

**Monthly Meeting of the  
Prairie Meadows Board of Directors  
July 26, 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 - phone  
Dr. Ian Lin  
Marty Martin - absent  
John Mauro – arrived during Racing Report  
Dr. Steven Neville

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

Also in attendance were:

Gary Palmer, President/CEO  
Michele Wilkie, Senior Vice President/CAO

Nancy Winget, Its Recording Secretary  
Members of the Press, Public, and Staff

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 June 28, 2023 as written. The motion was seconded by Mr. Sagar and passed on a voice vote.

Public Comment. Mr. Palmer introduced the Iowa Racing and Gaming Commission’s newest member, Alan Ostergren. Mr. Ostergren said he has been an Altoona resident since 2021; he is a prosecuting attorney and is involved with the Kirkwood Institute; the Governor appointed him to the Commission effective May 1, 2023; he’s enjoying the Commission and meeting people in the industry; the IRGC held its Board Meeting at PM a few weeks ago and Mr. Palmer invited him to stop by at a Board Meeting; Mr. Heldt took the Commissioners on a great tour of the Backside to see the operations; he’s impressed by the good working relationship with the properties and the Commission and he’s anxious to see what’s next with PM and the other properties. Mr. Ostergren said his philosophy on gaming is, he doesn’t have one, but he does recognize that the legislature makes big policies and the Commission is to see to the enforcement of the policies; he would like to hear concerns and he wants to make things better; if anyone has questions please ask or call him later – his information is on the IRGC website.

Lobbyist Report. Troy Skinner reviewed the Legislative Update, July 2023, noting there is not a lot to report:

- Bills of interest:
  - HF710 – Unfunded Sports Wagering Tax Receipts; this is the Sports Betting Fund - \$1.75 million for the Gambling Retreatment Fund and \$7 million for the endow Iowa tax credit; counties were cut out of the bill and he expects more discussion on that.
  - SF 543 – Allowing Firearms on a casino property unless specifically requested and authorized to allowed; the bill died, but we’ll see it again.

- A Special Session was called on July 11 regarding the fetal heartbeat law – this will make its way through the Iowa Court system.
- New Senate Minority Leader – Democrat Pam Jochum.

Mr. O’Hollearn asked about our policy on guns and Mr. Pursley, Vice President of Security, said it is possible that someone will have a gun as we don’t search guests and we don’t have metal detectors; our policy is no weapons; the hotel is hit and miss as we have hunters stay during hunting season; we don’t allow guests to “carry”, and if we see something, we approach and explain our policy – take to the car or take home. Mr. Palmer said we have an intensive security training program, and we have DCI agents and off-duty Altoona and Polk County officers on property; several staff were in Las Vegas during the shooting incident, and the following morning we discussed what we should do; Mr. Pursley put together an intensive RRT (Rapid Response Team) program, which the Board approved, and we have an armed, quality, professional RRT team; we believe that having the RRT and a great Security presence has led to very few problems; no one else in the Midwest has this type of extensive training. Mr. O’Hollearn asked if PM has RRT 24/7 and Mr. Palmer said yes.

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

<b>June YTD</b>	<b>Actual</b>	<b>Plan</b>
Casino Revenue	\$122.1 m	\$113.2 m
Total Revenue	\$138.4 m	\$129.2 m
Net Revenue	\$131.5 m	\$121.8 m
Payroll Expenses	\$26.4 m	\$27.2 m
Operating Expenses	\$30.4 m	\$31.3 m
Net Income before Community Benefit	\$44.4 m	\$34.6 m

Total June YTD Revenue \$138.4 million: Casino \$122.1 m; Sportsbook \$3.9 m; Hotel and Events \$3.7 m; F&B \$3.6 m; Other \$3.8 m; Pari-Mutuel \$1.2 m.

