

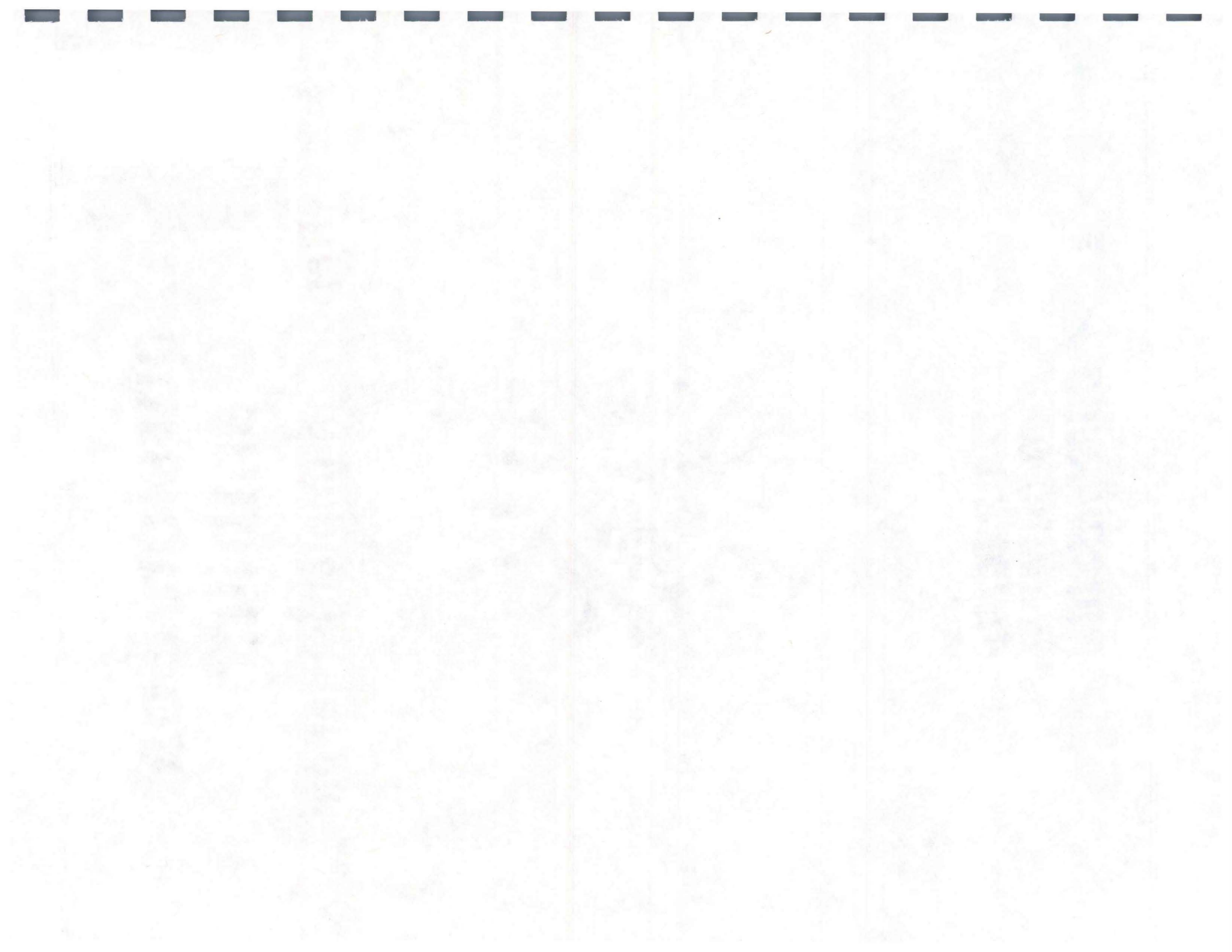
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# Excursion Boat Gambling

## Report on Implementation



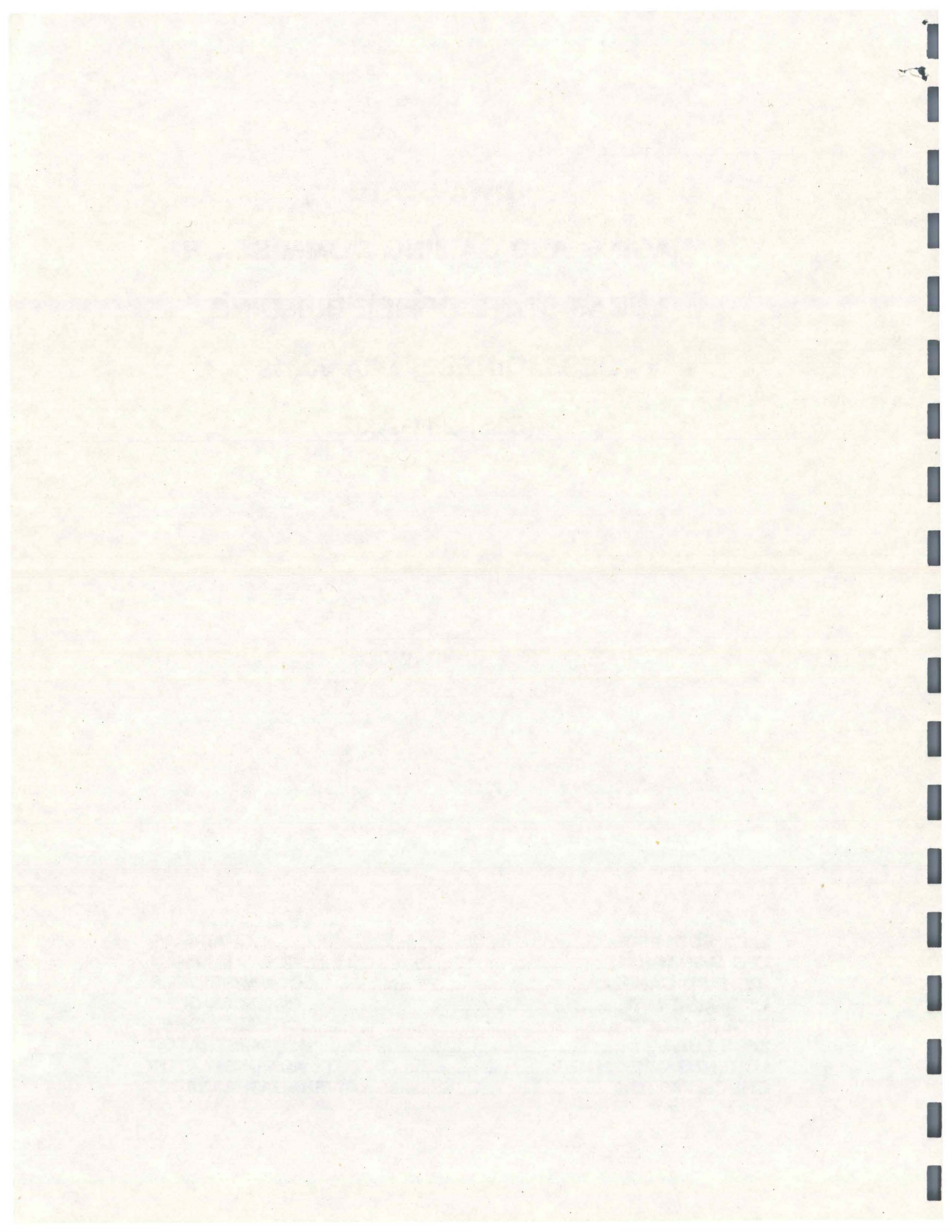
**IOWA RACING  
AND GAMING  
COMMISSION**





**IOWA STATE  
RACING AND GAMING COMMISSION  
LUCAS STATE OFFICE BUILDING  
DES MOINES, IOWA 50319  
(515) 281-7352**

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<b>LORRAINE MAY</b> .....	<b>COMMISSIONER</b>
<b>RITA SEALOCK</b> .....	<b>COMMISSIONER</b>
<b>MICK LURA</b> .....	<b>ADMINISTRATOR</b>
<b>LORENZO CREIGHTON</b> .....	<b>DEPUTY ADMINISTRATOR</b>
<b>CHUCK PATTON</b> .....	<b>RIVERBOAT MANAGER</b>







TERRY E. BRANSTAD, GOVERNOR

RACING AND GAMING COMMISSION  
MICK LURA, ADMINISTRATOR

March 26, 1990

**President of the Senate, The Honorable Jo Ann Zimmerman  
Speaker of the House, The Honorable Donald Avenson  
State Capitol  
Des Moines, IA 50319**

**Dear Governor Zimmerman and Speaker Avenson:**

**According to the requirements of SF 124, we are hereby submitting an up-to-date report on riverboat gambling for the State of Iowa.**

**On March 8, 1990, the Iowa Racing and Gaming Commission approved five licenses for riverboat gambling; four to operate on the Mississippi River and one to operate on the Missouri River. The licenses were issued to the non-profit corporation and operators as follows:**

**Dubuque Racing Association/Dubuque Casino Belle  
Southeast Iowa Regional Authority/Steamboat Southeast, Inc.  
Riverbend Regional Authority/Steamboat Development Corporation  
Missouri River Historical Development, Inc./Missouri Riverboat  
Associates, L. P.  
Riverboat Development Authority/The Connelly Group, L. P.**

**The cruise ships will range in size from 204' to 387' long and carry passengers from 1,000 to 3,000. It is interesting to note that three of the licenses were issued to Iowa based companies that will operate up and down most of the Mississippi River. The John Connelly Group will bring "The President," a 3,000 passenger boat to Davenport. A 1,000 passenger boat plans to be launched by a Company based in San Diego, California. These people have been working toward riverboat gambling in Iowa for many months and are very familiar with what our State has to offer.**

**Through county referendums, riverboat gambling was passed in the counties involved with approval percentages ranging from 52% to 67%. Enthusiasm in our river cities is running high as these communities see great improvements**

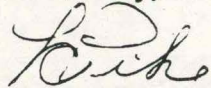


being made to their harbors, riverfronts, and downtown areas. They see tourism and riverboat gambling as good partners in progress as Iowa continues to diversify its industries. Following are some interesting figures provided by our five applicants:

Average passengers per day (6 boats)	7,549
Passengers per year	2,491,460
Casino win "handle"	\$76,621,948
Direct tax revenue to state	\$13,594,390
Tax to non-profit corporations	\$4,814,522
Estimated money being spent for improvements to communities, including boats	\$150 to 200 million

To put the above figures into focus, it has been noted that the projections involved in riverboat gambling for 1992 is no more than what one modest size casino in Las Vegas generates in one year in their drop (or handle). This comparison helps to give this Commission comfort that the above figures are obtainable and reasonable.

Sincerely,



L. C. "Bud" Pike  
Chairman



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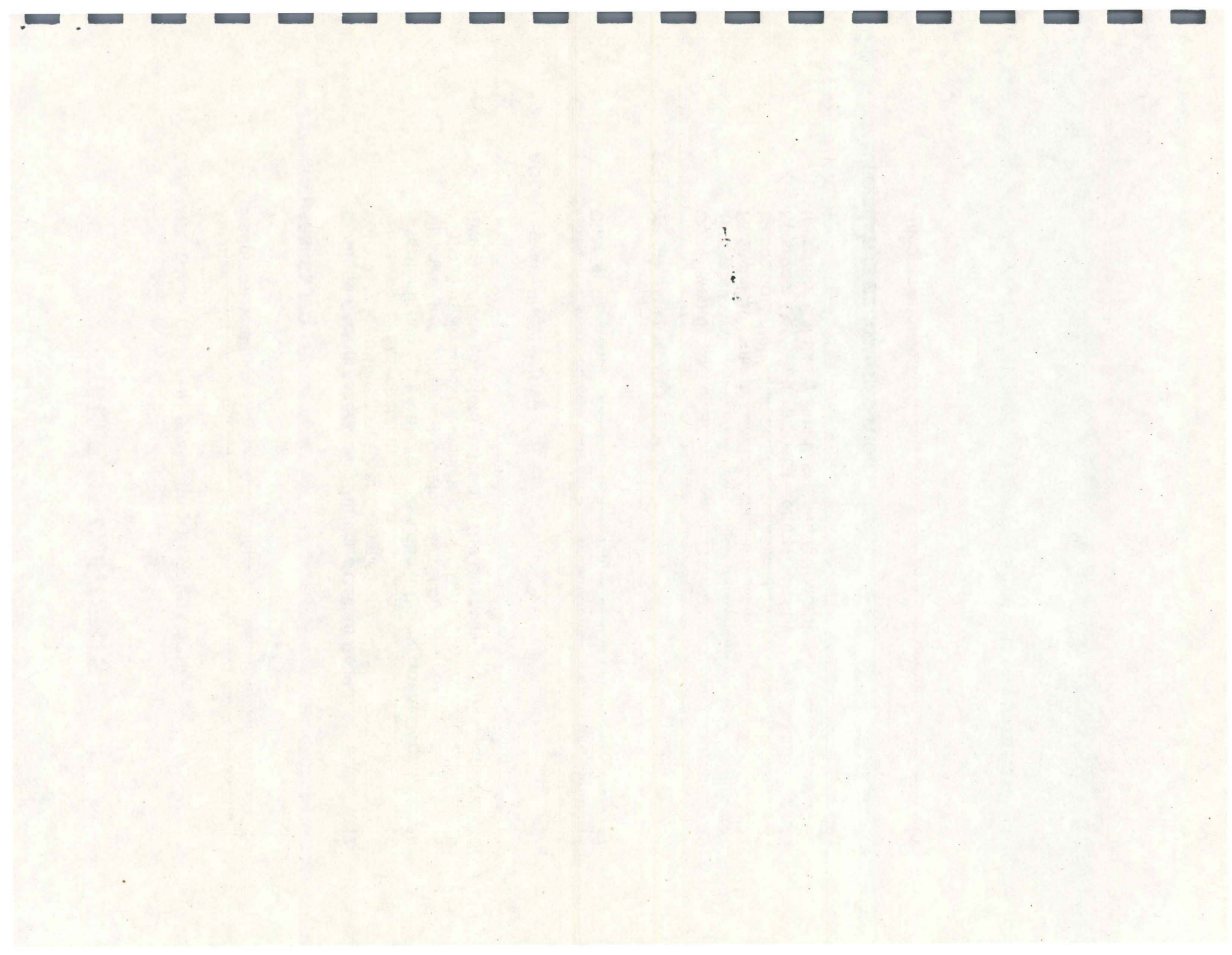
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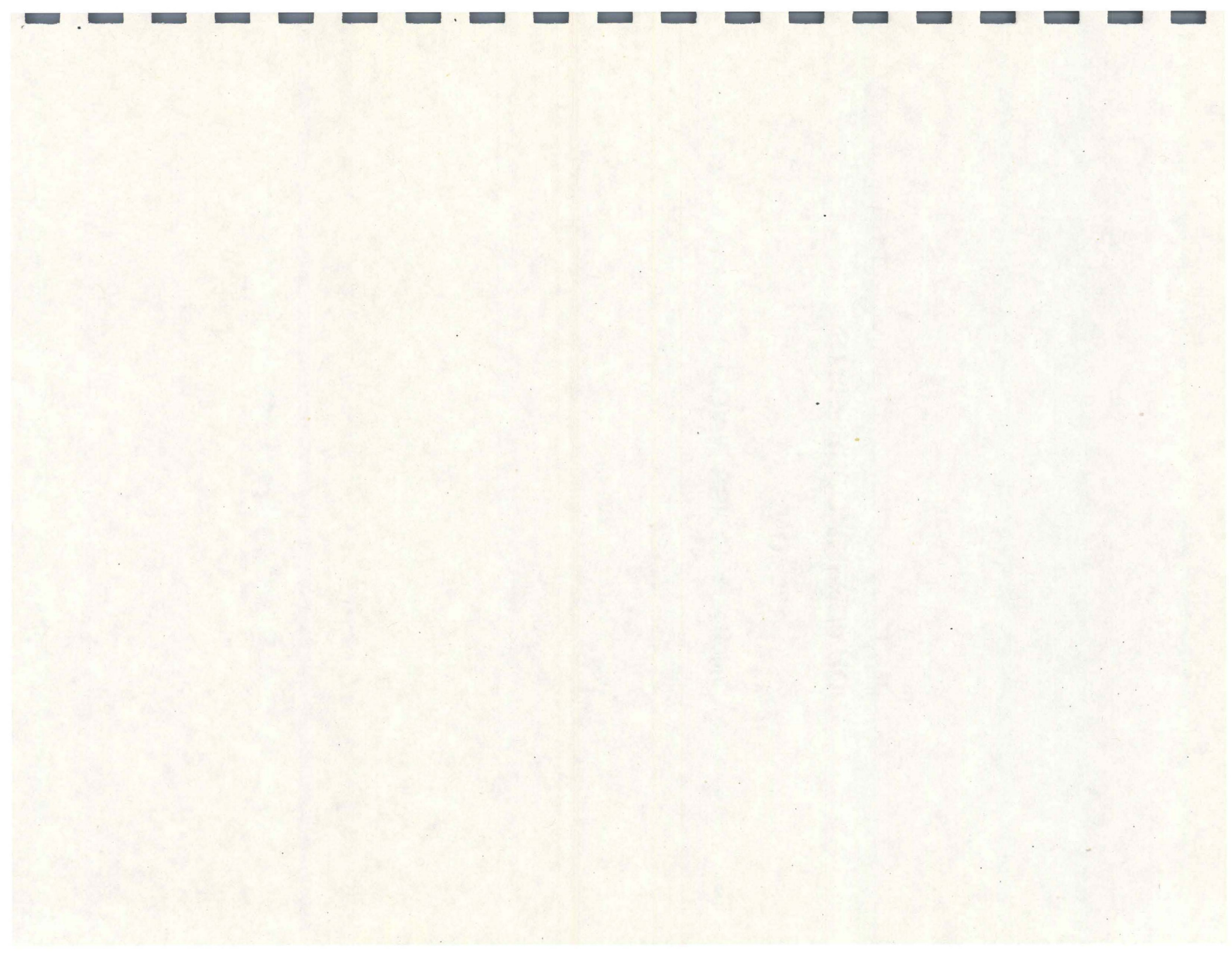






# **CHAPTER 1**

## **COMMISSION ACTION AND STAFF RECOMMENDATION**





**COMMISSION MEETINGS**  
**WHERE RIVERBOAT ISSUES WERE DISCUSSED**

June 15, 1989

Commissioner Canella gave a report on his trip to Atlantic City to attend the National Association of Gambling Regulatory Agencies, June 6-9. He also reported on his meeting with the New Jersey Gaming Commission. He summed up his report by stating he felt the trip was very worthwhile and informative, giving him an insight into what casino gambling is all about.

Riverboat Timetable was adopted. This timetable outlined by month what the staff hoped to accomplish toward the granting of riverboat licenses in March 1990.

July 20, 1989

Anthony Parillo, Director; and Fred Gushin, Assistant Director; of the New Jersey Division of Gaming Enforcement gave a presentation to the Commissioners. Mr. Parillo and Mr. Gushin outlined the structure of the New Jersey Division of Gaming Enforcement and went through some of the problems they encountered and how they have corrected them. They briefly outlined some of their rules and why they had them. Revenues have increased for the state of New Jersey through casino gambling.

They advised the Commission to act with extreme caution as they get further into casino gambling. Every state has their own ideas on how gaming should be handled and the Commission needs to make sure rules are developed to cover all aspects of the games.

