

**Monthly Meeting of the
Prairie Meadows Board of Directors
February 12, 2025
2:00 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 2:00 p.m.

Roll Call.

Chris Costa
Jim Gorsche - phone
Linda Grandquist
Deb Leech
Dr. Ian Lin - phone
Denny Linderbaum - phone
John Mauro - phone
Andrea Morse

Joe Nehring - phone
Dr. Steven Neville
Bob O'Hollearn - phone
Ken Sagar
Jeff Wangsness - phone
Rowena Crosbie - phone
Tiffany Tauscheck

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 Mr. Linderbaum to approve the Minutes of the monthly meeting of the Prairie Meadows Board of Directors held on December 18, 2024, the Special Board Meeting held on January 7, 2025, and the Special Board Meeting held on January 15, 2025, as written. The motion was seconded by Mr. Wangsness and passed on a voice vote.

Public Comment. None

Lobbyist Report. Kellie Paschke reported:

- It is the fifth of 17 weeks of the legislative session which usually runs 110 days.
- Casino Moratorium. The House passed the moratorium 68-31, but it didn't come out of the committee in the Senate, so the bill is dead.
- We continue to monitor Gaming bills - Sports Betting and Lottery, and Business bills - taxes and unemployment.
- Policymakers. There was a special election to fill the seat of now Lt. Governor Cournoyer, and Mike Zimmer, (D) won that race. There will be a special election the first week of March to fill the seat of Representative Martin Graber (R) who passed away.
- The first funnel is the first week of March.

Financials. Troy Sigwarth, Director of Finance, reviewed the 2024 financials:

	YTD Actual	YTD Plan
Casino Revenue	\$234.5 m	\$244.1 m
Total Revenue	\$269.9 m	\$279.2 m
Net Revenue	\$254.2 m	\$264.5 m
Salaries, Wages & Benefits expenses	\$58.2 m	\$57.0 m
Operating Expenses	\$71.2 m	\$71.1 m
Net Operations Income before Community Benefit	\$67.2 m	\$75.2 m

2024 PM Mission Highlights which lessen the burden of government and have a meaningful impact on the State of Iowa:

- Economic Development. Supports surrounding communities including the City of Des Moines, Greater Des Moines area, and the school districts within Polk County.
- Economic Impact as reported to the IRGC within the State of Iowa (Buy Iowa program) was \$191.0 million.
- Agriculture – Iowa Horse Industry Support. Purse and Supplement Pool increased \$1.1 million over prior year.
- Grants – Awarded Grants totaling \$15.0 million (Community Betterment Grants \$7.75 million and Legacy Grants \$7.25 million).
- Tourism. PM had over 2.1 million guests.
- Contractual Charitable Monies:

	2024	2023
Polk County Revenue Sharing	\$11.4 m	\$12.2 m
Polk County Annual Rent	\$15.9 m	\$15.9 m
Polk County Sportsbook Share of 6%	\$96,000	\$137,000
Des Moines Revenue Sharing	\$4.9 m	\$5.3 m
Polk County Gaming Taxes at .5%	\$1.1 m	\$1.2 m
City of Altoona Gaming Taxes of .5%	\$1.1 m	\$1.2 m
Polk County School Support	\$874,000	\$929,000
Des Moines Partnership Dues	\$350,000	\$350,000
Purse & Supplement of 11%	\$25.0 m	\$23.9 m

- Contributions to Charitable Organizations and Government:

	Charitable Organizations	Government
2008	\$5.0 m	\$32.6 m
2009	\$4.9 m	\$33.1 m
2010	\$5.0 m	\$32.9 m
2011	\$4.9 m	\$32.6 m
2012	\$4.3 m	\$32.4 m
2013	\$4.5 m	\$32.4 m
2014	\$4.3 m	\$32.5 m
2015	\$1.3 m	\$30.7 m
2016	\$4.9 m	\$31.3 m

	Charitable Organizations	Government
2017	\$5.6 m	\$31.9 m
2018	\$5.9 m	\$31.2 m
2019	\$5.9 m	\$31.9 m
2020 COVID	\$2.0 m	\$27.8 m
2021	\$4.5 m	\$33.5 m
2022	\$9.4 m	\$34.1 m
2023	\$13.3 m	\$34.7 m
2024	\$15.6 m	\$33.6 m

President's Report. Mr. Palmer reported:

- Board Orientation for the new members was held last Friday. A question was asked about the Board's fiduciary responsibilities and he has asked Mr. Flynn to review the By-Laws, etc. and give a report next month.
- 2024 Nevada Gaming Statistics: the State was down 24% and the Las Vegas Strip was down 40.4%; PM was down 3.8%.
- We are working on the moratorium; it failed in the legislature and is very important to PM; the gaming industry in Iowa is for a moratorium as it is seeing a proliferation from Nebraska, Wisconsin, Illinois, and Minnesota and we need to protect gaming in Iowa; the horsemen will help us and Jon Moss, Executive Director of the IAHPBA, said yes.
- Don't forget Valentine's Day – have a great meal in AJ's and then attend the Heart & Soul Concert (Tim McGraw and Faith Hill Tribute Band).
- The next Board Meeting is March 26, 2025.
- He has asked Kent Shirley, Internal Auditor, to give a presentation on the Internal Audit Department.

