

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



ITEM: 3.93
(ID # 22283)

MEETING DATE:
Tuesday, June 27, 2023


FROM : TLMA - AVIATION:

SUBJECT: TRANSPORTATION AND LAND MANAGEMENT AGENCY/AVIATION: Approval of the Termination Agreement of Sublease (Parcel No.5 – French Valley Airport) and Sublease for Terminal Building (French Valley Airport) – FVA Terminal Partners, LTD., Murrieta, CA, CEQA Exempt per State CEQA Guidelines Section 15301 and 15061(b)(3), District 3. [\$1,550 Total Cost – TLMA Aviation Fund 100%] (Clerk to file Notice of Exemption)

RECOMMENDED MOTION: That the Board of Supervisors:

1. **Find** that the project is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, Existing Facilities exemption and Section 15061(b)(3) "Common Sense" exemption;
2. **Approve** the attached Termination Agreement of Sublease (Parcel No.5 – French Valley Airport) and Sublease for Terminal Building (French Valley Airport) between FVA Terminal Partners, LTD, and the County of Riverside, as County and authorize the Chairman of the Board to execute the same on behalf of the County; and
3. **Direct** the Clerk of the Board to file the attached Notice of Exemption with the County Clerk within five (5) working days of approval by the Board.

ACTION:Policy



Charissa Leach, TLMA Director

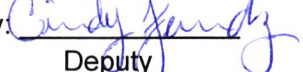
6/20/2023

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, 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 Gutierrez
Nays: None
Absent: None
Date: June 27, 2023
xc: Aviation, Recorder

Kimberly A. Rector
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	\$ 1,550	\$ 0	\$ 1,550	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: TLMA Aviation Fund 100%			Budget Adjustment: No	
			For Fiscal Year: 2022/23- 2026/27	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The County of Riverside, a subdivision of the State of California (“County”), as lessor, and FVA Terminal Partners, LTD., a California limited partnership (“FVA Terminal Partners”), as lessee, entered into a sublease for Parcel No. 5 at the French Valley Airport on or about December 17, 1991 (“Lease”), for a term of thirty (30) years, with an option to extend for an additional five (5) years. The Lease enabled FVA Terminal Partners to obtain the necessary financing to construct a roughly 11,807 square foot terminal building for the French Valley Airport (“Terminal Building”), and to sublease the Terminal Building to the County Aviation Division (“Aviation Division”).

The County, as sublessee, and FVA Terminal Partners, as sublessor, entered into that Sublease for Terminal Building (French Valley Airport) dated July 7, 1992 (“Sublease”). The Sublease and Lease are coterminous, and the commencement date for the leases were dependent on the completion of the Terminal Building. FVA Terminal Partners completed the construction of the Terminal Building on or about July 1, 1992. The initial term of the Sublease expired on June 30, 2022, and FVA Terminal Partners exercised their five (5) year option, which was effective as of July 1, 2022 (“Extended Term”).

Pursuant to Section 6 of the Sublease, the County has the option to prepay the rent, at the current rate, in exchange for a reduction in time for the Extended Term. The current monthly rent for the Sublease is \$58,918.97. The Aviation Division has elected to provide a one-time prepayment in the amount of \$2,828,110.56 to FVA Terminal Partners (“Prepayment”) to pay off the remaining four (4) years on the Sublease and Lease. As a result, the termination date for the Sublease and Lease will be June 30, 2023. The Sublease is subject to annual CPI increases that range from 4% to 8%, and by providing the Prepayment, the Aviation Division is set to save an approximate amount of up to \$612,710.44 for the term of the Sublease.

To memorialize the prepayment and termination of the Sublease and Lease, the Aviation Division negotiated the attached Termination Agreement of Sublease (Parcel No. 5- French Valley Airport) and Sublease for Terminal Building (“Termination Agreement”). The Termination Agreement has been reviewed and approved by County Counsel.

