

**Monthly Meeting of the  
Prairie Meadows Board of Directors  
December 16, 2020  
2:00 p.m.**

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

Roll Call.

Dennis Albaugh - phone  
Bob Chittenden  
Danny Homan  
Frank Marasco - phone  
Marty Martin - phone  
Gerry Neugent  
Bob O'Hollearn

Suku Radia - phone  
Kurt Rasmussen  
Ken Sagar - phone  
Mary Simon  
Susan Voss  
Marta Codina - absent  
John Irving

Also in attendance were:

Gary Palmer, President/CEO  
Ann Atkin, Senior Vice President/COO  
Brad Rhines, Executive Vice President

Tom Flynn, Legal Counsel  
Nancy Winget, Its Recording Secretary  
Members of the Press, Public, and Staff

Introduce New Board Members. Mr. Neugent said that Danny Homan has been appointed by Labor to replace Mark Cooper, and Polk County announced that Linda Grandquist has been appointed to replace Michael Gartner. Mr. Homan said he's followed Prairie Meadows on the news; he knows he's following a legend – Mark Cooper, and that Michael Gartner just left the Board; he has a lot of respect for those serving on the Board; his union represents the employees that work here; PM is a great establishment; Ed Skinner took him under his wing and was a great mentor; he knows and has worked with Gary Palmer for a number of years.

Welcome Returning Board Members. Mr. Neugent welcomed back Dennis Albaugh and Mary Simon for their second, three year term, noting both are on the Executive Committee.

Approval of the Minutes. A motion was made by Ms. Voss to approve the Minutes of the Annual Meeting of the Prairie Meadows Board of Directors held on November 18, 2020 as written. The motion was seconded by Mr. O'Hollearn, and passed on a voice vote.

Public Comment. None

Lobbyist Report. Troy Skinner said there's not been a lot of activity since his report last month; the Revenue Conference Committee met and increased the estimates for the fiscal year as 2020 gaming revenue was down \$60 million and leaves a hole in the RIF Fund; gaming revenue going forward looks positive at \$283 million; the Republicans released its Committee Chairs; the session starts January 11 and it is the first year of the biennium. Ms. Voss asked about changes

and Mr. Skinner said we've been working on Promo Play for a long time; some legislators want changes due to budget issues and are waiting for the Feds; we'll look at sports betting on e-gaming, but Promo Play is the main thing.

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

Ms. Castelline. Performance Goals YTD November 2020: Net Revenue \$146.2 million; Gaming/Wagering Taxes \$33.8 million; Payroll Expenses \$40.7 million; Operating Expenses \$55.0 million; Net Income before Community Betterment \$16.7 million – November added \$4.9 million to this line and it beat last year. Total Revenue YTD November 2020: Casino \$131.6 million; Sportsbook \$9.1 million; F&B \$4.9 million/ Other \$3.2 million; Pari-Mutuel \$2.7 million; Hospitality \$2.4 million; 86¢ of every \$1 comes from the Casino (Slots, Table Games, and Poker).

Mr. Rhines. 2020 YTD November Casino Revenue: PM was down 30.6% YOY - PM opened two weeks later than the other casinos and that equals approximately \$4 million/week and that would make PM down 26%; the Iowa Casino Average YOY was down 24.9%; the Competitors' Average YOY was down 26.0%; we had revenue challenges in November – a light Hold percentage, the COVID spike, and stringent mitigation efforts (no smoking).

Ms. Castelline. PM vs. Surrounding Markets Casino Revenue 2020 vs. 2019 YTD; PM down 33.6%; St. Louis market -35%; Kansas City market – 29.1%; Omaha/Council Bluffs market - 28.6%; Quad Cities market -29.4%.

Mr. Rhines. YTD 2020 November Sportsbook Handle. PM generated \$19.2 million in wagers or 22% of the Market Share on sports betting as there were more sporting events to bet on; we had a higher than usual Hold at 9.2% compared to the average of 5%-6%; the Sportsbook exceeded our expectations.

Ms. Voss asked if Meskwakis' statistics were available and Mr. Rhine said no – Tribal results are all lumped together. Ms. Voss asked if Meskwaki closed and Mr. Rhines said yes, and reopened smoke free.

