

**Monthly Meeting of the  
Prairie Meadows Board of Directors  
September 23, 2020  
2:00 p.m.**

The Monthly Meeting of the Prairie Meadows Board of Directors was called to order by Mr. Neugent in the Skinner Ballroom at Prairie Meadows in Altoona, Iowa at 2:00 p.m. Mr. Neugent noted that we have two Board members on the phone, and if anyone wishes to speak, to please use the microphones.

Roll Call.

Dennis Albaugh

Bob Chittenden

Mark Cooper

Michael Gartner - absent

Frank Marasco

Marty Martin - phone

Gerry Neugent

Bob O'Hollearn

Suku Radia

Kurt Rasmussen

Ken Sagar - phone

Mary Simon

Susan Voss

Marta Codina - absent

John Irving

Also in attendance were:

Gary Palmer, President/CEO

Ann Atkin, Senior Vice President/COO

Brad Rhines, Executive Vice President

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 Ms. Voss to approve the Minutes of February 5, 2020, March 16, 2020, March 25, 2020, April 9, 2020, April 24, 2020, May 14, 2020, May 22, 2020, June 24, 2020, and July 22, 2020 as written. The motion was seconded by Mr. Cooper and passed on a voice vote.

Public Comment. Jon Moss, Executive Director of the HBPA (representing the Thoroughbreds), said his group is very appreciative of getting racing conducted at PM; the Thoroughbreds support PM and creating a plan for a successful Race Meet which culminated on September 26 with the Iowa Classic where only Iowa-bred horses run; he's looking forward to working together with PM in the future.

Financials.

Action Item – Distribution of \$2 million for Community Betterment. Mr. Neugent said the Board will do this item first; this is a recommendation from management and was approved by the Executive Committee – distribution of \$1 million to United Way, \$500,000 to Des Moines Area Religious Council, and \$500,000 to the Food Bank of Iowa for the people of central Iowa. Mr. Palmer said we wanted to do the best we can for the community; employees were laid off for three months and we spent a lot on healthcare benefits through July, but we wanted to help with food, rent, and other needs; staff made the recommendation to the Executive Committee, and now the Executive Committee is recommending to the Board; PM is glad to be able to do this. Ms. Voss is the Chair of the Grants Committee and said she's very supportive of this grant; there are a lot of non-profits that are barely hanging on, some only need \$1,000 - \$1,500; once PM is back on its feet, we need to remember the non-profits as people are anxious to get out and attend

the theater. Mr. Sagar moved to approve the \$2 million for Community Betterment (\$1 million to United Way, \$500,000 to Des Moines Area Religious Council, and \$500,000 to the Food Bank of Iowa), the motion was seconded by Mr. Rasmussen, and passed on a voice vote. Mr. Neugent abstained from the DMARC portion due to a conflict of interest, noted the Board will take a short recess to make the check presentations to the agencies, and thanked staff for coming up with the plan.

Current Financials. Ms. Castelline reported on August Year-to-Date numbers: Net Revenue \$93 million; Gaming/Wagering Taxes \$21.4 million; Payroll Expenses \$30 million; Operating Expenses \$41 million; Net Income before Community Betterment \$1.4 million. Total Revenue which includes Casino AGR of \$84.3 million, and the other revenue breakdown is: F&B \$2.7 million, Pari-Mutuel \$1.8 million, Hospitality \$2.9 million (Banquets closed, the Hotel is open), Sportsbook has been in operation one year \$4 million, Other \$2.2 million.

Sports Book Handle. Mr. Rhines said August YTD wagering at PM was \$78 million (34.07% of the Iowa Market Share) – that’s better than the Eastern Region total and the Western Region total; 94.1% was done by mobile device.

August Slot Win and Average Win/Guest. Mr. Rhines said the casino generates 88% of revenue and Slots generates 90¢ of every \$1.00; August 2020 is comparable to August 2017 despite the reduction in the number of machines; 2020 is slightly less than 2019 with only two-thirds of the Table Games open and no Poker; guests are making less frequent visits, but are spending 60% more – there’s not a lot to spend the entertainment dollars on; Slots and the casino are holding PM up.

Casino Revenue 2020 YTD. Mr. Rhines noted PM and Harrah’s opened two weeks later than other casinos – we felt opening later was the right decision; PM is still #1 in the State; things are continuing to improve.

<b>Iowa Market</b>	
Prairie Meadows	-39.2%
Horseshoe	-29.7%
Ameristar II	-32.5%
Riverside	-24.0%
Isle – Waterloo	-34.9%
Harrah’s	-53.9%
Lakeside	-32.2%
Wild Rose Jefferson	-30.8%
Iowa Casino Average YOY	-32.5%
Competitors’ Average YOY	-33.1%

Surrounding Markets Casino Revenue comparison August 2019 vs 2020. Ms. Castelline:

Prairie Meadows	-39.2%
St. Louis	-40.3%
Kansas City	-35.5%
Omaha/Council Bluffs	-31.3%
Quad Cities	-36.1%

Racing Update. Mr. Heldt reported;

- There are 10 days left of Racing – three Mixed Days and the last seven days will be Thoroughbreds only; the Meet ends October 10.
- Handle is mixed – on-track is down for both breeds 47% or \$1.4 million; off-track is up for both breeds 34% or \$9.1 million; we changed the Post Times on Saturday from 1:00 p.m. to 6:00 p.m. and Sunday from 1:00 p.m. to 4:00 p.m. and that filled the void when over tracks were over earlier in the day.

