

**Amendment No. 2**  
**to**  
**Operating Agreement OA-40**  
**for**  
**Bolsa Chica State Beach**

This AMENDMENT NO. 2 is made and entered into between the STATE OF CALIFORNIA, acting through the Department of Parks and Recreation, hereinafter referred to as "STATE", and the CITY of Huntington Beach, hereinafter referred to as "CITY", collectively referred to as the "PARTIES."

WITNESSETH:

**WHEREAS**, pursuant to the Public Resources Code Section 5080.30 et seq., a twenty (20) year Operating Agreement (hereinafter referred to as "the Agreement") was entered into by and between the STATE and CITY effective December 1, 1986, to provide for the care, maintenance, and control of Bolsa Chica State Beach; and

**WHEREAS**, STATE and CITY entered into Amendment 1 to assign CITY all of STATE'S rights, interests, and duties in the concession contract with Donald W. Tosh, Ted. E. Christensen, and Tom A. Lewis (referred to as "TLC") to operate various facilities within Bolsa Chica State Beach, as was stipulated to happen in the original agreement;

**WHEREAS**, STATE and CITY, as allowed in the Agreement, extended the term of the Agreement by an additional 20 years on October 4, 2004, thus extending the Agreement through December 1, 2026; and

**WHEREAS**, STATE and CITY desire to extend the term of the Agreement to allow the PARTIES time to negotiate a new agreement (P25OT001) for the care, maintenance, administration, and control of Bolsa Chica State Beach, and;

**WHEREAS**, STATE requires all new agreements and amendments to existing agreements to include language regarding the use of Generative Artificial Intelligence;

**WHEREAS**, STATE has provided at least 30 days' written notice and a copy of Amendment to the Joint Legislative Budget Committee; and

**NOW, THEREFORE**, in consideration of the mutual covenants and benefits herein contained, the parties hereto agree as follows:

- I. **In the Agreement, REPLACE lines 1-10 of Paragraph 1. Term to read as follows:**  
"CITY shall be responsible for a period beginning on the date first above

appearing and ending forty-two years from said date. During said period, CITY shall pay all costs of developing, maintaining, controlling, and operating said property for said purposes and STATE shall not, during said period, be liable for the cost of said development, maintenance, control, or operation. Nothing herein shall preclude CITY from receiving grants for such purposes to the full extent otherwise permitted by law.”

**II. Add the following language as “Paragraph 19. Generative Artificial Intelligence”:**

- A. “Generative AI (GenAI)” means an artificial intelligence system that can generate derived synthetic content, including text, images, video, and audio that emulates the structure and characteristics of the system's training data. (Gov. Code §11549.64.)
- 1) CITY shall immediately notify the STATE in writing if it: (1) intends to provide GenAI as a deliverable to the STATE; or (2), intends to utilize GenAI, including GenAI from third parties, to complete all or a portion of any deliverable that materially impacts: (i) functionality of a STATE system, (ii) risk to the STATE, or (iii) Agreement performance. For avoidance of doubt, the term “materially impacts” shall have the meaning set forth in State Administrative Manual (SAM) §4986.2 Definitions for GenAI.
  - 2) Notification shall be provided to the STATE designee identified in this Agreement.
  - 3) At the direction of the STATE, CITY shall discontinue the provision to the STATE of any previously unreported GenAI that results in a material impact to the functionality of the System, risk to the STATE, or Agreement performance, as determined by the STATE.
  - 4) If the use of previously undisclosed GenAI is approved by the STATE, then CITY will update the Deliverable description, and the Parties will amend the Agreement accordingly, which may include incorporating the GenAI Special Provisions into the Agreement, at no additional cost to the State.
  - 5) The STATE, at its sole discretion, may consider CITY’S failure to disclose or discontinue the provision or use of GenAI as described above, to constitute a material breach of Agreement when such failure results in a material impact to the functionality of the System, risk to the STATE, or Agreement performance. The STATE is entitled to seek any and all remedies available to it under law as a result of such breach, including but not limited to termination of the Agreement.

The effective date of this AMENDMENT shall be the date of approval by the California Department of General Services.

All other terms and conditions of the Agreement shall remain the same and in full force and effect.

Each of the PARTIES represents that it has reviewed the terms of this amendment, and by executing this amendment, agrees to its terms. Each of the PARTIES whose signature appears below represents that they have the authority to enter into this amendment.

***Signatures***

**CITY OF HUNTINGTON  
BEACH**

**STATE OF CALIFORNIA  
CALIFORNIA PARKS AND RECREATION**

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Name: Armando Quintero

Title: \_\_\_\_\_

Title: Director

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**APPROVED:**

**DEPARTMENT OF GENERAL SERVICES:**