

AMENDMENT NO. 3 TO LEASE AGREEMENT

THIS AMENDMENT NO. 3 TO LEASE AGREEMENT NO. C39690 ("Third Amendment") is entered as of September 25, 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 Third 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:

EXHIBIT "B" - Estimated Additional Rent Payment Schedule	Exhibit "B" is hereby removed in its entirety and replaced with the attached Exhibit "B".
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3. Effectiveness of Agreement. Except as explicitly modified by this Third Amendment, all of the terms and provisions of the Agreement are and remain in full force and effect.

4. Entire Agreement. This Third 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 Third Amendment on behalf of an entity represents and warrants that he or she is duly authorized to execute and deliver this Third Amendment on its behalf.

7. Counterparts. This Third 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 Third 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.

[Signatures on following page]

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

LESSOR:
CITY OF PALM DESERT,
a California municipal corporation

LESSEE:
DESERT RECREATION DISTRICT,
a California special district

By: _____
Chris Escobedo
City Manager

By: _____
Gabriel Martin
General Manager

ATTEST:

By: _____
Anthony J. Mejia
City Clerk

Approved as to Form:

By: _____
Isra Shah
Best Best & Krieger, LLP
City Attorney

Clerk QC: _____

Contracts QC: _____

Insurance: _____

Initial Review

Final Approval

EXHIBIT B
Final Project Close-Out Acknowledgement

FINAL PROJECT CLOSE-OUT AND ACCEPTANCE ACKNOWLEDGMENT

Palm Desert Community Center Renovation Project
43900 San Pablo Avenue - Contract No. C39690
City of Palm Desert & Desert Recreation District

This Final Project Close-Out and Acceptance Acknowledgment (“Acknowledgment”) is made on this ___ day of _____, 2025, by and between the City of Palm Desert (“Lessor”) and the Desert Recreation District (“Lessee”), pursuant to the Lease Agreement dated January 1, 2020, as amended by Amendment No. 1 dated June 8, 2023, and Amendment No. 2 dated February 27, 2025 (collectively, the “Lease”).

1. Project Completion

The Lessee acknowledges that all improvements described in the Lease and subsequent amendments, including the Additional District Improvements funded in part by the City through the Tenant Improvement Allowance, have been substantially completed as of _____, 2025.

2. Final Amortization Schedule

Lessor has provided the Lessee with the final amortization schedule dated _____, which reflects:

- The actual disbursed amount of the Tenant Improvement Allowance
- A 3% annual interest rate
- Biannual payments beginning July 1, 2025
- A repayment period over the remaining term of the lease

Lessee agrees that the final amortization schedule accurately reflects the financial obligations and agrees to repay the total disbursed amount as Additional Rent under Section 2.2 of the Lease.

3. Acknowledgment of Improvements

By signing below, the Lessee:

- Confirms all contracted improvements under IFB# 23-05-001-PW were completed to the satisfaction of the District
- Accepts the quality and scope of work as final and complete
- Acknowledges no further disbursement requests will be made under the Tenant Improvement Allowance

4. Lessee Signature

The undersigned representative of Desert Recreation District hereby affirms that they are authorized to execute this Acknowledgment and agrees to its terms.

DESERT RECREATION DISTRICT

A California Special District

By: _____

Name: Kevin Kalman

Title: General Manager

Date: _____

Desert Recreation District - TI Loan Calculator

Palm Desert Community Center Renovation Project

Located at 43900 San Pablo Avenue (APN 622-250-016)

Loan Details	
Loan amount	\$6,898,085.53
Annual interest rate	3.00%
Loan period in years	30
Start date of loan	1/1/2025

Loan Summary	
Payment Term	Bi-Annually
Number of payments	60
Total interest	\$3,233,330.24
Total cost of loan	\$10,131,415.77

