

**ADDENDUM TO
LEASE GRANTING THE EXCLUSIVE PRIVILEGE
OF CONDUCTING AQUACULTURE AT
STATE WATER BOTTOM NO. M-653-02**

**ESCROW AGREEMENT FOR
CLEANUP OF AQUACULTURE LEASE M-653-02
SANTA BARBARA CHANNEL, SANTA BARBARA COUNTY, CALIFORNIA**

This Escrow Agreement is an addendum to the original lease M-653-02 dated January 1, 2001, and is being entered into as of the 23rd day of August, 2013, between the State of California, acting by and through its Department of Fish and Wildlife, hereinafter referred to as ("State"), and Santa Barbara Mariculture Company, hereinafter referred to as ("Tenant").

This Escrow Agreement is subject to the original Lease Agreement for Lease No. M-653-02, dated January 1, 2001 and subsequent lease assignment and renewal for Lease M-653-02, dated November 3, 2005 and in accordance with Paragraph E thereof.

As a financial guarantee of growing structure or other lease improvement removal and/or cleanup expense in the event that the aforementioned aquaculture lease is abandoned or otherwise terminated, the parties agree as follows:

1. Tenant will deposit or cause to be deposited in escrow in cash or by certified check, funds totaling \$3,600.00, which funds will consist of the following:

(a) \$3,600.00 deposited upon entering upon the lease.

In the event that Tenant fails to deposit funds as required by Subparagraph (b) herein, State may terminate Tenant's aquaculture lease by giving sixty days notice to Tenant by registered or certified mail.

2. Mr. Michael Lee shall act as Escrow Agent and shall place the escrow deposits in an interest-bearing account in Umpqua Bank, Los Molinos, California, subject to disposition as hereinafter provided. Account shall be established with a warning to all bank employees that funds may not be released without written permission from an agent of The State of California. Such deposits shall be retained in a separate account designated "Lease M-653-02, Santa Barbara Channel, Santa Barbara Cleanup Fund" by Escrow Agent as trustee for State.

3. Tenant shall be responsible for paying all fees and expenses incurred by Escrow Agent in administering the escrow account. These expenses and payment terms shall be determined by the Escrow Agent.

4. The interest earned on the trust account held in escrow and all interest earned on that interest shall be for the sole account of Tenant, and may be withdrawn by Tenant, at any time for distribution without notice to State.

5. Tenant shall make payments to the Escrow Agent on account of the Lease M-653-02, Santa Barbara Channel, Santa Barbara Cleanup Fund in the manner prescribed in paragraph 1 (a) until the sum of three thousand, six hundred dollars (\$3,600.00) is reached.

6. When Tenant deposit funds into escrow, Escrow Agent shall notify State in writing within ten days of receipt thereof.

7. Escrow Agent shall notify State in writing when three thousand, six hundred dollars (\$3,600.00) has been deposited to the escrow account and provide written verification from the bank of such deposit. Thereafter, on the anniversary date of such initial notification, Escrow Agent shall report and certify the balance of funds on deposit accompanied by the accounting records provided by the banking institution of deposit.

8. The State may increase or decrease the security amount held in escrow upon cause shown therefore and sixty days notice to Tenant. Tenant's Annual Proof of Use Report shall contain a reasonable estimate of the cost of removal of growing structures from each operation. Any increase required by the State shall be deposited by the Tenant in the same proportion as provided in Paragraph 1; and any decrease shall be returned to the Tenant by the Escrow Agent in the same proportion provided in Paragraph 1.

9. Should Tenant transfer his interest under the lease with the approval of the California Fish and Game Commission, Escrow Agent shall transfer such escrow deposit to the successor in interest, and thereafter notify all parties hereto of such transfer. The successor in interest shall have all of the rights and obligations of Tenant with respect to such escrow deposit.

10. If, on termination of an aquaculture lease, Tenant removes all growing structures and improvements within sixty days, Tenant's escrow deposit shall be returned to Tenant by Escrow Agent no later than two weeks after receipt of written notice by Escrow Agent from State authorizing such return.

