

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

November 30, 2012

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

GL-5488

Oahu

Request for Deferred Payment of Rent under General Lease No. S-5488; New Town and Country Stables, Inc., Lessee; Waimanalo, Koolaupoko, Oahu, Tax Map Key: (1) 4-1-008:059.

LESSEE:

New Town and Country Stables, Inc.

LEGAL REFERENCE:

Sections 171-6, Hawaii Revised Statutes, as amended.

LOCATION AND AREA:

Portion of Government lands of Waimanalo, Koolaupoko, Oahu, identified by Tax Map Key: (1) 4-1-008:059, consisting of approximately 21.628 acres, as shown on the map attached as Exhibit A.

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: No

LEASE CHARACTER OF USE:

For special equestrian (breeding and training of equine animals) pasture, and employee residence purposes.

TERM OF LEASE:

35 years, commencing on May 1, 1996 and expiring on April 30, 2031. Last rental reopening occurred on May 1, 2006; next rental reopening is scheduled for May 1, 2016.

ANNUAL RENTAL:

\$12,600 per annum, due semi-annually.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO <u>__</u>
Registered business name confirmed:	YES <u>X</u>	NO <u>__</u>
Good standing confirmed:	YES <u>X</u>	NO <u>__</u>

REMARKS:

By letters dated September 13 and October 6, 2012 (Exhibits B1 and B2), the Lessee requests the Board allow the next rental payment be paid in multiple payments. Lessee explains the reasons are due to unexpected medical expenses, the drought of the past years resulting in the loss of beef cattle income, and an increase in feed expenses for their existing livestock.

The next semi-annual rental payment for the lease is due on November 1, 2012 for \$6,300. The Lessee is requesting the rent to be paid at a minimum of \$1,000 per month until it is paid in full over a 6-month period. Further, Lessee will resume making semi-annual payments when the next rental payment is due on May 1, 2013.

Normally, a notice of default would be issued around thirty days after the due date. By the same token, a notice of default would be issued around December 1, 2012 demanding a payment of \$6,300. Prior to the issuance of any notice of default for rent, the Lessee has voluntarily requested a deferred payment for the rent due on November 1, 2012.

Pursuant to the lease conditions, a monthly interest of 1% and a late fee for \$50 per month will be added to any outstanding amount. After consulted with the Fiscal Office, staff notes that the monthly deferred payment for the rent and interest portion is \$1,087.05. In addition to the \$50 late fee each month, the Lessee is required to pay \$1,137.05 every month starting from December 1, 2012. The total rental amount (\$6,300) will be paid off in May 2013.

With the exception of rent, the Lessee is compliant with all lease terms and conditions including insurance and performance bond.

Staff has no objection to the request.

RECOMMENDATION:

That the Board approve Lessee's request for deferred payment based on the conditions cited above which are by this reference incorporated herein, and further subject to the following terms and conditions:

1. Lessee shall pay \$1,137.05 per month consecutively for six months, starting from December 1, 2012;
2. Any delinquent payment in Recommendation 1 shall constitute a default under General Lease No. S-5488; and
3. Other terms and conditions as prescribed by the Chairperson to serve best interest of the State.

Respectfully Submitted,



Steve Lau  
Land Agent

APPROVED FOR SUBMITTAL:



William J. Aila, Jr., Chairperson





NEW TOWN & COUNTRY STABLES, INC.  
HOME OF "BUD'S SADDLERY" AND  
ROCKER G LIVESTOCK

41-1800 KALANIANA'OLE HIGHWAY  
Waimanalo, HI 96795  
Phone 808-259-9941  
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[tandcstables@hotmail.com](mailto:tandcstables@hotmail.com)  
[RockerG@hawaii.rr.com](mailto:RockerG@hawaii.rr.com)

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DEPT. OF LAND  
& NATURAL RESOURCES  
STATE OF HAWAII

September 13, 2012

Mr. William J. Aila Jr.  
Department of Land and Natural Resources  
1151 Punchbowl Street  
Honolulu, HI 96813

RECEIVED  
LAND DIVISION  
2012 SEP 19 P 3:02  
DEPT. OF LAND &  
NATURAL RESOURCES  
STATE OF HAWAII

Dear Mr. Aila,

My husband, Bud Gibson and I have been at New Town & Country Stables for 48 years this past February. We are excited to make it to our 50<sup>th</sup> year in February of 2014. This next year we are also planning to tear down the employee house that is on the property and rebuild a new one as the old one is over 70 years old and needing major repairs and we also need to replace the trusses in the main barn roof. This will require a large financial investment on our part on a property that we have already invested all of our adult lives.

