

**MEMORANDUM OF UNDERSTANDING**

**Six Continents Hotels Management Agreement  
for  
Wildflower InterContinental Resort  
Dallas-Fort Worth, Texas**

This Memorandum of Understanding (the "MOU") is made and entered into by and between SIX CONTINENTS HOTELS, of Three Ravina Drive, Suite 2900, Atlanta, GA 30346, a subsidiary of Six Continents PLC, a UK Company doing business as InterContinental Hotels & Resorts ("InterContinental"), and WILDFLOWER RESORT COMPANY, of 100 Crescent Court, 7<sup>th</sup> Floor, Dallas, Texas 75201, a Delaware Corporation ("Wildflower").

Recitals:

A. The Trinity River Authority of Texas, an agency of the State of Texas ("TRA"), as a Lessee of the United States Army Corp of Engineers, entered into that certain Sublease dated November 12, 1999 with Estes Park Development Company, LLC, a Texas limited liability Company ("EPDCo"), and subsequently assigned its interest as Sublessor to the City of Grand Prairie, Texas, pursuant to an Act of Congress; said Sublease providing for the development of a 1,000 acre master planned resort at Estes Park on Joe Pool Lake in the City of Grand Prairie, Texas; subject to that certain First Amendment to Sublease dated August 23, 2000, and that certain Second Amendment to Sublease dated March 8, 2002 under the terms of the latter of which the Sublease was assumed by Wildflower, said Sublease and the First and Second Amendments respectively being attached hereto as Exhibit A (the "Sublease").

B. Pursuant to the terms of the Sublease, Wildflower is developing a deluxe five-hundred room resort hotel, conference center and 36-hole Golf Club, the program and room-mix for which are respectively attached hereto as Exhibit B (the "Hotel").

C. InterContinental owns and/or manages a worldwide portfolio of approximately 140 hotels in 75 countries on six continents, including the management of hotels owned or controlled by others under the same systems and standards as the hotels it owns pursuant to the terms and conditions of management agreements providing for InterContinental to serve in the capacity of the managing agent of the principal owner of the hotel ("Management Agreement").

D. InterContinental has offered its management services for the Wildflower Resort Hotel, and Wildflower desires to retain the services of InterContinental under the terms and conditions generally set forth in this MOU.

NOW, THEREFORE, for and in consideration of the recitals and agreements set forth herein, other good and valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged by the parties, Wildflower and InterContinental hereby memorialize their general and mutual understanding as follows:

1. Conditions Precedent. The Parties hereto contemplate consummating this MOU with the terms and conditions of a definitive Management Agreement to be negotiated in mutual good faith generally in accordance with the provisions of Section (2) hereof, subject to the satisfaction of the following Conditions Precedent:

a. InterContinental Right of Review. InterContinental shall have a thirty-day period from the date hereof to conduct the following due diligent reviews to the extent it deems necessary and prudent; and on before such thirtieth day may elect in a written notice to Wildflower to terminate this MOU if such reviews are not concluded in its sole discretion in a manner satisfactory to InterContinental.

(i). Site Inspections. Wildflower shall provide InterContinental access, assistance and support necessary to inspect the Wildflower Resort site, including the Hotel location and all amenities being developed as a part of the Wildflower Resort.

(ii). Hotel Plans, Specifications, and Construction Budgets. Wildflower shall provide InterContinental copies of the 50% complete design development plans and specifications for the Hotel, and related line-item construction budgets that have been developed under the terms of Wildflower's design-build contract with Turner Construction Company and Gensler Architects to act as the Project Manager, Guaranteed Maximum Price Contractor and Architect for the planned Wildflower Resort. Wildflower shall also at the request of InterContinental provide the opportunity to interview Turner and Gensler with respect the details of such plans, specifications and budgets.

(iii). Project Documents. Wildflower shall provide to InterContinental copies of all requested documents related to the development of the Resort and the Hotel; including but not limited to the Sublease, the full entitlements now available to develop the Resort and the Hotel, public/private partnership agreements with the City of Grand Prairie, and contracts with Turner/Gensler, Nicklaus Design, and Troon Golf.

b. Wildflower Right of Review. Wildflower shall have a thirty-day period from the date of delivery of the following documents by InterContinental to review such documents to the extent it deems necessary and prudent; and on before such thirtieth day may elect in a written notice to InterContinental to terminate this MOU if such reviews in its sole discretion are not concluded in a manner satisfactory to Wildflower.

