

**Monthly Meeting of the
Prairie Meadows Board of Directors
February 15, 2023
2:00 p.m.**

The Monthly Meeting of the Prairie Meadows Board of Directors was called to order by Ms. Simon in the James Rasmussen Board Room at Prairie Meadows in Altoona, Iowa at 2:00 p.m.

Roll Call.

Dennis Albaugh - phone
Chris Costa
Linda Grandquist
Danny Homan - absent
Dr. Ian Lin
Marty Martin - absent
John Mauro
Dr. Steven Neville

Bob O'Hollearn - phone
Ken Sagar
Mary Simon
Susan Voss
Jeff Wangsness - absent
Jeff Russell
Tiffany Tauscheck

Also in attendance were:

Gary Palmer, President/CEO
Ann Atkin, Senior Vice President/COO
Michele Wilkie, Senior Vice President/CAO

Tom Flynn, Legal Counsel
Nancy Winget, Its Recording Secretary
Members of the Press, Public, and Staff

Approval of the Minutes. Mr. Russell would like to amend the Minutes of the December 14, 2022 Prairie Meadows Board of Directors Meeting – in his self-introduction, the change should be - Delta Dental serves 1.6 million Iowans, not 6 million. A motion was made by Ms. Voss to approve the Minutes, as amended, the motion was seconded by Mr. Sagar, and passed on a voice vote.

Public Comment. None

Lobbyist Report. Troy Skinner reviewed the Legislative Update – February 2023:

- One Gaming Bill was introduced – HSB 122. The Bill changes the distribution of taxes imposed and collected for internet fantasy sports by requiring funds to be deposited in the county endowment fund and not the sports wagering receipts fund.
- Other Issues to Watch:
 - Online Casino Legislation. Thirteen casinos support and six oppose. This is similar to Sports Betting – deposit money and a player can play casino games, Black Jack, and Craps on-line at home; this bill would cannibalize brick and mortar; national companies like Caesar's and small casinos would probably support the bill; this is on the watch list. Mr. Palmer said there is a social impact on staying home and gambling and there's no control – players can use a credit or debit card; national companies would make money; this is a detriment to society; six-seven casinos are against this Bill.

- Moratorium Extension. The moratorium on new gaming licenses expires June 1, 2024.
- DCI Agents. Some casinos want to reduce the number of agents on property - six casinos have two agents and the rest have three agents; PM is not involved.
- 2023 Iowa Legislative Session Timetable. The session is scheduled for 110 days; March 3 is the first funnel and March 31 is the second funnel.

Financials. Elaine Castelline, Vice President of Finance/CFO, reviewed the 2022 financials, noting 2022 was the best year in history:

YTD 2022			
	Actual	Plan	2021
Net Revenue	\$256.0 m	\$234.9 m	\$243.4 m
Gaming/Wagering Taxes	\$58.8 m	\$53.2 m	\$56.8 m
Payroll Expenses	\$52.5 m	\$53.1 m	\$47.7 m
Operating Expenses	\$67.3 m	\$68.1 m	\$57.5 m
Net Income before Community Benefit	\$77.5 m	\$59.9 m	\$81.5 m

Casino Gaming Revenue: Slots \$213.8 m; Table Games \$18.5 m; Poker \$2.2 m; 88¢ of every \$1.00 comes from the gaming floor.

Casino Revenue Comparison:

Iowa Market	
Prairie Meadows	\$234.9 m
Horseshoe	\$211.1 m
Ameristar II	\$187.7 m
Riverside	\$129.9 m
Isle – Waterloo	\$100.0 m
Harrah’s	\$73.0 m
Lakeside	\$51.1 m
Wild Rose Jefferson	\$35.9 m
Iowa Casino average vs. 2021	+1%
Iowa Casino average vs. 2021 with Prairie Meadows	+1/2%
Competitors’ average vs. 2021	+1.8%
PM average vs. 2021	+4%

Food and Beverage. The following outlets had record revenue of all time and their best year ever: AJ’s Steakhouse, Café at the Meadows, Paddock, Winner’s Circle, Prairie Coffee Company.

