

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

May 23, 2014

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

Hawai'i

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

APPLICANT:

Jackson Thong and Mandy Thong, as Assignor, to Andy Trang, 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:

\$ 14,000.00

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 crop processing facility were submitted for approval and signed by the Chairperson on June 7, 2006.

In June, 2012, the Lessee, Jackson Thong contacted the Hawaii District Land Office (HDLO) requesting the lease be assigned. Mr. Thong stated he was in poor health and is not able to continue to effectively work the leasehold land. An application for assignment of lease was received by HDLO staff and a submittal was prepared for Land Board consideration.

At its meeting of September 28, 2012, under agenda item D-1, the Board approved the assignment of lease from Jackson and Mandy Thong to Douglas Awai, Jr. However, during the interim period, Mr. Thong relocated to the mainland in order to receive medical treatment. This resulted in several delays in completing the necessary documents required to finalize the assignment transaction. Since the delays in finalizing the assignment documentation were taking longer than expected, the Assignee asked to withdraw his request to assume the lease. Mr. Thong was however, able to find another interested party and has recently submitted another application for the assignment of this lease.

As a result of his prolonged illness, the Lessee has been unable to be compliant with the lease terms and conditions regarding rent and insurance. As a condition of the assignment, the Assignee will provide proof of liability insurance and bring any outstanding rent current.

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.

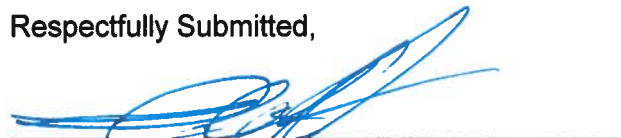
At its meeting of July 22, 2011 under agenda item D-1, the Board of Land and Natural Resources consented to set aside this lease to the Department of Agriculture (DOA) pursuant to Section 171-11 Hawaii Revised Statutes and Act 90, Session Laws of Hawaii, 2003. The transfer of this lease is currently 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 Andy Trang., as Assignee, subject to the following:

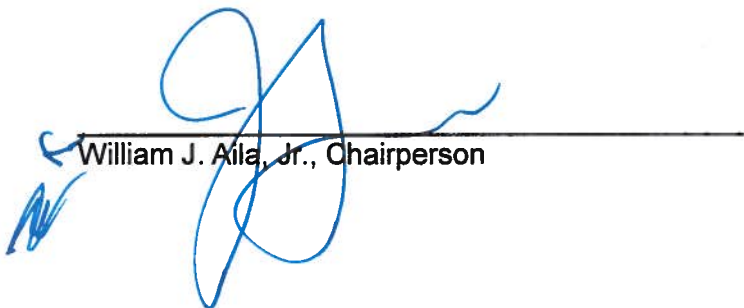
1. The standard terms and conditions of the most current consent to assignment form, as may be amended from time to time;
2. Bring outstanding rent in the amount of \$2,750.00 current and provide proof of liability insurance,
3. Review and approval by the Department of the Attorney General; and
4. Such 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




STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
LAND DIVISION

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

April 30, 2014

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: Andy Trang
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

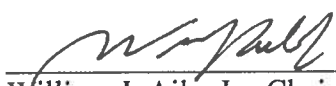
We have been requested to provide an in-house evaluation of the assignment premium due to the State for an assignment of GL S-5811 resulting from the acquisition of the assets of Jackson Thong and Mandy Thong by Andy Trang. The lease documents and information provided by lessee were analyzed and staff 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		\$14,000
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		(\$26,952)
Premium % (5-10 years elapsed)		45%
Premium		(\$12,128)

EXHIBIT B

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

 Approved/Disapproved:



William J. Aila, Jr., Chairperson

APR 30 2014

Date

cc: District Branch Files
Central Files

EXHIBIT B