



Kam Sang Company

April 15, 2022
City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92840

Re: Enforced Delay

Dear Sirs,

This written letter is to serve as a written confirmation that an event of Enforced Delay occurred pursuant to Section 602 of the Disposition and Development Agreement ("DDA") between the Garden Grove Agency for Community Development (the "Agency") and Palm Court Lodging, LLC, dated as of June 4, 2001, to which Kam Sang Company ("Developer"), is the successor to all of Palm Court Lodging, LLC's rights to the DDA dated as evidenced by that Assignment and Assumption of Disposition and Development Agreement dated as of April 27th, 2004 and assented to by the Agency as of June 30, 2006.

A. Enforced Delay

Section 602 of the DDA states that "all performance and other dates specified in this Agreement shall be extended, where delays are due to [, among other reasons,] governmental restrictions or priority; litigation; [or] acts or failures to act of the City or any other public or governmental agency or entity." We agree that the delay in constructing the second hotel on the Site qualifies as an Enforced Delay under Section 602 of the DDA. Kam Sang Company has been unable to move forward with development of the project because:

1. One homeowner refused to sell his property on the location upon which the second hotel was to be built as called for in the DDA. The Agency was not able to convince the homeowner to sell his property so that the second hotel could commence construction. As a result, the Agency was not able to clear the site for the second hotel.
2. While the City and Developer was trying to resolve the Site clearing for the second hotel with the homeowner that was not willing to sell his properties, the State approved Assembly Bill 1x 26, chaptered and effective on June 27, 2011, added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies, and winding down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484, chaptered and effective on June 27, 2012 (together, the "Dissolution Act").

Sincerely,

Ronnie Lam
President

Acknowledge and Agree,

Greg Blodgett
City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92842