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**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

FROM: Parks Department

SUBMITTAL DATE: May 20, 2003

SUBJECT: Lessor Consent and Acknowledgement – Lake Cahuilla Recreation Area –
District IV

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the Lessor Consent and Acknowledgement of the Agreement between KSL Desert Resorts, Inc. and German American Capital Corporation;
2. Authorize the Chairman to execute four (4) copies of the Lessor Consent to an Encumbrance Assignment of the Lake Cahuilla Leasehold to the German American Capital Corporation; and
3. Direct the Clerk of the Board to return three (3) copies of the Lessor Consent and Acknowledgement to the Parks Department for further processing.

BACKGROUND: The County of Riverside entered into a lease agreement with Landmark Land Corporation of California, Inc ("Landmark"), on June 23, 1987, to facilitate the development of PGA West, a golf resort located adjacent to the Lake Cahuilla Recreation Area.

(continued on page 2)
379 CAH Lessor Consent
and Acknowledgement

FORM APPROVED
COUNTY COUNSEL

MAY 23 2003

BY: [Signature]
ASSISTANT COUNTY COUNSEL

[Signature]
Paul Frandsen, Parks Director

FINANCIAL DATA: Not applicable

CURRENT YEAR COST \$

NET COUNTY COST \$

ANNUAL COST: n/a

IN CURRENT YEAR BUDGET: n/a

BUDGET ADJUSTMENT FY: no

SOURCE OF FUNDS: Not Applicable.

C.E.O. RECOMMENDATION:

APPROVE

County Executive Office Signature

[Signature]

Department Recommendation: Consent Policy

Per Executive Office: Consent Policy

Prev. Agn. ref.

Dist. IV

AGENDA NO.

3 21

SUBJECT: Lessor Consent and Acknowledgement – Lake Cahuilla Recreation Area –
District IV

On March 26, 1998 by Minute Order 3.31, the Board Of Supervisors approved the Lessor and Acknowledgement of the Agreement between KSL PGA West Corporation and Tiger Desert Funding Corporation ("Tiger"). KSL Landmark requested the County's consent to an encumbrance of KSL's leasehold estate under the Lease benefiting Tiger under a deed of trust.

KSL Desert Resorts, Inc., successor by operation of law to KSL PGA West Corporation (collectively "KSL") is pursuing a major refinance of the debt associated with the PGA WEST Resort and La Quinta Resort properties owned by KSL. The lender, German American Capital Corporation ("lender"), has requested that KSL pursue with the County of Riverside ("County"), as Lessor under the Lease, approval of a Lessor Consent and Acknowledgement Agreement providing, in part that: i) an acknowledgement by the County that the Lease is in full force and effect; and ii) consent by the County to an encumbrance of KSL's leasehold estate under the Lease benefiting Lender under a deed of trust.

The Park District recommends that your Honorable Board approve and execute the subject consent. The assignment of the lease to KSL will remain effective and in full force for a period of 34 years.

The County received a one-time payment of \$50,000 in 1987 (upon execution of the original lease), which was deposited into Trust account 723-701-3211, Park Acquisition and Development Fund.