

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

January 11, 2019

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

Hawai'i

Consent to Assign General Lease No. S-5373, Estate of Harold Frederick Rice, Jr., also known as Harold F. Rice, Jr., also known as Freddy Rice, Deceased, Assignor, to Gregory J. K. Garcia, Sr., Assignee, Lalamilo, South Kohala, Hawaii, Tax Map Key: (3) 6-9-001:002.

APPLICANT:

Estate of Harold Frederick Rice, Jr., also known as Harold F. Rice, Jr., also known as Freddy Rice, Deceased, as Assignor, to Gregory J. K. Garcia, Sr., married, as tenant in severalty, as Assignee.

LEGAL REFERENCE:

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

LOCATION:

Portion of Government lands situated at Lalamilo, South Kohala, Island of Hawaii, identified by Tax Map Key: (3) 6-9-001:002, as shown on the attached map labeled Exhibit 1.

AREA:

8,805 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: NO

CHARACTER OF USE:

Pasture purposes.

TERM OF LEASE:

Original lease term, thirty-five (35) years, commencing on November 1, 1994 and set to expire on October 31, 2029. However, at its meeting of June 14, 2013 the Board approved an extension of the lease for an additional twenty (20) years and is now set to expire on October 31, 2049. The last rental reopening occurred on November 1, 2014; next rental reopening is scheduled for November 1, 2023.

ANNUAL RENTAL:

\$15,000.00.

CONSIDERATION:

The parties report that no consideration is being allocated to the assignment of the lease. Assignee is paying assignor \$100,000 for livestock inventory.

RECOMMENDED PREMIUM:

Not applicable as there is no consideration for the assignment of this lease.

DCCA VERIFICATION:

Neither the Assignor, as a decedent's estate, nor Assignee, as a natural person, are required to register with DCCA.

REMARKS:

The subject State lands were previously encumbered by Revocable Permit No. S-6442 to Palekoki Ranch, Inc. On May 19, 1995, General Lease No. S-5373 was issued as a result of Act 237, SLH 88 that authorized the Department of Land and Natural Resources (DLNR) to negotiate long-term leases under specific terms, conditions and restrictions with certain qualified permittees of agricultural or residential/home gardening permits.

As part of a statewide transfer of 16,518 acres of land from the DLNR to the Department

of Hawaiian Homes Lands (DHHL), Land Patent Grant No. 15,926 was issued on October 15, 1999, conveying 232 acres of GL S-5373 to the DHHL.

At its meeting of January 9, 2004 under agenda item D-9, the Board consented to the assignment of lease from Palekoki Ranch, Inc. to Mr. Harold F. Rice Jr. dba FR Cattle Co. Mr. Rice was a fifth-generation rancher from Maui with a history of success in the ranching field. He was also an influential community leader and was very active in preserving the "Paniolo" lifestyle and history.

At its meeting of June 14, 2013 under agenda item D-7, the Board approved the extension of GL S-5373 for an additional twenty (20) years. The purpose of the extension was to allow the Lessee to amortize the cost of proposed self-financed improvements. These improvements included the construction of a new corral and holding pen along with an employee dwelling.¹ As a condition to the extension agreement, the Lessee was to complete construction of the improvements by November 1, 2019 at a cost of \$640,000.00 for the employee housing, \$33,000.00 for the corral and \$10,000.00 for the holding pen, for a combined total of \$683,000.00. Failure to comply will result in cancellation of the lease extension. To date, only construction of the corral and holding pen have been completed.

Mr. Rice was in the process of negotiating the sale of his cattle operation to the Assignee when he suddenly passed away in January 2018. Bonnie Rice, the daughter of Mr. Rice, was appointed personal representative of his estate (Exhibit 2) and subsequently requested that the sale of the cattle operation, as well as the transfer of GL S-5373, be allowed to proceed. (Exhibit 3)

As implied in Exhibit 3, attached hereto, the DLNR lease was not included in the decedent's estate. Instructions for the handling of the lease have therefore been stipulated by the court in the Exhibit 3 document, relevant highlights of which are excerpted in italics below.

