

This Calendar Item No. C30 was approved as Minute Item No. 30 by the California State Lands Commission by a vote of 3 to 6 at its 6-2-03 meeting.

**CALENDAR ITEM
C30**

A 4
S 1

06/02/03
PRC 8439 WP 8439.1
B. Young

CONSENT TO ENCUMBRANCING OF LEASE

LESSEE/APPLICANT:

Tonopalo L.L.C., A Delaware Limited Liability Company

SECURED PARTY-LENDER:

Capital Source Finance LLC

AREA, LAND TYPE, AND LOCATION:

0.37 acres, more or less, of sovereign lands in Lake Tahoe, Tahoe Vista, Placer County.

AUTHORIZED USE:

Construction and maintenance of a new multiple use floating pier and retention of three existing mooring buoys and placement of nine additional mooring buoys as shown on the attached Exhibit A.

LEASE TERM:

Ten years, beginning January 1, 2003.

CONSIDERATION:

\$1,318 per annum; with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

SPECIFIC LEASE PROVISIONS:

Combined single limit coverage of \$1,000,000.

OTHER PERTINENT INFORMATION:

1. Applicant is a limited liability company and is the littoral owner of the upland properties. The pier (once it is constructed) and the buoys are intended for the use of timeshare members and invitees.

CALENDAR ITEM NO. C30 (CONT'D)

2. On December 16, 2002, the Commission authorized the issuance of a General Lease – Recreational Use to Tonopalo L.L.C., for the construction of a new floating pier and 12 mooring buoys. The term is for ten years.
3. Applicant is currently seeking a one-year construction loan to develop the upland resort facilities and construct the floating pier and intends to secure a portion of the loan by the Commission's lease. The Encumbrancing Agreement in favor of the Capital Source Finance LLC, is for the amount of \$26,000,000.
4. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by the CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15378.

5. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

EXHIBIT:

- A. Location and Site Map

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CALENDAR ITEM NO. C30 (CONT'D)

CEQA FINDING:

FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

SIGNIFICANT LANDS INVENTORY FINDING:

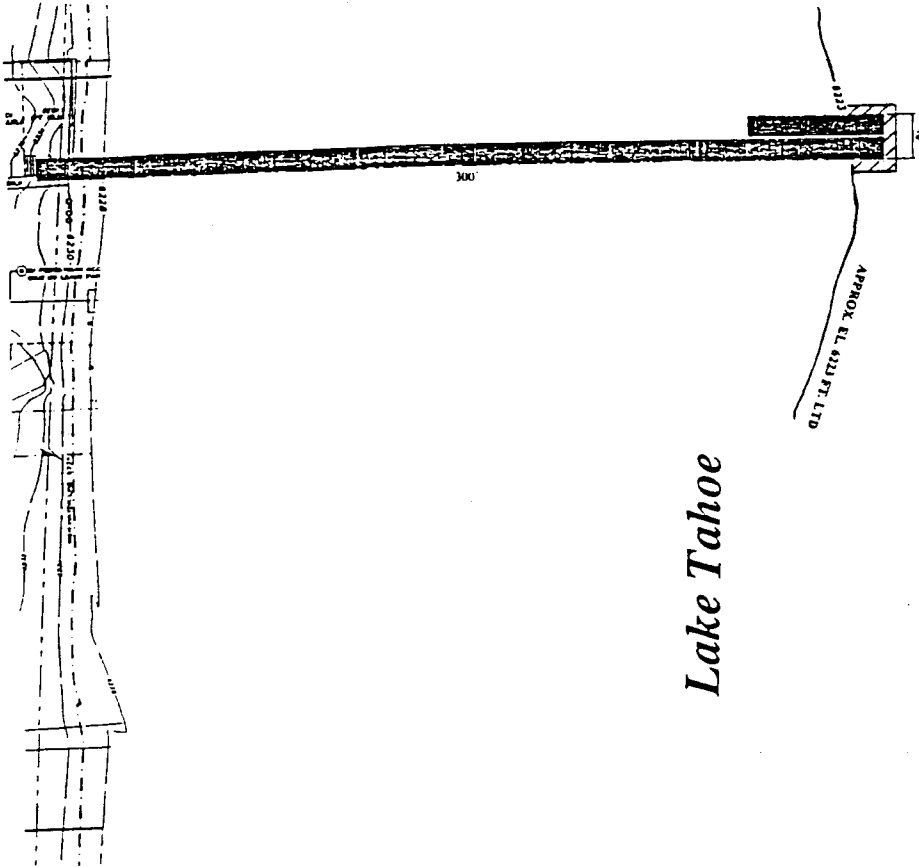
FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED BY THE COMMISSION FOR THE LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.

