

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

October 11, 2019

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

Hawai'i

Consent to Assign General Lease Nos. S-4472 & S-4473, Ernest De Luz, Assignor, to Ernest De Luz Ranch, LLC, Assignee, Kaohe 6<sup>th</sup>, Hoea-Kaao, Hamakua, Hawaii, Tax Map Keys: (3) 4-1-006:007 and 4-2-008:002.

APPLICANT:

Ernest De Luz, tenant in severalty, as Assignor, to Ernest De Luz Ranch, LLC, a Hawaii limited liability company, as Assignee.

LEGAL REFERENCE:

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

LOCATION AND AREA:

GLS-4472:

Portion of Government lands situate at Hoea-Kaao, Hamakua, Hawaii, identified by Tax Map Key: (3) 4-2-008:002, consisting of approximately 1,902 acres, as shown on the attached maps labelled Exhibits A and B.

GLS-4473:

Portion of Government lands situate at Kaohe 6, Hamakua, Hawai'i, identified as Tax Map Key: (3) 4-1-006:007, consisting of approximately 3,110 acres, as shown on the attached maps labelled Exhibits A and C.

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:

Both Leases:

Original term of 35-years, commencing on March 1, 1976 and expiring on February 28, 2011.

Board approved extension of 20-years<sup>1</sup> commencing on March 1, 2011 and expiring on February 28, 2031.

ANNUAL RENTAL:

GLS-4472: \$13,440.00, due in quarterly installments, on the 1<sup>st</sup> day of March, June, September, and December of each and every year.

GLS-4473: \$7,900.00, due in quarterly installments, on the 1<sup>st</sup> day of March, June, September, and December of each and every year.

CONSIDERATION:

\$ 10.00

RECOMMENDED PREMIUM:

Not applicable.

DCCA VERIFICATION:

ASSIGNOR:

Not applicable as the Assignor is an individual and as such, not required to register with the DCCA.

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<sup>1</sup> February 22, 2002, agenda item D-16

ASSIGNEE:

Place of business registration confirmed: YES X NO     
Registered business name confirmed: YES X NO     
Good standing confirmed: YES X NO   

REMARKS:

General Lease No. S-4472 (GLS-4472) was awarded to Antone S. Teixeira and Marjory Ann Teixeira as the highest bidder at a public auction held on August 28, 1975, in Hilo, Hawaii. The specific use for the subject property is for pasture purposes.

By mesne conveyances, GLS-4472 is currently leased to Ernest De Luz and Marian A. De Luz, husband and wife as tenants by the entirety, as illustrated below:

Grantor	Grantee	Board Action
Antone & Marjory Teixeira	Teixeira's Ranch, Inc.	1/28/77, Item F-1-2
Teixeira's Ranch, Inc.	Hooulu Ranch, Inc.	12/26/79 Corp name change
Hooulu Ranch, Inc.	Jack Ramos Ranch, Inc.	10/26/84, Item F-1-1
Jack Ramos Ranch, Inc.	Kukaiau Cattle Corp.	7/11/86, Item F-1-a
Kukaiau Cattle Corp.	Ernest & Marian De Luz	3/11/88, Item F-1-e

General Lease No. S-4473 (GLS-4473) was awarded to Philip C. Meyer as the highest bidder at a public auction held on August 28, 1975, in Hilo, Hawaii. The specific use for the subject property is for pasture purposes.

By mesne conveyances, GLS-4473 is currently leased to Ernest De Luz and Marian A. De Luz, husband and wife as tenants by the entirety, as illustrated below:

Grantor	Grantee	Board Action
Philip C. Meyer	Carl Meyer Ranch Corp.	10/24/80, Item F-1-a
Carl Meyer Ranch Corp.	Ernest & Marian De Luz	3/27/87, Item F-1-e

By letter dated May 18, 2001, Ernest and Marian A. De Luz, requested a consent to mortgage and a 20-year lease extension of GLS-4472 and S-4473. The purpose of the consent to mortgage and extension of lease was to secure financing from the Hawaii Production Credit Association, for the construction of a new reservoir (1,000,000 gallon) and cattle corral on the subject properties. The reservoir was constructed upon Parcel 2 of TMK: (3) 4-002-008, under GLS-4472, and the cattle corral upon Parcel 7 of TMK: (3) 4-001-006, under GLS-4473. At its meeting of February 22, 2002, under agenda item D-16, the Land Board approved the extension of lease terms and consent to mortgage for both leases.