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

Environmental Findings

The Termination Agreement is exempt from the California Environmental Quality Act (“CEQA”) pursuant to State CEQA Guidelines Sections 15301 (Class 1) and 15061(b)(3) (“Common Sense” Exemption). The Termination Agreement is exempt because it relates to the sublease of existing public facilities involving no expansion of existing use and it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. There is no possibility of a significant effect on the environment because the Termination Agreement does not involve a change or increase in the intensity of the use of the site. Furthermore, no exceptions under Section 15300.2 of the CEQA Guidelines apply to these exemptions.

Impact on Residents and Businesses

Approval of the attached Termination Agreement may result in a net savings to the Aviation Division of up to \$612,710.44 for the remaining term of the Sublease. The net savings to the Aviation Division will provide additional funds to make further improvements at the French Valley Airport. Businesses and users will benefit from the improved facilities at the French Valley Airport.

Additional Fiscal Information

No budget adjustment is necessary. The Aviation Division has incurred costs associated with this transaction. County Counsel and CEQA filing costs to date in the approximate amount of \$1,550 will be reimbursed from the TLMA- Aviation Revenue Fund.

County Counsel Review	\$ 1,500
CEQA NOE	\$ 50
Total	\$ 1,550

Attachments

- Termination Agreement of Sublease (Parcel No. 5- French Valley Airport) and Sublease for Terminal Building (French Valley Airport)
- Notice of Exemption
- Aerial Map


Jason Farin, Principal Management Analyst

6/21/2023


Aaron Gettis, Deputy County Counsel

6/20/2023



County of Riverside
TLMA Aviation
4080 Lemon Street, 14th Floor, Riverside, CA 92501

FILED / POSTED

County of Riverside
Peter Aldana
Assessor-County Clerk-Recorder
E-202300695
06/29/2023 09:04 AM Fee: \$ 50.00
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Removed: _____ By: _____ Deputy


NOTICE OF EXEMPTION

June 20, 2023

Project Name: Approval of the Termination Agreement of Sublease (Parcel No.5 – French Valley Airport) and Sublease for Terminal Building (French Valley Airport) – FVA Terminal Partners, LTD.,

Project Location: 37600 Sky Canyon Drive, Murrieta, CA 92563 Assessor Parcel Number 963-030-010 (a portion)

Description of Project: The County of Riverside, a subdivision of the State of California (“County”), as lessor, and FVA Terminal Partners, LTD., a California limited partnership (“FVA Terminal Partners”), as lessee, entered into a sublease for Parcel No. 5 at the French Valley Airport on or about December 17, 1991 (“Lease”), for a term of thirty (30) years, with an option to extend for an additional five (5) years. The Lease enabled FVA Terminal Partners to obtain the necessary financing to construct a roughly 11,807 square foot terminal building for the French Valley Airport (“Terminal Building”), and to sublease the Terminal Building to the County Aviation Division (“Aviation Division”).

The County, as sublessee, and FVA Terminal Partners, as sublessor, entered into that Sublease for Terminal Building (French Valley Airport) dated July 7, 1992 (“Sublease”). The Sublease and Lease are coterminous, and the commencement date for the leases were dependent on the completion of the Terminal Building. FVA Terminal Partners completed the construction of the Terminal Building on or about July 1, 1992. The initial term of the Sublease expired on June 30, 2022, and FVA Terminal Partners exercised their five (5) year option, which was effective as of July 1, 2022 (“Extended Term”).

