

**Monthly Meeting of the
Prairie Meadows Board of Directors
September 25, 2024
2:00 p.m.**

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

Roll Call.

Todd Copley- absent
Chris Costa - absent
Linda Grandquist
Deb Leech
Dr. Ian Lin - absent
Marty Martin
John Mauro
Andrea Morse

Dr. Steven Neville
Bob O’Hollearn
Ken Sagar
Susan Voss
Jeff Wangsness
Rowena Crosbie
Tiffany Tauscheck

Also in attendance were:

Gary Palmer, President/CEO
Michele Wilkie, 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. Wangsness to approve the Minutes of the monthly meeting of the Prairie Meadows Board of Directors held on June 26, 2024 as written. The motion was seconded by Ms. Leech and passed on a voice vote.

Public Comment. None

Lobbyist Report. Kellie Paschke reported:

- This is an election year; you’ll probably be receiving calls for money, and receiving a lot of mail.
- Last month, the Lt. Governor resigned, and on October 1, he will be the CEO at Iowa Bankers Association; the Governor doesn’t plan to fill the position until after the election.
- Committee Chairs, etc. will be assigned after the election.
- She continues to meet with lawmakers.

Mr. O’Hollearn asked about Jack Whitver and Ms. Paschke said he has a brain tumor and is doing ok; he’s in an experimental program at Duke University; he was at a fundraiser last night and plans to be back in January.

Financials. Troy Sigwarth, Director of Finance, reviewed the August YTD financials:

	August YTD Actual	August YTD Plan
Casino Revenue	\$157.7 m	\$162.4 m
Revenue less COGS	\$181.1 m	\$185.4 m
Total Net Revenue	\$170.7 m	\$175.8 m
Payroll Expenses	\$38.1 m	\$38.4 m
Operating Expenses	\$49.9 m	\$50.3 m
Net Income before Community Benefit	\$44.0 m	\$46.7 m

Total Revenue, \$181.1 million YTD: Casino \$157.7 million; Hotel and Events \$6.3 million; Sportsbook \$3.8 million; Food and Beverage \$5.2 million; Other \$5.8 million; Pari-Mutuel \$2.3 million.

Top Performing Areas – Most Recent 4 Years: Casino Attendance, Poker, Banquets, Gift Shop. Areas with an all-time record for August: Hotel, Café at the Meadows, Paddock, Prairie Coffee Company, and Home Stretch.

2024 YTD August Casino Revenue:

Iowa Market Comparison by size or 60-mile radius	
Prairie Meadows	\$157.6 m
Horseshoe	\$125.4 m
Ameristar II	\$124.2 m
Riverside	\$86.6 m
Isle – Waterloo	\$61.8 m
Harrah’s	\$47.3 m
Lakeside	\$33.0 m
Wild Rose Jefferson	\$24.6 m

Racing Update. Brian Ohorilko, Senior Vice President of Administration, reported:

- We’re 77 days into the Meet; there are three days left of Racing.
- Handle \$42 million vs \$38 million in 2023; Thoroughbreds +\$3.5 million and Quarter Horses +\$500,000; some is due to TVG coverage of our races.
- Attendance is up due to Marketing’s efforts – digital marketing and activities on the Apron; we’ve also had good weather.
- Backside Inventory. Entries are done for the year; there was a drop in August and September as horses are going to other tracks.
- Events:
 - The ITBOA Sale was held on August 29; one horse sold for \$55,000; total sales of \$949,000.
 - Thursday, September 26 – this will be a make-up day.
 - Friday, September 27 – Quarter Horse Championships.
 - Saturday, September 28 – Iowa Classic Night (all Iowa-bred horses) starting at 4:00 p.m.; Iowa Classic Luncheon at 2:30 p.m. – please call Nancy if you plan to attend.

- The IRGC has commissioned a Racing Study; it is posted on the IRGC website; a meeting has been scheduled with the IRGC, PM staff, and the horsemen to review the study.
- We'll start negotiations with the horsemen on Friday regarding the 2025 Meet.

Staff Report. Tony Hughes, Director of Marketing reviewed a PowerPoint presentation:

- He's been with PM for five years, starting as a database analyst, and has 10 years of Marketing experience.
- Marketing has 31 employees and consists of the following departments:
 - Player Development includes Prairie Gold Rewards and VIP Hosts - they interact with guests.
 - Promotions. This area drives revenue to the property; we'll have 329 promotions and 163 entertainment events this year.
 - Analytics. We've seen database growth through August 31.
 - Graphic Designers. We have three designers, and they work as an in-house agency.
 - Advertising. This area does all branding for internal and external advertising.

