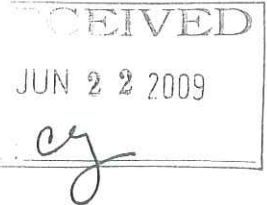


Enchanted Resorts, Inc

1019 Myrtle Street
Calistoga, CA 94515
707-942-4700



June 21, 2009

Via hand delivery

Charlene Galina
Planning Director
City of Calistoga
1232 Washington Street
Calistoga, CA 94515

Re: Memorandum of Understanding Submittal Request

Dear Ms. Galina:

Enchanted Resorts formally requests the execution of a Memorandum of Understanding with the City of Calistoga to establish the parameters and preliminary terms for processing a Development Agreement and land use entitlements for a resort project.

The proposal seeks to amend a portion of the previously approved 35-lot project to accommodate a resort hotel and residence club within the 88-acre hillside property, located at approximately 515 Foothill Blvd.

The resort will include a restaurant, spa, ballroom, and other amenities. The hotel would consist of a variety of standard and suite styled rooms scattered among 36 cottages featuring 110 distinct units. A Residence Club program would complement the hotel and be comprised of 20 individual homes. Separately, 13 of the original single family custom home lots would be retained.

I have enclosed the following for your consideration:

- Planning Application Form
- Brochure outlining the proposed project
- Architectural Imagery
- Overall Property Site Plan and Resort Zone Display
- List of addresses, compiled by Napa Land and Title.

We look forward to embarking on this process with you and the City of Calistoga.. Should you have any questions, please feel free to contact me at aharkin1@yahoo.com or 707-942-4700.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Aaron G. Harkin".


Aaron G. Harkin
Project Manager

Enclosures

Enchanted Resorts

PROPOSED RESORT DEVELOPMENT
CALISTOGA, CALIFORNIA





Drive up Napa Valley towards the legendary town of Calistoga, bearing the heat that strains against a sea of sweeping vineyards and veils the contours of Mount St. Helena.

Enter upon a grassy meadow encasing a modest portal. Climb a timber lined trail past soaring redwoods and steadily leave civilization behind. Arrive at an unassuming garden gate where an uncommon passage is awaiting.

Step across a trickling brook and through a dense grove of Manzanita into a rejuvenating liberation of soul and body. Surrender yourself to the blithesome lifebeat of nature and elegance.


Contemplate the ever-changing magnificence of the Mayacamas from your sun-drenched perch at The Pool or the subtle beauty of a single tree along an unwalked path.

Inhale the luscious floral scents of a wedding in The Ballroom or the bouquet of a gentle breeze blowing through the pines.

Relish in the exotically refined flavors of The Restaurant or in the exquisite grace of that perfect Cabernet on your private deck.

