

**Monthly Meeting of the
Prairie Meadows Board of Directors
October 25, 2023
2:00 p.m.**

The Monthly Meeting of the Prairie Meadows Board of Directors was called to order by Mr. Albaugh in the James Rasmussen Board Room at Prairie Meadows in Altoona, Iowa at 2:00 p.m.

Roll Call.

Dennis Albaugh
Chris Costa
Linda Grandquist
Danny Homan - absent
Dr. Ian Lin
Marty Martin - phone
John Mauro
Dr. Steven Neville - absent

Bob O'Hollearn
Ken Sagar
Mary Simon
Susan Voss - phone
Jeff Wangsness
Rowena Crosbie
Tiffany Tauscheck - phone

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 Dr. Lin to approve the Minutes of the monthly meeting of the Prairie Meadows Board of Directors held on September 27, 2023, as written. The motion was seconded by Ms. Simon, and passed on a voice vote.

Public Comment. A member of the audience said he attended the meeting last month and accused Mr. Palmer of lying when he said some Table Games Dealers can make up to \$100,000 a year, including benefits – that is false - no Table Game Dealers never made \$100,000 plus benefits a year; he has resigned from the company and was generously given two weeks of vacation as a token; Mr. Palmer's comment affected the company, and you need to raise the salary of the front line and grunts. The gentleman left the meeting and Mr. Flynn noted for those not in attendance last month, that was Richard Nelson, who spoke at the last meeting.

Lobbyist Update. Troy Skinner passed out and reviewed the Legislative Update October 2023:

- Proposed Administrative Rules – the committee continued its review of the rules related to sports wagering and fantasy sports to its November 14 meeting; this is related to student athletes and betting.
- The NCAA intends to push for stricter sports betting rules; six states have passed I-Gaming; we're seeing data now on the negative affect on brick and mortar - in Pennsylvania, slot revenue was down 34%; we will monitor; an AP article quoted a New Jersey CEO who said he's seeing diminishing revenue up to 70% as revenue goes to third party contractors.

Mr. O'Hollearn asked the undertone with the legislature to support I-Gaming and Mr. Skinner said it's a long shot, but there is a push and many lobbyists are working due to the scandal with student athletes. Mr. O'Hollearn asked PM's stand – we're a lone wolf, but a couple more

casinos will stand with us; most casinos support it, and small casinos can get in our market. Mr. Palmer said this was discussed at the last Iowa Gaming Association meeting; PM is against it, along with Q in Dubuque, Hard Rock in Sioux City, and he believes Elite and Lakeside are with us as well; most of the casinos based in Iowa that want this are owned by Las Vegas companies, but Las Vegas doesn't want it there; if this passes, people can be at home and gamble 24/7; sports betting brought out how bad it is and I-Gaming would be 100% worse - it would be bad for the community. Mr. O'Hollearn asked if PM would do something now to educate people and Mr. Palmer said PM was against this three years ago, and we talked with legislators, and they were against it; the Iowa Gaming Association said if it didn't have 100% consensus, it won't go for it; there are problems with sports betting – people can sit at home and bet until they're broke. Mr. O'Hollearn asked Ms. Tauscheck about the legislative agenda in the Fall - will the Partnership make a statement, and Ms. Tauscheck said Mr. O'Hollearn should talk to the Partnership's Government and Public Policy Committee. Mr. Sagar said if I-Gaming gets enough momentum, it would be too late; this casino supports the community; I-Gaming has hurt casinos in New Jersey. Mr. O'Hollearn said we need a strategy on how to communicate and educate the community and take a position early – sometimes things happen fast. Mr. Palmer said legislation takes time; upfront they know PM is against I-Gaming, and our lobbyists are working on this; the Iowa Gaming Association is split, but most Iowa guys are against it as families and friends would be taken to the cleaners. Mr. Mauro agreed with Mr. O'Hollearn about communicating and educating people, but we need to be careful not to wake up a sleeping dog; he'd like to stay ahead of this, but be cautious; knowledge is power. Mr. Palmer said the best thing to do is to have the Board make a comment that it's against I-Gaming – those against have been vocal. Mr. O'Hollearn asked if the comment needs to be an Action Item or can the Board do it now; Mr. Flynn said it should be an Action at the next meeting. Mr. O'Hollearn moved to have an Action Item at the next meeting and the motion was seconded by Mr. Mauro.

