

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



ITEM: 3.23
(ID # 15562)

MEETING DATE:

Tuesday, October 26, 2021

FROM : TLMA - AVIATION:

SUBJECT: TRANSPORTATION AND LAND MANAGEMENT AGENCY/AVIATION: Approval of Second Amendment to Lease between the County of Riverside and CHP Land Company LLC, a Delaware limited liability company at Jacqueline Cochran Regional Airport, CEQA Exempt. District 4. [\$0] (Clerk of the Board to file the Notice of Exemption)

RECOMMENDED MOTION: That the Board of Supervisors:

1. **Find** that the project is exempt from California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301 and Section 15601 (b)(3);
2. **Approve** the Second Amendment to Lease between County of Riverside, a political subdivision of the State of California, and CHP Land Company LLC, a Delaware Limited Liability Company, successor in interest to HITS, Inc. at Jacqueline Cochran Regional Airport to provide Lessee an additional ten (10) year Option to Extend the Lease;
3. **Authorize** the Chair of the Board of Supervisors to execute the Second Amendment to Lease at Jacqueline Cochran Regional Airport with CHP Land Company LLC; and
4. **Direct** the Clerk of the Board to file the Notice of Exemption with the County Clerk within Five (5) days of approval by the Board of Supervisors.

ACTION:Policy

Charissa Leach, TLMA Director

10/13/2021

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Washington, seconded by Supervisor Jeffries and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington and Perez
Nays: None
Absent: Hewitt
Date: October 26, 2021
xc: Aviation, Recorder

Kecia R. Harper
Clerk of the Board

By: 
Deputy

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: N/A			Budget Adjustment:	No
			For Fiscal Year:	21/22

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The County of Riverside, as Lessor, entered into that certain ground lease with HITS, Inc. at Jacqueline Cochran Regional Airport on November 14, 2006. The Lease has been amended by that First Amendment to Ground Lease dated April 10, 2007 (collectively "Lease").

HITS, Inc. ("Lessee") assigned their ground lease with the County to CHP Land Company LLC whereby the County provided its consent to this assignment on August 6, 2019, as item 3.11.

The term of the Lease was for fifteen (15) years with two (2) options to extend. The first option represented an additional fifteen (15) years, and the second option for an additional ten (10) years. Lessee exercised its first fifteen (15) year extension option of the Lease by written notice to Lessor on May 28, 2021. The first option period will commence on November 15, 2021.

The County and Lessee now desire to amend the Lease to add one (1) additional ten (10) year option under the same terms and conditions. A long-term lease will guarantee a return on investment to the Lessee and bring more traffic to the airport.

The TLMA – Aviation Division negotiated the terms of the Second Amendment, and recommends approval of the extension to Lease. The Second Amendment has been reviewed and approved as to form by County Counsel.

Impact on Residents and Businesses

The Lease extension will assist in the County's effort to increase airport operations which in turn provides increased patron activities for local businesses.

Additional Fiscal Information

There is no net county cost and no budget adjustment required.

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

Attachments:

Original Lease

First Amendment to Ground Lease

Board Consent to Lease Assignment to CHP Land Company

Second Amendment to Ground Lease

Notice of Exemption



Jason Farin, Principal Management Analyst

10/19/2021



Gregory V. Priamos, Director County Counsel

10/14/2021

**SECOND AMENDMENT TO GROUND LEASE
JACQUELINE COCHRAN REGIONAL AIRPORT**

October 26, 2021

The County of Riverside, herein called County, and CHP Land Company LLC, a Delaware limited liability company, herein called Lessee, and collectively referred herein as the parties; enter into this Second Amendment to Ground Lease Jacqueline Cochran Regional Airport and Exercise of Extension Option (this "Second Amendment") under the following terms and conditions:

1. Recitals.

1.1 County and Lessee are parties to that certain Ground Lease, dated by Lessee on August 23, 2006, and dated by County on November 14, 2006, covering approximately sixty (60) acres of land located at the Jacqueline Cochran Regional Airport, as amended by the First Amendment to Ground Lease Jacqueline Cochran Regional Airport, dated by Lessee on February 26, 2007, and dated by County on April 10, 2007 (the "Ground Lease"), which Ground Lease was assigned by the original Lessee HITS, Inc., a Delaware corporation ("HITS"), to the current Lessee CHP Land Company LLC, a Delaware limited liability company, on August 9, 2019 pursuant to that certain Assignment and Consent to Assignment of Lease, by and between HITS and Lessee, and consented to by County pursuant to that certain Consent to Assignment of Ground Lease Agreement, dated by County on August 6, 2019 (the "Lease Assignment").