Net Income Before Community Betterment. We contribute our success by knowing our guests and providing great Guest Service, having a clean and secure facility, refresh and update the facility, and great teamwork:

2018	\$49.2 m
2019	\$45.7 m
2020 – COVID Year	\$20.8 m
2021	\$81.5 m
2022	\$77.5 m

Contractual Charitable Monies, which lessens the burden of government:

	2022	2021
Des Moines Revenue Sharing	\$5.1 m	\$4.9 m
Polk County Revenue Sharing	\$11.7 m	\$11.2 m
Sportsbook – 6%	\$186,000	\$118,000
Annual Rent	\$15.9 m	\$15.9 m
Polk County Gaming Taxes	\$1.2 m	\$1.2 m
Polk County School Support	\$896,000	\$862,000
Des Moines Partnership Dues	\$330,000	\$330,000
Purse and Supplement – 11%	\$23.2 m	\$14.9 m
City of Altoona Gaming Taxes	\$1.2 m	\$1.1 m

Prairie Meadows Mission: Economic Development, Agriculture, Jobs, Tourism, and Grants.

Ms. Simon and several others commented on an amazing year.

Staff Report – Michele Wilkie said her title is Senior Vice President/CAO and she’s been in this position for two years and has been with PM for 30 years; she’ll give an overview of the four areas of direct responsibility, Prairie Meadows University (PMU), and Management Associate Program (MAP):

- Food and Beverage. David Koehler is the Director - he has been with PM for two years and has 29 years of experience in F&B. Mr. Koehler oversees 12 outlets year-round and 4 additional departments during Live Racing. The department currently has 178 employees, will add an additional 10-20 Seasonal employees, and has 34 openings.
- Racing. Derron Heldt is the Vice President of Racing – he has 29 years of service at PM and 40 years of experience in the horse industry; he oversees all aspect of Live Racing including Track Maintenance. The department currently has 10 employees, and will add an additional 60-70 Seasonal employees.
- Information Technology. Tony Guzman is the Director – he has 21 years of service at PM and 53 years of experience in Information Technology. Mr. Guzman oversees all aspects of IT including the Print Imaging Center. The department currently has 17 employees, with two openings. IT provides 24/7 coverage to assist employees and guard against cyber-attacks.
- Human Resources. Gina Vitiritto is the Director – she has 34 years of service at PM, with multiple certifications. Ms. Vitiritto oversees all aspects of HR as well as Payroll and Wardrobe. The department currently has 9 employees, with two openings.
- Prairie Meadows University (PMU) started in 2017 and was interrupted by COVID - it is a nine-month program on Leadership Development; the course includes a pre and post Leadership Evaluation, eight Leadership classes, 48 hours of Job Shadowing, two mentors are assigned to each student, and the class is split into groups and each group presents a

Capstone Presentation to the Executive Team. The 2023 class is: Cade Johnson, Cheryl Tuttle, Chip Walters, Tony Hughes, David Koehler, David Fast, and Dillon Douglas.

- In conjunction with PMU, we have a two-year Management Associate Program (MAP). Two PMU graduates are selected and they have to complete the following: Year One – complete on-line classes and get a certificate from the University of Nevada – Reno, Year Two - Extensive Job Shadowing (80 hours in three of his/her selected departments and 20 hours each in the remaining eight departments), and the students are assigned a Mentor. The MAP graduates are: Dawn Brandt, Director of Compliance and Rod Suhr, Director of Casino Operations.

Ms. Simon is glad that PMU is resuming – it’s supportive of those who want to grow and learn more about PM.

