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

January 12, 2007

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

PSF#06OD-112

Oahu

Consent to Mortgage and Extension of Lease Term, General Lease No. S-3776, Claudia M. Chaille, Angela Chaille Meixell, Timothy Meixell, Lessee, Waimanalo, Koolaupoko, Oahu, Tax Map Key: (1) 4-1-27:12

APPLICANT AND REQUEST:

Consent to Mortgage from First Hawaiian Bank, Mortgagee, to Claudia M. Chaille, Angela Chaille Meixell, and Timothy Meixell, in an amount not to exceed thirty-five thousand dollars ($35,000).

For Mortgagor to qualify for this mortgage, Mortgagee requires extension of General Lease No. S-3776 of nine (9) years, commencing on 12/2/2007 and expiring on 12/1/2016 for an aggregate term of 53 years.

LEGAL REFERENCE:

Sections 171-22 and 36(b), Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands situated at Waimanalo, Koolaupoko, Oahu, identified by Tax Map Key: (1) 4-1-27:12, as shown on the attached map labeled Exhibit A.

AREA:

8.634 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 ____ NO _X_

CHARACTER OF USE:

"Agriculture, diversified" shall mean the cultivation of truck, orchard, flower and nursery crops and shall not include or embrace the cultivation of grasses or forage crops except as "cover crops" and then only for the short periods between crops consistent with good diversified crop practices; and provided, further, that nothing in this paragraph shall be construed as intending to prohibit the Lessee and his employees from maintaining a home garden and keeping chickens or other food and/or pleasure animals (excepting swine) for his own use and not for sale to others.

TERM OF LEASE:

Original term of 20 years, commencing on December 2, 1963 and expiring on December 1, 1983.

Mortgage and extension of lease term of 24 years, commencing on December 2, 1983 and expiring on December 1, 2007.

Requesting extension of lease term of 9 years, commencing on December 2, 2007 and expiring on December 1, 2016.

ANNUAL RENTAL:

$1,900, due in annual installments on December 2nd.

RENTAL REOPENINGS:

There is no rental reopening provision in the lease. However, a rental reopening occurred on December 1, 1983 for the previous lease term extension.

A reopening for the extended term shall be on January 12, 2007 (immediate reopening).

USE OF LOAN PROCEEDS:

1)	Repairs to the walk-in refrigeration unit-	$8,000
2)	Relocate electrical panel and extend electrical lines to the workshop-	$5,000
3)	Barn restoration-	$10,000
4)	Rebuild watering system in the fields-	$12,000
	Total:	$35,000

DCCA VERIFICATION:

Not applicable. The Lessee is comprised of individuals and as such are not required to register with DCCA.

APPLICANT REQUIREMENTS:

Applicant shall be required to pay for an appraisal for the immediate rental reopening.

REMARKS:

General Lease No. S-3776 (GL3776) was issued to Mr. James F. Ching on December 1, 1963 with a term of 20 years. On September 25, 1970, under item F-1-c, the Land Board consented to the assignment of GL3776 to Mr. and Mrs. Howard Chaille, and later, to a mortgage and lease extension for an additional term of 17 years, which expires December 2, 2007. A series of consents to assign GL3776 were subsequently executed, resulting in the Chaille's descendants being the current Lessee. The Lessee resides in two dwellings on the property that were built in accordance with the Lease provisions.

Past inspections of the leased premises occurred in February 2001, 2002, and 2003. During these inspections, staff generally noted a small scale farming operation that allowed the leased property to be somewhat "underutilized". Still, some farming was taking place with evidence of farm related construction activity. The Lessee also operated a walk-in refrigeration unit, which local farmers use to control the ripening process of their banana crops (see Exhibit B; Photos 2(c) and (d)).

On August 15, 2006, staff inspected the premises again and noted that farming was limited to a small field of ginger plants near the entrance to the property (see Exhibit "B"; Photo 1(a)), and the operation of the walk-in refrigeration unit. According to the Lessee, the ginger plants are available for sale and the walk-in refrigerator is still used by banana farmers.

The Lessee also has a "Natural Resource Conservation Service" (NRCS) Conservation Plan, under the United States Department of Agriculture, that was approved by the DLNR Chairperson on July 1, 2003. Said conservation plan called for irrigation system improvements on the property, among other things, to occur within six months from the execution date (see Exhibit "C"). As noted during the site inspection on August 15, 2006, the conservation plan improvements had not been completed.

