

DEL MAR RACE TRACK AUTHORITY (RTA) AGENDA

**August 14, 2023
11:00 A.M.**

Del Mar Fairgrounds, Board Room
2260 Jimmy Durante Boulevard
Del Mar, California 92014
AND
Department of Finance
1021 O Street, Suite 3110
Sacramento, CA 95814

While the Del Mar Race Track Authority Board meeting will be conducted in person, the Del Mar Race Track Authority will also provide for remote participation by members of the public. If you prefer to participate remotely, please check the 22nd DAA's website ([Public Information](#)) for the ZOOM link and/or ZOOM dial-in instructions on how to participate and/or view this meeting.

Items listed on this Agenda may be considered in any order, at the discretion of the chairperson.

- | | |
|---|-------|
| 1. <u>Roll Call</u> | 3 |
| 2. <u>Election of Officers</u> (Action) | 4 |
| 3. <u>Approval of Minutes</u> | 5-7 |
| a. March 30, 2022 (Action) | |
| 4. <u>Reports</u> | |
| • 22 nd DAA Financial Report (Informational) | 8-9 |
| • RTA Financial Report (Action/Informational) | 10 |
| 5. <u>New Business</u> | |
| a. Consideration and vote on whether to amend the RTA By-Laws to conform to the JPA (Action item) | 11-33 |
| b. Consideration and vote on whether to designate the President, Treasurer and Controller of the Del Mar Race Track Authority as authorized representatives to act on behalf of the Del Mar Race Track Authority in all matters relating to the Del Mar Race Track Authority Revenue Bonds, Series 2015. (Action item) | 34 |
| c. Consider and vote on whether to delegate authority to Carlene Moore (Secretary of the Del Mar Race Track Authority) to coordinate with any all necessary parties, including but not limited to, the financial auditors of the 22 nd District Agricultural Association, the Office of the California Attorney General, outside bond counsel for the Del Mar Race Track Authority, and the California State Treasurer's Office, to determine how the Del Mar Race Track Authority should account for those assets that were built or improved upon using bond revenue. (Action) | 35 |

6. Public Comment on Matters Not Appearing on the Agenda

This item is for Public comment on issues **NOT** on the current Agenda. However, no debate by the Board shall be permitted on such public comments and no action will be taken on such public comment items at this time, as law requires formal public notice prior to any action on a docket item. Speaker's time is limited to **two** minutes and may be modified based on the number of public speakers. No speaker may cede their time to another speaker.

7. Recess, if needed, to allow further State Race Track Leasing Commission actions related to this meeting

8. Adjournment

ROLL CALL

DEL MAR RACE TRACK AUTHORITY (RTA) MEMBERS

22nd District Agricultural Association (22nd DAA)

Richard Valdez, RTA President
22nd DAA Board President

Lisa Barkett, RTA Member
22nd DAA Board Vice President

Kathlyn Mead, RTA Member
22nd DAA Board Member

Carlene Moore, RTA Secretary
22nd DAA CEO

Melinda Carmichael, RTA Controller
22nd DAA CAO

Michael Sadegh, RTA Treasurer
22nd DAA Director of Finance

Department of Finance (DOF)

Gayle Miller, RTA Vice President
Chief Deputy Director, Policy, Delegate for Joe Stephenshaw, Director; RTA Member

Department of General Services (DGS)

Jennifer Osborn, Delegate
Chief Deputy Director, Delegate for Ana M. Lasso, Director; RTA Member

Department of Food and Agriculture (CDFA)

Michael Flores, Delegate
Deputy Secretary Administration and Finance, Delegate for Karen Ross, Secretary; RTA Member

Office of the Attorney General California

Josh Caplan
Deputy Attorney General

Del Mar Race Track Authority (RTA)

Item 2, Election of Officers

Per Section 2.7 of the Bylaws, the election of officers shall be the first order of business at the first meeting of the Authority held in each calendar year. The President and Vice President shall be duly elected by a majority of the Authority members.

Per Section 3(E) of the Joint Powers Agreement, the Board shall elect a President and a Vice-President of the Board from among its members and appoint a Secretary, who may, but need not, be a member of the board. Per Section 2.4 of the Bylaws, the Secretary shall be the General Manager of the 22nd District Agricultural Association (District) or other designee of the Board.

Section 3(E) of the Joint Powers Agreement designates the chief financial officer of the District as the Treasurer of the Authority and that the Board shall designate a Controller in the Bylaws. Per Section 2.6 of the Bylaws, the Administrative Officer of the District shall be the Controller.

Although any sitting member may be eligible for the offices of either President or Vice President, the practice of the Authority has been to elect a District member as President, and the Director of Finance as Vice President.

**DEL MAR RACE TRACK AUTHORITY MEETING
Minutes – Tuesday, March 30, 2022**

The Del Mar Race Track Authority (RTA) met on Tuesday, March 30, 2022, via ZOOM/teleconference in the Board Room hosted by the 22nd District Agricultural Association (22nd DAA), 2260 Jimmy Durante Blvd., Del Mar, CA.

ROLL CALL

RTA President Richard Valdez called the meeting to order at 12:40 p.m. with all members present.

ATTENDEES

22nd District Agricultural Association (22nd DAA)

Richard Valdez, RTA Board President
Lisa Barkett, RTA Board Member
Kathlyn Mead, RTA Board Member
Carlene Moore, RTA Secretary/Treasurer

Department of Finance (DOF) - Keely Bosler, Director and RTA Vice President

Gayle Miller, Chief Deputy Director, Policy, Delegate

Department of General Services (DGS) VACANT, Director; RTA Member

Jennifer Osborn, Acting Director for the Department of General Services, Delegate

Department of Food and Agriculture (CDFA) – Karen Ross, Secretary; RTA Member

Kevin Masuhara, Deputy Secretary Administration and Finance, Delegate

Office of the Attorney General California

Josh Caplan, Deputy Attorney General

OTHERS PRESENT

Kevin Civale
Mark Young
Donna O'Leary, 22nd DAA Executive Assistant
Melinda Carmichael, 22nd DAA Chief Administrative Officer
Michael Sadegh, 22nd DAA Finance Director
Josh Rubinstein, President, Del Mar Thoroughbred Club
Joe Harper, CEO, Del Mar Thoroughbred Club
Mike Ernst, Executive VP, CFO, Del Mar Thoroughbred Club

ELECTION OF OFFICERS

RTA President Valdez referred to page three of the Board packet which references the By-Laws and how the election of officers shall be done. Member Barkett moved to approve the election of Richard Valdez (22nd DAA) for President; Keely Bosler (DOF) for Vice President; CEO Carlene Moore (22nd DAA) for RTA Secretary; and the 22nd DAA Director of Finance for Treasurer and Chief Administrative Officer for Controller. Member Mead seconded. Members Valdez, Barkett, Mead, Delegates Miller, Osborn, and Masuhara were in favor and the motion carried.

