

MINUTE ITEM

This Calendar Item No. C27 was approved as Minute Item No. 27 by the California State Lands Commission by a vote of 3 to 0 at its 4-26-05 meeting.

**CALENDAR ITEM
C27**

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PRC 6855 WP 6855.1

D. Jones

**AUTHORIZE AGREEMENT AND CONSENT TO ENCUMBRANCING LEASE,
GENERAL LEASE – COMMERCIAL USE, PRC 6855.1**

LESSEE:

Bruno's Island Yacht Harbor, Inc.
1200 W. Brannan Island Road
Isleton, California 95641

AREA, LAND TYPE, AND LOCATION:

5.81 acres, more or less, of sovereign lands in Seven Mile Slough, near the city of Isleton, Sacramento County.

AUTHORIZED USE:

The continued use and maintenance of a commercial marina accommodating approximately 170 boats, including 148 berths and three accommodation docks, appurtenant facilities including a bridge and a boat repair facility; and potential dredging to allow safe navigation.

LEASE TERM:

35 years, beginning May 1, 1985.

CONSIDERATION:

\$13,334 per year, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease to be paid semi-annually in a five year step-up payment plan, as follows.

- a. May 1, 2004 through April 30, 2005 a total amount of \$8,490; in semi-annual payments of \$4,245 each;
- b. May 1, 2005 through April 30, 2006 a total of \$9,600; in semi-annual payments of \$4,800 each;

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- c. May 1, 2006 through April 30, 2007 a total of \$10,700; in semi-annual payments of \$5,350 each;
- d. May 1, 2007 through April 30, 2008 a total of \$11,800; in semi-annual payments of \$5,900 each;
- e. May 1, 2008 through April 30, 2009 a total of \$13,334; in semi-annual payments of \$6,667 each; and
- f. from May 1, 2009 and thereafter a total annual rental of \$13,334, in semi-annual payments of \$6,667 each.

Dredging: No royalty will be charged in the event dredging is approved as the project will result in a public benefit, i.e. safe navigation. Dredged material may not be sold.

SPECIFIC LEASE PROVISIONS:

Insurance:

\$1,000,000 combined single limit.

Bond:

\$20,000.

OTHER PERTINENT INFORMATION:

1. Applicant owns the uplands adjoining the lease premises.
2. On June 26, 1985, the Commission approved a 35-year lease to Bruno's Island Yacht Harbor, Inc. for a commercial marina and bridge approach to Owl Island. The Commission approved an amendment to this lease at its August 17, 2004, meeting changing, among other things, the rent, the surety bond, and the lease area. The Lessee is currently seeking to refinance its loan for the marina facilities and intends to secure the loan by the State Lands Commission's lease. The Lessee is seeking a loan from the Owens Financial Group, Inc., as secured party lender, in the amount up to \$2 million.
3. 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.
4. 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

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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.

EXHIBIT:

- A. Site And Location Map

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

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:

AUTHORIZE EXECUTION OF THE DOCUMENT ENTITLED "AGREEMENT AND CONSENT TO ENCUMBRANCING LEASE" IN AN AMOUNT NO GREATER THAN \$2 MILLION ON FILE IN THE OFFICE OF THE COMMISSION, BETWEEN THE COMMISSION, LESSEE, AND THE OWENS FINANCIAL GROUP, INC., AS SECURED PARTY LENDER, EFFECTIVE UPON THE APPROVAL OF THE NEW LOAN BY THE OWENS FINANCIAL GROUP, INC., BUT NO LATER THAN NOVEMBER 30, 2005.

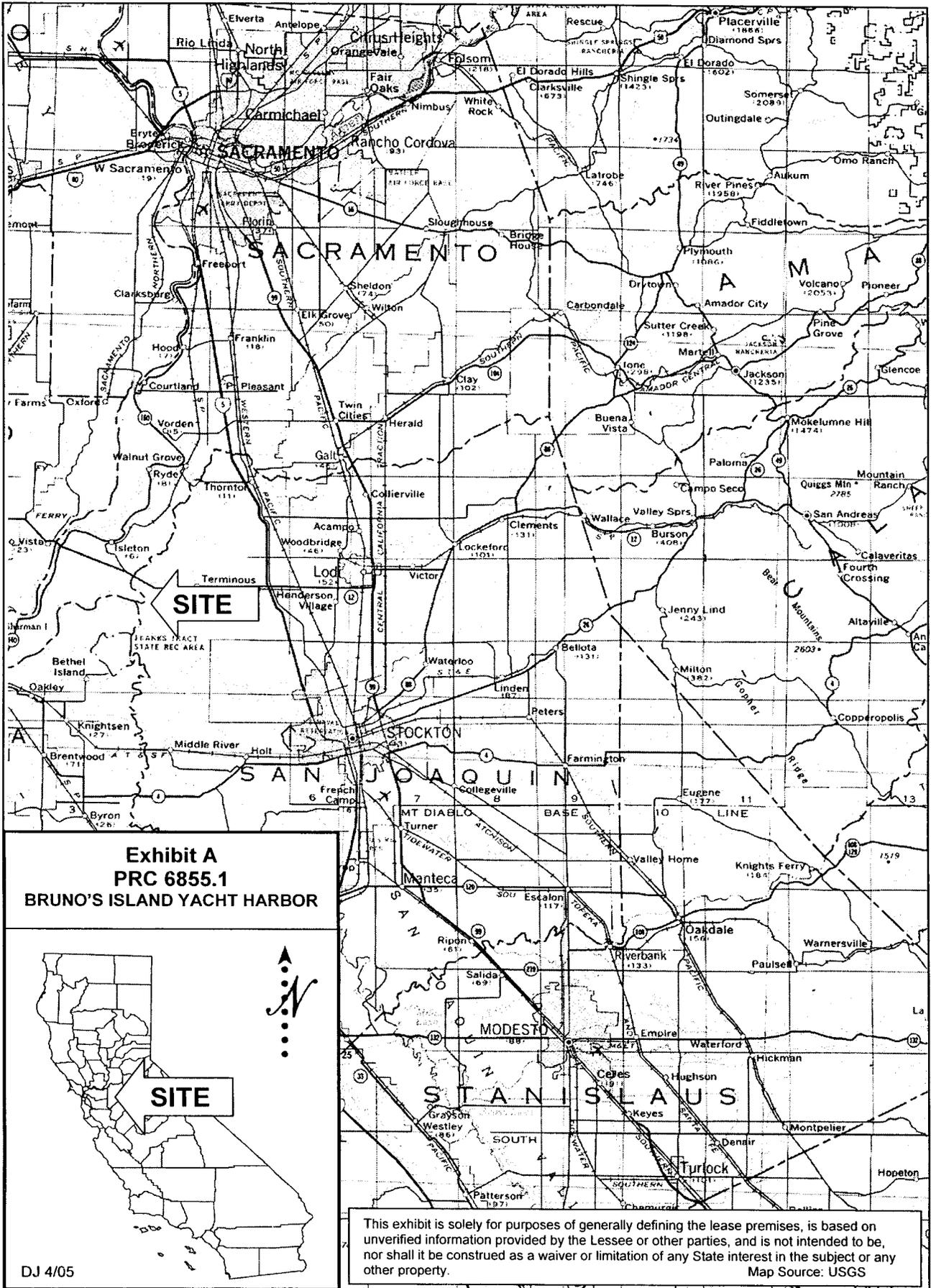


Exhibit A
PRC 6855.1
BRUNO'S ISLAND YACHT HARBOR



This exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties, and is not intended to be, nor shall it be construed as a waiver or limitation of any State interest in the subject or any other property.
 Map Source: USGS

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