

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

September 28, 2012

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

Hawai'i

Consent to Assign General Lease No. S-5811, Jackson Thong and Mandy Thong, Assignor, to Douglas K. Awai, Jr., Assignee, Kamaee-Wailua, North Hilo, Hawaii, Tax Map Key: 3rd/3-1-04:02.

APPLICANT:

Jackson Thong and Mandy Thong, as Assignor, to Douglas K. Awai, Jr., married, Tenant in Severalty, as Assignee.

LEGAL REFERENCE:

Section 171-36(a)(5), Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands situated at Kamaee-Wailua, North Hilo, Hawaii, identified by Tax Map Key: 3rd/3-1-04:02, as shown on the attached map labeled Exhibit A.

AREA:

56.460 acres, more or less.

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES

CHARACTER OF USE:

Intensive agriculture purposes.

TERM OF LEASE:

30 years, commencing on 10/01/2005 and expiring on 9/30/2035. Next rental reopening is scheduled for 10/01/2015.

ANNUAL RENTAL:

\$5,500.00.

CONSIDERATION:

\$ 18,000.00.

RECOMMENDED PREMIUM:

0 (Refer to Exhibit B attached.)

DCCA VERIFICATION:

Both the Assignor and Assignee are individuals and, as such, are not required to register with the DCCA.

REMARKS:

General Lease No. S-5811 was sold at public auction on July 14, 2005 for intensive agricultural purposes to Jackson Thong and Mandy Thong. Together, they have developed a productive farming operation by producing a diversified range of produce including ginger, sweet potato, taro and other tuberous crops. Building plans for a ginger processing facility were submitted for approval and signed by the Chairperson on 6/07/2006. Lessee Jackson Thong is in poor health and is not able to continue to effectively work the lease land.

The Assignee has broad experience in farming having been raised on farmland in the Department of Hawaiian Homes Lands Panaewa Agricultural Farm Lots in the Hilo area. Having learned to cultivate crops on marginally productive lands, the Assignee anticipates greater production from crops he is used to growing as a result of the deep soil conditions found on the lease land.

The Lessee is compliant with all lease terms and conditions including rent, insurance, performance bond, and conservation plan.

The Assignee has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

As the lease only began in October 2005, there have been no rental reopenings. The first rental reopening will take place on 10/01/2015.

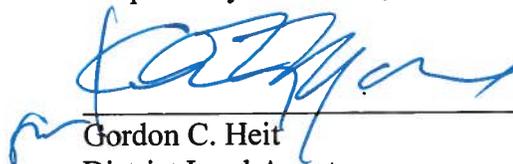
At its meeting of July 22, 2011 under agenda item D-1, the Board of Land and Natural Resources consented to set aside this lease to the Department of Agriculture (DOA) pursuant to Section 171-11 Hawaii Revised Statutes and Act 90, Session Laws of Hawaii, 2003. The transfer of this lease is currently being processed. The DOA has been notified of this assignment and has no objection.

RECOMMENDATION:

That the Board consent to the assignment of General Lease No. S-5811 from Jackson Thong and Mandy Thong, as Assignor, to Douglas K. Awai, Jr., as Assignee, subject to the following:

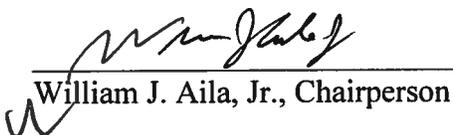
1. The standard terms and conditions of the most current consent to assignment form, as may be amended from time to time;
2. Review and approval by the Department of the Attorney General; and
3. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

