

**Monthly Meeting of the
Prairie Meadows Board of Directors
February 14, 2024
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.

Todd Copley
Chris Costa
Linda Grandquist
Deb Leech - phone
Dr. Ian Lin
Marty Martin - absent
John Mauro
Andrea Morse

Dr. Steven Neville
Bob O'Hollearn
Ken Sagar
Susan Voss
Jeff Wangsness
Rowena Crosbie
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 Dr. Neville to approve the Minutes of the monthly meeting of the Prairie Meadows Board of Directors held on December 20, 2023 as written. The motion was seconded by Mr. Costa and passed on a voice vote.

Public Comment. None

Lobbyist Report. Kellie Paschke handed out and reviewed the Legislative Update, February 2024:

- This is the sixth week of the Session
- Friday the first funnel deadline; the second funnel deadline is March 15.
- The Session is scheduled to end April 16.
- The IRGC approved Tina Eick to become its Administrator; this is subject to Senate confirmation and she will fill the unexpired term of the former Administrator.
- Legislation of Interest:
 - There are not a lot of gaming issues at this time.
 - Education – This is the Governor’s proposal to Reorganize Area Education Agencies.
 - Collective Bargaining – the bill would make it easier to decertify public sector unions.
 - Board and Commissions – This is the Governor’s proposal to consolidate some Boards and Commissions - the IRGC is not affected by any of these bills currently; and elimination of the gender balance requirement.

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

	Actual	Plan
Casino Revenue	\$244.2 m	\$229.8 m
Total Revenue	278.8 m	264.0 m
Net Revenue	264.5 m	249.4 m
Payroll Expenses	55.6 m	54.8 m
Operating Expenses	66.9 m	69.2 m
Net Income before Community Benefit	81.6 m	67.7 m

Total Revenue Comparison				
2019	2020	2021	2022	2023
\$239 m	\$170 m COVID	\$255.7 m	\$269 m	\$278.8 m

- 2023 Mission Highlights, Lessening the Burden of Government:
 - Economic Development. Support surrounding communities, including Greater DM Partnership, Altoona Economic Development Corporation, East Polk Collaboration, and the DM International Airport.
 - Agriculture – Support the Iowa Horse Industry. Purses and Supplement Pool increased \$700,000 over the prior year.
 - Grants. \$13 million awarded - the largest amount to-date; Legacy and Community Betterment Grants - \$8 million; DM Airport Authority Grant - \$5 million.
 - Jobs. Increased wages and added part-time benefits in October 2023 in order to attract and retain talent.
 - Tourism. PM had over 2.1 million guests in 2023.
- 2023 Contractual Charitable Monies:

Polk County Revenue Sharing	\$12.2 m
Polk County Annual Rent	15.9 m
Polk County Sportsbook Share – 6%	137,000
Des Moines Revenue Sharing	5.3 m
Polk County Gaming Taxes – .5%	1.2 m
City of Altoona Gaming Taxes - .5%	1.2 m
Polk County School Support	929,000
Des Moines partnership Dues	350,000
Purse and Supplement – 11%	23.9 m

Ms. Castelline introduced Troy Sigwarth, Director of Finance.

Staff Report – Michele Wilkie, Executive Vice President. Ms. Wilkie said she'll be presenting insights into the leadership team; the Organizational Chart was in the Board packet and she will discuss their names, responsibilities, years at PM, and a fun fact, along with their pictures, to help the Board become familiar with staff; staff reports will continue throughout the year, so the Board can get to know staff.