Top Performing Areas – Most Recent 4 Years. Slots\*, Table Games, Poker, Casino Floor Bars, Banquets, Café\*, Paddock\*, Prairie Coffee Company\*, Champions\*, Home Stretch\*.

\*=All-Time Record for June.

<b>Iowa Market Comparison by size or 60-mile radius</b>	
Prairie Meadows	\$121.9 m
Horseshoe	\$100.5 m
Ameristar II	\$91.9 m
Riverside	\$66.0 m
Isle – Waterloo	\$44.7 m
Harrah’s	\$34.9 m
Lakeside	\$25.8 m
Wild Rose Jefferson	\$18.9 m
Iowa Casino average vs. 2022	-1.2%
PM	+5%
Competitors’ average vs. 2022	-4.3%

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

- Monday will be the 42<sup>nd</sup> day of Racing – the Meet is 80 days.
- Horses on the Backside: 812 Thoroughbreds with stall space for 940; 381 Quarter Horses with stall space for 416.
- Handle on and off-track: Thoroughbreds down; Quarter Horses up.
- Field Size. Thoroughbreds 2023 = 6.4; 2022 = 6.6.  
Quarter Horses 2023 = 7.1; 2022 = 6.7.
- July Highlights:
  - July 7-8, Festival of Racing. The local horses did well; the Iowa Oaks was won by Crypto Mo – co-owned and trained by Travis Murphy; his wife, Cindy Murphy, was the jockey and this was her 2,000<sup>th</sup> victory; the next day the horse was shipped to Kentucky and sold for \$500,000 – he was purchased for \$20,000. On Saturday, Mr. Albaugh's horse, Giant Gain, won the Cornhusker.
  - This Saturday is the Permanently Disabled Jockeys Fund (PDJF) event with jockey cards, and an autograph session.
- With the hot weather, we take safety seriously and we have a weather policy that takes into consideration the heat index, humidity, temperature, wind, cloud cover, and the sun's rays; if the temperature is 95° or more and if the weather policy indicators are above 91.4°, we look at modifying Post Times and/or cancelling the races. If we run, we have hoses and watering stations available for the horses.

A question was asked about the number of race days and Mr. Heldt said the statute states a minimum of 67 Thoroughbred days and a minimum of 26 Quarter Horse days.

#### Staff Report - Hotel.

Dillon Douglas, Hotel Director, said he's worked on two reopening projects for boutique hotels – one in Omaha and the other at the Hotel Ft. Des Moines; some “wins” for the hotel in June in Guest Services scores - the front desk had a 4.8 out of 5 rating and Hotel Housekeeping cleanliness had a 4.68 out of 5 rating; best Quarterly Guest Service scores – the front desk went from 4.54 to 4.68 and Hotel Housekeeping cleanliness went from 4.44 to 4.54. The ADR rate without casino comps saw a 5% increase year over year, and a 35% increase the last five years; the new rooms will continue to push ADR up. Hotel and Casino in June: we had 1,100 player redemptions hotel offers, \$11,529,000 in coin-in, actual win of \$1.1 million; the 1,100 reservations equal \$168,000; with players in the hotel, we have better redemption; revenue for the Indy Car weekend was the best ever at \$42,196. Mr. Costa asked if the hotel has a Triple A rating and Mr. Pursley, Vice President of Security, said yes – we're off .02 from having a 4 Diamond rating, and there is only one 4 Diamond hotel in the area; we never strived to be a 4 Diamond hotel, but to be the best we could be for what we are; with new practices and the upgrade, PM is at the top!

Mr. Pursley gave the hotel construction highlights: the hotel has 168 rooms (129 standard rooms, 39 suites, and 13 room types); it took 10 months to remodel the hotel at a cost of \$7.6 million and \$4.4 million for FFE (furniture, fixtures, equipment) – that equates to \$150 sq. ft.; we used local union partners – Weitz was the General Contractor, Shive was the architect of record, all subcontractors were union; the old FFE was donated to churches, shelters, emergency services; the organizations didn't have a use or space for king beds, sinks, and fixtures, so we offered those items to employees – everything was repurposed; we did the mechanicals on an

individual basis and replaced what needed to be replaced; there was minimal disruption to guests; during Indy Car weekend, only 2 rooms were available and that was due to cancellations, otherwise, we would have been 100% sold; we are please with the outcome; if anyone would like to tour the hotel, please let him know.

