

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

Roll Call.

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

Also in attendance were:

Gary Palmer, President/CEO
Ann Long-Richards, 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 Ms. Rasmussen to approve the Minutes of the monthly meeting of the Prairie Meadows Board of Directors held on April 23, 2008 as written. The motion was seconded by Mr. Neugent and passed on a voice vote.

Public Comment. Dolores Horton said she has been a season table holder since 1989; has no ties to racing or Prairie Meadows; loves the races; believes PM is a classy facility; she has visited other tracks; she would like to see more good horses brought in. Mrs. Horton said her son is in a wheelchair and when they come out on Friday nights, the buffet is difficult for her to wait on herself and her son; she understands the kitchen problem and has no complaints, but she has had to wait 20 minutes at the concession stand; would like to have the fruit plate, etc. served on a real plate rather than a Styrofoam plate as PM has real tablecloths and napkins; she would like to be able to order something from a menu; she has ordered from AJ's and staff brought up the order. In closing, Mrs. Horton said she loves the track and horses and would like menu service and appreciates the Board letting her make her comments.

Discuss/Approve Sculpture Park Grant. Ms. Richer said she received a call from Steve Zumbach last week regarding this project; the Legacy Grants aren't done until the end of the year; Legacy applications are due in October and the committee scores all projects; Legacy funded four projects last year; Legacy starts with \$2 million and \$800,000 remains for this year; criteria to be considered includes: infrastructure, \$100,000 - \$1 million funding, multiple funding, measurable impact, PM gets visibility, location,

population, proposal, impact, and other funding; the Legacy guidelines provide a method for off process funding with 2/3 Board approval; there is merit to pushing this project along; the project includes \$27 million worth of artwork for the park; \$4 million is needed to build and maintain the site; Vision Iowa funding was short and they are requesting \$500,000 from PM over a period of time; the Board was sent the information; the City of Des Moines wants to have a financial commitment by June.

Rick Clark, Des Moines City Manager introduced Don Tripp, Des Moines Parks and Recreation Project Manager and Steve Zumbach, Chief Fundraiser. Mr. Tripp reviewed a PowerPoint presentation: The project has a \$31.5 million budget; it includes a collection of artwork from John and Mary Pappajohn, it will be located on 13 acres in the Western Gateway; several businesses are building and moving to this area; “rooms” will be created within the park to view the artwork; there are 17 pieces of artwork at this time and more may be commissioned; 44% of the public surveyed want a public art park; a donor plaza will be created at the entry to the park; they want to start constructing the project in September and be done by the 2009 Arts Festival; 700,000 visitors are expected each year.

Mr. Zumbach said John and Mary Pappajohn decided that Des Moines was the right place to display the artwork due to the city’s growth; PM makes grants and the money is reinvested in the community; this will be a “people’s park” and will be open to the public; the goal is \$4 million and \$1.9 million was raised from Vision Iowa – that fund has other commitments and can’t give as much as is needed; the project needs a commitment before it goes out to bid; the project is \$900,000 short and the request for PM funding is \$500,000; the sculptures need first class security at a cost of \$1.6 million and an endowment for repairs and maintenance of \$500,000, so the total goal is \$6.5 million; the commitment from PM would be \$500,000 over multiple years and the commitment is needed by mid-June.

Ms. Urich asked if the group had applied for Greenspace Grants and Mr. Tripp said yes, they have applied everywhere they could and most of the money has been raised from businesses around the park. Ms. Rasmussen asked about future growth and Mr. Zumbach said yes, more pieces will be added to fill out the park and some pieces will be exchanged out. Ms. Rasmussen asked who will manage the park and Mr. Tripp said the City will maintain the park and the Arts Center will maintain the art.

Mr. Bishop thanked the group for the presentation and referred the request to the Grants Committee for a recommendation at the next meeting; the Grants Committee needs to work with the Finance Committee to make sure funds are available.

Mr. Gentry noted the next Board meeting is June 25 and they need a decision by June 23 – will a special meeting be called? Ms. Richer proposed a motion to provide funding of \$500,000 over a three year period, assuming the homework is done and funding is

available, and a 2/3 vote is needed. Mr. Peters said the Grants Committee needs to meet and make a recommendation, information could be provided by e-mail, and the Board could have a conference call. Mr. Bishop said the June meeting could also be changed. Mr. Whitney noted the Chairman should do this in an appropriate way, keeping the deadlines in mind; call a special meeting or move the meeting date; the Board needs a recommendation from the Grants Committee to act on. Ms. Richer said a scoring sheet will be given to everyone and we need some type of vote. Mr. Galloway said the Finance Committee does not have a problem with the loan covenants, but needs to review the timing of payments and only needs a recommendation to forward to staff. Ms. Richer asked if Julie Stewart would do the leg work and Ms. Stewart said she will schedule a Grants Committee meeting. Mr. Bishop said staff is aware of the timing and a vote will be taken by the next Board Meeting; the Board will be notified if there will be a special meeting or if the June meeting date is changed. Mr. Chapin requested the Grants Committee meet following this meeting to set a meeting date.

