

MEMORANDUM OF UNDERSTANDING

By and Between:

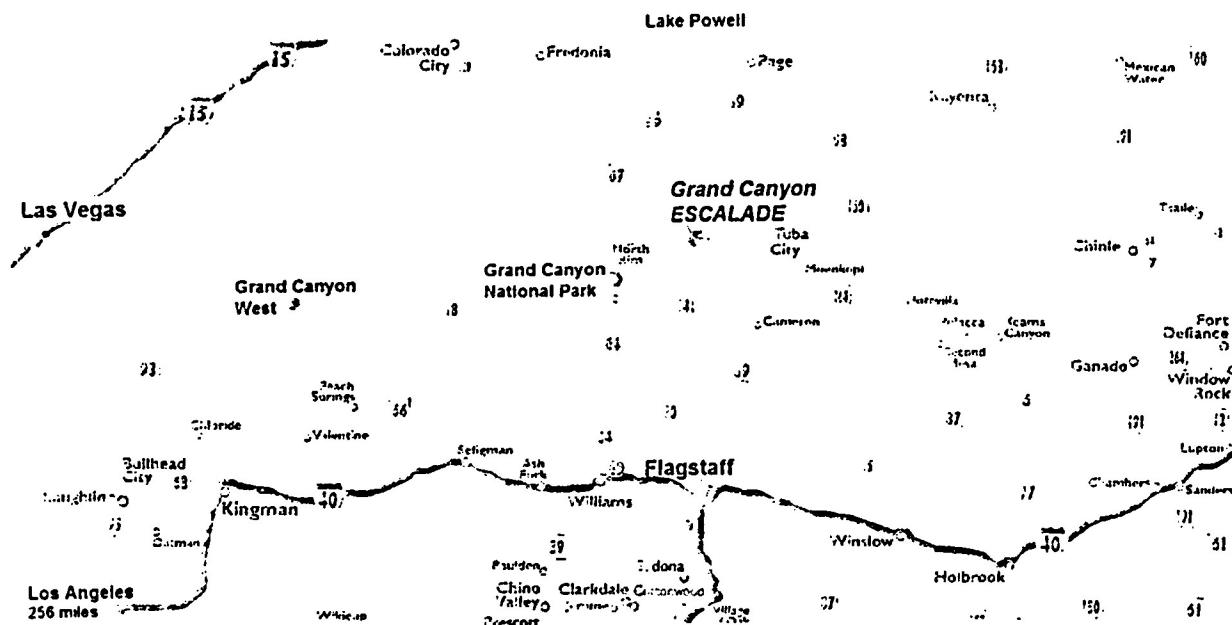
THE NAVAJO NATION

AND

CONFLUENCE PARTNERS, L.L.C.

THIS Memorandum of Understanding ("MOU") is executed this 21st day of February 2012, between the Navajo Nation ("Nation"), and Confluence Partners, L.L.C. ("Confluence Partners"). When referencing the Nation and Confluence Partners, individually, they may hereinafter be also referred to as the "Party." When referenced together, they may hereinafter be referred to as the "Parties." This MOU represents a continuation of the Grand Canyon Escalade Development proposal by Confluence Partners. The Parties understand and agree that this MOU is not a contract, is not intended to substitute for a contract or possess the same particular legal status as a contract, and the Parties do not intend for this MOU to be enforceable by any judicial, arbitral, or administrative body.

'Grand Canyon Escalade' ("Project") is a proposed tourism destination development on the western edge of the Navajo Reservation at the confluence of the Colorado River and the Little Colorado River located about 100 miles (161 kilometers) by road from Interstate-40 and Flagstaff, Arizona. The site is approximately 5,167 acres (3,130 acres above the rim) located in Sections 17, 18, 19, 20, 29, 30, 31, and 32 of Township 33 North, Range 6 East, and Sections 24, 25 and 31 of Township 33 North, Range 5 East, and Sections 31 and 32 of Township 32-1/2 North, Range 6 East, and Section 36 of Township 32-1/2 North, Range 5 East, and Sections 6 and 5 of Township 32 North, Range 6 East, and Section 1 of Township 32 North, Range 5 East.



