

MINUTE ITEM
This Calendar Item No. 24
was approved as Minute Item
No. 24 by the State Lands
Commission by a vote of 3
to 0 at its 10-21-87
meeting.

CALENDAR ITEM

24

10/21/87
WP 4691 PRC 4691
Horn

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APPROVAL OF FINDING THAT LEASES 4689, 4690, AND 4691
ARE IN BREACH AND AUTHORIZATION FOR STAFF TO TAKE ANY ACTION
NECESSARY TO BRING THE LEASES INTO COMPLIANCE
INCLUDING BUT NOT LIMITED TO LITIGATION
AND TERMINATION OF THE LEASES

APPLICANT: San Francisco International
Airport Hometel (ON-The-Bay)
Limited Partnership
c/o Robert E. Woolley, Inc.
5215 N. O'Conner, Suite 182C
Irving, Texas 75039

At its meeting on March 24, 1983 (Minute Item 20), the Commission approved an assignment and substantial amendment of leases PRC 4689, 4690, and 4691 between the State and Hometels Development Corporation. The leases authorized construction of a hotel and passive park. The sites contain approximately ten acres of filled tidelands together with approximately nine acres of lagoon, all of which are located on the shoreline of San Francisco Bay in the City of Burlingame. The leases run for 66 years from July 1, 1972. The Commission later approved an assignment of the leases to San Francisco International Airport Hometel (On-The-Bay) Limited Partnership (Hometels). Construction of the hotel was completed in November 1986.

On February 17, 1987, a Notice of Default was sent to Hometels covering several items of breach, including the nonpayment of rental, failure to provide an accounting of business transactions, failure to provide required insurance coverage, and failure to fully develop the lease premises. Hometels immediately began to correct the deficiencies. All rental, accountings, and issuance have been brought current. At that time, Hometels also retained a landscape architect to commence work on landscaping around the lagoon area.

CALENDAR ITEM NO. 24 (CONT'D)

At the current time, the public access strip around the lagoon has not been landscaped as promised by Hometels. After initial contacts with the City of Burlingame and the San Francisco Bay Conservation and Development Commission (BCDC), Hometels apparently abandoned its efforts to obtain the necessary permits for construction of the lagoon landscaping. Letters inquiring about the status of the landscaping efforts, dated April, June, and August, have gone unanswered.

In addition, the leases (at paragraph 12) also require the submittal to the State, within one hundred ninety days of completion of the improvements, a detailed report of the expenditures for hotel improvements, equipment, furnishings, and trade fixtures. To date, we have not received the report.

Staff is requesting the Commission find that the leases are in breach for failure to fully develop the lease premises as provided for in the leases at paragraphs 4 and 12, and for failure to provide the detailed cost reports required under paragraph 12 of the leases. Staff is also seeking authority to notify Hometels of these deficiencies and to take any steps necessary to cure them, including, but not limited to, litigation and termination of the leases.

EXHIBITS: B. Location Map.
 B-1 Site 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 THE STATE'S TENANT (SAN FRANCISCO INTERNATIONAL AIRPORT HOMETEL (ON-THE-BAY) LIMITED PARTNERSHIP) IS CURRENTLY IN DEFAULT UNDER LEASES PCR 4689, 4690, and 4691 FOR FAILURE TO FULLY DEVELOP THE LEASE PREMISES AND FOR FAILURE TO PROVIDE COST REPORTS AS REQUIRED UNDER THE LEASES.
3. AUTHORIZE STAFF TO PROVIDE NOTICE TO THE LESSEE OF THE DEFAULT AND AUTHORIZE STAFF AND/OR THE ATTORNEY GENERAL TO TAKE ALL STEPS NECESSARY TO SECURE LESSEE'S COMPLIANCE WITH ALL TERMS AND CONDITIONS OF LEASES PRC 4689, 4690, AND 4691.

CALENDAR ITEM NO. 24 (CONT'D)

4. AUTHORIZE STAFF AND/OR THE ATTORNEY GENERAL TO TAKE ANY STEPS NECESSARY TO TERMINATE LEASES PRO 4689, 4690, AND 4691 AS ONE REMEDY PROVIDED UNDER THE LEASES FOR BREACH OF THE LEASE TERMS AND CONDITIONS.

Lot No.	Area	Volume
1	12,345	12,345
2	12,345	12,345
3	12,345	12,345
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6	12,345	12,345
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100	12,345	12,345

ANZA PACIFIC CORP.

