

**Monthly Meeting of the
Prairie Meadows Board of Directors
March 27, 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	Dr. Steven Neville
Chris Costa – called during Staff Report	Bob O’Hollearn
Linda Grandquist	Ken Sagar
Deb Leech	Susan Voss - absent
Dr. Ian Lin	Jeff Wangsness
Marty Martin	Rowena Crosbie
John Mauro	Tiffany Tauscheck
Andrea Morse - absent	

Also in attendance were:

Gary Palmer, President/CEO	Nancy Winget, Its Recording Secretary
Michele Wilkie, Executive Vice President	Members of the Press, Public, and Staff
Tom Flynn, Legal Counsel	

Approval of the Minutes. A motion was made by Mr. O’Hollearn to approve the Minutes of the monthly meeting of the Prairie Meadows Board of Directors held on February 14, 2024 as written. The motion was seconded by Dr. Lin and passed on a voice vote.

Public Comment. None

Lobbyist Report. Kellie Paschke reported:

- The legislators are working hard; it is the twelfth week of the session; the second funnel is over; the focus is on Appropriations, Ways and Means, taxes, and the budget; the committees will continue to meet; the session is scheduled to end April 16.
- Governor Reynolds signed the AEA/teacher pay bill today.
- Gaming Bills. There is not a lot of action; in the budget discussions they will discuss HISA and drug testing.

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

February YTD	Actual	Plan
Casino Revenue	\$35.2 m	\$37.0 m
Total Revenue	40.9 m	42.4 m
Net Revenue	38.7 m	40.1 m
Payroll Expenses	9.4 m	9.3 m
Operating Expenses	8.0 m	7.6 m
Net Income before Community Benefit	12.6 m	14.0 m

Total Revenue, \$40.9 million, February YTD: Casino \$35.2 million; Hotel and Events \$1.4 million; Sportsbook \$1.3 million; Food and Beverage \$1.1 million; Other \$1.8 million; Pari-Mutuel \$0.1 million.

Top Performing Areas – Most Recent 4 Years: Banquets, Hotel, Gift Shop, Casino Bars, Photo Finish Lounge, Daily Double Deli. Top performing areas with an all-time record for February: Coin-in, Slot Revenue, Café at the Meadows, Paddock, Prairie Coffee Company.

Cash on the balance sheet. Ms. Castelline said this was a question last month – the information is in the financial packet; we are trying to save for nine months of operating expenses, we have seven months now; we saved for miscellaneous projects; we spent \$14 million (Polk County, City of Des Moines, Polk County Schools, 401k, and Incentives); \$15 million was set aside for Grants; we saved \$25.6 million for the horse groups.

Iowa Market Comparison by size or 60-mile radius	
Prairie Meadows	\$35.0 m
Horseshoe	\$28.2 m
Ameristar II	\$28.7 m
Riverside	\$19.0 m
Isle – Waterloo	\$15.0 m
Harrah’s	\$10.8 m
Lakeside	\$7.1 m
Wild Rose Jefferson	\$5.7 m
The State of Iowa is down \$19 million – most of that is in January due to the two blizzards and cold weather.	

Staff Report. Brian Ohorilko, Senior Vice President – Administration, said he’s honored and excited to introduce himself to the Board and report on his role in the company.

- Educational Background. BS – Agricultural Business, ISU; MS – Administration, Central Michigan University; a number of certifications from UNLV, GLI, and the State of Iowa in industry technical, education, and management.
- Personal Background. Grew up in Altoona, has a lifelong interest in the casino and racing industry, is certified as a high school athletic coach and official, having a career in an industry he loves is special.
- Professional Background. 23 years in the gambling and wagering industry – three years at PM, 20 with the Iowa Racing and Gaming Commission (12 years as the Administrator), and then returned to PM in January 2024. His prior experience at PM was in: F&B, Simulcast, Live Racing Official, Marketing, and Player Host. While working at the IRGC, he helped open seven casinos; was involved in changing riverboats to land-based casinos; did the Internet Poker Study; compliance, licensing, and game testing; legislative studies and rules; oversaw all gaming, racing and sports wagering regulatory matters; presented to numerous legislative committees, and at gaming seminars and university classes; authored the majority of Iowa’s rules and regulations; handled all media relations.

