

■ POLK ■ DES MOINES ■
TAXPAYERS
■ ASSOCIATION ■

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PRAIRIE MEADOWS RACETRACK & CASINO-POLK COUNTY'S CASH COW!

The Taxpayers Association has been represented on the Prairie Meadows Racetrack and Casino (PMRC) board since 1998. The board consists of 13 voting members, made up of 5 people appointed by the elected Prairie Meadows members, 4 people appointed to represent Polk County, plus one board representative from each of Labor, Horse owners, the Des Moines Partnership and the Taxpayers Association. In addition, there are two nonvoting members who are also appointed by the Des Moines Partnership. Board members serve staggered 3-year terms.

What few people seem to realize is that Polk County actually owns the physical facility; casino, racetrack, horse barns, parking lots, etc. The casino/racing license itself is held by PMRC, a nonprofit entity that leases the physical facility from Polk County.

Horse racing began at PMRC in 1989 and through April of 1995, racing continued to experience losses every year, racking up a cumulative deficit of nearly \$20 million by 1995. In April of 1995, PMRC became the first "Racino" in the country! By the end of 1996, after only 20 months of casino operations, profits returned to Polk County from PMRC were sufficient to repay **all** of the cumulative racing losses. In addition to that, the bonds that had been issued to build the facility were defeased, a combined total of approximately \$103 million!

As the lessee of the County owned property, PMRC pays Polk County base rent of \$1.3 million/month, which includes annual property taxes of \$3.2 million. In addition, the county receives several other payments from PMRC so that the total paid **annually** to Polk County is well over \$20 million (\$27,429,000 in 2007 alone)! I find it amazing that people still ask the question "when am I going to see my property taxes go down because of Prairie Meadows?"

In the 12 years from 1996 through 2007, Polk County levied property taxes totaling approximately \$ 980 million. Without the \$320+ million in PMRC money that passed into the Polk County till during that same 12 year period, Polk County property taxpayers would have otherwise seen an average annual tax increase of nearly 33%! PMRC clearly has a challenge to inform the taxpaying public how much their property taxes have already been reduced due to PMRC money being returned just to Polk County!

The biggest example of non-public recognition of PMRC money is the Iowa Events Center. Everyone knows of Wells Fargo Arena and HyVee Hall. Those two organizations made very generous financial commitments to these facilities and are widely recognized through the naming rights they were granted. What few people realize is that the annual construction bond payments

for these facilities (approximately \$15 million **annually**) are being funded from Prairie Meadows money passed through Polk County.

Since April of 1995 and up through the end of 2007, PMRC has paid Polk County a total of about \$424 million, a figure that is approximately \$ 320 million in excess of Polk County's original debt obligations and other expenses! In the addition to this total, at the end of the current lease in 2010, title to \$66 million more dollars in leasehold improvements will also be transferred to Polk County!

Prairie Meadows does tremendous good in the central Iowa area with about 20% of its annual revenues being returned to the taxpayers of Polk County (\$27.4 million), the City of Des Moines (\$4 million) and other Polk County communities, as well as \$5.7 million to various schools and nearly 200 diversified charities every year.

Other than PMRC, only the Dubuque greyhound track operates directly under direct management of its owner. Various casino management companies are operating all other non-Indian casinos in the state. By law, these operations are only required to return an average of 3% of their revenues to their host communities, so PMRC obviously made an extremely wise decision when it originally decided to manage its operation directly rather than employ an outside management company that would retain the majority of the profits of the operation for itself.

Even with all this good news, there are still challenges. No matter how much money is generated from casino operations, we are required by law to fund a racing operation, including paying racing purses of approximately 11% of casino profits (nearly \$19 million in 2007). Although the exact figure is open to interpretation, when we take into consideration the operating costs of the racing program, best estimates put the net loss from the racing program in the range of \$27 million annually. In addition to these costs, we also paid taxes to the State of Iowa and other local governmental entities some \$ 46.2 million for 2007. Included in our annual Polk County lease fee is the property tax bill of over \$3.2 million. PMRC currently provides approximately 1,500 jobs with a payroll that runs in excess of \$53 million annually.

