

**Monthly Meeting of the  
Prairie Meadows Racetrack and Casino  
Board of Directors  
June 25, 2008  
2:00 p.m.**

The Monthly 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 2:10 p.m.

Roll Call.

Bob Beattie

Don Brown

Perry Chapin

Michael Galloway - absent

Nolden Gentry – arrived during City of Altoona discussion

Ron Morden - arrived during City of Altoona discussion

Gerard Neugent

Jack Peters

Lynette Rasmussen

Sunnie Richer

Jodi Urich

Tom Whitney

Paul Hayes - arrived during City of Altoona discussion

Randy Minear - 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

Mr. Bishop said the three members of the Audit Committee are still meeting (Paul Hayes, Nolden Gentry, and Ron Morden), Mike Galloway is absent, and Gerry Neugent is on the phone.

Approval of the Minutes. Mr. Bishop requested the motion combine all three sets of minutes. A motion was made by Ms. Richer to approve the Minutes of the Racing 101 Information Meeting held on May 12, 2008; the Minutes of the Board Retreat held on May 17, 2008; and the Minutes of the monthly meeting of the Prairie Meadows Board of Directors held on May 28, 2008 as written. The motion was seconded by Ms. Urich. Mr. Brown would like to amend the May 28, 2008 Minutes to reflect that he was in attendance and was not listed in the Roll Call section. The motion passed on a voice vote.

Public Comment. None

Financials. Mr. Palmer reviewed the May 2008 YTD financials and said this is the best May: Net Revenue was above plan 1.1%; Total Expenses were under plan 2.3%; Net Income before Community Betterment was above plan 13.4%.

Mr. Palmer said a new chart, Projections, has been added –, May 2008 YTD: Net Income before Community Betterment is \$20,306,000; Community Benefit is \$7,981,000; 2008 Capitals are \$9,892,000 and \$5,500,000 is encumbered; 1/3 loan payment is \$2,367,000 – we have borrowed \$7.1 million and plan to pay 1/3 of the loan in through 2010; Cash over plan is \$66,000. Mr. Palmer reviewed the attendance graph and noted Prairie Meadows is doing very well and has a great team, but we need to be cautious with the economy, floods, etc. Mr. Palmer reviewed the first five Months Casino Revenue Graph from 2005 – 2008 and said PM has increased over the previous years.

Ms. Richer asked about the hold compared to other properties and Mr. Palmer said the budget has an 8% hold by the end of the year; the hold last month was 7.6%; Horseshoe's hold was 9.90%; Harrah's hold was 9.57%; Ameristar's hold was 9.24%. Ms. Richer asked if the hold raises at other properties and Mr. Palmer said it raises a bit each month.

Approve City of Altoona Grant (Bass Pro). Mr. Bishop said there are some language issues to work through and asked Mr. Flynn to discuss. Mr. Flynn said he had a conference call with the City's bond company regarding the amount in the draft – if the \$140,000,000 tax increment is reached, then Prairie Meadows will not be asked to continue the grant; the City decided the amount would be a higher figure and they were to send him updated information prior to today's meeting; he has received no further communication. Mr. Flynn said he also had a conference call with Deloitte to discuss if some minor changes were needed as PM doesn't want to book as a guarantee, only as a liability when approved by the Board year. Mr. Flynn said when this has been put in final form, it will be e-mailed to the Board and if the Board thinks a meeting needs to be called, staff will schedule a meeting. Mr. Beattie asked when Mr. Flynn anticipates receiving something and Mr. Flynn said he thought he'd have something today – everyone involved wants to know.

Approve Sculpture Park Grant. Mr. Chapin said the Grants Committee met and recommends approving a grant in the amount of \$300,000 over a three year period if funding is available. Mr. Chapin moved to approve the recommendation. The motion was seconded by Mr. Morden.

Mr. Whitney noted there needs to be a vote, with 2/3 of the Board in agreement, to take up the request of the Sculpture Park and moved to hold a Roll Call Vote. The motion was seconded by Ms. Richer and passed on a Roll Call Vote (12 yes, 0 no).

