

RECORDED AT THE REQUEST OF
AND WHEN RECORDED MAIL TO:
STATE OF CALIFORNIA
State Lands Commission
Attn: Title Unit
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STATE OF CALIFORNIA
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A.P.N. 131-220-008
County: San Joaquin

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**STATE OF CALIFORNIA
STATE LANDS COMMISSION**

AMENDMENT OF LEASE PRC 2856.1

WHEREAS, the State of California, acting through the State Lands Commission, hereinafter called Lessor, and Larry A. Neuner and Nova N. Neuner, dba Windmill Cove Marina & RV Park, entered into an agreement designated as Lease PRC 2856.1, which was authorized by the Lessor on March 8, 1994 and executed on June 21, 1994, and

WHEREAS, said Lease was granted for the operation, use and maintenance of a commercial marina for certain filled and unfilled State Lands situated in the historic bed of the San Joaquin River, San Joaquin County; and

WHEREAS, said Lease was assigned to John C. Bresciani and amended on February 21, 2003; and

WHEREAS, said Lease was subsequently assigned on March 25, 2008, to Windmill Cove Resort and Marina, LLC, hereinafter called the Lessee, and

WHEREAS, Section 4, Paragraph 15(e) provides that the Lease may be terminated and its terms, covenants and conditions amended, revised or supplemented only by mutual written agreement of the parties; and

NOW THEREFORE, the parties hereto agree as follows:

1. Lessee shall reimburse Lessor for staff costs associated with surveying the Lease Premises. The cost of the survey is estimated at \$7,200.
2. On March 25, 2008, Lessor approved the assignment of Lease No. PRC 2856.1 to the Lessee, with said assignment effective on February 29, 2008. Lessee recognizes that on February 29, 2008, the Lease was in default of Section 4, Paragraph 4, Land Use, due to the following:
 - a) Unauthorized uses: permanent live aboard vessels and residential recreational vehicles;
 - b) Improvements placed on the Lease Premises without Lessor's prior authorization: Two RV park model homes, three septic tanks, and RV decks located along the San Joaquin River;
 - c) Maintenance and Repair: Deteriorated covered dock facilities with gangways in a state of disrepair.
3. Notwithstanding Section 4, Paragraph 11: Default and Remedies, Lessor agrees to waive the 30-day cure period and hereby grants Lessee 120 days or until July 23, 2008, to effect the cure of the defaults outlined in Paragraph 2 above provided that the Lessee submits the following to Lessor no later than May 1, 2008:
 - a) A repair and renovation Plan for review by Lessor's staff,
 - b) A Proposal for elimination or retention of certain existing unauthorized improvements or any change in use or alteration to existing improvements or the placement of new improvements, and
 - c) An application for consideration by the Lessor to amend the lease for the items outlined in the Proposal and Plan prior to implementing any changes in use or placing additional improvements on the Lease Premises;
4. **BEST MANAGEMENT PRACTICES:**
 - A. Lessee agrees to implement the "Best Management Practices (BMP's) for Marina Owners/Operators" contained in Exhibit "A" to this Amendment, and by this reference made a part hereof. Lessor reserves the right to require that additional BMPs be implemented as technology changes, if existing BMPs are not being followed, and/or existing BMPs are found to be ineffective.
 - B. As of the Effective Date of this Amendment, Lessee shall incorporate the Lessor's BMPs for Berth Holders and Boaters" into Lessee's berth rental agreements," as contained in Exhibit "B" to this Amendment including additional BMPs the Commission subsequently deem appropriate. The Lessee shall provide the Commission, on the first anniversary of the Amendment and on each successive third anniversary, a report on compliance with all BMPs.

The effective date of this amendment to the aforesaid Agreement shall be March 25, 2008.

This Amendment is a portion of General Lease – Commercial Use, PRC 2856.1 , with a beginning date of January 1, 1993, consisting of four (4) sections with a total of 12 pages, which Lease was amended on February 21, 2003, consisting of a total of two (2) pages.

All other terms and conditions of the lease shall remain in full force and effect.

This Agreement will become binding on the Lessor only when duly executed on behalf of the State Lands Commission of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date hereafter affixed.

