

12. (Replacement of Faithful Performance Bond Under Lease No. P.R.C. 322, Palos Verdes Corporation - W.O. 547) The Commission was informed that under date of August 10, 1949, a request was received from the Palos Verdes Corporation to replace the faithful performance bond under Lease No. P.R.C. 322 issued by the Saint Paul-Mercury Indemnity Company, as surety, in the amount of \$2,000 with a bond of its own execution. The new bond is to be in the amount of \$2,000 and secured by two \$1,000 U. S. Treasury Bearer Bonds.

Inasmuch as the collateral is in the form of negotiable instruments and the bond form meets the requirements of the lease agreement, it was suggested that the Commission allow the Palos Verdes Corporation to substitute said bond and collateral for that now in force.

Upon motion duly made and unanimously carried, a resolution was adopted authorizing the Executive Officer to accept from the Palos Verdes Corporation in connection with Lease No. P.R.C. 322, a faithful performance bond executed by said corporation together with the following collateral: U. S. Treasury coupon bonds, Serial Nos. 99230L and 399062B, dated November 15, 1945 due December 15, 1972, with a face value of \$1,000 each and bearing interest at the rate of 2½ per cent; said bond and collateral to be accepted in lieu of the surety bond now in force issued by the Saint Paul-Mercury Indemnity Company, which bond expires September 1, 1949. Said bond of the Palos Verdes Corporation shall be accepted by the State Lands Commission and placed on deposit with the Treasurer of the State of California, subject to the following conditions:

1. No instruction relating to said bond shall be accepted by the State Treasurer, except upon the authorization of the Executive Officer of the State Lands Commission, and then only provided such authorization is accompanied by a certification of a resolution recorded in the minutes of the State Lands Commission, approving such instructions.
2. The Palos Verdes Corporation shall be entitled to receive all matured coupons until the State Treasurer is instructed otherwise by the State Lands Commission.
3. None of the documents filed with the State Treasurer shall be delivered to anyone other than the State Lands Commission.

Subsequent to such action, the Saint Paul-Mercury Indemnity Company is to be advised of the termination of its liability as surety under the existing bond.

13. (Renewal of Mineral Lease No. P.R.C. 259, Construction Aggregates Corporation - San Francisco Bay - W.O. 553) The Commission was informed that an application has been received from the Construction Aggregates Corporation, accompanied by the statutory filing fee of \$5.00 requesting a renewal of their mineral extraction lease, No. P.R.C. 259, covering the removal of sand and gravel from San Francisco Bay, for a period of one year, in accordance with the terms of the lease. This lease was originally executed for a period of one year from September 13, 1946, and provided for the right of renewal for four additional periods. The royalty terms of the original agreement were as follows:

An annual rental of \$600.00 payable upon execution of the lease to be credited against royalties as they accrue, and a royalty of three cents per cubic yard for all sand extracted under the terms of the lease. The renewal herewith requested is the fourth and final one which may be made under the original agreement.