MINUTE ITEM
This Calendar Item No. C31 was approved as Minute Item No. 31 by the California State Lands Commission by a vote of 3 to 0 at its 9-3-99 meeting.

CALENDAR ITEM
C31

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PRC 8106

09/03/99
WP 4691.1
D. Plummer

AMENDMENT OF EXISTING LEASE AND ISSUANCE OF A GENERAL LEASE – COMMERCIAL USE

LESSEE:
FelCor/CSS Holdings
545 East John Carpenter Freeway, Suite 1300
Irving, Texas 75062

APPLICANT:
Boca Lake Office, Inc.
433 California Street, 7th Floor
San Francisco, California 94104-2011

AREA, LAND TYPE, AND LOCATION:
Filled sovereign lands located adjacent to San Francisco Bay in the city of Burlingame, San Mateo County.

AUTHORIZED USE:
Hotel, restaurant, landscaping and public access.

EXISTING LEASE TERM:
66 years, beginning July 1,1972.

PROPOSED AMENDMENT:
Modify the lease description to exclude a portion of the lands currently leased to FelCor/CSS Holdings (FelCor) and re-lease them for a term of 25 years to Boca Lake Office, Inc. (Boca). All other terms and conditions of the lease shall remain in effect without amendment.

OTHER PERTINENT INFORMATION:
1. In 1972, the California State Lands Commission entered into an agreement for the construction of a hotel and restaurant on property that the State received as part of an overall settlement of land titles. The hotel was never constructed and on June 10, 1983, the lease was amended

and assigned to Hometels Development Corporation (Hometels). Hometels obtained the necessary permits for the construction of the hotel and the hotel opened for business on November 17, 1986. As a condition of construction, the San Francisco Bay Conservation and Development Commission (BCDC), imposed permit conditions which included the requirement that public access and landscaping around an entire inland lagoon be installed and maintained. FelCor, who has succeeded to the lease pursuant to an assignment, has maintained the landscaping and public access as part of its hotel operations. Boca approached FelCor and the Commission with a request that Boca be allowed to maintain the public-access and landscaping which is adjacent to their own property. BCDC has approved a modification of the permit requirements for the FelCor hotel and has imposed the maintenance requirements on Boca.

2. It is now the desire of the parties that the area subject to BCDC permit requirements that lies adjacent to the Boca property be excluded from lands now leased to FelCor and re-leased to Boca for the continued maintenance of the public access and landscaping. Staff recommends approval of a new lease to Boca for a term of 25 years with the consideration being the public's use and benefit. The lease will provide for the right of the Commission to impose rent if the Commission finds that it is in the State's best interest at a later date. A surety bond will not be required at the onset of the lease but the State will reserve the right to require a surety bond if the State determines that it is in the State's best interest to require a bond to guarantee performance of the terms of the lease by the new lessee.

3. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section15061), the staff has determined that this activity is exempt from the requirements of the CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; Title 2, California Code of Regulations, section 2905 (a) (2).

   Authority: Public Resources Code section 21084 and Title 14, California Code of Regulations, section 15300 and Title 2, California Code of Regulations, section 2905.

APPROVALS OBTAINED:

San Francisco Bay Conservation and Development Commission

EXHIBITS:

