

**Monthly Meeting of the
Prairie Meadows Board of Directors
February 3, 2021
2:00 p.m.**

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

Roll Call.

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

Suku Radia - phone
Kurt Rasmussen
Ken Sagar - phone
Mary Simon
Susan Voss
Marta Codina - phone
John Irving

Also in attendance were:

Gary Palmer, President/CEO
Ann Atkin, Senior Vice President/COO
Brad Rhines, Executive 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. O'Hollearn to approve the Minutes of the monthly meeting of the Prairie Meadows Board of Directors held on December 16, 2020 as written. The motion was seconded by Mr. Rasmussen and passed on a voice vote.

Public Comment. None

Lobbyist Report. Troy Skinner reviewed the Legislative Update – February 2021:

- This is the fourth week of the Legislative Session and several controversial bills have passed.
- Of interest to Prairie Meadows:
 - SF169 – Promo Play and Tax Phase-out. This bill is on track for discussion, and will probably be part of an omnibus tax bill later in the session.
 - HSB161 – Simulcast to Foreign Jurisdictions. There's a glitch with the IRGC rules and simulcasting to international jurisdictions.
 - Minimum Wage. Prairie Meadows pays 25% above minimum wage, so this isn't a problem for PM; a Federal bill will supercede a State bill.
- 2021 Iowa Legislative Session Timetable (which is subject to change), dates of interest:
 - March 5 is the first funnel date.
 - April 2 is the second funnel date.
 - April 30 is the last day for the per diem.

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

Ms. Castelline said despite the pandemic and shutdown, PM had a great year – PM was the first casino to close and the last to open:

Performance Goals December 2020 Year-to-Date	
	Actuals
Net Revenue	\$161.4 million
Gaming/Wagering Taxes	\$37.5 million
Payroll Expenses	\$43.6 million
Operating Expenses	\$59 million
Net Income before Community Benefit	\$20.8 million

Ms. Castelline. 2020 Casino Gaming Revenue (PM was closed from mid-April – mid-June). Slots \$132.4 million; Table Games \$12.6 million – Table Games didn’t open until July; Poker \$777,000 – didn’t open until October. 2020 Highlight – February and October were the best ones in our history.

Mr. Rhines. 2020 Casino Revenue vs. Major Competitors:

Iowa Market	
Prairie Meadows	\$145.6 million (\$210 million in prior years)
Horseshoe	\$132.3 million
Ameristar II	\$121.5 million
Riverside	\$81.7 million
Isle – Waterloo	\$62.5 million
Harrah’s	\$38.1 million
Lakeside	\$36.3 million
Wild Rose Jefferson	\$23 million

Mr. Rhines said non-gaming was the focus in 2020, and in Food and Beverage:

- Prior to the pandemic, revenue was 5% above the 2020 original budget.
- Homestretch and Hops Lounge – these outlets are tied to Racing and had an all-time revenue high in the 3rd Quarter.
- Innovative thinking – we have never tried this before, but we had Thanksgiving and Christmas To-Go meals – we prepared 276 meals and made \$10,000 in revenue.
- Provided complimentary box lunches for employees who worked the holidays.

Mr. Rhines. 2020 Sportsbook Handle vs. Primary Competitors:

Iowa Market	
Prairie Meadows	\$158 million
Horseshoe	\$28.2 million
Ameristar II	\$36.6 million
Riverside	\$43.0 million
Isle – Waterloo	\$45.0 million
Harrah’s	\$3.9 million
Lakeside	\$13.6 million
Wild Rose Jefferson	\$52.2 million

Ms. Castelline. 2020 Racing Handle vs. Prior Years:

- 2016 - \$45.2 million
- 2017 - \$55.1 million
- 2018 - \$52.2 million
- 2019 - \$15.7 million
- 2020 - \$50.3 million

Ms. Castelline:

Hotel Occupancy	December YTD
Prairie Meadows	54.7%
Des Moines area	27.4%
Altoona/Ankeny Competitive set	46.0%

Mr. Rhines. 4th Quarter Net Income before Community Betterment:

- 2016 - \$11 million
- 2017 - \$14.1 million
- 2018 - \$15.2 million
- 2019 - \$13.4 million
- 2020 - \$15.2 million – this was the highest 4th Quarter in the past five years.

