

MINUTE ITEM

This Calendar Item No. 22
was approved as Minute Item
No. 22 by the State Lands
Commission by a vote of 2
to 0 at its 10-30-80
meeting.

MINUTE ITEM

10/80
W 9635
Willard

22. MODIFICATION OF THE STATE'S RIGHT TO SURFACE ENTRY

During consideration of Calendar Item 22 attached, Mr. Walter C. Bench, Air Space Management Specialist with the Air Force Flight Test Center, Edwards Air Force Base, appeared. Mr. Bench objected to the proposed development because it was beneath their restricted air space set aside for testing and evaluating hazardous-type flying. During the discussion, Mr. Northrop advised Mr. Bench that his concerns were not within the purview of the recommendation before the Commission. The Commission suggested to Mr. Bench that he submit his comments to the Kern County Board of Supervisors and the State Department of Real Estate during the environmental review process.

Upon motion duly made and carried, the resolution as presented in Calendar Item 22 was adopted by a vote of 2-0.

Attachment: Calendar Item 22

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S 16

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CALENDAR ITEM

22.

10/80
W 9635
Willard

MODIFICATION OF THE STATE'S RIGHT OF SURFACE ENTRY

APPLICANT: Charles W. Terrell
Chief Executive Officer
Great Western Cities, Inc.
4605 Lankershim Blvd., Suite 600
North Hollywood, California 91602

AREA, LAND TYPE AND LOCATION:
Approximately 13,000 acres, including school lands and lands conveyed to the State pursuant to Section 8 of the Taylor Grazing Act: Sections 4, 8, 10, 14, 20, 22, 24, 26, 28, 32 (E $\frac{1}{2}$ and SW $\frac{1}{2}$), 34, 36, T31S, R39E; and Sections 2, 4, 6 (Lots 1 and 2 of the NE $\frac{1}{4}$, Lot 1 of the SW $\frac{1}{4}$ and SE $\frac{1}{4}$), 8, 10, 14, and 18, T32S, R39E, MDM, Kern County. The State retained a 100% mineral interest in the land when patented. These lands are located within the Second Community of the City of California City.

PERTINENT INFORMATION:

1a. Section 6401(b) of the P.R.C. provides in relevant part:

"...upon a finding by the State Lands Commission that there are no known deposits of commercially valuable minerals in and above the plane located 500 feet below the surface of any lands sold or exchanged ... by the State to another ..., and wherein any or all of the mineral deposits have or are required by law to be reserved to the State, the Commission may be (sic) ... appropriate instrument, modify the accompanying rights of the State to the use of the surface of such lands, including any right

A 34

S 16

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to enter such lands to a depth of 500 feet below the surface of such lands, as will permit the orderly use and development of all such sold or exchanged lands ... Nothing in this subdivision shall be construed to authorize the relinquishment of any mineral rights in such lands owned or reserved to the State."

- b. Section 6373 of the P.R.C. provides in relevant part:

"Before any disposition of State lands to a private party or other governmental agency, the intended recipient of such lands shall submit to the Commission and to the Legislature a general plan, as specified by the Commission, for the use of the subject lands to be transferred, together with the review and comments of other interested State agencies."

2. The applicant/surface owner has applied to the Commission for the relinquishment of the State's surface entry rights pursuant to Section 6401(b) of the P.R.C. The background events leading to this application are as follows:

Beginning in the late 1950's, the predecessors of Great Western Cities, Inc., project applicant and current developer of California City, began purchasing large tracts of land which have come to comprise California City. The development of California City was to take place in three phases: the First, Second, and Third Communities.

The First Community contains the presently developed areas of California City where major roadways and utility infrastructures, civic facilities, a shopping area, motel, and park facilities, have been constructed. Housing consists mainly of single-family dwellings.

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The current population of the First Community is approximately 2,500 people.

Approximately 13,000 acres (6,073 hectares) of land obtained for inclusion in the Second Community were purchased from the State of California. Some of these lands were school lands; others were acquired by the State through an exchange with the United States Government pursuant to the Taylor Grazing Act, 43 U.S.C. Section 315 et seq. In conformance with Public Resources Code Section 6401(a), the sale of the subject property by the State was made subject to the reservation of minerals and the right of access thereto by the State.

The Second Community was subsequently subdivided into approximately 25,900 lots, of which an estimated 65 percent have been sold to private individuals. These individuals purchased lots with the expectation of being able to develop their land. Some improvements (grading for roads and culverts) were constructed during this time. The sale of those lots from lands acquired from the State were subject to the reservation of minerals and access thereto held by the State. As a result of this cloud on the title to these lots, development financing has proved difficult to obtain. In addition, as a result of the 1973 settlement in the case of People v. Great Western Cities, Inc., et al. (Los Angeles Superior Court No. C 51745) brought by the Department of Real Estate and the State Attorney General regarding sales practices in California City, the developer agreed to use its best efforts to obtain from the State of California the modification of surface entry rights. Thus, in an effort to comply with the terms of the settlement and

in order to clear title to the lots so as to facilitate development financing, Great Western Cities, Inc., has submitted the current application to the State Lands Commission.

