

**Monthly Meeting of the
Prairie Meadows Racetrack and Casino
Board of Directors
March 26, 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 2:03 p.m. Mr. Bishop noted that Mr. Galloway and Mr. Peters are unable to attend today's meeting and Ms. Urich may be calling in.

Roll Call.

Bob Beattie
Perry Chapin
Michael Galloway - absent
Nolden Gentry
Ron Morden
Gerard Neugent
Jack Peters - absent
Lynette Rasmussen

Sunnie Richer
Jodi Urich – called-in after Roll Call
Tom Whitney
Paul Hayes
Randy Minear – arrived during the Deloitte presentation
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

Approval of the Minutes. A motion was made by Mr. Chapin to approve the Minutes of the monthly meeting of the Prairie Meadows Board of Directors held on February 27, 2008 as written. The motion was seconded by Mr. Morden and passed on a voice vote.

A motion was made by Mr. Neugent to approve the Minutes of the special meeting of the Prairie Meadows Board of Directors held on March 3, 2008 as written. The motion was seconded by Ms. Rasmussen and passed on a voice vote.

Public Comment. None

Annual Audit Report – Deloitte & Touche was presented by Scott Wilgenbusch. Mr. Wilgenbusch handed out two information packets and reviewed the eight page packet dated March 2008 and reported no significant changes in previously adopted accounting policies or their application; accounting policies appear appropriate, conservative, and were consistently applied; not aware of any significant changes in accounting estimates or in management's judgments relating to such estimates; the 2007 financial statements

present fairly, in all material respects, the financial position of the Non-profit as of December 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America; there were no significant adjustments noted during the audit.

Annual Report of Audit Committee Activities. Mr. Bishop said this item will be deleted from the Agenda as a report was sent to the Board in January.

Lobbyist Report. Mr. Bishop said Troy Skinner is at the Legislature working on PM's issues and will be unable to attend today's meeting, but has sent out an information packet for the Board to review.

Financials. Mr. Palmer reviewed the February 2008 financials: Net Revenue below plan .4%; Total Expenses below plan 3%; Net Income before Community Betterment above plan 7.8%. Mr. Palmer reviewed a graph comparing PM to Terrible's, Ameristar, and Horseshoe/Harrah's and noted Terrible's was down in revenue and up in attendance; PM had its best February and March is trending to be the best, thanks to our team.

Ms. Richer noted attendance is down from last year and Mr. Palmer said the YTD attendance (first two months) is down 20,000 and others were down 80,000. Ms. Richer asked about the hold and Mr. Palmer said PM's is going up slightly due to the new machines – hold everywhere went up and only Diamond Jo and Dubuque are below PM's hold.

Deloitte & Touche Audit Report. Mr. Bishop said the Board needs to vote to accept the Audit Report. Mr. Morden moved to accept the report. The motion was seconded by Ms. Rasmussen and passed on a voice vote.

Finance Committee Recommendation on Bass Pro Development. Mr. Bishop noted that Mr. Galloway is absent and Mr. Neugent will explain this item. Mr. Neugent said the Finance Committee's charge from the Board was to review the commitment and give a recommendation if we can commit more than \$500,000 a year, if funds are available.

The committee met twice and also met with the City of Altoona a few times and there are two issues.

1. Amount of the grant? The committee reviewed a lot of information, the committee met on Monday and made a recommendation to the Executive Committee today to keep the amount at \$500,000 a year, subject to available funding, with the first year (2010) at \$550,000 and each year thereafter, starting in 2011, at \$500,000 with a condition that the Board will consider (probably in April) an additional grant to up another \$500,000 if funding is available.
2. If a \$30 million hotel is built, Altoona will not expect a grant. If no hotel is built, but the assessed value in the TIF district increases and it reduces the deficit, PM's grant request will be reduced pro-rationally.

Mr. Neugent said this information was presented to the Executive Committee and it also endorses the recommendation.

