

**Monthly Meeting of the
Prairie Meadows Board of Directors
March 27, 2019
2:00 p.m.**

The Monthly 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 - absent
Bob Chittenden - phone
Mark Cooper – arrived after Lobbyist
Michael Gartner
Marty Martin - absent
Lisa Moody-Tunks
Gerry Neugent
Bob O’Hollearn

Suku Radia
Kurt Rasmussen
Mary Simon
Karen Novak Swalwell
Susan Voss
John Irving
Gene Meyer

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. Radia to approve the Minutes of the monthly meeting of the Prairie Meadows Board of Directors held on February 6, 2019 as written. The motion was seconded by Ms. Moody-Tunks and passed on a voice vote.

Public Comment. None

Lobbyist Report. Troy Skinner said there are two Sports Betting bills, one in each chamber; the bills are different, but have some similar language – allow casinos to operate SB, mobile betting, regulated by the IRGC, and Fantasy Sports. Differences include: the House wants a gaming tax of 6.75% - the Senate is silent, and the bill is in the Ways and Means Committee; House – no college betting during a game; House – requires Prairie Meadows pay horse purses on Sports Betting net handle – an expansion of the current law – no language in the Senate bill. The bills are at a stalemate; the second funnel is coming up, but the bills are funnel-proof as they have tax implications; Prairie Meadow is registered as opposing the House file, and is ok with the Senate file; Bobby Kauffman (House) and Robbie Smith (Senate) wrote the bills.

Action item – Acceptance of the Audit Report (recommendation from the Finance and Audit Committee). Mr. Radia said the committee met earlier today and accepted the 2018 Financial Statement; Deloitte was very complimentary of Elaine Castelline and staff; there are no changes. Mr. Radia moved acceptance of the Deloitte Audit, the motion was seconded by Mr. Neugent and passed unanimously on a voice vote.

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

Ms. Castelline noted the team did a tremendous job with the bad weather and Net Revenue before Community Benefit was -\$286,000:

Performance Goals February 2019 Year-to-Date	
	Exceeds/Below Plan
Casino Revenue	-4.8%
Total Revenue	-3.3%
Net Revenue	-3.8%
Operating Expenses	Better than plan 3.7%

Mr. Rhines said we're focusing on overtime this year, and for the first five pay periods, overtime was down 51% - everyone is working diligently to cut expenses.

Mr. Rhines reviewed the Total Revenue YTD February – Casino \$30 million; F&B \$1.3 million; Pari-Mutuel \$0.2 million; Hospitality \$1.7 million; Other \$0.9 million; Total Revenue is down \$1.2 million YTD to budget compared to being down \$1.1 million to prior YTD; we had 26 weather days out of 59 days; 44% of the days were weather related days; the impact of the weather depends on the day; Marketing was very aggressive and player counts were up; the Hotel saw an increase and Hospitality is doing well.

Mr. Rhines said Slot Win YTD is down 4.7% to Prior YTD and Table Games and Poker Win YTD is down 2.5% to Prior YTD.

Ms. Castelline reported Hotel revenue was up \$16,000 to budget and occupancy was:

	February 2019	February TYD
Prairie Meadows	82.2%	74.4%
Des Moines area	53.4%	47.5%
Competitive set	61.4%	54.7%
Altoona	68.2%	59.9%

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

Iowa Market	
Prairie Meadows	-4.4%
State	-6.7%
State without Prairie Meadows	-7.1%
Horseshoe	-9.5%
Ameristar	-9.5%
Riverside	-8.7%
Isle – Waterloo	-5.0%
Harrah's	-2.3%
Lakeside	-6.3%
Wild Rose – Jefferson	-4.2%

Surrounding Markets	
St. Louis and Kansas City market	-4.4%
Omaha and Council Bluffs market	-8.3
Quad Cities	-7.5%

Ms. Castelline said the top February Revenue Performing Areas in the most recent four years are: Table Games, Average Win/Guest, Prairie Coffee, and the Gift Shop.

