

**CALENDAR ITEM
C14**

A 5, 9
S 6

12/05/12
PRC 5167.1
V. Caldwell

APPROVAL OF SUB-SUBLEASE

LESSEE/SUBLESSOR:

Buffer Properties, LLC

SUBLESSEE/SUB-SUBLESSOR:

The Virgin Sturgeon, Inc.

SUB-SUBLESEE:

The Virgin Sturgeon, LLC

AREA, LAND TYPE, AND LOCATION:

One acre, more or less, of sovereign land in the Sacramento River, adjacent to 1577 Garden Highway, near the city of Sacramento, Sacramento County.

AUTHORIZED USE:

LEASE: Continued use, maintenance, and operation of an existing commercial marina known as the Virgin Sturgeon.

SUBLEASE: Operation and maintenance of the commercial marina and restaurant.

SUB-SUBLEASE: Operation and maintenance of the commercial marina and restaurant.

TERM:

LEASE: Originally issued for 15 years, beginning June 18, 1976, with one 10-year renewal option. Ten-year renewal option approved, effective June 18, 1991; lease extended on February 27, 1996 to terminate on June 17, 2025.

SUBLEASE: Expires June 17, 2025.

SUB-SUBLEASE: Five years, beginning March 21, 2012, expires March 22, 2017.

CALENDAR ITEM NO. **C14** (CONT'D)

CONSIDERATION:

Minimum annual rent in the amount of \$17,393, paid in 12 equal installments, against six percent of the gross annual income derived from the commercial activities from berthing, docking, and mooring of boats; one and one-half percent of gross income from the restaurant and bar operations; 25 percent of gross income from the operation of coin-operated vending and electronic game machines; and 10 percent of all other gross income generated on the Lease Premises; with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

OTHER PERTINENT INFORMATION:

1. Lessee owns the upland adjoining a portion of the lease premises.
2. On June 22, 1976, the Commission authorized a General Lease – Commercial Use to John K. Johnson, Loraine C. Patching, and John D. Cox for a term of 15 years with one 10-year renewal period. That lease expired June 17, 1991. On February 27, 1996, the Commission authorized an amendment of Lease PRC 5167.1 to extend the term of the Lease to expire on June 17, 2025.

Subsequently, on September 22, 1983, the Commission approved an assignment of the General Lease – Commercial Use to Virgin Sturgeon, Inc.

On December 9, 2003, the Commission authorized an assignment from Virgin Sturgeon, Inc., to Buffer Properties, LLC. Following the assignment, the Commission authorized a sublease from Buffer Properties, LLC back to Virgin Sturgeon, Inc. That sublease expires June 17, 2025.

3. On March 22, 2007, Virgin Sturgeon, Inc. sub-subleased the property to Virgin Sturgeon, LLC. On December 3, 2007, the Commission authorized that sub-sublease which expired on March 21, 2012. The Lessee is now seeking the Commission's approval of the sub-sublease as required by the Lease. Staff has reviewed the new sub-sublease and recommends Commission approval. The sub-sublease will expire on March 21, 2017.
4. The staff recommends that the Commission find that the subject sub-sublease approval does not have a potential for resulting in either a direct or a reasonably foreseeable indirect physical change in the environment, and is, therefore, not a project in accordance with the California Environmental Quality Act (CEQA).

CALENDAR ITEM NO. **C14** (CONT'D)

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

EXHIBITS:

- A. Land Description
- B. Site and Location Map

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that subject sub-sublease approval is not subject to the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15060, subdivision (c)(3), because the activity is not a project as defined by Public Resources Code section 21065 and California Code of Regulations, Title 14, section 15378.

AUTHORIZATION:

Approve by endorsement of a sub-sublease from Virgin Sturgeon, Inc., to Virgin Sturgeon, LLC for a term of five years, effective March 22, 2012.

EXHIBIT A

PRC 5167.1

VIRGIN STURGEON LEASE

A PARCEL OF TIDE AND SUBMERGED LAND LYING IN THE SACRAMENTO RIVER, ADJACENT TO SWAMP AND OVERFLOWED LAND SURVEYS NO. 184 AND 907, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF THAT PARCEL OF LAND DESCRIBED IN GRANT DEED FROM JANE E. MCGREW TO VERNON J. MCGREW AND JANE E. MCGREW, HIS WIFE, AS JOINT TENANTS, RECORDED IN BOOK 71-08-25, PAGE 364, OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG THE WEST LINE OF SAID PARCEL AND ITS SOUTHERLY PROLONGATION, SOUTH 225 FEET; THENCE SOUTH 78° 54' 49" EAST 400.02 FEET PARALLEL WITH THE CENTERLINE OF GARDEN HIGHWAY TO A POINT, FROM WHICH THE NORTHWEST CORNER OF LOT A OF THAT CERTAIN MAP RECORDED IN BOOK 226 OF MAPS, MAP NO. 1, IN THE OFFICE OF THE RECORDER OF SAID COUNTY BEARS THE FOLLOWING TWO COURSES (1) NORTH 13° 49' 05" EAST 201.03 FEET; (2) NORTH 78° 54' 49" WEST 323.95 FEET; THENCE FROM SAID POINT, NORTH 13° 49' 05" EAST 201.03 FEET TO THE NORTHERLY LINE OF SAID LOT A, ALSO BEING THE SOUTHERLY RIGHT OF WAY OF GARDEN HIGHWAY; THENCE CONTINUING NORTH 13° 49' 05" EAST 20.02 FEET TO THE CENTERLINE OF GARDEN HIGHWAY; THENCE ALONG SAID CENTERLINE, NORTH 78° 54' 49" WEST 453.82 FEET TO THE POINT OF BEGINNING.

