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MEETING
STATE OF CALIFORNIA
LANDS COMMISSION

STATE CAPITOL
ROOM 125
SACRAMENTO, CALIFORNIA

FRIDAY, JULY 12, 2013
2:00 P.M.

ERIC L. THRONE, CSR, RPR, RMR, CRR
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A P P E A R A N C E S

COMMISSION MEMBERS:

Mr. Gavin Newsom, Lieutenant Governor, Chairperson,
represented by Mr. Chris Garland

Mr. John Chiang, State Controller, represented by Mr. Alan
Gordon

Ms. Ana J. Matosantos, Director of Finance, represented by
Ms. Karen Finn

STATE LANDS COMMISSION STAFF:

Ms. Jennifer Lucchesi, Executive Officer

Mr. Mark Meier, Chief Counsel

Dave Brown, Chief, Administration and Information Services
Divison

Seth Blackmon, Staff Attorney

Jessica Rader, Staff Attorney

Jeff Planck, Assistant Chief, Mineral Resources Management
Divison

Ms. Kim Lunetta, Administrative Assistant

ATTORNEY GENERAL:

Mr. Joseph Rusconi, Deputy Attorney General

Mr. Mitchell Rishe, Deputy Attorney General

1 ALSO PRESENT:
2 Steve Greig, Government Relations Manager, Venoco
3 Ian Livett, Vice-President - Southern California, Venoco
4 Shaunn Cartwright, Save Pete's Harbor
5 James Lee, Secretary, Save Pete's Harbor
6 Wendy Stone, San Francisco Bay Marinas for All
7 Buckley Stone, San Francisco Bay Marinas for All

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I N D E X

II	OPEN SESSION	5
C03	VENOCO INC. (ASSIGNOR) AND VENOCO ENERGY PARTNERS OPERATING LLC (ASSIGNEE): Consider and approval of an assignment of a portion of Oil and Gas Lease Nos. PRC 736.1, PRC 3120.1, PRC 3242.1, and PRC 3314.1 from Venoco Inc. To Venoco Energy Partners Operating LLC (VEPO), Santa Barbara and Ventura Counties (PRC 735, PRC 3120.1, PRC 3242.1, PRC 3314.1) (A 35; S 19) (STaff: J. Planck, J. Rader)	6
VII	PUBLIC COMMENT	21

1 P R O C E E D I N G S

2 **ACTING CHAIRPERSON GARLAND:** I call this special
3 meeting of the State Lands Commission to order. All the
4 representatives on the Commission are present.

5 I'm Chris Garland, Lieutenant Governor Chief of Staff,
6 representing the Lieutenant Governor.

7 I'm joined today by the Deputy Controller Alan Gordon;
8 and representing the state controller -- actually, you
9 represent the state controller -- and representing the
10 Department of Finance is Karen Finn.

11 Unless there are no objections from the Commissioners,
12 we'll adjourn into closed session first, according to the
13 agenda. Are there any objections?

14 Hearing none, we are now officially going into closed
15 session. Those nonessential persons please leave the room.

16 (Closed session.)

17 **ACTING CHAIRPERSON GARLAND:** The State Lands
18 Commission is now back in open session.

19 Ms. Lucchesi, is there anything to report from the
20 closed session?

21 **EXECUTIVE OFFICER LUCCHESI:** Yes. We would like to
22 report that the State Lands Commission has authorized
23 settlement in the case of State of California, acting by and
24 through the State Lands Commission versus Venoco Inc.

25 **ACTING CHAIRPERSON GARLAND:** The next order of

1 business is the adoption of consent calendar.

2 Is there anyone in the audience who wishes to speak on
3 the item on the consent calendar? If not, do I hear a
4 motion?

5 **ACTING COMMISSIONER GORDON:** I have a motion to
6 approve the consent calendar.

7 **ACTING COMMISSIONER FINN:** I'll second it.

8 **ACTING CHAIRPERSON GARLAND:** Motion to second. All
9 those in favor?

10 (Ayes.)

11 **ACTING CHAIRPERSON GARLAND:** The "ayes" have it.
12 Thank you.

13 The next item on the agenda is the calendar. Is there
14 any business that needs to be added or

15 **EXECUTIVE OFFICER LUCCHESI:** No.

16 **ACTING CHAIRPERSON GARLAND:** Item number 3 is to
17 consider approval of an assignment of a portion and Oil and
18 Gas Leases Nos. 3120.1, 3242.1 from Venoco Inc. to Venoco
19 Energy Partners Operating LLC.

20 May we have a staff presentation.

21 **CHIEF COUNSEL MEIER:** Yes.

22 Mr. Chair, Commissioners, my name is Mark Meier, I'm
23 your chief counsel for the record.

24 The proposal is approval of an assignment of a portion
25 of four oil gas leases that been issued to Venoco Inc. The

1 assignment would be to an entity called Venoco Energy
2 Partners Operating LLC, VEPO, which would be a subsidiary of
3 a master limited partnership created by Venoco Inc.

