

STAFF SUMMARY FOR JUNE 10-11, 2015

8. SANTA BARBARA MARICULTURE LEASE RENEWAL (CONSENT)**Today's Item**Information Action

Receive Santa Barbara Mariculture's request to renew state water bottom lease M-653-02 for aquaculture.

Summary of Previous/Future Actions

- FGC approved one year lease extension Dec 3, 2014; Van Nuys
- **Today receive request to renew lease Jun 9, 2015; Mammoth Lakes**

Background

FGC has the authority to lease state water bottoms to any person for aquaculture if FGC determines that such a lease is in the public interest (Section 15400, Fish and Game Code). A lessee shall have a prior right to renew the lease on terms agreed upon between FGC and the lessee (Section 15406, Fish and Game Code).

Santa Barbara Mariculture currently holds FGC-issued state water bottom lease (lease) number M-653-02, which is set to expire January 17, 2016 (Exhibit 1). Since the original lease period of 2005-2010, FGC has approved several short-term extensions (Exhibit 2). In 2013, the leaseholder, Mr. Bernard Freidman, requested to renew his lease under a reconfigured shape and position intended to be more compatible with vessel traffic patterns. The proposed new shape overlaps approximately 46 acres of the current 72 acre lease, and relocates 26 acres to an adjoining plot. At DFW's request, FGC granted Mr. Freidman a one-year extension in 2013 and again in 2014, to allow continued operations while DFW worked on resolving the complex issues associated with the lease renewal and boundary reconfiguration request.

Based on legal counsel, staff advised Mr. Freidman to divide his request into two separate action items: A "lease renewal" request for the portion of the current lease M-653-02 he wishes to retain (this agenda item), and an application for a "new lease" for the area proposed to be relocated adjacent to, but outside, the current lease area for M-653-02 (see Agenda Item 9). Mr. Freidman has submitted both requests for concurrent consideration (Exhibit 3). The lease renewal request is to retain approximately two-thirds of the current lease area (~46 acres) and to surrender the seaward-most third of the lease (~26 acres). Mr. Freidman proposes to relocate the 26 acres to a "new lease" area adjacent to Lease M-653-02; the new lease application is received under Agenda Item 9 (see map in Exhibit 4). As the lease renewal and new lease application are inextricably connected to each other, both items will be scheduled concurrently for FGC consideration.

Following receipt by FGC, DFW will review the request and provide its evaluation for FGC consideration later this year.

Significant Public Comments (N/A)**Recommendation (N/A)**

STAFF SUMMARY FOR JUNE 10-11, 2015

Exhibits

1. Santa Barbara Mariculture aquaculture lease renewal for State Water Bottom Lease M-653-02 in Santa Barbara Channel, issued Nov 3, 2005
2. Lease history and renewal timeline for M-653-02
3. Santa Barbara Mariculture request for lease renewal and application for new lease
4. Map of current and proposed lease areas

Motion/Direction

Moved by _____ and seconded by _____ that the Fish and Game Commission adopts the Consent Calendar, items 8-11.

Many changes

RENEWAL OF LEASE

Made this 3rd day of November, 2005 at Santa Barbara, California by and between the State of California, acting by and through its Department of Fish and Game, hereinafter referred to as "Lessor" and Santa Barbara Mariculture Company, hereinafter referred to as "Lessee."

WITNESSETH:

WHEREAS, Lessee failed to exercise an option to extend a prior lease agreement (also M-653-02) and said lease terminated on October 31, 1999, and

WHEREAS, Lessee did on January 1, 2001 enter into Lease M-653-02, for the purpose of cultivating rock scallops, and

WHEREAS, Lessee requested that title to Lease Agreement (No. M-653-02) be transferred to Santa Barbara Mariculture Company, and the Fish and Game Commission at its meeting on November 3, 2005, authorized the transfer of title of State Water Bottoms Lease M-653-02, from Pacific Seafood Industries, and

WHEREAS, Lessee indicated an interest in renewing a prior lease agreement and exercised that option by requesting Fish and Game Commission consideration of the request in correspondence dated March 29, 2005, and

WHEREAS, Lessee is presently a registered aquaculturist authorized to grow marine life for profit in the waters of the State of California as provided in Section 15101 of the Fish and Game Code, and

WHEREAS, Lessee expressed support for the Lessor's recommended approval of the requested lease renewal for the stipulated 5-year period at a lease rate of five (\$5.00) dollars per acre, and.

WHEREAS, the Fish and Game Commission determined that a lease renewal was in the best interest of the State of California at the November 3, 2005, meeting in Santa Barbara, California and approved the renewal based on the renegotiated lease terms recommended by the Department of Fish and Game.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That, in consideration of payment of the monies hereinafter stated in accordance with the renegotiated terms recommended by the Lessor and accepted at a duly called and noticed hearing of the Fish and Game Commission of the State of California, pursuant to law and in consideration of the covenants contained herein on the part of the Lessee, Lessor does hereby grant to Lessee the exclusive privilege to cultivate

approved shellfish hereon and in those certain waters of the State of California described as follows, to wit:

All that area lying within the Santa Barbara Channel, Santa Barbara County, State of California, starting from the Santa Barbara light located at 34°23'08" North, 119°43'03" West on the Santa Barbara quadrangle, California, Santa Barbara County, 7.5 minute series, topographic, U.S. Department of the Interior, Geological Survey; southwesterly on a bearing of 256° true, 9,000 feet to the point of beginning located at coordinates 34°23'20" North, 119°45'01" West on the Goleta quadrangle, California, Santa Barbara County 7.5 minute series, topographic, U.S. Department of the Interior, Geological Survey then east 1,250 feet; then south 1,250 feet; west 2,500 feet; then north 1,250 feet; then 1,250 feet to the point of beginning.

