

MINUTE ITEM.

This Calendar Item No. 20
was approved as Minute Item
No. 20 by the State Lands
Commission by a vote of 2
to 0 at its 11/23/81
meeting.

CALENDAR ITEM

20

11/23/81
WP 3376
Atkins

ISSUANCE OF A LETTER DETAILING DEFAULT
PROCEDURES AND DELEGATION OF AUTHORITY TO
THE EXECUTIVE OFFICER OR HIS DESIGNEE
TO APPROVE ASSIGNEES OR PURCHASERS
OF THE LEASE

BACKGROUND:

At its meeting on May 29, 1980, the Commission authorized the encumberancing of Lease PRC 3376.1, with a Security Agreement to a lender which is acceptable to the Executive Officer of the Commission. This lease is with the Huntington Partnership for a commercial marina in Huntington Harbour, Orange County. On October 8, 1981, the Executive Officer approved Crocker National Bank, as Secured Party Lender under this lease.

Crocker has requested a letter which details the procedures that would be utilized by the parties in the unlikely event that the lessee (Huntington Partnership) defaults on the loan and the bank proceeds against the lessee, as provided for in the loan documentation.

Briefly, the letter provides for giving the Commission advance notice of any transfer in order to secure approval of the prospective transferee in a timely manner.

If a deed in lieu of foreclosure, "Friendly Sale", procedure is used, Crocker Bank will give the State five business days notice of a transfer. The State shall then have two business days to approve or disapprove such transfer.

If a sale conducted by bidding is involved, the letter mandates that the Commission will receive twenty days notice of the time and date of sale, in the unlikely event that an actual foreclosure sale is

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CALENDAR ITEM NO. 20 (CONTD)

required. All prospective bidders must notify Crocker of their intent to bid at least three State business days prior to the date of the sale. Furthermore, Crocker will notify the State at least two State business days prior to the sale of any prospective purchasers. The State will then notify Crocker of its approval or disapproval of the prospective purchasers by the time of such sale.

The above situation will require a delegation of authority to the Executive Officer (or his designee) to approve prospective assignees. This delegation is highly desirable to provide the flexibility needed to conduct the various financial transactions.

AB 884: N/A.

EXHIBIT: A. Site Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN ENVIRONMENTAL DOCUMENT HAS NOT BEEN PREPARED FOR THIS ACTIVITY AS SUCH REPORT IS NOT REQUIRED UNDER THE PROVISIONS OF PRC 21065, AND 14 CAL. ADM. CODE 15037 AND 15060.
2. AUTHORIZE STAFF TO ISSUE A LETTER TO THE SECURED PARTY LENDER WHICH DETAILS THE PROCEDURES THAT WILL BE UTILIZED IN THE EVENT THE HUNTINGTON PARTNERSHIP DEFAULTS ON ITS LOAN FROM CROCKER BANK.
3. DELEGATE TO THE EXECUTIVE OFFICER OR HIS DESIGNEE AUTHORITY TO APPROVE ASSIGNEES OR LEASE PURCHASERS IN THE EVENT THE HUNTINGTON PARTNERSHIP DEFAULTS ON ITS LOAN AND THE SECURED PARTY LENDER PROCEEDS AGAINST HUNTINGTON PARTNERSHIP TO SECURE A TRANSFER OF THE LEASE.
4. AUTHORIZE STAFF TO TAKE ALL ACTIONS REASONABLY NECESSARY TO GIVE EFFECT TO THESE DETERMINATIONS AND RATIFICATIONS.

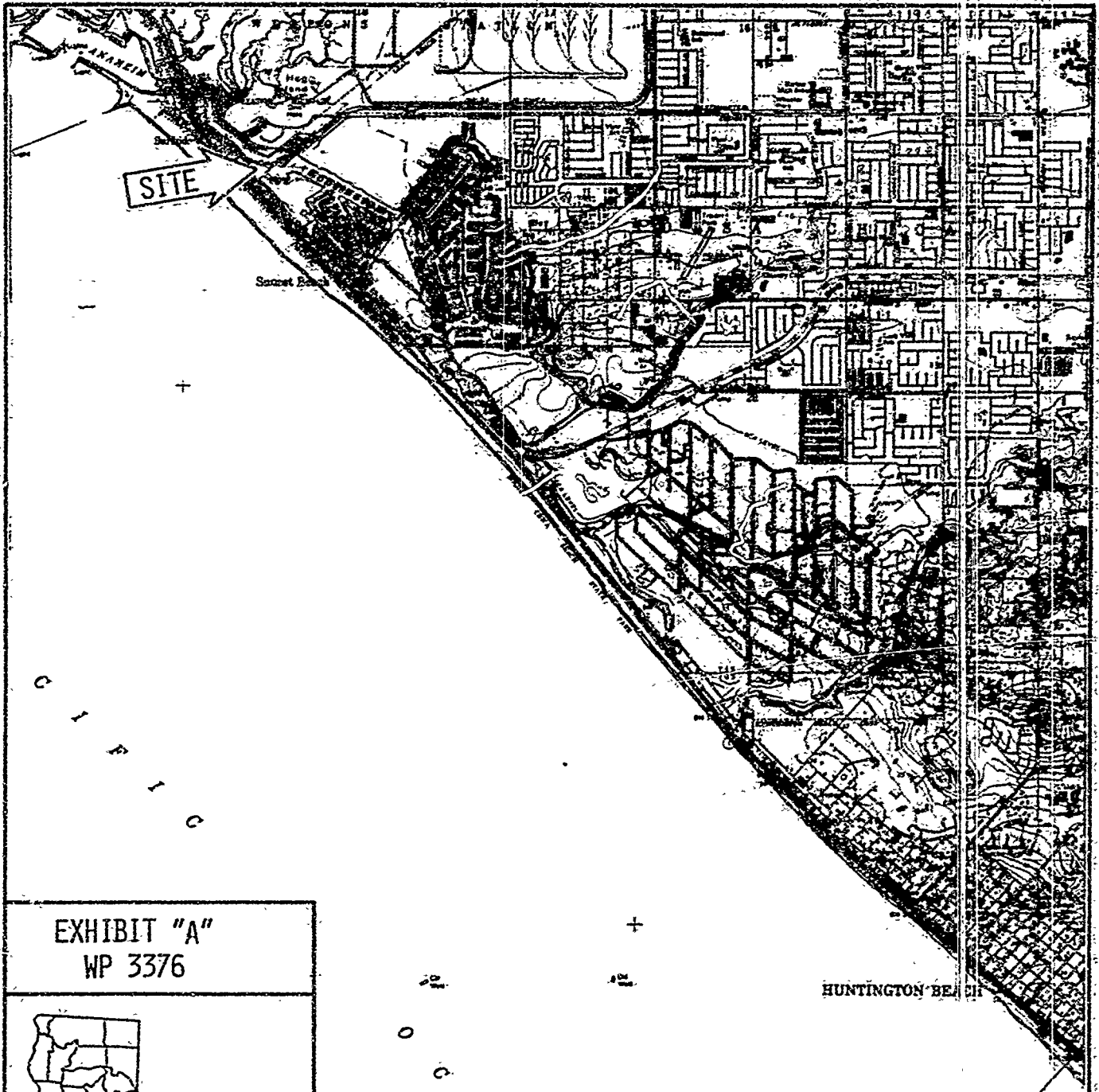


EXHIBIT "A"
WP 3376

CALENDAR PAGE	64B
MINUTE PAGE	2512