

**CALENDAR ITEM
C48**

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08/08/05
PRC 5026.1
PRC 7659.1
N. Smith

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REQUEST FOR APPROVAL AND TRANSFER OF CONTROLLING INTEREST

LESSEE/ASSIGNOR:

C&H Sugar Company, Inc.
830 Loring Avenue
Crockett, California 94525-1199

ASSIGNEE:

American Sugar Refining, Inc.
1 North Clematis Street, Suite 200
West Palm Beach, Florida 33401

BACKGROUND:

At its meetings of July 24, 1975 and September 23, 1992, the California State Lands Commission authorized the issuance of State Leases PRC 5026.1 and 7659.1 (the "Leases") to California and Hawaiian Sugar Company, Inc., a Delaware corporation. The Leases cover approximately 33 acres of filled sovereign lands adjacent to the Carquinez Straits in the town of Crockett, Contra Costa County. The permitted uses of the property are for a sugar refinery and its appurtenant facilities. Lease PRC 5026.1 will terminate in 2024; Lease PRC 7659.1 will terminate in 2022. The rent between the two Leases is now set at approximately \$534,000 per year, with the State retaining the right to periodically fix a higher rent during the lease term.

Three subsequent Commission actions concerning the Leases have followed the 1975, 1992 and 1998 authorizations. First, at its April 4, 1993 meeting, the Commission approved the transfer of controlling interest in the leases to A&B Hawaii, Inc. ("ABHI") and to its wholly-owned subsidiary, McBride Sugar Company, Limited ("McBride"). Second, at its meeting of July 29, 1993, the Commission approved the lease of approximately 2 acres of the plant site for a cogeneration facility, with concurrence of the lessee. Third, at its meeting of September 22, 1998, the Commission approved the assignment to C&H Sugar Company, Inc., a Delaware corporation as a part of a corporate reorganization

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and recapitalization whereby ABHI and McBride Sugar transferred controlling interest to Citicorp Venture Capital.

OTHER PERTINENT INFORMATION:

1. American Sugar Refining, Inc. has provided a Guaranty for the performance of the lease obligations of its subsidiary, C&H Sugar Company, Inc.
2. Staff of the Commission has reviewed financial statements and the terms of the business transaction and determined that American Sugar Refining, Inc. has the means to provide the finances necessary for performance under leases.
3. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], the staff has determined that this activity is not subject to the provisions of the CEQA because it is not a "project" as defined by the CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, sections 15060 (c)(3) and 15378.

EXHIBIT:

- A. Location Map

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT THE ACTIVITY IS NOT SUBJECT TO THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15060(c)(3) BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

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AUTHORIZATION:

APPROVE THE ASSIGNMENT OF CONTROLLING INTEREST OF
GENERAL LEASES – INDUSTRIAL USE PRC 5026.1 AND PRC 7659.1
FROM C&H SUGAR COMPANY, INC., A DELAWARE CORPORATION
TO AMERICAN SUGAR REFINING, INC., A DELAWARE
CORPORATION EFFECTIVE UPON COMPLETION OF CORPORATE
REORGANIZATION.

