

**Monthly Meeting of the
Prairie Meadows Board of Directors
July 28, 2021
2:00 p.m.**

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

Roll Call.

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

Suku Radia – phone, arrived after Roll Call
Kurt Rasmussen
Ken Sagar
Mary Simon
Susan Voss – arrived after Roll Call
Marta Codina - phone
John Irving

Also in attendance were:

Gary Palmer, President/CEO
Ann Atkin, Senior Vice President/COO
Michele Wilkie, Senior 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 Mr. Chittenden to approve the Minutes of the monthly meeting of the Prairie Meadows Board of Directors held on June 23, 2021 as written. The motion was seconded by Mr. O’Hollearn and passed on a voice vote.

Public Comment. None

Financials. Elaine Castelline, Vice President of Finance/CFO.

- Introduced Cheryl Tuttle, the new Director of Finance.
- Reviewed the Financials:

Performance Goals - June 2021 Year-to-Date			
	2021	2020	2019
Net Revenue	\$122.2 million Sports Book \$6.1 million	\$8.2 million	\$108.7 million No Sports Book income
Gaming/Wagering Taxes are based on casino earnings	\$28.7 million	\$13.7 million	\$26 million
Payroll Expenses	\$23 million Some non-gaming business hasn’t returned	\$22 million Employees paid wages and benefits during parts of closure/reopening.	\$31 million

Operating Expenses	\$27 million	\$20 million	\$28 million
Net Income before Community Benefit	\$44 million Our community partners (Polk County, City of DM, schools) will earn \$8.8 million through six months, that's \$1.8 million better than plan	\$2.6 million	\$25 million

Total Revenue YTD June 2021: Casino \$113 million (88¢ of every \$1.00); Sportsbook \$6.7 million (5¢ of every \$1.00); F&B (3¢ of every \$1.00); Pari-Mutuel \$1.8 million (1¢ of every \$1.00); Other \$2.3 million (2¢ of every \$1.00); Hotel and Conference Center \$1.7 million (1¢ of every \$1.00).

Hotel Occupancy	June YTD
Prairie Meadows	64.3%
Downtown	53.6%
Altoona	71.2%

Top June Revenue Performing Areas – Most Recent 4 years, and all-time Record June for the following areas: Casino, Slot Coin-In, Slots, AJ's, Paddock, Daily Double, Home Stretch, Prairie Coffee Company, Gift Shop.

Iowa Market June YTD all Iowa properties are doing well	
Prairie Meadows	\$113 million
Horseshoe	\$99 million
Ameristar II	\$90 million
Riverside	\$64 million
Isle – Waterloo	\$50 million
Harrah's	\$36 million
Lakeside	\$26 million
Wild Rose Jefferson	\$18 million

Surrounding Markets June YTD	
	June 2021 vs. 2019
Prairie Meadows	+9.6%
St. Louis	-1.1%
Kansas City	+8.0%
Omaha/Council Bluffs	+13.5%
Quad Cities	+15.2%

Sportsbook YTD June: Total Wagering from all regions \$799 million and Net Wagering Receipts Retained \$55 million; there are three sports right now – baseball, basketball, and tennis, and at PM, \$16 million was wagered and PM earned \$353,000.

Staffing Update – Michele Wilkie, Senior Vice President – Administration, said revenue is doing well due to having good employees on the floor, but we have challenges to get the appropriate staff, and steps to overcome the challenges.

