

**Monthly Meeting of the  
Prairie Meadows Racetrack and Casino  
Board of Directors  
December 16, 2009  
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	Lynette Rasmussen
Bob Beattie	Sunnie Richer
Jack Bishop	John Rowen
Don Brown	Jodi Urich
Michael Galloway	Tom Whitney
Andrea McGuire	Michael Helak
Ron Morden	Randy Minear
Gerard Neugent	

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 introduced Michael Helak, the non-voting appointee from the DM Partnership finishing the term of Paul Hayes. Mr. Helak said he worked with three casinos while in Kansas City, has some familiarity with casinos, and he's happy to be on the Board. Mr. Galloway noted this is John Rowen's first meeting.

Approval of the Minutes. A motion was made by Mr. Morden to approve the Minutes of the annual meeting of the Prairie Meadows Board of Directors held on November 23, 2009 as written. The motion was seconded by Mr. Neugent and passed on a voice vote.

Public Comment. None

Financials. Mr. Wessels reviewed the November 2009 YTD financials: Net Revenue under plan 4.5%; Total Expenses above plan 6.7%; Net Income before Community Betterment above plan \$2 million; the first ten months of 2009 have been the first, second, or third best months in PM's history, but November fell a little short.

Property	Revenue	Net Win	Attendance	Slot Hold YTD
PMRC	-\$5.3 million	-3%	+36,000	8.1%
Horseshoe/Harrah's	-\$16.6 million	-6.1%	-6.6%	10.4% / 10.2%
Ameristar	-\$16.3 million	-10%	-13.6%	9.4%
Terrible's	-\$1.5 million	-3.2%	-3.7%	9.1%
<b>Net Win</b> for the whole state is down 6%				

Audit Committee Report. Mr. Morden reported the committee met earlier today, reviewed legal issues with Tom Flynn, met with Deloitte who will perform the 2009 audit, and there are no adverse items to report.

Introduce a Director – Paul Johnson, Director of Slot Operations. Mr. Johnson said he joined PM in 1995 as a Slot Supervisor and worked his way up to being appointed Director of Slots in September 2006; it has been exciting to be a part of opening the casino and see its success; his department has 83 team members; the department has two areas of responsibility – operations and slot performance; Casino floor attendants interact and provide guest service to our guests; Slot Performance installs new games, performs maintenance, assists guests with technical issues, and analyzes game performance; he is proud of his team and believes they provide great JACKPOT Guest Service. Ms. Rasmussen asked if we're staying with the current machines, does he visit other casinos, and about the Las Vegas show. Mr. Johnson said he will be placing orders from the Las Vegas show and visits casinos close to PM; we need to continue to update our machines, but have good variety compared to other casinos.

Action Item - Outside Vendors. Mr. Galloway noted the Board received information last month and the item was deferred until this month to give everyone an opportunity to review the information. Mr. Willey, Director of F&B, reviewed his written recommendation and said this vendor provides a quality product at a good price; PM provides garbage, water, and electric; due to the economy, referendum, and cost to PM to duplicate the product, his recommendation is to award the contract to Great Caterers of Iowa for 2010.

Mr. Whitney asked if staff received other bids and Mr. Willey said no; Mr. Whitney asked if staff is aware of what the Board previously stated about approving vendors and Mr. Willey said yes, but it didn't specifically state the need for bids; Mr. Whitney said it was understood and this is a "sweetheart" deal and Mr. Willey said the vendor is a benefit for us; Mr. Whitney said this vendor provides rib products, pop, and French fries and Mr. Willey said yes - as a convenience for our guests; Mr. Whitney asked if this vendor sells other products and Mr. Willey said yes. Mr. Whitney again stated this is a sweetheart deal and the Board's intent was ignored by administration – we should allow other vendors the opportunity to bid – this is bad business. Mr. Bishop said he doesn't discount what Mr. Whitney said about no competition, but PM had 5-6 vendors when it started and for one reason or another (not enough business, bankruptcy, etc.) they left - this vendor stayed with us.

Mr. Morden moved to award Great Caters of Iowa the Apron contract for 2010. The motion was seconded by Mr. Beattie and passed on a voice vote, with Mr. Whitney voting no.

Action Item – Legacy Grants Recommendations. Mr. Galloway noted the Board received this information in advance and Mr. Whitney passed out a commitment spreadsheet; noted \$2 million will be awarded in 2009; 20 organizations will receive grants – 8 for this year and some left from previous years; the committee's recommendation includes the multi-year grants; three years is the maximum grant.

