

STUDIO TRW

November 6, 2019

Dear Scott,

Thank you for your time and effort assisting us in making the Airheart Resort project a reality. I know everyone on our team understands how critical having you and the City on our side is and we strive to keep it that way. This project will undoubtedly add a great asset to the thriving local culture of spa tourism and we can only hope it will serve not just as an end but also as a means for us to produce more projects like it in Desert Hot Springs in the future.

Please see attached the latest planned revisions to the design for the Airheart Resort behind the Aqua Soleil Hotel. These plan sheets include value engineering updates to the proposed site plans and a set of floor plans that show our intent to reuse the existing ± 1000 SF building that is on site as a part of our new and improved Clubhouse Lounge.

Before delving into detail on the plans though, I want to reiterate that these changes are driven by the quite common need to value engineer our project, but in no way represent a loss of amenities for our guests. A side by side comparison below of the key elements of the originally approved plan and the intended revised plan reveals our intent to keep the spirit of the project intact.

Original Plan Amenities

- Air Conditioned Clubhouse Lounge
- Pavilion for Events
- Outdoor Covered Patio
- Combination Reception with Coffee/ Drinks Bar
- Communal Pool
- 32 Vintage Trailers
- No space available for future expansion
- Covered Decks @ Each Vintage Trailer
- Self-Fill Mineral Water Soaking Tubs @ Each Trailer
- Artificial Turf Lawn for Recreation
- Beautiful desert landscape by internationally renowned landscape designer

Revised Plan Amenities

- Air Conditioned Clubhouse Lounge
- "Flex Space" for Events
- Outdoor Covered Patio
- Traditional Reception and Separate Coffee/Drinks Bar
- Communal Pool plus Spa
- 27 Vintage Trailers but Phase 3 Expansion could feature 6-10 more trailers (total 33-37 trailers)
- Covered Patios @ Each Vintage Trailer
- Self-Fill Mineral Water Soaking Tubs @ Each Trailer
- Artificial Turf Lawn for Recreation
- Beautiful desert landscape by internationally renowned landscape designer

I think key to understanding the new direction of our project is to notice that while it may appear that the loss of the Pavilion as a separate building has resulted in a lesser ability to host great events (such as weddings, small band performances, or intimate banquets) this is not actually the case. As a cost savings measure I have endeavored to include this functionality, fully intact, within the new "Flex Space" to be built attached to the existing building. By combining this functionality into one structure we can actually run a more efficient and more intimate operation and I think this is overall a better design.

Also, in an effort to open for business as soon as possible I have modified the original phasing plan to take some of the financial burden off the initial phase of the project. If you look at our originally approved master plan, a phased build was always intended. But whereas Phase 1 originally called for all of the core amenities to be constructed together with the first set of trailers, we are now, in the interests of time, seeking to push the remodeling and construction of our Clubhouse instead into Phase 2, which would be constructed on the heels of completing the first phase.

The purpose of this distinction is ultimately to allow us to begin construction of some elements of the project (fencing, pool, some landscape, repairing the existing utilities and parking lot, etc.) and furthermore to allow us to begin placing completed trailers on site so we can start generating income to support Phase 2.

One of the benefits of this revised approach is that by reusing the existing placement locations for the trailers (denoted by the existing concrete pads and utility pedestals currently present onsite) we are able to create a possible Phase 3 expansion area on the south side of the property. As I touch upon above, having this area remain flexible and open until later allows us to learn what is successful about the first two phases and plan our expansion accordingly, whether that be 6-10 more trailers, more beautiful landscaping, another pool, a truly dedicated events pavilion, or some combination of there of.

Finally, I feel that the hard work we have put in over the last few months has made the project even better and the Owners and I remain ever committed to delivering a luxury "Glamping" experience worthy of our guests, unique to Desert Hot Springs, and with every bit the same intent as the originally entitled project. I believe that the plans attached do not represent a significant alteration to the project, but instead merely a minor modification and reconfiguration of what we already intended to offer.

If there is any way we can avoid the delay of needing to go back in front of the Commission, as much as I respect their process and the need for transparency, we would all appreciate that. Our project has been building a lot of momentum over the

last couple months and it would be wonderful if we could keep rolling towards the moment when we can put some trailers on the site and start testing them out.

Thank you again for your consideration and please let us set up a conference call with your Director at her earliest convenience so we can come to a decision about how best to modify our plans.

Sincerely,

A handwritten signature in black ink, appearing to read 'Travis Wood', with a stylized, flowing script.

Travis Wood
Project Designer

On behalf of the Owners of the Aqua Soleil Hotel and soon to be Airheart Resort