

**Annual Meeting of the
Prairie Meadows Board of Directors
November 16, 2016
2:00 p.m.**

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

Roll Call.

Mark Cooper

Diana Ewing

E. J. Giovannetti

Linda Grandquist

Mark Hedberg

Michael Knapp

Bob Myers

Jack Peters

Kurt Rasmussen

Paul Rogness

Karen Novak Swalwell

Lisa Moody-Tunks

Martha Willits

Gene Meyer

Michael Helak

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 October 26, 2016 as written. The motion was seconded by Ms. Ewing and passed on a voice vote.

Public Comment. None

Announce Appointments to the Board. Mr. Palmer reported: Polk County has appointed Lisa Moody-Tunks (second term) and Michael Gartner, and the DM Partnership has appointed Suku Radia (voting), John Irving (non-voting), and Gene Meyer (non-voting - second term).

Action Item – Recommendation from the At-Large Committee and Election for two (2) At-Large members. Mr. Hedberg said the At-Large Committee met on Monday and interviewed the applicants; the unanimous decision and recommendation is to appoint Gerry Neugent and Rob Denson; Mr. Neugent is a former Board member and Mr. Denson is president at DMACC. The motion was seconded by Mr. Rasmussen and passed unanimously on a voice vote.

Financials. Mr. Wessels reviewed the October 2016 YTD financials: Net Revenue better than plan 0.2%; Total Expenses better than plan 1.8%; Net Income before Community Betterment better than plan 12%; we've had a great first ten months.

Licensee Comparisons		
Property	Net Win 2015 vs. 2016	Slot Hold YTD
PMRC	+1.4%	8.02%
Council Bluffs Market (Horseshoe, Harrah's and Ameristar)	-1.7%	n/a
Horseshoe/Harrah's	n/a	10.6% / 10.3%
Ameristar	n/a	9.6%
Lakeside	n/a	10%
Wild Rose Jefferson	n/a	8.9%
State as a whole	+1.4%	n/a
State without Jefferson, Rhythm City, and Isle of Capri Bettendorf	-.07%	
Kansas City market	+4%	n/a
St. Louis market	+.08%	n/a

Performance Goals October 2016 Year-to-Date	
	Exceeds/Below Plan
Casino Revenue	Flat
Total Revenue	+0.3%
Net Revenue	+0.2%
Operating Expenses	+2.5%

Mr. Myers said these are great numbers – the first half of the year we were below plan, but we've caught up - staff has done a great job.

Lobbyist Report. Troy Skinner handed out and reviewed the Legislative Update, November 2016; Iowa Senate – 29 Republicans and 19 Democrats (there is one seat open and it will probably remain a Democratic seat); the Iowa House – 59 Republicans and 41 Democrats; there's speculation that Governor Branstad will be appointed as Ambassador to China and if that happens, Kim Reynolds will serve out his term as Governor. Mr. Myers asked if the swing in the legislature will affect Prairie Meadows or the gaming industry and Mr. Skinner said it depends on the issue – we'll probably be ok with the smoking bill and there may be an opportunity for tax credits; he and Kellie Paschke have a great relationship with both sides and will continue to work with the leaders. Mr. Rasmussen asked about Fantasy Sports and Mr. Skinner said they will have to sort this out, the Senate may be opposed and the proponents will need to educate the Senate all over again.

Action Item – Lobbyist for 2017. Mr. Myers said there is a 3% increase in compensation in the contract, making it \$81,955,000 for 2017. Mr. Hedberg moved approval of the contract, the motion was seconded by Ms. Ewing, and unanimously passed on a voice vote.

Action Item – 2017 Budget. Mr. Wessels said the budget includes the Operating Plan and Maintenance Capitals and a 2% increase in gaming revenue; projections are: Net Revenue \$198,422,000, Total Expenses \$166,403,000, Salaries and Wages \$63,908,000, Profits from Operations \$32 million; the contractual obligations are budgeted, but Legacy and Community Betterment Grants are not – they will be decided after the audit; Capital Budget is \$8.8 million and that's consistent with the past range of \$8-\$12 million. Mr. Palmer said the projections for the remainder of 2016 for charitables look to be as much if not more than last year. Mr. Myers said this is a very aggressive budget and the goals are imbedded in it. Mr. Wessels said the Performance Goals are on the last page of the packet. Mr. Helak said the Finance Committee thoroughly reviewed and support the revenue and expense plan – the committee is comfortable with the budget. Ms. Willits moved approval of the 2017 Budget, the motion was seconded by Mr. Peters, and unanimously passed on a voice vote.

