

**Monthly Meeting of the
Prairie Meadows Board of Directors
March 24, 2021
2:00 p.m.**

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

Roll Call.

Dennis Albaugh – phone
Bob Chittenden
Linda Grandquist
Danny Homan – absent
Frank Marasco – phone
Marty Martin - phone
Gerry Neugent - phone
Bob O’Hollearn

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

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 February 3, 2021 as written. The motion was seconded by Mr. O’Hollearn and passed on a voice vote.

Public Comment. None

Lobbyist Report. Mr. Palmer said Troy Skinner was unable to attend the meeting, but he reported that there’s not much going on – most is work in progress; the Legislative Update is in your Board packet.

Financials. Elaine Castelline, Vice President of Finance/CFO, and Brad Rhines, Executive Vice President, presented the February Year-to-Date financials.

Ms. Castelline reported:

Performance Goals - February		
	Actual	Prior Year
Net Revenue	\$32.2 million	\$37.1 million
Gaming/Wagering Taxes	\$7.5 million	\$8.6 million
Payroll Expenses (wages, payroll taxes, benefits)	\$7.1 million	\$10.4 million
Operating Expenses	\$6.9 million	\$6.9 million
Net Income before Community Benefit	\$10.7 million	\$11.2 million

Ms. Castelline. Total Revenue YTD February 2021: Casino (Slots, Table Games, Poker) \$28.4 million; Sportsbook \$3.5 million; F&B \$700,000; Pari-Mutuel \$200,000; Other \$800,000; Hospitality \$400,000; 84¢ of every \$1.00 comes from the casino.

Mr. Rhines.

Iowa Market	February YTD	Year-over-Year
Prairie Meadows	\$28.4 million	-15%
Horseshoe	\$28.1 million	-6.1%
Ameristar II	\$25.4 million	-4.7%
Riverside	\$17.2 million	+11.6%
Isle – Waterloo	\$14.2 million	2.5%
Harrah’s	\$9.5 million	-24.9%
Lakeside	\$7.2 million	-7.4%
Wild Rose Jefferson	\$4.8 million	+1.6%
State with Prairie Meadows	n/a	+2.6%
State without Prairie Meadows	n/a	-4.1%

Mr. Radia noted Riverside is up 11.6% and Mr. Rhines said he attributes that to Illinois casinos not being fully opened, and that grew the Eastern side of the state.

Ms. Castelline.

Surrounding Market	February 2021 vs. 2020
Prairie Meadows	-15.0%
St. Louis	-15.5%
Kansas City	-8.3%
Omaha/Council Bluffs	-9.0%
Quad Cities	+3.7%

Ms. Castelline said the St. Louis market is down, probably due to Video Gaming Terminals in gas stations and people are playing there rather than visiting the casinos.

Mr. Rhines. Sportsbook: February 2021 Super Bowl wagers in Iowa \$16.3 million, PM \$2.3 million; Super Bowl wagers in Iowa 2020 \$6.5 million, PM \$1.3 million. PM’s Sportsbook partner is Wm. Hill – PM is not the top Sportsbook in the state, but is the top in total Win. The Iowa Casino average Hold is 5.7% and PM’s average Hold is 8.2% and that generated \$3.3 million in Win; remote registration started 1-1-2021 – each casino had two skins (websites), and some had three, so there’s an increase in Sportsbook providers.

Staff Report – David Kohler, Director of F&B. Mr. Kohler said he’s been on site for seven months (August 20); he was previously in Texas and is appreciative of the opportunity; he’s lived in warm weather areas (Texas, Arizona, Hawaii, Aruba, US Virgin Islands), so Iowa is an adjustment; weather and the environment is a change, but business is not so much of an adjustment.

Mr. Kohler reviewed a PowerPoint presentation:

- Similarities between a membership-driven resort and a local’s driven casino are basically the same - people want consistency, want to be recognized, want staff to know their preferences,

want to be rewarded for their loyalty – staff know what they like to eat/drink, and the property must be clean, safe, and fully functional.

