MEETING
BEFORE THE
STATE LANDS COMMISSION
STATE OF CALIFORNIA

OFFICE OF THE LIEUTENANT GOVERNOR
STATE CAPITOL
ROOM 1114
SACRAMENTO, CALIFORNIA

TUESDAY, SEPTEMBER 22, 1998
10:30 A.M.

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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345
APPEARANCES

MEMBERS PRESENT

Michael Flores for Lieutenant Governor Gray Davis, Office of the Lieutenant Governor

Julie Bornstein via teleconference for Controller Kathleen Connell, Office of the Controller

Craig L. Brown via teleconference, Director of Finance

STAFF PRESENT

Robert C. Hight
Executive Officer

Paul Thayer
Assistant Executive Officer

Jack Rump
Chief Counsel

Blake D. Stevenson
Senior Counsel

Mark A. Meier
Senior Counsel

Dave Plummer
Public Land Manager,
San Francisco Bay and Central Coast Region

ALSO PRESENT

Richard M. Frank
Sr. Assistant Attorney General,
Land Law Section

Dave Koncelik, C&H Sugar Company,
President and Chief Executive Officer
APPEARANCES CONTINUED

ALSO PRESENT

Daniel E. Hall, Wickland Corporation,
Senior Vice President, Government and Legal Affairs

Michael J. Burgett, Wickland Corporation,
Vice President, Operations

H. Vincent McLaughlin, Wickland Corporation,
General Counsel

Dawn West, Shore Terminals,
Chief Financial Officer
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PROCEEDINGS

ACTING CHAIRPERSON BORNSTEIN: Mr. Hight, would you please call the roll of the Commission Members present.

EXECUTIVE OFFICER HIGHT: Yes. Chief Deputy, State Controller, Julie Bornstein?

ACTING CHAIRPERSON BORNSTEIN: Present.

EXECUTIVE OFFICER HIGHT: Director of Finance, Craig Brown?

COMMISSIONER BROWN: Present.

EXECUTIVE OFFICER HIGHT: And Michael Flores, Chief of Staff to the Lieutenant Governor?

ACTING COMMISSIONER FLORES: Present.

EXECUTIVE OFFICER HIGHT: For the record, pursuant to Government Code Section 7.9, when the two constitutional officers are not present, only one of the delegates can vote, so Michael will be sitting in a non-voting capacity today.

ACTING CHAIRPERSON BORNSTEIN: Well, thank you for the courtesy, Mr. Flores. That's very nice of you to do that.

ACTING COMMISSIONER FLORES: You're welcome.

ACTING CHAIRPERSON BORNSTEIN: We don't have to draw straws.

(Laughter.)

ACTING CHAIRPERSON BORNSTEIN: There are no members of the public here with me in Culver City. Are there any
members of the public in either of our other locations?

COMMISSIONER BROWN: None here.

EXECUTIVE OFFICER HIGHT: Yes. We have five members of the public. All affiliated with the two applications. And I will introduce them as we proceed through the agenda.

ACTING CHAIRPERSON BORNSTEIN: Thank you very much, Mr. Hight. Then unless there are some other items that we need to take care of, I would move to the first item of business, which is the adoption of the minutes from our last meeting, which I believe have been distributed to all the Members of the Commission and are for the meeting of June 19th, 1998.

Is there a motion to approve the minutes?

COMMISSIONER BROWN: I'll move to approve the minutes.

ACTING CHAIRPERSON BORNSTEIN: I will second them. It has been moved and seconded. I assume that there are no corrections or additions to the minutes.

COMMISSIONER BROWN: None that I'm aware.

ACTING CHAIRPERSON BORNSTEIN: And may we record the vote as a unanimous two to zero then to approve the minutes?

COMMISSIONER BROWN: Yes, ma'am.

ACTING CHAIRPERSON BORNSTEIN: All right. Thank you. That takes us to the regular calendar. We have two items today. Item one is a request for approval of an
assignment of leases and encumbrances for the C&H facilities at Crockett.

Mr. Hight?

EXECUTIVE OFFICER HIGHT: Yes, thank you, Madam Chair. This is the assignment from, for want of a better term, the old C&H Company, which was a Hawaiian based corporation to the new C&H Company, which is a Delaware Corporation. This assignment is being requested because of corporate restructuring by C&H. They desire to sell about $100 million worth of stock and bonds to become --

MR. KONCELIK: Recapitalized.

EXECUTIVE OFFICER HIGHT: -- recapitalized. That was Dave Koncelik, who is President and Chief Executive Officer of C&H Sugar. Staff has analyzed this transaction and find that staff recommends the approval of this assignment. The existing terms of the lease provide that C&H has a two million dollar performance bond, which staff believes is more than adequate to meet any obligations that the new company might have under the terms of the lease.

ACTING CHAIRPERSON BORNSTEIN: Okay. Is there anyone from the audience who wishes to speak on this item?

All right. Mr. Brown, do you have any questions?

