

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

May 9, 2008

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

Hawaii

Consent to Assign General Lease No. S-3603, Art K.K. Wong and Cynthia L. Wong, Assignor, to Jieyu Shepard, Assignee, Waiakea, South Hilo, Hawaii, Tax Map Key: 3rd/2-2-49:15 & 16.

APPLICANT:

Art K.K. Wong and Cynthia L. Wong, as Assignor, to Jieyu Shepard, single, Tenant in Severalty, whose business and mailing address is P.O. Box 11040 Hilo, Hawaii 96721, as Assignee.

LEGAL REFERENCE:

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

LOCATION AND AREA:

Portion of Government lands of Kanoelehua Industrial Lots situated at Waiakea, South Hilo, Hawaii, identified by Tax Map Key: 2-2-49:15 & 16, consisting of approximately 12,749 square feet, as shown on the attached map labeled 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

CHARACTER OF USE:

Commercial purposes.

TERM OF LEASE:

55 years, commencing on 1/16/1961 and expiring on 1/15/2016. Last rental reopening occurred on 1/16/2001; next rental reopening is scheduled for 1/16/2011.

ANNUAL RENTAL:

\$8,400.00.

CONSIDERATION:

\$ 125,000.00.

RECOMMENDED PREMIUM:

Not applicable as the lease does not allow for a premium.

DCCA VERIFICATION:

Both Assignor and Assignee are sole proprietorships and therefore are not required to register with DCCA.

REMARKS:

General Lease No. S3603 was originally issued to Harders Company, Limited by Act 4, First Special Session, 1960 which authorized the leasing or leasing with option to purchase of public lands to victims of natural disaster through direct negotiation for other than residential or agricultural purposes.

At its meeting of May 24, 1985, under Agenda Items F-1-e and F-1-f, the Board of Land and Natural Resources approved the assignment of GL S-3603 from Harders Company, Limited, Assignor, to Liquid Carbonic Corporation and from Liquid Carbonic Corporation to L & P Hawaiian Enterprises, Inc. respectively.

At its meeting of October 14, 1994, under Agenda Item F-1-a, the Board approved the assignment of lease from L & P Hawaiian Enterprises, Inc., Assignor, to Art K.K. Wong and Cynthia L. Wong as husband and wife, Tenants by the entirety, Assignee.

The assignee is seeking to expand existing business opportunities on the Island of Hawaii. They wish to utilize the warehouse located on the subject property for storage cabinet and counter materials.

The Lessee is compliant with the terms and conditions of the lease with regards to rent, insurance and performance bond. The Lessee was served a notice of default for expired liability insurance on December 4, 2007. This default was cured within a month. The Lessee has not had any further notice of default issued for any reason.

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.

The last rental reopening was on 1/26/2001. The next rental reopening is scheduled for 1/16/2011. There are no outstanding rental issues at this time.

RECOMMENDATION:

That the Board consent to the assignment of General Lease No. S-3603 from Art K.K. Wong and Cynthia L. Wong, Assignor, to Jieyu Shepard, 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,


for Gordon C. Heit
Land Agent

APPROVED FOR SUBMITTAL:


Laura H. Thielen, Chairperson