The Third Community of California City is, like the Second Community, presently undeveloped. Great Western Cities has indicated their intent to apply for a modification of the State's right of surface entry on those parcels within the Third Community on which the State has mineral rights. No timetable has been established yet by Great Western Cities for this future application.

3. Staff has conducted an evaluation of the mineral potential in the upper 500' of the subject land and has concluded that at this time there are no known commercially valuable minerals within this interval.
4. Pursuant to the Great Western Cities' application to the State Lands Commission, an Environmental Impact Report (EIR #267) was prepared by Westec Services Incorporated for the State Lands Commission discussing the impacts of the proposed modification of the State's right of surface entry to the lands described in Exhibit "A".

The final EIR for this project, dated September 21, 1980, is on file in the principal office of the Commission, and is incorporated by reference as though fully set forth herein. An executive summary of the environmental document is attached hereto as Exhibit "F".

As more fully discussed in the EIR, the proposed project has the potential for having a significant effect on the environment. Those potential significant effects are:

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Air Quality: If significant development occurs, automobile pollutant emissions combined with other growth related pollution sources, may exceed clean air standards. Measures that could be taken to reduce air pollution include:

- 1) Orderly development of the City providing commercial services and work places near residential areas.
- 2) Assistance in forming car and van pools for those persons working outside the City.
- 3) Energy conservation guidelines governing the design and construction of future development in California City.
- 4) Establish a regional transit system to serve California City and the surrounding areas.

Cultural Resources: Ten archeological sites were found during the survey. Additionally, there is a high potential that other sites exist. Mitigation is best conducted when development plans are formulated. At that time a professional archeologist can evaluate the importance of any sites and monitor subsequent grading and development.

Biological Resources: The area is habitat for the rare Mojave Ground Squirrel. In addition, the Desert Tortoise is found in high densities throughout the second community. The Tortoise may soon be proposed for threatened status. Development would decrease the habitat for these species. The potential effect on the habitat of the Desert Tortoise and the Mojave Ground Squirrel can be partially mitigated by the conveyance of land by the developer to BLM for use in connection with the Desert Tortoise Natural Area, a BLM wildlife preserve.

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5. In compliance with Section 6373 of the P.R.C., the applicant has filed the following items with the Commission:
- a. Copies of EIR #267.
 - b. The geologic report prepared by the staff of the State Lands Commission.
 - c. The applicant's plan of development for the subject land. Five-year plan of Great Western Cities.

The Commission staff has distributed these items as follows:

- a. One copy of each to the Chairman and members of the State Lands Commission.
- b. One copy of each to the Chief Clerk of the Assembly.
- c. One copy of each to the Secretary of the Senate.

The applicant has duly executed copies of the proposed agreement and has returned them to the Commission.

6. The staff and the applicant have negotiated an agreement considered to be in the best interests of the State, whereby:

Great Western Cities will grant to the State all its right, title and interest to the lands described in Exhibit "B" (approximately 640 acres).

Pursuant to Public Resources Code, Section 6401(b), the State will relinquish to owners of record its rights to use the surface of the lands described in Exhibit "A", including its right to enter such lands to a depth of 500 feet (approximately 12,200 acres).

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Great Western Cities will grant to the United States Department of the Interior, Bureau of Land Management, all of Great Western Cities' right, title and interest to approximately 640 acres as provided in Section 1 of Part B of the proposed Agreement (a copy of which is attached hereto as Exhibit "D"), subject to the mineral rights therein owned by or reserved to the State and the right of the State to use the surface of that property, including any right to enter such lands to a depth of 500' below the surface of such lands, for use of the BLM in connection with the Desert Tortoise Natural Area which provides protection of the habitat of the Desert Tortoise and the Mojave Ground Squirrel, so as to partially mitigate adverse impacts upon that habitat which may result from development of the lands listed in Exhibit "A".

Upon Great Western Cities' grant to BLM as described above, and pursuant to Public Resources Code, Section 6401(b), the State will relinquish to BLM and other record owners its right to use the surface of the land described in Exhibit "C" hereto, including its right to enter such lands to a depth of 500 feet.

EXHIBITS:

- A. Lands in which the State will relinquish its surface entry rights.
- B. Lands which Great Western Cities will grant to the State.
- C. Lands in which the State will relinquish its surface entry rights upon conveyance by Great Western Cities, Inc. of 640 acres to BLM.
- D. Agreement regarding State's modification of surface entry rights in California City, Kern County, California.

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E. Site Map.

