

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

December 12, 2025

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

GLS-4667

Hawaii

Forfeiture of General Lease No. S-4667, A.P. Water Supply, Inc., Lessee,  
Waiakea Industrial Lots, Waiakea, South Hilo, Hawaii Tax Map Key: (3) 2-  
2-058:012.

PURPOSE:

Forfeiture of General Lease No. S-4667, A.P. Water Supply, Inc., Lessee.

LEGAL REFERENCE:

Section 171-39, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands of Waiakea industrial lots situated at Waiakea,  
South Hilo, Hawaii, identified by Tax Map Key: (3) 2-2-058:012, as shown on the  
attached map labeled Exhibit A.

AREA:

26,114 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:

General Industrial purposes.

TERM OF LEASE:

55 years, commencing on August 28, 1980, and expiring on August 27, 2035.

ANNUAL RENTAL:

\$35,400.00 due in two semi-annual payments on August 28<sup>th</sup> and February 28<sup>th</sup>. However, by letter dated May 5, 1995, the Land Administrator approved a request by Lessee to have the semi-annual billing converted to monthly billings. Currently, monthly rent in the amount of \$2,950.00 is due on the 28<sup>th</sup> of each month.

STATUS:

Pursuant to the authority granted the Chairperson by the Board of Land and Natural Resources at its meeting of January 11, 1980 and the breach provision contained in General Lease S-4667, A.P. Water Supply, Inc., Lessee, was served a Notice of Default (NOD) by certified mail and regular mail dated March 6, 2025 for:

- ☒ Failure to keep lease rental payments current
- ☐ Failure to post required performance bond
- ☐ Failure to post required fire insurance policy
- ☐ Failure to post required liability insurance policy
- ☐ Other:

Said notice, was returned unclaimed on March 27, 2025. A copy of said notice was sent out regular mail on April 3, 2025, and has not been returned. The notice offered the Lessee a sixty-day cure period to correct the default. This cure period expired on June 12, 2025. As of November 28, 2025, this breach has not been cured.

Lessee was also served a Notice of Default (NOD) by certified mail dated February 12, 2025, for:

- ☐ Failure to keep lease rental payments current
- ☐ Failure to post required performance bond

- ☒ Failure to post required fire insurance policy
- ☐ Failure to post required liability insurance policy
- ☐ Other:

Said notice, was returned unclaimed on March 7, 2025. A copy of said notice was sent out regular mail on March 12, 2025, and has not been returned. The notice offered the Lessee a sixty-day cure period to correct the default. This cure period expired on May 12, 2025. As of November 28, 2025, this breach has not been cured.

As of November 28, 2025, the current status of all lease compliance items is as follows:

RENT:

The Lessee has a rental delinquency of \$31,700.00<sup>1</sup> for the time period from January 28, 2025 through November 28, 2025.

INSURANCE (liability and fire):

The Lessee has not posted the required liability or fire insurance policies. Most recent policies expired 11/07/2021.

PERFORMANCE BOND:

The Lessee posted the required performance bond on 04/12/2025. The bond is in the form of a surety bond in the amount of \$75,000.00 in effect until 03/26/2026.

OTHER: Unauthorized subleasing of the premises in violation of paragraph 14, which states:

*"Subletting. That the Lessee shall not rent or sublet the whole or any portion of the demised premises, without the prior written approval of the Board; provided, however, that prior to such approval, the Board shall have the right to review and approve the rent to be charged to the proposed sublessee and, if necessary, revise the rent of the demised premises based upon the rental rate charged to the said sublessee; provided, further, that the rent may*

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<sup>1</sup> The lease does not provide for interest or late fees on delinquent accounts; therefore the rent delinquency is pure lease rent due on the account without any penalties accruing.

*not be revised downward.”*

Lessee is currently subletting to at least two entities and does not have an active business presence on the property.

OTHER: Real Property Taxes.

According to the County of Hawaii Real Property Tax Office, the Lessee is in arrears for years 2023 through 2025 for a total due of \$26,985.37 (as of 11/30/2025)

BACKGROUND:

General Lease No. S-4667 (GLS-4667) was sold at an auction of government leases held on August 28, 1980. The lease was issued to HIW-Hawaii, Inc. as the winning bidder for a term of 55 years commencing on August 28, 1980 and expiring on August 27, 2035.

