

**Monthly Meeting of the
Prairie Meadows Board of Directors
December 18, 2019
3:00 p.m.**

The Monthly Meeting of the Prairie Meadows Board of Directors was called to order by Mr. Neugent in the James Rasmussen Board Room at Prairie Meadows in Altoona, Iowa at 3:00 p.m.

Introduce New Board Members. Mr. Neugent introduced the new Board members, noting we appreciate their willingness to volunteer their time, and if they are not licensed, they can participate in discussions, but can't vote:

- Marta Codina said she's the Bank President at Wells Fargo and has been there for 20 years, and she represents DM Partnership (non-voting member).
- Ken Sagar said he represents Polk County and is the President of the AFL-CIO – he has been there for 22 years.
- Frank Marasco said he represents Polk County and he works in the Polk County Sheriff's Office, and he's excited to be here.

Welcome Returning Board Members. Mr. Neugent welcomed returning Board Members, noting they will be serving their final term:

- Michael Gartner, Polk County
- Bob Chittenden, At-Large
- Gerry Neugent, At-Large
- John Irving, DM Partnership, non-voting
- Suku Radia, DM Partnership

Roll Call.

Dennis Albaugh - absent
Bob Chittenden
Mark Cooper
Michael Gartner
Frank Marasco
Marty Martin - absent
Gerry Neugent
Bob O'Hollearn

Suku Radia
Kurt Rasmussen
Ken Sagar
Mary Simon
Susan Voss
Marta Codina
John Irving

Also in attendance were:

Gary Palmer, President/CEO
Ann Atkin, Senior Vice President/COO
Brad Rhines, Senior Vice President/CSO

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. Cooper to approve the Minutes of the Annual Meeting of the Prairie Meadows Board of Directors held on November 20, 2019 as written. The motion was seconded by Mr. Gartner and passed on a voice vote.

Public Comment. None

Lobbyist Report. Troy Skinner reviewed the Legislative Update, December 2019:

- Sports Betting. Iowa casinos processed nearly \$60 million in wagers in November - an increase of 27.5% over wagers processed in October; tax collection, August – November, totaled more than \$1.1 million; admissions have increased by 4%; Slot and Table Game revenue have increased 7.5%.
- State Budget – Revenue. Estimated FY 2020 net general fund receipts are projected to be increased by \$48.5 million.
- 2020 Policy Proposals.
 - Promo Play Tax phase out. Legislation will be introduced to phase out the gaming tax imposed on promo play; currently, promo play is exempt from the gaming tax only after aggregate promo play receipts reach \$25.82 million – that’s double taxing; the plan will be to phase this out over five years; net receipts were capped a few years ago. Mr. Palmer noted Iowa is the only jurisdiction in the United States that taxes promo play.
 - Debt Offset Collection. Currently, casinos have to check a state database for delinquent debts of anyone who wins a slot jackpot of \$1,200 or more; legislation will be introduced to require a similar check for table games, sports betting, and poker – the threshold hasn’t been determined – we want to use the IRGC guidelines of \$1,200; this has been delayed until the end of the session.
- The 2020 Iowa Legislative Session Timetable.

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

Ms. Castelline:

Performance Goals	
November 2019 Year-to-Date	
	Exceeds/Below Plan
Casino Revenue	-0.2%
Total Revenue	+1.1%
Net Revenue	+1.0%
Operating Expenses	Over 0.8%
Net Income before Community Benefit	+.09%

Ms. Castelline – Total Revenue Year-to-date November. The breakdown of the \$217 million: Casino \$189.0 million, F&B \$8.4 million, Sportsbook \$4.1 million, Hospitality \$9 million, Pari-Mutuel \$3 million, Other \$3.8 million; +\$2.1 million YTD to budget and +\$5.1 million to Prior YTD.

Mr. Rhines. YTD November 2019 Slot Win \$165.8 million vs. \$165 million in 2018. YTD November 2019 Table Games, ETGs and Poker Win \$23.2 million vs. \$23.1 million in 2018.

Ms. Castelline reported on Hotel Revenue and Occupancy, noting November was the best November ever. 2019 Revenue \$387,000 vs. budget of \$359,000. Hotel Occupancy:

	November 2019	November YTD
Prairie Meadows	71.7%	78.9%
Des Moines area	55.1%	66.6%
Altoona/Ankeny Competitive set	58.7%	70.9%

Mr. Rhines: Sportsbook Handle, YTD November. PM’s Market Share was 36.84%; PM’s wagering Handle (\$56,350,926) was better than all casinos, and PM alone was better than the Eastern Region (\$46,902,537) and the Western Region (\$34,636,595). Sportsbook at PM started in mid-August; betting - August \$3.4 million, September \$14.5 million, October \$17.8 million, November \$20.6 million; in November, we had \$20 million in bets and won \$1 million.