4 The amount transferred would be a 22 percent interest
5 of PRC 735, and 3314.1; and a 22 percent interest in nine
6 specified well bores on PRC's 3120.1 and 3242.1.

7 The second group are collectively called the Holly
8 leases, and the first group are the Montalvo leases.

9 I'm going to keep this short, because you have all
10 been fully briefed on this and it's getting late.

11 The concern with any approval for any assignment is if
12 there is any reason why an assignment is not in the best
13 interest of the state. In this particular assignment we feel
14 that what the state is getting is an improved bond.

15 They have agreed to raise the bond on 3120, 3242, and
16 another adjacent lease called 421, from 7.5 million to 10
17 million immediately, and then phase it in and increase the
18 bond to 30 million over a period of five years.

19 They also have agreed to undertake several projects.
20 One of them has to do with injecting gas liquids into the
21 pipeline to raise gravity of the oil and add a back-up pump
22 onto platform to Platform Holly.

23 The Venoco has seen increased production on Platform
24 Holly at Montalvo over the last four years significantly, and
25 the state has seen an increase in royalties, significant

1 increase in royalties, and they have asked for approval of
2 this assignment. So I don't have anything more to add.

3 If you have any questions, representatives for Venoco
4 are here right now.

5 **ACTING CHAIRPERSON GARLAND:** What's the staff
6 recommendation?

7 **CHIEF COUNSEL MEIER:** Staff recommendation is to
8 approve the assignment, read the authorization -- well,
9 there's a number of authorizations in here.

10 Consent to the assignment of the 22 percent share of
11 735 and 3314, and a 22 percent interest in the specified well
12 bores, they're listed in the authorization. The wells are
13 numbers 11, 12, 14, and 16 on 3120; and wells four, seven,
14 nine and 12 on 3242.

15 The bond would be increased to \$10 million within
16 30 days following the commission's approval, and then would
17 be increased \$4 million each year until the total amount
18 reaches 30 million in 2018, on -- there's a typo in here, I
19 just realized it says on January 1, 2015 -- I think I'm
20 actually reading an out-of-date version of the calendar
21 item -- on 2025, and each ten-year anniversary after that the
22 bond would be readjusted to reflect the total re-abandonment
23 costs for Platform Holly.

24 The Venoco has also agreed to enter into an
25 reimbursement agreement to cover Commission staff costs of

1 \$100,000 annually for overseeing the management of the
2 leases, adjusted five percent per year.

3 And, let's see, this approval would be subject to
4 subsequent approval by the SEC for the marketing of the
5 limited partnership shares in the parent of the assignee.
6 That would be Venoco Energy Partners, Venoco Energy Partners
7 Limited Partnership, I believe. I've got it here, VEP, LLP.

8 Let's see. The last thing is the Venoco would agree
9 to indemnify and defend the state from any lawsuits, demands,
10 claims, so forth and so on, from any investors in the MLP.

11 I think that should be it. Yeah, that should be it.

12 **ACTING CHAIRPERSON GARLAND:** Okay. Thank you.

13 I have a question. The company that we are assigning
14 the leases to, or proposing to assign the leases to today,
15 does that company currently exist?

16 **CHIEF COUNSEL MEIER:** No. I think we'll have to ask
17 the representatives from Venoco.

18 **ACTING COMMISSIONER FINN:** VEPO, VEPO exists?

19 **ACTING CHAIRPERSON GARLAND:** Would one or both of you
20 like to join us at the table so we can ask and answer
21 questions.

22 Would you kindly state your name for the record.

23 **MR. GREIG:** Yes. Steve Greig, Government Relations
24 Manager for Venoco.

25 **ACTING CHAIRPERSON GARLAND:** Spell your last name.

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MR. GREIG: G-R-E-I-G.

ACTING CHAIRPERSON GARLAND: So the question was:
"Does the company, that we're currently considering assigning
the leases to, exist at this time"?

MR. GREIG: Yes, it does.

ACTING CHAIRPERSON GARLAND: Excellent. I have
several other questions. But Commissioner Finn

ACTING COMMISSIONER FINN: What happens if the state
doesn't authorize this, these leases are continued to be
managed by Venoco then; correct?

MR. GREIG: That's if the state. If the state --

ACTING COMMISSIONER FINN: Commissioner Finn.

MR. GREIG: Commissioner Finn, yeah, if the state
doesn't authorize the transfer of the assets, then Venoco
moves forward as is --

ACTING COMMISSIONER FINN: Uh-huh.

MR. GREIG: -- but the MLP doesn't go forward and the
financial benefit to the company isn't seen.

ACTING COMMISSIONER GORDON: What would be the effect
to the company if you did not --

MR. GREIG: If we didn't, if the assets weren't
transferred, I think Venoco has demonstrated a commitment, a
willingness to reinvest in those assets for the state, we
have demonstrated that by that increase in production the
state has an increased royalty of 200 percent.

