

**Monthly Meeting of the  
Prairie Meadows Racetrack and Casino  
Board of Directors  
April 28, 2010  
2:00 p.m.**

The Monthly Meeting of the PMRC Board of Directors was called to order by Ron Morden in the James Rasmussen Board Room at Prairie Meadows in Altoona, Iowa at 2:10 p.m. Mr. Morden is chairing the meeting as Mr. Galloway was unable to attend.

Roll Call.

Bob Beattie	Ron Morden	John Rowen
Jack Bishop	Gerard Neugent	Jodi Urich
Michael Galloway-absent	Lynette Rasmussen	Tom Whitney
Andrea McGuire	Sunnie Richer	Randy Minear
Mike Helak	Dan Riley	

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 March 24, 2010 as written. The motion was seconded by Dr. McGuire and passed on a voice vote.

Public Comment. None

Financials. Mr. Wessels reviewed the YTD March 2010 financials: Net Revenue below plan 1.7%; Total Expenses below plan 3.4%; Net Income before Community Betterment above plan \$350,000.

<b>Property</b>	<b>Net Win</b>	<b>Attendance</b>	<b>Slot Hold</b>
PMRC	-\$2.2 million or -4.6%	+2,000	8.17%
Horseshoe/Harrah's	-\$1.9 million or -2.8%	-40,000	10.3% / 10%
Ameristar	-\$2.2 million or -5.2%	-63,000	9.3%
Terrible's	-\$1.3 million or -10%	-19,000	8.8%

Ms. Richer asked if the total expenses would shrink as the year progresses due to the budget being changed to reflect salaries and Mr. Wessels said the \$750,000 for unemployment taxes from January through March are in March and it will normalize out, but should not shrink. Ms. Richer asked if racing days expenses would shrink and Mr. Wessels said we will start seeing expenses in the April report and expenses may shrink a bit. Mr. Whitney asked about the

revenue in 2009 or 2008 vs. 2010 and Mr. Wessels said it is running less than 2009. Mr. Whitney asked the percentage and Mr. Wessels said 4.6% year over year. Ms. Urich asked the hold goal and Mr. Wessels said we're trying to hold it at 8%. Mr. Morden said that the report doesn't show the net profit of the other properties and we don't know their expenses to get the revenues.

Introduce a Director – Derron Heldt, Director of Racing. Mr. Heldt said he's been at PM since Fall 1996 and three departments report to him: TV has 19 employees, transmits and receives the simulcast signals, does the casino signage for the video displays, does the signs on the big video boards outside, produces videos for employee awards, Marketing events, safety video, etc.; Mutuels has 75 employees during live racing and they take bets either at the counter or with roving tellers; Racing has 45 seasonal employees during live racing and they do everything from taking entries and doing the race cards in the a.m. to working in the Paddock, weighing jockeys, and checking horse tattoos in the p.m. Last weekend was opening weekend and the weather was bad with wind, rain, and fog – attendance was down a bit, but we were busy; Monday's weather was bad, Tuesday's weather was decent; handle was up 2% - down a bit on-track and up off-track; average field size (number of horses) last year was 7.4 and this year is 8.6; we have 18 new trainers bringing in 375 new horses, 9 new jockeys, and several new Veterinarians and farriers; we have a great opportunity with the new format and everyone seems happy; this is the first year of a five year contract with the Thoroughbreds and it's a positive; inventory is ahead of last year with 1,000+ on property and 200 still shipping in from Arizona and Texas – we should have 1,200-1,250 within the next two-three weeks; the horses coming in are race ready. Staff is starting to work on the Quarter Horse meet which starts August 13, the condition books are at the printer and should be mailed out by the weekend.

Ms. Rasmussen noted the meet started at about the same time as last year and asked why there are new trainers? Mr. Heldt said this is due to the circuit with Hot Springs (Arkansas), then PM, and then Remington Park in the Fall; Turf and Sunland are not part of the circuit; staff has been actively recruiting year after year and new people decided to give PM a try. Ms. Urich asked the number of two year olds and Mr. Heldt said he has papers in the office for 194 horses, 75 are Iowa-breds. Ms. Urich noted staff has done a good job and there's been good press from Paddy O'Prada, an Iowa-owned horse.

Action item – Matrix as a Measurement Standard. Mr. Palmer said the Horse Racing Committee worked on a matrix for each breed of horses and Derron Heldt and Ann Atkin worked with the horse groups as the Board wanted a standard measurement; this is a good template to start with; the Thoroughbreds signed the contract which included the matrix.

Ms. Rasmussen noted, from Prairie Meadows' side of the matrix, it would be good to footnote such things as Marketing costs, number of bets placed with roving tellers, buffets sold upstairs, etc. for consistency and costs. Mr. Palmer said the Thoroughbreds had a question on handicapping and simulcasting and a system both could agree on; for the first time this year, Doug Vail and Marty Pohlmeier, Simulcast Coordinator, worked together increasing simulcast and getting better deals; Marty said he enjoyed working and partnering with Doug.

