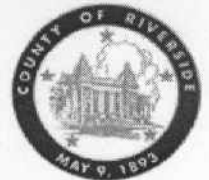


**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

555



FROM: Parks Department

SUBMITTAL DATE:
7/26/04

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 German American Capital Corporation;
2. Authorize the Chairman to execute five (5) copies of the Lessor Consent to an Encumbrance Assignment of the Lake Cahuilla Leasehold to German American Capital Corporation; 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.

Departmental Concurrence

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)

427 CAH Lessor Consent
and Acknowledgement

Paul Lundeisen

Parks Director

FINANCIAL DATA 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

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

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

County Executive Office Signature *Bronda King*

- Dep't Recomm.: Consent Policy
- Per Exec. Ofc.: Consent Policy

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

On March 26, 1998 by Minute Order 3.31, your 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 April 13, 2004, by Minute Order 3.21, the Board of Supervisors approved the Lessor Consent and Acknowledgement of the agreement between CNL Hospitality Properties, Inc. ("CNL") formerly known prior to statutory conversion as KSL Desert Resorts Inc., and Deutsche Bank AG Cayman Islands branch to an encumbrance of CNL's leasehold estate under the lease benefiting Deutsche Bank AG Cayman Islands under a Deed of Trust.

CNL is pursuing a major refinance of the debt associated with its interest in the La Quinta Hotel and Resort and the PGA West Resort. Consequently the lender, German American Capital Corporation ("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 Parks Department recommends that your Honorable Board approve and execute the subject consent. The assignment of the lease to CNL will remain effective and in full force until June 22, 2037. The term of the lease is subject to the provisions contained in paragraphs 14, 15 and 16 of the original lease agreement.

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.

The Office of County Counsel has approved the Lessor Consent and Acknowledgement Agreement as to legal form.