From: Jim Mosher
Sent: Friday, August 21, 2026 12:21:19 PM
To: CSLC CommissionMeetings
Subject: Item 43 (8/25/2006 agenda) - CITY OF NEWPORT BEACH (GRANTEE) - Public Comment re Fair Market Value
Sensitivity: Normal

Dear State Lands Commissioners,

Regarding Item 43 on the August 25, 2026, agenda, what appears to have been the identical staff report (with the exception of a "Figure 2 - Site Map" revised on August 20) appeared as Item 50 on the June 23 agenda.

That item was withdrawn. I find it a little disturbing that it now reappears without any acknowledgement of its previous posting, explanation of the reason for its withdrawal and reappearance or statement of whether any changes have been made to either the report or contract that the public was given to review in June.

Being left in the dark about all this, but believing both the report and the contract are the same, I am re-submitting, below, the comments I submitted then.

I continue to be concerned that the staff report says "*Staff believes that consideration for the proposed lease is reasonable*" in part because the contract "*ensures that Base Rent will be revised through an appraisal of fair market value*." However, the promise (in Section 5.5 of the lease) is that the appraisal and rent adjustment will come on "*the 19th anniversary of the Commencement Date*," yet, in what appears to have become a repeated pattern, these lease revisions always seem to come conveniently before the 19th anniversary and substitute a new Commencement Date that pushes the appraisal date ever farther into the future.

As a result, has the appraisal conducted in 1986 ever been updated? If not, how is the failure to re-appraise in keeping with the intent of the repeated assurances that an adjustment will be made in 19 years?

I don't know if a new appraisal would raise or lower tidelands rents, but if a promised action on which staff relies to make its recommendation has never happened (and likely never will?), shouldn't that be a concern?

Yours sincerely,

Jim Mosher
Newport Beach resident

On Friday, June 19, 2026 at 03:15:32 PM PDT, Jim Mosher wrote:

Dear State Lands Commissioners,

The public in Newport Beach is aware the State Lands Commission has expressed concerns about the City's management of the harbor area, particularly with respect to whether the grantee (the City) is collecting fair market rent for private use of the granted lands.

The public is also aware that since at least 1948 (see page 13 of contract C-519(B) in the City's archive) the City has been leasing public trust land to the "Balboa Bay Club" for the site that is the subject of the current agenda item, and currently improved with private residential apartments, a club/resort hotel and a marina facility.

Until seeing the present agenda item, the public, or at least I, was not aware yet another revision to the lease was being considered.

My concern is that moving dates within the many past and present lease amendments and extensions have caused promised re-evaluations of the fair market rent to deferred to where it is impossible to tell how the proposed rent compares to fair market rent.

As far as I am able to ascertain from the City records, the last lease agreement that contained recitals assuring it was based on recent fair market appraisal is the 25-year lease dated May 13, 1986 ("C-519(E)"). However, before it expired, it was replaced by a 50-year lease with an October 5, 2000, "commencement date" ("C-519(L)") in a form very similar to the presently proposed one. I am unable to locate the City Council meeting at which this was approved, or anything in the public record indicating how the rent was determined. Its Section 5.5 *does* promise that on the 26th anniversary, which would have been this year (2026), a "fair market adjustment" would be made to the base rent, based on an appraisal. However, before it expired, as Item 7 on the October 22, 2013, Council consent calendar, this was replaced with a new 50-year lease, "C-519(S)," pushing the commencement date to October 29, 2013, and with a revised Section 5.5 pushing the "fair market adjustment" date to the 19th anniversary from that new commencement date, meaning the appraisal promised for 2026, would not occur until 2032, 6 years later than originally expected. It may be noted the 2013 Item 7 staff report has attached to it, on pages 74 and 90 of the 96-page document, two economic "analyses," but these do not appear to be fair market appraisals. Instead, they are consultant's assessments of the value of the 13-year extension in the end date. They contain no assessment that I can see of the rents generated by generated Newport Beach harborfront properties.

The proposed new 50-year lease before the Commission for consideration as Item 50, which appears to rescind any promises made in the existing lease, will presumably move the "commencement date" to a new date in 2026, and since it appears to contain the same Section 5.5 promising an appraisal in 19 years, that appraisal will now be deferred until 2045.

In other words, I can find no suggestion in the public record that the fair market appraisal conducted 40 years ago, in 1986, has ever been updated. And despite that, the City is asking to push the re-appraisal of fair market value, once promised for 2026, to a new a date of 2045.

This pattern of repeated pattern of extensions to the lease every 10 or 15 years, each pushing the fair market adjustment date farther and farther into the future suggests the fair market appraisal and adjustment may never come.

In summary, I do not know why the present extension is being considered, and since no redline has been provided, I have not have time to determine what other changes the City may be seeking, but I would think the requested deferment of the previously promised re-evaluation of fair market rent should be a concern to the Commission.

