

**Special Meeting of the
Prairie Meadows Racetrack and Casino
Board of Directors
January 11, 2008
4:00 p.m.**

A Special Meeting of the PMRC Board of Directors was called to order by Jack Bishop in the James Rasmussen Board Room at Prairie Meadows in Altoona, Iowa at 4:05 p.m.

Roll Call.

Bob Beattie	Lynette Rasmussen
Perry Chapin	Sunnie Richer
Michael Galloway – arrived after Roll Call	Jodi Urich
Nolden Gentry – arrived after Roll Call	Tom Whitney - absent
Ron Morden – absent	Paul Hayes - absent
Gerard Neugent	Randy Minear
Jack Peters - absent	Jack Bishop

Also in attendance were:

Gary Palmer, President/CEO
Ann Long-Richards, Vice President/CFO
Ann Atkin, Vice President of Operations
Tom Flynn, Legal Counsel
Nancy Winget, Its Recording Secretary
Members of the Press, Public, and Staff

City of Altoona – Bass Pro Shop Proposition. Mr. Bishop said there will be a presentation by the City of Altoona on the Bass Pro Shop Proposition and requested Mr. Palmer introduce the guests.

Mr. Palmer introduced Mayor Tim Burget and City Manager, Jeff Mark. Mayor Burget thanked the Board for the opportunity to speak and said the City of Altoona is asking Prairie Meadows to partner with the City to bring in a great amenity to Eastern Polk County and the Altoona area; a Bass Pro Shop would bring approximately one million visitors to the area; this project has been in the works for over a year and it will be good for the whole central part of Iowa. Mayor Burget introduced the people who have been working on this project: Gary Palmer, Tom Hockensmith, Attorney Bob Josten, Attorney Dave Groskoss, Attorney John Damos, Attorney Tim Oswald, Mike Whalen, Kirk Whalen, Jeff Mark, and Randy Kirk; it was noted we have had good press; and Bass Pro is excited to come to this area.

Jeff Mark reviewed the area map noting this area is called “the triangle” – it is South of I-80, East of the Beltway, and North of Hubbell and covers 220 acres (Valley West, South Ridge, and Merle Hay Mall could fit into this area); the Bass Pro Shop would be located in the Northwest corner; the area is across Hubbell to the North of Menards and the access would be by Menards.

The Board viewed a promotional DVD from the Bass Pro Shop and another endorsement DVD can be viewed at the Board’s convenience. Mr. Mark said the Bass Pro Shop is Missouri’s number one tourist attraction, bringing in four million visitors annually; the Altoona area also has Prairie Meadows, Adventureland, the Newton Speedway, the State Fairgrounds, and boys

and girls tournaments and would become a vacation spot with the addition of the Bass Pro Shop; two million people currently come to the Altoona area.

Mike Whalen, co-owner of the Heart of America Restaurants and Inns, said the group has been courting the Bass Pro Shop for quite a while; retailers will come to a Bass Pro area; after the announcement was made, he received many phone calls from people interested in retail space; we want to develop a significant retail development with 600,000 to one million square feet to make this area a major regional draw; Prairie Meadows was the tipping point to get Bass Pro's attention and get them to come here.

Question and Answer Period.

Ms. Richer said she received an e-mail draft letter from the City of Altoona; noted the request is for \$1 million a year from 2009-2016 and asked what happens if a hotel was built at Prairie Meadows and the property piece of this proposal. Mr. Mark said Altoona has a population of 13,000 and usually Bass Pro is located in a bigger populated area; there is no typical funding stream and Bass Pro needs a \$35 million building allowance and in return, someone else will own the building and Bass Pro will rent – this is the best scenario for us and the attorneys have advised that this will follow the Coralville Mall blueprint; the Altoona Economic Development Corporation has been formed and will lease the building to Bass Pro; the remainder of the funding is infrastructure.

Tim ---- discussed bonding – Bass Pro will pay a percentage of rent with no taxes and no depreciation and needs \$50 million to make this happen; the City of Altoona is using a TIF and will issue long term bonds of \$45 million to build this project; Bass Pro will cover about one-fourth of the debt service on the bonds; there will be a development agreement with the Whalen's to cover some of the service debt, some funding from Prairie Meadows, and the rest will come from the City's TIF.

Mr. Mark said funding is available in the early years, but there is a shortfall of \$1 million a year and the City is requesting this amount from Prairie Meadows; PM is in the TIF district and if PM constructed a hotel, that would cover the \$1 million a year from Prairie Meadows; the City is asking for an eight year package unless a hotel was built and then nothing would be required from PM; the City needs a guarantee to cover indebtedness; these goals will benefit the City of Altoona and the business community and help the area grow; Bass Pro is a high end development.

