

**Monthly Meeting of the  
Prairie Meadows Board of Directors  
December 18, 2024  
3:00 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 3:00 p.m.

Introduce New Board Members: Mr. Sagar introduced the new members and requested they say a few words:

- Joe Nehring representing Labor. Mr. Nehring said he is an Assistant Polk County Attorney, is a criminal prosecutor, and an AFSCME member; he grew up in Mt. Pleasant and is a graduate of the University of Iowa and graduated law school in 2017; he's happy to have the opportunity to represent Labor and said Prairie Meadows does a lot for the community with grants and for its employees.
- Jim Gorsche representing Polk County. Mr. Gorsche graduated from DM Lincoln High School, and graduated from Simpson and Drake; he served as a prosecutor in the Army; has been the corporate attorney for Pioneer for the last 25 years; he is glad to be here.
- Denny Linderbaum representing At-Large. Mr. Linderbaum said he retired as President of the Unity Point Foundation January 31, 2024; he worked on the Pioneer campaign; he is a Luther graduate; he really wanted to be on the Prairie Meadows Board; PM makes a tremendous impact on the community and he is honored to be here.

Welcome Returning Board Member. Mr. Sagar welcomed back Dr. Neville, who has been reappointed as an At-Large member for a second term.

Roll Call.

Chris Costa  
Jim Gorsche  
Linda Grandquist  
Deb Leech  
Dr. Ian Lin  
Denny Linderbaum  
John Mauro - phone  
Andrea Morse

Joe Nehring  
Dr. Steven Neville  
Bob O'Hollearn  
Ken Sagar  
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. O'Hollearn to approve the Minutes of the Annual Meeting of the Prairie Meadows Board of Directors held on November 20, 2024 as written. The motion was seconded and passed on a voice vote.

Lobbyist Report. Kellie Paschke reported:

- It’s 26 days until the legislative session opens; it will be a 110-day session.
- Governor Reynolds appointed a Lt. Governor – Chris Cournoyer; Ms. Cournoyer has been a State Senator for six years; she was a great partner in the Senate; there will be a special election to replace her; this appointment changes the Senate Committees; her focus will be on Property Tax reform and early childhood literacy.

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

	<b>Actual</b>	<b>Plan</b>
Casino Revenue	\$214.2 m	\$223.2 m
Total Revenue	247.1 m	255.4 m
Net Revenue	232.8 m	241.8 m
Payroll Expenses	53.0 m	52.5 m
Operating Expenses	67.3 m	67.1 m
Net Income before Community Benefit	60.0 m	66.5 m

Total Revenue, \$247 million YTD: Casino \$214.2 million; Hotel and Events \$8.9 million; Sportsbook \$6.3 million; Food and Beverage \$6.9 million; Pari-Mutuel \$2.8 million.

Top Performing Areas – Most Recent 4 Years. Casino Bars, Photo Finish Lounge, Banquets, Hotel, and Gift Shop. All-time record for November: Slot coin-in, Casino Revenues, Prairie Coffee Company, Café at the Meadows, AJ’s Steakhouse.

2024 YTD November Casino Revenue:

<b>Iowa Market Comparison by size or 60-mile radius</b>	
Prairie Meadows	\$214.2 m
Horseshoe	\$168.4 m
Ameristar II	\$167.0 m
Riverside	\$117.5 m
Isle – Waterloo	\$83.9 m
Harrah’s	\$63.0 m
Lakeside	\$44.3 m
Wild Rose Jefferson	\$33.3 m

Mr. Gorsche noted the State is down 2.3 million and asked why. Mr. Sigwarth said 2023 was a record year for Prairie Meadows and the State; we’re seeing a softening in the market, competition from Nebraska, and less foot traffic; 2023 had an all-time record revenue.

Action Item – 401k Contribution Non-Bargaining Employees. Mr. Palmer said in the union contracts, every year the bargaining employees get 2.5% added to their 401k, and every year, we ask the Board to do the same for the non-bargaining employees; the amount is not to exceed \$492,000. Mr. O’Hollearn said the employee union-nonunion ratio is about 60-40. Mr. Gorsche asked the context over previous years and Mr. Palmer said this has been done every year. Mr. O’Hollearn moved to approve 2.5% for non-bargaining employees, the motion was seconded by

Ms. Leech, and unanimously passed on a voice vote. Mr. Palmer noted we have three unions: Operating Engineers, AFSCME, and the Machinists.