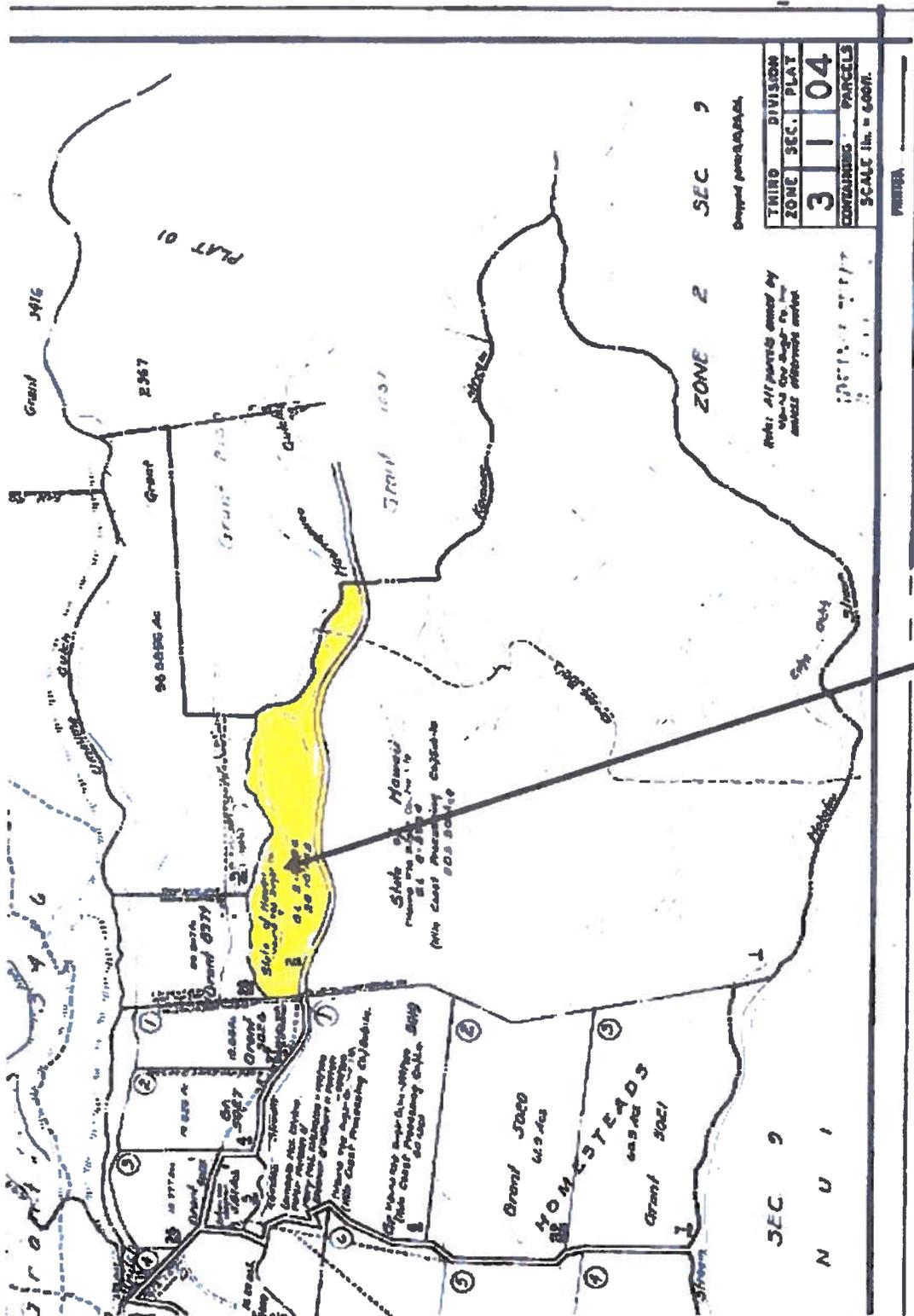


Gordon C. Heit
District Land Agent

APPROVED FOR SUBMITTAL:



William J. Aila, Jr., Chairperson



THIRD DIVISION	ZONE SEC. PLAT
3 1 04	3 1 04
CONTAINING PARCELS	
3104	
SCALE 1 in. = 600 ft.	

SUBJECT PROPERTY

EXHIBIT A



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
LAND DIVISION

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

September 13, 2012

MEMORANDUM

TO: William J. Aila, Jr., Chairperson
THROUGH: Russell Y. Tsuji, Division Administrator
FROM:  Gordon C. Heit, District Land Agent
SUBJECT: In-House Recommendation – Assignment of Lease Calculation

GL No.: S-5811
Lessee/Assignor: Jackson Thong and Mandy Thong
Assignee: Douglas K. Awai, Jr.
Location: Kamaee-Wailua, North Hilo, Hawaii
Land Area: 56.460 acres more or less
Tax Map Key: 3rd/3-1-04:02
Char. of Use: Intensive agriculture purposes

We have been requested to provide an in-house evaluation of the assignment premium due to the State for an assignment of GL S-5811 resulting from the acquisition of the assets of Jackson Thong and Mandy Thong by Douglas K. Awai, Jr.. The lease documents and information provided by lessee were analyzed and staff applied the formula approved by the Land Board on December 15, 1989, agenda item F-10, comprising of the Assignment of Lease Evaluation Policy.

Net consideration		\$18,000
Actual improvement cost + Trade Fixtures	\$36,000	
Adjusted improvement cost	\$52,653	
Less depreciation (10 yr. lifespan)	<u>(\$11,701)</u>	
Depreciated value of improvements & fixtures	\$40,952	
Less adjusted improvement cost (inc. trade fixtures)		<u>(\$40,952)</u>
Excess		<u>(\$22,952)</u>
Premium % (5-10 years elapsed)		<u>45%</u>
Premium		<u>(\$10,328)</u>

Based on these calculations, there is no assignment of lease premium due the State for General Lease No. S-5811.

Approved/Disapproved:



William J. Afla, Jr., Chairperson



Date

cc: District Branch Files
Central Files