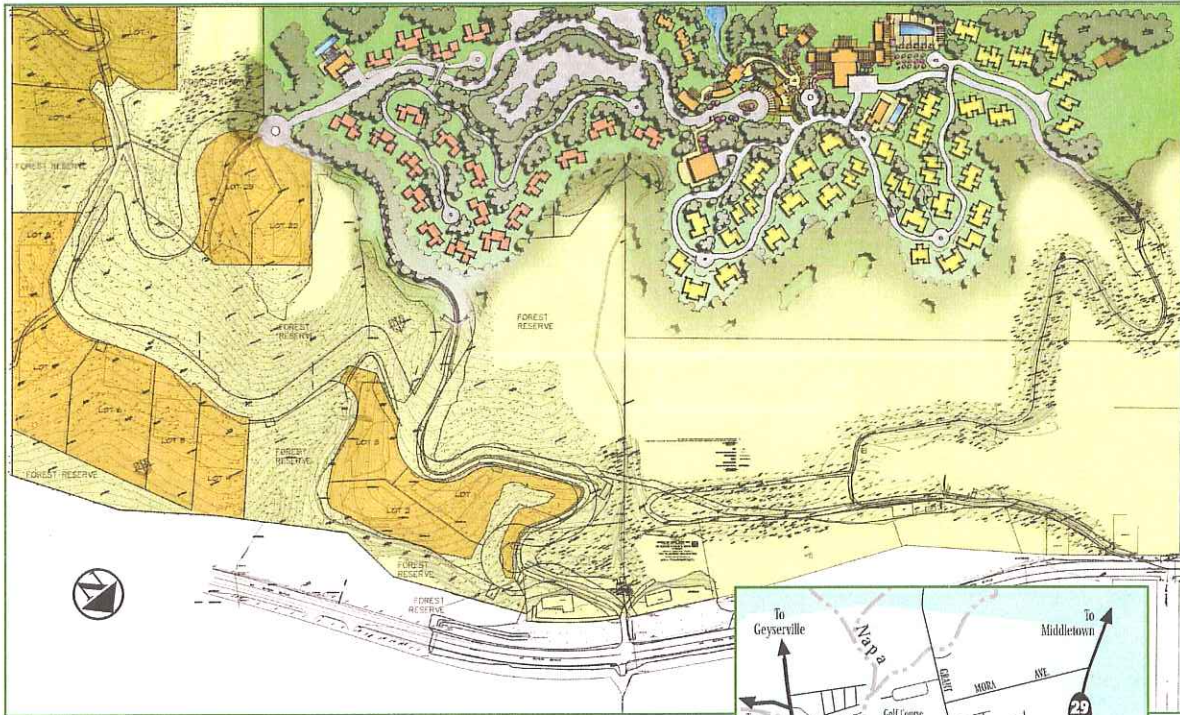
Catch the song of a lone guitar on the terrace of The Bar or a band of wild turkeys serenading the moonlit sky.

Submit to the utter indulgence of a therapeutic day at The Spa or to the delicate pleasures of cool bed sheets caressing a weary body in your personal sanctuary of escape.



