

**Monthly Meeting of the  
Prairie Meadows Board of Directors  
December 20, 2023  
3:00 p.m.**

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

Public Comment. None

Introduce New Board Members. Mr. Sagar introduced the new Board members:

- Andrea Morse, PM At-Large member. Ms. Morse said she lives in Altoona, is originally from Nebraska, is a Public Accountant and has worked at McGladrey and the Rasmussen Group, and is employed at ARAG North America, Inc., she is married, has two daughters and three grandchildren.
- Deb Leech, Horsemen’s Representative. Ms. Leech lives in Ankeny during the warm months and winters in Florida, worked for 30 years at Qwest, is a Southsider, and was here on opening night
- Todd Copley, Labor Representative. Mr. Copley is also a Southsider, has been married for 32 years, has 3 children and three grandchildren with another on the way, retired in September from Polk County government as a carpenter/cabinet maker, is currently the President of ASFCME.

Welcome Returning Board Member. Mr. Sagar said Linda Grandquist was reappointed by Polk County for a second term.

Roll Call.

Todd Copley  
Chris Costa  
Linda Grandquist  
Deb Leech  
Dr. Ian Lin  
Marty Martin – phone (during lobbyist report)  
John Mauro  
Andrea Morse

Dr. Steven Neville  
Bob O’Hollearn  
Ken Sagar  
Susan Voss  
Jeff Wangsness  
Rowena Crosbie - phone  
Tiffany Tauscheck - absent

Also in attendance were:

Gary Palmer, President/CEO  
Michele Wilkie, 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 the Annual Meeting of the Prairie Meadows Board of Directors held on November 15, 2023 as written. The motion was seconded by Mr. Wangsness and passed on a voice vote.

Lobbyist Report. Troy Skinner handed out and reviewed the December 2023 Legislative Update:

- Updated Sports Wagering Receipts FY2020 – FY2023.
- Revenue Estimating Conference Update predicts a revenue decline in FY2024.
- Timetable of the 2024 Legislative Session. This is the second year of the biennium, the session starts January 8, the first funnel is February 16, the second funnel is March 15, Gaming bills are exempt from the funnel due to possible tax issues, the per diem runs out on April 16.

Financials. Elaine Castelline, Vice President of Finance/CFO, reviewed the November YTD financials:

<b>November</b>	<b>Actual</b>	<b>Plan</b>
Casino Revenue	\$222.1 m	\$208.9 m
Total Revenue	\$254.4 m	\$240.5 m
Payroll Expenses	\$51.0 m	\$50.5 m
Operating Expenses	\$63.2 m	\$65.0 m
Net Income before Community Benefit	\$72.2 m	\$59.2 m

Total Revenue, \$254.4 million YTD: Casino \$221.1 million ; Hotel and Events \$7.4 million; Food and Beverage \$6.9 million; Other \$7.9 million; Sportsbook \$7.2 million; Pari-mutuel \$2.9 million.

Top Performing Areas – Most Recent 4 Years: Poker, Events Center/Banquets, Hotel, Photo Finish Lounge. Coin-In and Slots, Gift Shop, Café, Paddock, and Prairie Coffee Company also had an all-time record for November.

<b>Iowa Market Comparison by size or 60-mile radius</b>	
Prairie Meadows	\$222.2 m
Horseshoe	\$177.7 m
Ameristar II	\$167.1 m
Riverside	\$119.8 m
Isle – Waterloo	\$85.9 m
Harrah’s	\$65.0 m
Lakeside	\$45.4 m
Wild Rose Jefferson	\$33.9 m
Iowa Casino average vs. 2022	-2.2%
Competitors’ average vs. 2022	-3.6%
State of Iowa – fiscal year	-7%
State of Iowa – fiscal year without PM	-\$35 m

Mr. Mauro asked the total cash in reserves and Ms. Castelline said PM sets aside seven months’ worth of expenses, and we’d like to have nine months; we have to save for Purses and Supplements for next year and set aside capital projects approved by the Board; the Finance Committee recognizes that there could be some large expenses (i.e. a chiller would cost approximately \$1 million). Mr. Mauro would like the specifics and Ms. Castelline said this information is routinely shared with the Finance/Audit Committee and with the Executive Committee; she’d be happy to meet with Mr. Mauro and Mr. Palmer to review this information. Mr. O’Hollearn would like to know the dollar amount and the

