

MINUTE ITEM  
This Calendar Item No. C41  
was approved as Minute Item  
No. 41 by the State Lands  
Commission by a vote of 2  
to 0 at its 2/27/96  
meeting.

CALENDAR ITEM  
**C41**

A 67

02/27/96

PRC 3376.1

PRC 4737.1

S 35

H. Maricle

**CONSENT TO ASSIGNMENT OF DEED OF TRUST AND  
TRANSFER OF MARINA LEASE NUMBERS PRC 3376.1 AND PRC 4737.1**

**APPLICANT:**

Argo Reo Limited Partnership  
c/o The O'Connor Group  
100 West Broadway, Suite 1260  
Glendale, California 91210

**AREA, TYPE AND LOCATION:**

Two parcels of State-owned submerged land in Huntington Harbour, Seal Beach,  
Orange County.

**LAND USE:**

Commercial Marina

**BASIS FOR CONSIDERATION:**

Pursuant to 2 Cal. Code Regs. 2003

**APPLICANT STATUS:**

Applicant is owner of upland.

**PREREQUISITE CONDITIONS, FEES AND EXPENSES:**

Filing and processing costs have been received.

**STATUTORY AND OTHER REFERENCES:**

- A. Public Resources Code Section: Div. 6, Parts 1 and 2; Div. 13.
- B. Cal. Code Regs. Title 3, Div. 3; Title 14, Div. 6

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**AB 884:**

N/A

**OTHER PERTINENT INFORMATION:**

1. The Huntington Partnership, a Limited Partnership, is the State's Lessee of record as to Lease Numbers PRC 3376.1 and PRC 4737.1. For many years, the Lessee operated a commercial enterprise known as Peter's Landing Marina. The activities below cover financial arrangements and a foreclosure action affecting both leases.
2. A loan affecting the premises described in Lease No. PRC 3376.1 was issued to the State's Lessee, without the consent or knowledge of the Commission or the staff, by California Federal Savings and Loan Association ("Cal Fed"). Cal Fed, thereafter assigned its interest in the loan to Argo Loan Limited Partnership, a California Limited Partnership ("Argo Loan"), in a Corporation Assignment of Deed of Trust recorded June 23, 1994. Argo Loan in turn collaterally assigned its interest under the Deed of Trust to Salomon Brothers Realty Corp., ("Salomon Brothers") in a Collateral Assignment of Deed of Trust and Related Documents recorded March 28, 1995.
3. On January 5, 1996, a foreclosure sale was held so that Argo REO Limited Partnership, a Delaware Limited Partnership ("Argo REO", a sister organization to Argo Loan) could acquire Peter's Landing Marina from the Huntington Partnership.
4. With respect to Lease No. PRC 3376.1, the applicant requests that the Commission consent to all the foregoing steps taken by Argo Loan and Argo REO. If such consent is given, Argo REO will be the Commission's Lessee as of the recording date of the foreclosure documents.
5. In Lease No. PRC 4737.1, under an agreement dated September 29, 1981, the Commission consented to the mortgaging or encumbering of the leasehold estate in favor of Cal Fed. The beneficial interest of Cal Fed was subsequently assigned, without notice to or approval of the Commission, to Argo Loan and thence collaterally assigned from Argo Loan to Salomon Brothers, in the documents described above.

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6. The foreclosure sale of January 4, 1996, was intended to include the premises described in Lease Numbers PRC 4737.1 and PRC 3376.1. As above, if the Commission consents to the proposed approvals, Argo REO will be the State's Lessee on both leases as of January 10, 1996.
7. The staff concludes that it would be in the best interest of the Commission to approve the assignments of the leases as well as the interest in both leases and the foreclosure action recorded on January 10, 1996, and the encumbering of the leasehold interest by a deed of trust for the benefit of Salomon Brothers, as beneficiary thereunder.
8. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 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: Public Resources Code Section 21065 and 14 Cal. Code Regs. 15378.

9. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code Sections 6370, et seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

**EXHIBITS:**

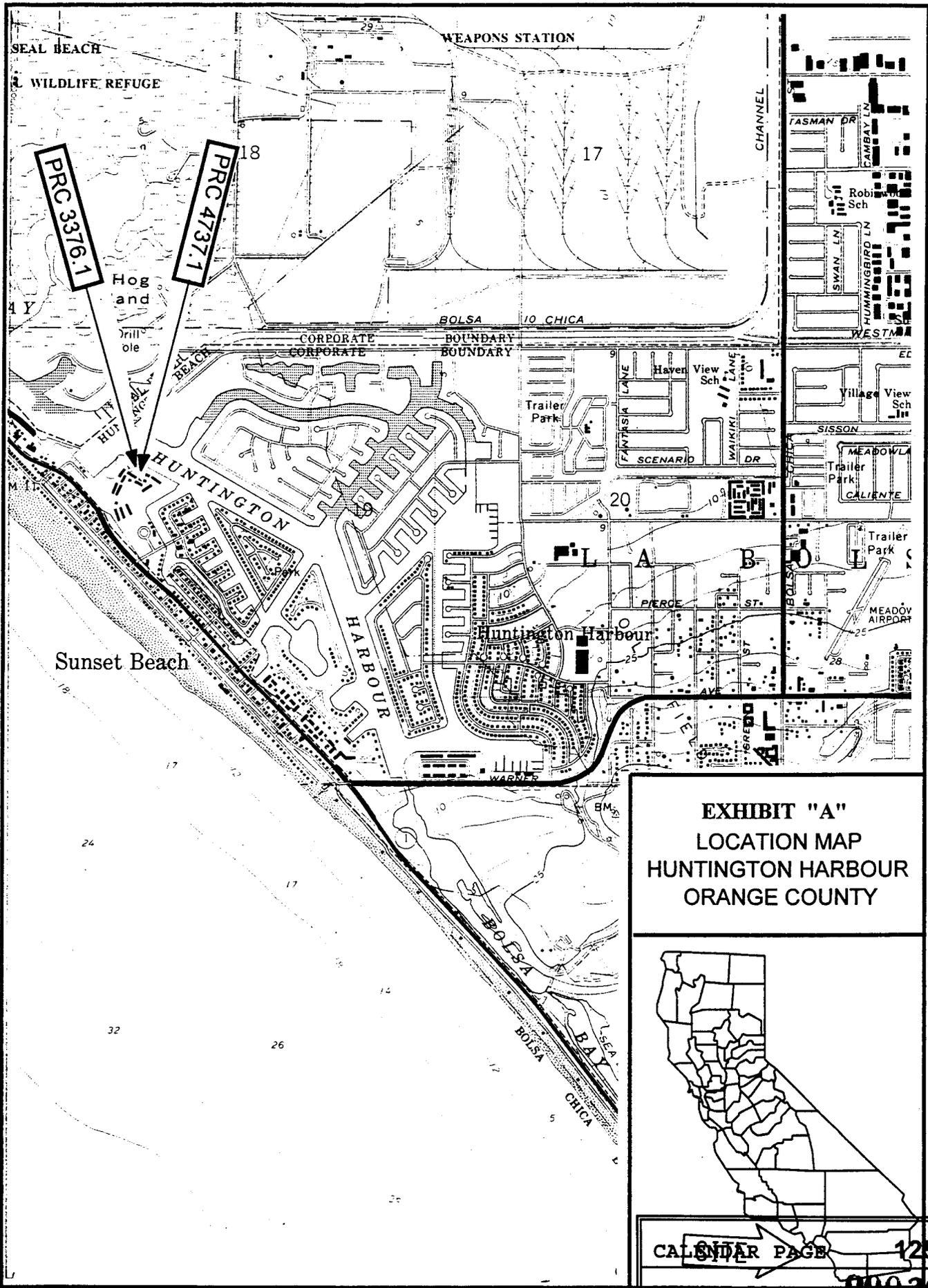
- A. Location Map
- B. Assignment of Lease Nos. PRC 4737.1 and PRC 3326.1 and Deed of Trust involving said Leases.

**IT IS RECOMMENDED THAT THE COMMISSION:**

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENT OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND 14 CAL. CODE REGS. 15378.

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2. FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED FOR THE LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.
  
3. AUTHORIZE THE APPROVAL, EXECUTION, ASSIGNMENT, AND ENCUBRENCING OF LEASE NOS. PRC 4737.1 AND PRC 3326.1 AS ATTACHED HERETO AS EXHIBIT "B".