C-9. The only asset subject to this probate is the decedent's Department of Land and Natural Resources ("DLNR") cattle ranching lease located at Lalamilo, Kamuela, Hawaii. The decedent's ranch operates as F.R. Rice Cattle, Co. The hundreds of cattle located on such lease, the moveable improvement/ [sic] and other items situate on the leasehold property, the ranching equipment, all vehicles, and all assets of any nature located on the decedent's ranch, including the container near the entrance, the fencing...are held by the Rice Trust....The assets of the Rice Trust shall remain on the leasehold property until

¹ Paragraph 47 states; The premises, or any portion, shall not be utilized for residential purposes; except for one (1) employee dwelling as provided herein. The construction or placement of any other structure(s) on the premises for residential purposes is strictly prohibited.

transfer of the DLNR lease under the probate action.

D-13. Prior to the decedent's death, the decedent and Dr. Greg Garcia had negotiated an agreement whereby the decedent was assigning to Dr. Greg Garcia the DLNR leasehold (subject to approval by DLNR)...

D-14. Prior to the decedent's death, the decedent and Dr. Greg Garcia had already made preliminary arrangements with DLNR towards the transfer of lease to Dr. Greg Garcia, and DLNR had already provided Dr. Greg Garcia with the necessary approval paperwork to submit to DLNR. The DLNR lease includes onerous financial responsibilities of at least \$683,000 to be completed by November, 2019, of which Dr. Greg Garcia would be assuming.

D-15. Petitioner has filed under seal Dr. Greg Garcia's entire DLNR assignment approval application with this court, with expansive exhibits containing proprietary/trade information and financial disclosures.

D-16. The parties agree to the transfer of the DLNR lease to Dr. Greg Garcia and the sale of the moveable assets to Dr. Greg Garcia...

According to Bonnie Rice, James Hallstrom, a licensed appraiser, was contacted to provide a valuation of the lease property shortly after Mr. Rice passed away (Exhibit 4). In his valuation, Mr. Hallstrom suggested that the economic value of the leasehold interest is negligible and that there was no margin between the rent DLNR is charging and the value of the lease. Because of the appraiser's determination, Ms. Rice indicated the lease will be transferred with no consideration allocated to it. The court-approved sales price for the ranch's approximately 349 head of cattle is \$100,000.

The Assignee, Dr. Gregory J. K. Garcia, Sr., was born and raised in Hilo and is a veterinarian licensed in the State of Hawaii as well as Oregon and California. With his experience in bovine livestock reproductive physiology, Dr. Garcia was the founder and currently president of Precision Embryonics, Inc. in Glide, Oregon. In addition to his veterinary practice, he has over 51 years of ranching experience on the mainland and the Island of Hawaii. His plans are to continue Mr. Rice's cattle operation with the livestock currently grazing on the leased land. Dr. Garcia intends to consolidate the herd with cattle he presently owns on the island. According to the business plan he submitted, between 130 and 145 head of market ready cattle will be marketed annually.² The day-to-day ranching operations will be managed by qualified personnel with extensive experience in cattle operations in the Kohala area. Dr. Garcia understands that upon the Board's consent to the assignment of the lease, it will become Dr. Garcia's obligation to

² Market-ready heifers weighing between 400 – 450 lbs.

satisfy the improvement requirements for the lease extension, and that failure to do so will result in the cancellation of the extension.³

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

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 occurred on November 1, 2013; next rental reopening is scheduled for November 1, 2023. There are no outstanding rental reopening issues.

File photos of portions of the lease premises taken in 2013 are attached as Exhibit 5.