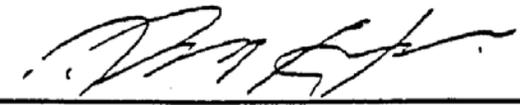
EXCEPTING THEREFROM ANY PORTION THEREOF LYING LANDWARD OF THE ORDINARY HIGH WATER MARK OF THE SACRAMENTO RIVER.

ALSO EXCEPTING THEREFROM ANY PORTION OF LOT A OF THAT CERTAIN MAP RECORDED IN BOOK 226 OF MAPS, MAP NO. 1, IN THE OFFICE OF THE RECORDER OF SAID COUNTY.

END OF DESCRIPTION

PREPARED FROM RECORD DATA BY JTS ENGINEERING CONSULTANTS, INC.

REVISED 3/12/98 BY THE STAFF OF THE CALIFORNIA STATE LANDS COMMISSION.

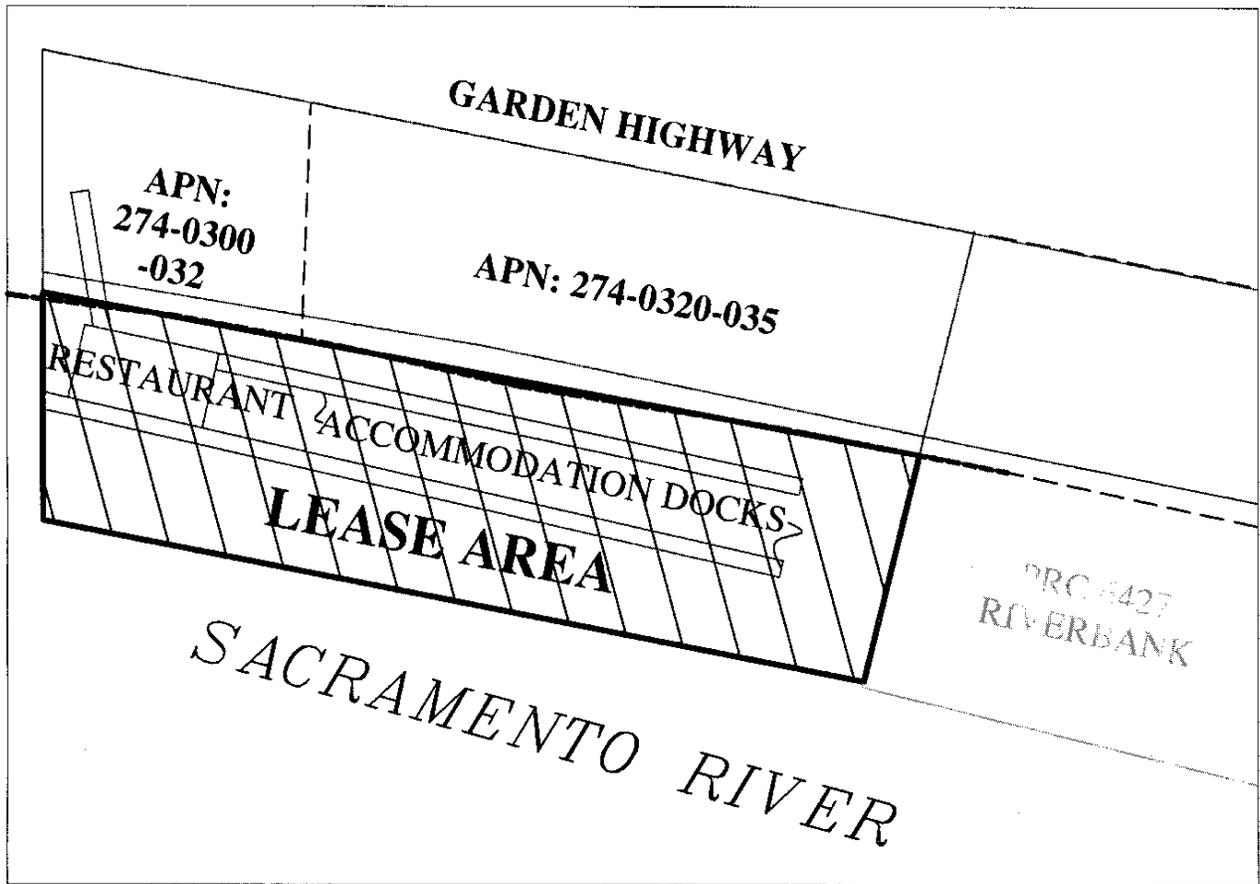

RICHARD C. HANSEN L.S. 3951

3/12/98
DATE



NO SCALE

SITE



1577 Garden Highway, Sacramento

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit B

PRC 5167.1
 BUFFER PROPERTIES LLC
 APN: 274-0320-035
 274-0300-032
 GENERAL LEASE -
 COMMERCIAL USE
 SACRAMENTO COUNTY



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.