The area described hereinbefore, containing an area of 71.74 acres more or less, comprises Aquaculture Lease M-653-02 (Appendix 1).

This lease, in accordance with provisions of Section 15400 of the Fish and Game Code, as may from time to time be amended or changed by the State Legislature, is for the sole purpose of cultivating rock scallops (*Crassadoma gigantea*, formerly *Hinnites multirugosus*), speckled scallop (*Argopectin aequisulcatus*), Japanese bay scallop (*Patinopectin yessoensis*), Pacific oyster (*Crassostrea gigas*), Kumamoto oyster (*Crassostrea sikamea*), Manila clam (*Venerupis philippinarum*), and Mediterranean mussel (*Mytilus galloprovincialis*) in the previously designated area.

The cultivation of additional species of aquatic plants and animals requires the approval of the Fish and Game Commission. Seed stock, other than those obtained from State waters, must be inspected and certified before planting in compliance with Section 15201 of the Fish and Game Code, and must be planted by Lessee in a manner and at a size approved by the Lessor. A request for certification of seed stock will be submitted by Lessee to the Lessor at least ten (10) days prior to the proposed date of inspection.

All scallops, oysters, clams, and mussels shall be cultured on buoyed submerged longlines, anchored to the bottom within the lease area. No other mode of operation or culture method is authorized unless Lessee shall first obtain approval thereof from the Fish and Game Commission. Only the designated species planted in the specified lease area may be taken.

The notice of intent to plant scallops, oysters, clams or mussels on the lease area shall be given to the Department of Fish and Game's, Marine Region aquaculture coordinator, P.O. Box 1560, Bodega Bay, California, 94923, telephone (707) 875-4261, or at such other place as Lessor may from time to time designate. In addition to the required ten (10) day notice, at least a 24-hour notice shall be given to the aquaculture coordinator or their designee, giving the details on where an observer can meet the

Lessee prior to planting.

This lease renewal is authorized for a term of five (5) years commencing on the 3rd day of November, 2005, and ending on the 2nd day of November, 2010, for the total rental of three hundred and fifty dollars and seventy cents (\$358.70) per year, and a privilege tax on all products harvested as provided by Fish and Game Code Sections 8051, 18406.5, and 15406.7. Beginning January 1, 2006, said annual rental fee will be payable to Lessor on a calendar year basis, January 1 – December 31. If said annual rental fee is not paid within sixty (60) days after the close of the month in which it is due, an additional 10 percent penalty shall be paid. Lessor, at its option, may declare the lease abandoned for failure to pay such rental fees within 90 days from the beginning of the rental period; although such abandonment shall not relieve Lessee of its obligation to pay such rental and penalty which are due and owing. Lessee agrees to pay Lessor reasonable attorney fees and costs incurred in collecting any amounts and/or penalties due and owing from Lessee under the provisions of this lease. Lessee agrees to pay said fee(s) to Lessor at its office in the City of Sacramento, State of California, or at such other place as Lessor may, from time to time, designate.

Lessee expressly recognizes and acknowledges that any payments by Lessee as provided for herein are subject to the provisions of Section 15410 which states "All leases shall be subject to the power of the Legislature to increase or decrease the rents, fees, taxes, and other charges relating to the lease, but no increase in rent shall be applicable to an existing lease until it is renewed."

In accordance with actions taken by the Fish and Game Commission of the State of California, pursuant to Fish and Game Code Section 15400, Lessor does hereby renew said lease for such consideration, specific purposes and subject to covenants, terms, conditions, reservation, restrictions and limitation as are set forth herein.

This lease is made upon the following additional terms, conditions, and covenants, to wit:

- A. This lease may, at the option of Lessee, be renewed for additional periods not to exceed 25 years each. If the Lessee desires to enter into a new lease for a period commencing after expiration of the initial 5-year term, Lessee shall give notice to Lessor one (1) year prior to termination of the lease. The lease may be renewed if, during the notification period, terms for a new lease are agreed upon by Lessee and the Commission. Lessor retains the right to renegotiate terms of the lease, including annual rental rates, subject to adjustment considering changes in the Consumer Price Index and current lease rates, at the Fish and Game Commission's discretion, no more often than every five (5) years during the current renewal period.
- B. Lessee shall keep records as required in accordance with Fish and Game Code Section 15414 on forms to be supplied by Lessor, and shall maintain adequate

accounting records sufficient to determine monies due to Lessor by the 10th day of each month for all shellfish harvested during the preceding calendar month. Lessor reserves the right to inspect Lessee's premises, equipment and all books at any time, and Lessee's records pertaining to its cultivation on the leased premises and all shellfish taken from the leased premises.

- C. The lease shall be improved at no less than the minimum rate established by Commission regulations (Section 237(i)(A) - (C), Title 14, CCR). A minimum rate of planting for shellfish other than oysters shall be negotiated for option periods. A record of seed catching activity for rock scallops and mussels will be reported in the annual proof of use statement required by Section J. Planting credit will be given for catching naturally produced seed on the lease. Off-bottom improvement rate for single seed oysters is 5,000 single seed per acre per year over the allotted acreage. The annual harvest rate for oysters shall be an average of 2,000 oysters (over one year of age) over the allotted acreage effective three years after effective date of lease. Lessor may declare this lease terminated if Lessee fails to meet these specified requirements, and if Lessee at any time, is proven to be failing in good faith, to pursue the purpose of this lease.
- D. The lease shall be clearly marked at all times. Minimum marking of the lease shall include: One (1) buoy anchored on each corner of the four corners of the lease, and one (1) buoy possessing radar-reflecting capability, anchored in the center of the lease. All buoys used to define the boundaries of the lease shall be marked in conformance with the International Association of Lighthouse Authorities Maritime Buoyage System Regulations (33 CFR Section 62.33 and 66.01-10). All buoys shall bear the aquaculture lease number M-653-02. Buoys marking the boundaries of the lease shall be maintained at all times. If buoys are lost, displaced, or are otherwise removed from the lease, they must be replaced within a two-week period, weather conditions permitting, or the lease may be subject to termination.
- E. If, at any time subsequent to the beginning date of this lease the use of long lines authorized herein shall fall into a state of disrepair or otherwise become an environmental or aesthetic degradation, as determined by Lessor, then upon written notice by Lessor, Lessee shall have sixty (60) days to repair and correct conditions cited by Lessor. Failure to comply with the written notice shall be grounds for termination of this lease and Lessee shall, at the option of Lessor, remove all improvements located on lands covered by this lease.

