

**Monthly Meeting of the
Prairie Meadows Board of Directors
April 24, 2019
2:00 p.m.**

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

Mr. Neugent said he is the Vice Chair and is filling in for Kurt Rasmussen who is having some health issues; he requested a moment of silence to wish Mr. Rasmussen a speedy recovery and asked that everyone keep him and his family in their thoughts and prayers.

Roll Call.

Dennis Albaugh	Suku Radia
Bob Chittenden	Kurt Rasmussen - absent
Mark Cooper	Mary Simon
Michael Gartner	Karen Novak Swalwell
Marty Martin – arrived during Lobbyist Report	Susan Voss
Lisa Moody-Tunks - phone	John Irving
Gerry Neugent	Gene Meyer
Bob O’Hollearn	

Also in attendance were:

Gary Palmer, President/CEO	Tom Flynn, Legal Counsel
Ann Atkin, Senior Vice President/COO	Nancy Winget, Its Recording Secretary
Brad Rhines, Senior Vice President/CSO	Members of the Press, Public, and Staff

Approval of the Minutes. A motion was made by Ms. Voss to approve the Minutes of the monthly meeting of the Prairie Meadows Board of Directors held on March 27, 2019 as written. The motion was seconded by Mr. Gartner and passed on a voice vote.

Public Comment. None

Lobbyist Report. Troy Skinner reviewed the Legislative Update, April 2019: the Legislature is winding down, May 3 is the last per diem day, and he thinks they may adjourn earlier; the Sports Betting (SB) Bill passed in the Senate and in the House, and will be sent to the Governor’s office; the Governor may sign it immediately upon arrival or wait until the Session is over – she has made no comment on the bill. Highlights of the revised bill: allows SB through licensed casinos; on-line accounts must be established in person at a casino until January 1, 2021, and then it can be done by mobile devise; state tax rate is 6.75%; an additional 4% will be given to the horse purses; 5% federal tax; .75% QSO fee (this doesn’t affect Prairie Meadows); allows Daily Fantasy Sports under the regulation of the IRGC – it is taxable, but shouldn’t affect SB; prohibits in-game bets on any college player; created a Sports Wagering Fund – use of the funds will be determined at a later time. Mr. Skinner said there are a lot of people to thank for making SB happen.

Mr. Albaugh asked if bets can be made on PM’s or Wm. Hill’s website and Mr. Palmer said not at this time. Ms. Voss asked when SB is effective and Mr. Skinner said upon enactment – rules need to be written and approved and it probably won’t happen until August. Ms. Voss asked if anyone in the Governor’s office will lobby against the bill and Mr. Skinner said churches and family groups will oppose the bill. Mr. Albaugh asked about restrictions on Iowa sports and Mr. Skinner said bets can be made on college sports, but not on individual players. Mr. Skinner would like to publicly recognize Senators Tony Bisignano and Jack Whitver, and Representatives Bobby Kauffman and Bruce Hunter for their support of the bill, along with the Des Moines Partnership, Polk County, and Labor; he also thanked Gary Palmer, Brad Rhines, and Ann Atkin who spent a lot of time at the Capitol, and to the Board for calling key contacts. Mr. Palmer said Troy Skinner and Kellie Paschke did a magnificent job and other lobbyist have commented on their work – they listen and don’t talk a lot; they kept us informed and told us who to contact. Mr. Skinner introduced and acknowledged his business partner, Kellie Paschke.

Financials. Elaine Castelline, Vice President of Finance/CFO and Brad Rhines, Senior Vice President/CSO.

Ms. Castelline said we made up \$800,000 in revenue on the deficit, the team did a great job, and brought to the bottom line, before Community Benefit, \$200,000 in March.

Performance Goals	
March 2019 Year-to-Date	
	Exceeds/Below Plan
Casino Revenue	-1.4%
Total Revenue	-1.2%
Net Revenue	-1.5%
Operating Expenses	Better than plan 3.5%

Mr. Rhines said March set an all-time record with \$20.3 million in gaming revenue; 2018 was the second best March with \$19.8 million in gaming revenue; January and February had a combined gaming revenue of \$30 million; a \$20 million month is a great number in the casino world; we had a \$50 million quarter; this is the fifth consecutive quarter with \$50 million or more.

Ms. Castelline reviewed the total Revenue YTD March 2019: Casino \$50.4 million; F&B \$2.1 million; Pari-Mutuel \$0.3 million; Hospitality \$2.5 million; Other \$1.0 million; -\$0.7 million YTD to budget and -\$0.6 million to prior YTD. Mr. Rhines noted we’re seeing growth in the non-gaming side of the business.