Gary Palmer's reporting chain:

- Kevin Brannen, Director of Surveillance. 24 years of experience, 22 at PM; he has 17 employees; fun fact – he has a twin sister.
- Michele Wilkie, Executive Vice Preside. Has been at PM for 31 years, all departments report up to her, and ultimately to Mr. Palmer; 919 employees through her six direct reports; fun fact – she grew up on a farm in Benton County, and her parents are still on the farm.
- Brian Ohorilko, Senior Vice President of Administration. 23 years of experience in gaming, 4 at PM (he worked here prior to going to the IRGC); 243 employees through his direct reports; fun fact – he has been a certified high school sports referee for 27 years.
 - Derron Heldt, Vice President of Racing. Has 31 years of Racing experience, 27 at PM; 29 year-round employees and an additional 91 during Racing; fun fact – he attended a one room schoolhouse from Kindergarten – 6th grade.
 - Gina Vitiritto, Director of Human Resources. Has been at PM for 30 years and is our longest tenured employee, she started in February 1989; 9 employees; fun fact – Gina and her sons have been to every major league baseball park.
 - David Koehler, Director of Food and Beverage. Has 40 years of experience, 4 at PM; 205 employees year-round with an additional 20 during Racing; fun fact – he lived on three different islands in nine years.
- Julie Stewart, Senior Vice President of Business Development. 35 years of gaming experience – all at PM; she'll discuss her departments during her staff report; 37 employees; fun fact – climbed the Sydney Harbor Bridge.
 - Tony Hughes, Director of Marketing. Has 10 years of Marketing and analytic experience, 4 at PM; 29 employees; fun fact – he's participated in Triathlons since 2020.
 - David Fast, Director of Group Sales and Events. Has 17 years of experience, 2 at PM; 5 employees; fun fact – he and his wife own The Little Book Store in Highland Park.
- Elaine Castelline, Vice President/CFO. Has 37 years of experience, 26 at PM; 11 employees; fun fact – has driven a dog sled in Alaska.
 - Troy Sigwarth, Director of Finance. Has 20 years of experience at PM; 10 employees; fun fact – drives around Altoona on a blue Moped.
- Dawn Brandt, Vice President of Compliance. Has 26 years of experience, 23 at PM; 100 employees; fun fact – she is taking classes to earn a BA in Business Management.
 - Tony Guzman, Director of Information Technology. Has 55 years of experience, 23 at PM; 21 employees; fun fact – has 7 children, 10 grandchildren (soon to be 11), and 2 great-grandchildren.
- Rod Suhr, Director of Casino Operations. Has 34 years of experience, 4 at PM; 225 employees; fun fact – he enjoys making sourdough bread from a 21 year-old starter.
- Clint Pursley, Senior Vice President of Security. Has 32 years of experience, 20 at PM; 286 employees; fun fact – taught himself to play the acoustic guitar.
 - Jake Hedgecock, Director of Security. Has 31 combined years of experience, 28 at PM; 122 employees; fun fact – he and his family love to take cruises, and have taken 9 to-date.
 - Chip Walters, Director of Facilities. Has 18 years of experience, 6 at PM; 126 employees; fun fact – he is 6'6" and did play basketball!
 - Tresa Vedder, Assistant Director – Hotel. Has 26 years of experience, 13 at PM; 38 employees; fun fact – bungie jumped at Lake Okoboji.

Company fun facts - The 923 employees have 528 combined years of experience, 331 at PM; coin for a year, stacked flat, would be 80 miles long; the Main Building has 405,595 sq. ft (9.3 acres) and the entire property is 23.4 acres; in 2023, we used 85 gallons of fountain pop, lemonade, and ice tea (enough to fill PM's swimming pool six times).

Succession Plan. Each department has a plan that is updated and approved annually; we look internally first for candidates and if there is no one, then we look externally.

Looking Back and Moving Forward. Seven employees went through Prairie Meadows University last year; it is a four course training.

Amazing Journey – we have had three straight record years.

Ms. Crosbie asked about the four-year pattern of the Senior Team – did a big event happen/ why? Ms. Wilkie said there was no big event.

Staff Report – Julie Stewart, Senior Vice President of Business Development. Ms. Stewart said she's been at PM for 35 years, and started in Sales and worked her way up, in various positions; the departments that report to her are Marketing, Sales, Community Relations, Gift Shop, Player Services, Player Development.

