

**Annual Meeting of the  
Prairie Meadows Racetrack and Casino  
Board of Directors  
November 23, 2009  
2:00 p.m.**

The Annual 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	Ron Morden
Bob Beattie	Gerard Neugent
Jack Bishop	Lynette Rasmussen
Don Brown	Sunnie Richer
Perry Chapin	Jodi Urich
Michael Galloway	Tom Whitney - absent
Andrea McGuire	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

Approval of the Minutes. A motion was made by Mr. Neugent to approve the Minutes of the monthly meeting of the Prairie Meadows Board of Directors held on October 25, 2009 as written. The motion was seconded by Ms. Richer and passed on a voice vote.

Public Comment. None

Financials. Mr. Wessels reviewed the October 2009 YTD financials: Net Revenue below plan 4.4%; Total Expenses above plan \$8 million; Net Income before Community Betterment above plan \$1.1 million.

<b>Property</b>	<b>Net Win</b>	<b>Attendance / Revenue</b>	<b>Slot Hold</b>
PMRC	-\$5.3 million	+41,000 / -3.2%	8.12%
Horseshoe/Harrah's	-\$15.6 million	-245,000 / - 6.3%	10.37% / 10.23%
Ameristar	-\$14.9 million	-299,000 / -10%	9.34%
Terrible's	-\$1.6 million	-29,000 / -3.5%	9.13%
		Attendance for the whole state is down 6.1%	

Ms. Richer asked the hold for 2010 and Mr. Wessels said the same as 2009 – 8%. Ms. Richer asked about salaries/wages/benefits, 2008 vs. 2009 being down 1%, is it head count or something else and Mr. Wessels said benefits are up and the head count is down slightly – direct labor is down due to doing early-outs, changing the drop schedule to four times a week rather than daily, Valet shut down at certain hours. Ms. Urich would like to see a comparison of all the casinos and Mr. Galloway said staff could use the document from the Finance Committee packet.

Introduce a Director – Elaine Castelline, Director of Accounting. Ms. Castelline said she's been in Accounting for over 20 years; has been at PM for 11 years; Accounting has 18 full time employees and two seasonal employees for Racing and Payroll; the department includes General Accounting, Payroll, Budget, Accounts Payable, non gaming audit, and horsemen's bookkeeper; the department ensures the company complies with all tax rules and regulations and IRGC rules; oversees audits, gathers statistics, ensures the 401k plan is funded properly and that all rules are followed; the department also works with the internal and external auditors. Mr. Morden said this was discussed in the Finance Committee and for the last five years, there have been no significant adjustments made by the external auditors – this shows the professionalism of the internal staff.

Action Item – 2010 Budget. Mr. Neugent asked Mr. Wessels to make the presentation and noted the Finance Committee recommendation is to approve the budget. Mr. Wessels said 2010 will be a challenging year; the budget assumes revenue will decrease by 1.5%, there will be 86 days of racing (as approved by the Board), and all other expenses will be similar to today; year over year – Pari-Mutuels down 8.1%, Casino Operations down 1.7%, F&B down slightly, but we're getting better food pricing, net retail increase of \$593,000 due to ATM fees, wages down \$150,000, Purses down \$650,000, Marketing decrease of \$253,000 as we're doing more in-house, all others are \$238,000 and the PR campaign is included in this, net income down \$1.4 million, charitables remain the same at \$5,350,000, payments to the City of DM, Polk County, schools, etc. are hinged on casino revenue and revenues are decreasing. Mr. Neugent said the projections are based on the 2009 trend of \$200+ million in net revenue; the Finance Committee (Gerry Neugent, Ron Morden, Lynette Rasmussen, Andrea McGuire, Don Brown) reviewed the budget and recommend it be adopted; the budget assumes a racing program of 86 days – the IRGC talked about a 10 day Standardbred Meet and if so, we'll need to make adjustments to the budget, along with any legislative changes that may occur.

Ms. Richer noted depreciation is down; Mr. Neugent said that is because we'll be down to the end of the lease (December 31, 2010); Mr. Wessels said there's lower capital improvements for 2010 and the unemployment insurance will increase \$750,000 in 2010 and that's not in the current budget – the budget can be amended when racing is finalized along with the unemployment insurance. Ms. Urich thanked the Finance Committee for all the hard work on the budget, but said she will vote no on the budget – the Board's

responsibilities are policy, budget, and the CEO and for those not on the committee, there's not enough details (i.e. no cash flow sheet, no month to month comparison, if the hotel is built, the line of credit and projections, the F&B breakdown, etc.).