number of months – information for the general Board. Mr. Costa said he met with Ms. Castelline and is comfortable with the reserves, but wondered if there should be a report (i.e. PM has \$100 million and the goal is \$120 million)? Mr. Mauro doesn't agree that only the Finance Committee gets this information, it should be to the full Board, and the full Board should agree on what's in reserves; he's not questioning what's being done, he'd just like to have the information. Dr. Neville asked Mr. Mauro what is a potential solution and Mr. Mauro said there are committees who bring information to the Board – why shouldn't the full Board be able to ask questions – it is too closed. Ms. Morse said the information is on the balance sheet in the red financial packet. Dr. Neville asked what it should be – add information to the presentation? Mr. Mauro said Ms. Castelline reported to the Finance Committee; he wonders if that much is needed in reserves; there are too many unanswered questions with committees. Mr. Sagar asked if there should be another slide added to the presentation? Mr. Costa said he took time to meet with Ms. Castelline and suggested maybe adding one page with cash and the buckets – what we're trying to build and the buckets we have; there's no cash flow shown in the financial packet. Mr. Mauro asked the amount to the City, County, and schools and Ms. Castelline said the information is in the red financial packet on page 1 – Contractual Contributions: YTD \$17.6 million is scheduled to be paid, \$16.6 million was the plan, so they'll earn \$1 million more and we still have December; we have an annual review in February which lists out what each area gets. Mr. O'Hollearn suggested Ms. Castelline hold a primer either individually (like Mr. Costa did) or as a group – it's appropriate to know where the money is, where the money is going, and the reserves; he knows the carpet project is big and cash reserves have been set aside.

401k Contribution for Non-Bargaining Employees. Mr. Palmer said in the union contracts, every year the bargaining employees get 2.5% added to their 401k, and every year, we ask the Board to do the same for the non-bargaining employees; the amount is not to exceed \$455,400. Mr. Wangsness moved to approve the 2.5% contribution for the non-bargaining employees, the motion was seconded by Mr. Mauro, and unanimously passed on a voice vote.

Discretionary 401K Distribution. Mr. Palmer said PM has done this for many years, but in different amounts; staff is asking the Board to approve an additional 4.0% contribution to all eligible employees' 401k, not to exceed \$1,474,000. Ms. Crosbie moved to approve the additional 4.0%, the motion was seconded by Mr. Costa, and unanimously passed on a voice vote.

Incentive Plan Resolution. Mr. Palmer said the criteria is determined in March – the parameters are set and the blanks are filled in; the Resolution allows PM to pay the incentive on or before March 15, 2024, not to exceed \$3,441,000; this does not include the union employees; 220 employees are eligible, but not everyone gets the max. Mr. Wangsness said the pay out is based on criteria preset. Ms. Voss moved to approve the Resolution and the motion was seconded by Mr. Mauro. Ms. Voss asked if the money is not used, does it go back and Mr. Palmer said yes. The motion unanimously passed on a voice vote.

Internal Revenue Code Section 4958. Ms. Castelline said the Code required PM to determine reasonable compensation for its officers; PM's peer group is for-profit casinos and non-profit organizations; the last study was done by Willis Towers Watson and we have an outside study every five years; we'll have an outside study done in 2024 to determine if the Vice Presidents and above are being compensated fairly and not being over compensated; based on the last study, Mr. Palmer and Ms. Wilkie are in the less than 50<sup>th</sup> percentile of the peer groups. Mr. Flynn noted historically, based on independent studies, executive reasonableness has not been a problem. Ms. Castelline said the

Board needs to approve the independent study. Mr. O'Hollearn noted a study is done every five years – is there a directive from the IRS on frequency? Mr. Flynn said there is time frame; every five years was not objectional in the last IRS audit, but PM should not go beyond five years; having a study done is pricey; in the interim, staff uses the same parameters as the study and reports annually to the Board. Mr. Palmer noted a study costs approximately \$150,000. Mr. O'Hollearn asked if the study is for Vice Presidents and up and Mr. Palmer said yes. Mr. Costa asked if the study is for reasonableness or to set compensation? Mr. Palmer said reasonableness; there are only two non-profit casinos – the study uses non-profit casinos, hospitals or others that make money and the other half is on private companies (i.e. Caesars) – a blend of the two groups to come up with a number; initially PM staff was under the 25<sup>th</sup> percentile, and the Board brought staff up to under the 50<sup>th</sup> percentile. The Board unanimously approved the report.