Financials. Mr. Palmer reviewed the April 2008 financials: Net Revenue above plan .04%; Total Expenses below plan 2.2%; Net Income before Community Betterment above plan 8.5%. Mr. Palmer reviewed a chart using statistics from the IRGC, net win vs. attendance – PM’s revenue is up \$2.8 million and its attendance is down 4,000; Horseshoe and Harrah’s attendance is down 252,000 and their revenue is down \$717,000; Ameristar’s revenue is up \$123,000 and its attendance is down 50,000; Terrible’s revenue is down \$1,151,000 and its attendance is down 56,000; PM is doing very well. Mr. Palmer reviewed the first four months of casino win from 2005 through 2008 – PM has had three record months, January was the third best January even with the bad weather, the other three months were record months, May is trending toward a record month.

Mr. Gentry asked why PM was doing better (than other casinos) and Mr. Palmer believes it is due to Marketing, guest service, cleanliness, and racing and said we need to be cognizant that the smoking ban starts July 1 and our goal is to have the best guest service – some of our employees will be affected by the smoking ban.

Approve Bonus Plan. Mr. Bishop said the information has been sent out. Mr. Galloway said the Finance Committee has reviewed the plan; Mr. Bishop plans to assign a sub committee to review numerous issues, including HR; the Finance Committee recommends the plan presented today with two modifications – the cover sheet and a following sheet for the Vice Presidents states 24.5% and it should be 26.5% and on page 2 for the CEO, the charitable mission states “at the discretion of management” and should be changed to “at the discretion of the Board of Directors”; this is very similar to last year’s plan and believe it to be IRS compliant; Tom Flynn has reviewed the plan. Mr. Galloway said questions from the Finance Committee include how to define the charitable mission and the percentages - these are items the new committee can review. Mr. Galloway said the Finance Committee discussed bonuses and consistency and the industry as a whole, and bonuses are an important thing for recruiting – there are no recommendations to change except for the IRS guidelines.

Ms. Richer asked if depreciation is in the net income and Ms. Long said no, it is before depreciation.

Mr. Beattie moved to approve the Bonus Plan as recommended by the Finance Committee. The motion was seconded by Mr. Whitney and passed on a voice vote.

Approve City of Altoona Grant (Bass Pro Development). Mr. Neugent said everyone received the latest version via e-mail yesterday and Tom Flynn has made changes from the comments he received; the change is a reduction of the grant if a hotel is built or other large increases in assessments occur in the area.

Mr. Beattie asked if the City has a problem with the revisions; Mr. Flynn said the agreement will be sent to the City after this Board approves it; Mr. Galloway said the revisions are consistent with discussions held with the City. Ms. Richer asked about the rationale in 1a regarding the \$30 million floor and range and waving the payments and Mr. Neugent said the proposal the City made is if we build a \$30 million hotel, we would receive a credit due to the hotel/motel tax – the change is that it can be a hotel built anywhere or if valuations increase - at \$20 million, the grant would drop \$360,000 and if development occurs as envisioned, the grant will go away. Ms. Richer asked about the support of the grant and if this Board would vote on it every year; Mr. Neugent said yes; and Mr. Flynn said it is PM's own policy to authorize yearly approval.

Mr. Neugent recommends and moves that the Board approve this agreement. The motion was seconded by Mr. Peters.

Mr. Whitney said questions came up about conflicts with Board members or administration employees of PM and he requested Mr. Palmer to provide him with a map of the area; Mr. Palmer provided the map and information that members of his family have real estate in the area. Mr. Whitney has determined that there is no contiguous property owned by Mr. Palmer or his immediate family; the Anderson land and trust are cousins of Mr. Palmer by marriage and no immediate family member has an interest or owns land. Mr. Whitney said he appreciates Mr. Palmer sharing information that is a personal matter.

The motion passed on a voice vote with Mr. Beattie abstaining.

Establish Committees. Mr. Bishop appointed the following short term research committees: **Hotel/Parking Committee:** Gerry Neugent – Chair, Bob Beattie, Randy Minear, Jodi Urich, Mike Galloway, Bob Gorla (staff); **Horse Racing Committee:** Tom Whitney – Chair, Jack Peters, Don Brown, Lynette Rasmussen, Derron Heldt (staff); **Human Resources Committee:** Sunnie Richer – Chair, Nolden Gentry, Ron Morden, Paul Hayes, Jack Bishop. Mr. Bishop said this list will be sent to the Board, these are not permanent committees and when they complete their tasks, they will make a full report to

the Board - we will maintain the other current committees. Mr. Whitney noted that Mr. Chapin was not assigned to a committee and Mr. Bishop said he is on the HR Committee.

Other Business

Ms. Richer said there have been preliminary discussions regarding hiring Cliff Gold to do consulting; Mr. Gold retired from Blue Cross/Blue Shield as a high level executive with Marketing, HR, and strategy expertise; he would be a fresh set of eyes for HR and possibly the Racing Department and can do analytical work and knows best practices; she would like his assistance with the HR Committee just assigned and he could also have informal meetings with other committees; if the Board wants to hire him, he would be a skilled resource for us.

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 3:05 p.m.

Respectfully submitted,

Michael Galloway
Its Secretary