Action Item – Audit Committee Charter. Ms. Willits said there are two housekeeping edits, as she mentioned last month: page 2 – date of the review of the audit and page 4 – auditor title change. Ms. Willits moved approval of the Audit Charter, the motion was seconded by Ms. Moody-Tunks, and unanimously passed on a voice vote.

President's Report. Mr. Palmer reported:

- Construction Update.
 - We met with Polk County this morning on the \$6 million Events Center remodel (anything over \$100,000 needs their approval); the Supervisors will vote on this next week.
 - Poker Room – the room will move from the 4th floor to the 2nd floor and will be open on November 22.
- Upcoming Entertainment: November 18 – Bill Engvall (7:00 p.m. and 9:30 p.m.); Tony Orlando – December 11 (4:00 p.m.); Chase and Ovation – Prince Tribute Band – December 30.
- Thanksgiving: TCB is open 7:00 a.m. – 10:00 p.m. and AJ's is open from 11:00 a.m. – 8:00 p.m.; his family has come here for several years and Prairie Meadows has the best value, food, service, and price in town. Mr. Willey, Director of Hospitality, said we have 1,500 reservations and that equates to about 3,500 people.
- December 21
 - Executive Committee Meeting at 1:30 p.m. in the Board Room
 - Board Meeting – 3:00 p.m.
 - Board Holiday Dinner – 5:00 p.m.
- Make-A-Wish partnered with Adventureland for the Jolly Holiday Lights - it will be fantastic and well worth seeing and opens November 22; Prairie Meadows will also be lit up; traffic will enter through Adventureland and exit south on Prairie Meadows Drive – we will have traffic control at the exit to route people to the south.

Committee Reports

- Finance. Mr. Helak said the committee met on Monday and reviewed the financials in detail - we expect revenue to be close to budget and there was good expense control; confirmed the 2017 Budget; confirmed that it met its Charter and there are no changes; received an update on the IRS appeal process.
- Facilities. Mr. Knapp said the committee did not meet.
- Audit. Ms. Willits said the committee did not meet.
- Human Resources. Mr. Hedberg said the committee did not meet.
- Grants. Mr. Peters said the committee did not meet.
- Executive. Mr. Myers said the committee reviewed everything on the Board agenda and had a great discussion on the Evaluation of the CEO and the timing of the review – we will not do the evaluation today, it will be done in January/February because it is tied to Prairie Meadows’ performance; the Executive Committee does the evaluation, the Chair meets with the CEO, and the full Board will have an opportunity to review the evaluation; there will be no Closed Session today.

Other Business – December 21, 2016: Executive Committee Meeting starts at 1:30 p.m. in the Board Room and the Board Meeting starts at 3:00 p.m.

Recognition for Retiring Board Members - Diana Ewing, Mark Hedberg, Mike Knapp, Michael Helak, Bob Myers. Mr. Myers thanked the Board and retiring members for the great support – it was a pleasure and an honor to work with everyone. Mr. Palmer said it is hard to say good-bye, especially with these five excellent Board members, and Brad Rhines, Director of Marketing, will share some surprising statistics that are due to the great leadership of this Board.

Mr. Rhines said he’s been here ten months and it is a privilege to be part of this team; we’ve made some instrumental changes that have brought people to the property:

**KEY PERFORMANCE INDICATOR TRENDS MTD & YTD
AS OF NOVEMBER 14, 2016**

NOVEMBER Month To Date	2016 YTD	
<ul style="list-style-type: none"> • <u>Guest Counts:</u> ○ 25.2% higher than 2015 ○ 12.9% higher than 2014 ○ 20.4% higher than 2013 	<ul style="list-style-type: none"> • <u>Guest Counts:</u> ○ 4.9% higher than 2015 ○ 1% less than 2014 ○ 7.6% higher than 2013 	<p>On pace to have highest guest counts since 1999</p>
<ul style="list-style-type: none"> • <u>Coin-In:</u> ○ 5.2% higher than 2015 ○ 10.1% higher than 2014 ○ 3.2% higher than 2013 	<ul style="list-style-type: none"> • <u>Coin-In:</u> ○ 1.3% higher than 2015 ○ 4.3% higher than 2014 ○ 0.1% higher than 2013 	

