

**Monthly Meeting of the
Prairie Meadows Racetrack and Casino
Board of Directors
July 28, 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 2:20 p.m.

Roll Call.

Bob Beattie

Jack Bishop

Michael Galloway

Andrea McGuire

Ron Morden

Gerard Neugent

Jack Peters

Lynette Rasmussen

Sunnie Richer

Dan Riley

John Rowen

Jodi Urich

Tom Whitney

Michael Helak

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 welcomed Jack Peters back to the Board.

Mr. Galloway said there are a two modifications to the Agenda:

- 1). IX. Action Item – Proposed Modification of By-Laws (Term Limits) was discussed in the Executive Committee Meeting and it was a unanimous decision to remove this item from the agenda and there is no intent in the near future to bring it back.
- 2). XI. Other Business will be moved and will follow the Closed Session.

Approval of the Minutes. A motion was made by Mr. Morden to approve the Minutes of the monthly meeting of the Prairie Meadows Board of Directors held on June 23, 2010 as written. The motion was seconded by Ms. Richer and passed on a voice vote.

Public Comment. None

Financials. Mr. Wessels said Jerrell Royal has been hired as the Assistant Director of Marketing, he was previously employed by Harrah's in Las Vegas, and will be a great addition to staff.

Mr. Wessels reviewed the June 2010 YTD financials: Net Revenue -.4% below plan; Total Expenses +2.4% above plan (due to employees taking early-outs, distributing duties when a Supervisor or Manager leaves, closing the South entrance during the night); Net Income before Community Betterment +8.1% above plan.

Property	Net Win	Attendance	Slot Hold
PMRC	\$95.1 million	+7,000	8.20%
Horseshoe/Harrah's	\$96.1 million/ \$41.6 million	+1,000 / -72,000	10.18% / 10.22%
Ameristar	\$80.1 million	-77,000	9.34%
Terrible's	\$24.2 million	-37,000	8.98%

Dr. McGuire likes the explanations on how staff is keeping expenses down. Ms. Richer asked about the capital expenditures, 2009 vs. 2010, - is this the same time period and why the huge swing downward? Mr. Wessels said it is the same time period, 2009 is still open and staff is trying to complete projects, the focus on this area is to delay when we can. Ms. Richer asked if items were being deferred and Mr. Wessels said yes, all projects need to be done, but we're trying to hold the cash longer. Ms. Richer asked about real expenditures and Mr. Wessels said some will carry over to 2011, we will spend, but we're being prudent and holding off for a month or two.

Introduce a Director, David Kinder, Director of Surveillance. Mr. Kinder said he and his wife, Susan, live in Altoona with their two children; he graduated from Baker University in 1981 with a Bachelor of Science degree, majored in Sociology / Minor – Psychology; community associations include Junior Achievement, Meals on Wheels, Optimist Club, and Toastmasters International; hobbies include cooking, racquetball, and family genealogy; has worked in the gaming industry for 29 years - 28 has been in casino Surveillance; after graduating from college in 1981, he moved to Reno, Nevada and began working at Harrah's Reno as a Casino "Observer" - casino activity back then was monitored from catwalks in the ceilings; began working at Prairie Meadows in December 2006 as the Surveillance Manager, was promoted to the Assistant Director in 2008, and promoted to Director of Surveillance in January 2009 when John Tinker retired.

The Surveillance budget for 2010 is \$913,000; the department has a total of 18 employees - three Supervisors, one Tech Specialist, and 13 Agents; the primary focus of Surveillance is the casino activity and providing daily audit snapshots for Security, Cash Ops, Slots, Table Games, and Food & Beverage; Surveillance utilizes several reporting databases including a Daily Log database, Incident Report database, Video Request database, Pass-On database, and Trespass database; Surveillance Agents are required to pass a one-year training program and are tested on policies, procedures, SOP's and Internal Controls - all Agents are TIPs certified and pass an annual Title 31 certification; Agents are also trained on Craps, Roulette, Blackjack, Mini-Baccarat, Pai Gow Poker, all the poker carnival games, and traditional Poker games, and receive training on inside and outside cheating, as well as advantage play, card counting and shuffle tracking; any slot

jackpots of \$20,000 or more are reviewed in its entirety and documented in a written report. Surveillance is ready for the digital inspection by DCI scheduled for mid-August; Surveillance has access to the Open Eye POS system that inserts text from register transactions onto video camera views and this is used to monitor bar transactions, no sales, beer sales, etc., or to search transactions by individual bartenders by name. The Surveillance Department has a good working relationship with all the casino operations departments as well as IRGC, DCI and Internal Audit; the two IRGC reps and three DCI agents have duplicate equipment in their areas with full access to all Surveillance equipment and over-ride capabilities.

Mr. Helak asked if PM uses facial recognition for those on the trespass list and Mr. Kinder said not at this time, staff uses photographs and databases. Mr. Morden asked about the digital update and Mr. Kinder said PM will have an inspection next month – VHS tapes drop out and have a poorer resolution and digital is a better product and is more efficient and reliable.

Horse Industry Appointment from the At-Large Committee. Mr. Bishop reported the At-Large Committee received one application; met and interviewed the applicant; and there was unanimous support to appoint Jack Peters to the Board.

Action Item – MEPS Study. Mr. Neugent said this is a study to review the major components of the physical plant to get a baseline to plan for replacement and repair; staff has done a great job monitoring these areas and this study will be a reference for future planning; five RFPs were sent out and three bids were received; Shive was the lowest bid at \$48,000; it is the recommendation from staff and the Facilities Committee to award the bid to Shive; the study will take 30 days and should be done by the end of August – it will then be presented to the Board. Mr. Neugent said the committee recommends Shive and he moves to approve the recommendation. The motion was seconded by Mr. Rowen and passed on a voice vote.