As a financial guarantee of growing structure removal and/or clean-up expense in the event the lease is abandoned or otherwise terminated, Lessee shall place on deposit, pursuant to the "Escrow Agreement for Clean-up of Aquaculture Lease M-653-02, Santa Barbara Channel, California", the sum of one thousand (\$1,000) dollars. Such money shall be deposited over a two-year-period, payable one-half upon entering upon the lease, and one-half upon the first anniversary of such

inception date. The escrow account shall be increased if the Fish and Game Commission determines that, if abandoned, the culture operation is likely to be more expensive to remove. The escrow account may be reduced by the Commission upon demonstration that the probable cost of removal of all improvements would be less than the deposit previously required. In its annual Proof-of Use Report, the Lessor shall advise the Commission of its best estimate of the probable cost of removal the lease operation. The escrow agreement, escrow holder, and escrow depository shall be agreed upon by the Executive Director of the Fish and Game Commission and the Lessor.

If Lessee abandons this lease without removing growing structures therefrom, the escrow deposit shall be expended to remove growing structures or otherwise clean up the lease.

In order to assure compliance with the escrow provisions of this lease, Lessee shall dedicate to the agreed upon escrow account specified in the "Escrow Agreement for Clean-up of Aquaculture Lease M-653-02, Santa Barbara Channel, California (Addendum 2)", hereby attached to and made part of this agreement, a total of five hundred dollars (\$500). This amount equals one-half of the total amount, one thousand dollars (\$1,000), to be deposited in the "Lease M-653-02, Santa Barbara Channel, California Escrow Account".

- F. Lessee shall observe and comply with all rules and regulations now or hereinafter promulgated by any governmental agency having authority by law, including but not limited to State Water Resources Control Board, State Coastal Commission, State Lands Commission, and U.S. Army Corps of Engineers. Any other permits or licenses required by such agencies will be obtained by Lessee at his own sole cost and expense.
- G. Lessee recognizes and understands in accepting this lease that his interest therein may be subject to a possible possessory interest tax that the county may impose on such interest, and that such tax payment shall not reduce any rent or royalty due the Lessor hereunder and any such tax shall be the liability of and be paid by Lessee.
- H. Any modification of natural or existing features of the real property described in this lease, which are not consistent with the authorized uses under this lease are expressly prohibited without prior written consent of the Lessor.
- I. As evidence of progress in aquaculture, Lessee shall submit each year to the State at the Marine Region office, P.O. Box 1560, Bodega Bay, California 94923, a written declaration under penalty of perjury, showing the date and amount of each type of aquaculture development and date and amount of designated species comprising each planting, including a diagram (map) showing area, amounts, and dates planted. Such annual proof-of-use shall be submitted on or

before February 1 of each year for the previous year, January 1 -- December 31, inclusive.

- J. This lease shall be canceled at any time Lessee fails to possess a valid aquaculture registration issued pursuant to Section 15101 of the Fish and Game Code. Lessee agrees not to commit, suffer, or permit any waste on said premises or any act to be done thereon in violation of any laws or ordinances. This lease shall be subject to termination by Lessee at any time during the term hereof, by giving Lessor notice in writing at least ninety (90) days prior to the date when such termination shall become effective. In the event of such termination by Lessee, any unearned rental shall be forfeited to the Lessor.
- K. This lease of State water bottoms only grants Lessee the exclusive right to cultivate marine life as described in the lease. The lease does not imply that any guarantee is given that shellfish may be grown or harvested for human consumption. The Lessor only has the statutory authority to enter into aquaculture leases (Fish and Game Code Section 15400 et. seq.). The California Department of Health Services has the authority (Health and Safety Code Section 109875 et. seq. and 112150 et. seq.) to certify and regulate sanitary procedures followed in the harvesting, handling, processing, storage, and distribution of bivalve mollusk shellfish intended for human consumption.
- Lessee must recognize that compliance by certified shellfish harvesters with the conditions and procedures set forth in the Department of Health Service's current "Management Plan for Santa Barbara Lease M-653-02, Santa Barbara Channel, California" and in the current "Contingency Plan for Marine Biotoxins in California Shellfish" is mandatory. These conditions and procedures establish classifications for certification to harvest shellfish (oysters, mussels and clams) and establish rainfall closures which may delay or prevent harvesting of cultured organisms from this lease and are a condition of the Shellfish Growing Area Certificate.
- L. In addition to the conditions and restrictions herein provided for in this lease, and any right or privilege granted, conveyed or leased hereunder, shall be subject to, and Lessee agrees to comply with all applicable provisions of the California Fish and Game Code, and regulation of the Fish and Game Commission, in particular Sections 15400 - 15415, inclusive, of the Fish and Game Code, and expressly recognizes the right of the Legislature and the Fish and Game Commission to enact new laws and regulations. In the event of any conflict between the provisions of this lease and any law or regulation, the latter will control. This lease shall be deemed amended automatically upon the effective date of such conflicting law or regulation.
- M. This lease is personal to the Lessee and shall not be transferred, assigned,

- Q. Lessee hereby indemnifies and holds harmless the Lessor, its officers, agents and employees against any and all claims and demands of every kind and nature whatsoever arising out of or in any way connected with the use by the Lessee of said lease or the exercise of the privilege granted herein.
- Q. The terms, provisions, and conditions hereof shall be binding upon and inure to the benefit of the parties and the successors, and assigns of the parties hereto.
- R. The attached Nondiscrimination Clause (OCP-1) Is hereby made a part of this agreement.

