

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
DIVISION OF STATE PARKS

REVOCABLE PERMIT NO. SP0070

KNOW ALL MEN BY THESE PRESENTS:

This Agreement (hereinafter referred to as the "Permit") is executed this 1 day of OCTOBER, 2010, by and between the STATE OF HAWAII, hereinafter referred to as the "State," by its Board of Land and Natural Resources, hereinafter called the "Board," and the SAND ISLAND OFF-HIGHWAY VEHICLE (OHV) ASSOCIATION, INC. a Hawaii nonprofit corporation, hereinafter called the "Permittee," whose mailing address is P.O. Box 13137, Aiea, Hawaii, 96701. The parties agree that commencing on the 1 day of OCTOBER, 2010, ("commencement date"), Permittee is permitted to enter and occupy, on a month-to-month basis only, pursuant to section 171-55, Hawaii Revised Statutes, that certain parcel of public land (and any improvements located thereupon) situate at Sand Island State Recreation Area, Oahu, Hawaii, tax map key no. (1) 1-5-041:006 (portion of), as indicated on the maps attached hereto and made parts hereof, containing an approximate area of 30 acres, which parcel is hereinafter referred to as the "Premises."

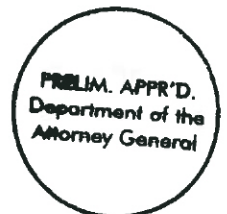
THIS PERMIT IS GRANTED UNDER THE FOLLOWING CONDITIONS:

A. The Permittee shall:

1. Occupy and use the Premises for the following specified purposes only:
To manage, maintain and operate a series of public venues consisting of parking areas, and trails and tracks designed and built for BMX bicycles, remote control vehicles, pee wee motorcycles, all terrain vehicles, off-road motorcycles and four wheel drive trucks.
2. Pay, at the Department of Land and Natural Resources Fiscal Office, P.O. Box 621, Honolulu, Hawai'i 96809, monthly rent in the sum of GRATIS (\$0.00) payable in advance by the first of each and every month.

The interest rate on any unpaid or delinquent rentals shall be at one per cent (1%) per month.

If monthly rent is not received at the above address on or before the first day of the month for which it is due, then a service charge of FIFTY AND NO/100 DOLLARS (\$50.00) a month for each delinquent payment shall be assessed and payable. The service charge is in addition to interest on unpaid or delinquent rentals. Interest shall not accrue on the service charge.



Payment of such service charge shall not excuse or cure any default by Permittee under this Permit.

3. Upon execution of this Permit, deposit with the Board an amount equal to two times the monthly rental stated above in paragraph 2, as security for the faithful performance of all of these terms and conditions.

The deposit will be returned to the Permittee upon termination or revocation of this Permit, if and only if all of the terms and conditions of this Permit have been observed and performed to the satisfaction of an authorized representative of the Department of Land and Natural Resources ("DLNR"). Otherwise, the deposit may, at the option of an authorized representative of the DLNR be applied toward payment of any amounts owed hereunder, without waiving any of the Board's other rights hereunder.

4. At the Permittee's own cost and expense, keep any government-owned improvements located on the Premises insured against loss by fire and other hazards, casualties, and contingencies, for the full insurable value of those improvements. The policies shall name the State of Hawaii as an additional insured and loss payee and shall be filed with the DLNR. In the event of loss, damage, or destruction of those improvements, the DLNR shall retain from the proceeds of the policies those amounts it deems necessary to cover the loss, damage, or destruction of the government-owned improvements and the balance of those proceeds, if any, shall be delivered to the Permittee.
5. Give the Board twenty-five (25) calendar days notice, in writing, before vacating the Premises.
6. At its own cost and expense, observe, perform and comply with all laws, ordinances, rules and regulations of all governmental authorities now or at any future time during the term of this Permit applicable to the Premises, including, without limiting the generality of the foregoing, the Americans with Disabilities Act of 1990 and all regulations promulgated with respect thereto, as well as any other laws, ordinances, rules and regulations imposing any requirements that the Premises be made accessible to persons with disabilities; and, indemnify the State of Hawaii against all actions, suits, damages and claims by whomsoever brought or made by reason of the nonobservance or nonperformance of any of said laws, ordinances, rules and regulations or of this covenant.
7. Repair and maintain all building or other improvements now or hereafter on the Premises.
8. Obtain the prior written consent of the Chairperson before making any major improvements to the Premises.
9. Keep the Premises and improvements in a clean, sanitary, and orderly condition.