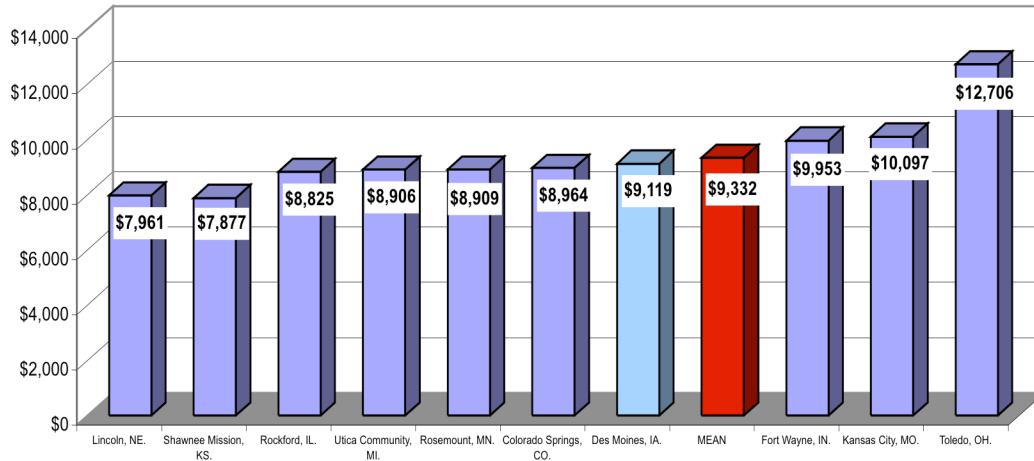
As the board member whose primary allegiance is to the taxpayers of Polk County, I can say that this operation is well run administratively. The balancing of the interests of the various special interest groups against the long run needs of the PMRC operation itself, plus maintaining a profit level that enables us to maintain our annual charitable giving goals, is not an easy task, but it is one that PMRC management handles very well.

This isn't the whole story of Prairie Meadows, but it is one that deserves to be much better publicized. If anyone has questions about the operation or any of the information in this article, please feel free to email me at ronmorden@aol.com or call me at 515-979-4698.

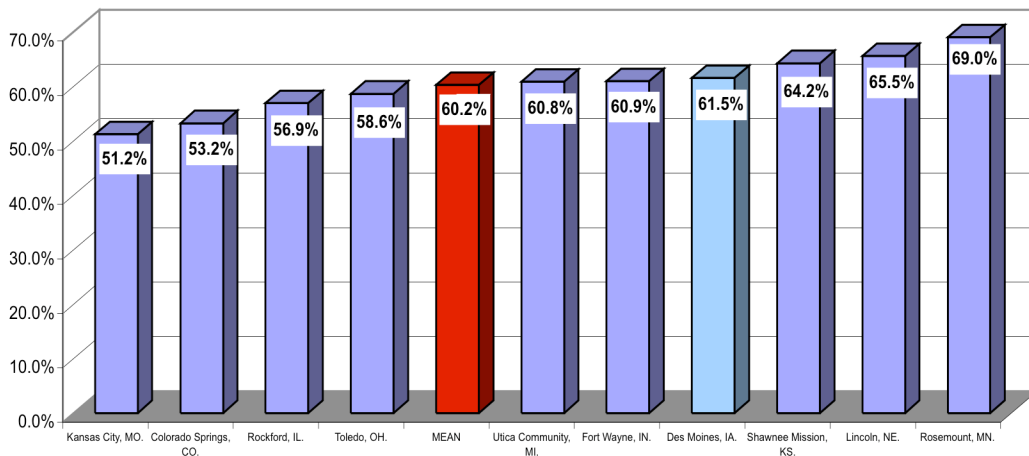
Ron Morden

Polk Des Moines Taxpayers Association representative on the PMRC board.

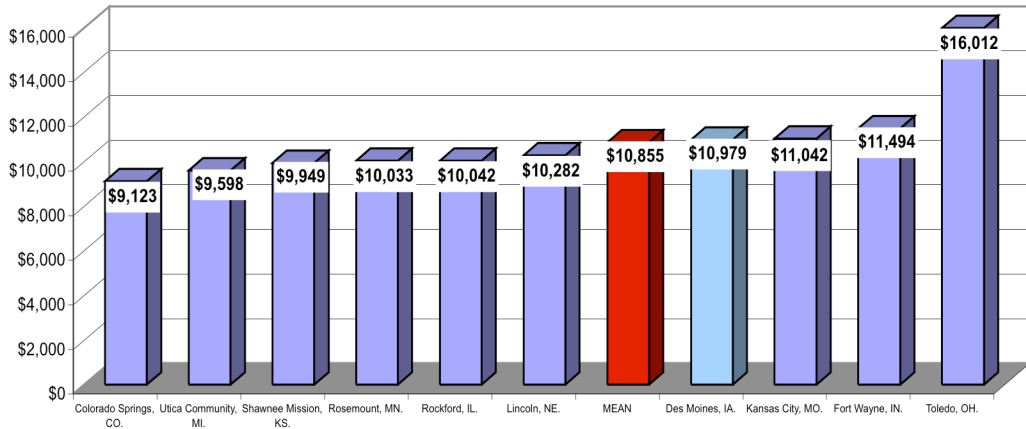
CURRENT SPENDING



% OF CURRENT SPENDING FOR INSTRUCTION



TOTAL REVENUE PER PUPIL



Ankeny Community School District Plan "B" Facility Needs With Funding Source and Construction Date Projections