F. EIR Executive Summary.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT A FINAL ENVIRONMENTAL IMPACT REPORT HAS BEEN PREPARED FOR THIS PROJECT BY THE COMMISSION FOLLOWING EVALUATION OF COMMENTS AND CONSULTATION WITH PUBLIC AGENCIES HAVING JURISDICTION IN THE PROJECT AREA.
2. CERTIFY THAT THE FINAL ENVIRONMENTAL IMPACT REPORT (EIR NO. 267) HAS BEEN COMPLETED IN COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT OF 1970, AS AMENDED, AND THE STATE EIR GUIDELINES AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.
3. DETERMINE THAT THE PROJECT HAS THE POTENTIAL TO CAUSE A SIGNIFICANT EFFECT ON THE ENVIRONMENT; NAMELY - AIR QUALITY - MITIGATION REQUIREMENTS TO LESSEN IMPACTS ARE WITHIN THE RESPONSIBILITY AND JURISDICTION OF ANOTHER PUBLIC AGENCY AND NOT THE STATE LANDS COMMISSION. SUCH PUBLIC AGENCY CAN AND SHOULD ADOPT APPROPRIATE MITIGATION MEASURES. CULTURAL RESOURCES - MITIGATION REQUIREMENTS TO LESSEN IMPACTS ARE WITHIN THE RESPONSIBILITY AND JURISDICTION OF ANOTHER PUBLIC AGENCY AND NOT THE STATE LANDS COMMISSION. SUCH PUBLIC AGENCY CAN AND SHOULD ADOPT APPROPRIATE MITIGATION MEASURES. BIOLOGICAL RESOURCES - PARTIAL MITIGATION FOR HABITAT LOSS WILL BE ACHIEVED BY GREAT WESTERN CITIES, INCORPORATED'S CONVEYANCE TO THE BUREAU OF LAND MANAGEMENT OF APPROXIMATELY 640 ACRES FOR USE IN CONNECTION WITH THE DESERT TORTOISE NATURAL AREA.

FAILURE TO APPROVE THE PROJECT WOULD RESULT IN HARDSHIPS TO HUNDREDS OF SMALL LANDOWNERS AND THE DEVELOPER AS THEY WOULD BE UNABLE TO OBTAIN CONSTRUCTION FINANCING THEREBY VIRTUALLY ELIMINATING OPPORTUNITIES TO DEVELOP. THEREFORE, OVERRIDING SOCIAL AND ECONOMIC CONSIDERATIONS PREVENT ADOPTION OF THE NO PROJECT ALTERNATIVE.

4. FIND THAT AT THIS TIME, THERE ARE NO KNOWN DEPOSITS OF COMMERCIALY VALUABLE MINERALS IN AND ABOVE A PLANE LOCATED 500 FEET BELOW THE SURFACE OF THE LANDS IN EXHIBITS "A" AND "C".

CALENDAR ITEM NO. 22. (CONTD)

5. AUTHORIZE THE EXECUTION OF THAT AGREEMENT ENTITLED "AGREEMENT REGARDING STATE'S MODIFICATION OF SURFACE ENTRY RIGHTS IN CALIFORNIA CITY, KERN COUNTY, CALIFORNIA."
6. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO TAKE ALL ACTIONS WHICH ARE NECESSARY AND PROPER TO IMPLEMENT SAID AGREEMENT.

EXHIBIT "A"

LAND DESCRIPTION

W 9635

All those lands within California City, Kern County, California, described as follows:

Sections 4, 8, 10, 14, 20, 22, 24, 26, 28, the E-1/2 and the SW-1/4 Section 32, and Sections 34 and 36, in T31S, R39E, MDM, and Sections 2, 4, Lots 1 and 2 of the NE-1/4 and Lot 1 of the SW-1/4, and the SE-1/4 of Section 6, and Sections 8, 10, 14 and 18 in T32S, R39E, MDM.

END OF DESCRIPTION

PREPARED OCTOBER 16, 1980 BY TECHNICAL SERVICES UNIT, ROY MINNICK, SUPERVISOR.

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EXHIBIT "B"

LAND DESCRIPTION

W 9635

All those lands within California City, Kern County, California, described as follows:

The W-1/2 and SE-1/4 of Section 7 and the NE-1/4 of Section 18
in T31S, R40E, MDM.

END OF DESCRIPTION

PREPARED OCTOBER 16, 1980 BY TECHNICAL SERVICES UNIT, ROY MINNICK, SUPERVISOR.

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EXHIBIT "C"
LAND DESCRIPTION

W 9635

All those lands within California City, Kern County, California,
described as follows:

Section 18 in T31S, R39E, MDM.

END OF DESCRIPTION

PREPARED OCTOBER 16, 1980 BY TECHNICAL SERVICES UNIT, ROY MINNICK,
SUPERVISOR.

