

AMENDMENT NO. 2 TO LEASE AGREEMENT

THIS AMENDMENT NO. 2 TO LEASE AGREEMENT (“Second Amendment”) is entered as of February 27, 2025, by and between CITY OF PALM DESERT, a California municipal corporation (“Lessor”), and the DESERT RECREATION DISTRICT, a California special district (“Lessee”). Lessor and Lessee are sometimes referred to herein individually as a “Party” or collectively as the “Parties.”

RECITALS

WHEREAS, Lessor and Lessee previously entered into that certain Lease Agreement dated January 1, 2020 (the “Lease”), for the lease of the premises more particularly described therein located at 43900 San Pablo Avenue, Palm Desert, California 92260 (the “Premises”);

WHEREAS, Lessor will agree to provide a tenant improvement allowance to provide reimbursement to Lessee for the cost of such Additional District Improvements, subject to the limitations set forth herein;

WHEREAS, Lessor finds and determines that providing the tenant improvement allowance to facilitate the construction of the Additional District Improvements will enhance recreational opportunities available to the residents and taxpayers, and the Additional District Improvements will benefit the areas within the City of Palm Desert commonly known as Project Areas Nos. 2 and 3;

NOW THEREFORE, Lessor and Lessee desire to amend the Lease on the terms and conditions as provided in this Second Amendment.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby mutually agree as follows:

1. Amendments to Lease. The Lease is hereby amended as follows:
 - a. Additional Rent. A new Section 2.2 is hereby added to the Lease to read as follows:

“2.2 Additional Rent. In addition to the Base Rent, Lessor shall pay to Lessor on each January 1 and July 1, commencing on July 1, 2025, additional rent in the amount necessary to fully amortize the aggregate amount of the Tenant Improvement Allowance which was disbursed by Lessor in semi-annual payments with an interest rate of 3% per annum over the remaining portion of the initial Term (the “Additional Rent”). An estimated Additional Rent payment schedule is attached hereto as Exhibit B. The interest component shall begin to accrue on the outstanding unamortized portion of the Tenant Improvement Allowance on the date

that Lessor first disburses such Tenant Improvement Allowance or any portion(s) thereof. On or about June 1, 2025, Lessor shall provide to Lessee in writing the final amortization schedule for the payment of the Additional Rent based on the aggregate amount of the Tenant Improvement Allowance actually disbursed pursuant to this Second Amendment and taking into account the date of each disbursement with respect to calculating the interest component.”

b. Tenant Improvement Allowance. A new Section 5.6 is hereby added to the Lease to read as follows:

“5.6 Tenant Improvement Allowance.

5.6.2 Disbursement of Tenant Improvement Allowance. Provided the Lessee is not then in default under the terms of this Lease, the Lessor will disburse amounts from the Tenant Improvement Allowance from time to time (but not more than once per month) following Lessor’s receipt of (i) a written request by Lessee requesting a disbursement from the Tenant Improvement Allowance and specifying the amount requested, (ii) copies of invoices, including all reasonable detail relating thereto as may be requested by Lessor, for all work performed for which payment is being requested by Lessee, and (iii) evidence satisfactory to Lessor that Lessee has paid all invoices for which disbursement is being requested from Lessor. All requests for disbursement from the Tenant Improvement Allowance shall be made on or before May 1, 2025.

3. Effectiveness of Agreement. Except as explicitly modified by this Second Amendment, all of the terms and provisions of the Agreement are and remain in full force and effect.

4. Entire Agreement. This Second Amendment and the Agreement represent the final and entire agreement between Lessor and Lessee regarding the subject matter hereof and thereof, and may not be contradicted by evidence of prior, subsequent, or contemporaneous oral agreements of the Parties.

5. Modification. No amendment or modification hereto shall be valid and binding unless expressed in writing and executed by both Parties hereto.

6. Authority. Each individual executing this Second Amendment on behalf of an entity represents and warrants that he or she is duly authorized to execute and deliver this Second Amendment on its behalf.

7. Counterparts. This Second Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Second Amendment delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Second Amendment to be executed by and through their respective authorized representatives, as of the date first above written.

LESSOR:

LESSEE:

CITY OF PALM DESERT,
a California municipal corporation

DESERT RECREATION DISTRICT,
A California special district

Signed by:
By: Chris Escobedo
437BBF489E4E43B...
Chris Escobedo
Interim City Manager

DocuSigned by:
By: Kevin Kalman
B5A2AB0472A44EB...
Kevin Kalman
General Manager

ATTEST

Signed by:
By: Anthony J. Mejia
8063A100723D437...
Anthony J. Mejia
City Clerk

Approved as to Form:

Clerk QC: MN

Signed by:
By: Isra Shah
3820DDF2EAC84B0...
Isra Shah
Best Best & Krieger, LLP
City Attorney

Contracts QC: JR

Insurance:

CO
Initial review

CO
Final approval