

**Monthly Meeting of the
Prairie Meadows Board of Directors
June 27, 2018
2:00 p.m.**

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

Roll Call.

Dennis Albaugh

Mark Cooper

Michael Gartner

E. J. Giovannetti

Lisa Moody-Tunks - absent

Gerry Neugent - absent

Suku Radia

Kurt Rasmussen

Bob Chittenden

Paul Rogness - absent

Mary Simon

Karen Novak Swalwell

Martha Willits

John Irving - absent

Gene Meyer

Also in attendance were:

Gary Palmer, President/CEO

Ann Atkin, Senior Vice President/COO

Brad Rhines, Senior Vice President/CSO

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 April 25, 2018 as written. The motion was seconded by Mr. Meyer and passed on a voice vote.

Public Comment. None

“Bridges of Iowa” Presentation – Don Lamberti and Tom Jackowski. Mr. Lamberti said he became involved in the program 25 years ago when he son was arrested for the third time and was sentenced to 25 years in prison; his son was very claustrophobic in his cell and couldn't sleep, so he started going to the library and found a book written by Frank Constantino, “Holes in Time”; after reading the book, he went to the chapel and prayed, and was relieved of his claustrophobia; his son talked about the book and sent him the information; after reading the book, he contacted the Bridges people and decided to start a Prison Release and Aftercare program in Iowa. Mr. Jackowski said he's a criminal defense lawyer and has been with Bridges for 17 years; the program started in 1999 at Ft. Des Moines with 26 beds and grew to 40 beds; since 2012, the program has been housed in part of the Polk County Jail and has 67 beds; this is an evidence-based program and it's been very successful; due to reductions in Medicare and the Affordable Care Act, funding is needed; there is a public health emergency with the opioid crisis, and in Iowa, we also have a crisis with meth, alcohol, and marijuana; binge drinking in Iowa is second in the nation and treatment beds are near the bottom; PM has given grants for women's housing, expansion of the Polk County Jail, and a food service program – every day we see how PM is transforming the community; we're requesting help for a vital program; Bridges is Iowa's only long-term treatment program, and since 1999, it has helped 2,000 people – it is a state-wide,

year-long response program with a 72% completion rate and gives people the opportunity to reintegrate back into the community.

The Board viewed a short video telling Aisha’s story, she just celebrated five years of sobriety, and is now the General Manager at Village Inn.

Mr. Jackowski said the request is due to a financial emergency and if there are no immediate funds, Bridges may have to close and we’ll never get the beds back as the jail will need the beds for prisoners; Polk County made a commitment to match \$500,000, along with Mr. Lamberti’s \$500,000; there are 70 people in treatment now and with assistance, we can treat 175-200; we’re working on grant opportunities and on legislative action to shore up funding – all this takes time and funds are needed now; if there’s no investment, people will die.

Mr. Lamberti noted the Surgeon General’s long-term care metrics follows this program’s model; if it works here, it can work nationally; the program reduces the prison population and the need for mental health beds.

Mr. Rasmussen requested Mark Wandro from Polk County discuss the County’s perspective. Mr. Wandro said Polk County has had a long time partnership with Bridges and is very supportive of the program.

Mr. Rasmussen said this was a wonderful presentation and it’s a wonderful thing to do for the community; he knows there’s a need; if there’s a motion, this will be an agenda item for the July meeting. Mr. Cooper moved to put Bridges of Iowa on the July Agenda, the motion was seconded by Mr. Gartner, and passed on a voice vote.

Financials. Elaine Casteline, Vice President of Finance/CFO and Brad Rhines, Senior Vice President/CSO.

Ms. Casteline reviewed the Performance Goals and noted all revenue areas exceed plan, Net Operations before Community Betterment was better than plan \$3.5 million, and we have had a great start to the year:

Performance Goals May 2018 Year-to-Date	
	Exceeds/Below Plan
Casino Revenue	+3.2%
Total Revenue	+3.8%
Net Revenue	+3.7%
Operating Expenses	Below plan 1.8%

Ms. Casteline reviewed a pie chart of the Total Revenue YTD May: Casino \$86.2 million, F&B \$3.7 million, Pari-mutuel \$1.5 million, Hospitality \$3.7 million, and other areas \$1.8 million; we’re up \$3.6 million YTD to budget and up \$6.2 million to the prior YTD.

Ms. Castelline reported that Slots and Table Games and Poker Win are all up year over year.

Ms. Castelline reported on Hotel Occupancy, noting that 300 rooms have been added since 2017 and the Convention and Visitors Bureau said there’s been 1,000 room added to the Des Moines:

	May 2018	May YTD
Prairie Meadows	75.1%	75.1%
Des Moines area	61%	55.2%
Competitive set	59.7%	58.6%
Altoona	71.7%	62.4%

Mr. Rhines – 2018 YTD May reported on the State and Region Casino Revenue statistics:

Iowa as a whole	-\$3.6 million
Iowa as a whole without PM	-\$8.7 million
St. Louis market	flat
Kansas City market	-1%
Omaha and Council Bluffs market	-1%
Quad Cities market	-2.5%

Ms. Castelline reviewed the Top May Performing Areas in the most recent four years; revenue was up in the following areas: Poker, Casino, Average Win/Guest, Paddock and the following areas had the best May in history: Table Games, Food and Beverage, Triple Crown Buffet, Café, Casino Bars, Prairie Coffee, Home Stretch, AJ’s Steakhouse.