- Marketing is responsible for Player Development, Promotions, Marketing Analytics, Advertising, and Graphic Designers. Tony Hughes was promoted to Marketing Director in 2023 and she has been working with him since 2021 on the transition to this role. Marketing has 30 team members with extensive marketing experience and knowledge.
 - 2023 was PM's best year ever with \$278 million in total revenues, \$244 million in casino revenue, and eight of the best months ever.
 - Database Growth. Prairie Gold Rewards database has increased by 8.89%; the master e-mail list has increased by 21.23%, and the mobile app database has increased by 13.92%.
 - Player Development. In 2023 we developed a new player development plan and training program for the Hosts – it's been every effective and has generated over \$19 million in casino revenue. The Hosts are responsible for driving additional trips and converting their leads to VIP players; PM hosts a dinner for 15 players each month to get to know them and build a good relationship with them – the dinners have resulted in great guest satisfaction.
 - Promotions. Implemented over 183 promotions that drives casino play – 58 Swipe and Wins, 53 Cash Drawings, 37 Giveaways, and 35 Earn and Win.
 - Entertainment. Eight Tribute Bands, one comedy show, two large-scale entertainment acts – total of 169 entertainment acts.
- Hotel Marketing. In 2022, we changed the focus to market the hotel to our players, and the change has been successful – 14,697 rooms were booked and drove \$14 million in casino revenue in 2023.
- The Marketing and Sales teams are responsible to drive 70% of the hotel revenue through player engagement and booking the right conventions/groups in the Event Center. By going digital, PM's open rate is 31.47% - the average open rate is 21.5%.
- Group Sales. The department is responsible for group business, AJ's Group dining business, and Hotel bookings for groups and conventions. We hired new team members and restructured the existing team to maximize their talent; David Fast joined the team as

Director - he has 15 years of industry experience. Group event sales increased over 40% from 2022; we hosted 249 individual events with over 127,000 visitors to the Event Center; revenues increased by 29; 2023 revenue = \$4.7 million

- Community Relations. The department has two employees and is responsible for Sponsorships and Partnerships, Grants and Donations, Public Relations, and the Gift Shop; PM gave back more than 19% of our AJR which goes above and beyond the State requirement of 3%; in 2023, PM gave back over \$47 million in charitable giving – Polk County rent and profit-sharing \$28 million, City of Des Moines \$7.9 million, Polk County Schools \$1.3 million, Grants \$13 million; PM sponsored over 118 events and a representative(s) from PM was at every one; awarded 37, \$2,500 scholarships and a representative from PM attended – since, 2021, PM has provided over 773 scholarships, totaling \$1.9 million.
- Some 2023 Highlights. United Way – our employees donated \$178,565 and we hosted the UW luncheon; raised \$81,998 for the GIVE Foundation for Veterans; hosted 400 guests for a Veteran’s Day program; inducted Dennis Albaugh into the PM Hall of Fame. Legacy Grant recognition from Ducks Unlimited, On With Life, DM Parks and Recreation DM Public Schools Grand Opening of the Mediacom Stadium.
- PM hosted the Latino Celebration at the Iowa State Fair, hosted a dinner for Altoona’s First Responders, hosted over 600 people at the Community Impact Luncheon with Polk County.
- With the hotel renovation, we coordinated with over 40 non-profit organizations and donated over 3,600 pieces of hotel furnishings.

