

MINUTE ITEM

This Calendar Item No. 28 was approved as Minute Item No. 28 by the State Lands Commission by a vote of 4 to 0 at its 8/29/85 meeting.

CALENDAR ITEM

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08/29/85  
PRC 4691  
PRC 4690  
PRC 4689  
Lynch

APPROVAL OF SECURED PARTY-LENDER FOR ENCUMBRANCING OF STATE LEASES PRC 4691, 4690 AND 4689, SAN MATEO COUNTY

BACKGROUND:

At its meeting March 24, 1983 (Min. Item #20) the Commission approved an assignment and substantial amendment of Leases PRC 4691, 4690 and 4689 between the State and Hometels Development Corporation. The leases provide for the construction of a 360-room, ten-story hotel on two of the parcels and the construction and maintenance of a passive-use public park on one parcel.

The Leases were subsequently assigned to San Francisco International Airport Hometels Limited Partnership with State approval.

Construction of the hotel is well underway with the completion of construction estimated to be May 1, 1986.

As part of the overall financing package our Lessee (Hometels) has secured a construction loan from Home Federal Savings and Loan Association in the amount of \$25,000,000. The loan is due and payable on December 1, 1986. Home Federal is requiring that a security instrument in the form of a deed of trust be executed encumbering the State/Hometels leases to secure the loan.

The State/Hometels leases provide that the Lessee shall have the right to subject the leaseholds to one or more mortgages (or other security device) as security for a loan or loans provided that the State consents to the proposed mortgages (lender). The leases also provided that the form for agreement and consent to encumbering be substantially that form attached to the leases as Exhibit "B".

CALENDAR PAGE	<u>145</u>
MINUTE PAGE	<u>245</u>

CALENDAR ITEM NO. 28 (CONT'D)

AB 884: N/A.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 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 CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

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. APPROVE THE ENCUMBRANCING OF LEASES PRC 4691, 4690 AND 4689 FOR THE PURPOSE OF PROVIDING SECURITY OF THE LOAN AFFECTING THE LEASE PREMISES.
3. APPROVE HOME FEDERAL SAVINGS AND LOAN ASSOCIATION AS SECURED PARTY-LENDER FOR SUCH ENCUMBRANCING OF LEASES PRC 4691, 4690 AND 4689.
4. AUTHORIZE STAFF TO TAKE ALL STEPS NECESSARY TO EFFECT THESE APPROVALS.