

Staff Report 50

APPLICANT:

Paul L. Wattis, Jr.

PROPOSED ACTION:

Sale and Issuance of a Patent for a State-owned school land parcel.

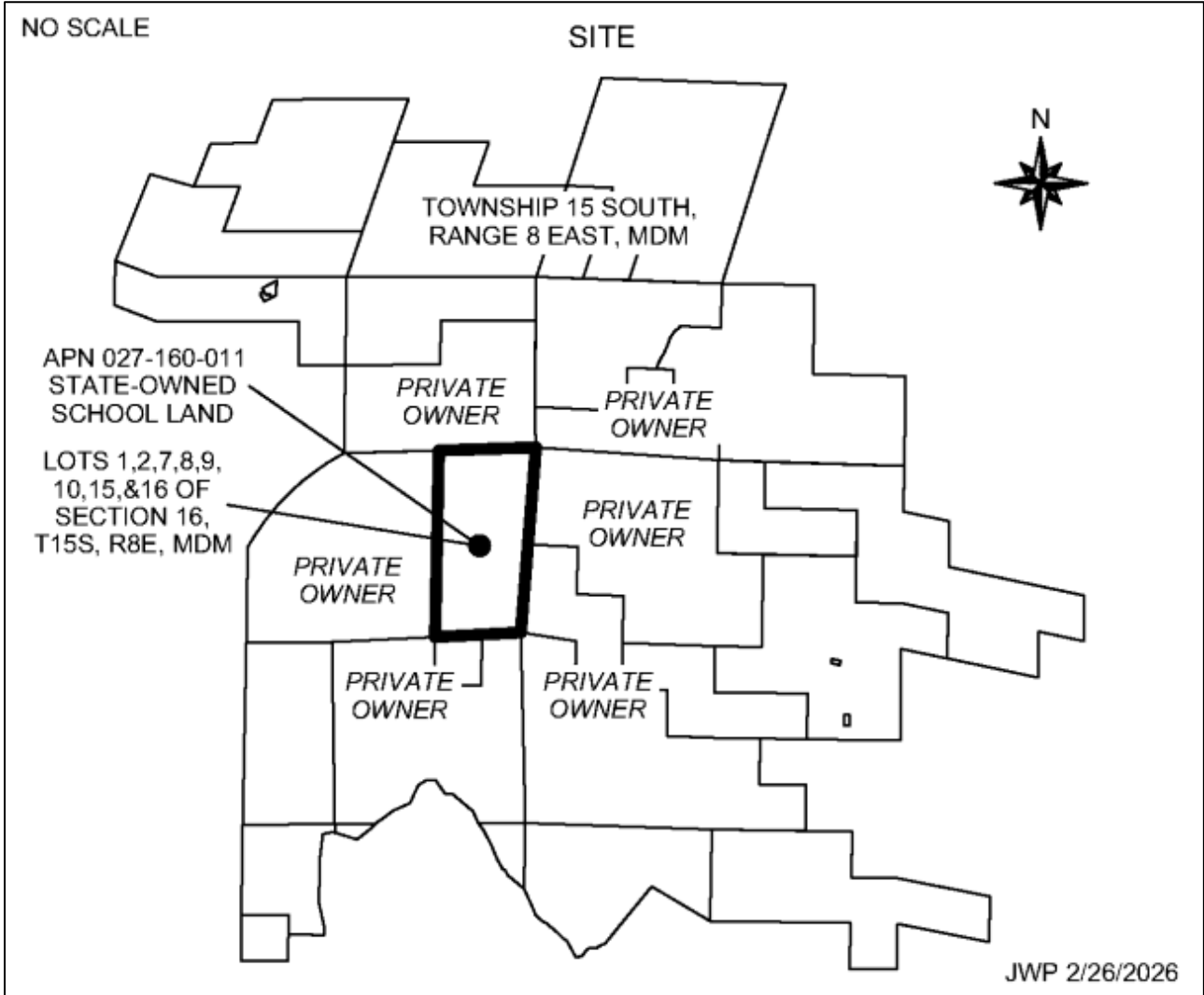
AREA, LAND TYPE, AND LOCATION:

326.2 acres of State-owned school land located in the foothills west of a small, unincorporated rural community called Llanada, Assessor's Parcel Number 027-160-011, located in Section 16, Township 15 South, Range 8 East, Mount Diablo Baseline & Meridian, San Benito County (as shown in Figures 1 and 2).

Figure 1. Location



Figure 2. Land-locked School Land Parcel



NOTE: This depiction of the premises is based on unverified information provided by the Applicant or other parties and is not a waiver or limitation of any State interest in the subject or any other property.

