**APPEARANCES**

**COMMISSION MEMBERS**

Mr. John Chiang, State Controller, Chairperson, represented by Mr. Alan Gordon

Mr. Gavin Newsom, Lieutenant Governor, represented by Mr. Chris Garland

Ms. Ana J. Matosantos, Director of Finance, represented by Mr. Pedro Reyes

**STAFF**

Mr. Curtis Fossum, Executive Officer

Ms. Jennifer Lucchesi, Chief Counsel

**ATTORNEY GENERAL**

Mr. Joe Rusconi, Deputy Attorney General

**ALSO PRESENT**

Ms. Alison Madden
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ACTING CHAIRPERSON GORDON: I call this special meeting of the State Lands Commission to order. All the representatives of the Commission are present. I'm Alan Gordon representing State Controller John Chiang. I'm joined today by Chief of Staff, Chris Garland, to the Lieutenant Governor, and Pedro Reyes representing the Department of Finance.

The first item of business will be the adoption of the minutes from the Commission's August 14th and 20th, 2012 meeting.

May I have a motion to approve the minutes.

ACTING COMMISSIONER REYES: So moved.

ACTING CHAIRPERSON GORDON: Second.

EXECUTIVE OFFICER FOSSUM: You guys are going to decide who's going to do it.

(Laughter.)

ACTING CHAIRPERSON GORDON: Oh, we've got to decide --

(Laughter.)

ACTING CHAIRPERSON GORDON: Yeah, I'll second.

All those in favor?

(Ayes.)

ACTING CHAIRPERSON GORDON: Opposed?

None.
Minutes are unanimously adopted.

Mr. Fossum, what is the next order of business?

EXECUTIVE OFFICER FOSSUM: Well, I wasn't planning on saying much at this point, but I would like to make a couple of comments. State Lands Commission lost a couple of friends of family or family members this last month. Jan Stevens, who was an assistant -- Senior Assistant Attorney General and represented the Commission for many years, and, in fact, is on our staff now as a retired annuitant, his son, Chris Stevens, was the Ambassador to Syria and was killed, as we all know -- Libya, excuse me, was killed this last month. And so we wanted to acknowledge that.

And secondly, Peter Pelkofer, another attorney in our office, who's a retired annuitant, formerly a Deputy Controller -- in fact, his office was right over here for many years. He sat on the Commission as a alternate to Ken Cory when he was Controller -- his wife just passed away, Marilyn. And Marilyn had also been an employee for the Commission back in the 1980s. So I just wanted to make sure the Commissioners know that.

And that concludes my remarks.

ACTING CHAIRPERSON GORDON: We do have a member of the public who would like to speak before we go into closed session.
Ms. Madden.

MS. MADDEN: Yes. Thank you. I thank you for having me. And my name is Alison Madden. I am here on behalf of myself and as a resident of Pete's Harbor in Redwood City. I happen to be an attorney. I work for HP and I went to Hastings quite some time ago.

And I just wanted to bring to the attention of the Commission in person a development that is on a fast track right now, and there's history with the State Lands Commission with this property. And I just wanted to see if the Commission could look into it, and see if what is planned and intended on a very fast track is consistent with the settlement and the lease for Pete's Harbor.

So as many people may know or remember in the late seventies, the California State Lands Commission sued Peter Uccelli with an allegation of a cloud of title. And it was in the court system for several years. The people of Redwood City, on the other side of 101, considering it a historic landmark and really liking Pete, did a Save Pete's Harbor campaign. They had bumper stickers. They had petitions.

And ultimately, with the show of support and with Pete being who he was and everyone still very much admires him, emergency legislation was passed in 1983, that in a 6-page act of the California statutes granted him title.
It also had very specific metrics for what is still Commission land under the Public Trust, and that is the Smith Slough, which goes in between -- looks right over to the open space, Bair Island, that's being restored. And that's under, I believe, Peninsula Open Space Trust. It's under some trust, a very large wetlands, and the liveaboard community has been there since the fifties.

And so in 1983, that Act of the State Legislature deeded the land to Pete. He has since died. He died in 2005 and his wife still lives there, that's Paula Uccelli.

And consistent with that Act, there were leases that were to be entered into with the California State Lands Commission for the outer harbor. And it was to be used for a public harbor and a marina, and not to be discontinued. If the use was discontinued, I believe the lease expires. That's my reading so far. There's a lot to get through.

But the voters of Redwood City in 2004 they voted down a very massive planned development community. The development community had the support of Anna Eshoo and Jackie Speier and quite a few local politicians. And the reason it was voted down is it was just too much, very large sky rises, and, you know, a little too much development. But the proposal there under Pete when he was alive is that the liveaboard community, the harbor and
marine, stay as it was. And I believe that's why it had the support.

It was specifically mentioned to be affordable housing, and to be really a unique flavor to that part of the community. And so the voters, in any event, they voted the measure down.

