

**Monthly Meeting of the  
Prairie Meadows Racetrack and Casino  
Board of Directors  
September 28, 2011  
2:00 p.m.**

The Monthly Meeting of the PMRC Board of Directors was called to order by Jack Peters in the James Rasmussen Board Room at Prairie Meadows in Altoona, Iowa at 2:00 p.m.

Roll Call.

Bob Beattie	Andrea McGuire	Dan Riley
Bill Eisenlauer	Ron Morden	John Rowen
Diana Ewing	Bob Myers	Jodi Urich
Mark Hedberg	Jack Peters	Mary Chapman
Michael Knapp	Lynette Rasmussen – absent	Michael Helak

Also in attendance were:

Gary Palmer, President/CEO  
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 23, 2011 as written. The motion was seconded by Ms. Ewing and passed on a voice vote.

Public Comment. Jon Moss, Executive Director of the IAHBPA, handed out and read a letter from Leroy Gessmann, President of the IAHBPA, regarding changing the way the horsemen's representative on the PM Board is selected - the IAHBPA would like to have the ability to pick that representative.

Mr. Morden noted Mr. Moss represents the Thoroughbred group, and currently, there are three horse groups at PM and asked the relationship between the three groups and if the proposed horsemen's representative would represent all three groups. Mr. Moss said he has worked with the Thoroughbreds and Standardbreds and all three groups worked well together on legislation; he hasn't conferred with the Quarter Horse group on this; timing is important as Mr. Peters' term expires in November and the IAHBPA thought it was time to look at this. Mr. Morden's concern is that all three groups generally don't get along, plus the Board hasn't had time to consider this. Mr. Moss said the main point from the IAHBPA is what occurred with previous horse representative Butch Bain and why Mr. Peters is on the Board; the IAHBPA wants the horse group to be able to vet and do its homework so that that situation doesn't happen again. Mr. Morden asked if the association changed its vetting process and asked if Mr. Bain went through that process and Mr. Moss said his group asked that Ray Shattuck be appointed to the Board, but Mr. Bain was chosen instead – there will be a thorough and rigorous investigation to ensure the person would pass all requirements. Mr. Beattie said the DCI has the final determination and

asked if the IAHBPA would work with the DCI prior to submitting a name and Mr. Moss said probably. Dr. McGuire asked the current process and Mr. Palmer said, for the past twenty years, the five at-large members (this year – Jodi Urich, Diana Ewing, Mark Hedberg, John Rowen, Bob Beattie) will review the applicants and choose the horsemen’s representative – to do it any other way would require a change in the By-Laws. Dr. McGuire asked how nominees are chosen; Mr. Palmer said there is criteria in the By-Laws (i.e. owns at least 50% of an Iowa-bred horse, has raced at PM, is in good standing with state rules and regulations) that a nominee must meet before being considered; Mr. Peters said anyone that meets the criteria can apply. Mr. Myers said this is a short notice and is a major change to the way business is conducted and would require a change in the By-Laws – the Board needs time to review this; Mr. Moss said timing is the issue and why the letter was presented to the PMRC Board - the IAHBPA Board meets on October 6 and will officially endorse or select a person for the horsemen’s representative position. Mr. Myers said the PMRC Board can’t change the By-Laws today; Dr. McGuire suggested this could be done at the next meeting; Mr. Moss said his group just wants the PMRC Board to have the opportunity to review the request and doesn’t expect an overnight response, it just wants to avoid another situation that gives the IAHBPA a black eye. Ms. Urich suggested the Board look at this as a point of discussion – gather information for discussion; it is a housekeeping transparency and the Board should consider looking at this; the five at-large members may not have a racing background to be able to select the appropriate person; the horsemen just want a voice with a clear process. Mr. Beattie said he’s not willing to discuss this unless the Standardbred group is involved and the Quarter Horse group is in concurrence. Ms. Urich said she just wants a discussion and be open to the horse industry having a voice. Dr. Chapman asked the criteria of the at-large members to make this decision; Mr. Flynn said there is no sub-set of criteria except what the By-Laws state. Dr. Chapman asked if there’s a clear measurement; Mr. Flynn said, historically, the five at-large members have voted on and appointed the horsemen’s representative; Mr. Moss said others are put on the Board without this process and the IAHBPA wants the same ability; Mr. Riley said those appointments are spelled out and that is why the five at-large make the selection; Mr. Flynn noted the three horse groups have been challenged to come up with a representative; the groups can submit names or individuals can apply; that is the reason why the five at-large members make the selection – there is no unity with the three horse groups.