At its meeting of October 27, 1989, agenda item F-1-j, the Board consented to the assignment of GLS-4667 to A.P. Water Supply, Inc., a commercial water supply product distributor; with Alex Penovaroff, Jr. being its sole Officer/Director.

In March of 2020, Staff became aware, from an obituary published in the local newspaper, that Mr. Alex Penovaroff, Jr. had passed away on December 20, 2019. According to the DCCA – Business Registration Division, Mr. Penovaroff's wife, Karoll Penovaroff was named the sole Officer/Director of A.P. Water Supply, Inc. On July 1, 2022, Kaulani Wilmington was named as an additional Director (see attached Exhibit B). None of this information was provided to the Hawaii District Land Office (HDLO) by the Lessee.

Staff has spent a large amount of time tracking down contact information for either of the listed persons as most certified mail has been returned as unclaimed. In late September 2021, contact was made with Karoll Penovaroff and she provided a PO Box address in Kamuela, Hawaii. However, certified letters were again returned as unclaimed and no response was received from regular mail correspondence. Staff reverted to using the leased property address.

Since that time, we have issued the following:

01/03/2022 – NOD for Liability Insurance (expired 11/07/2021)  
04/28/2022 – NOD for Performance Bond (expired 03/04/2022)  
08/22/2023 – NSF rent check dated 07/26/2023  
10/26/2023 – NOD for unpaid rent of 09/2023

11/17/2023 – Letter re: Unposted Performance Bond from prior NOD  
04/19/2024 – NOD for unpaid rent of 03/2024  
02/12/2025 – NOD for Fire Insurance (expired 11/07/2021)  
03/06/2025 – NOD for unpaid rent from 10/2024 to 02/2025  
07/18/2025 – NSF rent checks (2) dated 05/16/2025  
09/16/2025 – Cesspool demand letter

An impromptu site visit in March 2025 revealed the presence of a sublessee, Na Hoa Kalele LLC (Randolph Freitas - owner), who provided staff with contact information for Kaulani Wilmington. Staff contacted Ms. Wilmington to discuss the above defaults and the unauthorized subleasing.

On May 2, 2025, HDLO received a packet from Ms. Wilmington consisting of the following:

- a. A request for a payment plan to bring the account current due to recent circumstances. She proposed an initial payment of \$2,950.00 followed by monthly payments of \$2,000.00 on the 14<sup>th</sup> of each month until the outstanding balance was paid;
- b. A change of address form listing her home address; and
- c. An incomplete application for request for consent to sublease to Randolph Freitas – owner Na Hoa Kalele LLC. This business inspects and repairs/retrofits container chassis to make them road legal.

On June 30, 2025, HDLO received two checks drawn on the sublessee's account; one for \$2,950.00 and one for \$2,000.00. Both checks were returned as not sufficient funds. Since then, we have received two cashier's checks in the amount of \$3,000.00 each; one on August 8<sup>th</sup> and a second on September 2<sup>nd</sup>.

On July 16, 2025, staff sent a letter requesting further information regarding the hardship and sublease.

On October 13, 2025, HDLO received an unsigned letter via email from AP Water Supply addressing the cause of the financial hardship. The email stated that financial hardship was due to the loss of a key employee of the sublessee and compounded by an immediate family member of the lessee enduring a serious medical condition. The email assured that a recovery plan was in place and the outstanding balance and new investments in the property would resume by early next year (2026). However, no recovery plan was included nor was there an indication of what the new investments might be.

### DISCUSSION:

Of the above default items, the Performance Bond was provided on 04/10/2025 and is in effect through 03/31/2026. The liability and fire insurance certificates have not been provided. The most recent date that rent was current was 04/28/2024.

Since certified mail has consistently been returned as unclaimed, staff has had several telephone discussions with Ms. Wilmington regarding the status of the rent, insurances, bond and subleasing. Most of these interactions have been staff initiated, and the sublessee has delivered all correspondence from the lessee either in person or via email.