PURCHASE PRICE

\$1,000,000

BACKGROUND:

The Applicant, a private individual, is interested in acquiring a land-locked parcel of State-owned school land. The parcel is wholly within the boundaries of other land owned by the Applicant (see Figure 2). The parcel is not currently leased, and there have been no applications for use of the parcel.

School Lands were granted to the State of California on March 3, 1853, by an Act of Congress ([Ch. 145, 10 Stat. 244](#)) for the purpose of supporting public schools. These lands consist of the 16th and 36th sections of land in each township, save lands reserved for other public purposes, lands previously conveyed (e.g., rancho lands, sovereign lands, and swamp or overflowed lands), and lands known to be mineral in character. A supplementary act in 1927 expanded the grant to include minerals ([Ch. 57, 44 Stat. 1026](#)). No federal patents to the State were issued under the grant; title to the lands was vested in the State upon approval of U.S. Township Survey Plats.

STAFF ANALYSIS AND RECOMMENDATION:

AUTHORITY

Public Resources Code sections 6005, 6216, 6217.7, and 7301; California Code of Regulations, title 2, sections 2030 and 2032.

STATE'S BEST INTERESTS:

On April 7, 2026, the Commission determined that it was in the best interests of the State to consider the application and engage in negotiations ([Item 63](#)) for the conveyance of the 326.2-acre parcel of State-owned school land. The parcel is bordered on all sides by private land holdings, is landlocked, and has almost no potential to generate revenue for the California State Teachers' Retirement System. Additional parcels would need to be acquired to support development and access to the parcel to generate ongoing revenue if leased. The parcel's greatest value is to the surrounding landowner who is seeking to consolidate surface interests for cattle grazing and habitat conservation. The Applicant, also the surrounding property owner, has no interest in selling his holdings in and around the parcel. As such, there is no opportunity to negotiate acquisition of land in the vicinity of the parcel.

The Applicant has applied to purchase the 326.2-acre parcel of School lands for conservation and has submitted an Appraisal Report for this parcel prepared by Brigantino & Davis, dated February 11, 2025. The Commission's Property Appraiser has reviewed the Applicant's Appraisal Report and agrees that the purchase price of \$1,000,000 exceeds fair market value for the parcel.

The decision on the sale of school land occurs only at the discretion of the Commission and occurs during a public meeting. Staff recommends that the

Commission authorize the sale, reserving the mineral interests and the right to fish for the people of California, as required by law. For compliance with the noticing requirements of Public Resources Code section 6373, staff sent notification letters to the Chairs of the relevant policy committees of the Legislature and to the Senator and Assembly Member representing the district in which the proposed sale is located, and posted notice on the Commission's website.

Proceeds from the sale will be deposited into the State Treasury to the credit of the School Land Bank Fund pursuant to Public Resources Code section 6217.7. The funds deposited into the School Land Bank Fund will: 1) facilitate the management of school lands, 2) generate interest revenue, and 3) carry out the goals of the School Land Bank Act, which include acquisition of new properties that are more suitable to generate revenue for the California State Teachers' Retirement System. Staff recommend that the Commission approve the sale and issuance of the patent for the sale of the school lands parcel in San Benito County, Assessor Parcel Number 027-160-011.

CONCLUSION:

Find that the proposed land sale and issuance of a patent are in the best interests of the State.

OTHER PERTINENT INFORMATION:

1. Approval or denial of the sale is a discretionary action by the Commission. Each time the Commission takes an action on State-owned school land, it exercises legislatively delegated authority and responsibility as trustee of the State's school lands as authorized by law. If the Commission denies the sale, the Applicant will have no right to the property.
2. This action is consistent with addressing the challenges and opportunities described in the Commission's 2021-25 Strategic Plan to maintain fiscal integrity through transparency, accountability, and efficient and effective management of the revenue-generating portfolio.
3. **Land Sale for Conservation:** Staff recommends that the Commission find that this activity is exempt from the requirements of the California Environmental Quality Act (CEQA) as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; California Code of Regulations, title 14, section 15301.

Authority: Public Resources Code section 21084 and California Code of Regulations, title 14, section 15061 and California Code of Regulations, title 2, section 2905.

New Grazing Use: Staff recommends that the Commission find that this activity is exempt from the requirements of the California Environmental Quality Act (CEQA) as a categorically exempt project. The project is exempt under Class 4, Minor Alteration to Land; California Code of Regulations, title 2, section 2905, subdivision (d)(1).

Authority: Public Resources Code section 21084 and California Code of Regulations, title 14, section 15061 and California Code of Regulations, title 2, section 2905.