1 Since we purchased those properties, we believe that
2 the transfer of the assets into the MLP will allow us to
3 position ourselves so we could continue to do that.

4 If this doesn't get transferred, it limits our ability
5 to continue to make those reinvestments.

6 **ACTING CHAIRPERSON GARLAND:** I'm going to follow up on
7 that question and actually ask you to answer a direct answer
8 to the question whether on occasion the opportunity is not
9 met.

10 **MR. GREIG:** Well the direct answer is if you don't
11 approve, the MLP doesn't go forward today.

12 **ACTING CHAIRPERSON GARLAND:** What does that mean over
13 time?

14 **MR. GREIG:** It means the financial benefit of the MLP
15 won't be seen and any type of, you know, we believe that the
16 MLP strengthens our financial position.

17 **ACTING COMMISSIONER GARLAND:** What is the current
18 financial position of the company?

19 **MR. GREIG:** It seems -- I'm sorry -- that's a hard
20 question to answer. I mean I --

21 **ACTING COMMISSIONER GARLAND:** Okay. Let me see if I
22 can quantify that for you.

23 Is it my understanding that Venoco is in an extremely
24 dangerous financial situation now, correct, as demonstrated
25 by your D&B reports and your current financial disclosures?

1 **MR. GREIG:** I think we have demonstrated that over the
2 last year we've increased and we've strengthened our position
3 because of our ability to increase production.

4 **ACTING COMMISSIONER GARLAND:** Would you agree that the
5 indicators of the financial industry do not reflect that
6 currently and at the same time you're claiming to have
7 strengthened your financial position, your credit ratings and
8 scores have gone down, now putting you at the highest risk
9 level?

10 **MR. GREIG:** I'm aware of the findings of the D&B
11 report.

12 **ACTING COMMISSIONER GARLAND:** You are aware of them.
13 Are you saying that my characterization is not correct?

14 **MR. GREIG:** What I'm saying is I'm not in a position,
15 either within the company or my expertise, to comment on the
16 accuracy or the financial position of the company in terms
17 of --

18 **ACTING COMMISSIONER GARLAND:** Is there someone here
19 from the company that can?

20 **MR. GREIG:** The guy with me, the Vice-President, Ian
21 Livett, might be able to.

22 **ACTING CHAIRPERSON GARLAND:** Would you like to join
23 us, if you can comment on this?

24 **MR. LIVETT:** Well, I think the comment that I would
25 say to that -- and I'm not a financial person either -- and I

1 haven't read that report in great detail that you are looking
2 at; but, you know, we were a public company up until about a
3 year ago, and a year ago we decided to go public.

4 We decided to become a private company again. As a
5 result of that we obviously had to buy out all of our
6 existing shareholders, and as a result of that we actually
7 increased our debt ratio quite significantly as part of that
8 buy-out.

9 We subsequently have paid down some of that debt by
10 paying a substantial asset, which is our Sacramento basin gas
11 assets, which we sold for about \$250 million.

12 And once that might sound we had significant
13 production from those assets and one might think we sold a
14 significant portion of the company, we did in terms of
15 production, but it was gas production. In reality, we sold
16 something like about ten percent of the value of the company.

17 **ACTING COMMISSIONER GARLAND:** And just so we're
18 correct on the record, when you say "gas," natural gas?

19 **MR. LIVETT:** I'm sorry, yes.

20 So by doing that, we would significantly de-leverage
21 some of our debt levels. And one of the reasons that we want
22 to put some of our assets into an MLP is that we believe that
23 that will bring in more private investment from private
24 investors which will allow us to (A) pay down some more of
25 our debts, and secondly will allow us to get back into the

1 acquisition business which is something that Venoco has been
2 very, very successful at.

3 You know, we acquired Platform Holly and the Ellwood,
4 the Ellwood fields in 1997, and we actually -- which was
5 21 years ago -- the field actually produces more oil today
6 than it did then.

7 So I think that we have on the Montalvo fields, which
8 we acquired about six or seven years ago, we have increased
9 production there by going from about 1,000 barrels a day to
10 2,000 barrels a day. So we have doubled our production.

11 So I think Venoco prides ourselves in buying mature
12 fields, investing in those mature fields, and increasing
13 production, obviously, making more revenue from those fields.

14 We believe that the MLP is a key way going forward
15 based on many other MLP's that are around, that we will use
16 that vehicle to (A) de-leverage our debt, and secondly be
17 able to acquire more fields and become a stronger company to
18 go forward.

19 So to answer your question, if the MLP does not go
20 forward, then obviously the state assets are very significant
21 assets in this assignment, and we would have to reconsider,
22 we will have to reconsider our business objectives going
23 forward, I'm sure.

24 **ACTING CHAIRPERSON GARLAND:** I appreciate that. I
25 also appreciate recognizing the asset that you say you're

1 putting into this is actually the state's asset that we lease
2 to you.