- Current Role at PM and the departments that report to him:
 - Food and Beverage and Banquets. This department can have up to 15 outlets operating at one time; 214 employees, \$7.5 million in revenue in 2023.
 - Racing will have 80 days of Racing; Simulcast has 8,000 performances with wagers; Caesars is our Sportsbook partner. The department has 81 employees with \$7.9 million in revenue in 2023; purse and supplements for 2024 from 2023 revenue = \$24.2 million.
 - Human Resources. Ensures employees have competitive wages, health and dental insurance, 401k, access to a financial advisor, and oversees the JACKPOT program. HR has nine employees.
- Thanked the Board for the opportunity to speak today.

Staff Report. Troy Sigwarth, Director of Finance, said he has worked at PM for almost 23 years in various positions – he first started as a waiter on the 4th floor while attending ISU and getting a degree in finance, he then worked his way up through Accounting to Accounting Supervisor and then Financial Analyst and Budget Manager, the accounting positions were under the direction of Elaine Castelline; he completed PMU class in 2019.

- He lives in Altoona with his wife and two children.
- Departments that report to him:
 1. General Ledger (Accountants/Auditors). This department is responsible for recording and analyzing transactions for all departments, auditing and remitting payments to various city, State and Federal authorities, reconciles the Balance Sheet monthly, maintains records of our assets, and balances cash on a daily basis.
 2. Accounts Payable ensures timely and accurate payment to over 1,000 vendors, reconciling vendor statements and ensuring vendors are up-to-date by auditing vendor forms; AP processed over 4,300 payments in 2023.
 3. Horsemen’s Bookkeeper is in charge of distributing the annual purse and supplement funds - \$24 million in 2023; it is a high paced and highly regulated environment, balances the needs of the horsemen, IRGC, and PM on a day-to-day basis; she acts as a bank for the horsemen and has over 25 years of racing experience.
 4. Purchasing works closely with external suppliers and internal departments to achieve the best possible results; reviews and negotiates contracts; builds relationships which transfer to favorable terms and costs for the property.
- He truly believes that PM is a special place that serves the community to the highest standards possible and appreciates the time to speak to the Board.

President’s Report. Mr. Palmer reported:

- Thanked Brian and Troy for their presentations today; we’ll continue to have staff reports so the Board can become acquainted with staff.
- The information in his report is in the Board packets.
- Tuesday, April 30, 11:30 a.m. – LIVE United Luncheon; PMRC sponsoring; call Julie Stewart if you would like to attend.
- May 1, 2, 3, 1:00 p.m. – Legacy Grant Presentations, Board Room
- Friday, May 10, 6:00 p.m. - 1st Day of Racing
- Friday, Saturday, Sunday – June 14-16 NASCAR races at the Iowa Speedway; call Julie Stewart if you’d like to attend.

- Friday, June 21. Board Night at the Races; call Nancy if you would like to attend.
 - 3:00 p.m. – Orientation Refresher
 - 5:00 p.m. – Tour the Backside
 - 6:30 p.m. – Dinner – Prairie Rose (Clubhouse)
- Wednesday, June 26, 2:00 p.m. – Board Meeting
- Friday, June 28 – Horse Racing Hall of Fame, 4:30 p.m.; call Julie Stewart if you'd like to attend.
- July 12-14, Indy Races, Newton; call Julie Stewart if you'd like to attend.
- Sunday, July 21. 35th year celebration. Dinner and entertainment.
- October 6 – 10, G2E (Gaming Expo), Las Vegas; call Nancy for reservations; the deadline is April 22, 2024.
- Elaine Castelline will retire in May after 25 years with PM; this is her last Board Meeting; we will have a Retirement Party for her and will let you know the date/time/place.

Committee Reports.

- Executive Committee. Mr. Sagar thanked Mr. Copley for attending the meeting. The committee received a report on the financials and reviewed the Action Items on the Board Agenda; the next meeting is June 26, 2024.
- Finance and Audit Committee. Dr. Neville said the committee met on Monday and he was unable to attend and requested Mr. Sagar fill in for him.
 - Action Item – Acceptance of the Deloitte Audit Report. Ms. Castelline said Deloitte is our external audit firm; the interim audit started in December and the rest of the audit was finished in February; it was a clean audit; discussed the investment with DM Kelly, the detailed financials, and the property taxes – she didn't put any expenses in the audit and Deloitte thought the amount should be accrued, but Deloitte said this is not a material issue. Mr. Sagar said there is a substantial difference of \$140 million in what the Polk County appraiser said and what our appraiser said. Mr. Sagar moved acceptance of the Deloitte Audit Report, the motion was seconded by Mr. Wangsness, and unanimously passed on a voice vote. Ms. Castelline noted the audit is due to the IRGC March 30 and Mr. Wangsness said with a \$279 million operation and no issues found – that is very impressive.

