



# W I L D F L O W E R

a group meeting *and* golf desintation

In this letter you will find the following items:

Page 1 is an overview of a new business that I am considering in order to provide the initial equity investment for the Wildflower Resort and Golf Courses near Dallas Texas.

Pages 2 and 3 are a confidential overview of the Wildflower Resort project prepared by Wildflower Resort Company.

Page 4 is the Master Confidentiality Agreement, which needs to be signed and returned before I can release any additional confidential information.

If after you review all of these materials as well as the Wildflower Resort public website ([www.wildflowerresort.com](http://www.wildflowerresort.com)) you are interested in learning more about the opportunity please contact me and I will forward you a copy of the Wildflower Resort Company's Private Placement Memorandum as well as the access information for the company's private intranet where all of the due diligence information is maintained.

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Additionally, the Wildflower Resort Company management has compiled a short video which gives an excellent overview of the overall Project, the site and the professionals involved with the Project. The direct link to the video can be found at <http://wildflowerresort.com/DVD/>

**IMPORTANT** – The information contained in this letter is not an offer to sell or buy anything; it is not a solicitation of any offer to buy any securities whatsoever. It is being provided to explain an idea and possible future business enterprise to be embarked upon only by qualified individuals who have thoroughly reviewed all of the related information and reached a meeting of the minds in regards to moving forward.

February 1, 2006

I have been significantly involved with the predevelopment and funding of The Wildflower Resort and Golf Courses (Wildflower) from its inception. Because of this I have been able to negotiate a preemptive opportunity to provide the Hospitality Division Equity contribution under the currently proposed Mezzanine financing structure.

I believe this is an excellent opportunity since the project is now at the point where its investment bankers have received substantial expressions of interest from sources capable of providing a "Mezzanine" equity and debt financing structure necessary to complete the construction of the Hospitality Division of the Wildflower Project (including the resort hotel, conference center, spa, golf course, golf clubhouse, and private residence club villas).

Therefore I am considering forming a company to provide up to \$30 million of the required \$230 million project funding in the form of an equity investment. At this point I am "testing the waters" to see what the level of interest there is in this project.

My thoughts are to find a group of up to 30 high net-worth individuals who are also golf enthusiasts that would join me in capitalizing and structuring the new company. In addition to the estimated net return (IRR) of 23% from the project there are several other benefits and incentives that I have negotiated for each of the organizers of the new company. Assuming 30 equally vested organizers these would include:

- 1) Each organizer shall be entitled to Complimentary Lifetime Golf Green Fees for themselves and their foursome, including VIP Red Carpet Treatment when golfing or staying at the resort. This could easily be valued at \$100,000.
- 2) A Membership valued at \$575,000 in the Wildflower Private Residence Club ("PRC") entitling each organizer to a 1/4<sup>th</sup> fractional ownership of one of the PRC Villas, which have been designed as 2600 sq. ft. luxury lakefront golf course homes with four master suites, adjoining a great room (with kitchen, dining area and living/family room).
- 3) The right of the organizers of the new company to develop and manage the Semi-Private Wildflower Golf Club, which would include the control of the membership of such club, and the exclusive facilities of the Wildflower Golf Clubhouse that would be restricted to the use of the members of the Wildflower Golf Club.

Please understand that this is not an offer to buy or sell anything. I am just taking the time to test the market and see if I can find a group of like-minded individuals that want to pursue this venture. If we do decide to actually form a company to do this, I would like to allow all of the eventual organizers to jointly decide on how the company would be formed, capitalized and managed. Also, anything that we eventually decide to do will be predicated upon Wildflower first receiving enforceable commitments for the balance of the Mezzanine and Debt financing required under the terms of the Wildflower PPM.

If after you review all of these materials as well as the Wildflower Resort public website ([www.wildflowerresort.com](http://www.wildflowerresort.com)) you are interested in discussing the project, please sign and return the attached Confidentiality Agreement and I will forward you a copy of the Wildflower Resort Company's Private Placement Memorandum as well as the access information for the company's private intranet where all of the due diligence information is maintained.

Thank you,

*Joe Lavin*



## Overview

The Wildflower Resort (“Wildflower” or the “Project”) is a planned \$344 million mixed use development located approximately 20 minutes from the Dallas/Fort Worth (“DFW”) International Airport in Grand Prairie, Texas. The Project will be situated on the Estes Park Peninsula, an undeveloped 1,000 acre peninsula at the center of a 7,500 acre lake and featuring over 4.5 miles of shoreline. The land has been secured by the master developer, Wildflower Resort Company (the “Master Developer”), in the form of a 99 year land lease with the city of Grand Prairie. Wildflower will be surrounded in perpetuity by Texas Parks and Wildlife property and the Grand Prairie parkland. The Project is being directed by an experienced team of industry professionals led by Mr. Raymond J. Goad, a former executive of Westin Hotels.