Type of Work	Facility	Location	Project Cost	Funding Source	Funding Date Req.	Start Date	Completion Date
New Construction	Ashland Ridge	Meadows Development	\$ 12,500,000	83M Bond Issue	Jun-07	May-07	Aug-08
Remodel	Terrace	n/a	\$ 800,000	83M Bond Issue	Aug-08	Aug-08	Aug-09
Remodel	East	n/a	\$ 800,000	83M Bond Issue	Aug-08	Aug-08	Aug-09
New Construction	HS #1 - 1,400 - Grades 10-12	Prairie Trails site #1	\$ 49,730,000	83M Bond Issue	Jun-09	Apr-09	May-11
New Construction	Middle School - 500 - Grades 6-7	To be Determined	\$ 20,590,000	83M Bond Issue	Jun-09	Apr-09	May-11
Sub-Total			\$ 84,420,000				
Remodel	Ashland 4 room addition	n/a	\$ 1,000,000	SILO	Jul-10	Aug-10	Aug-11
New Construction	1,000 - Grades 8-9	To be Determined	\$ 36,172,000	SILO	Jul-10	Aug-10	Apr-13
Remodel	AHS	n/a	\$ 15,500,000	SILO	Jul-10	Aug-10	Apr-13
New Construction	Land Development and Assessments	North 90	\$ 6,000,000	SILO	Jul-10	Aug-10	Apr-13
Sub-Total			\$ 58,672,000				
New Construction	Elementary #9 & #10	To be Determined	\$ 32,400,000	New bond	Feb-11	Jun-11	Apr-12
New Construction	Joint Sports complex and pool	n/a	\$ 10,000,000	New bond	Feb-12	Apr-12	Aug-13
New Construction	Middle School Addition - 500 students Gr 6-7	n/a	\$ 10,200,000	New bond	Feb-16	Apr-16	Aug-17
Sub-Total			\$ 52,600,000				
New Sites	Elem Land Acquisition	To be Determined	\$ 472,500	Current LOST	ASAP	Jul-08	ASAP
New Sites	Elem Land Acquisition	To be Determined	\$ 364,150	Current LOST	ASAP	Jul-08	ASAP
New Sites	Middle school Land Acquisition or land swap	To be Determined	\$ 2,000,000	Current LOST	ASAP	Jul-08	ASAP
New Sites	Middle school Land Acquisition or land swap	To be Determined	\$ 178,000	PPEL	ASAP	Jul-08	ASAP
Sub-Total			\$ 3,014,650				
FF & E	Ashland Ridge Elementary	n/a	\$ 1,000,000	SBRC	Sep-08	Sep-08	n/a
FF & E	High School #1	n/a	\$ 4,200,000	SBRC	Sep-11	Sep-11	n/a
FF & E	Middle School grades 6-7	n/a	\$ 1,900,000	SBRC	Sep-11	Sep-11	n/a
Sub-Total			\$ 7,100,000				
Remodel	East Elementary	n/a	\$ 5,000,000	Future SILO	ASAP	ASAP	ASAP
Remodel	Terrace repurposed	n/a	\$ 3,000,000	Future SILO	ASAP	ASAP	ASAP
Remodel	Central Print Center / Paper Warehouse	n/a	\$ 3,000,000	Future SILO	ASAP	ASAP	ASAP
Remodel	District Maintenance	n/a	\$ 2,800,000	Future SILO	ASAP	ASAP	ASAP
Remodel	Food Service Dry Storage	n/a	\$ 2,500,000	Future SILO	ASAP	ASAP	ASAP
Remodel	Other Elementary Sites	n/a	\$ 7,000,000	Future SILO	ASAP	ASAP	ASAP
Remodel	PV and NV Updates	n/a	\$ 7,000,000	Future SILO	ASAP	ASAP	ASAP
Remodel	Transportation bus Parking / Roof	n/a	\$ 2,500,000	Future SILO	ASAP	ASAP	ASAP
Remodel	Warehouse space	n/a	\$ 3,000,000	Future SILO	ASAP	ASAP	ASAP
Sub-Total			\$ 35,800,000				
Grand Total			\$ 241,606,650				