

MINUTE ITEM

This Calendar Item No. 15
was approved as Minute Item
No. 15 by the State Lands
Commission by a vote of 5
to 0 at its 7-16-87
meeting.

CALENDAR ITEM

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WP 6504

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APPROVAL OF FINDING THAT LEASES 6504, 6505 and 6506 ARE
IN BREACH AND AUTHORIZATION FOR STAFF TO TAKE ANY ACTION
NECESSARY TO BRING THE LEASES INTO COMPLIANCE INCLUDING
LITIGATION AND TERMINATION OF THE LEASES

At its meeting on October 26, 1983 (Minute Item 28), the Commission authorized issuance of three commercial leases to the Burlingame Group for the construction of a hotel and two free-standing restaurants. The sites contain approximately 8.8 acres and are located on the shoreline of San Francisco Bay in the City of Burlingame. The leases run 49 years from November 1, 1983. The Commission later approved an assignment of the leases to Burlingame Joint Venture I (BJV), the current tenant.

At the beginning of each of the last two lease years, our tenant has failed to pay rent on time and has also failed to keep its security deposit in full force and effect. Each time, staff has had to send a notice of default in order to secure rental as required under the leases. The current rent for the three leases is \$50,000 per year. Rent escalates to \$200,000 per year beginning November 1, 1990. Rental of \$5,000 for the lease year beginning November 1, 1984 has not yet been paid and is subject to interest and penalty.

In addition, the leases require that the tenant obtain and maintain public liability insurance in the amount of \$6,000,000 covering the lease premises. BJV has provided only \$1,000,000 of insurance for the last two years. The current \$1,000,000 policy expired on April 15, 1987 and has not yet been replaced or renewed.

Since the beginning of this calendar year, staff has been working with the City Attorney of Burlingame seeking to have BJV clean up refuse and other debris that has been placed on the property. While BJV has finally commenced to work on the problem, the site has not yet been cleared of debris and could subject the State to clean-up costs.

CALENDAR ITEM NO. 15 (CONT'D)

During the nearly four years the leases have been in effect, our tenant has still not found a developer to construct improvements on the lease sites in accordance with terms of the leases. It still has not received local and regional approvals to construct on the site and it is unknown when, if ever, construction will commence on the site. The leases did not contain a date by which construction must be completed.

Inasmuch as BJY has not provided the necessary insurance as required under the leases and has not paid rental for the lease year beginning November 1, 1984, and because its record as a tenant has not been as anticipated under the leases, staff is seeking Commission authority to take any action necessary to bring the leases into full compliance with all lease terms and conditions. Such action may included utilization of the \$50,000 security deposit, litigation, or termination of the leases.

EXHIBITS: A. Location Map.
 B. Site Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. FIND THAT BURLINGAME JOINT VENTURE I IS CURRENTLY IN DEFAULT UNDER LEASES PRC 6504, 6505 AND 6506 FOR FAILURE TO PROVIDE INSURANCE AS PROVIDED UNDER THE LEASES AND FOR FAILURE TO PAY RENTAL FOR THE LEASE YEAR BEGINNING NOVEMBER 1, 1984.
3. AUTHORIZE STAFF AND/OR ATTORNEY GENERAL TO TAKE ALL STEPS NECESSARY TO SECURE LESSEE'S COMPLIANCE WITH ALL TERMS AND CONDITIONS OF LEASES PRC 6504, 6505 AND 6506.
4. AUTHORIZE STAFF AND/OR THE ATTORNEY GENERAL TO TAKE ANY STEPS NECESSARY TO TERMINATE LEASES PRC 6504, 6505 AND 6506 AS ONE REMEDY PROVIDED UNDER THE LEASES FOR BREACH OF THE LEASE TERMS AND CONDITIONS.

EXHIBIT "A"

UP 6504

ANZA PACIFIC CORP.

Block	Year Built	Acres	Area (sq ft)
1	1970	1.237	44,000
2	1970	1.237	44,000
3	1970	1.237	44,000
4	1970	1.237	44,000
5	1970	1.237	44,000
6	1970	1.237	44,000
7	1970	1.237	44,000
8	1970	1.237	44,000
9	1970	1.237	44,000
10	1970	1.237	44,000
11	1970	1.237	44,000
12	1970	1.237	44,000
13	1970	1.237	44,000
14	1970	1.237	44,000
15	1970	1.237	44,000
16	1970	1.237	44,000
17	1970	1.237	44,000
18	1970	1.237	44,000
19	1970	1.237	44,000
20	1970	1.237	44,000
21	1970	1.237	44,000
22	1970	1.237	44,000
23	1970	1.237	44,000
24	1970	1.237	44,000
25	1970	1.237	44,000
26	1970	1.237	44,000
27	1970	1.237	44,000
28	1970	1.237	44,000
29	1970	1.237	44,000
30	1970	1.237	44,000
31	1970	1.237	44,000
32	1970	1.237	44,000
33	1970	1.237	44,000
34	1970	1.237	44,000
35	1970	1.237	44,000
36	1970	1.237	44,000
37	1970	1.237	44,000
38	1970	1.237	44,000
39	1970	1.237	44,000
40	1970	1.237	44,000
41	1970	1.237	44,000
42	1970	1.237	44,000
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50	1970	1.237	44,000
51	1970	1.237	44,000
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67	1970	1.237	44,000
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73	1970	1.237	44,000
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75	1970	1.237	44,000
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77	1970	1.237	44,000
78	1970	1.237	44,000
79	1970	1.237	44,000
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91	1970	1.237	44,000
92	1970	1.237	44,000
93	1970	1.237	44,000
94	1970	1.237	44,000
95	1970	1.237	44,000
96	1970	1.237	44,000
97	1970	1.237	44,000
98	1970	1.237	44,000
99	1970	1.237	44,000
100	1970	1.237	44,000