11. If at any time during the lease term, Tenant abandons the lease without removing growing structures and improvements, State shall do the following:

(a) State shall appropriate and apply any portion of the escrow security as may be reasonably necessary to fund the cleanup;

12. State shall have a right to draw upon the escrow account in the event of default by the Tenant. Upon seven days written notice to the Escrow Agent from the State of the default, Escrow Agent must immediately distribute funds as instructed by State.

13. Should State actually resort to any monies contained within the escrow account under any of the above applicable provisions, Tenant agrees to deposit to the escrow account, in the same proportion as provided in Paragraph 1, the amount for which resort to the escrow

security was had and necessary to restore the escrow security to the original sum required hereunder in thirty days after written demand by State.

Restoration of escrow security shall be postponed during any period that State re-advertises for bid and subsequently re-awards Lease M-653-02, Santa Barbara Channel, Santa Barbara. Upon State granting a lease to a successful bidder, the Tenant thereunder shall assume the obligations and rights of his predecessor Tenant, including, but not limited to, the deposit of funds as prescribed in Paragraph 1 (a).

State shall not award or re-award a lease until the notice of deposit required by Paragraph 6 is received.

14. Escrow Agent shall rely on the written notifications from the State, and the State shall hold Escrow Agent harmless in it's duties as Escrow Agent when Escrow Agent releases and disburses funds and interest pursuant to such a written notification.

15. Any notice required to be given under this Escrow Agreement may be given by personal delivery in writing or by registered or certified mail, postage prepaid, return receipt requested. Notice shall be deemed communicated as of mailing. Mailed notices shall be addressed as set forth below, but each party may change its address by written notice in accordance with this paragraph.

To the State:

FISH AND GAME COMMISSION
1416 Ninth Street, Room 1320
Sacramento, CA 95814

To the Escrow Agent:

Business Name: California Aquaculture Association
Contact Name: Michael Lee
Address: PO Box 4638
City/State/Zip: Chico, CA 95927
Phone: (916) 915-1151

To the Tenant:

SANTA BARBARA MARICULTURE COMPANY
Bernard Friedman, Owner
4365 Cuna Drive
Santa Barbara, CA 93110
Phone: (805) 886-1283

16. At the time this Escrow Agreement is executed by all parties, the State shall deliver to the Escrow Agent a fully executed counterpart of this agreement.

In witness whereof, the parties have executed this agreement by their proper officers on the date first set above.

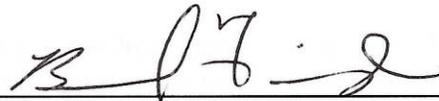
STATE OF CALIFORNIA

LESSEE

CALIFORNIA FISH AND GAME COMMISSION

SANTA BARBARA MARICULTURE COMPANY

By: 
SONKE MASTRUP
Executive Director

By: 
BERNARD FRIEDMAN, Owner

Date: 9/30/13

Date: 9/17/13

DEPARTMENT OF FISH AND WILDLIFE

By: 
HELEN CARRIKER
Deputy Director, Administration

Date: 8/25/14

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

State of California

County of SANTA BARBARA

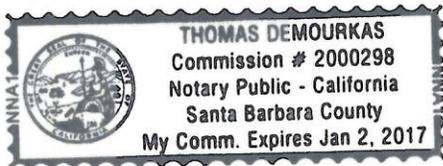
On 17 SEPTEMBER before me, THOMAS DEMOURKAS, Notary Public

personally appeared BERNARD FRIEDMAN Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature: [Handwritten Signature] Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: ESCROW AGREEMENT FOR CLEARED OF AGRICULTURE LEASE M-653-02

Document Date: 09/17/2013 Number of Pages: 4

Signer(s) Other Than Named Above:

Capacity(ies) Claimed by Signer(s)

Signer's Name: Signer's Name:

- Corporate Officer - Title(s):
Individual
Partner - Limited General
Attorney in Fact
Trustee
Guardian or Conservator
Other:

RIGHT THUMBPRINT OF SIGNER Top of thumb here

RIGHT THUMBPRINT OF SIGNER Top of thumb here

Signer Is Representing: Signer Is Representing: