

**Monthly Meeting of the
Prairie Meadows Board of Directors
December 15, 2021
3:00 p.m.**

The Monthly Meeting of the Prairie Meadows Board of Directors was called to order by Mr. Radia in the James Rasmussen Board Room at Prairie Meadows in Altoona, Iowa at 3:00 p.m.

Introduce New At-Large Board Member – Dr. Steven Neville. Mr. Radia welcomed Dr. Neville to the Board and requested he do a self-introduction. Dr. Neville said he opened his dental practice in Bondurant 10 years ago with only one staff member – there are now three dentists, numerous hygienists, and office staff; he would like to help the organization move forward and provide assistance; he has no agenda and believes in the “two ears and one mouth” rule – learn his role first; he appreciates the internal At-Large Committee for taking the time for his interview; he’s very excited to be here.

Welcoming Returning Board Members: Marty Martin (At-Large) and Susan Voss (Polk County). Mr. Radia noted the two Board members were reappointed and welcomed them back to the Board.

Roll Call.

Dennis Albaugh - absent
Bob Chittenden
Linda Grandquist - phone
Danny Homan – Zoom
Frank Marasco – Zoom
Marty Martin - Zoom
Gerry Neugent
Steven Neville

Bob O’Hollearn – Zoom
Suku Radia – Zoom
Ken Sagar
Mary Simon
Susan Voss - Zoom
Marta Codina - absent
John Irving

Also in attendance were:

Gary Palmer, President/CEO
Ann Atkin, Senior Vice President/COO
Michele Wilkie, Senior Vice President/CAO

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 Annual Meeting of the Prairie Meadows Board of Directors held on November 17, 2021, as written. The motion was seconded by Ms. Simon and passed on a voice vote.

Public Comment. None

Lobbyist Report. Troy Skinner reported:

- The IGA plans to introduce three pieces of legislation this year:
 - E-Gaming: wagering on E-Sports, charitable events (i.e. celebrity golf tournaments), and specific events (i.e. the Heisman Trophy).

- Clarify casino liability waiver protection in regards to the debt offset/self-exclusion programs.
- E-Wallet: allows patrons to reload their mobile app by phone with funds while on the casino floor.
- There’s a push for I-Gaming. The sports betting companies are really pushing for internet gaming on all games; the small casinos are for I-Gaming, local casinos are against it.
- Several legislators are retiring due to redistricting: Representatives Gary Worthan, Bruce Hunter, Marti Anderson, Terry Baxter, Ross Paustian, Jo Oldson, Holly Brink, Mary Masher. Senators: Craig Williams, Ken Rozenboom, Joe Bolkcom.

Mr. Palmer said the Executive Committee discussed I-Gaming, and staff briefed the committee on its thoughts and the IGA Conference Call last week – we are against I-Gaming and it’s bad for the community. Mr. Skinner agreed and said many are concerned about having a long-term plan that doesn’t go away.

Financials. Elaine Castelline, Vice President of Finance/CFO, reviewed the November YTD financials:

November 2021 Year-to-Date	
Net Revenue	\$222.9 m
Gaming/Wagering Taxes	\$51.8 m
Payroll Expenses	\$44.2 m
Operating Expenses	\$53.4 m
Net Income before Community Benefit	\$73.3 m
	\$20.4 m will go back to the community (Polk County, City of Des Moines, Polk County schools, Grants).

Total Revenue, November YTD: Casino \$206.2 m (88¢ of every \$1.00 comes from the casino); Sportsbook \$10.3 m; F&B \$5.7 m; Pari-Mutuel \$3.3 m; Other \$4.2 m; Hotel and Conference Center \$4.5 m. Prairie Meadows had eight record months, and the ninth month (November) missed by \$50,000; all areas exceed the upside budget to-date.

Top Performing Revenue Areas – Most Recent 4 Years. Slots, Coin-in, Prairie Coffee Company, Paddock, Café at the Meadows. The first four areas had their best month ever, and the Café missed by \$1,500.

