

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



ITEM: 3.39
(ID # 18244)

MEETING DATE:
Tuesday, March 01, 2022

FROM : TLMA - AVIATION:

SUBJECT: TRANSPORTATION AND LAND MANAGEMENT AGENCY/AVIATION: Approval of Consent to Second Amendment to Sublease Jacqueline Cochran Regional Airport between Desert Resorts Aviation, a California limited liability company and CHP Land Company LLC, a Delaware limited liability company at Jacqueline Cochran Regional Airport, CEQA Exempt; District 4. [\$2,500 Total Cost - TLMA Aviation 100%] (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 consent to Second Amendment to Sublease Jacqueline Cochran Regional Airport between Desert Resorts Aviation, a California limited liability company, as Sublessor and CHP Land Company LLC, a Delaware limited liability company, as Sublessee at Jacqueline Cochran Regional Airport to provide Sublessee an additional ten (10) year, subject to approval as to form from County Counsel;
3. **Authorize** the Chairman of the Board of Supervisors to execute the consent to Second Amendment to Sublease Jacqueline Cochran Regional Airport between Desert Resorts Aviation, and 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

1/26/2022

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None
Date: March 1, 2022
xc: TLMA-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	\$2,500	\$0	\$2,500	\$0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS: TLMA Aviation Revenue Fund 100%			Budget Adjustment:	No
			For Fiscal Year:	2021/22

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The County of Riverside ("County"), as landlord, and Desert Resorts Aviation, LLC, a California limited liability company ("DRA"), as tenant, entered into that certain Ground Lease dated on or about November 14, 2006, as amended by that certain First Amendment to Ground Lease Jacqueline Cochran Regional Airport dated January 9, 2007, as amended by that Second Amendment to Ground Lease Jacqueline Cochran Regional Airport dated April 10, 2007, as amended by that Third Amendment to Ground Lease dated April 21, 2021, and that Fourth Amendment to Ground Lease Dated November 16, 2021 (collectively, "DRA Ground Lease"). The DRA Ground Lease relates to the lease of approximately 169.46 acres of non-aeronautical land at the Jacqueline Cochran Regional Airport ("DRA Leased Premises"). DRA subleases the DRA Leased Premises in its entirety to CHP Land Company LLC, a Delaware corporation ("CHP") predecessor in interests to HITS, Inc., a Delaware corporation ("HITS") pursuant to that certain Sublease dated on or about December 12, 2006, as amended by that certain First Amendment to Sublease dated April 10, 2007 (collectively, "Sublease"), which relates to the development, management, and operations of an equestrian center on the DRA Leased Premises. Both the DRA Ground Lease and Sublease have an initial term of fifteen years, with two options to extend for fifteen (15) years and ten (10) years, respectively, which can be exercised absent an existing default.

On November 16, 2021, the County of Riverside Board of Supervisors, under Minute Order 3.17, approved and executed the Fourth Amendment to Ground Lease between the County and DRA to add one (1) additional ten (10) year option period to the DRA Ground Lease. CHP and DRA recently requested to amend the Sublease to make it coterminous with the DRA Ground Lease. The attached Second Amendment to Sublease Jacqueline Cochran Regional Airport ("Second Amendment") between DRA, as Sublessor and CHP, as Sublessee, will provide CHP one (1) additional ten (10) year option to the extend the Sublease to make it coterminous with the DRA Ground Lease. The Second Amendment will also release HITS the former sublessee from any further liability and obligations related to the Sublease.

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

The County Aviation Division recommends approval of the attached Second Amendment by the Board of Supervisors. The Second Amendment has been approved as to form by County Counsel.

Impact on Residents and Businesses

The DRA Leased Premises currently houses the Desert International Horse Park ("Horse Park") which offers 18 weeks of world-class equestrian competition from October through March. During the 18- week season, the Horse Park attracts about 300,000 to 350,000 people to the Thermal and Coachella communities. The Horse Park also provides many temporary and year around employment for residents in the area. Businesses and Residents benefit from the positive economic impact borne through the maintenance and operations of the Horse Park.