10. Pay all charges, assessments, or payments for water, other utilities, and the collection of garbage as may be levied, charged, or be payable with respect to the Premises.
11. Not make, permit, or suffer, any waste, strip, spoil, nuisance or unlawful, improper, or offensive use of the Premises.
12. At all times with respect to the Premises, use due care for public safety.
13. Procure and maintain, at its own cost and expense, in full force and effect throughout the term of this Permit, comprehensive general liability insurance, or its equivalent, with an insurance company or companies licensed or authorized to do business in the State of Hawaii with an AM Best rating of not less than "A-" or other comparable and equivalent industry rating, in an amount of at least \$1,000,000.00 for each occurrence and \$2,000,000.00 aggregate, and with coverage terms acceptable to the Chairperson of the Board. The policy or policies of insurance shall name the State of Hawaii as an additional insured and a copy shall be filed with the DLNR. The insurance shall cover the entire Premises, including all buildings, improvements, and grounds and all roadways or sidewalks on or adjacent to the Premises in the use or control of the Permittee.

Prior to entry and use of the Premises or within fifteen (15) days after the commencement date of this Permit, whichever is sooner, furnish the State with a certificate(s) showing the policy(s) to be initially in force, keep the certificate(s) on deposit during the entire Permit term, and furnish a like certificate(s) upon each renewal of the policy(s). This insurance shall not be cancelled, limited in scope of coverage, or nonrenewed until after thirty (30) days written notice has been given to the State. The State may at any time require the Permittee to provide the State with copies of the insurance policy (s) that are or were in effect during the Permit period.

The State shall retain the right at any time to review the coverage, form, and amount of the insurance required by this Permit. If, in the opinion of the State, the insurance provisions in this Permit do not provide adequate protection for the State, the State may require Permittee to obtain insurance sufficient in coverage, form, and amount to provide adequate protection. The State's requirements shall be reasonable but shall be designed to assure protection for and against the kind and extent of the risks which exist at the time a change in insurance is required. The State shall notify Permittee in writing of changes in the insurance requirements and Permittee shall deposit copies of acceptable insurance policy(s) or certificate(s) thereof, with the State incorporating the changes within thirty (30) days after receipt of the notice.

The procuring of the required policy(s) of insurance shall not be construed to limit Permittee's liability under this Permit nor to release or relieve the Permittee of the indemnification provisions and requirements of this Permit. Notwithstanding the

policy(s) of insurance, Permittee shall be obligated for the full and total amount of any damage, injury, or loss caused by Permittee's negligence or neglect connected with this Permit. It is agreed that any insurance maintained by the State will apply in excess of, and not contribute with, insurance provided by Permittee's policy.

The insurance certificate(s) shall be mailed to:

State of Hawaii
Department of Land and Natural Resources
Division of State Parks
1151 Punchbowl Street, Room 310
Honolulu, Hawaii 96813

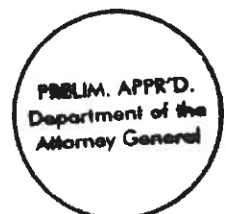
14. In case the State shall, without any fault on its part, be made a party to any litigation commenced by or against the Permittee (other than condemnation proceedings), the Permittee shall pay all costs, including reasonable attorney's fees, and expenses incurred by or imposed on the State.
15. The Permittee shall pay all costs, including reasonable attorney's fees, and expenses which may be incurred by or paid by the State in enforcing the covenants and agreements of this Permit, in recovering possession of the Premises, or in the collection of delinquent rental, taxes, and any and all other charges.