The previous motion by Mr. Chapin and seconded by Mr. Morden passed on a voice vote.

General Manager's Report. Mr. Palmer asked Mr. Nelson, Director of Marketing, to articulate staff's ideas on how to raise funds for the flood victims. Mr. Nelson said this started with employee inquiries on what PM could do for flood victims, the suggestion was presented to the Directors, and a committee was formed to work on ideas. Staff would like to hold a benefit concert, funded by Special Events using its September concert budget; ticket sales, t-shirt sales, corporate donations, single donations, and a silent auction with all proceeds going to a charity yet to be defined; media and radio have agreed to be corporate sponsors with free advertising spots. Mr. Palmer said this weekend is the Festival of Racing and several horsemen will donate part of their earnings, staff will also place barrels around the property to collect donations, the ITBOA and HBPA will also make donations; on July 3, we expect 15,000 to come out - public service announcements will be made and collection barrels will be placed around the property; he and Mr. Bishop met with two County Supervisors yesterday and Polk County will match anything Prairie Meadows raises – staff is working on a conduit organization for tax deduction purposes; PM will partner with the County and the horsemen; staff will ask vendors to donate food and money for flood victims. Mr. Palmer asked if there were questions and asked for Board support. Mr. Hayes asked the charity and Mr. Palmer said the County would like to work through their Social Service Department; Mr. Bishop said the County has experience and we can designate the beneficiaries of our donations, there are no administration costs and every dime raised will go to the flood victims.

Mr. Beattie moved to go forward with the benefit concert plans and the motion was seconded by Mr. Peters. Ms. Rasmussen asked about the budget and the September concert budget shift - would the numbers work out by the end of the year and Mr. Palmer said yes, no band has been scheduled for September, PM's liability is approximately \$80,000 - \$100,000, everyone is putting all their efforts into this, vendors are willing to help, and the County will match what is raised. The motion passed on a voice vote.

Other.

Mr. Palmer noted that Mr. Morden had written an article for the DM Taxpayers Association newsletter and said it will be sent to the Board. Mr. Morden said he has had a lot of feedback and many people were not aware of some of the information – Prairie Meadows is the County's best kept secret.

Ms. Rasmussen said there is a nice weekend of racing coming up and the cream of the crop will be here. Mr. Bishop noted several local horses are running in the stakes races.

Ms. Richer reported the Human Resources Committee met and discussed the bonus for the top three and areas that need a consultant's assistance; the bonus plan was approved at the last meeting, but the content has not been worked out for Gary Palmer, Ann Atkin, or Ann Long as the charitable mission can't be tied to finances, but they need strong finance numbers to obtain 15%, community better of 2%, Board action of 9.5%-11.5% - 25% of the bonus is based on undefined criteria and the committee will flush out the

criteria and bring to the Board. Ms. Richer said Mr. Hayes put together a draft to define the charitable mission and it includes: maintaining and improving the financial strength of the organization to ensure its long term success, charitable/economic development grant programs, Human Resources, Horse Racing – Ms. Richer would like to add the Facilities/Hotel to this list. Ms. Richer said she received a Summary of the Strategic Plan from Mr. Palmer and noted the plan has not been reviewed by the Board and this should be done to see if the Board concurs – it could be a separate meeting or part of the regular Board meeting – it would probably take a couple of hours as there are five items; a lot of work was put into this document and there are specific statistics and measurements in the plan. Mr. Bishop said the Finance Committee has reviewed the plan and met with Mr. Palmer, but the whole Board hasn't and he will take Ms. Richer's suggestions under advisement – it is difficult to schedule meetings as most Board members have jobs. Ms. Richer suggested a 4:00 p.m. – 6:00 p.m. meeting or a dinner meeting and noted the HR Committee will meet again on July 9 to work on the appraisals.

Adjournment. A motion was made by Ms. Rasmussen to adjourn the meeting. The motion was seconded by Ms. Urich and passed on a voice vote. There being no further business, the meeting was adjourned at 2:40 p.m.

Respectfully submitted,

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Michael Galloway  
Its Secretary