3 **MR. LIVETT:** We put in the incentive.

4 **ACTING COMMISSIONER GARLAND:** So then based on that,
5 you've said two interesting things that you'd like to retire
6 or deal with the debt situation and begin reinvesting it, do
7 you expect to raise enough capital from this transaction to
8 be able to accomplish both of those things given your current
9 situation?

10 **MR. LIVETT:** Obviously, yes. Although the market is
11 very -- the market is changing significantly right now and,
12 you know, we've actually been wanting to do this MLP
13 assignment for quite a few months. Our original application
14 was in November of last year, actually.

15 The duration it's taken to move forward with this, the
16 market has changed. And so we are working with the SEC right
17 now to get the necessary certifications in place, obviously
18 working you folks to try to get the necessary assignments in
19 place.

20 Once that happens, our plan is to go to market and see
21 how the market reacts. I don't know how the market is going
22 to react in a month's time.

23 **ACTING COMMISSIONER GARLAND:** And your comments that
24 this has taken an awful long time, I'm going to assume you
25 are not blaming anybody with that?

1 **MR. LIVETT:** No, it's just taken a long time. It's
2 taken a long time, you know, a lot of work to get this all
3 prepared. The SEC, we had at least two rounds for the SEC,
4 two rounds of comments.

5 **ACTING COMMISSIONER GARLAND:** Okay.

6 **MR. LIVETT:** And we have had a great deal of
7 negotiations and discussions with you folks trying to provide
8 more information. So there's no blame there, it's just taken
9 a long time.

10 **ACTING COMMISSIONER FINN:** So what happens if the IPO
11 doesn't raise what you need?

12 **MR. LIVETT:** I guess there's a possibility we would
13 not go forward with it.

14 **ACTING COMMISSIONER FINN:** And so then if we were to
15 approve this and you subsequently then are not successful in
16 the IPO, where does that leave the assets?

17 **MR. GREIG:** I can answer that.

18 I think the assignment is actually tied to that, and
19 the state, the additional things that we talked about --

20 **ACTING COMMISSIONER FINN:** Uh-huh.

21 **MR. GREIG:** -- and Mr. Meier mentioned --

22 **ACTING COMMISSIONER FINN:** Uh-huh.

23 **MR. GREIG:** -- in terms of the bonding and the
24 projects, we're agreeing to those --

25 **ACTING COMMISSIONER FINN:** Uh-huh.

1 **MR. GREIG:** -- as part of the assignments.

2 So those can go forward and the state's assets would
3 stay with Venoco. So at one level the --

4 **ACTING COMMISSIONER FINN:** But can Venoco operate if
5 it doesn't get the associated additional investment?

6 **MR. GREIG:** Yes.

7 **MR. LIVETT:** We would probably not be able to acquire
8 any other property, we would not be able to invest as much
9 capital into new wells like as we might have otherwise done.
10 Absolutely.

11 **ACTING COMMISSIONER FINN:** Okay.

12 **MR. LIVETT:** And I also want to make sure it's clear
13 that with this assignment, Venoco can still operate that, 100
14 percent.

15 **ACTING COMMISSIONER FINN:** Venoco is, correct. Excuse
16 me. I was asking about VEPO. So if VEPO didn't get the
17 increase --

18 **MR. LIVETT:** No. They'd have a minority share of the
19 assets.

20 **ACTING COMMISSIONER FINN:** Okay.

21 **MR. LIVETT:** So Venoco will continue to remain the
22 operator --

23 **ACTING COMMISSIONER FINN:** Okay.

24 **MR. LIVETT:** -- with full responsibility for making
25 all the necessary regulations, all the necessary maintenance

1 and safety requirements, we will continue to be responsible
2 for ensuring that the state gets their royalty payments. So
3 we will still be the operator.

4 As far as interactions with State Lands is concerned
5 from an operational level, that would be actually --

6 **ACTING COMMISSIONER FINN:** Okay.

7 **ACTING CHAIRPERSON GARLAND:** And so we have your
8 assurance should you abandon the MLP after the assignment is
9 assigned to you and for some reason if it's abandoned, you
10 will still be able to meet the other agreed terms?

11 **MR. LIVETT:** Yes. I mean we will absolutely, yes. We
12 have committed to the bonding within 30 days of the
13 assignment. So if it was assigned today, it would be within
14 30 days of today.

15 **ACTING COMMISSIONER GARLAND:** When do you expect the
16 SEC to approve?

17 **MR. LIVETT:** Probably, we're hoping, by the end of,
18 probably by sometime in August.

19 **MR. GREIG:** Yeah, I mean, Mr. Chair, we believe we are
20 at the last what we believe is the last stage of that
21 process. We have received, as Mr. Livett has said: We've
22 gone through two rounds with the SEC.

23 We have their third comment letter and there are three
24 comments in that that we believe we can answer rather
25 quickly. We believe this will be the last round for us and

1 once that happens when we start the process of going on the
2 marketing of the MLP.