B. Additional Conditions:

1. This Permit is issued and effective on a month-to-month basis. The Permit shall automatically terminate one year from the commencement date, unless earlier revoked as provided below, provided further that the Board may allow the Permit to continue on a month-to-month basis for additional one year periods. Any such extension shall have the same terms and conditions as this Permit, except for the commencement date and any amendments to the terms, as reflected in the Board minutes of the meeting at which the Board acts. Permittee agrees to be bound by the terms and conditions of this Permit and any amendments to this Permit so long as Permittee continues to hold a permit for the Premises or continues to occupy or use the Premises.
2. The Board may revoke this Permit for any reason whatsoever, upon written notice to the Permittee at least thirty (30) calendar days prior to the revocation; provided, however, that in the event payment of rental is delinquent for a period of ten (10) calendar days or more, this Permit may be revoked upon written notice to the Permittee at least five (5) calendar days prior to the revocation.
3. If the Permittee fails to vacate the Premises upon revocation or termination of the Permit, the Permittee shall be liable for and shall pay the previously applicable

monthly rent, computed and prorated on a daily basis, for each day the Permittee remains in possession.

4. If the Permittee fails to vacate the Premises upon revocation or termination of the Permit, the Board, by its agents, or representatives, may enter upon the Premises, without notice, and at Permittee's cost and expense remove and dispose of all vehicles, equipment, materials, or any personal property remaining on the Premises, and the Permittee agrees to pay for all costs and expenses of removal, disposition, or storage.
5. The Board may at any time increase or decrease the monthly rental by written notice at least thirty (30) business days prior to the date of change of rent. Upon such notice, the Permittee shall deposit with the Board any additional monies required to maintain an amount equal to two times the new monthly rental as security for the faithful performance of all of these terms and conditions.
6. Any major improvements, including but not limited to buildings and fences, erected on or moved onto the Premises by the Permittee shall remain the property of the Permittee and the Permittee shall have the right, prior to the termination or revocation of this Permit, or within an additional period the Board in its discretion may allow, to remove the improvements from the Premises; provided, however, that in the event the Permittee shall fail to remove the improvements prior to the termination or revocation of this Permit or within an additional period the Board in its discretion may allow, the Board may, in its sole discretion, elect to retain the improvements or may remove the same and charge the cost of removal and storage, if any, to the Permittee.
7. The Board reserves the right for its agents or representatives to enter or cross any portion of the Premises at any time.
8. This Permit or any rights hereunder shall not be sold, assigned, conveyed, leased, mortgaged, or otherwise transferred or disposed of.
9. Permittee has inspected the Premises and knows the conditions thereof and fully assumes all risks incident to its use.
10. The acceptance of rent by the Board shall not be deemed a waiver of any breach by the Permittee of any term, covenant, or condition of this Permit nor of the Board's right to declare and enforce a forfeiture for any breach, and the failure of the Board to insist upon strict performance of any term, covenant, or condition, or to exercise any option herein conferred, in any one or more instances, shall not be construed as a waiver or relinquishment of any term, covenant, condition, or option of this Permit.

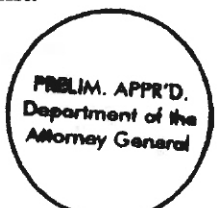


11. The use and enjoyment of the Premises shall not be in support of any policy which discriminates upon any basis or in any manner that is prohibited by any applicable federal, state, or county law.
12. Any and all disputes or questions arising under this Permit shall be referred to the Chairperson of the Board and his determination of these disputes or questions shall be final and binding on the parties.
13. Permittee shall not cause or permit the escape, disposal, or release of any hazardous materials except as permitted by law. Permittee shall not allow the storage or use of such materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of such materials, nor allow to be brought onto the Premises any such materials except to use in the ordinary course of Permittee's business, and then only after written notice is given to the Board of the identity of such materials and upon the Board's consent, which consent may be withheld at the Board's sole and absolute discretion. If any lender or governmental agency shall ever require testing to ascertain whether or not there has been any release of hazardous materials by Permittee, then the Permittee shall be responsible for the costs thereof. In addition, Permittee shall execute affidavits, representations and the like from time to time at the Board's request concerning the Permittee's best knowledge and belief regarding the presence of hazardous materials on the Premises placed or released by Permittee.