Additional Fiscal Information

No net County cost will be incurred and no budget adjustment is necessary, however, the Transportation and Land Management Agency, Aviation Division has incurred costs associated with this transaction. County Counsel and Facilities Management costs to date in the approximate amount of \$2,500 will be reimbursed from the TLMA Aviation Revenue Fund.

County Counsel Review	\$ 1,800
CEQA NOE	\$ 700
Total	\$ 2,500

Attachments:

- Second Amendment to Sublease
- CEQA NOE
- Aerial Image



Jason Farin, Principal Management Analyst 2/22/2022



Gregory B. Priamos, Director County Counsel 2/17/2022

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

FOR COUNTY CLERK USE ONLY
Original Negative Declaration/Notice of
Determination was routed to County
Clerks for posting on. PR
Initial
3/04/22
Date

NOTICE OF EXEMPTION

January 26, 2022

Project Name: County of Riverside, Approval of Second Amendment to Sublease between Desert Resorts Aviation, a California limited liability company and CHP Land Company LLC 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 landlord, and Desert Resorts Aviation, LLC, a California limited liability company (DRA), as tenant, entered into that certain Ground Lease dated on or about November 14, 2006, as amended by that certain First Amendment to Ground Lease Jacqueline Cochran Regional Airport dated January 9, 2007, as amended by that Second Amendment to Ground Lease Jacqueline Cochran Regional Airport dated April 10, 2007, and that Third Amendment to Ground Lease dated April 21, 2021 (collectively, DRA Ground Lease). The DRA Ground Lease relates to the lease of approximately 169.46 acres of non-aeronautical land at the Jacqueline Cochran Regional Airport (DRA Leased Premises). DRA subleases the DRA Leased Premises in its entirety to CHP Land Company LLC, a Delaware corporation (CHP) predecessor in interests to HITS, Inc., a Delaware corporation pursuant to that certain Sublease dated on or about December 12, 2006, as amended by that certain First Amendment to Sublease dated April 10, 2007 (collectively, Sublease), which relates to the development, management, and operations of an equestrian center on the DRA Leased Premises. Both the DRA Ground Lease and Sublease have an initial term of 15 years, with two options to extend 15 years and 10 years, respectively, which can be exercised absent an existing default.

On November 16, 2021, the County of Riverside Board of Supervisors, under Minute Order 3.17, approved and executed the Fourth Amendment to Ground Lease between the County and DRA to add one additional ten-year option period to the DRA Ground Lease. CHP and DRA recently requested to amend the Sublease to make it coterminous with the DRA Ground Lease. A Second Amendment to Sublease at Jacqueline Cochran Regional Airport between DRA, as Sublessor and CHP, as Sublessee, will provide CHP one additional ten --year option to the extend the Sublease to make it coterminous with the DRA Ground Lease. The Second Amendment will also release HITS the former sublessee from any further liability and obligations related to the Sublease. The approval of the Second Amendment to the Sublease 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

MAR 01 2022 339

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 the approval of an amendment to an existing sublease to extend the term of the Sublease. The approval would not result in any physical direct or reasonably foreseeable indirect significant impacts to the environment.

- **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 approval of an amendment to the Sublease which will extend the term. The project is limited to an administrative extension of term and no additional capacity would be created by the project. 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 to the Sublease is an administrative action and would result in the continued use of County property. 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: 1-26-2022
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 Sublease between Desert Resorts Aviation, LLC and
CHP Land Company LLC at Cochran Regional Airport**

Accounting String: 523230-40710-1910700000 - ED1910012

DATE: January 26, 2022

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: January 26, 2022
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 Sublease between Desert Resorts Aviation, LLC and 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

CONSENT TO SECOND AMENDMENT TO SUBLEASE

DESERT RESORTS AVIATION, a California limited liability company, ("Sublessor"), and CHP LAND COMPANY LLC, a Delaware limited liability company ("Sublessee") are proposing to amend that certain Sublease (Jacqueline Cochran Regional Airport) dated December 12, 2006 and as amended by that certain First Amendment to Sublease (Jacqueline Cochran Regional Airport) dated April 10, 2007 (collectively "Sublease"). The Sublease pertains to that certain real property located within the Jacqueline Cochran Regional Airport and consists of approximately 169.46 acres of land, as more particularly described in Exhibit A of the Sublease. The Second Amendment to Sublease Jacqueline Cochran Regional Airport ("Second Amendment") between DRA, as Sublessor and CHP, as Sublessee, will provide CHP one (1) additional ten (10) year option to the extend the Sublease to make it coterminous with the Ground Lease.