President's Report. Mr. Palmer reported:

- In conjunction with working on the Succession Plan, we have two new hires:
  - Brian Ohorilko will be the Senior Vice President of Administration; he comes to us from the IRGC where he's been for 21 years; he lives in Altoona and is very qualified and well respected in the industry; he worked at PM before going to the Commission; the Commissioners said they hate to lose him, but they're happy he went to PM.
  - Troy Sigwarth will be the Director of Finance; he worked for PM for 21 years before leaving for advancement opportunities – we hated to lose him; he lives in Altoona; when Cheryl Tuttle resigned, she left a big void to fill, along with Ms. Castelline's retirement next year, so we called Mr. Sigwarth and offered him the position, which he accepted; the staff all like him and he is very knowledgeable.
- Also in conjunction with the Succession Plan, we made the following promotions:
  - Julie Stewart has been promoted to Senior Vice President – Business Development; she's been here 34 years.
  - Clint Pursley has been promoted to Senior Vice President – Security; he's been here 29 years.
  - Dawn Brandt has been promoted to Vice President – Compliance; she's been here 23 years.
  - Joshua Riddle has been promoted to Assistant Director of Finance; he's been here three years.
- Mr. Ohorilko, Ms. Stewart, and Mr. Pursley will be under Mr. Palmer and Ms. Wilkie's direction; Mr. Ohorilko will have Racing, HR, and F&B; Ms. Stewart will have Community Relations, Marketing, and Sales; Mr. Pursley will have Security, Facilities, and the Hotel.
- January 6 – Elvis is coming to PM. We have had tremendous tribute bands – most recently, the Bee Gee's and The Commodores.
- Holiday Dinners – a reminder that AJ's is open on Christmas from 11:00 a.m. – 8:00 p.m., and on New Year's Eve from 4:00 p.m. – 11:00 p.m.

Mr. O'Hollearn noted PM has an aggressive budget for 2024 and there are some flags for next year; PM is the only casino in Iowa that's not dropped; there's a risk with the budget. Mr. Palmer said the team is up to the task; F&B, Sales, and the Hotel have not been maximized and have room for growth; we're all excited about the new hires and the promotions. Mr. Wangsness said it's a testament that people leave and come back. Mr. O'Hollearn would like to recognize the high performing team – thank you for all the work, it's incumbent on the Board to do this – the numbers are a collective effort. Mr. O'Hollearn said he's asked for a copy of the organizational chart at the February meeting and Mr. Palmer said it will be in the packet. Mr. Mauro said it's hard to describe what PM's staff has done –

they've done a tremendous job and he doesn't question what staff does; he can't say enough thanks – staff deserves every dime it makes; Tom Flynn has been here for a long time and has also done a tremendous job.

#### Committee Reports

- Executive Committee. Mr. Sagar said the Committee met prior to the Board Meeting and have an Action item – 2024 Salary Increase for Gary Palmer. Mr. O'Hollearn noted leadership at PM starts with Mr. Palmer; he's done a remarkable job and has a strong team; leadership is at the 50<sup>th</sup> percentile and the Board needs to make progress; the recommendation is an increase of 9% or \$60,000, and he so moves. The motion was seconded by Dr. Neville. Mr. Mauro asked Mr. Palmer's current salary and he said \$664,000. Mr. O'Hollearn said the increase would take Mr. Palmer to \$725,000. Mr. Flynn asked if the motion is 9%, \$60,000, or \$725,000? Mr. O'Hollearn amended his motion to be \$725,000 and the motion was seconded by Mr. Mauro. Ms. Voss noted this is an Executive Committee recommendation and doesn't really need a motion. The amended motion of \$725,000 unanimously passed on a voice vote. Mr. Palmer thanked the Board for the increase.
- Finance/Audit. Did not meet.
- Facilities. Did not meet.
- Human Resources. Did not meet.
- Grants. Did not meet.

#### Other. Mr. Sagar:

- Tonight – Board Holiday Dinner in AJ's Party Room. 5 p.m. – social, 6 p.m. - dinner
- 2024 Meeting dates (see below)
- Next Meeting – February 14, 2024
- The 2024 committee assignments are in the information packet. Mr. Costa requested the Committee Chairs set the meeting dates now so everyone can put them on their calendars. Mr. O'Hollearn noted there is new committee leadership and suggested the committee's give more detailed reports for more transparency and awareness, noting everyone can't attend a committee meeting; maybe schedule meetings the week of the Board Meeting.

Adjournment. Mr. Wangsness moved to adjourn the meeting, the motion was seconded by Dr. Neville, and passed on a voice vote. There being no further business, the meeting adjourned at 4:05 p.m.

Respectfully submitted,

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Linda Grandquist, Its Secretary