Ms. Richer asked about question #7 in the packet and Ms. Rasmussen noted that is not the most current information. Mr. Neugent handed out a spreadsheet presented by the City of Altoona at the meeting today – a TIF district will be created to fund the project; the area is 200 acres; debt service is \$52 million; TIF from Bass Pro has a valuation of \$35 million and includes PM due to the 2006 addition; with bond funding, the purchasers require reserves for the building of \$2.5 million; this assumes a minimum assessment of \$2.9 million deficit of taxes in year one; if there is no allocation from PM, the additional valuation requirement is \$66 million + \$81 million in year one to pay on the debt; if PM gives \$1 million for eight years, the deficit is reduced by \$1 million; if PM gives \$1 million, the TIF will carry itself with the additional valuation; if the Finance Committee recommendation is taken, in 2010, the deficit will be \$1.9 million that the city will have to reckon with – all this is the basis on which the Finance Committee made its recommendation and answers question #7.

Ms. Richer asked if this would not be treated as a liability and Ms. Long said the verbiage, “subject to available funding each year” will be part of the grant language and will take care of that issue – the \$500,000 will need approval each year if funds are available with a possible consideration of additional funds not to exceed an additional \$500,000. Ms. Richer asked if this grant would be similar to a Legacy Grant and approved each year and Mr. Neugent said yes. Mr. Gentry asked if PM has to build a hotel or can it be an outside hotel and Mr. Neugent said the Board is approving the concept today; the hotel would be built on PM’s property; the grant is subject to the final document being drafted and reviewed by Mr. Flynn and then it will be presented to the Board for final approval. Mr. Minear asked the boundaries of the 200 acres; Altoona representatives said the Interstate, the By-Bass, and Hubbell Avenue; Mr. Neugent said it is the new development plus Prairie Meadows.

Mr. Neugent moved to approve the recommendation from the Finance Committee and Executive Committee and was seconded by Mr. Whitney. Ms. Richer asked for the motion to be stated again and Mr. Neugent said the grant is \$500,000 per year, year one (2010) will be \$550,000 – subject to the availability of funds with an annual review for additional funds, not to exceed \$1 million, and the grant may be \$500,000 yearly, subject to available funds. The motion passed on a voice vote with Mr. Beattie abstaining.

Altoona Mayor, Tim Burget thanked the Board for the time spent on consideration of the project and appreciates PM being a partner with the city.

Mr. Bishop said the commitment will be put in a formal document that will be sent to Tom Flynn for review and then to the Board for final approval.

Amend 401k Investment Committee Policy to allow Principal Access Funds. Mr. Neugent said the Finance Committee was presented this recommendation from the in-house 401k committee – it opens investment opportunities to funds other than those funds managed by Principal, but still are funds approved through Principal. Ms. Long said the in-house committee meets and reviews this information quarterly and believes the choices in Principal are not always in the best interest of PM employees and the committee asked to open up the access funds. Mr. Morden noted many Principal funds are performing well, but a few weren't, and the committee wanted other options.

Ms. Richer asked that the information on the 2007 funds be sent to the Board and Ms. Long said she needs to talk to the advisor as the committee signs a waiver not to release the information as it is confidential and the committee members have a fiduciary responsibility – she may be able to send the overall performance, but not the Sharp information. Mr. Gentry asked the Board's obligation to oversee this and Mr. Flynn said the Board can monitor and look at what's happening – get enough information to make a decision. Ms. Rasmussen said this item is on the Finance Committee's calendar to review once a year. Ms. Long said the committee follows the 401k due diligence and 404c rules of the Department of Labor which states its responsibilities - the committee members are fiduciaries of the employees' money. Mr. Hayes noted the outside advisor is compensated and is not an employee of Principal. Mr. Flynn said the Board is not liable for the financial results.

Mr. Neugent moved to accept the recommendation. The motion was seconded by Mr. Morden and passed on a voice vote.

Approve Bank Resolution to Update Records at Community State Bank. Mr. Neugent said this is a typical corporate resolution to update the authorized signators, the Finance Committee has reviewed and recommends this be approved, and he moves to approve the Bank Resolution. The motion was seconded by Mr. Gentry and passed on a voice vote.