President's Report. Mr. Palmer reported:

- Today was the first time Tony Hughes has presented in front of the Board – he did a good job.
- Introduced Joni Walston, the new in-training Executive Secretary.
- Saturday – Iowa Classic Night and the last night of racing.
- July 21 – we celebrated PM's 35th Anniversary; approximately 500 attended the Gala.
- September 6 – GIVE Golf Tournament; we raised \$101,000 for veterans; Riverside has done a tournament for several years, and asked PM to help.
- September 9 – 2nd Annual First Responders Dinner; approximately 100 attended.
- September 16 – Impact Luncheon (Grants); approximately 600 attended.
- Mr. Palmer requested Brian Ohorilko give a report on the Horse Racing Study, noting we'll start negotiations with the horsemen this week for 2025. Mr. Ohorilko said in 2023, the IRGC planned to conduct a study on a long-term plan and the study started last year; the study was done by Doug Reed from the Racing, Gaming and Entertainment Company; the study was published last month on the IRGC's website – it is a 274-page study and the information starts on page 75; the study answered 17 questions presented by the IRGC on the number of race days, post times, purses, etc. Mr. Reed made a presentation at the August IRGC Meeting and some of his remarks included – the racing and breeding environment has changed; the gaming environment has changed: improvement is needed on the racing product and field size – field size at PM is 6.2, field size nationally is 7.4; improvement is needed in the Iowa breeding program; the number of racing days is statutory now; some recommendations can't be changed unless regulations change; if the industry does nothing is a bad option; the status quo is not a good option. Mr. Ohorilko said the Racing Study will be discussed Thursday at a meeting at PM at 9:00 a.m., and will give Mr. Reed an opportunity to present it to more people who couldn't attend the last IRGC meeting, and we'll continue the discussion at the horsemen's meeting on Friday.

Ms. Morse asked if there's a timeline to make changes and Mr. Ohorilko said we'll know the IRGC's timeline tomorrow – some things are easy to implement, some are not. Ms. Crosbie asked if we'll look at different days/times, etc., and Mr. Ohorilko said the large percentage of revenue for PM comes from on-track wagering – only 3% comes from off-track wagering –

is it better to simulcast or drive attendance here where people will spend money on food, etc.? Mr. Ohorilko said we don't have the negotiating power (simulcast) and we plan to look at that. Ms. Crosbie asked if the study considered attendance and expenses – status quo is not ok, and the study doesn't cover this year? Mr. Ohorilko said there's not a lot of data on the current year. Ms. Crosbie said it would look better if this year was included and Mr. Ohorilko said simulcasting makes sense, but is it Monday-Tuesday or is it revenue generated on a Sunday? Mr. Martin referred to the P&Ls and net loss, and asked if the casino subsidized racing, and Mr. Sigwarth said the casino does – the Pari-Mutuel Handle is dollars wagered less what was paid out, and that doesn't include expenses associated with racing. Mr. Palmer said simulcast is like Sports betting – it's down in revenue, but it's a false number, it's not been as good as we thought it would be, but we will make \$1 million at the end of the year; it's getting the numbers we need to give and how to minimize expenses; simulcast may be \$1 million, but we make nothing; it's a combination of simulcast and betting here.

Mr. Palmer said with Sports betting, PM was the leader in the state and the first to get a “skin” – William Hill; the legislature passed sports betting with a caveat - the outside casino owners would only agree if, after 18 months, there would be on-line gaming; now casino numbers are down as people bet at home; “skins” control the market numbers, and \$1 million is better than nothing.

On the expense side, the Federal government implemented HISA to regulate horse racing, and that hurt PM and the horsemen; dues went up 61% and we paid \$425,000 this year – half is paid by PM and half by the horsemen; we have no control over this expense – pay or no racing. Ms. Leech noted the horsemen filed a lawsuit that this was unconstitutional – it's in District Court now, and Jon Moss, Executive Director, IAHBPA, said it'll go to the Supreme Court soon, and each track is assessed a different amount. Mr. Palmer said if we don't have simulcasting, we don't have to pay HISA dues – it's a catch 22 on how to figure this out. Mr. Wangsness said if simulcast doesn't pay, we should consider discontinuing it so we don't have to pay HISA dues.