Ms. Castelline. 2020 PM Mission Highlights:

- Economic Development. PM joined the City of Altoona, EPIC, and other community leaders to bring businesses and people to the Altoona area.
- Legacy Grants – Awarded \$2 million (United Way - \$1 million, Food Bank of Iowa - \$500,000, DM Area Religious Council - \$500,000).
- Jobs. Continued to pay wages and benefits for employees on lay-off (7 weeks of wages and an additional 13 weeks of benefits).
- Paid community stakeholders: Polk County \$7.3 million; City of DM \$3 million; Polk County Schools \$525,000; DM Partnership \$230,000.

Mr. Rhines. 2020 PM Decisions – COVID-19 Mitigation. We were not required, but did the following to keep our employees and guests safe and be able to continue operations despite the economic and pandemic challenges:

- Implemented 100% air recycling five – six times per hour.
- Purchased 50,000 masks and 169 gallons of sanitizer. PM was the first in the state to take temperatures and require masks; every company was trying to purchase these items and the Purchasing Department did a great job getting the supplies we needed.
- Purchased Slot and Table Games barriers.
- Implemented a campus-wide non-smoking policy on November 15 – this is a novelty in this business and we thought we needed to do this to achieve the objective and make people feel safe.
- Implemented Racing protocols, with the assistance of the horsemen, so we could have a Racing Season.

PM Board Meeting – February 3, 2021

Mr. Radia referred to the Mission slide, noting with the \$11.0 million to the community stakeholders, if we add in the rent to Polk County of \$15.9 million, the \$11.0 million becomes almost \$30 million, and Mr. Rhines noted PM honored all of its obligations. Ms. Grandquist congratulated everyone – what PM did was unbelievable, all the precautions made everyone feel safe, and all this shows in the numbers. Mr. Rasmussen agreed and said staff did a great job of putting all of this together – he is proud of everyone. Mr. Homan said when PM made the decision on lay-offs, Mr. Palmer called him; the union dealt with a lot of employers who did things to keep employees safe and determined how to pay employees; as president of one of the unions, he thanked PM for what it did for the employees – they were treated fairly; he appreciates what PM is doing to keep its people safe; during his Orientation last week, he toured the building and was amazed on the compliance of the mask mandate – it's a safer environment for employees; thanked Mr. Palmer for the call and being a part of the process; thanked the Board for what it's done for the employees.

Staff Report. Mr. Palmer introduced Michele Wilkie, Vice President of Human Resources, who will give a broad spectrum of her department; she's been with PM for 28 years, and has a Masters degree, along with many other Human Resources degrees.

Ms. Wilkie said she will introduce the Human Resource, Purchasing and Wardrobe teams and give some insights into the roles and responsibilities of each area; the purpose of these departments is to provide internal guest service to co-workers and external guest service when recruiting and meeting with vendors; the departments are people-focused and can be difficult and complex to manage at times.

The Human Resources Team consists of six employees, whose focus is on Recruitment and Training, Loss prevention and Workers' Compensation, Employee Relations, Benefits Administration, and Litigation. Team members include:

- Debbie Hopkins, Administrative Assistant, has been with PM for nine years - she coordinates IRGC relicensing, unemployment fact finds, does tons of filing, and is the first voice/face of the department.
- Debbie Freeman, Training Specialist, has been with PM for six years, one in HR, and works on curriculum development and delivery.
- Pam Anderson, Senior Generalist, has been with PM for 21 years - her current focus is on Workers' Compensation/Loss prevention, Training, Recruiting, and Employee Relations.
- Gina Vitiritto, Manager of Benefits and Employee Relations, has been with PM for 32 years - her focus is on Benefits/Employee Relations.
- Brian Coy, Manager, has been with PM for 25 years - his focus is Recruiting/Training/Employee Relations.
- Michele, Vice President, has been with PM for 28 years - her focus is Litigation/Labor Relations/Negotiation of our Collection Bargaining Agreements, along with overseeing the three departments.