Action Item – Three Officers' Compensation – is the compensation in compliance with IRS 4958 for 2019 (reference the external report to determine fair and reasonable salaries). Mr. Radia said this is an IRS requirement; in 2019, PM retained Willis Towers Watson to do a market study, and we also requested WTW give an opinion if our three Officers' compensation fair and reasonable, under the IRS criteria, and since we did that, we felt no study was needed this year; we're competing in a for-profit world, our Officers' are so far below the median, and we felt we could do the study internally this year; Elaine Castelline did an excellent job – she did the research and sent it to the Finance/Audit Committee for a proxy vote, and the committee unanimously determined the compensation is very reasonable, and because the Officers are well below the 50<sup>th</sup> percentile, we'd retain a consultant every five year to do a market study and staff would gather information in the off years. Mr. Radia said the recommendation from the Finance/Audit Committee is that the compensation for the top three officers is fair and reasonable, and that we'd have an external study done every five years – that is the

recommendation and he so moves. The motion was seconded by Mr. O’Hollearn and unanimously passed on a voice vote.

President’s Report. Mr. Palmer reported:

- 2021 Board Committees have been assigned, and Mr. Neugent is passing out the list. Mr. Neugent requested the list be sent to those who were not in attendance.
- It is a challenging time and we want to continue to be safe for our employees and guests; we issued a new Press Release on mitigation through December 31, 2020:
  - Temporary, suspension of all forms of smoking on property for both guests and employees to ensure masks are worn properly for longer periods of time, optimizing personal safety.
  - Food may only be eaten in designated areas. AJ’s Steakhouse, tables in the Finish Line Show Lounge, at the Paddock Grill & Deli, as well as tiered seating near the Paddock are areas where guests may eat.
  - Face masks are required to be worn at all times and entry points have been reduced so staff can monitor guests to ensure everyone has a proper face covering upon entering. Face shields, neck gaiters, and masks with vents will not be permitted.
  - 100% of the air is exchanged every 15 minutes through a two-stage filtration process that includes an anti-microbial treatment.
  - High-grade disinfectants and electrostatic sprayers are used on a rigorous cleaning schedule to sanitize the property.
  - Currently, due to the Governor’s Proclamation, food and beverage sales will conclude at 10 p.m. This policy will be in effect until further notice. The Governor changed this starting today, and bars and restaurants can be open later – guests still need to be seated to eat or drink.
  - The above mitigation is working well for us; customers are coming out, but some are not due to the non-smoking and COVID; the team is optimistic for 2021, we just need to get through the next 60-90 days.

Mr. O’Hollearn asked if the smoking position is similar across Iowa and Mr. Palmer said no, PM is the only casino who did that; our concern is not so much money, but for the safety of our employees and guests; we’ll return smoking when we feel it is safe to do so; Meskwaki reopened with a no smoking policy; we’ve received a lot of comments and people understand why we did this. Mr. O’Hollearn asked about the huge variable in financials and Mr. Palmer said PM is 40% smoking and 60% non-smoking; smoking is allowed only on the 2<sup>nd</sup> floor, in designated area and the rest of the building is smoke-free; the restaurants are no smoking; we have a great HVAC system that exchanges air every 15 minutes.

#### Committee Reports

- Finance/Audit. Mr. Radia said the committee did not meet in person, but as a member of the Executive Committee this was discussed – there were a number of issues this year and it took leadership; Mr. Palmer is a great leader; the Executive Committee unanimously recommends that Mr. Palmer receive a 5% increase, and he so moves. The motion was seconded by Mr. Albaugh. Mr. Neugent noted the Executive Committee unanimously approved Mr. Palmer’s performance and we are in extraordinary circumstances though the first or second quarter of 2021; he fully endorses the motion. The motion unanimously passed on a voice vote. Mr. Palmer thanked the Board, on behalf of staff, for its support; PM leads the industry – PM was

the first to close and the last to open; we paid our employees' salaries and benefits for a long time and we appreciate the Board's support – we couldn't do as well as we do without our employees and this Board.

- Facilities – did not meet.
- Human Resources – did not meet.
- Grants – did not meet.

Other.

- Mr. Neugent noted the 2021 Board Meeting dates were attached to the Agenda; the first meeting in 2021 will be in February.
- Mr. Neugent wished everyone a safe and wonderful Holiday.

Adjournment. Mr. Homan moved to adjourn the meeting, the motion was seconded by Ms. Simon, and unanimously passed on a voice vote. There being no further business, the meeting adjourned at 2:35 p.m.

Respectfully submitted,

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Mary Simon, Its Secretary