

MINUTE ITEM

This Calendar Item No. 27
was approved as Minute Item
No. 27 by the State Lands
Commission by a vote of 3
to 0 at its 4/8/80
meeting.

CALENDAR ITEM

27.

4/80
WP 4737
Atkins

RENEWAL AND AMENDMENT OF
GENERAL LEASE - COMMERCIAL USE

LESSEE: The Huntington Partnership
c/o James Thomas, Esq.
2029 Century Park East, Suite 1200
Los Angeles, California 90067

AREA, TYPE LAND AND LOCATION:
2.341 acres of tide and submerged land
at Huntington Harbour, Orange County.

LAND USE: Commercial Marina.

BACKGROUND: The Huntington Partnership is currently leasing 2.341 acres of State land in conjunction with their operation of a commercial marina in Huntington Harbour, Orange County. The subject lease, PRC 4737.1, has an initial term of 16 years from August 17, 1973, with the right to extend this term for 3 consecutive periods of 11 years each, by written notice to the State at least 4 months prior to each period ending, with no change in terms.

This lease was originally with Gulf Oil Corporation, later assigned to Robert F. Maguire, III, Richard P. Roe and Robert F. Maguire, Jr., and subsequently assigned to the Huntington Partnership. The original lease was generated as the result of a Boundary Line and Exchange Agreement; the lease being partial consideration for the Agreement. The original lease was subsequently amended to provide for a larger area, providing for a security interest in favor of United California Bank and other amendments to accommodate the State's leasing policy and the requirements of the lessee. Provision was made for five-year reviews of the rental charged for the added lease area. The rental review Provisions for the original lease area were retained as originally provided, at the end of the first 16-year lease term and end of each 11-year renewal period.

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CURRENT SITUATION:

The Huntington Partnership has given the State notice that they desire to exercise their first two renewal options under Lease PRC 4737.1. This action will extend the lease until August 16, 2011. This action is necessary to satisfy project lender requirements, and to protect their investment in docks which are estimated to have a useful life comparable to the entire Lease term. Additionally, the lessee has requested that the State grant a Security Interest in this lease to California Federal Savings and Loan Association, the project lender. This request for Commission approval to extend the Lease term and grant a security interest is the result of lengthy negotiations with the Lessee, resulting in a satisfactory Lease that includes rental payments of \$27,165.60 per annum, as well as other lease provisions beneficial to the State. Staff's intent through negotiations was to recommend a longer term lease, acknowledging the favorable annual rental revenue to the State and providing for satisfaction of project lender needs of long term recapture. The Commission is previous grant of a Security Interest in this lease to United California Bank, was exercised, however UCB has subsequently released this Security Interest; the document accomplishing said release has been recorded in Orange County, and is on file in the office of the Commission.

PREREQUISITE TERMS, FEES AND EXPENSES:

Applicant is owner of upland.

Processing costs have been received.

STATUTORY AND OTHER REFERENCES:

A. P.R.C.: Div. 6, Parts 1 & 2.

B. Cal. Adm. Code: Title 2, Div. 3.

OTHER PERTINENT INFORMATION:

1. An EIR is not required. This transaction is within the purview of 2. Cal. Adm. Code 2907, Class 1(B), which exempts an existing structure or facility that is in an acceptable state of repair and there is no evidence of record to show injury to adjacent property, shoreline erosion, or other types of environmental degradation.

