

**Monthly Meeting of the
Prairie Meadows Board of Directors
September 29, 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
Frank Marasco
Marty Martin - phone
Gerry Neugent
Bob O’Hollearn

Suku Radia
Kurt Rasmussen
Ken Sagar - phone
Mary Simon
Susan Voss - absent
Marta Codina - absent
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. Rasmussen to approve the Minutes of the monthly meeting of the Prairie Meadows Board of Directors held on July 28, 2021 as written. The motion was seconded by Mr. O’Hollearn and passed on a voice vote.

Public Comment.

Air Handling. Clint Pursley, VP of Security, introduced Mr. Chris Nelson from Shive-Hattery; he has been employed by Shive for 32 years, and has worked with Prairie Meadows for 26 years; Mr. Nelson has a degree in Physics and in Mechanical Engineering; during a Snow Melt project meeting, he saw Mr. Nelson using a carbon dioxide sensor, found it interesting, and requested Mr. Nelson test the air in the casino as a precaution measure for COVID.

Mr. Nelson noted he is not an expert on COVID, but is in ventilation systems; COVID is transmitted in the air and needs a host to survive for 1+ hours; a size Pt is 1 micron and hospitals filter at 3 microns; people are the admitter of COVID, the re-breath rate is a real factor of how it spreads, and good ventilation makes a huge difference; with poor ventilation, re-breath of others lowers the CO2 level; he carries a CO2 monitor everywhere and the carbon dioxide level should be .03-.04; CO2 is not toxic; outside air measures 400 points per 1 micron, and a measurement of 40,000 PPM is harmful with oxygen deprivation; CO2 is not a measurement of safety; the risk of breathing others’ air is ok if everyone is healthy.

Mr. Nelson took some measurements for fun: outside air 404, inside his truck 436, Shive office 480-550, his kitchen with 8 people 879, in his Camry 2,250 – he then pushed the outside fresh air

vent and the count went down to 426, a restaurant 1,200; the first measurement at Prairie Meadows was 408 and varied from 406 to 398 at the two ends of the casino; the air handling unit has been in since 1999 and it circulates air every 15 minutes, seven days a week; the measurements at Prairie Meadows never came close to his own kitchen reading, and are the lowest levels he’s ever seen; Prairie Meadows circulates 100% outdoor air and uses 95% filters, like surgery rooms use; this is an incredible environment; in the new casino section, the air flow is in the floor and it’s a one pass through – hospitals don’t have this type of system!

The Board commented that this was an amazing and interesting report, and Mr. Palmer noted the investment in the HVAC system has paid off.

Triple A Report. Ms. Atkin said Triple A made a surprise inspection of the hotel and tested nine places in three rooms, using cotton swabs; the rooms received a 100% pass on all nine spot checks and the report noted the rooms were excellent and clean; Triple A gave us a 3 Diamond design and will list the hotel as inspectional clean; staff was very pleased with the report.

Recognition. Mr. Palmer reported that Mr. Radia will be recognized as a “Sage over 70” in November.

Financials. Elaine Castelline, Vice President of Finance/CFO, reviewed the August YTD financials, noting we’ll pay out \$15.9 million to our stakeholders (Polk County, City of DM, Altoona, schools), employees were paid for seven weeks during shut down in 2020, and those not recalled received benefits for 20 weeks; we’re looking at a \$215 million year!

Performance Goals – August YTD			
	2021	2020	2019
Net Revenue	\$164.8 million	\$92.9 million*	\$146.8 million**
Gaming/Wagering Taxes	\$37.9 million	\$21.4 million	\$34.1 million
Payroll Expenses	\$31.6 million	\$29.6 million	\$41.2 million
Operating Expenses	\$40.3 million	\$40.5 million	\$42.4 million
Net Income before Community Benefit	\$54.9 million	\$1.4 million	\$29.1 million

*PM was closed for 90 days, and when we reopened in June, not all venues were open.

** The Sports Book opened in August.

Total Revenue, August YTD. Casino \$151.7 million; Sports Book \$8.2 million; F&B \$4.3 million; Pari-Mutuel \$3.0 million; Other \$3.2 million; Hotel and Conference Center \$2.7 million; each area exceeded the upside revenue budget.

Top August Revenue Performing Areas – Most Recent 4 years, and all-time Record August for the following areas: Slots, Paddock, Prairie Coffee Company, Casino.