APPROVAL OF MINUTES

March 30, 2021

Member Barkett moved to approve the March 30, 2021, minutes. Member Mead seconded. President Valdez, Members Barkett, Mead, Delegates Miller, Osborn, and Masuhara were in favor and the motion carried.

REPORTS

22nd DAA Financial Report

Secretary Moore reviewed the financial report on page seven of the Board packet. Home*Grown*Fun, the 2021 Race Meet and government funding contributed to a successful year. Due to the success of the 2021 Race Meet, the debt obligation for the bonds of \$3.3 million was met.

RTA Financial Report

Secretary Moore reviewed the report on page eight of the Board packet. RTA's cash assets at the end of the year were just over \$8 million.

Status of Completion of 2021 Approved Projects

Secretary Moore said there are no projects to be approved by the RTA going forward as all bond money has been spent.

PUBLIC COMMENT on RTA Financials (page 65)

Martha Sullivan

UNFINISHED BUSINESS

Nothing to report.

PUBLIC COMMENT on RTA Financials (page 58)

Martha Sullivan

NEW BUSINESS

The Center Update

Secretary Moore reported that the RFP for a managing entertainment promotor for the venue closed and is being reviewed and scored. The plan is to have that contract ready for approval at the April 12, 2022, Board of Directors meeting of the 22nd DAA. The plan is for satellite wagering to return to The Center, which was relocated during construction.

Consideration and vote on whether to designate Richard Valdez (President of the Del Mar Race Track Authority), Michael Sadegh (Treasurer of the Del Mar Race Track Authority) and Melinda Carmichael (Controller of the Del Mar Race Track Authority) as authorized representatives to act on behalf of the Del Mar Race Track Authority in all matters relating to the Del Mar Race Track Authority Revenue Bonds, Series 2015

Deputy Attorney General Josh Caplan provided the background for the need to have authorized representatives to act on behalf of the Del Mar Race Track Authority in all matters relating to the Del Mar Race Track Revenue Bonds, Series 2015.

PUBLIC COMMENT on RTA Financials (page 70)

Martha Sullivan

Delegate Masuhara moved to approve the designation of the President of the Del Mar Race Track Authority, the Treasurer of the Del Mar Race Track Authority and Controller of the Del Mar Race Track Authority as authorized representatives to act on behalf of the Del Mar Race Track Authority in all matters relating to the Del Mar Race Track Authority Revenue Bonds, Series 2015. Member Barkett seconded the motion. President Valdez, Members Barkett, Mead, Delegates Osborn, and Masuhara were in favor and the motion carried. Delegate Miller was not present for the vote.

PUBLIC COMMENT ON MATTERS NOT APPEARING ON THE AGENDA (page 74)

Martha Sullivan

RECESS

No recess was necessary.

ADJOURNMENT

RTA President Valdez adjourned the meeting at 1:33 p.m.

Subject to Board Approval

22nd DAA
Consolidated Balance Sheet (DAA, RTA, RTLC)
As of December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Assets			
Cash	\$ 32,385,476	\$ 21,991,561	\$ 3,497,500
¹ Restricted Cash - F&B Equipment Fund	172,903	338,980	64,122
² Restricted Cash - RTA	14,376,358	11,320,043	3,311,671
Restricted Cash in Trust - WQI	(1)	332,064	421,064
Restricted Cash in Trust - The Center	-	1,983,024	6,237,463
Total Cash and Cash Equivalents	<u>46,934,737</u>	<u>35,965,673</u>	<u>13,531,819</u>
Accounts Receivable	1,931,877	4,505,277	6,062,016
Prepaid Expenses	358,356	480,079	447,900
³ Deferred Outflows Pension	6,547,075	6,547,075	5,193,040
Total Current Assets	<u>8,837,309</u>	<u>11,532,431</u>	<u>11,702,956</u>
Land	35,011,899	35,011,899	35,011,899
Building and Improvements	189,040,757	189,021,781	189,021,781
Equipment	38,249,607	37,989,227	37,934,770
Capital Projects in Process	38,880,438	38,316,963	30,744,685
Accumulated Depreciation	(173,822,663)	(173,822,663)	(166,873,877)
Total Capital Assets	<u>127,360,039</u>	<u>126,517,207</u>	<u>125,839,259</u>
Total Assets	<u>\$ 183,132,084</u>	<u>\$ 174,015,311</u>	<u>\$ 151,074,034</u>
Liabilities			
Accounts Payable	6,634,023	6,337,592	3,451,851
Payroll Liabilities	538,549	197,143	108,969
Accrued Liabilities	1,951,331	2,175,410	2,403,306
⁴ Other Current Liabilities	2,123,472	1,747,493	6,915,862
⁵ Deferred Revenue	2,506,229	11,275,204	2,009,275
Current Long Term Debt	3,033,355	4,270,797	2,957,601
⁶ Accrued Employees Leave Liabilities	1,087,548	1,197,178	1,360,759
⁷ Long Term Debt	61,548,807	63,962,267	67,345,047
Reserve - F&B Equipment Fund	607,289	344,475	133,084
Reserve - JLA	16,305	20,838	20,838
³ Pension Liability	45,266,567	45,042,010	30,675,647
³ Deferred Inflows - Pension	2,744,433	2,744,433	1,283,146
Total Liabilities	<u>128,057,907</u>	<u>139,314,838</u>	<u>118,665,384</u>
Net Resources			
Contributed Capital	78,877,171	78,877,171	82,170,171
Less Contributed Capital to RTA	(34,358,470)	(34,358,470)	(37,644,384)
Net Resources - Unrestricted	(5,921,909)	(13,151,333)	(8,225,351)
Investment in Capital Assets	(3,891,786)	(3,891,786)	(3,891,786)
	34,705,006	27,475,582	32,408,650
Net Proceeds from Operations	20,369,172	7,224,891	-
Total Net Resources	<u>55,074,177</u>	<u>34,700,473</u>	<u>32,408,650</u>
Total Liabilities and Net Resources	<u>\$ 183,132,084</u>	<u>\$ 174,015,311</u>	<u>\$ 151,074,034</u>

1

Per Food & Beverage Services agreement, 1.50% of all Gross Revenues for unexpected or emergency expenses, including repair and m

2 Per bond Pledge Agreement, maintain Reserve account and District cash separately equal to at least Maximum Annual Debt Service