AUTHORIZATION:

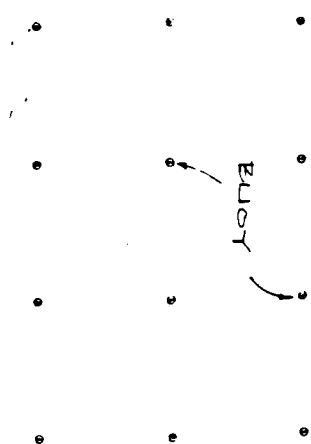
AUTHORIZE EXECUTION OF THE DOCUMENT ENTITLED "AGREEMENT AND CONSENT TO ENCUMBRANCING OF LEASE", IN THE AMOUNT OF \$26,000,000; ON FILE IN THE OFFICE OF THE COMMISSION, IN FAVOR OF CAPITAL SOURCE FINANCE LLC, AS SECURED PARTY LENDER.

NO SCALE

SITE MAP



LEASE AREA



6724 & 6750 North Lake Blvd.

NO SCALE

LOCATION MAP

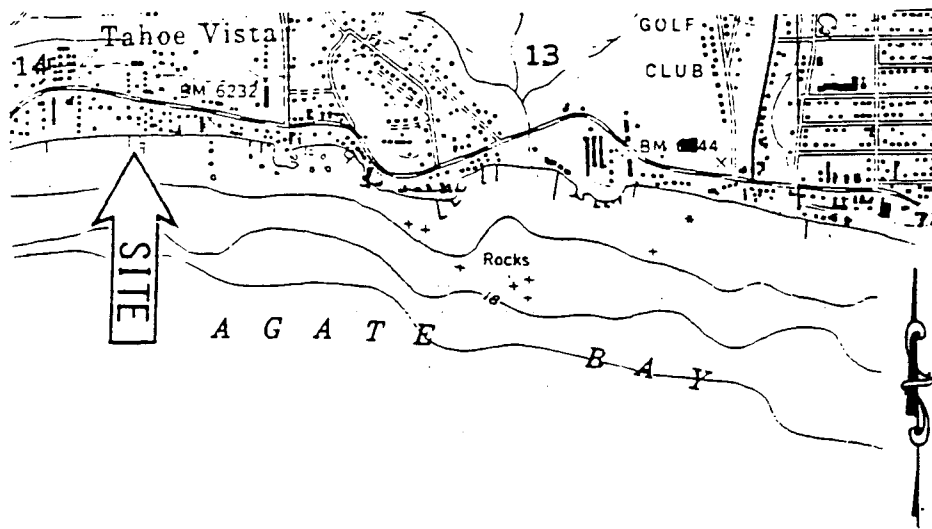
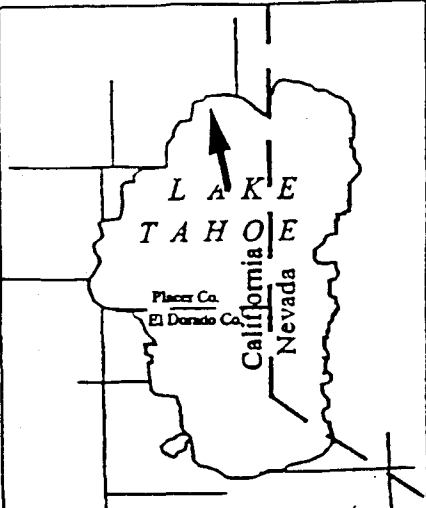


EXHIBIT A
 PRC 8439.1
 APN 117-072-008 &
 117-072-009
 Lake Tahoe
 PLACER COUNTY



This exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by lessee or other parties, and is not intended to be, nor shall it be construed to as a waiver or limitation of any state interest in the subject or any other property.