

**Monthly Meeting of the  
Prairie Meadows Racetrack and Casino  
Board of Directors  
September 23, 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 2:00 p.m.

Roll Call.

Butch Bain	Bob Beattie
Jack Bishop	Don Brown
Perry Chapin	Michael Galloway
Andrea McGuire	Ron Morden
Gerard Neugent	Lynette Rasmussen - arrived during Public Comment
Sunnie Richer	Jodi Urich
Tom Whitney	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. Morden to approve the Minutes of the monthly meeting of the Prairie Meadows Board of Directors held on August 26, 2009 as written. The motion was seconded by Ms. Richer and passed on a voice vote.

Public Comment.

Doug Vail – Thanked the Board for the opportunity to speak; noted the Board passed a proposal in May that left out the Standardbreds; a coalition was formed with all three breeds; the coalition met several times and came up with a proposal that addressed their concerns; each Board member received a copy of the proposal; the coalition asked for the May proposal to be rescinded in August and it was voted down; the Board proposal is good for PM, but not for horse people; the coalition magazine was handed out to the Board; the concern with the May proposal is that the breeding industry will be destroyed and purse money will go to fewer people and not Iowa people; the magazine will also be given to the Commission and legislators; he hopes all groups, including PM, can get together prior to the legislative session; he's not sure if the PM Board or the IRGC understands the importance of the breeding industry in Iowa; read a supporting letter from Governor Branstad that is included in the magazine; asked the Board to reconsider the vote to reconsider the May action or move to a compromised position; while

attending the sale at Keeneland, the racing issue was discussed there and some of the ideas and topics will be presented during the Symposium on Racing in December.

Linda Juckette – Her complaint with the scenario is the numbers that were thrown out; no one has actual number for horse racing - does anyone have the number; where did the numbers come from; do the numbers include the physical plant, snow removal, grass cutting, barns, food, comps, and what the horse people pay for; it's an injustice to all without a number; the horsemen should review: if staffing is appropriate – we have the same Stewards year after year – why; man hours; how is the accounting done and who oversees the accounting; the horsemen are willing to cut expenses to salvage all three breeds; the law didn't specify who runs and referred to the letter from Governor Branstad; PM is an infancy track – it's only been around for 20 years; we need something all can agree on; the horsemen can identify markers for the Board; we shouldn't scratch one breed; she'd like an accounting, wants to see the numbers, and believes this falls under the Open Meeting laws; we need to work together to salvage racing; she'd like a direct account, have the numbers, and have the numbers be truthful; it is hard to run a business year to year – we need a plan of where we're going.

Financials. Mr. Wessels reviewed the August 2009 YTD financials: Net Revenue below plan 3.9%; Total Expenses under plan 5.5%; Net Income before Community Betterment above plan 4.4%.

<b>Property</b>	<b>Net Win</b>	<b>Attendance</b>	<b>Slot Hold</b>	<b>Hold%</b>
PMRC	-\$4.1 million	+29,000	-3.1%	8.08%
Horseshoe/Harrah's	-\$11.2 million	-184,000	-5.6%	10.4% / 10.2%
Ameristar	-\$13.7 million	-265,000	-11.2%	9.31%
Terrible's	-\$1.8 million	-26,000	-4.9%	9.08%

Ms. Richer noted expenses, salaries, and operations are under plan and under 2008 and asked the dynamics? Mr. Wessels said as revenue dropped, labor and running the operation efficiently was reviewed and this is the result. Ms. Richer asked if there were fewer people and Mr. Wessels said yes. Mr. Palmer said employees have been helping by taking early-outs, schedules have been reworked, and we're operating with attrition and not rehiring – all these measures have dropped expenses. Ms. Richer asked the hold for the rest of the year and Mr. Wessels said the target is 8%.

Ms. Urich asked for a comparison with other casinos. Mr. Wessels said the Iowa industry is down 2.2%; Diamond Jo Dubuque is up \$21.4 million and they had a \$90 million renovation; the whole industry has a decline of \$21.7 million; Diamond Jo Dubuque is \$21.4 million; Wild Rose Clinton is up \$4.3 million and was under construction last year; there's no other significant increases in the industry.

Introduce a Director – Dan Byers, Director of Human Resources. Mr. Byers said he was hired in 1998 as part of the Labor negotiation team; HR has 10 full time employees and

one part-time employee and the average length of service is 12 years; staff duties include personnel actions, promotions, terminations, hiring, training, OSHA, Workers' Compensation, loss insurance issues with patrons, and involvement in various other functions for the company.

Action Item – Approve change in Annual Meeting Date from November 18 to November 23. Mr. Bishop moved to approve the change and was seconded by Ms. Urich. Mr. Galloway said the change is needed due to the Global Gaming Expo in Las Vegas – a limited number of staff will attend and it is important for them to attend to keep up to date on the latest technology, etc. Ms. Urich said that in the past, the Board had a choice of going to Las Vegas or the Symposium and asked about this year. Mr. Galloway said the December meeting will be offered. The motion passed on a voice vote.

