

**Monthly Meeting of the
Prairie Meadows Board of Directors
July 24, 2019
2:00 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 2:00 p.m.

Roll Call.

Dennis Albaugh
Bob Chittenden
Mark Cooper
Michael Gartner
Marty Martin
Lisa Moody-Tunks
Gerry Neugent
Bob O’Hollearn

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

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 monthly meeting of the Prairie Meadows Board of Directors held on June 26, 2019 as written. The motion was seconded by Mr. Chittenden and passed on a voice vote.

Public Comment. None

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

Ms. Castelline:

Performance Goals June 2019 Year-to-Date	
	Exceeds/Below Plan
Casino Revenue	-0.2%
Total Revenue	-0.8%
Net Revenue	-1.2%
Operating Expenses	+2.4%

Mr. Rhines reviewed the 2019 Quarterly Casino Revenue report: the 1st Quarter was short approximately \$825,000, but it was the fifth quarter of \$50 million; the 2nd Quarter made up for the shortfall in the 1st Quarter and was the sixth consecutive quarter of \$50 million plus.

Ms. Castelline reviewed the Total Revenue YTD June: Casino \$103 million; F&B \$4.6 million; Pari-Mutuel \$1.4 million; Hospitality \$5.0 million; Other \$2.0 million; revenue was down \$0.9 million YTD to budget and down \$0.4 million to prior YTD.

Mr. Rhines noted 2019 Slot Win was even to the prior YTD and Table Games and Poker was slightly less than prior YTD; he’s confident that the Sports Book will grow the numbers.

Ms. Castelline reported on Hotel Occupancy, noting Revenue was basically even to the prior YTD, and we have a new LaQuinta in Altoona:

	June 2019	June YTD
Prairie Meadows	86.7%	77.5%
Des Moines area	79.3%	64.5%
Altoona and Ankeny	83.6%	68.8%

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

Iowa Market	Year over Year
Prairie Meadows	flat
State	-1.4%
State without Prairie Meadows	-1.6%

Surrounding Markets	
St. Louis market	-3.6%
Kansas City market	+1%
Omaha and Council Bluffs market	-5%*
Quad Cities market	-2.2%

*due to floods, a new Native American Casino, and Eldorado acquiring Caesar’s.

Ms. Castelline reported on the Top June Revenue Performing Areas – Most Recent 4 Years (those with * had an all-time record June): Poker, Average Win/Guest, AJ’s*, Paddock, Daily Double Deli*, Prairie Coffee*, Hotel, Banquets*, Gift Shop.

Mr. Neugent congratulated staff on a great quarter.

Racing Update. Derron Heldt, Vice President of Racing, reported:

- Thoroughbred Meet – there are 1,018 horses on the Backside; Handle, both on-track and off-track was down slightly, part of that is we lost a half day in May due to a storm; there are 20 days left in the TB Meet; Field Size is 6.5 vs. 7 in 2018; we had a solid July 4th weekend – July 3 fireworks and Racing – we had rain, but had a good crowd, and the Festival of Racing on July 5-6 – we had a solid Handle.
- August 10 – Hall of Fame: inductees will be three Thoroughbred Jockeys – Glenn Corbett, Alex Birzer, and Terry Thompson, and one Quarter Horse – AJ’s High.

- August 17 - Quarter Horse Meet starts; Stall applications were due on July 10 and we received 725 applications from 50 trainers; we're starting the transaction period with TB leaving and Quarter Horses coming in.
- September 2 – Iowa Classic: all Iowa-bred horses; 9-10 races; 7 Stakes races.

Staff Report. Eddie Llambias, Vice President of Casino Operations, said Casino Operations and the Hotel report to him, and he has a diverse staff, with 89 of his 344 employees originating from 22 countries; in a couple of his areas, maps are posted with the employee's country of origin, we celebrate a different country, different Iowa cities, and the different states the employees originate from each month. Mr. Llambias introduced some of his management team: Fiona (Fi Fi) Arvidson, Table Games Supervisor, from Burma – she's been at PM for 15 years; Nadir Fellake, Slot Shift Manager, from Sudan – he's been at PM for 19 years; Jeon Cho, Slot Performance Specialist, from South Korea – he's been at PM for 24 years and was instrumental in setting up the slot floor for the 1995 opening of the casino; Laurie Boggs, newly appointed Hotel Guest Service Experience Manager, from Mt. Pleasant, Iowa – she's been at PM for 15 years; Tu Tran, newly hired Director of Hotel Operations, from Vietnam – he's in Orientation today; Eddie Llambias from England – he's been at PM for 3 years.

