

**Monthly Meeting of the
Prairie Meadows Board of Directors
July 25, 2018
2:00 p.m.**

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

Roll Call.

Dennis Albaugh - absent
Mark Cooper
Michael Gartner
E. J. Giovannetti
Lisa Moody-Tunks
Gerry Neugent
Suku Radia
Kurt Rasmussen

Bob Chittenden
Paul Rogness
Mary Simon
Karen Novak Swalwell
Martha Willits - absent
John Irving
Gene Meyer

Also in attendance were:

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

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 Mr. Gartner to approve the Minutes of the monthly meeting of the Prairie Meadows Board of Directors held on June 27, 2018 as written. The motion was seconded by Mr. Chittenden and passed on a voice vote.

Public Comment. None

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

Ms. Castelline: The first six months showed a positive experience; in June, all outlets met or exceeded budget:

Performance Goals June 2018 Year-to-Date	
	Exceeds/Below Plan
Casino Revenue	+3.4%
Total Revenue	+3.9%
Net Revenue	+3.9%
Operating Expenses	Under plan 2.8%

Mr. Rhines reviewed a new slide – Casino Revenue, 2016-2018; the IRGC just finished its fiscal year and progress has been made since 2015; PM topped \$200 million in Gaming Revenue – that’s the highest in the state and a high for PM; PM had a \$18.7 million increase from FY 2016

and seven of the 12 months had all time records in FY 2018. The next slide is 2nd Quarter Casino Revenue, 2016-2018; the was PM’s best quarter; PM has had two back-to-back \$51 million quarter; 4th Q 2017, 1st Q 2018, 2nd Q 2018 are the top quarters in PM’s history; we’ve had nine consecutive quarters with year-over-year growth; we’ve had 24 consecutive months of having the 1st, 2nd, or 3rd best months; we’ve never had a \$50 million 3rd or 4th quarter and that’s our goal.

Ms. Castelline reviewed the Total Revenue YTD June 2018 slide; YTD, we’ve exceeded budget \$4.3 million and that’s up \$7.6 million to the prior year. Mr. Rhines reported Casino, Table Games, and Poker Revenue was \$103.1 million and that’s 87¢ of every \$1 earned.

Ms. Castelline reported on Hotel Occupancy. The hotel was slightly under budget due to the Skinner Ballroom being closed for remodeling and less convention business; 300 additional rooms have been added to the area since last year; we will have information on the new downtown hotel for the August report. Mr. Rhines said the hotel revenue was down to budget, and we focused on putting the right casino guest in the hotel – F&B Revenue peaked to an all-time high due to hotel occupancy.

	June 2018	June YTD
Prairie Meadows	90.6%	77%
Des Moines area	74.3%	58.3%
Competitive set	76.3%	61.5%
Altoona	83.4%	65.9%

Mr. Rhines reviewed the June 2018 YTD State Casino Revenue statistics, year over year:

Iowa	
Prairie Meadows	+6.7%
Horseshoe	+3.5%
Ameristar	-2.3%
Harrah’s	-1.8%
State	+0.1%
State without Prairie Meadows	-0.9%

Region	
St. Louis	+1.1%
Kansas City	-0.3%
Omaha and Council Bluffs market	-0.1%
Quad Cities	-1.8%

Ms. Castelline said the following departments had an all-time record June in the most recent four years: Coin-in, Casino Revenue, Table Game Revenue, F&B Revenue, TCB Revenue, AJ’s Revenue, Café Revenue, Casino Bars Revenue, and Prairie Coffee Revenue. The following were top performing areas in the most recent four years: Attendance, Slot Revenue, Poker Revenue, Average Win/Guest, and Paddock Revenue.

Action Item – Bridges of Iowa. Mr. Gartner moved to award the \$425,000 unallocated Legacy Grants funds to Bridges of Iowa. The motion was seconded by Mr. Neugent and unanimously passed on a voice vote. Mr. Jackowski thanked the Board for the grant and said that PM is doing well - kudos to Mr. Palmer and the Grants Committee; the Grants Luncheon was wonderful.