The Purchasing Team ensures PM purchases quality products at a great value; the team includes:

- Becky VonEhwegen, Purchasing Manager, has been with PM for one year.
- Andy Gervais, Senior Buyer, has been with PM for 20 years.
- Star Brown, Buyer II, has been with PM for 17 years.

PM Board Meeting – February 3, 2021

The Wardrobe Team includes:

- Thess Melton, Supervisor, has been with PM for five years.
- Jason Peters, Tailor, has been with PM for six months.

Prairie Meadows currently has 757 active employees with an average tenure of 9.2 years. Seasonal Hiring of approximately 150 employees will begin in mid-March.

COVID-19 protocols for employee safety include: masks are required, PPE is available, emphasis on social distancing and hand washing/sanitizing, limitation on smoking, cleaning protocols, suspended biometric clock-in procedure, additional break rooms for social distancing.

Prairie Meadows University – Management Associate Program. Dawn Brandt, Director of Cash Ops, and Rod Suhr, Assistant Director of Casino Operations, started the program last year and completed their courses from the University of Nevada, Reno; this year, they will tentatively (due to COVID) do extensive job shadowing – 80 hours in three departments of their choice and 20 hours in each of the remaining eight departments; the purpose of this program is to continue to develop the employee base and build leaders within the organization.

President’s Report. Gary Palmer reported:

- Prairie Meadows’ Purpose is to lessen the burden of government. From 1995 to December 21, 2020, PM has given \$2 billion to the community:
 - Polk County - \$667.5 million
 - Community Betterment Grants - \$52.7 million
 - Legacy Grants - \$36.4 million
 - City of Des Moines - \$65.2 million
 - Polk County Schools - \$93.3 million
 - Other - \$26.7 million
 - Taxes - \$1.2 million

- Money paid from Net Profit and Rent:

	2019	2020
City of Des Moines	\$4.4 million	\$3 million
Polk County	\$10 million	\$7.3 million
Polk County Schools	\$793,000	\$525,000
Polk County Rent	\$15.9 million	\$15.9 million

- In 2020, PM lost \$70 million due to the pandemic, but kept its obligations close to even.
- Staff sees a bright outlook for 2021, with the vaccine, and we plan for a super year.
- Mitigation efforts are reviewed every 30 days, and one change that starts Friday, February 5 at 8:00 a.m. is, we’ll allow smoking in one section of the casino – the Southwest corner of the second floor; this is due to demand; this is a high ceiling area, the air ducts have been cleaned, and air can be exchanged 7-10 times an hour; we’ll monitor the situation and see if it makes sense.
- Staff thanks the Board for its continued support, and we have high hopes for 2021.

PM Board Meeting – February 3, 2021

Committee Reports.

- Mr. Neugent reported that management has recommended, and the Executive Committee has endorsed, funding Grants (Community Betterment and Legacy) with \$4 million, and to defer to the Grants Committee to come back with a plan at the next meeting on the allocation and how to distribute the \$4 million; Mary Simon is the Chair of the Grants Committee.
- Finance/Audit. Mr. Radia said the committee did not meet, but will have a meeting in March to review the audited financials.
- Facilities. Mr. Chittenden said the committee did not meet, but will have a meeting in February.
- Human Resources. Mr. O'Hollearn said the committee did not meet, but will have a meeting in March.
- Grants. Ms. Simon said the committee will meet on February 17 around 9:00 a.m. – Julie Stewart is coordinating the meeting; she's excited to be able to do Grants and has a question on the allocation of funds from the Sports Book (25% of the profits) – is that in addition to the \$4 million or part of the \$4 million? Mr. Neugent said it will be part of the \$4 million.

Other. Next meeting - March 24, 2021.

Adjournment. Mr. Homan moved to adjourn the meeting. There being no further business, the meeting adjourned at 2:50 p.m.

Respectfully submitted,

Mary Simon, Its Secretary