The Lessee would like to revive the farming operation and is proposing to use the loan funds to finance the irrigation system as required under the conservation plan, and make repairs to the large refrigeration unit and related improvements as described in the "Use of Loan Proceeds" above. Staff does not object to the Lessee's request, although it would have preferred more initiative from the Lessee to complete its conservation plan improvements to enhanced its farming activities.

The Lessee is compliant with the lease terms and conditions with regard to the rent, insurance, and performance bond requirements, and has not been issued a notice of default within the last 2 years.

There are no outstanding rental reopening issues.

No agency or community groups were solicited for comment on this request.

RECOMMENDATION:

That the Board, subject to the Applicant fulfilling the Applicant requirement listed above:

1. Consent to the mortgage between Claudia M. Chaille, Angela Chaille Meixell, Timothy Meixell, Mortgagor, and First Hawaiian Bank, Mortgagee, subject to the following:

   A. The loan proceeds shall be used for the purposes as stated in "Use of Loan Proceeds" above. The Lessee shall maintain records of loan expenditures, which may be inspected by the Department;

   B. The standard terms and conditions of the most current consent to mortgage form, as may be amended from time to time;

   C. Review and approval by the Department of the Attorney General; and

   D. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

2. Authorize the extension of General Lease Nos. S-3776 under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:

   A. The standard terms and conditions of the most current extension of general lease form, as may be amended from time to time;

   B. Review and approval by the Department of the Attorney General; and

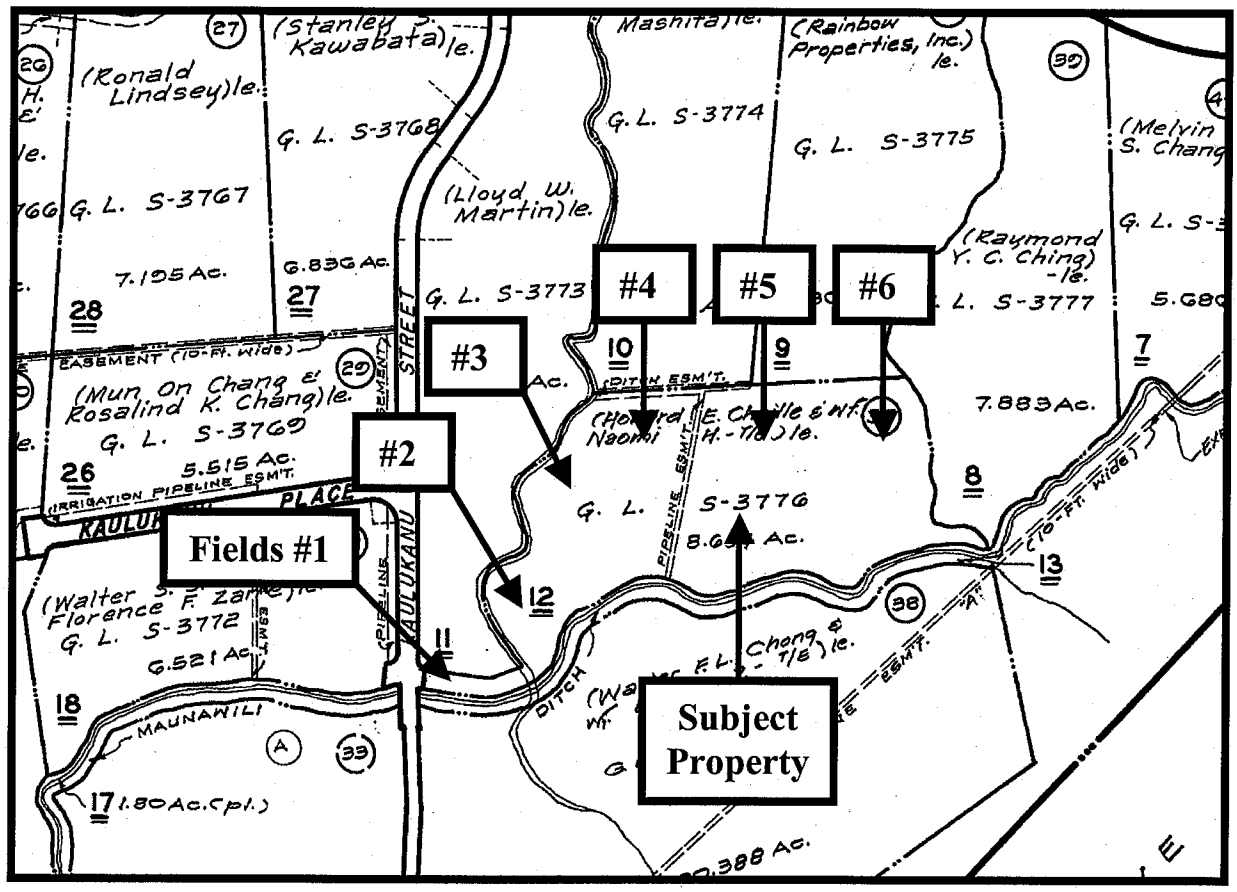
   C. Such other conditions as may be prescribed by the Chairperson, which are in the best interests of the State.