Ernest and Marian A. De Luz held both leases as tenants by entirety until Marian A. De Luz passed away on January 6, 2014. By operation of law, title to both leases thereupon vested in Ernest De Luz as the surviving joint tenant. Mr. De Luz is requesting an assignment of both leases to Ernest De Luz Ranch, LLC, a Hawaii limited liability company. The business is a single member limited liability company owned by Mr. De Luz.

Mr. De Luz is in compliance with all the terms and conditions of both leases including rent, insurance, performance bond, and has submitted conservation plans approved by the Hamakua Soil and Water Conservation District.

Mr. De Luz 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 March 1, 2012. The next rental reopening is scheduled for March 1, 2022. There are no outstanding rental reopening issues.

RECOMMENDATION:

That the Board consent to the assignment of General Lease No. S-4472 and General Lease No. S-4473 from Ernest De Luz, Assignor, to Ernest De Luz Ranch, LLC, 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.

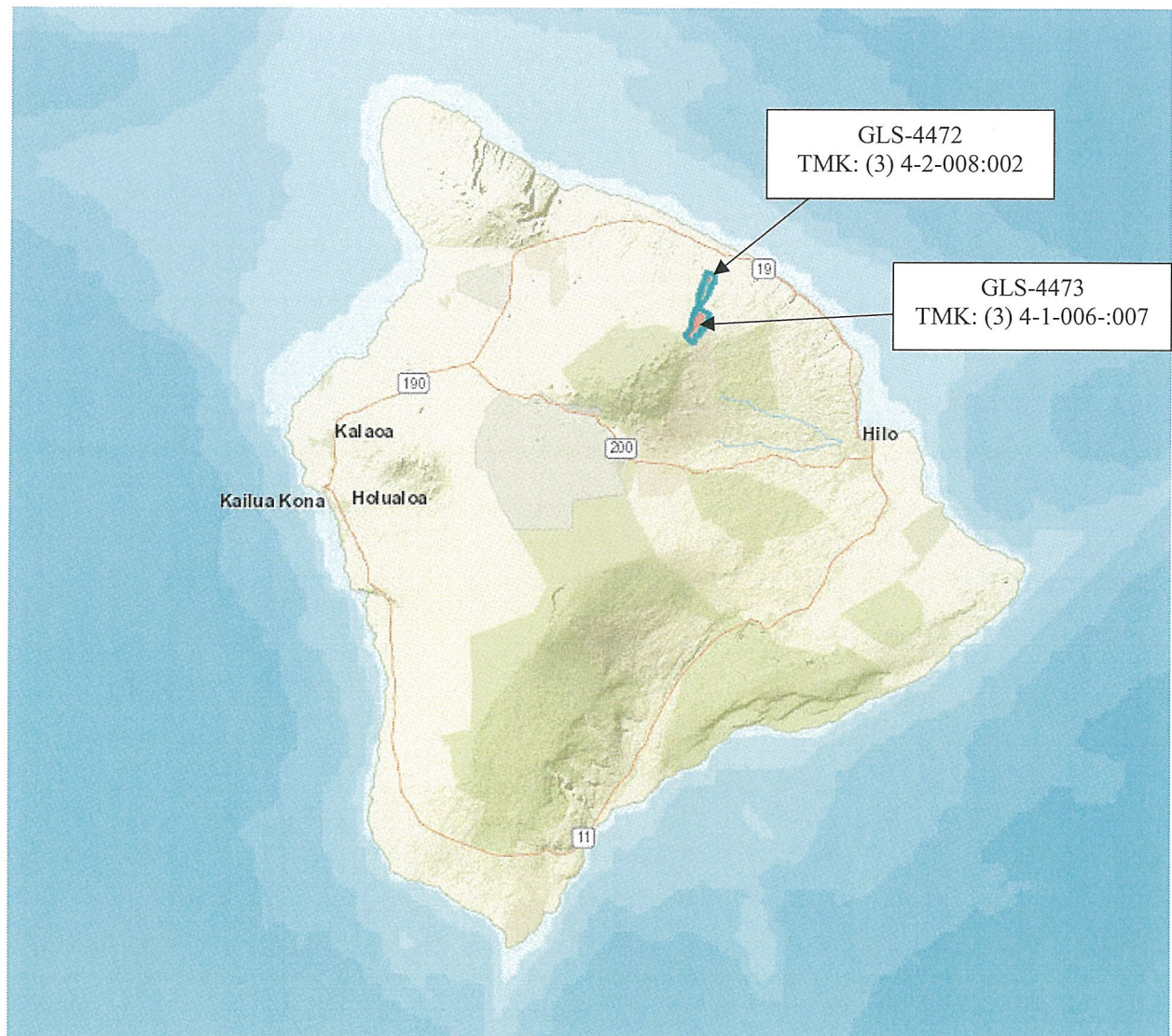
Respectfully Submitted,

  
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Gordon C. Heit  
District Land Agent