RECOMMENDATION:

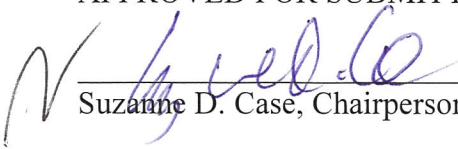
That the Board consent to the assignment of General Lease No. S-5373 from the Estate of Harold Frederick Rice, Jr., also known as Harold F. Rice, Jr., also known as Freddy Rice, Deceased, as Assignor, to Gregory J. K. Garcia, Sr., as Assignee, subject to the following:

1. The standard terms and conditions of the most current consent to assignment form, as may be amended from time to time;
2. Assignee will complete the improvement requirements of the lease extension as outlined in the agreement. Failure to comply will result in the cancellation of the lease extension;
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:


Suzanne D. Case, Chairperson

³ Dr. Garcia may later return to the Board to seek an extension of time to make the required improvements.

This is a detailed historical map of the Maui Ranch, showing land parcels, roads, and geographical features. The map includes labels for "R.P. 2237 L.C. AM. 8518-B to Kaneohe", "Maui Ranch", and "Kaneohe". It also shows various land parcels with acreage and names, such as "Maui Ranch" and "Kaneohe". The map is oriented with North at the top.

EXHIBIT 1

FILED

LAW OFFICES OF KIMBERLY A. JACKSON, LLLC

KIMBERLY A. JACKSON, 6315-0
75-5782 Kuakini Highway, Suite C-2
Kailua-Kona, Hawaii 96740-1766
Telephone: (808) 329-4421

2018 APR 25 PM 2:55

HENRIETTA CHONG, CLERK
THIRD CIRCUIT COURT
STATE OF HAWAII

Attorney for Petitioner BONNIE F. RICE

IN THE CIRCUIT COURT OF THE THIRD CIRCUIT

STATE OF HAWAII

THE ESTATE

OF

HAROLD FREDERICK RICE, JR., also
known as Harold F. Rice, Jr., also known
as Freddy Rice

Deceased.

P. No. 18-1-058
(Formal)

LETTERS OF ADMINISTRATION

LETTERS OF ADMINISTRATION

BONNIE F. RICE is formally appointed Personal Representative of the Estate of the decedent.

Limitations on powers: None

These Letters of Administration shall expire three years from the date hereof, unless renewed by the court for good cause.

BY ORDER OF THE HONORABLE JUDGE OF THE ABOVE-ENTITLED COURT.

Dated: Kealahou, Hawaii, APR 25 2018, 2018.

ROBERT D. S. KIM (SEAL)

Judge of the Above-Entitled Court

I hereby certify that this is a full, true and correct
copy of the original on file in this office.


Clerk, Third Circuit Court, State of Hawaii

EXHIBIT 2

FILED

LAW OFFICES OF KIMBERLY A. JACKSON, LLLC

KIMBERLY A. JACKSON, 6315-0
75-5782 Kuakini Highway, Suite C-2
Kailua-Kona, Hawaii 96740-1766
Telephone: (808) 329-4421

2018 APR 25 PM 2: 54

HENRIETTA CHONG, CLERK
THIRD CIRCUIT COURT
STATE OF HAWAII

Attorney for Petitioner BONNIE F. RICE

IN THE CIRCUIT COURT OF THE THIRD CIRCUIT

STATE OF HAWAII

THE ESTATE

OF

HAROLD FREDERICK RICE, JR., also
known as Harold F. Rice, Jr., also known
as Freddy Rice

Deceased.

P. No. 18-1-058
(Formal)

STIPULATION OF COUNSEL FOR
PETITIONER AND SURVIVING SPOUSE
REGARDING 1) APPOINTMENT OF
BONNIE F. RICE AS PERSONAL
REPRESENTATIVE; 2) APPROVAL OF
TRANSFER OR LEASE/MOVEABLE
IMPROVEMENTS TO DR. GREG
GARCIA; 3) OTHER ISSUES; EXHIBIT
"A"[Letters of Administration]

Hearing Date: April 16, 2018
Time: 10:00 a.m.

