

MINUTE ITEM
This Calendar Item No. C15 was approved as
Minute Item No. 15 by the California State Lands
Commission by a vote of 3 to 4 at its
12-03-07 meeting.

CALENDAR ITEM
C15

A 5, 9
S 6

12/03/07
PRC5167 WP 5167.1
V. Caldwell

APPROVAL OF SUB-SUBLEASE

LESSEE/SUBLESSOR:

Buffer Properties, LLC
1577 Garden Highway
Sacramento, California 95833

SUBLESSEE/ SUB-SUBLESSOR:

The Virgin Sturgeon, Inc.
1577 Garden Highway
Sacramento, California 95833

SUB-SUBLEESSEE:

The Virgin Sturgeon, LLC
1577 Garden Highway
Sacramento, California 95833

AREA, LAND TYPE, AND LOCATION:

One acre, more or less, of sovereign lands in the Sacramento River, adjacent to the Garden Highway, Sacramento County.

AUTHORIZED USE:

LEASE: Commercial marina and restaurant.

SUBLEASE: Commercial marina and restaurant.

SUB-SUBLEASE: Commercial marina and restaurant.

TERM:

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

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SUBLEASE: Expires June 17, 2025.

SUB-SUBLEASE: Five years, beginning March 22, 2007, expires
March 21, 2012.

CONSIDERATION:

Minimum annual rent against the sum of the following income from operations on State land, whichever is greater, with the State reserving the right to fix a different rent if the Commission finds such action to be in the State's best interest, as provided in the lease:

- 6% of gross income for the berthing, mooring of boats;
- 1.5% of gross income for the operation of restaurants and bars;
- 25% of gross income from the operation of coin operated vending and electronic game machines
- 10% of all other Gross Income generated from the Lease Premises.

OTHER PERTINENT INFORMATION:

1. Lessee owns the uplands adjoining a portion of the lease premises. Lessee has long-standing improvements on the sovereign lands, which have provided recreational opportunities to the public for over 20 years.
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 ten-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

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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. That sub-sublease lease will expire 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 sub-sublease and believes it is in conformance with the Lease.
4. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], the staff has determined that this activity is not subject to the provisions of the CEQA because it is not a "project" as defined by the CEQA and the State CEQA Guidelines.

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

5. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

EXHIBIT:

- A. Site and Location Map

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT THE ACTIVITY IS NOT SUBJECT TO THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15060(c)(3) BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

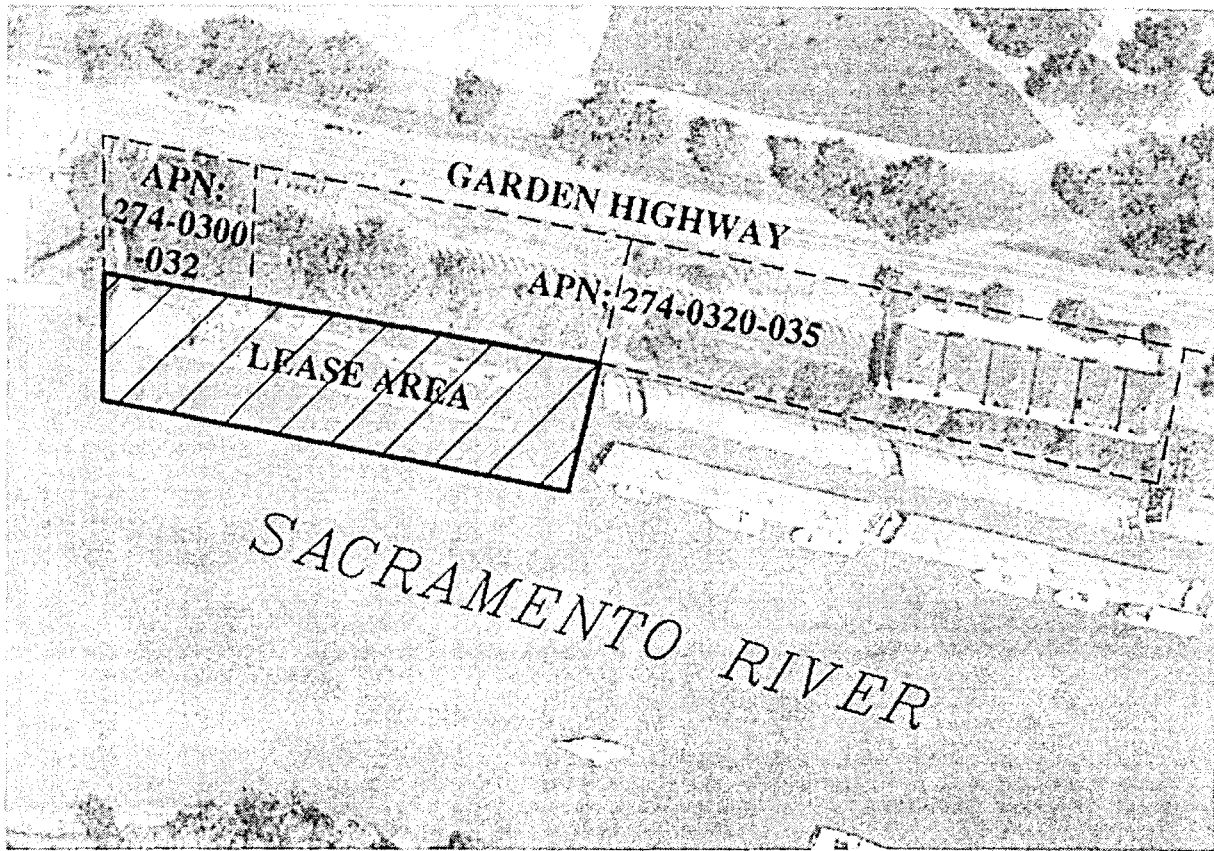
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AUTHORIZATION:

1. APPROVE BY ENDORSEMENT A SUB-SUBLEASE FROM THE VIRGIN STURGEON, INC., TO THE VIRGIN STURGEON, LLC, EFFECTIVE MARCH 22, 2007, FOR A TERM OF FIVE YEARS, SAID SUB-SUBLEASE IS ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION AND BY REFERENCE MADE A PART HEREOF.

NO SCALE

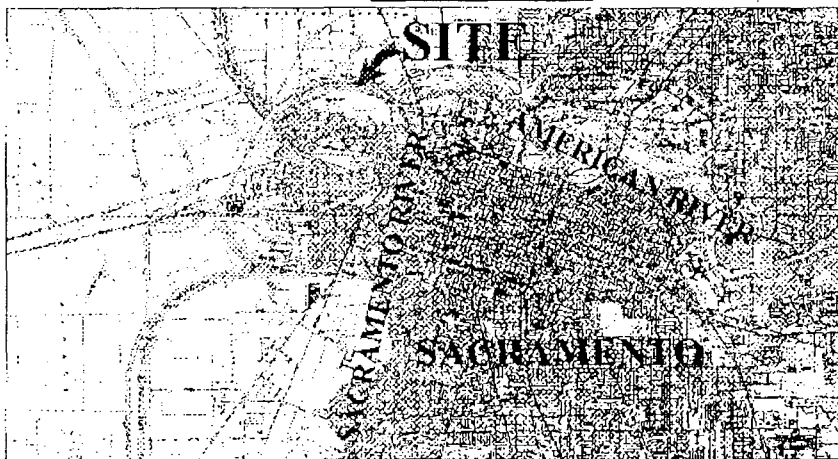
SITE



1577 Garden Highway, Sacramento

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit A

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



MJP 11/09/07

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.

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