APPROVED FOR SUBMITTAL:

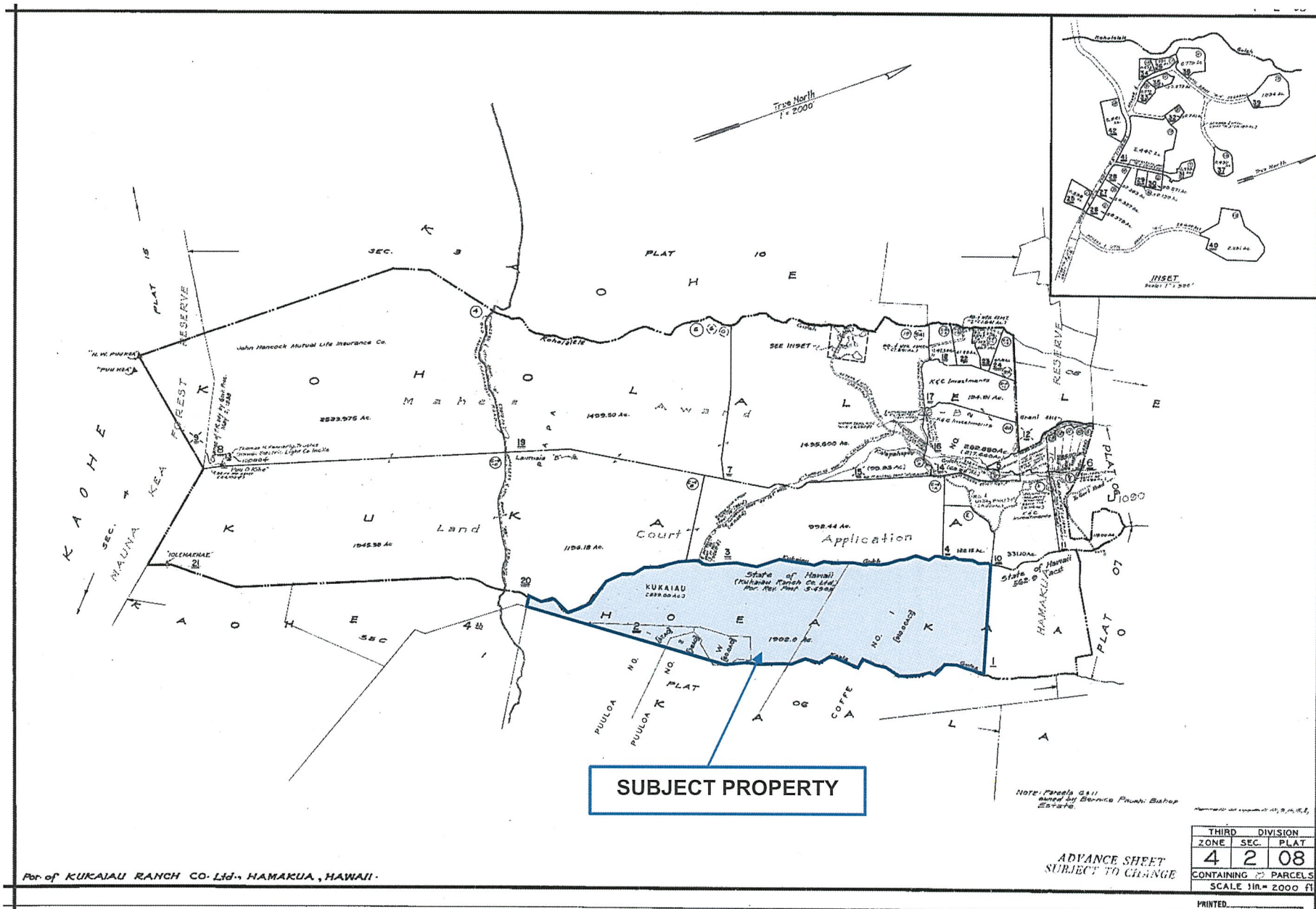
  
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Suzanne D. Case, Chairperson





## EXHIBIT A

**TMK: (3) 4-2-008:002**



## EXHIBIT B





ADVANCE SHEET  
SUBJECT TO CHANGE

THIRD		DIVISION	
ZONE	SEC.	PLAT	
4	1	06	
CONTAINING		PARCEL	
SCALE: 1 in. = 2000 ft.			

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## EXHIBIT C