MINUTE ITEM
This Calendar Item No. C09 was approved as Minute Item No. 09 by the California State Lands Commission by a vote of 3 to 0 at its 2-21-03 meeting.

CALENDAR ITEM
C09

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02/21/03
PRC 7001 WP 7001.1
L. Burks

APPROVAL OF AN AGREEMENT AND CONSENT TO ENCUMBRANCING OF SUBLEASE

LESSEE:
City of Sacramento
915 I Street
Sacramento, California 95814

SUBLESSEE:
The Riverboat Delta King, Inc
767 Lincoln Street, Suite 4
San Rafael, California 94901

SECURED-PARTY LENDER:
Equity Bancorp, Inc.
c/o Marco Garbarino
143 3rd Street
San Rafael, California 94901

BACKGROUND:
On July 24, 1986, the California State Lands Commission approved issuance of a Master Lease to the city of Sacramento covering a portion of the Sacramento River located along the waterfront in "Old Sacramento". The Commission, as part of the approval, also authorized a sublease to the Riverboat Delta King and approved a form of agreement to be used in those cases where a sublessee wishes to use its sublease for security of a loan.

CURRENT SITUATION:
The Sublessee (Riverboat Delta King) requires, and will obtain, from Equity Bancorp, Inc., indebtedness in the amount of $4,750,000 for purposes of obtaining refinancing on the previous debt incurred by the Delta King for refurbishment of the Riverboat Delta King, construction of certain other improvements on the Premises and other development costs relating thereto. As

a condition of the loan, Equity Bancorp, Inc. has required that they have a security interest in the sublease to the Master Lease. The Master Lease contemplates and provides for subleasing and encumbrancing of subleases for financing purposes with State approval. Because there is an additional layer in this transaction (i.e., lease and sublease), some modifications to the State's standard form security agreement (Agreement and Consent to Encumbrancing of Lease) are required and the agreement will have four (4) parties (State/Lessor, City/Lessee, Riverboat Delta King/Sublessee, and Equity Bancorp/Lender). All parties have agreed as to the form of the Agreement.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), the staff has determined that this activity is exempt from the requirements of the CEQA Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], the staff has determined that this activity is not subject to the provisions of the CEQA because it is not a "project" as defined by the CEQA and the State CEQA Guidelines.

   Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, sections 15060(c)(3) and 15378.

2. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. but such activity will not affect those significant lands.

EXHIBIT:

A. Location Map

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:
IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

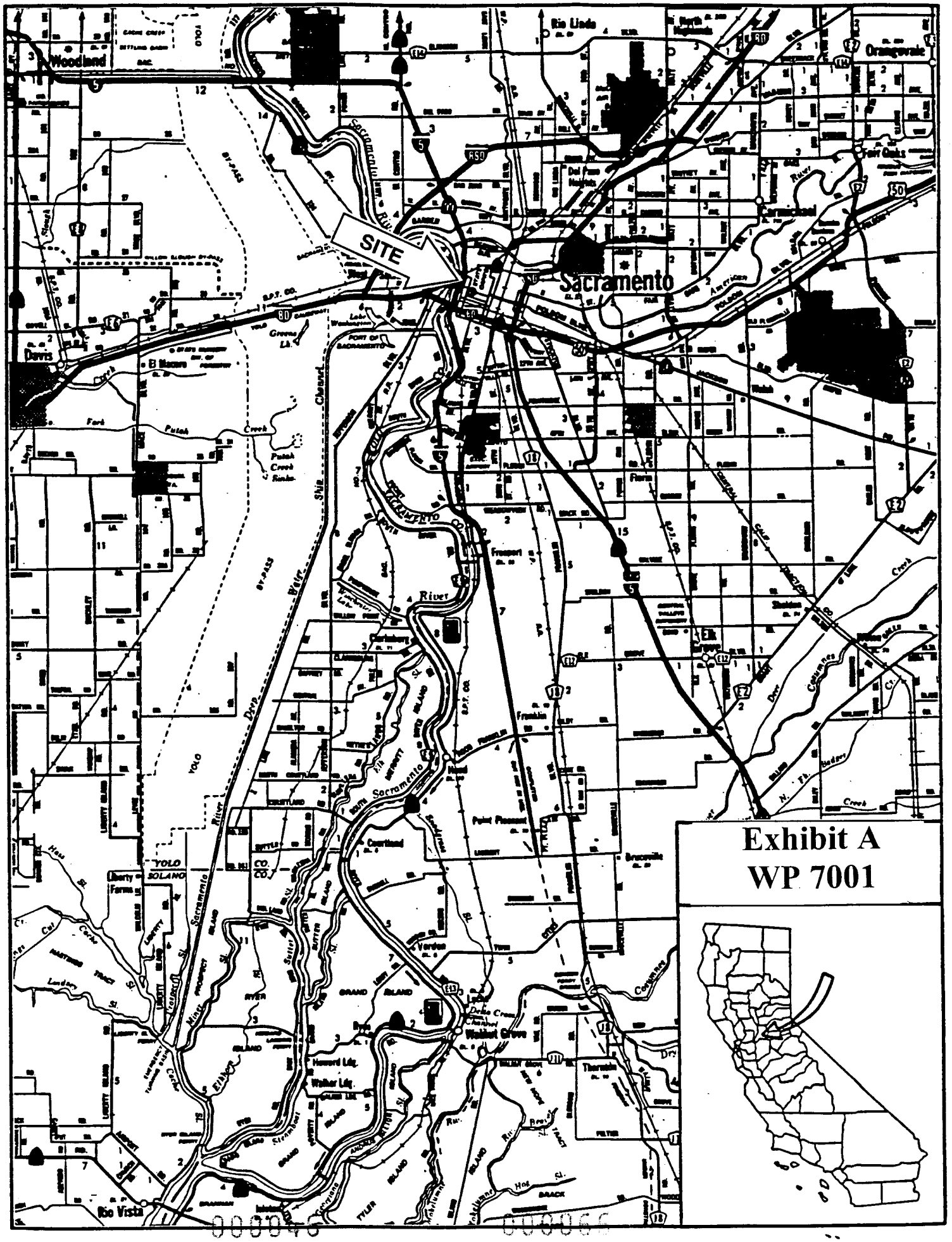
FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 FIND THAT THE ACTIVITY IS NOT SUBJECT TO THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15060(c)(3) BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

SIGNIFICANT LANDS INVENTORY FINDING:

FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED BY THE COMMISSION FOR THE LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.

AUTHORIZATION:

1. AUTHORIZE APPROVAL BY THE CALIFORNIA STATE LANDS COMMISSION OF AN "AGREEMENT AND CONSENT TO ENCUMBRANCING OF SUBLEASE" OF THE RIVERBOAT DELTA KING'S SUBLEASE TO THE CITY OF SACRAMENTO'S MASTER LEASE (LEASE NO PRC 7001.1) IN THE AMOUNT OF $4,750,000 IN FAVOR OF EQUITY BANCORP, INC., AS SECURED-PARTY LENDER, FOR PURPOSES OF OBTAINING REFINANCING ON THE PREVIOUS DEBT INCURRED BY THE DELTA KING FOR REFURBISHMENT OF THE RIVERBOAT DELTA KING AND OTHER DEVELOPMENT COSTS RELATING THERETO; SAID AGREEMENT IS ON FILE IN THE OFFICES OF THE CALIFORNIA STATE LANDS COMMISSION.



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