COMMISSIONER BROWN: Mr. Hight, are we -- in the staff's view, are we in basically the same position we were in before this action would be approved?
EXECUTIVE OFFICER HIGHT: Yes.

COMMISSIONER BROWN: I will move approval of this item.

ACTING CHAIRPERSON BORNSTEIN: All right. Thank you. I will second it.

Mr. Flores, did you have any questions or comments before we move to a vote?

ACTING COMMISSIONER FLORES: No, Madam Chair.

ACTING CHAIRPERSON BORNSTEIN: And just to clarify the record. Mr. Brown, the motion that you're making, is it the recommended action on the Calendar Item number 1, which I think requires us to make actually -- do we have to, Mr. Hight, make a separate CEQA finding or can we do this all in one motion?

EXECUTIVE OFFICER HIGHT: Do it all in one motion. Just recommend staff's approval of the item as presented.

ACTING CHAIRPERSON BORNSTEIN: Mr. Brown, is that -- COMMISSIONER BROWN: That was the motion I was trying to make.

ACTING CHAIRPERSON BORNSTEIN: Great and I will second that motion. And so may the vote then be recorded as a unanimous two to zero to adopt the recommended actions by the staff?

COMMISSIONER BROWN: That's fine with me, Madam Chair.
ACTING CHAIRPERSON BORNSTEIN: Okay. Thank you.

That takes us to Agenda Item Number 2. This is a request for approval of assignment of leases and encumbrances by the Wickland Oil Company.

Mr. Hight, would you like to make the presentation.

EXECUTIVE OFFICER HIGHT: Yes. We have four representatives from Wickland here with us. We have Dan Hall, Senior Vice President, Michael Burgett, Vice President of Operations, Dawn West, Chief Financial Officer and Vince McLaughlin, General Counsel.

This is an assignment from Wickland to Shore Terminals, LLC. It is for two marine terminals. Strangely enough one of them is located physically about a mile from the C&H facility. This assignment is necessitated by the desire from Wickland to sell two shore terminals. They will need loans in order to do that. And the bank is requiring an encumbrancing of the lease and approval of the Commission.

In this transaction Wickland will remain liable for anything that should occur on the leasehold as well as shore terminals. Staff has analyzed this transaction and believes that it meets all the requirements that the Commission has. In addition, the new company, Shore Terminals, is made up predominantly of former employees of Wickland. And staff has a very good working relationship with those people and staff recommends approval of this transaction.
ACTING CHAIRPERSON BORNSTEIN: All right. Is there any member of the audience who wishes to speak on this item?

Actually, I have a couple of questions, if you don't mind. Mr. Hight, you said that one of the terminals was about a mile from C&H. Where's the other one located?

EXECUTIVE OFFICER HIGHT: The other one is located also in the Carquinez Straits, at Selby, but physically it's about -- Dan?

MR. HALL: Actually, the facility that's closest to C&H is our Selby facility. The other facility is a little further upstream within the city limits of Martinez.

ACTING CHAIRPERSON BORNSTEIN: Okay. They are generally in the same area?

MR. HALL: Correct.

ACTING CHAIRPERSON BORNSTEIN: And the other question I had was the comment that Wickland, under the terms of the assignment, is Wickland going to remain essentially a guarantor of all the obligations that are assigned?

EXECUTIVE OFFICER HIGHT: Correct.

ACTING CHAIRPERSON BORNSTEIN: Will Wickland have sufficient capital at that point, so that if they should be called upon to actually carry out those obligations, they'll be able to do so?

EXECUTIVE OFFICER HIGHT: Staff believes that they do. They will remain in business and so we believe they have
sufficient capital.

ACTING CHAIRPERSON BORNSTEIN: Okay. Thank you. I have no other questions. Mr. Brown, do you have any questions?

COMMISSIONER BROWN: I think not. I think you covered my issues.

ACTING CHAIRPERSON BORNSTEIN: Mr. Flores, do you have any questions?

ACTING COMMISSIONER FLORES: Same here.

ACTING CHAIRPERSON BORNSTEIN: Is there a motion?

COMMISSIONER BROWN: I'll move approval of the staff recommendation.

ACTING CHAIRPERSON BORNSTEIN: I will second it.

Then may we record the vote as a unanimous two to zero to adopt the recommended action by the staff on Agenda Item 2?

COMMISSIONER BROWN: Yes, ma'am.

ACTING CHAIRPERSON BORNSTEIN: Is there any other business to come before the Commission?

EXECUTIVE OFFICER HIGHT: No other business.

ACTING CHAIRPERSON BORNSTEIN: All right. Then the Chair will entertain a motion to adjourn.

COMMISSIONER BROWN: I move we adjourn the meeting.

ACTING CHAIRPERSON BORNSTEIN: All right. Then thank you all for your cooperation. This meeting is adjourned.
(Thereupon the State Lands Commission meeting was adjourned at 10:40 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 State Lands Commission meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of California, and thereafter transcribed into typewriting.

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 28th day of September, 1998.

JAMES F. PETERS, CSR, RPR
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