Respectfully Submitted,

Robert M. Ing
Land Agent

APPROVED FOR SUBMITTAL:

for Peter T. Young, Chairperson



General Lease No. S-3776
Waimanalo, Koolaupoko, Oahu
TMK: (1) 4-1-27:12

EXHIBIT "A"

General Lease No. S-3776
Waimanalo, Koolaupoko, Oahu, TMK: (1) 4-1-27:12

(1a) Field #1. Facing eastward toward the Kaulukanu Street entrance to the property. According to the Lessee, approximately 300 ginger plants at this site are available for sale.

(1b) Field #2 (approximately 1 acre), as shown on the conservation plan approved by the DLNR Chairperson on July 1, 2003.

(1c) Field #2, facing eastward toward Field #'s 3, 4 and 5. The primary residence is on the right.

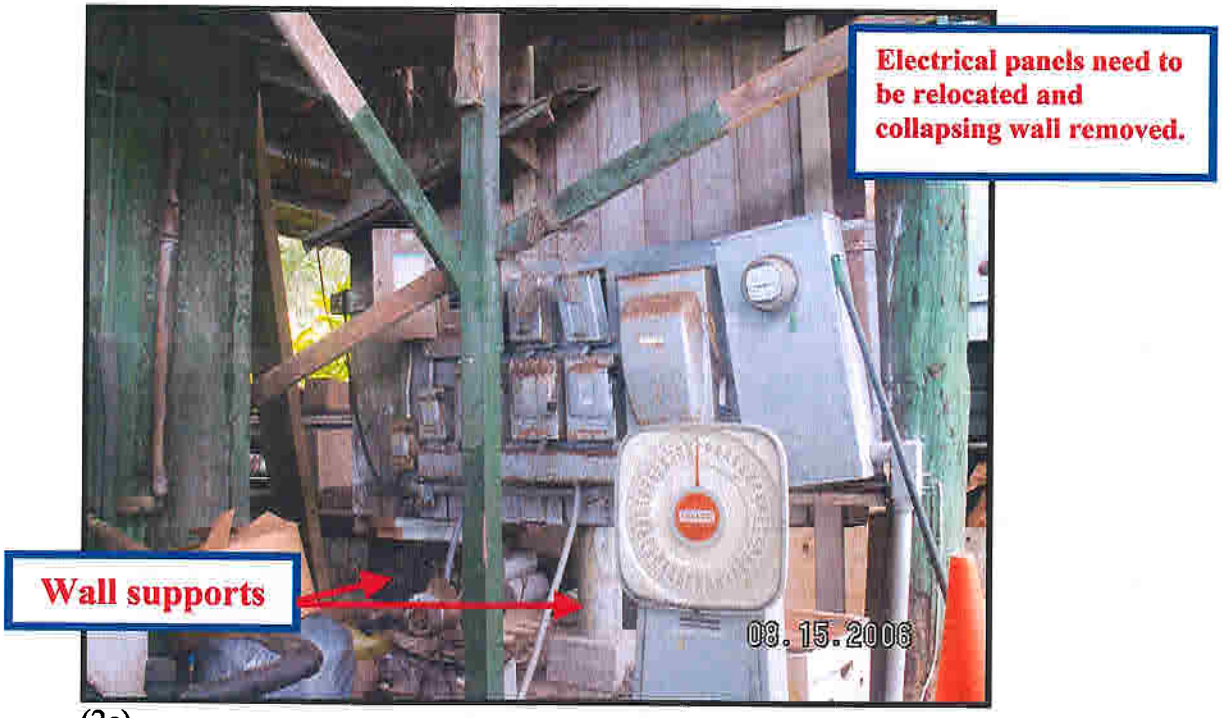
EXHIBIT "B"

(1d) Facing East. Field #'s 3, 4, and 5.