Since then, the developer has come back but only -- he came back in 2005. He withdrew his plans in 2008. It's an out of state developer called The Pauls Corporation. And they've come back in late July of 2012 with no public comment that people are aware of at all, and filed a request to develop a massive monolithic luxury condominium residences there. And the residents are not opposed to some residential development at all, not even upscale. Right next door there's a beautiful Bair Island Marina. It's kind of broken to the eye. It's a nice color. It kind of blends in.

This is a big white monolithic 5-story structure with a 5-story parking garage, and I think 10 buildings. They're luxury condominiums. The harbor and marina would be closed to the public and only available to individuals who could buy a condo or lease these very expensive residences.

Typically, there's been a 5 or 10 percent affordable community, but this developer down the road has
gotten exemptions to that, and those low income are across the highway. So it is not for the kind of people that are living there now.

They have filed that in late July. They're going mid-October for what they consider to be a final enough approval to kick the residents out by January of 2013, all of the liveaboard, some of whom have been there 30 years.

And we have serious questions, because down the road at one marine as you come around Whipple Avenue there, they ejected 500 slips from Peninsula Marina. Those people were gone. They didn't start construction till at least 5 years later. They are in development now. They are selling those, and there are no new slips, like they said there would be.

And so right now everyone would have to leave Pete's in January of 2013 in the middle of winter with no where to go. There's long waiting lists. There's BCDC --

ACTING CHAIRPERSON GORDON: Are these people living -- is this kind of like marine, where people are living on --

MS. MADDEN: Yes.

ACTING CHAIRPERSON GORDON: When you're saying marina, people are living -- these are houseboats?

MS. MADDEN: Yeah. They're not all floating homes and there's a distinction, but they are all
houseboats. And the rule at Pete's is that they have to be moveable, and they are moveable. It's very populated. It's a very professional community. There are Vietnam vets there. There are, you know, people that really do need -- there are single working mothers, like myself. You know, there are people running start-up Internet businesses. It's a very eclectic -- people who have worked at NASA. And so it's very, very clean. It's very green. It's very much a safe community.

The people, we have started out there with a petition, and the voters are angry. So we will be going to the Redwood City Council and the Planning Commission meeting and saying the voters don't know about this. They think they voted down large residential luxury development here. And in any event, they wanted to save Pete's harbor. And it was Pete's inclusion that that harbor with liveaboards continue.

Under this plan, several years later and after his death, everyone would be ejected. And there's really no guarantee that slips would be built there again. So I wanted to relay the information, and I wanted to ask that the Commission look at the leases, look at the Act, you know, look at the settlement, and, you know, perhaps determine if there's a way this should be slowed down or, you know, maybe get an opinion of the Commission.
CHIEF COUNSEL LUCCHESI: If I may, Mrs. Uccelli and her representatives did come up to meet with us about 2 weeks ago, I think, to talk about this development. And so staff is looking at the leases and the settlement and the legislation to understand better what's going on out there and how that interplays with the leases that the Commissions has.

So we are doing that and we are aware of the consideration in mid-October of this project. And so we have that in mind as we're reviewing it.

MS. MADDEN: Thank you. I appreciate that.

ACTING COMMISSIONER GARLAND: When in mid-October is that action supposed to take place, and is it before or after our next meeting?

MS. MADDEN: It's before the next meeting. We understand that there's an October 8th City Council meeting and an October 9th special Planning Commission meeting. And then there is another Planning Commission meeting, we believe, on the 16th, at which we expected this to arise. We do -- there are dozens, if not by the time we go there hundreds, of members of the public that are willing to go. And these are voting members of the public, who are very upset, who feel that they voted on this, and who are not aware that those are going to be private slips and everyone will be kicked out. Nobody is
aware of that. And when I petitioned in downtown Redwood City, everyone was stopping, married 60-year old couples, gay couples, you know, every spectrum of the population stopped and talked to me. Friends of Paula when I told them the whole story, they signed the petition, even friends and supporters of hers.

ACTING COMMISSIONER GARLAND: And remind me again when our next official --

EXECUTIVE OFFICER FOSSUM: The 19th.

ACTING COMMISSIONER GARLAND: The 19th, so it would be after all of these meetings.

CHIEF COUNSEL LUCCHESI: Yeah, but that wouldn't stop staff from sending a letter, if we thought that this proposed development was inconsistent with the terms of the lease. Staff could send a letter to both the Planning Commission and the project proponents expressing those concerns.

ACTING COMMISSIONER GARLAND: And do we expect that staff will have enough time to review all of the issues and make a determination?

CHIEF COUNSEL LUCCHESI: I hope so, yes.

(Laughter.)

CHIEF COUNSEL LUCCHESI: Yes, that's our goal.

ACTING COMMISSIONER REYES: The train is moving.

CHIEF COUNSEL LUCCHESI: And we understand the
time constraints.