Racing Update. Mr. Heldt reported:

- Thoroughbred Meet
 - 2018 field size is 7 and flat to 2017
 - 2018 horses: 1,138 horses compared to 1,148 in 2017
 - 2018 Handle on-track is down \$487,000 – we had negative pools last year and the rules changed in January.
 - 2018 Handle off-track is up \$650,000.
 - We have had good promotions with TVG on Thursdays and we have a Pick 5 bet – the carry-over to Thursday is \$88,000.
- The next 10 days will be busy ones - we have a five day race week starting on Sunday – normal race time; Tuesday races start at 4:00 p.m., followed by a band, and fireworks at dusk; Thursday and Friday is the Festival of Racing starting at 6:00 p.m. each night – six races will have purses of \$100,000+, entries will be taken on Saturday and Sunday, and horses are being flown in from California and Kentucky; Saturday – normal race time.
- Prairie Meadows Racing Club has 107 members; Kelly Von Hemel is the trainer; “Runarounddancing” was purchased for \$7,500, he ran last Saturday, and finished sixth; we held an event for the club starting with breakfast, and they met the trainer, watched the horse gallop, and toured the starting gate and barns.
- Quarter Horse Meet starts August 18 and stall applications are due July 11.

Mr. Rasmussen asked about the Wiener Dog Races and Mr. Heldt said the races were held on Father's Day; we had a decent crowd, but it was hot; we had 4 heats of 12 dogs and the top three finalists of each heat competed in the final race; last year's winner participated again this year. Mr. Rasmussen asked about the Camel, Zebra, and Ostrich Races and Mr. Heldt said they'll run on July 15. Mr. Heldt said the Corgi Races were held on May 20, it was our first Corgi race, we had a decent turnout, and we'll continue to build on this event.

Staff Report. Julie Stewart, Director of Community Relations said her area is responsible for sponsorships, partnerships, grants, school scholarships, Guest Service, and branding; Community Relations is a department of two – Katie Turk has been employed at PM for 12 years, and Ms. Stewart started in 1989 - she was in Marketing for 18 years and Community Relations for the last 12 years; Board and staff are engaged in community events and boards (i.e. Greater DM Partnership, United Way, Blank Park Zoo, Altoona 150, etc.); in 2017, we sponsored 148 events, and to date 2018, we've sponsored 70 events; the Board approved \$2.5 million for Community Betterment Grants and we received funding requests for 96 projects; the Board approved \$3.5 million for Legacy Grants and we received funding requests for 16 projects; we've given Legacy Grants to 105 projects since 2003; the total Community Betterment giving is \$1.73 billion.

Ms. Stewart shared the story of the 2017 Child Serve Grant and the purchase of stepper equipment; thanked the Grants Committee (Mark Cooper, Gene Meyer, Bob Chittenden, John Irving, Tony Guzman, Theresa Pinkerton); thanked Mr. Palmer and the Board for letting her be a part of working for the community. Mr. Rasmussen thanked the Grants Committee and noted this is the best day of the year – we're able to give out grants.

Action Item – Community Betterment Grants Distribution. Mr. Cooper moved to approve the Community Betterment Grants, as listed in the Resolution. The motion was seconded by Mr. Chittenden and passed on a voice vote. Ms. Moody-Tunks was unable to attend today's meeting and would like the Minutes to reflect that she abstains on all grants votes.

Action Item – Legacy Grants Distribution. Mr. Cooper moved to approve the Legacy Grants, as listed in the Resolution. The motion was seconded by Mr. Gartner.

Mr. Rasmussen said if anyone has a conflict with any of the Community Betterment Grants or Legacy Grants, to please let Nancy know.

Mr. Palmer reported that one entity pulled its \$425,000 request at the last minute; Legacy Grants distribution was just approved for \$3,075,000, the budget was \$3.5 million - there's \$425,000 left; the Board can collectively make changes.

Mr. Radia recommended rounding up the Des Moines University grant from \$475,000 to \$500,000.

Mr. Gartner asked if the Bridges of Iowa request could be funded with the \$425,000 under Legacy Grants or, if we approve Mr. Radia's request, there would be \$400,000 for Bridges? Mr. Palmer said if the Board approves the Bridges of Iowa request, staff recommends the money

come from the excess money or next year's grants and it not be a five year grant. Mr. Rasmussen said Bridges of Iowa will be an Action Item on the July Agenda. Mr. Cooper is not in favor of rounding up Des Moines University; Mr. Gartner asked the DMU request amount and Mr. Cooper said \$1 million. Mr. Rasmussen said there was a motion to put on Bridges of Iowa on the July agenda; the request is for \$500,000 and we have \$425,000; we'll discuss and decide what we'll do, if anything, at the next meeting.

Mr. Radia withdrew his recommendation of rounding up the Des Moines University grant from \$475,000 to \$500,000.