The Commission had invited those potential operators they were aware of, to the meeting so the Commission could get a feel for what was out there, what the potential operators anticipate happening, and any problems the operators saw with the riverboat legislation. The following operators were present:

Alter Company - Spokesperson Bernie Goldstein, President  
Delta Queen Steamboat Co. - Spokesperson Patrick Fey  
Frank Fried and Associates - Spokespersons Frank Fried and John Schegan  
Robert's River Rides - Spokesperson Bob Kehl



September 21, 1989

**Adopted and Filed a Notice of Intended Action on the Riverboat Application rules Chapters 20 and 21.**

**A resolution was adopted by the Commission to accept riverboat applications only during the period of November 15 through December 31 of 1989. Applications received shall be considered confidential until January 1, 1990, in accordance with Chapter 22 of the Code of Iowa. Further applications shall not be accepted until sometime after June 30, 1990.**

**Commissioners Pike and Monaghan each gave a brief report on their trips to the Gulf where they studied the operations of a cruise ship and then traveled on to Las Vegas. Each felt it was a tremendous learning experience to actually see how a casino runs from the regulator's side.**

October 19, 1989

**Commissioner May gave a brief report on her trips to Florida and Las Vegas. She felt they were very critical trips for her and very informational.**

**It was announced that a trip was planned to the eastern part of the state October 23 and 24, 1989, beginning in Keokuk and ending in Dubuque and a trip to Sioux City on January 31, 1990. These trips would give the Commissioners a chance to view the docking facilities and visit with the operators and non-profits on an individual basis.**

January 18, 1990

**Don Gromer, Executive Secretary for the South Dakota Gaming Commission, gave the Commission a report on how casino gambling is doing in Deadwood, South Dakota, and what problems they had encountered. Mr. Gromer stated that the rules and regulations for gaming in South Dakota are patterned after Nevada because they felt their geographic location and logistics were more like Nevada than New Jersey. Since gambling has been legalized, they have encountered some problems which they are now taking to the Legislature in the form of cleanup legislation. Breakdown of the revenues received from gaming is as follows: 40% to the general fund; 10% to Lawrence County, the County Deadwood is in; and 50% to the Commission for their operating fund. Slots, poker and black jack are the only games allowed. Five hundred jobs have been generated relating directly to gaming. Inexperienced help at this early stage is a problem. They are not seeing much crime. Most of their problems are people problems, i.e. parking, drinking, etc. Underage playing seems to be the biggest problem. The one complaint they received most often from patrons is that there are not enough places to play even though they do allow 24 hour gaming. Mr. Gromer stated that casino gaming has been a great boost for Deadwood, South Dakota.**



A riverboat work session was held to bring the Commissioners up-to-date on the additional documents that have been received and to ascertain if there was anything specific that the Commissioners wanted to help them in their formulation of granting of licenses.

February 13 - 15, 1990

The following applicants gave presentations: Dubuque Racing Association, Riverbend Regional Authority, Southeast Iowa Regional Riverboat Commission, Riverboat Development Authority and Missouri River Historical Development, Inc. Each applicant gave comments on what having a license would mean to their communities (economic impact and jobs), the cost of the project, the design and access of the boat, shore facilities that would result if a license were to be granted, and history of the operator.

Mick Lura, Administrator for the Commission, informed each applicant following their presentation that all additional documents needed to complete their applications had to be received in the Racing and Gaming Commission office by the close of business on March 1, 1990, and the staff recommendation on the granting of licenses would be complete by the close of business March 5, 1990.

March 7 and 8, 1990

Chairman Pike opened the March 8 meeting with the attached remarks.

Riverboat licenses were granted. The following applications received licenses:

Dubuque Racing Association/Dubuque Casino Belle  
Southeast Iowa Regional Riverboat Commission/Steamboat Southeast,  
Inc.  
Riverbend Regional Authority/Steamboat Development Corporation  
Missouri River Historical Development, Inc./Missouri Riverboat  
Associates, L.P.  
Riverboat Development Authority/The Connelly Group, L.P.

Each license was granted for a three year period beginning April 1, 1991. Each license that was granted was accompanied by six universal conditions and any conditions unique to the application itself. The conditions adopted followed the staff recommendation with the exception of the schedule approval date being changed from October to June.



# REMARKS BY L. C. "BUD" PIKE

MARCH 8, 1990

Ladies and Gentlemen - Welcome to the second half of the Iowa Racing and Gaming Commission's (IRGC) meeting on this, the 8th day of March 1990. Today is the day that many people and many communities have been waiting for as it is time for us to either issue or deny riverboat gambling licenses. At this time, the members of the IRGC join with me in thanking the hundreds of people involved on Iowa's eastern seaboard and those in the Sioux City area who have put their time and talents on the line to make this day possible. Their patience, perseverance, spirit of cooperation and unselfishness in working with our Commission and staff, as we churned our way through these uncharted waters the past few months, has been duly noted and much appreciated. We also want to publicly thank Mick Lura, Chuck Patton, Lorenzo Creighton and their staff for putting a mountain of paperwork in focus and coming in on the deadline that was set for them. For that, I say, "Good Job, Well Done."

I don't wish to take time away from these proceedings, but I think that it is appropriate to remind everybody that the licenses that we are about to issue to the non-profit corporations are a privilege and at the same time a responsibility. Each of you members who serve on these non-profit boards need to feel this privilege deeply and to be sure that your burden or responsibility is not taken lightly.

Casino gambling, Iowa style, forms a triangle. The three sides are represented by the non-profit corporation, the boat operator, and the IRGC. The two important documents that shore up the triangle are the license and the operating agreement between the operator and the non-profit group. Our Commission's function is to see to it that the proper people are licensed, see to it that the terms of the operating agreements are properly executed and to see to it that casino gambling is operated honestly and above board so that the patron's best interests are protected. Once all three sides of the triangle are firmly locked in place, casino gambling can truly become a new industry for our state and economic development can be more than just buzz words as riverboat gambling takes its place along side our other tourism attractions.

Permit me a personal moment of nostalgia. I moved from Minnesota to Iowa in 1948, or 42 years ago. The first thing I ran into down here was slot machines being played in "clubs" at Waverly and Charles City and I believe throughout the state. As I recall, the next year the state Legislature made the slots illegal. Therefore, instead of saying that history is being made today, I guess that we will have to say that history is being revived.

Now, as the good captain would say, "Up anchor, cast off the lines, set the watch, and full speed ahead."





TERRY E. BRANSTAD, GOVERNOR

RACING AND GAMING COMMISSION  
MICK LURA, ADMINISTRATOR

## MEMORANDUM

**TO: Commissioners**  
**FROM: Mick Lura**  
**DATE: March 5, 1990**  
**SUBJECT: Staff Recommendation Regarding Riverboat Applications**

Last July, we started a process that will culminate on March 8. Passage of the Iowa Code, Chapter 99F created a new industry that has casino gambling as the integral economic activity. The legislation assigned the regulation of this industry to the Iowa Racing and Gaming Commission. In addition to regulation, the Commission must determine which entities will get the opportunity to participate in this new industry. During the summer, rules were drafted and adopted, setting forth the requirements for a group to apply for a license to operate an excursion gambling boat. I believe the rules and the process we began then has worked well. The primary purpose was to ensure that some basic requirements were met and that enough information was presented to the Commission to enable you to make a decision as to whether a license should be issued. We have had five applicants and the decision on those five applications will be made on Thursday.

The staff has spent a great deal of time trying to analyze and absorb the raft of information that has been supplied with these applications. It has been a time consuming process. There have been numerous contacts with each of the applicants, both operators and non-profit groups, to get clarifications and additional information when required. A question that is answered seems to raise two or three more, and it seems like the process of analyzing these applications could go on forever. However, if these boats are going to be able to begin operations on April 1 of 1991, the time has come to stop requesting additional details and make a decision.

In analyzing the applications and developing a recommendation, the staff has reviewed a great deal of empirical data but in the end the recommendations become subjective rather than objective. Our review of each of these applications has concentrated first on compliance to make sure that the applicants have complied with the letter and the spirit of Iowa Code, Chapter 99F. We have also reviewed the decision making criteria adopted by the Commission in September. We have placed special emphasis on several areas. The overall statutory charge to the Commission is to consider the best interests of the citizens of Iowa. Along with that is the inference that we would consider the impact upon the citizens in the areas where the proposed riverboats are



stationed. Please note that the Code asked the Commission to consider first the citizens of Iowa, not the government of Iowa in terms of economic advantages and other matters. To accomplish this goal, the staff in making their recommendation has put an emphasis upon economic development, revenue to local groups (community and/or non-profit groups), the financial viability and the operators/non-profit groups' character and reputation.

There is huge potential for economic development in Iowa and each of the communities. The applicants combined are proposing over \$160 million in investment within Iowa (boat and land based). This is direct investment only. Auxiliary industries will see large investments as well. The non-tax revenues to local groups is projected to be over \$5 million. This will be used for local civic and charitable purposes. State and local taxes are projected to exceed \$15 million. The simple willingness of each of these business entities to invest large sums with the existence of the others is ample evidence of financial viability of the projects.

The staff is recommending that each of the five applications be approved and granted a license to operate excursion gambling boats. The nature of the issuance of these licenses is meant to be conditional since many of the plans of each operator are subject to future developments in the market place. The review process has created some need for conditions on each of the licenses. Some of these conditions are universal for all five applicants. They are as follows:

1. The issuance of a license is conditional on each applicant performing all material commitments made in the applications. Failure to perform as expressed in the application without specific Commission approval will subject the license to immediate revocation.
2. All future contracts signed by the applicant shall be written subject to Commission approval and such approval will be immediately solicited from the Iowa Racing and Gaming Commission (IRGC). Failure to submit such contracts promptly will cause the license to be subject to immediate revocation.
3. Future organizational changes and changes to add additional ownership, entities, affiliates, or individuals, shall be reported immediately to the IRGC. Those ownership interests that involve more than 5% of the ownership of any entity involved with the license shall be subject to background investigation before the ownership interest can be finally assumed. In addition, those owners representing less than 5% of the ownership shall be reported to the IRGC delineating the percentage of ownership and the name, date of birth and social security number of the owner. Finally, the financing shall be subject to the same conditions as owners if such debt financing comes from any source other than public or regulated financial institutions. Failure to comply with this reporting requirement will subject the license to immediate revocation.



**4. The proposed schedule of excursion times and ports of calls are not approved, due to the constantly changing marketing environment. The Commission will approve time schedules and ports of call in October of 1990. The Commission will review schedules and ports of call on an annual basis.**

**5. Licenses are granted on the condition that future security requirements shall be willingly complied with.**

**6. Licenses are granted on the condition that accurate quarterly financial reports are submitted in a format provided by the staff for a period of 18 months beginning July 1, 1990. These reports will be designed to demonstrate the financial ability of the license holder to complete excursion boat start up and all shore developments. Failure to comply with this reporting requirement will subject the license to immediate revocation.**

**These conditions and any additional specific conditions for individual applicants shall be acknowledged and willingly accepted in writing by the principle of the operator and the non-profit group. Once the IRGC staff receives a written and notarized agreement to conditions and the necessary first year license fee, the physical license shall be issued and be valid. Each license will be issued for an initial period of three years beginning April 1, 1991.**



## **DUBUQUE RACING ASSOCIATION/DUBUQUE CASINO BELLE**

The approval of this application for riverboat license would necessitate the approval of the operator's agreement and the agreement with the City of Dubuque. The agreement with the City of Dubuque is not finalized. The City Council has given the document its primary approval and a public hearing is being held on March 19. Final approval would come subsequent to the hearing. I think it is fair for the Iowa Racing and Gaming Commission (IRGC) to assume that the agreement will be consummated as written but should condition the granting of the license upon that approval. Other than the need for final approval by the City Council on the city lease, it seems to be an excellent document and worthy of Commission approval. The other document we are approving prior to licensure is the operator's agreement between Dubuque Racing Association (DRA) and Dubuque Casino Belle (DCB). This agreement seems satisfactory. The DRA will receive a much larger share of the profits than any other of the applicants, but they are the only non-profit group that is investing substantial monies into the development (ice harbor) and that makes such a large percentage of the profits warranted. There is one troubling aspect of the agreement, that is the \$5 admission fee payable to DRA. Such a large admission fee could force the DCB to charge an unusually high amount for attendance on excursions. Such a high charge could create marketing disadvantages for DCB and needs to be closely monitored by the two entities. The Commission staff had asked for an expression of willingness to negotiate the \$5 fee downward from the DRA if market conditions dictate. The response from DRA was basically wishy-washy. In spite of this, the agreement is still approvable and the staff is willing to trust future judgement of DRA to make the right marketing decisions since they have shown a sensitivity to marketing in our past association with them while operating the Dubuque Greyhound Park.

### **STAFF RECOMMENDATION**

The staff recommends that the IRGC approve the operator agreement between DRA and Dubuque Casino Belle and that the IRGC approve the city lease as written. The staff further recommends that DRA/DCB be granted a license to operate an excursion gambling boat in the Dubuque area with the universal conditions expressed in the cover memo and a special condition that the license is granted based upon the city of Dubuque making final approval of the proposed lease as written. Failure to do so would reopen the licensing decision and be subject to further Commission approval.

## **RIVERBOAT DEVELOPMENT AUTHORITY/THE CONNELLY GROUP, L.P.**

To license this application, the approval of three documents is necessary. The first is the agreement between the operator and the non-profit group; second is the lease with the city of Davenport; and the final is the development agreement with the city of Davenport. The percentage of profits paid to the non-profit group in this application is low in comparison to all of the other applicants except one. The reason for this is that the operator has made a commitment



for approximately \$44.2 million in development in the community. However, in approving this agreement with the non-profit group, the IRGC assumes an obligation to do what it can to insure that the shore development proceeds as promised.

#### **STAFF RECOMMENDATION**

The staff recommendation is that the IRGC approve the lease with the city of Davenport. The IRGC should approve the development agreement with the city of Davenport. The staff further recommends that the IRGC approve the agreement between the non-profit group and the operator, but that approval shall be conditioned upon the operator complying with all aspects of the development agreement and that any future amendments to the development agreement or the invoking of paragraph 20 on page 34 of the development agreement shall reopen for approval the agreement between the operator and the non-profit group. Finally, the staff recommends that a license be granted to the Riverboat Development Authority/The Connelly Group, L. P. with the universal conditions expressed in the cover memo.

#### **SOUTHEAST IOWA REGIONAL RIVERBOAT COMMISSION/STEAMBOAT SOUTHEAST, INC.**

This application is the most straight forward of all applications received. There are several agreements that must be approved. The main agreement between the operator and the non-profit group seems to provide for adequate revenue to the non-profit group. This application does not anticipate any significant shore development other than facilities to accommodate the excursion gambling boat. This application is significant in the fact that three communities in southeast Iowa who in the past have been somewhat competitive with each other and now have joined together for the economic development of their region rather than their individual cities. Such cooperation deserves to be applauded.

#### **STAFF RECOMMENDATION**

The staff recommends approval of the agreement between the non-profit group and the operator and approval of the following documents: the lease with the city of Burlington; the development agreement with the city of Burlington; the lease/development agreement with the city of Fort Madison; the lease/development agreement with the city of Keokuk. Staff recommends that the IRGC approve the issuance of a license to Southeast Iowa Regional Riverboat Commission/Steamboat Southeast, Inc., for an excursion gambling boat in southeast Iowa subject to the universal conditions expressed in the cover memo with no special conditions attached.



## **RIVERBEND REGIONAL AUTHORITY/STEAMBOAT DEVELOPMENT CORPORATION**

This application is for two boats. One of which will be stationed exclusively in the Bettendorf area. The second will service three communities, those being Clinton, Bettendorf and Muscatine. This application has the smallest percentage of profit among the five applications to the non-profit group. However, similar to the Davenport application, the reason for such a small percentage of profit is that the operator has made a commitment for shore development in the Bettendorf area of approximately \$23.6 million. There are also several agreements that need to be approved.

### **STAFF RECOMMENDATION**

Staff recommends that the IRGC approve the following agreements: the Bettendorf lease; the Bettendorf development agreement; the Clinton lease; the Muscatine lease/development agreement. In addition, the staff recommends the approval of the agreement between the non-profit group and the operator but that approval shall be conditioned upon the operator complying with all aspects of the development agreement and that any future amendments to the development agreement shall reopen for approval the agreement between the operator and the non-profit group. Staff further recommends that a license to operate two excursion boats be issued to Riverbend Regional Authority/Steamboat Development Corporation subject to the universal conditions expressed in the cover memo.

## **MISSOURI RIVER HISTORICAL DEVELOPMENT, INC./MISSOURI RIVERBOAT ASSOCIATES, L.P.**

This application is very straight forward. The amounts of monies proposed in the agreement between the operator and the non-profit group seems to be fair and adequate. There are two agreements that need to be approved. The first being the agreement between the operator and the non-profit group. The second being the development agreement with Sioux City. There is a minor technical problem with the development agreement with Sioux City in the fact that their City Council has approved their agreement but it is subject to public hearing and a second vote of the City Council. This second vote is scheduled for March 7 and should mean that on March 8 the agreement will be consummated. One unique aspect of this application is the fact that financing is not assured and is subject to attracting investors once the license is issued. The applicant has stated that the minimum amount from investors will be \$4.5 million in equity and that upon issuance of a license, such money will be raised by April 1. In addition, there is one additional unique aspect of this application. The applicant has requested exclusive rights to operate excursion boat gambling on the Missouri River for a period of five years beginning April 1, 1991. The staff has reviewed this request and agrees with the need for some protection. The success of this venture depends heavily upon attendance from

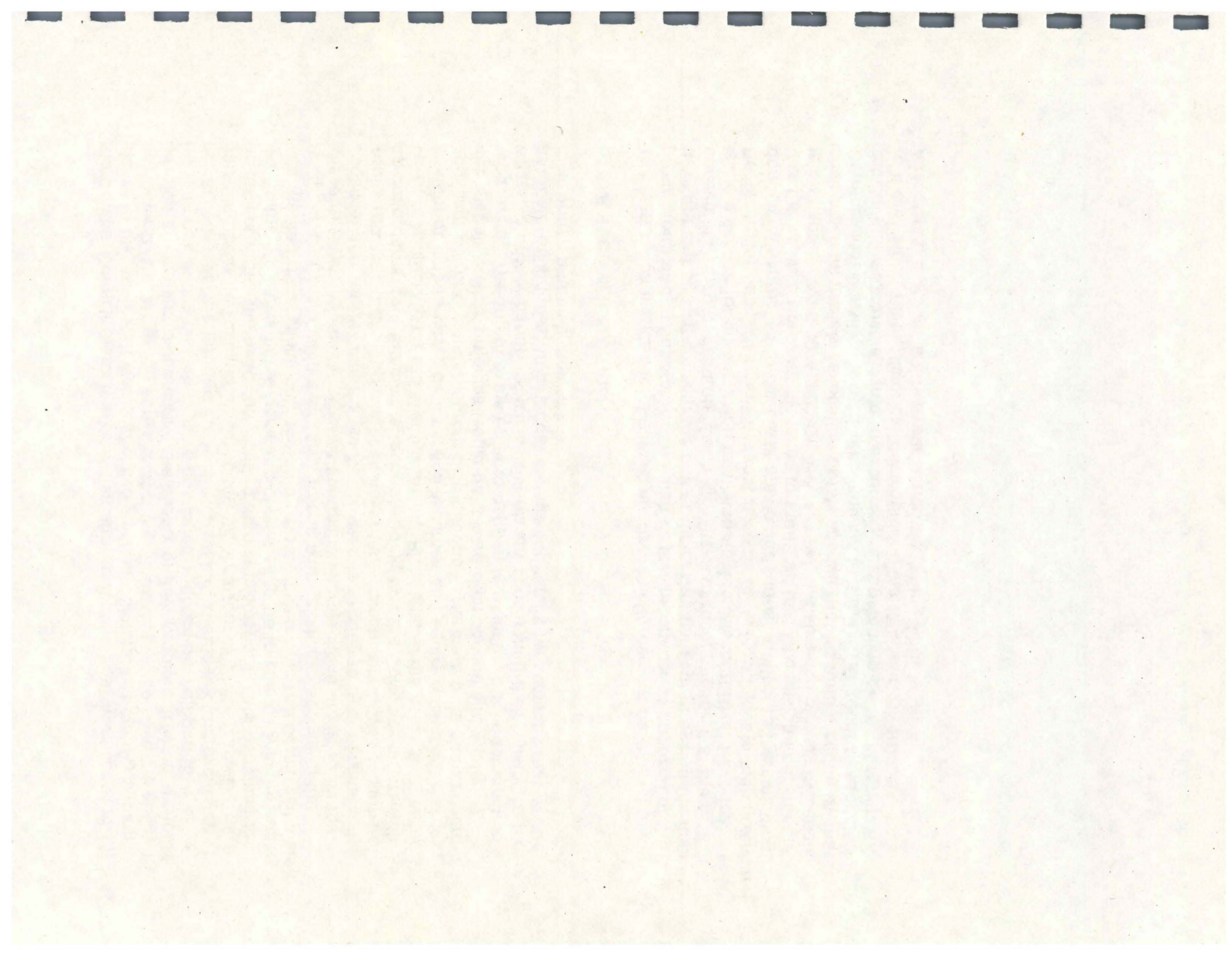


the Omaha/Council Bluffs market. If another excursion boat were licensed closer to that market, it would effectively prevent Sioux City from developing a customer base. By giving some protection, Sioux City would have the ability to develop a base and demonstrate the quality of their product. Then they would have a competitive chance to have continued success based upon their reputation developed during the exclusive period, should another excursion gambling boat be licensed closer to the Omaha/Council Bluffs market. There is precedent within the IRGC for granting market protection. This was done for the Prairie Meadows horse track and continues to be in effect. This protection was granted by a resolution adopted by the Commission. The Commission staff feels that five years is an excessive time to allow exclusive access to the Missouri River. We have reviewed the financial projections provided by the applicant and we feel that if all available cash is applied to debt service and equity repayment, the applicant can cover their investment in 2.85 seasons of operation, therefore the staff is recommending that the Commission grant three years of exclusivity on the Missouri River. Please note, the calculation of the amount of time to cover debt service assumes and equity repayment that the applicant will not make any profit distributions to partners or to general partners and that all available monies would go toward debt service and equity repayment. We do not expect that to happen in practice, but in determining what is a proper period for exclusivity we are considering their "ability" to pay not their "willingness" to pay debt service and equity repayment. That will be their option and also their risk.