Honorable Judge Robert D.S. Kim

STIPULATION OF COUNSEL FOR PETITIONER AND SURVIVING SPOUSE
REGARDING 1) APPOINTMENT OF BONNIE F. RICE AS PERSONAL
REPRESENTATIVE; 2) APPROVAL OF TRANSFER OR LEASE/MOVEABLE
IMPROVEMENTS TO DR. GREG GARCIA; 3) OTHER ISSUES

Petitioner BONNIE F. RICE, by and through counsel Kimberly A. Jackson, Esq., Law
Offices of Kimberly A. Jackson, LLLC, and surviving spouse RESPONDENT GAIL RICE, by
and through counsel Margaret D. Wille, Esq., stipulate and agree as follows:

I hereby certify that this is a full, true and correct
copy of the original on file in this office.


Clerk, Third Circuit Court, State of Hawaii

EXHIBIT 3

A. Personal Representative Appointment

1. For purposes of the stipulation described herein, the parties do not reach a resolution whether to proceed under the 1) Last Will and Testament of Harold F. Rice, Jr., dated January 2, 2018 ("2018 Will") or to proceed under the 2) and November 14, 2017 Third Codicil to the Will of Harold F. Rice, Jr. ("Third Codicil") to the April 22, 1995 Last Will and Testament of Harold F. Rice, Jr.

2. The 2018 Will and the Third Codicil each state that Petitioner Bonnie F. Rice is the first nominated personal representative thereunder and that Michael W. Gibson is the successor nominated personal representative thereunder.

3. Through *Declination of Formal Appointment of Successor Personal Representative and Concurrence in Appointment to First Nominated Personal Representative, Bonnie F. Rice*, signed electronically by Michael W. Gibson on April 13, 2018 and filed as an attachment by Ms. Jackson on April 13, 2018, Michael W. Gibson notifies this court that he will decline acceptance of appointment as successor personal representative if he is requested to serve as personal representative.

4. Through her Acceptance of Appointment dated February 16, 2018 and filed with this court on February 27, 2018, Bonnie F. Rice agrees to accept appointment as personal representative, accepts the duties of such office, and submits personally to the jurisdiction of this court.

5. **The parties hereby agree to the appointment of Bonnie F. Rice as personal representative in this case, with no limitations on powers.**

B. TRUST AGREEMENT OF HAROLD F. RICE, JR.

6. Bonnie F. Rice is the successor trustee of the Trust Agreement of Harold F. Rice, Jr. dated March 24, 1993, as amended ("Rice Trust"). Her acceptance dated February 5, 2018 is filed with this court as Exhibit "A" to the Petitioner's *Emergency Petition to Confirm Leasehold Sale/Transfer to Dr., Greg Garcia and to Appoint Bonnie F. Rice as Personal Representative*, filed April 11, 2018.

7. The parties agree that all assets, whether held by the probate or the trust estate, will be utilized to pay estate debt based on the statutory creditor priorities and other state law.

8. If after settlement of outstanding debts there are any assets remaining, the remaining assets shall be paid in full to Respondent.

C. RESPONDENT'S RIGHTS AND RESPONSIBILITIES ON THE DLNR LEASEHOLD PROPERTY

9. The only asset subject to this probate is the decedent's Department of Land and Natural Resources ("DLNR") cattle ranching lease located at Lalamilo, Kamuela, Hawaii. The decedent's ranch operates as F.R. Rice Cattle, Co. The hundreds of cattle located on such lease, the movable improvements/ and other items situate on the leasehold property, the ranching equipment, all vehicles, and all other assets of any nature located on the decedent's ranch, including the container near the entrance, the fencing, except items located within the Doggie Dude Ranch perimeter, are held by the Rice Trust. The perimeter of Doggie Dude Ranch shall be identified and marked by counsel for Petitioner and Respondent. The assets of the Rice Trust shall remain on the leasehold property until transfer of the DLNR lease under the probate action. The trust assets also include the container located on the leasehold property. Respondent agrees to

remove any and all items relating to Doggie Dude Ranch from the container on or before May 1, 2018.