A. Site Map

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

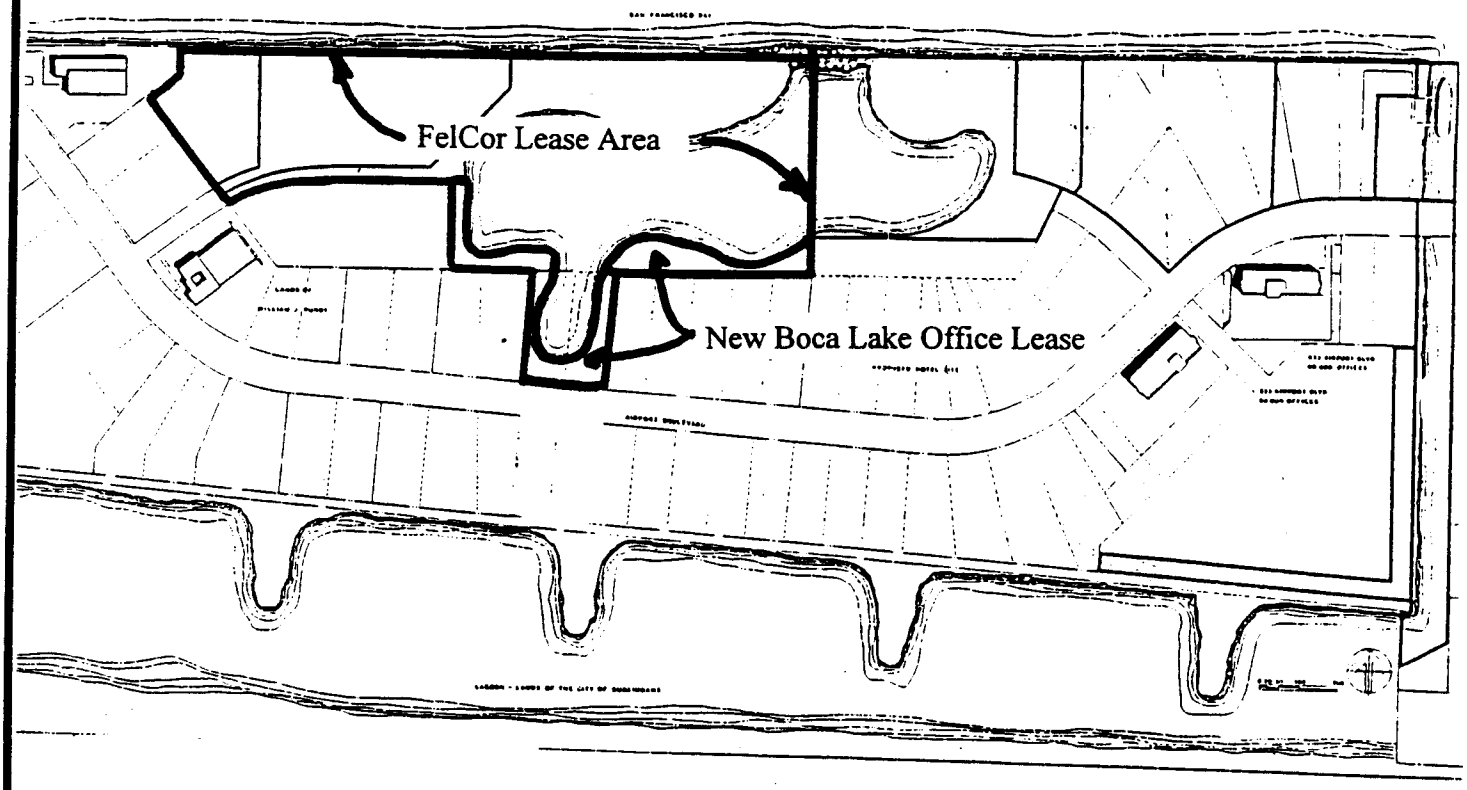
CEQA FINDING:

FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 AS A CATEGORICALLY EXEMPT PROJECT, CLASS 1, EXISTING FACILITIES; TITLE 2, CALIFORNIA CODE OF REGULATIONS, SECTION 2905 (a) (2).

AUTHORIZATION:

AUTHORIZE THE AMENDMENT OF LEASE NO. PRC 4691.1, TO DELETE THOSE LANDS SHOWN ON EXHIBIT A ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF FROM THE LEASE PREMISES, EFFECTIVE SEPTEMBER 3, 1999; ALL OTHER TERMS AND CONDITIONS OF THE LEASE WILL REMAIN IN EFFECT WITHOUT AMENDMENT.

AUTHORIZE THE ISSUANCE OF A NEW GENERAL LEASE-COMMERCIAL USE TO BOCA LAKE OFFICE, INC. OF THE LANDS SHOWN ON EXHIBIT A FOR A TERM OF 25 YEARS, BEGINNING SEPTEMBER 3, 1999; CONSIDERATION BEING THE PUBLIC'S USE AND BENEFIT WITH THE STATE RESERVING THE RIGHT TO SET A MONETARY RENT IF THE COMMISSION FINDS SUCH ACTION TO BE IN THE STATE'S BEST INTEREST; LIABILITY INSURANCE IN THE AMOUNT OF NOT LESS THAN $1,000,000.



CALENDAR PAGE
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This exhibit is solely for purposes of generally defining the area to be leased, and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or other property.

Exhibit A
WP 4691