The Sublease is subject to that certain Ground Lease (Jacqueline Cochran Regional Airport) by and between the County of Riverside, a political subdivision of the State of California (as Lessor) and Desert Resorts Aviation, LLC, a California limited liability company (as Lessee) dated November 14, 2006, as amended by that certain First Amendment to Ground Lease (Jacqueline Cochran Regional Airport) dated January 9, 2007, as amended by that Second Amendment to Ground Lease (Jacqueline Cochran Regional Airport) dated April 10, 2007, as amended by that Third Amendment to Ground Lease dated April 21, 2021, and that Fourth Amendment to Ground Lease Dated November 16, 2021 (collectively, Ground Lease) relating to the lease of approximately 169.46 acres of vacant land, located at the Jacqueline Cochran Regional Airport.

The County does hereby consent to the Second Amendment subject to all rights, terms, and obligations of the Ground Lease.


Date: MAR 01 2022

LESSOR
COUNTY OF RIVERSIDE, a political
subdivision of the State of California

By: 
Jeff Hewitt, Chairman
Board of Supervisors

APPROVED AS TO FORM
Gregory P. Priamos
County Counsel

ATTEST:
KECIA HARPER
Clerk of the Board

By: 
Wesley Stanfield
Deputy County Counsel

By: 
Deputy

**SECOND AMENDMENT TO SUBLEASE
JACQUELINE COCHRAN REGIONAL AIRPORT**

January 12, 2022

Desert Resorts Aviation, LLC, a California limited liability company, herein called Sublessor, and CHP Land Company LLC, a Delaware limited liability company, herein called Sublessee, and together referred herein as the parties; enter into this Second Amendment to Sublease Jacqueline Cochran Regional Airport and Exercise of Extension Option (this "Second Amendment") under the following terms and conditions:

1. Recitals.

1.1 Sublessor and Sublessee are parties to that certain Sublease, dated by Sublessee on December 8, 2006, dated by Sublessor on December 12, 2006, and consented to and approved by The County of Riverside (the "County") on January 9, 2007, covering approximately 169.46 acres of land located at the Jacqueline Cochran Regional Airport, as amended by the First Amendment to Sublease Jacqueline Cochran Regional Airport, dated by Sublessee on February 26, 2007, dated by Sublessor on February 21, 2007, and approved by the County on April 10, 2007 (the "Sublease"), which Sublease was assigned by the original Sublessee HITS, Inc., a Delaware corporation ("HITS"), to the current Sublessee CHP Land Company LLC, a Delaware limited liability company, on August 9, 2019 pursuant to that certain Assignment and Consent to Assignment of Sublease, by and among HITS, Sublessee, and Sublessor, and consented to by County pursuant to that certain Consent to Assignment of Sublease Agreement, dated by County on August 6, 2019 (the "Sublease Assignment").

1.2 Sublessee exercised its first fifteen (15) year extension option under Section 3(b) of the Sublease by delivering written notice to Desert Resorts Aviation, LLC on May 28, 2021, exercising such extension option in accordance with the terms of the Sublease (the "Extension Notice").

1.3 Sublessor and Sublessee desire to amend the Sublease on the terms and conditions hereinafter set forth.

1.4 Pursuant to Section 5 of the Sublease Assignment and in connection with Sublessee's exercise of its extension option pursuant to the delivery of the Extension Notice, the parties hereto desire to acknowledge that HITS shall be released from all liabilities, obligations or duties it may have under the Sublease 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. Amendments.

2.1 Section 3(b) of the Sublease is hereby amended and restated in its entirety to read as follows:

“(b) With respect to the Leased Premises, provided that Sublessee at the time of exercising the option is not in default under the terms of this Lease after applicable notice and opportunity to cure, Sublessee 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. Sublessee shall notify Sublessor 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 acknowledge that the first option to extend as referenced in this amended Section 3(b) has already been exercised by Sublessee and will commence on December 1, 2021.