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EXHIBIT, "D"

1 DOCUMENT RECORDED AT THE
2 REQUEST OF AND WHEN RECORDED
RETURN TO:

3 Great Western Cities, Inc.
4 4605 Lankershim Boulevard
Suite 600
5 North Hollywood, CA 91602

6 Attention: Charles W. Terrell
Chief Executive Officer

7 TAX DUE:
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16 AGREEMENT REGARDING STATE'S MODIFICATION
17 OF SURFACE ENTRY RIGHTS IN CALIFORNIA CITY,
KERN COUNTY, CALIFORNIA

18 Instructions to the County Recorder of the County of Kern

19 This document includes conveyances between the
20 parties to this Agreement. Please index this document as follows:

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Agreement Exhibit In
Which Real Property
Is Described

<u>Grantor</u>	<u>Grantee</u>	
STATE OF CALIFORNIA acting by and through the State Lands Commission	GREAT WESTERN CITIES, INC., a California corporation; and GWU, INC., a California corporation; and ALL OTHER OWNERS OF RECORD	A
GREAT WESTERN CITIES, INC., a California corporation	STATE OF CALIFORNIA acting by and through the State Lands Commission	B

AGREEMENT REGARDING STATE'S MODIFICATION
OF SURFACE ENTRY RIGHTS IN CALIFORNIA CITY,
KERN COUNTY, CALIFORNIA

This Agreement, entered into this _____ day of _____, 1980, is by and between the STATE OF CALIFORNIA, acting by and through the State Lands Commission (hereinafter referred to as "State") and GREAT WESTERN CITIES, INC., acting on behalf of Great Western Cities, Inc., a California corporation, GWU, INC., a California corporation, and All Other Owners Of Record of the real property which is the subject of this Agreement (hereinafter referred to as "Second Party").

W I T N E S S E T H

WHEREAS, the real property which is the subject of this Agreement (hereinafter "Subject Property") is described in Exhibits "A", "B", and "C", all of which are attached hereto and are by this reference expressly made a part hereof, as if set forth in full; and

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1 WHEREAS, the Subject Property was patented by the State
2 of California to Second Party or its predecessors in interest,
3 reserving to the State the mineral interests therein and the
4 right of the State to the use of the surface of that Property
5 to develop those mineral interests, including the right to enter
6 the Subject Property to a depth of 500 feet below the surface
7 thereof; and

8 WHEREAS, pursuant to Public Resources Code Section
9 6401(b) (hereinafter "Section 6401(b)"), the State, upon a
10 finding by the State Lands Commission that there are no known
11 deposits of commercially valuable minerals in and above a plane
12 located 500 feet below the surface of certain lands, may by
13 quitclaim, patent, agreement, or other appropriate instrument,
14 modify the rights of the State to the use of the surface of
15 those lands, including any right to enter such lands to a depth
16 of 500 feet below such surface, as will permit the orderly
17 use and development of those lands; provided, however, that
18 nothing in the State Lands Commission's action shall be construed
19 to authorize the relinquishment of any mineral interests in those
20 lands owned by or reserved to the State; and

21 WHEREAS, the Second Party has applied to the State for
22 a modification of the State's right to use the surface of the
23 Subject Property under Section 6401(b); and

24 WHEREAS, studies have been conducted by the parties
25 to determine the commercial mineral value potential of the
26 Subject Property, and based thereupon the State Lands Commission
27 has found that there are no known deposits of commercially

1 NOW, THEREFORE, in consideration of the mutual
2 covenants and agreements contained herein, and other consideration,
3 the adequacy and receipt of which are acknowledged, the parties
4 mutually agree as follows:

5 PART A - QUITCLAIM AND GRANT DEED

6 1. State's Quitclaim. The State, acting in accordance
7 with Section 6401(b), hereby remises, releases, and quitclaims
8 to Second Party, the State's right to enter the Release Parcels
9 to a depth of 500 feet below the surface of the Release Parcels,
10 such quitclaim to be effective only upon recordation of this
11 Agreement. It is expressly agreed by the parties to this
12 Agreement that nothing herein shall be construed as any conveyance
13 or transfer of any mineral interests in the Release Parcels
14 presently owned by or reserved to the State.

15 2. Great Western Cities, Inc. Grant Deed. Great
16 Western Cities, Inc., hereby grants to the State all its right,
17 title and interest to that certain real property described in
18 Exhibit "B" hereto, this grant to be effective upon recordation
19 of this Agreement.

20 3. Escrow.

21 (a) Escrow Agent.

22 The parties, or any of them, shall cause an escrow
23 to be opened with Century Title and Guaranty Company of
24 Bakersfield, or any other duly licensed title company in the
25 County of Kern mutually agreeable to the parties (hereinafter
26 "Escrow Agent").

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(b) Deposits by the Parties.

(1) The State shall deposit into escrow this Agreement, duly and properly executed by it;

(2) Second Party shall deposit into escrow this Agreement, duly and properly executed by it.

(c) Title Insurance.

Century Title and Guaranty Company of Bakersfield, or any other duly licensed title company agreeable to the State, shall stand ready and be committed to issue upon the close of escrow its standard coverage policy of title insurance in CLTA form insuring to a value of \$ the State's title to the land described in Exhibit "B", subject only to those exceptions agreed to in writing by the State.

