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

FROM: Parks Department

SUBMITTAL DATE:
9/10/07

SUBJECT: CONSENT OF LESSOR AND
ASSIGNMENT AND ASSUMPTION OF GROUND LEASE
Lake Cahuilla Recreation Area- District IV

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the Consent of Lessor and Assignment of Assumption of Ground Lease between CNL Desert Resorts, LP and MSR Resort Golf Course LLC;
2. Authorize the Chairman to execute three (3) copies of the Consent of Lessor and Assignment of Assumption of Ground Lease between CNL Desert Resorts, LP and MSR Resort Golf Course LLC ; and
3. Direct the Clerk of the Board to return two (2) executed copies of the Consent of Lessor and Assumption of Acknowledgement to the District for transmittal and filing.

BACKGROUND: The County of Riverside entered into a lease agreement with Landmark Land Corporation of California, Inc. ("Landmark") on June 23, 1987, Minute Order 3.35, to facilitate the development of the PGA West, a golf resort located adjacent to the Lake Cahuilla Recreation Area. (continued on page 2)

Paul Frandsen
Paul Frandsen, Parks Director

RB/mg 585-Consent of Lessor and Assignment of Assumption
Ground Lease - Lake Cahuilla Recreation Area

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
BY: *Alex Gann*
Alex Gann

County Executive Office Signature

Dept' Recomm.: Consent Policy

Per Exec. Ofc.: Consent Policy

Prev. Agn. Ref.: 1/24/06 3.19; 8/10/04, 3/50;
4/13/04, 3.21; 6/3/03, 3.21; 3/26/98 3.31; 6/23/87,
3.35

District: IV

Agenda Number:

3.39

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

FORM APPROVED COUNTY COUNSEL
BY: *Larissa R-Mckenna* 9/10/07
LARISSA R-MCKENNA, Concurrence DATE

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

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 the 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 Corporation under a Deed of Trust.

On April 13, 2004, by Minute Order 3.21, the Board of Supervisors approved the Lessor 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.

On August 10, 2004, by Minute Order 3.50, the Board of Supervisors approved the Lessor and Acknowledgement of the Agreement between CNL Hospitality Properties, Inc., ("CNL") formerly known prior to statutory conversion as KSL Desert Resorts, Inc., and German American Capital Corporation to an encumbrance of CNL's leasehold estate under the Lease benefiting German American Capital Corporation under a Deed of Trust.

On January 24, 2006, by Minute Order 3.19, the Board of Supervisors approved the Lessor Consent and Acknowledgement between CNL Resort Acquisition Corporation and German American Capital Corporation. The assignment of the lease to CNL remains effective and in full force until June 22, 2037. The term of the lease was subject to the provisions contained in paragraphs 14, 15, and 16 of the original lease agreement (reference attached Exhibit A).

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CNL pursued 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"), 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 now recommends that your Honorable Board approve and execute the Consent of Lessor and Assignment of Assumption of Ground Lease from CNL Desert Resorts, LP to MSR Resort Golf Course LLC. Again, the assignment of the lease remains effective and in full force until June 22, 2037 (reference attached Exhibit A).

The Office of the County Counsel has approved the Consent of Lessor and Assignment of Assumption of Ground Lease as to legal form.

Attachments: Consent of Lessor (3)
Assignment and Assumption of Ground Lease (3)
Attachment A, M.O. 3.35 6/23/87