

**CALENDAR ITEM  
C12**

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08/20/10  
WP 2851.1  
M. Clark

**AMENDMENT OF LEASE, TERMINATION AND APPROVAL OF AN AGREEMENT  
AND CONSENT TO ENCUMBRANCING OF LEASE  
AND REVISION OF RENT**

**LESSEE:**

TA & JC Properties, LLC  
P.O. Box 31114  
Walnut Creek, CA 94598

**CURRENT SECURED-PARTY LENDER:**

Diablo Valley Bank  
3189 Danville Blvd, Suite 255  
Alamo, CA 94507

**SECURED-PARTY LENDER:**

Bank of Agriculture & Commerce  
2021 West March Lane, Suite 2D  
Stockton, CA 95207

**AREA, LAND TYPE, AND LOCATION:**

1.14 acres, more or less, of sovereign land in Seven Mile Slough, adjacent to  
1100 West Brannan Island Road, near the town of Isleton, Sacramento County.

**AUTHORIZED USE:**

Continued use and maintenance of an existing commercial marina consisting of  
approximately 40 covered and uncovered berths and side ties.

**LEASE TERM:**

20 years, beginning December 1, 2004.

**CONSIDERATION:**

This lease provides that Lessor may modify the method, amount, or rate of  
consideration periodically during the lease term. Pursuant to this provision, staff  
has conducted a review of the rent under this lease, and recommends that the

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minimum annual rent be revised from \$1,312 to \$1,461, effective December 1, 2010.

**PROPOSED AMENDMENT:**

The "Authorized Marina Improvements" in Section 2, Paragraph 1 are amended from 40 covered and uncovered berths and side ties to 35 uncovered berths and side ties.

All other terms and conditions of the lease shall remain in effect without amendment.

**SPECIFIC LEASE PROVISIONS:**

Insurance:

Liability Insurance of no less than \$1,000,000.

Bond:

\$20,000

Other:

This lease contains provisions that the Lessee must implement the Commission's "Best Management Practices for Marina Owners/Operators" and encourage implementation of the Commission's "Best Management Practices for Guest Dock Users and Boaters", including additional Best Management Practices (BMPs) the Commission subsequently deems appropriate for either of the above categories

**OTHER PERTINENT INFORMATION:**

1. Lessee owns the uplands adjoining the lease premises.
2. On December 9, 2004, the Commission issued a 20-year General Lease – Commercial Use, to Alan and Peggy Martin for the continued use and maintenance of a commercial marina consisting of approximately 40 covered and uncovered berths and side ties. That lease will expire November 30, 2024.
3. On February 5, 2007, the Commission authorized an assignment of the lease to TA & JC Properties; an amendment of the lease to include Best Management Practices; and approved an Agreement and Consent to Encumber the Lease in favor of Diablo Valley Bank, in the amount of up to \$1,000,000.
4. The proceeds from the above-mentioned loan went toward the purchase of the upland RV Park property, the marina facilities on the lease premises and to fund repairs and renovation of the marina docks. The marina berths have been renovated with new floats and a gangway. There were previously 40

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covered and uncovered berths that have now been replaced with 35 uncovered berths in the same footprint. No pilings were replaced or added. The Lessee is now applying to amend the Lease to revise the authorized improvements.

5. The Lessees are in the process of obtaining new financing in an amount not to exceed \$1,000,000 for the purpose of paying off the existing loan from Diablo Valley Bank, and have requested authorization to encumber the lease as a portion of the security for the new loan. The Lessees have now applied to terminate the Agreement and Consent to Encumber the Lease with Diablo Valley Bank and are requesting a new Agreement and Consent to Encumber the Lease with the Bank of Agriculture & Commerce.
6. The existing Agreement and Consent to Encumbrancing of Lease in favor of Diablo Valley Bank will be terminated upon receiving the new loan from the Bank of Agriculture & Commerce. The Lessee will provide a copy of the reconveyance document showing that Diablo Valley Bank loan has been paid. In approving the Encumbrancing Agreement, the Commission retains the right to approve any transfer from the lending institution to a prospective lessee, should any foreclosure of the loan occur.
7. **AMENDMENT OF LEASE:** Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), the staff has determined that this activity is exempt from the requirements of CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; Title 2, California Code of Regulations, section 2905 (a)(2).