- Staffing Levels.
 - We had 1,206 employees on the day we shut down (March 16, 2020).
 - We retained 73 employees during shutdown (Security, Surveillance, R&D, and the Leadership Team).
 - On re-opening day (June 15, 2020) we had 576 employees.
 - We currently have 933 employees, with 18 remaining on layoff – the vast majority of these employees worked in the Triple Crown Eatery, which we opened as a sit-down restaurant, and due to no demand, we closed that area in August.
- Challenges. We currently have 101 job openings (70 front-line and 31 back-of house) – 43 of the openings are in the Hospitality Department; restaurants in the community are closing several days a week or have shorter hours, have take-out only service, or have reduced their seating area due to staffing issues; the unemployment rate in Polk County is 4.1%, and 2.5% - 3.5% in the surrounding areas; there's a high demand for employees and a low supply.
- Recruitment.
 - We started paying above the starting rate as the market exceeded our pay level - we had to do this to get quality candidates; the first increase for non-tipped positions was April 4, and on July 25, we increased the amount paid above the starting rate for two of our high demand/low supply positions – Line Cooks and Bakers.
 - We offer a referral bonus – current employees know the environment and can refer friends and family; if the new employee stays six months, the referring employee receives \$200 - \$500, depending on the position.
 - Recruiting Strategies. We use online Job Boards (Zip Recruiter, Indeed), Google Ad Words, Geofencing/Targeted Display, and Over-the-Top.
- Retention.
 - We focus on Training. Orientation reviews the company policies and Department Level Orientation reviews the job specific skills and expectations; we also have a Leadership Development program.
 - Employee Appreciation Activities. The JACKPOT Committee coordinates fun things for employees (i.e. Food Day every month, State Fair tickets, etc.).
 - Incentive Program/Secret Santa.

Ms. Codina appreciated hearing the presentation and strategies, and asked if the higher rate created issues? Ms. Wilkie said, in the Hospitality area, we weren't able to hire Line Cooks and Bakers, so in April the starting wage increased to \$16.50 for non-tipped positions; that strategy didn't attract any candidates, so we did a Market Study on Line Cooks and found wages are now in the \$18 - \$22 range, and raised the rate again; there was compression for the F&B Supervisors – a ripple effect takes place. Mr. O'Hollearn asked the pre-COVID retention rates and Ms. Wilkie said our average tenure for the past 7-8 years is 7 years and 10 months; turnover YTD is 25% - lower than pre-COVID which was 30%. Ms. Simon asked about hiring family and friends

and does PM has a stipulation about eligibility and Ms. Wilkie said an employee cannot directly supervise a family member, and we allow family members to work in the same department, but if there is a problem, the employees are separated by changing shifts or termination.

Racing Update. Derron Heldt, Vice President of Racing, reported:

- Mixed Meet - Monday was our fiftieth day of the 84 day meet, and statistics through the first 50 days are:
 - Thoroughbred Handle: on-track +\$400,000, off-track +\$700,000.
 - Quarter Horse Handle: on-track -\$82,000, off-track -\$1.9 million. This is due to timing issues and 73 less races, but should level out as there is 1/3 of the Meet left to go.
 - Field Size – Thoroughbreds. 2020 = 6.7; 2021 = 6.4.
 - Field Size – Quarter Horses. 2020 = 7.2; 2021 = 7.1.
 - We have 1,157 horses on the Backside; slightly less than last year.
- We had a busy July:
 - July 2 – Hall of Fame. Inductees were Tom Lepic, President of the Iowa Quarter Horse Association, Deb Leech, Past President of the ITBOA, and a horse, “MyWomanfromToko”. The horse is an Iowa-bred mare, and she was the highest earning mare here.
 - July 2 – 3 – Festival of Racing. We had six Stakes races and on Friday, “Stilieto Boy”, a horse that won the Iowa Derby, had three Iowa owners. We had the Cornhusker race for older horses and “Knicks Go” won – he has won several big races throughout the country and ran fourth in a \$20 million race Saudi Arabia.
 - July 5. The Jackpot Pick 5 wager had a \$415,000 carry-over and the IRGC approved a mandatory pay-out; an additional \$2 million was bet in the pool that day.
- Upcoming Events:
 - September 2 – ITBOA Annual All-Age Thoroughbred Sale.
 - September 25 – Racing concludes with the Iowa Classic – 10-11 all Iowa-bred races; the winners usually go on to be divisional champions.

Ms. Grandquist said she attended the Hall of Fame, and it gets better and better every year, and Mr. Heldt said those in the Hall of Fame have given a lot of time to make Racing better.

Staff Report. Mr. Palmer introduced Eddie Llambias, Vice President of Casino Operations, noting he has been in the casino business for 38 years, and he worked with Ms. Atkin in Louisiana 30 years ago.

