

**Monthly Meeting of the
Prairie Meadows Board of Directors
October 24, 2018
2:00 p.m.**

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

Roll Call.

Dennis Albaugh - phone
Mark Cooper
Michael Gartner - absent
E. J. Giovannetti
Lisa Moody-Tunks - phone
Gerry Neugent
Suku Radia
Kurt Rasmussen

Bob Chittenden
Paul Rogness
Mary Simon
Karen Novak Swalwell
Martha Willits
John Irving
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. Chittenden to approve the Minutes of the monthly meeting of the Prairie Meadows Board of Directors held on September 26, 2018 as written. The motion was seconded by Mr. Radia and passed on a voice vote.

Public Comment. None

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

Ms. Castelline:

Performance Goals September 2018 Year-to-Date	
	Exceeds/Below Plan
Casino Revenue	+4.6%
Total Revenue	+4.9%
Net Revenue	+4.9%
Operating Expenses	Under plan 3.2%

Mr. Rhines reviewed a new slide – Casino Revenue Most Recent 4 Quarters – we’ve had four consecutive record revenue quarters; we had a record 3rd quarter - \$52 million; we’ve had ten consecutive record quarters year over year; in a 12-month period, we’ve had nine record months.

Mr. Rhines reviewed another new slide from the Finance Committee packet – Five Year Casino Net Win Comparison; starting with October 2017 through September 2018, 11 of the 12 months were the best months ever, February 2018 was the second best month ever – we had 14 cold, snowy days.

Ms. Castelline reviewed the Total Revenue YTD September 2018 Pie Chart: Casino revenue \$155.1 million, F&B revenue \$6.9 million, Hospitality revenue \$6.4 million, Pari-Mutuel revenue \$3.3 million, other revenue \$3.0 million; revenue up \$8.1 million YTD budget and up \$11 million to Prior YTD.

Ms. Castelline reported on Hotel Occupancy: September \$3.8 million vs. the budget of \$3.7 million.

	September 2018	September YTD
Prairie Meadows	82.8%	80.5%
Des Moines area	59.1%	61.5%
Competitive set	65%	62.4%
Altoona	70.9%	70.1%

Mr. Rhines – 2018 YTD State Casino Revenue statistics, year over year; we have a procedure process and strategy in place to drive business:

Iowa	
Prairie Meadows	+6.7 %
Horseshoe	+1.1%
State with Prairie Meadows	+.04%
State without Prairie Meadows	-.06%

Region	
St. Louis market	+1.1%
Kansas City market	Flat
Omaha and Council Bluffs market	-0.3%
Quad Cities	-2%

Ms. Castelline reviewed the Top September Performing Areas in the Most Recent Four Years; the following areas had an all-time record September in revenue: Casino, Slots, Table Games, Poker F&B, Triple Crown Buffet, AJ’s, Café, Paddock, Casino Bars, Prairie Coffee; the following areas had a record September: Attendance, Coin-In, Pari-Mutuel revenue, Daily Double Deli, Champions.

Mr. Meyer asked about the slide from the Finance Committee packet - why the change from 2017? Mr. Rhines said we invested in the HALO system which helped us dive deeper into the customer base, used different strategies, and reviewed the analytics; Rewards program – Marketing reviewed the benefits to those playing with cards to find out their likes and dislikes;

mail pieces were directed to players; reconfigured the casino floor with more open space and attractions; Table Games took more side bets and lowered the number of seats so there were more hands per hour; and other departments provided better service and expectations.

Lobbyist Update. Troy Skinner reviewed the “Legislative Update October 2018”: the elections will be over soon; in the Senate, he believes Democrats may pick up a few seats, but the Republicans will remain in control; in the House there are more seats to defend, but he believes the Republicans will remain in control; the Governor’s race is close; reviewed the Iowa Gaming Association members consensus on Sports Betting Legislation; there is a slight increase in gaming revenue FY2018 and there is a chart showing the Distribution of State Gaming Revenue. Mr. Palmer said we did a lot of work educating legislators last year on Sports Betting, if the seats change, we’ll have new legislators to educate, and the \$11 million a year County Endorsement Fund uses casino funds that go to communities without gaming – that’s significant!

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

- Quarter Horse Meet.
 - The numbers were mixed – field size was down, on-track handle was down, off-track handle was up; we had a wet September and that affected handle – it was down 2% overall or \$70,000.
 - Highlights: The top four leading owners, buy month won, were from Iowa; an Iowa-Bred horse won 4 of 4 races and Iowa’s richest stake race; Tom Schenkel’s horse, Aqua Flash, won two stakes races and will have four horses participating in Challenge stake races and is headed to Los Alamitos to compete.
 - Youth Days. Students had to apply to participate in the program – six were accepted; it was a three-day event held at PM; students were assigned to a trainer and to Racing Officials to learn the different areas of a racetrack; \$5,000 in scholarships were awarded at a luncheon - the top winner was a young women who will go to Los Alamitos to compete and the second winner was also a young woman.
- Thoroughbred Update – the Annual Fall Sale was held on September 30; 32 of the 49 horses sold; yearlings sold for an average of \$9,600.