ACTING CHAIRPERSON GORDON: Should we notice this now, at a minimum, an informational hearing -- informational item for the October 19th hearing?

EXECUTIVE OFFICER FOSSUM: We can decide that, I think. I mean, the notice won't go out until another week or 2.

ACTING COMMISSIONER REYES: I think we want to -- so I think, at some point, either it went through, it didn't go through, it stopped or staff did this.

EXECUTIVE OFFICER FOSSUM: We can keep the Commissioners --

ACTING COMMISSIONER REYES: Appraised of what's going on.

EXECUTIVE OFFICER FOSSUM: -- apprised as well in the interim.

CHIEF COUNSEL LUCCHESI: Yes.

MS. MADDEN: And it's very important -- the residents feel like it's very important that they want communicated that they understand the rights of Mrs. Uccelli on quite a bit of land here. They're could be houses. There could be restaurants. Right now, there's a huge part of it that's being used for mini-storage. And clearly, there's a better use than mini-storage for this beautiful land.
But what we're contesting is the harbor area, and the entire Smith Slough, the bath house, the restaurant is all right along there, and really could be segregated. And I think that just an analysis that looks at that, it is a potential violation of the lease, which ultimately a court, of course, could look at, and which is probably people are motivated enough to do.

ACTING CHAIRPERSON GORDON: Wasn't -- and I'm trying to now kind of track my Save the Bay correspondence. Wasn't there a massive development proposed for Redwood City that had just been --

EXECUTIVE OFFICER FOSSUM: It still is.

ACTING CHAIRPERSON GORDON: Is this the Cargill thing that's still out there?

EXECUTIVE OFFICER FOSSUM: It's on the other side though.

ACTING CHAIRPERSON GORDON: And that --

EXECUTIVE OFFICER FOSSUM: South.

ACTING CHAIRPERSON GORDON: -- in many ways is environmentally damaging as it does have a component of moderate -- low and moderate income housing in it. This, as I'm understanding it, and one of the arguments that those developers have used is the lack of affordable housing in the Bay Area.

You take another location that should be mixed
use, at some level, and turn it into an exclusive luxury condo doesn't strike to me something that we would be particularly supportive of, if we have legal grounds for moving in a different direction.

CHIEF COUNSEL LUCCHESI: The Commission's leases are only over the water-covered areas. And that was by virtue of the legislative act that was then reiterated in a stipulated judgment. So the dry land is all privately owned.

ACTING CHAIRPERSON GORDON: So we might not have all that much to say about it.

CHIEF COUNSEL LUCCHESI: I think -- but Ms. Madden's concerns is that --

ACTING COMMISSIONER GARLAND: Unless it limits our access.

CHIEF COUNSEL LUCCHESI: Exactly.

MS. MADDEN: I think there's access and there is -- you know, the harbor and the marina exist, and it is to be used. All through the Act and the lease of the settlement is for the public, accessible to the public, and not really to be turned into a private development, that only if you live there, you get a slip.

I mean, it's kind of the essence between private and public. And I know that there were, you know, pilings at the restaurant on the -- you know, on the State's
boundary, and he was permitted to put a berm, and which
now has the bath housing. Even though some sliver of this
the dry land is Pete's Harbor, ultimately, if there's some
kind of settlement, some kind of leverage, you know, it
would be nice to see if the community, with whatever
support that we did have, and we've got a lot of people
out there talking to the people who supported keeping
Pete's Harbor as the kind of -- it really probably
qualifies as a historic landmark. If somebody had applied
for that, it would have that designation.

   It's got that flavor. It's got that history.
And the people of Redwood City want it. We understand
Redwood City is a different jurisdiction than you are, but
there's just the background.

   ACTING COMMISSIONER REYES: Well, it's not an
action item, so I don't think we vote on it. It's just
informational. And staff will do the staff work
administratively on the work that needs to be done.

   ACTING CHAIRPERSON GORDON: Agreed.
ACTING COMMISSIONER REYES: Thank you.
ACTING CHAIRPERSON GORDON: Appreciate it.
MS. MADDEN: Thank you.
ACTING CHAIRPERSON GORDON: That concludes the
open meeting. We're going to now adjourn into closed
session and clear the room.
(Thereupon the California State Lands Commission meeting adjourned at 10:17 a.m.)
CERTIFICATE OF REPORTER

I, JAMES F. PETERS, a Certified Shorthand Reporter of the State of California, and Registered Professional Reporter, do hereby certify:

That I am a disinterested person herein; that the foregoing California State Lands Commission meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of California;

That the said proceedings was taken before me, in shorthand writing, and was thereafter transcribed, under my direction, by computer-assisted transcription.

I further certify that I am not of counsel or attorney for any of the parties to said meeting nor in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 13th day of October, 2012.

______________________________
JAMES F. PETERS, CSR, RPR
Certified Shorthand Reporter
License No. 10063