(d) Recordation.

(1) Upon the receipt of all the documents listed in Subsection (b) of this Section and the approval of the conditions of title shown in the pro forma title policies and any other conditions previously approved in writing by the parties, Escrow Agent, if it has not received an objection by a party hereto to the closing of escrow, shall notify the parties of its intention to close escrow and to record this Agreement and shall set a date certain for such recordation and closing.

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(2) At 8:00 a.m., or as early as possible on the date chosen for the close of escrow, Escrow Agent shall record this Agreement in the Official Records of the County Recorder for the County of Kern, State of California.

(e) Allocation of Costs and Expenses.

The expenses and fees of escrow incurred by Escrow Agent, including those associated with recordation of this Agreement, and the premiums and costs of the title insurance policy described in Subsection (c) hereof, shall be borne by Second Party. All other fees, costs and expenses of any attorney, engineer or other person employed or retained by a party hereto in connection with the transaction underlying this Agreement shall be borne by that party.

(f) Closing of Escrow.

If this escrow has not closed by January 31, 1981, this Agreement will be null and void and will have no effect, and neither party will have any rights, duties, claims, or obligations hereunder. Further, in that event, nothing contained in this Agreement shall constitute or be deemed to be an admission by or against any party of any of the matters dealt with herein.

PART B - MITIGATION OF PROJECTED ADVERSE IMPACT UPON HABITAT OF DESERT TORTOISE AND MOJAVE GROUND SQUIRREL

1. Future Grant. In order to provide land to the United States Department of the Interior, Bureau of Land Management (hereinafter "BLM"), for its use in connection with the Desert Tortoise Natural Area which provides protection of

1 the habitat of the Desert Tortoise and the Mojave Ground Squirrel,
2 so as to mitigate adverse impacts upon that habitat which may
3 result from development of the Release Parcels, GREAT WESTERN
4 CITIES, INC., agrees to grant to BLM six hundred forty (640)
5 contiguous acres as follows:

6 (a) Great Western Cities, Inc., agrees to make
7 best efforts to obtain fee title to all of that
8 certain real property described in Exhibit "C" hereto,
9 subject to the mineral interests therein owned by or
10 reserved to the State and the right of the State
11 to the use of the surface of that property, including
12 any right to enter such property to depth of 500 feet
13 below the surface thereof, within two (2) years from
14 the effective date of this Agreement. If successful,
15 Great Western Cities, Inc., agrees to grant to BLM
16 title to that property, subject only to those
17 exceptions agreed to in writing by BLM.

18 (b) If Great Western Cities, Inc., is unable to comply
19 with the provisions of Subsection (a) of this Section,
20 Great Western Cities, Inc., agrees to obtain within
21 two (2) years of the effective date of this Agreement
22 title to six hundred forty (640) contiguous acres,
23 including but not limited to those portions of that
24 land described in Exhibit "C" owned as of the effective
25 date of this Agreement and thereafter acquired by
26 Great Western Cities, Inc. Great Western Cities, Inc.
27 agrees to grant to BLM thereafter title to that

1 property subject only to those exceptions agreed to
2 in writing by BLM.

3 2. Future Quitclaim. The State, acting in accordance
4 with Section 6401(b), hereby agrees to remise, release, and
5 quitclaim to BLM and all other owners of record its right to
6 use the surface of the land described in Exhibit "C", including
7 the State's right to enter to a depth of 500 feet below the
8 surface of that land, but only upon the condition that Great
9 Western Cities, Inc., stands ready, willing, and able to carry
10 out the provisions of Section 1 of this Part B. The State's
11 agreement shall become effective only when Great Western Cities,
12 Inc., so stands ready, willing and able.

13 3. Future Escrow. Great Western Cities, Inc., hereby
14 agrees to cause an escrow to be opened with a duly licensed
15 title company in the County of Kern, mutually agreeable to the
16 parties, for the purpose of effecting the consummation of the
17 transaction described in this Part B. The escrow instructions
18 and documents necessary to consummate that transaction shall
19 be mutually agreed upon at that future time.

20 PART C - GENERAL PROVISIONS

21 1. Agreement Binding on Heirs, Assigns, Etc.

22 All the terms, provisions and conditions in this
23 Agreement shall be binding upon and inure to the benefit of the
24 respective heirs, administrators, executors, successors, and
25 assigns of the parties.

26 2. Modification.

27 No modification, amendment or alteration of this

1 Agreement shall be valid unless in writing and signed by all
2 of the parties.

3 3. Counterparts.

4 This Agreement may be executed in any number of
5 counterparts, and each executed counterpart shall have the same
6 force and effect as an original instrument and as if all of the
7 parties to the aggregate counterparts had signed the same
8 instrument. Signature pages and acknowledgement pages of this
9 Agreement may be detached from any counterpart of this Agreement
10 without impairing the legal effect of any signatures thereon
11 and may be attached to another counterpart of this Agreement
12 identical in form thereto but having attached to it one or
13 more additional signature and acknowledgement pages.