General Manager's Report. Mr. Palmer said our people and customers are holding up well in these economic times – morale is up and guest service is premium. Upcoming events include The Shirelles, The Crystals, The Chantels concert; Harness Racing; The Temptations Review concert; and a concert in February. Mr. Palmer noted that PM has hosted several non-profit banquets, the latest being the American Diabetes Gala with a Dancing with the Stars theme, and he is proud to announce that Sunnie Richer and staff member Steve Berry won the dance contest – everyone had a lot of fun and this event raised a lot of money. Ms. Richer said she and Steve practiced everywhere at PM and sent her compliments, not only to Special Events staff, but to all staff – everyone was very professional and accommodating. Mr. Palmer said Renee Montgomery, Director of Vault Operations, will be on the agenda next month.

Mr. Galloway asked about the food service issue and Mr. Palmer said this regards the Apron and will be on the agenda next month.

Ms. Urich would like a report from the COO regarding the budget, outlook, etc.

Other Business.

Finance Committee. Mr. Neugent said the committee met on Monday; the budget process is starting and the committee should have the first draft soon; the first budget workshop is scheduled for October 1.

Facilities Committee. Mr. Neugent said the committee met earlier today; several meetings have been scheduled; the committee is working on the legal documents, final footprint design, and scope of PM's work and will have information to the Board in early October.

Marketing Committee. Mr. Chapin said the committee met yesterday and reviewed the numbers – Marketing is within the budget.

Mediator. Ms. Rasmussen noted there was no Racing Committee report and asked if the Board is agreeable to professional mediation? Mr. Whitney said the Board has been discussing the same thing at every meeting – it's a perception that the Board doesn't mean what it says and others want to substitute their ideas; the Racing Committee spent hours with the horse folks to come up with a recommendation; the horsemen have a proposal and the Board has a proposal and it's difficult to find a compromise; the committee received input from all aspects and were given history and background; he's not sure how to respond to the question; the Board has addressed this issue twice before; it would be a mediation of what – the Board doesn't mean what it said or others are going to ignore what the Board said and keep insisting until the Board does what others want it to do; change can be done on the initiation of this Board.

Ms. Rasmussen said it was discussed last month – reconsider or not; the IRGC wants something the horsemen can agree on; there was a motion to reconsider and it failed, but the Board said it would listen – are we negotiating or not and if we are, do we need help? Mr. Whitney said yes, we're continuing negotiations and no, he doesn't believe we need outside help; he's not being disrespectful of what Ms. Rasmussen is saying, but we can't continue to look at this issue; he expects to make a recommendation to the Board in October; and he is reluctant to mediation. Mr. Chapin said no negotiations were discussed with him; Mr. Bain said he was unaware of the Thoroughbred people discussing something with the PM group and he's not sure what was proposed. Mr. Galloway said the Thoroughbred attorney attended the Executive Committee today and the Thoroughbreds, in principle, offered 70 days of Thoroughbred racing, in conjunction with a circuit, and a five year contract. Mr. Chapin asked if it was Thoroughbreds only and Mr. Galloway said yes. Mr. Bain said the information he received was that PM approached the Thoroughbreds and that Mr. Levis represented the Thoroughbreds. Mr. Galloway said there's been no offer - he doesn't have the authority to do this; he would entertain ideas and it's prudent to get information from all three groups; information from the consultants will be sent to the Board in early October; until we vote to change, we're going down the same road. Mr. Bain said negotiations didn't involve the committee or himself, as the horse representative. Mr. Galloway said the Board decided on the direction and Mr. Levis contacted him and Mr. Whitney as Mr. Levis felt this was the best way to approach the issue. Ms. Urich said she asked Mr. Levis to attend the Board meeting. Mr. Bain would like the details of the negotiations with PM discussed and Mr. Levis said he attended the June IRGC meeting and met Mr. Galloway in the hallway, inquired about a package all could live with and then talked to Mr. Whitney; Mr. Galloway and Mr. Whitney said there wasn't much they could do about the approved proposal, so they started talking about Thoroughbreds only and 70 days of racing with a five year contract – his organization asked him to make the pitch to PM; there's nothing for Standardbreds and Quarter Horses. Ms. Urich asked who Mr. Levis represented and Mr. Levis said the Thoroughbreds, but he worked on the coalition with all three breeds and there was no solution with that proposal, he then told the Quarter Horses and Standardbreds that he had a conflict and they should find someone else to represent them as he was proceeding on behalf of the Thoroughbreds – the IHBPA. Ms. Urich asked

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about the vote and Mr. Levis said it was 5-5 and the president broke the tie. Mr. Bain asked if this was a straw vote and Mr. Levis said the question asked was if PM offered the Thoroughbreds 70 days of racing, within a circuit, and with a five year contract, would the HPBA approve, and the vote was in favor, if this was offered

Adjournment. A motion was made by Mr. Neugent to adjourn the meeting, the motion was seconded by Mr. Morden, and passed on a voice vote. There being no further business, the meeting was adjourned at 2:50 p.m.

Respectfully submitted,

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Gerard Neugent  
Its Secretary