10. Respondent has full rights to access and operate Doggie Dude Ranch area based on the perimeters to be established by counsel for Petitioner and Respondent and until Respondent relocates Doggie Dude Ranch on or before September 20, 2018. Respondent understands that she has no right to access or occupy the remainder of the ranch property.

11. Respondent Gail Rice has structures, dog kennels, supplies, and other equipment relating to her dog-boarding business known as Doggie Dude Ranch located on a portion of the DLNR leasehold. Some of the structures and/or dog kennels have been cemented into place which technically would be considered a non-moveable improvement of the leasehold. **The parties agree that Respondent Gail Rice may remove such property from the leasehold.**

12. The moveable and permanent improvements, plus certain trees, that are removable by Respondent as indicated in this agreement shall be determined and marked by opposing counsel. Respondent's counsel shall oversee the removal of items by Respondent.

D. DNLR LEASEHOLD TRANSFER TO DR. GREG GARCIA OR ANOTHER

13. Prior to the decedent's death, the decedent and Dr. Greg Garcia had negotiated an agreement whereby the decedent was assigning to Dr. Greg Garcia the DLNR leasehold (subject to approval by DLNR) and also selling to Dr. Greg Garcia the movable improvements located on the leasehold property.

14. Prior to the decedent's death, the decedent and Dr. Greg Garcia had already made preliminary arrangements with DLNR towards the transfer of lease to Dr. Greg Garcia, and DLNR had already provided Dr. Greg Garcia with the necessary approval paperwork to submit to DLNR.

The DLNR lease includes onerous financial responsibilities of at least \$683,000 to be completed by November, 2019, of which Dr. Greg Garcia would be assuming.

15. Petitioner has filed *under seal* Dr. Greg Garcia's entire DLNR assignment approval application with this court, with expansive exhibits containing proprietary/trade information and financial disclosures.

16. **The parties agree to the transfer of the DLNR lease to Dr. Greg Garcia and the sale of the moveable assets to Dr. Greg Garcia. Respondent Gail Rice hereby withdraws any and all objections to the said sale and transfer, subject to Respondent being given until September 20, 2018 to relocate her Doggie Dude Ranch facility and the recently planted plants and trees surrounding Doggie Dude Ranch facility, provided she complies with all state and local requirements and is responsible for any related violations.**

E. RESPONDENT'S SALE OF POLARIS

17. Prior to the court date of April 16, 2018, Respondent sold the used 2016 Polaris all-terrain vehicle that had been purchased in the name of the F.R. Cattle Co. and held as a Rice Trust asset, for the outstanding loan of \$4,999. The Polaris is critical to the care and management of the cattle on the decedent's ranch and the purchaser demanded the possession of the Polaris on April 17, 2018. The sale was not disclosed to Petitioner or the court during the April 16, 2018 hearing.

18. The parties agree that the only used Polaris currently offered for sale on the Big Island (in Mountain View) is listed at \$9,000. The parties agree that the Respondent sold the trust's Polaris for \$4,999. Respondent agrees that Petitioner will purchase a new Polaris from Kiser Motorcycles in Kailua-Kona and the cost of the new Polaris is estimated at \$10,600.

19. Kaiser Motorcycles has agreed to provide an estimated value of the 2016 Polaris that Respondent sold for \$4,999.

20. Respondent Gail Rice acknowledges that her sale of the Polaris was not authorized. The Parties agree to work towards a fair arrangement to compensate the Estate for the loss of the 2016 Polaris. If such arrangement is not concluded in 14 days, Counsel for the parties will consult with the Judge, or alternatively, at the option of either party may return to Court to address this issue before the Court.

21. Respondent agrees that she has no right to sell anything further from the trust or probate estate.

D. REPAYMENT OF PETITIONER'S ADVANCES

22. Prior to the decedent's death, Dr. Greg Garcia had paid to the Harold F. Rice Trust the full \$100,000 purchase price for the movable improvements located on the leasehold property.

