

ECONOMIC DEVELOPMENT SUBSIDY REPORT
(GOVERNMENT CODE SECTION 53083)

REGARDING A TRANSIENT OCCUPANCY TAX SHARING AGREEMENT
BETWEEN THE CITY OF PALM DESERT

AND

NEWAGE DESERT SPRINGS, LLC, A DELAWARE LIMITED LIABILITY COMPANY,
DBA JW MARRIOTT DESERT SPRINGS RESORT & SPA

AND

IN CONNECTION WITH THE DEVELOPMENT OF A NEW BALLROOM FACILITY
TO BE LOCATED AT 74-855 COUNTRY CLUB DRIVE, PALM DESERT CA 92260
(APNS 624-040-034, 624-300-002, 624-300-004, 624-310-001, 624-310-002,
624-310-003, 624-310-004, 624-320-002, 624-320-003, AND 624-360-011).

Pursuant to Government Code Section 53083, the City Council of the City of Palm Desert must hold a noticed public hearing and, prior to the public hearing, provide all of the following information in written form available to the public including through the City's website, regarding a proposed economic development subsidy to be provided by the City of Palm Desert ("City") pursuant to a Transient Occupancy Tax ("TOT") Sharing Agreement ("Agreement") by and between the City and Newage Desert Springs, LLC, a Delaware Limited Liability Company, dba JW Marriott Desert Springs Resort & Spa ("Developer").

This Economic Development Subsidy Report ("Report") is being published on the City's website in advance of the public meeting to be held on August 24, 2023. The purpose of this Report is to provide the information to inform the public about the subsidy provided under the Agreement, as required pursuant to Government Code Section 53083. This Report shall remain available to the public and posted on the City's website until the end date of the economic development subsidy, as further described in Section 2 below.

1. The name and address of all corporations or any other business entities, except for sole proprietorships, that are the beneficiary of the economic development subsidy.

This Agreement is between the City and the Developer (Newage Desert Springs, LLC, a Delaware limited liability company, dba JW Marriott Desert Springs Resort & Spa). The Developer will own and operate the business benefitting from the economic development subsidy.

2. The start and end dates and schedule, if applicable, for the economic development subsidy.

The Agreement for the proposed Transient Occupancy Tax Revenue Sharing Agreement will go before the City Council on August 24, 2023. The Agreement will commence on the first day of the month following the issuance by the City of a certificate of occupancy for the new Ballroom at the JW Marriott Desert Springs Resort & Spa, 74-855 Country Club Drive, Palm Desert, CA 92260

The Agreement will end fifteen (15) years from the commencement date, unless earlier terminated pursuant to the terms of the Agreement, or upon the earlier payment of the lesser of Ten Million Dollars (\$10,000,000.00) or fifty percent (50%) of the total funds expended by the Developer to complete the construction of the new Ballroom, but does not include any indirect costs.

3. A description of the economic development subsidy, including the estimated total amount of the expenditure of public funds by, or of revenue lost to, the local agency as a result of the economic development subsidy.

The economic development subsidy to be provided by the City consists of payments to be made by the City to the Developer, in an amount equal to fifty percent (50%) of the TOT remitted to the City by the Developer for a period of fifteen (15) years not to exceed the lesser of Ten Million Dollars (\$10,000,000.00) or fifty percent (50%) of the total funds expended by Newage Desert Springs, LLC, to complete the construction of the new Ballroom but does not include any indirect costs.

At the end of the payout period, all future TOT revenues would be retained by the City.

4. A statement of the public purposes for the economic development subsidy.

The public purposes for the economic development subsidy include: (i) the attraction of increased visitors to the City; (ii) the contribution to the economic vitality of the City; (iii) expansion of the City's tax base; (iv) generation of increased transient occupancy, sales and use taxes and other revenue to the City; (v) creation and provision of additional jobs in the City; and (vi) otherwise improve economic and physical conditions in the City. Taken together, these benefits would enhance the quality of facilities, goods and services available to the City and its residents, such as police, fire, street maintenance, and parks and recreation programs.

5. The projected tax revenue to the local agency as a result of the economic development subsidy.

The incremental Transient Occupancy Tax revenue projected to be received by the City as a result of the economic subsidy is \$57,600,000 over the fifteen (15) year term of the Agreement.

6. Estimated number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions.

It is anticipated that a total of 50 full-time and 25 part-time positions will be created as a result of the City's economic development subsidy of the development of the new Ballroom at the JW Marriott Desert Springs Resort & Spa.