

MINUTE ITEM
This Calendar Item No. 33
was approved as Minute Item
No. 33 by the State Lands
Commission by a vote of 3
to 0 at its 3/26/87
meeting.

CALENDAR ITEM

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APPROVAL OF SECURED PARTY-LENDER FOR ENCUMBRANCING OF
STATE LEASES PRC 4689, PRC 4690 AND PRC 4691 SITUATE
IN THE CITY OF BURLINGAME, SAN MATEO COUNTY

BACKGROUND:

At its meeting on March 24, 1983 (Min Item #20) the Commission approved an assignment and substantial amendment of Leases PRC 4689, PRC 4690 and PRC 4691 between the State and Hometels Development Corporation. The leases provide for the construction and maintenance of a 360-room, ten story hotel on two of the lease parcels and the construction and maintenance of a passive public park on one parcel. The leases were later assigned to San Francisco International Airport Hometel (On-The-Bay) Limited Partnership with State approval.

At its meeting on August 29, 1985 (Minute Item #28) the Commission approved Home Federal Savings and Loan Association as a secured party lender for the purpose of securing a \$25,000,000 construction loan.

The Hotel was completed and occupancy commenced in late November, 1986. Our tenant is now planning to refinance its existing loan with a new permanent loan in the amount of \$24,500,000 from Manufacturers Hanover Trust Company. Terms of the new loan are set forth in documentation currently on file in the principal office of the Commission. As part of this refinancing package the lender is requiring that a security instrument in the form of a deed of trust be executed encumbering the State/Hometels leases to secure the new 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 devices) as security for a loan or loans provided that the State consents to the proposed mortgages and lender (security interest holder). The leases also provide

(ADDED 03/20/87)

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that the form for agreement and consent to encumbrancing be substantially that form attached to the leases as Exhibit "B".

Staff is recommending approval of Manufacturers Hanover Trust Company as secured party-lender.

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 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 THIS ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF 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 4689, PRC 4690 AND PRC 4691 FOR THE PURPOSE OF PROVIDING SECURITY FOR THE NEW LOAN AFFECTING THE LEASE PREMISES.
3. APPROVE MANUFACTURERS HANOVER TRUST COMPANY AS SECURED PARTY-LENDER FOR SUCH ENCUMBRANCING OF LEASES PRC 4689, PRC 4690 AND PRC 4691.
4. AUTHORIZE STAFF TO TAKE ALL STEPS NECESSARY TO EFFECT THESE APPROVALS.

(ADDED 03/20/87)