The development's main attractions will be the Escalade Gondola Tram, the .5 mile River Walk and the Confluence Restaurant. Other Project development components may include a

destination resort hotel & spa, other hotels, RV park, commercial/retail space/opportunities, and an airport.

WHEREAS, the Parties agree that the Grand Canyon tourism market is a major contributor to the region's economy and that market could expand to a direct opportunity for the Navajo Nation, but currently there is not enough information and analysis available to reach an intended Master Agreement, and

WHEREAS, the Parties desire to state their intended actions during negotiations and the pre-development phase of the Project, and

NOW, THEREFORE, in recognition of their mutual interests and desires and the premises set forth above, the Parties do hereby manifest by this MOU their intent to negotiate in good faith, mutually agreeable terms and conditions to be included in formal binding agreements between the Parties to be concluded at a later date (the "Master Agreement"). In this regard, the Parties set forth the following non-binding principles, which are intended to be negotiated in the aforementioned intended Master Agreement, unless otherwise determined by legal counsel of either Party to be against the law, contrary to public policy, or otherwise inconsistent with the best-interests of either Party:

1. **OVERVIEW OF THE INTENDED MASTER AGREEMENT.** Subject to the foregoing, the terms and conditions for negotiation by the Parties to this MOU for inclusion in the intended Master Agreement will include:
 - (1) Land withdrawal and lease agreements.
 - (2) Funding and funding contribution or assistance for infrastructural development, operations, and maintenance; including the following: off-site and on-site infrastructure, such as roads, utilities improvements, drainage systems, and parking areas; construction; and maintenance of all improvements and facilities.
 - (3) Proposed Project components, including the Gondola Tram, River Walk, and Confluence Restaurant.
 - (4) Projects, components, and programs complimentary or relevant to the Project, including a desired local Airport, remaining Project development pads, community development, and additional necessary financing and funding from private, government, and mixed resources for peripheral projects, components, and programs.
2. **ROLES AND RESPONSIBILITIES IN CONFORMITY WITH INTENTIONS.** The primary responsibilities of the Nation and Confluence Partners are set forth in Exhibit A and Exhibit B respectively, attached hereto. Each Party will designate a representative to act as the primary point-of-contact ("POC") related to this MOU. The POCs shall mutually agree upon schedules for exchanging deliverables contained in Exhibits A and B, and arranging negotiating meetings in support of completing the intended Master Agreement.

The Parties agree that time is of the essence and agree to timely performance of each and every obligation of such Party. The Parties agree to put forth their best professional

efforts to perform all parts of its work punctually and diligently, and responding in a good faith manner in completing the intended Master Agreement.

3. MUTUAL COOPERATION.

(1) The Parties intend to cooperate with each other in the pursuit of the development and operation of the Project. Each Party will furnish information to the other, work on mutually beneficial technical and marketing efforts, and perform other such activities as may be reasonably required to the success of the Project.

(2) The specific rights, duties, and obligations of the respective Parties in connection with the Project shall be governed by the intended Master Agreement and such additional or subsequent agreement(s) as the parties may hereafter enter following good faith negotiations. The intended Master Agreement and any additional agreement(s) shall be based on mutually acceptable terms and conditions, including the inclusion of any terms and conditions required or contemplated by law, regulation or otherwise included in such agreement(s).

4. COMPLIANCE WITH LAWS. The intended Master Agreement contemplated by this MOU is intended to be executed by the Parties at a later date, and will include appropriate provisions requiring both Parties to comply with all applicable Navajo Nation and U.S. laws and regulations.

5. PROPRIETARY INFORMATION. All information exchanged by the Parties is governed by the Non-Disclosure Agreement ("NDA"), which is to be executed concurrent with the execution of this MOU, and will be incorporated by reference into this MOU so long as it shall remain in force and effect. A copy of the NDA executed by the Parties shall be attached hereto as Exhibit C. Failure to concurrently execute the NDA shall not prohibit independent execution of the MOU. In the event the MOU is executed but not the NDA, the NDA is intended to subsequently be negotiated and executed by the Parties as soon as possible thereafter.