Iowa Market	
Prairie Meadows	\$206.4 m
Horseshoe	\$186.9 m
Ameristar II	\$165.8 m
Riverside	\$115.9 m
Isle – Waterloo	\$81.2 m
Harrah’s	\$66.7 m
Lakeside	\$48.4 m
Wild Rose Jefferson	\$32.9 m
Iowa Casino average vs. 2019	19.5%
Competitors’ average vs. 2019	14.7%

Surrounding Markets vs. 2019	
Prairie Meadows	+9.1%
St. Louis	-0.2%
Kansas City	+7.9%
Omaha/Council Bluffs	+14.2%
Quad Cities	+19.6%

Ms. Castelline will provide Nebraska casino information when the casinos come on-line.

Sportsbook – November YTD. Iowa Casino average Hold 5.7%; Prairie Meadows average Hold 4.6%. Mr. Martin asked about Caesar’s/Wm. Hill marketing directly to consumers and Ms. Castelline said for the initial sign-up, consumers had to go to a casino, but as of 1-1-21, consumers can register by phone; this represents retail on the 4th floor and at five other properties; untethered means consumers registered on-line. Mr. Martin asked if there is no jurisdictional boundary and Ms. Castelline said that was correct, consumers just need to be within the state. Mr. Palmer said Prairie Meadows has a promotional code, and we get credit if it’s used, if no code is given, everything goes to Caesar’s. Mr. Radia asked why FanDuel is higher than the rest of the companies and Ms. Castelline said her guess is that some of it is that Iowa requires promotions (bet \$100, get \$100) be included in the wagering numbers.

Action Item – Incentive Plan Resolution. Mr. Radia noted a copy of the Resolution was included in the packet. Mr. Neugent said the Resolution is needed for IRS purposes to be able to include the amount in this tax year; the incentive plan is based on performance, and the Resolution Incentive amount is up to \$3,050,000. Mr. Neugent moved to approve the Resolution, the motion was seconded by Ms. Simon, and unanimously passed on a voice vote.

Action Item – Internal Revenue Code Section 4958. Mr. Radia said this is a requirement that the Board does every year. Mr. Neugent said it is a non-profit determination that compensation to the CEO and other top employees is reasonable; we had a comprehensive study done three years ago, along with a third-party opinion, and we were well within the reasonable range; Ms. Castelline just checked and assured the Executive Committee that the compensation for the top employees is within the reasonable compensation area. Mr. Neugent moved to take action to approve Board certification that the top Prairie Meadows’ employees are reasonably compensated under Section 4958, the motion was seconded by Mr. Chittenden, and unanimously passed on a voice vote.

Action Item – Engage Carlson Group for CEO Search. Mr. Radia said there have been several meetings; Mr. Palmer is retiring at the end of 2023 and we need to think about the Succession Plan and a search firm; engaging the Carlson Group to do the search is subject to Board approval, and if approved, Carlson will issue an engagement letter; Carlson is a local company and we want a company that is qualified to do the search; the Executive Committee met with Greg Carlson and the committee’s recommendation is to engage Carlson Group; Mr. Neugent has been very involved in the process.

Ms. Voss asked the ceiling on payment, and has this company done this type of gaming engagement before? Mr. Neugent said the company has not done a gaming search before; the

standard compensation is 1/3 of the first year's base salary and bonus, but we negotiated it down to 30%; there is no engagement letter in place until the Board approves; this is a unique situation and position; Mr. Palmer has also been involved in the meetings with Greg Carlson. Ms. Voss asked if there is a need for Carlson to reach out to other groups that understand the industry and a non-profit? Mr. Neugent said Carlson has affiliations with other groups, and we checked locally, and no one else had experience in casinos; we thought using a local firm is significant due to the culture of a non-profit, Iowa, and the relationship with Polk County; he's never used Carlson, but is impressed with the group; Mr. Radia has used Carlson. Mr. Radia said Carlson did very well.