Town & Country has been a major influence and destination in the cattle and horse industry throughout all the islands. We have produced horse shows, 4-H livestock shows, 4-H clubs, rodeos that attracted national attention and were benefits for Habilitat, Firefighters, Muscular Dystrophy, American Cancer Society, the Windward Spouse Abuse Shelter, and supported art classes for disadvantaged boys and girls in Waimanalo. We have had Boy Scouts, Cub Scouts, Girl Scouts camp and earn badges here and we supply beef for our local and mainland markets. We have also been used as a surgical center and recovery by our local veterinarian to work on horses from outer islands and O'ahu. Not to mention all the thousands of kids and adults that have learned to work, ride and care for animals over these past 48 years. We have people from all over the mainland that are planning to return for our 50<sup>th</sup> celebration.

We have already survived a drought from 1997 to 2003 that cut our cattle herd in half. 2008 the economic down turn had a major impact on our lesson program dragging it down to almost nothing and decreasing our horse population numbers. In 2011 and 2012 we have been back in drought conditions, having to irrigate pastures since this past January and praying for rain. Because of the changing weather conditions we have also had to import and purchase locally more feed with feed costs going through the roof. A bale of hay at the feed stores is now over \$40.00. Shavings for bedding in bulk form is almost non-existent as it is a by product of door, window or furniture production. It has gone from 2-3 loads a month to 1 every other month, so that we have been forced to use baled shavings from the mainland at \$14.95 a bale averaging 12 per month per horse.

EXHIBIT "B-1"

Page 2

September 13, 2012

DLNR

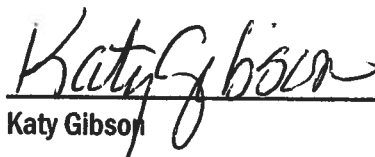
Probably the biggest challenge that we have ever faced has been dealing with some health issues. I was diagnosed September of 2011 with stage 3 breast cancer and underwent treatment from October 2011 through end of May 2012. I have no memory of February and I am still dealing with recovery and further testing. Bud, was diagnosed this past October 2011 with early stage prostate cancer and has been receiving treatment since February 2012. We are a "Mom and Pop" operation in that we are the principle employees and we have 2 full time and 1 part time employee. We have no one else but each other to call in sick to. So we had to be creative in our treatment schedules. Both of our treatments have taken us out of commission for awhile and Bud is still having a hard time with great bouts of fatigue and lack of strength. This fatigue has the potential to come and go like it has through to January when the radiation implants should have run their course.


This has had a dramatic impact on our income as it has affected not only the horse end but, also, our cattle sales. We are not complaining or feeling sorry for ourselves but want to present our situation clearly. Everything that has been taking place the last few years has been things totally out of our control.

We are writing to you with a request that we do not know if it is even possible to grant, but, we are praying it will be considered and that you are still reading this letter and I have not been too long winded. We are asking that the board either grants us a one time forgiveness on our up-coming rent (which would be a great blessing), accept a reduced rate or spread the rent out over the next few months. We have just been blasted month after month with a large payment, mostly feed, and need to find some relief where we will be able to catch up and continue in business.

We have tried to be a good tenant for the last 48 years in keeping up the property, everything neat and tidy, pastures maintained and be a good neighbor in the community. We have been blessed with many friends that have stepped up and helped us to maintain and continue with no expectation of compensation. We are hoping that we may also be able to receive this one time help from the State.

Very truly yours,

  
Katy Gibson

  
Bud Gibson

**NEW TOWN & COUNTRY STABLES, INC.  
HOME OF "BUD'S SADDLERY" AND  
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[RockerG@hawaii.rr.com](mailto:RockerG@hawaii.rr.com)

October 6, 2012

Mr. Steve Lau  
Department of Land & Natural Resources  
P.O. Box 621  
Honolulu, HI 96809

Dear Steve,

Re: Rental Payments on Leases GL 5488 and GL 5489

As per our letter and telephone conversation, we need to make arrangements to be able to spread out our up-coming lease payments into smaller payments. With the drought conditions and the extremely high feed costs we have been getting slammed with additional feed costs and expenses.

If possible and that it is ok with DLNR we would like to be able to pay the rent on the larger lease at a minimum of \$1000 per month until paid in full. There may be the possibility of paying more once we start to catch up with everything. The smaller lease we should be able to pay in full.

Please let me know ASAP if this plan is acceptable to you and if we can start this in November.

Very truly yours,

  
Katy Gibson

RECEIVED  
LAND DIVISION  
2012 OCT 10 A 10:28  
DEPT. OF LAND &  
NATURAL RESOURCES  
STATE OF HAWAII

EXHIBIT "B-2"