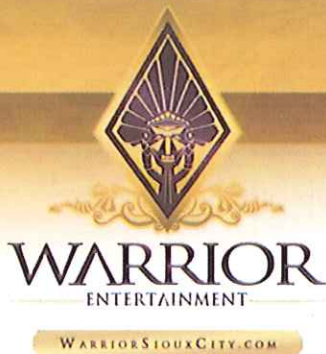




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FOR THE FUTURE.

January 17, 2013

Brian Ohorilko, Administrator
Iowa Racing and Gaming Commission
1300 Des Moines Street, Suite 100
Des Moines, IA 50309-5508

Re: Objection to Sioux City Entertainment (Hard Rock) Gaming License Application
Amendment

Dear Mr. Ohorilko:

It is our understanding that Hard Rock submitted a substantial amendment to their gaming license application regarding their financial structure. This is of great concern to us because we believe that it violates the Licensing Application Process for Woodbury County duly established by the Iowa Racing and Gaming Commission ("IRGC") and will materially prejudice our application.

The IRGC Timeline and Process

The IRGC set forth a specific timeline for the Woodbury County Licensing Process. The original deadline for submission of completed license applications was November 1, 2012, and this was later extended to November 5, 2012. The IRGC timeline stated: **"Once the applications are due, the applications cannot be amended."**

The IRGC timeline allows applications to be supplemented for clarification in response to direct questions from commission members. We are not aware of any direct questions requesting clarification on the Hard Rock's financial structure. Even if the Commission had questions on this subject, materially changing the financial structure is not a mere "clarification". Thus, Hard Rock's attempt to amend their license application should be disregarded.

The IRGC timeline further established November 15, 2012 for submission and presentation of financing with firm financial commitments expected at this date. All three applicants participated and presented their financing commitments to the IRGC in a public meeting. At this stage, Hard Rock was the only applicant to request that their financial commitments be kept confidential. As explained later in this letter, this point is highly relevant to our objection.

Allowing a Material Amendment by Hard Rock Highly Prejudices Our Application

We believe that if Hard Rock is permitted to significantly amend its application, it will be particularly harmful to our interests. As you know, Missouri River Historical Development

("MHRD") conducted a RFP process in which both Warrior Entertainment and Hard Rock participated. We were concerned about the possibility of providing all of the details of our plan to MHRD and then having the details disclosed to our competitor if we were not chosen in the RFP process. The details of the financial commitments were important enough that we intentionally chose to keep them confidential at that point and provide them for "eyes only" if requested.

MRHD eventually selected the Hard Rock as its partner. We were not happy that the Hard Rock had most of our information, but it was not a major concern because we believed once the applications were all submitted in accordance with the IRGC timeline, we would be back on a level playing field.

In Hard Rock's license application, they made the conscious choice to keep their financial commitments confidential despite the fact that there was not a legitimate basis for protecting the information. In contrast, our financial information was completely public. The Hard Rock financial commitments were finally disclosed several weeks after the application submission deadline, only after the other applicants filed FOIA requests and the IRGC staff spent valuable time making a determination on Hard Rock's request for confidentiality. We were not happy about having to request information which should have been public, but Hard Rock's actions still did not rise to the level of prejudicing our application because we assumed that we were all still complying with the same rules as laid out in the IRGC timeline and Iowa Code.

After the November 15th IRGC financial presentation, each competing entity made multiple presentations in the Sioux City area. At this stage, the Hard Rock's financial details had not yet been disclosed. However, the general financial information relating to a lack of equity and high cost of financing presented at the November 15th IRGC meeting was enough to generate substantial local criticism. It is apparent that Hard Rock decided to pursue major financial structural amendments to their application. However, because our financial commitments were public, we had in essence "set the bar" and now Hard Rock knew exactly what they needed to amend in their financial structure to be more competitive, gain broader local support and, we assume, IRGC acceptance.