#### **STAFF RECOMMENDATION**

The staff recommends that the IRGC approve the agreement between the non-profit group and the operator. The staff further recommends approval of the development agreement with the city of Sioux City (subject to seeing the final consummated agreement on March 8). The staff recommends that the IRGC issue a license for an excursion gambling boat to Missouri River Historical Development, Inc./Missouri Riverboat Associates, L. P., subject to the universal conditions expressed in the cover memo and further subject to the condition that the applicant present evidence to the IRGC that \$4.5 million in cash equity is on hand by April 30, 1990. On May 1, 1990, the absence of such evidence shall mean immediate revocation of this license with no further action by the Commission. Finally, the staff recommends that the IRGC adopt a resolution providing for exclusive rights to excursion boat gambling on the Missouri River to the Missouri River Historical Development, Inc./Missouri Riverboat Associates, L. P., for a three year period beginning April 1, 1990.



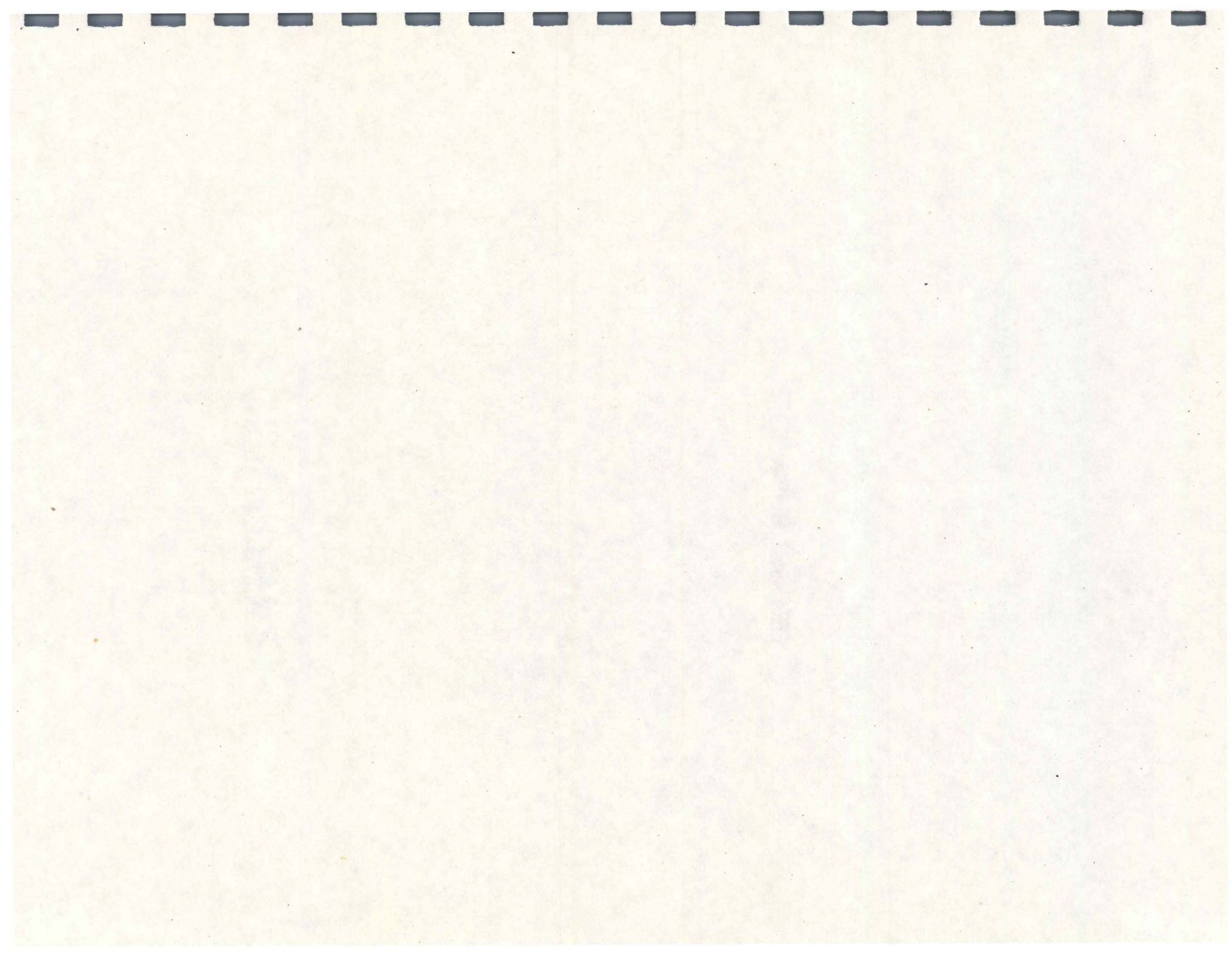




# **CHAPTER 2**

## **LICENSES ISSUED**







# DUBUQUE RACING ASSOCIATION DUBUQUE CASINO BELLE

## Non-Profit Group

Dubuque Racing Association  
David L. Clemens, President  
Reynolds and Kenline  
222 Fischer Building  
P.O. Box 239  
Dubuque, IA 52004  
(319) 556-8000

## Boat Operator

Dubuque Casino Belle  
Robert Kehl  
2nd Street Ice Harbor  
P.O. Box 419  
Dubuque, IA 52004  
(319) 583-1761

The Licensees are planning the construction of a boat that is expected to be certified by the U.S. Coast Guard for approximately 2,500 passengers. The boat has been named the "Dubuque Casino Belle."

The expected route of the "Dubuque Casino Belle" is the entire length of Dubuque County. She is expected to carry 520 slot machines and/or video games of chance, 22 blackjack tables, 2 craps tables and 2 roulette wheels.

Projections for the first full year of operations are based upon 388,080 total passengers (496 per excursion) and an average net win per passenger of \$23.23.

Based upon these estimates, the net gambling win would be \$9,015,098.

The total revenue returned to the state and community in 1992 is projected to be \$4,208,691, distributed as follows:

City of Dubuque	\$ 239,115
Dubuque County	45,075
Non-Profit Group	2,561,632
Gambler's Assistance	270,453
State General Fund	1,092,416

Not included in the above figures are admissions taxes and license fees returned to the state to off-set the cost of riverboat gambling regulation.



# SOUTHEAST IOWA REGIONAL RIVERBOAT COMMISSION STEAMBOAT SOUTHEAST, INC.

Non-Profit Group

Southeast Iowa Regional  
Riverboat Commission  
Gene Enke, President  
Box 247  
Ft. Madison, IA 52627  
(319) 372-3325

Boat Operator

Steamboat Southeast, Inc.  
Doug Kratz, Agent  
2333 Rockingham Road  
P.O. Box 3708  
Davenport, IA 52802  
(319) 383-0564

The Licensees are planning the construction of three identical boats. One of the boats will service the cities of Keokuk, Ft. Madison and Burlington; the other two boats will service the communities of Muscatine, Clinton and Bettendorf under the license held jointly by Riverbend Regional Authority and Steamboat Development Corporation, an affiliated corporation of Steamboat Southeast, Inc.

Each of the three boats are expected to be certified by the U.S. Coast Guard for approximately 1,000 passengers. The boats will be known as the "Lady" line, with "Diamond Lady", "Emerald Lady", and "Golden Lady," tentatively chosen as names for the boats.

The boat operated under this license will travel between the three cities of Keokuk, Ft. Madison and Burlington. Current plans are to dock the boat at Keokuk during the off-season. She is expected to carry 300 slot machines and/or video games of chance and 15 table games.

Projections for the first full year of operations are based upon 300,360 total passengers (263 per excursion) and an average net win per passenger of \$25.00. Based upon these estimates, the net gambling win would be \$7,509,000.

The total revenue returned to the state and community in 1992 is projected to be \$1,677,7001, distributed as follows:

Cities of Ft. Madison, Keokuk and Burlington	\$187,725
Des Moines and Lee Counties	37,545
Non-Profit Group	375,720
Gambler's Assistance	225,270
State General Fund	851,400

Not included in the above figures are admissions taxes and license fees returned to the state to off-set the cost of riverboat gambling regulation.



# RIVERBEND REGIONAL AUTHORITY STEAMBOAT DEVELOPMENT CORP.

## Non-Profit Group

Riverbend Regional Authority  
Don Lee Rinehart, President  
1501 12th Avenue North  
Clinton, IA 52732  
(319) 242-5702

## Boat Operator

Steamboat Development Corp.  
Doug Kratz, Agent  
2333 Rockingham Road  
P.O. Box 3708  
Davenport, IA 52802  
(319) 383-0564

The Licensees are planning the construction of three identical boats. One of the boats will service the cities of Keokuk, Ft. Madison and Burlington; the other two boats will service the communities of Muscatine, Clinton and Bettendorf under the license held jointly by Riverbend Regional Authority and Steamboat Development Corporation, an affiliated corporation of Steamboat Southeast, Inc.

It is expected that the two boats operated under this license will either run a route between Muscatine, Clinton and Bettendorf, or a local route within Scott County. One of the boats will be docked in Bettendorf during the off-season. The docking location of the second boat has not yet been determined.

Each of the three boats are expected to be certified by the U.S. Coast Guard for approximately 1,000 passengers. The boats will be known as the "Lady" line, with "Diamond Lady", "Emerald Lady", and "Golden Lady," tentatively chosen as names for the boats.

Each of the two boats operated under this license is expected to carry 300 slot machines and or video games of chance and 15 table games.

Projections for the first full year of operations are based upon 600,720 passengers (263 per excursion) and an average net win per passenger of \$25.00. Based upon these estimates, the net annual gaming win would be \$15,018,000. This would generate a return to the state and community of \$3,304,680, distributed as follows:

Cities of Muscatine, Clinton and Bettendorf	\$ 375,450
Clinton, Muscatine and Scott Counties	75,090
Non-Profit Group	350,720
Gambler's Assistance	450,540
State General Fund	2,052,880

Not included in the above figures are admissions taxes and license fees returned to the state to off-set the cost of riverboat gambling regulation.



# MISSOURI RIVER HISTORICAL DEVELOPMENT MISSOURI RIVERBOAT ASSOC.

## Non-Profit Group

Missouri River Historical Development  
Betty Strong, President  
1221 Hill Avenue  
Sioux City, IA 51104  
(712) 258-1070

## Boat Operator

Missouri Riverboat Assoc.  
John Schegan, Partner  
Fried, Schegan and Associates  
3604 4th Avenue  
San Diego, CA 92103  
(619) 297-8311

The Licensees are planning the construction of a boat that is expected to be certified by the U.S. Coast Guard for approximately 1,000 passengers. The boat has been tentatively named the "Iowa Queen," although a naming contest may be conducted.

The expected route of the "Iowa Queen" is to be 6 to 7 miles south of its docking location and back. She is expected to carry 280 slot machines and/or video lottery machines, 12 blackjack tables, 1 craps table and 1 roulette wheel.

Projections for the first full year of operations are based upon 435,300 total passengers (568 per excursion) and an average net win per passenger of \$24.50.

The total revenue returned to the state and community in 1992 would be \$2,626,570, distributed as follows:

City of Sioux City	\$ 270,974
Woodbury County	270,974
Non-Profit Group	408,300
Gambler's Assistance	319,946
State General Fund	1,356,376

Not included in the above figures are admissions taxes and license fees returned to the state to off-set the cost of riverboat gambling regulation.



# RIVERBOAT DEVELOPMENT AUTHORITY THE CONNELLY GROUP

## Non-Profit Group

Riverboat Development Authority  
Mary Ellen Chamberlin, President  
709 Grand Avenue  
Davenport, IA 52803  
(319) 324-9578

## Boat Operator

The Connelly Group  
Pittsburgh, Pennsylvania  
Ed Eilers, Agent  
1401 Walnut Street  
Philadelphia, PA 19102  
(215) 568-6060

The Licensees are planning the renovation of "The President", which is currently docked in St. Louis. This is the largest riverboat currently in service. When completed, it is expected to be certified by the U.S. Coast Guard for approximately 3,000 passengers.

The expected route of "The President" is within the borders of Scott County. She is expected to carry 620 slot machines and/or video games of chance, 32 blackjack tables and 2 craps tables.

Projections for the first full year of operations are based upon 767,000 total passengers (808 per excursion) and an average net win per passenger of \$45.00.

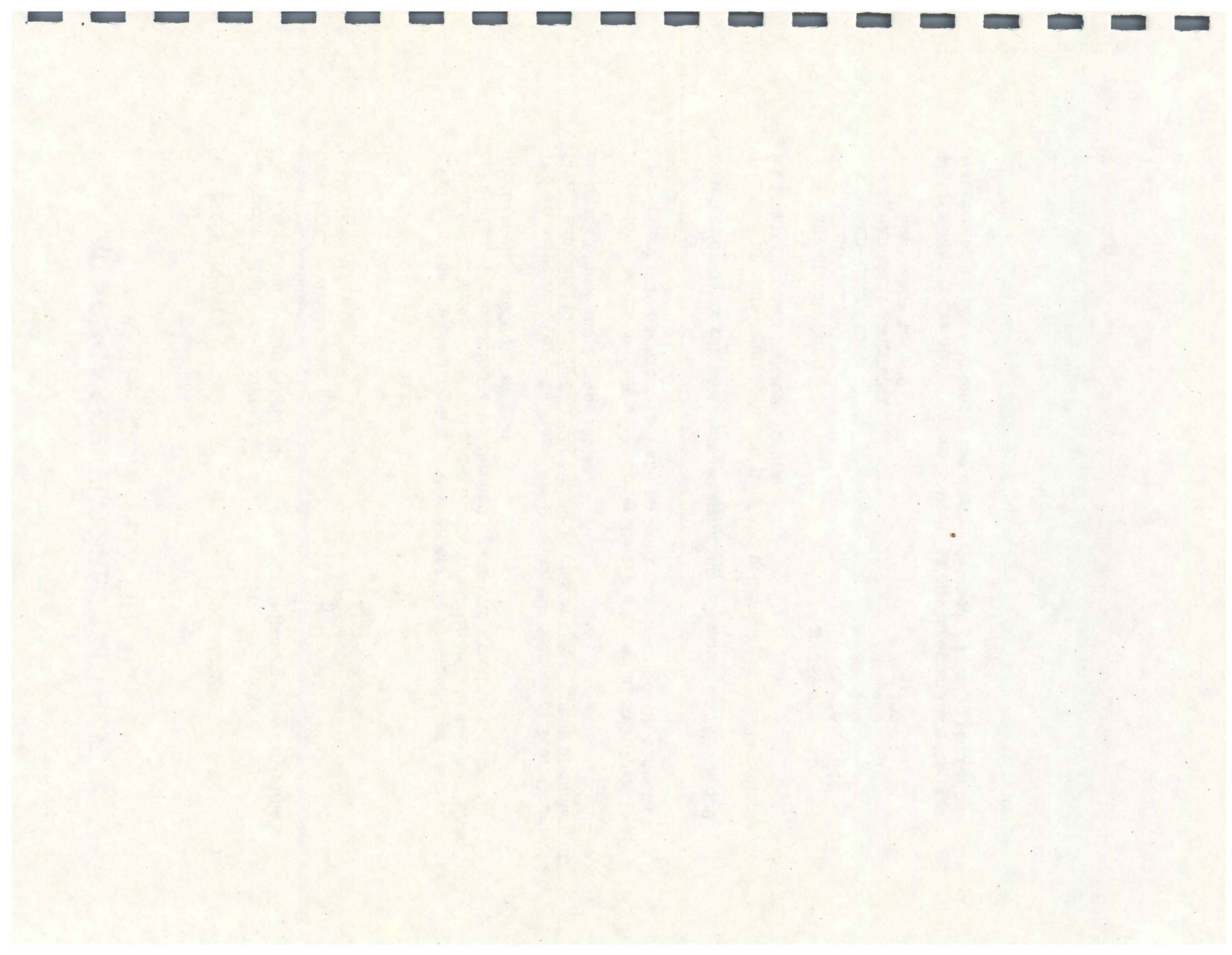
Based upon these estimates, the net gambling win would be \$37,966,500.

The total revenue returned to the state and community in 1992 is projected to be \$7,837,000, distributed as follows:

City of Davenport	\$ 556,075
Scott County	172,575
Non-Profit Group	900,500
Gambler's Assistance	1,035,450
State General Fund	5,172,400

Not included in the above figures are admissions taxes and license fees returned to the state to off-set the cost of riverboat gambling regulation.