• Field Size:

	2019	2020
Quarter Horses	6.7	7.2
Thoroughbreds	6.4	6.7

• Key Dates:

- Friday, September 25 – Quarter Horse Championship with 11 races (5 Open Quarter Horse stakes races).
- September 26 – Iowa Classic with 12 all Iowa-bred races (4 Quarter Horse and 8 Thoroughbred – 7 are stakes races); the winners from these races are usually selected by the breeders’ group for year-end honors.
- October 3 – Preakness from Pimlico in Maryland, this is the third leg of the Triple Crown and we have a local horsemen in the race.
- October 8 – ITBOA all-age Fall Sale at the Fair Grounds; it will also be offered as an on-line sale.

Mr. Albaugh asked if we’ll continue with the Mixed Meet and Mr. Heldt said yes, we had 67 days this year and plan on 84 days next year; we’re working on the shortfall of 2021 purse/supplement money by adding monies from 2020; the Mixed Meet has gone well; there are some things we can improve on.

Action Item – Union Contracts. Mr. Palmer said 2020 is the year to renegotiate with the three unions – The Machinists, AFSCME, and The Operating Engineers; the contracts were ratified and are ready for the Board; Michele Wilkie and her team did an outstanding job – it is a three year contract and that’s remarkable in these times; the groups only met a couple of times; we’ve always had a great working relationship with labor. Ms. Wilkie said PM has an exceptional working relationship with the unions; we have great Business Agents and knowledgeable Stewards; there were a few language changes which allow flexibility on the company side; it was a favorable economic package and that should help with recruiting and retention; we had smooth meetings. The Board commented that Michele Wilkie and staff did a wonderful job.

Mr. Cooper moved the Union contracts, the motion was seconded by Mr. Radia, and passed on a voice vote.

President’s Report. Mr. Palmer reported:

- Introduced David Kohler, the new Director of Food and Beverage. Mr. Kohler said he’s delighted to be at PM; he and his wife moved from the Texas hill country; he worked at a Native American property in Albuquerque; Boston is his home. Mr. Kohler said the \$2 million check presentation was amazing and he took pictures to send to his family – it was a real feel good moment and he’s delighted to be a part of PM.
- Introduced Chip Walters, the new Assistant Director of Facilities. Mr. Walters said he’s been at PM for two years, working in Grounds and Vehicles; he’s happy to be here and to be a part of the Facilities Department.
- COVID created a lot of challenges for us

- We had to purchase quite a few plexi-glass partitions to be able to open as many games as we have. We were lucky to find a local Altoona manufacturer to do these partitions at a reasonable price. So far, we have purchased approximately 291 units at a cost of \$44,772.00.
- Since we re-opened on June 15, we have spent approximately \$200,000 - \$250,000 on PPE (masks, sanitizers, thermometers, etc.) to achieve our safety goals. On the Backside, we worked with the HBPA and daily temps were taken and wristbands were issued, masks are required everywhere on property.
- Machines in play:

	Before	Now	
Slots	1,683	1,077	We would have been at 50% if we wouldn’t have purchased the plexi-glass partitions.
Table Games	38	27	
Poker	9	0	We’ll open 3 tables on October 1

- Convention and Banquets begin again on November 14.
- Buffet opening still undecided – when or if we’ll open it.
- The Café is still closed, but we are working on a new “Grab and Go” concept to better serve convention business and hotel guests; Mr. Tran has done a great job with a small snack section; we’d like to present the concept to the Facilities Committee in the near future.

Mr. Chittenden noted Banquets and Events open on November 14 – is there much interest? Mr. Palmer said some, we’ve had a lot of cancellations and some moved the dates; we have a couple of weddings scheduled; we plan on opening, but will monitor the situation; we still have employees not working and are wondering when we’ll open; we want to be safe when we open.

Committee Reports

- Finance/Audit. Mr. Radia said the committee met on Monday and reviewed:
  - Legal Matters. Mr. Flynn reported there were no substantial matters.
  - Internal Audit Department. Mr. Shirley said there are no critical audit areas; he's finalizing some audits that started before shutdown; reported that with those working remotely during shutdown, there were no security breaches.
  - The committee approved an updated Charter since the Finance Committee and Audit Committee were combined.
  - Ms. Castelline discussed the Tax Form 990; it is due November 15 and will be filed soon; the committee delegated authority to file the 990; the 990 will be made available to the Board if anyone wants a copy.
  - The committee reviewed the revised forecast for the year and we can afford to do the \$2 million for Community Betterment.
  - Preliminary 2021 budget discussion. We're not sure when we'll return to normal; we'll probably present three scenarios; we'll probably finalize the budget next year.
- Human Resources. Mr. O'Hollearn said the committee met and approved and recommend the 2020 Incentive Plan Structure – HR does this task and then the Finance/Audit Committee reviews. Mr. Radia said due to the IRS requirements on reasonableness of compensation, PM hired Towers Watson and Willis to do a study, and they determined the compensation is reasonable; the company also helped us with the adoption of an incentive plan which the HR and Finance/Audit Committees have reviewed; the HR Committee approved the plan, but the Board hasn't formally adopted it. Mr. Radia moved to approve the 2020 Incentive Plan Structure, the motion was seconded by Mr. O'Hollearn, and passed on a voice vote.

Other.

- Mr. Neugent said he's served on the Board for several years, and it's always the best meeting when Grants are approved; he's proud of PM and the community; today is one of those days to be proud of; thank you for your support.
- Mr. Neugent said the next Board Meeting is scheduled for October 28.

Adjournment. Mr. Cooper moved to adjourn the meeting. There being no further business, the meeting adjourned at 2:56 p.m.

Respectfully submitted,

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Michael Gartner, Its Secretary