Staff Report. Clay Willey, Vice President of Hospitality, has been with Prairie Meadows for 10 years and he considers it a career, not a job because he loves what he does; every day is different and he gets to work with the best team in the business.

- The Management Team consists of himself, Tim Marleau (Director of the Hotel), Sheri Hansen (Operations Manager), 10 Managers, and 24 Supervisors, for a total of 381 team members.
- Hospitality includes the following outlets: Hotel, Photo Finish Lounge, Café at The Meadows, Special Events and Banquets, Casino Bars, JACKPOT Grill, Triple Crown Buffet, AJ’s Steakhouse, Backside Track Kitchen, Hop’s Lounge, Homestretch Concession, Champion’s Buffet, Daily Double Deli.
- Champions (4th floor) was remodeled in 2018, the first in 20 years, and in 2017-2018 The Meadows Events Center was remodeled - the last piece was done on September 15, and we held our first event on September 18.

- Upcoming Events: Thanksgiving starts the Holiday Season and we plan on serving 3,500 guests that day, numerous holiday parties, Christmas Day and New Year's Eve buffets, and more holiday parties up to Valentine's Day. How do we do this – by making a plan and then delivering on the plan; the bottom line is that it takes a lot of hard work from a very dedicated staff to achieve this volume of business.

Action Item – Front-Line Employee Bonus. Mr. Palmer said we have great employees, and for years, we have given the bargaining unit a Secret Santa bonus to those who qualify; this is outside the contract; it's well deserved; in 2017, the discretionary amount was \$475; this year the recommendation, approved by the HR and Finance Committees, is \$500. Mr. Neugent moved to approve the \$500 Secret Santa Bonus for the bargaining unit, the motion was seconded by Mr. Radia, and unanimously passed on a voice vote.

President's Report. Mr. Palmer reported:

- November 3 – Breeders' Cup and special buffet in Champions 2 p.m. – 6 p.m.
- November 9 – Veterans of Valor Radiothon 6 a.m. – 6 p.m.
- November 12 – Veterans Day Buffet 7 a.m. – 2 p.m.
- November 22 – Thanksgiving – Triple Crown Buffet and AJ's
- November 28 – Board Meeting.
- United Way Campaign. Michele Wilkie, Vice President of Human Resources, said Prairie Meadows gave over \$264,000 to the United Way and the employees' contribution was over \$211,000; we did this with teamwork from the department heads and Prairie Meadows University graduates – we split this group into three teams: Team Gary, Team Ann, and Team Brad. The Board commended and acknowledged staff on an incredible campaign.
- G.I.V.E. Golf Classic. Riverside started this event about 12 years ago and added Grand Falls and Prairie Meadows – this is our second year and we raised over \$90,000 to help wounded veterans learn to play golf.
- Awards:
 - Prairie Meadows received an award from Habitat for Humanity.
 - Michael Gartner received the 2018 Iowa Shares Humanitarian Award.
- Ran a clip recapping the 3rd Quarter events. Mr. Rhines said the first three quarters of 2018 beat 2017 by \$3 million.

Mr. Rasmussen requested staff in the audience (Vice Presidents, Directors, Assistant Directors) introduce themselves to the Board and said they do a remarkable job. The Board acknowledged staff.

Committee Reports.

- Finance. Ms. Willits reported the committee met on Monday and reviewed: the financials – it was a great report and PM is bucking the trends and beating the competition due to great management, leadership, and hard work; received and approved the proposed 2019 budget and capitals – this will be sent to the Board today or tomorrow and the Board will vote on it in November – it's a great stretch budget and the CAPEX are humble and consistent with

past requests; Tax Return Form 990 – reviewed it in detail, it will be filed in a week or two, the Board may request a copy; approved the Front-Line Bonus.

- **Facilities.** Mr. Giovannetti said the committee met last Friday; received a recap of the remodeling project; a new project in 2019-2020 is a remodel of the hotel - it is eight years old and has averaged 80% occupancy (finishes, carpet, tile, paint, light, furniture, televisions, refrigerators, microwaves), it is an \$8.4 million project and will start in late 2019; the committee unanimously supports the remodel and the Finance Committee approved it.
- **Audit.** Mr. Radia said the committee did not meet in October, but will meet in November.
- **Human Resources.** Ms. Moody-Tunks said the committee met on Monday and reviewed the HR Committee Charter and did not make any changes; received an update on Prairie Meadows University – there are 18 employees in the program this year, they are completing their Capstone projects, and will have a celebration dinner on November 15; each Director and department submits goals – meetings are held quarterly and the goals are up to date as of September 30; received an IRS update; approved the Front-Line Secret Santa Bonus.
- **Grants.** Mr. Cooper said the committee did not meet, but several Board members attended the 7:00 a.m. breakfast at the jail for the Bridges of Iowa support, and he attended the Dallas County Conservation Ribbon Cutting for the trail.

Other Business. Mr. Rasmussen thanked Ms. Novak Swalwell for attending the Executive Committee Meeting today.

Adjournment. Mr. Cooper moved to adjourn the meeting, the motion was seconded by Mr. Giovannetti, and passed on a voice vote. There being no further business, the meeting adjourned at 3:00 p.m.

Respectfully submitted,

Martha Willits, Its Secretary