The Project can be sub-divided into two principal groups of development features. Group I includes a luxury hotel that will be managed by InterContinental® Hotels & Resorts (“InterContinental®”) primarily as a business hotel with resort amenities, a 75,000 sq. ft. conference facility, a 25,000 sq. ft. spa and fitness center, two world-class golf courses and clubhouse and up to 150 residential villas to be marketed on a fractional ownership basis. Group I also includes the option to build a smaller hotel (200 rooms), a boutique hotel (100 – 125 rooms), and equestrian center. Group II includes the Wildflower Festival Entertainment Village (the “Village”), a 75 acre town square featuring 350,000 sq. ft. of retail space and assorted entertainment venues. The Village is being developed as part of a joint venture with Racanelli Development.

The Master Developer is seeking an equity partner to invest approximately \$90 million (the “Equity Capital”) to enable it to move forward with the project. Once the Equity Capital is raised, the Master Developer will raise the debt financing (\$254 million) needed to complete the Project. As the design for the Project has been substantially completed (Gensler) and the construction contract negotiated (Turner), construction can begin within 90 days of the equity commitment. Although the Master Developer prefers to partner with a single party for the entire Project, it will consider separate proposals for Groups I and II as outlined above.

## Development Features

- **InterContinental® Wildflower Hotel** – The Project will feature a four star, 500 room, luxury hotel complex. The hotel will recall a Texas ranch configuration with a forecourt, main house and numerous ancillary buildings. Guestrooms are varied to accommodate the demands of the resort’s upscale group business, including a large number of suites.
- **Grand Prairie Conference Center** - Wildflower will have approximately 75,000 square feet of meeting space and the capability to simultaneously host two or more groups. The facilities will include a 20,000 sq. ft. Grand Ballroom and 9,000 sq. ft. Junior Ballroom. Other unique features include a 3,000 sq. ft. Amphitheater and more than 6,000 sq. ft. of additional meeting rooms and spacious pre-function areas.
- **Spa & Fitness Center** – A 25,000 sq. ft. stylish freestanding facility with 7,000 sq. ft. of state of the art exercise facilities, lounges, gardens, lap pool, treatment rooms, and luxury day rooms.
- **Golf Course & Club House** – Nicklaus Design is designing a 36 hole project which will include a Jack Nicklaus Signature Golf Course, the first of its kind in the Dallas area, and the first golf course designed by professional golfer Sergio Garcia. The courses will be complemented by a semi-private 35,000 sq. ft. golf club.
- **Private Residence Club Villas** – The Project has been zoned and permitted for up to 300 residential villas around the lake and golf course, although current plans are for 150. The villas will be offered for fractional ownership.
- **Wildflower Entertainment Village** - Occupying approximately 75 acres, the Wildflower Entertainment Village will consist of a mix of restaurant, entertainment and specialty retail shops. Along the waterfront, a pier and adjacent inlet near the town square will provide docking for water taxis and rental boats. An outdoor band shell and concert venue at the end of the pier will provide an opportunity for a concert series. A small marina will also connect to the pier.

## Sources & Uses

The following table summarizes the estimated sources and uses of funds for the Project. To date, the Master Developer has spent approximately \$12 million on various pre-development elements including land lease payments and the Hotel, Conference Center, Spa, Golf Club House, Golf Course and Infrastructure 100% Design Development Plans and Specifications.

(\$ in millions)

| SOURCES          |                | USES   |                |
|------------------|----------------|--|----------------|
| Debt Financing   | \$254.0        | Hotel / Conference Center / Spa / Golf & Clubhouse | \$234.0        |
| Equity Financing | 90.0           | Wildflower Festival Entertainment Village          | 110.0          |
| Total Sources    | <u>\$344.0</u> | Total Uses   | <u>\$344.0</u> |

The estimates above do not include the costs to complete the aforementioned smaller hotel, boutique hotel, equestrian center or private boat club. However, they do include the costs to construct three residential villas with the hotel which the Master Developer intends to use as models to pre-sell the other 147 villas.