Pmt No.	Payment Date	Beginning Balance	Payment	Principal	Interest	Ending Balance
1	7/1/2025	\$6,898,085.53	\$218,439.38	\$114,968.09	\$103,471.28	\$6,791,381.18
2	1/1/2026	\$6,791,381.18	\$216,838.81	\$114,968.09	\$101,870.72	\$6,684,410.07
3	7/1/2026	\$6,684,410.07	\$215,234.24	\$114,968.09	\$100,266.15	\$6,577,171.53
4	1/1/2027	\$6,577,171.53	\$213,625.67	\$114,968.09	\$98,657.57	\$6,469,664.89
5	7/1/2027	\$6,469,664.89	\$212,013.07	\$114,968.09	\$97,044.97	\$6,361,889.49
6	1/1/2028	\$6,361,889.49	\$210,396.43	\$114,968.09	\$95,428.34	\$6,253,844.65
7	7/1/2028	\$6,253,844.65	\$208,775.76	\$114,968.09	\$93,807.67	\$6,145,529.69
8	1/1/2029	\$6,145,529.69	\$207,151.04	\$114,968.09	\$92,182.95	\$6,036,943.95
9	7/1/2029	\$6,036,943.95	\$205,522.25	\$114,968.09	\$90,554.16	\$5,928,086.75
10	1/1/2030	\$5,928,086.75	\$203,889.39	\$114,968.09	\$88,921.30	\$5,818,957.40
11	7/1/2030	\$5,818,957.40	\$202,252.45	\$114,968.09	\$87,284.36	\$5,709,555.23
12	1/1/2031	\$5,709,555.23	\$200,611.42	\$114,968.09	\$85,643.33	\$5,599,879.55
13	7/1/2031	\$5,599,879.55	\$198,966.29	\$114,968.09	\$83,998.19	\$5,489,929.68
14	1/1/2032	\$5,489,929.68	\$197,317.04	\$114,968.09	\$82,348.95	\$5,379,704.94
15	7/1/2032	\$5,379,704.94	\$195,663.67	\$114,968.09	\$80,695.57	\$5,269,204.64
16	1/1/2033	\$5,269,204.64	\$194,006.16	\$114,968.09	\$79,038.07	\$5,158,428.09
17	7/1/2033	\$5,158,428.09	\$192,344.51	\$114,968.09	\$77,376.42	\$5,047,374.59
18	1/1/2034	\$5,047,374.59	\$190,678.71	\$114,968.09	\$75,710.62	\$4,936,043.46
19	7/1/2034	\$4,936,043.46	\$189,008.74	\$114,968.09	\$74,040.65	\$4,824,434.01
20	1/1/2035	\$4,824,434.01	\$187,334.60	\$114,968.09	\$72,366.51	\$4,712,545.53
21	7/1/2035	\$4,712,545.53	\$185,656.28	\$114,968.09	\$70,688.18	\$4,600,377.33
22	1/1/2036	\$4,600,377.33	\$183,973.75	\$114,968.09	\$69,005.66	\$4,487,928.70
23	7/1/2036	\$4,487,928.70	\$182,287.02	\$114,968.09	\$67,318.93	\$4,375,198.96
24	1/1/2037	\$4,375,198.96	\$180,596.08	\$114,968.09	\$65,627.98	\$4,262,187.39
25	7/1/2037	\$4,262,187.39	\$178,900.90	\$114,968.09	\$63,932.81	\$4,148,893.30
26	1/1/2038	\$4,148,893.30	\$177,201.49	\$114,968.09	\$62,233.40	\$4,035,315.96
27	7/1/2038	\$4,035,315.96	\$175,497.83	\$114,968.09	\$60,529.74	\$3,921,454.69