PM Annual Board Meeting – November 16, 2016

- **Table Drop:**
 - 14.1% higher than 2015

- **Casino Revenue:**
 - 3.3% higher than 2015
 - 2.0% higher than 2014
 - 2.3% higher than 2013

- **Pari-Mutuel Revenue:**
 - 279.9% higher than 2015
 - 173% higher than 2014
 - 63.9% higher than 2013

- **Slot Revenue:**
 - 6.0% higher than 2015
 - 2.7% higher than 2014
 - 1.5% higher than 2013

- **Table Revenue:**
 - 24.6% less than 2015
 - 2.9% less than 2014
 - 13.6% higher than 2013

- **Poker:**
 - 5.3% higher than 2015
 - 16.3% less than 2014
 - 6.9% less than 2013

- **F&B Revenue:**
 - 18.6% higher than 2015
 - 16.3% higher than 2014
 - 11.0% higher than 2013

- **Hotel:**
 - 7.3% higher than 2015
 - 20.5% higher than 2014
 - 8.0% higher than 2013

- **Table Drop:**
 - 6.2% higher than 2015

- **Casino Revenue:**
 - 1.5% higher than 2015
 - 0.5% higher than 2014
 - 1.1% less than 2013

- **Pari-Mutuel Revenue:**
 - 9.8% less than 2015
 - 4.4% higher than 2014
 - 0.8% less than 2013

- **Slot Revenue:**
 - 1.7% higher than 2015
 - 0.3% higher than 2014
 - 1.6% less than 2013

- **Table Revenue:**
 - 0.2% less than 2015
 - 2.9% higher than 2014
 - 5.1% higher than 2013

- **Poker:**
 - 3.1% less than 2015
 - 1.1% less than 2014
 - 1.0% less than 2013

- **F&B Revenue:**
 - 4.3% higher than 2015
 - 5.1% higher than 2014
 - 7.4% higher than 2013

- **Hotel:**
 - 0.2% less than 2015
 - 6.7% higher than 2014
 - 10.7% higher than 2013

5 of 10 months with double digit increases

Less than 2013 only because of slot hold %

Less than 2013 only because of slot hold %

Recent soft hold dropped us below 2015; expect us to beat it, however

Supports the need to move to main gaming floor

Guest count growth translating into F&B Capture Rates

With Nov. trend, expect us to beat prior year

PM Annual Board Meeting – November 16, 2016

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| <ul style="list-style-type: none">• Banquets:○ 14.0% higher than 2015
○ 36.8% higher than 2014○ 1384.4% higher than 2013 | <ul style="list-style-type: none">• Banquets:○ 5.1% higher than 2015
○ 71.7% higher than 2014○ 854.4% higher than 2013 | <p>Great group sales effort and results continue to compound favorable results</p> |
|--|--|--|

The Board thanked Mr. Rhines for the report. Mr. Palmer said we wanted the Board to know how much we appreciate its support - PM is the biggest casino in Iowa, probably generates more revenue than any other casino in the Midwest, and is debt-free, thanks to all of you; we'll miss the five members who are leaving.

Mr. Palmer, Ms. Atkin, and Mr. Wessels handed out a token of appreciation to the five retiring Board members. Ms. Ewing said she has a deep sense of pride in PM, it has an amazing staff and Board, thanked everyone for the efforts, she is proud of her family's legacy, and wishes everyone the best.

Recognition for Retiring Board Chair – Bob Myers. Mr. Palmer presented Mr. Myers with a token of appreciation for being the Board Chair and reminded everyone to come to the Holiday Dinner to celebrate the Board and meet the new Board members. Mr. Myers said it was an honor to serve; it was not always easy; there is so much interest in the success of Prairie Meadows with representatives from all areas of Polk County that makes this a great Board; it's been a challenge at times; thanked everyone for serving on the Board; he looks forward to continuing his friendship with the Board and staff.

Closed Session – Evaluate Gary Palmer's Job Performance, Iowa Code 21.5(1)i. Mr. Myers said this item has been deferred.

Adjournment. Mr. Cooper moved to adjourn the meeting, the motion was seconded by Ms. Moody-Tunks, and passed on a voice vote. There being no further business, the meeting adjourned at 2:50 p.m.

Respectfully submitted,

Linda Grandquist, its Vice Chair