Except as herein amended, all other terms of said lease agreement shall remain unchanged and in full force and effect.

IN WITNESS THEREOF, the parties hereto have caused this lease to be duly executed as of the day and year first above written.

APPROVED:

FISH AND GAME COMMISSION

By: _____

**STATE OF CALIFORNIA
DEPARTMENT OF FISH AND GAME**

By: _____
Lessor

**BERNARD FRIEDMAN
SANTA BARBARA MARICULTURE COMPANY**

By: _____
Lessee

Fish and Game Commission Lease History and Timeline for State Water Bottom Lease M-653-02

Lease No: M-653-02

Company: Santa Barbara Mariculture

Owner: Bernard Friedman

Address: [REDACTED]

Lease Location: Open Ocean off Santa Barbara

Action	Action Start	Action Expiration	Notes
Original Lease granted to Jeff Young (under Pacific Seafood Industries)	2/15/1984	2/14/1989	
Lease transferred to SB Mariculture	11/3/2005	11/2/2010	Fish and Game Commission at its meeting on 11/3/2005 authorized the transfer of the title of Lease from Pacific Seafood Industries to Santa Barbara Mariculture Company.
Commission approved 90-day extension at its 10/21/10 meeting	11/2/2010	2/1/2011	
Commission approved 180-day extension at its 12/16/10 meeting	2/1/2011	7/31/2011	
Commission approved 180-day extension at its 6/30/11 meeting	7/31/2011	1/27/2012	
Commission approved one year extension at its 8/03/11 meeting	1/27/2012	1/27/2013	
Commission approved one year extension at its 8/08/12 meeting	1/27/2013	1/27/2014	
Commission approved one year extension at its 6/27/13 meeting	1/27/2014	1/27/2015	
Commission approved one year extension at its 12/3/14 meeting	1/27/2015	1/27/2016	Fish and Game Commission at its meeting on 12/3/2014 approved a lease amendment to modify boundary descriptions in lease to reflect actual location of operation.

FORM A
State Of California Department Of Fish And Game Application For Lease Of
State Water Bottoms For Aquaculture

Applicant Name: Santa Barbara Mariculture Co. Phone No. (805) 886-1283
Address: 4365 Cuna Dr, Santa Barbara, CA 93110
Aquaculture Registration No 0969 Expiration Date 12/31/15

Species of plant or animals to be cultured:

Mytilus galloprovincialis
Crassostrea gigas
Crassadoma gigantea

Application is hereby made to the Fish and Game Commission of the State of California for a lease of State water bottoms in the area described in the attached exhibit entitled "Exhibit A-Legal Description", and as shown on the map attached hereto marked "Exhibit B". Each exhibit bears the name of this applicant. Such lease will be for the purpose of aquaculture involving the species designated above. In support of this application, the applicant hereby submits the following explanation of the type of operation and cultural practices to be employed:

- A. Purpose of operation - research and development or production
- B. Plan of development and proposed production schedule - 5 year plan
- C. Type of cultural method(s) to be employed: bottom, long line, buoyed habitats, etc.
- D. Department of Health Services growing water classification: approved, conditionally approved, prohibited, restricted or unclassified

(Attach additional sheets for detailed explanation)

Date: 4/15/15 Signed: B. Friedman

Print Name: Bernard Friedman

(See instructions on the back)

President

Santa Barbara Mariculture
Company

Santa Barbara Mariculture Company

4365 Cuna Dr.

Santa Barbara, CA 93110

805 886-1283

bernard@sbmariculture.com

April 15, 2015

Fish and Game Commission

1416 Ninth St.

Sacramento, CA 95814

Dear Fish and Game Commission:

I would like to thank you for approving a one year extension of my existing Santa Barbara Mariculture Company aquaculture lease M-653-02 at the December 3, 2014 Commission meeting in Van Nuys. I would like to complete the lease approval process for this lease, and enter into a longer term lease contract with the Commission.

I would like to amend the shape of the original lease as proposed in exhibit A1. In addition, I would like to request a new lease. Exhibit A2 which will consist of 26 acres and be adjacent to lease no. 1.

The description of both lease no. 1 and lease no. 2 are attached. See exhibit A1, A2, and B.

I would like both of these leases to reflect my current aquaculture registration (number 0969) in allowing me to grow *Mytilus galloprovincialis* (Mediterranean mussel), *Crassostrea gigas* (Pacific oyster), and *Crassadoma gigantean* (Rock scallop).

Santa Barbara Mariculture Company is the leading offshore shellfish production company on the West Coast both in the number of years practicing offshore shellfish culture and quantities of shellfish produced. Both these leases will be used for research, development, and production of shellfish. The existing and proposed operation will use submerged longlines as the structure from which shellfish will be grown. The existing lease already has a conditionally approved classification from the California Department of Public Health.

Santa Barbara Mariculture Company has worked with the Department of Fish and Wildlife and the California Fish and Game Commission to further the research and development of offshore shellfish culture and wishes to continue a productive relationship with the State of California.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bernard Friedman". The signature is written in dark ink on a white background.

Bernard Friedman

President of Santa Barbara Mariculture Co.

EXHIBIT A1

A portion of submerged lands within the Santa Barbara Channel, lying southerly of the Santa Barbara coast, in the County of Santa Barbara, in the State of California, described as follows.