Ms. Urich said there is a cost gap with the consultant's report and the audit Deloitte presented last month ( the audit listed the cost of racing on page 22 as \$24 million), is that the number

we'll use? Mr. Palmer said no, there are direct and indirect costs; Mr. Wessels said \$24 million is the direct costs and unallocated costs are things such as Human Resources, Marketing, etc. Ms. Urich asked if the cost of racing is \$19,000 per day and Mr. Wessels said that this the direct cost, no unallocated costs are included in that number. Ms. Urich asked the number that should be used and Mr. Palmer said \$32-\$33 million.

Mr. Morden said the key is the explanation of allocated costs between the casino and racing; the Board wanted to establish a method and do it in a consistent manner year to year – the numbers aren't as relevant as the change year to year – this allows an apples to apples comparison. Mr. Morden asked Mr. Palmer to read the seven matrix goals: Attendance, Revenue from Handle, Average field size, Number of Iowa-bred horses foaled and raced, Iowa-owned earnings, Iowa-bred earnings, and Cost/Revenue Gap. Ms. Richer asked, for goals 4, 5, 6 (Number of Iowa-bred horses foaled and raced, Iowa-owned earnings, Iowa-bred earnings), should we get the number of owners or horses to get a ratio per dollar and numbers and Mr. Palmer said staff will work on this, but some are corporations. Ms. Richer suggested doing corporate entities (i.e. \$20 million went to 50 entities) – this would be useful to know. Mr. Whitney said PM gives money to the Department of Agriculture who tracks the horses finishing fourth and above and sends supplement money to the breeders; in 2008, there were 128 breeders; a breakdown by breed could be done. Ms. Richer thought that information would help the Board be more knowledgeable. Mr. Whitney requested a one page summary of terms and Iowa-bred and Iowa-owned horses.

Mr. Bishop moved to adopt the Matrix as a Measurement Standard; the motion was seconded by Dr. McGuire. Ms. Rasmussen said with the matrix and new meet format, will it increase or decrease Iowa-breds – this will be good information for future Board decisions. Ms. Richer said we need a starting point and a good matrix to track the goals. The motion passed on a voice vote.

Action Item - Snyder and Associates Contract (hiring them as the Owner's Representative for the construction of the fishbowl and hotel conference space). Mr. Neugent said the Facilities Committee recommends engaging an owner representative; the original agreement was reviewed and changes made; the revised copy was e-mailed to the Board; committee members Randy Minear, Lynette Rasmussen, Bob Beattie, John Rowen, and Gerry Neugent recommend entering into a contract with Snyder – the contract is hourly and has a “not to exceed number”. Mr. Neugent moved to approve the contract and authorize Mr. Palmer to sign the contract. The motion was seconded by Mr. Rowen and passed on a voice vote.

Action Item – Hotel Schedule. Mr. Neugent said PM has a Development Agreement with Kinseth and May 1 is the deadline; Polk County approved the lease and documents on April 13, 2010; a meeting was held with Kinseth yesterday and they said they have the equity raised, but nothing is finalized; Kinseth is requesting a 30 day extension to June 1 to get financing completed and to extend the completion date; PM's alternative was to extend the May 1, 2010 deadline to May 10, 2010 and Kinseth will advise us if financing and conditions were done – there was no discussion on extending the July 1, 2011 completion date; Kinseth understands the urgency of moving along and believes it can get the commitments by May 10, 2010 – their two lenders have issued loan term sheets. Mr. Neugent said Kinseth has until May 10 to earn the extension to May 25 to have the loan closed and conditions waived and not extend the completion date unless Kinseth shows it's reasonably impossible to do; PM requested an

amendment to the Development Agreement; the Finance Committee discussed this and the consensus is to recommend the one time extension.

Mr. Neugent moved to amend the agreement as described by Mr. Flynn and the motion was seconded by Ms. Rasmussen. Ms. Urich asked if the extension and financing would come back to the Board and would it be approved without financing? Mr. Neugent said the Board already approved the Lease Agreement, Condo Agreement, and the fishbowl and meeting rooms and those agreements don't request any other extension. Mr. Minear noted the financing doesn't affect us. Ms. Urich asked what happens if there's no financing and Mr. Neugent said, in the Development Agreement, we can walk away. The motion passed on a voice vote.

General Manager's Report. Mr. Palmer reported on: Racing started April 23; Kentucky Derby is May 1 and will be a big weekend; Preakness is May 15; Smokey Robinson Concert is June 3; Belmont on June 5; Ronnie Milsap and the Oakridge Boys Concert on June 24; the Huey Lewis concert last week was great; Hector Morales, Director of Table Games will talk about his department next month.

Other Business.

Marketing Committee – Mr. Bishop said the committee met earlier today and Mr. Nelson, Director of Marketing, will give a report to the full Board at the next meeting.

Audit – Ms. Urich asked if the Board needed to approve the audit presented at the last meeting by Deloitte and Mr. Flynn said no, the Board just needs to accept it.

JACKPOT Party – Ms. Urich commented on the party held on Monday; Mr. Nelson said someone has to have hit a jackpot to be eligible to attend; Ms. Urich said there was a great response.

Adjournment. Ms. Richer moved to adjourn the meeting, the motion was seconded by Mr. Whitney, and passed on a voice vote. There being no further business, the meeting was adjourned at 2:55 p.m.

Respectfully submitted,

---

Gerard Neugent, Its Secretary