

**Monthly Meeting of the  
Prairie Meadows Board of Directors  
April 26, 2017  
2:00 p.m.**

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

Roll Call.

Mark Cooper

Michael Gartner – arrived during Lobbyist Report

E. J. Giovannetti

Linda Grandquist

Lisa Moody-Tunks

Gerry Neugent

Jack Peters

Suku Radia

Kurt Rasmussen

Paul Rogness

Karen Novak Swalwell - absent

Martha Willits - absent

John Irving

Gene Meyer

Also in attendance were:

Gary Palmer, President/CEO

Ann Atkin, Vice President/COO

Brian Wessels, Vice President/CFO

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. Cooper to approve the Minutes of the monthly meeting of the Prairie Meadows Board of Directors held on March 22, 2017 as written. The motion was seconded by Ms. Moody-Tunks and passed on a voice vote.

Public Comment. None

Lobbyist Report. Mr. Skinner reviewed the April 2017 Legislative Update: the session ended last Saturday, April 22; the Governor has 30 days to act on legislation once the session has concluded. Bills of interest: HF462 – Confidential Records was signed by the Governor; SF442 Five Year Self-Exclusion was sent to the Governor; HF568 Horse Drug Standards was signed by the Governor; SF509 Gaming Enforcement Appropriations/Radios was sent to the Governor; HF517 Carrying Weapons was signed by the Governor (we're not sure how this will affect casinos); HSB52/SSB1183 Daily Fantasy Sports died – this will continue to be looked at.

Financials. Mr. Wessels reviewed the March 2017 YTD financials: Net Revenue better than plan 2.4%; Total Expenses better than plan 1.3%; Net Income before Community Betterment better than plan 12.7%.

<b>Licensee Comparisons</b>		
<b>Property</b>	<b>Net Win 2016 vs. 2017</b>	<b>Slot Hold YTD</b>
PMRC	+3.8%	8.07%
Council Bluffs Market (Horseshoe, Harrah's and Ameristar)	-0.5%	n/a
Horseshoe/Harrah's	n/a	10.67% / 10.38%
Ameristar	n/a	9.88%
Lakeside	n/a	11.13%
Wild Rose - Jefferson	n/a	9.32%
State as a whole	+0.8%	n/a
State without Rhythm City and Isle of Capri Bettendorf	-1.2%	n/a
Kansas City market	-2%	n/a
St. Louis market	+0.4%	n/a

<b>Hotel Occupancy</b>	<b>PM vs. Market</b>	<b>DM Market</b>	<b>Competitive Set</b>
YTD	67%	54.2%	60.4%

<b>Performance Goals March 2017 Year-to-Date</b>	
	<b>Exceeds/Below Plan</b>
<b>Casino Revenue</b>	+2.4%
<b>Total Revenue</b>	+2%
<b>Net Revenue</b>	+2.4%
<b>Operating Expenses</b>	-3.1%

Mr. Wessels said we've had a great first quarter and Mr. Gartner asked what that is attributed to; Mr. Wessels said the new Marketing program (club cards) and good weather; Mr. Palmer said we have a super team and they give 100%, we're staying ahead of the curve, we have a clean and friendly facility, and we will continue to work hard. Mr. Peters said it's a little bit of everything – the Marketing concept is very impressive, along with the new card program and communication with guests, the facility is clean and safe, we have a Racing program, the area is in a growth mode, and the new Racing Club, which has 90 participants who own a piece of a horse – if you haven't done so, you need to spend some time out here. Mr. Palmer said there will be a new feature during the President's Report – a video that shows a quick look at the last quarter – our people are doing a wonderful job and there's a metamorphosis in Central Iowa with a lot of things to do now; we maintain and increase our numbers every year with the same population and we want to make Prairie Meadows exciting and give the guests a great experience. Ms. Grandquist concurred with Mr. Peters – it's a little bit of everything.

Racing Update and Staff Report. Derron Heldt, Director of Racing, reported:

- Staff Update. There are five departments within Racing:
  - Racing – the office is on the Backside and it is the nerve center for entries, programs, checking owners and trainers, drawing for post times, the morning line (odds) for the programs; some staff work in State appointed positions and check things like horse identification, equipment, and jockeys' weight; about 50 employees come from other tracks and states.
  - Mutuels – this department takes bets, both live and simulcast, from over 20 tracks daily (Thoroughbred, Quarter Horse, Harness, and Dog) – it's a good mix and we have a lot of regular guests; there are a lot of IRGC reports required; in the Fall, staff works with Marketing on promotions for the next year (i.e. Pig and Weiner Dog Races).
  - Racing Center is located on the 4<sup>th</sup> floor – this department sells 30,000 forms and programs a year; it offers education on how to bet; works with the Sales Department (i.e. birthday parties – getting their picture taken in the Winner's Circle); enrolls people in the new Prairie Gold Rewards Club program.
  - TV Department – the department went fully HD a year ago; it is located on the 5<sup>th</sup> floor; it is responsible for Photo Finish (the order in which horses finish in a race which is used to pay bets and to pay the horsemen's purse accounts) and for the digital signage displays on the North and South monument signs.
  - Grounds – this department takes care of 233 acres (140 grass, 80 concrete and asphalt, 2 acres of sidewalks, and a 5 acre pond); plants 400 flats of flowers each year; there are 60 species of trees; the department is responsible for mowing, spraying, aerating, and mulching, snow removal, and the outside Christmas decorations.
  - Track Maintenance is responsible for the Main Track and the Training Track; the crew starts at 3:00 a.m. every day and is finished by 6:00 a.m. so training can start; the top 6" of the surface is important, it consists of 3" of "fluff" material to lessen the impact and the next 3" is sand, silt and clay which helps the horses get traction; we want a safe and uniform surface; the Main Track is one mile; we added a new safety rail last Fall and have had great reviews; the crew also works in the barns in the Winter, and helps with snow removal.
- Racing Update
  - The first night of Thoroughbred Racing starts Thursday at 6:00 p.m.; there are 966 horses and 62 trainers on property – we're approximately 200 horses short, but they continue to come in; we've had three days of entries – Thursday has an average of 9.8 horses per race and Friday has an average of 8.2 horses per race; we have more jockeys than we've had in 4-5 years.
  - The second week of Racing is the Kentucky Derby, and Dennis Albaugh has a horse, J Boys Echo, that will be running.
  - There's a new trainer, Miguel Hernandez, whose horse, Conquest Mo Money, is eligible for the Kentucky Derby, but has decided to race him in the Preakness; the horse was purchased for \$8,500 and has already earned \$500,000; the horse is on the