LEASE SITE No.1

Commencing at the lighthouse near the bluff along the Pacific Ocean, at an approximate position of N 34° 23' 46.8", W 119° 43' 21.5";

thence westerly, approximately 9112 feet to a point having California State Plane Zone 5 (SPC5) grid coordinates of 1970460.00 feet North, 6032940.00 feet East, and having a geodetic position of N 34° 23' 39.231", W 119° 45' 09.832", the northeasterly corner and Point of Beginning of LEASE SITE No.1;

thence North 68°34'30" West, 2499.87 feet grid (2500.00 feet at mean sea level), to a point having SPC5 grid coordinates of 1971373.16 feet North, 6030612.88 feet East, and having a geodetic position of N 34° 23' 47.860", W 119° 45' 37.789";

thence South 21°25'30" West, 801.46 feet grid (801.50 feet at mean sea level), to a point having SPC5 grid coordinates of 1970627.09 feet North, 6030320.12 feet East, and having a geodetic position of N 34° 23' 40.430", W 119° 45' 41.126";

thence South 68°34'30" East, 2499.87 feet grid (2500.00 feet at mean sea level), to a point having SPC5 grid coordinates of 1969713.923 feet North, 6032647.24 feet East, and having a geodetic position of N 34° 23' 31.801", W 119° 45' 13.170";

thence North 21°25'30" East, 801.46 feet grid (801.50 feet at mean sea level), to the Point of Beginning.

The above geodetic SPC5 and geodetic positions are based on the NAD83 datum. The above described **LEASE SITE No. 1** contains 46.00 acres and is as shown on Exhibit B, attached hereto and made a part hereof for informational purposes.

This description has been prepared by me in accordance with provisions of the Professional Land Surveyors Act.

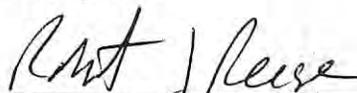
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Robert J. Reese, LS 6208



EXHIBIT A2

A portion of submerged lands within the Santa Barbara Channel, lying southerly of the Santa Barbara coast, in the County of Santa Barbara, in the State of California, described as follows.

LEASE SITE No.2

Commencing at the lighthouse near the bluff along the Pacific Ocean, at an approximate position of N 34° 23' 46.8", W 119° 43' 21.5";

thence westerly, approximately 9112 feet to a point having California State Plane Zone 5 (SPC5) grid coordinates of 1970460.00 feet North, 6032940.00 feet East, and having a geodetic position of N 34° 23' 39.231", W 119° 45' 09.832";

thence North 68°34'30" West, 2499.87 feet grid (2500.00 feet at mean sea level), to a point having SPC5 grid coordinates of 1971373.16 feet North, 6030612.88 feet East, and having a geodetic position of N 34° 23' 47.860", W 119° 45' 37.789", the northeasterly corner and Point of Beginning of LEASE SITE No.2;

thence North 68°34'30" West, 1412.93 feet grid (1413.00 feet at mean sea level), to a point having SPC5 grid coordinates of 1971889.28 feet North, 6029297.60 feet East, and having a geodetic position of N 34° 23' 52.737", W 119° 45' 53.591";

thence South 21°25'30" West, 801.46 feet grid (801.50 feet at mean sea level), to a point having SPC5 grid coordinates of 1971143.20 feet North, 6029004.84 feet East, and having a geodetic position of N 34° 23' 45.307", W 119° 45' 56.928";

thence South 68°34'30" East, 1412.93 feet grid (1413.00 feet at mean sea level), to a point having SPC5 grid coordinates of 197062709 feet North, 6030320.12 feet East, and having a geodetic position of N 34° 23' 40.430", W 119° 45' 41.126";

thence North 21°25'30" East, 801.46 feet grid (801.50 feet at mean sea level), to the Point of Beginning.

The above geodetic SPC5 and geodetic positions are based on the NAD83 datum. The above described **LEASE SITE No. 2** contains 26.00 acres and is as shown on Exhibit B, attached hereto and made a part hereof for informational purposes.