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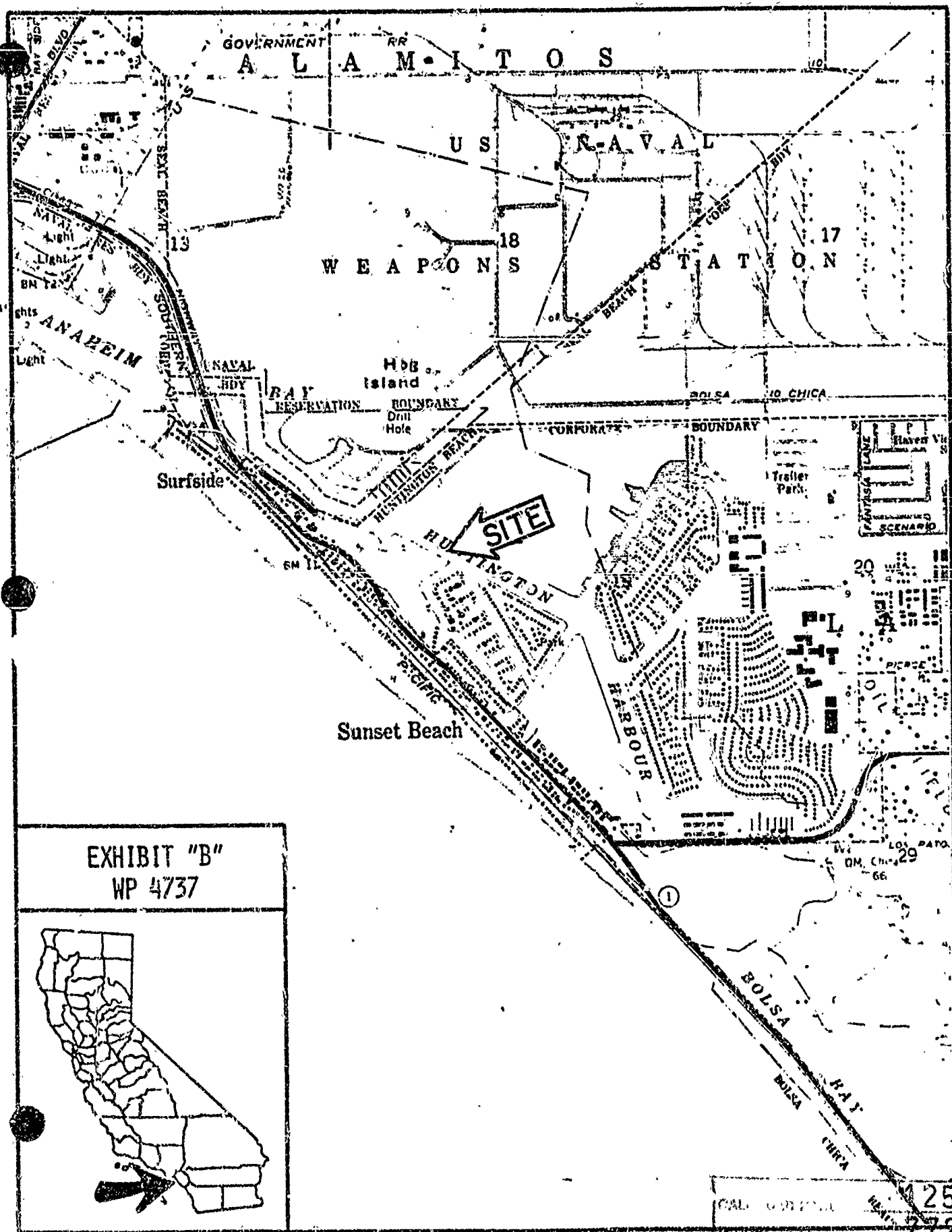
2. This project is situated on land identified as possessing environmental values in that the State Lands Commission stated all waterways under the Commission's jurisdiction have environmental significance. Staff finds this project to be compatible with Commission policy.
3. This is an existing facility, and all permits have been obtained.

EXHIBITS: A. Lease Map. B. Site 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 P.R.C. 21085, 14 CAL. ADM. CODE 15106 ET SEQ., AND 2 CAL. ADM. CODE 2907.
2. DETERMINE THAT THE PROJECT IS CONSISTENT WITH THE PROVISIONS OF ARTICLE 6.5, OF TITLE 2, OF THE CAL. ADM. CODE.
3. FIND THAT ADEQUATE PROVISIONS HAVE BEEN MADE FOR THE PERMANENT PROTECTION OF THE SIGNIFICANT ENVIRONMENTAL CHARACTERISTICS IDENTIFIED PURSUANT TO SECTION 6370.1, OF THE P.R.C.
4. AUTHORIZE THE HUNTINGTON PARTNERSHIP TO EXERCISE ITS FIRST TWO 11-YEAR OPTIONS TO RENEW UNDER LEASE PRC 4737.1; THEREBY EXTENDING THE LEASE TERM UNTIL AUGUST 16, 2011.
5. RECOGNIZE THE RELEASE OF A SECURITY INTEREST BY UNITED CALIFORNIA BANK IN LEASE PRC 4737.1, AND AUTHORIZE THE GRANTING OF A SECURITY INTEREST IN LEASE PRC 4737.1 TO CALIFORNIA FEDERAL SAVINGS AND LOAN ASSOCIATION ON THE LAND SHOWN ON EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF.
6. AUTHORIZE THE EXECUTION OF THE AMENDMENT AND RENEWAL OF LEASE PRC 4737.1, A COPY OF WHICH IS ON FILE IN THE OFFICE OF THE COMMISSION.

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EXHIBIT "B"
WP 4737

