

MINUTE ITEM
This Calendar Item No. C35 was approved as
Minute Item No. 35 by the California State Lands
Commission by a vote of 2 to 0 at its
10-30-07 meeting.

**CALENDAR ITEM
C35**

A 1
S 2

10/30/07
W 26045/AD 528
J. Porter
J. Frey

**AUTHORIZE, AS SCHOOL LAND BANK TRUSTEE, THE TRANSFER AND
SUBSEQUENT ISSUANCE OF A PATENT TO 167.8 ACRES OF SCHOOL LANDS
LOCATED NORTHEAST OF COVELO, MENDOCINO COUNTY, TO WHITE CLOUD
RESOURCES IN EXCHANGE FOR 114.8 ACRES OF LAND LOCATED NORTHEAST
OF COVELO, MENDOCINO COUNTY**

PARTIES:

California State Lands Commission
100 Howe Avenue, Suite 100-South
Sacramento, CA 95825-8202

White Cloud Resources
4380 Liberty Bell Court
Eureka, CA 95503

BACKGROUND:

The California State Lands Commission (CSLC), through its State School Lands Management Program, manages approximately 469,000 acres of school lands held in fee ownership by the State and the reserved mineral interests on another 790,000 acres of school lands. Section 8700 et seq. of the Public Resources Code (School Land Bank Act), provides for the selection, acquisition, and conveyance of real property (or any interest in real property) by the CSLC, acting as the School Land Bank trustee, that advances the CSLC's management of school lands to generate revenue. Through the establishment of the Act, as amended, the Legislature directed the CSLC to manage the remaining school lands to provide an economic base for support of the State Teachers' Retirement System. The CSLC is responsible for developing school lands into a permanent and productive resource base to ensure such financial support.

CALENDAR ITEM NO. C35 (CONT'D)

AREA, LAND TYPE, AND LOCATION:

167.8 acres, more or less, of State School Land located northeast of Covelo, further identified as a portion of the north half of Section 16, Township 23 North, Range 11 West, MDBM, Mendocino County.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code Section 6106 (Delegation to execute written instruments)
- B. Title 2, California Code of Regulations, Section 2030, et seq.

OTHER PERTINENT INFORMATION:

- 1. The CSLC is the owner of a parcel of school land containing Approximately 167.8 acres located northeast of Covelo (State Parcel). The property is unimproved timber land that has not been the logged in many years due economic constraints caused by its remote location and general conditions in the timber industry.
- 2. White Cloud Resources (White Cloud) is a private entity that owns property in the area, including property that abuts the State Parcel.
- 3. White Cloud has proposed a land exchange between the CSLC and White Cloud. Under the terms of the proposed land exchange (the Exchange), White Cloud will convey all of its right, title and interest in the White Cloud parcel to the CSLC and the CSLC will issue a patent to White Cloud for the 167.8-acre State Parcel, reserving to the State 100% of the mineral interests. White Cloud also will pay the CSLC \$225,000 and will pay for all of the costs of the exchange, including a patent fee and the costs of escrow.
- 4. Independent appraisals by an appraiser designated as a Member of the Appraisal Institute (MAI) prepared indicates an estimated fair market value of \$95,000 for the White Cloud parcel and \$320,000 for the State Parcel. Staff reviewed both appraisals and concurs with the value conclusions. Staff and White Cloud agree in the value conclusions for both parcels and agree that the terms of the Exchange provide adequate consideration to both parties.

CALENDAR ITEM NO. C35 (CONT'D)

5. Staff has filed a General Plan, attached as Exhibit D, for this activity with the Legislature pursuant to Public Resources Code section 6373.
6. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, sections 15061(b)(1) and 15282], the staff has determined that this activity is statutorily exempt from the requirements of the CEQA because it involves an action taken pursuant to the School Land Bank Act, Public Resources Code, section 8710.

Authority: Public Resources Code section 8710.

7. This activity involves lands which have NOT been identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. However, the Commission has declared that all state school lands and submerged lands are "significant" by nature of their public ownership (as opposed to "environmentally significant"). Since such declaration of significance is not based upon the requirements and criteria of Public Resources Code sections 6370, et seq., use classifications for such lands have not been designated. Therefore, the finding of the project's consistency with the use classification as required by Title 2, California Code of Regulations, section 2954 is not applicable.