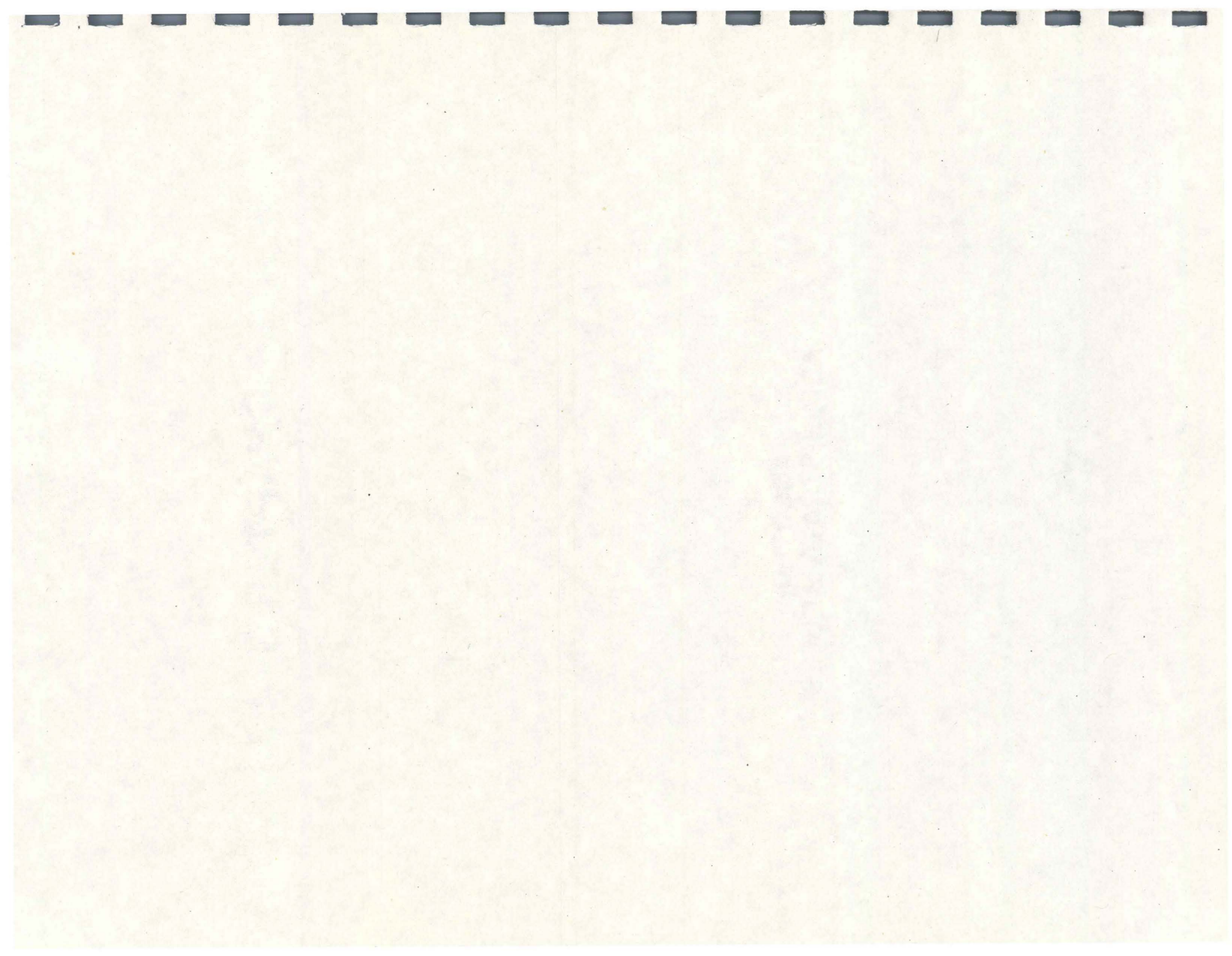




# **CHAPTER 3**

## **ADOPTED ADMINISTRATIVE RULES**







**CHAPTER 20**  
**APPLICATION PROCESS FOR EXCURSION GAMBLING BOATS**

**491-20.1 to 20.9 Reserved**

**491-20.10(99F) Application-general.**

**20.10(1) Qualified applicant.** The term "applicant" as used in 491- Chapters 20 and 21 shall refer to the qualified nonprofit corporation and the boat operator if different than the qualified nonprofit corporation.

a. Any qualified nonprofit corporation, may apply to the commission for a license to conduct casino gambling on qualified excursion gambling boats. The application shall be filed with the administrator of the commission at least 60 days before the first day of casino gambling which the nonprofit corporation or association proposes to conduct.

b. Any boat operator that enters into a management contract or operation agreement with a qualified nonprofit corporation may apply to the commission for a license to operate an approved excursion gambling boat. The operator shall be subject to the same conditions of licensing, statutory provisions and administrative rules as the qualified nonprofit applicant and licensee. An application submitted by a qualified nonprofit corporation in conjunction with a boat operator shall be considered to be one application.

**20.10(2) Licensing condition.** Every license to conduct casino gambling or to operate a gambling boat is granted upon the condition that the license holder shall accept, observe and enforce the applicable laws of the state of Iowa, including the rules and orders of the commission, as well as all applicable federal and local statutes, ordinances and regulations. Applicants are hereby put on notice that license holders are accountable for the conduct of their officers, agents and employees. The commission reserves the right to impose penalties, up to and including license revocations, against the license holder or its officer, agent, or employee, or both as the commission determines is appropriate in the circumstances of a given situation.

**20.10(3) Construction of rules.** These rules shall be construed in accordance with generally accepted rules of construction, and

a. Nothing contained in these rules shall be construed to conflict with any provision of the Excursion Gambling Boat Act or any applicable statute.

b. If any provision of these rules be held invalid, it shall not invalidate any other provisions of these rules.

**20.10(4) Granting a privilege.** An application for a casino gambling license on excursion gambling boats is seeking the granting of a privilege. The burden of proving qualifications for the privilege to receive any license is on the applicant at all times. An applicant must accept all risks of adverse public notice, public opinion, embarrassment, criticism, or financial loss which may result from action with respect to an application. An applicant, its officers, directors, shareholders, partners



and personnel members, expressly waives any claim for loss, expense or damage, against the Iowa racing and gaming commission, its members, staff and personnel, resulting from the application process. Applicants further covenant and agree to hold harmless and indemnify the Iowa racing and gaming commission from any claim arising from any action of the commission in connection with that application.

**20.10(5) Application criteria.** An application for excursion boat gambling shall be filed using forms provided by the commission. The proposals of the applicant shall conform to Chapter 99F and the following operational criteria:

a. Each fiscal year, beginning July 1, 1990, the commission shall collect an admission fee of 50 cents for the first 500,000 persons embarking on each excursion gambling boat with a ticket of admission.

b. The casino shall be limited to 30 percent of the total accessible area of the boat including, but not limited to: patron areas, administrative areas, kitchens, engine rooms, crew areas, open top decks, surveillance areas and walkways.

c. Dice, roulette, twenty-one and big six (roulette) will be allowed as table games. Slot machines, progressive slot machines, video poker and all other video games of chance will be allowed as machine games subject to approval of individual game prototypes.

d. A minimum of one table game will be offered for every 20 machine games offered.

e. The minimum payout on each machine game shall be 80 percent. A weighted average payout of all machine games shall be posted at the point of ticket sales.

f. Wagering is allowed to exceed \$5 per hand on twenty-one when traditional insurance, doubling or splitting of hands occur. Each wager at dice shall be considered a separate play when enforcing the wagering limit of \$5. A wagering limit of \$6 shall apply to individual place bets on the numbers six and eight at the dice table.

g. There will not be a mandated minimum admission fee.

h. The acceptance of personal checks and credit cards will be allowed.

i. Qualified excursions, during all seasons, shall consist of a minimum three hour period during which admissions from that port of call are prohibited. Qualified excursions shall actually be in transit for two hours during the regular excursion season. The number of excursions per day is not limited. However, more than four excursions daily will need special approval. An excursion gambling boat must operate a qualified excursion for 120 days during the excursion season to operate during the off-season.

j. The minimum capacity necessary for an excursion gambling boat to be eligible for licensure is 500 persons with a ticket of admission.

k. A qualified sponsoring organization may apply for a license for more than one boat with identical or different operators. Each request for a boat will be considered a separate application for purposes of these rules.

l. Licenses will be issued for an original three year period and subject to annual renewals thereafter.



m. An on line computer system to track slot machine data will be required.

**20.10(6) Terms.** For purposes of these rules, the terms "stock" and "stockholder" shall also be defined as meaning "members" and "membership interest in" for nonprofit corporations organized under Iowa Code, chapters 504A and 504B.

**20.10(7) Confidentiality.** Applicants shall designate those portions of the application which they wish the commission to keep confidential. The commission staff will review any request for confidentiality and shall only grant the request if it complies with Iowa Code chapter 22.7. Nothing in this rule shall be construed as to limit access to public records as defined in chapter 22 of the Iowa Code.

**20.10(8) Commission action on application.** The commission may grant a license to conduct excursion gambling conditioned upon specific performance within specific time periods of actions or involvement as proposed. If performance required by the commission has not occurred within the time frame established, the commission may revoke the license.

**20.10(9) Notice of Hearing.** Notice of hearing will be given by letter to all applicants for excursion gambling boat licenses. This notice will identify the time and place when their applications will come before the commission for review and consideration. The applicants are required to attend the meeting of the commission. They may be represented at the meetings by an attorney or agent. The commission will notify the applicant in writing of the disposition of the application.

**20.10(10)** All applicants shall sign and verify the application. It is grounds for denial of an application for a license, for the imposition of a fine, or for the suspension or revocation of a license for any person to make or fail to make any statement of material fact in any application, notice, statement or report filed with the commission, if the presence or absence of the statement could confuse or mislead the commission.

**491-20.11(99F) Items included in application.**

**20.11(1) Balance sheets and profit and loss statements.** The applicant shall attach to the application, balance sheets and profit and loss statements for each of the three fiscal years immediately preceding the application, or for the period of organization if less than three years. If the applicant has not completed a full fiscal year since its organization or if it acquires or is to acquire the majority of its assets from a predecessor within the current fiscal year, the financial information shall be given for the current fiscal year. If the applicant is a subsidiary organization, the applicant shall submit the appropriate balance sheets and profit and loss statements for all subsidiary organizations of the applicant. Balance sheets, profit and loss statements, and all other financial statements required herein shall be prepared, audited and certified by independent, certified public accountants in accordance with generally accepted accounting procedures and practices accepted on a consistent basis. Any report containing exceptions of a material nature will not be considered to be certified.



**20.11(2) Loans and legal actions.** The applicant shall state all loans by applicant and describe fully the name of the borrower, amount of the loan, collateral, and terms. The applicant shall briefly describe any pending legal proceedings to which the applicant or any of its subsidiaries, partners or parent corporation is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, and the principal parties thereto.

**20.11(3) Owning an interest.** State if the applicant, its directors, officers, policy-making manager, partners or stockholders have owned an interest in any firm, partnership, association, or corporation previously licensed by the Iowa racing and gaming commission or are now or have been engaged in the business of racing or gaming outside of the state of Iowa.

**20.11(4) Contracts.**

a. Management contracts between a proposed or licensed qualified organization and another organization, including a for-profit organization, are permitted. Such contracts must contain the following provisions:

(1) The contract and any future amendments thereto must be subject to the approval of the Iowa racing and gaming commission.

(2) The contract must preclude the operator, its officers, directors, partners and shareholders from having a share, percentage or proportion of the money received for admissions to the excursion gambling boat.

(3) The contract must state that both parties jointly accept the responsibility for compliance with the laws of Iowa and the rules of the commission.

(4) The contract must contain a provision allowing the full verification of contract compliance for both parties and remedies if either party is not in compliance.

(5) The contract must prohibit the subcontracting of any duty related to casino gambling.

b. The applicant shall state all contracts by the applicant entered into within the year preceding the date of application and all executory contracts not otherwise described pursuant to these rules in which the annual consideration exceeds \$50,000 and describe fully, including the duration, the names of the parties to the contract, amount of consideration and terms.

**20.11(5) Direct remuneration.** As used in this paragraph, direct remuneration shall include salary, retirement benefits, dividends, automobiles furnished, expenses reimbursed, and all other sums paid for the benefit of the officer, director or other recipient. The applicant shall list all direct remuneration paid by the applicant and its subsidiaries, or parent corporation if any, during the applicant's last fiscal year to:

a. Each director and officer of the applicant whose aggregate direct remuneration exceeded \$10,000 naming each person;

b. All directors of the applicant as a group naming each person;

c. All officers of the applicant as a group naming each person;

d. All other persons whose aggregate remuneration, related to excursion boat gambling, exceeds \$10,000 naming each person.



**20.11(6) Distribution of receipts.** The qualified sponsoring organization shall provide a certification describing how all receipts, after deductions allowed in 99F.6(4), will be distributed. The certification shall be subscribed and sworn to in the presence of a licensed notary public.

**491-20.12(99F) Proposed excursion route and docking facilities.**

**20.12(1)** Every application to become a license holder shall contain the following information about the number of excursions, docking locations and physical plants:

- a. State the county or counties and docking locations.
- b. State whether or not applicants' docking locations are in counties that have conducted a referendum with an affirmative vote pursuant to 99F7(10), and state the percentage of the affirmative vote.
- c. Give actual boat blueprints, including a layout of each deck stating the projected use of each area.
- d. State whether the excursion gambling boat has been or will be certified by the United States Coast Guard.
- e. Set forth the proposed route to be taken during the excursion, identifying the body of water, and include any relevant Army Corps of Engineer data or Iowa department of natural resources data on that body of water. Set forth the dates, number of excursions per day, and include proposed length of the excursions and estimated time that the boat will be in transit along the proposed route. If applicable, the applicant shall demonstrate compliance with Iowa Code section 99F.7(14).
- f. State the total estimated cost of construction or renovation of the excursion gambling boat and shore and dock facilities, proposed by this application, distinguishing between known costs and projections, and separately identify:
  - (1) Facility design expense;
  - (2) Land acquisition costs;
  - (3) Site preparation costs;
  - (4) Excursion gambling boat construction cost or renovation cost;
  - (5) Equipment acquisition cost;
  - (6) Cost of interim financing;
  - (7) Organization, administrative and legal expenses;
  - (8) Projected permanent financing costs.
- g. Set forth the construction schedule proposed for completion of the facility; include therein an estimated date of project completion. Indicate whether the construction contract includes a performance bond.
- h. State the source or sources of funds for the construction of the facility proposed by this application. Identify and document the following:
  - (1) Each source of equity contribution and the amount of such contribution and the present commitment, if any, received for each funding contribution;
  - (2) Each source of debt contribution, and the amount of such contribution and the present commitment, if any, received for such financing.
- i. State the number of miles from the nearest population center, and describe briefly the transportation facilities serving that population's



center.

j. Names and addresses of all persons holding an equity interest in the boat, shore and docking facilities, all personal property or equipment on the boat and docking facilities.

k. Describe the casino size and configuration of slot machines, video games of chance and table games.

l. Describe the on-shore facilities and type of construction. Submit at least one copy of architect's plans or renderings showing detail of any proposed construction, or existing structure to be used.

m. Describe the space set aside in both the shore location and the excursion gambling boat designated as office space for commission staff and the division of criminal investigation office. This space should be adequate to accommodate both agencies.

n. State the availability of fire protection and the adequacy of law enforcement on the boat, both at the docking facilities and along the proposed excursion route.

o. Indicate the parking lot capacity and describe the construction and type of parking facilities.

p. Describe the arrangements for food and drink concessions, indicating the names and addresses of concessionaires and the terms of the concession contracts.

q. Indicate the type of slot machines and video games of chance to be used; also, indicate the proposed distributors and manufacturers of this equipment.

r. Provide evidence that the proposed excursion gambling boat, as nearly as practicable, resembles Iowa's riverboat history.

s. Describe the physical location, size and floor plan of the section of the excursion gambling boat reserved for patrons under 21 years of age. Provide plans for activities and staffing of this section.

t. Describe the physical location, size and floor plan of the section reserved for the promotion and sale of Iowa arts, crafts and gifts native to Iowa.

**20.12(2) Reserved**

**491-20.13(99F) Excursion gambling boat and casino operation.**

**20.13(1)** Every application to become a license holder shall contain the following information about the excursion gambling boat and casino operations:

a. Indicate by actual date the excursion days and times requested by the applicant, and periods of time that the casino will be in operation.

b. Indicate the kind of games to be conducted in the casino.

c. Describe the proposed management of the facility, management personnel by function and, with respect to personnel, furnish personal history resumes on forms provided by the commission. Information for background investigations must be submitted to department of criminal investigation on department of criminal investigation forms. Attach a copy of any written contract or describe the terms of any oral agreement between applicant and the employee.

d. Provide financial projections reflecting the development period and



the first five succeeding years. Show the number of excursion days needed to break even and the optimum number of operation days the applicant seeks. Include any and all known feasibility studies made available to the applicant which have been done on the type of gaming in the particular locale where the applicant intends to conduct excursion boat gambling.

e. Describe plans for the drug testing of pilots, captains, and physical operators of the excursion gambling boat.

f. Provide documentation describing the coordination with department of economic development to promote tourism throughout Iowa. Describe specific plans and resources to be devoted to such promotion.

g. Describe procurement policies that emphasize the utilization of Iowa employees, resources, goods and services in the operation of the excursion gambling boat.

**20.13(2) Reserved**

**491-20.14(99F) Economic, demographic and other.**

**20.14(1) Every application to become a license holder shall contain the following economic, demographic, and miscellaneous information:**

a. Describe briefly climatic conditions prevalent during the proposed excursion and off-season, that may affect boat operation.

b. Indicate the population of the local area and the growth trend. Indicate potential markets including tourists, transients, and patrons from neighboring areas.

c. Indicate the principal sources of local income, showing the percentage from farming and ranching, industrial, professional and services, and military and other governmental sources.

d. Indicate the effect of competition in and out of state, with pari-mutuel tracks, casino operations, Indian gaming and other sports or recreational facilities in the area. State in detail what effect the competition from other excursion gambling boats will have on the availability of personnel and economic success of the operation.

e. Indicate what effect opposition from area residents will have on the economic outlook for the proposed excursion gambling casino boat operation.

f. Commission approval of sale. In the event any ownership interest, whether majority or less, of any corporation or partnership holding a license for excursion boat gambling from the commission is to be conveyed, no sale or conveyance shall take effect until approval is obtained from the Iowa racing and gaming commission. The application of the purchaser for the permission and approval of the racing and gaming commission shall contain, where applicable, the same information as is required to be furnished under Iowa Code chapter 99F and these rules.

g. Application after denial or revocation. Any application for a excursion gambling boat license which has been denied or revoked is not eligible to apply again for licensing until after expiration of one year from the date of such denial or revocation, unless the commission advises that the denial is without prejudice.



**20.14(2) Reserved**

**491-20.15(99F) Duties and obligations of nonprofit applicant and proposed operators**

**20.15(1) Gratuities prohibited.** For purposes of this rule, the term "lineal heir" means parent, child or grandchild. No applicant, officer, director, or stockholder of the applicant, nor any director of any corporation which is a stockholder of the applicant, nor any spouse or lineal heir of any such person, nor any corporation in which the applicant or an officer, director, or stockholder of the applicant holds stock, shall directly or indirectly, in the name of or on behalf of the applicant, promise or offer to give or cause or procure to be promised, offered or given, any money, goods, present, or reward, or any promise, contract, undertaking obligation or security for the payment or delivery of any goods, money, present, or reward or any other thing of value whatsoever with the intent to influence the action or decision of any such person on any question, matter, cause or proceeding concerning the applicant, which may be pending or which may in the future be brought before any such person in an official capacity. This includes but is not limited to:

- a. Any member of the commission
- b. Any officer, agent or employee of the state of Iowa or a political subdivision of the state
- c. Any person who is a candidate for public office in the state of Iowa
- d. Any spouse, lineal heir, or employee of any of the persons listed in paragraph "a," "b," or "c" of this subrule.

**20.15(2) Powers of the commission.** Without in any way limiting the powers of the commission, the commission may provide:

- a. That a time period be accelerated or extended; or
- b. That the processing of an application or to the granting of an approval, subject to such conditions as the commission may deem appropriate.

**20.15(3) Evidence of character and reputation.** The commission will not issue a license to an applicant if there is substantial evidence that the officers, directors, partners or shareholders of the applicant are not of good repute and moral character. Any evidence concerning an officer's, director's, partner's or shareholder's current or past conduct, dealings, habits, or associations which is otherwise relevant to that individual's character and reputation may be considered. The commission may consider all relevant facts surrounding alleged criminal or wrongful conduct resulting in the filing of criminal charges, a conviction, nolo contendere, no contest or Alford pleas entered by the applicant or operator in any court or administrative proceedings. A criminal conviction of an individual will be conclusive evidence that the individual committed the offense for which the individual was convicted, but this does not preclude the commission from considering evidence that the individual committed additional offenses. The commission will decide what weight and effect evidence about an officer, director, partner or shareholders should have in the determination of whether there is substantial evidence that the individual is not of good reputation and character. Officers,



directors, partners and shareholders who have a significant interest in the management, ownership, operation, or success of an application may be held to a more stringent standard of conduct and reputation than others with a less significant interest or role in such matters.

**491-20.16(99F) Commission approval of contracts.** No applicant or licensee shall enter into any contract in which the annual consideration exceeds \$50,000 without first submitting advance written notice thereof to the commission and obtaining commission approval therefore.

**491-20.17(99F) Availability of minutes.** Minutes of the meetings of partners, stockholders and directors of the applicant or thereafter licensee shall be made available to the commissioners, but copies thereof need not be filed as a matter of record in the office of the commission.

**491-20.18(99F) Leased facilities.** If any applicant for a license will lease an excursion gambling boat facility from another entity, the lessor shall be required to provide the same information required by these rules to the commission including copies of all leases, agreements and contracts of any nature between the lessor entity and the applicant.