Action Item – Discretionary 401k Distribution (all eligible employees). Mr. Palmer said traditionally, when we've had a good year; we give an additional discretionary amount to all eligible employees; in 2021, 2022, and 2023, it was 4%, and we are requesting 4% this year; the amount is not to exceed \$1.6 million. Mr. Wangsness requested Mr. Palmer explain the financials. Mr. Palmer said 2023 was our best year ever, as was the two previous years, and net revenue to the community was \$50 million - this year it will be close to that number - \$40-\$50 million; our people worked hard to try to get to the budget to distribute to the community; we'd like to reward the people who make the money. Dr. Lin said we didn't make budget, but it was still good. Mr. Linderbaum asked if this is budgeted and Mr. Palmer said yes, and noted we're extremely happy with staff, and a happy staff means a lot for business. Mr. Gorsche asked the 401k numbers and Mr. Palmer said it's a 4.5% match, plus an additional 2.5% and 4%. Mr. Wangsness moved to approve the 4% discretionary distribution, the motion was seconded by Ms. Grandquist, and unanimously passed on a voice vote.

Action Item – Incentive Plan Resolution. Mr. Palmer said the Board approved the Bonus Plan in March, and the Resolution is just filling in the numbers; staff made 96% to budget; the amount is not to exceed \$3.1 million. Mr. Gorsche moved to approve the Resolution, the motion was seconded by Mr. O'Hollearn, and unanimously passed on a voice vote.

Action Item – Internal Revenue Code Section 4958. Mr. Sigwarth said this is a formality that the IRS requires PM, as a non-profit, to do to determine reasonable compensation for its officers; PM's peer group is for-profit casinos and non-profit organizations; Willis Towers Watson did the study in 2019; Compensation Advisory Partners (CAP) just concluded the 2024 study; we have an outside study done every five years; our compensation is below the 50<sup>th</sup> percentile and is well within the reasonableness of the Code. Mr. Sagar asked if a study is good for 4-5 years and Mr. Sigwarth said there is no specific timeline; we have a study done every 3-5 years due to the cost. Mr. Gorsche asked when this has been done and Mr. Sigwarth said CAP did the study in 2024, and Willis Towers Watson did a study in 2019. Mr. O'Hollearn moved to accept the report, the motion was seconded and unanimously passed on a voice vote.

President's Report. Mr. Palmer reported:

- We are working on a 5-year contract with the horsemen; the group met yesterday and we had a great conversation; we will continue with monthly meetings to work on a 5-year plan to present to the Commission in September.
- It's the Christmas Season and staff has done a tremendous job; Sales has booked approximately 50 Holiday Parties. Mr. Wangsness attended a party here last weekend and gave a shout out to Gary Palmer and Brian Ohorilko – they were helping refill the buffet tables. Mr. Palmer said we're a team and all staff helps out when needed; it's fun and employees like to see the executive team helping out; he thanked Mr. Wangsness for having the party here.
- Along with Christmas, we have New Year's Eve – that's two long weekends. Mr. Palmer asked Mr. Pursley about the hotel, and Mr. Pursley said the hotel is 100% sold out.
- We're all excited about 2025.
- If you are unable to attend dinner tonight, please contact Julie Stewart as we have something to deliver to your car.

- Don't forget AJ's dining opportunities during the holiday season.
- Tribute Bands: Pauly and The Goodfellas December 29; Rick Alvita (Elvis) January 11; Heart & Soul (Tim McGraw and Faith Hill) February 14.
- Next Board Meeting is February 12, 2025.