3 Information provided by CDFA/State Controllers Office; results from changes in components of net pension liability; applicable to a future

4 Current portion of long-term debt due within the next 12 months

5 Advance payments for events/activities in the future

6 Due to employees at time of separation for paid leave balances

7 RTA Bonds \$34.2M; Ibank WQI \$7M; Ibank Surfside \$13.7M; Premier \$1.8M; Energy Efficiency \$3.2M; CalPers SB84 \$2.2M

22nd DAA
Income Statement (DAA)
For the Period Ending December 31, 2022

	Year-to-Date			Full 2022 Budget
	Actual	Budget	Variance	
REVENUES				
Admissions Revenue	11,019,180	13,428,531	(2,409,351)	13,428,531
<i>Gates</i>	11,019,180	13,428,531	(2,409,351)	13,428,531
Concessions Revenue	38,557,864	19,650,571	18,907,293	19,650,571
<i>Food & Beverage Contract</i>	17,520,962	16,112,521	1,408,440	16,112,521
<i>Other Food & Beverage</i>	3,913,886	0	3,913,886	0
<i>Midway</i>	16,766,545	3,481,500	13,285,045	3,481,500
<i>Merchandise</i>	73,182	56,550	16,632	56,550
Facility Rentals Revenue	5,055,668	2,459,146	2,596,521	2,459,146
<i>Commercial</i>	3,231,163	918,000	2,313,163	918,000
Leases Revenue	2,847,866	2,607,447	240,419	2,607,447
<i>Racetrack</i>	1,225,000	0	1,225,000	0
Program Revenues	5,858,591	5,365,985	492,606	5,365,985
<i>JLA</i>	260,093	0	260,093	0
<i>Parking</i>	4,839,829	4,255,085	584,744	4,255,085
<i>Participation Fees</i>	345,728	450,900	(105,172)	450,900
<i>Satellite Wagering</i>	412,941	660,000	(247,059)	660,000
OPERATING REVENUE TOTALS	63,339,170	43,511,681	19,827,489	43,511,681
Contributions	13,338,674	12,437,000	901,674	12,437,000
<i>Sponsorships</i>	1,880,908	1,932,000	(51,092)	1,932,000
Other Non-Operating Revenue	1,004,259	211,392	792,867	211,392
<i>Interest Earnings</i>	387,060	25,000	362,060	25,000
Reimbursed Costs	1,646,931	1,379,739	267,192	1,379,739
Prior Year Revenue	13,879	0	13,879	0
NON-OPERATING REVENUE TOTALS	16,003,744	14,028,131	1,975,613	14,028,131
TOTAL REVENUE	79,342,914	57,539,812	21,803,101	57,539,812
EXPENSES				
Payroll & Related Expense	14,626,965	16,848,818	2,221,853	16,848,818
<i>Professional Development</i>	138,721	121,656	(17,065)	121,656
Professional Services Expense	21,779,914	20,750,712	(1,029,201)	20,750,712
<i>Food & Beverage Expense</i>	15,033,205	10,334,923	(4,698,282)	10,334,923
Insurance Expense	1,120,257	724,022	(396,235)	724,022
Facility & Related Expense	6,313,228	4,646,974	(1,666,254)	4,646,974
<i>Equipment & Small Wares</i>	31,496	0	(31,496)	0
<i>Telephone & Internet</i>	107,600	85,128	(22,472)	85,128
<i>Repairs & Maintenance</i>	787,140	703,512	(83,628)	703,512
<i>Utilities</i>	3,691,015	3,046,104	(644,911)	3,046,104
(1) - <i>Electricity</i>	2,040,491	-	-	-
(1) - <i>Water</i>	880,661	-	-	-
Supplies Expense	1,068,151	1,031,829	(36,322)	1,031,829
Marketing & Related Expense	1,350,582	1,485,605	135,023	1,485,605
Program Expenses	14,854,371	4,879,679	(9,974,692)	4,879,679
<i>Artists & Entertainment</i>	3,383,359	4,066,500	683,141	4,066,500
<i>Midway Operator Expense</i>	10,124,751	0	(10,124,751)	0
Other Operating Expense	2,817,715	7,140,803	4,323,088	7,140,803
<i>Bank & Service Fees</i>	1,675,522	1,026,708	(648,814)	1,026,708
<i>Interest Expense</i>	900,740	2,759,982	1,859,242	2,759,982
OPERATING EXPENSE TOTALS	63,931,182	57,508,442	(6,422,740)	57,508,442
Other Non-Operating Expense				
<i>Prior Year Expense</i>	390,333	0	(390,333)	0
NON-OPERATING EXPENSE TOTALS	390,333	0	(390,333)	0
TOTAL EXPENSE	64,321,515	57,508,442	(6,813,073)	57,508,442
NET INCOME (LOSS)	15,021,399	31,370	14,990,029	31,370

General Note: Positive variances in this report denote better than expected results for that element.

Note 1: For information only. This element is included in the Utilities.

RTA
Balance Sheet
As of December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Assets			
Cash	\$ -	\$ -	\$ (67,054)
¹ Restricted Cash - F&B Equipment Fund	-	-	-
² Restricted Cash - RTA	11,076,358	8,020,043	3,311,671
Restricted Cash in Trust - WQI	-	-	-
Restricted Cash in Trust - The Center	-	-	-
Total Cash and Cash Equivalents	<u>11,076,358</u>	<u>8,020,043</u>	<u>3,244,617</u>
Accounts Receivable	7,500	(692,276)	716,969
Prepaid Expenses	-	-	-
³ Deferred Outflows Pension	-	-	-
Total Current Assets	<u>7,500</u>	<u>(692,276)</u>	<u>716,969</u>
Land	22,035,797	22,035,797	22,035,797
Building and Improvements	135,213,746	135,213,746	135,213,746
Equipment	26,944,346	26,944,346	26,944,346
Capital Projects in Process	8,378,654	8,378,654	8,378,654
Accumulated Depreciation	(116,189,069)	(116,189,069)	(110,678,243)
Total Capital Assets	<u>76,383,473</u>	<u>76,383,473</u>	<u>81,894,299</u>
Total Assets	<u>\$ 87,467,331</u>	<u>\$ 83,711,241</u>	<u>\$ 85,855,884</u>
Liabilities			
Accounts Payable	(65)	(65)	-
Payroll Liabilities	-	-	-
Accrued Liabilities	1,906,261	2,139,926	2,379,085
⁴ Other Current Liabilities	458,149	469,857	478,807
⁵ Deferred Revenue	-	-	-
Current Long Term Debt	1,510,000	1,435,000	1,380,000
⁶ Accrued Employees Leave Liabilities	-	-	-
Long Term Debt	34,190,000	35,700,000	37,135,000
Reserve - F&B Equipment Fund	-	-	-
Reserve - JLA	-	-	-
³ Pension Liability	-	(27,980)	(20,838)
³ Deferred Inflows - Pension	12,756	-	-
Total Liabilities	<u>38,077,102</u>	<u>39,716,738</u>	<u>41,352,054</u>
Net Resources			
Contributed Capital	34,773,454	34,773,454	37,947,749
Less Contributed Capital to RTA	-	-	-
Net Resources - Unrestricted	9,254,338	8,963,089	6,493,114
Investment in Capital Assets	-	-	-
	<u>44,027,792</u>	<u>43,736,543</u>	<u>44,440,863</u>
Net Proceeds from Operations	5,362,438	257,960	-
Total Net Resources	<u>49,390,229</u>	<u>43,994,503</u>	<u>44,440,863</u>
Total Liabilities and Net Resources	<u>\$ 87,467,331</u>	<u>\$ 83,711,241</u>	<u>\$ 85,792,917</u>