**491-20.19(99F) Additional information as required.** The commission may require any additional information it deems necessary from the applicant for the purpose of ruling on the license application.

**491-20.20(99F) Distribution of applications and fees.** The original and five copies of all applications, notices and other matters required by these rules, shall be filed with the Racing and Gaming Commission Office, Lucas State Office Building, Des Moines, Iowa 50319. One additional copy shall be submitted to each commissioner at the address of record on file in the office of the commission. The applicant shall pay a nonrefundable application fee to offset the commission cost for processing the application in the amount of \$25,000; however, the fee shall be \$5,000 for the second application involving the same operator and the same qualified sponsoring organization. Additionally, the applicant will remit an investigative fee of \$15,000 to the department of public safety to do background investigations as required by the commission. The department of public safety shall bill the applicant/licensee for additional fees as appropriate and refund any unused portion of the investigative fee within 90 days after the denial or excursion gambling boat begins operation. Customarily used documentation by department of public safety will be the basis determining cost of background investigation. All applications, notices and other matters shall be verified, under oath, and all copies shall be manually signed in ink.

These rules are intended to implement Chapter 99F.



**CHAPTER 21**  
**CRITERIA FOR GRANTING AN EXCURSION GAMBLING BOAT LICENSE**

**21.1 to 21.9 Reserved**

**491-21.10(99F) In general.** This chapter sets forth criteria which the commission will consider when deciding whether to issue a license to conduct casino gambling on an excursion gambling boat on Iowa jurisdiction bodies of water. The various criteria set forth may not have the same importance in each instance and other factors may present themselves in the consideration of an application or applications for a license. The criteria are not listed in any order of priority.

**21.10(1) Compliance with Iowa Code section 99F.4.** The commission will consider whether or not the applicant is and has been in compliance with the terms and conditions specified in Iowa Code section 99F.4.

**21.10(2) Revenue provided by facility.** The commission will consider the amount of revenue to be provided by the proposed facility to the state and local communities through direct taxation on its operation and indirect revenues from tourism, ancillary businesses, creation of new industry, and taxes on employees and patrons.

**21.10(3) Boat viable and properly financed.** The commission will consider whether the proposed boat is economically viable and properly financed.

**21.10(4) Adequate security.** The commission will consider whether the proposed boat is planned in a manner which provides adequate security for all aspects of its operation and for the people working, visiting, or traveling on the boat.

**21.10(5) Efficient and safe operation.** The commission will consider whether the proposed boat is planned in a manner which promotes efficient and safe operation of all aspects of its facility including, but not limited to, docking facilities, all areas of boat concession areas, and casino management areas.

**21.10(6) Efficient, safe and enjoyable for patrons.** The commission will consider whether the proposed boat is planned in a manner which promotes efficient, safe, and enjoyable use by patrons including, but not limited to, boat structure, parking facilities, concessions, the casino, access to cashier windows, and restrooms.

**21.10(7) Compliance with applicable state and local laws.** The commission will consider whether the proposed boat is in compliance with applicable state and local laws regarding fire, health, construction, zoning, and other similar matters.

**21.10(8) Employ appropriate persons.** The commission will consider whether the applicant will employ the persons necessary to operate the boat in a manner consistent with the needs, safety, and interests of all persons who will be on the boat.

**21.10(9) Population of area boat will serve.** The commission will consider the population of the area to be served by a boat together with location of other boats within and without the state of whatever nature.

**21.10(10) Community support.** The commission will consider support



within the community in which a proposed excursion gambling boat is to be located for the promotion and continuation of excursion gambling boat gambling.

**21.10(11) Character and reputation.** The commission will consider the character and reputation of all persons identified with the ownership and operation of the excursion gambling boat or licensed business, and their capability to comply with the rules of the commission and the Iowa Code.

**21.10(12) Promote gaming industry.** The commission will consider whether the proposed operation would serve to promote the gaming industry in Iowa and provide high gaming integrity in Iowa.

**21.10(13) Economic development.** The commission will consider whether the proposed operation will maximize economic development.

**21.10(14) Tourism.** The commission will consider whether the proposed operation is beneficial to Iowa tourism.

**21.10(15) Employment opportunities.** The commission will consider the number and quality of employment opportunities for Iowans created and promoted by the proposed operation.

**21.10(16) Sale of Iowa products.** The commission will consider how the proposed operation will promote the development and sale of Iowa products.

**21.10(17) Shore development.** The commission will consider the amount and type of shore developments associated with the excursion gambling boat project.

**21.10(18) Miscellaneous.** The commission will consider such other factors as may arise in the circumstances presented by a particular application.

**491-21.11(99F) Limited number of licenses.** If the commission receives applications for excursion gambling boat casinos, all of which cannot be granted in the best interests in the state of Iowa, it will consider which of the applications best promotes the considerations set forth in rule 491-21.10(99F)

**21.11(1) Affirmative responsibility to establish qualifications.** It shall be the affirmative responsibility and continuing duty of each applicant and licensee to produce such information, documentation and assurances as may be required to establish by clear and convincing evidence the applicant's qualifications in accordance with the Act and commission rules. No application shall be granted to any applicant who fails to prove qualifications for an application.

**21.11(2) Duty to disclose and cooperate.** It shall be the affirmative responsibility and continuing duty of each applicant, licensee, boat operator, and person required to be qualified to provide all information, documentation and assurances pertaining to qualifications required or requested by the commission and to cooperate with the commission in the performance of their duties. Any refusal by any person or corporate entity to comply with a request for information from the commission or its staff, evidence or testimony shall be a basis for denial, revocation or disqualification. No license shall be granted to any applicant who fails to provide information, documentation and assurances required by or



requested by the commission or who fails to reveal any fact material to qualification.

**491-21.12(99F) Licensing of a natural person under the age of 21.** The commission will not ordinarily grant an occupational license to an individual under 21 years of age, if the job duties applied for are directly related to gaming areas.

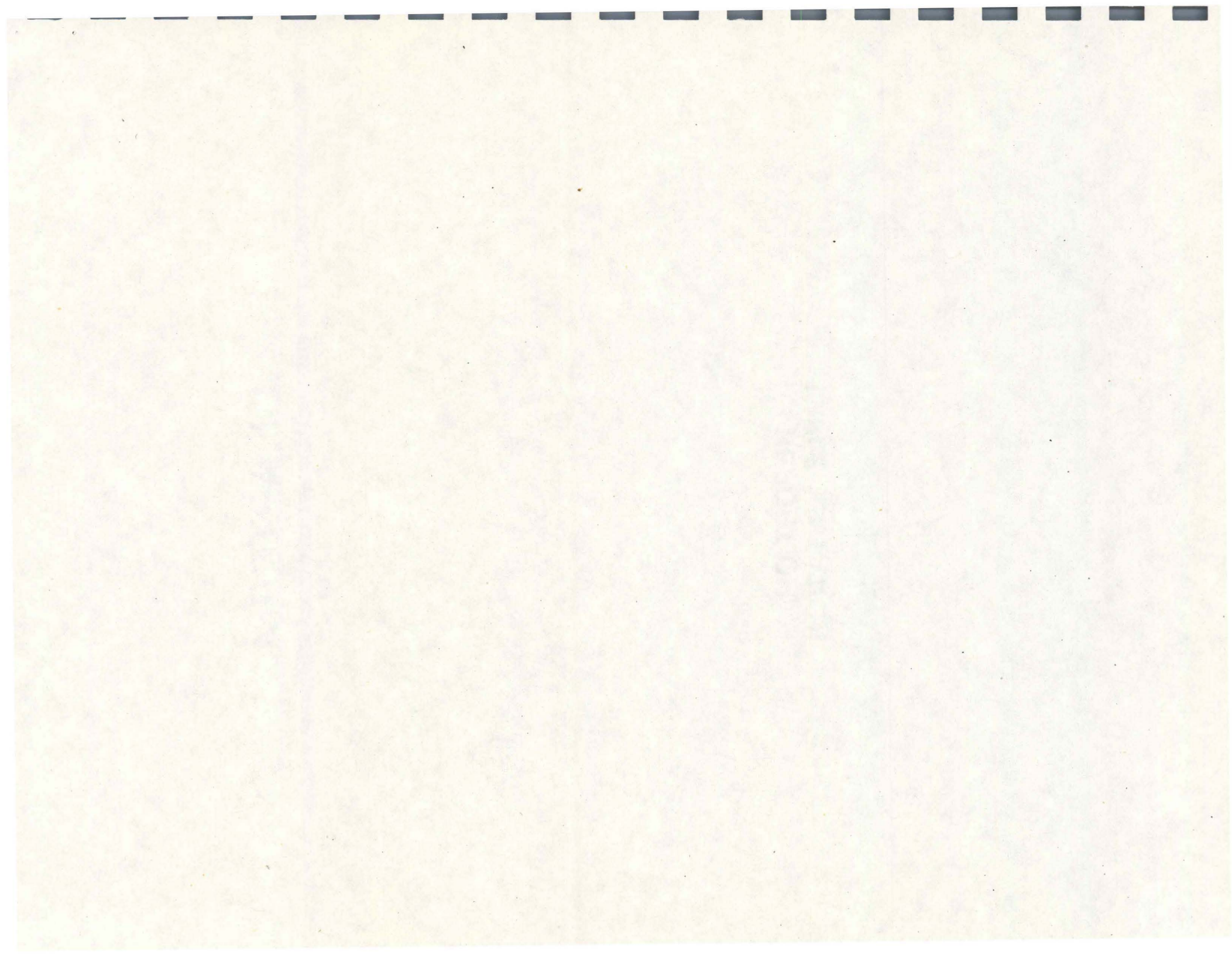
These rules are intended to implement Chapter 99F.



# **CHAPTER 4**

## **REPORT ON IMPLEMENTATION**









TERRY E. BRANSTAD, GOVERNOR

RACING AND GAMING COMMISSION  
MICK LURA, ADMINISTRATOR

**TO: Mick Lura**  
**FROM: Chuck Patton**  
**SUBJECT: Report on Riverboat Gambling Implementation**

**The purpose of this memorandum is to report on the status of riverboat and vendor licensing.**

**As you know, in May of 1989 a plan and timetable (see page 31) was developed for issuing licenses that included the following key guideposts:**

- 1. August, 1989 - Complete Drafting of Rules**
- 2. November, 1989 - Final Adopt Rules**
- 3. December 1989 - Accept Applications**
- 4. February, 1990 - Complete review of applications, obtain any necessary additional information, Division of Criminal Investigation complete background investigations.**
- 5. March, 1990 - Issue Licenses.**

**I am happy to report that each of our goals was attained.**

**As planned, rules were developed and final adoption was at the November 28, 1989 commission meeting.**

**Because of the January 1, 1990 holiday, applications were accepted until start of business on January 2, 1990. Five applications were received.**

**The reviews that were conducted included financial analysis, determination of compliance with Iowa Code Chapter 99F, Chapters 20 and 21 of our Administrative Rules, and background checks of individuals involved in license applications conducted by Division of Criminal Investigation personnel.**



**It was necessary, in the case of each applicant, to obtain additional information in order to make a determination for our licensing recommendation.**

**Financial information developed included riverboat gambling financial comparisons by city (see page 45) and riverboat gambling financial comparisons by year (see page 52)**

**An analysis was conducted and a report on licensing criteria was developed to insure that potential licensees had either complied with licensing criteria or were aware of what would be required of them in the future and an indication of their willingness to comply with those requirements (see page 33).**

**One hundred seventeen individual background checks have been completed by the Division of Criminal Investigation. Because of the fluid nature of board membership on non-profit groups and the fact that much of the staff for the riverboats have not been hired, it is expected that a minimum of fifty additional background checks will be required in the coming year to insure the integrity of the people associated with gaming in Iowa.**

**Based upon all of these reviews, we were able to recommend that each of the applicants be licensed.**

**On March 8, 1990 the Racing and Gaming Commission concurred, and unanimously voted to grant each applicant a license.**

**The timetable also included a plan for vendor licensing.**

**The plan called for the development of rules by September, 1989, and for the rules to have final adoption by January.**

**You will recall that rules have been developed, but were placed on hold, at your request, until the organizational structure of riverboat licensees was known. Now that the information is available, we can proceed with this project. It is expected that the rules can be completed in time to be adopted by April, 1990, so that final adoption will be completed in June, 1990.**

**A financial statement indicating expenditures to date to accomplish licensing was developed (see page 32).**

**If you require any additional information, please let me know.**



**RIVERBOAT GAMBLING TIMETABLE**

	<b>RIVERBOAT LICENSES</b>	<b>VENDOR LICENSING</b>	<b>STAFFING</b>	<b>EXPENDITURES</b>
<b>JUNE</b>	<b>EDUCATION &amp; RESEARCH</b>		<b>ADD:</b> Law Clerk	
<b>JULY</b>	<b>EDUCATION &amp; RESEARCH FACT FINDING TRAVEL BEGIN DRAFTING RULES</b>	<b>EDUCATION &amp; RESEARCH</b>	<b>ADD:</b> Project Manager Secretary <b>TRANSFER:</b> Administrator 1/2 Deputy Adm. 1/2	<b>PERS - \$15080 TRAVEL-\$ 4000 MISC. -\$ 2500  YTD Total \$21580</b>
<b>AUGUST</b>	<b>EDUCATION &amp; RESEARCH FACT FINDING TRAVEL COMPLETE DRAFTING RULES</b>	<b>EDUCATION &amp; RESEARCH</b>	<b>DEDUCT:</b> Law Clerk	<b>PERS - \$13780 TRAVEL-\$ 4000 MISC. -\$ 500  YTD Total \$39840</b>
<b>SEPTEMBER</b>	<b>REVIEW DRAFT WITH INDUSTRY COMMISSION REVIEW DRAFT AMEND &amp; ADOPT RULES</b>	<b>EDUCATION &amp; RESEARCH BEGIN DRAFTING RULES</b>		<b>PERS - \$13780 TRAVEL-\$ 2000 MISC. -\$ 500  YTD Total \$58120</b>
<b>OCTOBER</b>		<b>REVIEW DRAFT WITH INDUSTRY</b>		<b>PERS - \$13780 TRAVEL-\$ 2000 MISC. -\$ 500  YTD Total \$72400</b>
<b>NOVEMBER</b>	<b>FINAL ADOPT RULES</b>	<b>ADOPT RULES</b>	<b>ADD:</b> Accounting Tech	<b>PERS - \$15300 TRAVEL-\$ 2000 MISC. -\$ 500  YTD Total \$90200</b>
<b>DECEMBER</b>	<b>ACCEPT APPLICATIONS REVIEW APPLICATIONS BEGIN BACKGROUNDS</b>			<b>PERS - \$15300 TRAVEL-\$ 2000 MISC.- \$ 500  YTD Total \$108000</b>
<b>JANUARY, 1990</b>	<b>RECEUAT ADD'L INFO. CONTINUED REVIEW BACKGROUNDS CONTINUE</b>	<b>FINAL ADOPT RULES</b>	<b>ADD:</b> Riverboat Mgr. <b>DEDUCT:</b> Project Mgr.	<b>PERS - \$15010 TRAVEL-\$ 2000 MISC.- \$ 500  YTD Total \$125510</b>
<b>FEBRUARY</b>	<b>CONTINUED REVIEW BACKGROUNDS CONTINUE</b>	<b>SET UP ADMIN. PROCESS</b>		<b>PERS - \$15010 TRAVEL-\$ 2000 MISC. -\$ 500  YTD Total \$143020</b>
<b>MARCH</b>	<b>ISSUE LICENSES</b>	<b>BEGIN ISSUING VENDOR LICENSES</b>		<b>PERS - \$15010 TRAVEL-\$ 2000 MISC. -\$ 500  YTD Total \$160830</b>
<b>APRIL, 1990</b>	<b>REPORT TO LEGISLATURE</b>			<b>PERS - \$15010 TRAVEL-\$ 2000 MISC. -\$ 500  YTD Total \$178040</b>



STATEMENT OF REVENUE AND EXPENSE

EXCURSION BOAT REGULATION  
AS OF 02/28/90

**REVENUES**

INTRA STATE TRANSFERS	<u>\$200,000.00</u>
TOTAL REVENUE	<u><u>\$200,000.00</u></u>

**EXPENSES**

PERSONAL SERVICES	\$84,148.77
PERSONAL TRAVEL	\$14,812.73
OFFICE SUPPLIES	\$947.74
PRINTING & BINDING	\$224.05
COMMUNICATIONS	\$53.12
OFFICE EQUIPMENT	<u>\$6,433.23</u>
TOTAL EXPENSES	<u><u>\$106,619.64</u></u>

**REMAINING AUTHORITY**

\$93,380.36



## LICENSING CRITERIA

1. The Commission will consider whether or not the applicant is and has been in compliance with the terms and conditions specified in Iowa Code section 99F.4, which includes:

a. The Commission may authorize the operation of gambling games on an excursion gambling boat which is also licensed to sell or serve alcoholic beverages, wine or beer as defined in section 123.3.

**SIOUX CITY** The Missouri Riverboat Association, L.P. (MRA) has indicated their intention to obtain a license to sell alcoholic beverages.

**BETTENDORF** Steamboat Development, Inc. has indicated their intention to obtain a license to sell alcoholic beverages.

**SE IOWA** Steamboat Southeast, Inc. has indicated their intention to obtain a license to sell alcoholic beverages.

**DAVENPORT** The Connelly Group has indicated their intention to obtain a license to sell alcoholic beverages.

**DUBUQUE** Dubuque Casino Belle, Inc. (DCB) intends to apply to the Iowa Department of Commerce, Alcoholic Beverages Division for a state liquor license. Upon receipt of the license, DCB has indicated that a copy will be filed with the Iowa Racing and Gaming Commission.

b. To regulate the wagering structure for gambling excursions including providing a maximum wager of five dollars per hand or play and maximum loss of two hundred dollars per individual player per gambling excursion.

**SIOUX CITY** The applicants have indicated that they will comply with any system developed or mandated by the Commission that will enforce these provisions.

**BETTENDORF** Applicants have indicated that they will comply with any system developed or mandated by the Commission that will enforce these provisions.

**SE IOWA** Steamboat Southeast, Inc. has indicated that they will comply with any system developed or mandated by the Commission that will



enforce these provisions.

**DAVENPORT** The Connelly Group has indicated that they will comply with any system developed or mandated by the commission that will enforce these provisions.

**DUBUQUE** Dubuque Casino Belle has developed plans for enforcing gaming limits. If a standard system for enforcing limits is developed, DCB has indicated their intentions to comply.

- c. To require a licensee, an employee of a license holder or holder of an occupational license to remove a person violating a provision of this chapter or rules, orders, or final orders of the Commission, or other persons deemed to be undesirable, from the excursion gambling boat facilities. To require the removal of a licensee, an employee of a licensee, or a holder of an occupational license for a violation of the chapter or a Commission rule or engaging in a fraudulent practice.

**SIoux CITY** Applicants have indicated that they intend to develop a policy that will comply with this provision, and to hire sufficient security forces to enforce the policy.

**BETTENDORF** Applicants have indicated that they intend to develop a policy that will comply with this provision, and to hire sufficient security forces to enforce the policy.

**SE IOWA** A policy has been submitted in the application that will meet the requirement of this provision.

**DAVENPORT** Applicants have indicated that they intend to develop a policy that will comply with this provision, and to hire sufficient security forces to enforce the policy.

**DUBUQUE** Applicants have indicated that they intend to develop a policy that will comply with this provision, and to hire sufficient security forces to enforce the policy.

- d. To define the duration of an excursion which shall be at least three hours during the excursion season. For the off season, the Commission shall adopt rules limiting times of admission to excursion gambling boats consistent with maximum loss per player per gambling excursion specified in subsection 4.

**SIoux CITY** MRA has indicated that, although specific schedules are not known at this time, the schedules, when established, will comply with this requirement.

**BETTENDORF** All proposed excursions will exceed three hours in length.



**SE IOWA** The minimum scheduled excursion period is three hours.  
**DAVENPORT** Each excursion is scheduled to be four hours in length.

