

**Special Meeting of the
Prairie Meadows Racetrack and Casino
Board of Directors
January 8, 2011
9:30 a.m.**

A Special Meeting of the PMRC Board of Directors was called to order by Ms. Rasmussen in the James Rasmussen Board Room at Prairie Meadows in Altoona, Iowa at 9:35 a.m.

Roll Call.

Bob Beattie	Andrea McGuire	Dan Riley
Bill Eisenlauer	Ron Morden	John Rowen
Diana Ewing	Bob Myers	Jodi Urich
Mark Hedberg	Jack Peters	Mary Chapman - absent
Michael Knapp	Lynette Rasmussen	Michael Helak

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

Ms. Rasmussen noted there are action items on the agenda that may or may not take place and the Standardbred (SB) item may just be an update. Mr. Palmer said the IRGC meets on Thursday and the SB contract for 2011 and the Polk County Lease are on the agenda.

Standardbred Contract for 2011. Mr. Palmer said he, Ms. Rasmussen, Mr. Heldt, and Ms. Atkin met with the SB group on Tuesday; after an hour discussion, PM made an offer and asked for a response; the group called yesterday and asked us to increase the offer; staff would like to stay with what was offered and present that offer to the IRGC; he would like to call the SB later today with what PM will present to the IRGC. Mr. Myers asked the changes and Mr. Palmer said in 2010, we had 10 days of SB racing as required by the IRGC, paid \$550,000 in purses, and paid \$1 million for racing at county fairs; we had proposed no SB racing in 2011 and decided to give the group a fair offer which was the same as 2010 (we didn't remove the track surface, we just packed it and it worked pretty well for half of the meet); the SB group wants us to remove the track surface at an approximate cost of \$200,000 and they proposed they would pay half of the costs; staff feels this is a fair deal if the \$1 million allocated for County Fairs is reduced by the amount paid by PM to remove the track surface, but removing the track was not in the budget. Dr. McGuire asked about a two year deal and Mr. Palmer said that was discussed, but they are not interested and believe they can work this through the legislature. Mr. Palmer said the Horse Committee report concluded that no track runs three breeds as it is not economically feasible; in 2010, we ran 10 days, paid \$550,000 in purse money and \$1 million to county fairs and we lost \$1.8 million; in 2009, we paid \$2.5 million for a 16 day meet; there is no supply and demand for SB racing at PM; the consensus of the previous Board was to consider continuing to supplement SB racing at the same level at county fairs; he believes our proposal is fair. Mr. Morden asked about the \$1 million to the SB and if they determine where it is spent and Mr. Palmer said yes.

Mr. Morden asked if some of the money went for fairs outside of Iowa (i.e. Missouri) and Mr. Peters said it had in the past. Mr. Myers asked if the money goes to a select company and Mr. Palmer said it goes to the harness people and noted no one governs this, the money goes to a lot of county fairs in Iowa and it's a contribution to agriculture. Ms. Urich asked what the SBs want as this is a fair offer and Mr. Palmer said more purse money to be taken from the other breeds. Dr. McGuire asked the amount and Mr. Palmer said \$1.2 million and that's not fair to take from the other breeds. Mr. Morden asked if the SB group has given staff the county fair information and Mr. Palmer said yes, it's not in a readable form (i.e. a spreadsheet), it is all the racing forms from the county fairs.

Mr. Palmer asked if he could call the SBs and let them know we're sticking with our last proposal? Mr. Beattie asked if this needed a motion and Mr. Flynn said yes. Mr. Beattie moved that the 2011 contract be the same as in 2010 – 10 days of racing at PM, \$550,000 in purses, and \$1 million for the county fairs, and if the surface is removed, the two groups will split the cost. The motion was seconded by Ms. Ewing and passed on a voice vote.

Closed Session – Polk County Lease and the Budget. Ms. Rasmussen said the Board would go into a Closed Session under Iowa Codes 21.5(1) and 22.7(27) to discuss the lease and the budget and requested a Roll Call vote (13 yes, 0 no).

The Board went into a Closed Session at 9:50 a.m.

The Board went back into an Open Session at 11:45 a.m., took a short break, and reconvened at 11:50 a.m.

Other. Ms. Rasmussen noted that the Board is covered under D&O Insurance; Board members may play at PM (slots, table games, etc.), but cannot be a member of the Prairie Gold Club; the information passed out in the Closed Session should be returned to Gary Palmer or Brian Wessels.

Action Item – Polk County Lease. Mr. Morden said the recommendation from the Finance Committee is to reject the Polk County proposal as it is not financially viable for PM and to affirm the Executive Committee's request to order an independent appraisal to assist with the ongoing negotiations with Polk County, which includes possible arbitration as called for in the lease. The motion was seconded by Mr. Peters and passed on a Roll Call Vote (7 yes, 0 no, 6 abstained – Eisenlauer, Knapp, McGuire, Rasmussen, Riley, Rowen).

Adjournment. Mr. Peters moved to adjourn the meeting, the motion was seconded by Mr. Riley, and passed on a voice vote. There being no further business, the meeting adjourned at 11:55 a.m.

Respectfully submitted,

Bob Beattie, Its Secretary