Authority: Public Resources Code section 21084 and Title 14, California Code of Regulations, section 15300 and Title 2, California Code of Regulations, section 2905.

8. **TERMINATION AND APPROVAL OF AN AGREEMENT AND CONSENT TO ENCUMBRANCING OF LEASE AND REVISION OF RENT:** 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 CEQA because it is not a "project" as defined by 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.

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9. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code section 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.

**EXHIBITS:**

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

**RECOMMENDED ACTION:**

It is recommended that the Commission:

**CEQA FINDING:**

**AMENDMENT OF LEASE:** Find that the activity is exempt from the requirements of CEQA pursuant to Title 14, California Code of Regulations, section 15061 as a categorically exempt project, Class 1, Existing Facilities; Title 2, California Code of Regulations, section 2905 (a)(2)

**TERMINATION AND APPROVAL OF AN AGREEMENT AND CONSENT TO ENCUMBRANCING OF LEASE AND THE REVISION OF RENT:**

Find that the activity is not subject to the requirements of 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.

**SIGNIFICANT LANDS INVENTORY FINDING:**

Find that this activity is consistent with the use classification designated by the Commission for the land pursuant to Public Resources Code section 6370, et seq.

**AUTHORIZATION:**

1. Authorize the Amendment of Lease No. PRC 2851.1, a General Lease-Commercial Use, to revise the authorized improvements from 40 covered and uncovered berths and side ties to 35 uncovered berths and side ties, effective August 20, 2010. All other terms and conditions of the lease shall remain in effect without amendment.
2. Authorize the termination of the Agreement and Consent to Encumbrancing of Lease authorized by the Commission on February 5, 2007, between the State Lands Commission,

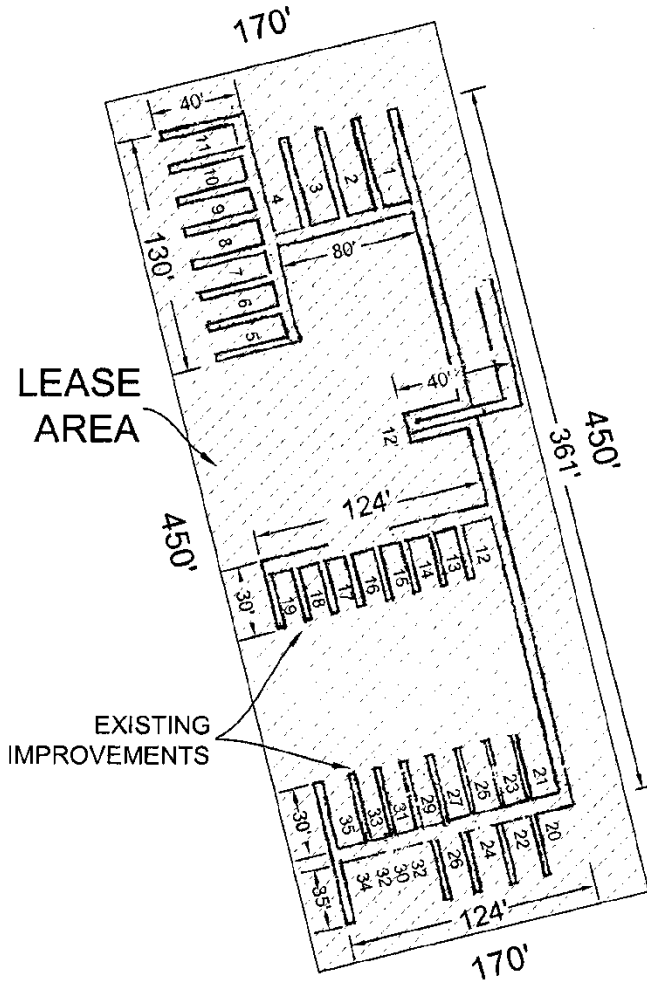
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TA & JC Properties, LLC, and Diablo Valley Bank, effective upon receipt of reconveyance document.

