

MEETING
BEFORE THE
STATE LANDS COMMISSION
STATE OF CALIFORNIA

COPY

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

TUESDAY, SEPTEMBER 22, 1998

10:30 A.M.

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

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

INDEX

	<u>Page</u>
Opening remarks by Acting Chairperson Bornstein	1
Confirmation of Minutes for the meeting of June 19, 1998.	2
Regular Calendar 01	2
Regular Calendar 02	5
Adjournment	7
Reporter's Certificate	9

PROCEEDINGS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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

1 members of the public in either of our other locations?

2 COMMISSIONER BROWN: None here.

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

6 ACTING CHAIRPERSON BORNSTEIN: Thank you very much,
7 Mr. Hight. Then unless there are some other items that we
8 need to take care of, I would move to the first item of
9 business, which is the adoption of the minutes from our last
10 meeting, which I believe have been distributed to all the
11 Members of the Commission and are for the meeting of June
12 19th, 1998.

13 Is there a motion to approve the minutes?

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

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

19 COMMISSIONER BROWN: None that I'm aware.

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

22 COMMISSIONER BROWN: Yes, ma'am.

23 ACTING CHAIRPERSON BORNSTEIN: All right. Thank
24 you. That takes us to the regular calendar. We have two
25 items today. Item one is a request for approval of an

1 assignment of leases and encumbrances for the C&H facilities
2 at Crockett.

3 Mr. Hight?

4 EXECUTIVE OFFICER HIGHT: Yes, thank you, Madam
5 Chair. This is the assignment from, for want of a better
6 term, the old C&H Company, which was a Hawaiian based
7 corporation to the new C&H Company, which is a Delaware
8 Corporation. This assignment is being requested because of
9 corporate restructuring by C&H. They desire to sell about
10 \$100 million worth of stock and bonds to become --

11 MR. KONCELIK: Recapitalized.

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

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

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

23 COMMISSIONER BROWN: Mr. Hight, are we -- in the
24 staff's view, are we in basically the same position we were
25 in before this action would be approved?

1 EXECUTIVE OFFICER HIGHT: Yes.

2 COMMISSIONER BROWN: I will move approval of this
3 item.

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

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

8 ACTING COMMISSIONER FLORES: No, Madam Chair.

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

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

17 ACTING CHAIRPERSON BORNSTEIN: Mr. Brown, is that --

18 COMMISSIONER BROWN: That was the motion I was
19 trying to make.

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

24 COMMISSIONER BROWN: That's fine with me, Madam
25 Chair.

1 ACTING CHAIRPERSON BORNSTEIN: Okay. Thank you.
2 That takes us to Agenda Item Number 2. This is a request for
3 approval of assignment of leases and encumbrances by the
4 Wickland Oil Company.

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

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

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

18 In this transaction Wickland will remain liable for
19 anything that should occur on the leasehold as well as shore
20 terminals. Staff has analyzed this transaction and believes
21 that it meets all the requirements that the Commission has.
22 In addition, the new company, Shore Terminals, is made up
23 predominantly of former employees of Wickland. And staff has
24 a very good working relationship with those people and staff
25 recommends approval of this transaction.

1 ACTING CHAIRPERSON BORNSTEIN: All right. Is there
2 any member of the audience who wishes to speak on this item?

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

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

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

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

14 MR. HALL: Correct.

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

19 EXECUTIVE OFFICER HIGHT: Correct.

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

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

1 sufficient capital.

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

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

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

9 ACTING COMMISSIONER FLORES: Same here.

10 ACTING CHAIRPERSON BORNSTEIN: Is there a motion?

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

13 ACTING CHAIRPERSON BORNSTEIN: I will second it.
14 Then may we record the vote as a unanimous two to zero to
15 adopt the recommended action by the staff on Agenda Item 2?

16 COMMISSIONER BROWN: Yes, ma'am.

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

19 EXECUTIVE OFFICER HIGHT: No other business.

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

22 COMMISSIONER BROWN: I move we adjourn the meeting.

23 ACTING CHAIRPERSON BORNSTEIN: All right. Then
24 thank you all for your cooperation. This meeting is
25 adjourned.

(Thereupon the State Lands Commission meeting
was adjourned at 10:40 a.m.)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

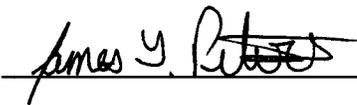
CERTIFICATE OF REPORTER

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
Certified Shorthand Reporter
License No. 10063