EXHIBITS:

- A. Location Map
- B. Land Description – State Parcel
- C. Land Description – White Cloud Parcel
- D. General Plan

IT IS RECOMMENDED THAT THE COMMISSION:

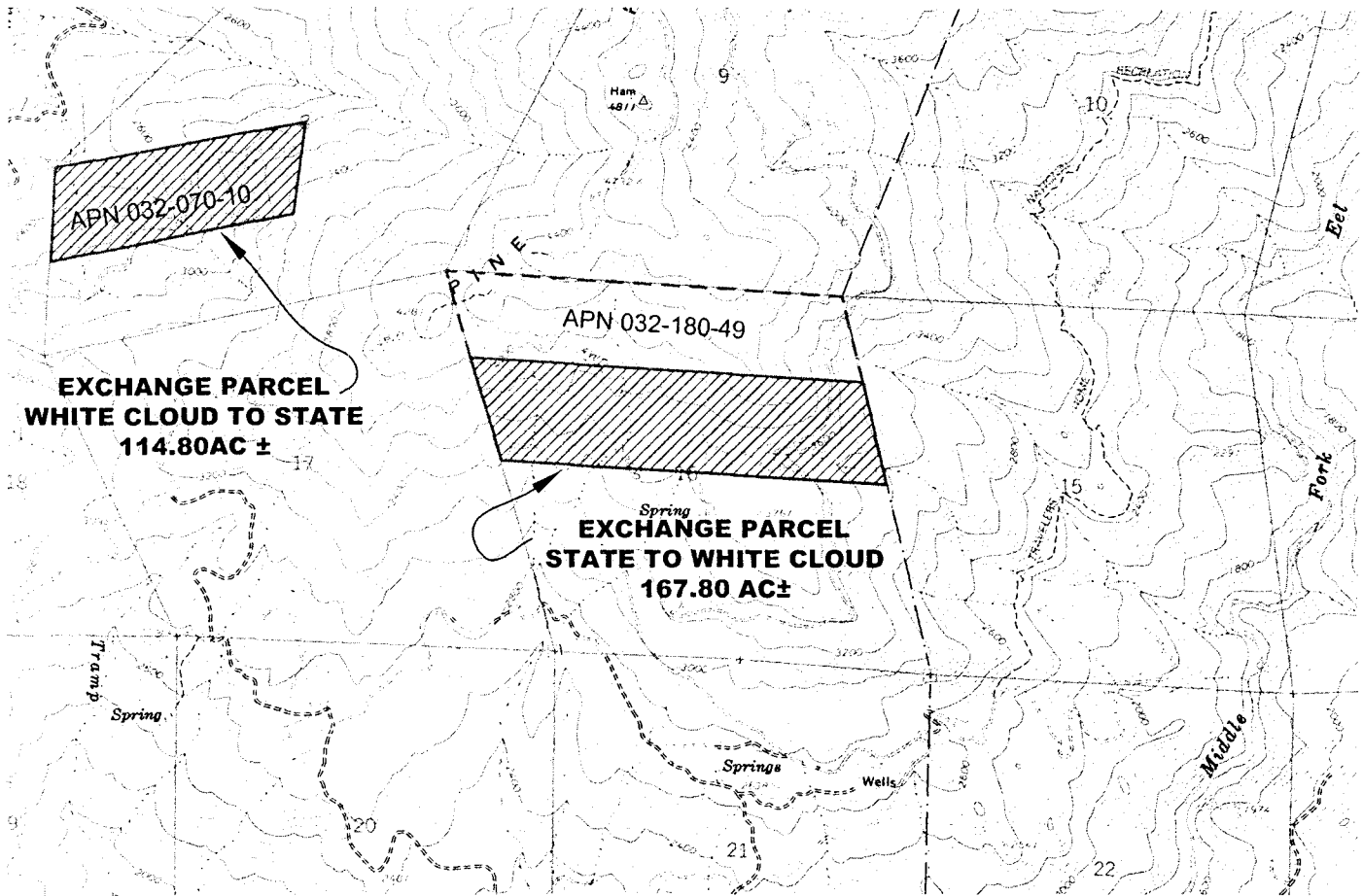
1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, 15061 AS A STATUTORILY EXEMPT PROJECT PURSUANT TO PUBLIC RESOURCES CODE SECTION 8710, AN ACTION TAKEN PURSUANT TO THE SCHOOL LAND BANK ACT, PUBLIC RESOURCES CODE SECTION 8710.
2. FIND THAT THIS ACTIVITY IS IN THE BEST INTERESTS OF THE STATE OF CALIFORNIA.