Pursuant to Section 6 of the Sublease, the County has the option to prepay the rent, at the current rate, in exchange for a reduction in time for the Extended Term. The current monthly rent for the Sublease is \$58,918.97. The Aviation Division has elected to provide a one-time prepayment in the amount of \$2,828,110.56 to FVA Terminal Partners (“Prepayment”) to pay off the remaining four (4) years on the Sublease and Lease. As a result, the termination date for the Sublease and Lease will be June 30, 2023. The Sublease is subject to annual CPI increases that range from 4% to 8%, and by providing the Prepayment, the Aviation Division is set to save an approximate amount of up to \$612,710.44 for the term of the Sublease. To memorialize the prepayment and termination of the Sublease and Lease, the Aviation Division

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P. O. Box 1605 • Riverside, California 92502-1605

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negotiated the attached Termination Agreement of Sublease (Parcel No. 5- French Valley Airport) and Sublease for Terminal Building (“Termination Agreement”).

The Termination Agreement has been identified as a proposed project under the California Environmental Quality Act (CEQA) because a discretionary action is required for approval. Approval of the Termination Agreement is limited to the prepayment of the County’s rent payment for the terminal building and a reduction to the Extended Term and will not result in any direct effects on the environment. Subsequently, this Termination Agreement will not result in any significant environmental impacts or include any mitigation measures.

Name of Public Agency Approving Project: County of Riverside

Name of Person or Agency Carrying Out Project: Riverside County Transportation and Land Management Agency – Aviation Division

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.

Reason 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 termination of the Lease and Sublease and does not include a new development. Furthermore, this project would not result in any physical direct or reasonably foreseeable indirect 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, will be consistent with the existing land use and would not result in a physical change to the property. These improvements fall within the criteria identified in Section 15301 (c) and (d) which allow for the repair and maintenance of existing transportation facilities and rehabilitation of structures and facilities to meet standards of health and safety. 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

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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. Approval of the Termination Agreement will not create any new significant direct or indirect environmental impacts to the Leased Premises. 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.

Signed: Jose Ruiz Date: 06/20/2023
Jose Ruiz, Senior Real Property
Agent, County of Riverside
TLMA-Aviation Division

**TERMINATION AGREEMENT OF SUBLEASE
(PARCEL NO. 5 – FRENCH VALLEY AIRPORT) AND SUBLEASE FOR TERMINAL
BUILDING (FRENCH VALLEY AIRPORT)**

THIS TERMINATION AGREEMENT OF SUBLEASE (PARCEL NO. 5 – FRENCH VALLEY AIRPORT) AND SUBLEASE FOR TERMINAL BUILDING (“Termination Agreement”), dated as of June 27, 2023, is entered by and between the County of Riverside, a political subdivision of the State of California (“County”), and FVA Terminal Partners, LTD., a California limited partnership (“FVA”). The County and Sublessor are sometimes collectively referred to herein as the “Parties” and individually as a “Party.”

RECITALS

WHEREAS, the County, as lessor, and FVA, as lessee, entered into a sublease for Parcel No. 5 on or about December 17, 1991 (“Lease”), for a term of approximately thirty (30) years, with an option for FVA to extend for an additional five (5) years, to achieve certain financing obligations for the construction of a terminal; and

WHEREAS, the County, as sublessee, and FVA, as sublessor, entered into that Sublease for Terminal Building (French Valley Airport) dated July 7, 1992, for the lease of a Terminal Building and vehicular parking area at the French Valley Airport (“Sublease”); and

WHEREAS, the term of the Sublease shall end upon the termination of the Lease;

WHEREAS, the Lease commenced December 17, 1991, and continued for the period of construction plus a period of thirty (30) years with one option to extend the Lease for an additional period of five (5) years; and

WHEREAS, FVA mailed a letter dated August 24, 2021, to the County by which it expressed its intent to exercise its option to extend the Lease for an additional 5 years; and

WHEREAS, the Lease and Sublease shall terminate June 30, 2027;

WHEREAS, Section 6 of the Sublease allows the County to prepay the rent in effect at the time of repayment, in exchange for the equal reduction of the extended term of the Lease; and

WHEREAS, the County intends to make a one-time prepayment of \$2,828,110.56, equivalent to the remaining four (4) years of the rent to terminate the Lease and Sublease; and

WHEREAS, the Lease and Sublease shall terminate June 30, 2023.



NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the Parties do hereby agree as follows:

1. RENT PREPAYMENT. Section 6 of the Sublease reserves to the County the right to prepay the rent at the rate in effect and concomitantly cause the extended term of the Lease to be reduced in time. The current monthly rent for the Sublease is \$58,918.97. Upon the Effective Date of this Termination Agreement, the County will issue a one-time prepayment in the amount of \$2,828,110.56 ("Prepaid Rent") to Sublessor, which is 48 months of rent. The Prepaid Rent will terminate the Lease and Sublease.

2. TERMINATION OF LEASE AND SUBLEASE. The Parties agree and acknowledge that the Lease and Sublease shall terminate upon full execution of this Termination Agreement or June 30, 2023, whichever is earlier and no further consideration of any kind shall be required from either Party. Upon termination of the Sublease and Lease, legal title to all improvements constructed by the Sublessor, shall become property of the County.

3. SUBLESSOR ACKNOWLEDGEMENT. FVA expressly acknowledges, represents and warrants that it has not encumbered, mortgaged, hypothecated, assigned, or transferred the Leased Premises or Lease or Terminal Building or the Sublease to any person or entity, whether voluntarily or involuntarily, by subrogation, operation of law or otherwise. This representation and warranty shall survive execution and performance of this Termination Agreement. In the event a claim of right is made to the Terminal Building by an unknown occupant and found to be legal in a court of law, then, FVA shall indemnify, protect, defend and hold Lessor harmless from and against any and all liabilities, claims, suits, judgments, actions, proceedings, costs and expenses (including attorneys' fees and costs) arising out of or related to any claim of right to possession by an unknown occupant.

4. TERMINATION AGREEMENT TO PREVAIL. The provisions of this Termination Agreement shall prevail over any inconsistency or conflicting provisions of the Lease and Sublease, as heretofore terminated, and shall supplement the remaining provisions thereof.

5. PARTIAL INVALIDITY. If any term or provision of this Termination Agreement shall be deemed to be invalid or unenforceable to any extent, the remainder of this Termination Agreement will not be affected thereby, and each remaining term and provision of this Termination Agreement will be valid and be enforced to the fullest extent permitted by law.

6. COUNTERPARTS. This Termination Agreement may be executed in several counterparts each of which shall be an original, but all of such counterparts shall constitute one such Termination Agreement. An executed counterpart of this

Termination Agreement transmitted by email or other electronic transmission shall be deemed an original counterpart and shall be as effective as an original counterpart of this Termination Agreement and shall be legally binding upon the parties hereto to the same extent as delivery of an original counterpart.

7. GOVERNING LAW. The Parties hereto expressly agree that this Termination Agreement will be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California. Venue for any proceeding related to this Termination Agreement shall be in the County of Riverside.

8. EFFECTIVE DATE. This Termination Agreement shall not be binding or consummated until its approval by the Riverside County Board of Supervisors and fully executed by the Parties.

[Intentionally left blank]

WAM


IN WITNESS WHEREOF, the parties have executed this **Termination Agreement** as of the date first written below.


Dated: June 20, 2023

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


FVA TERMINAL PARTNERS, LTD.
a California limited partnership

By: M.A. Nicholas & Company, a
California Corporation

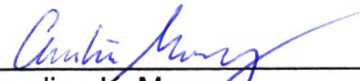
By: 
Kevin Jeffries, Chairman
Board of Supervisors