LESSEE:

**Windmill Cove Resort and
Marina, LLC**

By: 

Title: Sole Member

Date: 3-21-08

LESSOR:

**STATE OF CALIFORNIA
STATE LANDS COMMISSION**

By: 

Title: Chief, Division of
Land Management

Execution of this document was authorized by the
State Lands Commission on 3-25-08

All Signatures Must Be Acknowledged

State of California)
County of Sacramento)

On March 21, 2008 before me,
Nancy J. Pearson, Notary Public (here insert name and title of the officer),
personally appeared David Theis,
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 Nancy J. Pearson (Seal)

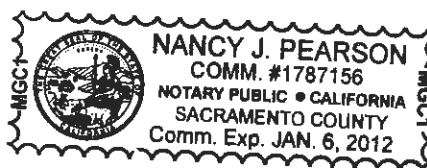


EXHIBIT A

BEST MANAGEMENT PRACTICES FOR MARINA OWNERS / OPERATORS

Petroleum Management

Instruct staff not to use detergents or emulsifiers on a fuel or oil spill.

Post emergency telephone numbers to report oil or chemical spills in prominent locations at the marina.

Recommend the installation and use of fuel/air separators on air vents or tank stems of inboard fuel tanks to reduce the amount of fuel spilled into surface waters during fueling.

Provide a collection site for used oily pads and used oil or provide information on how and where to dispose of them.

Hazardous Wastes

Have a marina policy to manage hazardous wastes and hazardous materials.

Post a prohibition on the disposal of used oil, antifreeze, paint, solvents, varnishes and batteries into the dumpster or general collection waste receptacles.

If you provide for hazardous waste collection, manage the wastes in a proper fashion through the use of structurally sound, non-leaking containers, in accordance with all local, state and federal laws.

In the event of a spill or leak, clean up and dispose of materials promptly and properly and report the spill to all appropriate entities.

If operating a collection facility is not feasible, provide information to your tenants on how and where to dispose their wastes.

Encourage the use of alternative products to hazardous household chemicals. There are many non-toxic or less-toxic products that can be used as alternatives.

Emergencies

Have an updated map of important shut off valves and make sure all employees know the locations.

Keep your list of Emergency Phone Numbers and contact persons updated.

Be sure that all employees are trained in emergency procedures and that they know their responsibilities for each situation as designed in an Emergency Response Plan.

Underwater Boat Hull Cleaning

Require the use of legal hull paints to reduce the possibility of contamination when performing hull cleaning.

Boat Sewage Discharge

If your marina operates a pump out facility, install adequate signs to identify the station, its location and hours of operation.

Provide the service at convenient times and at a reasonable cost.

Make the pump out station user friendly.

Develop and adhere to a regular inspection and maintenance schedule for the pump out station.

Provide educational information about the pump out station to boaters.

Inform berth holders of existing local, state and federal regulations pertaining to the use of Marine Sanitation Devices and the illegal discharge of boat sewage.

Post a list of local pump out locations in a conspicuous location such as the entrances to the docks.

Solid Waste

Keep litter picked up.

Place trash receptacles and dumpsters in convenient locations for boaters and guests.

Use covered dumpsters and trashcans so they do not fill up with rainwater and do not blow away in heavy winds.

Keep trash enclosures clean and free of debris.

Keep cleanup equipment and materials available.

Inspect trash storage areas regularly.

Dispose of all solid wastes in accordance with local, state and federal laws and regulations.

Liquid Waste

Train marina employees in oil spill response procedures.

Keep adequate spill response equipment and materials in strategic locations.

Storm Water Runoff

Maintain a Storm Water Pollution Prevention Plan.

Report spills that have entered or have a potential to enter a water body to appropriate agencies.

Provide signage adjacent to any storm drain inlet to discourage illegal dumping of pollutants.

Provide signs adjacent to parking lots that prohibit littering, dumping and vehicle servicing or washing.

Develop and implement a regular sweeping / cleaning program for hard surface areas.

Reduce or eliminate landscaping and irrigation runoff into the waterway.

EXHIBIT B

BEST MANAGEMENT PRACTICES FOR BERTH HOLDERS / BOATERS

Bilge Water Management

Keep bilge area as dry as possible

Regularly check fittings, fluid lines, engine seals, and gaskets

Fix all oil and fuel leaks in a timely manner

Do not drain oil into the bilge

Fit a drain pan, if feasible, underneath the engine to collect drips and leaks

Consider the use oil-absorbent pads, even in small boats.

If a bilge contains oil, absorb as much free oil as possible with a pad. Then pump the bilge dry and wipe down the bilge and equipment. If a bilge is severely contaminated, use a pump out service. Never pull the drain plug on a boat with a bilge full of oil, especially if it is on a launch ramp.

Dispose of oil-soaked absorbents at a proper facility. Check with the marina operator for guidance.

Do not use detergents or bilge cleaners unless the bilge can be pumped into an appropriate facility.

Petroleum Containment

Fill portable fuel containers on land or on the fuel dock to reduce the chance of fuel spills into the water.

Avoid overfilling fuel tanks and attend the fuel nozzle at all times.

