



Isle talks with other buyers for Rhythm City

Michael Wiser | Posted: Thursday, January 12, 2012 10:21 pm

DES MOINES — A deal to sell the gaming license for the Rhythm City Casino in Davenport may be ready in two months.

Michael Fries, vice president of legal affairs for the Isle of Capri, told members of the Iowa Racing and Gaming Commission on Thursday that negotiations “are where we thought we’d be right now” as they look for prospective buyers.

The company retained Los Angeles-based Innovation Capital, an investment banking firm, in October to help in the sale and has fielded several offers for the property.

Davenport is 14 months into a two-year development agreement with Chicago-based MSEG to build a land-based casino downtown, although the city council has signaled its unhappiness with the company on a lack of progress on the project.

“We are conducting our own process,” Fries told the gaming commissioners. “MSEG is not part of that process, but we are still communicating with them.”

Steve Edelson, who is part of MSEG, could not be reached for comment Thursday.

The Isle’s update, including the mention of new suitors for the Rhythm City, wasn’t a surprise to city officials.

“The Isle of Capri had a conversation with city attorney (Tom) Warner on Tuesday,” City Administrator Craig Malin said. “We were briefed in advance by the Isle of Capri.”

The latest development in the project is a concern for the council, Mayor Bill Gluba said. The council decided to seek a new casino company in hopes of getting a better revenue agreement than what it has with the Isle of Capri.

“I said at the very beginning there would be many twists and turns,” Gluba said. “We are far from having this all resolved, but if our first developer can’t put it together, presumably the city will look at all options we have.”

Malin and Gluba declined to say what other options the city has available.

Last year, Davenport officials lobbied the Racing and Gaming Commission to force Isle of Capri to put the license for Rhythm City up for sale if the casino company did not do it of its own accord.

They thought that the company was neglecting Rhythm City in favor of the nearby Isle Casino and Hotel in Bettendorf, which the company also owns.

The amount of money the Isle of Capri wants for the license has not been disclosed. That information might come out in two months when Fries said a deal could be ready for the commission to review.

“It would certainly be our goal to have that completed before the March meeting,” Fries said in response to a question from Racing and Gaming Commission administrator Jack Ketterer. “But I stress that there are still a number of factors that I can’t control that are at play here.”