23. Bonnie F. Rice, as successor trustee of the Rice Trust, deposited the \$100,000 to a Rice Trust bank account to hold until the sale and assignment are at least approved by this court.

24. Both the probate estate and the Rice Trust estate are believed to be bankrupt. The decedent's John Hancock life insurance policy recently paid \$6,277.81 in proceeds, and the decedent's Sun Life insurance policy paid \$8,236.76. Accordia Life insurance proceeds are not yet known but believed by Petitioner to be under \$10,000. The unsecured debts are in excess of \$150,000.

25. Petitioner is currently advancing from her own resources the costs to maintain about 340 cattle located on the DLNR leasehold property, including without limitation the cowboy/ranch hand help needed to care for the cattle, the medical costs of the cattle, the water system, and the mineral/other feed costs for the herd.

26. Petitioner is currently advancing from her own resources the payment of other necessary expenses for the probate estate and the Rice Trust estate. Several large payments are due

soon:

- a) \$7,500 in semi-annual lease rent is due to DLNR by May 1, 2018;
- b) \$12,848 is due to the USDA by May 1, 2018 (the breeding herd are collateral for this loan); and
- c) \$2,484 is due to Zurich Company by May 15, 2018 for insurance for ranch vehicles.

27. If the insurance policies and/or other sources do not generate sufficient payment, Petitioner is willing to advance, from her own resources, the payments for the above noted debts provided that re-payment to Petitioner of all money she has advanced on behalf of either the probate estate or the trust estate is considered a cost of administration or other first priority payment so that repayment to Petitioner is accomplished first as a cost of sale and prior to the calculation of net proceeds available to pay the multitude of creditors in the probate and trust estates. **The parties hereto agree as stated in this paragraph.**

28. If after settlement of outstanding debts, there are any assets remaining the remaining assets shall be paid in full to Respondent.

E. STATUTORY ALLOWANCES/ PERSONAL PROPERTY

29. Respondent is keeping the following items from the decedent's estate:
- a) Hat and feather lei;
 - b) Copy of Grandma Betty's Maui church painting, with such high quality framed copy to be made for Respondent at no expense to Respondent.
30. Surviving spouse Respondent Gail Rice accepts the USAA premium return of \$15,538.52 as PAYMENT IN FULL for her statutory HOMESTEAD ALLOWANCE.
31. Surviving spouse Respondent Gail Rice is accepting a charge in an amount to be determined by the Parties or as determined by the Court against her EXEMPT PROPERTY

ALLOWANCE as compensation to the estate for her unauthorized sale of the Polaris.

32. Respondent Gail Rice, shall return "Grandma Betty's" original painting of the Maui church entitled "Po'okela Church" to Petitioner's counsel by May 1, 2018, and Petitioner shall produce a framed high quality copy for Respondent Gail Rice within three months thereafter.

33. If Respondent decides to sell the feather lei from decedent's hat, Respondent agrees to offer the feather lei to Bonnie Rice for a purchase not exceeding \$500.

34. Pursuant to hand-written notes left by the decedent, the dog named Ricky shall be given to Kaulike Rice.

35. As stated in number 7 above, the parties agree that all assets, whether held by the probate of the trust estate, will be sold to pay estate debt based on the statutory creditor priorities and other state law.

36. Petitioner agrees to give Respondent one-half of the decedent's remaining ashes by May 16, 2018.


F. WILL VERSION CONTEST

37. The parties agree that, having come to agreement on the above terms, it is not necessary to determine whether the challenged January 2, 2018 Will was valid.

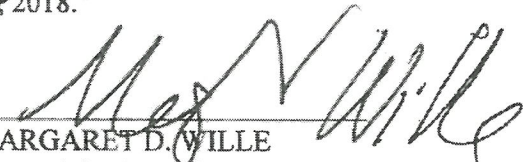
38. As it took less than 24 hours after the settlement reached in court to become embroiled in a major dispute regarding a critical cattle management asset, counsel for Petitioner and for Respondent **withdraw** their request that the case be transferred to informal proceeding.