Mr. Rhines: November 2019 YTD State and surrounding Markets Casino Revenue statistics, year over year; we have a procedure process and strategy in place to drive business:

Iowa Market	
Prairie Meadows	+0.6%
State with Prairie Meadows	-0.2%
State without Prairie Meadows	-0.4%
Horseshoe	-0.9%
Ameristar II	-6.4%
Riverside	+6.8%
Isle – Waterloo	-1.2%
Harrah’s	-0.1%
Lakeside	+7.1%
Wild Rose Jefferson	-0.3%
Surrounding Markets	
Prairie Meadows	+0.6%
St. Louis market	-1.7%
Kansas City market	+0.5%
Omaha and Council Bluffs market	-3.0%
Quad Cities market	-0.6%

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

Casino Revenues*
 Slot Coin-In*
 Average Win/Guest
 AJ’s Revenue*
 Triple Crown Buffet*
 Casino Bars*

Daily Double Deli Revenue*
 Prairie Coffee Company*
 Banquet Revenue*
 Hotel Revenue*
 Gift Shop Revenue*

Mr. Rhines said we've having our best year ever and we beat budget across the board; November is the fifth record month this year; we had our first \$20 million month this year. Ms. Voss said the Facilities Committee discussed Wm. Hill and electronically placing bets and how that could hurt the numbers, and ways to get people to come out. Mr. Rhines said many of the bets done on mobile devises are done within the building – new technology will be able to identify where people are placing bets and will give us insight on who to partner with and how to market.

Action Item – End-of-the-Year 401k Distribution of 2.5% for Non-Bargaining Employees (Resolution #1). Mr. Radia said bargaining employees receive 2.5%, per the union contracts, and the Resolution is to give 2.5% to the non-bargaining employees – the same percentage as last year.

Action Item – End-of-the-Year 401k Discretionary Distribution for Bargaining and Non-Bargaining Employees (Resolution #2). Mr. Radia said the recommendation is 3.5% for all employees - the same percentage as last year.

Mr. Radia moved to approve both Resolutions, the motion was seconded by Mr. Gartner, and unanimously passed on a voice vote.

Action Item – Bonus Resolution. Mr. Radia said 2019 will exceed the stretch budget, and the preliminary calculation is a bonus max of \$2.2 million; last year it was \$2.36 million; we need a Resolution for IRS purposes; distribution will be no later than March 2020. Mr. Radia moved approval of the bonus Resolution, the motion was seconded by Mr. Cooper, and unanimously passed on a voice vote. Mr. Neugent said the bonus plan was adopted by the Board earlier this year.

Action Item – Three Officers' Compensation – is the compensation in compliance with IRS 4958 for 2019 – reference the external report to determine fair and reasonable salaries. Mr. Radia said the review is done every year to assess the reasonableness of the compensation for the three top officers; compensation is compared to similar sized casinos; we used an external consultant this year; he and Mr. Gartner were on the Salary and Compensation Committee, and received a reasonableness letter from the consultant with a clean opinion that the compensation is well within reason; this is only an Action Item to certify we are in compliance with the IRS 4958 rules and regulations. Mr. Rasmussen moved to approve that PM is in compliance with IRS 4958, the motion was seconded by Ms. Simon, and unanimously passed on a voice vote

President's Report. Mr. Palmer reported:

- Celebrate the Holidays in Triple Crown Buffet – Christmas Eve, Christmas Day, New Year's Eve, New Year's Day or in AJ's – Christmas and New Year's Eve
- Thanksgiving. We served over 4,000 in the Triple Crown Buffet and AJ's – that surpassed 2018 by 70 people; it's unbelievable on how well staff does!
- Christmas – we're expecting 3,000.
- New Year's Eve – there will be a lot of exciting things going on.
- Tonight is the Board Dinner in Bishop A – social at 5:00 p.m. and dinner at 6:00 p.m.

Committee Reports

- Finance and Audit. Mr. Radia said everything has already been reported.
- Facilities. Mr. Cooper said the committee met on Monday and the report is in the Board packet; the main item was the Hotel RFP; we received three bids and the unanimous recommendation to do the hotel remodel is Weitz. Mr. Neugent noted the hotel is nine years old and it's time to refresh it; the project was approved as a capital; we need to find the contractor; we'll need approval from Polk County and the Iowa Racing and Gaming Commission; the project is scheduled to begin in the 4th Quarter 2020 and go into 2021; funding for the \$8 million .project has been set aside. Mr. Rasmussen moved to approve Weitz for the hotel remodel, the motion was seconded by Mr. Gartner, and unanimously passed on a voice vote.
- Human Resources. The committee did not meet.
- Grants. The committee did not meet.

Other Business.

- Mr. Neugent:
 - Handed out the committee assignments for 2020.
 - Again, welcomed the new Board Members.
 - Thanked Mr. Palmer and staff for a great year.
 - Wished everyone a great Holiday and a great New Year.

Adjournment. Mr. Cooper moved to adjourn the meeting. There being no further business, the meeting adjourned at 3:40 p.m.

Respectfully submitted,

Michael Gartner, Its Secretary

Tentative - 2020 Board Meetings - 2:00 p.m.

January – no meeting
February 5
March 25
April 22
May – no meeting
June 24

July 22
August – no meeting
September 23
October 28
November 18
December 16 – **3:00 p.m.**