Ms. Urich asked about naming rights (i.e. Broadlawns grant) and Mr. Whitney said recognition for PM is a condition of the grant, he believes Broadlawns will name a wing for PM, all are obligated to recognize PM. Mr. Neugent said the Finance Committee reviewed the recommendation, funding is available, and recommends doing this. Ms. Rasmussen asked about the scholarship program and Mr. Whitney said the budget is \$120,000 each year, minus the money that is declined and is offered to every high school in Polk County including parochial schools – some decline for various reasons.

Mr. Whitney moved that the PM Board approve the Legacy recommendations made by the Grants Committee. The motion was seconded by Mr. Neugent and passed on a voice vote. Mr. Galloway reminded the Board to submit a list of any conflicts for this item and the next item to Nancy Winget.

Action Item – 2009 Grants Recommendations. Mr. Whitney said these are the Community Betterment Grants; the award is \$1,983,346 for 203 grants; 83 grants will be fully funded; the committee was broken into sub-committees who prioritized the top three grants in that area; all top three grants in each area were then reviewed by the full committee; 22 organizations will receive more than \$10,000; we received 521 applications; it is a voluntary board and they did a tremendous job – many reviewed the full packet of information.

Ms. Richer noted that taking a minimum of five minutes to review each grant equals 43 hours; it is a huge commitment; she's proud to be part of this group; the members of the committee are imbedded in the community and schools. Dr. McGuire said it is an amazing production – staff sent out an organized notebook and the committee did a great job; Ms. Richer said Julie Stewart and Gina Rooney (staff members) and the 15 committee members did a great job; Mr. Whitney said the committee includes two board members with voting rights and three non-voting board members.

Mr. Galloway asked Mr. Whitney to explain the process. Mr. Whitney said the Grants Committee includes himself, Sunnie Richer, Jodi Urich, Andrea McGuire, and Ron Morden; applications were due by August 15 from 501c organizations in Iowa; the application included various questions and how they'll recognize PM; the books were compiled by staff and the applications were scored by the committee – the committee was broken down into sub-committees, the applications were reviewed and prioritized, committee members can't vote on organizations they're involved with, but can speak about the organization, the committee as a whole reviews and makes the final recommendation.

Mr. Whitney said the Legacy Grants are the major ones with requests of \$100,000 or more and the Board scores these applications. Mr. Bishop said for these grants, information is not shared like it is in the Community Betterment Grants process - the Board scores individually; with the Polk County Housing Trust, PM gives \$27 million to Polk County and he believes Polk County should support this. Mr. Whitney agreed with the suggestion that the Board discuss Legacy Grants before scoring and said we'll try to improve the process for next year. Ms. Richer also agreed with Mr. Bishop and suggested maybe the top ten should make a presentation to the Board and then the Board could share and discuss information. Ms. Rasmussen asked if Legacy grants are based on the top vote getters and Mr. Whitney said no Board members sees other Board members' scoring; he recommends funding the top eight – no one received total funding and the eight new programs are partially funded; last year we took the best, this year we funded the top eight recommended by Board scores – the Housing Trust was the top pick of the Board as a whole. Mr. Whitney said with Community Betterment Grants, that committee can recommend to the Board any part of the request.

Mr. Neugent reported the Finance Committee has reviewed the recommendations, money is available, and recommends doing this. Mr. Galloway said Mr. Whitney did a good job explaining the process and he'd like to recognize and thank the Board members, committee members, and staff for undertaking this project.

Mr. Whitney moved that the PM Board approve the Community Betterment Grants recommendations made by the Grants Committee. The motion was seconded by Mr. Bishop and passed on a voice vote. Mr. Galloway again reminded the Board to submit conflicts to Nancy Winget and abstained from the vote due to various conflicts.