Permittee agrees to indemnify, defend, and hold the State of Hawaii, the Board, and their officers, employees, and agents harmless from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefor, arising out of or resulting from the use or release of hazardous materials on the Premises occurring while Permittee is in possession, or elsewhere if caused by Permittee or persons acting under Permittee. These covenants shall survive the expiration, revocation, or termination of the Permit.

For the purpose of this Permit "hazardous material" shall mean any pollutant, toxic substance, hazardous waste, hazardous material, hazardous substance, or oil as defined in or pursuant to the Resource Conservation and Recovery Act, as amended, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, the Federal Clean Water Act, or any other federal, state, or local environmental law, regulation, ordinance, rule, or bylaw, whether existing as of the date hereof, previously enforced, or subsequently enacted.

14. Prior to termination or revocation of the subject Permit, Permittee shall conduct a Phase I environmental site assessment and conduct a complete abatement and disposal, if necessary, satisfactory to the standards required by the Federal Environmental Protection Agency, the Department of Health, and the DLNR. Failure to comply with the provisions of this paragraph shall not extend the term of this Permit or automatically prevent termination or revocation of the Permit.



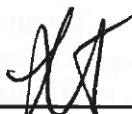
The Board, at its sole option, may refuse to approve termination or revocation unless this evaluation and abatement provision has been performed. In addition or in the alternative, the Board may, at its sole option if Permittee does not do so, arrange for performance of the provisions of this paragraph, all costs and expenses of such performance to be charged to and paid by Permittee, including but not limited to, any and all costs of procurement.

15. Permittee shall indemnify, defend, and hold harmless the State of Hawaii, its officers, agents, and employees from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefor, arising out of or resulting from the acts or omissions of the Permittee or the Permittee's employees, agents, or officers under this Permit. The provisions of this paragraph shall remain in full force and effect notwithstanding the revocation, expiration, or termination of this Permit. The purchase of liability insurance shall not relieve Permittee of the obligations described herein.
16. Permittee shall require all users of the above-described public venues to execute a liability waiver and indemnification agreement prior to the use which shall specifically require release and waiver of any and all claims against the State of Hawaii, and any of its agencies, officers, and employees, and indemnification of the State of Hawaii, and any of its agencies, officers, and employees for any and all claims arising out of the use or occupancy of the Premises or participation in activities thereon. Permittee shall be responsible for maintaining the executed liability waiver and indemnification agreements. The executed agreements shall be made available for inspection by the State upon reasonable notice.
17. Unless otherwise agreed by the Board in its sole discretion, payments received will be applied first to attorneys' fees, costs, assessments, real property taxes, or other costs incurred or paid by the Board with respect to the Premises, next to service charges or interest, next to any other charges due or owing under the Permit, next to delinquent monthly rent, and next to current rent.
18. Any notice required or permitted to be given hereunder shall be in writing, given by personal delivery or by first class mail, postage prepaid. Notice to Permittee shall be delivered or addressed to the address stated above. Notice to State of Hawai'i shall be delivered or addressed to the Chairperson of the Board at 1151 Punchbowl Street, Room 130, Honolulu, Hawai'i 96813. Mailed notices shall be deemed given upon actual receipt, or two business days following deposit in the mail, postage prepaid, whichever occurs first. Either party may by notice to the other specify a different address for notice purposes, provided that Permittee's mailing address shall at all times be the same for both billing and notice. In the event there are multiple Permittees hereunder, notice to one Permittee shall be deemed notice to all Permittees.

19. Unless the text indicates otherwise, the use of any gender shall include all genders and, if the Permittee includes more than one person, the singular shall signify the plural and this Permit shall bind the persons and each of them jointly and severally.

IN WITNESS WHEREOF, the STATE OF HAWAII, by its Board of Land and Natural Resources, has caused the seal of the Department of Land and Natural Resources to be hereunto affixed and the parties hereto have caused these presents to be executed the day, month and year first above written.