Perform all major engine maintenance away from surface water. Any maintenance work on an engine must be done in compliance with rules and regulations governing the marina.

Use petroleum absorption pads while fueling to catch splash back and the any drops when the nozzle is transferred back from the boat to the fuel dock.

Keep engines properly maintained for efficient fuel consumption, clean exhaust, and fuel economy. Follow all manufacturers' specifications.

Immediately report oil and fuel spills to the marina office and the U.S. Coast Guard National Response Center (Phone # 1 (800) 424-8802) and other appropriate agencies.

Hazardous Materials

Improper handling of hazardous materials can cause harm to human health and the environment and can result in serious penalties and expensive cleanup costs if contaminations occur.

Hazardous wastes generated by recreational boaters are considered household hazardous waste. Dispose of household hazardous waste in properly marked containers if provided by the marina or at the nearest appropriate site.

Vessel Sewage

Boaters should never pump out any holding tank in waters inside the three nautical mile limit. Always remember that it is illegal to discharge raw sewage from a vessel into U.S. waters.

Pumpout facilities should be used to dispose of stored waste whenever possible. They are fast, clean, and inexpensive.

Marine sanitation devices (MSDs) must be maintained to operate properly. Keep your disinfectant tank full, use biodegradable treatment chemicals, and follow the manufacturer's suggested maintenance program.

Do not dispose of fats, solvents, oils, emulsifiers, disinfectants, paints, poisons, phosphates, diapers, and other similar products in MSDs.

Whenever possible, use land-based rest rooms rather than onboard ones.

Vessel Cleaning and Maintenance

Ask your marina manager what types of maintenance projects are allowed in the slip.

Minimize the use of soaps and detergents by washing your vessel more frequently with plain water.

Do not use cleaners that contain ingredients such as ammonia, sodium, chlorinated solvents, or lye.

Use hose nozzles that shut off when released to conserve water and reduce the runoff from boat washing.

Ventilate your space to prevent the accumulation of flammable or noxious fumes.

Use eye protection and a respirator when there is the possibility that dust and debris could damage eyes or lungs.

Remove oil, debris and clutter from your immediate work area and dispose of properly.

Avoid spills in the water of all solvents, paints and varnishes.

Carefully read labels to ensure the products are used in a manner that is safe and won't harm the environment.

Use teak cleaners sparingly and avoid spilling them or fiberglass polishers in the water.

Sanding and Painting

When working in marinas, use designated sanding and painting areas. Check with the marina manager for the location and proper use of these areas.

Work indoors or under cover whenever wind can potentially blow dust and paint into the open air.

Where feasible, use environmentally friendly tools, such as vacuum sanders and grinders, to collect and trap dust. Some marinas have this equipment for rent, check with the manager.

Clean up all debris, trash, sanding dust, and paint chips immediately following any maintenance or repair activity.

Use a drop cloth beneath the hull to catch sanding dust and paint drops when working over unpaved surfaces.

When sanding or grinding hulls over a paved surface, vacuuming or sweeping loose paint particles is the preferred cleanup method. Do not hose the debris away.

Buy paints, varnishes, solvents, and thinners in sizes appropriate for the proposed work to avoid having to dispose of stale products.

When possible, use water-based paints and solvents.

Switch to longer lasting, harder, or non-toxic antifouling paint at your next haul out.

Paints, solvents, and reducers should be mixed far from the water's edge and transferred to work areas in tightly covered containers of 1 gallon or less.

Keep in mind that solvents and thinners may be used more than once by allowing the solids to settle out and draining the clean product off the top.

When in doubt about proper disposal practices, check with your marina and/or appropriate government agency.

Boaters should report any illegal discharge of boat sewage to the marina office or appropriate agency.

Boaters should use environmentally sensitive cleaning supplies that may end up in your gray water.

Boat Hull Cleaning and Maintenance

Ensure hull paint is properly applied and maintained to protect the hull from fouling organisms and thus improve your boat's performance.

Wait 90 days after applying new bottom paint before underwater cleaning.

Schedule regular hull cleaning and maintenance to reduce the build up of hard marine growth and eliminate the need for hard scrubbing.

Regularly scheduled gentle cleaning will also increase the effectiveness of the antifouling hull paint and extend its useful life.

Repair paint bonding problems at haul out to avoid further chipping and flaking of paint in the water.

Use, or ask your diver to use, non-abrasive scrubbing agents, soft sponges or pieces of carpet to reduce the sloughing of paint and debris.

Boaters are encouraged to use boat hull cleaning companies and individuals that practice environmentally friendly methods.

Solid Waste

Do not dump plastic or any other trash into the water.

Use the dumpsters, trash receptacles and other approved containers to dispose of garbage and other waste.