Conflicts of Interest for Legacy Grants:

Bob Beattie – none  
Gerry Neugent – United Way of Central Iowa  
Don Brown - United Way of Central Iowa  
Mike Galloway – Polk County Housing Trust Fund, East High Alumni Foundation, Broadlawns Medical Center Foundation, DMACC Foundation  
Ron Morden – none  
John Rowen - Polk County Housing Trust Fund  
Lynette Rasmussen – none  
Dr. McGuire – none  
Jodi Urich - Broadlawns

Conflicts of Interest for Community Betterment Grants:

Bob Beattie – none  
Mike Galloway – abstained  
Jack Bishop – Mosaic  
Gerry Neugent – Blank Children’s Hospital, Catholic Council for Social Concerns, DM Playhouse, Dowling Catholic High School, Drake University Brother to Brother, Drake University Cowles Library, Drake University Law School, Roman Catholic Diocese of DM  
Don Brown – South Central Iowa Federation of Labor Labor Park and Park Shelter Roof.  
Ron Morden – none  
Lynette Rasmussen – AAU Metro Basketball, Grand View University, Johnston Community School District – Johnston High School, Johnston Community School District – Summit Middle School, Johnston, City of – Parks and Recreation Department.  
Dr. McGuire – JDRF.

Action Item – Hotel Letter of Agreement. Mr. Neugent said the letter was sent out with the revised Agenda; Kinseth’s proposal has money being spent before steel goes up and there’s a lot of conditions in the development agreement – if something falls through (i.e. PM can’t get approvals or Kinseth can’t get the financing), PM would reimburse Kinseth up to \$300,000; Mark Wandro said this was of value to PM to do – all reports are assignable to us and if something happens, we can proceed with the plans we have; if the letter is approved, Kinseth will authorize the architects to go forward with the plan – this saves three or more months and construction can start around May 2010; the Facilities and Finance Committees recommend approval.

Mr. Neugent moved approval of the Hotel Letter of Agreement. The motion was seconded by Mr. Morden. After the following discussion, the motion passed on a voice vote.

Ms. Urich offered an amendment that we talk to Polk County and get its approval that this is a good idea. Mr. Neugent said he and Mr. Galloway have been talking to the Civil Engineer and he’s not sure this impacts Polk County’s deal – they have met with the Supervisors in a public form. Ms. Urich would like the letter shared with Polk County and will withdraw her amendment. Mr. Galloway requested Mr. Flynn provide a copy of the letter to Polk County.

Action Item – End-of-Year 401k Distribution of 2.5% for Bargaining and Non-Bargaining Employees. Mr. Galloway said the Board reviews this every year and Mr. Neugent said the Finance Committee recommends, and he moves, approval of the additional 2.5% to the 401k plan – the bargaining unit receives this under its contract and this motion includes the non-bargaining unit, the cost is \$420,000, and the money is available. The motion was seconded by Mr. Bishop and passed on a voice vote.

Action Item – The Three Officers’ Compensation (Compliance with IRS 4958 for 2010 – external report to determine fair and reasonable salaries). Mr. Galloway noted this needs to be reviewed annually and Mr. Flynn has reviewed it; this report was prepared by Elaine Castelline, Director of Accounting; we don’t have to go out every year and get a formal report, we just need external benchmarks as guidance; a report was done in 2008 by Deloitte; there’s nothing materially different this year, Ms. Castelline just updated and used Deloitte’s framework; PM is compliant with the IRGS rules. Mr. Morden moved to adopt the 2009 Officers’ Compensation report that their compensation is fair and reasonable. The motion was seconded by Mr. Neugent and passed on a voice vote.

Action Item – 2010 Lobbyist. Mr. Galloway said there’s an ad hoc committee and Mr. Whitney is the liaison. Mr. Whitney said he and Ms. Urich have met with Troy Skinner and it’s their recommendation to reemploy Mr. Skinner for 2010 at the same salary - \$70,000 for the year, and he moves the recommendation. The motion was seconded by Mr. Bishop and passed on a voice vote.

Action Item – Bonus Resolution. Mr. Neugent said there’s a plan in place and the 2009 bonus won’t be paid until 2010 - the IRS requires a resolution be adopted in 2009 to be able to include the money in the 2009 tax returns, and moved to adopt the resolution. The motion was seconded by Ms. Richer and passed on a voice vote.

Ms. Richer said there’s a process for the bonus; the HR Committee will meet on January 25, 2010 at 3:00 p.m. to work on it; it will be presented to the Board at its January 2010 meeting; the bonus will be paid in February.

Action Item – 2010 Legislative Agenda. Troy Skinner handed out and reviewed the 2010 Iowa Legislative Session Overview – this is the second session of the 83<sup>rd</sup> General Assembly; bills introduced in the first part of the session may still be considered; there’s nothing at this point that affects PM; legislative leaders plan to convene after 80 days (March 31); this was an election year and there are two new faces, but the Democrats still control both chambers; the focus will be the budget – there’s a \$1 billion shortfall and they’ll be looking for cuts or revenue enhancements; things that could potentially impact PM and the gaming industry as a whole are: TouchPlay, Advance Deposit Wagering, Delinquent Tax Collections, Gaming Tax, and new licenses, the smoking ban, racing issues, and the referendum. Mr. Skinner doesn’t believe there’s a need to approve a Legislative Agenda.