Mr. Neugent moved to approve the budget. The motion was seconded by Mr. Bishop and passed on a Roll Call Vote (10 yes, 2 no (Urich and Bain), 1 member absent).

Action Item – Outside Vendors for 1010. Mr. Galloway said this item will be deferred until the December meeting; noted Ms. Atkin is passing out a memo from Clay Willey for the Board's review and action in December; send questions to Gary and copy the whole Board. Mr. Palmer said Mr. Willey was unable to attend today's meeting, but the recommendation is to have Great Caterers of Iowa as a vendor in 2010 – this will be on the December agenda.

Announce Appointments to the PMRC Board of Directors. Mr. Galloway said Polk County has reappointed Lynette Rasmussen and the Taxpayers Association has reappointed Ron Morden for a second term.

Action Item – Recommendation from the At-Large Committee and Election for Two At-Large Directors. Mr. Bishop said the At-Large Committee (Jack Bishop, Bob Beattie, Perry Chapin, Jodi Urich, Tom Whitney) met on November 7 and interviewed ten applications; all were excellent candidates; the committee recommends John Rowen and Bob Beattie (second term).

Mr. Bishop moved to accept the At-Large Committee's recommendation of Bob Beattie. The motion was seconded by Mr. Neugent and passed on a Roll Call Vote (12 yes, 0 no, 1 member absent).

Mr. Bishop moved to accept the At-Large Committee's recommendation of John Rowen. The motion was seconded by Mr. Neugent and passed on a Roll Call Vote (12 yes, 0 no, 1 member absent).

Mr. Beattie said the committee was really impressed with the quality of applicants and he believes any one of them would have been an excellent choice. Mr. Galloway introduced Mr. Rowen who said he is excited about being part of the Board.

General Manager's Report. Mr. Palmer reported on: November 26 – Thanksgiving; December 24 – PMRC closes at Noon and reopens at 2:00 p.m. on December 25; February 13, 2010 Jo Dee Messina concert; Paul Johnson, Director of Slot Operations, will be on the December agenda; it has been a very interesting year and PM is doing well compared to the industry.

Mr. Palmer reported that PM has received a “trifecta” of awards – a film clip was shown of Board member Sunnie Richer and staff member Steve Berry, winning the “Dancing with the Stars” contest at the American Diabetes Gala; AGA National Award presented to PM during the Gaming Show in Las Vegas last week for best print advertising in 2009, there were 300 applicants and we beat out the Luxor and Monte Carlo with our camel and ostrich races ads; PM received the Outstanding Corporate Philanthropy Award at the DM Marriot last Friday – the award was a painting by Barbara Blecker of Des Moines, Sunnie Richer and Roger Brooks received this award two years ago.

Mr. Palmer reviewed the employment trends – October 6.7% vs. October 2008 at 4.3%; predictions indicate the number will go up next year; national unemployment rates: October 2009 - 10.2%, September 2009 - 9.8% vs. 6.6% in 2008.

Mr. Palmer said the Las Vegas trip was a buying trip and PM received some good deals – we need a cash counting machine and the one we looked at is used by the Federal Reserve and is guaranteed to run 98.8% of the time, the cost was \$900,000 a few weeks ago and the cost at the gaming show was \$500,000; Paul Johnson met with several slot machine companies and they will be sending him quotes soon.

Mr. Palmer referred to the United Way ad that was in the newspaper last week featuring George Washington Carver School that noted PM gave \$4 million to the United Way.

Other.

Mr. Galloway presented a token of appreciation to Mr. Chapin for his service on the PMRC Board.

Mr. Galloway thanked Mr. Neugent, the Finance Committee, Mr. Wessels, Ms. Castelline and other staff for their work on the 2010 budget.

Ms. Richer reminded the HR Committee about the meeting on Tuesday.

Adjournment. A motion was made by Mr. Bishop to adjourn the meeting. The motion was seconded by Dr. McGuire and passed on a voice vote. There being no further business, the meeting was adjourned at 2:45 p.m.

Respectfully submitted,

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Gerard Neugent  
Its Secretary