

MINUTE ITEM

17. CONSENT TO ASSIGNMENT OF MINERAL EXTRACTION LEASE P.R.C. 2613.1 FROM T. JACK FOSTER TO ESTERO MUNICIPAL IMPROVEMENT DISTRICT, SAN MATEO COUNTY - W.O. 4474, P.R.C. 2613.1.

After consideration of Calendar Item 17 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO EXECUTE THE CONSENT TO ASSIGNMENT FROM T. JACK FOSTER TO THE ESTERO MUNICIPAL IMPROVEMENT DISTRICT OF LEASE P.R.C. 2613.1, SAN BRUNO SHOAL, SAN MATEO COUNTY, SUBJECT TO THE CONTINUING OBLIGATION OF T. JACK FOSTER FOR THE REMAINING PERIOD OF THE LEASE OR ANY EXTENSION OR RENEWAL THEREOF.

Attachment
Calendar Item 17 (1 page)

CALENDAR ITEM

17.

CONSENT TO ASSIGNMENT OF MINERAL EXTRACTION LEASE P.R.C. 2613.1 FROM T. JACK FOSTER TO ESTERO MUNICIPAL IMPROVEMENT DISTRICT, SAN MATEO COUNTY - W.O. 4474, P.R.C. 2613.1.

By resolution of July 28, 1960, the Commission authorized the issuance to T. Jack Foster, the highest qualified bidder, of Lease P.R.C. 2613.1 for mineral extraction for a term of ten years from a 1,263-acre parcel of submerged land at San Bruno Shoal, San Mateo County. The only mineral sought and obtained thus far has been fill material which is being deposited on Brewer Island adjacent to the borrow area. The sole user of the materials has been the Estero Municipal Improvement District, which has jurisdiction over Brewer Island and which has issued and sold general obligation bonds to finance the improvements and utilities necessary to develop the area.

The lessee, Mr. Foster, has made application for State Lands Commission approval of the assignment of Lease P.R.C. 2613.1 to the Estero Municipal Improvement District. The statutory \$5 filing fee has been received. An executed copy of the assignment, accompanied by a certified copy of the Resolution of the Board of Directors of the District accepting the assignment and authorizing the execution thereof, and a copy of the annual independent audit, was forwarded by the District. A review of the documents submitted indicates that the District is qualified to become a Lessee under this lease.

By the terms of the consent, the original Lessee, Mr. Foster, as well as the District, will be liable on the lease for the remainder of the lease term. The District, as created by the Legislature, is a political subdivision of the State. It is not customary to require bond on contracts between the State and any subdivision. Mr. Foster will therefore be required to maintain his bond for the life of the lease. Because the original lease contemplated a limited use for the material to be extracted, provision was made for the computation of royalty in the absence of a bona fide sale, i.e., use by the Lessee. This provision is to remain unchanged.

IT IS RECOMMENDED THAT THE EXECUTIVE OFFICER BE AUTHORIZED TO EXECUTE THE CONSENT TO ASSIGNMENT FROM T. JACK FOSTER TO THE ESTERO MUNICIPAL IMPROVEMENT DISTRICT OF LEASE P.R.C. 2613.1, SAN BRUNO SHOAL, SAN MATEO COUNTY, SUBJECT TO THE CONTINUING OBLIGATION OF T. JACK FOSTER FOR THE REMAINING PERIOD OF THE LEASE OR ANY EXTENSION OR RENEWAL THEREOF.