**DUBUQUE** Each of DCB's excursions are scheduled to be in transit for five hours, with an additional 30-60 minutes allowed for boarding.

- e. To provide for adequate security aboard each excursion gambling boat.

**SIOUX CITY** The DCI report indicates security plans are adequate.

**BETTENDORF** The DCI report indicates security plans are adequate.

**SE IOWA** The DCI report indicates security plans are adequate.

**DAVENPORT** The DCI report indicates security plans are adequate.

**DUBUQUE** The DCI report indicates security plans are adequate.

- f. To provide that gambling games shall be conducted only during the same hours when alcoholic beverages are lawfully sold or dispensed as provided in section 123.49.

**SIOUX CITY** MRA has indicated that they will comply with this provision.

**BETTENDORF** Although the operating schedule provides for excursions to be conducted outside of the hours when alcoholic beverages may be dispensed, the casino will not be open.

**SE IOWA** Although the operating schedule provides for excursions to be conducted outside of the hours when alcoholic beverages may be dispensed, the casino will not be open.

**DAVENPORT** The final excursion of the day will not complete disembarkment until 3:00 A.M. However, gaming and alcohol sales will cease at 2:00 A.M.

**DUBUQUE** The scheduled operating hours are as follows:

<b>Monday - Thursday</b>	<b>9:00 AM</b>	<b>11:00 PM</b>
<b>Friday - Saturday</b>	<b>8:00 AM</b>	<b>2:00 AM</b>
<b>Sunday</b>	<b>10:00 AM</b>	<b>11:00 PM</b>

Under current Iowa law, alcoholic beverages may be lawfully sold or dispensed during these hours.

- g. "Drug testing, as permitted by section 730.5, shall be required periodically, not less than every sixty days, of persons employed as



captains, pilots, or physical operators of excursion gambling boats under the provisions of this chapter."

- SIOUX CITY** The Sioux City application indicates a willingness to comply with necessary drug testing of captains, pilots or physical operators of their excursion gambling boats.
- BETTENDORF** The application indicates a willingness to comply with necessary drug testing of captains, pilots or physical operators of excursion gambling boats.
- SE IOWA** The Southeast Iowa application indicates a willingness to comply with necessary drug testing of captains, pilots or physical operators of excursion gambling boats.
- DAVENPORT** The Davenport application indicates a willingness to comply with necessary drug testing of captains, pilots or physical operators of their excursion gambling boat.
- DUBUQUE** It is the intention of DCB to implement the U.S. Coast Guard mandated chemical drugs/alcohol testing and employee assistance program and to insure that this program meets the requirement of the Racing and Gaming Commission.

2. The Commission will consider the amount of revenue to be provided by the proposed facility to the state and local communities through direct taxation on its operation and indirect revenues from tourism, ancillary business, creation of new industry and taxes on employee and patrons.

Projected annual direct tax revenues are as follows:

<b>SIOUX CITY</b>	1. City of Sioux City	\$ 270,974
	2. Woodbury County	\$ 270,974
	3. Missouri River Historical Development, Inc.	\$ 408,300
	4. Gambler's Assistance Fund	\$ 319,946
	5. State of Iowa General Fund*	<u>\$1,463,024</u>
<b>TOTAL</b>		<b>\$2,733,218</b>

<b>BETTENDORF</b>	1. Cities of Bettendorf, Clinton and Muscatine	\$ 375,450
	2. Clinton, Scott and Muscatine Counties	\$ 75,090
	3. Riverbend Regional Authority	\$ 350,720
	4. Gambler's Assistance Fund	\$ 450,540
	5. State of Iowa General Fund*	<u>\$2,203,060</u>
<b>TOTAL</b>		<b>\$3,454,860</b>



<b>SE IOWA</b>	<b>1. Cities of Ft. Madison, Keokuk and Burlington</b>	<b>\$ 187,725</b>
	<b>2. Des Moines/Lee Counties</b>	<b>\$ 37,545</b>
	<b>3. SIRRC</b>	<b>\$ 375,720</b>
	<b>4. Gambler's Assistance Fund</b>	<b>\$ 225,270</b>
	<b>5. State of Iowa General Fund*</b>	<b><u>\$ 926,530</u></b>
	<b>TOTAL</b>	<b>\$1,752,790</b>
<b>DAVENPORT</b>	<b>1. City of Davenport</b>	<b>\$ 556,075</b>
	<b>2. Scott County</b>	<b>\$ 172,575</b>
	<b>3. Riverboat Development Authority</b>	<b>\$ 900,500</b>
	<b>4. Gambler's Assistance Fund</b>	<b>\$1,035,450</b>
	<b>5. State of Iowa General Fund*</b>	<b><u>\$5,517,550</u></b>
	<b>TOTAL</b>	<b>\$8,182,150</b>
<b>DUBUQUE</b>	<b>1. City of Dubuque</b>	<b>\$ 239,115</b>
	<b>2. Dubuque County</b>	<b>\$ 45,075</b>
	<b>3. Dubuque Racing</b>	<b>\$2,561,632</b>
	<b>4. Gambler's Assistance Fund</b>	<b>\$ 270,453</b>
	<b>5. State of Iowa General Fund*</b>	<b><u>\$1,092,417</u></b>
	<b>TOTAL</b>	<b>\$4,208,692</b>

**\*Does not include state license fees and admission taxes utilized to offset the Racing and Gaming appropriation for riverboat gambling regulation.**

- 3. The Commission will consider whether the proposed boat is economically viable and properly financed.**

**SIOUX CITY** Equity provided by limited partners is expected to be \$5.5 million to \$6.5 million. Remaining capital needs will be supplied through debt or equipment leasing.

**BETTENDORF** Proposed equity is \$10,000,000, consisting of \$1,000,000 in common stock purchased by members of the Goldstein family, and \$9,000,000 in preferred stock purchased by related entity(s) owned by the Goldstein Family.

**The remaining \$35,300,000 will be financed.**



**SE IOWA**

Financing for the project is as follows:  
Equity

a.	Common stock (purchased by Goldstein family members by cash or credit	\$ 250,000).
b.	Preferred stock (purchased by Goldstein owned corporate entities by cash or credit	\$ 1,750,000)
	Loans	<u>\$ 9,161,000</u>
	<b>TOTAL</b>	<b>\$11,161,000</b>

**DAVENPORT** Financing for the project is as follows:

Net equity in The President is approximately \$11,500,000. The cost to renovate the boat will be financed.

Projects included in the development portion of the proposal will be purchased with a minimum cash down payment and the remainder of the cost financed.

**DUBUQUE**

Financing for the project is as follows:

A.	<u>Dubuque Casino Belle</u>	
	Cash Equity	\$ 1,000,000
	Loan - Dubuque Bank & Trust	\$ 5,750,000
	Loan - Robert & Ruth Kehl	\$ 3,000,000
	Loan - Roberts River Rides	<u>\$ 4,760,000</u>
	<b>TOTAL</b>	<b>\$14,510,000</b>
B.	Shore Facilities (City of Dubuque)	
	Loan	<u>\$ 5,000,000</u>
	<b>GRAND TOTAL</b>	<b>\$19,510,000</b>

4. The Commission will consider whether the proposed boat is planned in a manner which provides adequate security for all aspects of its operation and for the people working, visiting, or traveling on the boat.

**SIOUX CITY**

The DCI report indicates security plans are accurate.

**BETTENDORF**

The DCI report indicates security plans are accurate.

**SE IOWA**

The DCI report indicates security plans are accurate.

**DAVENPORT**

The DCI report indicates security plans are accurate.



**DUBUQUE**            The DCI report indicates security plans are accurate.

5.    The Commission will consider whether the proposed boat is planned in a manner which promotes efficient and safe operation of all aspects of its facility including, but not limited to, docking facilities, all areas of boat concession, casino management areas, boat structure, parking facilities, the casino, access to cashier windows, and restrooms.

**SIOUX CITY**    Plans submitted indicate that the proposed boat has been planned in a manner promoting efficient and safe operation of all aspects.

**BETTENDORF** Plans submitted indicate that the proposed boat has been planned in a manner promoting efficient and safe operation of all aspects.

**SE IOWA**        Plans submitted indicate that the proposed boat has been planned in a manner promoting efficient and safe operation of all aspects.

**DAVENPORT** Plans submitted indicate that the proposed boat has been planned in a manner promoting efficient and safe operation of all aspects.

**DUBUQUE**        Plans submitted indicate that the proposed boat has been planned in a manner promoting efficient and safe operation of all aspects.

6.    The Commission will consider whether the proposed boat is in compliance with applicable state and local laws regarding fire, health, construction, zoning, and other similar matters.

**SIOUX CITY**    Applicants have stated that the boat will be in compliance with applicable state and local laws regarding fire, health, construction, zoning and other similar matters.

**BETTENDORF** Applicants have stated that the boat will be in compliance with applicable state and local laws regarding fire, health, construction, zoning and other similar matters.

**SE IOWA**        Applicants have stated that the boat will be in compliance with applicable state and local laws regarding fire, health, construction, zoning and other similar matters.

**DAVENPORT** Applicants have stated that the boat will be in compliance with applicable state and local laws regarding fire, health, construction, zoning and other similar matters.

**DUBUQUE**        Applicants have stated that the boat will be in compliance with applicable state and local laws regarding fire, health, construction, zoning and other similar matters.

7.    The commission will consider whether the applicant will employ the persons



necessary to operate the boat in a manner consistent with the needs, safety, and interest of all persons who will be on the boat.

**SIOUX CITY** The applicants have committed themselves to employing persons recommended by the U.S. Coast Guard.

**BETTENDORF** The applicants have committed themselves to employing persons recommended by the U.S. Coast Guard.

**SE IOWA** The applicants have committed themselves to employing persons recommended by the U.S. Coast Guard.

**DAVENPORT** The applicants have committed themselves to employing persons recommended by the U.S. Coast Guard.

**DUBUQUE** The applicants have committed themselves to employing persons recommended by the U.S. Coast Guard.

8. The Commission will consider the population of the area to be served by a boat together with location of other boats within and without the state of whatever nature.

**SIOUX CITY** The estimated population within a 50 mile radius of Sioux City is 282,863, leaving a capacity to population ratio of 283:1.

**BETTENDORF** The population living within 100 miles of Davenport and the Quad Cities is estimated to be 2,600,000. Assuming that requested licenses are granted, the person to capacity ratio would be 520:1. Figures for a 50 miles radius of Davenport is not available.

A study conducted by Economic Research Associates indicates that potential visitation to Iowa from the primary and secondary Quad Cities market is 7,100,000 visitor days per year.

**SE IOWA** The local market area within a 50 mile radius and has an estimated population of 338,400 persons or 338 person to capacity ratio. This boat would be the closest to the St. Louis market.

A study conducted by Economic Research Associates indicates that this project would exceed projections even with competition in Illinois.

**DAVENPORT** The population living within 100 miles of Davenport and the Quad Cities is estimated to be 2,600,000. Assuming that requested licenses are granted, the person to capacity ratio would be 520:1. Figures for a 50 miles radius of Davenport are not available.

A study conducted by Economic Research Associates indicates that potential visitation to Iowa from the primary and secondary



Quad Cities market is 7,100,000 visitor days per year.

**DUBUQUE** The local market area within a 50 mile radius has an estimated population of 353,000, or 353 person to capacity ratio.

In addition, this boat would be closest in proximity to the Minnesota market.

9. The Commission will consider support within the community in which a proposed excursion gambling boat is to be located for the promotion and continuation of excursion gambling boat gambling.

**SIOUX CITY** The referendum vote in Woodbury County was 9,951 for and 8,028 against, a margin of 55.3% in favor.

**BETTENDORF** The Scott County referendum vote was 23,998 for and 16,109 against, a margin of 59.8% in favor.

The Clinton County referendum vote was 7,940 for and 4,898 against, a margin of 61.8% in favor.

The Muscatine County vote was 3,946 for and 3,321 against, a margin of 54.3% in favor.

Letters indicating support from the Clinton and Muscatine city governments were also included in the application.

**SE IOWA** The Lee County vote was 4,509 for and 4,121 against, a margin of 52.2% in favor. The Des Moines County vote was 5,721 for and 4,567 against, a margin of 55.6% in favor.

**DAVENPORT** The Scott County referendum vote was 23,998 for and 16,109 against, a margin of 59.8% in favor.

**DUBUQUE** The referendum vote was 7,794 for and 3,926 against, for a margin of 66.5% in favor.

A total of 21 letters of support from the community, including labor organizations, businesses, and civic groups has been presented.

10. The Commission will consider the character and reputation of all persons identified with the ownership and operating of the excursion gambling boat or licensed business, and their capability to comply with the rules of the Commission and the Iowa Code.

**SIOUX CITY** Confidential criminal history; information provided by the DCI.

**BETTENDORF** Confidential criminal history; information provided by the DCI.



**SE IOWA** Confidential criminal history; information provided by the DCI.

**DAVENPORT** Confidential criminal history; information provided by the DCI.

**DUBUQUE** Confidential criminal history; information provided by the DCI.

11. The Commission will consider whether the proposed operation would serve to promote the gaming industry in Iowa and provide high gaming integrity in Iowa.

**SIoux CITY** Licensees have pledged to work with the Iowa Department of Economic Development to promote Iowa tourism as well as promote the gaming industry. \$468,800 has been budgeted for marketing and sales in 1992. As a result of information obtained during DCI's background investigations, it is expected that these licensees will provide high gaming integrity in Iowa.

**BETTENDORF** Licensees have pledged to work with the Iowa Department of Economic Development to promote Iowa tourism as well as promote the gaming industry. \$1,200,960 has been budgeted for marketing and sales in 1992. As a result of information obtained during DCI's background investigations, it is expected that these licensees will provide high gaming integrity in Iowa.

**SE IOWA** Licensees have pledged to work with the Iowa Department of Economic Development to promote Iowa tourism as well as promote the gaming industry. \$593,440 has been budgeted for marketing and sales in 1992. As a result of information obtained during DCI's background investigations, it is expected that these licensees will provide high gaming integrity in Iowa.

**DAVENPORT** Licensees have pledged to work with the Iowa Department of Economic Development to promote Iowa tourism as well as promote the gaming industry. \$2,485,600 has been budgeted for marketing and sales in 1992. As a result of information obtained during DCI's background investigations, it is expected that these licensees will provide high gaming integrity in Iowa.

**DUBUQUE** Licensees have pledged to work with the Iowa Department of Economic Development to promote Iowa tourism as well as promote the gaming industry. \$396,990 has been budgeted for marketing and sales in 1992. As a result of information obtained during DCI's background investigations, it is expected that these licensees will provide high gaming integrity in Iowa.

12. The commission will consider whether the proposed operation will maximize economic development.

**SIoux CITY** There is no direct economic development associated with this



project.

**BETTENDORF** Direct economic development associated with this project includes:

Construction of a New Hotel	\$ 8,265,000
Refurbish Building for Factory Outlet	\$ 3,000,000
Construction of a Recreational Vehicle Park	\$ 900,000
Construction of a Theme Park	<u>\$ 7,712,000</u>
<b>TOTAL</b>	<b>\$19,877,000</b>

**SE IOWA** The city of Burlington has leased land, including the port of Burlington Facility to the Burlington Area Development Company to be sub-leased to Steamboat Southeast, Inc., because the increased tourism generated by the proposed use will foster economic development.

A passenger train costing approximately \$1,000,000 will be purchased and operated in conjunction with this project.

No other economic development is directly related to this project.

**DAVENPORT** Direct economic development associated with this project includes:

Acquisition and renovation of the Blackhawk Hotel	\$ 6,000,000
Construction of a New Hotel	\$30,000,000
Development of a Retail Block	<u>\$ 8,250,000</u>

**TOTAL** **\$44,250,000**

This is in addition to construction of a docking and gallery barge, levee and promenade, estimated to cost \$6,700,000.

**DUBUQUE** Although no direct economic development is associated with this project, it is expected that there will be much indirect development.

13. The commission will consider whether the proposed operation is beneficial to Iowa tourism.

**SIOUX CITY** As indicated in the response to item 12, the license is seen by Sioux City as the centerpiece of a number of projects that will highlight riverfront development and serve to draw tourists to the area.

**BETTENDORF** The total project, including almost \$20,000,000 in projects designed to draw tourists to the area, is expected to contribute to marketing



**this area of the state.**

**SE IOWA**      The applicants have indicated a strong desire to work with convention and visitors bureau to promote the region. It is their intention to sell the natural assets and other attractions of the region through extensive advertising and promotion.

**DAVENPORT**      The Connelly Group was specifically selected based upon the direct development included in the proposal which, it is felt, will maximize the city of Davenport as a tourist attraction. In addition a commitment of \$2,000,000 in marketing the project was made by the Connelly Group.

**DUBUQUE**      The Dubuque Greyhound Park has a long history of marketing Iowa as a tourist attraction.

They have been involved with the Iowa Division of tourism since 1985, and have participated in the co-op advertising programs offered by the Tourism Bureau.



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*IOWA RACING & GAMING COMMISSION*

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*RIVERBOAT GAMBLING FINANCIAL COMPARISONS*

*BY CITY*

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## DUBUQUE

	1991	1992	1993	1994	1995
<b>INCOME STATEMENT</b>					
Gross Revenues	16,914,700	23,294,500	23,763,600	24,906,700	25,408,200
Less Adjustments	(2,267,800)	(3,393,280)	(3,468,150)	(3,544,510)	(3,622,405)
Operating Revenue	14,646,900	19,901,220	20,295,450	21,362,190	21,785,795
Less Operating Exp.	(10,023,500)	(13,288,742)	(13,663,776)	(14,535,188)	(14,947,411)
Operating Income	4,623,400	6,612,478	6,631,674	6,827,002	6,838,384
Less G & A Expense	(3,727,100)	(4,193,778)	(3,964,874)	(3,724,702)	(3,643,584)
<b>NET PROFIT</b>	<b>896,300</b>	<b>2,418,700</b>	<b>2,666,800</b>	<b>3,102,300</b>	<b>3,194,800</b>
Add: Other Revenue	0	0	0	0	0
<b>FINAL NET PROFIT</b>	<b>896,300</b>	<b>2,418,700</b>	<b>2,666,800</b>	<b>3,102,300</b>	<b>3,194,800</b>
<b>BALANCE SHEET</b>					
<b>ASSETS</b>					
Cash & Securities	10,000	270,100	232,300	196,400	510,900
Property & Equipment	7,595,000	12,610,500	11,837,500	11,061,500	10,297,500
Organizational Costs	0	0	0	0	0
<b>TOTAL ASSETS</b>	<b>7,605,000</b>	<b>12,880,600</b>	<b>12,069,800</b>	<b>11,257,900</b>	<b>10,808,400</b>
<b>LIABILITIES &amp; EQUITIES</b>					
<b>Liabilities</b>					
Accounts Payable	269,500	68,800	339,300	360,600	308,800
Notes Payable	6,730,000	11,510,000	8,510,000	5,510,000	3,510,000
<b>Total Liabilities</b>	<b>6,999,500</b>	<b>11,578,800</b>	<b>8,849,300</b>	<b>5,870,600</b>	<b>3,818,800</b>
<b>Equity</b>					
Stock/Other	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Retained Earnings	(394,500)	301,800	2,220,500	4,387,300	5,989,600
<b>Total Equity</b>	<b>605,500</b>	<b>1,301,800</b>	<b>3,220,500</b>	<b>5,387,300</b>	<b>6,989,600</b>
<b>TOTAL LIABILITY &amp; EQUITY</b>	<b>7,605,000</b>	<b>12,880,600</b>	<b>12,069,800</b>	<b>11,257,900</b>	<b>10,808,400</b>
<b>M E M O</b>					
PASSENGERS	270,000	388,080	395,842	403,758	411,833
<b>TOTAL WIN DOLLARS</b>	<b>6,339,000</b>	<b>9,014,400</b>	<b>9,194,700</b>	<b>9,378,600</b>	<b>9,566,200</b>



## DAVENPORT \*

	1991	1992	1993	1994	1995
<b>INCOME STATEMENT</b>					
Gross Revenues	44,074,200	66,623,000	77,863,300	85,427,400	93,757,300
Less Adjustments	(7,174,700)	(10,953,900)	(12,775,900)	(13,949,800)	(15,231,600)
Operating Revenue	36,899,500	55,669,100	65,087,400	71,477,600	78,525,700
Less Operating Exp.	(10,300,000)	(15,563,600)	(18,154,300)	(19,939,100)	(22,113,200)
Operating Income	26,599,500	40,105,500	46,933,100	51,538,500	56,412,500
Less G & A Expense	(12,801,300)	(18,407,400)	(19,937,800)	(20,660,200)	(21,444,800)
<b>NET PROFIT</b>	<b>13,798,200</b>	<b>21,698,100</b>	<b>26,995,300</b>	<b>30,878,300</b>	<b>34,967,700</b>
Add: Other Revenue	(1,206,000)	(927,500)	(982,200)	(1,123,900)	(847,500)
<b>FINAL NET PROFIT</b>	<b>12,592,200</b>	<b>20,770,600</b>	<b>26,013,100</b>	<b>29,754,400</b>	<b>34,120,200</b>
<b>BALANCE SHEET</b>					
<b>ASSETS</b>					
Cash & Securities	4,860,000	25,732,100	52,019,400	83,919,600	119,561,100
Property & Equipment	58,597,000	82,931,000	85,143,300	79,656,200	74,169,100
Organizational Costs	1,400,000	1,600,000	1,200,000	800,000	400,000
<b>TOTAL ASSETS</b>	<b>64,857,000</b>	<b>110,263,100</b>	<b>138,362,700</b>	<b>164,375,800</b>	<b>194,130,200</b>
<b>LIABILITIES &amp; EQUITIES</b>					
<b>Liabilities</b>					
Accounts Payable	0	0	0	0	0
Notes Payable	44,857,000	77,671,000	85,000,000	85,000,000	85,000,000
<b>Total Liabilities</b>	<b>44,857,000</b>	<b>77,671,000</b>	<b>85,000,000</b>	<b>85,000,000</b>	<b>85,000,000</b>
<b>Equity</b>					
Stock/Other	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Retained Earnings	0	12,592,100	33,362,700	59,375,616	89,130,200
<b>Total Equity</b>	<b>20,000,000</b>	<b>32,592,100</b>	<b>53,362,700</b>	<b>79,375,616</b>	<b>109,130,200</b>
<b>TOTAL LIABILITY &amp; EQUITY</b>	<b>64,857,000</b>	<b>110,263,100</b>	<b>138,362,700</b>	<b>164,375,616</b>	<b>194,130,200</b>
<b>M E M O</b>					
PASSENGERS	684,000	1,022,000	1,180,300	1,279,000	1,386,200
<b>TOTAL WIN DOLLARS</b>	<b>30,780,000</b>	<b>45,990,000</b>	<b>53,113,500</b>	<b>57,555,000</b>	<b>62,379,000</b>

\* Figures include 2nd proposed boat which has not been licensed as of this report.