Pmt No.	Payment Date	Beginning Balance	Payment	Principal	Interest	Ending Balance
28	1/1/2039	\$3,921,454.69	\$173,789.91	\$114,968.09	\$58,821.82	\$3,807,308.76
29	7/1/2039	\$3,807,308.76	\$172,077.72	\$114,968.09	\$57,109.63	\$3,692,877.47
30	1/1/2040	\$3,692,877.47	\$170,361.25	\$114,968.09	\$55,393.16	\$3,578,160.10
31	7/1/2040	\$3,578,160.10	\$168,640.49	\$114,968.09	\$53,672.40	\$3,463,155.93
32	1/1/2041	\$3,463,155.93	\$166,915.43	\$114,968.09	\$51,947.34	\$3,347,864.26
33	7/1/2041	\$3,347,864.26	\$165,186.06	\$114,968.09	\$50,217.96	\$3,232,284.35
34	1/1/2042	\$3,232,284.35	\$163,452.36	\$114,968.09	\$48,484.27	\$3,116,415.50
35	7/1/2042	\$3,116,415.50	\$161,714.32	\$114,968.09	\$46,746.23	\$3,000,256.97
36	1/1/2043	\$3,000,256.97	\$159,971.95	\$114,968.09	\$45,003.85	\$2,883,808.05
37	7/1/2043	\$2,883,808.05	\$158,225.21	\$114,968.09	\$43,257.12	\$2,767,068.00
38	1/1/2044	\$2,767,068.00	\$156,474.11	\$114,968.09	\$41,506.02	\$2,650,036.11
39	7/1/2044	\$2,650,036.11	\$154,718.63	\$114,968.09	\$39,750.54	\$2,532,711.63
40	1/1/2045	\$2,532,711.63	\$152,958.77	\$114,968.09	\$37,990.67	\$2,415,093.85
41	7/1/2045	\$2,415,093.85	\$151,194.50	\$114,968.09	\$36,226.41	\$2,297,182.02
42	1/1/2046	\$2,297,182.02	\$149,425.82	\$114,968.09	\$34,457.73	\$2,178,975.41
43	7/1/2046	\$2,178,975.41	\$147,652.72	\$114,968.09	\$32,684.63	\$2,060,473.28
44	1/1/2047	\$2,060,473.28	\$145,875.19	\$114,968.09	\$30,907.10	\$1,941,674.90
45	7/1/2047	\$1,941,674.90	\$144,093.22	\$114,968.09	\$29,125.12	\$1,822,579.52
46	1/1/2048	\$1,822,579.52	\$142,306.78	\$114,968.09	\$27,338.69	\$1,703,186.41
47	7/1/2048	\$1,703,186.41	\$140,515.89	\$114,968.09	\$25,547.80	\$1,583,494.81
48	1/1/2049	\$1,583,494.81	\$138,720.51	\$114,968.09	\$23,752.42	\$1,463,503.98
49	7/1/2049	\$1,463,503.98	\$136,920.65	\$114,968.09	\$21,952.56	\$1,343,213.17
50	1/1/2050	\$1,343,213.17	\$135,116.29	\$114,968.09	\$20,148.20	\$1,222,621.64
51	7/1/2050	\$1,222,621.64	\$133,307.42	\$114,968.09	\$18,339.32	\$1,101,728.63
52	1/1/2051	\$1,101,728.63	\$131,494.02	\$114,968.09	\$16,525.93	\$980,533.39
53	7/1/2051	\$980,533.39	\$129,676.09	\$114,968.09	\$14,708.00	\$859,035.15
54	1/1/2052	\$859,035.15	\$127,853.62	\$114,968.09	\$12,885.53	\$737,233.18
55	7/1/2052	\$737,233.18	\$126,026.59	\$114,968.09	\$11,058.50	\$615,126.70
56	1/1/2053	\$615,126.70	\$124,194.99	\$114,968.09	\$9,226.90	\$492,714.95
57	7/1/2053	\$492,714.95	\$122,358.82	\$114,968.09	\$7,390.72	\$369,997.17
58	1/1/2054	\$369,997.17	\$120,518.05	\$114,968.09	\$5,549.96	\$246,972.60
59	7/1/2054	\$246,972.60	\$118,672.68	\$114,968.09	\$3,704.59	\$123,640.46
60	1/1/2055	\$123,640.46	\$116,822.70	\$114,968.09	\$1,854.61	\$0.00