Ms. Richer asked about the IRGC’s role if a license is sold; Mr. Skinner said they would go through the process of review, it’s a long process, and they would go through intensive background checks; Mr. Whitney said if the license was sold today, the date to open would be in 4-5 years. Mr. Galloway said there’s no action on this item and Mr. Skinner will keep staff and the Board updated.

Action Item – Election of Officers (Chair, Vice Chair, and Secretary – Past Chair is automatic). Mr. Whitney moved to collectively to nominate the following officers for 2010 – Mike Galloway as Chair, Ron Morden as Vice Chair, and Gerry Neugent as Secretary. The motion was seconded by Mr. Bishop.

Ms. Urich would like it noted that she’s concerned about 2010 and the Polk County lease negotiations – she believes there’s a conflict of interest with Mike Galloway and Gerry Neugent negotiating the lease. Mr. Whitney said the County appointees can negotiate and participate up to voting – the conflict is if they vote - all Board members have some conflict. Mr. Galloway said

he won't vote on the Country contract and encourages other Polk County appointees to abstain – this Board has a high level of integrity and fiduciary responsibility.

Mr. Whitney moved that nominations cease and a unanimous ballot be cast, the motion was seconded by Mr. Bishop, and passed on a voice vote.

Mr. Galloway noted that Mr. Bishop is the Past Chair and asked if he would accept the position and Mr. Bishop said yes.

Action Item – Election of Executive Committee (one position in addition to the Officers just elected). Mr. Neugent moved to nominate Sunnie Richer and the motion was seconded by Ms. Urich. Mr. Whitney moved that nominations cease and a unanimous ballot be cast and the motion was seconded by Mr. Bishop. The motion passed on a voice vote.

2010 Executive Committee:

Chair - Michael Galloway

Vice Chair – Ron Morden

Immediate Past Chair – Jack Bishop

Secretary – Gerard Neugent

Member – Sunnie Richer

General Manager's Report. Mr. Palmer reported that PM is doing well in this economy; PM will close December 24 at noon and re-open December 25 at 2:00 p.m. – this will change when the hotel opens – we'll be open all the time; February 13 is the Jo Dee Messina concert; Renee Montgomery, Director of Vault Operations will make a presentation at the January meeting. Mr. Palmer said he, along with four others, were panelists at the Racing Symposium in Tucson last week; the topic was how to make racetracks a destination; he did a PowerPoint presentation showing the history of PM from 1989 to the present; Leroy Gessmann and Jack Ketterer attended the conference; *The Thoroughbred Times* did an article; all noted that PM is the leader in the industry and facilities need to keep adding, have great guest service, and have a clean facility; a representative from Global Spectrum made a presentation, it was a great presentation, and we'll ask him to do a presentation for the Board, he showed bad things and good things at sports complexes – he reinforced our philosophy of great guest service and cleanliness.

Mr. Beattie asked if we can measure what Bass Pro has done for PM and Mr. Palmer said no, but he and Jeff Nelson, Director of Marketing, have met with Adventureland, Bass Pro, and The Speedway folks to work on programs to promote all the properties together; Bass Pro is very busy and doing well and they're willing to help us; Adventureland wants to be a partner. Mr. Neugent noted Bass Pro has to be a factor for us; Mr. Beattie said there will be more entertainment venues to team with.

Other.

Mr. Bishop reminded the Board that for those last minute gifts, PM sells gift certificates.

Mr. Whitney reminded the Board to mark their calendars for February 11 for the Grants Luncheon – over 800 people will be in attendance.

Mr. Whitney thanked the audience for its continued support.

2010 Meeting Dates – Mr. Galloway said the meeting dates are attached to the agenda.

Mr. Galloway asked Mr. Palmer to send out a list of the committees to the Board to select their choice(s) and submit to him by January 15 – the new committee list will be presented at the January 27 Board Meeting.

Adjournment. A motion was made by Dr. McGuire to adjourn the meeting. The motion was seconded by Ms. Urich and passed on a voice vote. There being no further business, the meeting adjourned at 3:20 p.m.

Respectfully submitted,

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Gerard Neugent  
Its Secretary