- F&B Departments. Administration*, AJ's, Café at the Meadows, Champions, Culinary (main kitchen, bake show, porters, DMOS)*, Daily Double Deli, Homestretch, Hop's Lounge, The Finish Line, Meadows Market (Employee Dining Area)*, The Paddock, Prairie Coffee Company, Receiving and Distribution (Commissary)*, Starting Gate Bar, Triple Crown Buffet (closed at this time), and Winner's Circle Bar; F&B is a complex operation with 16 departments, and all but four departments (*) are revenue generating departments.
- The department consists of 135 employees and that number will grow with Racing and Banquets starting up; F&B has many tenured employees that have 133 years of PM experience – Sheri Hansen– 24 years, Steve Weiermann – 15 years, Zach Hitchcock -15 years, Chris DeJoode – 25 years.
- 2021 Budget. \$11,781,433; not all outlets opened as planned.
- Each department within F&B has its own profit and loss statement and outlets are run to be profit centers.
- Expenses – F&B is an expense heavy department with expenses of approximately \$11 million.
- In 2020, the restaurant industry was down \$204 billion; restaurant employees down 3.1 million, and 110,000 restaurants closed.
- What's Next for AJ's. AJ's is now open five nights, has a new expanded menu with some lighter fare items, new expanded dessert menu, Crab Legs on Fridays during Lent, Easter Brunch – ala carte menu, Mother Day Brunch, Wednesdays – 3 course dinner for two for \$50, will have a Party Room by expanding into the buffet. AJ's had its highest guest satisfaction score in February of 4.6 and it's 4.89 through mid-March – he's proud of the ratings.
- Banquets will start in April – we're taking a cautious, but optimistic approach and will focus on smaller groups, daytime meetings, boxed lunches, no bar service (due to social distancing).
- Café at the Meadows will reopen April 15, and it will target hotel and convention guests, and local residents.
- Live Racing starts April 30 and the Kentucky Derby is the next day – Hop's Lounge and the Homestretch will be open with expanded menu offers and fun things for families; Champions on the 4th floor will be open and we're partnering with Joanie Bell (Rib Shack), we're not selling Season Tables this year, but the area will be open for seating.
- Expectations of non-gaming entities: be profitable, provide great guest service, employee satisfaction to reduce turnover/increase retention, challenge the status quo – good enough is not enough, and don't do anything to jeopardize the brand/reputation/license.

Mr. Albaugh asked if the Backside Kitchen would be open this year and Mr. Kohler said no, we streamlined the approach last year, and are using Canteen again this year – Canteen provides a wide variety of food items. Ms. Grandquist said she's been on the Board before, and this was the best F&B presentation she's heard – it provided a lot of information. Mr. Kohler said he's appreciative of the opportunity to be at Prairie Meadows and great things are happening, and there's more to come.

President's Report. Mr. Palmer reported:

- We're back to reality and are doing things slow and methodically (protocols and business) as there are a lot of unknowns; PM is safe and health conscious for its guests and employees;

smoking was stopped for a while; a quote from his Dad, “it’s not where you start, it’s where you end”.

- PM gave money to the Food Bank, DMARC, and United Way; the Food Bank of Central Iowa distributed over 178,000 pounds of food to 13,430 individuals; we’ve had a lot of positive comments and it was good press for PM; thank you to the Board for making this happen.
- Racing. The Backside opens April 2 and the first day of Racing is April 30.
- Staff discussed the problem of getting employees with the HR, Finance/Audit, and Executive Committees; all companies in the area are after the same pool of people; interviews are scheduled and people don’t show up; staff recommended to the Finance/Audit Committee to increase the starting wage as the starting wage at Amazon, Target, Walmart, etc. is \$15.00; staff has talked to the three unions and they agreed, but said we need to be conscious of feedback from long time employees; PM lost \$70 million last year and we have some making up to do; business is coming back and we need employees for guest service. Ms. Voss asked if there are specific positions needed and Mr. Palmer said we’re having problems filling positions all across the board – there’s a small pool of people, and some don’t want to work; area businesses are gearing up, and we need a reason for people to stop by.
- Staff reviews mitigation protocols every 30 days, and since the Governor relaxed requirements, changes to current protocols are: we removed some Table Games barriers; opened up more Slots; the Café at the Meadows will open April 30 for breakfast and lunch (eat in or to go, no table service); Photo Line Bar (hotel) will open April 30; Valet and Coat Check will remain closed; April 30 - gaiters and bandanas will be allowed (some type of face covering required); the Backside opens April 2 and we worked with the horsemen on the protocols; Finish Line Bar will be open on weekends starting April 30, no live entertainment at this time; the Convention Center opens April 1; the shuttle will stop running April 30; an outside break area for employees will open April 30; we’ll not be open 100%, but we’re working toward that – the health and welfare of our guests and employees is very important to us.
- The next Board Meeting is April 28.