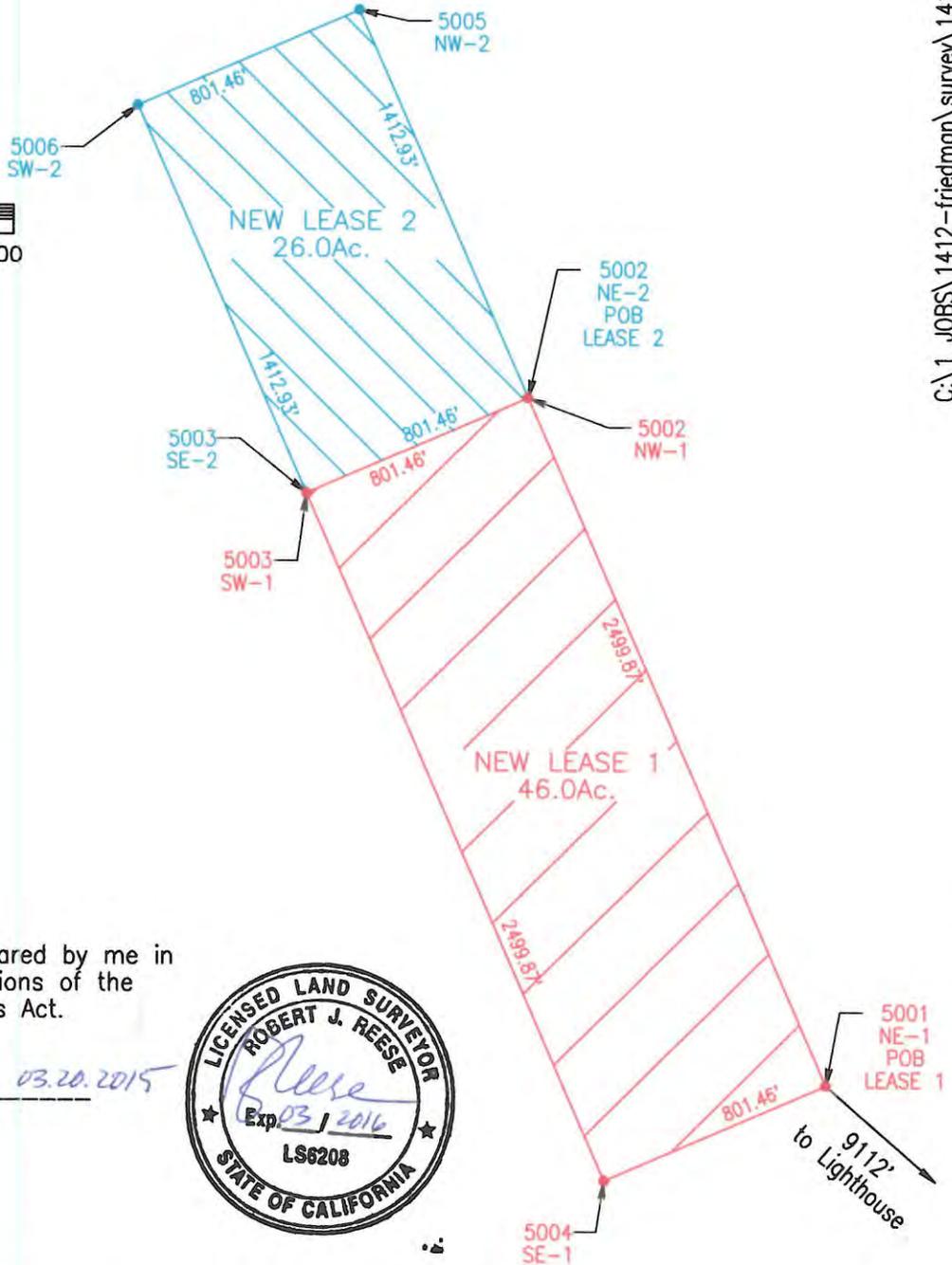
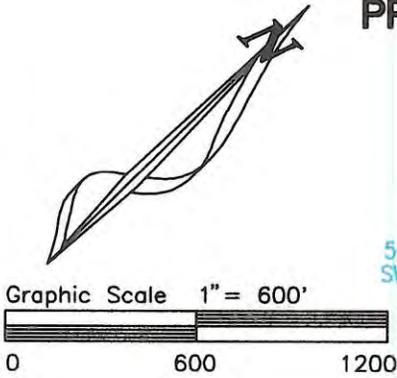
This description has been prepared by me in accordance with provisions of the Professional Land Surveyors Act.


Robert J. Reese, LS 6208



EXHIBIT B PROPOSED NEW MARICULTURE LEASES M-653-2

Mar 19, 2015
C:\1 JOBS\1412-friedman\survey\1412-exhibitB.pro



This exhibit has been prepared by me in accordance with the provisions of the Professional Land Surveyors Act.

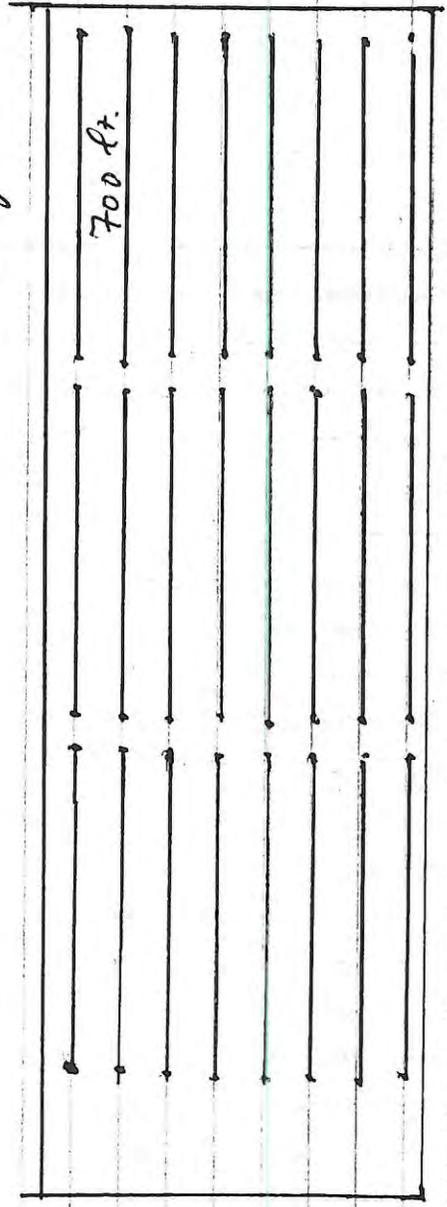
Robert J. Reese 03.20.2015
Robert J. Reese, LS 6208



COORDINATE DATA: PROPOSED LEASE CORNERS				
Pt. Descr.	North(Y)	East(X)	N.Lat	W.Long
5001 NE-1	1970460.00	6032940.00	34°23'39.231"	119°45'09.832"
5002 NW-1	1971373.16	6030612.88	34°23'47.860"	119°45'37.789"
5003 SW-1	1970627.09	6030320.12	34°23'40.430"	119°45'41.126"
5004 SE-1	1969713.93	6032647.24	34°23'31.801"	119°45'13.170"
5005 NW-2	1971889.28	6029297.60	34°23'52.737"	119°45'53.591"
5006 SW-2	1971143.20	6029004.84	34°23'45.307"	119°45'56.928"

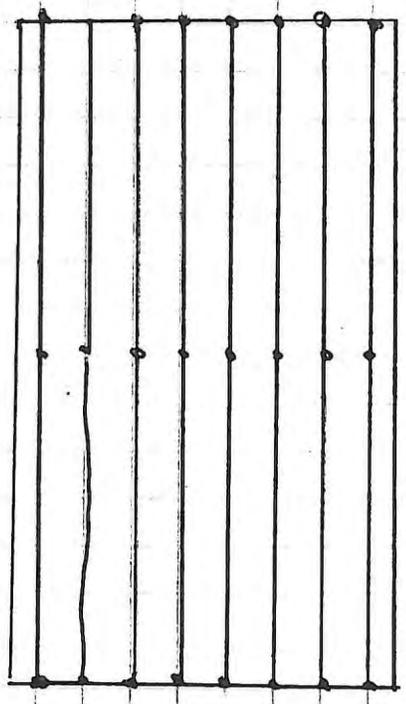
Santa Barbara Mariculture

each longline = 700 ft.