Recently, we learned that Hard Rock would attempt to change their financial structure and understood that they intended to announce the plan as a surprise during the January 10th formal IRGC application presentations. However, Hard Rock did not make one single reference to their financial structure in the public presentation. Instead, and keeping with their growing pattern, they bypassed the public forum for a private and confidential submission to the IRGC, a full 67 days after the application deadline.

To use a gaming analogy, competing with Hard Rock has been like playing poker with someone who gets to see all your cards first. Hard Rock's attempt to bypass the IRGC timeline has now risen to the level where it is highly prejudicial to our application and we feel we must formally object and request their latest submission be disallowed and ignored.

IRGC Administrative Rules

We understand the course being pursued by Hard Rock is highly unusual considering the IRGC timeline was established to create a fair and reasonable framework for all parties concerned. We believe IRGC administrative rules can be illustrative and helpful in dealing with Hard Rock's request to bypass the established IRGC process.

Administrative Rule 491-1.8 allows the IRGC to grant waivers of specific rules. There are four criteria for granting a waiver:

- a. The application of the rule would impose an undue hardship on the entity for whom the waiver is requested.

All parties were aware of the IRGC timeline and deadlines, and therefore, there is no logical argument that disallowing a major amendment to the application 67 days after the deadline imposes an undue hardship on the Hard Rock. In fact, the hardship is on Warrior Entertainment as a competing applicant.

- b. The waiver . . . **would not prejudice** the substantial legal rights of any entity.

As detailed in this letter, we have no doubt that allowing Hard Rock to view all our financial commitments while attempting to keep their information confidential and then amending their application to be more competitive would be unfair and prejudicial to the Warrior Entertainment application.

- c. The provisions of the rule subject to the petition for waiver are not specifically mandated by statute. . .

Pursuant to Chapter 99F.4, the IRGC has the authority and responsibility to...select among competing applicants for a license which best serves the interest of the citizens of Iowa. In order to facilitate this process and provide a fair and reasonable process for all applicants, the IRGC issued the Woodbury County Application Form pursuant to Rule 491-1.5 and established the Timeline for the Woodbury County Licensing Process at its July 19, 2012 meeting. The form and timeline are consistent with those established in previous licensing processes. Without such deadlines, the process could not adequately serve its intended purpose.

- d. Substantial equal protection of public health, safety and welfare will be afforded by a means other than that prescribed in the particular rule which the waiver is requested.

The IRGC timeline was fair to all applicants and the deadlines were clear. Therefore, there is no reasonable alternative statute or process to use to better protect public safety and welfare.

Using the factors set forth for IRGC rule waivers, Hard Rock's attempt to bypass the established process and timeline by substantially amending their application after the deadline should fail.

Conclusion and Formal Request

At every stage we have complied with the IRGC process and operated under the principles of full disclosure. In contrast, Hard Rock attempted to characterize debt as equity in their initial application. Hard Rock further attempted to keep key components of their application confidential while actively pursuing alternatives. Finally, Hard Rock is attempting to substantially change their application and completely failed to disclose this intent during the formal public presentation held on January 10, 2013. The change had obviously been in progress for some period of time and was then submitted only hours after the presentation.

There is no doubt that having full access to our financial commitments and structure and then essentially resubmitting the financial portion of the application 67 days after the application deadline is a material change and is unfair to the other applicants. More specifically, for all of the reasons set forth in this letter, Hard Rock's actions are highly prejudicial to our application.

The IRGC timeline and intent are clear: **"Once the applications are due, the applications cannot be amended . . ."** In addition, Hard Rock's recent amendment does not meet any of the IRGC's own rules regarding waivers. For these reasons, we request that Hard Rock's attempt to substantially amend their application be ruled untimely by the IRGC and not be considered.

Thank you for your time and consideration. Please contact me if you have any questions.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Lance Morgan", with a stylized flourish extending to the right.

Lance Morgan, Director
Warrior Entertainment