**EXHIBIT "A"**  
**LOCATION MAP**  
**HUNTINGTON HARBOUR**  
**ORANGE COUNTY**



**EXHIBIT "B"**

Recorded at the request of :  
State of California  
State Lands Commission

WHEN RECORDED mail to:  
State Lands Commission  
100 Howe Avenue, Suite 100 - South  
Sacramento, CA 95825-8202

STATE OF CALIFORNIA  
OFFICIAL BUSINESS - DOCUMENT  
entitled to free recordation  
pursuant to Government Code  
Section 27383

S.L.C. - PRC 3376.1 & PRC 4737.1

NO TAX DUE \_\_\_\_\_

\_\_\_\_\_  
Above Space for Recorder's Use

APNs: 178-451-07; 178-451-10; 178-451-13  
182-023-04; 182-023-05; 182-023-10

**ASSIGNMENT OF LEASES PRC 4737.1 AND PRC 3376.1  
AND APPROVAL OF DEED OF TRUST INVOLVING SAID LEASES**

This agreement and approval of ASSIGNMENT OF LEASES PRC 4737.1 AND PRC 3376.1 AND DEED OF TRUST INVOLVING SAID LEASES ("ASSIGNMENT AGREEMENT") is made between THE STATE OF CALIFORNIA acting by and through the State Lands Commission ("Commission"), ARGO REO LIMITED PARTNERSHIP, a Delaware limited partnership ("Argo REO"), and SALOMON BROTHERS REALTY CORP., ("Salomon"), collectively the PARTIES.

**RECITALS:**

A. The Commission, as lessor, authorized the issuance, on February 22, 1973, of that certain **Lease PRC 4737.1** to the Gulf Oil Corporation, as lessee, dated August 9, 1973 and recorded August 17, 1973, in Book 10855, Page 538 of the Official Records of Orange County, California ("Official Records").

B. **Lease PRC 4737.1** was assigned (**ASSIGNMENT OF WHARFAGE LEASE**) by Gulf Oil Corporation to Robert F. Maguire III, Richard P. Roe, and Robert F. Maguire Jr., said assignment was approved by the Commission on September 27, 1973 and recorded November 12, 1973 in Book 10984, Page 757 Official Records.

C. **Lease PRC 4737.1** was amended, *inter alia*, to increase the leased area, and authorize the assignment of a security interest to United California Bank, and assign the

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lease to Huntington Partnership by **AMENDMENT AND ASSIGNMENT OF LEASE PRC 4737.1**, approved by the Commission December 19, 1977 and recorded October 13, 1978, in Book 12881, Page 56 Official Records. United California Bank's security interest was the subject of a **RELEASE OF SECURITY INTEREST** executed October 18, 1978 and recorded on October 26, 1978 in Book 12897, Page 1050 Official Records.

D. A portion of the lands involved in **Lease PRC 4737.1** were the subject of a **LEASE QUITCLAIM DEED** approved by the Commission on February 20, 1980 and recorded June 23, 1980 in Book 13643, Page 1213 Official Records.

E. **Lease PRC 4737.1** was further amended by **AMENDMENT AND RENEWAL OF LEASE PRC 4737.1**, approved by the Commission on April 24, 1980 and . executed September 29, 1981, effective date being May 1, 1980, which, *inter alia*, extended the Lease term to August 16, 2011 and approved California Federal Savings and Loan Association as a Secured Party-Lender.

F. By Commission action of June 3, 1983, effective August 17, 1983, the rental rate for **Lease PRC 4737.1** was set at \$45,123.60 per annum.

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G. On September 25, 1965 the Commission authorized issuance of **Lease PRC 3376.1** to Decon Corporation.

H. On February 23, 1967 the Commission amended **Lease PRC 3376.1** by extending its beginning construction and commencement date to August 1, 1967.

I. On April 28, 1969 the Commission authorized the **ASSIGNMENT of Lease PRC 3376.1** from Decon Corporation to California Federal Savings and Loan Association.

J. On March 26, 1970 the Commission authorized, *inter alia*, the assignment of **Lease PRC 3376.1** from California Federal Savings and Loan Association to Decon Corporation, an increase in the use of the leasehold, an extension of construction limiting dates, approved the Ford Foundation as a secured party lender and further approved assignment of the lease to F-S Investment Company (this company was a limited partnership of which Decon was the general partner and Cedric E. Sanders ( President of Decon) and the Ford Foundation were limited partners).

K. On July 26, 1971 the Commission approved **AMENDMENT P.R.C. 3376.1** which expanded the use to 75 boat slips and extended construction completion dates.

L. On February 6, 1974 the Commission authorized a rescision of its approval on March 26, 1970 involving an assignment of **Lease PRC 3376.1** from Decon Corporation to F-S Investment Company.