Mr. Llambias reported:

- He’s been at PM for almost five years; he started his career in London in 1983, and has worked in the Bahamas, Gibraltar, Norwegian Cruise Line, Las Vegas, Atlantic City, and in other regional markets.
- The department currently has 215 employees and includes Slots, Table Games, and Poker; Rod Suhr is the Director of Casino Operations; 88% of the total revenue comes from Slots.
- PM is the number one revenue producing casino in Iowa, and has 1,349 slot machines, 38 Table Games, six Poker Tables, and 27 Electronic Table Games.
- When slot machines were introduced in 1995, PM had 1,200 machines on the floor and there were only two vendors – IGT and Bally, and now there are 14 vendors.

- Innovation and technology have improved slot offerings – PM has the latest and greatest slot machines with compelling themes, immersive experiences, insatiable quick hits, impressive cabinets, and high definition visuals and audios. Casinos have gone from coin fill machines to ticket-in and ticket-out technology, and the industry is now testing card-less play using a phone app.
- In 2000, nickel machines were very popular, and now it's penny machines; our Dollar Storm's (penny machine) average bet is \$3.00 - the average penny bet is \$1.45; currently, 72% of our casino floor is penny machines; penny machines represent 75% of the total Iowa market slot product.
- Slots generate approximately \$2 billion in coin-in a year – in 2021, that's \$6.5 million a day or \$4,500 a minute!
- PM has the loosest Slot Hold Percentage in Iowa at 8.68%, the next loosest casino is Grand Falls with 9.26%.
- Our Casino Floor Attendants take care of our guests, assisting with service needs, minor technical issues, and the payout of Jackpots; they each service 80 machines and walk about eight miles a day.
- Table Games were introduced to PM in 2004; we currently have 38 Table Games (Blackjack, Craps, Roulette, Pai Gow, Mini Baccarat, Carnival Games), 6 Poker Tables, and 27 Electronic Table Games; Table Games represent 12% of the casino revenue.
- Premier Dealer Championships. We started the event in 2017, and this year will be our fourth annual event (we didn't hold the event in 2020 due to COVID); it's an opportunity for dealers to hone their skills and compete for prestige, bragging rights, and prizes donated by our sponsors – it's a great training tool.

President's Report. Mr. Palmer reported:

- Congratulations to Ken Sagar - he is one of the 2021 inductees in the 2021 Labor Hall of Fame; the event will be held at PM on August 26.
- We'll host Board Night at the Races on August 20 – Backside tour, dinner, and races; we'll send out information with a request for a RSVP.
- Today is Kurt Rasmussen's birthday.
- Upcoming Board Meetings:
 - August – no meeting
 - The September meeting was moved to September 29.
- After hearing the recent reports, starting Sunday, August 1 at 12:01 a.m., employees will be required to wear a mask; we haven't decided if we'll ask guests to wear a mask; we want to be pro-active; when we required masks before, guests felt safe coming here and appreciated our protocols. Ms. Grandquist agreed 100% and thanked management for making this decision – it is something that has to be done.

Committee Reports

- Finance/Audit. Mr. Radia said the committee did not meet.
- Facilities. Mr. Chittenden said the committee met on Monday and received an update on:
 - Hotel Remodel – it has been delayed to March 2022, and it'll take approximately 180 to redo all the room.
 - Marquees signs – both the north and south signs were redone at a cost of \$1 million.
 - The South entrance was remodeled – new floor, paint, new artwork.

- AJ's Party Room – this was part of the Triple Crown Eatery, can seat 60 people, the committee toured the room and it is very impressive. Ms. Wilkie said the room opens August 2 and the first event is on August 7.
- Mr. Palmer said the Snowmelt system under the Porte-Cochere is not working properly; we hired Weitz and Waldinger to do the project; the first prognosis was we'd have to tear everything up, but after further review, we'll put in shut-off valves to help determine where the leaks are; the project will cost approximately \$1 million.
- Mr. Palmer noted we've used the Maintenance Reserve Account, which Mr. Neugent helped implement several years ago, to do the Marquees signs, HVAC, and the Snowmelt system at a cost of approximately \$1 million each.
- Human Resources. Mr. O'Hollearn said the committee did not meet.
- Grants. Ms. Simon said the committee is working through the 394 Community Betterment applications; the deadline is August 16; there are a lot of great requests, and it will be a tough decision.

Adjournment. Ms. Grandquist moved to adjourn the meeting and the motion was seconded by Mr. Albaugh. There being no further business, the meeting adjourned at 2:55 p.m.

Respectfully submitted,

Mary Simon, Its Secretary