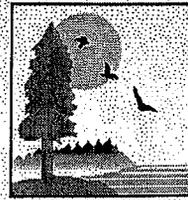


CALIFORNIA STATE LANDS COMMISSION

100 Howe Avenue, Suite 100-South
Sacramento, CA 95825-8202



Established in 1938

OCT 31 2014

JENNIFER LUCCHESI, Executive Officer
(916) 574-1800 Fax (916) 574-1810
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from Voice Phone 1-800-735-2922

Contact Phone: (916) 574-1900
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File Ref: PRC 391.1

VIA EMAIL & U.S. CERTIFIED MAIL

Steven F. Dahlberg
The Kissel Company, Inc.
dba Paradise Cove Land Company
28128 Pacific Coast Highway
Malibu, CA 90265
steve@paradisecovemalibu.com

SUBJECT: Compliance with Lease Terms for PRC 391.1, General Lease –
Commercial Use, Paradise Cove Pier, Malibu, Los Angeles County

Dear Mr. Dahlberg:

Staff of the California State Lands Commission (Commission) recently received information that Paradise Cove Land Company (Paradise Cove) has been charging members of the public a fee to access the pier and ocean via the adjacent Paradise Cove upland property. Aerial photography as recent as September 29, 2013, also shows a fence/gate at the entrance of the pier.

This practice is in conflict with the terms of your lease and would put you in breach if not cured within thirty (30) days of the date of this letter. Pursuant to Section 2, Paragraph 7 of Lease No. PRC 391.1, "Access shall be provided to and through the leased area for the general public, including **non-paying visitors**. [Emphasis added.] This access shall be across the Lessee's upland. The purpose of this requirement is to assure public access from the first public road to the pier and from the pier to the first public road. The Lessee shall take no action to discourage reasonable use by the general public of this access..." (Also see Section 4, Paragraph 5(a)(3)). A copy of the lease is enclosed for your reference.

Information on Paradise Cove's website indicates that a "walk-in" fee of \$20 is assessed to cross Paradise Cove property to access the Paradise Cove Pier or the ocean. This fee conflicts with the express terms of the lease as described above. Paradise Cove management shall immediately cease the practice of charging a "walk-

in" fee of any kind to members of the public who cross the Paradise Cove property to access the pier or ocean.

Additionally, if Paradise Cove is profiting by charging a fee to access the pier and ocean, these charges are subject to a rental payment of ten percent (10%) of the gross income received to date for failure to first obtain the Commission's prior written consent as required under the Lease (see Section 2, Paragraph A (3)). The failure to make any payment of rent or other consideration as required under the Lease constitutes an immediate default and could result in Commission staff recommending termination of your Lease (see Section 4, Paragraph 11(a)(1)). Within ten (10) business days of the date of this letter, please provide Commission staff a copy of comprehensive financial records showing all income produced from public access fees, including but not limited to, the \$20 "walk-in" fee, since the issuance of the Lease on February 25, 2009 to present.

If you have any questions, please contact Drew Simpkin, Public Land Management Specialist, as soon as possible to discuss this matter at (916) 574-2275 or by email at drew.simpkin@slc.ca.gov.

Sincerely,



Brian Bugsch, Chief
Land Management Division

Enclosure

cc: Kristen Hislop,
Enforcement, California Coastal Commission
(sent via electronic mail)

Linda Locklin,
Coastal Access Program Manager, California Coastal Commission
(sent via electronic mail)

Shelli Haaf
Legal Division
CSLC

Drew Simpkin
CSLC