

**Monthly Meeting of the  
Prairie Meadows Board of Directors  
September 25, 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  
Mark Cooper  
Michael Gartner  
Marty Martin – arrived after Roll  
Call  
Lisa Moody-Tunks  
Gerry Neugent  
Bob O’Hollearn

Suku Radia - absent  
Kurt Rasmussen  
Mary Simon  
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. Gartner to approve the Minutes of the monthly meeting of the Prairie Meadows Board of Directors held on July 24, 2019 as written. The motion was seconded by Mr. Neugent and passed on a voice vote.

Public Comment.

Gary Thelan said he lives in West Des Moines and is a player at Prairie Meadows; he was reading a *Washington Post* article about Carson King, and there were three positive comments about PM and its employee; he appreciates Gary Palmer and the staff for supporting Carson King.

Mr. Rasmussen requested Mr. Palmer introduce Carson King. Mr. Palmer said Carson is a RRT member (Security) and we want to thank him for raising money for the Children’s Hospital in Iowa City; he represents PM very well; you can never get hurt by helping people. Mr. King said the experience has been overwhelming; there’s over \$1.42 million in the account as of this morning; the Governor’s office called and he has a meeting with Governor Reynolds this afternoon – she will sign a Proclamations declaring September as Children’s Cancer Awareness Month, and that Saturday will be Carson King Day – he will attend the Iowa football game and wave to the children.

Lobbyist Report. Troy Skinner said there’s not a lot to report:

- Administrative Rules for Sports Betting. The Iowa Racing and Gaming Commission issued emergency rules to get the program up and running; there was one problem regarding the Debt Offset program – casinos are required to check a database when a jackpot is hit (\$33 million has been collected for the State through this program) and there was a question on Sports Betting as checking the database would be burdensome and inconvenient for customers; this is not done in Las Vegas; there was a suspension of the rule and it won’t go into effect until 2020; we need to change the law to address this issue, and it will be on the agenda.
- Senator Feenstra has stepped down as committee chair to focus on the election.
- Democratic Representative Lisa Heddon has resigned.

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

Ms. Castelline:

| <b>Performance Goals<br/>August 2019 Year-to-Date</b> |                           |
|---|---------------------------|
|   | <b>Exceeds/Below Plan</b> |
| Casino Revenue  | -0.1%                     |
| Total Revenue   | -0.6%                     |
| Net Revenue   | -1.0%                     |
| Operating Expenses                                    | Better than plan 2.5%     |
| Net Income before<br>Community Benefit                | Better than plan 2.6%     |

Ms. Castelline reviewed the Total Revenue YTD August: Casino \$138.3 million; F&B \$6.3 million; pari-mutuel \$2.4 million; Hospitality \$6.6 million; Sports Book \$0.3 million; Other \$2.8 million; Revenue was down \$1 million YTD to budget, and up \$0.9 million to prior YTD.

Mr. Rhines reported August Slot Win and Table Games revenue was flat to 2018; we’re seeing an uptick in Electronic Table Games and with the Sports Book; 2019 had three of the best months ever and two second best months ever vs. 2018 with 9 of the 12 months being the best ever.

Ms. Castelline: Hotel Occupancy; the hotel had its best August ever with \$552,000 vs. budget of \$469,000:

|   | <b>August 2019</b> | <b>August YTD</b> |
|---|--------------------|-------------------|
| Prairie Meadows                                 | 88.9%              | 80.3%             |
| Des Moines competitive set                      | 72.9%              | 67.6%             |
| Altoona competitive set plus<br>2 Ankeny hotels | 82.1%              | 72.4%             |

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

| <b>Iowa Market</b>            |       |
|-------------------------------|-------|
| Prairie Meadows               | +0.3% |
| Horseshoe                     | -3.6% |
| Ameristar II                  | -6.8% |
| Riverside                     | +6.7% |
| Isle – Waterloo               | -1.3% |
| Lakeside                      | +5.2% |
| Wild Rose Jefferson           | +1.1% |
| State with Prairie Meadows    | -0.9% |
| State without Prairie Meadows | -1.1% |

| <b>Surrounding Markets</b>      |       |
|---------------------------------|-------|
| St. Louis market                | -3%   |
| Kansas City market              | +0.3% |
| Omaha and Council Bluffs market | -4.0% |
| Quad Cities                     | -1.4% |

Mr. Rhines: Sports Book. In the first 15 days, the wagers for the state = \$8.57 million, PM did \$3.4 million (or 40%), over the counter wagers = \$1.1 million, mobile wagers = \$2.3 million; for the last week, the number show that 93%-95% of wagers are made by mobile; 13 of the 19 Iowa casino opened a Sports Book sometime in August. Through 21 days, PM's Handle is \$13.4 million, and YTD, the Handle is \$14.2 million; Saturday, September 14 was the Iowa-ISU Game - \$672,000 in wagers and \$354,000 was on the game. To date; \$14.2 million has been wagered – that's better than we expected; the vast majority has been on-line wagers; football season has just started; we still have a lot to learn.