3 But with this assignment, assuming we get it today,
4 we'll be submitting those comments next week, the responses.
5 We're that close.

6 **ACTING CHAIRPERSON GARLAND:** Any other questions by
7 anyone else?

8 **ACTING COMMISSIONER FINN:** Nothing.

9 **ACTING CHAIRPERSON GARLAND:** Thank you both very much
10 for your willingness to answer our questions.

11 Are there other public comments related to this item?
12 I don't believe there are.

13 **EXECUTIVE OFFICER LUCCHESI:** We haven't received any.

14 **ACTING CHAIRPERSON GARLAND:** Okay.

15 **ACTING COMMISSIONER GORDON:** I would make a motion
16 that we approve assignment of the leases and the full
17 agreement pursuant to the MLP.

18 **ACTING CHAIRPERSON GARLAND:** All those in favor?

19 **ACTING COMMISSIONER FINN:** I don't think our reporter
20 heard that.

21 **ACTING COMMISSIONER GORDON:** I make a motion to
22 approve the staff recommendation with regard to the MLP.

23 **ACTING CHAIRPERSON GARLAND:** I have a motion.

24 Do I have a second?

25 **ACTING COMMISSIONER FINN:** I will second it.

1 **ACTING CHAIRPERSON GARLAND:** All right. Because of
2 the rules -- actually, I'm going to ask our Executive Officer
3 to explain the rules on how we vote when there are no elected
4 constitutional officers here.

5 **EXECUTIVE OFFICER LUCCHESI:** And this applies to the
6 voting on the consent agenda that occurred earlier, which the
7 Commission complied with.

8 But just to explain, pursuant to the Government Code,
9 when neither constitutional officer is -- or when both
10 constitutional officers are represented by alternates, only
11 one of those constitutional officers, one of those alternates
12 can vote on a particular item, and one would need to abstain
13 or not vote.

14 **ACTING CHAIRPERSON GARLAND:** In the interest of
15 tradition and comedy, as my friend in the Controller's office
16 and I have always had, the Controller's office is going to be
17 putting up the official vote on this -- but before we get
18 there, I want to register the position of our office on this
19 issue, and that is this: We have grave and material concerns
20 about this MLP and the assignment of these leases.

21 I wish that we would have had significantly more time,
22 since none of us are experts in finance for these financial
23 constructs. Unfortunately, I chose not to go into
24 Wall Street. And while I have never regretted it until
25 today, I wish I had a more expert background to be able to

1 get to a place where we could have a different outcome.

2 That being said, if the Chief Financial Officer for
3 the Governor and the chief financial watchdog for the state
4 controller's office is willing and capable of moving this
5 forward, I will not, this office will not stand in the way.

6 So having a motion and a second, all those in favor of
7 a staff recommendation and assigning of leases, say aye.

8 **ACTING CHAIRPERSON GARLAND:** Opposed?

9 The motion carries.

10 (Acting Commissioners Gordon and Finn: Aye.)

11 **ACTING COMMISSIONER GARLAND:** The motion carries 2-0,
12 with the Controller and Department of Finance voting.

13 Congratulations, you have had a very lucky day.

14 **ACTING COMMISSIONER FINN:** I thank the staff for all
15 the long hours and work that they put into this, and I know
16 it's probably new ground you've all learned about, and thank
17 you.

18 **EXECUTIVE OFFICER LUCCHESI:** Thank you.

19 **ACTING CHAIRPERSON GARLAND:** Are there any -- other
20 what's the next order of business.

21 **EXECUTIVE OFFICER LUCCHESI:** Public comment.

22 **ACTING CHAIRPERSON GARLAND:** We have four registered,
23 four registered commenters. I would ask everybody, in the
24 interest of it being late in the day on a Friday, I do not
25 wish anybody to not be allowed to speak, but you have a

1 three-minute time limit and I would appreciate everybody
2 being sensitive to the lights in front of them.

3 First up is Shaunn Cartwright, then James Lee, Wendy
4 Stone, and Buckley Stone.

5 Ms. Cartwright, welcome back.

6 **MS. CARTWRIGHT:** Nice to see you all again.

7 Hello, I'm here about Pete's Harbor. I'm sure most of
8 you have figured that out.

9 **ACTING COMMISSIONER GORDON:** You're not here on the
10 oil leases?

11 **MS. CARTWRIGHT:** I know you are shocked about that.

12 I am here to urge you to keep Pete's Harbor alive,
13 keep the docks intact. I believe that it's vital right now.
14 I'm sure you heard that it is surrounded by giant fences that
15 are locked and dummy locked, that I believe that the barbed
16 wire was recently taken down. There's no public assets at
17 all to the entire area.

18 Right now, we're pursuing an opportunity to turn the
19 area into an educational and research facility that the
20 entire Bay Area can benefit from, and I believe that if these
21 docks are taken apart, that that would greatly hurt that.

