

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

928



**FROM:** Parks Department

**SUBMITTAL DATE:**

4/1/04

**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 CNL Resort Acquisition Corp. and Deutsche Bank;
2. Authorize the Chairman to execute five (5) copies of the Lessor Consent to an Encumbrance Assignment of the Lake Cahuilla Leasehold to the Deutsche Bank; and
3. Direct the Clerk of the Board to return four (4) 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)

408 CAH Lessor Consent  
and Acknowledgement

*Paul Lundsen*  
Parks Director

<b>FINANCIAL DATA</b> n/a	Current F.Y. Total Cost:	\$	In Current Year Budget:	n/a
	Current F.Y. Net County Cost:	\$	Budget Adjustment:	n/a
	Annual Net County Cost:	\$	For Fiscal Year:	no

<b>SOURCE OF FUNDS:</b> Not Applicable.	<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
	<b>Requires 4/5 Vote</b>	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:** **APPROVE**

**County Executive Office Signature** *H. Safford*

Dept't Recomm.:  Policy  
Per Exec. Ofc.:  Policy  
 Consent  
 Consent

**Prev. Agn. Ref.:** 3.21, 6/3/04 | **District:** IV | **Agenda Number:**

**ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD**

**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.

On June 3, 2003, by Minute Order 3.21, the Board of Supervisors approved the Lessor and Acknowledgement of the Agreement between KSL Desert Resorts, Inc., and German American Capital Corporation to an encumbrance of KSL's leasehold estate under the Lease benefiting German American Capital Corp. under a deed of trust.

On or about February 12, 2004, KSL Recreation Corporation ("Assignor") entered into a stock purchase agreement pursuant to which the stockholders have agreed to sell 100% of the issued and outstanding stock of Assignor to CNL Resort Acquisition Corp. ("CNL"). KSL's name will be changed to incorporate the CNL name following the closing. CNL is pursuing a major refinance of the debt associated with PGA West Resort and La Quinta Resort properties that are being acquired by CNL.

The lender, Deutsche Bank AG Cayman Islands branch ("lender"), has requested that CNL 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 CNL'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 35 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.