Ms. Castelline: Top August Revenue Performing Areas in the most recent four years – Paddock, Casino Bars, Prairie Coffee, Daily Double Deli, and the Hotel all had an all-time record August; other top performing areas were: Table Games, Poker, Average Win/Guest, Home Stretch.

Racing Update. Mr. Heldt reported:

- Recap of the Thoroughbred Meet
  - On-Track Handle -15%
  - Off-Track handle +\$2 million – this was due to the Jackpot Pick 5 bet, the pool was up to \$2.1 million and it was a mandatory payout pool; if there was one winner, it would pay \$1.91 million - we had approximately 1,100 winners of \$1,700; there was a lot of media buzz about the bet; we were one of four Thoroughbred tracks that ran on Tuesday night.
  - Field Size was down – 6.9 in 2018; 6.6 in 2019.

- Iowa Classic was held on Labor Day rather than the end of August; we held all Iowa-bred races - 11 races with seven Stakes races; we had a great handle and it was very successful.
- The Iowa Thoroughbred Owners held its Annual Sale on September 5; 38 of the 57 horses sold and several sold at an amount bigger than anticipated; the breeders are happy with the results; new people attended the sale.
- Quarter Horse Meet - Through 17 days of Racing:
  - On-Track Handle was flat.
  - Off-Track Handle +10%.
  - There's six days left of the meet.
  - We drew entries today for the Trial Races next week.

Mr. Rasmussen asked how the Thoroughbred Meet went and about next year. Mr. Heldt said everything was positive and the transition (horses moving in and out) was tough at times, and we're negotiating on next year's Meet - we have been meeting with the horsemen since April and there's a meeting scheduled for tomorrow, we're discussing if it will be separate Meets or a Mixed Meet, and there's a lot of data to review to determine what's achievable. Mr. Rasmussen said the groups are communicating well together – they're sharing great ideas and it's great that all the stakeholders are getting together. Mr. Heldt noted that the meetings include the Thoroughbreds, Quarter Horse, Prairie Meadows, and Brian Ohorilko from the IRGC – everyone hears the same story at the same time, and this is the first time we've held these meetings.

Staff Report. Dustin VandeWeerd, Director of Facilities, said the Facilities Department consists of: Building Maintenance, Housekeeping, Receiving and Distribution, Dispatch, and Projects.

- Building Maintenance includes carpenters, plumbers, electricians, electronic Tech, HVAC Tech, painters, locksmith, upholsterer, and general maintenance; employees collectively hold 17 trade licenses; staff takes care of 25,000 preventative and corrective maintenance work order a year.
- Housekeeping is the largest group within the department; they maintain all public, back-of-the-house areas, and the dorms; it is a flexible and diverse workforce, with seven different languages spoken; we're constantly receiving feedback on the cleanliness of the facility.
- Receiving and Distribution receives and verifies all deliveries, processes about 100 orders a day, stores over 550 unique items, and handles 20,000 pieces of outgoing mail a year.
- Dispatch processes work orders, takes outside calls, and does administrative duties; they handle over 130,000 calls a year; check in 7,500 vendors and contractors; process 4,000 purchase requests and invoices.
- Projects Team is the contact between the Design Team, Contractor, and Prairie Meadows; we have completed over \$86 million in major renovations since 2012 and the projects have come in on-time and on-budget; the projects include the Hotel and Events Space expansion, North Casino addition, Casino and Main Entrance remodel, Triple Crown Buffet remodel, AJ's remodel, Events Center remodel, and the Clubhouse/Sports Book remodel. The most recent remodel was the Meadows Market (employee break room) which opened September 23 – the existing kitchen was removed, seating area expanded, finishes were updated, it is a “grab and

go”, self-check-out concept and is open 24/7; the budget was \$116,000; the idea came from Efficiency Committee.