1.2 Lessee exercised its first fifteen (15) year extension option under Section 3(b) of the Ground Lease by delivering written notice to County on May 28, 2021, exercising such extension option in accordance with the terms of the Ground Lease (the "Extension Notice").

1.3 County and Lessee desire to amend the Ground Lease on the terms and conditions hereinafter set forth.

1.4 Pursuant to Section 5 of the Lease Assignment and in connection with Lessee's exercise of its extension option pursuant to the delivery of the Extension Notice, County desires to acknowledge that HITS shall be released from all liabilities, obligations or duties it may have under the Ground Lease from and after August 9, 2019.

Now therefore, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

2. Amendment. Section 3(b) of the Lease is hereby amended and restated in its entirety to read as follows:

“(b) With respect to the Leased Premises, provided that Lessee at the time of exercising the option is not in default under the terms of this Lease after applicable notice and opportunity to cure, Lessee shall have the option to extend the term of this Lease for three additional periods. The first option period shall be fifteen (15) years, the second option period shall be ten (10) years, and the third option period shall be ten (10) years. Lessee shall notify County in writing of its intention to exercise the first option to extend not more than twelve (12) months or less than six (6) before the expiration date of the initial term, the second option not more than twelve (12) months or less than six (6) before the expiration date of the first option period, and the third option not more than twelve (12) months or less than six (6) before the expiration date of the second option period.”

The parties hereto to acknowledge that the first option to extend as referenced in this amended Section 3(b) has already been exercised by the Lessee and will commence on November 15, 2021.

3. Release of HITS. Pursuant to Section 5 of the Lease Assignment and in connection with Lessee’s delivery of the Extension Notice, County acknowledges and agrees that HITS is hereby released from any and all liabilities, obligations or duties HITS’ may have, or may have had, under the Ground Lease from and after August 9, 2019.

4. County Obligations. County shall (a) cause County Board of Supervisors to approve this Second Amendment, and (b) cause to be recorded a memorandum of this Second Amendment in the county records.

5. Ground Lease Otherwise Unchanged. Except as amended by this Second Amendment, all terms of the Ground Lease shall remain unmodified and in full force and effect. If any provisions of this Amendment or the Ground Lease shall be determined to be illegal or unenforceable, such determination shall not affect any other provision of the Ground Lease and all such other provisions shall remain in full force and effect.

6. Construction of Amendment. The parties hereto negotiated this Second Amendment at arm’s length and with the advice of their respective attorneys, and no provisions contained herein shall be construed against County solely because it prepared this Second Amendment in its executed form.

7. Electronic Signatures. This Second Amendment may be executed in any number of counterparts, each of which will be an original, but all of which together will constitute one instrument. Each party of this Second Amendment agrees to the use of electronic signatures, such as digital signatures that meet the requirements of the California Uniform Electronic Transactions Act (“CUETA”) Cal. Civ. Code §§ 1633.1 to 1633.17), for executing this Second Amendment. The parties further agree that the electronic signatures of the parties included in this Second

Amendment are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic signature means an electronic sound, symbol, or process attached to or logically associated with an electronic record and executed or adopted by a person with the intent to sign the electronic record pursuant to the CUETA as amended from time to time. The CUETA authorizes use of an electronic signature for transactions and contracts among parties in California, including a government agency. Digital signature means an electronic identifier, created by computer, intended by the party using it to have the same force and effect as the use of a manual signature, and shall be reasonably relied upon by the parties. For purposes of this section, a digital signature is a type of "electronic signature" as defined in subdivision (i) of Section 1633.2 of the Civil Code.