Financials. Mr. Wessels reviewed the August 2011 YTD financials: Net Revenue above plan 1.3%; Total Expenses below plan 1.7%; Net Income before Community Betterment above plan \$3 million.

<b>Property</b>	<b>Net Win</b>	<b>Property</b>	<b>Slot Hold YTD</b>
PMRC	+2.1%	PMRC	8.28%
Council Bluffs market – Horseshoe, Harrah’s, Ameristar	-0.7%	Horseshoe/Harrah’s	10.32% / 10.59%
		Ameristar	9.39%
Terrible’s	+1.7%	Terrible’s	9.49%

Mr. Wessels noted that the Iowa market is up 2.2% which includes Grand Falls Casino; if Grand Falls' numbers are taken out, the market growth is 0.6%.

Director Report – Tony Guzman, Director of Information Technology. Mr. Guzman said he's been at PMRC for 10 years. Mr. Guzman reviewed a PowerPoint Presentation: Department Objectives are to meet network needs of the hotel expansion, strive for 100% uptime for all critical applications, maintain security for all information systems, automate manual processes to realize operation efficiencies. Departments and functions: Help Desk – support all staff with day to day tasks, provide maintenance and service on computer hardware and software, provide Microsoft office computer training; Network – maintain and monitor company network for security and antivirus, wireless connectivity for the property, Event Center support, support and maintenance of more than 80 servers, preserve company informational assets, daily tape backups of all systems; Electronic Technicians – maintain Tote boards, phones, televisions, cable/wiring installations, etc.; Print Imaging Center – live and simulcast racing programs, three-pat forms for customer financial exchanges and tracking in cages, internal manuals and booklets, specialty jobs such as laminated pieces, tickets and notepads, internal posters and banners; Applications Management – Win Oasis, Micros/POS, Lawson/Financials, Foodtrak inventory control system, Kronos, Delphi sales and catering application, Gifts for grants management, ADP Enterprise for HR/Payroll; Hardware Support – Computers/monitors/keyboards/mice, Printers/copiers/fax and supplies, Kiosks, Various scanners, Laptops, Media pods, POS equipment; Events Center Support – support all areas of IT on media pods, computer equipment and software for the Events Center meeting rooms; Reporting – use Cognos to combine information from various different systems, use Crystal reports and other reporting tools that come with the systems, provide financial and performance information to support business decisions; Internet/Intranet – website redevelopment for Marketing, Racing, and Community Relations, Intranet increases access for company and departmental communication; Hotel – preparation and involvement with Property Management System, POS integration to PMS system to use room key at outlets for charge-back to guest's room, Internet Access/TV/Phones.

Mr. Morden asked where the nightly backup tapes are stored and Mr. Guzman said on-site, in a separate room from the server – we previously stored the tapes off-site, but due to regulations we brought the tapes back in-house. Mr. Myers asked about the Enterprise Risk Management System – is PMRC PCI compliant and Mr. Guzman said yes; is the system audited and Mr. Guzman said yes, once a month; does PMRC have a backup generator and Mr. Guzman said yes and it has been tested; what about firewalls and Mr. Guzman said these are a daily job and were upgraded last year; are systems homegrown (created by staff) and Mr. Guzman said most are purchased and changed to meet our needs, but we have some homegrown systems.

Horse Racing Report. Mr. Heldt reported that the Quarter Horse Meet ends this Saturday; handle figures to-date – on-track down 15% and off-track up 13% - this is opposite of the Thoroughbred Meet; the meet started strong and then tailed off after Labor Day in attendance and handle; this is the Championship weekend and there will be 10 races on Friday and 9 races on Saturday; yesterday was the last day of entries for the meet. Mr. Heldt said meetings are held bi-monthly with the Quarter Horse group and the last two meetings have been cancelled by Mr.

Lepic as he felt everything was ok; a meeting was held yesterday with Jack Peters, Jack Ketterer, Dr. Soring, Chad Keller and a few trainers on the trainers' concerns and what is done here as opposed to what is done at other jurisdictions; we have set policies; these concerns will be addressed in the off season.

Mr. Heldt said McAninch Corporation will start removing the track surface on Sunday and will be done by Wednesday; this involves removing 6-8" of material, 80-90' wide; the Standardbreds can start training on Wednesday and the meet starts October 7; 370 applied to race here and the numbers are similar to last year; we packed the track last year and some left, but staff believes most of the horses will stay for the entire meet; this is the last year of Standardbred racing at PMRC.

