

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

340



FROM: Economic Development Agency

SUBMITTAL DATE:
September 29, 2006

SUBJECT: Cancellation of Agricultural Leases, Jacqueline Cochran Regional Airport

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the Lease Cancellation Agreements between the County of Riverside, as Lessor, and Desert Resorts Aviation, LLC, as Lessee, for the Leases between the County of Riverside and Desert Resorts Aviation, LLC, dated September 13, 2005, and November 11, 2005;
2. Authorize the Chairman to execute the Lease Cancellation Agreements; and
3. Authorize the Assistant County Executive Officer/EDA or designee to execute any additional documents required by the Cancellation Agreements.

BACKGROUND: The Economic Development Agency has received Cancellation Agreements between the County of Riverside, as Lessor, and Desert Resorts Aviation, LLC, as Lessee, for two agricultural Leases at Jacqueline Cochran Regional Airport: 1) a 60-acre Lease dated September 13, 2005; and 2) a 440-acre Lease dated November 11, 2005. Upon cancellation of these Leases, the County will enter into a 60-acre Lease with HITS, Inc., and a 169.46-acres Lease with Desert Resorts Aviation, LLC. HITS, Inc. will then Sublease the 169.46-acre Lease and develop an Equestrian Center on the combined leasehold. (continued on page 2)

Robin Zimpfer

RZ:JC,DL,CC,DS,HO
S:\EDCOM\AIRPORTS\JCRA-Thermal\AG lease\DRA F11 lease
cancellation 60 - 440 29 sep 06.doc

Robin Zimpfer
Assistant County Executive Officer/EDA

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|-----------------------|-------------------------------|------------|-------------------------|---------|
| FINANCIAL DATA | Current F.Y. Total Cost: | \$ 108,000 | In Current Year Budget: | Yes |
| | Current F.Y. Net County Cost: | \$ 0 | Budget Adjustment: | No |
| | Annual Net County Cost: | \$ 0 | For Fiscal Year: | 2006/07 |

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: Yes

SOURCE OF FUNDS: Aviation Operating Funds

| | |
|----------------------------------|--------------------------|
| Positions To Be Deleted Per A-30 | <input type="checkbox"/> |
| Requires 4/5 Vote | <input type="checkbox"/> |

C.E.O. RECOMMENDATION:

APPROVE

FORM APPROVED
COUNTY COUNSEL

County Executive Office Signature

Gordon V. Woo

OCT 30 2006

BY *Gordon V. Woo*

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

Prev. Agn. Ref.: Sep 13 2005 3.21; 11/1/05 District: 4th Agenda Number:

3.8

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3 8

BACKGROUND (continued)

In consideration of Lessee's agreement to cancel the 60-acre Lease, County will pay to Lessee one hundred and eight thousand dollars (\$108,000) as reimbursement for Lessee's expenses in connection with the grading, clearing and removal of brush from the site. The existing leases provided that these costs would be reimbursed to the Lessee in the form of rent credits. Since the leases are being cancelled the Lessee will be unable to recover their costs through rent credits. The new leases will generate substantially more rent revenue for the benefit of the airports. Therefore it is in the best interest of the airports to pay the cancellation fee.

Economic Development Agency staff recommends that the Board of Supervisors approve the Lease Cancellation Agreements. County Counsel has reviewed the Agreements and approved them as to form.