Ms. Grandquist noted Prairie Meadows has always paid good wages and Mr. Palmer said casinos have to pay 25% above the standard starting wage, and PM has been above that; PM has good wages and benefits; staff is very optimistic about 2021 and we’re up for the challenge; people are getting vaccinated, and we’ll continue to be safe by requiring masks and social distancing.

Committee Reports

- Finance/Audit. Mr. Radia said the committee met on Monday, and reviewed legal matters – there is nothing extraordinary or no significant issues, approved the 6 Month Audit Plan, and approved the following four items:
 - Accepted the Audit Report and it will be distributed to the Board after it’s delivered to the IRGC.
 - Approved \$2.2 million for the Capital Reserve Account; \$1.5 million will be needed for the marquee signs and the chiller plant, and that will leave a balance of \$13 million; PM is a large and aging facility.
 - Approved the “Most Likely” budget scenario for 2021 (\$37 million).
 - Approved Deloitte as the audit firm for the next three years – the fees are reasonable; Ms. Castelline and team did a great job – it was a smooth process and was done virtually.

- Mr. Neugent moved approval of all four items just described by Mr. Radia. Mr. O’Hollearn asked if the wage increase was factored in and Mr. Radia said effectively yes, there’s always some variation, but it’s won’t be enough of a material amount to change the budget. The motion was seconded by Mr. Marasco and unanimously passed on a voice vote.
- Facilities. Mr. Chittenden said the committee met on February 16; the ventilation cleaning is done; the South entrance is being refreshed; the air handling unit was replaced – it is the most up to date unit for fresh air handling; hotel renovation will be an \$8 million project, and the money has been set aside; after the meeting, he toured the new and old hotel rooms – the new rooms are very impressive. Mr. Radia noted it takes a lot of money to keep up the facility, and PM has never had to borrow money – kudos to staff.
- Human Resources. Mr. O’Hollearn said the committee met on March 22 and reviewed and approved the 2021 Incentive Plan; the plan was approved in 2020 using information from the 2019 Compensation Study, but wasn’t implemented due to COVID; this effects 200 employees; goals are set annually – it’s a performance-driven plan.
 - Mr. O’Hollearn moved to approve the 2021 Incentive Plan, the motion was seconded by Mr. Rasmussen, and unanimously passed on a voice vote.
- Grants. Ms. Simon said the committee met on February 19, and discussed the allocation of Community Betterment Grants, the split, what to do with 2019 Legacy applications (we received 25 applications for a total of \$12 million last year, the committee wants to use those applications for this cycle if the budget is viable), and Community Betterment applications need to be resubmitted – we anticipate receiving 400-500 as there is a need. Ms. Voss said the committee wants to be clear on Legacy applications as a lot has happened – some withdrew and some no longer need funding, and there may be a difference in Legacy; Ms. Simon said there were 25 applications, one withdrew, and there may be others.
 - Ms. Simon said there are three Action Items, and the recommendations from the committee are:
 - \$4 million for Grants
 - Split: Legacy \$2.5 million, Community Betterment \$1,250,000, Youth Sports and Recreation \$250,000.
 - Applications. Use previously submitted Legacy applications, and accept new Community Betterment applications.
 - Mr. Sagar moved approval of the three items just described by Ms. Simon, the motion was seconded by Mr. O’Hollearn, and unanimously passed on a voice vote.

Other Business. None

Adjournment. Mr. Sagar moved to adjourn the meeting. There being no further business, the meeting adjourned at 3:15 p.m.

Respectfully submitted,

Mary Simon, Its Secretary