STATE OF HAWAII

By 
Laura H. Thjelen
Chairperson of the Board of Land and Natural Resources

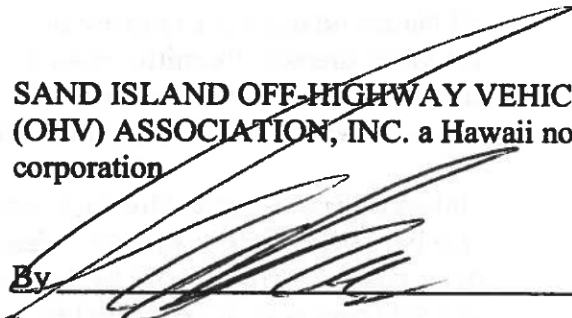
Approved by the Board of
Land and Natural Resources
at its meeting held on January 8, 2010.

STATE

SAND ISLAND OFF-HIGHWAY VEHICLE
(OHV) ASSOCIATION, INC. a Hawaii nonprofit
corporation

APPROVED AS TO FORM:


Deputy Attorney General

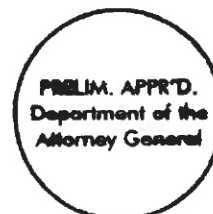
By 
Its PRESIDENT

Dated: 9/9/10

And by _____

Its _____

PERMITTEE



STATE OF HAWAII)
) SS.
CITY AND COUNTY OF HONOLULU)

On this 30th day of September, 2010, before me personally appeared George Grace III and _____, to me personally known, who, being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.



Kimberly C. Keliihoomalu
Notary Public, State of Hawaii

Kimberly C. Keliihoomalu

My commission expires: 4/30/2014

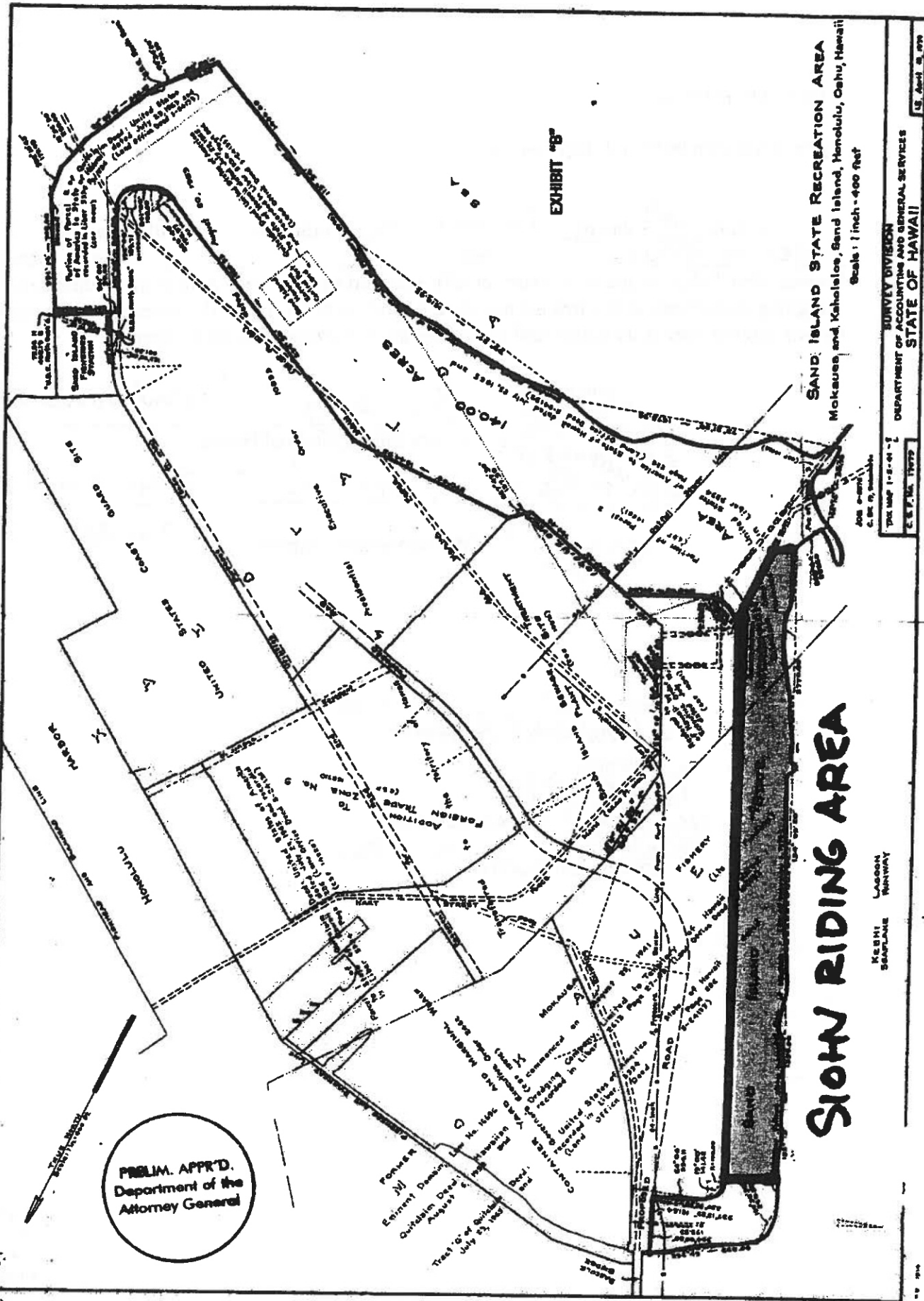
Doc. Date: 10/1/10 # Pages: 11
Name: Kimberly C. Keliihoomalu 1st - Circuit