22 And I think that having an area like that on the
23 peninsula would be a great benefit to the area on something
24 we could take a lot of pride in.

25 And once that's dismantled that's gone forever, and I

1 think missing an opportunity like would be a bigger shame
2 that's already happened to Pete's Harbor area.

3 Right now if we go there, you have to turn in your ID
4 and write it down as to who was there and who wasn't, and I
5 believe that's an invasion of privacy to record people's
6 personal information when they are trying to access public
7 space under an armed guard.

8 I think that's exactly the point.

9 **ACTING COMMISSIONER GORDON:** The NSA.

10 **MS. CARTWRIGHT:** I believe that Snowden has already
11 been there. He might be hiding in Pete's Harbor because it's
12 pretty guarded.

13 And I implore you to get involved with the
14 Redwood City Inner Harbor, specifically not Pete's Harbor
15 plan. Without your leadership, it's just us residents on our
16 own due to the total lack of courage and leadership by most
17 every elected from Planning Commission to Congress.

18 And when I say that, I mean I have not knocked on
19 every door here. I have gone to the Planning Commission, I
20 have gone to the City Council, I have gone to every elected
21 official. I have gone to, I mean, every door.

22 And I will name names, I don't care. And all of them
23 say "Well, I'm waiting for so-and-so, I'm waiting for
24 so-and-so. If they do something, I'll do something."

25 It's like a house of cards. And I've got to tell you

1 is the sturdiest house of cards I have ever seen in my life,
2 and nobody is willing to do anything except us, and we don't
3 have the power. All of them do and they are not willing to
4 do anything.

5 And you guys are the ones who can come in and help us
6 with the inner harbor, specifically not Pete's Harbor plan,
7 and we would appreciate the help.

8 And lastly -- because I have 13 seconds left, I'm
9 doing good -- Save Pete's Harbor is for public access, it is
10 not for personal gain, unlike other groups that are fighting
11 for personal gain and control of the leases.

12 Thank you. I'll see you guys soon.

13 **ACTING CHAIRPERSON GARLAND:** Thank you.

14 Next up is James Lee.

15 **MR. LEE:** Good afternoon, good to see you again.
16 Thank you for giving me the time to speak.

17 I'm here as secretary for Save Pete's Harbor, which is
18 now a nonprofit corporation.

19 I know you guys have received a letter from the
20 another group detailing why, why people in the Redwood City
21 community think the leasehold improvements and the out of
22 harbor area, Pete's Harbor, should remain. So I don't want
23 to get into that too much.

24 What I do want do say is to kind of piggyback on what
25 Shaunn said about the inner harbor specific plan. There is a

1 task force in Redwood City for this inner harbor specific
2 plan, and we understand that the State Lands Commission had
3 has a seat on the task force.

4 I'm coming here today because I have attended the last
5 two meetings of that task force as a member of the community,
6 as secretary for Save Pete's Harbor, and I'm really concerned
7 about the dissidence between the public input that's being
8 given for this inner harbor area of which we feel should
9 include Pete's Harbor, but currently does not, and the vision
10 that's being presented by the city.

11 There were almost 40 people at the last meeting on
12 Tuesday night. Nearly all the comments were about a lot of
13 things. I think the State Lands Commission would like that
14 the public spoke about public access, sustainable development
15 about building with sea level rise in mind.

16 But the higher urban design consultants for the city,
17 who was working on the specific plan, gave us presentations
18 of building right up to the waterfront, shows photos of
19 Balboa Island in Newport Beach, and Granville Island in
20 Vancouver, which are very highly built up in very dense urban
21 areas, not really quite appropriate for the area.

22 And I understand resource-wise is really hard to get
23 down to Redwood City on a weeknight, but if you could please
24 stay in touch with Redwood City and make sure they are doing
25 the right thing. Since you guys do have a seat on the task

1 force, it would be great if your input influenced them
2 somewhat.

3 I do also want to go with what Shaunn said, that Save
4 Pete's Harbor, we're here to make sure that the marina is
5 preserved. We're not concerned about the leases acquiring
6 them for ourselves, we just want to make sure that the marina
7 stays there.

8 Also just really quickly, we had an interesting case
9 of -- or interesting example of how public access is being
10 denied right now.

11 On the 4th of July, hundreds of people drove down to
12 Pete's Harbor. It's a traditional place for people to go see
13 the fireworks over the bay.

14 And because there wasn't enough press about it or
15 what, people didn't realize the harbor had been closed. So
16 there was a huge traffic jam because the harbor is fenced up.
17 There is no public access for all of these people who have
18 been enjoying it for decades. People know the place has a
19 place to access the shore to be on the waterfront and to
20 enjoy their community. So, please, I hope whatever you could
21 do to help out would be much appreciated.

22 **ACTING CHAIRPERSON GARLAND:** Thank you, Mr. Lee.

23 Next up is Wendy Stone.

24 **MS. STONE:** I'm reading for Alison Madden, and this
25 will take up all of my time.