## S. E. I O W A

	1991	1992	1993	1994	1995
<b>INCOME STATEMENT</b>					
Gross Revenues	8,102,267	10,828,185	10,850,883	10,872,692	10,893,381
Less Adjustments	(1,089,435)	(1,452,580)	(1,452,580)	(1,452,580)	(1,452,580)
Operating Revenue	7,012,832	9,375,605	9,398,303	9,420,112	9,440,801
Less Operating Exp.	(4,060,565)	(5,414,086)	(5,414,086)	(5,414,086)	(5,414,086)
Operating Income	2,952,267	3,961,519	3,984,217	4,006,026	4,026,715
Less G & A Expense	(2,797,763)	(3,698,826)	(3,661,038)	(3,616,951)	(3,565,708)
<b>NET PROFIT</b>	<b>154,504</b>	<b>262,693</b>	<b>323,179</b>	<b>389,075</b>	<b>461,007</b>
Add: Other Revenue	(6,408)	(8,544)	(8,544)	(8,544)	(8,544)
<b>FINAL NET PROFIT</b>	<b>148,096</b>	<b>254,149</b>	<b>314,635</b>	<b>380,531</b>	<b>452,463</b>
<b>BALANCE SHEET</b>					
<b>ASSETS</b>					
Cash & Securities	868,880	1,636,723	2,099,845	2,544,452	2,965,818
Property & Equipment	6,024,630	7,412,680	6,792,520	6,172,360	5,552,200
Organizational Costs	545,997	545,992	363,988	181,984	0
<b>TOTAL ASSETS</b>	<b>7,439,507</b>	<b>9,595,395</b>	<b>9,256,353</b>	<b>8,898,796</b>	<b>8,518,018</b>
<b>LIABILITIES &amp; EQUITIES</b>					
<b>Liabilities</b>					
Accounts Payable	341,591	493,247	533,570	577,501	625,456
Notes Payable	5,824,820	7,150,537	6,456,536	5,674,518	4,793,321
<b>Total Liabilities</b>	<b>6,166,411</b>	<b>7,643,784</b>	<b>6,990,106</b>	<b>6,252,019</b>	<b>5,418,777</b>
<b>Equity</b>					
Stock/Other	1,125,000	1,500,000	1,500,000	1,500,000	1,500,000
Retained Earnings	148,096	451,611	766,247	1,146,777	1,599,241
<b>Total Equity</b>	<b>1,273,096</b>	<b>1,951,611</b>	<b>2,266,247</b>	<b>2,646,777</b>	<b>3,099,241</b>
<b>TOTAL LIABILITY &amp; EQUITY</b>	<b>7,439,507</b>	<b>9,595,395</b>	<b>9,256,353</b>	<b>8,898,796</b>	<b>8,518,018</b>
<b>M E M O</b>					
PASSENGERS	225,270	300,360	300,360	300,360	300,360
<b>TOTAL WIN DOLLARS</b>	<b>4,224,375</b>	<b>5,632,500</b>	<b>5,632,500</b>	<b>5,632,500</b>	<b>5,632,500</b>



## BETTENDORF

	1991	1992	1993	1994	1995
<b>INCOME STATEMENT</b>					
Gross Revenues	16,899,999	22,636,678	22,733,984	22,831,192	22,927,915
Less Adjustments	(1,878,195)	(2,504,260)	(2,504,260)	(2,504,260)	(2,504,260)
Operating Revenue	15,021,804	20,132,418	20,229,724	20,326,932	20,423,655
Less Operating Exp.	(8,121,129)	(10,828,172)	(10,828,172)	(10,828,172)	(10,828,172)
Operating Income	6,900,675	9,304,246	9,401,552	9,498,760	9,595,483
Less G & A Expense	(5,828,132)	(7,731,369)	(7,679,232)	(7,615,506)	(7,538,573)
NET PROFIT	1,072,543	1,572,877	1,722,320	1,883,254	2,056,910
Add: Other Revenue	(6,408)	(762,780)	(591,514)	(327,234)	(172,458)
FINAL NET PROFIT	1,066,135	810,097	1,130,806	1,556,020	1,884,452
<b>BALANCE SHEET</b>					
<b>ASSETS</b>					
Cash & Securities	2,970,696	6,981,128	9,919,200	13,106,969	16,255,210
Property & Equipment	11,974,383	37,023,035	34,205,625	31,388,216	28,570,807
Organizational Costs	870,000	2,949,996	2,139,992	1,329,988	519,984
TOTAL ASSETS	15,815,079	46,954,159	46,264,817	45,825,173	45,346,001
<b>LIABILITIES &amp; EQUITIES</b>					
<b>Liabilities</b>					
Accounts Payable	1,181,428	1,429,300	1,657,258	1,964,675	2,190,874
Notes Payable	11,317,515	34,993,248	32,945,140	30,642,057	28,052,235
Total Liabilities	12,498,943	36,422,548	34,602,398	32,606,732	30,243,109
<b>Equity</b>					
Stock/Other	2,250,000	8,300,000	8,300,000	8,300,000	8,300,000
Retained Earnings	1,066,136	2,231,611	3,362,419	4,918,441	6,802,892
Total Equity	3,316,136	10,531,611	11,662,419	13,218,441	15,102,892
TOTAL LIABILITY & EQUITY	15,815,079	46,954,159	46,264,817	45,825,173	45,346,001
<b>M E M O</b>					
PASSENGERS	450,540	600,720	600,720	600,720	600,720
TOTAL WIN DOLLARS	8,448,750	11,265,000	11,265,000	11,265,000	11,265,000



IOWA RACING & GAMING COMMISSION  
RIVERBOAT GAMBLING FINANCIAL COMPARISONS  
BY CITY

**SIOUX CITY**

	1991	1992	1993	1994	1995
<b>INCOME STATEMENT</b>					
Gross Revenues	15,896,900	17,584,900	19,309,200	21,051,200	21,189,000
Less Adjustments	(2,189,700)	(2,677,100)	(2,974,000)	(3,273,800)	(3,297,500)
Operating Revenue	13,707,200	14,907,800	16,335,200	17,777,400	17,891,500
Less Operating Exp.	(6,349,000)	(6,991,700)	(7,620,100)	(8,323,600)	(8,458,800)
Operating Income	7,358,200	7,916,100	8,715,100	9,453,800	9,432,700
Less G & A Expense	(5,273,300)	(5,325,500)	(5,536,100)	(5,641,400)	(6,273,600)
NET PROFIT	2,084,900	2,590,600	3,179,000	3,812,400	3,159,100
Add: Other Revenue	0	0	0	0	0
FINAL NET PROFIT	2,084,900	2,590,600	3,179,000	3,812,400	3,159,100
<b>BALANCE SHEET</b>					
<b>ASSETS</b>					
Cash & Securities	1,463,500	2,000,000	2,000,000	2,000,000	2,000,000
Property & Equipment	9,318,500	8,573,300	7,828,200	7,083,100	6,338,000
Organizational Costs	3,968,100	3,174,500	2,380,800	1,587,200	793,600
TOTAL ASSETS	14,750,100	13,747,800	12,209,000	10,670,300	9,131,600
<b>LIABILITIES &amp; EQUITIES</b>					
<b>Liabilities</b>					
Accounts Payable	0	500,000	500,000	500,000	500,000
Notes Payable	7,500,000	6,625,000	5,750,000	4,875,000	4,000,000
Total Liabilities	7,500,000	7,125,000	6,250,000	5,375,000	4,500,000
<b>Equity</b>					
Stock/Other	7,250,000	6,622,800	5,959,100	5,295,300	4,631,600
Retained Earnings	0	0	0	0	0
Total Equity	7,250,000	6,622,800	5,959,100	5,295,300	4,631,600
TOTAL LIABILITY & EQUITY	14,750,000	13,747,800	12,209,100	10,670,300	9,131,600
<b>M E M O</b>					
PASSENGERS	393,500	435,300	478,000	521,100	524,500
TOTAL WIN DOLLARS	8,764,100	9,694,700	10,645,300	11,605,700	11,681,600



**TOTAL ALL**

	1991	1992	1993	1994	1995
<b>INCOME STATEMENT</b>					
Gross Revenues	101,888,066	140,967,263	154,520,967	165,089,184	174,175,796
Less Adjustments	(14,599,830)	(20,981,120)	(23,174,890)	(24,724,950)	(26,108,345)
Operating Revenue	87,288,236	119,986,143	131,346,077	140,364,234	148,067,451
Less Operating Exp.	(38,854,194)	(52,086,300)	(55,680,534)	(59,040,146)	(61,761,669)
Operating Income	48,434,042	67,899,843	75,665,543	81,324,088	86,305,782
Less G & A Expense	(30,427,595)	(39,356,873)	(40,779,144)	(41,258,759)	(42,466,265)
NET PROFIT	18,006,447	28,542,970	34,886,399	40,065,329	43,839,517
Add: Other Revenue	(1,218,816)	(1,698,824)	(1,582,258)	(1,459,678)	(1,028,502)
FINAL NET PROFIT	16,787,631	26,844,146	33,304,141	38,605,651	42,811,015
<b>BALANCE SHEET</b>					
<b>ASSETS</b>					
Cash & Securities	10,173,076	36,620,051	66,270,745	101,767,421	141,293,028
Property & Equipment	93,509,513	148,550,515	145,807,145	135,361,376	124,927,607
Organizational Costs	6,783,997	8,270,488	6,084,780	3,899,172	1,713,584
TOTAL ASSETS	110,466,586	193,441,054	218,162,670	241,027,969	267,934,219
<b>LIABILITIES &amp; EQUITIES</b>					
<b>Liabilities</b>					
Accounts Payable	1,792,519	2,491,347	3,030,128	3,402,776	3,625,130
Notes Payable	76,229,335	137,949,785	138,661,676	131,701,575	125,355,556
Total Liabilities	78,021,854	140,441,132	141,691,804	135,104,351	128,980,686
<b>Equity</b>					
Stock/Other	31,625,000	37,422,800	36,759,000	36,095,300	35,431,600
Retained Earnings	819,732	15,577,122	39,711,866	69,828,318	103,521,933
Total Equity	32,444,732	52,999,922	76,470,866	105,923,618	138,953,533
TOTAL LIABILITY & EQUITY	110,466,586	193,441,054	218,162,670	241,027,969	267,934,219
<b>M E M O</b>					
PASSENGERS	2,023,310	2,746,460	2,955,222	3,104,938	3,223,613
TOTAL WIN DOLLARS	58,556,225	81,596,600	89,851,000	95,436,800	100,524,300



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*IOWA RACING & GAMING COMMISSION*

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*RIVERBOAT GAMBLING FINANCIAL COMPARISONS*

*BY YEAR*

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1991

	DUBUQUE	DAVENPORT *	SE IOWA	BETTENDORF	SIOUX CITY
<b>INCOME STATEMENT</b>					
Gross Revenues	16,914,700	44,074,200	8,102,267	16,899,999	15,896,900
Less Adjustments	(2,267,800)	(7,174,700)	(1,089,435)	(1,878,195)	(2,189,700)
Operating Revenue	14,646,900	36,899,500	7,012,832	15,021,804	13,707,200
Less Operating Exp.	(10,023,500)	(10,300,000)	(4,060,565)	(8,121,129)	(6,349,000)
Operating Income	4,623,400	26,599,500	2,952,267	6,900,675	7,358,200
Less G & A Expense	(3,727,100)	(12,801,300)	(2,797,763)	(5,828,132)	(5,273,300)
NET PROFIT	896,300	13,798,200	154,504	1,072,543	2,084,900
Add: Other Revenue	0	(1,206,000)	(6,408)	(6,408)	0
FINAL NET PROFIT	896,300	12,592,200	148,096	1,066,135	2,084,900
<b>BALANCE SHEET</b>					
<b>ASSETS</b>					
Cash & Securities	10,000	4,860,000	868,880	2,970,696	1,463,500
Property & Equipment	7,595,000	58,597,000	6,024,630	11,974,383	9,318,500
Organizational Costs		1,400,000	545,997	870,000	3,968,000
TOTAL ASSETS	7,605,000	64,857,000	7,439,507	15,815,079	14,750,000
<b>LIABILITIES &amp; EQUITIES</b>					
<b>Liabilities</b>					
Accounts Payable	269,500	0	341,591	1,181,428	0
Notes Payable	6,730,000	44,857,000	5,824,820	11,317,515	7,500,000
Total Liabilities	6,999,500	44,857,000	6,166,411	12,498,943	7,500,000
<b>Equity</b>					
Stock/Other	1,000,000	20,000,000	1,125,000	2,250,000	7,250,000
Retained Earnings	(394,500)	0	148,096	1,066,136	0
Total Equity	605,500	20,000,000	1,273,096	3,316,136	7,250,000
TOTAL LIABILITY & EQUITY	7,605,000	64,857,000	7,439,507	15,815,079	14,750,000
<b>M E M O</b>					
PASSENGERS	270,000	684,000	225,270	450,540	393,500
TOTAL WIN DOLLARS	6,339,000	30,780,000	4,224,375	8,448,750	8,764,100

\* Figures include 2nd proposed boat which has not been licensed as of this report.



**1992**

	DUBUQUE	DAVENPORT *	SE IOWA	BETTENDORF	SIOUX CITY
<b>INCOME STATEMENT</b>					
Gross Revenues	23,294,500	66,623,000	10,828,185	22,636,678	17,584,900
Less Adjustments	(3,393,280)	(10,953,900)	(1,452,580)	(2,504,260)	(2,677,100)
Operating Revenue	19,901,220	55,669,100	9,375,605	20,132,418	14,907,800
Less Operating Exp.	(13,288,742)	(15,563,600)	(5,414,086)	(10,828,172)	(6,991,700)
Operating Income	6,612,478	40,105,500	3,961,519	9,304,246	7,916,100
Less G & A Expense	(4,193,778)	(18,407,400)	(3,698,826)	(7,731,369)	(5,325,500)
NET PROFIT	2,418,700	21,698,100	262,693	1,572,877	2,590,600
Add: Other Revenue	0	(927,500)	(8,544)	(762,780)	0
FINAL NET PROFIT	2,418,700	20,770,600	254,149	810,097	2,590,600
<b>BALANCE SHEET</b>					
<b>ASSETS</b>					
Cash & Securities	270,100	25,732,100	1,636,723	6,981,128	2,000,000
Property & Equipment	12,610,500	82,931,000	7,412,680	37,023,035	8,573,300
Organizational Costs	0	1,600,000	545,992	2,949,996	3,174,500
TOTAL ASSETS	12,880,600	110,263,100	9,595,395	46,954,159	13,747,800
<b>LIABILITIES &amp; EQUITIES</b>					
<b>Liabilities</b>					
Accounts Payable	68,800	0	493,247	1,429,300	500,000
Notes Payable	11,510,000	77,671,000	7,150,537	34,993,248	6,625,000
Total Liabilities	11,578,800	77,671,000	7,643,784	36,422,548	7,125,000
<b>Equity</b>					
Stock/Other	1,000,000	20,000,000	1,500,000	8,300,000	6,622,800
Retained Earnings	301,800	12,592,100	451,611	2,231,611	0
Total Equity	1,301,800	32,592,100	1,951,611	10,531,611	6,622,800
TOTAL LIABILITY & EQUITY	12,880,600	110,263,100	9,595,395	46,954,159	13,747,800
<b>M E M O</b>					
PASSENGERS	388,080	1,022,000	300,360	600,720	435,300
TOTAL WIN DOLLARS	9,014,400	45,990,000	5,632,500	11,265,000	9,694,700

\* Figures include 2nd proposed boat which has not been licensed as of this report.



**1993**

	DUBUQUE	DAVENPORT *	SE IOWA	BETTENDORF	SIoux CITY
<b>INCOME STATEMENT</b>					
Gross Revenues	23,763,600	77,863,300	10,850,883	22,733,984	19,309,200
Less Adjustments	(3,468,150)	(12,775,900)	(1,452,580)	(2,504,260)	(2,974,000)
Operating Revenue	20,295,450	65,087,400	9,398,303	20,229,724	16,335,200
Less Operating Exp.	(13,663,776)	(18,154,300)	(5,414,086)	(10,828,172)	(7,620,200)
Operating Income	6,631,674	46,933,100	3,984,217	9,401,552	8,715,000
Less G & A Expense	(3,964,874)	(19,937,800)	(3,661,038)	(7,679,232)	(5,536,200)
NET PROFIT	2,666,800	26,995,300	323,179	1,722,320	3,178,800
Add: Other Revenue	0	(982,200)	(8,544)	(591,514)	0
FINAL NET PROFIT	2,666,800	26,013,100	314,635	1,130,806	3,178,800

**BALANCE SHEET**

<b>ASSETS</b>					
Cash & Securities	232,300	52,019,400	2,099,845	9,919,200	2,000,000
Property & Equipment	11,837,500	85,143,300	6,792,520	34,205,625	7,828,200
Organizational Costs	0	1,200,000	363,988	2,139,992	2,380,800
<b>TOTAL ASSETS</b>	<b>12,069,800</b>	<b>138,362,700</b>	<b>9,256,353</b>	<b>46,264,817</b>	<b>12,209,000</b>
<b>LIABILITIES &amp; EQUITIES</b>					
<b>Liabilities</b>					
Accounts Payable	339,300	0	533,570	1,657,258	500,000
Notes Payable	8,510,000	85,000,000	6,456,536	32,945,140	5,750,000
<b>Total Liabilities</b>	<b>8,849,300</b>	<b>85,000,000</b>	<b>6,990,106</b>	<b>34,602,398</b>	<b>6,250,000</b>
<b>Equity</b>					
Stock/Other	1,000,000	20,000,000	1,500,000	8,300,000	5,959,000
Retained Earnings	2,220,500	33,362,700	766,247	3,362,419	0
<b>Total Equity</b>	<b>3,220,500</b>	<b>53,362,700</b>	<b>2,266,247</b>	<b>11,662,419</b>	<b>5,959,000</b>
<b>TOTAL LIABILITY &amp; EQUITY</b>	<b>12,069,800</b>	<b>138,362,700</b>	<b>9,256,353</b>	<b>46,264,817</b>	<b>12,209,000</b>

**M E M O**

PASSENGERS	395,842	1,180,300	300,360	600,720	478,000
TOTAL WIN DOLLARS	9,194,700	53,113,500	5,632,500	11,265,000	10,645,300

\* Figures include 2nd proposed boat which has not been licensed as of this report.