By: 
Michael A. Nicholas
President

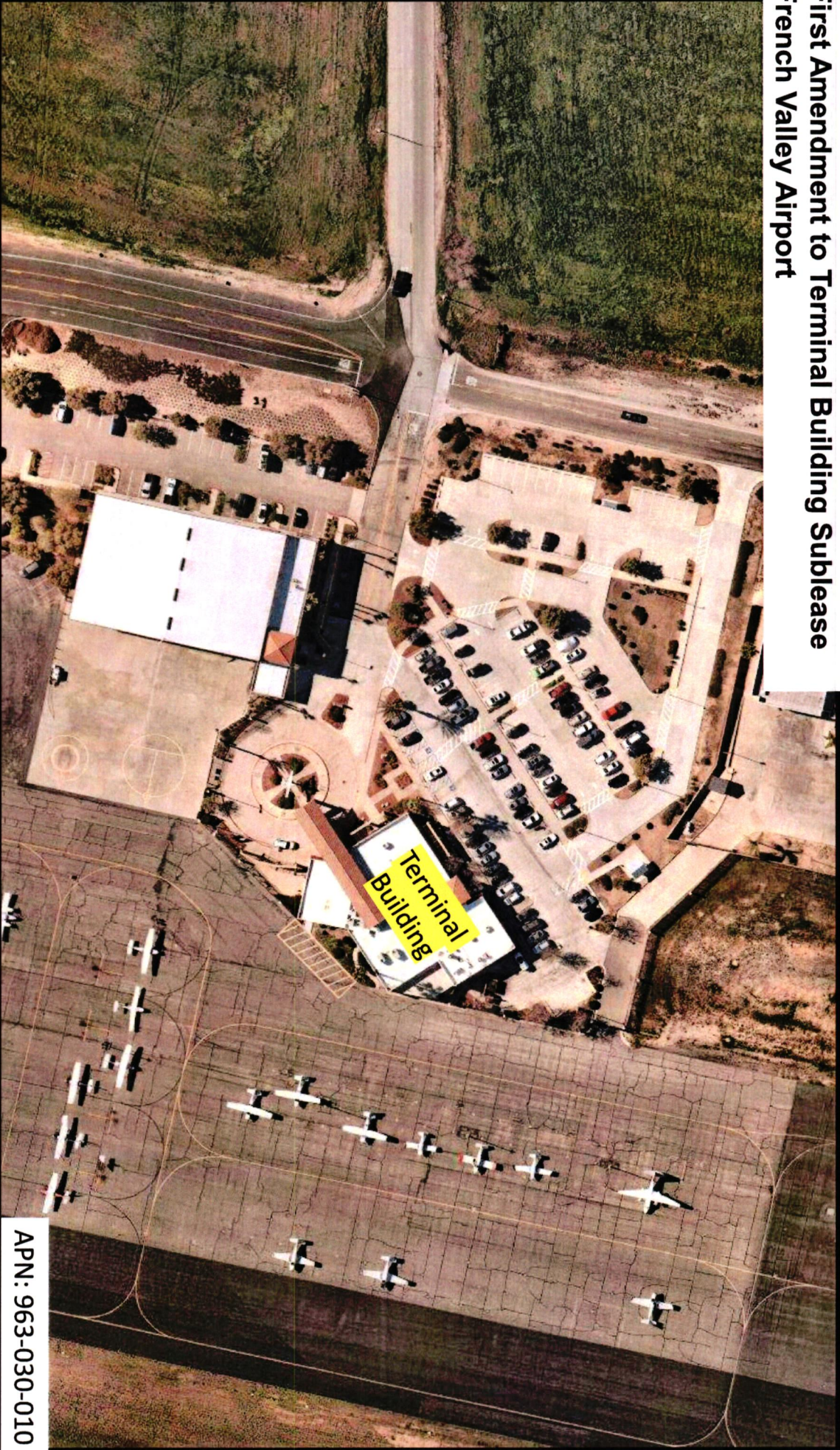
ATTEST:
Kimberly Rector
Clerk of the Board

By: 
Deputy

APPROVED AS TO FORM
Minh C. Tran
County Counsel

By: 
Caroline K. Monroy
Deputy County Counsel

**First Amendment to Terminal Building Sublease
French Valley Airport**



APN: 963-030-010