Action Item – Acceptance of the Cybersecurity Audit Report. Chantel Olsen, Systems Application Administrator, said Bulletproof (GLI) conducted a three-week cybersecurity assessment and found PM has strong defensive tools, a strong password policy, limited external attack footprint, strong on-site IT leadership, attacks and scans were immediately detected and would have been blocked in real-life situations, Bulletproof was not able to bridge-gap between our guest and corporate wi-fi network, unused network ports in public areas were secured by deactivation, social engineering attempts didn't provide any success. In 2022, they requested 11 documents (policies and procedures) plus the employee handbook. In 2024, they requested 39 policies, 76 additional documents, 165 security control responses required. The IT team is pleased with the audit; Bulletproof was unable to breach our system and had to call and request we let them in for the internal cybersecurity audit to begin; all IT findings were remediated and resolved. Ms. Crosbie congratulated IT on the audit and asked if the communication channels were tested and Ms. Olsen said, no set testing was done externally - most testing was done on Internal network, we informed the auditors we do have a confidential business and continuity plan. The main focus of the audit is the cybersecurity and internal network security. Mr. Sagar said it's amazing that Bulletproof had to call to get into the system, and moved acceptance of the

Cybersecurity Audit, the motion was seconded by Dr. Lin, and unanimously passed on a voice vote.

- Facilities Committee. Mr. O’Hollearn said the committee did not meet.
- Human Resources Committee. Mr. Sagar said Mr. Copley will make the report as Ms. Voss is not here. Mr. Copley said the committee met on Monday and reviewed the minor changes to the Incentive Plan – the number of required community events went up and events are pro-rated for new-hires (by the quarter hired); new-hire goals are also pro-rated (by the quarter hired). Mr. Copley moved to accept the 2024 Incentive Plan, the motion was seconded by Ms. Grandquist, and unanimously passed on a voice vote. Mr. Copley also noted the committee voted and recommends staff do an RFP for a salary study with completion around September; Mr. Palmer said this is not an Action Item for the Board, it’s just the recommendation. Mr. Palmer said Ms. Wilkie, Mr. Ohorilko, and Ms. Vitiritto will work with Ms. Voss.
- Grants. Dr. Lin said Grants are closed and Ms. Stewart is vetting them; the Legacy Grants applications and scoring books will be handed out today; in 2023, we had \$13 million to award - \$5 million for the airport project; in 2024, we received 40 Legacy, 438 Community Betterment, and 73 Youth Sports requests - \$19 million in requests for Legacy and Community Betterment and \$2 million for Youth Sports. He’s not sure of the history regarding the split, but Legacy seems to be fairly equal to past years; Mr. Costa sent an e-mail asking how to determine the split; the entire Board votes on Legacy Grants, only the Grants Committee votes on Community Betterment and Youth Sports grants. We have more money to give in 2024, but we need to be cautious and not over-emphasize Legacy Grants.

Dr. Lin recommended \$7.25 million for Legacy, \$7 million for Community Betterment (CB), and \$750,000 for Youth Sports. Dr. Lin said he hasn’t read the CB applications, but wonders if there is a way to change the amount for CB money – if the full amount for Legacy is not awarded, put the money toward CB Grants? In 2023, we received 234 CB requests of \$3.7 million, 23 Youth Sports requests of \$300,000, and 20 Legacy requests of \$4 million.

Discussion.

Mr. Mauro appreciates the comments, but he’s not certain about “x” goes here, “x” goes there; Ms. Tauscheck told him there are 12,000 non-profits in our region; we need to keep an open mind and not lock in an amount to each group; we need to set priorities; PM is about giving back; we need to be fair and open. Mr. Wangsness noted there are so many non-profits attempting to do the same thing and Ms. Tauscheck said United Way is doing a study on opportunities for collaboration and noted government funding is ending.