(i). InterContinental Operating Proforma. InterContinental shall promptly prepare and deliver to Wildflower a ten-year operating Proforma for the Hotel commencing in January 2005. Such Proforma shall be prepared in good faith to represent InterContinental's projections on a best-case and worst-case basis of the projected operations of the Hotel in accordance with InterContinental's operating experience and Generally Accepted Accounting Principals.

(ii). InterContinental Standard Management Agreement Form. InterContinental shall promptly deliver to Wildflower it's standard form Management Agreement generally presented in the ordinary course of business to owners of prospective managed properties.

(iii). InterContinental Management Team. InterContinental shall provide Wildflower with the opportunity to review InterContinental and its parent companies' management structure, and upon reasonable request and availability the opportunity to meet and interview members of the Executive and Operating divisions of the Companies.

(iv). Property Visitations. InterContinental shall at Wildflower's request arrange and provide Wildflower the opportunity to visit and inspect the operations of selected InterContinental hotels mutually determined to be as generally compatible with the market and/or planned operations of the Wildflower Resort Hotel.

2. Management Agreement. The terms and conditions of the definitive Management Agreement to be negotiated in mutual good faith generally in accordance with this MOU shall be based upon InterContinental's standard form Management Agreement to be provided to Wildflower in accordance with Section 1(b)(ii) above; subject to, but not limited to the following general terms and conditions:

a. Term. The Term shall be for a period of not less than ten years, and at InterContinental's option may be for a period not to exceed thirty years, from the date of the commencement of the operations of the Hotel, such date to be specifically confirmed by an Addendum to the Management Agreement upon the opening of the Hotel.

b. Base Fee. A Base Management Fee shall be payable in the amount of 3.5% of Gross Revenue of Hotel operations, exclusive of Sales Taxes, Retail or Concession rent revenue, and Spa Revenue in the event that it is determined in the discretion of Wildflower that the Spa will be operated by an independent spa management company.

c. Incentive Fee. An Incentive Management Fee shall be payable according to a formula to be mutually agreed upon based upon InterContinental's proposals and Wildflower's acceptance of a method to best closely align the economic interests of InterContinental and Wildflower.

d. Sales and Marketing Fees and Expenses. A Sales and Marketing Fee shall be payable in accordance with InterContinental's prevailing policies and procedures on a fair and reasonable basis not to exceed an agreed upon percentage of Room Revenue; provided, however, Wildflower shall have the right to approve any variable fees as a part of the annual operating budget, and all Sales and Marketing Fees shall be subject to documentation and support of the nature and application of such fees by InterContinental in its' national and international marketing programs.

e. FF&E Reserve Fund. The Annual Operating Budget for the Hotel shall include a 4% of Gross Revenue reserve for replacements and capital improvements, the release and application of which shall be determined by inclusion in the approved Annual Operating Budget.

f. Performance Standard. InterContinental shall agree and covenant to operate the Hotel as a Deluxe property consistent with its' highest standards of operation for InterContinental Hotels internationally, and meeting or exceeding the operations of hotels determined to be in Wildflower's competitive set regionally and nationally. A finding by two or more reputable independent third party sources rating or evaluating the Hotel's quality of service and operations below such standard for two or more successive annual periods shall provide Wildflower (absent a failure by Wildflower to have funded the operations of the Hotel in accordance with the agreed upon annual operating budget of the Hotel), the right to terminate the Management Agreement without compensation to InterContinental.

g. Annual Operating Budget. InterContinental shall prepare and present to Wildflower an annual operating budget for the Hotel in accordance with InterContinental's prevailing policies and procedures for such budgeting process; and, Wildflower shall have a reasonable period of time to review with InterContinental and approve such budget. In the event that Wildflower does not approve the budget, the Hotel shall continue to be operated under a budget consistent with the last budget approved by Wildflower; and, InterContinental and Wildflower shall resolve such dispute through private negotiations with a mutually agreed upon third-party arbitration facilitator.

h. Appointment of Key Personnel. Wildflower shall have the right to interview and approve the appointment of the Key Personnel of the Hotel which shall include the Managing Director/General Manager, Executive Assistant Manager, Sales and Marketing Manager, Manager of Food and Beverage and Controller. While Wildflower shall not have an express right to require the dismissal of such Key Personnel without cause, InterContinental shall agree to consult with Wildflower regarding any fair and reasonable concerns regarding such Key Personnel's performance and to consider such concerns in good faith in connection with Hotel staffing decisions.

i. Restriction on Contracting and Space Leases. InterContinental shall have the right to enter into contracts and space leases on behalf of the Hotel in accordance with InterContinental's general and customary practices employed with respect to other managed InterContinental Hotels; however, such right shall be restricted by requirements to provide Wildflower with notice, right to review and approve in accordance with procedures to be agreed upon.