8. Effective Date. This Second Amendment to Ground Lease shall not be binding or consummated until its approval by the Riverside County Board of Supervisors and fully executed by the parties.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the date first written above.

“Lessee”

CHP LAND COMPANY LLC

By: 

Name: Steven Hankin

Title: President & CEO

“County”

COUNTY OF RIVERSIDE

By: 

Name: Karen Spiegel

Title: Chair, Board of Supervisors

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ATTEST:

Kecia Harper

Clerk of the Board

By: 

Deputy

APPROVED AS TO FORM:

Gregory P. Priamos

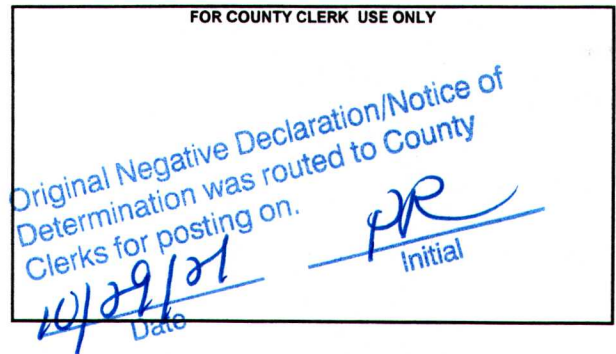
County Counsel

By: 

Wesley Stanfield

Deputy County Counsel

County of Riverside
Facilities Management
3133 Mission Inn Avenue, Riverside, CA 92507



NOTICE OF EXEMPTION

October 14, 2021

Project Name: County of Riverside, Approval of Second Amendment to Lease between the County of Riverside and CHP Land Company LLC, a Delaware limited liability company at Jacqueline Cochran Regional, Thermal

Project Number: ED1910012

Project Location: 56580 Higgins Drive, south of Airport Boulevard, Assessor's Parcel Number (APN) 759-060-017, Thermal, Riverside County, California, 92274

Description of Project: The County of Riverside (County), as lessor, entered into a Ground Lease on November 14, 2006 (Original Lease) with CHP Land Company LLC, a Delaware limited liability company, successor in interest to HITS, Inc., a Delaware corporation (Lessee) for approximately 60 acres of vacant land at Jaqueline Cochran Regional Airport. A First Amendment was approved on April 10, 2007 which agreed to written authorization from the Federal Aviation Administration for a land use change for 229.46 acres, including the 60 acres described in the original lease, from the requirement that the land be used for aeronautical purposes. HITS, Inc. (Lessee) assigned their ground lease with the County to CHP Land Company LLC whereby the County provided its consent to this assignment on August 6, 2019, as item 3.11.

The term of the Lease was for 15 years with two options to extend. The first option represented an additional 15 years, and the second option for an additional 10 years. Lessee exercised its first 15-year extension option of the Lease by written notice to Lessor on May 28, 2021. The first option period will commence on November 15, 2021. The County and Lessee now desire to amend the Lease to add one additional 10-year option under the same terms and conditions. A long-term lease will guarantee a return on investment to the Lessee and bring more traffic to the airport. The approval of the Second Amendment to extend the Lease with an additional 10-year option is identified as the proposed project under the California Environmental Quality Act (CEQA). No additional direct or indirect physical environmental impacts are anticipated.

Name of Public Agency Approving Project: Riverside County

Name of Person or Agency Carrying Out Project: Riverside County Facilities Management

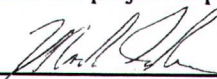
Exempt Status: State CEQA Guidelines Section 15301, Class 1, Existing Facilities Exemption; Section 15061(b) (3), General Rule or "Common Sense" Exemption. Codified under California Code of Regulations Title 14, Article 5, Section 15061.

Reasons Why Project is Exempt: The proposed project is categorically exempt from the provisions of CEQA specifically by the State CEQA Guidelines as identified below. The project will not result in any specific or general exceptions to the use of the categorical exemption as detailed under State CEQA Guidelines Section 15300.2. The project will not cause an impact to an environmental resource of hazardous or critical concern nor would the project involve unusual circumstances that could potentially have a significant effect on the environment. The project is limited to an additional option to an existing Lease for 60 acres of land and would not result in any physical direct or reasonably foreseeable indirect impacts to the environment. and no significant environmental impacts are anticipated to occur.