1

Per Food & Beverage Services agreement, 1.50% of all Gross Revenues for unexpected or emergency expenses, including repair and m

2 Per bond Pledge Agreement, maintain Reserve account and District cash separately equal to at least Maximum Annual Debt Service

3

Information provided by CDFA/State Controllers Office; results from changes in components of net pension liability; applicable to a future

4 Current portion of long-term debt due within the next 12 months

5 Advance payments for events/activities in the future

6 Due to employees at time of separation for paid leave balances

Del Mar Race Track Authority (RTA) Item 5-a, By-Laws

Background:

During the course of reviewing the formation documents of the Del Mar Race Track Authority (Authority), inconsistencies were discovered between the Authority Bylaws and the Joint Exercise of Powers Agreement (JPA) between the 22nd DAA and the State Race Track Leasing Commission (SRTLCL). Section 4 of the JPA confirms that “nothing in the By-Laws” adopted by the Authority “shall be inconsistent with” the JPA. Though the language supports the position that the language of the JPA controls, portions of the Bylaws are inconsistent with the JPA.

Recommendation:

Authorize Authority Secretary Carlene Moore to coordinate with Counsel to the Authority, Deputy Attorney General Joshua Caplan, on the review of the Authority Bylaws and JPA and to bring forward any recommended amendments to the Authority Board at a future meeting.

Fiscal Impact:

Payment of services provided to the Office of the California Attorney General.

BY-LAWS OF THE
DEL MAR RACE TRACK AUTHORITY

Adopted August 24, 1990

4641H

ARTICLE I - THE AUTHORITY

Section 1.1. Name. The official name of the Authority shall be the "Del Mar Race Track Authority".

Section 1.2. Authority Board Members. The Authority shall be administered by a governing board (the "Authority Board") of six (6) members, each serving in their individual capacities as members of the governing board, and who shall be appointed and shall serve terms as provided for in the Joint Exercise of Powers Agreement for the Del Mar Race Track Authority (the "Agreement") by and between the State Race Track Leasing Commission (the "Commission") and the 22nd District Agricultural Association (the "District"). The term of office of a member of the Authority Board shall terminate only when a replacement member has been appointed by the appointing authority and the successor to such member becomes a member of the Authority Board. Members of the Authority Board shall, to the extent required by law, comply with the requirements of the California Political Reform Act, as amended from time to time, and any other requirements applicable to members of the governing board of a joint powers authority.

Section 1.3. Office and Place of Meetings. The business office of the Authority shall be c/o General Manager, 22nd District Agricultural Association, Fairgrounds, Del Mar, California or at such other place as may be designated by the Authority Board. Regular meetings shall be held at the

Director's Conference Room of the 22nd District Agricultural Association, Fairgrounds, Del Mar, California, or at such other place as the Authority Board may designate.

Section 1.4. Compensation. Members may receive their actual and necessary expenses, including traveling expenses incurred in the discharge of their duties, but only when authorized by the Authority Board and only if there are unencumbered funds available for such purpose.

ARTICLE II - OFFICERS

Section 2.1. Officers. The Officers of the Authority shall be the President, Vice President, Secretary, Treasurer and Controller.

Section 2.2. President. The President of the Authority shall be duly elected by a majority of the Authority Board. The term of office shall be from the date of his or her appointment as designee through the date of the first regular meeting of the Authority in the next succeeding calendar year; provided that he or she shall serve until a successor has been duly appointed. The President shall preside at all meetings of the Authority, and shall submit such information and recommendations to the Authority Board as he or she may consider proper concerning the business, policies, and affairs of the Authority. The President shall also serve as the chief executive officer of the Authority and shall be responsible for execution and supervision of the

affairs of the Authority. Except as otherwise authorized by resolution of the Authority Board, the President or the President's designee shall sign all contracts, deeds and other instruments executed by the Authority.

Section 2.3. Vice President. The Vice President shall be duly elected by a majority of the Authority Board. The term of office shall be from the date of his or her appointment through the date of the first regular meeting of the Authority in the next succeeding calendar year; provided that he or she shall serve until a successor has been duly appointed. The Vice President shall perform the duties of the President in the absence or incapacity of the President. In case of the resignation or death of the President, the Vice President shall perform such duties as are imposed on the President, until such time as the members shall elect a new President.

Section 2.4. Secretary. The Secretary shall be the General Manager of the District or other designee of the Authority Board. The Secretary shall keep the records of the Authority, shall act as Secretary of the meetings of the Authority and record all votes, and shall keep a record of the proceedings of the Authority in a journal of proceedings to be kept for such purpose, and shall perform all duties incident to the office.

Section 2.5. Treasurer. The General Manager of the District shall be the Treasurer of the Authority, and shall perform the duties set forth in the Agreement.

Section 2.6. Controller. The Administrative Officer of the District shall be the Controller of the Authority, and shall perform the duties set forth in the Agreement.

Section 2.7. Election of Officers. Election of officers shall be the first order of business at the first regular or special meeting of the Authority held in each calendar year.

Section 2.8. Authority to Bind Authority. No member, officer, agent or employee of the Authority, without prior specific or general authority by a vote of the Authority Board, shall have any power or authority to bind the Authority by any contract, to pledge its credit, or to render it liable for any purpose in any amount.