1 This statement is read on behalf of San Francisco Bay
2 Marinas for all, a charitable, public benefit nonprofit
3 corporation organized and existing under California Law. Our
4 mission is to provide public access to marinas in and around
5 San Francisco Bay.

6 As always, we want to start by saying thank you again
7 to the staff and Commission for its obvious professionalism,
8 exhibited through diligent research and clear, thoughtful and
9 prompt communication to the harbor, tenants and the City of
10 Redwood City.

11 SFBMFA seeks to enable activities consistent with the
12 public trust and designed to draw the public to Bay Area
13 harbors and marinas and use them for recreational purposes,
14 and for residential live-aboard purposes as consistent with
15 applicable guidelines.

16 Our initial and current focus is to preserve the
17 historic legacy at Pete's Harbor and ensure that docks on the
18 outer harbor in Smith Slough are not ripped out to enable an
19 exclusive upland private condominium development that intends
20 to use the inner harbor as a private marina only for condo
21 owners. This is the stated intent of the developer.

22 Please see our letter from the law firm of Adams,
23 Broadwell, Joseph and Cardozo, detailing that outer harbor
24 slips should not be ripped out, especially not without a very
25 deliberate process including environmental assessments.

1 The upland owners have filed a short-term expedited
2 permit application with BCDC for permission to rip out the
3 docks as soon as that permit can be issued.

4 Pete's Harbor has been a Redwood City icon for over 50
5 years and deserves to remain. "Give Pete's a Chance" is
6 therefore the name of our first initiative.

7 Current and former tenants and a wide coalition of
8 local supporters would like to see the right solution for all
9 of Redwood City, a development with a marina that takes into
10 account what is good for all of Redwood City, not just one
11 landowner or one developer.

12 Our members are electricians, engineers, attorneys,
13 construction company owners, startup CEO's, cancer
14 researchers, MBA's, and more. Pete's was never managed by an
15 outside "professional" marina company and an initial lease to
16 tenants will be operated with, at a minimum, the same
17 competence and standard of care as Pete Uccelli and the
18 current and former harbormasters. Pete built and ran a safe
19 and lasting marina, and we're prepared to take up his legacy.

20 We ask that you:

21 One, act on the harbor's current uncured material
22 breach and repossess the outer harbor property and marina
23 facilities;

24 Two, order the turbidity curtains down;

25 Three, contact the BCDC and U.S. Army Corps of

1 Engineers and ask them not to grant any permits until the SLC
2 has fully and finally acted on the matters of the leases;

3 Four, on an interim basis lease to SFBMFA with a
4 recognition that all members of SFBMFA currently at the
5 harbor be permitted to stay on the outer harbor;

6 Five, recognize the existing right of public ingress
7 and egress across the adjacent public access strip, which we
8 are informed is federally-owned property and is sufficient to
9 provide access to the outer harbor "small," i.e., "consent"
10 lease PRC 6856;

11 Six, review our application to lease the marina
12 facilities, which is now ready for submission and expected to
13 be filed Monday, and grant an interim lease to SFBMFA for at
14 least 90 days, and work with us on the filing fee for the
15 application to be able to pay it in installments out of rent
16 and fund-raising.

17 That is the end of my time. Nice to see you all
18 again. Thank you.

19 **MR. STONE:** She rehearsed that.

20 **EXECUTIVE OFFICER LUCCHESI:** If I may, you might have
21 copies of what she read, that would be good.

22 **MR. STONE:** I should have passed that up before she
23 did her speed-reading. I apologize.

24 Alison wrote that up. She couldn't be here, but it
25 was really important that that message was read out loud for

1 the record.

2 So here we go.

3 **ACTING CHAIRPERSON GARLAND:** Mr. Stone, welcome back.

4 **MR. STONE:** I'm back

5 Excuse me. We ran like crazy to get here, and there
6 was an accident at the 580 and the car in the cornfield, and
7 I didn't get a chance to get my suit.

8 Anyways our friend, Chris Murphy, has lost the fight.
9 He's been found guilty and now they are going to take
10 possession of his boat and he has nowhere to live, because
11 Judge Buchwald felt that the State Lands Commission really
12 wasn't interested in the formal outcome of what's happening
13 in Pete's Harbor. We're next on the chopping block and we
14 don't know where we're going to go or where we are going to
15 live.

16 A neat thing happened: You guys helped Paula breach
17 the contract, and a week before that sucker was up she
18 terminated her leases, which gave her 60 days.

19 And in that 60 days, she's now put in an application
20 with BCDC to tear out all the docks which surround the
21 turbidity curtain behind 8-foot fences that had barbed wire
22 that I managed to get rid of, armed guards, they have a
23 telescope watching us, and it's just an amazing piece of
24 drama.

25 So I think that was a really cool move, that she was

1 able to do that. They give her 60 days, because that means
2 she has until August now to -- this is really a notice.