CALENDAR ITEM NO. C35 (CONT'D)

3. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO EXECUTE THAT CERTAIN DOCUMENT ENTITLED "LAND EXCHANGE AGREEMENT", IN SUBSTANTIALLY THE SAME FORM AS IS ON FILE WITH THE COMMISSION, AND ANY OTHER DOCUMENTS NECESSARY TO COMPLETE THIS TRANSACTION.
4. AUTHORIZE THE ACCEPTANCE OF A GRANT DEED FOR THE WHITE CLOUD PARCEL FROM WHITE CLOUD RESOURCES, AS SHOWN ON EXHIBIT A AND DESCRIBED IN EXHIBIT C, BOTH ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF, AND AUTHORIZE CONSENT TO RECORDATION OF THE GRANT DEED IN THE OFFICE OF THE RECORDER FOR THE COUNTY OF MENDOCINO.
5. AUTHORIZE ISSUANCE OF A PATENT TO WHITE CLOUD RESOURCES, SUBJECT TO APPLICABLE STATUTORY AND CONSTITUTIONAL RESERVATIONS, AS SHOWN ON EXHIBIT A AND DESCRIBED IN EXHIBIT B, BOTH ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF.
6. AUTHORIZE THE DEPOSIT OF \$225,000 INTO THE SCHOOL LAND BANK FUND.

