

**AMENDMENT TO THE AGREEMENT
BY AND BETWEEN
THE CITY OF NATIONAL CITY
AND
AMERICAN GOLF CORPORATION**

THIS AMENDMENT TO THE AGREEMENT is entered into this 1st day of November, 2025 (the “Effective Date”), by and between the CITY OF NATIONAL CITY, a municipal corporation (“CITY” or “LANDLORD”), and AMERICAN GOLF CORPORATION (“TENANT”).

RECITALS

WHEREAS, the CITY and TENANT entered into a Lease and Operating Agreement for the Las Palmas Municipal Golf Course on May 3, 1984 (the “Agreement” or “Lease”), wherein CITY leased real property to TENANT for operation of a golf course for an initial term of five (5) years, with the option to extend this term for up to seven (7) five-year extensions at the discretion of TENANT, plus two (2) additional five-year option periods at the discretion of CITY; and

WHEREAS, on July 2, 1985, CITY and TENANT entered into an amendment to the Agreement to modify language related to the “Construction Period,” from which time the lease term would commence; and

WHEREAS, TENANT exercised all seven (7) extensions at its discretion, extending the Agreement to August 31, 2025; and

WHEREAS, on August 19, 2025, the City Council of CITY approved further extending the Agreement by sixty (60) days to allow sufficient time to evaluate compliance with the obligations of the Agreement and consider potential modifications to the Agreement, and to ensure continuation of golf course operations by TENANT in the interim; and

WHEREAS, given the age of the Agreement, amendments to the Agreement are necessary to more accurately reflect changing times and ensure continued operation of the golf course for the benefit of both TENANT and CITY and its residents; and

WHEREAS, the parties desire to amend the Agreement to amend certain specific terms and conditions of the Agreement as indicated below and by extending the term of the Agreement five (5) years to October 31, 2030 in order to continue the Agreement and operation of the golf course.

AGREEMENT

NOW, THEREFORE, the parties hereto agree that:

1. Term. The May 3, 1984 Agreement is hereby amended to further extend the term of the Agreement by five (5) years to October 31, 2030. From and after the Effective Date, the “Lease Year,” defined in section 4.4 of the Lease, shall commence on November 1st and end on October 31st of the following calendar year. For purposes of the Lease

Year that immediately preceded the Effective Date, such Lease Year shall mean the fourteen (14) month period that commenced on September 1, 2024 and ended on October 31, 2025.

2. Section 4(A) of the Agreement is amended to read as follows:

4. RENT

...

A. During the term of this Lease, the annual rent shall be the greater of either the minimum rent hereinafter set forth for the periods stated or the percentage of gross sales stated in this paragraph.

In no event shall any annual rental payment be less than the following:

1) November 1, 2025 through, and including October 31, 2030, \$100,000.00 per year.

Beginning November 1, 2025 and continuing through the end of this Lease, the percentages shall be as follows:

1) Sales from green fees, cart rentals and driving range – ten percent (10%) of gross income;

2) Sales of food and beverages – ten percent (10%) of gross income;

3) Sales from Pro Shop – ten percent (10%) of gross income.

3. Section 5.5 of the Agreement is added to read as follows:

5.5. Annual Report of Capital Improvements and Expenditures.

Tenant shall maintain complete and accurate books and records of all Capital Expenditures and provide an annual report and accounting of the same within sixty (60) days of the end of each Lease Year. The annual report shall also include planned and anticipated Capital Expenditures for the upcoming Lease Year and shall, at least once every five (5) years, include a capital needs study that analyzes and discusses both necessary and desirable Capital Expenditures for commercially reasonable operation and maintenance activities of the course. Landlord shall have the right to inspect and audit such books and records in accordance with the general procedures for Landlord's inspection and audit of Tenant's books and records under section 4, above.

For purposes of this section, "Capital Expenditures" shall mean, subject to the exclusions below, the costs and expenses (including, but not limited to, labor and materials) incurred to construct, restore, reconstruct, refurbish, replace, augment, and enhance capital improvements. "Capital Expenditures" shall not include costs and expenses for (a) improvements having a minimum

useful life or useful life expectancy of less than one year, or (b) routine maintenance activities (which shall be activities which maintain but do not enhance the quality of the improvement, such as cleaning, adjusting, and servicing improvements).