President’s Report. Mr. Palmer reported:

- We want to wish Ann Atkin our best on her retirement; Ann is the Senior Vice President/COO; she has 23 years of service at PM and has done an excellent job; her reception is Friday starting at 1:00 p.m. in Bishop; she plans to do a lot of traveling.
- PM started May 1, 1989 and will celebrate its 34th year of operation (debt-free for 27 years).
- Recap of 2022:
 - Total Revenues: \$270,000,000 – best year ever!
 - Total AGR – Casino: \$235,000,000 – best ever!
 - Total dollars given back to the community from profits: \$50 million.
 - Eight record months, the other four months second best ever!!
 - Lessening the burden of government is our main goal!!
 - Contractual Obligations:

County	\$29 million
Des Moines	\$5 million
Public Schools	\$1 million
City of Altoona	\$1 million
	\$36 million

- Breakdown for County:

Profit Sharing	\$11,696,536
Rent	\$15,900,000
6% Sports Betting	\$186,000
.05% Gaming Tax	\$1,000,000
	\$28,782,536

- Also, sponsorships, not for profits, etc.: **\$500,000**
- Since 1996, \$2.1 billion been given back to the community
- Capital improvement for 2023: \$10.9 million, his does not include the Hotel (\$13 million) or the escalators (\$1 million).
- The recommendations for 2023:
 - Charitables: \$13 million for Grants (\$8 million for Grants and \$5 million for the airport project – this project was previously approved by the Board; payment will be spread over a few years; we’re working on the naming rights).
 - Capital Maintenance: \$6 million.
 - Purse Fund: \$23 million – this will be escrowed.

- Discussion. Mr. Palmer said if the \$8 million for Grants is approved, the Grants Committee will decide on the split and present that recommendation to the Board. Dr. Lin asked about the \$5 million for the airport – is this in escrow now and Mr. Palmer said we have the money and will put it in an account. Ms. Voss asked if this needed a motion and Mr. Palmer said the motion will be done in the Committee Reports section. Mr. Costa asked about the \$24 million for Purses – is this new for 2023 to set aside; Mr. Palmer said it's an estimate from last year. Mr. Costa asked if PM is obligated to pay the \$23 million and Mr. Palmer said yes. Mr. Russell asked if this year's profit hits next year's reserve (spend next year) and Ms. Castelline said yes.
- Super Bowl. There were \$950,000 in bets; PM lost \$128,000.
- We hosted a VIP Party for Valentine's Day and had extra gifts – you'll find a gift by your chair.

Committee Reports

- Finance/Audit. Ms. Simon said the committee met on Monday and reviewed the financial results and Kent Shirley, Internal Auditor, gave a detailed report on his and the committee's duties and responsibilities, noting two internal audits have been completed. There are two Action Items for 2023:
 - Reserve Distribution. Mr. Sagar moved the Reserve Distribution as presented by Mr. Palmer, the motion was seconded by Mr. Costa, and unanimously passed on a voice vote.
 - Board Resolution for Bank Signatures – updating the signers. Mr. Sagar moved approval of updating signers; the motion was seconded by Ms. Grandquist, and unanimously passed on a voice vote.
- Facilities. Mr. O'Hollearn said the committee did not meet, but has a meeting scheduled on March 20.
- Human Resources. Mr. Palmer said the committee did not meet, but will have a meeting in March.
- Grants. Ms. Voss said the committee is working on a calendar and requested the committee members remain after this meeting adjourns.

Other.

- The next meeting is March 22, 2020.

Closed Session – Gary Palmer's Performance Evaluation, pursuant to Iowa Code 21.5(1)i. Ms. Simon said we don't need a Closed Session as the Executive Committee is 100% in agreement.

Action Item – Bonus for Gary Palmer. Mr. Albaugh said the Executive Committee discussed and reviewed a list of Mr. Palmer's accomplishments – he's done a remarkable job. Mr. Albaugh moved 150% max of Mr. Palmer's base salary. Mr. Mauro asked the dollar amount and Ms. Simon said \$939,744.00. Mr. Mauro said he, Mr. Palmer, and Mr. Flynn have been around since the opening of PM; Mr. Palmer has done an astronomical job and he deserves the bonus; this is not about friendship, it's about business; PM has given \$2 billion back to the community. Mr. Mauro moved to approve the bonus amount recommended by the Executive Committee and the motion was seconded by Mr. Sagar. Mr. Costa asked what is budgeted for the bonus and Ms. Castelline said 100% of base wage. The motion unanimously passed on a voice vote.

Adjournment. Mr. Sagar moved to adjourn the meeting. There being no further business, the meeting adjourned at 2:55 p.m.

Respectfully submitted,

Dr. Steven Neville, Its Secretary