6. NOTICES. Any notice, demand, request, statement, or other writing required or permitted by this MOU shall be deemed to have been sufficiently provided when personally delivered or received by certified or registered United States Postal Service delivery to the individuals named herein, with delivery confirmation. The individuals designated below shall be, unless and until otherwise provided in writing by the appropriate Party, the only individuals eligible to receive any and all written notices pursuant to this MOU:

R. Lamar Whitmer, Manager
Confluence Partners, L.L.C.
7343 E. Camelback Road
Suite D
Scottsdale, AZ 85251
Phone: 480-945-4879
Email: rlw@fulcrumgroup.biz

Albert Hale
Attorney at Law
15 Kolob Street, St. Michaels, Navajo Nation
(AZ) 86511
Post Office Box 40
Window Rock, Navajo Nation (AZ) 86515
Phone: 928-871-4559
Email: ahalelaw@citolink.net

Albert Damon, Director
Division of Economic Development
Post Office Box 663
Window Rock, Navajo Nation (AZ) 86515
Phone: 928-871-6544
Email: adamon@navajo-nsn.gov

Deswood Tome
Special Advisor to the President
Office of the President and Vice-President
Post Office Box 7440
Window Rock, Navajo Nation (AZ) 86515
Phone: 928-871-7000
Email: dtome@navajo-nsn.gov

7. **PUBLICITY AND NEWS RELEASES.** Any information regarding this MOU, or anything relating to this MOU shall not be released to the news media or general public, without the prior approval of the non-releasing Party; such approval shall not be unreasonably withheld. The Nation, as a sovereign government, is governed by certain public disclosure laws and therefore may be required to release any and all material events in a timely manner, subject to applicable exceptions and limitations. It is understood by the Parties that a mutual press release shall be issued upon the execution of the MOU and following the execution of any subsequent agreements.
8. **NATURE OF THIS MOU AND INTENDED MASTER AGREEMENT.** This MOU shall not be construed to create a joint venture or other form of business organization of any kind between the Parties. Nor shall the intended Master Agreement create a joint venture or business organization of any kind between the Parties. At all times the Parties shall remain independent, distinct entities, with each being responsible for its own employees, officers, and agents.
9. **INDEPENDENT JUDGMENT, DECISION MAKING, CONDUCT, AND LIABILITY.** Each Party is an independent entity, and shall be free to exercise professional discretion and independent judgment as to the method and means of performance of the services or provision of goods contracted for with the other Party. Each Party shall be fully responsible for all supervision, performance, conduct, and liability due to, incurred by, or that arises from that Party's personnel; and each Party's personnel shall not be considered the employees, officers, or agents of the other Party.

10. **TERMINATION.** In the event the intended Master Agreement is not executed and delivered on mutually acceptable terms by the Parties by July 1, 2013, then the proposed relationship between the Nation and Confluence Partners described and contemplated by this MOU shall terminate without further action; provided, however nothing herein shall alter or diminish in any manner each Parties' responsibilities, obligations, and covenants set forth in the Non-Disclosure Agreement, which shall continue in full force and effect. As stated above, the Parties reserve the rights to terminate this MOU and the intended Master Agreement in the event either Party's legal counsel determines that the continuation of the MOU or the intended Master Agreement is inconsistent with the best-interests of either Party.

11. **SOVEREIGN IMMUNITY.** Nothing in this MOU shall be understood, considered, or interpreted to constitute any waiver of any sort whatsoever of the Nation's sovereign immunity from suit, nor shall this MOU be understood, considered, or interpreted to state or imply consent by the Nation to the jurisdiction of any judicial or administrative body of any sort.

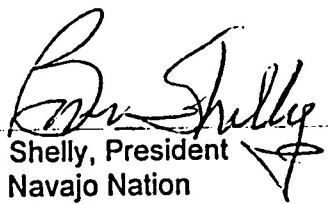
EXHIBITS:

1. Exhibit A – Division of Responsibilities for the Nation
2. Exhibit B – Division of Responsibilities for Confluence Partners
3. Exhibit C – Non-Disclosure Agreement
4. Exhibit D – Property Description

IN WITNESS WHEREOF, the Parties hereto have caused this MOU to be executed in duplicate as of the day and year below written.

THE NAVAJO NATION


By:


Ben Shelly, President
The Navajo Nation

February __, 2012

CONFLUENCE PARTNERS, L.L.C.

By:


Albert Hale, Member

February __, 2012