



San Mateo County Harbor District

Board of Harbor Commissioners

Pietro Parravano, President
James Tucker, Vice President
Leo Padreddii, Treasurer
Robert Bernardo, Secretary
Sally Campbell, Commissioner

Peter Grenell, General Manager

September 23, 2011

Mr. Keet Nerhan
KN Properties
210 San Mateo Road, Suite 201
Half Moon Bay, CA 94019

Ref: Your Lease for the Pillar Point RV Park premises: Compliance with lease terms and conditions

Dear Mr. Nerhan:

With regard to the matter of operation and maintenance of restroom facilities at the Pillar Point RV Park and provision of other improvements as set forth in Section 8.2 of your lease (see enclosure), I am obliged to remind you that you must comply with all terms and conditions of your lease. With respect to the restroom, these facilities are to be available to RV Park patrons and persons using the day use parking lot that is part of the premises under your lease.

The restroom has been closed in the recent past. I understand that you are resuming its availability to those persons using your leased premises. The restroom should be reopened immediately.

The restroom facilities need not be made available to the general public accessing the adjacent Surfers Beach, which is not within your leased premises.

Thank you for your cooperation in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Grenell".

Peter Grenell
General Manager

Cc: Board of Harbor Commissioners
Jean Savaree, District Counsel

Encl: P. 8 of lease

8.2 Lessee shall design and construct or cause to be designed and constructed physical improvements to the Premises for a forty (40) space recreational vehicle overnight parking and camping facility and day use parking facility as stated in the following schedule and as set forth in "Site Plan" (Exhibit D):

1. Repair and extension of the existing restrooms to acceptable health and safety standards including Americans With Disabilities Act (ADA) standards and requirements including roof and partition replacement;
2. Installation of electrical service to the restrooms;
3. Pave and stripe the overnight parking and camping area;
4. Construct overnight camping sites to include numbered bollards, parking, picnic tables, barbecue pits and fire rings for overnight camping spaces;
5. Pave and stripe the day use parking area;
6. Construct barbecues, water fountains and trash receptacles for day use area;
7. Construct wheelchair-accessible access trail from Beach Hotel to "Surfer's Beach";
8. Install underground utilities to campsites as well as new drainage;
9. Install new fences, signs and lighting;
10. Landscape the entire Premises to Lessor's standards.

8.3 Lessee shall be responsible for and pay in full all costs of design and construction and associated permit and other costs for all physical improvements provided on the Premises pursuant to this Agreement.

9. SUBLEASE/ASSIGNMENT OR SALE OF LEASEHOLD

9.1 Article XVI of the General Conditions pertaining to Assignment, Subletting and Hypothecation are incorporated into this section.

9.2 Notwithstanding any other provision of this Lease to the contrary, should Lessee, or any affiliate of Lessee be allowed by District to sublet, assign or sell any portion or all of said Lessee's interest in this Leasehold to any other person, entity or group, said Lessee shall pay the District a minimum of \$1,000.00 to reimburse the District for the costs of effecting the transfer, or ten percent (10%) of the gross sales price, including the value of any traded property, Leasehold, equipment or services involved in the "purchase", whichever is greater, as a return to the District for the general maintenance, construction, improvement, advertising, and expansion of the Pillar Point Harbor area.

**PILLAR POINT RV PARK
P.O. BOX 158
HALF MOON BAY, CA 94019**

Telephone: 650-726-4402

Fax: 650-726-3615

September 7, 2011

Peter Grenell
General Manager
San Mateo County Harbor District
400 Oyster Point Blvd., Suite 300
South San Francisco, CA 94080

Dear Peter:

In the light of recent public discussion of the use of the rest rooms at the Pillar Point RV Park, I would like to present a few comments from the point of view of the person responsible for maintaining those rest rooms.

The current location of the rest room facilities is well within the area used by families with their children and pets. These are the people who pay for a coastal environment for their recreation. Their privacy and safety must be protected, and it is our responsibility to protect as well as to provide the facilities for their use.

We have tried in the past, on a voluntary basis, to provide rest room facilities for the general public. The results were completely unsatisfactory since those who used the facilities damaged them, made them unuseable for others, caused them to be unsanitary and ultimately destroyed them. There was even a shooting at the site during that time. If any of this were to take place within the RV Park area, our liability and the liability of the Harbor District would be greatly increased beyond insurability.

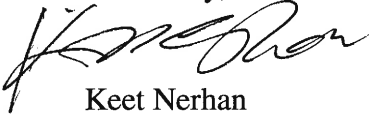
In addition, the Lease for the premises required paving and striping, the addition of sewer facilities for each space, electrical service installation, underground utilities, new fences, signs and lighting, landscaping of the entire site, a wheel chair accessible trail to the beach, the building of fire rings, barbeque tables, benches and trash receptacles. We did all of these things, and all would still be there except that vandals destroyed the fire rings, tables, and benches, not once but twice. They could not be continued without causing an unsafe situation for guests. The remaining requirements are still maintained in place.

While our greatest concern is the enjoyment and safety of the guests of the RV park, we are not blind to the need to serve the general public. I think the question needs to be, "Who is responsible to meet this need?" We do not believe that the

burden should fall on the families who pay for RV vacation sites at the beach, but that other entities should carry their fair share of the costs. The visitors who require these services are within the city limits of Half Moon Bay, and on a city beach. We, therefore, think that the City should be participants in any solution.

As always, I am always available to discuss this and other matters with you at your convenience.

Yours truly,

A handwritten signature in black ink, appearing to read "Keet Nerhan". The signature is written in a cursive style with a large initial "K".

Keet Nerhan