Mr. Skinner said each time we meet with the legislature, we have discussed this and that it would cut a big percentage of revenue; most people for I-Gaming aren't state people and if the economy goes south, gambling is an easy source of revenue – it's how I-Gaming supporters sell it, and can taxes solve the revenue problem. Mr. Palmer said I-Gaming is slow growing, it's been around a long time, and only six states have it; casinos are sparse in the Eastern states; problem gamblers will play until they are broke; people can gamble at home; it affects mental health. Mr. Albaugh agreed and said at DMACC, 50% of the students take classes on-line; we should discuss this further and have an Action Item at the next meeting – we need to be proactive.

Racing Update. Mr. Heldt, Vice President of Racing, reported on the 2023 Mixed Meet:

- 80 days of racing compared to 84 last year.
- Handle: Thoroughbreds on and off-track down. Quarter Horses on and off-track up; combined -\$1.3 million; we had 17 less Thoroughbred races and 17 additional Quarter races this year.
- Field Size: Thoroughbreds. 6.3 vs. 6.6 in 2022. Quarter Horses. 7 vs. 6.6 in 2022.
- There was great competition:
 - Thoroughbreds. D&L Farm had 27 wins; trainer John Arnett had 60 wins; Jockey Alex Birzer had 89 wins.
- Quarter Horses. Owner Tom Schekel had 15 wins; trainer Jason Olmstead had 40 wins; Jockey Cristian Esqueda had 36 wins.

- Next weekend is the Breeders’s Cup at Santa Anita featuring Thoroughbreds from all over the globe; 14 major races; Champions are decided and will be honored at the Eclipse Awards in January; horse of the year will be decided.
- Catastrophic injuries. The average in 2022 was 1.25 per 1,000 starters; in 2023, we had four Thoroughbred injuries – 1.14 per 1,000 starters (2 were skeletal injuries).
- This year we had a new Track Superintendent; maintenance worked the track 24/7 for the safety and welfare of the horses and jockeys; the crew has prepared the track for next year using a mixture of sand, silk, clay, and some organic material - the track has been winterized until mid-March 2024.

Mr. Albaugh asked how PM did against other tracks, similar to the information Ms. Castelline provides with casinos, and Mr. Heldt said he’ll look into a report for next year.

Financials. Ms. Castelline, Vice President of Finance, reviewed the September YTD financials:

September YTD	Actual	Plan
Casino Revenue	\$184.2 m	\$171.2 m
Total Revenue	\$210.5 m	\$196.7 m
Net Revenue	\$200 m	\$185.7 m
Payroll Expenses	\$40.4 m	\$41.5 m
Operating Expenses	\$55.9 m	\$57.1 m
Net Operating Income before Community Benefit	58.1 m	44.3 m

Total Revenue, \$210.5 m: Casino \$184.2 m; Hotel and Events \$6 m; Food and Beverage \$5.8 m; Other \$6.3 m; Sportsbook \$5.6 m; Pari-Mutuel \$2.7 m; 87 cents of every \$1.00 comes from the casino floor.

Top Performing Revenue Areas in the Most Recent 4 Years: Tables Games, Live Racing Handle, Casino Floor Bars, Photo Finish Lounge, and the following had an all-time record for September: Slots, Events Center/Banquets, Hotel, Café at the Meadows, Home Stretch, Paddock, and Prairie Coffee Company.