4. Section 10.5 of the Agreement is added to read as follows:

10.5 Landlord and Tenant shall meet at least annually to review fees charged to patrons at the Premises and confirm compliance with the first paragraph of section 10.2, above.

5. Section 24 of the Agreement is added to read as follows:

24. HOLD HARMLESS AND INDEMNIFICATION

To the maximum extent allowed by law, Tenant agrees to indemnify, defend and hold harmless Landlord and its Councilmembers, agents, officers, and employees and volunteers from and against any and all liability or claim of liability, loss or expense, including defense costs and legal fees and claims for damages of whatsoever character, nature and kind, arising from Tenant's performance or other obligations under this Lease including, but not limited to, claims, losses, or expenses arising from (a) an act or omission of Tenant, or an agent, invitee, guest or employee of Tenant; (b) Tenant's operations or services under this Lease including, but not limited to, liability, expense and claims for: bodily injury, death, personal injury, or property damage caused by negligence, creation or maintenance of a dangerous condition of property, breach of express or implied warranty of product, defectiveness of product, or intentional or reckless infliction of harm, including any workers' compensation suits, liability or expense, arising from or connected with services performed by or on behalf of Tenant by any person pursuant to this Lease; (c) nonpayment for labor, materials, appliances or power, performed on, or furnished or contributed to the Premises at the request of Tenant; (d) Tenant's infringement of a patent or copyright or disclosure of a trade secret; and (e) Tenant's violation of state and federal antitrust laws. Tenant's obligation to indemnify hereunder shall not be limited by Tenant's insurance coverage or limits not shall it be restricted to insurance proceeds, if any, received by Landlord and its Councilmembers, officers, employees, agents and volunteers.

The preceding paragraph shall not apply to liability, claims, damages and other matters to the extent they arise from or pertain to (a) the established sole negligence or willful misconduct of the Landlord (which, for the purposes of this paragraph, shall include the Councilmembers, officers, employees, contractors, consultants, agents, representatives, guests, invitees, tenants, subtenants or licensees of Landlord); and (b) Landlord's violation of any law or breach of this Lease.

6. Section 25 of the Agreement is added to read as follows:

25. CAPITAL RESERVE FUND

Commencing November 1, 2025, Tenant shall establish a fund (the "Capital Reserve Fund") with an institutional lender selected by Tenant that shall be available exclusively to pay for additional capital improvements and major repairs at the Premises ("Eligible Work"), but not for ordinary maintenance or routine, minor repairs. Within thirty (30) days after the end of each month of the remaining term of this Lease thereafter, Tenant shall make a deposit into the Capital Reserve Fund an amount equal to two percent (2%) of total gross income for the immediately preceding month. Such Capital Reserve Fund deposits shall not be deducted from total gross income. The Capital Reserve Fund shall be expended to depletion during the remaining term of this Lease for the purposes outlined herein and for projects mutually agreeable to Landlord and Tenant.

Tenant shall provide to Landlord an annual report detailing the deposits and balance of the Capital Reserve Fund. In addition, the reports shall include all disbursements from the Capital Reserve Funds as well as the Eligible Work financed by such disbursements.

Upon the expiration or earlier termination of this Lease, Tenant shall not be entitled to retain the remainder of the Capital Reserve Fund. Such remaining funds shall be disbursed to Landlord immediately following Tenant's surrender of the Premises in accordance with the terms of this Lease.

For purposes of this section, "capital improvements" shall mean all construction, reconstruction, renovation or replacement of the Premises or portions thereof.

7. Section 26 of the Agreement is added to read as follows:

26. MONTHLY MEETINGS

Landlord and Tenant agree to meet monthly to monitor and discuss any relevant matters under this Lease including, but not limited to, fees and revenues, maintenance of the Premises, operations of the golf course, and special and community events. Landlord hereby designates its Community Services Director or designee to attend such monthly meetings. Tenant hereby designates its Regional Vice President of Operations and the Golf Course Operations Manager, or their respective designees, to attend such monthly meetings.

8. The parties further agree that, with the foregoing exceptions, each and every other term and provision of the May 3, 1984 Agreement, as amended by prior amendments, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment to the Agreement on the date and year first above written.

CITY OF NATIONAL CITY

AMERICAN GOLF CORPORATION

By: _____
Ron Morrison, Mayor

By: _____

APPROVED AS TO FORM:

Title: _____

By: _____
Barry J. Schultz
City Attorney