MINUTE ITEM

This Calendar Hom Mg. 20 was approved as Miliute from No. 20 by the Sinte Larids Commission by a vet of 2 to _____ at he /2/3,786

CALENDAR ITEM

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LAND USE:

TTON OF A SUPPLEMENTARY

AUTHORIZE EXECUTION OF A SUPPLEMENTARY LETTER OF UNDERSTANDING (LEASE AMENDMENT)

APPLICANT: Mel Wolf 2755 Spokane Way Carlsbad, Salifornia 92008

AREA, TYPE LAND AND LOCATION; A 640-acre parcel of school land, located near Twenty-Nine Palms in San Bernarding County.

Experimental Jojoba cultivation.

TERMS OF ORIGINAL LEASE: Initial period:

25 years beginning November 1, 1980.

12/23/86

PRC 5924

Public limit insurance: Combined single limit coverage of \$300,000

Consideration:

\$550 per annur wear rent review.

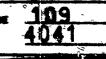
STATUTORY AND OTHER REFERENCES:

A. P.R.C.: Div. 6, Parts 1 and 2; Div. 13. B. Cal. Adm. Code: Title 2, Div. 3; Title P. Div. 6.

AB 884: N/A.

OTHER PERTINENT INFORMATION: 1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that this activity is enempt

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CALENDAR ITEM NO. 20 (CONT'D)

from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

BACKGROUND:

On December 16, 1980, in response to the Governor's policy to develop energy crops in California, the Commission approved an Experimental Agricultural Lease for Jojoba cultivation on 640 acres of school land. Due to the experimental nature of jojoba cultivation as an agricultural crop, the lessee decided to plant 120 acres a year for four years. This allowed the lessee to evaluate techniques and methods developed for jojoba and apply the successful ones to subsequent plantings.

Since it was anticipated that a commercially harvestable crop would not occur until five years into the lease, a rental structure was adopted whereby the annual rental would be \$550 for the first five years. Thereafter the rental would be set by a formula based on the market value of the raw land and the amount of land disturbed by the lessee.

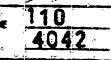
On September 26, 1985, the Commission approved the setting of a new rental schedule for the next five years. The existing rental of \$550 per annum was changed to \$4905 for the sixth and seventh year, \$9,225 for the eight year, \$13,545 for the ninth year, and \$22,185 for the tenth year.

CURRENT SITUATION:

Due to unexpected delays and other setbacks, the first commercial harvest was delayed until 1986. As the 1986 crop developed it became apparent that earlier frost damage reduced the expected yield to the point where it would not be cost effective to harvest.

Due to the economic hardship resulting from the increased rental which would have been offset by revenue generated From the first ere; the lessee has requested that the rental be temporarily reduced to \$550 (the amount he paid for the first five years of the lease) for the period of November 1, 1990 to October 31, 1987.

CALENDAÑ FAQE



CALENDAR ITEM NO. 20 (CONT'D)

The lessee has paid his rents promotly in the past and has proceeded in a responsible manner in his use of the lease premises. Also the lessee has made a substantial capital investment on this project - the improvements alone will enhance the value of the State's parcel.

Therefore due to the experimental nature of this project, the Commissions expressed policy to develop the income generating potential of school lands, and the good faith evidenced by the lessee's sapital investment; Staff recommends that a Supplementary Letter of Understanding (Lease Amendment) be executed providing that the lease rental for the period November 1, 1986 to October 31, 1987 be reduced to \$550. The lessee understands that as of November 1, 1987, the rent will return to the schedule as agreed upon and as approved by the Commission on September 26, 1985. All other terms and conditions of Lease PRC 5928 will remain unchanged.

EXHIBITS:

A. Land Description.
B. Location Map.

C. Supplementary Letter of Understanding.

IT IS RECOMMENDED THAT THE COMMISSION:

- 1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEOA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
 - AUTHORIZE EXECUTION OF A SUPPLEMENTARY BUTTER OF UNEERSTANDING (LEASE AMENDMENT) AS SHOWN IN EXHIBIT "C"; ALL OTHER TERMS AND CONDITIONS OF LEASE PRC 5921 REMAIN UNCHANGED.