2.2 Section 4 of the Sublease is hereby amended and restated in its entirety to read as follows:

“4. Rent. Sublessee shall pay to Sublessor in advance during the Sublease Term Base Rent determined as follows:

(a) Base Rent shall not accrue and Sublessee shall not owe rent until April 1, 2007 (the “Rent Commencement Date”).

(b) From the Rent Commencement Date until March 31, 2022, Base Rent shall be Thirty Thousand Eight Hundred Ninety-Two Dollars (\$30,892) per month.

(c) Beginning on March 31, 2022, Base Rent shall be Thirty Thousand Eight Hundred Ninety-Two Dollars (\$30,892) per month and shall be subject to increase during the term of this Lease based on the same percentage Sublessor’s Base Rent (as defined in the Master Lease) may increase from time to time; provided that, Sublessor shall not agree to any increase in Base Rent (as defined in the Master Lease) without Sublessee’s prior written consent. For illustrative purposes only, if on June 1, 2022 County increases Sublessor’s Base Rent (as defined in the Master Lease) by 2.4% per annum, Sublessee’s Base Rent payable to Sublessor under this

Lease shall be deemed to increase by 2.4% per annum such that the monthly Base Rent would become \$31,633.41 per month.

(d) Intentionally omitted.

(e) Said rent is due and payable quarterly in advance on January 1st, April 1st, July 1st and October 1st of each year. If the Rent Commencement Date falls on a day other than the first day of the calendar quarter, Base Rent for any partial quarter shall be prorated. The rent shall be considered delinquent if not paid by the 15th of the applicable month. If the monthly rent becomes delinquent, Sublessee will be charged a late fee equivalent to ten percent (10%) of the delinquent rental amount, exclusive of late fees, for each month that rent is delinquent.

(f) Concurrently with the execution of this Sublease, Sublessee shall deliver to Sublessor a security deposit in the amount of \$30,892. Upon faithful performance of the terms of this Sublease and provided that Sublessee is not then in default hereunder, Sublessor will return said amount to Sublessee on or before April 15, 2008. If Sublessor does not return said amount on a timely basis, said amount shall be credited against the next rent to come due under this Sublease.”

3. Release of HITS. Pursuant to Section 5 of the Sublease Assignment and in connection with Sublessee’s delivery of the Extension Notice, the parties hereto acknowledge and agree that HITS is hereby released from any and all liabilities, obligations or duties HITS’ may have, or may have had, under the Sublease from and after August 9, 2019.

4. County and Sublessor Obligations.

(a) County shall cause the County Board of Supervisors to consent to this Second Amendment; and

(b) Sublessor and County shall cause to be recorded a memorandum of this Second Amendment in the county records, provided, however, that upon expiration or early termination the parties hereto, or their successors and assigns, shall record an acknowledgment of such expiration or early termination in a form acceptable to the County Airport Manager.

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

“Sublessee”

CHP LAND COMPANY LLC

By: 

Name: Steven Hankin

Title: President & CEO

“Sublessor”

DESERT RESORTS AVIATION, LLC

By: _____

Name: _____

Title: _____

[COUNTY OF RIVERSIDE SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE TO SECOND AMENDMENT TO
SUBLEASE JACQUELINE COCHRAN REGIONAL AIRPORT]

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

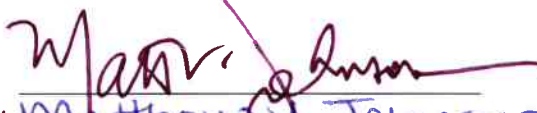
“Sublessee”

CHP LAND COMPANY LLC

By: _____
Name: Steven Hankin
Title: President & CEO

“Sublessor”

DESERT RESORTS AVIATION, LLC

By: 
Name: Matthew J. Johnson
Title: Managing Member

[COUNTY OF RIVERSIDE SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE TO SECOND AMENDMENT TO
SUBLEASE JACQUELINE COCHRAN REGIONAL AIRPORT]