

## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU"), executed November 14, 2000 by and among the Ione Band of Miwok Indians (the "Tribe") and XYZ, LLC, a fictitious name for a yet to be formed limited liability company, ("XYZ").

Whereas, the parties intend to enter into any and all agreements required to finance, develop and operate a Class III gaming facility, as defined by the Indian Gaming Regulatory Act ("IGRA"), on tribal lands in the State of California, upon terms and conditions which are standard and customary in the California Indian gaming industry, and

Whereas, XYZ has agreed to assist the Tribe in acquiring additional tribal lands to be held in trust by the United States, and to on which a facility suitable for conducting Class III Gaming can be constructed, pursuant to the IGRA and the Tribe's recognized powers of self-government, and the Constitution, statutes and ordinances of the Tribe.

Whereas, the parties to this MOU have been negotiating the terms of any and all agreements as may be necessary to provide for Class III Gaming as defined under IGRA and desire to enter into a period of exclusivity allowing XYZ to perform due diligence to determine, in its sole business judgment, if the budgeted proposal to finance, develop and operate a Class III gaming facility is economically, legally and politically feasible, and

Whereas, the parties anticipate that the negotiation will result in the execution of a Development Agreement, Management Contract and/or any other agreement(s) required between the Tribe and the XYZ's corporate nominee, and

Whereas, the parties hereto wish to memorialize their agreement and understanding (i) governing their respective obligations prior to the execution of a Development Agreement, Management Contract or other agreement(s), and (ii) regarding the anticipated terms of the Management Contract or other agreement(s):

NOW, THEREFORE, the parties agree as follows:

1. **INDEPENDENT AGREEMENT**

The objective of the Tribe and XYZ in entering into and performing this MOU is to provide a legally enforceable procedure and agreement. This is intended to be a legally enforceable agreement, independent of any Development Agreement, Management Contract or any other agreement which the parties shall enter into effect when executed and delivered by the parties, and be enforceable between the parties regardless of whether or not this MOU or the Development and Management Agreement is approved by the Chairperson of the National Indian Gaming Commission, ("NIGC").

2. **FEDERAL STATUS OF TRIBE**

Presently before the U.S. District Court for the Eastern District of California is a matter captioned, Harold E. Burris, Sr., et al. V. Nicolas Villa, Sr., et al.; The Ione Band of Miwk Indians, v. The USA, et al., Civ No. S-97-0531 DFL/JFM. Hereinafter the ("Federal Litigation"). The decision of the Federal Court will determine if the Tribe, and its representatives executing this MOU, have the authority to establish a Federally regonized, tribal government on behalf of the Tribe. The Tribe anticipates that the Federal Litigation will be resolved in its favor. The Tribe will use its best efforts to obtain a demand to settle the Federal Litigation and/or request the Federal court issue a decision as soon as possible. The Tribe will immediately advise XYZ of any settlement demand.

3. **EXCLUSIVITY**

Upon the conclusion of the sixty (60) day Due Diligence Period, as hereinafter defined, the Tribe and XYZ will work together exclusively for a period of one-hundred and twenty (120) days, (hereinafter the "Exclusivity Period"), in an effort to reach an agreement(s) regarding the development and financing of a Class III gaming facility on tribal land, and the Tribe agrees that it will not seek or provide information regarding alternate development methods or sources of

financing other than through XYZ. In the event the parties can not reach agreement after one-hundred and twenty (120) days, this MOU will terminate, unless extended, in writing, by the parties. XYZ will perform its due diligence review during the Exclusivity Period.

4. **BUDGET & DUE DILIGENCE PERIOD**

The Tribe will prepare and provide XYZ, within ten (10) days, a proposed budget of anticipated development costs, for any proposed development strategy, including but not limited to the following:

- (a) Estimated cost to settle and resolve the Federal Litigation (including attorneys' fees);
- (b) Estimated site acquisition costs. Including cost of site remediation, engineering, architectural, construction and development;
- (c) Estimated legal and consulting fees;
- (d) Any other projected costs.

Upon a review of the proposed budget, XYZ, at its option and within its sole business judgment, shall determine within sixty (60) days, (the Due Diligence Period) whether it will negotiate with the Tribe the specifics of a Development Agreement, Management Contract or any other required and customary agreements, to finance, develop and operate a Class III gaming facility on tribal lands.

5. **LIMITED WAIVER OF SOVEREIGN IMMUNITY**

In the event that a dispute arises between the parties, the parties shall make their best efforts to resolve such dispute. Either party shall give the other, as soon as possible after the event giving rise to the dispute, a written notice setting forth, with specificity, the issue to be resolved. The parties shall meet and confer in a good faith attempt to resolve the dispute through negotiation within 10 days after receipt of the notice.

In the unlikely event that a dispute can not be resolved via negotiation, the parties agree to submit to the jurisdiction of the United States District Court for the Eastern District of California. The Tribe expressly consents to be sued therein and waive any immunity therefrom that it may have provided that (i) the dispute is limited solely to issues arising under this MOU; and (ii) XYZ makes no claim for monetary damages (that is, only injunctive, specific performance, including enforcement of a provision of this MOU, or declaratory relief sought).

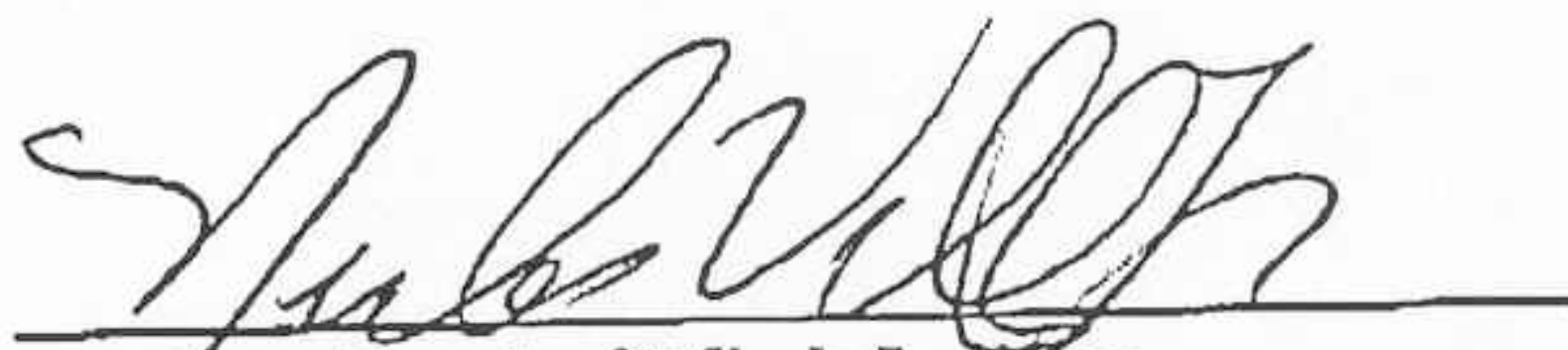
6. **ASSIGNABILITY**


XYZ anticipates that it will assign and transfer its rights and obligations under this MOU to a corporate nominee. The parties hereby consent and authorize such assignment should it occur.

7. **CHOICE OF LAW**

This MOU shall be governed by the laws of the State of California.

**IN WITNESS WHEREOF**, the undersigned parties have executed this MOU as of the date first set forth above.

  
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The Ione Band of Miwk Indians  
By: Nicolas Villa, Sr.

  
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XYZ, LLC  
By: Roger Stone