14 4. Effective Date.

15 This Agreement shall become effective when it is signed
16 by the parties and is duly recorded in the Official Records of
17 the County Recorder in the County of Kern, State of California.
18 The effective date of this Agreement shall be its date of
19 recordation.

20 5. Further Assurances.

21 So long as authorized by applicable laws so to do, each
22 of the parties will perform such other acts and execute, acknowledge
23 and deliver all further conveyances and other instruments that
24 may be necessary to more fully assure to the other party all
25 of the respective properties, rights, titles, interest, estates,
26 remedies, powers and privileges to be conveyed or provided for
27 by this Agreement.

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6. Severability.

The parties hereto agree that upon and after the effective date of this Agreement as provided in Section 4 of this Part C, those provisions of this Agreement to be performed after that effective date are intended to be severable, separate and distinct from the other provisions hereof and shall continue in full force and effect notwithstanding that other provisions may be determined invalid or void for any reason. Nothing herein, however, shall affect or diminish the rights of any party at law or in equity, or both, to enforce any provision of this Agreement against any other party.

7. No Effect on Other Lands.

The provisions set forth in this Agreement have been determined for purposes of modifying surface entry rights held by the State only in the Release Parcels located in the Second Community of California City. Accordingly, the provisions of this Agreement are not to be construed as affecting any lands outside the Subject Property.

8. No Admission or Effect If Agreement Not Consummated.

If Part A of this Agreement and its underlying transaction are not consummated by December 31, 1981, the Agreement will have no force or effect, and neither party will have any rights, duties, claims or obligations hereunder. Further, in that event, nothing contained herein shall constitute or be deemed to be an admission by or against any party of any of the matters dealt with in this Agreement.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first written above.

DATED: _____ GREAT WESTERN CITIES, INC.

By _____

Attest:

DATED: _____ APPROVED AS TO FORM:

1 STATE OF CALIFORNIA)
2 COUNTY OF KERN) ss.

3
4 On _____, before me the undersigned,
5 a Notary Public in and for said State, personally appeared
6 _____, known by me to be the _____
7 of GREAT WESTERN CITIES, INC., and known to me to be the person
8 who executed the within instrument on behalf of GREAT WESTERN
9 CITIES, INC., and acknowledged to me that such GREAT WESTERN
10 CITIES, INC., authorized the execution of the same, pursuant
11 to applicable law and duly adopted resolution.

12 WITNESS my hand and official seal.

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NOTARY PUBLIC in and for said County
and State

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DATED: _____

STATE OF CALIFORNIA
STATE LANDS COMMISSION

By _____

DATED: _____

APPROVED AS TO FORM:

GEORGE DEUKMEJIAN, Attorney General

By _____
Deputy Attorney General

1 STATE OF CALIFORNIA)
2 COUNTY OF SACRAMENTO) ss.

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On _____, before me the undersigned,
a Notary Public in and for said State, personally appeared
_____, known to me to be the _____
of the STATE LANDS COMMISSION, and known to me to be the person
who executed the within instrument on behalf of the STATE OF
CALIFORNIA, acting by and through the STATE LANDS COMMISSION,
and acknowledged to me that the STATE LANDS COMMISSION authorized
the execution of the same, pursuant to applicable law and duly
adopted resolution.

WITNESS my hand and official seal.

NOTARY PUBLIC in and for said
County and State

EXHIBIT "A"

LAND DESCRIPTION

W 9635

All those lands within California City, Kern County, California, described as follows:

Sections 4,8,10,14,20,22,24,26,28, the E-1/2 and the SW-1/4 Section 32, and Sections 34 and 36, in T31S, R39E, MDM, and Sections 2, 4, Lots 1 and 2 of the NE-1/4 and Lot 1 of the SW-1/4, and the SE-1/4 of Section 6, and Sections 8,10,14 and 18 in T32S, R39E, MDM.

END OF DESCRIPTION

- PREPARED OCTOBER 16, 1980 BY TECHNICAL SERVICES UNIT, ROY MINNICK, SUPERVISOR.

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EXHIBIT "B"

LAND DESCRIPTION

W 9635

All those lands within California City, Kern County, California, described as follows:

The W-1/2 and SE-1/4 of Section 7 and the NE-1/4 of Section 18
in T31S, R40E, MDM.

END OF DESCRIPTION

PREPARED OCTOBER 16, 1980 BY TECHNICAL SERVICES UNIT, ROY MINNICK, SUPERVISOR.

CALENDAR PAGE	172
MINUTE PAGE	2459

EXHIBIT "C"

LAND DESCRIPTION

W 9635

All those lands within California City, Kern County, California,
described as follows:

Section 18 in T31S, R39E, MDM.