Yours sincerely,

Jim Mosher
Newport Beach resident

From: Calm Waters
Sent: Monday, August 24, 2026 2:51:29 PM
To: CSLC CommissionMeetings
Subject: Public Comment Agenda item #43 on 8/24/26
Sensitivity: Normal

Re: Agenda Item 43 – City of Newport Beach Proposed Second Amended and Restated Ground Lease for Balboa Bay Club Property (Grant File No. 09-02)

Dear Chair and Commissioners:

We respectfully submit the following comments regarding Agenda Item 50, which requests approval of the form and consideration for the City of Newport Beach's proposed Second Amended and Restated Ground Lease with Balboa Bay Club Ventures, LLC.

Chapter 728, Statutes of 1994, requires that both the form of any lease involving Parcel D and the consideration to be received by the City are subject to approval by the State Lands Commission. Accordingly, the Commission has an independent responsibility to determine whether the proposed consideration is reasonable and consistent with the State's interests.

The staff report states that the proposed annual Base Rent of $3,921,732.76 is "based on an adjusted annual Base Rent from the previous lease" and that the Base Rent will be adjusted based on an appraisal of fair market value at the nineteenth anniversary of the lease.

However, the staff report does not indicate whether an independent fair market appraisal or other market analysis has been conducted to establish the initial Base Rent under the proposed lease. Nor does the report disclose the date of the most recent appraisal supporting the existing lease consideration.

This omission is significant because the proposed agreement terminates the existing 2013 lease and establishes a new lease with a new 2026 "Commencement Date." Based on the proposed lease language, the fair market value adjustment will occur on the nineteenth anniversary of the new Commencement Date, effectively moving the next appraisal date from approximately 2032 under the existing lease to approximately 2045 under the proposed lease.

The Commission's staff report does not acknowledge or analyze this consequence.

The question is not whether the current rent is too high or too low. Rather, the question is whether the Commission has an adequate record to determine that the proposed consideration is reasonable, particularly when:

1. The proposed Base Rent is derived from the prior lease rather than a disclosed current market valuation.

2. The proposed lease appears to defer the next fair market value adjustment by approximately thirteen years.
3. The public record does not explain the rationale for terminating and restating the existing lease instead of amending it while preserving the existing fair market adjustment schedule.

In addition to these concerns regarding consideration, I am concerned that the public record does not clearly demonstrate that this proposed lease has been subject to a transparent local public process.

The proposed lease recites that the City Council of the City of Newport Beach has determined that the lease is consistent with the City's Charter, General Plan, and applicable laws, and that entering into the lease is in the City's best interests. However, neither the State Lands Commission staff report nor the materials provided for Agenda Item 50 identify the date of any City Council action authorizing the proposed lease, the agenda item number, the corresponding staff report, or any findings made by the City Council regarding fair market value consideration.

Moreover, the Commission's staff report does not identify whether any independent appraisal, market rent analysis, fiscal impact analysis, or redline comparison between the 2013 lease and the proposed 2026 lease was publicly disclosed or considered during any local proceeding.

This lack of transparency is particularly concerning because the proposed lease would terminate the existing 2013 agreement and establish a new 50-year term beginning in 2026, which appears to reset the schedule for future fair market value adjustments. The public record currently available to the Commission does not explain why a complete restatement of the lease is necessary rather than an amendment preserving the existing fair market adjustment schedule.

Given the substantial public interest associated with the use of legislatively granted public trust lands, the Commission should ensure that the City has conducted a meaningful and transparent public process before approving the proposed lease.

Accordingly, I respectfully request that the Commission either:

1. Continue Agenda Item 50 to allow for additional public review and disclosure.
2. Condition approval on the preparation and public release of an independent fair market appraisal or market rent analysis supporting the proposed Base Rent and addressing the effect of resetting the lease commencement date.
3. Require that any approved lease preserve the existing schedule for fair market value adjustments rather than restarting the adjustment period.

At a minimum, the Commission should request answers to the following questions before taking action:

- When was the most recent fair market appraisal for Parcel D completed?
- Was an updated appraisal or market rent analysis prepared in connection with the proposed lease?
- What was the fair market adjustment schedule under the 2013 lease?

- What is the estimated fiscal impact of resetting the commencement date and delaying the next fair market value adjustment?
- Why is a complete restatement of the lease necessary instead of a targeted amendment to the existing agreement?
- On what date did the Newport Beach City Council authorize the proposed lease, and under what agenda item number?
- What City Council resolution, ordinance, or other authorizing action approved the proposed lease?
- Were any appraisals, market analyses, fiscal studies, or redline comparisons made available to the public during the local review process?

Thank you for your consideration of these comments and for your continued stewardship of California's public trust lands.

Respectfully,

Calm Waters