Mr. Morden noted we have multi-year contracts and asked what year we're in and Mr. Heldt said we have a five year agreement with the Thoroughbreds and this is year two. Mr. Morden said the contracts include a matrix and asked if the Board would receive a copy and if the base year is 2010 and Mr. Heldt said yes to both questions, the Thoroughbred information should be ready by the next Board Meeting and the Quarter Horse information may also be ready by then.

Hotel Update. Mark Wandro said things are going very well; the windows in the lobby are being installed; site work is being done; interior work – sheet rock is up on the first floor, pool area is done except for the deck, sheet rock is up on the second floor and it will be painted by next week, sheet rock is going up on the third floor, work has just started on the fourth floor; the project is on time and on budget.

Mr. Helak asked if the red roofs were taken down to the metal and Mr. Wandro said the roofs were scraped to remove loose pain, spray washed, primed, and then painted.

Action Item – Appoint Deloitte & Touche, LLP for the Annual Audit for 2011. Mr. Helak said, historically, PMRC has used Deloitte & Touche and the Audit Committee recommends continuing with Deloitte for an additional year; Deloitte gave us an unasked for discount and they represent about 60% of the casino business. Mr. Rowen seconded the recommendation and the motion passed on a Roll Call Vote (12 yes, 0 no, 1 member absent).

General Manager's Report. Mr. Palmer said there are a lot of exciting things going on and staff and the Board attend many of the functions -

- Three of the events were shown to the Board:
  1. Ben Hudson was the guest speaker at the Quarter Horse Banquet – he is a horse owner and magazine publisher from Texas and had nothing but praise for Quarter Horse President Tom Lepic, track photographer Jack Coady, Media Relations Specialist Mary Lou Coady, and PMRC. Mr. Hudson read the list of tracks he's visited in the US and world-wide and said he's never been to a cleaner, better run place - PM even has first class customers; he's impressed with the number of track management people attending the banquet; there's a big push to hold the AQHA Championships here in October 2012

and with the hotel, it would be the best Championship its ever been; the steakhouse was great; he's never been treated better.

2. Kevin McDonald, Director of Hotel and Conference Operations, rappelled down the Financial Center in conjunction with Special Olympics.
  3. Bob Myers, PMRC Board Member and President of Casey's, making good on his promise to kiss a pig if Casey's met its United Way goal.
- September 30- Quarter Horse Championship Night
  - October 1 – Quarter Horse Championship Night – last night of Quarter Horse Racing
  - October 7 – Harness Racing through October 22
  - November 4 – Johnny Mathis Concert
  - November 5 - Breeders' Cup

#### Committee Reports.

\*Audit Committee. Mr. Helak said the committee reviewed the Deloitte issue; reviewed the audit schedule; received the report given to management on the Surveillance Department; compliance is satisfactory.

\*Finance Committee. Mr. Morden said staff is in the budget process and the committee will review the budget in October.

\*Grants Committee. Dr. McGuire reported that several staff and Board members attended the Open House at Luther Park Tuesday; the committee has been training on the on-line applications and the scoring process; the Board may be getting phone calls regarding Community Betterment Grants – grants are for “sweat equity” - we've never funded salaries and we may be seeing more of these requests - please don't hesitate to refer these types of calls to her. Ms. Urich said she does a lot of grants and the new system is very good and protects the Board.

\*Facilities Committee. Mr. Beattie said the committee didn't meet this month as there were no decisions to make; the Board received an update dated 9-23-11 from Snyder and Associates; bids are coming in on the maintenance building.

\*Human Resources Committee. Mr. Myers said the committee didn't meet this month, but may meet in November to review the Union contracts.

#### Other.

Ms. Urich feels the Board needs to address and enter into a discussion on the horsemen's representative process; we need transparency and make a good faith effort; comments and questions could be forwarded to Gary Palmer before the next Board Meeting. Mr. Flynn said Ms. Urich could request the By-Laws be amended or offer language and the Board could vote or just discuss at the next meeting and Ms. Urich said she just wants the whole Board to discuss this issue before the next meeting - she could share her experiences, the By-Laws could be reviewed, information could be sent out. Mr. Palmer said he'll discuss the request with Ms. Rasmussen.

PMRC Board Meeting – September 28, 2011

Adjournment. Mr. Rowen moved to adjourn the meeting, the motion was seconded by Mr. Riley. There being no further business, the meeting adjourned at 3:05 p.m.

Respectfully submitted,

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Bob Beattie, Its Secretary