39. The Court shall issue Letters of Administration in a format similar to Exhibit "A" attached hereto, thus continuing as an intestate estate due to the settlement of parties without recognition of whether the 2017 Codicil to Will or the 2018 Will are valid.

Dated: Kailua-Kona, Hawaii, April 24, 2018.


KIMBERLY A. JACKSON
Counsel for Petitioner Bonnie F. Rice

Dated: Kailua-Kona, Hawaii, April 24, 2018.


MARGARET D. WILLE
Counsel for Surviving Spouse Respondent Gail Rice

APPROVED AND SO ORDERED:

ROBERT D. S. KIM (SEAL)

APR 25 2018

JUDGE OF THE ABOVE-ENTITLED COURT

The Estate of Harold Frederick Rice, Jr., also known as Harold F. Rice, Jr., also known as Freddy Rice; P. No. 18-1-058; STIPULATION OF COUNSEL FOR PETITIONER AND SURVIVING SPOUSE REGARDING 1) APPOINTMENT OF BONNIE F. RICE AS PERSONAL REPRESENTATIVE; 2) APPROVAL OF TRANSFER OF LEASE/MOVEABLE IMPROVEMENTS TO DR. GREG GARCIA; 3) OTHER ISSUES

LAW OFFICES OF KIMBERLY A. JACKSON, LLLC

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Telephone: (808) 329-4421

Attorney for Petitioner BONNIE F. RICE

IN THE CIRCUIT COURT OF THE THIRD CIRCUIT

STATE OF HAWAII

THE ESTATE

OF

HAROLD FREDERICK RICE, JR., also
known as Harold F. Rice, Jr., also known
as Freddy Rice

Deceased.

P. No. 18-1-058
(Formal)

LETTERS OF ADMINISTRATION

LETTERS OF ADMINISTRATION

BONNIE F. RICE is formally appointed Personal Representative of the Estate of the decedent.

Limitations on powers: None

These Letters of Administration shall expire three years from the date hereof, unless renewed by the court for good cause.

BY ORDER OF THE HONORABLE JUDGE OF THE ABOVE-ENTITLED COURT.

Dated: Kealahuekua, Hawaii, _____, 2018.

Judge of the Above-Entitled Court

EX "A"

From: Hallstrom, James @ Honolulu [<mailto:James.Hallstrom@cbre.com>]
Sent: Thursday, March 15, 2018 12:46 PM
To: Bonnie Rice <bonnie@thericepartnership.com>
Cc: Cutler, Jake @ Honolulu <Jake.Cutler@cbre.com>; Sato, Adrienne @ Honolulu <Adrienne.Sato@cbre.com>
Subject: Rice DLNR Leasehold Interest

Bonnie-

It was a pleasure talking with you earlier in the week. And, thank you for providing the additional information on the lease and supporting appraisal data for the DLNR / Rice land lease. We have reviewed these items and our preliminary finding is that the economic value of the Rice leasehold interest in the land in the 8,573 acre DLNR land lease may be negligible. It is the right to use the land for graving purposes, only. There is no higher order use or development available to the lessee.

The value of a leasehold interest is quantified as being the present value difference between the fair market rent for the property and the existing contract for as long as that differential or margin exists. For the subject, this would be until the next rent reset in six years.

Since the current contract rent was recently set in 2014, market prices for grazing in South Kohala have been generally stable, indicating there is likely no material margin creating a significant economic leasehold interest value. The going-concern value (business value) of the grazing operation requires a different analysis, and is outside the value of the underlying real estate. The overall leasehold valuation concept is that if a lessee is paying a prevailing rental price for the demised premises, there is no premium for the sandwich position that has no salable economic advantage for that restricted use of the land. The fact that there is a contingent obligation to construct costly improvements in connection with a lease extension to pay future market rental rates further limits the desirability of the salable value of the leasehold interest.