Doc. Description: RP # 580070

Kimberly C. Keliihoomalu
Signature Date 9/30/10
NOTARY CERTIFICATION



EXHIBIT 1



PRELIM. APPR'D.
 Department of the
 Attorney General

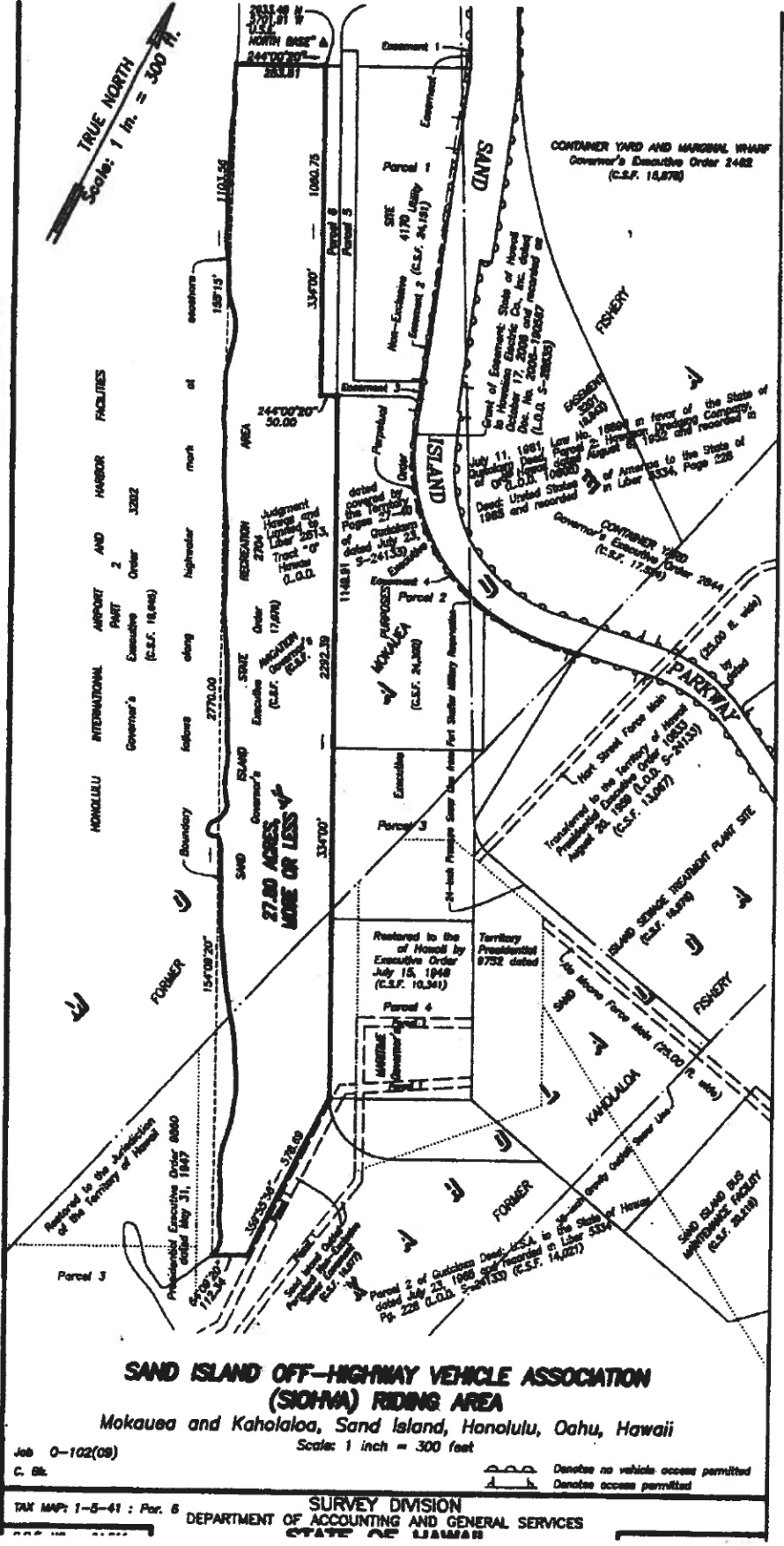
SHOW RIDING AREA

SAND ISLAND STATE RECREATION AREA
 Mokuaea and Kahaloa, Sand Island, Honolulu, Oahu, Hawaii
 Scale: 1 inch = 400 feet

SURVEY DIVISION
 DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
 STATE OF HAWAII
 C.E.P. No. 17672
 THE MAP 1-8-64-1
 C. W. H. H. H. H.

KEBBI
 SEAPLACE
 LAGOON
 WHARF

EXHIBIT 1



TRUE NORTH
Scale: 1 in. = 300 ft.

HONOLULU INTERNATIONAL AIRPORT AND HARBOR FACILITIES
PART 2
Executive Order 3202
(C.S.F. 18,846)

FORMER
Boundary follows along highwater mark at

Parcel 3
Returned to the Jurisdiction of the Territory of Hawaii
Proclamation Executive Order 8000
dated May 31, 1947
(C.S.F. 12,224)

244°00'30" 50.00
1103.58
158°15'

RESERVATION AREA
ORDER 2704
Proclamation Executive Order 17470
(C.S.F. 26,194)
dated July 21, 1953
(C.O.D. 5-24133)

2770.00
33°00'

2704
ORDER 17470
(C.S.F. 26,194)
dated July 21, 1953
(C.O.D. 5-24133)

2292.39
33°00'

Parcel 4