### Subleases:

The sublease application provided the following information:

Sublease term	07/01/2023 through 07/31/2027
Monthly sublease rent	\$ 3,500.00
Insurance costs (annual)	\$ 1,480.00
RP taxes (annual)	\$ 5,845.00

During the period 07/01/2023 thru 11/30/2025, the lessee has received \$101,500.00 in sublease rent and has paid \$50,975.00 in lease rent. The annual lease rent is almost 1 year in arrears with a balance owing of \$31,700.00.

Insurance costs and real property taxes are not allowable expenses since records indicate these items are not being paid. It is noted that the real property taxes have not been paid since 2022 with a current balance of \$26,985.37 for the years 2023 through 2025. See attached Exhibit C.

Further, driving by the property on October 17, 2025, staff observed a business sign for "Bob's Fencing" erected on the building. This business recently relocated from another location and to date the lessee has not contacted staff to discuss a second sublease. See attached Exhibit D.

### Cesspool:

In accordance with a Consent Agreement and Final Order between the U.S. Environmental Protection Agency (EPA) and the DLNR, the EPA has directed DLNR to identify, close, and convert all large capacity cesspools to either a Hawaii Department of Health approved individual wastewater system or connect to a public sewer system. An independent third-party identified the subject

property as having a large capacity cesspool.

On September 16, 2025, a letter was sent both certified and by regular mail to the lessee explaining the situation and requested a timeline for closure and conversion of the large capacity cesspool within 60 days of the date of the letter. The certified letter was returned unclaimed on 10/10/2025 and staff has not received the regular mail back. To date we have not been given any indication regarding the lessee's plans for the closure and conversion of the cesspool.

Conclusion:

Land Division staff has invested time and resources over the past 4 years seeking to assist the lessee to attain compliance with the terms and conditions of the lease. The lessee has not earnestly pursued compliance.

It appears Lessee has been having financial difficulties since late 2021 as evidenced by erratic rent payments, lapsing of insurance policies, and expiration of the performance bond. Staff has had periodic contact with the lessee since that time without much success in gaining compliance.

The proposal for a payment plan received in May 2025, proposed making an initial payment of \$2,950.00 plus an additional \$2,000.00 on the 14<sup>th</sup> of the month until the account balance was current. We received those two checks two months later, which were both returned as "not sufficient funds". We have received two \$3,000.00 cashier's checks since then.

The income derived from the sublessee has been enough to cover the monthly lease rent and, over the period from inception of the sublease, to provide enough profit to possibly justify rent participation by DLNR. It now appears as if there is another unauthorized sublessee on the property and the Lessee does not use the premises for its business purposes.

Due to a lack of the required insurance policies protecting both the lessee and the State's interest from liability and property damage, failure to make consistent lease payments, continued unauthorized subleasing, failure to provide a timeline for the conversion of the cesspool, and the performance bond is set to expire in March 2026, staff is recommending that the Board cancel GLS-4667 and retain all sums received or pledged to cover amounts owed.

Further, staff recommends allowing 30 days from today's date for the lessee to remove all personal/professional equipment and items and any trade fixtures from the premises, including any property belonging to the unauthorized sublessee(s). After the 30-day period, any items left on the property are forfeit

and may be disposed of by DLNR in accordance with HRS 171-31.5

RECOMMENDATION: That the Board:

1. Authorize the cancellation of General Lease No. S-4667 in the manner specified by law;
2. Authorize the retention of all sums heretofore paid or pledged under General Lease No. S-4667 to be applied to any past due amounts;
3. Terminate the lease and all rights of Lessee and all obligations of the Lessor effective as of January 12, 2026, provided that any and all obligations of the Lessee which have accrued up to said effective date or which are stated in the lease to survive termination shall endure past such termination date until duly fulfilled, and further provided that Lessor reserves all other rights and claims allowed by law;
4. Authorize the Department of the Attorney General, the Department of Land and Natural Resources, or their agents to collect all monies due the State of Hawaii under General Lease No. S-4667 and to pursue all other rights and remedies as appropriate;
5. Authorize the removal and/or disposal of any personal property, equipment or trade fixtures left on the property after January 12, 2026 in accordance with HRS 171-31.5; and
6. Declare the Lessee to be ineligible for a disposition of State lands for a period of five years after termination of the lease.