3. Authorize the execution of the document entitled "Agreement and Consent to Encumbrancing of Lease" in the amount not to exceed \$1,000,000, on file in the office of the Commission, between the State Lands Commission, TA & JC Properties, LLC, and the Bank of Agriculture & Commerce, effective August 20, 2010.
4. Approve the revision of the minimum annual rent for Lease No. PRC 2851.1 from \$1,312 to \$1,461, effective December 1, 2010.

NO SCALE

SEVEN  
MILE  
SLOUGH



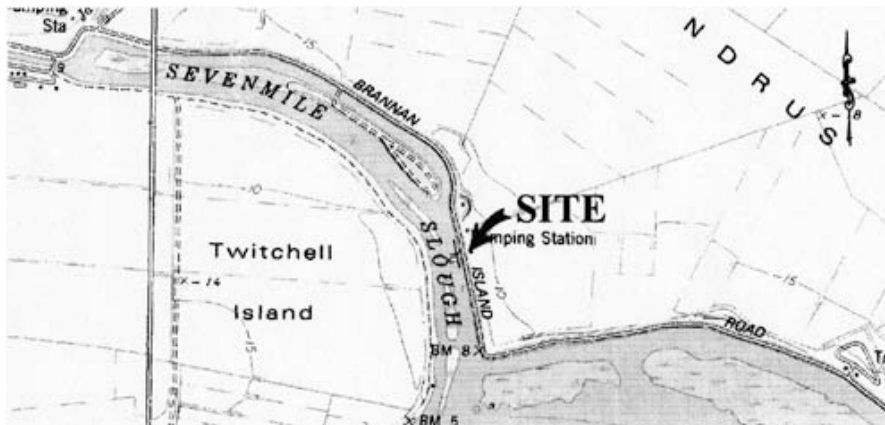
**SITE**

APN 156-0110-047

1100 WEST BRANNAN ISLAND ROAD, 7 MILE SLOUGH

NO SCALE

**LOCATION**



MAP SOURCE: USGS QUAD

**Exhibit A**

WP 2851.1  
TA & JC PROPERTIES, LLC  
APN 156-0110-047  
GENERAL LEASE  
COMMERCIAL USE  
SACRAMENTO COUNTY



**SITE**

MJJ 08/10

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.

**EXHIBIT B**

**WP 2851**

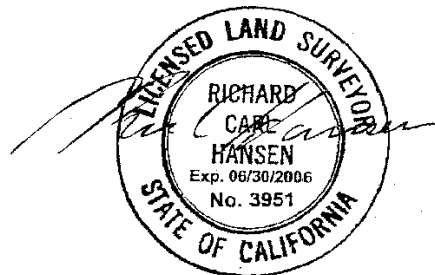
**LAND DESCRIPTION**

A parcel of tide and submerged land in the bed of Seven Mile Slough, Sacramento County, California, described as follows:

BEGINNING at a point on the easterly bank of the Seven Mile Slough, where the same is intersected by the westerly production of the center line of a 3 foot drainage ditch, which marks the northerly boundary line of the 51.57 acre tract described in deed dated January 14, 1929, recorded March 1, 1929, in Book 226 of Official Records, page 226, and which said point of beginning is further described as being located S 71 ° 30'W 160.60 feet and S 12° 08' 30" E 222.86 feet from the 3/4 inch brass pipe marking the southeasterly corner of the one acre tract, described in deed dated November 15, 1904, recorded January 12, 1905, in Book 217 of Deeds, at page 259, records of Sacramento County; thence along said easterly bank of the Seven Mile Slough S 12° 08' 30" E 60.00 feet; thence leaving said bank S 77° 51' 30" W 170 feet; thence N 12° 08' 30" W 450 feet; thence N 77° 51' 30" E 170 feet to said easterly bank of the Seven Mile Slough; thence along said easterly bank S 12° 08' 30" E 390 feet to the point of beginning.

EXCEPTING THEREFROM any portion lying landward of the ordinary high water mark of said Seven Mile Slough.

**END OF DESCRIPTION**



The above land description, prepared by Richard C. Hansen in November 2004, remains in effect for the Amended Lease approved by the California State Lands Commission August 20, 2010.