General Manager's Report. Mr. Palmer reported: Stable Tours – Fridays through September 3; Horse Racing 101 – Saturdays through September 4; Hall of Fame Night – August 6; Iowa Classic Parade, 11:00 a.m. – August 7 – Mrs. Rasmussen will be the Grand Marshall and we'll have a Junior Grand Marshall from Make-A-Wish Foundation; Iowa Classic Night – August 7; Last Night of Thoroughbred Racing – August 7; Quarter Horse Meet Starts – August 13; Bank of America PMRC Championship Challenge – August 27 and 28. Mr. Bishop noted that Maggi Moss, the leading horse owner, will be honored at the Hall of Fame.

Closed Session – Iowa Code Sections 21.5(1)(a) and 22.7(27) to discuss the new lease with Polk County and related budget issues. Mr. Neugent moved to go into a Closed Session under the above stated Iowa Code Sections at 2:45 p.m.. The motion was seconded by Ms. Richer and passed on a Roll Call Vote (13 yes, 0 no).

The Board took a short break and then went into a Closed Session.

Open Session – The Board went back into an Open Session at 4:10 p.m.

Other.

Referendum Committee – Mr. Whitney reported the committee has been organized and is busy raising money; Jack Bishop, Tom Whitney, and Loretta Siemens are chairing the effort; Tom Drake, Dolph Pulliam, and others will serve as the visible campaign front; the Board will be contacted for the September kick-off; the committee will focus on friends of PM and grants recipients; PM cannot participate in the campaign; the committee will be supported financially by service organizations, vendors, and citizens. Mr. Neugent asked if there is an organized effort to defeat the referendum and Mr. Whitney said there's nothing in this area at this point.

Bank RFP. Mr. Neugent said the report from the Finance Committee is to recommend the Bank RFP be brought to the full Board; a summary was sent out on June 29; four banks qualified for consideration; Brian Wessels and staff will make the presentation about the process and will make its recommendation; he recommends this be put on the Board Agenda as a recommendation from the Finance Committee and staff for consideration by the full Board; it will probably need to be a special meeting due to the timing and should be considered before the regular August meeting.

Mr. Galloway said there was a debate in the Executive Committee; he didn't put this item on the agenda; the Executive Committee held a meeting on a Friday, asked staff about the RFP, and received a vague response; the following Tuesday, it was placed on the agenda without a review of the documents and he tabled the item and requested more information be provided; today's Executive Committee was the first opportunity to discuss concerns and he suggested this be placed on the August agenda; there's a three month lag to get negotiations done and the current bank contract and loan option expires December 31; he recommends the Board doesn't focus on one bank, but review the top two - there are some holes in the responses from the bank being considered; not doing until the August meeting doesn't delay the process; staff should review this again; with the Closed Session discussion, the immediate need is not there and the RFP is very important to be able to go forward; the Board can't discuss an individual bank in an open meeting – the solution is the Executive and Finance Committee should meet prior to the August meeting to review issues with staff and then vote at the August meeting.

Mr. Neugent noted that if Mr. Galloway had certain questions, others may have different questions and the Board needs to have a presentation; the Finance Committee reviewed this and gave the green light to staff to issue a RFP, grade the results, and give a recommendation; the Finance Committee does not believe we should negotiate with two banks; the Board should look at this and either accept or reject the recommendation; if the proposal is rejected, we can start over again; we can't do selective proposals with a wide range; the Finance Committee thinks the recommendation has merits, and the staff deserves to have this recommendation brought forward.

Mr. Galloway said this was done during the last expansion on a financial analysis and the bank didn't have the experience – the best financing tool seems to make sense. Dr. McGuire said staff and the committee did its job and this needs to be discussed. Mr. Whitney asked the date of the August meeting and Dr. McGuire said August 25. Mr. Whitney noted it's almost the first of August – when would the Special Meeting be held? Mr. Wessels said that after the decision is made, it will probably take 90 days to make the conversion; Mr. Neugent said it takes 30 days to document a loan, get a line of credit, etc.

Ms. Richer asked Mr. Helak for his comments – Mr. Helak said it takes a lot of behind the scenes action to change banks; the Finance Committee made a recommendation and wanted it put before the full Board; it was a thorough process; his bank was one of the four being considered and he disclosed his conflict; staff has to have the opportunity to begin negotiations and if there are issues, bring back to the Finance Committee or full Board; the process will take some time.

Ms. Rasmussen said she requested a special meeting at the end of the last meeting; the Board received the requested information; it was then asked again that this be on the agenda; this should have been on the agenda two months ago to get the discussion going; it's late in the process; the Finance Committee recommended this 1½ months ago; the Finance Committee again recommended this be on this month's agenda. Mr. Galloway asked why the immediate need – the current contract ends December 31; Dr. McGuire said it takes 90 days and staff needs time to negotiate; Mr. Neugent said if it's rejected in August, it would then be September – one or two Board members asked questions and want an answer from one bank, it should be put to a vote. Mr. Whitney said his issue is, from having served as a committee chair, that to ignore a committee's recommendation and not take up with the full Board is unacceptable; the tenor of the discussion seems to be this is far more controversial; we should find time in two weeks and take up this issue.

The Special Meeting will be held on August 13 at noon with lunch. Mr. Galloway said if there are updates on the lease, we may have a Closed Session.

Adjournment. Mr. Bishop moved to adjourn the meeting, the motion was seconded by Mr. Rowen, and passed on a voice vote. There being no further business, the meeting was adjourned at 4:38 p.m.

Respectfully submitted,

Gerard Neugent, Its Secretary