President’s Report. Mr. Palmer:

- We just saw two great detailed presentations.
- 2023 – we had the best revenue year ever which will help lessen the burden of government; we’ve had a great three years running; with the weather in January 2024, we lost \$4 approximately million; February looks to be picking up.
- February 5 – PM and Polk County presented a \$7.8 million check to the City of Des Moines.
- February 17 – Beatlemania Tribute in the Finish Line Show Lounge – 7:00 p.m.
- February 28 – Business After Hours celebrating Prairie Meadows’ 35th Anniversary, Adventureland’s 50th Anniversary, and Facebook’s 10th Anniversary.
- March 16 – Mullett 80’s Hairband Tribute in the Finish Line Show Lounge – 7:00 p.m.
- March 17 – St. Patrick’s Day and Matt Frazer, psychic medium.
- March 25 – Human Resources Committee meeting at 1:00 p.m.
- March 25 – Finance/Audit Committee meeting at 3:00 p.m.
- March 27 – Executive Committee meeting and Board Meeting.
- June 21 – Board Night at the Races. Orientation refresher at 3:00 p.m., Backside Tour at 5:00 p.m., Dinner and Racing at 6:30 p.m. in the Clubhouse; call Nancy if you plan to attend.
- July 9 – Facilities Committee meeting at 3:00 p.m.
- July 21 – PM’s 35th Anniversary Celebration Gala.

Committee Reports

- Executive. Mr. Sagar said the committee met on January 23 and discussed:
 - Board Orientation. The current process is good, but we'll add time prior to Board Night at the Races for a refresher, if anyone is interested.
 - Succession Plan and New Org. Chart. Mr. Palmer plans to retire at the end of 2025; each department has a Succession Plan – they are available for review with Mr. Palmer.
 - Staff developed a Business Interruption SOP for such things as a derecho or event like COVID.
 - Executive Committee Nominating Committee. We will let the Board know about the positions in September with a reminder in October, and if they are interested, let staff know.
 - Strategic Plan. The information is proprietary and confidential, but if you want to review it, call Mr. Palmer.
 - The committee decided to add a Board Member to its meetings; this month, Dr. Lin was the guest.
- Finance/Audit. Dr. Neville said the committee met on Monday, it was a two-hour meeting with good discussion, and requested Ms. Castelline discuss the financials and recommendations:
 - Action Item - Reserve Distribution. Ms. Castelline said this is the cash left after expenses; the information is in the red packet – Net Operating Income/(Loss) = \$38 million; staff's recommendation to the Executive Committee and now the Board is: \$38 million: Legacy and Community Betterment Grants \$15 million, Operating Expense Fund \$20 million, Purse and Supplement \$2.4 million, Operating Expenses \$1.2 million. Mr. Costa is happy for \$15 million for Grants as it's been \$8 million in the past – the jump to \$15 million is a real win for the community; Ms. Castelline noted this is the largest amount given to the community. Mr. Wangsness said it's great to have nine month's worth of reserves. Mr. Costa moved the \$38 million for Reserves, the motion was seconded by Dr. Lin, and unanimously passed on a voice vote. Mr. O'Hollearn agreed with the nine month's of reserves, and said we need to continue to evaluate if there is a need to maybe extend it to 12 months as the community relies on PM. Ms. Morse suggested the Finance Committee evaluate this; Mr. Sagar noted PM lost \$70 million during COVID and lost \$4 million in January due to the weather – this adds up very quickly.
 - Action Item – West Bank Resolution. Ms. Castelline said staff was approved to put money in various banks in the Altoona area, plus the main bank, and staff is now requesting permission to put money in West Bank – it has good interest rates and is FDIC secured and guaranteed; funds include CDs, Treasury Notes, or Sweep Accounts; a Board Resolution is needed to do this. Ms. Tauscheck asked if this is the Executive Committee's recommendation and Mr. Sagar said yes. Mr. Costa made a motion to approve the West Bank Resolution and Mr. Sagar noted it is a committee recommendation and doesn't need a motion. The recommendation/motion unanimously passed on a voice vote.
- Facilities. Mr. O'Hollearn said the committee met on Monday; PM is a 35 year-old structure and needs a lot of maintenance – on-going and surprise things; there was a good discussion; staff uses the MEPs Study as a guide for maintenance:

- The South escalator is the original one from 1989, it has a life expectancy of 20 years, it is a disruption for business, completion in April/May, approximate cost \$3 million.
- Casino Floor replacement will be a disruption to business, completion by August, approximate cost \$600,000.
- Exterior Paint Project. The project should be completed in July, approximate cost of \$800,000.
- Employee Locker Rooms. The areas haven't been remodeled since 1989; the project is wrapping up, approximate cost of \$90,000.
- Hotel Iron. It is a combination dryer/iron, will save on labor and possible injuries, approximate cost of \$350,000.
- Fountain. This has been a challenge on windy, rainy days and causes slips and falls, the fountain will be changed to a planter that is more useful and aesthetic, approximate cost of \$50,000.
- Water Pump. The pumps are 17 years-old – life expectancy is 10-years, 2 of the 3 pumps went out last week, the project will be done in late Spring, approximate cost of \$160,000 - \$180,000.
- Surveillance Cameras. This is an on-going project.
- Mr. O'Hollearn said Mr. Pursley and the team do a suburb job, but there's always a wild card out there. Ms. Voss asked the budget in reserve. Ms. Castelline said a past Board approved \$16 million to cover unusual repairs/maintenance, for the MEPs Study items, \$14 million was set aside for identifying projects using 2019 dollars. Ms. Voss suggested looking at the maintenance funding like we do with 9 months of reserves for the next elevator, escalator, camera, etc. issue. Mr. Wangness asked if some things are scheduled and budgeted for and Ms. Castelline said yes, we can borrow from the "pots" and then try to replenish. Mr. Costa said \$50 million for caps and the Master Plan seems adequate. Mr. O'Hollearn said all members of the Board will get a copy of the Facilities Committee Minutes.
- Human Resources. Ms. Voss said the committee did not meet.
- Grants. Dr. Lin said the committee did not meet, but have a schedule set: Grant applications are due February 29, 2024; the first meeting is April 17; Legacy presentations in May; scoring done by mid-May; recommendations in June; there is \$15 million to give and we are responsible to distribute it appropriately.

Other Business. Mr. Sagar noted the next Board meeting is March 23, 2024.

Closed Session – Performance Evaluation for Gary Palmer. Mr. Sagar said a Closed Session is on the Agenda, but he has no preference; we can have a Closed Session if Mr. Palmer requests one or we can go to the Action Item. Mr. Costa would like a Closed Session and moved to go into a Closed Session pursuant to Iowa Code Section 21.5(1)i to evaluate Mr. Palmer's 2023 performance and bonus. Mr. Flynn read the statutes for a Closed Session – "21.5 - A governmental body may hold a closed session only by affirmative public vote of either two-thirds of the members of the body or all of the members present at the meeting. A governmental body may hold a closed session only for the extend a closed session is necessary" and "21.5i – To evaluate the professional competency of an individual whose appointment, hiring, performance, or discharge is being considered when necessary to prevent needless and irreparable injury to that individual's reputation and that individual requests a closed session". Mr. Flynn noted a motion has been made and asked if Mr. Palmer requests a closed session and

Mr. Palmer said that was ok. Mr. Flynn reminded the Board that it takes two-thirds vote to have a closed session, and that the vote should be done by a Roll Call vote. The motion was seconded by Ms. Morse. The motion and second passed on a Roll Call vote (11 yes, 1 no, 1 absent). The Board went into a Closed Session at 3:25 p.m.

Open Session. Ms. Voss moved to go back into an Open Session, the motion was seconded by Ms. Morse, and unanimously passed on a voice vote. The Board went back into an Open Session at 3:55 p.m.

Action Item – Gary Palmer’s Bonus. Mr. O’Hollearn moved to give a discretionary bonus to Mr. Palmer of 150%, for a total of \$996,128.64, the motion was seconded by Mr. Wangsness, and unanimously passed on a voice vote.

Adjournment. There being no further business, the meeting adjourned at 4:00 p.m.

Respectfully submitted,

Linda Grandquist, Its Secretary