Iowa Market Comparison by size or 60-mile radius	
Prairie Meadows	\$184.1 m
Horseshoe	\$149.2 m
Ameristar II	\$137.7 m
Riverside	\$100 m
Isle – Waterloo	\$70.8 m
Harrah’s	\$53.4 m
Lakeside	\$38.1 m
Wild Rose Jefferson	\$28.2 m
Iowa Casino average vs. 2022	-1.8%
Competitors’ average vs. 2022	-3.9%
State without PM	-2.7%

Mr. Albaugh congratulated staff – September was a record month and the economy is not so great.

President's Report. Mr. Palmer reported:

- October 4. He, Ms. Wilkie, Ms. Stewart, Mr. Albaugh, Ms. Simon, and Ms. Tauscheck attended the groundbreaking ceremony for the new airport; it was an exciting day; the airport update using County Bonds will be on the November 7 ballot.
- October 8-12 – G2E in Las Vegas. Several Board members and spouses attended; it was fun to see the industry.
- October 18. PM was recognized by Link Associates for being a sponsor; Link also celebrated its 70th Anniversary and the opening of the new day care center.
- October 19. He, Ms. Wilkie, and Ms. Stewart attended the Partnership's Reception at Ms. Crosbie's house.
- November 10. Veteran's Day Celebration luncheon at PM – it's a day before the actual day.
- November 15. Executive Committee Meeting at 12:30 p.m. Board Meeting at 2:00 p.m.
- December 20. Executive Committee Meeting at 1:30 p.m. Board Meeting at 3:00. Holiday Dinner – social hour at 5:00 p.m., dinner at 6:00 p.m.
- Budget. The Finance Committee reviewed a draft of the 2024 Budget on Monday; the proposed budget will be sent to the full Board this week – please feel free to call Ms. Castelline, Ms. Tuttle, or himself; staff will be available on November 15 at 1:00 p.m. to answer questions; the budget will be an Action Item at the November 15 Board meeting.
- Form 990. Ms. Castelline said this is the 2022 annual report for the IRS; it's due November 15; we shared the information with the Finance and Executive Committees, and will share with others, if they want it; it's a thick report as 50 pages are the list of grants recipients; she'll mention this when she sends the budget.

Mr. Albaugh requested staff send the Board the dates mentioned by Mr. Palmer.

Mr. Albaugh said PM was recognized at Drake University for the Legacy Grant, and PM will be recognized with signage over the entry way.

Committee Reports.

- Finance/Audit. Ms. Simon said the committee met on Monday – first was the Finance Committee and then the combined Finance/Audit Committee. The committee reviewed the 2024 budget 2022 Form 990, Secret Santa, Mr. Shirley, Internal Auditor, did an audit on Slots and gave it a satisfactory rating – the best rating, and all audits this year were rated satisfactory; Action Item – Finance/Audit Committee Charter – a minor adjustment on Page 1 under The Committee Chair – the sentence is “The Executive Committee of PMRC shall appoint a Committee Chair” – the revision is to add to the end of the sentence “and the Committee members”. Mr. O'Hollearn moved to approve the revised Charter, the motion was seconded by Ms. Grandquist, and unanimously passed on a voice vote. Mr. Palmer said the 2024 budget presentation has been updated with September 2023 actuals and with three months of budgets for the projections.
- Facilities. Mr. O'Hollearn said the committee did not meet.
- Human Resources. Mr. Martin said the committee met on Monday via conference call to discuss the discretionary Secret Santa; the motion and second passed, and it was the consensus of the

committee to recommend \$1,200. Mr. Sagar moved approval of \$1,200 for eligible bargaining employees, the motion was seconded by Ms. Simon, and unanimously passed on a voice vote. Mr. O'Hollearn asked the amount the previous year and Mr. Palmer said \$625 – it's a reflection of the year we've had.

- Grants. Ms. Voss said the committee did not meet.

Other.

- Mr. Albaugh said the next meeting is November 15 at 2:00 p.m.

Adjournment. Ms. Simon moved to adjourn the meeting and the motion was seconded by Ms. Grandquist. There being no further business, the meeting adjourned at 2:50 p.m.

Respectfully submitted,

Dr. Steven Neville, Its Secretary