Racing Update. Derron Heldt, Director of Racing, reported:

- We had three significant events in July:
 - July 3 – fireworks; post time was 4:00 p.m. and over 20,000 were in attendance.
 - July 5-6 – Festival of Racing; jockeys, trainers, and owners from all over the country came in; three-day festival in 2017 = \$2.8 million in handle all source and the two-day festival in 2018 = \$3.4 million in all source handle; the highlight was the Cornhusker Race which was won by a local horse (Remember Rita), owner Doug Anderson, and jockey Alex Birzer.
 - Thank you to all Directors and departments for helping make these events happen.
 - July 15 - Camel, Zebra, Ostrich races; over 20,000 were in attendance.
- Racing Club – the horse ran one time and finished sixth; the horse will run on Saturday in a 1 mile 70 yards Claiming race.
- Thoroughbred Meet – there are three weeks left of this meet; August 11 is the Iowa Classic with post time at 4:00 p.m.; there'll be 9-10 all Iowa-Bred races and seven Stakes Races; the horses are the best of the best.
- Transition between Thoroughbred and Quarter Horse Racing and getting horses in and out of the barns.
- Quarter Horse Meet starts August 18; we received 700 stall applications and expect 550 horses.

President's Report. Mr. Palmer reported:

- Yesterday was the Grants Luncheon and Michael Gartner was the Guest Speaker.
- July 27 – Board Night at the Races; Backside Tour starts at 5:30 p.m., dinner starts at 6:30 p.m. in the Prairie Rose Room on the 4th floor.
- August 5 – Family Day at the Races.
- August 8-11 – Iowa Classic and the end of Thoroughbred Races.
- August 18 – Quarter Horse Meet starts.
- Read a letter from the American Red Cross thanking PM for the \$10,000 donation to help tornado victims in Bondurant, Marshalltown, and Pella.
- Ran a film clip recapping the 2nd Quarter.

Committee Reports.

- Finance. Mr. Radia said the Board heard the financial report – PM is having an excellent year.
- Facilities. Mr. Giovannetti said the committee did not meet, but he has an update: the first phase of the Events Center remodel (Skinner Ballroom) will be turned over to Hospitality at the end of the week; the final phase started today, with a completion date of mid-September; the project is on track and on budget; thank you to Dustin VandeWeerd for providing the update.

- Audit. Mr. Radia said the committee meets quarterly and he gave a report last month; we're close to hiring a second Internal Auditor.
- Human Resources. Mr. Rasmussen said the committee didn't meet.
- Grants. Mr. Cooper said the committee didn't meet; we heard great comments from Mr. Gartner at the Grants Luncheon yesterday; thank you to staff and members of the committee who helped with this project – Julie Stewart, Tony Guzman, Theresa Pinkerton, Eddie Llambias, Gene Meyer, Bob Chittenden, John Irving.

Action item – Change November meeting from November 14 to November 28, 2018 and Finance Committee to November 26, 2018. Mr. Palmer said this is a request to hold the meetings after Thanksgiving to give staff time to get the financials together. Mr. Rogness moved to approve the changes. The motion was seconded by Mr. Cooper and unanimously passed on a voice vote.

Action Item – 2019 Meeting Dates. Mr. Cooper moved to adopt the proposed 2019 six meeting dates, and the motion was seconded by Mr. Neugent. Mr. Neugent has concerns with six meetings due to the nature of the company formation and Open Meeting Laws; six is too few for an operation of this size; he likes nine meetings. Several Board members agreed with nine meetings. Mr. Gartner would like to amend the motion to nine meetings, and the motion was seconded by Ms. Moody-Tunks. Mr. Cooper's motion for six meetings unanimously failed on a voice vote. Mr. Gartner's motion for nine meetings unanimously passed on a voice vote. Mr. Palmer said staff will review the calendar and send out a revised schedule.

Other Business. None

Closed Session – Iowa Codes 21.5(1) and 22.7(27) – Marketing and Advertising Budget and Strategy. Mr. Giovannetti moved to go into a Closed Session under Iowa Code Sections 21.5(1) and 22.7(27) to review the Marketing and Advertising Budget and Strategy. The motion was seconded by Mr. Cooper and passed on a roll call vote (10 yes, Mr. Gartner no, 2 members absent). The Board went into a Closed Session at 3:50 p.m.

Open Session. Mr. Cooper moved to go back in Open Session at 4:20 p.m. The motion was seconded by Mr. Neugent and unanimously passed on a voice vote.

Adjournment. Mr. Cooper moved to adjourn the meeting, the motion was seconded by Mr. Neugent, and unanimously passed on a voice vote. There being no further business, the meeting adjourned at 4:20 p.m.

Respectfully submitted,

Martha Willits, Its Secretary