Lease 1
46 acres
800 x 2500 ft

$8 \times 3 = 24$ longlines



Lease 2
26 acres
800 x 1412 ft

$2 \times 8 = 16$ longlines

$\square = 100$ ft

Bernard Friedman
Santa Barbara Mariculture Company
4365 Cuna Dr.
Santa Barbara, CA 93110

April 7, 2015

Five Year Work Plan

Currently there are 12 longlines on two-thirds of the Eastern portion of lease 1. Each longline grows 10,000 lbs. of Mediterranean mussels per year. Together, the 12 longlines produce 120,000 lbs. annually.

At the end of year five, lease 1 will hold 24 longlines which are 700 feet long from anchor to anchor. They will be installed in 3 rows of 8 parallel to the shore. The lines will be spaced 100 feet apart and each grow 10,000 lbs. of mussels per year. The projected harvest from lease 1 will be 240,000 lbs. per year.

Also at the end of year five, lease 2 will hold 16 longlines which are 700 feet long anchor to anchor. They will be installed in 2 rows of 8 parallel to shore. The lines will be spaced 100 feet apart and each grow 10,000 lbs. per year for an annual yield of 160,000 lbs..

The combined annual yield for both leases is projected to be 400,000 lbs. at the end of year 5.

During the development of the leases, in year 1, 16 longlines in lease 2 will be established as well as 8 longlines in the Western half of lease 1. The installation of these 24 longlines will take less than a week to install and consist of putting 32 screw anchors in the seafloor and joining them with 1 ¼ inch tensioned rope. The harvest from the current 12 longlines will continue at 120,000 lbs. in year 1.

Year 2 will see an increase in yield with 8 more longlines incorporated into production with an increased yield of 200,000 lbs..

Year 3 will see an increase of 12 more longlines put into production while the original 12 longlines in the Easter half will be removed and replaced with new rope and screw anchors. Yield is expected to stay the same at 200,000 lbs. Construction of a second boat and equipment is expected to begin and be completed by the beginning of year 4.

Year 4 will see an increase in production as the new boat comes on line with a total of 30 longlines used for production of 300,000 lbs. of mussels.

Year 5 will be in full production of all 40 longlines with two boats working the farm. Yields for each longline will also steadily increase with each longline steadily increasing to an annual yield of 20,000 lbs.

Production by year 10 could be upward of 800,000 lbs. of mussels with steady and managed growth.

If there is a production failure in any given year, the Pacific oyster will be cultivated to offset losses and create income until mussel production comes back on line.

Similarly, SBMC would like to diversify with the Purple hinged rock scallop and is looking for opportunities to develop commercial production of this species.

SBMC will be investigating production techniques of other species as the opportunities become available. Integrated multi-trophic mariculture systems may be the future for California, and SBMC will alter its work plan accordingly to create a sustainable future for the long term.



MICHAEL WILKENING
Acting Director

State of California—Health and Human Services Agency
California Department of Public Health



EDMUND G. BROWN JR.
Governor

February 15, 2015

Mr. Bernard Friedman
Santa Barbara Mariculture Company
4365 Cuna Dr.
Santa Barbara, CA 93110

Dear Mr. Friedman:

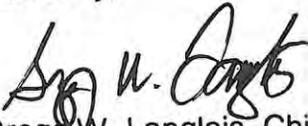
SHELLFISH GROWING AREA CERTIFICATE

Your application for a Shellfish Growing Area Certificate to harvest shellfish from aquaculture Lease M-653-02 in the Santa Barbara Channel has been reviewed and approved. The following Shellfish Growing Area Certificate Number has been assigned to the Santa Barbara Mariculture Company: SGA15-614 (Lease M-653-02).

This growing area is classified as **Conditionally Approved**. Based on our review, your shellfishing operation at this growing area is currently in compliance with the requirements of Title 17, California Code of Regulations, Sections 7706 to 7733, and Section 112150 et seq. of the California Health and Safety Code, pertaining to the culture and harvesting of shellfish for human consumption.

The enclosed Shellfish Growing Area Certificate contains the terms and conditions for maintaining compliance with regulatory requirements for your shellfish operation at this lease and certification of this growing area. If you have any questions, please call me at (510) 412-4635.