(2a) A shed housing a refrigeration unit. The Lessee constructed a steel shed over a wooden shed that'sis collapsing. The Lessee intends to use part of the loan proceeds to remove the collapsing shed.

(2b)

(2c and 2d) 10' x 15' Banana refrigeration unit used to ripen other farmers' bananas.



(2e)

(3a) Facing East toward the primary residence near the white car.

(3b) Facing West toward the primary residence.

(3c.) The 2nd dwelling situated near the end of the road leading through the property. The planting fields are to the left of this photo.

GL3996

USDA Natural Resources Conservation Service
Aiea Field Office
99-193 Aiea Heights Drive, Suite 207
Aiea, Hawaii 96701
(808) 483-8600

Sheila Cox
District Conservationist

Conservation Plan

Timothy Meixell
41-878 Kaulukanu St.
Waimanalo, HI 96795

Objectives: Increase acreage of bananas and heliconias; control streambank erosion; reduce flood damage from upland runoff, protect water resources.

Crop: Ti, Bananas and Heliconias

329A Residue Management- No Till/Strip Till

Maintain loose residue on the field to reduce erosion, improve soil organic content and conserve soil moisture.

Field	Planned Amount	Month	Year	Applied Amount	Date
All	4.7 AC.	6	2005		
Total:	4.7 AC.				

331 Contour Orchard and Other Fruit Area

Plant bananas and heliconias on the contour to reduce erosion and runoff.

Field	Planned Amount	Month	Year	Applied Amount	Date
2,3,4,5,6	4.7 AC.	6	2005		
Total:	4.7 AC.				

393 Filter Strip

Create or maintain an area of vegetation approximately 20 feet wide adjacent to the streambank.

Field	Planned Amount	Month	Year	Applied Amount	Date
2,3,4,5,6	0.75 AC.	6	2005		
Total:	0.75 AC.				

449 Irrigation Water Management

Control the rate, amount and timing of irrigation water to minimize soil erosion and conserve water.

Field	Planned Amount	Month	Year	Applied Amount	Date
All	4.7 AC.	6	2005		
Total:	4.7 AC.				

342 Critical Area Planting

Plant vegetation on eroding slopes to stabilize the soil and reduce sediment entering intermittent stream.

Field	Planned Amount	Month	Year	Applied Amount	Date
2,3	300.0 FT.	6	2005		
Total:	300.0 FT.				

EXHIBIT "C"

590 Nutrient Management

Nutrients are applied at a rate that allows for optimum crop yields while minimizing the entry of nutrients to surface and groundwater and maintaining or improving the chemical and biological condition of the soil. The recommendations in the Nutrient Management Worksheet will be followed as much as possible.

Field	Planned Amount	Month	Year	Applied Amount	Date
All	4.7 AC.	6	2005		
Total:	4.7 AC.				

595 Pest Management

Manage infestations of weeds, insects and disease to reduce adverse effects on plant growth, crop production and material resources. Maintain records to track pesticide application, timing, method and amount. Apply according to label instructions and calibrate equipment regularly. Refer to CTAHR's publication on Pest Management.

Field	Planned Amount	Month	Year	Applied Amount	Date
All	4.7 AC.	6	2005		
Total:	4.7 AC.				

CERTIFICATION OF PARTICIPANTS

Timothy J. Meikell 4.9.03

Timothy Meikell Date

CERTIFICATION OF:

District Conservationist

Sheila Cox

Sheila Cox Date

CONSERVATION DISTRICT

Carl Kobashigawa 4/9/03

Windward SWCD Date

NONDISCRIMINATION STATEMENT

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To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

These plans have been approved by the Chairperson of the Board of Land and Natural Resources in accordance with the provisions of GL No. S-3226.

