

**Annual Meeting of the
Prairie Meadows Board of Directors
November 20, 2019
2:00 p.m.**

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

Roll Call.

Dennis Albaugh*	Lisa Moody-Tunks	Mary Simon
Bob Chittenden	Gerry Neugent	Susan Voss
Mark Cooper	Bob O’Hollearn	John Irving
Michael Gartner	Suku Radia	Gene Meyer
Marty Martin - absent	Kurt Rasmussen	

*phone

Also in attendance were:

Gary Palmer, President/CEO	Tom Flynn, Legal Counsel
Ann Atkin, Senior Vice President/COO	Nancy Winget, Its Recording Secretary
Brad Rhines, Senior Vice President/CSO	Members of the Press, Public, and Staff

Approval of the Minutes. A motion was made by Mr. Cooper to approve the Minutes of the monthly meeting of the Prairie Meadows Board of Directors held on October 23, 2019 and the Special Board meeting of the Prairie Meadows Board held on November 1, 2019, as written. The motion was seconded by Mr. Neugent and passed on a voice vote.

Introduction of the Prairie Meadows University Students. Michele Wilkie, Vice President of Human Resources, said it is an honor to introduce the class of 2019; two were unable to attend the meeting today – Rod Suhr, Assistant Director of Table Games, and Chris Wilhelm, Poker Room Manager; PMU is part of our leadership development program; course work is done through Drake University and the Robert D. and Billie Ray Learning Center; students also do job shadowing and each student is assigned a mentor within the company; the goal is to build stronger leadership skills and give them an overview of PM; this is the third graduation class. PMU made self-introductions:

Name	Job Title/Department	Years of employment
Victoria Gazda	Administrative Assistant – Information Technology	7
Ryan Secrest	Banquet Manager – Hospitality	6½
Alex Hethcot	Training Supervisor – Cash Operations	7
Shawn Roorda	Creative Manager – Marketing	4½
Cali Cain	Generalist – Human Resources	4
Garrick Mallory	Assistant Director – Pari-Mutuels	15
Jake Hedgecock	Director – Security	23
Troy Sigwarth	Financial and Planning Analyst – Finance	18

The Board recognized the 2019 PMU class and Mr. Rasmussen congratulated the group.

Public Comment. Brad Rhines, Senior Vice President/CSO, said we had a successful negotiation with our horse partners, and introduced Dave McShane and Maria Pauly representing the Thoroughbreds and Tom Lepic from the Quarter Horses, and noting that Derron Heldt, Vice President of Racing, and Brian Ohorilko, IRGC, also attended the meetings; it was a six-seven month process of negotiations – we wanted to come up with a consistent message, have the facts, and determine where we go from here; the first question to each group was, “what does success look like” to their group and their plan - the culmination is the contract; the plan will be formalized at the IRGC Meeting in Dubuque tomorrow; we had a great negotiation, fantastic partners, and the 2020 meet will be a Mixed Meet.

Tom Lepic, on behalf of the Quarter Horses, thanked Prairie Meadows (PM) for all the hard work; he’s proud to represent PM and the Quarter Horses when he travels all over the country; he’s been to Los Alamitos, Albuquerque, and Oklahoma and everyone knows PM is a great facility and they love the new format; a Mixed Meet will bring in new horses and new trainers, and is great for the breeding program; he’s excited about the future of horse racing. Mr. Lepic also thanked the Thoroughbreds for working diligently with the Quarter Horses; both groups are getting along, have a great relationship, and worked hand in hand on the Meet to get more people here; thanked to Mr. Heldt who has done a great job; this is the first time he’s worked with Mr. Rhines – he asked hard questions that were not easy to answer – he wanted us to think about why and the outcome, and he put together great meetings. Mr. Lepic noted that in the past, the horse groups didn’t get along, and he now has the answer – the Quarter horses are faster!

Mr. Rhines presented a check to Jon Moss, Executive Director of the IAHPBA, for HART (Hope After Racing Thoroughbreds); this is outside the contract, but it is something PM wanted to do.

Mr. Rasmussen noted he sat in on several meetings – they were civil meetings and were a great opportunity to work together; Mr. Rhines lead the charge; there was turmoil in the past and he’s proud of how well negotiations went.

Lobbyist Report. Troy Skinner reviewed the Legislative Update, November 2019 – Sports Betting Receipts - October 2019, Legislative Timetable, and the House Republican Committee Leadership Changes; the legislators are happy with the Sports Betting revenues.

Action Item – Lobbyist Contract for 2020. Mr. Palmer said is the recommendation is a 3.5% increase; Troy Skinner and Kellie Paschke do an outstanding job and they listen more than they talk. Mr. Neugent moved to approve an increase of 3.5%, the motion was seconded by Mr. Gartner, and unanimously passed on a voice vote.

Financials. Elaine Castelline, Vice President of Finance/CFO, and Brad Rhines, Senior Vice President/CSO.

Ms. Castelline:

Performance Goals October 2019 Year-to-Date	
	Exceeds/Below Plan
Casino Revenue	-0.3%
Total Revenue	+0.7%
Net Revenue	+0.6%
Operating Expenses	Better than plan 0.3%
Net Income before Community Benefit	+\$1.3 million

Mr. Rhines – Total Revenue Year-to-date October: The breakdown of the \$197.4 million: Casino - \$171.8 million, F&B - \$7.7 million, Sportsbook - \$3.0 million, Hospitality - \$8.3 million, Pari-Mutuel - \$2.9 million, Other - \$3.6 million; +\$1.4 million YTD to budget and +\$4.1 million to Prior YTD.