M. On September 29, 1975 the Commission took certain actions authorizing the termination of **Lease PRC 3376.1**, the **NOTICE OF LEASE TERMINATION** being recorded on November 17, 1975 in Book 11570, Page 88 Official Records.

N. On May 20, 1976 Decon Corporation filed a "Complaint to Quiet Title to a Leasehold Estate, for Declaratory Relief and to Remove a Cloud on Title to a Leasehold Estate" against the State involving **Lease PRC 3376.1**.

O. On July 17, 1979, the Commission approved a settlement of the litigation which included a four-party agreement including a **REINSTATEMENT AND CONSENT TO ASSIGNMENT AND AMENDMENT OF LEASE PRC 3376.1**. The Huntington Partnership, a California limited partnership was approved as assignee.

P. On October 29, 1979 the Commission approved an **AMENDMENT OF COMMERCIAL LEASE PRC 3376.1** which, *inter alia*, amended the lease term, the construction dates, royalty rates, certain standard lease covenants, expansion of the number of slips and approved California Federal Savings and Loan as a secured lender with right of assignment.

Q. On May 29, 1980 the Commission approved an **AMENDMENT GENERAL LEASE COMMERCIAL USE** involving **Lease PRC 3376.1** which, *inter alia*, further modified the lease term, the construction limiting dates, certain standard covenants, and the royalty rate.

R. On May 28, 1981 the Commission approved an amendment to **Lease PRC 3376.1** which modified the number of authorized slips, set a minimum rent, and extended the construction limiting dates; said **LEASE NO. 3376.1** was recorded October 21, 1981 in Book 14262, Page 1815 Official Records.

S. On November 23, 1981 the Commission approved the **ISSUANCE OF A LETTER DETAILING DEFAULT PROCEDURES AND DELEGATION OF AUTHORITY TO THE EXECUTIVE OFFICER OR HIS DESIGNEES TO APPROVE ASSIGNEES OR PURCHASERS OF THE LEASE**, which involved, *inter alia*, notice procedures involving default and sale or assignment of **Lease PRC 3376.1**.

T. On January 15, 1982 the State of California and on February 1, 1982 Crocker Bank executed a certain letter agreement involving **Lease PRC 3376.1**. On November 23, 1982 Crocker Bank reconveyed its interests under a deed of trust to The Huntington Partnership, recorded in Book 82, Page 418164 Official Records.

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U. On November 11, 1985 the Commission approved an **ASSIGNMENT OF TWO GENERAL LEASES - COMMERCIAL USE; CONSENT TO ENCUMBRANCING**

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**OF LEASES; AND APPROVAL AND AUTHORIZATION TO EXECUTE AN ESTOPPEL CERTIFICATE** which authorized the assignment of **Lease PRC 3376.1** and **Lease PRC 4737.1** to "16400 PCH Associates" and consented to encumbrancing of the leases by Union Bank.

V. On June 26, 1986 the Commission rescinded its November 11, 1985 approval of the assignments and encumbrancing of **Lease PRC 3376.1** and **Lease PRC 4737.1**.

W. On August 10, 1988 the Commission set the rental rate for **Lease PRC 4737.1** at \$53,223.60.

X. Paragraph 2 of **AMENDMENT AND RENEWAL OF LEASE PRC 4737.1** and Paragraph 23 of Section 2 of **Lease PRC 3376.1** provides for, *inter alia*, procedures and responsibilities relating to security interests and states in part as follows:

“Any subsequent assignment or other transfer of the mortgage, encumbrance, or Deed of Trust by SECURED PARTY - LENDER shall be subject to the prior written approval and consent of LESSOR.”

Y. The leasehold interests which are the subject of **Lease PRC 4737.1** and **Lease PRC 3376.1** (“Property”) were encumbered by that certain deed of trust (“Deed of Trust”), recorded April 16, 1980, in Book 13576, Page 188 Official Records, which Deed of Trust was executed by Huntington Partnership, as trustor, to Cal Fed Enterprises, a California corporation, as trustee, for the benefit of California Federal Savings and Loan Association, a corporation (“Cal Fed”).