ARTICLE III - EMPLOYEES AND AGENTS

Section 3.1. Appointment of Employees and Agents. The Authority may from time to time request from the State Department of Finance, the State Department of General Services, the State Department of Food and Agriculture, the State Department of Justice, the Commission and the District the services of such personnel, counsel or agents, permanent or temporary, as may be necessary to carry out the business

and affairs of the Authority. The Authority Board may in addition employ temporary professional and technical personnel, on such terms and at such rates of compensation as the Authority Board may determine, for the performance of Authority business and affairs, provided that adequate sources of funds are identified for the payment of such temporary professional and technical services.

ARTICLE IV - MEETINGS

Section 4.1. Regular Meetings. Regular meetings shall be held at the location specified in Section 1.3 hereof or at such other place as the Authority by resolution may designate, on dates and at a time as fixed by Resolution of the Authority. If at any time any regular meeting falls on a legal holiday, such regular meeting shall be held on the next business day at the same time.

Notwithstanding any provision to the contrary contained herein, all meetings shall be noticed and conducted in accordance with the Bagley-Keene Open Meeting Act, codified at California Government Code Sections 11120 and following. At least 10 days before a regular meeting, a notice of the meeting, including a specific agenda describing the items of business to be transacted or discussed, shall be provided to any person who, in writing, requests such notice to be given. The agenda shall specify the time and location of the regular meeting and include the name, address and telephone number of

any person who can provide further information prior to the meeting. No action shall be taken on any item not appearing on the posted agenda except as permitted by law.

Section 4.2. Special Meetings. A special meeting may be called at any time by the President or upon the request of four of the members of the Authority Board by delivering written notice to each member and to each person or entity entitled by law to receive such notices. Notices to the Authority Board shall be sufficient if delivered to the Secretary of the Authority at such address as the Authority Board shall designate for such purpose. Notices to other persons or entities entitled by law to receive notices must be delivered personally or by mail and must be received at least 24 hours before the time of such meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted and shall be posted at least 24 hours prior to the special meeting in a location that is freely accessible to members of the public. No other business shall be considered at such meetings by the Authority Board. Such written notice may be dispensed with as to any member who at or prior to the time the meeting convenes files with the Secretary of the Authority a written waiver of notice. Such waiver may be given by telegram. Such written notice may also be dispensed with as to any member who is actually present at the time such special meeting convenes.

Section 4.3. Closed Sessions. Nothing contained in these by-laws shall be construed to prevent the Authority Board from holding closed sessions during a regular or emergency meeting concerning any matter permitted by law to be considered in a closed session.

Section 4.4. Public Hearings. All public hearings held by the Authority Board shall be held during regular or emergency meetings of the Authority Board.

Section 4.5. Adjourning Meetings and Continuing Public Hearings to Other Times or Places. The Authority Board may adjourn any meeting to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time-to-time. If all members are absent from any regular meeting or adjourned regular meeting the Secretary of the Authority may declare the meeting adjourned to a stated time and place and shall cause a written notice of the adjournment to be given in the same manner as provided for special meetings unless such notice is waived as provided for special meetings. A copy of the order or notice of adjournment shall be conspicuously posted on or near the door of the place where the meeting was held within 24 hours after the time of adjournment. When a regular or adjourned regular meeting is adjourned as provided in this section, the resulting adjourned regular meeting is a regular meeting for all purposes. When an order of adjournment of any meeting fails to state the hour

at which the adjourned meeting is to be held, it shall be held at the hour specified for regular meetings.

Any public hearing being held, or any hearing noticed or ordered to be held at any meeting, may by order or notice of continuance be continued or recontinued to any subsequent meeting in the same manner and to the same extent set forth herein for the adjournment of the meetings; provided, that if the hearing is continued to a time less than 24 hours after the time specified in the order or notice of hearing a copy of the order or notice of continuance shall be posted immediately following the meeting at which the order or declaration of continuance was adopted or made.

Section 4.6. Meetings to be Open and Public. All meetings of Authority members to take action or to deliberate concerning Authority business and its conduct shall be open and public. All persons shall be permitted to attend any such meetings except as otherwise provided or permitted by law and Section 4.3 of these by-laws.

Section 4.7. Quorum. A majority of the members of the Authority Board shall constitute a quorum for the purpose of conducting its business and exercising its powers and for all other official purposes, except that less than a quorum may adjourn from time to time until a quorum is obtained.

Section 4.8. Order of Business. At the regular meetings of the Authority, the following shall be the general order of business:

1. Roll Call
2. Approval of Minutes
3. Reports
4. Unfinished Business
5. New Business
6. Matters Not Appearing on the Agenda
7. Adjournment

Section 4.9. Parliamentary Procedure. The rules of parliamentary procedure set forth in Robert's Rules of Order shall govern all meetings of the Authority, except as otherwise herein provided.

ARTICLE V - AMENDMENTS

Section 5.1. Amendments to By-Laws. These by-laws may be amended by the Authority at any regular or special meeting by majority vote, provided that the proposed amendment to any particular section is included in the notice of such meeting.



State of California
March Fong Eu
 Secretary of State

FILE NO. 1091

FILED
 In the office of the Secretary of State
 of the State of California
 SEP - 4 1990
March Fong Eu
 MARCH FONG EU, Secretary of State

NOTICE OF A JOINT POWERS AGREEMENT
 (Government Code Section 6503.5 or 6503.7)

Instructions:

1. Complete and mail to: Secretary of State,
 P.O. Box 704, Sacramento, CA 95812-0704 (916) 324-6778
2. Include filing fee of \$5.00.
3. Do not include attachments, unless otherwise specified.

The name of the agency or entity created under the agreement and responsible for the administration of the agreement is: _____

Del Mar Race Track Authority

Mailing address: c/o Roger Vitaich, Secretary, 2260 Jimmy Durante Blvd., Del Mar, CA 92014-2216

Provide a short title of the agreement if applicable: _____

The public agencies party to the agreement are:

(1) State Race Track Leasing Commission

(2) 22nd District Agricultural Association

(3) _____
 if more space is needed, continue on a separate sheet and attach it to this form.

The effective date of the agreement is: August 24, 1990

Provide a condensed statement of the agreement's purpose or the powers to be exercised: To finance the construction and equipping of a grandstand and related facilities at the fairgrounds of the 22nd District Agricultural Association.

