

**Monthly Meeting of the
Prairie Meadows Racetrack and Casino
Board of Directors
January 28, 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 2:05 p.m.

Roll Call.

Butch Bain

Bob Beattie

Jack Bishop

Don Brown

Perry Chapin

Michael Galloway

Andrea McGuire

Ron Morden

Gerard Neugent

Lynette Rasmussen

Sunnie Richer – arrived during Financials

Jodi Urich

Tom Whitney

Randy Minear

Also in attendance were:

Gary Palmer, President/CEO

Ann Atkin, Vice President of Operations

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 December 17, 2008 as written. The motion was seconded by Mr. Neugent and passed on a voice vote.

Public Comment. Sharon Vail, President of the ITBOA, noted the Impact Study by Dr. Richard Thalheimer was not on the agenda and she would like to speak about his presentation before the IRGC at its last meeting. Ms. Vail said a copy of the report was given to the Board; the Secretary of Agriculture, Bill Northy, addressed the commission on the economics of racing to the horse industry and the State; the commission charged PM with questions and wants a plan by June 1 – what would horse racing look at in five years, ten years, etc. Ms. Vail hopes the horsemen are included as part of the process as they have statistics and history to share and this information is needed to make a good decision – Dr. Thalheimer’s report will also help; the Thoroughbred breeding industry compiled statistics to use in this process and two information packets were handed out – one lists the statistics for the Iowa-bred horses that ran at PM since 2004 and Ms. Vail noted the Board’s decision impacts the industry and many owners and breeders – the process won’t be easy and she hopes to be able to work with the Board to plan for the future; the second packet includes racing articles. Ms. Vail’s goal each month is to give information to the Board; she also invited the Board to visit a breeding farm and talk to the breeders.

Track Maintenance. Kevin Holzhauser from Operating Engineers Local 234 said the Operating Engineers and AFSCME have a joint group of PM employees and he would like to discuss the twelve Maintenance employees and ask that PM voluntarily amend the contract so the twelve can go into the bargaining group; this group of employees was under Racing and is now under Facilities and that is a good fit; he would like the Board to allow management to have discussion to amend the contract and place these employees in the bargaining unit. Mr. Galloway asked Mr. Palmer to review this issue and give the Executive Board an update and then the Board will give Mr. Holzhauser an answer.

Financials. Mr. Palmer reviewed the December 2008 financials: Net Revenue under plan 1.2%; Total Expenses under plan 2.1%; Net Income before Community Betterment above plan 2.7%. Mr. Palmer noted we missed the net revenue plan but made up by saving on expenses – 2008 was the best year ever. Mr. Palmer reviewed YTD December 2007 vs. YTD December 2008: PM's revenue up \$6.7 million and attendance down 20,000 (most of this was due to the bad weather in January), Ameristar's revenue down \$1.2 million and attendance down 192,000, Horseshoe and Harrah's revenue down \$1.2 million and attendance down 500,000, Terrible's revenue down \$5.1 million and attendance down 219,000; PM's current Hold is 8.47%, YTD Hold is 7.77%, last year's Hold 7.24%.

Mr. Whitney asked if Horseshoe's hold is presently 10.6% and Mr. Palmer said that was for December, their YTD Hold is 10.20%.

Introduce David Kinder, Director of Surveillance. Mr. Palmer introduced David Kinder as the new Director of Surveillance and noted that Mr. Kinder replaces John Tinker who retired last week. Mr. Kinder said he's been here for approximately two years; has 28 years of experience in the casino industry and 27 years of experience in Surveillance; Surveillance is a good, strong team; Surveillance is on-track with equipment for the 2011 mandate; he started in Reno, NV back when there were no cameras, just catwalks; Surveillance consists of two technicians who maintain the equipment, 20 agents who man the Surveillance room, log in requests and phone calls, and work closely with Security, local police, and PM departments, and two Supervisors.

Approve Resolution to change signatures on the Bank Accounts. Mr. Palmer said the Board needs to vote on changing the signatures on the bank account – we need to add Mike Galloway and Brian Wessels and remove Jack Bishop – Gary Palmer and Ann Atkin will remain and Elaine Castelline needs to remain as a contact to request and receive information. Mr. Morden moved to adopt the resolution. The motion was seconded by Ms. Rasmussen and passed on a voice vote.

Approve Resolution on Outside Vendors. Mr. Whitney moved to adopt the resolution and the motion was seconded by Ms. Richer.

Mr. Neugent asked the numbers of agreements this affects? Mr. Chapin requested the Board receive the information that goes before the IRGC.

Mr. Palmer requested an interpretation of the resolution and Mr. Whitney said the resolution is for vendors who sell products or services on PM's property that are in direct competition with what PM sells (not Coca Cola or playing cards) - the Board needs to vote on these vendors. Mr. Beattie asked who would be affected if the resolution is passed; Mr. Palmer said the Rib Shack on the Apron and possibly feed vendors and horse shoers; Mr. Whitney said it depends on their status; Mr. Morden said it's something that we're not supplying. Mr. Beattie asked who; Mr. Palmer said we have sweet corn vendors and caramel corn vendors on certain big days; Mr. Sears, Director of Logistics, said there are a few in direct competition with PM and 20-30 in indirect competition with PM (i.e. washers and dryers service, Pepsi machines on the Backside, Vet services, feed people, bedding people, horse walkers).

Mr. Whitney said the resolution is for any vendor who competes or has a monopoly to provide a service or product should have Board approval – there is no explanation or reason why a company is selected and the Board needs to be informed and approve vendors.

