EXHIBIT I

2009 COMMISSION STAFF LETTER

STATE OF CALIFORNIA

ARNOLD SCHWARZENEGGER, *Governor*

CALIFORNIA STATE LANDS COMMISSION
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Sacramento, CA 95825-8202

PAUL D. THAYER, *Executive Officer*
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August 25, 2009

File Ref: PRC 8366.9

Mr. and Mrs. Marc Desautels
10 Quail Meadows Drive
Woodside, CA 94062

Re: Use of State Property in Lake Tahoe

Dear Mr. and Mrs. Desautels:

Your lease from the California State Lands Commission (Commission), which includes two mooring buoys adjacent to Placer County Assessor Parcel 090-324-02 in the bed of Lake Tahoe, is currently in breach. The upland property (APN 090-324-02) was transferred to the Heigh Ho, LLC in 2007 and your lease provides that the leasehold is to be held by the upland owner and thus must be assigned to the new owner or a new lease obtained. We have notified your agent Kevin Agan (see enclosed letter of August 8, 2008) that an application for a new lease for Heigh Ho, LLC must be submitted to the Commission. Staff again in October 2008 reminded Mr. Agan of the need to submit a new application for the buoys adjacent to the Heigh Ho, LLC property. To date we have not received one. Therefore, you are in violation of the terms of the lease. If this breach is not cured within 30 days it will be brought to the attention of the Commission for possible action.

We additionally notified Mr. Agan, as set forth in our letter of August 8, 2008, and discussed with him subsequently, that because of the change in ownership of the upland property, the buoys adjacent to the Heigh Ho parcel no longer qualify for rent free status and your use of the State's property for these buoys will require back rent as well as future rent. We will be sending you an invoice in the next few weeks for back rent commencing on July 1, 2007 (the date on which the property ownership change was recorded in the Office of the Placer County Recorder) on two buoys calculated at $340 per buoy per year.

We have also been informed that you, or someone at your direction, have placed "No Trespassing" signs on the beach adjacent to your property at Lake Tahoe without obtaining any permits from appropriate governmental authorities. Placement of these signs is also inconsistent with the public's rights to use the public trust lands lying between high and low water. Therefore, we ask that you cease and desist from this

activity and immediately remove all such signs from the beach located below elevation 6,228.75-feet, Lake Tahoe Datum.

Also, over the last two weeks the Commission's staff has received evidence and a large number of complaints from members of the public concerning interference with the public's right of use of the beach below the high water mark on your property in Lake Tahoe. These members of the public allege harassment and intimidation by persons acting under your direction. We also understand that you have contacted the Placer County Sheriff's Office and requested its officers remove these people from the beach and/or cite them for trespass. As I would hope you are fully aware, the California courts have affirmed the public's right of access and recreational use to all areas of Lake Tahoe below the high water elevation of 6,228.75-feet Lake Tahoe Datum (State of California v. Superior Court (Fogerty) (1981) 29 Cal.3d 240; Fogerty v. State of California (1986) 187 Cal.App.3d 224). The courts also ruled that the upland property owner holds a fee interest in the property to low water at elevation 6,223-feet Lake Tahoe Datum and that interest is subordinate to the the State's public trust interest that has burdened the property since statehood in 1850. If you have questions in this regard we suggest you consult with your title insurance company and/or legal counsel.

Finally, on August 21, 1998 (copy of letter enclosed), the staff of the Commission requested you remove a fence placed on public trust lands below high water and adjacent to Placer County's public access leading from Lake Street through Harbor Avenue to Lake Tahoe. The existence of this fence is being investigated by this office and as an unlawful structure as well as being an interference with the public's trust rights including, but not limited to, navigation. We again respectfully request that you immediately remove the subject fence or the matter will be brought to the attention of the Commission.

We want to meet with you and/or your representative and suggest a meeting at our offices on September 1, 2 or 3 to discuss these issues. We hope that the opportunity for you to discuss these issues with Commission staff and representatives of the Attorney General's office will assist in resolving the matters without the need for legal action. Otherwise, it is anticipated the Commission may find it necessary to take some formal action at a public meeting. Please contact Senior Staff Counsel Jim Frey at (916) 574-1829 and let him know if you wish to meet and what day and time is convenient for you.

Sincerely,

Curtis L. Fossum
Chief Counsel

enclosure

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