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October 15, 2010

**VIA CERTIFIED MAIL RETURN**  
**RECEIPT REQUESTED AND E-MAIL:**  
**[roger.stottlemyre@mgc.dps.mo.gov](mailto:roger.stottlemyre@mgc.dps.mo.gov)**

Mr. Roger Stottlemyre  
Executive Director  
Missouri Gaming Commission  
3417 Knipp Drive  
Jefferson City, MO 65102

Re: **North County Development, LLC / Applicant and Home Dock Jurisdiction  
Presentation**

Dear Mr. Stottlemyre:

As you may be aware, our firm represents North County Development, LLC ("Applicant") in connection with its pending application before the Missouri Gaming Commission ("MGC"). As such, we were forwarded a copy of your letter dated October 5, 2010 regarding the presentations due before the MGC on October 20<sup>th</sup>, 2010.

Applicant has presented the largest and most comprehensive development to the MGC for consideration in awarding the final license in the State of Missouri. Applicant's site is approximately 378 acres and has received necessary preliminary zoning approvals from St. Louis County for a multi-phase, complete entertainment complex. The proposal, as approved by St. Louis County, would include the construction of a gaming floor, hotel, associated amenities, spa, 18 hole golf course, restaurants and convention center. In short, the Applicant's proposal is physically the largest and most comprehensive development before the MGC; it is the only one which conceptually provides the full service entertainment complex desired for the last license in Missouri.

The MGC conducted its own survey of the scale and features it would like to see in any proposal for the final new license. Those desired features included, we understand, a full service development property that would necessarily require a large tract of land capable of accommodating more than simply a gaming floor. It was, therefore, Applicant's goal to secure a parcel of property that had sufficient size and access to accommodate the goals outlined by the MGC.

Of the proposals presently pending before the MGC, it is, in our opinion, clear that only one of the proposals meets the requirements outlined by the MGC—North County. The other projects have various access and size issues which cannot be remedied. They also have concerns regarding their parasitic nature on the existing neighboring gaming facilities in Missouri or,

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alternately, simply fail to have the requisite scope and size of a facility that allows for future development. Applicant does not suffer from any of these difficulties. In fact, Applicant's project is the only one of four applicants that would add additional tax revenues to Missouri.

Unfortunately, however, the MGC has chosen to set a very short time frame for the presentation of the developments. The development proposed by Applicant would be, at minimum, approximately \$150,000,000.00 in size in its first phase as it was believed that this size was necessary to address the concerns and desires of the MGC. Any developments significantly smaller (like those presently subject to review by the MGC) will not be able to address the parameters outlined by the MGC. Given the scope and size of North County's proposed development, however, it is necessary to obtain significant and additional financing, over and above that required of the other applicants. In other words, due to the scope and size, more money is needed to accomplish North County's goals. As the license only officially became available in July 2010, it became difficult to get serious interest from large-scale operators and developers prior to the license actually being available for consumption. Prior to July, 2010 there was a suspicion a license would be available, but, only in July was the license really up for contest. It was therefore difficult to have the Missouri market "treated seriously" with respect to a 13<sup>th</sup> license becoming available until which time there was actually a license for the MGC to issue. Therefore, following the announcement of the license in July, Applicant has been moving at "break neck speed" to solidify a relationship with a top quality operator and financing partner who would be appropriate for handling a full service development such as Applicant's project. Such operator and financing partner would need to have familiarity in hotel, convention, restaurant, family entertainment, as well as casino work. They would also need to have an equity participant piece of approximately \$50,000,000.00 to \$60,000,000.00, at minimum, to collateralize the debt structure.

Prior to going to market for these operators and financing partners, Applicant did the necessary due diligence work of rezoning the property, providing preliminary environmental, site development, traffic generation, and financial pro formas. Economic analysis was also performed by a national firm for use in our presentations to operators and financing partners.

The operators have indicated, to a person, tremendous interest in the St. Louis County market, as well as the State of Missouri, but have also indicated that in this "down economy" moving at the "break neck speed" necessary to comply with the MGC's time constraints is virtually impossible based on the size and scope of Applicant's project. In other words, there is significant interest, but given the size of the development, they refuse to be rushed into such a large scale project without appropriate due diligence. We have, therefore, had quality operators and financial partners pass on the project simply due to the time constraints proposed, as they would not be able to perform the necessary due diligence given the July to October time window.

The only full service, non-parasitic to Missouri project presented to the MGC is Applicant's development. However, given the size and scope which was necessitated to accomplish the goals outlined by the MGC, significant additional funding is required and a more

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sophisticated operator/developer is necessary. Such sophistication, on behalf of the developers, dictates that they will not move without performing their due diligence and financing arrangements on a project of this size and magnitude. The due diligence required is simply longer than the time frame allowed given the upcoming hearing deadline.

Therefore, we would respectfully request that the MGC give consideration to continuing and extending the final presentation and supplemental application requests regarding financing so that the top-tier operators may conclude their due diligence and elect to participate in the full service, entertainment project proposed by Applicant. Alternately, if such extension is not granted, we will regretfully need to withdraw our application from further consideration at this time. It would be our goal that if the MGC found none of the other applications to be satisfactory or consistent with the MGC stated goals, that Applicant be allowed to reenter the application process.

We sincerely appreciate the MGC's time and assistance in moving forward with the licensing process. The process was necessarily new to the MGC as it was the first time in years it was undertaken in the State of Missouri. Frankly, the size and scope of a full service project, in addition to the negative economy, necessitated additional due diligence on the behalf of the operators as they chose to move slowly to make sure the development proposed met their goals, as well as those of the MGC. The time frame set forth is simply insufficient for them to accomplish that due diligence and financing and, therefore, we believe the high quality operators and financing partners have been eliminated from the process.

Please let us know if you need additional information or input. We appreciate your consideration and would be happy to respond to any questions.

Very truly yours,

HERZOG CREBS LLP



Edward J. Griesedieck

EJG/mst

cc: North County Development, LLC