Returned to the Territory of Hawaii by Executive Order July 15, 1948
(C.S.F. 10,341)

Parcel 2 of Oahu
dated July 21, 1953
(C.O.D. 5-24133)
(C.S.F. 14,027)

Parcel 1
Non-Exclusive
SIC 4170
Utility
Comment 2 (C.S.F. 24,181)

1148.81
ORDER 2704
Proclamation Executive Order 17470
(C.S.F. 26,194)
dated July 21, 1953
(C.O.D. 5-24133)

ORDER 2704
Proclamation Executive Order 17470
(C.S.F. 26,194)
dated July 21, 1953
(C.O.D. 5-24133)

Parcel 2
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(C.S.F. 26,194)
dated July 21, 1953
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(C.S.F. 26,194)
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Parcel 4
ORDER 2704
Proclamation Executive Order 17470
(C.S.F. 26,194)
dated July 21, 1953
(C.O.D. 5-24133)

Parcel 5
ORDER 2704
Proclamation Executive Order 17470
(C.S.F. 26,194)
dated July 21, 1953
(C.O.D. 5-24133)

SAND ISLAND
CONTAINER YARD AND MARSHAL WHARF
Governor's Executive Order 2462
(C.S.F. 16,878)

ORDER 2704
Proclamation Executive Order 17470
(C.S.F. 26,194)
dated July 21, 1953
(C.O.D. 5-24133)

ORDER 2704
Proclamation Executive Order 17470
(C.S.F. 26,194)
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