

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

April 13, 2017

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

Hawai'i

Consent to Assign General Lease No. S-4201, David S. De Luz, Sr., Assignor, to Stephen Harold Frank, Trustee of The Stephen Harold Frank Living Trust dated March 27, 2014, also known as Stephen Harold Frank Revocable Trust, Assignee, Waiakea, South Hilo, Hawai'i, Tax Map Key: (3) 2-2-058:033.

APPLICANT:

David S. De Luz, Sr., as Assignor, to Stephen Harold Frank, Trustee of The Stephen Harold Frank Living Trust dated March 27, 2014, also known as Stephen Harold Frank Revocable Trust, as Assignee.

LEGAL REFERENCE:

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

LOCATION:

Portion of Government lands of Lot 5, Hilo Industrial Development, Pohaku Street Section, situated at Waiakea, South Hilo, Hawai'i, identified by Tax Map Key: (3) 2-2-058:033, as shown on the attached map labeled Exhibit A.

AREA:

20,648 square feet, 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: NO

CHARACTER OF USE:

Light industrial purposes.

TERM OF LEASE:

55 years, commencing on September 26, 1968 and expiring on September 25, 2023. Last rental reopening occurred on September 26, 2013; there are no further rental re-openings.

ANNUAL RENTAL:

\$17,978.72.

CONSIDERATION:

\$ 200,000.00.

RECOMMENDED PREMIUM:

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

DCCA VERIFICATION:

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

REMARKS:

General Lease No. S-4201 was awarded to Norona, Inc., a Hawaii corporation, the highest bidder at a public auction sale of government leases held on September 26, 1968.

From the onset, Norona Inc. incurred financial difficulties. As a result, at its meeting of November 6, 1981 under agenda item F-1-c, the Board of Land and Natural Resources (Board) consented to the assignment of lease to Great Hawaiian Financial Corporation (GHFC), a Hawaii corporation.

Further, GHFC also experienced financial difficulties and filed for reorganization under Chapter 11 of the Bankruptcy Code (Bankruptcy No. 83-00078) in the U. S. Bankruptcy Court for the District of Hawaii. Subsequently, pursuant to the Order Confirming Modified Plan entered October 11, 1985, the Board, at its meeting of January 10, 1986, under agenda item F-1-c, consented to the assignment of lease from GHFC to Thrift Guaranty Corporation of Hawaii, a Hawaii nonprofit corporation.

At its meeting of March 8, 1991, under agenda item F-1-f, the Board consented to the

assignment of GL S-4201 from Thrift Guaranty Corporation of Hawaii as Assignor to Pacific Realty Exchange, Ltd., a Hawaii corporation, as Intermediary Assignee, and Pacific Realty Exchange, Ltd., Intermediary Assignor, to David S. De Luz, Sr., husband of Josephine De Luz (40% interest) and David S. De Luz, Sr., husband of Josephine De Luz (60% interest), as Assignee.

The Assignee, Stephen Harold Frank, Trustee of The Stephen Harold Frank Living Trust dated March 27, 2014, also known as Stephen Harold Frank Revocable Trust, has been operating a pre-owned vehicle sales business (Credit Cars Hawaii) on this site for the past 15 years. Because the Lessee/Assignor's primary businesses involve several automobile dealerships, it was presumed they were utilizing the lease property to sell used cars under one of the subsidiary businesses.

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.


Last rental reopening occurred on September 26, 2013. There are no further rental reopenings.