Sincerely,

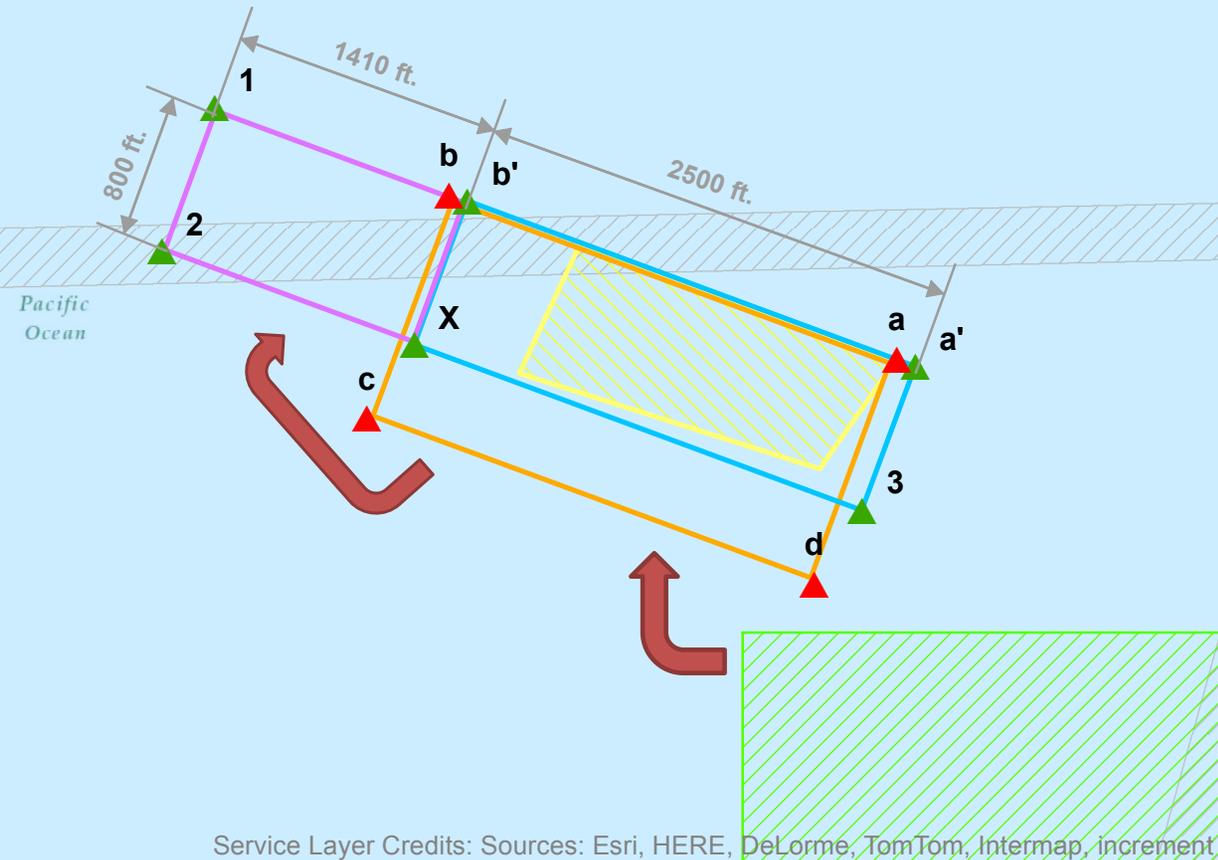
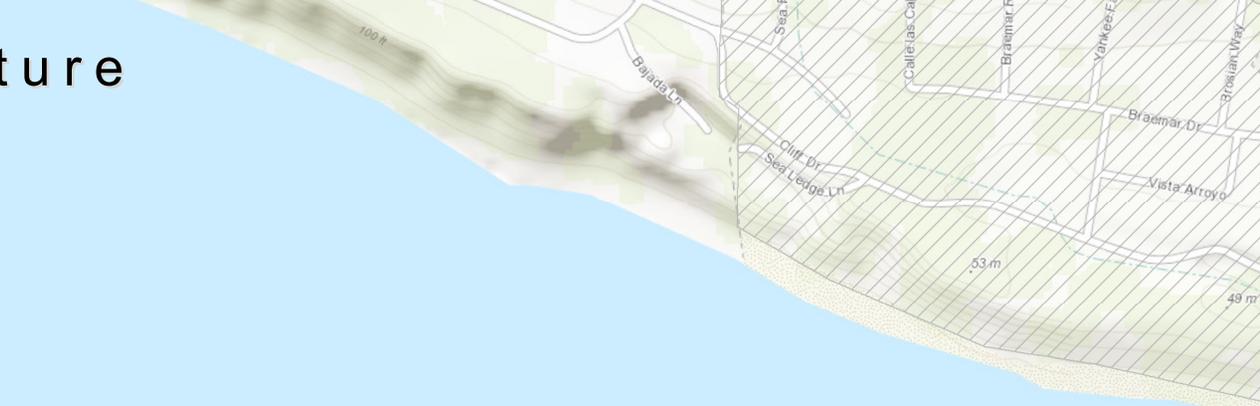

Gregg W. Langlois, Chief
Preharvest Shellfish Unit
Environmental Management Branch

Enclosure

Santa Barbara Mariculture Lease M-653-02

Legend

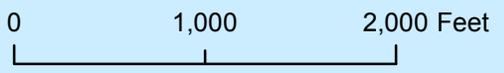
-  Pre Nov 2014 Description (72 Acres)
-  Current Location of Gear (28 Acres)
-  Current Description (72 Acres)
-  Proposed Lease 1 Description (46 Acres)
-  Proposed Lease 2 Description (26 Acres)
-  Santa Barbara City limit



Position	Latitude	Longitude
a'	34° 23' 39.231" N	119° 45' 9.832" W
a	34° 23' 39.600" N	119° 45' 10.980" W
b'	34° 23' 47.860" N	119° 45' 37.789" W
b	34° 23' 48.180" N	119° 45' 38.940" W
c	34° 23' 36.600" N	119° 45' 44.160" W
d	34° 23' 27.960" N	119° 45' 16.200" W
X	34° 23' 40.430" N	119° 45' 41.126" W
1	34° 23' 52.737" N	119° 45' 53.591" W
2	34° 23' 45.307" N	119° 45' 56.928" W
3	34° 23' 31.801" N	119° 45' 13.170" W

Map created by California Department of Fish and Wildlife, Marine Region GIS. Map is shown in the California Teale Albers NAD 83 projection. The positions listed are in geographic coordinates NAD 83.


 mr_gis@wildlife.ca.gov
 May 1, 2015

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