Mr. Rhines said Slot Win and Table Games and Poker are both slightly below the 2018 Revenue numbers

Ms. Castelline reported on Hotel Occupancy: The hotel saw its best March ever since it started in 2012; it met the budget of \$1.2 million due to a change in strategy to grow sales and leisure travel:

	March 2019	March YTD
Prairie Meadows	78.6%	75.8%
Des Moines competitive set	64.9%	58.2%
Altoona competitive set	66.4%	62.2%

Mr. Rhines: March 2019 YTD State Casino Revenue statistics, year over year; we have a procedure process and strategy in place to drive business:

Iowa Market	
Prairie Meadows	-1.7%
Horseshoe	-7.0%
Ameristar	-7.1%
Riverside	-2.0%
Isle – Waterloo	-4.1%
Harrah’s	-3.6%
Lakeside	-2.3%
Wild Rose – Jefferson	-3.9%
State	-4.5%
State without Prairie Meadows	-3.9%

Surrounding Markets	
St. Louis	-3.7%
Kansas City	-.05%
Omaha and Council Bluffs market	-6.5%
Quad Cities	-3.5%

Ms. Castelline said the non-gaming areas are doing well, and the all-time top March Revenue Performing Areas in the most recent four years are: Casino, Slot, F&B, TCB, AJ’s, Paddock, Daily Double Deli, Casino Bars, Prairie Coffee, Hotel, Gift Shop; other areas that performed well are: Coin-in and Average Win/Guest.

Mr. Neugent gave kudos to the whole team – March was a great month.

Staff Report/Racing Update.

Mr. Heldt discussed staffing, noting five departments report to Racing:

- Racing Department has 50 employees; the objective of this department is to fill races, and it also writes the Condition Books; the Condition Books are written by the Racing Secretary to assist trainers in selecting the best race for the horse; races are broken down by sex and age; 7-8 employees help the Racing Secretary to fill races in the mornings and then perform other

duties during live racing (i.e. Paddock Judge, Clerk of scales, Identifier); Racing is highly regulated by the IRGC.

- TV Department has five full-time employees and 10 seasonal employees; TV has a full HD production suite and records concerts and racing; TV is responsible for Photo Finish to help determine the winner if there's a close race, the timing device, all digital signs, works with Marketing to produce ads and help with social media, and provides drone coverage of the property.
- Mutuels has 25 year-round employees (five full-time and 20 part-time); the department takes bets on live racing and simulcast; we average 20 simulcast signals a day; last year, \$19.7 million in bets was taken and 1.5 million tickets for live racing and simulcast were sold; the 4th floor has been remodeled, has a new Racing Center, and is ready with a new Sports Book area.
- Track Maintenance has 14 employees (8 full-time, 2 part-time, 4 seasonal) and is responsible for the racing track surface of the Main and Training Tracks; they start at 3:00 a.m. to be ready for 6:00 a.m. training; the track is made up of 87% sand, 6% silt, and 7% clay; the department measures the track surface weekly and takes soil samples to ensure the right mix is in place.
- Grounds has 8 full-time employees and takes care of 233 acres - 140 acres of turf, including 15 acres of irrigation, 80 acres of concrete, and a five acre pond; they just planted 200 flats of Pansies and will plant 200 flats of Petunias in June; they tend 60 species of trees, mow, irrigate, mulch, prune, install and take down holiday decorations, and help with snow removal.

Mr. Albaugh said staff did a good job on the Condition Book and Mr. Heldt said the first book was printed in January and was used as a recruiting tool.

Mr. Heldt gave the Racing update:

- The meet starts in eight days, on May 3.
- Horses started arriving on March 31; we have 280-300 horses on the Backside – the number is down a bit as two tracks moved their meets to Kentucky Derby weekend; we're calling trainers to see if they're coming; it'll be a challenge as we've never had opening weekend on Kentucky Derby weekend.

President's Report. Mr. Palmer reported:

- May 3 - Live Racing starts – 6:00 p.m.
- May 4 - Kentucky Derby
- May 12 – Mother's Day – specials in TCB and AJ's
- May 27 – Memorial Day – special in TCB
- June 16 – Wiener Dog Races
- Easter recap. Mr. Willey, VP of Hospitality, said we served 3,200 people.
- Other things staff has been working on besides the day-to-day business include:
 - Sports Betting
 - Property Tax appeal
 - Hotel remodel in the 4th quarter

- Attend monthly P&L meetings
- Attend Capitals meetings every Friday
- Last year, we put together committees to look at the future of Prairie Meadows (i.e. do we need more restaurants, IT systems, etc.), and after doing our due diligence and weighing the pros and cons, we'll implement a couple of the ideas, which we'll share with the Board (i.e. how to make the employee dining room better for employees).
- Work nights and weekends.

Committee Reports

- Finance and Audit. Mr. Radia said the committee didn't meet this month and the next scheduled meeting is in June.
- Facilities. Mr. Cooper said information from the March 25 meeting is in the Board packet.
- Human Resources. Mr. Meyer said the committee did not meet.
- Grants. Mr. Chittenden said the committee hosted three days of Legacy presentations; Board scoring is due on May 6; he was at a meeting last night and people commented on how well they liked the PM 30th Anniversary ad. Mr. Palmer said the presentations were filmed and the Board can pull up all presentations for review; we heard about a lot of great projects; even a small amount of money means a lot to the smaller communities.

Other Business.

Property Tax. Mr. Neugent said PM received the new property tax evaluation and there was a significant increase; he and staff met with consultants and the assessors; we hope we can reach an evaluation acceptable to both sides before June 5, otherwise we'll have to protest the taxes; we hope to have news by the next Board meeting.

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

Respectfully submitted,

Suku Radia, Its Secretary