Iowa Market - 2021 YTD August	
Prairie Meadows	\$151.8 million
Horseshoe	\$135.5 million
Ameristar II	\$120.5 million
Riverside	\$85.1 million
Isle – Waterloo	\$63.6 million
Harrah’s	\$48.9 million
Lakeside	\$35.6 million
Wild Rose Jefferson	\$24.1 million

Surrounding Markets August YTD	
	August 2021 vs. 2019
Prairie Meadows	+9.6%
St. Louis	-0.8%
Kansas City	+8%
Omaha/Council Bluffs	+14%
Quad Cities	+17.6%

Sportsbook – YTD August 2021. The Iowa casino average Hold is 6.9% and PM’s average Hold is 5.9%; starting January 2021, guests no longer had to sign up at a casino to get an account; Wm. Hill was purchased by Caesar’s August 1, 2021. Mr. Palmer said we had the choice to remain with Wm. Hill or to with Caesar’s, and we went with Caesar’s as it does a lot of advertising; changes were made, to our benefit, in the contact; if a guest has a PM promo code with Caesar’s and uses it, we get credit; there’s a lot of competition and each Sports Book offers different perks each week and people “shop”; we’re not sure of the whole affect.

	2021 Wagering Handle	2020 Wagering Handle	2021 Net Handle	2020 Net Handle
Prairie Meadows	\$128.1 million	\$78.0 million	\$7.6 million	\$3.8 million
Iowa	\$996.3 million	\$228.9 million	\$68.5 million	\$11.6 million

The Board commented that this was a great report.

Racing Update. Derron Heldt, Vice President of Racing, reported on the Mixed Meet:

- September 25 was the last day of Racing, and it was Iowa Classic Day – all Iowa-bred horses; 12 races – 8 Thoroughbred and 4 Quarter Horse.
- Handle. Thoroughbred on-track +\$780,000 and off-track +\$5,836,000. Quarter Horse on-track +\$67,000 and off-track -\$729,000.
- Race days: 67 in 2020, 84 in 2021.
- We had two JACKPOT Pick 5 promotions this year, totaling \$4.7 million.
- Field Size: Thoroughbreds: 2020 = 6.79, 2021 = 6.46.
Quarter Horses: 2020 = 7.3, 2021 = 7.0.
- Some races didn’t fill well this year, and we’ll look at that for next year.

- We met with the horsemen in June and have an agreement for 2022 – 84-day Mixed Meet.
- The ITBOA Annual Sale was held September 2; the top sale was \$34,000; several sold in the \$12,500 - \$20,000 range; nationally, the mid-market saw increases.
- The Breeders' Cup will be held in November at Del Mar; the leading contender is Knick's Go who is worth \$6 million, and raced here.

Committee Reports.

- Finance and Audit. Mr. Radia said the committee will meet next month.
- 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 met several times; the Youth Sports and Recreation Grants had a \$250,000 budget, we received 50 requests of \$1.5 million - 20 were funded, 8 were fully funded; the Community Betterment Grants had a budget of \$1,250,000, we received 329 requests of over \$11.6 million - 84 were funded, 35 were fully funded; a big thank you to the committee members and to Julie Stewart; there are two action items.
 - Action Item - Community Betterment Grants - \$1,250,000. Ms. Simon moved approval of the Community Betterment Grants, the motion was seconded by Mr. O'Hollearn, and unanimously passed on a voice vote.
 - Action Item - Youth Sports Grants - \$250,000. Ms. Simon moved approval of the Youth Sports Grants, the motion was seconded by Mr. Chittenden, and unanimously passed on a voice vote.

Closed Session. Ms. Simon moved to go into a Closed Session pursuant to Iowa Code Sections 21.5(1)(a) and 22.7(27) to discuss Prairie Meadows' strategic marketing budget, goals, and initiatives. The motion was seconded by Mr. O'Hollearn, and unanimously passed by the Board members. The Board went into a Closed Session at 2:45 p.m.

Open Session. Mr. O'Hollearn moved to go back into Open Session at 3:20 p.m., the motion was seconded by Ms. Simon, and unanimously passed on a voice vote.

Other Business. None

Adjournment. Mr. Sagar moved to adjourn the meeting and the motion was seconded by Mr. Radia. There being no further business, the meeting adjourned at 3:22 p.m.

Respectfully submitted,

Mary Simon, Its Secretary