President's Report. Mr. Palmer reported:

- July 26 – Board Night at the Races; 5:30 p.m. – tour; 6:30 p.m. – dinner, Prairie Rose Room.
- August – no Board Meeting.
- August 15 – Ribbon Cutting Ceremony for the Sports Book; we'll send you an invitation; we'll invite the Governor and top legislators.
- August 17 – Quarter Horse Racing starts.
- He walked the property today – the grounds and the inside look out of this world; congratulations and thanks to Dustin VandeWeerd and Derron Heldt and their teams – he loves to brag on staff and he is proud of what they do – it's a first class facility.

Committee Reports

- Finance and Audit. Mr. Neugent said the committee did not meet.
- Facilities. Mr. Cooper said the committee did not meet, but requested the Board review the committee Minutes that are in the packets.
- Human Resources. The committee did not meet.
- Grants. Mr. Chittenden said the committee did not meet.

Action Item – Legacy Grant Application Provision. Mr. Neugent said the Board requested clarification and the impact of one Legacy Grant, and the item was tabled at the last meeting. Mr. Flynn said, that at the last meeting, there was a question on a Legacy Grant application from the City of DM for the Jim Cownie Soccer Field sign that it violated the policy as two grants to the same applicant were within one year; he requested that Julie Stewart provide the policy, committee and Board Minutes, etc.; the existing Legacy Grant Application form states an applicant can't make a request for the same project every year and that if it received a grant, it would have to wait for four years to apply for a different project; in reviewing 15 years of Minutes, he found nothing about a policy being adopted – it may have been discussed in a Grants Committee; in 2004, it noted three year grants and the application states, "Applicants may not request a Legacy Grant if they have already received a PM Legacy Grant for the same project. Past Legacy Grants recipients must wait four years following their last Legacy payment before

they are eligible to submit another application, which must be for a different project”; Mr. Cooper asked about the grant for the Jim Cownie Soccer Field sign and he wrote a provision which the Executive Committee approved earlier today - “An Applicant may not request a Legacy Grant if it has received a Legacy Grant for the same project within four years of the date of application. However, the receipt of a Legacy Grant for one project shall not preclude an Applicant from receiving another Legacy Grant for a separate and distinct project, as determined by the Board of Directors of Prairie Meadows, in its sole discretion.”; the City of DM. Drake University, Polk County, and others have requested grants for one project and then another; the provision gives more leeway for Grants and there has not been a formal policy.

Mr. Neugent said the Executive Committee reviewed and discussed the provision and unanimously approved to bring to the Board as the official policy of the Board. Mr. Gartner moved to approve the provision and the motion was seconded by Mr. Cooper. Mr. Cooper likes the provision and said with a four year wait, it spreads the wealth, and he hopes the Grants Committee will consider that in deliberations. Mr. Chittenden said the committee did discuss this in-depth. Ms. Moody-Tunks suggested this be well communicated to the organizations. Ms. Simon reviewed past Legacy Grants and found that the Community Foundation received grants two years in a row for different projects and Ms. Moody-Tunks said the City of DM also has done this. Ms. Voss noted the Jim Cownie Soccer Field sign grant was tabled last month and Mr. Flynn said if the provision passes, the Board can vote on the tabled item. The motion to approve the provision unanimously passed on a voice vote.

Mr. Neugent noted the Jim Cownie Soccer Field sign grant was tabled and Mr. Cooper said there needs to be a motion take this item off the table. Ms. Moody-Tunks moved to take the Jim Cownie Soccer Field sign grant off the table, the motion was seconded by Mr. Cooper, and unanimously passed on a voice vote.

Mr. Neugent said the Board needs to vote on the Legacy Grant application from the City of DM for the Jim Cownie Soccer Field sign in the amount of \$150,000. Mr. Chittenden moved to approve the grant, the motion was seconded by Ms. Moody-Tunks, and unanimously passed on a voice vote.

Other Business. None.

Adjournment. Mr. Cooper moved to adjourn the meeting and the motion was seconded by Mr. Gartner. There being no further business, the meeting adjourned at 2:45 p.m.

Respectfully submitted,

Suku Radia, Its Secretary