

**Prairie Meadows Board Meeting
July 22, 2020
2:00 p.m.
Conference Call**

The Monthly Meeting of the Prairie Meadows Board of Directors was called to order by Mr. Neugent at 2:00 p.m.

Mr. Neugent requested everyone not on the Board, to please mute their phones unless you'd like to address something during Public Comment, and if so, please state your name and who you represent.

Roll Call.

Dennis Albaugh	Suku Radia
Bob Chittenden	Kurt Rasmussen - absent
Mark Cooper	Ken Sagar
Michael Gartner	Mary Simon
Frank Marasco	Susan Voss
Marty Martin	Marta Codina - absent
Gerry Neugent	John Irving
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, Executive Vice President	Members of the Press, Public, and Staff

Public Comment. None

Financials. Ms. Castelline reported on June YTD:

	Actual	Projected
Casino Revenue less COGS	\$61.5 million	\$121.9 million
Total Net Revenue	\$58.2 million	\$115.0 million
Total Expenses	\$55.6 million	\$87.5 million
Net Income before Community Benefit	\$2.6 million	\$27.5 million

Ms. Castelline noted Prairie Meadows was closed for 90 days and we're at 50% of the budget; Expenses were below plan due to Gaming Revenue taxes down due to the reduction in revenue, Salaries and Wages were down, and Purses and Supplements were down, due to starting late, but will adjust itself by the end of the year.

Mr. Rhines said June ended the second quarter and Prairie Meadows closed toward the end of the first quarter; Gaming Revenue for the 1st Quarter: Prairie Meadows -\$7.8 million and for the 2nd Quarter -\$43.3 million. Prairie Meadows reopened June 15, and we've seen some headway; we

opened with a strategic approach and if the Gaming Revenue continues, it's a good indicator for the rest of the year; the non-gaming side of the business (Group Sales, Hotel, and F&B) is soft based on consumer demand, and we'll focus on that. For the first two quarters, the State -\$304 million and Prairie Meadows -\$51.1 million – the State lost \$68 million in revenue.

Action Item – Recommendation from the Executive Committee – Sports Betting Percentage to Polk County. Mr. Neugent said there will be a recommendation from the Executive Committee for the issue of Sports Betting profit – it was not addressed in the Lease as there was no Sports Betting at the time; we've been in discussions with the Board of Supervisors; he'd like Mr. Palmer to discuss the item.

Mr. Palmer said we've been working on this for seven-eight months; Prairie Meadows proposed 5% and the County came up with a larger amount, the County reevaluated and proposed 7%, and after several discussions, we decided to split the difference and agreed on 6%, which we think is fair; staff recommended 6% to the Executive Committee; the County is ready to vote on 6% next week. Mr. Neugent said the discussion was how to get to the net number on net income, and both sides recognized that 6% is fair; the Executive Committee recommends 6%.

Mr. Cooper moved to approve giving 6% of the Sports Betting Revenue to Polk County and the motion was seconded by Mr. Radia. Mr. Neugent said that this agreement involves Polk County, and our position is that the representatives appointed by Polk County abstain from voting; we'll have a Voice Vote and will assume the Polk County representatives will abstain. The motion passed on a voice vote with the Polk County appointees abstaining (Michael Gartner, Frank Marasco, Ken Sagar, and Susan Voss).

Racing Update. Mr. Heldt reported:

- We've had 4 days of Thoroughbred Racing and 16 days of Mixed Racing (Thoroughbreds and Quarter Horses).
- There have been a lot of changes, both regionally and nationally, and Prairie Meadows changed the protocol on jockeys traveling between tracks – no jockeys will be allowed in that aren't in the current colony; if a jockey is in the current colony and travels, they have to quarantine for 14 days and have to provide a negative COVID test; the Racing Office is monitoring other tracks and their protocols.
- There are 1,223 horses on the Backside; 854 of the 940 Thoroughbred stalls are filled and 369 of the 416 Quarter Horse stalls are filled; the unfilled stalls will be redistributed to other trainers already on the Backside.
- Field Size – both breeds are up: Thoroughbred 6.78 vs. 6.37 and Quarter Horses 7.35 vs. 7.0.
- On-Track Handle is soft: Thoroughbreds -\$411,000; Quarter Horses -\$68,000.
- Off-Track Handle is strong: Thoroughbreds +\$4.9 million; Quarter Horses +\$423,000.
- Staff is working with the State Vets and the HBPA on a new heat protocol; in the past, we used the heat index (temperature and humidity), and we're exploring WBGT (temperature, humidity, wind, and solar radiation).

Mr. Neugent said this is a novel time dealing with racing, and staff is doing a great job.

President's Report. Mr. Palmer reported:

- It's a challenging time with COVID and the lack of confidence to be out in public, and we're addressing things one at a time; we're fortunate we've been successful and have reserves; we're moving forward; he hopes normal returns sooner than later.
- Next Board meeting is September 23, and he hopes it will be a live meeting.
- Staff will continue its weekly Conference Calls with the Executive Committee.

Other. None

Adjournment. Mr. Cooper moved to adjourn the meeting, the motion was seconded by Mr. Sagar, and passed on a voice vote. There being no further business, the meeting adjourned at 2:20 p.m.

Respectfully submitted,

Michael Gartner
Its Secretary