



Kam Sang Company

411 E. Huntington Drive, Suite 305
Arcadia, CA 91006
(Tel) 626-446-2988
(Fax) 626-446-3392

August 7, 2024

City of Palm Desert
73510 Fred Waring Drive, Palm Desert, CA 92260
Attn: Eric Ceja Director of Economic Development
Email: eceja@palmdesert.gov
Phone: (760) 776-6384

Via email: eceja@palmdesert.gov

RE: Letter of Intent for the Purchase of Lots C and D at Desert Willow

Dear Eric,

This letter of intent ("Letter of Intent") shall set forth a summary of terms and conditions under which Kam Sang Company, Inc. and/or a new LLC to be formed and owned and controlled by the Kam Sang Company, Inc. ("Buyer") would be willing to purchase the "Property" as herein above referenced. Upon acknowledgment of this Letter of Intent by The City of Palm Desert ("Seller"), the parties will commence negotiations, with the objective to enter into a definitive Purchase and Sale Agreement ("Purchase and Sale Agreement").

1. **PROPERTY:** The above referenced Property comprises of vacant land Lot C (approximately 18.73 Acres) and Lot D (approximately 15.38 Acres) at Desert Willow in Palm Desert, California. A recent survey identifies the Property as Lot 5 & 6 on Tract Map No. 29528.
2. **PROPOSED PROJECT:** Buyer intends to construct a W Branded Hotel & Residences that comprises of 225 hotel rooms, 40 residential units for sale, three meal restaurant, specialty restaurant, full service spa and fitness center, and indoor and outdoor meeting spaces. Buyer estimates total development, pre-construction and construction costs for this proposed project will be approximately One Hundred and Fifty Million Dollars (\$150,000,000.00).
3. **PURCHASE PRICE:** The total Purchase Price for the Property shall be the lesser of Three Million Dollars (\$3,000,000.00) or the Fair Market Value assessed to the Property.
4. **EXCLUSIVITY:** Shortly after receiving this Letter of Intent, Seller agrees to promptly provide Buyer with an Exclusive Negotiating Agreement ("ENA") where neither it nor its representatives or agents will, directly or indirectly, solicit, accept, negotiate, or otherwise pursue any offers related to the potential sale of the Property with any third party other than Buyer. Until the ENA is fully executed, Seller agrees to act in good faith and attempt to provide exclusivity to Buyer.

5. PURCHASE AND SALE AGREEMENT: The proposed acquisition is subject to the negotiation and execution of a definitive Purchase and Sale Agreement prepared by the Seller. Upon the execution of this Letter of Intent, Buyer and Seller shall negotiate a Purchase and Sale Agreement which is acceptable to each party in its sole discretion and neither Buyer nor Seller shall have any obligation to purchase or sell the Property until a binding Purchase and Sale Agreement is approved by each party's investment committee and the Purchase and Sale Agreement is executed by Buyer and Seller.

6. SCHEDULE:

a) ENTITLEMENT PERIOD: Seller shall notify Buyer whether the Proposed Project is subject to The California environmental Quality Act (CEQA) and will need to undergo a Full Environmental Impact Report ("EIR") or will qualify for a Negative Declaration or a Mitigated Negative Declaration ("MND"). Should the project require a full EIR, the estimated entitlement period shall be roughly thirty months from the signing of the ENA. Should the project qualify for MND, the estimated entitlement period shall be roughly eighteen months from the signing of the ENA.

b) CONSTRUCTION PERIOD: Buyer estimates that the total construction period shall be thirty months from the time a construction permit is obtained.

c) OPENING PERIOD: Buyer estimates that the opening date of the completed project shall be Five Years from the signing of the ENA.

7. INCENTIVE: As an Incentive for Buyer, Seller shall offer Buyer a Transient Occupancy Tax Rebate Program to offset the construction cost for the Project. The details of the Incentive Program shall be further defined in the Purchase and Sale Agreement.

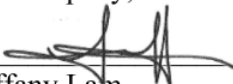
8. CONFIDENTIALITY: The terms and provisions of this Letter of Intent shall remain confidential and shall not be disclosed by Buyer to any third party other than select lenders, accountants, and other experts provided that Buyer shall instruct such parties of the confidential nature of this proposed transaction prior to providing any such information. This Letter of Intent is intended solely for the benefit of the parties and not for the benefit of any third parties.

Sincerely,

"BUYER"

Kam Sang Company, Inc.

By:


Tiffany Lam