

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

SEVENTH AMENDMENT TO LEASE NO. 17448

17448

This Seventh Amendment to Lease No. 17448 ("Seventh Amendment"), is made and entered, in duplicate, pursuant to a minute order adopted by the City Council of the City of Long Beach, at its meeting on January 7, 2014, by and between the CITY OF LONG BEACH, a municipal corporation ("Landlord"), and AMERICAN GOLF CORPORATION, a California corporation ("Tenant").

RECITALS

A. The parties entered into Lease No. 17448 on July 18, 1984 (the "Original Lease") and subsequently amended and supplemented the Original Lease pursuant to: (i) the Supplement to Lease dated April 5, 1985 (the "Supplement"); (ii) the Amendment to Lease dated August 18, 1987 (the "Amendment"); (iii) the First Amendment of Lease dated March 22, 1989 (the "First Amendment"); (iv) the Second Amendment of Lease dated June 13, 1989 (the "Second Amendment"); (v) the Third Amendment to Lease No. 17448 dated March 2, 1999 (the "Third Amendment"); (vi) the Fourth Amendment to Lease No. 17448 dated July 9, 2003 (the "Fourth Amendment"); (vii) the Fifth Amendment to Lease No. 17448 dated July 2, 2007, (the "Fifth Amendment") and (viii) the Sixth Amendment to Lease No. 17448 dated April 22, 2014 (the "Sixth Amendment"). The Original Lease, as modified by the Supplement, the Amendment, the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment, the Fifth Amendment and the Sixth Amendment are referred to in this Seventh Amendment as the "Lease."

B. Now that Special Olympics has vacated the Special Olympics Leasehold, as described in the Fifth Amendment, Landlord and Tenant desire to reincorporate the Special Olympics Leasehold back into the Lease Agreement and reinstate tenant leasehold rights and obligations.

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1 C. Landlord and Tenant also desire to reduce the annual debt service
2 amount from 1.5 to 1.25 times the maximum annual debt on the annual Debt Service
3 Account bonds.

4 D. Landlord and Tenant desire to amend the Lease in these and other
5 respects.

6 NOW, THEREFORE, in consideration of the mutual terms, covenants, and
7 conditions contained in this Seventh Amendment, Landlord and Tenant agree as follows:

8 1. Effective January 1, 2014, Lease No. 17448 is hereby amended to
9 reinstate Tenant with leasehold rights and obligations pertaining to the Special Olympics
10 Leasehold at 6730 East Carson Street. The Special Olympics Leasehold that Tenant will
11 acquire and occupy consists of a Three Thousand One Hundred (3,100) square-foot
12 office building, more commonly known as Heartwell Junior Golf Building ("Heartwell
13 Building") and an additional Twenty-Eight Thousand Seven Hundred Sixty (28,760)
14 square-foot parcel of land ("Surplus Parcel"), which shall be utilized for passive uses
15 incidental to the occupancy of the Heartwell Building. It is further agreed, Tenant shall
16 have non-exclusive use of a Nine Hundred Fifty (950) square-foot classroom space within
17 the Heartwell Building. The classroom space shall be made available to Landlord for
18 programming, Monday through Friday, from 6pm to 10pm, and Saturdays from 8am to
19 noon, in exchange for a rent credit to Tenant.

20 Tenant accepts the Special Olympics Leasehold as-is and assumes all
21 normal utility, maintenance and landscaping costs for the Special Olympics Leasehold;
22 excluding Capital Improvements. Tenant agrees to maintain the Surplus Parcel on behalf
23 of Landlord in exchange for rent credit. The initial monthly rent for the Heartwell Building
24 shall be Three Thousand Seven Hundred Twenty Dollars (\$3,720.00) per month. A
25 monthly credit of Five Hundred Seventy Dollars (\$570.00) shall be applied for the non-
26 exclusive use of the classroom within the Heartwell Building, as well as monthly credit of
27 Six Hundred Fifty Dollars (\$650.00) for Tenant's maintenance of the Surplus Parcel.
28 Thus, in lieu of the monthly credits, Tenant's net monthly rent shall be Two Thousand

1 Five Hundred Dollars (\$2,500.00). The net monthly rent shall be adjusted annually
2 effective on the adjustment date of January 1st, by the 12 months Percentage Change in
3 the Consumer Price Index ("CPI") for All Urban Consumers, All Items, Base Period 1982-
4 84=100, Los Angeles/Riverside/Orange County, CA Area, published by the United States
5 Department of Labor, Bureau of Labor Statistics. The September Index immediately prior
6 to the adjustment date shall be the "Current Index," and the September Index for the year
7 previous shall be the "Beginning Index". If the Current Index is greater than the
8 Beginning index, the then-current net monthly rent shall increase by the same percentage
9 as did the CPI. At ten (10) year intervals, the net monthly rent shall be adjusted to reflect
10 the fair market value and prevailing rate of return by appraisal or via a market rental value
11 study. Thereafter, annual increases shall be based on CPI adjustments until the next ten
12 year market value adjustment. In no event shall any rent adjustment result in a rent less
13 than that paid during the preceding period.

14 2. The Debt Service requirement in Section 15.10 of the Fourth
15 Amendment, is amended to reduce the annual Debt Service Account requirement from
16 1.5 to 1.25 times the maximum annual debt service on the bonds, not to exceed Five
17 Hundred Thirty-Nine Thousand Dollars (\$539,000.00).

18 3. Except as expressly amended herein, all of the terms and conditions in
19 Lease Agreement No. 17448 are ratified and confirmed and shall remain in full force and
20 effect.

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IN WITNESS WHEREOF, Landlord and Tenant have signed this Seventh Amendment with all formalities required by law as of the date first stated above.

Date: April 14, 2014

AMERICAN GOLF CORPORATION, a California corporation

By: [Signature]
Executive Vice President

By: [Signature]
Chief Financial Officer

"Tenant"

Date: 4.22, 2014

CITY OF LONG BEACH, a municipal corporation

By: [Signature] Assistant City Manager
City Manager

EXECUTED PURSUANT TO SECTION 301 OF THE CITY CHARTER.

"Landlord"

This Seventh Amendment to Lease No. 17448 is approved as to form on April 16, 2014.

CHARLES PARKIN, City Attorney

By: [Signature]
Deputy