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- **Section 15301 – Class 1 Existing Facilities Exemption:** This categorical exemption includes the operation, repair, maintenance, leasing, or minor alteration of existing public or private structures or facilities, provided the exemption only involves negligible or no expansion of the previous site’s use. The project, as proposed, is the extension of term for an existing Lease. The addition of a 10-year option to extend the Lease is limited to a contractual agreement and would be consistent with the existing land use, and would not result in a physical change to the property. Therefore, the project is exempt as it meets the scope and intent of the Categorical Exemption identified in Section 15301, Article 19, Categorical Exemptions of the CEQA Guidelines.
- **Section 15061 (b) (3) – “Common Sense” Exemption:** In accordance with CEQA, the use of the Common Sense Exemption is based on the “general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment.” State CEQA Guidelines, Section 15061(b) (3). The use of this exemption is appropriate if “it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.” *Ibid.* This determination is an issue of fact and if sufficient evidence exists in the record that the activity cannot have a significant effect on the environment, then the exemption applies and no further evaluation under CEQA is required. See *No Oil, Inc. v. City of Los Angeles* (1974) 13 Cal. 3d 68. The ruling in this case stated that if a project falls within a category exempt by administrative regulation or 'it can be seen with certainty that the activity in question will not have a significant effect on the environment', no further agency evaluation is required. With certainty, there is no possibility that the project may have a significant effect on the environment. The approval of the Second Amendment is an administrative function and would result in the continued operation of the airport on the leased premises. No significant direct or indirect environmental impacts would occur. Therefore, in no way, would the project as proposed have the potential to cause a significant environmental impact and the project is exempt from further CEQA analysis.

Therefore, the County of Riverside Facilities Management hereby concludes that no physical environmental impacts are anticipated to occur and the project as proposed is exempt under CEQA. No further environmental analysis is warranted.

Signed:  Date: 10-14-2021
Mike Sullivan, Senior Environmental Planner
County of Riverside, Facilities Management

RIVERSIDE COUNTY CLERK & RECORDER

**AUTHORIZATION
TO BILL
BY JOURNAL VOUCHER**

**Project Name: Second Amendment to Lease with CHP Land Company LLC at Cochran
Regional Airport**

Accounting String: 523230-40710-1910700000 - ED1910012


DATE: October 14, 2021

AGENCY: Riverside County

THIS AUTHORIZES THE COUNTY CLERK & RECORDER TO BILL FOR FILING AND
HANDLING FEES FOR THE ACCOMPANYING DOCUMENT(S).

NUMBER OF DOCUMENTS INCLUDED: One (1)

AUTHORIZED BY: **Mike Sullivan, Senior Environmental Planner, Facilities Management**

Signature: 

PRESENTED BY: **Jose Ruiz, Senior Real Property Agent, TLMA-Aviation**

-TO BE FILLED IN BY COUNTY CLERK-

ACCEPTED BY: -

DATE: -

RECEIPT # (S) -

County of Riverside
Facilities Management
3133 Mission Inn Avenue, Riverside, CA 92507

Date: October 14, 2021
To: Kiyomi Moore/Josefina Castillo, Office of the County Clerk
From: Mike Sullivan, Senior Environmental Planner, Facilities Management
Subject: **County of Riverside Facilities Management Project # ED1910012**
Second Amendment to Lease with CHP Land Company LLC at Cochran
Regional Airport

The Riverside County's Facilities Management's Project Management Office is requesting that you post the attached Notice of Exemption. Attached you will find an authorization to bill by journal voucher for your posting fee.

After posting, please return the document to:

Mail Stop #2600

Attention: Mike Sullivan, Senior Environmental Planner,
Facilities Management,

3133 Mission Inn Avenue, Riverside, CA 92507

If you have any questions, please contact Mike Sullivan at 955-8009 or email
at msullivan@rivco.org.

Attachment

cc: file