- Upcoming Project will be the Hotel remodel in 2020-2021; the hotel is eight years old and need updated with new finishes, new furniture and fixture; the budget is \$7.98 million; the project will start in the 4<sup>th</sup> Quarter of 2020.
- Facility Condition Assessment was done in 2018 by Shive-Hattery; it is a 530 page document and items were prioritized and assigned a dollar value; we’ve completed 60% of the items, and will continue to work on and track projects.
- Facilities Department maintains 48 structures (over 1 million sq. ft.) and five core employees have a tenure of over 25 years – we have a great staff.

Mr. O’Hollearn asked how often the assessment is done and Mr. VandeWeerd said this is the second time – it’s been eight years between assessments. Mr. Cooper about if a walkability study has been done and Mr. VandeWeerd said no.

Mr. Rasmussen thanked Mr. Heldt and Mr. VandeWeerd for the reports, for all team members giving their all, and for keeping the Board informed.

Action Item – Contingency Fund Amount. Mr. Gartner said the Executive Committee discussed the request for money in a fund for emergencies or for things outside of the Grants cycle; he recommends and moves the annual fund of \$100,000 be raised to \$250,000, it is a fund for the President/CEO to use at his discretion with the advice of the Chair or Executive Committee, and whatever is not spent goes back to the Community Betterment funds. The motion was seconded by Mr. Neugent and unanimously passed on a voice vote.

Mr. O’Hollearn asked what this would be spent on and Mr. Palmer said a contribution to help during a flood or other emergency, and in the past we’ve helped with the Ruan Grand Prix and airplane – things that are outside the Grants cycle that we want to help with, but not be criticized for doing; the Board can approve \$100,000 for a flood or an emergency.

Action Item – Sports Book Revenue to Youth Sports. Mr. Palmer noted that everyone received the draft application and this will be incorporated into the regular Grants program.

Mr. O’Hollearn asked the definition of youth – is it age 18? Mr. Gartner said this is on page 2 – it states 18 and younger, and he proposes this be changed to 19 and younger as some high school seniors are beyond 18. Ms. Moody-Tunks asked how the counties listed were selected and Mr. Palmer said we used the “Golden Circle”, but the Board can support any County; every casino has money to give; Prairie Meadows has given to all 99 Counties. Mr. Gartner said we hope to set an example and other casinos will do this for their communities. Mr. Neugent said applications can also go through the other Grants program; there is no set amount and maybe there should be a fixed percentage of the Sports Book money; his thought is 25% of the Net SB Revenue, as confirmed annually by the Board. Mr. Martin referred to page 2, “Applicants may not submit grant applications to the PM Legacy Grant, Community Betterment Grant, and the PM Youth Sports and Recreational Grant Programs for the same project” – he presumes an

organization can only apply for one, and suggests that “and” be changed to “or”. Mr. Flynn referred to Ms. Moody-Tunks’ question on the nine counties listed and Mr. Gartner suggested “primarily” be added to “located in the following counties”.

Mr. Gartner moved the Sports Book Revenue to Youth Sports with the changes just discussed – add 25% of the Net SB Revenue, page 2 - change “and” to “or”, add “primarily located in the following counties”, and change “from age 18 and younger” to “age 19 and younger”. The motion was seconded by Ms. Moody-Tunks and unanimously passed on a voice vote.

President’s Report. Mr. Palmer reported:

- October 12 is the last day of Quarter Horse Racing.
- There are Wm. Hill-Prairie Meadows polo shirts for the Board on the North side of the room.

Committee Reports.

- Finance and Audit. Mr. Neugent reported for Mr. Radia: the committee met on Monday and reviewed:
  - Legal issues – nothing significant to report.
  - D&O Insurance – Ms. Castelline reported PM is at the 50<sup>th</sup> percentile, and will look into the cost of increasing the coverage.
  - Reviewed the Financials.
  - Received a Sports Book update.
  - Kent Shirley reported the Internal Audit Plan will be achieved.
  - Ms. Castelline reviewed the Form 990 and will send it to the Finance and Audit Committee and to the Executive Committee prior to filing it on November 15.
  - Ms. Castelline and the Accounting team are working on the 2020 budget; it will be reviewed with this committee at the October 21 meeting.
- Facilities. Mr. Cooper said the committee did not meet.
- Human Resources. Mr. Meyer said the committee did not meet.
- Grants. Mr. Chittenden said the committee did not meet.

Other. None

Adjournment. Mr. Cooper moved to adjourn the meeting and the motion unanimously passed on a voice vote. There being no further business, the meeting adjourned at 2:45 p.m.

Respectfully submitted,

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Suku Radia, Its Secretary