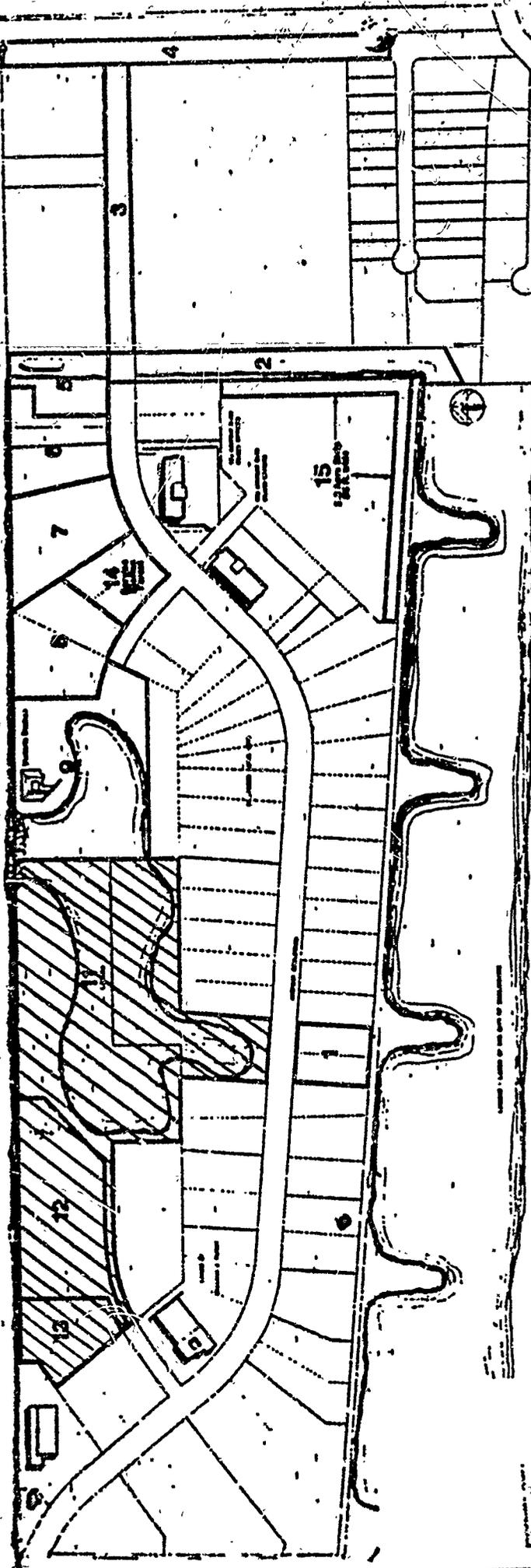


EXHIBIT "A"

PLAN SHEET PAGE 201
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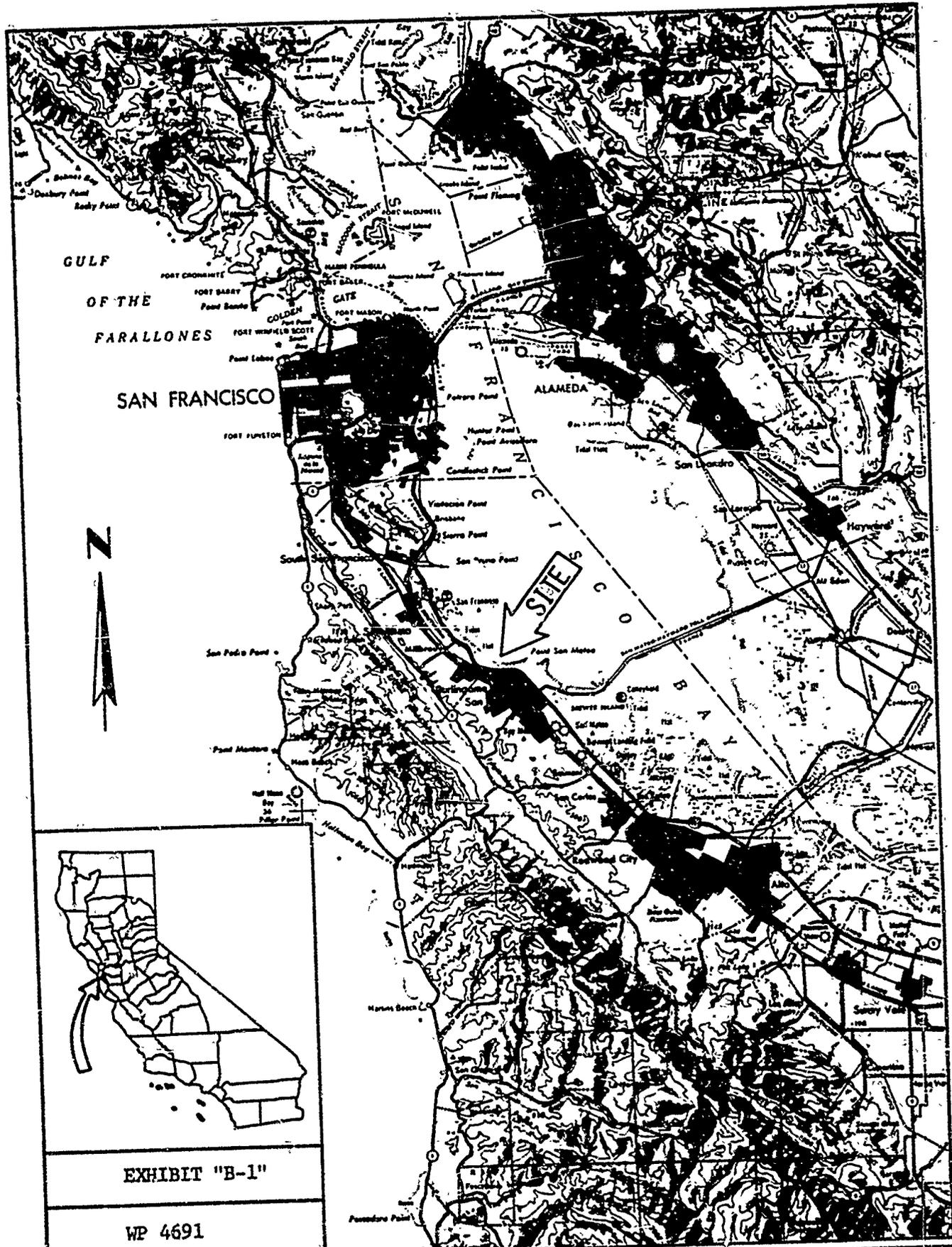


EXHIBIT "B-1"

WP 4691