Mr. Palmer said staff did an RFP for Pepsi and it was bid on and Mr. Whitney said the Board needs to be informed and have the final say. Mr. Galloway asked to clarify the last line by changing it to read, "That no outside vendors of goods or services that competes with, or may reasonably be expected to compete with PM, shall be authorized to engage in such sales absent the specific authorization on a year to year basis by the Board." and Mr. Whitney approved the friendly amendment.

Ms. Rasmussen said the Rib Shack doesn't compete with PM as PM doesn't do this. Ms. Rasmussen asked if ABC Rib Shack wanted to operate here, how do they go about doing it? Mr. Palmer noted that years ago, four vendors opened on the big days and weekends and they competed directly with PM and about 6-7 years ago, PM said they needed to sell different items than what PM did; PM added the Rib Shack to gear up for two days a week and it would cost us a fortune to staff – we want to satisfy the crowd. Mr. Palmer said vendors should contact Purchasing or Food and Beverage to apply – they would need to have a quality product, be reliable, and be able to pay the rent. Ms. Rasmussen asked if a request was denied, what is the next step (complaint place) and Mr. Palmer said we haven't had that problem.

Mr. Minear said the Board should review the Purchasing Policy and establish authority and decide if the Board should act or allow staff to follow the procedures – this would cover Ms. Rasmussen's concern. Mr. Morden agreed with Mr. Minear – the Board should set policy and management should carry out the policy. Ms. Rasmussen said this resolution comes to the Board to approve and doesn't go through the Purchasing Policy.

Mr. Galloway said with the amendment, it is incumbent on Mr. Palmer and staff to say if something is not efficient for PM to do and this is the process (i.e. we did this in the construction process).

Mr. Beattie suggested a specific policy be formulated for Board approval to include a recourse, policy, and procedures. Mr. Whitney said this resolution is in response to a concern – there is no policy and this is a piece of that policy – the vendor is in direct competition with 12 items that PM sells. Mr. Morden said the Board could authorize management to carry out the intent with a set policy.

Mr. Galloway re-read his amended suggestion, “That no outside vendors of goods or services that competes with, or may reasonably be expected to compete with PM, shall be authorized to engage in such sales absent the specific authorization on a year to year basis by the Board.”

The motion passed on a voice vote with one member opposed.

Mr. Galloway will discuss Mr. Chapin’s request that the Board receive the information that goes before the IRGC with Mr. Palmer.

General Manager’s Report. Mr. Palmer said staff is working hard to combat the challenges coming up and upcoming events include: Valentine’s Day; Glen Campbell concert on March 6, and the Golden Boys concert featuring Frankie Avalon, Fabian and Bobby Rydell on April 16. Mr. Palmer noted he has discussed this with Mr. Galloway and each month, a Director will be introduced to say a few words about themselves and their department.

Approval for the Human Resources Committee to become a formal committee. Mr. Galloway said he requested this item and noted an ad hoc committee was formed last year to look at several HR issues and he’d like to make this a formal committee. Mr. Chapin moved to adopt the request. The motion was seconded by Ms. Urich and passed on a voice vote.

Approval to consolidate the Hotel/Parking Committee with the Facilities Committee. Mr. Galloway said he also requested this item and noted an ad hoc Hotel/Parking Committee was formed last year and he’d like to incorporate that committee into the Facilities Committee. Ms. Rasmussen moved to adopt the request. The motion was seconded by Ms. Richer and passed on a voice vote.

Other.

2009 Board Committee Assignments. Mr. Galloway said he will pass out the new assignments at the end of the meeting.

Executive Committee Issues. Mr. Galloway said Mr. Palmer sent out the Strategic Plan and was asked to revisit some issues (i.e. the Marketing Plan with measurable results and information on a plan for revenues). Mr. Palmer will submit an updated Strategic Plan within the next several months.

Hotel/Parking Committee Update. Mr. Neugent said he presented the report to the IRGC and the timetable is, by the end of the quarter, the Board will make a decision on the legal ownership and structure between PM and an outside operator or if it will be owned and operated by PM. Mr. Neugent said HVS did a supplemental study to find out if players would use the rooms to justify building a hotel; the committee received a draft and it will be finalized and presented to the committee and then to the Board – there is a demand of 40,000 room nights from players, but they expect to pay less than a convention rate; players that do stay would spend more money at the casino; the plan is for Mr. Galloway and Mr. Neugent to meet with the Supervisors next week about consent and amending the lease and the committee will reconvene soon to prepare a recommendation to the Board on the ownership structure and will then prepare a RFP/RFQ and go forward. Mr. Galloway said Mr. Neugent did a great job with his presentation to the IRGC.

Horse Racing Committee Update. Mr. Whitney said he presented the report to the IRGC on the status and work being done; the IRGC wants a report in June on recommendations on the future of racing at PM; the committee met with consultants on Saturday and will meet after this meeting to discuss a contract with the consultants and schedule a timetable to have the requests made by the Commission done in May; the report will be submitted to the Board in May – the Board may need a series of meetings to review the information. Mr. Whitney said Dr. Thalheimer’s report wasn’t available to PM at the IRGC meeting, but the Board did receive a copy today; public hearings will be held; a series of meetings will be held; the committee has met with the horse groups; committee meetings have been scheduled through June. Mr. Galloway said Mr. Whitney did a great job with his presentation to the IRGC.

Adjournment. A motion was made by Mr. Neugent to adjourn the meeting. The motion was seconded by Ms. Rasmussen 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