Lynne J. Hirata

Signature
 Lynne T. Hirata
 Orrick, Herrington & Sutcliffe
 Typed Name and Title

JOINT EXERCISE OF POWERS AGREEMENT
FOR THE
DEL MAR RACE TRACK
AUTHORITY

BY AND BETWEEN
THE STATE RACE TRACK LEASING COMMISSION
AND
THE 22ND DISTRICT AGRICULTURAL ASSOCIATION
OF THE STATE OF CALIFORNIA

DATED AS OF AUGUST 1, 1990

JOINT EXERCISE OF POWERS AGREEMENT

THIS AGREEMENT, dated as of August 1, 1990 (hereinafter referred to as the "Agreement"), by and between the State Race Track Leasing Commission (the "Commission"), and the 22nd District Agricultural Association (the "District") acting by and through its Board of Directors,

WITNESSETH:

WHEREAS, there is at the racing inclosure on the fairgrounds owned by the District a grandstand used for the District's annual fair and for an annual thoroughbred horse race meeting, and for other events, exhibitions, concerts, race meetings and other purposes authorized by the District or by the Commission acting on behalf of the District; and

WHEREAS, the Commission and the District agree that said grandstand is approaching the end of its useful life and should be replaced by a new grandstand and has so provided in the Master Plan for Del Mar Fairgrounds (the "Master Plan"); and

WHEREAS, the Commission and the District are empowered by Part 3 of Division 3 of the California Food and Agricultural Code (the "Law"), including but not limited to Section 4156 of the Law to expend funds for the long-range comprehensive development and improvement of, and construction upon the property of the District in accordance with the Master Plan; and

WHEREAS, the District is empowered by the Law with the approval of both the Department of Food and Agriculture and the Department of General Services, to improve its real property; and

WHEREAS, the Commission and the District agree that a new grandstand should be constructed at the District's racetrack inclosure and paid for by the proceeds of revenue bonds and funds available to the Commission and District; and

WHEREAS, Chapter 5 of Division 7 of Title 1 of the Government Code, codified at Sections 6500 and following (the "Act") permits two or more public agencies by agreement to exercise jointly held powers common to the contracting parties; and

WHEREAS, the parties hereto desire to enter into a joint powers agreement pursuant to the Act to create an entity to finance the construction and equipping of a grandstand and related facilities at the District's fairgrounds and for other purposes authorized under the Act;

NOW, THEREFORE, THE COMMISSION AND THE DISTRICT, IN CONSIDERATION OF THE MUTUAL PROVISIONS AND AGREEMENTS HEREIN CONTAINED, DO AGREE AS FOLLOWS:

Section 1. Purpose

This Agreement is made pursuant to the provisions of the Act to provide for the joint exercise of powers common to the Commission and the District for the purpose of financing the construction and equipping of a grandstand and related facilities, improvements and betterments at the District's fairgrounds. Such purposes will be accomplished, and said powers exercised, in accordance with the Act, the Law and in the manner hereinafter set forth.

Section 2. Term

This Agreement shall be effective as of August 24, 1990, and shall continue in full force and effect until August 24, 2025, unless extended or earlier terminated by a supplemental written agreement between the Commission and the District; provided, however, that in no event shall this Agreement terminate until such time as all revenue bonds, certificates of participation, notes, loans or other obligations (collectively the "Bonds") of the Authority established pursuant to this Agreement shall have been paid in full or adequate provision for such payment in full shall have been made, as set forth in the proceedings for the issuance thereof.

Section 3. Authority

A. Creation of Authority. Pursuant to the Act and the Law, there is hereby created a public entity separate from the parties hereto, to be known as the Del Mar Race Track Authority (the "Authority"). The Authority shall be a public entity separate and apart from the Commission, the District, and the State of California (the "State").

Pursuant to Section 6508.1 of the Act, the debts, liabilities, and obligations of the Authority shall not constitute debts, liabilities or obligations of the Commission, the District, or the State of California.

Within 30 days after the effective date of this Agreement or any amendment hereto, the Authority will cause a notice of this Agreement or amendment to be prepared and filed with the office of the Secretary of State of the State in the manner set forth in Section 6503.5 of the Law.

B. Indemnification. The Authority shall, to the extent permitted by law, defend, indemnify and hold harmless the Commission, the District, the State of California, and their officers, agents, and employees from all claims, losses, damages, costs, injury and liability of every kind, nature and description arising from the activities of the Authority, or the activities undertaken pursuant to this Agreement; provided, however, that any obligations under this Section 3.B. are expressly made subordinate and junior to the obligations of the Authority under, or otherwise relating to, the Bonds.

C. Governing Board. The Authority shall be administered by a governing board called the Del Mar Race Track Authority Board (the "Board"). The Board shall consist of the members of the Commission, each of whose members shall serve, ex officio, as a member of the Board. Members of the Board shall not receive any compensation for serving as such, but shall be entitled to reimbursement for any expenses actually incurred in connection with serving as a member if the Board shall determine that such expenses shall be reimbursed and there are unencumbered funds available for such purpose.

D. Meetings of the Board

(1) Regular meetings. The Board shall provide for its regular, adjourned regular, and special meetings. The dates upon which, and the hour and place at which, any regular meeting shall be held shall be fixed by resolution of the Board and a copy of such resolution shall be filed with each party to this Agreement.

(2) Bagley-Keene Open Meeting Act. All meetings of the Board, including without limitation regular, closed, adjourned regular and special meetings shall be called upon notice, held, and conducted in accordance with the provisions of the Bagley-Keene Open Meeting Act (commencing with Section 11120 of the Government Code).

(3) Minutes. The Secretary of the Authority shall cause to be kept minutes of all meetings and shall, after each meeting, cause a copy of the minutes to be sent to each regular member of the Board, and to each party to this Agreement.

(4) Records. The Board shall cause all records regarding this Agreement and activities undertaken pursuant to this Agreement, including all activities undertaken by the Board including the Bonds, to be retained

for at least six years following termination of the Authority, or final payment of the Bonds, whichever is later.

(5) Quorum. A majority of Board members shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn meetings from time to time.

E. Officers: Duties

(1) The Board shall elect a President and a Vice-President of the Board from among its members. The Board shall also appoint a Secretary who may, but need not, be a member of the board.

(2) The chief financial officer of the District is designated as the Treasurer of the Authority. The Treasurer shall have the powers, duties, and responsibilities specified in Section 6505.5 of the Government Code. The Treasurer of the State shall be the sole agent for offering and selling any Bonds to be issued by the Authority. The Treasurer's duties as agent for sale shall include, but not be limited to, selection of the underwriters who will purchase the bonds, the pricing of bonds, the determination of the underwriter compensation and reimbursement of expenses, and signing any purchase agreement for the bonds on behalf of the Authority.

(3) The Controller of the Authority shall be designated by the Board in its By-Laws referred to in Section 4 hereof.

(4) The Authority's Treasurer and Controller are designated as the public officers or persons who have charge of, handle or have access to property of the Authority; and such officers shall file an official bond as required by Section 6505.1 of the Act in an amount to be determined by the Board.