Depending on your required needs for documentation for estate planning, we can provide alternate reporting options for your consideration. The most limited in scope and cost efficient would be a consulting letter or restricted appraisal report analyzing the value of the Rice Leasehold Interest in the 8,573 acre DLNR lease as of the date of death of your father, citing market rent levels and reporting preliminary findings of reasonableness with a not greater than conclusion. We could complete this for \$3,500 in three weeks. If you need an appraisal to fully document the conclusion and compliant with USPAP, we can complete a Narrative Appraisal Report for \$7,500 in 6 weeks. Should you need a going concern value, we can discuss this further if necessary.

Please let us know if you have any questions.

Mahalo,
Jim Hallstrom

James E. Hallstrom, Jr., MAI, CRE, FRICS | Managing Director
The Hallstrom Group Team
CBRE | Hawaii Valuation & Advisory Services
1003 Bishop St, Suite 1800 | Honolulu, HI 96813
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EXHIBIT 4

GENERAL LEASE No. S-5373



View of pasture land from Lalamilo Farm Lots



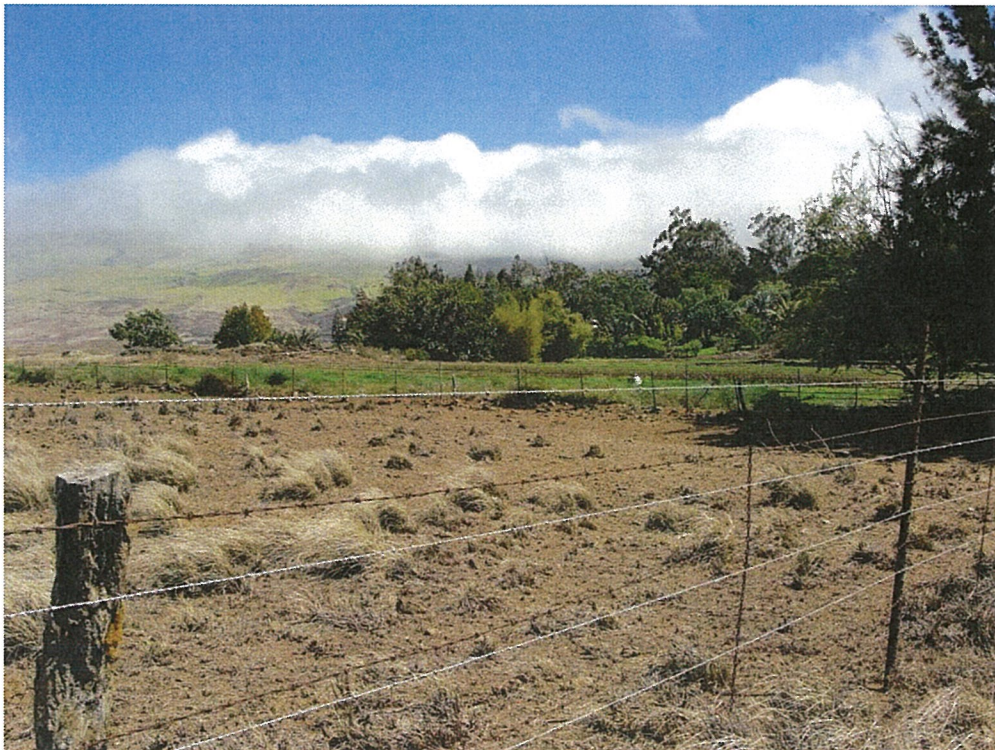
Cattle gathering around water trough

EXHIBIT 5

GENERAL LEASE No. S-5373



Cattle grazing in paddock



Portion of pasture land adjacent to Lalamilo Farm Lots

GENERAL LEASE No. S-5373



Typical grazing lands



Typical grazing lands