Approve Updated PM Corporate Investment Policy. Mr. Neugent moved approval of the updated policy and Ms. Rasmussen seconded the motion. Mr. Chapin asked if there were major changes or just updates; Mr. Hayes said a couple of securities were removed; Mr. Neugent said the net worth requirement of the bank was also changed. The motion passed on a voice vote.

Approve Information Request Policy. Ms. Long said the policy was reviewed and by law, we can update the rates we charge for compiling information for outside requests. Mr. Morden moved to adopt the policy. The motion was seconded by Mr. Gentry and passed on a voice vote.

Approve Grants Advisory Committee Members. Mr. Chapin said the Board received the information last week and he moves to approve the recommendations. The motion was seconded by Ms. Richer and passed on a voice vote.

General Manger's Report. Mr. Palmer said we have had an exciting month with finances and all the promotions; the Tom Jones and Travis Tritt concerts were sell-outs; April 10 is the 30 Years of Hits concert; Live Racing starts April 18; there are 227 horses on property and the Backside Kitchen is open; April 19 is the Newton Speedway ARCA race.

Mr. Chapin asked if there would be a buffet on the 4th floor this year and Mr. Palmer said yes, on Friday and Saturday nights.

Other.

Mr. Whitney noted the Board met the new auditor, Kent Shirley, last month and the Board has not had any reports or a presentation from the auditor and he would like to know who the auditor reports to and what he does. Mr. Bishop said the auditor works for the Board and the Audit Committee. Mr. Hayes said this information was in the report sent to the Board in January – each year the auditor puts together a plan to audit various departments and the Audit Committee reviews the schedule; the auditor meets quarterly with the Audit Committee, with and without management present. Mr. Morden noted the auditor reviews the Internal Controls, assists the outside auditors, audits IRGC mandated areas, does a detailed audit schedule which the Audit Committee reviews, and oversees the Whistleblower Hotline. Mr. Gentry said the committee receives reports on the audited areas. Mr. Hayes said the committee has asked Kent Shirley to look at how well we've been doing and look for things we could do differently. Mr. Whitney asked how to proceed if someone wants the auditor to do something and Mr. Bishop said to talk to the Audit Committee Chairman.

Mr. Whitney noted the Board has held a Retreat almost every year and requests one be held in April or no later than May 15; he also requests that the Committee Chairs met and set the agenda for the Retreat – we need to look at the Board and PM and what we're doing and where we're going. Mr. Whitney requested the Chairman arrange the date and Mr. Bishop said he will take the request under advisement.

Mr. Whitney handed out an information sheet on horse racing costs – his previous request for horse racing costs showed a deficit of \$30 million and caused a flurry of discussion; no one knows exactly if the report is right or wrong as there are other factors to take into consideration; one factor is the affect on the casino on race days and he assumed it was advantageous to the casino bottom line and the numbers would go up with the additional people, but the sheet shows he is wrong – racing reduces the money PM receives in the ball park of \$3.6 million (racing vs. non-racing season); we need to factor in food and beverage operations; racing is a wow factor and it is probably a wash. The sheet shows racing does not contribute to the casino bottom line, but does contribute to attendance; many players may not come out during racing due to parking issues; the sheet reminds us, that the Board needs a role in what needs to be done - what does horseracing contribute to the economy of Iowa, what does horseracing contribute to the agricultural economy of

Iowa, horse racing is a part of PM, but what is its role – these decisions need to be made by the Board; PM was asked a question by the IRGC and the answer was finessed.

Mr. Whitney said the Retreat should include developing a program and looking at different points of PM – the big one is horse racing at PM. Ms. Richer said it would be helpful to have more information – add Wednesdays, Thursdays, and Sundays for seasonal comparison.

Ms. Richer asked about the Bonus Plan for 2008 – it is the end of March and the Board needs information and a committee recommendation. Mr. Bishop said the Finance Committee has discussed this and Mr. Neugent said the Finance Committee started the process, but its time has been spent on other things. Ms. Richer suggested a sub-committee work on this.

Adjournment. A motion was made by Ms. Rasmussen 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 3:00 p.m.

Respectfully submitted,

Michael Galloway
Its Secretary