The motion to approve Legacy Grants distribution of \$3,075,000 passed on a voice vote. Ms. Moody-Tunks was unable to attend today's meeting and would like the Minutes to reflect that she abstains on all grants votes.

Action Item – Car Allowance for Gary Palmer. Mr. Radia said the current car allowance is \$500/month and it's been that amount for at least 10 years; he recommends and moves the car allowance be \$1,000/month. The motion was seconded by Mr. Chittenden and passed on a voice vote.

2019 Board Meeting Dates. Mr. Rasmussen said the Board generally has nine meetings a year, and the proposal has six meetings. Mr. Palmer said several Board members asked if the meeting schedule could be cut – we can do that, but we need to have a meeting some months; we can have a meeting at any time either by phone or in person. Mr. Gartner asked why we don't schedule meetings every two month; Ms. Novak Swalwell asked if there is a need for some months; Mr. Palmer said meetings are needed in November (Annual Meeting), December (Board's Holiday Party and introduction of new members), February (his performance evaluation and salary and the bonus distribution), March (Annual Audit report that needs to be to the IRGC by 3-31), June (Grants), and September (starts the budget process), and we hold the meetings at the end of the month to give Accounting time to get the numbers ready. Mr. Cooper asked if we currently have ten meetings and Mr. Palmer said nine – we don't have meetings in January, May or August. Mr. Cooper is concerned with the gap of two months twice in a year. Mr. Rasmussen requested the Board think about this and e-mail comments to him or Mr. Palmer and we'll put it on the July agenda.

President's Report. Mr. Palmer reported:

- July 3 – Fireworks
- July 5-6 – Festival of Racing
- July – Family Day at the Races
- July 15 – Camel, Zebra, Ostrich Races
- July 25 – Board Meet and Board Retreat
- July 27 – Board Night at the Races.

5:30 p.m. – Backside Tour – meet at the South Entrance

6:30 p.m. – Dinner and Racing – Prairie Rose Room, 4th floor

- August 11 – Iowa Classic

- Handed out a copy of the booklet, “Building Iowa’s Communities through Philanthropy” listing the grants to the counties without a casino. Mr. Gartner asked the amount PM provides; Ms. Castelline said about ½% out of our taxes; Mr. Radia said 8/10 of 1%. Mr. Palmer said PM has given to all 99 counties.
- Along with all the entertainment at PM, we also have baby showers, wedding showers, weddings, reunions, and funeral services.

Committee Reports

- Finance. Ms. Willits said the committee met on Monday and was delighted with the May financials – thank you to those in this room for making this happen.
- Facilities. Mr. Giovannetti said the committee did not meet, but he has a report:
 - Events Center Phase 3 – Skinner Ballroom and corridors will be completed by July 27; the project is on budget.
 - Events Center Phase 4 – Bishop Ballroom will be completed by September 14; the project is on budget.
 - Clubhouse – the East section is done and came in under budget.
 - Clubhouse – the West section starts after Racing. With the possibility of Sports Betting (SB), we need to make changes in the plan. Mr. Palmer said the timing is right to incorporate SB; the County approved the Clubhouse remodel and the East section is done; the West section starts in October; the architects are looking at a redesign of the area to incorporate SB; we’ll meet with the Facilities Committee and discuss increasing the budget; we’re meeting with potential partners who will help with the remodel; if SB is not approved, the area will be ok and will be used for Simulcasting and Racing. Mr. Gartner asked if SB would be on-site or if people can bet at home using their computers and Mr. Palmer said mobile betting will be allowed, but people will have to sign up at a casino; there’s about a 2% margin; if SB passes, we’ll be able to hold 10 “Kentucky Derby Days” and get ancillary money. Mr. Gartner said we can make events out of the Super Bowl, World Series, etc.
- Audit. Mr. Radia said the committee met earlier today; there were no action items; the committee reviewed legal items; did a peer review of Deloitte and Deloitte passed; reviewed the Whistleblower and Business Conduct policies and are satisfied; received an update on an audit.
- Human Resources. Mr. Rasmussen said the committee did not meet.
- Grants. Mr. Cooper reported the committee met multiple times and the fruits of its labor is before us today.

Other Business. Mr. Rasmussen reviewed the following items:

- Global Gaming Expo in Las Vegas is October 9-11, 2018. Please RSVP by Friday, July 13, 2018.
- Board Night at the Races is July 27. Backside Tour at 5:30 p.m./dinner and Racing in Prairie Rose Room at 6:30 p.m. Please RSVP by Friday, July 20, 2018.

Adjournment. Mr. Cooper moved to adjourn the meeting, the motion was seconded by Mr. Gartner, and passed on a voice vote. There being no further business, the meeting adjourned at 3:20 p.m.

Respectfully submitted,

Martha Willits, Its Secretary

Conflicts of Interest

Board Member	Legacy Grants or Community Betterment Grants
Suku Radia	DM University
John Irving	Downtown Events Group Des Moines Arts Festival Operation Downtown City of Urbandale Parks and Recreation DM Electrical Apprenticeship and Training Trust Blank Park Zoo