

**Monthly Meeting of the
Prairie Meadows Racetrack and Casino
Board of Directors
January 27, 2010
2:00 p.m.**

The Monthly Meeting of the PMRC Board of Directors was called to order by Michael Galloway in the James Rasmussen Board Room at Prairie Meadows in Altoona, Iowa at 2:10 p.m.

Roll Call.

Butch Bain	Andrea McGuire	John Rowen
Bob Beattie	Ron Morden	Jodi Urich
Jack Bishop	Gerard Neugent	Tom Whitney
Don Brown	Lynette Rasmussen	Michael Helak
Michael Galloway	Sunnie Richer	Randy Minear

Also in attendance were:

Gary Palmer, President/CEO
Ann Atkin, Vice President of Operations
Brian Wessels, Vice President/CFO
Tom Flynn, Legal Counsel
Nancy Winget, Its Recording Secretary
Members of the Press, Public, and Staff

Mr. Galloway said Action Item VII – Hotel Contracts/Agreements was discussed with the Executive Committee and there’s nothing to report or act on at this time, Mr. Flynn will work with Kinseth, and we’ll probably hold a special meeting when everything is ready.

Action Item – Minutes from December 16, 2009 and December 29, 2009. A motion was made by Mr. Neugent to approve the Minutes of both meetings, as written. The motion was seconded by Mr. Morden and passed on a voice vote.

Public Comment. None

Financials. Mr. Wessels reported on the 2009 year end financials, noting these are preliminary numbers: Net revenue was \$192 million vs. a plan of \$203 million, or \$11 million below plan; Total expenses were \$153 million vs. a plan of \$166 million, or \$12.3 million above plan; Net Income before Community Betterment was \$37 million vs. a plan of \$36 million, or \$1.2 million above plan; PM ended 2009, revenue-wise, as the second best year ever. Year-to-date:

Property	Revenue	Attendance	Slot Hold
PMRC	-\$6 million or -3%	+24,000	8.16%
Horseshoe/Harrah’s	-\$19.4 million or -6.6%	-270,000	10.3% / 10.2%
Ameristar	-\$17.8 million or -10.2%	-354,000	9.4%
Terrible’s	-\$1.9 million or -3.6%	-37,000	9.2%

Mr. Morden said PM is down 3% and asked if all properties are down an average of 6% and Mr. Wessels said yes. Ms. Richer asked the hold target and Mr. Wessels said 8%, PM ended the year at 8.16%, and December was 8.76%. Mr. Wessels was asked what is the maximum hold by law and Mr. Wessels said the hold limit is just under 20%.

Introduce a Director – Renee Montgomery, Director of Vault Operations. Ms. Montgomery said she has 19 years experience in the gaming industry - 7 1/2 of those years at PMRC; was first hired as the Cage Manager in 2002, was promoted to the Assistant Director of Vault Ops, and then promoted to Director of Vault Ops; she has previously worked in Colorado, for two Tribal Gaming Casinos in Kansas, and for three riverboats in Iowa prior to coming to PMRC. The Vault Operations Division consists of four departments - Cash Operations, Hard Count, Soft Count, Gaming Revenue/Compliance and employs approximately 120 employees (90 Bargaining and 30 Non-Bargaining). Cash Operations consists of 81 employees and includes Cashiers/Main Bankers and they are responsible for: All the Cashier Windows in various locations throughout the gaming floor that service all of our internal and external guest transactions; Satellite Banks which complete all Slot JP/Fills, Table Game Fill/Credits and JP payouts, Poker Tournament paperwork along with the 11 TITO Kiosk impressments, balancing, etc.; Main Bank – where all money flows into and out of for the entire property including gaming, non-gaming and pari-mutuel departments (Wallets, cash for cashier cages, satellite banks, chip reserve, etc.). Hard Count consists of 20 employees and they are responsible for: Maintaining and servicing the 11 kiosks that allow Ticket in/ticket out slips to be self redeemed on the gaming floor and also provide self redemption regarding breakdowns of currency denominations by our guests; removal of all funds from the 1,929 slot machine cash boxes; counting and wrapping of all coin/tokens needed for the entire property. Soft Count consists of 10 employees and they are responsible for: Counting and recording of all money obtained from the 1,929 slots, 11 Ticket in/ticket out kiosks; 40 table games and 11 poker tables through an enormous currency counter and comparing these total dollar amounts with the net win summaries from the computerized data and drop system for accuracy, etc.; they ensure that the dollars counted from each cash box removed from each gaming device is recorded to the appropriate asset number of that particular gaming device and any variances to each asset is reported for follow-up. Gaming Revenue consists of 9 employees and is responsible for: Auditing all 1,929 slot machines, 40 table games, 11 poker tables, 11 kiosks, and all cash operations accountability records regarding casino revenues for the facility; compiles weekly and monthly State and Federal tax data regarding all casino revenue and routes to Financial Accounting for submission to the appropriate City, County, State, or Federal Governments; compiles weekly and monthly IRGC data regarding casino win for our property and submits by set deadlines; notification of any asset variance to appropriate department (slots, tables) for investigation to ensure integrity of the games and protection of assets. Compliance is an additional job function within the Gaming Revenue Dept. and responsibilities include: ensures compliance with IRGC Rules and Regulations, Internal Controls, etc.; ensures compliance with Federal Title 26 and Title 31 Regulations and any IRS regulations regarding tournaments, W-2G's and/or 1042S; ensures compliance with all State mandated programs such as the State Trespass Law and the Debt Offset Bill in regards to Jackpots paid, etc. and compiling this information for fund transfer to the Gambler Treatment Funds, Iowa Treasure Chest and/or State

of Iowa for those that are confiscated; maintains and submits changes to any and all Internal Controls for all PMRC departments to ensure accountability and consistency with the mandated Internal Control Issues and Internal Control Exception Reports to departments and submits violations to IRGC for any Internal Control infraction in order to maintain the integrity of gaming and protection of assets for the entire facility.

Action Item – Concept of Horse Agreements. Mr. Galloway said the Executive Committee was updated earlier today; Mr. Palmer sent out a memo to the Board outlining the contracts; we will only act on the Quarter Horse and Thoroughbred contracts today; and will have on-going discussions with the Standardbreds. Mr. Whitney said there have been several meetings and agreement were reached with the Thoroughbreds and Quarter Horses that everyone believes will be viewed as favorably by the IRGC: Thoroughbreds – five year contract with a 67 Thoroughbred only meet and Quarter Horses – three year contract with a 26 Quarter Horse only meet; the IRGC had adopted a schedule with a Mixed Meet – Thoroughbreds, then Thoroughbreds and Quarter Horses, followed by a Quarter Horse only; meetings were held with the horse groups and it was decided the IRGC schedule was not in everyone’s best interest and the five year and three year plan previously outlined was the result; he would like to publicly commend those in the Thoroughbred and Quarter Horse groups for their willingness to sit down and meet; no one is totally happy with the agreements, but everyone said they could live with them; meetings have been scheduled tomorrow to meet with each group individually to get their input on a matrix so there will be a measurement to judge each meet; the Standardbred contract is still outstanding – the IRGC voted for a 10 day meet at PM with \$550,000 – this is less than in the past and PM’s obligation was not addressed (do or not do at the County Fairs), but the IRGC said twice that PM is under no legal obligation nor does the Commission have authority to dictate County Fair money; everyone came to the table to try to find solutions that everyone could live with and all believe the matrix is very important.

Mr. Galloway requested the Board direct Mr. Flynn to begin work on a contract with Tom Levis and John Vernon, consistent with the terms submitted to the Board in the memo and with Mr. Whitney’s report. Mr. Neugent moved to adopt Mr. Galloway’s request and the motion was seconded by Mr. Beattie. Mr. Bain said this is the first time in PM’s history that all three breeds will do a stand-alone meet and asked how PM would divide expenses for each breed? Mr. Galloway said this is part of Mr. Wessels’ and the Finance Committee’s charge and the Board will address this issue after that. Mr. Whitney said the matrix established will have costs and will be pro-rated – each group will have input and know how it will be implemented. Ms. Urich noted that the IRGC wants the Marketing plan and Mr. Galloway said the Executive Committee tasked staff to make a recommendation on a consultant to do a Marketing Study for the whole organization; this will be underway in a couple of months; the recommendation will be presented to the Board for approval. The motion was approved by a Roll Call Vote (13 yes, 0 no).

Action Item – Changes to 401k Plan. Mr. Wessels said information was sent to the Board; the two changes recommended are: 1). Adding an in-service withdrawal provision at age 59½ so that participants who wished to withdraw portions of their 401k balances as they near retirement would have the ability to do so without penalty and 2). Impose a six year vesting service

requirement to the age 55 early retirement age. Mr. Morden moved to approve the changes as outlined by Mr. Wessels. The motion was seconded by Ms. Richer and passed on a voice vote.

General Manager's Report. Mr. Palmer said PM has been challenged with the weather; February 13 is the Jo Dee Messina concert; April 22 is the Huey Lewis and the News concert; AJ's will be open on Valentine's Day and Ron Morden and his quartet will entertain guests; there are extra robes left from a promotion and Board members are welcome to take one at the conclusion of the meeting; next month, Ray Sears, Director of Logistics, will report on his department

Other.

HR Committee – Ms. Richer said the committee met on Monday and covered the bonus and will review the compensation plan at the February meeting.

Finance Committee – Mr. Neugent said the committee met earlier today.

Committee Assignments – Mr. Galloway has the list ready and will give it to Nancy to type and distribute and verbally announced the committees.

Closed Session to discuss the Bonus for Gary Palmer. Mr. Galloway said the motion falls under Iowa Code Section 21.51(i). Mr. Bishop moved to go into a Closed Session and the motion was seconded by Dr. McGuire. Mr. Galloway asked if Mr. Palmer wanted to request a Closed Session and he said yes. The motion passed on a Roll Call Vote (13 yes, 0 no). The Board took a short break at 2:40 p.m. before going into Closed Session.

Open Session – The Board went back into an Open Session at 4:05 p.m. Ms. Richer moved the Board approve the incentive compensation discussed in Closed Session. The motion was seconded by Dr. McGuire and passed on a voice vote. Mr. Galloway said he will convey the results of the Closed Session to Mr. Palmer and the Executive Committee will address the concerns discussed.

Adjournment. Mr. Bishop moved to adjourn the meeting, the motion was seconded by Mr. Morden, and passed on a voice vote. There being no further business, the meeting adjourned at 4:05 p.m.

Respectfully submitted,

Gerard Neugent, Its Secretary