Racing Update. Derron Heldt, Vice President of Racing, reported on the upcoming Thoroughbred (TB) Meet:

- The meet starts on May 3.
- Stall applications were due on March 25; we received 1,300 applications for 1,250 stalls; 100-135 applications are in the mail; we're 250 horses short of 2018.
- We moved the meet back one week due to Oaklawn moving its meet back three weeks and ends on Kentucky Derby - Sunland Park and Fonner Park also end on Kentucky Derby, and 50% of the horses comes from these three tracks; we'll be calling trainers to find out if they're staying through the meet at their current track, or if they will come here; the 2019 TB meet will run into the Quarter Horse meet.
- Horses will start arriving on Sunday, March 31.
- April 2 – the Train Track opens – we'll have approximately 140 local horses training on the track.
- April 7 – the Main Track opens and the Training Track closes
- April 28 – first day of entries for the first day of racing on May 3.

Staff Report. Clint Pursley, Vice President of Security, said he's been at Prairie Meadows for 25 years, and he'd like to recap the department's 2018 milestones:

- Wrote 6,000 incident reports covering such things as debt collection, self-imposed trespasses, lost and found, emergencies, information, medical, and other.
- Recovered \$1.5 million in debt collection for the state (child support, student loans, court costs).
- Implemented the Rapid Response Team (RRT). The October 2017 shooting incident in Las Vegas spurred conversations in the Security world – armed vs. non-armed Security in casinos; he was opposed to armed staff at first, but after researching the numerous active shooting occurrences, and Prairie Meadows being a large tourist attraction and being a soft target (a place where people congregate in large numbers), he changed his mind.
 - Planning – we researched best practices and policies vetted by Federal, State, and Local agencies to develop the program. Law Enforcement response has changed since Columbine (show up, discuss what to do, etc.) - it now goes directly to the threat; Prairie Meadows has one million sq. ft. of space and outside Law Enforcement doesn't know the facility, that's why the RRT is important.
 - RRT Hiring Criteria is similar to what most law enforcement agencies use: be 21 years of age; legally eligible to possess an Iowa weapons permit; high school or equivalent with two years related experience or training in law enforcement, military or education; go through a board interview; pass a physical that includes hearing and visual and an agility test; pass a psychological interview.
 - Training – we partnered with Range Masters and the curriculum includes instruction in de-escalation, handguns, defense tactics and cuffing, Taser, rifle, legal, and tactical

- combat casualty care; we're continuing with yearly in-service training and Quarterly and monthly training.
- Received approval to have a RRT from the Prairie Meadows Executive staff, legal counsel, and insurance carrier; IRGC; Iowa Attorney General's Office; Iowa Department of Public Safety (DCI and State Patrol); Polk County Sheriff's Department; Altoona Police Department.
 - We received final approval from the IRGC on March 6, 2018 and went "live" on 7-4-18.

Mr. Rasmussen asked if Prairie Meadows uses metal detectors and Mr. Pursley said no, due to the high volume of traffic – with the Bret Michaels concert, we had set points to check bags. Mr. Irving asked if we had an assessment by Homeland Security and Mr. Pursley said he is on the Homeland Assessment Committee and the ASIS Committee (best practices in the gaming industry). Mr. Palmer requested Mr. Pursley discuss the number of RRT staff and he said we started with 15, but decided on 17 as some may not be able to pass the test – the RRT has 15 full-time and 2 reserves. Mr. Palmer noted that Prairie Meadows has two armed Polk County or Altoona Officers on property at all times. Mr. Pursley said the Metro Star Team held training on the Backside last November and the West Des Moines CERT will do joint tactical training with the RRT here in April. Mr. Gartner asked the number of doors at Prairie Meadows and Mr. Pursley said there are 50-60 exterior doors. Mr. Meyer said he was skeptical at first about having an armed private sector, but staff did a lot of research, put together a plan, etc., and he is comfortable with the RRT. Mr. Palmer said our employees and guests are precious to us and we wanted to be pro-active; the February *Casino Journal* features an article on Clint Pursley and the RRT – the RRT is a model for the state, and will probably be the model for the entire country – compliments to Mr. Pursley for putting the plan together. Mr. Meyer said the key is continuous training and Mr. Pursley agreed and noted training is the critical component and protocols change. Mr. Gartner asked if anyone can carry a gun in a casino in Iowa and Mr. Pursley said no, the person would need the IRGC to make an exception. Ms. Moody-Tunks asked if anyone under 21 is on the RRT and Mr. Pursley said no – a person has to be 21 to get a weapons permit, and not every member of the Security team needs to be armed. Ms. Moody-Tunks said it was nice to hear about the RRT being trained on the customer service side, without that, a bad situation could get worse. Mr. Pursley said he went through all the phases of training, and we're using the "Community Policing" approach – walk the floor and speak to guests.