President's Report. Mr. Palmer reported:

- July 7 Hall of Fame. Mr. Albaugh was inducted into the HOF; it was a wonderful night. The next night, Mr. Albaugh's horse won the Cornhusker.
- July 21 – Board Night at the Races. We had a good time and good food; thanks to all that came out.
- July 22-23 - Indy Races in Newton. PM was a sponsor; turn out was great; thanks to those who attended.
- Eddie Llambias, Vice President of Casino Operations, resigned to take the position of Senior Vice President/GM at a Native American Casino in Palm Springs, CA; it's a great opportunity for him and we wish him the best of luck.
- Announcements:
  - Michele Wilkie has been promoted from Senior Vice President to Executive Vice President, effective Monday; she's been with PM for 30 years; this enables her to be placed in the queue, which is necessary to move up to CEO and is spelled out in the Succession Plan, if chosen by the Board upon my retirement; as stated in my contract with the Board, I will give my retirement date to the Board one year before my departure; Ms. Wilkie will do a wonderful job and staff supports her 100%.
  - With the departure of Mr. Llambias, Vice President of Casino Operations, we won't replace that position, but Rod Suhr will lead that department as the Director of Casino Operations, he has 40 years of experience.
  - Congratulations to all, we have a great team.
- Passed out invitations for the First Responders Dinner at PM on September 11 – this is an appreciation dinner for the Altoona Police and Fire Departments, as well as the Polk County Sheriff's Department and DCI officers that work at PM part-time; they all do a great job keeping our employees and guests safe.

Committee Reports

- Finance/Audit. Ms. Simon said the committee didn't meet.
- Facilities. Mr. O'Hollearn said the committee didn't meet, but he has a Project Progress Report to share; with a 30-year-old building, maintenance and updating never ends – compliments to the team for taking a pro-active approach:
  - Sales Suite Remodel – expand the suite for additional work stations and a conference room to meet clients, using a portion of the old Triple Crown Buffet; cost of \$95,000.
  - Electrical upgrades – remove outdated breakers and transformers and provide additional breaker space for new circuits; cost of \$55,000.
  - Sprinkler System Replacements – replace two old sprinkler mains; cost of \$55,000.
  - Café – construct a new sales countertop for a more complete look and more storage underneath; cost of \$5,000.
  - Casino Carpet Replacement – replace approximately 90,000 sq. ft. of carpet on the casino floor using a combination of carpet and tile; the project is in the discussion phase.

- Casino Bar updates – new cabinet doors and structural components; the project is in the discussion phase.
- Champions Stage – add a permanent/semi-permanent stage for performance events; the project is in the discussion phase.
- Exterior Painting – wash and paint the exterior of the building; cost of \$800,000.
- Escalator Replacements – the project will be done in phases; cost of \$3.2 million.
- Fountain Renovation – convert the fountain to a multi-tiered planter; the project is in the discussion phase.
- Arc Flash Study – a study of the electrical equipment; cost of \$75,000.
- Mr. O’Hollearn said the projects are good investments to keep people coming to PM.
- Human Resources. The committee did not meet.
- Grants. Ms. Voss said the committee did not meet.

Other Business. Mr. Albaugh noted the next meeting is September 27, 2023.

Adjournment. Ms. Simon moved to adjourn the meeting, the motion was seconded by Mr. O’Hollearn, and passed on a voice vote. There being no further business, the meeting adjourned at 2:50 p.m.

Respectfully submitted,

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Dr. Steven Neville, Its Secretary