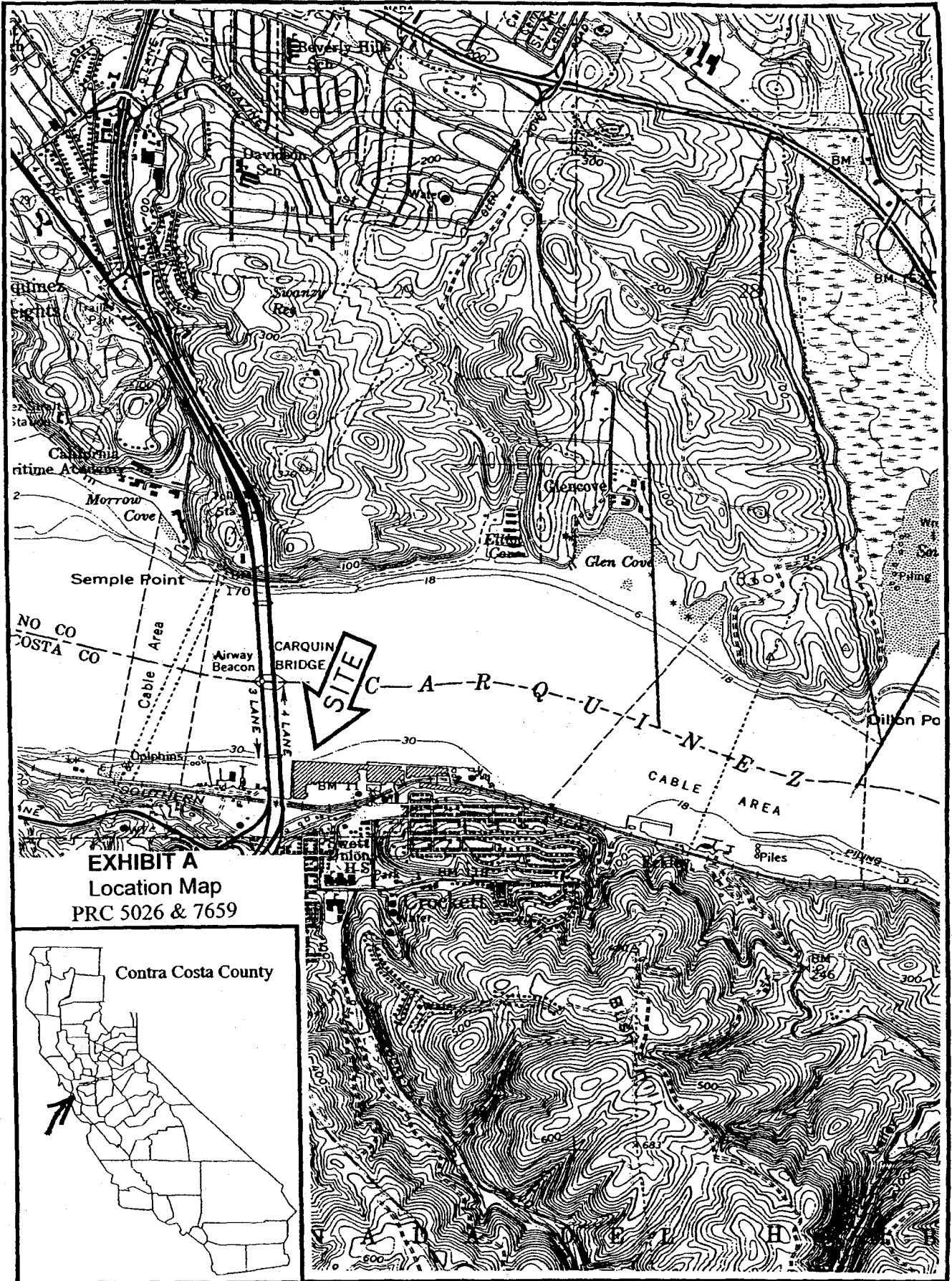
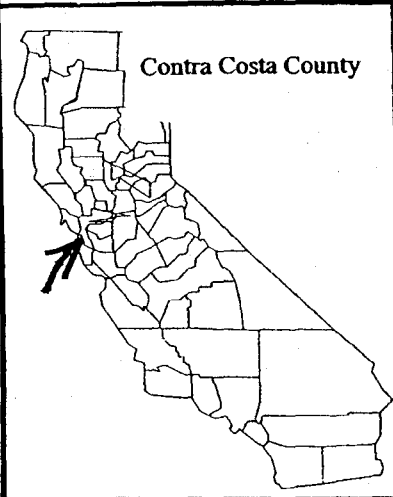


EXHIBIT A
 Location Map
 PRC 5026 & 7659



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