Backside and will continue to train here until the Preakness; he'll probably work out tomorrow.

- Lynn Chleborad has an Iowa-bred horse, Chanele's Legacy, who took second in the Fantasy at Oaklawn Park and is pointing to the Kentucky Oaks.
- Another Iowa-owned horse, Apprehender, from the Robson Family will be going to Kentucky to run the Kentucky Derby weekend..
- The Racing Club now has 90 owners; Kelly Von Hemel is the trainer; the club was unsuccessful in claiming a horse at Oaklawn, but has the paperwork in to claim a horse at PM.

Action Item – Recommendation from the At-large Committee and Election for one (1) At-Large member. Mr. Rogness said three of the At-Large representatives (Linda Grandquist, Kurt Rasmussen, Paul Rogness) interviewed two candidates and the recommendation is Bob Chittenden - Mr. Chittenden lives in Altoona, has horse experience, and is a banker. Mr. Rasmussen moved to approve Mr. Chittenden, the motion was seconded by Mr. Peters, and passed unanimously on a voice vote.

Action Item – Community Betterment Grants Disbursement. Mr. Cooper thanked the Grants Committee (Gene Meyer and John Irving) for their invaluable assistance in the process, Julie Stewart, Michele Wilkie, and Clint Pursley, and Linda Grandquist and the Executive Committee. Mr. Meyer said it was a rewarding experience and there was a lot of reading; Mr. Irving said it was nice to fund the requests and he hopes the organizations are happy with the results. Mr. Cooper said there were 20 Legacy requests totaling \$8.6 million and 17 were funded totaling \$3 million – five were fully funded; there were 335 Community Betterment requests totaling \$7.6 million and 209 were funded totaling \$2 million – 94 were fully funded. There being no questions, Mr. Giovannetti moved to approve the Grants Disbursement, the motion was seconded by Mr. Peters, and unanimously passed on a voice vote.

Action Item – Legacy Grants Disbursement. Ms. Moody-Tunks thanked Julie Stewart and noted the presentations were valuable in assisting the Board in rating the projects; Mr. Gartner thanked Julie Stewart; Mr. Irving said the presentations helped with scoring and being able to ask questions. Mr. Neugent moved to approve the Legacy Grants Disbursement, the motion was seconded by Ms. Moody-Tunks, and unanimously passed on a voice vote. Mr. Gartner suggested adding a column to include the amount requested.

President's Report. Mr. Palmer reported:

- Easter. Mr. Willey, Director of Hospitality, said we served 2,800 people.
- Thoroughbred Racing starts April 27
- Upcoming Entertainment: May 12 – Rodney Carrington (sold out) and May 26-27 – Elvis Explosion –Elvis Tribute
- May 5 - Board Night at the Races (5 p.m. tour, 6 p.m. dinner – Prairie Rose)
- May 6 – Kentucky Derby and Derby Hats and Seersucker Suits Contests and Pig Races
- May 7 – Family Day at the Races and Pig Races
- May 14 – Mother's Day Buffet

- May 20 - Preakness
- May 28-29 – Memorial Day Buffets
- June 10 – Belmont
- June 18 – Father’s Day Buffet and Weiner Dog Races
- The Executive Committee held a Conference Call regarding the property tax assessment; staff recommended not to appeal and the committee concurred; part of our charge is to lessen the burden of government.
- Ran a video clip that shows a quick look at the last quarter. Mr. Rhines, Director of Marketing, said the video was produced by in-house TV and Marketing staff and they did a great job. Mr. Palmer said we plan to have a video clip every quarter.

Committee Reports

- Finance. Mr. Neugent said the committee met on Monday and reviewed the financials; did the annual review of the Corporate Investment Policy and recommend no changes; did the annual review of the banking relationship – the bank is satisfying all our needs and recommend no change – the bank is Bankers Trust.
- Facilities. Mr. Giovannetti said the committee did not meet.
- Audit. Mr. Peters said the committee did not meet, but is working with Kent Shirley, Internal Auditor, on the system and meeting the schedule.
- Human Resources. Mr. Rasmussen said the committee did not meet.
- Grants. Mr. Cooper said the committee had a lot of meetings and will meet again in May; please call with suggestions. Mr. Gartner suggested having a way to make comments.

Other Business

Ms. Grandquist thanked the Grants Committee and Julie Stewart for all the work on Grants. Tom Flynn for his guidance, the Board, and Gary Palmer, Ann Atkin and staff – everyone is doing a great job.

Adjournment. Mr. Cooper moved to adjourn the meeting, the motion was seconded by Ms. Moody-Tunks, and unanimously passed on a voice vote. There being no further business, the meeting adjourned at 2:48 p.m.

Respectfully submitted,

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Martha Willits, Its Secretary

**Conflict of Interest**

Kurt Rasmussen	Legacy Grants: Grand View University, Anawin, Y-Camp
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