Respectfully Submitted,

*Candace Martin*

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Candace Martin  
Acting District Land Agent

APPROVED FOR SUBMITTAL:

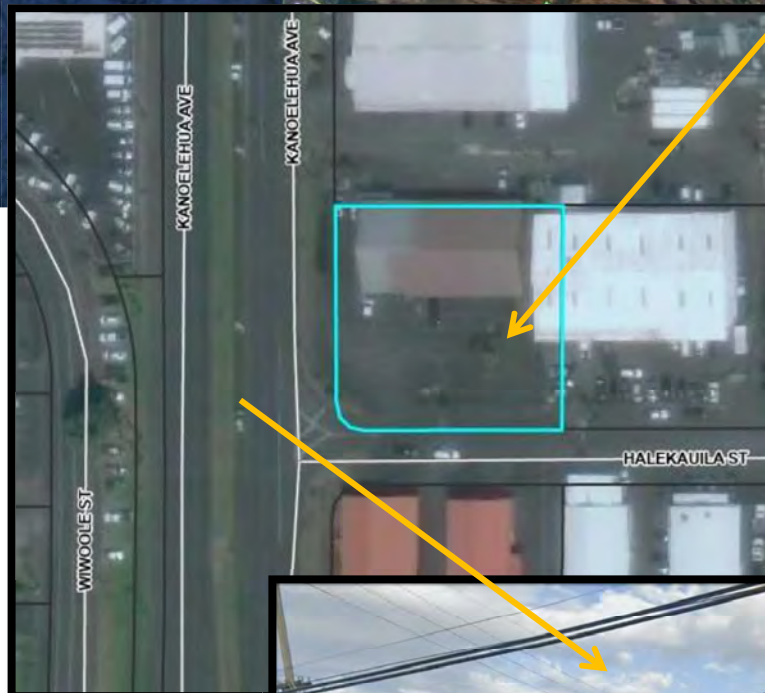


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Dawn N. S. Chang, Chairperson



# EXHIBIT A



# DCCA State of Hawaii

Downloaded on November 26, 2025.

The information provided below is not a certification of good standing and does not constitute any other certification by the State.

Website URL: <http://hbe.ehawaii.gov/documents>

## Business Information

MASTER NAME	A.P. WATER SUPPLY, INC.
BUSINESS TYPE	Domestic Profit Corporation
FILE NUMBER	76412 D1
STATUS	Active
PURPOSE	SALE OF WATER SUPPLY PRODUCTS USED IN CONSTRUCTION
ORGANIZED IN	Hawaii UNITED STATES
INCORPORATION DATE	Aug 21, 1989
PRINCIPAL ADDRESS	819 KANOELEHUA AVE HILO, Hawaii 96720 UNITED STATES
MAILING ADDRESS	819 KANOELEHUA AVE HILO, Hawaii 96720 UNITED STATES
TERM	PER
AGENT NAME	KAROLL PENOVAROFF
AGENT ADDRESS	819 KANOELEHUA AVENUE HILO, Hawaii 96720 UNITED STATES

## Annual Filings

FILING YEAR	DATE RECEIVED	STATUS
2025		Not Filed
2024	Oct 5, 2024	Processed
2023	Jul 3, 2023	Processed
2022	Aug 2, 2022	Processed
2021	Sep 15, 2021	Processed
2020	Sep 28, 2020	Processed
2019	Aug 5, 2019	Processed
2018	Jul 25, 2018	Processed
2017	Jul 18, 2017	Processed
2016	Jul 12, 2016	Processed
2015	Jul 20, 2015	Processed
2014	Jul 2, 2014	Processed
2013	Jul 12, 2013	Processed
2012	Jul 9, 2012	Processed
2011	Jul 8, 2011	Processed
2010	Jul 3, 2010	Processed
2009	Jul 13, 2009	Processed
2008	Sep 18, 2008	Processed
2007	Jul 11, 2007	Processed
2006	Aug 28, 2006	Processed
2005	Oct 3, 2005	Processed