Mr. Sagar likes a local firm for the search and suggests interviewing potential candidates within the facility first as this is a unique situation – the ownership and relationship with Polk County, and someone who labor is comfortable with; whoever gets the position has to have the characteristics that Mr. Palmer has.

Mr. Homan supports the comments from Ms. Voss and Mr. Sagar; he was involved with helping get Prairie Meadows in Altoona; he's concerned with the parameters the search committee has – it needs to be spelled out (i.e. the pecking order) – look in-house first and if that person is qualified and the Board likes that person, there's no need to do a search; if the Board doesn't like the person, then look within Iowa; don't do a national search first and don't bring in someone who doesn't know PM's history, the relationship with Polk County, Des Moines, schools, Grants; PM was created to make the DM metro a better place to live, and we can't lose that; the unions and the community partners were involved in getting PM; the parameters and guidance needs to be firm – look in-house first and then look within Iowa second; we need a young Gary Palmer – someone with the same skills and personality; he's walked the halls of PM with Mr. Palmer and he treats everyone the same – that day, he stopped to talk to a janitor – we don't need a Las Vegas person.

Mr. Radia said he appreciates the valuable input, and that's why Mr. Palmer is involved, and we want to start soon; the new person needs to spend a fair amount of time with Mr. Palmer to learn the history, the community, etc., not just the casino side; we'll continue to work with the firm to do this.

Mr. Neugent said we did specify vetting early any potential in-house candidate.

Ms. Grandquist agreed with what has been said – experience is not just operating the hotel, casino, or restaurant; PM is a family and works together with the community and non-profits; she hopes to find an in-house or Iowa candidate.

Mr. Radia said these were good points, and are consistent with the thinking of the committee.

Ms. Simon moved to approve the Carlson Group for the CEO Search, the motion was seconded by Mr. Neugent, and unanimously passed on a voice vote.

Action Item - Change the Annual Meeting Date. Mr. Radia said the By-Laws state the Annual Meeting is to be held the third Wednesday of November; he has a conflict with the Wednesday date, and would like to move the meeting to November 17; this is a formality, but the change

needs Board approval. Mr. Chittenden moved to change the Annual Meeting to Thursday, November 17, the motion was seconded by Mr. Martin, and unanimously passed on a voice vote.

Committee Reports

- Finance/Audit. Action Item – 2022 Salary Increase for Gary Palmer. Mr. Neugent said the Finance/Audit Committee and the Executive Committee reviewed this item; PM has had a wonderful year, and the recommendation is a 5% increase on base salary, which is consistent with past years and the whole compensation structure at PM. Mr. Neugent moved, based on the recommendation from the Finance/Audit Committee and the Executive Committee, a 5% increase for Mr. Palmer, the motion was seconded by Mr. O’Hollearn, and unanimously passed on a voice vote.
- Facilities. Mr. Chittenden said the committee did not meet.
- Human Resources. Mr. O’Hollearn said the committee did not meet.
- Grants. Ms. Simon said the committee did not meet.

President’s Report. Mr. Palmer reported:

- Committee Assignments. Mr. Palmer said he worked with Mr. Radia on this, and he contacted the Committee Chairs and they agreed to accept the assignment; the information was handed out to those in attendance, and for those not in attendance, a copy will be in your next Board packet.
- Holiday Dinner. Apologies to everyone for cancelling tonight’s dinner due to the weather.

Other.

Mr. Radia noted the meeting dates for 2022 are listed on the Agenda.

Mr. Marasco said looking at the financials and the year, congratulations to Mr. Palmer and staff – it’s been a tremendous year; great job by everyone; he’s grateful to be on the Board; Merry Christmas; he’s sorry not to be in-person at the meeting.

Mr. Radia wished everyone a Happy Holiday; congratulated the team for the great year; he’ll feel even better when we get the numbers from the auditors.

Adjournment. Mr. Homan moved to adjourn the meeting. There being no further business, the meeting adjourned at 3:45 p.m.

Respectfully submitted,

Mary Simon, Its Secretary