

MINUTE ITEM

This Calendar Item No. 18
was approved as Minute Item
No. 18 by the State Lands
Commission by a vote of 2
to 0 at its 4-27-78
meeting.

CALENDAR ITEM

18.

4/78
WP 5265
Atkins

APPROVAL OF A SECURITY INTEREST

BACKGROUND:

The Commission at its meeting on March 31, 1977 approved an Agricultural Lease PRC 5265.1 to Mr. Steven L. White on a 38.7 acre parcel of school land in San Diego County near Fallbrook. The lease terms are as follows:

Initial period: 25 years from April 1, 1977.

Renewal option: 1 period of 10 years.

Public liability insurance: \$300,000 per occurrence for bodily injury and \$50,000 for property damage.

Consideration: \$675 per year for the first 5 years; then \$675 per year or 25% of gross annual crop revenue, whichever is greater, with the State reserving the right to fix a different rental on each fifth anniversary of the lease.

CURRENT SITUATION:

The lessee has contacted the Commission's Staff with a request that a lender be granted a security interest in the leasehold or leasehold improvements. This action is necessary to finance improvements on the leased property. The lender is The Southwest California Production Credit Association, and they are a specialist in making agricultural loans. The security interest will protect the rights of the lender should the lessee breach any part of the State lease, or fail to make loan payments to the lender. The Southwest California Production Credit Association agrees to be bound by the provisions of Lease PRC 5265.1 in the event the lease is assigned to them.

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CALENDAR ITEM NO. 18. (CONTIN)

The Commission's Staff recommends this action in order to enable our lessee to develop the property to its highest potential, which will in turn generate the highest income to the State.

EXHIBITS: A. Land Description. B. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN EIR HAS NOT BEEN PREPARED FOR THIS ACTIVITY AS SUCH REPORT IS NOT REQUIRED UNDER THE PROVISIONS OF PRC 21065, 14 CAL. ADM. CODE 15037 AND 2 CAL. ADM. CODE 2903(d).
2. AUTHORIZE THE GRANTING OF A SECURITY INTEREST IN THE LEASEHOLD OR LEASEHOLD IMPROVEMENTS TO THE SOUTHWEST PRODUCTION CREDIT ASSOCIATION IN LEASE PRC 5265.1, SUBJECT TO APPROPRIATE DOCUMENTATION, ON SCHOOL LAND NEAR FALLBROOK, SAN DIEGO COUNTY, AS DESCRIBED IN EXHIBIT "A", ATTACHED AND BY REFERENCE MADE A PART HEREOF.

Attachment: Exhibit "A"

EXHIBIT "A"

WP 5265

A parcel of California School Lands in the County of San Diego, California,
said parcel being the SW $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Section 13, T10S, R3W, SBM.

Said parcel containing 38.7 acres more or less.

END OF DESCRIPTION

Prepared

M. P. [Signature]

Checked

[Signature]

Reviewed

[Signature]

Date

11/19/86

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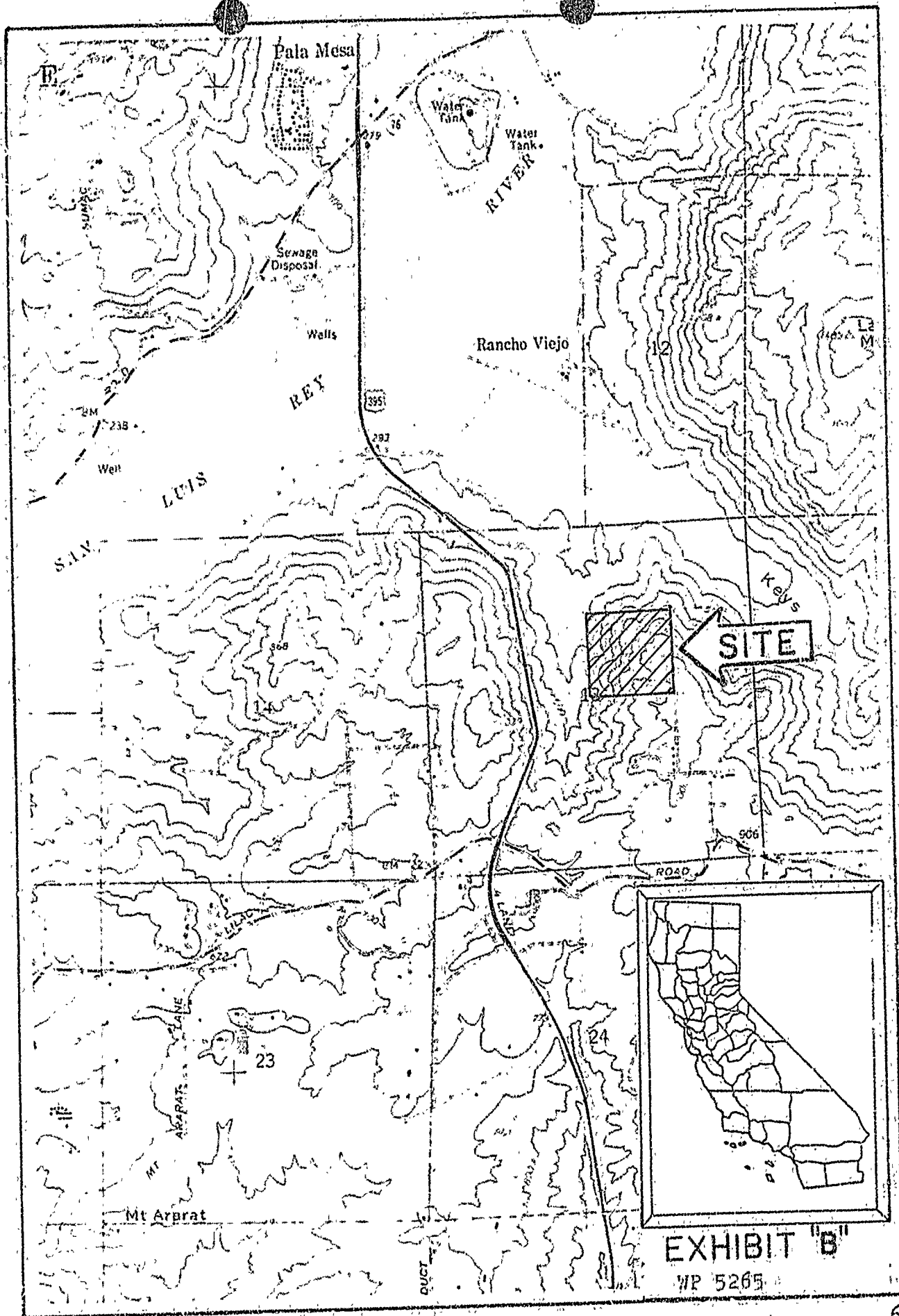


EXHIBIT "B"
 WP 5265