLC, certain rights and obligations under the Customer Natural Gas Transportation/Service Agreement with the City of Long Beach, and (ii) the Assignment Consent Agreement attached in Exhibit A of the attached Resolution. (District 9)

DISCUSSION

Effective October 24, 2005, the City of Long Beach (City) and Edgington Oil Company (Edgington) entered into a Customer Natural Gas Transportation/Service Agreement which allowed Edgington to procure its own natural gas commodity and have it transported from the California border to its site by the Long Beach Gas & Oil Department (LBGO). On September 28, 2006, Alon USA acquired Edgington and renamed it Edgington LLC.

The City has 11 commercial/industrial customers, including Edgington LLC who has entered into a Customer Natural Gas Transportation/Service Agreement with LBGO. All 11 agreements are scheduled for renewal on August 1, 2007.

Historically, Transportation/Service customers have asked the City to execute Assignment Consent Agreements to evidence the City's consent to the transfer of a customer's rights and obligations under its Customer Natural Gas Transportation/Service Agreement to a successor. A form of Assignment Consent Agreement is attached as Exhibit A to the attached Resolution.

This matter was reviewed by Deputy City Attorney Richard Anthony on November 17, 2006 and by Budget Management Officer David Wodynski on December 7, 2006.

TIMING CONSIDERATIONS

HONORABLE MAYOR AND CITY COUNCIL
December 19, 2006
Page 2

City Council action is requested on December 19, 2006, as the change from Edgington Oil Company to Edgington Oil Company LLC and the purchase by Alon USA was effective September 28, 2006.

FISCAL IMPACT

There is no fiscal impact associated with this requested consent to assignment.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CHRISTOPHER J. GARNER
DIRECTOR OF LONG BEACH GAS AND OIL

CJG:JC:cig

Attachment

APPROVED:



GERALD R. MILLER
CITY MANAGER

Robert E. Shannon
City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2200

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH PROVIDING FOR THE ADOPTION
OF A FORM OF ASSIGNMENT CONSENT AGREEMENT
FOR THE ASSIGNMENT OF CUSTOMER NATURAL GAS
TRANSPORTATION/SERVICE AGREEMENTS

WHEREAS, the City of Long Beach (the "City"), acting through the Long Beach Gas & Oil Department ("LBGO"), has entered into agreements ("Agreements") to transport natural gas on behalf of various customers within the City of Long Beach ("Transport Customers");

WHEREAS, Transport Customers often wish to assign their respective rights and obligations under the Agreements to evidence mergers, acquisitions or other similar corporate restructures;

WHEREAS, each such assignment by a Transport Customer must receive the City's consent prior to effectiveness;

NOW, THEREFORE, the City Council of the City of Long Beach resolves as follows:

Section 1. The City Manager shall be authorized to execute the form of Assignment Consent Agreement attached hereto as Exhibit A to evidence the City's consent to proposed assignments of any Agreement.

Sec. 2. This resolution shall take effect immediately upon its adoption by the City Council, and the City Clerk shall certify the vote adopting this resolution.

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I hereby certify that the foregoing resolution was adopted by the City Council
of the City of Long Beach at its meeting of _____, 20____, by the following
vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk

Robert E. Shannon
City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2200

RFA:S:\ANTHONY\ResFormAssgmtCTSA.wpd

**ASSIGNMENT CONSENT AGREEMENT TO ASSIGNMENT OF CUSTOMER
NATURAL GAS TRANSPORTATION/SERVICE AGREEMENT**

This Assignment Consent Agreement (this "Assignment") is entered into this _____ day of _____, 20____, by and among _____, a _____ ("Assignor"), _____, a _____ ("Assignee"), and the CITY OF LONG BEACH, a municipal corporation ("City"), pursuant to a minute order adopted by the City Council of the City of Long Beach on _____, 20____.

This Assignment is made with reference to the following facts and objectives:

A. City and Assignor have entered into a Customer Natural Gas Transportation/Service Agreement for the transport of natural gas by City to Assignor, effective _____, 20____, which agreement is attached as Exhibit "A" and incorporated herein by reference (the "Agreement").

B. Effective _____, 20____, Assignor assigned all of its rights, title, interest and obligations in the Agreement to Assignee.

C. City is willing to consent to the assignment on the following terms and conditions to which Assignor, Assignee, and City agree:

1. Neither this Assignment nor City's consent thereto shall relieve Assignor from any liabilities arising from or attributable to the activities by Assignor, its predecessors, affiliates, wholly or partially owned entities, parents and assigns prior to the effective date of this Assignment, notwithstanding anything to the contrary in any agreements between Assignor and Assignee.

2. Assignee accepts all of the rights, title, interest and obligations in and to the Agreement and agrees and covenants to incur and be responsible for all of the duties and obligations of Assignor thereunder, notwithstanding anything to the contrary in any other agreements between Assignor and Assignee.

3. This Assignment shall be binding upon and shall inure to the benefit of the parties and their successors and assigns; however, nothing in this consent shall be interpreted to waive City's right to object to any future transfer or sale of any rights or obligations under the Agreement.

4. This Assignment shall be governed by the laws of the State of California.

5. This Assignment shall be effective upon execution by City.

6. This Assignment may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument and shall be construed as if all the parties to the aggregate counterparts had signed the same instrument.

“ASSIGNOR”

_____, 20__

By _____
Title _____

_____, 20__

By _____
Title _____

"ASSIGNEE"

_____, 20__

By _____
Title _____

_____, 20__

By _____
Title _____

CONSENT TO ASSIGNMENT

City consents to the Assignment of interests of Assignor to Assignee, subject to the foregoing terms and conditions.

CITY OF LONG BEACH, a municipal corporation

_____, 20__

By _____
City Manager

The foregoing is hereby approved as to form this __ day of _____,
20__.

ROBERT E. SHANNON, City Attorney

By _____
Deputy