Mr. Martin asked the CB limit and Dr. Lin said \$100,000; Legacy is \$100,000 - \$1 million. Mr. Martin has no firm opinion on the split, but noted in real dollars, if this was in an endowment, it would be \$300 million; we need to read all 40 applications and see if there is an overlap of functions, and support the best organization; maybe we should prioritize what we want to support – going forward that may be the more efficient way to do. Mr. Sagar understands Mr. Martin’s comment, but is not sure how to do it. Dr. Lin said Legacy scores are due April 19; the full Board will vote on Legacy Grants; he thought last year’s applications were better; he’s feeling there’s pressure to spend the \$15 million correctly. Mr. Mauro said we can change things for the right reasons; scores should be based on what was read – some aren’t good requests; he wants to be more informed and prioritize things and

adjust if there's a need to; we can all agree to disagree, but we need to hear the discussion; keep in mind hunger and the homeless – he'll have a presentation for next year. Dr. Lin said Mr. Mauro doesn't seem to be open-minded – he can't have an agenda on one thing. Mr. Mauro said he likes sports, but taking care of military veterans and feeding kids that need help is important.

Dr. Lin said while reading the grants last year, he had no clue on what was going on in Des Moines; read before making a judgement – there are only 40 Legacy requests; there are 324 CB requests. Mr. Palmer said the system has been the same for many years; serving on the Grants Committee is tough; having Legacy presentations is the best thing we've done – get the information and have the opportunity to ask questions; we may never have \$15 million to give again – it's an anomaly; there's no perfect system on how to give out grants; Ms. Stewart has 30 years of experience and knows what's going on in the community; he's not sure there is an answer; the presentations will give us a feel for what's going on; the Board won't see CB presentations.

Dr. Lin asked if we don't spend the \$15 million, can we save some for next year as grants don't seem as good this year? Ms. Tauscheck said from a governance perspective, maybe say “up to \$7.25 million for Legacy, up to \$750,000 for Youth Sports”, so there are guardrails. Mr. Palmer asked the CB timeline and Dr. Lin said June 4. Mr. Wangsness noted Legacy grants will be decided and we could rollover any leftover money to CB or Youth Sports. Ms. Stewart said when the presentations are over, the highest scored applications will be brought to the Board to vote on – there's never enough money, and that's why we need a set amount; \$15 million will be voted on at the June Board Meeting.

Dr. Lin said if we do Ms. Tauscheck's suggestion of “up to x amount” and if there's Legacy money left, we couldn't add it to the CB money; Mr. Mauro said the Board can change that. Dr. Lin said the Legacy presentations are in early May, the Board will rank the requests, decide on the amount and then send to Ms. Stewart to tally, and grants will be awarded at the June Board meeting; put in what you think the project is worth, and if it doesn't add up to \$7.25 million, we'd have money for other grants – it can't be more than \$7.25 million; it's ok to put a cap on Legacy grants and if we don't use all the money, we can distribute to other grants.

Ms. Leech would like to see who has received grants in the past and Dr. Lin said the history is in the book you'll get later today; he realizes grants for projects like the zoo are important to fund as the zoo brings people to DM. Mr. Mauro said that's why it's important to look at the grants and do they belong; we need to take care of people; set Legacy at \$7.5 million, but be flexible; he knows there are food requests. Dr. Lin said there's no food request in Legacy, but there are in CB; Mr. Mauro noted people deserve food over a basketball court. Mr. Martin asked if it is ok if we spend less and Mr. Flynn said PM gives in excess of the State requirement.

Ms. Crosbie asked about the dates – April 19 vs. May presentations and Dr. Lin said April 19 is the date the Board turns in their ratings on the 40 Legacy requests, then the number is tallied and cut down to those with the highest ratings, and that's the organizations that will make presentations. Mr. Costa likes the proposal – get through the Legacy process and if there's money left, apply to CB; with Legacy, some are transformational projects that PM has

done for economic development for years to get people to come to the area; CB grants are for additional needs in the community.

Dr. Lin suggested voting on the allocation now and proposed being flexible down the road. Mr. Flynn said the Board can always amend with the understanding it may be addressed.

Dr. Lin moved to approve \$7.25 million for Legacy, \$7 million for Community Betterment (CB), and \$750,000 for Youth Sports, the motion was seconded by Ms. Grandquist, and unanimously passed on a voice vote.

Mr. Sagar thanked everyone for the conversation; grants make a difference in the community.

Other Business.

- Mr. Sagar noted the next Board Meeting is June 26, 2024.
- Ms. Stewart said there will be Legacy training after this meeting adjourns.

Adjournment. There was a motion and a second to adjourn the meeting. The motion unanimously passed on a voice vote. There being no further business, the meeting adjourned at 3:35 p.m.

Respectfully submitted,

Linda Grandquist, Its Secretary