.END OF DESCRIPTION

PREPARED OCTOBER 16, 1980 BY TECHNICAL SERVICES UNIT, ROY MINNICK,
SUPERVISOR.

CALENDAR PAGE	173
MINUTE PAGE	2460

EXHIBIT "E"

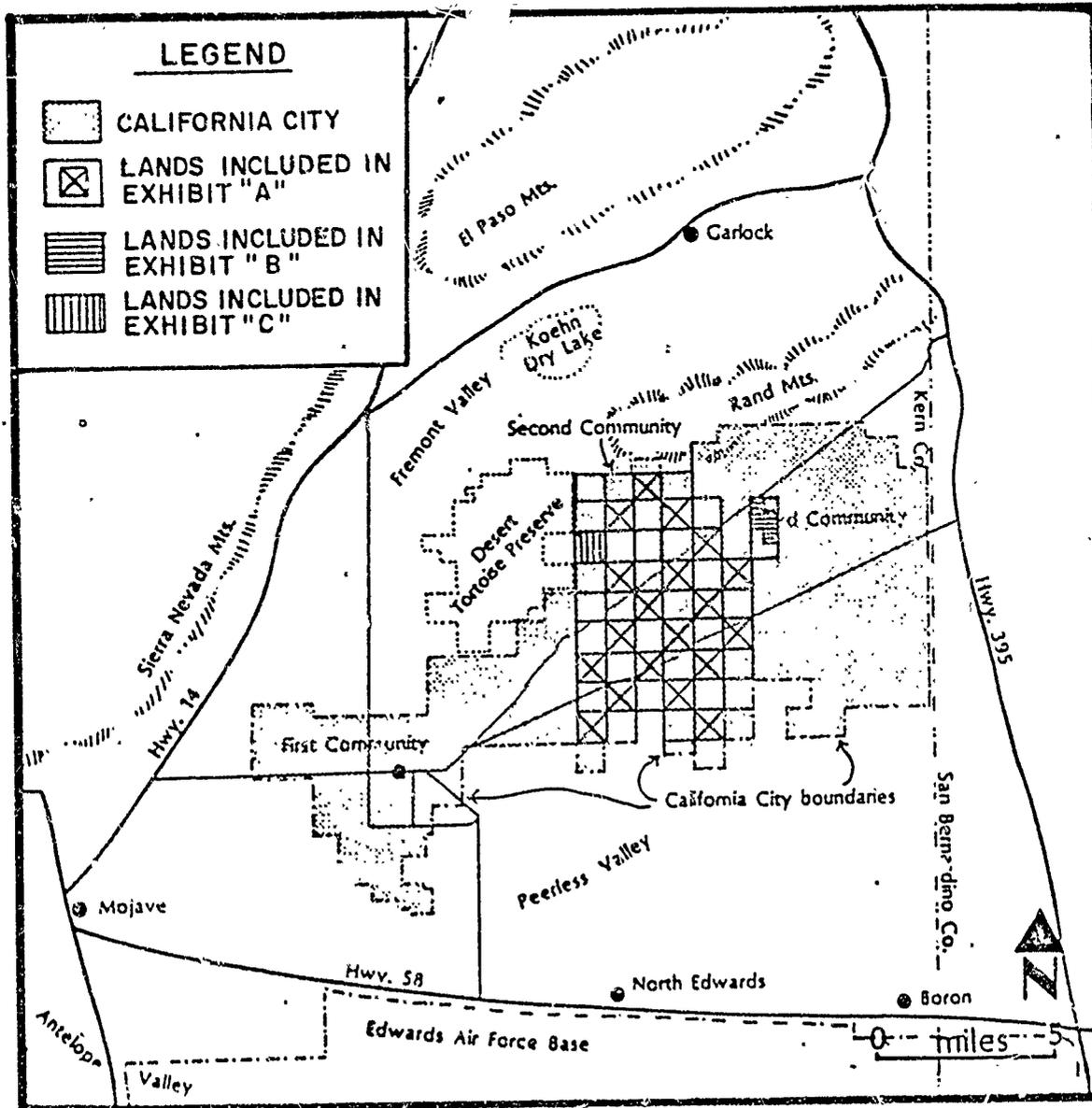
SITE MAP

MODIFICATION OF THE STATE'S RIGHT OF SURFACE ENTRY — CALIFORNIA CITY — SECOND COMMUNITY

GREAT WESTERN CITIES, INC.

OCTOBER 1980

ADW



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MINUTE PAGE 2461

EXHIBIT "F"

EXECUTIVE SUMMARY

AGENCY JURISDICTION

This environmental impact report (EIR) has been prepared under contract to the State Lands Commission, using the State EIR Guidelines which implement the California Environmental Quality Act (CEQA) of 1970, as amended. The project, as proposed, involves lands in which mineral rights and surface entry rights are controlled by the state of California, which has prevented development from occurring. Therefore, the California State Lands Commission is serving as lead agency.