**1 9 9 4**

	DUBUQUE	DAVENPORT *	SE IOWA	BETTENDORF	SIOUX CITY
<b>INCOME STATEMENT</b>					
Gross Revenues	24,906,700	85,427,400	10,872,692	22,831,192	21,051,200
Less Adjustments	(3,544,510)	(13,949,800)	(1,452,580)	(2,504,260)	(3,273,800)
Operating Revenue	21,362,190	71,477,600	9,420,112	20,326,932	17,777,400
Less Operating Exp.	(14,535,188)	(19,939,100)	(5,414,086)	(10,828,172)	(8,323,600)
Operating Income	6,827,002	51,538,500	4,006,026	9,498,760	9,453,800
Less G & A Expense	(3,724,702)	(20,660,200)	(3,616,951)	(7,615,506)	(5,641,400)
NET PROFIT	3,102,300	30,878,300	389,075	1,883,254	3,812,400
Add: Other Revenue	0	(1,123,900)	(8,544)	(327,234)	0
FINAL NET PROFIT	3,102,300	29,754,400	380,531	1,556,020	3,812,400

**BALANCE SHEET**

**ASSETS**

Cash & Securities	196,400	83,919,600	2,544,452	13,106,969	2,000,000
Property & Equipment	11,061,500	79,656,200	6,172,360	31,388,216	7,083,100
Organizational Costs	0	800,000	181,984	1,329,988	1,587,200
<b>TOTAL ASSETS</b>	<b>11,257,900</b>	<b>164,375,800</b>	<b>8,898,796</b>	<b>45,825,173</b>	<b>10,670,300</b>

**LIABILITIES & EQUITIES**

**Liabilities**

Accounts Payable	360,600	0	577,501	1,964,675	500,000
Notes Payable	5,510,000	85,000,000	5,674,518	30,642,057	4,875,000
<b>Total Liabilities</b>	<b>5,870,600</b>	<b>85,000,000</b>	<b>6,252,019</b>	<b>32,606,732</b>	<b>5,375,000</b>

**Equity**

Stock/Other	1,000,000	20,000,000	1,500,000	8,300,000	5,295,300
Retained Earnings	4,387,300	59,375,616	1,146,777	4,918,441	0
<b>Total Equity</b>	<b>5,387,300</b>	<b>79,375,616</b>	<b>2,646,777</b>	<b>13,218,441</b>	<b>5,295,300</b>

<b>TOTAL LIABILITY &amp; EQUITY</b>	<b>11,257,900</b>	<b>164,375,616</b>	<b>8,898,796</b>	<b>45,825,173</b>	<b>10,670,300</b>
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**M E M O**

PASSENGERS	403,758	1,279,000	300,360	600,720	521,100
TOTAL WIN DOLLARS	9,378,600	57,555,000	5,632,500	11,265,000	11,605,700

\* Figures include 2nd proposed boat which has not been licensed as of this report.



**1995**

	DUBUQUE	DAVENPORT *	SE IOWA	BETTENDORF	SIOUX CITY
<b>INCOME STATEMENT</b>					
Gross Revenues	25,408,200	93,757,300	10,893,381	22,927,915	21,189,000
Less Adjustments	(3,622,405)	(15,231,600)	(1,452,580)	(2,504,260)	(3,297,500)
Operating Revenue	21,785,795	78,525,700	9,440,801	20,423,655	17,891,500
Less Operating Exp.	(14,947,411)	(22,113,200)	(5,414,086)	(10,828,172)	(8,458,800)
Operating Income	6,838,384	56,412,500	4,026,715	9,595,483	9,432,700
Less G & A Expense	(3,643,584)	(21,444,800)	(3,565,708)	(7,538,573)	(6,273,600)
<b>NET PROFIT</b>	<b>3,194,800</b>	<b>34,967,700</b>	<b>461,007</b>	<b>2,056,910</b>	<b>3,159,100</b>
Add: Other Revenue	0	(847,500)	(8,544)	(172,458)	0
<b>FINAL NET PROFIT</b>	<b>3,194,800</b>	<b>34,120,200</b>	<b>452,463</b>	<b>1,884,452</b>	<b>3,159,100</b>

**BALANCE SHEET**

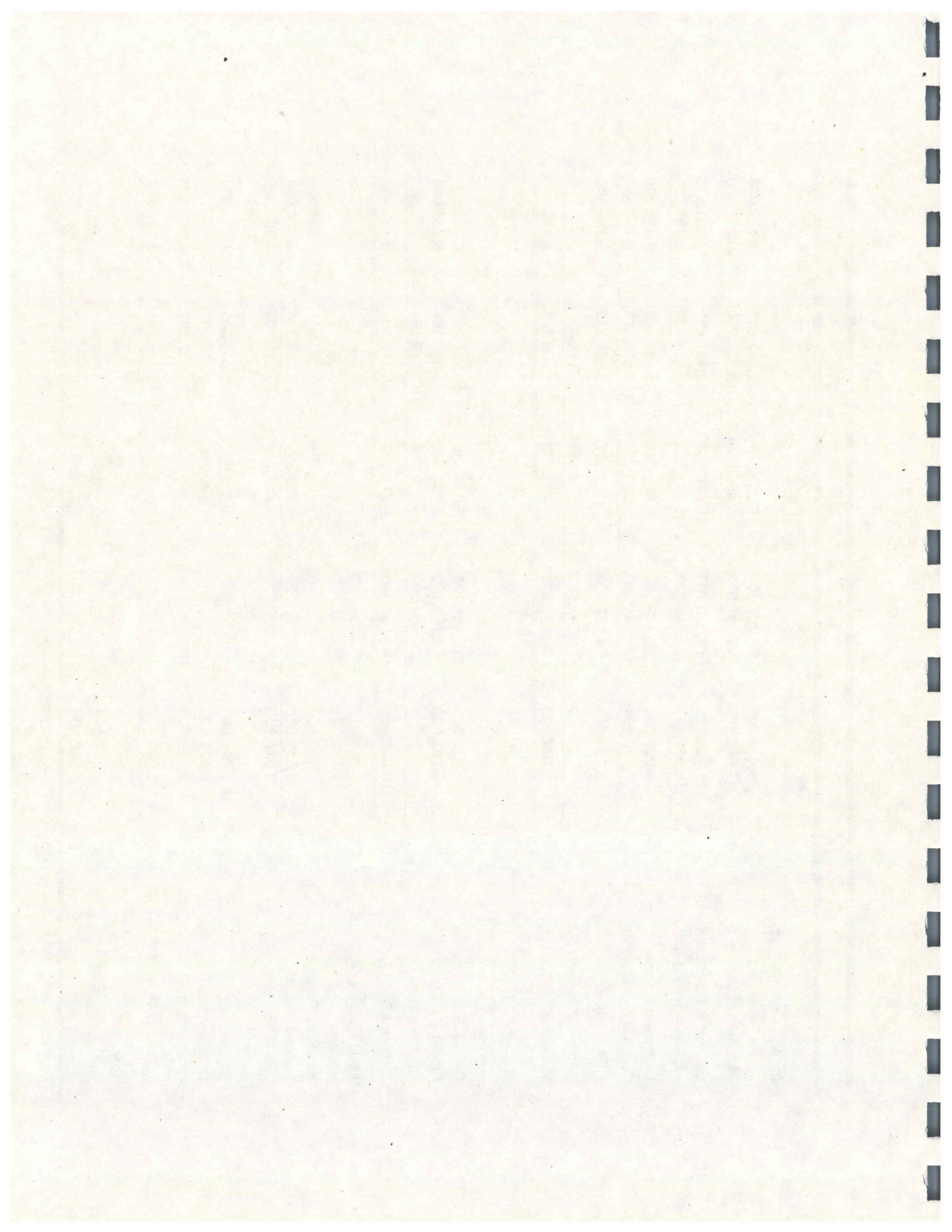
<b>ASSETS</b>					
Cash & Securities	510,900	119,561,100	2,965,818	16,255,210	2,000,000
Property & Equipment	10,297,500	74,169,100	5,552,200	28,570,807	6,338,000
Organizational Costs	0	400,000	0	519,984	793,600
<b>TOTAL ASSETS</b>	<b>10,808,400</b>	<b>194,130,200</b>	<b>8,518,018</b>	<b>45,346,001</b>	<b>9,131,600</b>
<b>LIABILITIES &amp; EQUITIES</b>					
<b>Liabilities</b>					
Accounts Payable	308,800	0	625,456	2,190,874	500,000
Notes Payable	3,510,000	85,000,000	4,793,321	28,052,235	4,000,000
<b>Total Liabilities</b>	<b>3,818,800</b>	<b>85,000,000</b>	<b>5,418,777</b>	<b>30,243,109</b>	<b>4,500,000</b>
<b>Equity</b>					
Stock/Other	1,000,000	20,000,000	1,500,000	8,300,000	4,631,600
Retained Earnings	5,989,600	89,130,200	1,599,241	6,802,892	0
<b>Total Equity</b>	<b>6,989,600</b>	<b>109,130,200</b>	<b>3,099,241</b>	<b>15,102,892</b>	<b>4,631,600</b>
<b>TOTAL LIABILITY &amp; EQUITY</b>	<b>10,808,400</b>	<b>194,130,200</b>	<b>8,518,018</b>	<b>45,346,001</b>	<b>9,131,600</b>

**M E M O**

PASSENGERS	411,833	1,386,200	300,360	600,720	524,500
<b>TOTAL WIN DOLLARS</b>	<b>9,566,200</b>	<b>62,379,000</b>	<b>5,632,500</b>	<b>11,265,000</b>	<b>11,681,600</b>

\* Figures include 2nd proposed boat which has not been licensed as of this report.



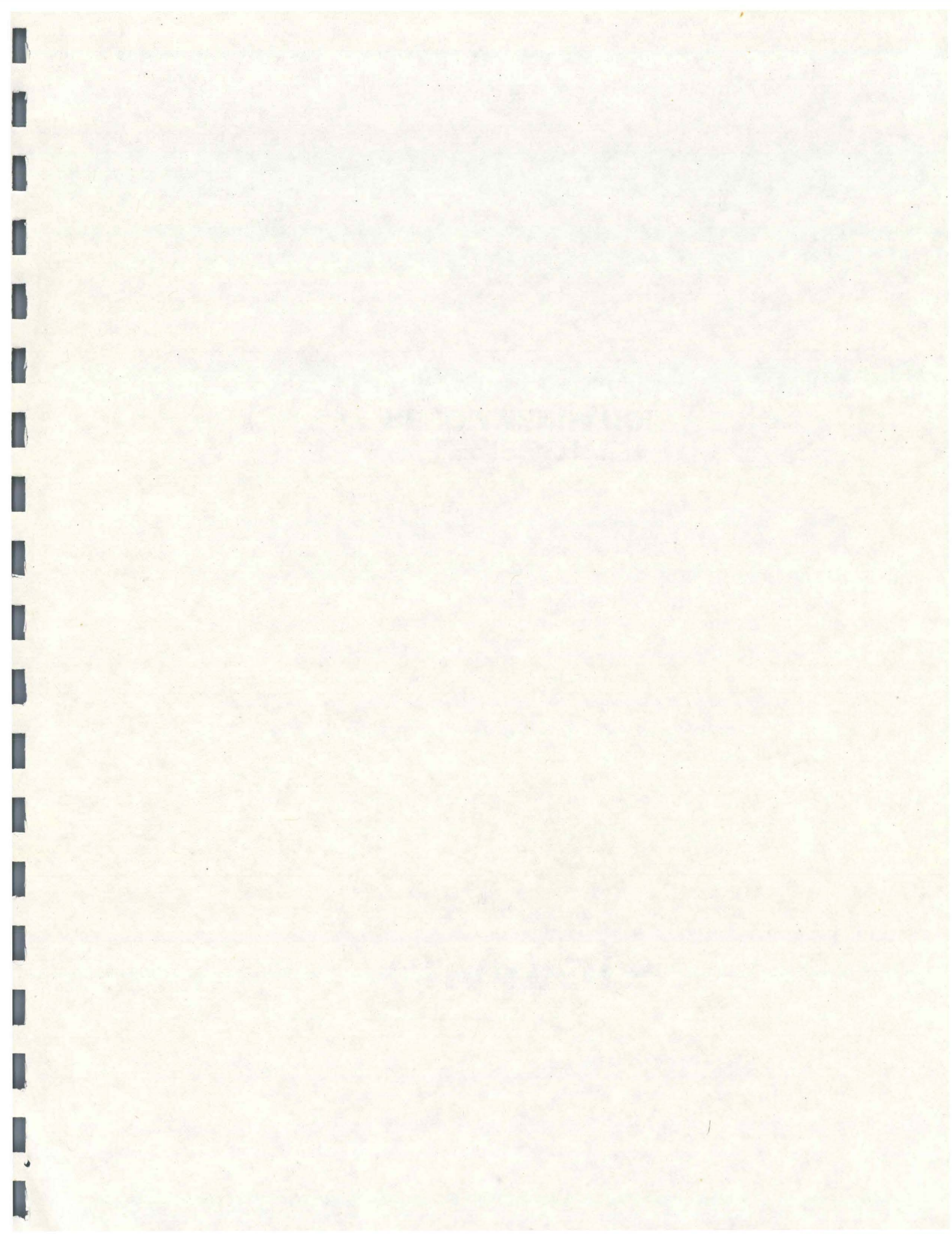




# **CHAPTER 5**

## **LEGISLATIVE RECOMMENDATION**







## LEGISLATIVE RECOMMENDATIONS

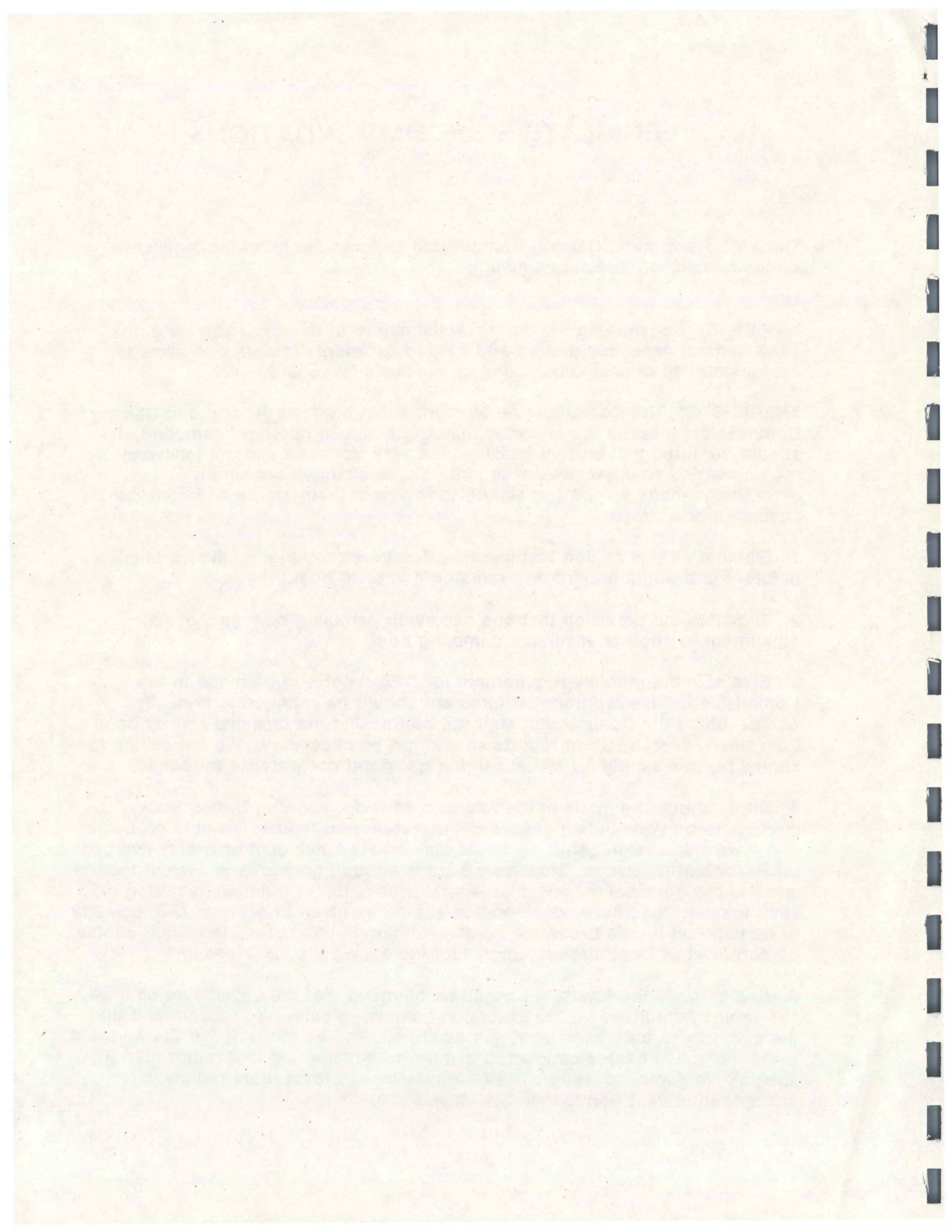
The Iowa Racing and Gaming Commission endorse the following legislative issues related to riverboat gambling:

**WHEREAS:** Considering the controversial nature of riverboat gambling, the 1989 General Assembly drafted and passed excellent legislation to allow for implementation of casino gambling upon Iowa's lakes and rivers.

**THEREFORE:** The Committee recommends that the Iowa Racing and Gaming Commission endorse the following minor changes in riverboat gambling. It should be noted that current legislation is very workable and the following recommended changes are not urgent. These changes are simply recommendations for the Legislature to review at their leisure and consider anytime in the future.

1. Eliminate the provision that merchandise be stored in a public warehouse before it is brought aboard an excursion gambling boat.
2. Eliminate the provision that one excursion gambling boat cannot sell equipment to another excursion gambling boat.
3. Eliminate the monthly requirement for CPA reports to be made to the Commission. This reporting requirement should be changed to annually. NOTE: Since the Commission staff will be tracking the financial activity on a daily basis, such frequent reports should not be necessary. We are asking for annual reports simply for statistical purposes and comparative purposes.
4. Study should be made in the future to consider allowing United States coinage to be used in lieu of tokens. Under current federal law, it is probable that Iowa's excursion gambling boats may create a five cent or twenty-five cent token for slot machines. However, there is enough gray area in current federal law and the potential for eventual federal prohibition of the manufacturing of such tokens, that future consideration should be given to allowing U.S. coinage to be used on Iowa's excursion boats. Nothing in this recommendation should be construed as Commission support for increasing the \$200 loss line.
5. Sometime in the future, we would recommend that the Legislature change the games authorized on the excursion gambling boats. We recommend that the authority to determine what games are allowed be given to the Commission since the actual games conducted is more of a marketing tool rather than a substantive gambling issue. The Commission can react more rapidly to changes in market trends than the Legislature.







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