*Vibrance. Taste.
Comfort Redefined.
Senses Awakened.
Enchantment.*

Location Map



2A. Architect's sketch of property



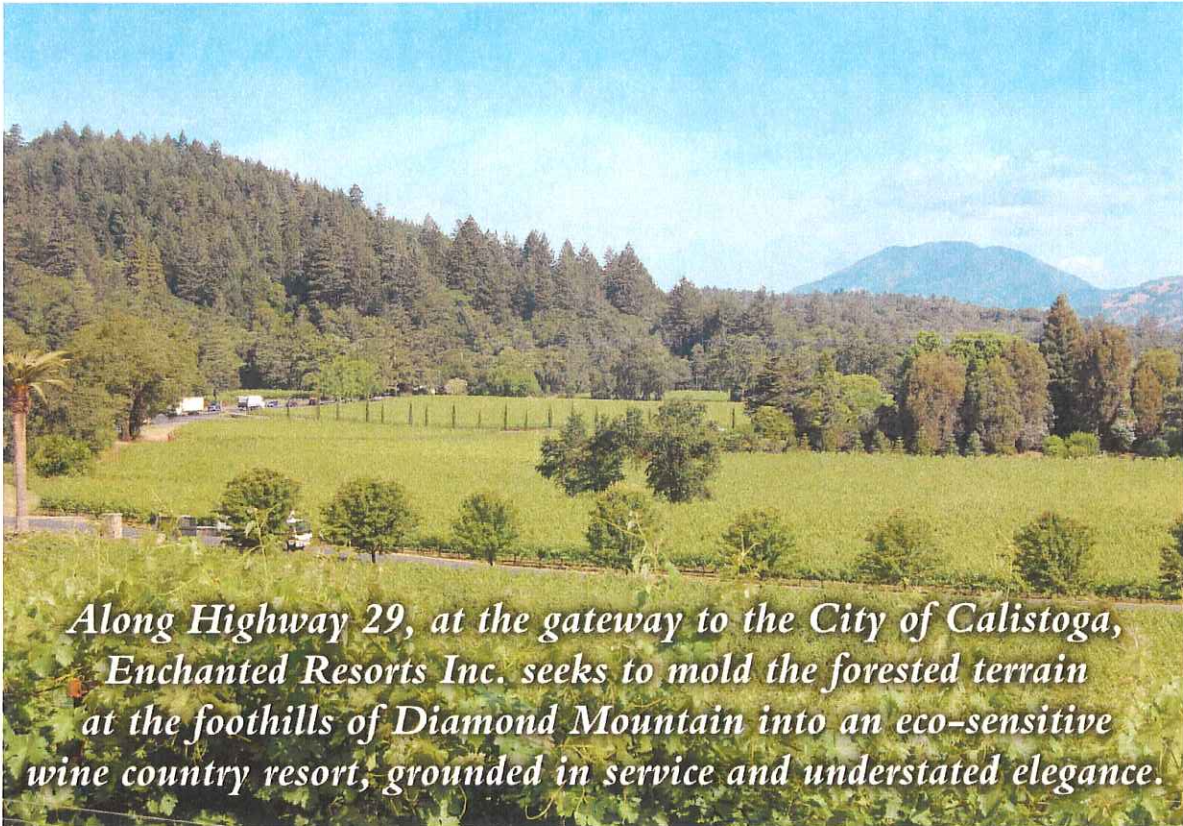
2B. Property location

TABLE OF CONTENTS

LOCATION MAP	2
OVERVIEW	3
HISTORY	4
RESORT DESCRIPTION	5
RESIDENCE CLUB	7
MINIMIZING THE IMPACT	10
PROTECTING THE ENVIRONMENT	16
BENEFITS TO THE COMMUNITY	17
DEVELOPMENT TEAM	19
LIST OF ILLUSTRATIONS & TABLES	20

TOTAL SITE: 88 ACRES
RESORT AREA: 21 ACRES
RESIDENCE CLUB: 8 ACRES
13 CUSTOM HOME LOTS: 13 ACRES
OPEN SPACE: 46 ACRES

Overview

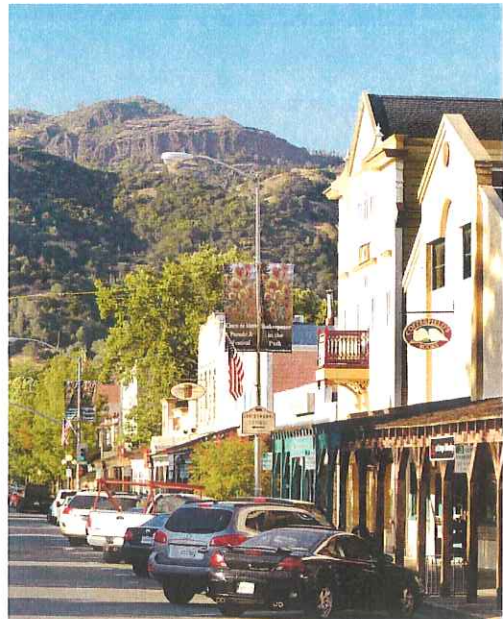


3A. View of Mount St. Helena from Highway 29

Enchanted Resorts, formed for the sole purpose of appropriately developing this single property, looks to draw on Calistoga's rich history and engaging character to construct a diverse destination resort that will attract a select global clientele. Pragmatically using "green" systems and materials, the proposal envisions an optimally proportioned development with the following components:

- **36 Cottages featuring 110 Hotel Units**
 - 20 Residential Club Homes
 - 13 Home Sites

Working intimately with the City of Calistoga, Enchanted Resorts hopes to create an environment that invites tourists and locals alike to discover the aesthetic beauty of the land, the alluring vineyards of the Napa Valley, and the charming ambiance of Calistoga, while generating substantial economic benefits for the community.



3B. View of downtown Calistoga