EXHIBIT:

A. Patent

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the activity is exempt from the requirements of CEQA pursuant to California Code of Regulations, title 14, section 15061 as a categorically exempt project through the combination of the following exemptions: Class 1, Existing Facilities; California Code of Regulations, title 14, section 15301 and Class 4, Minor Alteration to Land; California Code of Regulations, title 2, section 2905, subdivision (d)(1).

STATE'S BEST INTERESTS:

Find that the proposed sale and issuance of the patent are in the best interests of the State.

AUTHORIZATION:

1. Find that the Commission is acting as the School Land Bank Trustee.
2. Find that staff has notified, by letter, the Chair of relevant policy committees of the Legislature and each Member of the Legislature in whose district any part of

the state lands is located of the proposed conveyance and made information regarding the proposed conveyance publicly available on the Commission's website at least 10 days before this meeting.

3. Authorize, subject to applicable statutory and constitutional reservations, issuance of a patent to Paul L Wattis, Jr., for the land described in the Patent, Exhibit A, attached and by this reference made a part hereof.
4. Authorize the Executive Officer or his designee to execute the document entitled "Offer to Purchase Real Estate in the County of San Benito and Acceptance of Offer to Purchase" in substantially the form as is on file with the Commission at its Sacramento office, and any other documents necessary to complete this transaction.
5. Authorize the deposit of \$1,000,000 into the State Treasury to the credit of the School Land Bank Fund.

Exhibit A

RECORDED AT THE REQUEST OF:

AND WHEN RECORDED MAIL TO:

SPACE ABOVE THIS LINE FOR RECORDER'S USE

CSLC File No.: SA 5781

APN 027-160-011 County of San Benito

STATE OF CALIFORNIA

PATENT

WHEREAS, Under the provisions of an Act of the Congress of the United States, entitled "An Act to provide for the survey of the public lands in California, the granting of preemption rights therein, and for other purposes," approved March third, eighteen hundred and fifty-three, there was granted to the State of California, the sixteenth and thirty-sixth sections of each township in said State and lands selected in lieu thereof under the provisions of said Act and also under the provisions of subsequent acts of said Congress of the United States; and whereas, the Legislature of the State of California has provided for the sale, exchange and conveyance of said lands by statutes enacted from time to time; and whereas, it appears by the certificate of Matthew Dumlao, PhD, Executive Officer of the California State Lands Commission, Certificate No. 20824, issued in accordance with the provisions of law, bearing date, the _____ day of _____ 2026, that the parcel of land hereinafter described has been duly and properly located in accordance with the law; that the laws in relation thereto have been complied with; that consideration in full has been made, and that Paul L. Wattis, Jr. is entitled to receive a patent therefor;

NOW, THEREFORE, the State of California, acting by and through the State Lands Commission, as School Land Bank Trustee, and subject to the terms, conditions and reservations as hereinafter described, hereby quitclaims to **Paul L. Wattis, Jr.**, the said parcel of land located as aforesaid, and which is herein known and described in the attached Exhibit "A".

This conveyance is subject to the following terms, conditions, and reservations:

RESERVING to the Grantor, in all the land described herein, all minerals and mineral deposits, including, but not limited to, oil and gas, other gases, including, but not limited to nonhydrocarbon and geothermal gases, oil shale, coal,

phosphate, alumina, silica, fossils of all geological ages, sodium, gold, silver, metals and their compounds, alkali, alkali earth, sand, clay, gravel, salts and mineral waters, uranium, trona, and geothermal resources, together with the right of the State Lands Commission or persons authorized by the State Lands Commission to prospect for, drill for, extract, mine and remove such deposits or resources.

RESERVING to the Grantor, in all the land described herein, the absolute right of the people to fish thereupon, as provided by Section 25 of Article 1 of the Constitution of the State of California.

Subject to any valid rights existing in all the lands described herein.

IN TESTIMONY WHEREOF, I, GAVIN NEWSOM, Governor of the State of California, have caused these Letters to be made Patent, and the Seal of the State of California to be hereunto affixed. Given under my hand at the City of Sacramento, this, the _____ day of _____ in the year two thousand and twenty-six.

Governor of State

Attest

Secretary of State

Countersigned

Executive Officer

State Lands Commission

EXHIBIT A

SA 5781

LAND DESCRIPTION

A parcel of State School Land situate in San Benito County, State of California, more particularly described as follows:

Lots 1, 2, 7, 8, 9, 10, 15, and 16 of Section 16, Township 15 South, Range 8 East, Mount Diablo Meridian, as shown on the Official U.S. Government Township Plat dated August 4, 1880.

END OF DESCRIPTION

Prepared 04/22/2026 by the California State Lands Commission Boundary Unit.