Signature

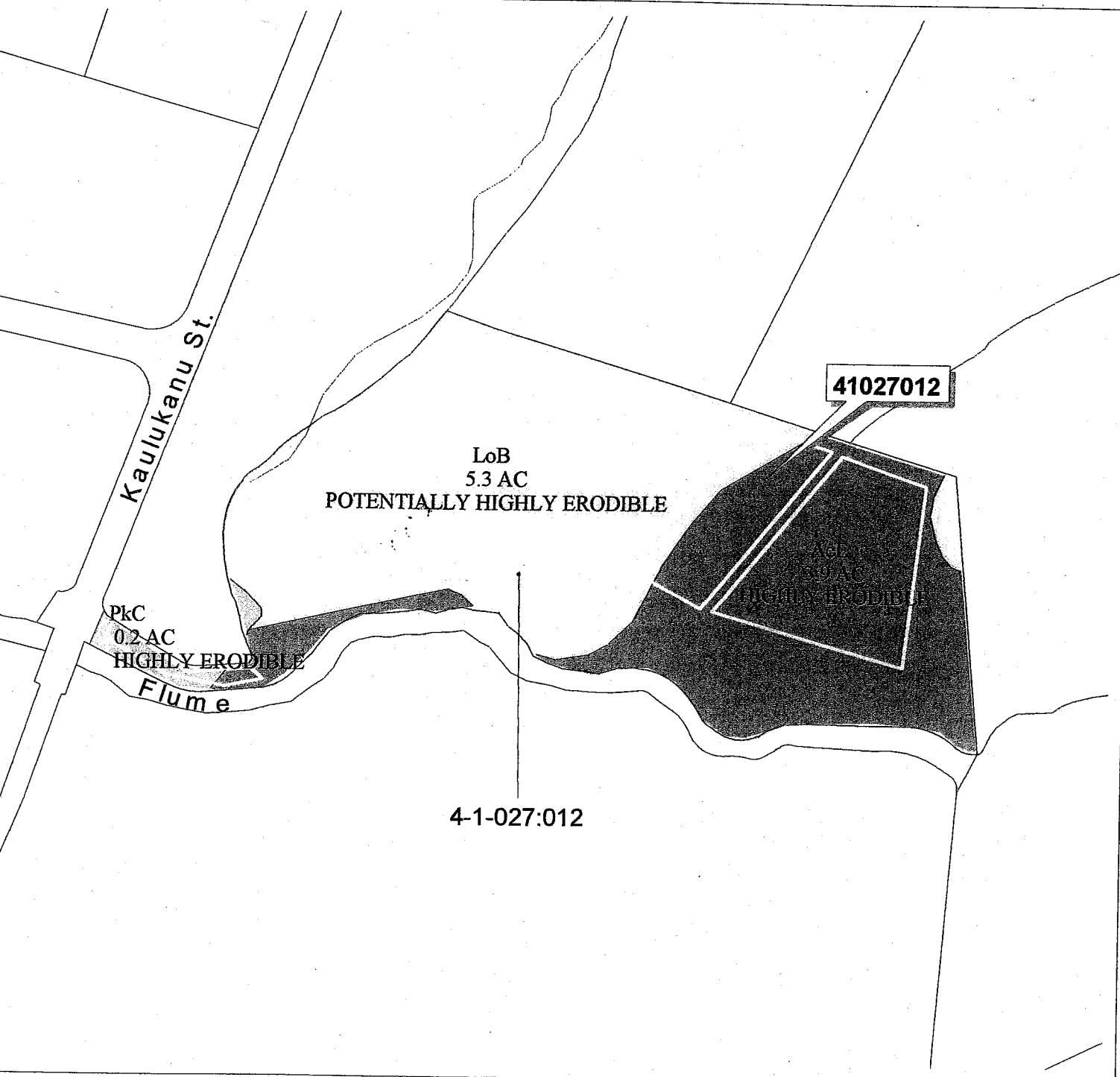
Date: 7/1/03

Soils Map

Mr. Tim Meixell
Approx. 8.6 acres
Date: 10/04/2002

Windward Oahu SWCD

NRCS-USDA
A. Pratt



Legend

- AeE
- LoB
- PkC
- TMK Boundaries

1 inch = 200 feet

NRCS

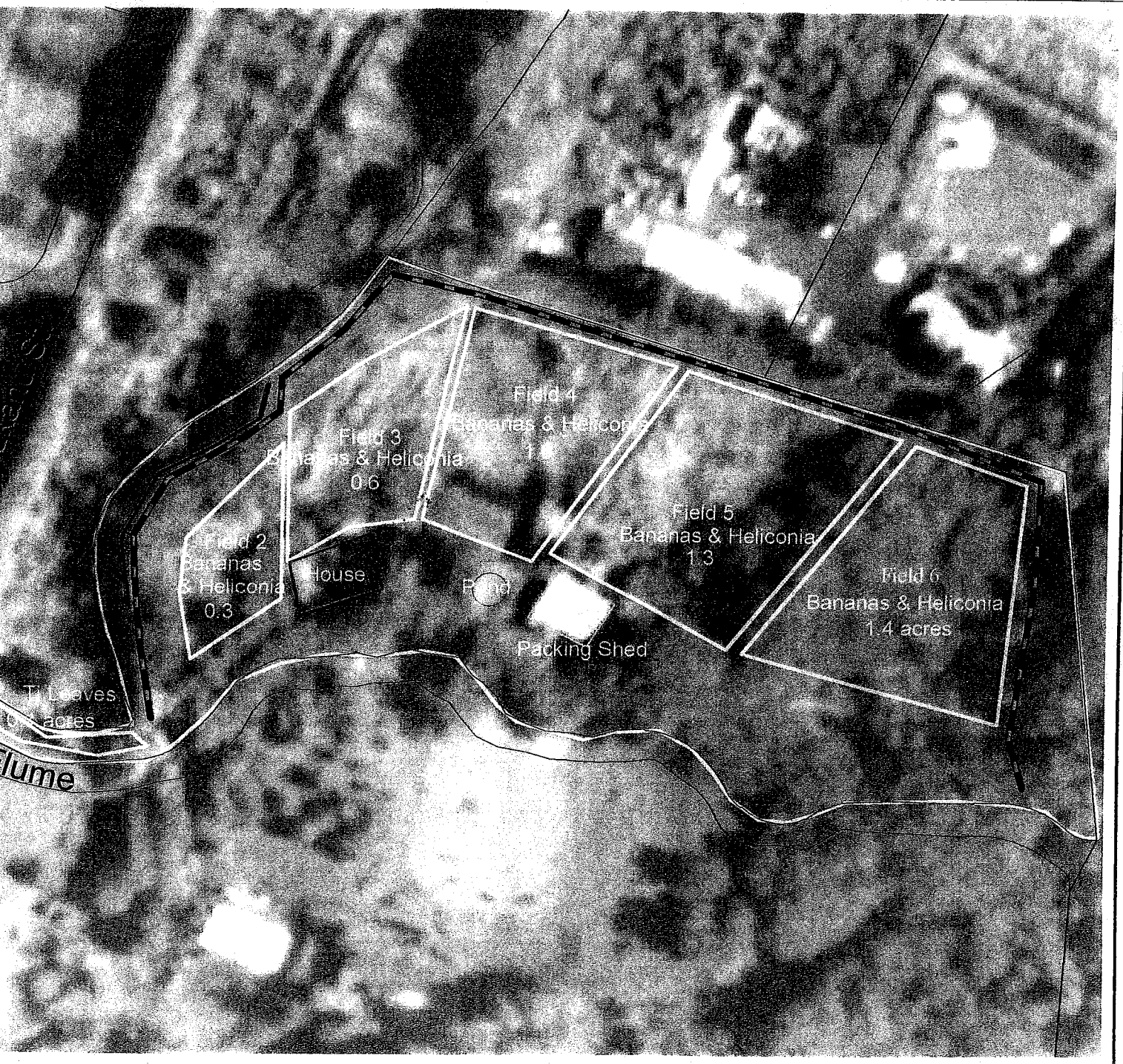
300 0 300 600 Feet

N W E S

Conservation Plan Map

Timothy Meixell
TMK 4-1-027:012
Windward Oahu SWCD
Date: 04/04/2003

Aiea Field Office
Natural Resources
Conservation Service
Assisted By: A. Pratt



Legend

- Critical Area Planting
- Filter Strip
- Stream
- TMK Boundary
- Field Boundaries

1 inch = 150 feet

0 200 400 600 Feet

N

NRCS