PROJECT DESCRIPTION

The proposed project consists of the modification by the State Lands Commission of the state's right of surface entry over approximately 15,000 acres (6,073 hectares) of land within the Second Community in the central area of the city of California City, pursuant to Public Resources Code Section 6401(b). Commission approval of the proposed modification, sought by Great Western Cities, Inc., developer of California City and the applicant for this project, would result in the relinquishment of the state's right of surface entry to a depth of 500 feet (152 meters) below the surface within the subject 15,000 acres (6,073 hectares). Such action would not authorize, or result in, the relinquishment of any mineral rights the state has in such lands.

The approximately 15,000 acres (6,073 hectares) of land obtained for inclusion in the Second Community were purchased from the State of California. The state had acquired these lands through an exchange with the United States government pursuant to the Taylor Grazing Act, 43 U.S.C.S. Section 315(g). The lands granted by the state to the United States were school lands, and therefore the lands received in exchange took on the character of, and were subject to the same restrictions as those school lands. In conformance with Public Resources Code Section 6401(a), the sale of the subject property by the state was made subject to the reservation of minerals and the right of access thereto by the state.

The Second Community was subsequently subdivided into approximately 25,900 lots, of which an estimated 65 percent have been sold to private individuals (Knopf, 1979). The sale of those lots from lands acquired from the state were, of course, subject to the reservation of minerals and access thereto held by the state. As a result of this cloud on the title to these lots, development financing has proved difficult to obtain. In addition, as a result of the 1973 settlement in the case of People v. Great Western Cities, Inc., et al. (Los Angeles Superior Court No. C 51745) brought by the Department of Real Estate and the State Attorney General regarding sales practices in California City, the developer agreed to use its best efforts to obtain from the State Lands Commission the modification of surface entry rights. To comply with the terms of the settlement and in order to clear title to the lots so as to facilitate development financing, Great Western Cities, Inc., has submitted the current application to the State Lands Commission.

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Although the act of relinquishment will not result in any physical changes, the clearing of the clouded titles would facilitate residential development of the Second Community. These indirect impacts were assessed in this report. Analyses of indirect impact of development of the Second Community have been assessed on two levels. The first level is based on a population of 10,000 (4,000 units). The second level of analysis, representing the worst case, was based on a build-out of over 78,000 units (population of 195,400) in the Second Community.

ENVIRONMENTAL ASSESSMENT

In accordance with recent applicable amendments to the CEQA stressing a focused environmental report, this document identifies the key environmental issues of the project and makes use of the extensive data basis existing for the project area. These major issues include:

- Archaeological and historical resources
- Biological resources
- Air quality
- Transportation
- Land use

Other aspects of the study intensively investigated included:

- Geology
- Hydrology/Water Quality
- Noise
- Socioeconomics
- Service systems
- Aesthetics

1. Archaeology and Historical Resources

Ten archaeological sites were found during the survey. There is also a potential that additional sites could be found within the study area, especially on rocky knolls and ridgelines. Development of the Second Community would result in impact to those sites as well as other undiscovered sites in the area. Once development plans are initiated, additional surveys and other subsurface tests will be required to mitigate impact to cultural resources.

2. Biological Resources

The Second Community contains creosote bush, shadscale, and Joshua tree woodlands. The area contains wildlife typical of those communities. No rare, threatened, or endangered plant species were found. However, the area is a habitat of the rare Mohave ground squirrel (State of California). In addition, the desert tortoise was found in high density in the Second Community. This animal may soon be proposed for threatened status.

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Development of the Second Community would result in loss of native vegetation and wildlife including sensitive species. The nearby Desert Tortoise Natural Area could also be indirectly affected.

3. Air Quality

Development of the Second Community will result in generation of pollutants from mobile and stationary sources. Because of meteorological factors, moderate growth would not create significant air quality problems.

4. Transportation

Development of the Second Community would generate high traffic levels. These traffic levels would create impact to regional roadways requiring major roadway improvements.

5. Land Use

Implementation of the proposed action could change the area from an open space area to an urbanized environment. There could be potential land use conflicts with public lands to the north and west.

6. Other Considerations

Development of the Second Community will place structures in an area of high seismic activity and an area prone to high aircraft-related noise levels. In addition, the demand for urban services and utilities would increase. Urban runoff could degrade water quality. Development of the Second Community could raise property values, but decrease the open space aesthetic quality.

MITIGATION

Several alternative mitigation measures are suggested to reduce impact to the adjacent Desert Tortoise Natural Areas. Measures are also suggested for preservation of cultural and other biological resources. Other measures suggested for implementation by other public agencies are also delineated.

ALTERNATIVES

Alternatives to the proposed project are limited to the no-action alternative and relinquishment of surface entry rights only on portions of the subject lands. Implementation of the no-action alternative could prevent or reduce impact associated with urban development. Releasing only portions of the subject lands could mitigate some adverse biological and land use impacts.