- Mr. Palmer requested Tom Flynn give an update on the property tax issue. Mr. Flynn noted that on August 1, the Polk County District Judge ruled against us; in the past, Polk County paid the first \$4.5 million on property tax; 1-1-21, the property was appraised at \$105 million, and the property tax was \$3.7 million and was under \$4.5 million so the County paid it all; 1-1-23, the appraisal went from \$105 million to \$180 million which resulted in property taxes going from \$3.7 million to \$6 million, and PM would pay \$1.5 million; we appealed and there was a two-day trial; we had a good judge and a good appraisal; Jack Ketterer, Gary Palmer, and Brian Ohorilko testified on the history of PM and the statutes; our appraiser from Las Vegas appraised the property at \$110 million as there's a statute that to have gambling, a Pari-Mutuel license had to be issued by 1-1-94, and PM is the only entity to have a license, so Polk County can't sell PM as a gaming facility; the assessor appraised PM at \$180 million; the Polk County appraiser's appraisal was \$266 million – there's less value if PM can't be sold, but income is wildly successful; the judge could take one or none of the appraisals, and the decision ended at \$180 million as PM is a successful operation (appraised as it is now operated); property taxes are \$6 million, and PM paid part of its portion. Ms. Crosbie asked if \$4.5 million is in place and can that be renegotiated and Mr. Flynn said we're under a lease and have been for 16 years, and that's what we're thinking about. Mr. O'Hollearn asked if commercial property taxes we going down; Mr. Palmer said this year, it

went up 10% - ours went up 30% because PM is so successful; Mr. Flynn said commercial property went down during COVID. Mr. Mauro said he serves on the property tax board and taxes have gone up; he stepped out of the room when PM was discussed; the cap was a 3% increase; PM makes a lot of money; he's seeing senior citizens unable to afford \$100; it's difficult to sell PM as it doesn't have a value; PM went to court, and it should try again.

- A list of upcoming meetings and events is included in the Board packet.

Committee Reports

- Finance/Audit. Dr. Neville said the committee did not meet.
- Facilities. Mr. O'Hollearn said the committee met in July and received a lot of updates; it's a 35 year old facility and he complimented Clint Pursley and Chip Walters and the Executive team for keeping the property in good shape (new paint and carpet, etc.); the committee discussed marketing PM better with a "did you know" fact sheet (i.e. let people know that PM changes out all bedding even if one bed wasn't used); gender neutral restrooms were discussed and it was decided now wasn't the time; upcoming projects: the barn area includes roofs, windows, and sprinkler replacement, the horse paddock will be refreshed, and the hotel guest room door locks will be replaced; good things are happening in a 35 year old facility. Ms. Voss noted that any project over \$100,000 needs IRGC approval, and with costs today, should the amount be raised and Mr. Flynn said \$100,000 is in the lease with Polk County. Ms. Voss asked if there's an opportunity to raise the amount to \$250,000 or more and Mr. Palmer said we'll negotiate \$500,000 or more.
- Human Resources. Ms. Voss said the committee will meet in October; the Salary Study was sent to the committee and will be discussed at the October meeting.
- Grants. Ms. Morse said the committee met September 24 to reallocate some dollars to 14 organizations (the organizations are listed in the Resolution). Mr. Wangsness asked how the committee came to a conclusion for the 14 organizations and Ms. Morse said it looked at the requests, what were received, and the score – some were worthy of getting a grant that didn't get one before. Ms. Morse moved on behalf of the Grants Committee to approve the Reallocated Grant Dollars Resolution of \$195,000. There being no discussion needed, the motion was seconded by Mr. Wangsness, and passed on a voice vote, with Mr. Martin abstaining.

Other Business.

Mr. Sagar reviewed the upcoming meeting dates:

- Next Board Meeting – October 23, 2024
- Human Resources Committee Meeting– October 21, 2024 – 1:00 p.m.
- Finance/Audit Committee Meeting– October 21, 2021 – 3:00 p.m.

Adjournment. Mr. O'Hollearn moved to adjourn the meeting, the motion was seconded and passed on a voice vote. There being no further business, the meeting adjourned at 3:05 p.m.

Respectfully submitted,

Linda Grandquist, Its Secretary