Mr. Minear asked the total project value when it is fully done and Mr. Mark said Menards and Target cover approximately 55 acres and the valuation is \$80-90 million; the Bass Pro development would be quadruple those figures.

Mr. Minear asked the timeframe and Mike Whalen said it would be done in phases – 600,000 - 800,000 square feet of development accomplished in a 2-3 year timeframe and the balance will be developed in the next 5-7 years.

Mr. Minear asked about additional value to the service and Mr. Mark said Altoona has one TIF district throughout the area. Mr. Minear asked if Bass Pro agrees to this and Mr. Mark said no, the financing needs to be secured before Bass Pro will sign an agreement – the Altoona Economic Development Corporation has a letter of intent, has made an offer to purchase 22 acres, and an engineer has been secured. Mayor Burget said the lease negotiations are done up to the point that this step is taken.

Ms. Richer asked if there was an alternative building site and Mr. Mark said Bass Pro's alternatives are unlimited, but there is probably no other property in this area they'd be interested in.

Mr. Minear asked about the building and Mr. Mark said it would be 150,000 square feet taking 22 acres and the other 5 acres would be used to do other things.

Mr. Minear asked about city use of the area for municipal development and Mr. Mark said he is not sure what else is coming, but the City may use some of the area for entertainment – the City wants to enhance economic development of the area and there would not be a lot, if any, for residential. Mayor Burget said the city amenities are tied to the space and wants to leave the area available for tax properties, but there could be space for a city park.

Ms. Rasmussen asked about another anchor store and would it snowball to the next retailer and Mr. Mark said there is no black and white answer – there are no other big anchors out there unless it would be a fashion or department store (i.e. a Von Maur would spin economic development) and each opportunity and cost benefit will be reviewed. Mayor Burget said TIF is used to promote development and the City wants a larger fish – Bass Pro will create a reason to come here; Prairie Meadows and Adventureland draws over a million a year and there is more land in the area to reap the benefit – Olathe, Kansas is Altoona's model. Mike Whalen said there are negotiations with a major, national tenant larger than 100,000 square feet, but it is incumbent on Bass Pro being here – there is a definite snowball affect.

Ms. Richer asked the expected sales tax for Bass Pro and Mr. Mark said the minimum rent is \$650,000 – there is no local option sales tax but the City expects \$1 million in sales tax revenue.

Mr. Minear asked if the model was done and Mr. Mark said yes. Mr. Minear asked if there was a cap if Bass Pro does better and Mr. Mark said no due to the TIF component – the tax values would go up; there is a 20 year rent agreement with 4 – five year options.

Mr. Beattie asked about jobs and Mr. Mark said Bass Pro would have 300 retail jobs with some department managers.

Mr. Minear asked about an opportunity to arrange something with Polk County for the money to flow back to the City and Mr. Oswald said the TIF is set up this way – assessment values are low, but will jump with the Bass Pro Shop going up. Mr. Burget said Polk County will contribute \$135,000 a year.

Mr. Palmer asked, if PM agrees, when does the obligation start and Mr. Mark said once the financing is secure, then a lease agreement will be entered into and the first revenue would be needed April 2009 – Bass Pro is expected to open in June 2009.

Mr. Bishop asked to review the map again and Mr. Mark said the corporations owns 197 acres and this area will be developed first to cover the debt obligations.

Mr. Minear asked the main flow of traffic and Mr. Mark said another project in the works is the Beltway expansion to Ankeny – the main entrance would be Hubbell (across from Menards), another entrance near Menards, Adventureland Drive would be developed, and the 142 Exchange – most people will use I-80 and the 142 Exchange is in the five year improvement plan. Mr. Mark noted the City has approved a traffic study.

Ms. Richer asked if the Bass Pro package is \$650,000 rent a year over 20 years and Mr. Mark said yes and it is a wash with property tax – rent will be paid to the Altoona Economic Development Corporation and there is a 20 year commitment with 4 – five year additions on the same percentage - \$650,000 is the floor and the amount is 2% of the gross sales.

Mr. Mark thanked the Board for the opportunity to present the proposal and said he and his staff are available to answer further questions and he has financial charts if anyone would like to review them.

Ms. Richer asked for a summary of today’s presentation and Mayor Burget said the City will do.

Mr. Bishop said this will be on the January 23, 2008 Board Meeting Agenda and anyone with further questions may contact the City of Altoona.

Other Business. None

Adjournment. A motion was made by Ms. Urich 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 5:00 p.m.

Respectfully submitted,

Michael Galloway
Its Secretary