Action Item – 2019 Bonus Criteria. Mr. Radia said there were no changes in the plan. Mr. Meyer said the HR Committee reviewed the criteria and recommends going forward. Mr. O'Hollearn moved to approve the 2019 Bonus Criteria, the motion was seconded by Mr. Neugent, and unanimously passed on a voice vote.

Action Item – Additional Grant Allocation. Mr. Radia said the Finance and Audit Committee recommends \$7,980,000 for the hotel remodel, \$5 million for the MEPs Study maintenance, \$2,275,000 for the Capital Reserve account, and \$6 million for Legacy and Community Betterment Grants. Mr. Radia moved the committee's recommendation, the motion was seconded by Mr. Cooper, and unanimously passed on a voice vote.

Mr. Neugent moved the Grant allocation of \$6 million be split - \$3.5 million for Legacy Grants and \$2.5 million for Community Betterment Grants. The motion was seconded by Mr. Gartner and unanimously passed on a voice vote.

Action Item – Reserve Accounts. Mr. Radia said this was covered with the Grant Allocation.

President's Report. Mr. Palmer reported:

- April 21 is Easter and we have specials in Triple Crown Buffet and AJ's.
- We're working on a 10 year Master Plan – you'll hear more about this in the Facilities Committee report; we'll keep the Board updated.

Committee Reports.

- Finance and Audit. Mr. Radia said everything discussed in the meeting has been covered.
- Facilities. Mr. Cooper said the committee held its first meeting on Monday and received a construction update on the Sports Betting area and the landscape project at the main entrance and the capitals that were completed in 2018 (Events Center – the last phase was completed, East side of the Clubhouse, removed the Grand Central Cage for additional gaming space, the Video Poker Room was converted to the Baccarat Room – all done using in-house staff, installed a new Chiller and overhauled a Chiller, updated the Wi-Fi in the entire building, and West and North parking lot overlay); Hotel remodel - a RFP was sent for the hotel rendering, the Hotel Director will be the Project Manager, this is scheduled for the 4th Quarter; the Master Plan is being reviewed and we'll receive a 3D rendering from Shive in September. Mr. Palmer requested an update on the laser projectors from Clay Willey, Vice President of Hospitality; Mr. Willey said both ballrooms will be updated with laser projectors and screens - five projectors were installed in the Bishop Ballroom and we used the new equipment for the Bret Michaels concert and had fantastic reviews; the project will be completed in a week to ten days.
- Human Resources. Mr. Meyer said the committee met on March 11 and received an update on Prairie Meadows University (this is the third year, there were 29 applicants for 11 spots, the first class will be held tomorrow), and reviewed and approved the 2019 Bonus Criteria.
- Grants. Ms. Stewart, Director of Community Relations, said the first meeting will be held on April 8 and Bob Chittenden is the Chair of this committee.

Other. None.

Adjournment. Mr. Cooper moved to adjourn the meeting, the motion was seconded by Mr. Gartner, and unanimously passed on a voice vote. There being no further business, the meeting adjourned at 2:53 p.m.

Respectfully submitted,

Suku Radia, Its Secretary