RECOMMENDATION:

That the Board consent to the assignment of General Lease No. S-4201 David S. De Luz, Sr., as Assignor, to Stephen Harold Frank, Trustee of The Stephen Harold Frank Living Trust dated March 27, 2014, also known as Stephen Harold Frank Revocable Trust, 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:



Suzanne D. Case, Chairperson

GL S-4201

TMK: (3) 2-2-058:033

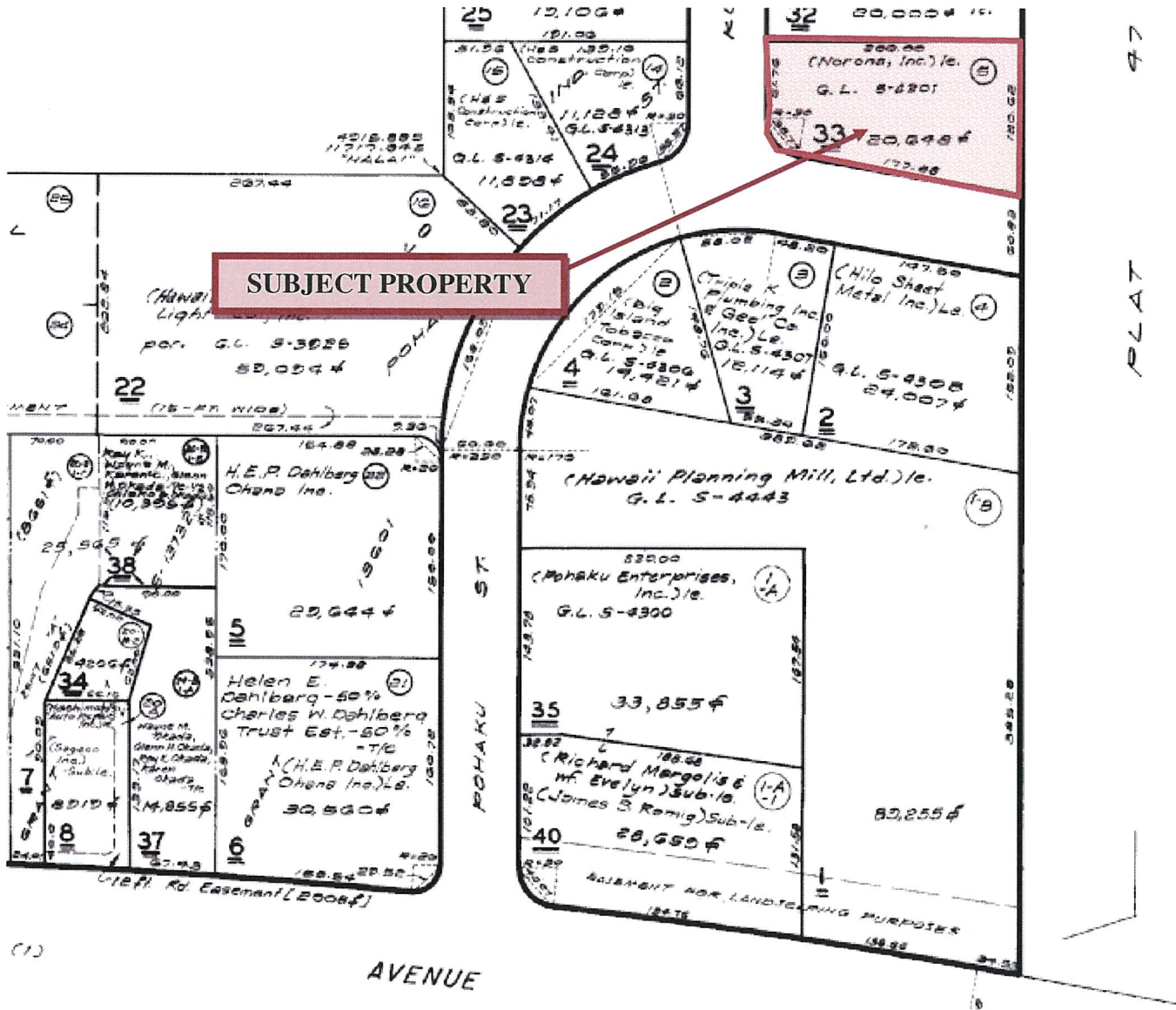


EXHIBIT A

GENERAL LEASE No. S-4201



EXHIBIT B

GENERAL LEASE No. S-4201



EXHIBIT B