(5) The Authority may request from the State Department of Finance, the State Department of General Services, the State Department of Food and Agriculture, the State Department of Justice, the Commission, and the District the services of such personnel as may be needed to carry out this Agreement, and the Authority shall have the power to employ professional and technical assistance for the performance of this Agreement, provided that adequate funds are available to pay for such services.

(6) Upon presentation, the Board or its designee shall approve proper charges made against the Authority for the services of the Treasurer of the State, the

Controller of the State, and any other department of the State, Commission, or District employee performing services for the Authority. Such charges shall be consistent with similar charges of such agency, as applicable, for similar services. No department, Commission, or District employee shall be deemed to be an employee of the Authority, except when acting as Treasurer or Controller of the Authority.

Section 4. By-Laws

The Board shall have the power to adopt By-Laws that the Board, in its sole discretion, may deem necessary or desirable for the conduct of the business of the Authority. Nothing in the By-Laws shall be inconsistent with this Agreement.

Section 5. Powers of the Authority

The Authority shall have all of the powers set forth in the Act and the Law and any other applicable laws for the purpose of exercising its powers and raising funds necessary to carry out its obligations, including all acts necessary to finance, plan for, design, construct and equip a new grandstand and related facilities at the District's fairgrounds, and issuing Bonds for such purposes. The Authority shall have the power to acquire, hold, lease, or dispose of property in connection with the financing, construction and equipping of the new grandstand, to demolish the existing grandstand and other structures necessary for the construction of the new grandstand, and to carry out other site preparation or other activities necessary or deemed desirable by the Board to fulfill its responsibilities. The Authority shall have the power to construct, equip, lease, manage and maintain the grandstand and other facilities. The Authority shall have the power to incur debts, liabilities or obligations required by the exercise of its powers, provided that no debt, liability, or obligation of the Authority shall be deemed to be a debt, liability, or obligation of the Commission, the District, or the State of California. The Authority shall have the power to sue or be sued in its own name. Notwithstanding any other provision of this Section 5, the Authority shall have any and all additional powers conferred by the Act and the Law or by any other provision of law, insofar as such additional powers may be necessary to accomplish the purposes of this Agreement. All such powers shall be exercised in the manner provided for in the Act and this Agreement, subject only to such restrictions upon the manner of exercising such powers as are imposed upon the District in the exercise of similar powers. Notwithstanding any other provisions of this Agreement, the Authority shall

not issue Bonds or otherwise incur debt without the prior written approval of the Director of Finance of the State of California.

Section 6. Fiscal Year

Unless and until changed by resolution of the Board, the fiscal year of the Authority shall be the period between January 1st of each year to and including the following December 31, except for the first fiscal year, which shall be the period from the effective date of this Agreement to the following December 31.

Section 7. Financing

The Authority may issue one or more issues of Bonds, in a sufficient total amount to cover all the costs of the Authority in carrying out this Agreement, including, without limitation, the costs of the Commission and the District that are subject to reimbursement, and the costs of financial consultants, bond counsel and other costs and expenses incurred in connection with the issuance of such bonds and the construction of the grandstand, and all related improvements and betterments, as set forth in the Master Plan. The expenses of the Authority including costs of financing may be paid for from funds available to the Commission and the District.

Section 8. Construction

Construction of the grandstand and all related improvements and betterments as set forth in the Master Plan, and activities related to such construction, shall be performed pursuant to a contract or contracts let by the Authority, consistent with contracting procedures followed by the District.

Section 9. Disposition of Assets

Upon termination of this Agreement pursuant to Section 2, or otherwise, and upon payment of all charges and obligations of the Authority, including charges pursuant to Section 3.E.(6) and all obligations incurred in connection with the financing for the grandstand and all related improvements and betterments, as set forth in the Master Plan, title to the grandstand shall vest in the District and any remaining funds and such improvements shall be paid to the funds of origin in proportion to which those funds were contributed, as set forth in the financial records of the Authority.

Section 10. Accounts and Reports

(1) To the extent not covered by the duties assigned to any trustee for the Bonds, the Authority shall establish and maintain such funds and accounts as may be required by standard accounting practices. The books and records of the Authority shall be open to inspection at all reasonable times by representatives of the State Department of Finance, the State Department of General Services, the State Department of Food and Agriculture, the Commission, and the District. The Authority, within 120 days after the end of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to each of the above named agencies to the extent such activities are not covered by a report of the trustee for the Bonds.

(2) The Authority shall contract with a certified public accountant to make an annual audit of the accounts and records of the Authority as required by Section 6505 of the Act. In each case, the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the Government Code, and shall conform to generally accepted auditing standards. A report of the audit shall be filed within three months of the end of the fiscal year under examination.

(3) Any costs, including contracts with or employment of certified public accountants, in making an audit pursuant to this Section 10 shall be borne by the Authority and shall be a charge against any unencumbered funds of the Authority available for this purpose.

(4) All the books, records, accounts and files referred to in this Section 10 shall be open to the inspection of the holders of Bonds, to the extent and in the manner provided in the resolution, indenture, trust agreement or other documents providing for the issuance or execution, sale, and delivery thereof.

Section 11. Conflict of Interest Code

The Board shall adopt a Conflict of Interest Code as required by law.

Section 12. Enforcement

The Commission and District declare that this Agreement is entered into for the benefit of the Authority created hereby, and the Commission and District grant to the Authority the right to enforce, by whatever lawful means the Authority deems appropriate, all of the obligations of each of

the parties hereunder. Each and all of the remedies given to the Authority hereunder, or by any law now or hereafter enacted, are cumulative, and the exercise of one right or remedy shall not impair the right of the Authority to any or all other remedies.

Section 13. Funds

Subject to the applicable provisions of any resolution, indenture, or trust agreement relating to any Bonds, which may provide for a trustee to receive, have custody of, and disburse Authority funds, the Treasurer shall receive, have custody of, and disburse Authority funds and, as nearly as possible, in accordance with normal procedures of the Treasurer, shall make the disbursements required by this Agreement to carry out any of the provisions or purposes of this Agreement. The District and the Commission may provide contributions to the Authority for the purposes set forth in this Agreement, and the Authority may expend such funds for the purposes for which they were contributed.

Section 14. Notices

Notices hereunder shall be sufficient if delivered to:

Commission: Chairperson
State Race Track Leasing Commission
c/o Department of Finance
State Capitol, Room 1145
Sacramento, California 95814

District: President, Board of Directors
22nd District Agricultural Association
Fairgrounds
Del Mar, California 92014

Authority: Secretary
Del Mar Race Track
Authority
(at such address as the Board
shall designate for this purpose)

Section 15. Miscellaneous

(1) The section headings herein are for convenience only and are not to be construed as modifying or governing the language in the section referred to.