NO SCALE

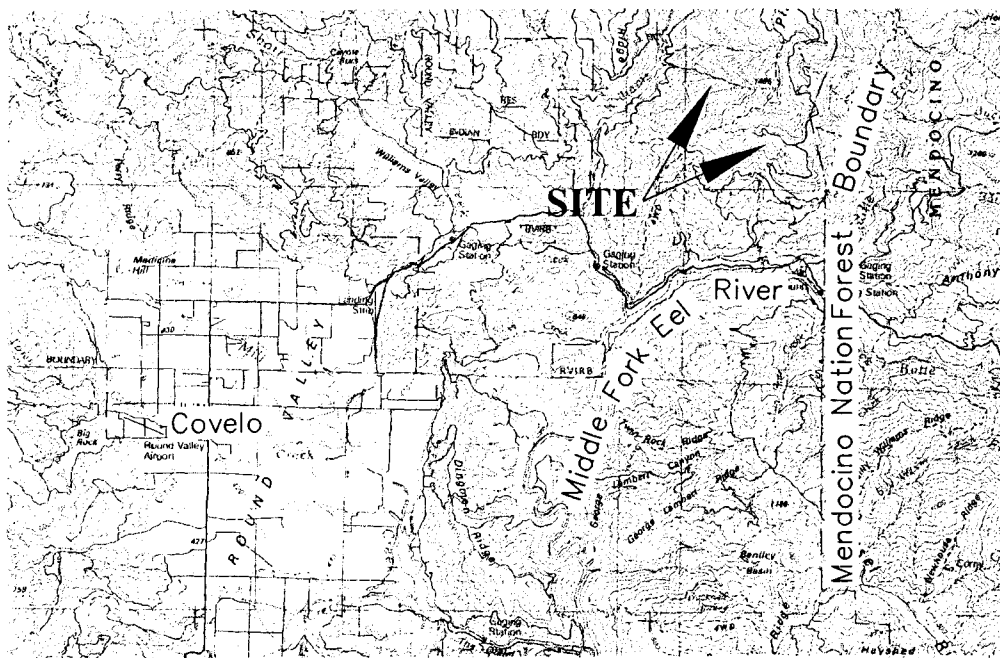
SITE



**SCHOOL LAND EXCHANGE
 PORTION OF SECTIONS 8 and 16, T23N, R11W, MDM**

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

**EXHIBIT A
 W 26045/AD 528
 SCHOOL LANDS
 EXCHANGE
 WHITE CLOUD
 RESOURCES
 MENDOCINO COUNTY**



RAB 08/05

EXHIBIT B

W26045/AD528

LAND DESCRIPTION

A parcel of school land situated in Section 16, T23N, R11W, MDM, County of Mendocino, State of California, being a portion of said Section according to the U.S. General Land Office survey approved October 30, 1880 and shown on the plat and notes of the U.S. Bureau of Land Management Dependant Resurvey of Portions of the North, East, and West Boundaries, Portion of the Subdivisional Lines, and Partial Subdivision of Sections 6, 8, and 17 T23N, R11W, MDM, approved February 27, 1967 and more particularly described as follows:

BEGINNING at a 2 ½" brass cap monument as described in said U.S. BLM resurvey marking the East ¼ corner of Section 16, thence N 86°28'14" W, 5460.36 feet to a 2 ½" brass cap monument as described in said U.S. BLM resurvey marking the West ¼ corner of said Section 16; thence along the West line of said Section N 16°11'14" W, 1415.73 feet; thence leaving said West line S 86°23'52" E, 5539.72 feet to the East line of said Section; thence along said East line S 13°11'31" E, 1384.24 feet to the point of Beginning

The Basis of Bearings for this Survey is the California Coordinate System, Zone 2 NAD 83 (Epoch 2002.0000) as determined locally by a line between Continuous Operating Reference Stations (CORS) PRATTMTN_CN2004 CORS ARP and CAHTOPEAK_CN2004 CORS ARP bearing N5°53'36"E as derived from geodetic values published by the National Geodetic Survey (NGS).

END OF DESCRIPTION

Prepared 10/2/2007 by CSLC boundary unit.



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EXHIBIT C

W26045/AD528

LAND DESCRIPTION

All that real property situated in Section 8, Township 23 North, Range 11 West, MDM, described in Grant Deed from Jonathan A. Cook to White Cloud Resources and recorded on July 10th, 1998 in Mendocino County as document number 1998-12583 as follows:

The North half of the Southwest quarter of Section 8, Township 23 North, Range 11 West, Mount Diablo Base and Meridian.

END OF DESCRIPTION

Prepared 10/4/2007 by CSLC boundary unit



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EXHIBIT D

GENERAL PLAN

PROPOSED TRANSACTION

White Cloud Resources (Applicant) proposes to exchange 114.8 acres, more or less, of private lands in Mendocino County, together with a cash payment of \$225,000, for 167.8 acres, more or less, of State school lands in Mendocino County.

PROPERTY LOCATION/INFORMATION

The property proposed for acquisition Subject Property by the Applicant is a portion of a State school lands parcel identified as Section 16, Township 23 North, Range 1 West, MDM, Mendocino County. The Subject Property is located about eight miles northeast of Covelo and about two miles north of the Middle Fork of the Eel River.

LAND USE

The Subject Property is vacant, unincorporated land that is zoned TPZ (Timberland Production Zone) by Mendocino County. The topography varies from gently rolling to moderately steep. The timber resource on the property includes stands of merchantable timber, consisting mostly of Douglas fir, with smaller quantities of ponderosa pine and sugar pine. Surrounding lands are owned by private parties and other public agencies. The highest and best use of the Subject Property is estimated to be for the growth and harvest of commercial forest products, but historically the timber on the property has not been harvested or used for any other commercial purpose for many years.

PROPOSED USE

The Applicant proposes to consolidate the Subject Property with 200 acres of adjacent lands already owned as part of a long-term management program that utilizes unevenaged harvest treatments (selective cutting). Existing dirt logging roads will be re-contoured and reconstructed in places to improve water drainage patterns and improve the water quality in local streams. Two existing crossings (culverts) will be removed and replaced with properly functioning ones which will minimize the transport of sediment into nearby watercourses. Locked gates will be installed to prevent illegal trespasses, which in the past have included illegal timber harvests, illegal dumping, and unauthorized campfires.

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