Mr. Rhines: October Slot Win revenue was flat to 2018 and Table Games and Poker was slightly above 2018.

Ms. Castelline reported on Hotel Occupancy, noting October was PM’s best one ever:

	October 2019	October YTD
Prairie Meadows	78.1%	80%
DM Competitive Set	69%	67.7%
Altoona and Ankeny Competitive Set	70%	72.6%

Mr. Rhines: Sportsbook Handle, YTD October. PM’s Market Share is 38.20%; PM’s wagering Handle (\$35,761,584) was better than all casinos, and PM alone was better than the Eastern Region (\$27,881,417) and the Western Region (\$20,991,817). Sportsbook at PM started in mid-August; wagering was \$77,000; 90% of the wagers are made by mobile device and bettors educate themselves before betting; 10% of the wagering is impulsive betting; the Hold percentage is higher than anticipated, but will taper down after the first year; there is room to grow; September bets - \$14.5 million; October bets - \$17.8 million.

Mr. Rhines: October 2019 YTD State Casino Revenue statistics:

Iowa Market	
Prairie Meadows	+0.3%
State with Prairie Meadows	-0.7%
State without Prairie Meadows	-0.9%
Horseshoe	-2.1%
Ameristar II	-7.2%
Riverside	+6.3%
Isle – Waterloo	-1.6%
Harrah’s	-0.3%
Lakeside	+6%
Wild Rose Jefferson	-0.8%

Ms. Castelline. October YTD Casino Revenue:

Surrounding Markets	
Prairie Meadows	+ .2%
St. Louis market	-2.1%
Kansas City market	Flat
Omaha and Council Bluffs market	-3.9%
Quad Cities	-1.3%

Ms. Castelline: Top October Revenue Performing Areas in the Most Recent Four Years; *best October ever:

Casino Revenues*
 Slot Coin-In*
 Average Win/Guest
 Champions
 AJ's Revenue*
 Prairie Coffee Company Revenue*

Casino Bars*
 Banquet Revenue*
 Hotel Revenue*
 Gift Shop Revenue
 Daily Double Deli Revenue*

President's Report: Mr. Palmer reported:

- December 18 - Board Meeting and Holiday Dinner.
- November 12 – PMU Graduation Dinner.
- October 1 – Service Awards Dinner for 15+ year employees. We have a lot of long term employees and we really appreciate them.
- November 18 – Service Awards Dinner for 5 and 10 year employees.
- November 21-22 – Turkeys distributed to all employees.

Committee Reports. No committee met in November.

Action Item - Closed Session – Iowa Code 21.5(1)(a) and 22.7(27) - Marketing and Advertising Strategy and Budget. Mr. Cooper moved go into a Closed Session. Mr. Palmer said the only reason this is on the agenda is if anyone had questions on the Marketing and Advertising Strategy and Budget; Mr. Rhines and Ms. Castelline set aside time this morning to meet with any Board member who had questions, and only Mr. Cooper came in; if there are no questions, there is no need for a Closed Session; staff requests approval of the budget for 2020. Since there were no questions and no second to the motion, Mr. Cooper withdrew his motion.

Action Item – 2020 Budget. Mr. Cooper moved to approve the 2020 Budget, the motion was seconded by Mr. Radia, and unanimously passed on a voice vote.

Announce Appointments to the Board. Mr. Rasmussen announced the following appointments to the Board:

- Polk County – Michael Gartner (to fill the remaining one year term of Karen Novak Swalwell), Frank Marasco, Ken Sagar.
- DM Partnership – Suku Radia, Marta Codina, John Irving.

Action Item – Recommendations from the At-Large Committee for 2 At-Large Positions. Mr. Rasmussen said the recommendations are Bob Chittenden and Gerry Neugent. Mr. Gartner moved to approve Mr. Chittenden and Mr. Neugent, the motion was seconded by Mr. Radia, and unanimously passed on a voice vote.

Action Item – Election of Executive Committee (Chair, Vice Chair, Secretary) and two other members. Mr. Chittenden moved the following to the Executive Committee:

- Gerry Neugent – Chair
- Suku Radia – Vice Chair
- Kurt Rasmussen – Past Chair
- Michael Gartner – Secretary
- Mary Simon – At-Large Member

The motion was seconded by Mr. Cooper and unanimously passed on a voice vote.

Recognition of Retiring Board Members. Mr. Rasmussen and Mr. Palmer presented a token of appreciation to Lisa Moody-Tunks and Gene Meyer and thanked them for volunteering to serve on the Board.

Recognition of Retiring Chair. Mr. Palmer and Mr. Neugent presented a token of appreciation to Kurt Rasmussen for serving as the Board Chair the past two years, thanked him for his leadership and friendship, and wished him continued good health; Mr. Rasmussen will continue on as the Past Chair.

Other Business. Mr. Rasmussen reminded the Board about the December meetings and holiday dinner on December 18:

- Executive Committee Meeting starts at 1:30 p.m. – Board Room
- Board Meeting starts at 3:00 p.m.
- Board Dinner – Skinner Ballroom. Social Hour 5:00 p.m., Dinner 6:00 p.m.

Adjournment. Mr. Cooper moved to adjourn the meeting, the motion was seconded by Mr. Chittenden, and unanimously passed on a voice vote. There being no further business, the meeting adjourned at 2:35 p.m.

Respectfully submitted,

Suku Radia, Its Secretary