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EXHIPAT "A"

LAND DESCRIPTION

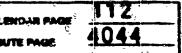
A parcel of California State school lands in San Bernardige County, California, described as follows:

Section 15, TIN, RLOE, SEM

TO OF DESCRIPTION

REVIEWED MOVENBER 19, 1986, BY COUNDARY SERVICES UNIT. 4. 1. SE

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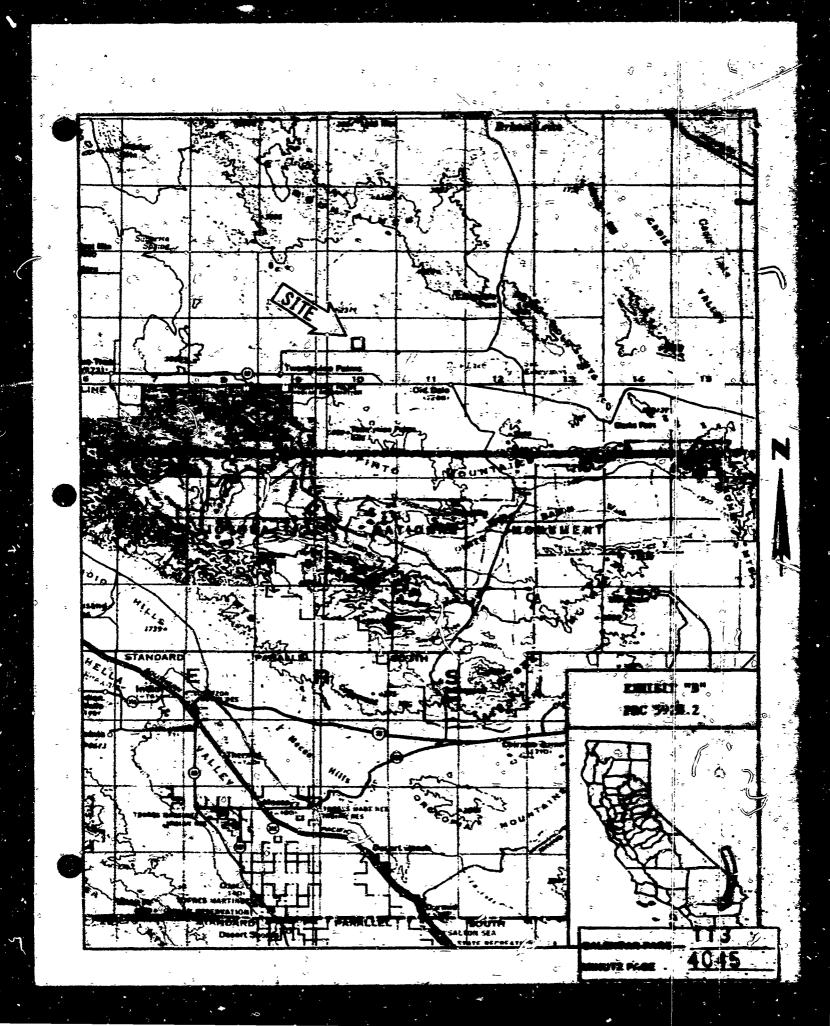


EXHIBIT "C"

STATE OF CALIFORNIA STATE LANDS CONNISSION

LEASE NO. PR. 5528.2, PUBLIC RESOURCES CODE SERIE SUPPLEMENTARY LETTER OF UNDERSTANDING

This letter shall be deemed a part of said Lease as if fully set forth therein, effective upon execution on behal/ of the State Lands Commission of the State of California.

Notwithstanding the Special Provisions contained in Section 2 of PRC 5928.2, dated December 8, 1981; the annual rental, for the Lease year October 1, 1986 - September 30, 1987, shall be \$550.00. The annual rental on October 1, 1987 and every October 1st thermafter, shall be in accordance with the Special Provisions contained in Section 2, of PRC 5928.2. All other torms and conditions of PRC 5928.2 remain unchanged.

	STATE OF CALIFORNISS
MEL WOLF	Title
A A	Date
Date	

ACKNOWLEDGEMENT

Execution of this letter wes authorized by the State Lands Commission on

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