#### Committee Reports

- Executive Committee.
  - Action Item – 2025 Salary Increase for Gary Palmer. Mr. Sagar said the Executive Committee recommends and moves a salary increase of 4.8% for Mr. Palmer - \$725,000 to \$760,000. The motion was seconded by Mr. Wangsness and unanimously passed on a voice vote.
  - Mr. Sagar received a letter from Mr. Palmer regarding his employment and plan to retire December 31, 2025. The Committee discussed the process; in the past, we had help from outside folks to look for a replacement; we have an amazing staff; we'd like to give everyone an opportunity to make comments. Mr. O'Hollearn said Mr. Palmer has graciously agreed to extend his contract on numerous occasions; we've discussed, in the past, an executive search, and we should have a meeting in January to discuss the process – internal candidates pros and cons, external candidates pros and cons, etc.; no action, just an in-depth discussion on the process, if we want to employ a search firm, and how to have a healthy transition; Mr. Palmer has been the face of Prairie Meadows for years and this position is a community one, and his replacement must be the face of Prairie Meadows; he'd like to meet in a Closed Session, if possible; he'd like Mr. Sagar to send out Mr. Palmer's job description with a point system and other activities he does to help the Board understand the position and know what we are looking for to chart the course for this organization and be prepared for a discussion. Ms. Morse asked if the job description is up-to-date and Mr. Palmer said yes. All of the Executive Committee members backed Mr. O'Hollearn's suggestions. Mr. Wangsness said it's important that everyone has a say, and then the majority prevails. Mr. O'Hollearn said we hired a firm two years ago, and the Board should have historical knowledge and background on the cost, etc. Mr. Wangsness said ideally, with a successful organization, it is ideal to promote from within if there is someone – that's the best way to go; he hates to spend money on a search firm. Mr. Linderbaum said this was done at Unity Point with Eric Cowell's retirement; we have an intense internal decision to make; leadership is important, and an internal candidate is great, but there's no perspective to make without discussion; he's new and it would be helpful to get other Board members' input. Mr. Costa said Mr. O'Hollearn did an excellent job communicating the Executive Committee's discussion; our main issue is to oversee the CEO and a replacement; it's a great organization focus to have an internal candidate rise to the top; he has an opinion for January; we want to be transparent; the Executive Committee didn't have to allow the Board to have a discussion. Mr. Sagar will pursue a January meeting to discuss if there is an internal candidate or if we should pursue external candidates and that process; he believes we have an incredible crew and talent that could step up and lead; he liked Mr. O'Hollearn's comment in the Executive Committee Meeting, "we're fishing for talent, maybe in Las Vegas or Atlantic City, but we don't have the bait"; salaries are more in those areas and ours is under the 50<sup>th</sup> percentile; we have the talent here and that'll be part of the discussion in January. Mr. Gorsche asked if the Board will have access to former search firm's

information – contract and costs, and Mr. Sagar said yes, and noted we are time constrained, and he encourages everyone to attend the January meeting – he’ll work on a date.

- Mr. Sagar said the Executive Committee invites a different Board member to its monthly meeting – Chris Costa attended this month.
- Finance and Audit. Dr. Neville said the committee did not meet.
- Facilities. Mr. O’Hollearn said the committee did not meet.
- Human Resources. Ms. Leech said the committee did not meet.
- Grants. Dr. Lin said the committee spent so many days on the Grants, but didn’t meet this month.

Other Business. Mr. Sagar reported:

- December 18 – Board Holiday Dinner in AJ’s Party Room. 5 p.m. – social, 6 p.m. - dinner
- 2025 Meeting dates (see below).
- Next Meeting – February 12, 2025
  
- Mr. Nehring asked if Mr. Sagar knew when the January meeting date will be set and Mr. Sagar said no – we need to put together information; it will probably be later in the afternoon if that’s ok – the Board concurred. Mr. O’Hollearn suggested it be at 2:00 p.m. whatever the date is, and suggests information on the contracts, job description, a summary, etc. – it’s important to get this information in advance. Mr. Sagar will plan on 2:00 p.m. and will get the information to the Board in a timely manner.

Adjournment. Mr. O’Hollearn moved to adjourn the meeting, the motion was seconded by Mr. Wangsness, and passed on a voice vote. There being no further business, the meeting adjourned at 3:50 p.m.

Respectfully submitted,

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Linda Grandquist, Its Secretary