2004	May 3, 2005	Processed
2003	Sep 4, 2003	Processed
2002		Not Required
2001		Processed
2000		Processed
1999		Processed

## Officers

NAME	OFFICE	DATE
PENOVAROFF, KAROLL	P/V/T/S/D	Jul 1, 2020
WILMINGTON, KAUILANI	D	Jul 1, 2022

## Stocks

DATE	CLASS	SHARES	PAID SHARES	PAR VALUE	STOCK AMOUNT
Dec 31, 1996	COMMON	1,000,000	500		

## Trade Names

NAME	TYPE	CATEGORY	REGISTRATION DATE	EXPIRATION DATE	STATUS
HIW-HAWAII	Trade Name	NO CATEGORY SELECTED	Mar 22, 1990	Mar 21, 1991	Expired

**Parcel Information**

Parcel Number 220580120000  
 Location Address 819 KANOELEHUA AVENUE  
 Project Name Waiakea Industrial Lots  
 Property Class INDUSTRIAL  
 Property Class refers to Tax Classification ONLY. For Zoning information, please go to [Planning Department GIS Public Layers \(hawaiicounty.gov\)](#) or email [planning@hawaiicounty.gov](mailto:planning@hawaiicounty.gov)  
 Neighborhood Code 2221-4  
 Legal Information  
 Land Area (acres) 0.5995  
 Land Area (approximate sq ft) 26,114

[View Map](#)[Plat \(TMK\) Maps](#)**Owner Information**

Owner Names Mailing Address  
 STATE OF HAWAII Fee Owner [STATE OF HAWAII](#)  
 A P WATER SUPPLY INC Lessee  
 ⓘ Show All Owners and Addresses

**Assessment Information**[⊞ Show Historical Assessments](#)

Year	Property Class	Market Land Value	Dedicated Use Value	Assessed Land Value	Market Building Value	Assessed Building Value	Total Market Value	Total Assessed Value	Total Exemption Value	Total Taxable Value
2025	INDUSTRIAL	\$473,200	\$0	\$473,200	\$215,400	\$215,400	\$688,600	\$688,600	\$0	\$688,600

**Commercial Improvement Information**

Property Class  
 Building Card 1  
 Building Number 0001  
 Improvement Name  
 Identical Units 1  
 Units 1  
 Structure Type WAREHOUSE MET/LOW  
 Year Built 1929  
 Effective Year Built 1929  
 Gross Building Description

Card	Section	Floor #	Area	Perimeter	Occupancy	Wall Height	Exterior Wall	Construction
1	1	01	7,540	362	Storage Warehouse	18	MASONRY	STEEL

**Other Features**

Description	Measurements	Identical Units
Warehouse Office Space	987 x 0	0

**Sketches**

Current Tax Bill Information

Tax Period	Description	Original Due Date	Taxes Assessment	Tax Credits	Net Tax	Penalty	Interest	Other	Amount Due
PRIOR	Real Property Tax	08/21/2023	\$0.00	\$0.00	\$7,368.02	\$736.80	\$1,945.16	\$0.00	\$10,049.98
2024-1	Real Property Tax	08/20/2024	\$0.00	\$0.00	\$3,684.01	\$368.40	\$607.86	\$0.00	\$4,660.27
2024-2	Real Property Tax	02/20/2025	\$0.00	\$0.00	\$3,684.01	\$368.40	\$364.72	\$0.00	\$4,417.13
2025-1	Real Property Tax	08/20/2025	\$0.00	\$0.00	\$3,684.01	\$368.40	\$121.57	\$0.00	\$4,173.98
2025-2	Real Property Tax	02/20/2026	\$0.00	\$0.00	\$3,684.01	\$0.00	\$0.00	\$0.00	\$3,684.01
Tax Bill with Interest computed through 11/30/2025			\$0.00	\$0.00	\$22,104.06	\$1,842.00	\$3,039.31	\$0.00	\$26,985.37

Pay online at <http://payments.ehawaii.gov/propertytax/hawaii>  
Other Payment Options [Click Here](#)