3 So she has 60 days you guys gave her and now she has
4 60 days more, and she has trucks waiting to pull out the
5 docks, just drag them right up into the parking lot. They've
6 already been sold, they are going to Bethel Island, and all
7 she needs is an okay from BCDC.

8 And the BCDC and the Army Corps of Engineers will not
9 make a move until the State Lands Commission stands up and
10 makes a point of what they want done there. They are not
11 going to do it. It's up to you guys. Okay.

12 I pleaded with Judge Buchwald. We need you to talk to
13 them. A petition of writ has been sent against him from
14 Paul's lawyers. So now we're going to the appellate court,
15 the appellate court is going to order him to make a judgment
16 on the UD, because UD's usually aren't four hours, but we
17 have the world's longest UD.

18 And he will be forced to make judgment for defendant,
19 I mean for the plaintiff, and we will have five days from
20 sheriff moving, your eyes and ears of Pete's Harbor will be
21 gone. We need permission.

22 I just called Paula up to take my boat out. I have to
23 have somebody call me at the gate so I can go have it
24 unlocked. We're living in a gulag, and all we want is public
25 access.

1 I sent you the picture of the 4th of July, with the
2 kids standing outside the chain-link fence going "Fireworks,
3 fireworks." It's a shame, shame, shame, and everybody is
4 going to lose it.

5 It's a beautiful place for a marina, it's a beautiful
6 marina, brand-new electrical, brand-new plumbing. The only
7 thing that's wrong with it is there's no boats.

8 Paula has terminated the leases and she's blaming you
9 guys. She's saying this would have been a great place for a
10 public marina, but the State Lands Commission has ruined that
11 for the whole city.

12 She said "I'm going to sell it for privatization."
13 Paula's corporation said "I'll be willing to run it, a
14 commercial marina."

15 Then we figured out we'll just terminate the leases,
16 and Paula Uccelli has blamed you guys for making her do
17 things she couldn't afford to do. Millions and millions of
18 dollars are made and she blamed it all on you.

19 She blamed you all in the newspaper, big bad guys for
20 taking away the marina from the public. That's the truth, so
21 help me God.

22 I don't know if I will see you guys again because I
23 don't know when your next meeting is. We may have to find
24 another place to live. Hopefully, there will be a VA nearby.

25 Thank you for your time, Jennifer, and you guys. I

1 know you have gone above and beyond the call of duty, and I
2 know that you have taken the time to really appreciate and
3 listen to our conundrum. But from my heart, I want to thank
4 you because, I mean, gas drilling is a big thing. We're here
5 to Save Pete's Harbor.

6 So thank you very much for your time. And I hope to
7 see you again soon for something positive. It depends on the
8 appellate judge. We might be going back to court on the
9 19th. I don't know if there's a writ or all of this other
10 stuff.

11 Thank you. I'll keep you informed by e-mail. I'll
12 send you pictures with love from Pete's Harbor, the last ode.
13 All right?

14 **ACTING CHAIRPERSON GARLAND:** Thank you, sir.

15 **MR. STONE:** Thank you, guys.

16 **EXECUTIVE OFFICER LUCCHESI:** I want to let the
17 Commissioners know that we are looking into all of these
18 issues and are consulting with them, the BCDC, U.S. Fish &
19 Wildlife, California Department of Fish & Wildlife, and all
20 the other regulatory agencies about this.

21 **MR. STONE:** I told Shelly and also Grace, you guys
22 have been really great. Thank you.

23 **ACTING CHAIRPERSON GARLAND:** That concludes the cards
24 that I have. Are there any other public comments that need
25 to be made?

1 All right. Well, that concludes our open meeting. I
2 don't believe we need to go back into closed session, so I
3 will entertain a motion to adjourn.

4 **ACTING COMMISSIONER FINN:** So moved or

5 **ACTING CHAIRPERSON GARLAND:** We are going to switch to
6 time moved by Finance, seconded by the Controller. All in
7 favor?

8 (Ayes.)

9 **ACTING CHAIRPERSON GARLAND:** See everybody on the 22nd
10 or 23rd of August.

11 **EXECUTIVE OFFICER LUCCHESI:** Thank you.

12 (Proceedings concluded.)

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1 COURT REPORTER'S CERTIFICATE

2
3 State of California)
4 County of Sacramento) ss.

5
6 I, ERIC L. THRONE, hereby certify that I am a
7 Certified Shorthand Reporter and that I recorded verbatim in
8 shorthand the proceedings had Friday, July 12, 2013, in the
9 matter of the special meeting of the State Lands Commission,
10 completely and correctly to the best of my ability; that I
11 have caused said shorthand to be transcribed into typewriting
12 and the foregoing pages, 1 through 34, constitute a complete
13 and accurate transcript of said shorthand writing taken in
14 the above-mentioned proceedings.

15
16 Dated at Sacramento, California, this 16th day of
17 July, 2013.

18 

19
20 ERIC L. THRONE, CSR No. 7855, RPR, RMR, CRR

21 ----oOo----