Internal Audit Report. Mr. Shirley said he has 21 years of internal audit experience in the gaming industry and has been at PM for 17 years; he came from upstate New York where he helped set up the first two private casinos; he has worked all over the country and in Tanzania, and when he saw the ad for the position at PM, he and his wife decided to move closer to her family; PM is the longest he has worked for an organization and it is a great place to work – the leadership is phenomenal.

- The Internal Audit's Mission is to offer PM an independent and objective assurance and consulting service to enhance value and improve operations.
- The Authority of Internal Audit, as stated in the Finance Committee Charter, is to have unrestricted access to all functions, records, property, and personnel necessary to execute the approved scope of any engagement – he has never had a problem getting the information he needed.
- The Rules of Conduct are:
 - Integrity and transparency.
 - Be objective and independent so audits are not biased; in the audits he includes the rating of the audit, findings, recommendations, and management's reports; the rating system is: 3 satisfactory, 2 needs improvement, 1 unsatisfactory; since he has been at PM, he has never given a 1 rating.
 - Confidentiality.
 - Competency in all software systems used throughout the facility and keep current with Information Technology (i.e. AI).
- The Goals of Internal Audit:
 - Conducts a Risk Assessment and develops an annual Audit Work Plan and then discusses it with the Officers - their input is crucial and helps create a mutually agreed-upon plan; the plan is then presented to the Finance Audit Committee for approval.
 - Assists the external auditors in conducting procedures for the annual audit.
 - Ensures employees are aware of the Whistle Blower Hotline. PM has an "Open Door" Policy and employees can use the chain of command to report something they hear, see, or suspect.
 - Attends bi-weekly meetings with the Officers and Directors to stay informed.

- Meets bi-weekly with the Officers.
- Strives to provide excellent guest service to employees and guests.
- Is available to provide consulting and to answer questions on procedures, etc.
- Keeps informed of Gaming Industry trends and will attend the World Protection Conference in March.
- Meets with other gaming Internal Auditors in Iowa.
- The Benefits of Internal Audit: Improving Internal Controls, Identifying Risk, Enhance Efficiency, Support Compliance, Enhance Governance, Consultant, Cost Savings by assisting the external auditors.

Committee Reports.

- Finance/Audit Committee.
 - Action Item – Reserve Distribution. Dr. Neville said the committee recommends \$9.48 million for Operating Reserves and \$13.5 million for Grants, the second best giving ever. Mr. Sagar said the recommendation comes as a motion from the committee chair and no second is needed. Mr. Costa noted that the \$9.48 million gets PM to eight months of reserves for a rainy day – the goal is nine months; this is a step in the right direction. The motion unanimously passed on a voice vote.
- Facilities Committee – did not meet.
- Human Resources Committee – did not meet.
- Grants Committee. Dr. Lin said the committee has not met; the Grant application process started January 1, 2025 and ends February 28, 2025, and then Julie Stewart will review the grants and put the information together for the committee.
- Executive Committee.
 - Action Item – Gary Palmer’s Evaluation/Bonus. Dr. Neville said the committee reviewed the established bonus process and criteria and recommends a full bonus. Mr. Sagar said it’s just plugging in the numbers to the plan the Board approved in March. The motion was seconded by Ms. Grandquist and passed on a Roll Call Vote (13 yes, 0 no).
 - Action Item – Succession Plan. Mr. Sagar noted Mr. Palmer is retiring at the end of 2025 and the Board has had multiple discussions and has been transparent during the process; it looked at internal candidates and requested Mr. Palmer ask all upper management if they were interested in the position; the Board held three different Interviews and the recommendation is to make the job offer to Brian Ohorilko. Mr. Linderbaum moved the recommendation, and the motion was seconded by Mr. O’Hollearn. Mr. Costa offered an additional consideration to the motion – have the Human Resources Committee be provided with data to support a compensation plan, to be completed in two weeks, and then send the contract to the Board. Mr. Sagar would like to restate the motion – make an offer to Brian Ohorilko, have staff provide information – a template to the HR Committee, the information will be sent to the Board and the Board will hold a Conference Call to verify the offer. Mr. Costa moved Mr. Sagar’s motion, the motion was seconded by Ms. Grandquist, and passed on a Roll Call Vote (13 yes, 0 no). The Board and others in attendance congratulated Mr. Ohorilko. Mr. Ohorilko said the two interview days were very interesting and fun, and he enjoyed getting acquainted with the Board; he is excited to begin and thanked everyone for their trust in him.

Other. Mr. Sagar:

- The next meeting is March 26, 2025.
- Information will be sent to the Board regarding the compensation package for Mr. Ohorilko and then the Board will have a Conference Call Meeting.
- Handed out the Committee List for 2025 and said it will also be e-mailed to the full Board.

Adjournment. Mr. Linderbaum moved to adjourn the meeting, the motion was seconded by Ms. Grandquist, and passed on a voice vote. There being no further business, the meeting adjourned at 2:45 p.m.

Respectfully submitted,

Linda Grandquist, Its Secretary