## Investment Highlights

- **Experienced Project Manager** – The project is being led by Mr. Raymond Goad, formerly an executive of Westin Hotels. Mr. Goad has been involved in several large and complex hospitality development transactions including the Mauna Kea Beach Hotel in Hawaii. He directly negotiated the land lease for the Project and raised the pre-development capital. Mr. Goad has hired a number of experienced industry professionals to be part of the Wildflower team.
- **Attractive Location** – The Project is situated within a 20 minute drive of the cities of Dallas (northeast) and Fort Worth (northwest) and the DFW Airport (north). The proposed site for the new Dallas Cowboys' stadium is a 10 minute drive. Wildflower is located within 10 minutes of four interstates: 20, 30, 35 and 45. It is accessible from the north by Interstate 20 or Interstate 30 via Hwy. 360 (six lane) and Hwy. 161 (proposed six lanes). From the east, the property is accessible from Interstate 45 or Interstate 35 on Hwy. 360 (six lanes) and Hwy. 161 (proposed six lanes) along Hwy. 67.
- **Strong Demographics** – Wildflower is located within a two-hour drive of 12 million people; a population projected to grow to 17 million over the next 20 years. The local Dallas/Fort Worth market currently has 5.5 million people and is expected to grow to 7.0 million people by the end of the decade and to 8.8 million people by 2020. The DFW Airport is the third busiest airport in the U.S. with approximately 2,700 daily flights and serves 60 million passengers annually.
- **World Class Partners**
  - **InterContinental® Hotels & Resorts** – Intercontinental® has worldwide portfolio of 140 landmark hotels in 75 countries, on six continents.
  - **Turner Construction** - The nation's leading general builder, performing work on over 1,500 projects each year. The Project Manager has negotiated a Guaranteed Maximum Price contract for the Project with Turner.
  - **Gensler** - Leading global design, planning and strategic consulting firm which is consistently ranked as the leading architecture and interior design firm in international and national industry surveys.
  - **Nicklaus Design** - Nicklaus Design, recognized as the world leader in golf course design, has been involved with over 250 courses in 27 countries and 35 states.
  - **Troon Golf** - Troon Golf will provide golf management services for the Wildflower golf complex. Troon manages operations at more than 140 golf courses located in 26 states and 11 countries.
  - **Racanelli Development** - Wildflower Resort Company has partnered with Racanelli Development, a leading mix-use site developer, to design the Wildflower Entertainment Village.

The company's Exclusive Placement Agent information is being withheld until after the Master Confidentiality Agreement is submitted and accepted.

**MASTER CONFIDENTIALITY AGREEMENT**

You (the "Recipient") are expressing interest in pursuing a possible business venture in a new company (the "Company") that may be formed to provide a portion of the equity contribution for Wildflower Resort Company or one of its operating entities (collectively the "Wildflower"). The Recipient understands that Joe Lavin will be supplying the Recipient confidential information on both the Company and Wildflower solely to assist the Recipient in evaluating this possible business venture.

By accepting the confidential information, the Recipient agrees to keep confidential for at least 24 months all information contained therein or made available in connection with any investigation of the Company's or Wildflower's business, excluding 1) any information which is already known by the recipient at the time of disclosure, 2) information acquired after the disclosure from a third party having the right to make such a disclosure, and 3) information now available to the public or which hereafter becomes available to the public through no breach of the confidentiality obligation of the Recipient. The information will be kept confidential and shall not, without prior written consent of Joe Lavin be disclosed by the Recipient or by its agents, representatives, employees, or financing sources, other than in connection with the business venture described above. Moreover the Recipient agrees to reveal information only to its agents, representatives, employees, and potential financing sources who need to know the information, and who shall agree to act in accordance with the terms and conditions of this agreement. The Recipient specifically agrees to discuss the information only with Joe Lavin unless authorized specifically by Joe Lavin to discuss in person or by telephone with representatives of the Company, Wildflower or their respective agents. The Recipient shall be responsible for any breach of this agreement by its agents, representatives, employees, or financing sources. Upon request, the Recipient will promptly return all material received from Joe Lavin or Wildflower without retaining any copies thereof and the Recipient will automatically do so promptly if a decision is made not to proceed further with the proposed venture.

Furthermore, Recipient and its agents will not directly solicit any managers or employees of Joe Lavin, the Company or Wildflower for employment or information, for a period of at least 24 months from the date of this agreement.

While Joe Lavin believes that the financial and other information contained in the provided material is accurate, he expressly disclaims any and all liability for express or implied representations or warranties for information contained in, or for omissions from, the report or any other written or oral communication transmitted or made available to the recipient or its agents, representatives, employees or financing sources.

**AGREED TO AND ACCEPTED BY THE RECIPIENT:**

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title (if appropriate): \_\_\_\_\_

Date: \_\_\_\_\_

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| <p><b>Submit to:</b><br/>Joe Lavin<br/>701 5<sup>th</sup> Avenue<br/>Suite 4200<br/>Seattle, WA 98104<br/>Fax: 206.374.2714</p> |
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