Historical Tax Information

Year	Tax	Payments and Credits	Penalty	Interest	Other	Amount Due
2025	\$7,368.02	\$0.00	\$0.00	\$0.00	\$0.00	\$7,368.02
2024	\$7,368.02	\$0.00	\$0.00	\$0.00	\$0.00	\$7,368.02
2023	\$7,368.02	\$0.00	\$0.00	\$0.00	\$0.00	\$7,368.02
2022	\$6,708.90	(\$6,708.90)	(\$335.45)	\$0.00	\$0.00	\$0.00
2021	\$5,023.65	(\$5,023.65)	\$0.00	\$0.00	\$0.00	\$0.00
2020	\$5,360.70	(\$5,360.70)	(\$268.04)	(\$8.04)	\$0.00	\$0.00
2019	\$5,171.31	(\$5,171.31)	\$0.00	\$0.00	\$0.00	\$0.00
2018	\$4,989.41	(\$4,989.41)	\$0.00	\$0.00	\$0.00	\$0.00
2017	\$4,962.66	(\$4,962.66)	\$0.00	\$0.00	\$0.00	\$0.00
2016	\$4,613.96	(\$4,613.96)	\$0.00	\$0.00	\$0.00	\$0.00
2015	\$4,556.68	(\$4,556.68)	\$0.00	\$0.00	\$0.00	\$0.00
2014	\$4,556.68	(\$4,556.68)	\$0.00	\$0.00	\$0.00	\$0.00
2013	\$4,491.35	(\$4,491.35)	\$0.00	\$0.00	\$0.00	\$0.00
2012	\$4,541.81	(\$4,541.81)	\$0.00	\$0.00	\$0.00	\$0.00
2011	\$4,541.81	(\$4,541.81)	\$0.00	\$0.00	\$0.00	\$0.00
2010	\$4,541.81	(\$4,541.81)	\$0.00	\$0.00	\$0.00	\$0.00
2009	\$4,491.90	(\$4,491.90)	\$0.00	\$0.00	\$0.00	\$0.00
2008	\$4,491.90	(\$4,491.90)	\$0.00	\$0.00	\$0.00	\$0.00
2007	\$3,924.90	(\$3,924.90)	\$0.00	\$0.00	\$0.00	\$0.00
2006	\$3,388.50	(\$3,388.50)	\$0.00	\$0.00	\$0.00	\$0.00
2005	\$3,111.62	(\$3,111.62)	\$0.00	\$0.00	\$0.00	\$0.00
2004	\$2,547.21	(\$2,547.21)	\$0.00	\$0.00	\$0.00	\$0.00
2003	\$2,497.96	(\$2,497.96)	\$0.00	\$0.00	\$0.00	\$0.00
2002	\$2,452.65	(\$2,452.65)	\$0.00	\$0.00	\$0.00	\$0.00
2001	\$2,395.80	(\$2,395.80)	\$0.00	\$0.00	\$0.00	\$0.00
2000	\$2,376.25	(\$2,376.25)	\$0.00	\$0.00	\$0.00	\$0.00

[Skip to main content](#)

Map





**EXHIBIT D**



Bob's Fencing Sign

819 Kanoelehua Avenue  
Subject Property Address

## EXHIBIT D

From Bob's Fencing website:

The screenshot shows the homepage of Bob's Fencing. The browser's address bar displays 'bobs-fencing.com'. The website has a dark header with 'HOME' on the left and 'FENCING GALLERY' on the right. The main content area has a teal background. It features the text 'Not sure what you need? Make an appointment with us and our staff will walk you through the options. We can scale things based on your budget, schedule, and even lifestyle.' Below this is the heading 'Just Ask For A Free Quote Below!' and a form with the placeholder 'Enter your Email here' and a 'FREE QUOTE' button. A yellow box with the text 'Subject Property Address' has a yellow arrow pointing from it to the 'Bob's Fencing' contact information at the bottom of the page. The bottom section has a dark background and includes the heading 'Link Up', the text 'Better yet, see us in person!', and the statement 'We love our customers, so feel free to visit during normal business hours.' The contact information for Bob's Fencing is listed as '819 Kapaolehewa Avenue, Hilo, HI 96720, USA' with the phone number '(808) 959-7553'.

HOME FENCING GALLERY

Not sure what you need?  
Make an appointment with us and our staff will walk you through the options. We can scale things based on your budget, schedule, and even lifestyle

Just Ask For A Free Quote Below!

Enter your Email here FREE QUOTE

Link Up

Better yet, see us in person!  
We love our customers, so feel free to visit during normal business hours.

Bob's Fencing  
819 Kapaolehewa Avenue, Hilo, HI 96720, USA  
(808) 959-7553