Z. Cal Fed’s beneficial interest under the Deed of Trust was assigned to Argo Loan pursuant to that certain Corporation Assignment of Deed of Trust, dated June 10, 1994, recorded June 23, 1994, as Document No. 94-0417725 Official Records. A Notice of Default was recorded December 8, 1994 as Instrument No. 94-704390 Official Records. Argo Loan, in turn, collaterally assigned its interest under the Deed of Trust to Salomon pursuant to that certain Collateral Assignment of Deed of Trust and Related Loan Documents, dated March 22, 1995, recorded March 28, 1995, as Document No. 95-0122028 Official Records. Upon foreclosure sale of the Deed of Trust at public auction, Argo Reo Limited Partnership was the successful bidder and was vested as grantee by the Trustee’s Deed Upon Sale, dated January 5, 1996 which was recorded on January 10, 1996 as Instrument No. 19960015050 Official Records. At such time, Salomon became the secured party lender under its deed of trust.

NOW, THEREFORE, in reliance upon the foregoing Recitals and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the PARTIES agree as follows:

1. Assignment As to **Lease PRC 3376.1, as amended** (hereafter **Lease PRC 3376.1**) and **Lease PRC 4737.1, as amended** (hereafter **Lease PRC 4737.1**), collectively "the leaseholds", the PARTIES hereto, hereby approve and consent to the (a) assignment of the beneficial interest of Cal Fed in the leaseholds as contained in its Deed of Trust to Argo Loan, (b) Collateral Assignment of Argo Loan's beneficial interest in the leaseholds as contained in the Deed of Trust to Salomon, (c) assignment of the leaseholds to Argo REO Limited Partnership pursuant to the public auction foreclosure sale resulting in the Trustee's Deed Upon Sale, (d) encumbering of the leaseholds by a deed of trust for the benefit of Salomon Brothers Realty Corp., as beneficiary thereunder.

2. Notices. Any notice required under **Leases PRC 3376.1 or Lease PRC 4737.1** shall be in writing and shall be given concurrently to all PARTIES to this Agreement. The addresses of the PARTIES at the time of this Agreement's execution for the purposes of such notice are:

LESSOR: CALIFORNIA STATE LANDS COMMISSION  
100 HOWE AVENUE, SUITE 100 SOUTH  
SACRAMENTO, CA 95825-8202

FORMER HUNTINGTON PARTNERSHIP  
LESSEE: 16400 PACIFIC COAST HIGHWAY  
HUNTINGTON BEACH, CA 92649

NEW LESSEE: ARGO REO LIMITED PARTNERSHIP  
C/O THE O'CONNOR GROUP  
100 WEST BROADWAY, SUITE 160  
GLENDALE, CA 91210

SECURED PARTY SALOMON BROTHERS REALTY CORP.  
LENDER: C/O THE O'CONNOR GROUP  
100 WEST BROADWAY, SUITE 160  
GLENDALE, CA 91210

3. Binding Effect. Execution of this Assignment Agreement by the PARTIES, hereto, shall express and constitute their approval of the Assignments and the Assignees agree to be bound by all of the conditions, covenants, and agreements contained in **Lease PRC 3376.1, as amended** and **Lease PRC 4737.1, as amended** and perform in the manner provided therein, as Lessee and Secured Party Lenders, any conditions in the assignments described in paragraph 2, hereof, to the contrary notwithstanding.

4. Governing Law. The terms and provisions of this Agreement shall be governed and construed pursuant to the laws of the State of California.

5. Construction. Headings at the beginning of each Section and Subsection are solely for the convenience of the parties and are not a part of this Agreement. Whenever required by the context of this Agreement, the singular shall include the plural and the masculine shall include the feminine and vice versa.

6. Successors and Assigns. The terms, covenants and conditions herein contained shall be binding upon and shall inure to the benefit of the heirs, successors and assigns of the parties hereto and as provided in **Lease PRC 3376.1** and **Lease PRC 4737.1**.

7. Terms of Agreement. It is further agreed that all other terms and conditions of **Leases PRC 3376.1**, as amended and **PRC 4737.1**, as amended are to remain unchanged and in full force and effect.

8. Effective Date. This Agreement shall be effective as of January 10, 1996.

IN WITNESS WHEREOF, the PARTIES have executed this Agreement and approval of assignments as of the day and year hereafter affixed.

THE STATE OF CALIFORNIA,  
acting by and through the  
STATE LANDS COMMISSION

By: \_\_\_\_\_

Its: \_\_\_\_\_

ARGO REO LIMITED PARTNERSHIP

By: \_\_\_\_\_

Its: \_\_\_\_\_

SALOMON BROTHERS REALTY CORP.

By: \_\_\_\_\_

Its: \_\_\_\_\_