(2) Whenever in this Agreement any consent or approval is required, the same shall not be unreasonably

withheld, and shall be made expeditiously. If approval is withheld, a statement of reasons shall accompany a written notice withholding approval.

(3) This Agreement is made in the State under the Constitution and laws of the State and is to be so construed.

Section 16. Severability

Should any part, term or provision of this Agreement be decided by the courts to be illegal or in conflict with any law of the State, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.

Section 17. Successors; Assignment

This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties. Except to the extent expressly provided herein, no party hereto may assign any right or obligation hereunder without the consent of the other parties.

Section 18. Amendment of Agreement

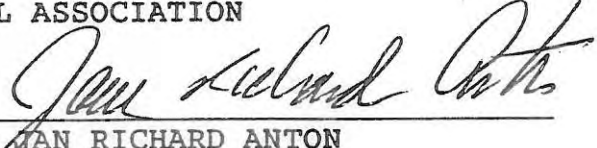
This Agreement may be amended or supplemented by the parties hereto by written agreement executed by the Commission and the District at any time, provided the written approval of all of the State agencies approving this Agreement is obtained, and provided further that in no event shall this Agreement terminate while any Bonds remain outstanding under the terms of the resolution, indenture, trust agreement, or other instrument pursuant to which the Bonds are issued.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

THE STATE RACE TRACK LEASING COMMISSION

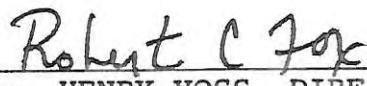
By 
JESSE R. HUFF, Chairperson

THE 22ND DISTRICT AGRICULTURAL ASSOCIATION

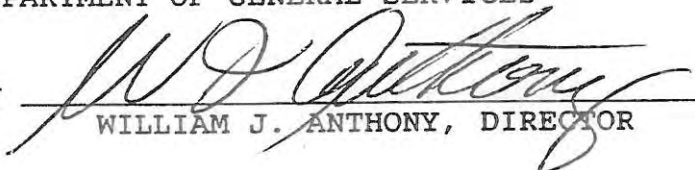
By 
JAN RICHARD ANTON
President of the Board of Directors

APPROVED:

DEPARTMENT OF FOOD AND AGRICULTURE

By 
for HENRY VOSS, DIRECTOR

DEPARTMENT OF GENERAL SERVICES

By 
WILLIAM J. ANTHONY, DIRECTOR

STATE TREASURER

By 

Del Mar Race Track Authority (RTA) Item 5-b, Authorized Representatives

Background:

Each year, the Del Mar Race Track Authority (Authority) needs to prepare, sign, and submit an Authorized Representative Certificate in direct connection to the Del Mar Race Track Authority Revenue Bonds, Series 2015. The certificate needs to identify those individuals that are appointed by the Authority to act as authorized representatives in direct connection to the Series 2015 bonds.

Section 2.8 of the Bylaws of the Authority specifically states that “no member, officer, agent or employee of the Authority, without prior specific or general authority by a vote of the Authority Board, shall have any power or authority to bind the Authority by any contract, to pledge its credit, or to render it liable for any purpose in any amount.”

Said another way, the Authority must grant authority to individuals to sign documents or take action on behalf of the Authority, which documents are necessary to keep the Authority in compliance with bond obligations, such as submitting insurance documents, annual coverage test, etc.

Recommendation:

Designate the President, Treasurer and Controller of the Authority as authorized representatives to act on behalf of the Authority in all matters relating to the Del Mar Race Track Authority Revenue Bonds, Series 2015.

Fiscal Impact:

None.

Del Mar Race Track Authority (RTA)

Item 5-c, Assets Determination

Background:

The State Race Track Leasing Commission (SRTLCL) was created by the State Legislature in 1968 with the responsibility and authority to lease the Del Mar Race Track and to oversee the expenditure of the rents received from leasing the track for the purpose of implementing a long-range, comprehensive improvement of the 22nd District Agricultural Association's (District) property.

The Del Mar Race Track Authority (RTA) was formed in 1990 by the SRTLCL and the District for the express purpose of financing the Grandstand Replacement Project.

In 1991, the RTA authorized the issuance of \$60 million aggregate principal amount of 1991 Taxable Commercial Paper Bond Anticipation Notes to finance the costs of developing, acquiring, constructing, and improving a portion of the Grandstand Replacement Project. In 1993, the RTA authorized the issuance of \$45 million aggregate principal amount of 1993 Tax-Exempt Commercial Paper Bond Anticipation Notes, and in July 1994 increased the aggregate principal to \$50 million.

In 1996, the Series 1996 Bonds were issued as limited obligations of the RTA to retire the 1991 Notes and to pay for other project costs, to be repaid solely from Pledged Revenues consisting of the Race Track Net Revenues, Satellite Wagering Net Revenues, Concession Revenues, and the interest from the investment of money in various accounts or funds established under the Indenture.

In 2005, the 2005 Series Bonds were issued with the RTA receiving all proceeds from Satellite Wagering, the first \$2 million of District food and beverage net, and all Race Track Net Revenues.

In 2015, the 2005 Series Bonds were refinanced and reissued with the 2015 Series Bonds, and new debt was incurred. To satisfy these bonds, the RTA receives 100% of Net Horse Racing Revenues and up to \$4 million of Net Concessions Revenues from the District (no longer receiving proceeds from satellite wagering). All food and beverage receipts and expenses (Net Concessions Revenue) are accounted for by the District and transferred to the RTA for payment of bonds, when necessary.

Prior to 2021, the District would put forward two RTA budgets in addition to the Bond Projects (when bond monies were available) - Administration and Maintenance Expenses Budget for ongoing operations of the Grandstand, and a Projects Budget for environmental, backstretch, and other facility improvements (again, separate from bond projects). Regardless of Pledged Revenues to the RTA, these operating and project expenses were paid for through the transfer of funds from the District to the RTA. After careful review and discussion with the District's municipal advisor and bonds counsel in 2020, the District ended this practice in 2021 by incorporating all operating expenses and capital improvement projects as part of the District budget and approval process.

Somewhere in the history of the RTA, the capital improvements to the District's property that were financed through the bond monies were recorded as assets of the RTA, not of the District.

Recommendation:

Delegate authority to Carlene Moore, Secretary of the RTA, to coordinate with any all necessary parties, to determine how the assets that were built or improved upon on District property using bond revenue should properly be accounted for.

Fiscal Impact:

Unknown at this time.