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CALENDAR ITEM

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AGREEMENT AND CONSENT TO ENCUMBRANCING AND  
NON-DISTURBANCE OF SUBLEASE

APPLICANT: Victoria Station, Inc. (Sublessee, PRC 4687)  
Wood Island  
Larkspur, California 94939

AREA, TYPE LAND AND LOCATION:  
3.80 acres, partially filled sovereign lands,  
Burlingame, San Mateo County.

LAND USE: Commercial restaurant on Bayfront property San  
Francisco Bay.

TERMS OF EXISTING MASTER LEASE PRC 4687.1:

(State to Burlingame Bay Associates; 6.04 acres)

Initial period: 66 years from July 1, 1972.

Public liability insurance: \$300,000  
per occurrence for bodily  
injury and \$200,00 for  
property damage.

Consideration: July 1, 1972 thru June 30,  
1988; \$3,000 per annum;  
July 1, 1988 thru June 30,  
2007; one half of lessee's  
net cash income; July 1, 2007  
thru June 30, 2038; to be  
negotiated at future date.

CALENDAR ITEM NO. 18 (CONT'D)

TERMS OF EXISTING SUBLEASE:

(Burlingame Bay Associates to Victoria Station;  
3.80 Acres)

The general terms of the sublease are as follows:

Term: 20 years from March 1, 1979.

Rent: Victoria to Burlingame Bay Associates:

1. March 1, 1979 through February 28, 1981; \$2,667 per month.
2. March 1, 1981 through February 28, 1989; \$3,000 per month.
3. March 1, 1989 through Termination; \$3,300 per month.

In addition, Burlingame Bay Associates is to receive a percentage of gross receipts (with specified exclusions) of income by which two percent thereof exceeds the basic annual rental.

Three additional terms, ten years each.

Renewal options:

STATUTORY AND OTHER REFERENCES:

- A. P.R.C.: Div. 6, Parts 1 and 2; Div. 13.
- B. Cal. Adm. Code: Title 2, Div. 3; Title 14, Div. 6.

AB 884: N/A.

OTHER PERTINENT INFORMATION:

1. Lease PRC 4687.1 is an approximate 6.04-acre parcel; Burlingame Bay Associates is the State's Lessee.
2. On July 19, 1978, (Minute Item 17) the Commission approved the sublease of a portion of lease PRC 4687.1 to Victoria Station, Inc., for restaurant and cocktail lounge purposes, covering approximately 3.80 acres. The remaining 2.24 acres is maintained by Burlingame Bay Associates.
3. Victoria Station, Inc. has requested Commission assurance that the Sublessee shall be able to continue its restaurant operations should the Master Lessee default under the Master Lease. Victoria Station also intends to use its subleasehold interest as security for a loan in connection with a restructuring of the company's present outstanding indebtedness. The staff and Victoria Station have agreed in principle to the terms of agreement providing for those conditions.
4. In the event that the Sublessee should also go into default, the agreement, as drawn by the staff and counsel for the Sublessee, provides that the agent for the secured lenders, First National Bank of Chicago and Massachusetts Mutual Life Inc., shall select a qualified party to succeed to the rights and duties under the Sublease, subject to the Commission's approval.
5. Pursuant to the Commission's delegation of authority and that State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that this activity is exempt from the requirements of CEQA because the activity is not a "project" as defined by CEQA and the State CEQA guidelines.

CALENDAR ITEM NO. 18 (CONT'D)

6. This activity involves lands identified as possessing significant environmental values pursuant to P. R. C. 6370, et seq., but will not affect those significant lands.

APPROVALS OBTAINED:  
None.

FURTHER APPROVALS REQUIRED:  
None.

EXHIBITS: A. Location 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 THIS ACTIVITY WILL INVOLVE LANDS IDENTIFIED AS POSSESSING SIGNIFICANT ENVIRONMENTAL VALUES PURSUANT TO P.R.C. 6370, ET SEQ., BUT THAT SUCH ACTIVITY WILL HAVE NO DIRECT OR INDIRECT EFFECT ON SUCH LANDS.
3. AUTHORIZE STAFF TO EXECUTE A DOCUMENT ENTITLED "AGREEMENT AND CONSENT TO ENCUMBRANCING AND NON-DISTURBANCE OF SUBLEASE" (SUBSTANTIALLY IN THE FORM ON FILE IN THE OFFICES OF THE COMMISSION STAFF) BY AND BETWEEN THE STATE LANDS COMMISSION, AS MASTER LESSOR, BURLINGAME BAY ASSOCIATES, AS MASTER LESSEE, VICTORIA STATION INC., AS SUBLESSEE AND FIRST NATIONAL BANK OF CHICAGO AND MASSACHUSETTS MUTUAL LIFE INC., AS AGENTS FOR THE SECURED LENDER, IN ACCORD WITH THE FOREGOING PROVISIONS, FOR PURPOSES INCIDENTAL TO THE CONTINUED OPERATION OF A COMMERCIAL RESTAURANT ON THE LAND SHOWN ON EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF.