j. Non-Compete Agreement. Without the prior written approval of Wildflower, which consent may be withheld in its sole discretion, InterContinental shall not manage another hotel with the InterContinental name within a fifty-mile radius of the Dallas-Fort Worth International Airport during the term of the Management Agreement. The Hotel InterContinental Dallas currently being operated by InterContinental shall be the sole permitted exception only for so long as such affiliation with that specific property remains in full force and effect.

k. Assignment to Wildflower Hotel Company. In the course of concluding the financing of the Hotel, Wildflower as the master developer contemplates organizing Wildflower Hotel Company to actually own and operate the Hotel. Wildflower reserves, and InterContinental consents to the assignment of this MOU, and/or the Management Agreement to Wildflower Hotel Company.

l. Reciprocal Use Agreements. Wildflower as the master developer will require a comprehensive set of reciprocal use agreements between the independent financial entities owning or controlling the Resort Hotel, Golf Club, Villas and other Resort amenities are required to offer the services to Resort guests in a seamless manner, with provisions for access, advance reservations, promotional discounts, cross billing and accounting as if such services are being operated by the same ownership entity. InterContinental shall have the right and opportunity to participate in the development of such reciprocal use agreements, which shall be prepared generally in accordance with customary and prevailing standards for such agreements in master planned resort facilities competitive with the Wildflower Resort. In any event, Wildflower shall reserve the right to implement such agreements as required to preserve the nature and intent of the Wildflower Resort master plan; and, to permanently chair an Executive Committee to be established among the parties to the reciprocal use agreements to administer and enforce the purpose of the agreements and the policies and procedures approved by the Executive Committee.

m. Early Termination. In addition to the right to terminate for cause as provide in the Performance Standard provisions in Section 2(e) above, Wildflower may terminate the Management Agreement upon a sale or refinancing of the Hotel in consideration for the payment to InterContinental of a termination fee to be mutually agreed upon and provided for under the terms and conditions of the Management Agreement.

3. Financing of Resort Hotel. Wildflower has the sole responsibility for obtaining the construction and take-out financing necessary for the development and construction of the Hotel, and related resort infrastructure and facilities. By entering into this MOU, InterContinental does not assume any responsibility or liability for such undertakings, and is expressly released and indemnified by Wildflower from such responsibilities and liabilities. Provided; however, InterContinental agrees to provide its' full corporation, assistance and support of Wildflower's efforts to ensure that financing for the Hotel is secured on the best available terms and conditions. In consideration of such undertakings by InterContinental, Wildflower agrees to provide InterContinental full access to all financing discussions and proposals; and, to grant to InterContinental an option coupled notice and first right of refusal to participate in any aspect of the debt and/or equity financing of the Hotel being offered to or being considered by third parties independent from Wildflower and its affiliated companies.

4. Publicity. Upon the execution and delivery of this MOU, either Wildflower or InterContinental may privately disclose on a need-to-know basis the selection of InterContinental for the long-term management of the Wildflower Resort Hotel; however, such selection shall not be released for publication until the satisfaction and removal of the Conditions Precedent set forth in Section (1) hereof. Following the removal of the Conditions Precedent, InterContinental and Wildflower shall mutually approve the preparation of an InterContinental Press Release announcing that the Hotel shall be operated as the "Wildflower InterContinental Resort."

5. Notices. Notices required under the terms of this MOU shall be in writing and may be delivered by Email, Facsimile, Air Express Courier, or U.S. Mail to the following Notice addresses:

Wildflower Resort Company  
Attention: Raymond J. Goad  
President & CEO  
100 Crescent Court, 7<sup>th</sup> Floor  
Dallas, TX 75201  
Tel: (214) 459-3428  
Fax: (800) 865-2391  
Email: [rjg@wildflowerresort.com](mailto:rjg@wildflowerresort.com)

InterContinental Hotels & Resorts  
Attention:  
Three Ravina Drive  
Suite 2900  
Atlanta, GA 30346  
Tel:  
Fax:  
Email:

6. Multiple Counterparts; Facsimile Execution. This MOU may be executed in multiple counterparts, which when taken together, shall constitute a single integrated instrument. Further, facsimile signatures by any party hereto shall be deemed effective as original signatures for all purposes of this MOU or any modification thereof.

Executed to be effective as of January \_\_\_\_, 2003.

WILDFLOWER RESORT COMPANY

INTERCONTINENTAL HOTELS & RESORTS

By: \_\_\_\_\_  
Raymond J. Goad  
President & CEO

By: \_\_\_\_\_  
Name  
Title